

ANNEXE B (FINANCIAL APPENDICES)

Appendix A

Police Grant Analysis 2026/27

The changes in Government funding for 2026/27 are set out in the table below:

	2025/26	2026/27	Variance	
	£000	£000	£000	%
Police Core Grant	106,175	114,259	8,084	7.61
Ringfenced Grant (Uplift)	3,916	-	(3,916)	N/A
Additional Recruitment (Uplift)	2,371	-	(2,371)	N/A
Legacy Council Tax Grants	9,305	9,305	-	0
Pensions Grant	5,079	5,079	-	0
Neighbourhood Policing Grant	2,237	4,092	1,855	82.92
National Insurance Contribution Grant	3,224	3,190	(34)	0
Total all Grants	132,307	135,925	3,618	2.73

The above table represents the increase in government funding between 2025/26 and 2026/27. The most significant change is the removal of the police officer Uplift grant. The Ringfenced Grant (Uplift) supported Norfolk's baseline share (224) of the additional 20,000 police officers introduced by the previous government and maintained by the current government for 2025/26.

The Additional Recruitment (Uplift) grant was paid to forces that took on further officer numbers to make up for the shortfall in recruitment by the Met Police. Norfolk volunteered to take on 45 additional officers above the 224 baseline.

Nationally forces had called for the removal of the Uplift target as this was causing unintended consequences with officers being put into non-visible police staff roles (such as the control room) due to the ongoing pressure to make cash savings that could only be made from police staff posts.

The removal of the overall Uplift target is therefore welcome as forces can now make their own decisions on workforce mix between officers and staff based on the need for warranted powers, skills requirements and local need rather than purely on maintaining an arbitrary number of police officers.

However, former Uplift funding has now been redistributed into Police Core Grant. Forces (such as Norfolk) that volunteered to take on the additional recruitment targets to make up for the Met Police shortfall above their Police Core Grant % share have now had a cliff edge removal of the Additional Recruitment (Uplift) grant. This grant has now been shared to all forces, even those

that had previously not undertaken any additional recruitment. As a result, Norfolk has had the joint worst government grant increase in the country for 2026/27.

The government are now focussed on their manifesto pledge to increase Neighbourhood Policing numbers by 13,000 nationally. The Neighbourhood Policing Grant will support the increase in neighbourhood policing that Norfolk will need to deliver as part of that national requirement. At the time of writing the rules for complying with the grant requirements have yet to be set out.

Budget and Medium Term Financial Plan 2026/30 Increase Council Tax by 4.53% (£14.94)

		Budget	Forecast	Forecast	Forecast
	Line	2026/27	2027/28	2028/29	2029/30
		£000	£000	£000	£000
REVENUE FUNDING					
Home Office Grant	1	(114,259)	(115,973)	(117,712)	(117,712)
Legacy Council Tax Grants	2	(9,305)	(9,305)	(9,305)	(9,305)
Precept Income	3	(114,808)	(118,535)	(123,738)	(129,032)
TOTAL FUNDING	4	(238,372)	(243,813)	(250,754)	(256,049)
BASE REVENUE BUDGET INCLUDING INFLATION:					
Total Revenue Expenditure before savings	5	263,473	270,565	277,890	285,386
Revenue Funding of Capital Expenditure	6	5,000	5,000	5,000	5,000
Total Revenue Income inc Specific Grants	7	(34,467)	(30,467)	(30,554)	(30,643)
NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS	8	234,006	245,097	252,336	259,743
DEFICIT / (SURPLUS) BEFORE KNOWN CHANGES	9	(4,366)	1,284	1,582	3,694
Known / Expected Changes	10	6,948	4,944	8,448	5,940
Planned contribution to / (use of) reserves	11	680	500	(1,000)	500
REVENUE DEFICIT BEFORE SAVINGS	12	3,262	6,728	9,030	10,134
Change Programme Savings	13	(3,262)	(3,294)	(3,318)	(3,342)
Surplus / (Savings to be identified)	14	(0)	(3,434)	(5,712)	(6,792)
Total Cumulative Permanent Savings	15	(3,262)	(6,728)	(9,030)	(10,134)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	16	0	0	0	0

Analysis of Known / Expected Changes

PLANNED REVENUE CHANGES 2026/30 - NORFOLK					
	Line	Budget	Forecast	Forecast	Forecast
		2026/27	2027/28	2028/29	2029/30
		£000	£000	£000	£000
STATUTORY CHANGES					
Variation in Bank Holiday Numbers (8 in 2025/26 then 11, 9, 9, 7)	1	525	175	175	(175)
Pension Auto-enrolment	2	200	200	200	200
Local Government Pension Scheme - Employer's contribution	3	(1,518)	(1,559)	(1,598)	(1,638)
Firearms Licensing	4	0	(59)	149	139
TOTAL STATUTORY CHANGES	5	(793)	(1,244)	(1,074)	(1,474)
SERVICE DEVELOPMENTS					
National:					
Home Office System Charges inc. National Monitoring Centre	6	75	78	81	84
Total National	7	75	78	81	84
Regional:					
7 Force Collaboration Contribution	8	342			
Eastern Region Special Operations Unit (ERSOU)	9	58	59	61	62
National Police Air Service (NPAS)	10	152	152	152	152
Total Regional	11	551	211	213	214
Local:					
Apprenticeship Levy Co-investment	12		40	124	62
Challenge Panel Process Review - New Cost Pressures	13	1,969	2,113	2,113	2,113
Corporate Cost Pressures	14	2,312	2,592	2,592	2,592
Commissioning	15	157	156		

Appendix B(ii)

