

## THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR DEVON, CORNWALL AND THE ISLES OF SCILLY

Report and appendices – *OPEN*

# SAFE, RESILIENT AND CONNECTED COMMUNITIES

Police and Crime Panel Meeting  
Friday 31<sup>st</sup> January 2025  
Report of the Police and Crime Commissioner

## Proposed Precept, Budget and Medium Term Financial Strategy (MTFS) 2025/26 - 2028/29

### 1. Summary

- 1.1. This report considers the future four-year financial position for the Police and Crime Commissioner (the Commissioner) and the Chief Constable in delivering a sustainable budget for Devon and Cornwall Police. It presents the Commissioner's council tax precept recommendation for 2025/26 for consideration by the Police and Crime Panel.
- 1.2. My proposal is for a total precept increase of £13.70 for this year which equates to a council tax Band D of £288.20. This represents an increase of 4.99% in the Band D equivalent for the police element of the council tax for the 2025/26 financial year. Currently Band D households pay £27.45 a month over 10 months (if paid monthly) this will rise to £28.82.
- 1.3. Items for the Police and Crime Panel to note:
  - The Commissioning Intentions Plan attached as Appendix 3.
  - The Reserves Strategy, Treasury Management Strategy and the Capital Strategy are published online to ensure transparency.
  - The Chief Constable's resources summary letter detailing his operational policing requirements for the coming year as Appendix 2.
- 1.4. The ongoing challenging national economic picture is impacting on policing with significant increases in areas such as pay and the inflation rates, although now falling, continue to be

above the government target of 2%. This has been recognised by the government who have given all Police and Crime Commissioners the flexibility to increase the council tax precept by up to a maximum of £14 for the coming year. By way of example some local councils can increase their precepts up to 4.99% for 2025/26. The Home Office expectation is that the combination of the increase in grant funding and the increased flexibility provided for the precept will cover the inflationary increases to the overall budget requirement. The increase in funding that I intend to make available to the Chief Constable through the precept (as outlined in the MTFS) is specifically to protect policing services, the police officer uplift programme and enable it to be sustained for the long term and ensure that victims and those individuals in the care of policing are appropriately supported. This increase will also allow for some modest investment in services with a focus on improving public confidence. I know from the public feedback I receive that the visibility of policing and public confidence in policing is vitally important and this budget proposal will focus on this element. The letter from the Chief Constable (attached as Appendix 2) sets his proposals for the coming year.

- 1.5. I have not requested the full amount of the council tax increase every year. Since my first budget in 2017/18, and including my current proposals, I have maximised the increase five out of nine times. As a major preceptor, when approached by billing authorities, I was also happy to agree the changes proposed to the support provided to working families and care leavers. The changes mean that, depending on individual circumstances, they will be able to claim up to 100% support for the council tax liability.
- 1.6. The Police and Crime Plan is a requirement of the Police Reform and Social Responsibility Act 2011 (PRSR). The new Police and Crime Plan was brought to the panel for feedback in November 2024 and with the inclusion of the recommendations from this Panel has now been published. The Plan has four priority areas: anti-social behaviour, alcohol and drugs, theft, victims and serious violence. The strategy used to produce this MTFS is my new Police and Crime Plan for 2025-2029 which provides continuity from my previous approach 'Safe, resilient, connected communities where everyone plays their part'.
- 1.7. This report has been produced in consultation with the Interim Chief Constable, Mr James Vaughan QPM.

## **2. Recommendation**

- 2.1. That the Police and Crime Panel accept the council tax precept proposal and do not exercise a veto.

# EXECUTIVE OVERVIEW BY THE POLICE AND CRIME COMMISSIONER

## 3. Introduction

- 3.1. This is the first budget of my current term of office having been elected by the people of Devon, Cornwall and the Isles of Scilly for a third consecutive term. This budget has been developed in consultation with the Interim Chief Constable and his operating requirements along with my declared priorities in my new Police and Crime Plan.
- 3.2. As the voice of the public in policing I am acutely aware of the vital role that policing plays to keep our communities safe. The impact of external threats to the UK is felt locally in our communities and crime is increasingly global and digitally enabled. There are system wide challenges in providing communities with the level of service that they deserve. Delays across criminal justice agencies are significant and our prisons are overcrowded so new and innovative solutions are more important than ever.
- 3.3. We saw how successful collaborations could be in the summer of 2024 when criminal justice partners came together to achieve targeted and swift justice to quell the disturbances across the UK with the epicentre in Plymouth for local disruptions. We need to deliver this level of public trust and confidence across all crime types. We have real victims and real perpetrators that live as part of our communities. Crime is changing and the Chief Constable and I need to balance the need to police today's crimes, risks and community threats against ever more complex serious and organised crime, exploitation and globally enabled crime.
- 3.4. I am grateful for the government and our local taxpayers support in investing in police officers and enabling me to facilitate the increase in officer numbers to their highest number ever at 3,610. However, this level of increase brings huge challenges as well as huge opportunities. Over a third of police officers in Devon and Cornwall Police now have less than three years' service and it will still take time to reestablish the skills and capabilities in the front line which have been eroded. The government grant to support this investment has stringent grant conditions which must be met, which limits flexibility on the way in which policing may utilise the funding it receives.
- 3.5. The new governments recent announcement on an ambitious programme of reform to policing was unveiled by the Home Secretary in November 2024. This included:
  - A new Police Performance Unit to track national data on local performance and drive up standards.
  - A Neighbourhood Policing Guarantee to get policing back to basics and rebuild trust between local forces and the communities they serve.
  - A new National Centre of Policing to harness new technology and forensics, making sure policing is better equipped to meet the changing nature of crime.
  - Over this Parliament there are also plans to have 13,000 additional neighbourhood policing officers, Police Community Support Officers and special constables in dedicated neighbourhood policing roles. However, at the time of writing the details of this element have not been received.
- 3.6. The Home Secretary also announced more than half a billion pounds of additional central government funding for policing next year to support the government's Safer Streets Mission, including an increase in the core grant for police forces, and extra resources for neighbourhood policing, the NCA and counter-terrorism.

- 3.7. Devon and Cornwall Police remain in the “engage” phase of enhanced monitoring with HMICFRS. Whilst significant improvements have been made to improve services in public contact and MOSOVO, recovery work is still ongoing in crime date recording and criminal justice. My own scrutiny of file quality and the services provided to victims identified multiple areas requiring improvement.
- 3.8. Uncertainty in leadership is now resolved with my appointment of James Vaughan QPM as Interim Chief constable for a 1 year period. Mr Vaughan is an experienced Chief Constable with a strong track record who will lead the Force for the foreseeable future. I remain unable to directly influence the pace of the investigation into the substantive Chief Constable due to the jurisdictional issues associated with this being an allegation associated with the police service in Northern Ireland. This devolved administration does not recognise the role of Police and Crime Commissioner and they have different rules of procedure. There is no requirement for a duty of candour between the devolved administration in Northern Ireland agencies and me. The investigation into the Acting Chief Constable is within the jurisdiction of the Independent Office of Police Conduct (IOPC).
- 3.9. In Devon and Cornwall Police we are however fortunate that at long last we are able to derive a benefit from the additional council tax charges levied on second homes. This Panel knows that I have made multiple approaches to the governments of the day to recognise the policing implications of the summer surge of tourism into Devon and Cornwall and I am grateful for your continued support on this matter and have added it into my new Police and Crime Plan at your request. This year policing in Devon and Cornwall will benefit by approximately £6m additional council tax on second homes and this is predicted to continue, although to slightly lesser degrees over the remainder of my term of office. This is a welcome benefit and means that Devon and Cornwall are not in the position of many other police forces where they are planning on reductions in service in many areas to balance their budgets.
- 3.10. The successes of previous years have been highlighted to you in detail in my annual reports (most recently in July 2024) and my End of Term report which you considered in February 2024. You have also recently agreed my draft Police and Crime Plan which includes my priorities for the next four years to include: Anti-Social behaviour, Drugs and Alcohol, Serious Violence, Theft and victims.
- 3.11. The Interim Chief Constable’s letter at Appendix 2 is clear that a precept increase of £13.70 is the required threshold for his operational policing budget and included in this letter is a more detailed breakdown of where this money will be allocated. proposals are essential to maintain policing services to our public.

#### **4. Summary of 2024/2025 investments**

- 4.1. This year we remain on track to open a further four Police Enquiry Offices as the final part of the programme to reconnect policing with the public and ease the burden on the 101 contact centre. Ivybridge opened to the public in January 2025 and a formal opening for this public service and the remained three others are planned within the next few months.
- 4.2. Devon and Cornwall Polices call handling has significantly improved. Panel members have received reports on this improvement. At the time of writing Devon and Cornwall Police are 9<sup>th</sup> out of 43 Forces in the 999 national league table with 93.7% of calls answered in under 10 seconds. The average waiting time (based on a 12 month rolling average) for 101 at the end of November was 84.1% answered within threshold with a wait time of 6m 25 secs and an 18% abandonment rate. This continues to improve.
- 4.3. Devon and Cornwall Police have recruited new staff into professional standards and

customer complaint handling and these staff will take up their roles during quarter 4 and commence the new arrangements.

- 4.4. The investment in the regional collaboration for forensic services has been made to provide increased capacity to allow investigations to be speeded up.

## 5. Victim Services

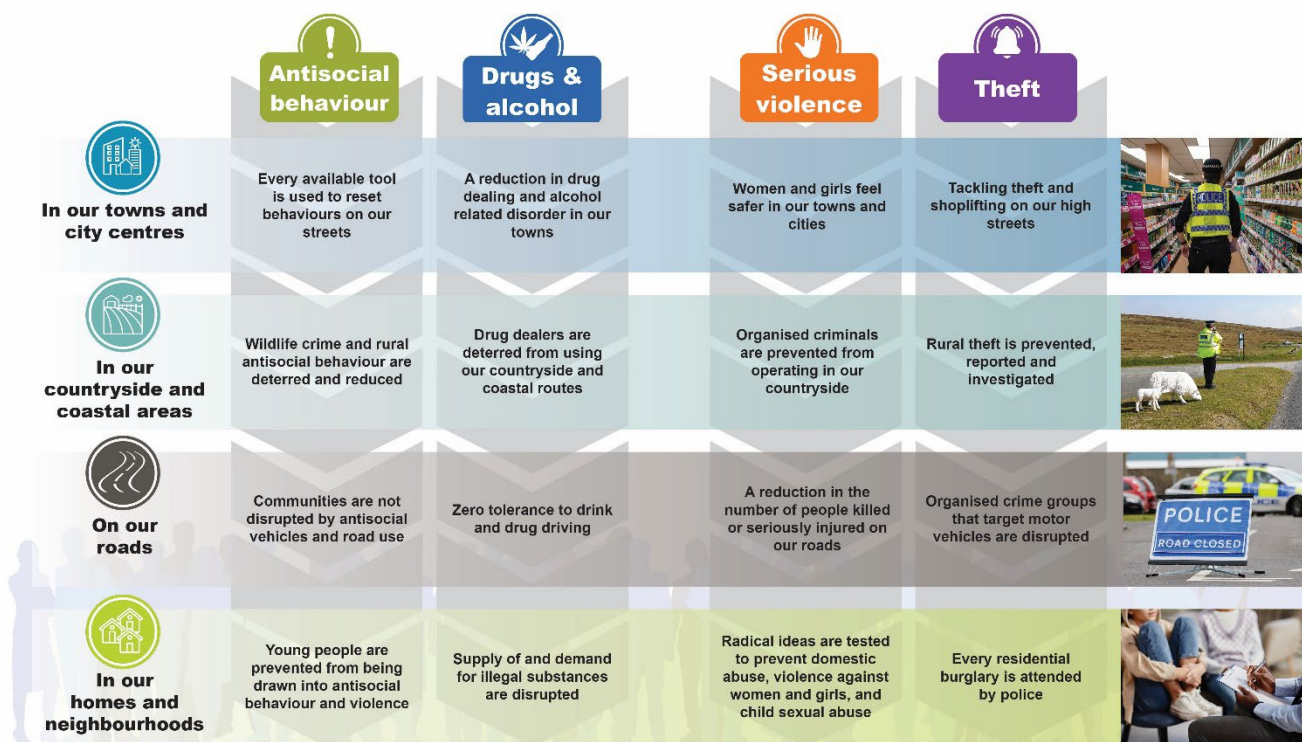
- 5.1. As part of my overall commissioning of services for victims I receive an annual grant from the Ministry of Justice. For 2025/26 year that grant funding has been reduced by 4.2%. The funding I receive for Domestic Abuse/Sexual Violence and ISVA/IDVA services from the MoJ has been changed into a new ringfenced grant for 2025/26. This reduces the flexibility I have in how I commission services and the Commissioning Intentions Plan outlines how I will need to make changes to services to align with these new funding arrangements. I intend to work even more collaboratively with local authority partners to achieve more sustainable outcomes for victims of domestic abuse and sexual violence and am at an advantaged stage of pooling budgets to achieve this. More detail is contained within my Commissioning Intentions Plan at Appendix 3.