Total Local	16	4,438	4,901	4,829	4,767
TOTAL SERVICE DEVELOPMENTS	17	5,064	5,191	5,123	5,066
CAPITAL FINANCING					
Revenue Funding of Capital	18	768	97	1,101	1,053
Capital Programme Funding - Capital Financing	19	1,740	637	2,741	500
Minimum Revenue Provision	20	36	69	282	456
Interest	21	132	194	274	338
TOTAL CAPITAL FINANCING	22	2,676	997	4,399	2,347
Total Changes Before Reserve Movement Adjustments	23	6,947	4,944	8,448	5,940
CONTRIBUTION TO RESERVES					
Capital Financing and Efficiency Improvement Reserve	24	2,177	1,133	1,571	860
General Reserve	25	220	160	170	140
CONTRIBUTION FROM RESERVES					
Commissioning Reserve	26	(157)	(156)		
Capital Programme Funding - Capital Financing Reserve	27	(1,740)	(637)	(2,741)	(500)
NET RESERVE MOVEMENTS	28	500	500	(1,000)	500
Total Known / Expected Changes (net of reserve movements)	29	7,447	5,444	7,448	6,440

Analysis of Savings

SAVINGS PLAN 2026/2030 - NORFOLK					
	Line	Forecast 2026/27 £000	Forecast 2027/28 £000	Forecast 2028/29 £000	Forecast 2029/30 £000
Change and Efficiency Savings:					
Pay as per Challenge Panels	1	920	952	976	1,000
Non-Pay as per Challenge Panels	2	2,342	2,342	2,342	2,342
Total Change and Efficiency Savings	3	3,262	3,294	3,318	3,342
TOTAL PERMANENT SAVINGS AGAINST 2025/26 BASE	4	3,262	3,294	3,318	3,342

High Level Analysis of the Net Budget

Increase Council Tax by 4.53% per annum (£14.94)

4.53%; £14.94 increase									
Year	PCC	OPCCN	PCC's Commissioning *	Chief Constable	Capital Financing	Specific Home Office Grants	Use of Reserves	Net Budget	
		£000	£000	£000	£000	£000	£000	£000	
2025/26	104	1,729	1,688	241,809	7,166	(27,869)	(1,701)	222,926	
2026/27	110	1,823	1,280	248,623	10,723	(24,868)	680	238,372	
				<i>above includes savings to be found:</i>		£3,262			
2027/28	110	1,823	1,279	251,833	9,044	(20,776)	500	243,813	
				<i>above includes savings to be found:</i>		£6,728			
2028/29	110	1,823	1,123	257,029	12,447	(20,776)	(1,000)	250,754	
				<i>above includes savings to be found:</i>		£9,030			
2029/30	110	1,823	1,123	262,874	10,395	(20,776)	500	256,049	
				<i>above includes savings to be found:</i>		£10,134			
			* Includes draw down from commissioning reserve						

Police and Crime Commissioner for Norfolk Capital Strategy

Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires the production of a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of good stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy is a key document for the PCC for Norfolk and the Chief Constable of Norfolk and throughout this document the term Norfolk is used to refer to the activities of both the PCC and the Constabulary.

The capital strategy sets out the long-term context in which capital expenditure and investment decisions are made in Norfolk and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.

Objectives

The key objectives of the Capital Strategy are to:

- Provide a framework that requires new capital expenditure to be robustly evaluated, ensuring that capital investment delivers value for money and is made in accordance with the Norfolk corporate, financial and asset management strategies, matching their visions, values and priorities.
- Set out how Norfolk identifies, prioritises, delivers and manages capital programmes and projects. This includes outlining the governance framework from initiation to post project review.
- Ensure that the full life cost of capital expenditure is evaluated, including borrowing, maintenance and disposal costs.
- Ensure that all capital expenditure and related borrowing cash flows are affordable, prudent and sustainable.
- Identify the resources available for capital investment over the planning period and any restrictions on borrowing or funding.

Governance

There is a robust joint governance model that sits over the Norfolk only, Suffolk only and collaborated departments.

Project boards are initiated for all appropriate corporate (aka priority) projects led by a senior responsible officer (SRO) and are tracked and reported on by the Programme Management Office through six weekly Transformation and Change Boards (TCB). Individual projects report into Portfolio Boards where appropriate or directly into TCB. TCB is chaired by the Deputy Chief Constable (DCC) of Norfolk and attended by all Chief Officers (excluding Chief Constables), all Directors (People, Delivery, ICT and Transformation) the Head of Finance and Head of SBOS. TCB both commissions and reviews ongoing corporate projects at portfolio level (Operational,

Capabilities and Infrastructure). Feeder meetings take place in Suffolk (Futures Day), Norfolk (Horizons Day) and Joint Space (Our Collaboration Forum) quarterly, attended by all respective force Chief Officers and senior ranked staff, with both teams attending Our Collaboration Forum. These meetings are not decision making, but support discussion and prioritisation of future and ongoing work in both counties and joint space, submitting new work requests into TCB for prioritisation, commissioning, and programme profiling.

TCB acts as both a commissioning board for corporate projects and as a governance board for ongoing work, reporting by exception to the Joint Chief Officer Team (JCOT) bi-monthly. One of the core functions of TCB is to ensure projects align with strategic intentions set by JCOT and that they are managed as an overarching programme of work, taking interdependencies, capacity and capability into consideration. This includes a reporting process for all enabling resources such as ICT, PD and change skills. TCB is also used as a governance mechanism for any material in-year spend outside of budget or where funding has been ringfenced subject to a business case (aka Table B items) to ensure fiscal control.