## 6. Ring Fenced Grants

- 6.1. Paignton and Cambourne with Redruth benefited from Safer Streets 5 funding during 2024/25. Safer Streets funding enabled a package of safety measures to be implemented across the two areas including streetlighting upgrades on key arterial and 'walk home' routes from the towns; CCTV upgrades; street marshals to provide a visible & reassuring presence in the town centres; anti-social behaviour (ASB) caseworkers ; young persons drug and alcohol outreach workers; and bystander intervention training which target key stakeholders in the community to build resilience against sexual violence.
- 6.2. I have also delivered 12 month hotspot patrol programme to target ASB and Serious Violence through a £1m investment from the Home Office. The funding criteria allowed for force areas to use the full range of uniformed visible presence available in their area to conduct patrols in hotspots, for example, police officers, Police Community Support Officers (PCSOs), local authority community safety wardens, Business Improvement District (BID) patrol staff, and street marshals.
- 6.3. The funding came with strict criteria to ensure the hotspot activity was maximised to have the greatest impact in local areas and achieve tangible reductions in ASB and Serious Violence, and positive outcomes for those communities that were experiencing the most harm.
- 6.4. This Home Office funding was supplemented by a further investment of £200,000 from my own budget in order to maximise the number of partner patrols across Devon and Cornwall, in addition to the additional police patrol hours.
- 6.5. Devon and Cornwall communities have benefited from Hotspot Policing which is now being delivered in 13 towns and cities across Devon and Cornwall. Police and street marshals are working together to tackle antisocial behaviour (ASB) and serious violence. This Panel received a detailed report on the benefits of this approach in Autumn 2024. These targeted patrols have had a real impact. My team recently undertook engagement events in Camborne, Plymouth, Newquay and Exeter to discuss hotspot policing, listen to concerns about antisocial behaviour and encourage reporting. It was fantastic to hear that residents and businesses have noticed an increased uniformed presence and felt reassured.

## 7. Serious Violence Prevention Programme

- 7.1. The Serious Violence Prevention Programme was a four-year commitment I made with the then Chief Constable. Over those four years the programme has learnt a great deal about the approaches need to prevent serious violence although Devon and Cornwall Police was never identified formally as a violence reduction unit area. It has focused primarily on under 25-year-olds, developed and shared need assessments and tested a variety of preventative approaches in partnership with others to address issues in local communities. When the programme was set up there was no dedicated capacity in policing specifically for this agenda, partners were not mandated to work in this area and the government had not introduced the new serious violence prevention duties. Since the introduction of the new duty those same partners (outside of policing) have benefited from £1,016,441 investment from the programme over the last 2 years.
- 7.2. Over the last 6 months we have been changing the way in which we deliver serious violence approaches as part of the programme's legacy. We have embedded key roles into business as usual within policing, for example a homicide reduction officer. However, a shared team is no longer the preferred delivery mechanism. The OPCC retains its convening role with partners to ensure that those with statutory duties (including policing) remain focused on this important issue, and a resource to facilitate this remains within the OPCC.
- 7.3. The work of the serious violence partnership will continue under OPCC governance with a focus on youth justice and youth crime. This focus on a child centred approach will ensure that the learning continues for the benefit of all our partners. Similarly, the learning from successful interventions such as hot spot policing known to reduce violence and anti-social behaviour are key impacts which we aim to continue once the police funding settlement is known.
- 7.4. Linkages to this learning are incorporated into my new Police and Crime Plan to take forward this work over my next term of office. The new Police and Crime Plan 2025-29 has the following priorities:



## 8. Street Focus: Torquay

- 8.1. Street Focus: Torquay is the umbrella name for a series of coordinated activities being undertaken in Torquay under my convening powers since May 2024 to support partners in driving down antisocial behaviour and crime in Torquay Town Centre. A more detailed report has been discussed with the Torbay Community Safety Partnership.
- 8.2. I am pleased to report that efforts to improve Torquay town centre for residents and businesses are well underway through the Street Focus: Torquay project as our multi-agency initiative aims to bring real, long-term change to the area and enhance community safety. A key part of this work is hotspot policing which has already made a difference in tackling antisocial behaviour (ASB) and serious violence.
- 8.3. In addition, the town centre officers, who have also been operational since May, have become a valuable asset. Now a team of five, with two roles funded by hotspot policing, these officers help to enforce the Public Spaces Protection Orders. This empowers police and authorised officers to remove alcohol from street drinkers and direct individuals out of the town who are causing a nuisance or disorder. For example, between July and September, there were 32 Dispersal Notices served and 162 directions to surrender alcohol in Torquay.
- 8.4. I intend to roll out the Street Focus approach into more areas across Devon and Cornwall in 2025/26 as part of a wider set of strategic investments to support communities and reduce ASB and violent crime. This investment of £1m is still being developed but will include interventions in CCTV, safety in night-time economies and street marshals. A framework for the allocation of this funding will include areas where there is crime and ASB, public confidence is not high and a willingness of councillor advocates to provide support in the locality. I intend to take account of the representations already received from the Leaders of Devon County Council and Cornwall Council and the representation from Plymouth Cabinet Member for Community Safety. By working with the Chief Constable and his team to also deliver hot spot policing as business as usual in high-risk areas and his reinvigoration of the Op Loki approach communities will see a visible manifestation of the protective services working in their communities.

## 9. Scrutiny

- 9.1. A core part of my role is holding the Chief Constable to account and although there are many ways in which this occurs one of those ways is through a formal scrutiny process. This year there have been two notable successes, namely a file quality scrutiny report and a two tier policing scrutiny report. Both these reports are available on the OPCC website.
- 9.2. I also continue to operate my Independent Custody Visitors Scheme. Their support is very valuable insight into detainees' welfare whilst they are detained in one of our six custody centres across Devon and Cornwall. Further information on this scheme is available in my annual report.
- 9.3. Changes to the police conduct regulations have given my office greater influence and involvement in these processes. My office appoints both the Legally Qualified Advisors and Independent Panel Members to support these hearings, bringing a higher degree of independence and transparency to the conduct system. The changes to the processes have seen a significant increase in the number of misconduct processes which are now required resulting in an increase in cost both to the Force and to the OPCC. These additional costs

are unavoidable and included in the budget.