JCOT meets monthly and consists of all Chief Officers from Norfolk and Suffolk, all Directors as well as the Head of Strategic, Business & Operational Services. JCOT has several functions, but from a project/programme perspective it agrees strategy and for priority projects assigns SROs with clear remits. JCOT is the final arbiter for any project, programme or policy decision if needed. Where a project turns into a programme, has a significant pan-organisational impact, or a materially significant financial risk/impact it will be brought to JCOT.

Strategies and Plans

The PCC consulted on and implemented her Police and Crime Plan 2025-2029. There are a number of interrelated strategies and plans in place, including the Medium-Term Financial Plan (MTFP), which includes the medium-term Capital Programme, Capital Strategy, Reserve Strategy and the Treasury Management Strategy.

The operation of all these strategies and plans is underpinned by the Scheme of Governance which includes the Financial Regulations & Contract Standing Orders.

In addition, there are four key plans / strategies that support the capital strategy.

The current Estates plan set out the vision for the Norfolk Estate 2022-2025 and a new and updated plan is currently being developed with the PCC to cover the period 2026-2029. The plans are designed to ensure delivery of a fit-for-purpose estates portfolio that is responsive to current and future needs, effectively supports meeting strategic objectives and service delivery and which is focused on improving public confidence and reducing costs. The strategy will support the aim of maximising resources for front line policing and delivery of effectiveness, efficiency and value for money.

There is a Joint Transport Strategy for Norfolk and Suffolk that covers the period 2021/26. Vehicle replacement and procurement forms part of the current and future strategies and contributes to force performance by ensuring fleet acquisition and replacement with an optimum use of all resources. The strategy promotes continuous modernisation and service improvements ensuring local and national strategies are considered to drive forward a cost-effective and efficient service.

The current joint ICT Strategy runs from 2023 to 2026 and currently focuses on implementing an operating and resource model designed to integrate ICT into all areas of policing. It enables the consolidation and rationalising of software and systems, removing duplication, providing single points of contact, enabling first-time resolution, allowing staff to be more innovative, providing a more flexible framework for agile delivery and providing a consistent level of ICT service.

The strategy is aligned to the National 2020-2030 digital strategy and following an updated version in May 2025, work has begun on updating the current joint ICT strategy to ensure the Constabulary continues to align to the delivery of technology nationally across our police forces. The next version will continue to build on all the good progress made and will ensure, like the national one, it addresses key themes such as: transforming our digital services with AI and automation; exploiting and investing in systems and platforms we can maintain and continually improve; building for greater organisational agility and resilience; securing our technology to tackle cyber threats; improving how we capture and share data and evolving our digital operating model to deliver national outcomes and initiatives.

Capital Budget Setting including evaluation and prioritisation

The capital programme is developed through the Strategic and Financial Challenge governance process that uses Outcome Based Budgeting principles. The Challenge Panels are informed by the Force Management Statement (FMS) that forecast demand changes for the Constabulary and any gaps that exist regarding capacity or capability and the steps being taken to improve this.

As part of this process there is a Capital Challenge Panel meeting with the Director of ICT, Head of Estates and Head of Transport and Uniform Services to review the most significant elements of the programme and ensure these are consistent with the current strategies and policies previously mentioned. The panel consists of the Assistant Chief Officers (ACOs – Chief Constable Section 151 officers) from Norfolk and Suffolk, Head of Joint Finance and the Head of Joint Strategic Business Operational Services.

Heads of all other departments can also put forward capital bids in their submission documents and these are also assessed by the Challenge Panel with the same membership as above.

Following the panel processes as described above there is a further review and prioritisation meeting of the DCCs and ACOs before a draft capital programme, along with the relevant agreed funding, is presented to the Chief Constables. Following this the Police and Crime Commissioners review, amend if necessary, and finally approve the programmes.

Identification and Prioritisation

The identification process is initiated through the Challenge Panel as described above and that runs from August to October each calendar year, as a result of which bids are made by department heads and a draft capital programme is produced. The capital project proposals are prioritised with reference to a business case and considered against the following factors:

Prioritisation:

Projects are assessed using a matrix that considers:

- Financial impact: Evaluates the resource requirements for the change, benefits appraisal, and Return on Investments (ROI).
- Strategic alignment: Initiatives that directly support the Police & Crime Plan and the Constabulary's strategic objectives.
- Risk mitigation: Considers initiatives that have legal, contractual, or regulatory requirements, taking into account the Force Management Statement's scoring assessment on managing current and future demand, along with an assessment of organisational impact, interdependencies, and potential deferability.

Governance Process:

- The draft programme is reviewed and prioritised by the Board.
- The Programme Management Office will monitor 'priority projects' that meet the following thresholds:
- Additional costs of over £50k or more.
- Utilisation of either 10+ days enabling resource or 90+ days change resource.
- Total scores are then used to inform prioritisation decisions.

Evaluation

To evaluate the successful outcomes of the capital projects a post project review is carried out. The depth of this review is proportionate to the project and benefits set out in the initial Business Case and Project Initiation Documentation.

The review is in effect a check on performance against the original proposal. It focusses on outcomes achieved, the extent to which benefits are being realised and actual costs against forecasts. This enables lessons learned information to inform improvements in the overall process.

Collaboration and cost sharing

The Estates capital programme for Norfolk is a sovereign programme and is in line with the current Norfolk Estates Plan. Spend on vehicles is also funded on a non-collaborated basis, although the strategy for investment is in line with the Joint Transport Strategy. ICT related spend on refreshing desktops and monitors in Norfolk premises is also Norfolk only spend.