## **10. Reserves**

- 10.1. Earmarked reserves have reduced over my time in office from £54.1m to an estimated balance at the end of 2024/25 of £20.4m (excluding the partnership reserve for Vision Zero South West). It was, and remains, my conscious decision to use those reserves to maximise funding to policing. For this MTFS we will be using reserves to smooth the phasing of the savings required to maintain a balanced budget. Full details of the reserves are contained in Appendix 1.
- 10.2. The MTFS has been produced covering a four-year period to provide assurance that my proposals are robust and sustainable. To limit the amount of technical detail within this report, the appendices contain more information on the budget requirement; the proposed savings to be made; the reserves; and detailed council tax changes within bands.

**Alison Hernandez**  
**Police and Crime Commissioner**  
**Devon, Cornwall and the Isles of Scilly**  
**January 2025**



# MEDIUM TERM FINANCIAL STRATEGY (MTFS) AND PRECEPT PROPOSALS

## 1. Introduction

1.1. This report will cover the revenue and capital budgets for 2025/26 together with the projections for 2026/26 to 2028/29. The specific areas that will be covered are the:

- National context.
- Local and regional context and funding levels.
- Council tax levels and assumptions.
- Revenue expenditure.
- Capital programme.
- Reserves.
- Risks.

## 2. National Context

2.1. On 30<sup>th</sup> October 2024 the Chancellor of the Exchequer made the first budget announcement of the new government. This Autumn Budget 2024 looked to fix the foundations of the economy and put public finances on a sustainable path. This budget completes phase one of the spending review for 2025 which resets departmental budgets for 2024/25 and sets budgets for 2025/26. Phase two of the spending review will conclude in the spring of 2025 with the anticipation of a multi-year spending review which will start in 2026/27. At the time of the Statement inflation was running 2.3%. Since that date inflation has increased to 2.6% (November 2024). The Autumn Statement indicated that inflation is expected to fall to 2% by 2029.

2.2. The Bank of England base rate is currently 4.75% a decrease of 0.50% since this time last year when rates were 5.25%. It is anticipated that this will decrease further during 2025.

2.3. A Local Government Finance Policy Statement 2025 to 2026 was published on 28<sup>th</sup> November 2024 which outlined the council tax referendum principles. For Police and Crime Commissioners the referendum principle is £14. This means that a band D council tax charge can be increased by £14 before a referendum would be required.

2.4. The provisional Police Settlement was published on 17<sup>th</sup> December 2024. The deadline for submissions to the provisional settlement was 10<sup>th</sup> January 2025. The final Police Settlement has not yet been announced. Although there are no changes anticipated, any changes to the funding levels will be dealt with via reserves. Any significant implications will be reported back to the Panel.

2.5. The Government expect policing to approach the 2025/26 financial year with a focus on delivering the governments priorities, as set out in the Prime Minister's Plan for change:

- Increasing the number of officers, PCSOs and special constables in neighbourhood policing teams;
- Tackling violence against women and girls;

- Reducing knife crime;
  - Cracking down on antisocial behaviour;
  - And by doing these things, increasing public confidence.
- 2.6. The overall funding package provides additional national grant funding of £657.1m in 2025/26. This is coupled with additional funding available to Commissioners of £329.8m from using the council tax flexibility. This level of investment assumes that all Commissioners will maximise their council tax flexibility. The provisional settlement headline data includes the following:
- An increase in grant funding of £357.6m. This is made up of £291.5m overall increase in core grant and recruitment ringfences, £65m increase in the National and International City Grant and an increase of £1.1m in the precept grant provided to the city of London. The ringfenced elements of the uplift grant has reduced by £1.8m and incorporated into the core grant to provide additional flexibility to forces.
  - A reduction of £30.8m in the pension grant. A reduction of £26.8m was expected as it was provided in 2024/25 as one-off top-up funding to recognise the software development and administrator costs associated with the implementation of the McCloud remedy. The additional reduction of £4m has been top sliced and provided to Counter Terrorism.
  - £230.3m to cover the increased costs of the national insurance increases. This grant has been allocated on the basis of pay budgets.
  - £100m for the Neighbourhood Policing Grant.
- 2.7. The settlement also includes the following:
- Within the national grant funding, £270.1m will be ringfenced and will be paid according to progress on the police uplift programme targets. An additional £106.7m will be paid to forces who volunteered to recruit above their uplift targets.
  - A decrease and realignment of the funding of national priorities (see table below on the top-slice).
- 2.8. The settlement represents an average cash increase in total funding for England and Wales of 6% between 2024/25 and 2025/26. However, this increase includes funding to maintain the increased growth expected as part of the uplift programme and the 4.75% pay award agreed for September 2024. The table below indicates that 2.5% of the grant increase relates to core activity with the remainder of the 5.6% being grant allocations that will require at least the additional equivalent expenditure. Details on the new Neighbourhood Policing Grant have yet to be received and therefore it has been assumed that additional spend and resources will be required to meet the conditions of the grant.

	2024/26 £m	2025/26 £m	Variation	
			£m	%
Grants with an allocation to D&C	10,553.1	10,813.8	260.7	2.5%
Grants with an allocation to D&C with additional expenditure	-	330.3	330.3	n/a
	10,553.1	11,144.1	591.0	5.6%
Grants without an allocation to D&C	197.6	263.7	66.1	33.5%
Precept - HO estimates	5,650.0	5,979.8	329.8	5.8%
<b>Overall Provisional Settlement Grant Increase</b>	<b>16,400.7</b>	<b>17,387.6</b>	<b>986.9</b>	<b>6.0%</b>

2.9. The Government expects the police to continue to build on the progress that has been made in terms of efficiency and productivity.

2.10. As in previous years the overall funding available to the police has been top sliced for central initiatives. The funding level of the top slice has decreased by £123.7m (12%) from 2024/25. The Police Aviation fund is a new addition to the top slice. However, a number of funds have ceased with some being funding from elsewhere within the Home Office budget. As part of our response to the consultation of the provisional settlement we have asked for clarity on what this means for policing and local areas. The breakdown of the top slicing at a national level are shown in the following table:

National Top Slice	2024/25 £m	2025/26 £m	Increase/ (Decrease) £m	% Variation
PFI	71.2	70.5	- 0.7	-1%
Police Technology Programme	500.9	500.9	-	0%
Arm's Length bodies	65.7	-	- 65.7	-100%
Regional Organised Crime Units	31.6	38.2	6.6	21%
National Policing Capabilities (NPCC)	49.8	48.4	- 1.4	-3%
NPCC Programmes	7.7	3.0	- 4.7	-61%
Special Grant	34.0	49.0	15.0	44%
Forensics	13.0	-	- 13.0	-100%
Serious Violence	45.6	49.7	4.1	9%
Police Aviation	-	1.5	1.5	New
Fraud	18.1	-	- 18.1	-100%
Drugs/County Lines	30.0	30.0	-	0%
Capital Reallocations	128.7	123.1	- 5.6	-4%
Cyber Crime	13.1	-	- 13.1	-100%
Tackling Exploitation and Abuse	17.6	-	- 17.6	-100%
Police Productivity and Innovation	11.0	-	- 11.0	-100%
<b>Total</b>	<b>1,038.0</b>	<b>914.3</b>	<b>- 123.7</b>	<b>-12%</b>