Most other spend including the replacement of ICT infrastructure, the purchase of short-life assets such as Body Worn video, mobile devices, and high-tech crime kit is funded collaboratively with Suffolk on the ratio of Net Revenue Budget (currently 56.4% Norfolk: 43.6% Suffolk).

Implementation and Monitoring

Monitoring of the capital programme in year is undertaken monthly, using commitment information to understand the projected outturn of the programme. This view is then incorporated into the monthly revenue and capital monitoring reports that are presented to the Chief Constables and the Police and Crime Commissioners. These reports give information about under or over-spends against the revenue and capital budgets and take-into-account the revenue implications of capital spending.

Progress on capital schemes is also reported in detail on a monthly basis through the Chief Finance Officer meetings (chaired by the ACOs (Chief Constable CFOs) or the PCC CFOs, with attendance of the Head of Finance).

In addition, following approval of the capital programme a Project Manager is identified for each key project. The Project Manager is responsible for managing implementation and delivering against the project objectives. The Project Manager will produce the project plan for approval. Progress against the plan is monitored through monthly highlight reporting. Overall monitoring of specific programme risks is also undertaken.

Detailed implementation work is assigned to key individuals and overseen by specific Project Boards as per the governance model set out in Annex 1.

Capital Funding

All capital expenditure has to be funded through the Police Fund, either through income received in the year or through the use of reserves. For the purposes of this Strategy, the term “funding” relates to the use of current income or reserves to fund capital expenditure. The term “Financing” relates to how the asset is to be paid for, e.g. internal borrowing (cash balances) or external borrowing.

The capital programme needs to be fully funded over the life of the MTFP and more information on this is set out below. As part of the MTFP process it is ensured that a balance of the funding sources is used to ensure an adequate and sustainable level of reserves remain at the end of the planning period. More information on this is set out in the Reserves Strategy. This is a strong financial indicator of the affordability and sustainability of the capital programme.

Capital can be funded from a number of different sources, including:

Capital receipts - Capital receipts are generated from the sale of existing capital assets. Proceeds from the sale of assets are either used to fund capital expenditure in the year of receipt or set aside in a Useable Capital Receipts Reserve to fund capital expenditure arising in future years. This method of funding has been utilised significantly in previous years, as the PCC has disposed of non-operational or surplus property, such as police houses or traditional police stations. Policing bodies also have the ability to use capital receipts to fund efficiency projects and some elements of redundancy costs where permissible under a flexible government directive. This option will be kept under review over the medium term.

Capital grant - Direct funding from government capital grants has been a principal source of funding in previous years. Non-specific government capital grants have been made available through a formula-driven allocation. However, these have now ceased as the government has looked to reduce direct capital funding. Where relevant and appropriate the PCC will aim to secure specific grant opportunities, either from Central Government or through collaboration with public sector or other partnership bodies.

Reserves - Income surpluses that have been set aside from previous years and transferred to reserves can be used to fund capital expenditure. The Capital Financing and Efficiency Improvement Reserve is specifically used to ring fence funding for future capital expenditure.

As reserves have been consumed in recent years to pump prime efficiency initiatives and the funding of investment in short-life assets, the level of reserves now available to fund future capital expenditure has reduced, and other sources of funding are required going forward to sustain the short-life capital programme.

As capital expenditure has been internally financed in previous years from internal cash balances, not all PCC reserves are cash-backed. Therefore, even though reserves are used to fund capital expenditure, there may still be a need to finance the expenditure using external borrowing.

Direct revenue funding - In the budget delegated to the Chief Constable there is an element of the current revenue budget that funds capital expenditure, any amount funded in this way will be charged directly to the Police Fund. In order to maintain the level of investment required in short-life assets to ensure the most efficient service possible, this source of funding has been significantly increased over recent years, due to the reduction of availability of the other funding sources described above.

Minimum Revenue Provision (MRP) - Accumulated capital expenditure not funded using the above methods is called the Capital Financing Requirement (CFR). This balance is funded using MRP, there are a number of MRP options available to fund this balance, the method adopted by the PCC is the Asset Life Method, where the associated asset is funded using either equal instalments or an annuity basis. MRP is charged against the Police Fund annually and effectively reduces the CFR.

It is important to note that due to the reducing availability of capital receipts, the total removal of the capital grant, the fiscal impact of austerity and constrained government funding, partial funding for pay awards and ongoing policy restrictions on officer numbers that locks in the majority of the revenue budget for spend on officer pay, the PCC has limited flexibility to generate the revenue capacity to fund the capital programme.

The constraints listed above are meaning that the PCC and constabulary will reach the limits of reserve capacity to help support revenue budget funding of short life assets in the capital programme.

Without a change in policy position on officer numbers and / or the reintroduction of the capital grant, this will result in the need to borrow to fund short life assets over the medium term and the revenue costs are included in the MTFP on that assumption.

Capital Financing and Borrowing

Capital expenditure can be financed in the following ways:

Capital grants received or capital receipts from asset sales generate cash balances and these are directly used to finance capital expenditure. Where in-year revenue funding of capital takes place, financing is made from in-year income sources.

Internal borrowing. Where cash or investment balances have increased over a period of time as reserves have accumulated, these balances can be used to finance the acquisition of assets. This decision is often made as the investment returns received are normally lower than the interest that would be payable if the capital expenditure is financed using external borrowing. However, Norfolk have exhausted this option and it is no longer available.