2.11. Planning for beyond 2025/26 is challenging. There is significant activity which will impact on this planning:

- The economic impact of the inflationary changes. Inflation is not reducing as quickly as expected with the Bank of England base rate also staying at a higher level than was expected this time last year.
  - The anticipated review of the funding formula. The work in this area has paused with the election of a new government.
  - The long-term funding plans for the uplift in police officers as they progress through incremental scale.
  - Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer.
  - The Local Government White Paper on devolution and the impact on policing governance locally.
- 2.12. The funding for 2024/25 was the last year of the three year Comprehensive Spending Review announced in Autumn 2021. This places additional uncertainty on funding levels for 2025/26 onwards. The next spending review is scheduled to be undertaken in two phases. Phase one is the one year settlement for 2025/26 with phase two being a multi-year settlement to be completed in the spring/summer of 2025. A one year settlement can be challenging when looking to achieve a balanced four year MTFs.
- 2.13. There are areas, outside the level of central government grant, that are sensitive to changes in the wider economy. These are:
- The impact of the higher than anticipated inflation rates currently being experienced especially regarding pay related costs.
  - The impact of supply chain problems and delays.
  - The interest earned on the reserves which is linked to the bank base rate. These budgeted income levels have been reduced for 2025/26 to reflect the decrease in the bank base rate and the investment interest to be earned on the balances and reserves.
  - The change in the value of sterling against the Euro and the Dollar can lead to some additional inflationary costs. As nearly 85% of the MTFs budget costs are employment related these costs are relatively protected from this variable. The most significant impact is likely to be on fuel and computer products.

### **3. Local and Regional Context and Funding Levels**

- 3.1. The local impact of the provisional settlement will provide increased funding for Devon and Cornwall. The effect of the total grant funding is shown in the tables below. This shows that overall, the level of funding has increased by 5.9%. The core grant has increased by 3.5% with the majority of the increase falling within the specific grant element. There are two new specific grants which cover a grant to support the increased employer's national liability and the new Neighbourhood Policing Grant. It is anticipated that these grants will require, at least, additional equivalent expenditure therefore taking the core increase of funding down from 5.9% to 2.8%. The increase in specific grants from £24.3m to £31.4m increases the overall risk profile for future years as these grants are awarded on a year by year basis.

- 3.2. The specific grant relating to the increase in the employer's national insurance contributions does not fully cover the additional expenditure bring incurred. The additional expenditure totals £6.313m with the grant being £5.688m, a shortfall of £625k.

<b>Summary</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Variation £m</b>	<b>Variation %</b>
Core Grant	137.1	142.2	5.1	
DCLG Formula	77.5	80.4	2.9	
Legacy C/Tax Grants	15.5	15.5	-	
<b>Core Grant</b>	<b>230.1</b>	<b>238.1</b>	<b>8.0</b>	<b>3.5%</b>
Pensions Grant	10.9	10.1	- 0.8	<b>-7.3%</b>
Additional Recruitment Top-up	3.4	5.0	1.6	<b>47.1%</b>
Uplift Grant Ringfenced	10.0	8.3	- 1.7	<b>-17.0%</b>
National Insurance Grant		5.7	5.7	<b>New</b>
Neighbourhood Policing Grant		2.3	2.3	<b>New</b>
<b>Specific Grants</b>	<b>24.3</b>	<b>31.4</b>	<b>7.1</b>	<b>29.2%</b>
<b>Gross Funding Available</b>	<b>254.4</b>	<b>269.5</b>	<b>15.1</b>	<b>5.9%</b>

- 3.3. The level of funding to support the net revenue budget is shown in the table below. This covers the core grant and amount generated by council tax which forms the net revenue budget shown in the MTFs.

<b>Summary</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Variation £m</b>	<b>Variation %</b>
Core Grant	137.1	142.2	5.1	
DCLG Formula	77.5	80.4	2.9	
Legacy C/Tax Grants	15.5	15.5	-	
<b>Grant</b>	<b>230.1</b>	<b>238.1</b>	<b>8.0</b>	<b>3.5%</b>
Council Tax	175.0	192.2	17.2	
Council Tax Surplus/ -Deficit	1.4	2.6	1.2	
<b>Total Council Tax</b>	<b>176.4</b>	<b>194.8</b>	<b>18.4</b>	<b>10.4%</b>
<b>Net Funding Available</b>	<b>406.5</b>	<b>432.9</b>	<b>26.4</b>	<b>6.5%</b>

- 3.4. As stated above the Home Office agreed additional grant funding to support the 4.75% pay award agreed for 1<sup>st</sup> Sept 2024. During 2024/25 additional grant of £3.8m was provided for Devon and Cornwall. The additional grant was allocated based on the proportions of the funding formula. Allocation based on this method is detrimental to Devon and Cornwall as it sees the amount allocated being 2.35% rather than 2.6% if the net revenue budget data were used.

- 3.5. There are various aspects of the council tax funding that impact on the revenue available to the Commissioner.

- The Council Tax Base

This covers the number of chargeable Band D equivalent properties. For 2025/26 this will be the first year that all collecting authorities across Devon, Cornwall and the Isles of Scilly have opted to charge 200% of the council tax charge for second homes.

Devon, Cornwall and the Isles of Scilly are one of the most significantly impacted by this change. This effectively increases the council tax base and provides additional revenue for all preceptors across the area.