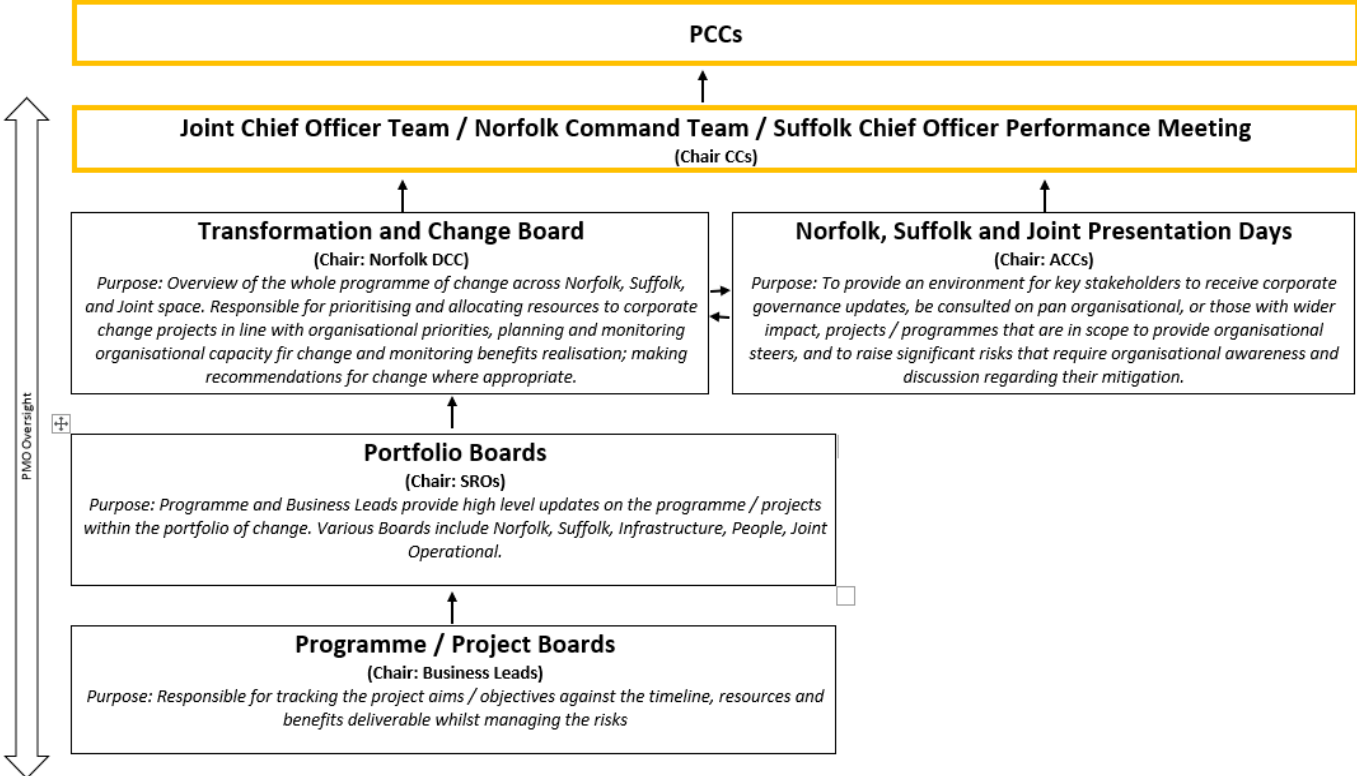
External borrowing. This method is used to finance capital expenditure where the above options are unavailable. External borrowing can be obtained from a number of sources:

PFI – Historically major infrastructure projects have been financed using PFI arrangements. Private finance is secured to finance the schemes which form part of a Public/Private Partnership. Norfolk PCC have used this method to finance the Operational Command Centre (OCC – HQ) at Wymondham and the Police Investigation Centres (PICs) across Norfolk and Suffolk. Nationally, new PFI arrangements have significantly reduced in number and the Government have now withdrawn support for future schemes.

Leases – Some assets have been secured using leasing arrangements. With the advent of Prudential borrowing, leases are less popular as they are generally an expensive financing route. However, with the introduction of a new leasing Standard (IFRS 16), property lease liabilities are now brought onto the balance sheet and form part of the CFR and thus attract MRP.

Prudential borrowing – with the introduction of the Prudential Code, local government bodies have been able to secure external borrowing on favourable terms, providing their borrowing is prudent, affordable and sustainable. Unfunded long-term assets are therefore primarily financed using this route. External borrowing is principally sourced from the Public Works Loans Board (PWLB), where finance is available on fixed or variable rates over varying terms and repayable on a maturity or an annuity basis. The PCC is expected to source new PWLB finance throughout the medium-term.

Governance Overview



Last Updated: 14 April 2025

CAPITAL - NORFOLK - 2026/27 - 2029/30							
PROJECT	2026-27 Total Requirement			2027-28	2028-29	2029-30	4 Year Total
	Table A	Table B	Table C				
Estates Strategy	450,000	950,000	-	1,125,000	250,000	200,000	2,975,000
Carbon Management and EV Infrastructure	225,000	-	-	300,000	150,000	300,000	975,000
Total Estates - Norfolk Only	675,000	950,000	-	1,425,000	400,000	500,000	3,950,000
ICT Replacements - Desktop and Laptops	643,336	-	-	553,269	611,869	646,650	2,455,124
ICT Replacements - Communications	82,000	-	-	82,000	82,000	82,000	328,000
ANPR Vehicle Kit Refresh	50,000	-	-	50,000	50,000	50,000	200,000
Total ICT - Norfolk Only	775,336	-	-	685,269	743,869	778,650	2,983,124
Vehicle Replacement Programme	1,491,000	-	-	2,154,000	2,312,000	2,365,000	8,322,000
Motorcycle Team (Abnormal Loads)	106,557	-	-	-	-	-	106,557
Electric Vehicle Trial	90,000	-	-	-	-	-	90,000
Facial Recognition Van	-	60,000	-	-	-	-	60,000
Poliscope	-	76,500	-	-	-	-	76,500
Total Equipment and Vehicle Replacements - Norfolk Only	1,687,557	136,500	-	2,154,000	2,312,000	2,365,000	8,655,057
Total Norfolk Only	3,137,893	1,086,500	-	4,264,269	3,455,869	3,643,650	15,588,181
Norfolk Share of Replacement Schemes	2,011,597	-	-	1,455,390	3,145,027	2,291,797	8,903,812
Norfolk Capital Programme	5,149,490	1,086,500	-	5,719,659	6,600,896	5,935,447	24,491,993
Norfolk Share of Joint Projects	710,469	3,516,253	188,940	4,116,842	4,307,088	2,595,742	15,246,394
Total Norfolk Capital Programme	5,859,959	4,602,753	188,940	9,836,501	10,907,984	8,531,190	39,738,387
		10,462,712					