- The increase in the council tax base is 4.65%, raising an additional £8.5m which is £5.8m higher than anticipated.
  - The change in the council tax base is a combination of increased properties, the increase from the inclusion of second homes at 200% and any change in the number of council tax payers requiring support with their bills. Various collecting authorities consulted all major preceptors regarding a change to the council tax support being provided to working families and children in care leavers. The changes mean that those cohorts in some authorities will be able to claim an increased level of support for the council tax liability. The level of support will depend on the individual circumstances. The Commissioner confirmed support for the changes.
  - The payments received in 2024/25 for council tax has been higher than anticipated. It was estimated there would be a net surplus of £1.8m to be returned to the Commissioner. However, it is anticipated that this will now be a surplus of £2.6m, an increase of £1.2m. The surplus or deficit for each council area is calculated and set by the individual collecting authorities.
  - The proposed increase to the Band D precept by £13.70 equates to an increase of 4.99% on the council tax. This increase generates funding of £8.7m and when combined with the changes to the council tax base and overall surplus/deficit it is anticipated to increase council tax funding for policing by £18.4m.
- 3.6. At the time of writing this report the allocations to individual Commissioners for the funding for counter-terrorism policing have not been announced. However, based on previous years we are not anticipating there will be any impact on the Net Revenue Budget of the funding for Devon and Cornwall.
- 3.7. The pay award is the most significant inflationary pressure on the budget with the overall pay budgets being 85% of gross expenditure for 2025/26. The pay award is nationally agreed and for 2024/25 saw an increase of 4.75%, this was significantly higher than the estimate of 3%. Additional funding was provided from the Home Office to partially cover the gap between local estimates and the nationally agreed pay award. An assumption of 2% has been included for 2025/26 which is comparable across the policing sector.
- 3.8. An inflationary contingency has been included with the budget to cover unexpected increases to expenditure during the year and to mitigate the risk of an increased pay award.
- 3.9. Any changes to the revenue generated from the final declared council tax surpluses or council tax base changes will be dealt with by way of a transfer either to or from reserves.
- 3.10. The overall level of funding, including increases to specific grants, is set to increase by 7.8%. The table below shows a summary of the main increases in expenditure for 2025/26.

<b>Table 5: summary of the Use of Additional Funding</b>		
<b>Summary</b>	<b>2025/6</b>	
	<b>£m</b>	<b>£m</b>
<b>Additional Funding</b>		
Core Grant and Council Tax	26.4	
Specific Grant	7.1	33.5
<b>Increases</b>		
Additional Investments	3.6	
Regional Growth	1.0	4.6
<b>Unavoidable Changes</b>		
Pay Award Inflation	15.3	
Incremental increases	5.1	
Other Pay Changes	- 3.0	
National Insurance Increase	6.3	
Neighbourhood Policing - additional	2.3	
Inflation	1.7	
Non Pay Costs	4.4	
Capital Funding	1.8	33.9
<b>Investment</b>		
<b>Change in the use of Reserves</b>		1.2
<b>Investment Interest</b>		0.1
<b>Increased Income</b>		- 0.5
<b>Savings</b>		- 5.8
		- <b>0.0</b>

3.11. The key financial information relating to the four-year budget requirement and the precept increase is shown in Appendix 1. The level of council tax funding equates to 42% of the net revenue budget (inc specific grants) for 2025/26 which is a 1% increase compared with 2024/25 figure of 41%.

## 4. Setting the Council Tax

4.1. Government guidelines have set the maximum amount that the council tax can be increased, without triggering a referendum, at £14 (5.1%) for a band D equivalent property. This is an additional £4 above the original assumption. The proposed increase from the Commissioner will not utilise the full flexibility and increase the Band D charge by £13.70 (4.99%). The budget forecasts contained in this report are based on this assumption. The impact on the Band D council tax is shown in the table below.

<b>Valuation Band</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>Increase £</b>	<b>Increase %</b>	<b>Increase per day £</b>	<b>Increase per week £</b>	<b>Increase per month £</b>	<b>Increase per month (10 months) £</b>
A	183.00	192.13	9.13	4.99%	0.03	0.18	0.76	0.91
B	213.50	224.16	10.66	4.99%	0.03	0.20	0.89	1.07
C	244.00	256.18	12.18	4.99%	0.03	0.23	1.01	1.22
<b>D</b>	<b>274.50</b>	<b>288.20</b>	<b>13.70</b>	<b>4.99%</b>	<b>0.04</b>	<b>0.26</b>	<b>1.14</b>	<b>1.37</b>
E	335.50	352.24	16.74	4.99%	0.05	0.32	1.40	1.67
F	396.50	416.29	19.79	4.99%	0.05	0.38	1.65	1.98
G	457.50	480.33	22.83	4.99%	0.06	0.44	1.90	2.28
H	549.00	576.40	27.40	4.99%	0.08	0.53	2.28	2.74

## 5. Detailed Total Budget Requirement

- 5.1. The overall revenue position for 2024/25 indicates a small overspend position of approximately £500k. A review of 2024/25 expenditure has been undertaken in preparing the budget to ensure that any underlying pressures or savings have been appropriately reflected in future years' budget assumptions.

### Financial Planning Assumptions

- 5.2. A list of budget assumptions is attached in Appendix 1. Key assumptions are covered below.
- 5.3. General Inflation – Actual CPI for November 2024 was 2.6%, compared to 3.9% in November 2023. Inflation has only been applied to budgets that are subject to inflationary pressures. Electricity and Gas contracts are based on market energy prices. Future years increases have been assumed in line with treasury predictions.
- 5.4. Pay Awards – The MTFs assumes that a 2% pay award will be applied on 1st September 2025, 2% 1<sup>st</sup> September 2026 and 2% from 1<sup>st</sup> September each year thereafter for police officers and police staff.
- 5.5. Council Tax Base - The council tax base which consists of the total value of properties by band D has increase by 4.65% for 2025/26. This has increased significantly due to the inclusion of the 200% charge for second homes. However, a cautious approach has been taken for 2026/27 onwards to ensure any reduction in the level of second home is affordable in the longer terms. From 2026/27 an increase of 0.5% increase in the taxbase has been assumed.
- 5.6. Staff Pension Contributions – The Police Office pension contribution rates are set by central government and remain at 35.3%% in 2025/26. The police staff pension contributions rates are set by the pension provider (Peninsula Pensions hosted by Devon County Council) and have not been subject to a revaluation. The employer contribution rate remains at 18.9% but has been increase by 1% from 1<sup>st</sup> April 2026 which is the point of the next actuarial revaluation.

## 6. The Overall Budget Preparation

- 6.1. The budget process for 2025/26 has been undertaken on a similar basis to that of the previous year. This is shown in Appendix 1 and includes consideration of the following areas:



- Unavoidable changes in costs arising from the budget assumptions and other factors for example changes to second homes precept income, external income and specific grants.
- Priority spending areas that are essential to delivery of the Police and Crime Plan and to improving the long-term efficiency of policing.
- Savings and efficiencies required.
- Effective management of risk.