Capital Programme 2025/29 (Contd.)

PROJECT	2026-27 Total Requirement			2027-28	2028-29	2029-30	4 Year Total
	Table A	Table B	Table C				
Joint ICT Replacement Schemes:							
Joint ICT Replacements - Servers	1,542,992	-	-	867,000	3,206,000	965,000	6,580,992
ICT Replacements - Network	794,547	-	-	556,456	1,393,789	1,419,448	4,164,240
Microwave Refresh	33,600	-	-	34,000	26,500	26,000	120,100
ANPR Cameras	142,500	-	-	100,000	255,000	230,000	727,500
Video Conferencing	25,000	-	-	25,000	25,000	25,000	100,000
Mobile Device Replacement Programme	130,000	-	-	100,000	500,000	500,000	1,230,000
Body Worn Video (BWV) Replacement	898,023	-	-	898,023	170,000	898,023	2,864,069
ICT Replacement Schemes	3,566,662	-	-	2,580,479	5,576,289	4,063,471	15,786,901
Norfolk	2,011,597	-	-	1,455,390	3,145,027	2,291,797	8,903,812
Suffolk	1,555,065	-	-	1,125,089	2,431,262	1,771,673	6,883,089
Joint ICT Replacements - Servers	1,542,992	-	-	867,000	3,206,000	965,000	6,580,992
Joint Projects Subject to Business Case:							
Incident Management Software Upgrade	294,283	-	-	-	-	-	294,283
User Journey/My Police Portal	965,413	-	-	-	-	-	965,413
Data Management and Exploitation Programme	-	200,000	-	-	-	-	200,000
CRM	-	691,534	-	586,739	59,000	-	1,337,273
Digital Investigations	-	820,604	-	189,500	-	-	1,010,104
RMS2 - Athena Replacement	-	663,697	-	920,213	891,628	224,449	2,699,987
Artemis Replacement	-	50,000	-	-	-	-	50,000
TSU Review and ICT onboarding	-	260,000	-	23,000	-	-	283,000
QAS Upgrade	-	30,000	-	-	-	-	30,000
PIC WiFi Coverage for Automating Custody Log Updates	-	-	35,000	-	-	-	-
Automating Custody Log Updates	-	-	150,000	-	-	-	-
Custody - Telemedicine	-	-	150,000	-	-	-	-
Tascor Genysis PIC video platform expansion	-	51,018	-	-	-	-	51,018
Total Projects Subject to Business Case	1,259,696	2,766,853	335,000	1,719,452	950,628	224,449	6,921,078

Appendix E

Digital Forensics							
Digital Forensics Review Platform	-	200,000		-	-	-	200,000
Joint Digital Forensics - Data Centre	-	200,000		300,000	350,000	400,000	1,250,000
Total Digital Forensics Unit	0	400,000	0	300,000	350,000	400,000	1,450,000
Digital Portfolio							
Mobile Workflow (OPTIK)	-	130,000		230,000	230,000	190,000	780,000
Digital Asset Management System Developments	-	50,000		50,000	50,000	50,000	200,000
Microsoft 365 developments	-	50,000		50,000	50,000	50,000	200,000
Fingerprint Scanner Replacement	-	60,000		60,000	-	-	120,000
Podman	-	20,000		-	-	-	20,000
Large Language Modelling	-	50,000		-	-	-	50,000
MS Project Online Expansion	-	50,000		-	-	-	50,000
Digital Interview Recording replacement	-	175,000		175,000	150,000	-	500,000
Total Digital Portfolio	0	585,000	0	565,000	480,000	290,000	1,920,000
Efficiency Initiatives (Revenue Projects)							
Transformation Project	-	1,250,000		640,000	640,000	640,000	3,170,000
		1,250,000		640,000	640,000	640,000	3,170,000
Efficiency Initiatives	0	1,250,000	0	640,000	640,000	640,000	3,170,000
REGIONAL PROJECTS:							
Emergency Services Network (ESN) Resourcing	-	967,510		3,595,584	2,907,918	2,753,931	10,224,943
Total Regional Projects	0	967,510	0	3,595,584	2,907,918	2,753,931	10,224,943
ERP RELATED PROJECTS:							
ERP Upgrade / New Project	-	11,000		250,000	250,000	250,000	761,000
DMS Upgrade	-	35,000		10,000	35,000	10,000	90,000
E-Recruitment	-	10,000		10,000	10,000	10,000	40,000
E-PDR	-	9,000		9,000	9,000	9,000	36,000
Access Management Software	-	10,000		10,000	10,000	10,000	40,000
Total ERP Related Projects:	0	75,000	0	289,000	314,000	289,000	967,000

Appendix E

Other Projects:							
Learning Management System	-	10,000		-	-	-	10,000
VR replacement	-	30,000		-	-	-	30,000
Breath testing kit replacement programme	-	37,128		96,195			133,323
Firearms Vehicles and Equipment	-	97,000		-	-	-	97,000
Taser Replacement	-	-		-	1,900,000	-	1,900,000
G36 Carbine Replacement	-	-		89,135	89,135	-	178,270
Vehicle Diagnostic Equipment	-	16,000		5,000	5,000	5,000	31,000
Total Other Projects	0	190,128	0	190,330	1,994,135	5,000	2,379,593
Total Joint Capital Programme	4,826,358	6,234,491	335,000	9,879,845	13,212,970	8,665,851	42,819,514
Joint Capital Projects - Norfolk	2,722,066	3,516,253	188,940	5,572,232	7,452,115	4,887,540	24,150,206
Joint Capital Projects - Suffolk	2,104,292	2,718,238	146,060	4,307,612	5,760,855	3,778,311	18,669,308
	4,826,358	6,234,491	335,000	9,879,845	13,212,970	8,665,851	42,819,514

Police and Crime Commissioner for Norfolk

Reserves Strategy (Budget and Medium-Term Financial Plan 2026/30)

It is important to consider the PCC's reserves at the same time as the budget to ensure that resources are available to fund spending at a level commensurate with the needs of the PCC and Constabulary. Forecasting cash flows and balances over the budget period ensures efficient and effective financial management and avoids unnecessary finance charges. Reserves are held for either general purposes (such as working capital or fall-back to cover exceptional unforeseen circumstances) or earmarked for specific purposes. The PCC complies with the definition of reserves contained within the Chartered Institute of Public Finance and Accountancy (CIPFA) Accounting Code of Practice.

The Strategy requires an annual review of reserves to be undertaken and reported to the PCC. This reflects guidance on reserves issued by CIPFA. The most recent guidance requires an annual review of reserves to be considered by the PCC as part of good practice in the management of financial reserves and balances.

The minimum prudent level of reserves is a matter of judgement rather than prescription. Neither CIPFA nor statute sets a minimum level of reserves. In determining the level and type of reserves, the PCC has to take into account relevant local circumstances and the advice of their CFO, and that of the Chief Constable and the Chief Constable's CFO in making a reasoned judgement on the appropriate level of reserves.

In order to assess the adequacy of reserves when setting the budget, the PCC, in line with advice as outlined above, should take account of the strategic, operational and financial risks facing the organisation. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.

The ultimate use of reserves will be dependent upon both the timing and level of costs and savings over the period of the Medium Term Financial Plan (MTFP).

General Reserve

Assessment of adequacy

The General Reserve is held to enable the PCC to manage unplanned or unforeseen events. In forming a view on the level of General Reserve, account is taken of the level of financial control within the organisation and comparisons with similar bodies. Also taken into account is the risk of unforeseen expenditure occurring, particularly major operations, risk of failure to deliver the savings programme and sensitivity analysis of changes in assumptions included in the MTFP.

Within the MTFP appropriate estimates are made of a number of key items including provision for pay and price rises, as well as a forecast of interest movements. In addition,

prudent assumptions are made for the forecast capital programme and for future capital receipts. These estimates and assumptions also take into account the general financial climate.

Norfolk Constabulary and the OPCCN has generally managed its demand led pressures within its budget envelope year on year, and where appropriate has used earmarked reserves to meet additional significant demand pressures and unbudgeted costs.

In the MTFP savings plans are outlined across the period of the plan. These are outlined in the main budget report. The Chief Constable and PCC are committed to continuing to deliver efficiency and productivity gains in each year of the MTFP.

The General Reserve is currently at £5.260m (2.5% of net revenue budget). The strategy is to maintain this at 2.5% of net revenue budget for the duration of the MTFP. This requires the reserve to be increased by £1.150m between 2025/26 and 2029/30 to £6.410m This is a prudent and adequate amount to hold as a General Reserve. This is shown in Annex 1.

A call on the general reserve, particularly for major operations, would be likely to result in an application to the Home Office for additional support.

Earmarked Reserves

These are reserves that are held for a specific purpose, whereby funds are set aside for future use when the need arises. The level of reserves and predicted movement for these reserves is set out in the attached Annex 1. All reserve levels are reviewed annually.

The purpose and strategy for each reserve is set out below.

The Budget Support Reserve was re-established as a response to the Covid-19 pandemic and subsequently inflationary pressures arising from exiting the EU and the conflict in Ukraine. The reserve has been used in a planned way to absorb these pressures and will be closed at the end of 2025/26.

The Invest to Save Reserve has provided funding for initiatives that will generate future savings and also provides funds to support the cost of change. The balance in this reserve is planned to be fully used up by the end of the period of 2025/26.

The Capital Financing Reserve and Efficiency Improvement Reserve is used to help fund the short-life asset requirement of the Capital Programme. The reserve is used when the amount required for investment exceeds the budget available for this purpose. This is an important part of the funding strategy to ensure the constabulary is as efficient and productive as possible through continued investment in enabling technologies. This is a key reserve and forecast levels are reviewed each year against the capital programme to make sure there is sufficient funding available for future years.

The Insurance Reserve is being held as a contingency against future increases in premiums and/or increases in the value of assessed insurance liabilities. The reserve

is being maintained to £850k.