### **Savings Plans**

- 6.2. A combination of a grant increase below the level of increases being experienced coupled with increases due to inflation means that ongoing efficiency savings will be essential to balancing the budget over the next four years.
- 6.3. To continue to further drive productivity and value for money, the Chief Constable will continue to challenge costs of operational business areas across the force, to seek financial and time savings not only for this coming year but also the future. This will include undertaking a Priority Based Budgeting exercise. This will look at all areas of the spend and identify priorities areas. It will also identify how things are done and look to improve processes and procedures. Further detail is included in the letter from the Chief Constable attached to this report.

### **Management of Risk**

- 6.4. These proposals are not without risk. A risk register is attached as Appendix 4. Due to the changing economic climate and a one year settlement, there is increased risk compared to previous years due to:
- The increase in the underlying core grant funding being less than anticipated. This coupled with an increase in year on year specific grant increases the risk across the MTFs (see below)
  - The increase in the level of ringfenced grant from £24.3m in 2024/25 to £31.4m in 2025/26. This increase predominately relates to a grant to cover the increase in the employer's national insurance contributions (£5.7m) and a new Neighbourhood Policing grant (£2.3m). The ringfenced element of the grant relating to the uplift has reduced by £1.8m, which has been moved to the core grant to provide great flexibility to its use. The remaining ringfenced grant of £8.2m continues to be subject to the maintenance of this increase. Specific grants are subject to approval each year and are not guaranteed.
  - The pay award assumptions which are nationally agreed. The proportion of the total budget which is attributable to pay is 85%. This makes the budget particularly volatile to changes in the assumed pay award.
  - Inflation still being above the national recommended rate of 2% and remaining at higher levels than was anticipated at this time last year.
  - The implementation of the amended funding formula remains a significant future risk. Work has paused on any changes to the formula at the moment.
- 6.5. Financial resilience is extremely important during periods of economic volatility. The last year has continued to see local government bodies in financial difficulty with some of those

bodies issuing section 114 notices. A section 114 notice is issued by the Chief Financial Officer when it is considered that expenditure of the authority incurred in a financial year is likely to exceed the resources available.

### **The Main Budget Components**

6.6. The total budget requirement is built up of three main areas:

- The Chief Constable's Budget.
- The OPCC Office Budget and Commissioning Budget.
- The Capital Budget.

### **The Chief Constable's Budget**

6.7. The Commissioner owns the overall police budget and is responsible for all income and sets the overall expenditure envelope. During the financial year the Commissioner delegates financial control of the Chief Constable's Budget to the Chief Constable who monitors and manages its day-to-day spending. The overall level of the 2025/26 Chief Constable's budget is £424.3m. The detailed allocations are shown in Appendix 1. A letter from the Chief Constable is attached as Appendix 2 to this report which covers, in more detail, the operational impact, risks and opportunities within this MTFS.

6.8. The Chief Constable is operationally independent under law and is responsible for the deployment of police officers and staff to keep the public safe and deliver policing in Devon and Cornwall.

6.9. Delivering the Police and Crime Plan and the force mission relies on longer term planning than a single year. As in previous years the Chief Constable's Budget is presented in the context of the future four-year MTFS to ensure that any potential funding risks can be mitigated by operational savings within the timescale required. This ensures that proposals are sustainable longer term. The respective Chief Finance Officers have worked together and agree on the inflation and other assumptions built into the budget proposals.

6.10. The Government's commitment to maintaining the increased police officers by 20,000 headcount for England and Wales still requires to be maintained. Devon and Cornwall have significantly exceeded their uplift target, due to a combination of planned additional recruitment of 90 extra officers, and the successful recruitment, training and retention strategies put in place by the Force. Not all policing areas have been successful in achieving their targets so as part of the 2024/25 settlement the Government reallocated base funding between force areas to take this into account. This has meant additional funding for Devon and Cornwall to fund an additional agreed 95 officers (Batch 1 – 71 officers and Batch 2 – 24 officers). These additional officers are included within the overall budgeted number of 3,610 FTE.

6.11. This 'Batch 1 additional recruitment allocation' does provide some risks going forwards, especially as Devon and Cornwall has received such a significant financial amount. It has not been confirmed explicitly if this funding is permanent and will be subject to annual agreement. However, the amount ringfenced has decreased by £1.8m to £8.2m with the decrease being moved to core grant to provide greater flexibility in the use of this funding. These additional officers do increase the headcount that need to be achieved to 3,655 to receive the uplift grant. Modelling of future officer numbers and analysis of the settlement indicates we are highly likely to be able to maintain sufficient numbers, and that the change

is a permanent one. As such we have budgeted for the continuation of this funding in future years.

- 6.12. The Batch 2 additional recruitment of 24 officers is paid via an unconditional specific grant.
- 6.13. The uplift grant which has been ringfenced and is dependent on the maintenance of the uplift numbers presents a risk in the budget should the overall numbers dip below the agreed target. The estimate of officer numbers takes into account the anticipated leavers and the recruitment needed to maintain numbers. Although, the recruitment of officers can be flexed, any increase in leavers above planning assumptions could prove challenging.
- 6.14. The budget also includes a decrease in the specific grant for pensions. This has decreased by £800k. Some of this was anticipated due to the inclusion of a one-off element to support admin costs of the changes required relating to the McCloud judgement. However, an element relates to a top slice for counter terrorism.
- 6.15. The provisional settlement includes a new Neighbourhood Policing grant of £2.3m to deliver the first steps of the Governments neighbourhood policing commitment. This will seek to put 13,000 additional police officers, PCSO's and special constables into neighbourhood policing roles. Specific detail will be provided in individual letters to Commissioners. For this budget the grant is being treated as requiring additional spend to the full amount.
- 6.16. The budget includes investment as part of the Police and Crime Plan priorities. The focus of the increase in expenditure relates to the pressures arising from the following items:
  - Pay awards.
  - Inflationary pressures.
  - Strategic interventions.
  - Complaint handling.

#### **OPCC Office Budget and Commissioning Budget**

- 6.17. The Office of the Police and Crime Commissioner (OPCC) budget is split into two parts. The cost of delivering the duties of the OPCC and funds that are used for commissioning services for the public.
- 6.18. The OPCC office costs budget is proposed to be set at £2.96m for 2025/26 along with a commissioning budget of £5.58m which includes the additional investment in strategic interventions to reduce ASB and violent crime. Producing a total net budget of £8.54m.
- 6.19. Income in the form of grant funding of £3.66m is anticipated from the Ministry of Justice (MoJ) to support services for victims and witnesses. This is a decrease of £86k. With additional funding for the strategic interventions and from Vision Zero South West this brings the overall commissioning budget to £9.34m. The table below outlines the total spend.

**Table 7: Commissioning Spend**

	2024/25	2025/26	Variation	
	£000's	£000's	£000's	%
Police and Crime Commissioner Allocation	4,259	4,578	319	7%
MoJ - Victims and Witness Grant	3,752	3,666	- 86	-2%
Servious Violence Programme	600	-	- 600	-100%
Home Office Serious Violence Duty Funding	657	-	- 657	-100%
Strategic Interventions		1,000	1,000	New
Safer Street	355	-	- 355	-100%
Vision Zero South West Funding	100	100	-	0%
	<b>9,723</b>	<b>9,344</b>	<b>- 379</b>	<b>-4%</b>

6.20. The OPCC budget is £2.96m which represents 0.68% of the net revenue budget. This is an increase of £418k and includes assumptions for pay award and national insurance (£158k), increased charges for the police misconduct panels (£210) and an increase in the external audit fees (£50k). The OPCC costs also cover the following items:-

- The Independent Audit Committee
- Legally Qualified Members and Independent Panel Members for Police misconduct panels
- Local Criminal Justice Board
- Combatting Drugs Partnership
- Prevention of Serious Violence Duty
- The Complaint Review process
- External and Internal Audit Fees
- Independent Custody Visiting scheme.

6.21. The Commissioning Intentions Plan for 2025/26 is attached as Appendix 3 to this report. The plan includes support for the following areas:

- Anti-social behaviour
- Alcohol and drugs
- Serious Violence
- Theft
- Victims

6.22. As part of the Commissioning Spend there are two areas which the Commissioner identifies a theme for the spend. The theme for both of these areas will be the prevention and reduction of burglary and shoplifting.

- Community Grants Scheme (£200k). These grants are available to the communities across Devon, Cornwall and the Isles of Scilly.
- Property Act Funding. This funding envelope varies and is generated from the sale of goods seized or not claimed as part of police investigations.

## **The Capital Budget**

- 6.23. The Commissioner is also required to publish a capital strategy.
- 6.24. The Capital Programme indicates a total spend of £113m over the four years. The detail of the capital programme is attached in Appendix 1. The most significant projects within the capital programme are:
- A vehicle replacement programme.
  - An allocation for new police stations.
  - An allocation to provide efficiency changes with the buildings.
  - An allocation for investment into our custody provision.
  - An allocation to continue the process of upgrading the infrastructure to support an electric fleet.
  - A comprehensive programme of ICT work across the organisation.
- 6.25. The annual revenue costs associated with this programme are contained within the budget. The level of capital financing cost equates to £6.6m and as a percentage of net revenue expenditure is 1.5%. The funding policy of the Commissioner is to ensure that short life assets are funded by capital grant/receipts or revenue contributions. The revenue contribution to capital outlay (RCCO) is £6.5m to support the programme of technology enhancements. The RCCO will increase across the life of the MTFS to ensure the capital programme is robust and sustainable in the longer term. The financing plan aims to make the maximum use of temporary internal borrowing from revenue reserves until they are used in the budget plan.
- 6.26. The main sources of funding for the capital programme are:
- Reserves – which are planned to reduce over this MTFS.
  - Capital Receipts – which have a finite level and are only used once realised.
  - Capital Grant – there is no longer a capital allocation from the Home Office so this is now only available via bidding processes for specific projects.
  - Revenue Contributions to Capital – which are being increased.
  - Borrowing – which needs to be affordable in the longer term.
- 6.27. In addition, funding via s106 planning obligations and Community Infrastructure Level (CIL) is now actively being pursued with local planning authorities.

## **7. Reserves**

- 7.1. The Reserves Strategy is published annually and can be found on the OPCC website. The Strategy is reviewed annually and includes a risk assessment of the general balance. The Strategy is taken to the Independent Audit Committee for review and comment prior to approval by the Commissioner.
- 7.2. The Commissioner's Reserve Strategy has the following key principles:

- The reserves policy will be seeking to maintain general balances at no more than 5% and no less than 3% of overall funding levels each year.
  - The requirement for the reserves will be reviewed at least annually. Those reserves no longer required for their intended purpose will be identified and made available for other defined priorities.
  - Reserves will be assessed annually to ensure adequacy.
  - Risk assumptions used when assessing reserves will be reviewed annually.
  - A long-term view will be used when assessing the use of reserves to ensure all assets that support policing are maintained.
  - General balances cover the general financial risks. This will include unexpected or unavoidable additional costs, such as a major operation, riot compensation, uninsured liabilities, or treasury management risks.
- 7.3. The current level of general balances predicted at the end of 2024/25 indicate that they will stand at 4.40% of the net revenue budget for 2024/25. This is compliant with the Reserves Strategy which is in line with best practice.
- 7.4. As of 31<sup>st</sup> March 2024, the total amount of reserves held were £48.8m (earmarked reserves of £31.6m and general reserves of £17.2m). This is forecast to reduce to £24.8m by the end of 2028/29. The Commissioner considers the level of reserves and their planned reduction when considering the proposals for the level of council tax increases each year. The reserves include £1.4m relating to Vision Zero South West which is a partnership fund with Cornwall Council, Devon County Council, Plymouth City Council and Torbay Council. The Vision Zero South West reserve will fund road safety initiatives.
- 7.5. The planned use of the reserves is in line with the Home Office drive to reduce the level of reserves being held by Commissioners.

## **8. Conclusion for the Police and Crime Panel**

- 8.1. In considering the increase of £13.70 (per Band D equivalent) in council tax funding, the Commissioner has considered this year's funding settlement and seeks to ensure that funding for the force keeps pace with inflation. The budget is looking to deliver improved public confidence through better policing.
- 8.2. There are always new and different demands being placed upon policing and resources need to reflect these. With 2025/26 being a one year settlement this increases the risk to the future funding assumptions across the MTFs. Many new areas of policing require investment in new technology before any operational savings can be generated or operational benefits fully realised. The autumn budget announcement and the provisional settlement highlighted the importance of neighbourhood policing.
- 8.3. The Commissioner has consulted the Chief Constable about the proposal to increase the council tax and the Chief Constable has confirmed that these proposals will ensure a robust and sustainable budget to deliver operational policing and have due regard to the Police and Crime Plan.

**Alison Hernandez**  
**Police and Crime Commissioner**

**Nicola Allen**  
**Treasurer**

**Attached:-**

Appendix 1 – Medium Term Financial Strategy 2025/26 to 2028/29

Appendix 2 – Letter from the Interim Chief Constable

Appendix 3 – Commissioning Intentions Plan 2025/26

Appendix 4 – Risk Assessment

Appendix 5 – “Your Safety, Your Say” survey results summary

Appendix 6 – Glossary of Terms