The Police Reform and Social Responsibility Act 2011 sets out a number of ways that PCC's and Community Safety Partnerships should work together, including a mutual duty to co-operate with regards to each other's priorities. The **Community Safety Reserve** enables the PCC to work with the Community Safety Partnership (CCSP). The CCSP now sits under the leadership of the OPCCN. The OPCCN and its respective partners use the reserve to support evidence-based projects at a county wide and local neighbourhood level. The way the reserve is used has proved that joint delivery leads to shared outcomes and a reduction of pressure on policing.

The **PCC Reserve** is made up from previous underspends and is for any urgent spend that has not been previously budgeted for in year.

The **PCC Local Commissioning Reserve** has been established to allow the PCC to make small scale interventions that will enable local organisations to make a meaningful contribution to crime reduction.

The **Commissioning Reserve** is made up from previous underspends and is used to smooth commissioning spending over the MTFP period and to commission additional services in the community or delivered by the Constabulary, for instance in supporting victims.

The **Transformation Reserve** is used for investments that transform the organisation to make it even more efficient and effective.

The Safety Camera Reserve is held on behalf of the Safety Camera Partnership (comprising the PCC, Chief Constable and Norfolk County Council). Income is dependent upon the number of Speed Awareness courses delivered. The use is reviewed and agreed at the Safety Camera Oversight Board. N.B. This reserve is not included in Annex 1 as it is a partnership reserve not solely available to the PCC. It is included in Annex 2.

Compliance with Home Office guidance on reserves

On 31st March 2018 the Minister for Policing and the Fire Service published guidance on the information that each PCC must publish in terms of reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan

- Funding for specific projects and programmes beyond the current planning period
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management

This information is provided in Annex 2 which analyses the forecast balance on 31st March 2026 over the above headings.

Conclusion

The current policy, as demonstrated in the MTFP, is to maintain revenue general balances at 2.5% of the net annual revenue budget.

The earmarked reserves have been described and the strategy is to keep these for specific purposes (excluding the Safety Camera Reserve), to ensure taxpayers' money is being used as efficiently as possible.

Due to the significant increase in government funding to the police to partially cover various cost pressures such as Uplift, pensions and national insurance Net Revenue Budget has increased significantly over recent years. The strategy for the total level of reserves was revised last year so that total reserves should not drop below 5% of the net annual revenue budget and this is achieved over the lifetime of the MTFP.

In addition, following a review of reserves, the PCC and CC CFOs have taken a strategic decision to protect the reserve levels going forward so that over the MTFP period they are the same level at the end of the plan as they are forecasted to be at 31/03/2026.

Having considered the levels of reserves included in the MTFP and acknowledging the Chief Constable's commitment to work with the PCC to balance the budget over the period of the MTFP and taking account of the approach to managing financial risk described in the report, the CFOs' advice is that there will be adequate general and earmarked reserves to continue the smooth running of the PCC and Constabulary's finances over the medium-term financial planning period.

FORECAST MOVEMENTS IN GENERAL AND EARMARKED RESERVES 2025/26 to 2029/30

PROJECTION OF RESERVES LEVELS:	Total General Reserve	Budget Support Reserve	Invest to Save Reserve	Capital Financing and Efficiency Improvement Reserve	Insurance Reserve	Regional Partnership Reserve	Community Safety Reserve	Transformation Reserve	PCC Reserve	PCC Local Commissioning Reserve	Commissioning Reserve	Total Earmarked Reserve	Total General and Earmarked Reserves
	£000	£000	£000	£000	£000	£000	£000	£000			£000	£000	£000
31/03/2025 Actual	5,260	237	768	6,642	856	146	278	260	556	0	896	10,639	15,899
Proposed Changes 2025/26:													
Transfer to Revenue from Reserves		(237)	(768)	(99)			(20)		32		(483)	(1,575)	
Reallocation between Reserves										50	(50)	0	
Contribution to Reserves	280											0	
31/03/2026 Forecast	5,540	0		6,543	856	146	258	260	588	50	363	9,065	14,605
Proposed Changes 2026/27:													
Transfer to Revenue from Reserves				(1,740)						(25)	(132)	(1,897)	
Contribution to Reserves	400			2,177								2,177	
31/03/2027 Forecast	5,940	0		6,980	856	146	258	260	588	25	231	9,345	15,285
Proposed Changes 2027/28:													
Transfer to Revenue from Reserves				(637)						(25)	(131)	(793)	
Contribution to Reserves	160			1,133								1,133	

Annex 1

31/03/2028 Forecast	6,100	0		7,477	856	146	258	260	588	0	100	9,685	15,785
Proposed Changes 2028/29:													
Transfer to Revenue from Reserves				(2,741)								(2,741)	
Contribution to Reserves	170			1,571								1,571	
31/03/2029 Forecast	6,270	0		6,306	856	146	258	260	588	0	100	8,515	14,785
Proposed Changes 2029/30:													
Transfer to Revenue from Reserves				(500)								(500)	
Contribution to Reserves	140			860								860	
31/03/2030 Forecast	6,410	0		6,666	856	146	258	260	588	0	100	8,875	15,285

FORECAST RESERVES AT 31/03/2026 ANALYSED BY HOME OFFICE CATEGORIES

Analysis of forecast reserves as at 31.03.2026 - NORFOLK					
	Forecast Balance as at 31.3.26	Funding for projects & programmes over the period of the current MTFP	New contributio ns during the life of the MTFP	Existing Funding for projects & programmes beyond 2029/30	General Contingency
	£m	£m		£m	£m
General Reserve	5.540	0.000	(0.870)	0.000	6.410
Earmarked Reserves:					
Budget Support Reserve	0.000	0.000		0.000	
Invest to Save Reserve	0.000	0.000		0.000	
Capital Financing Reserve	6.543	5.618	(5.741)	6.666	
Insurance Reserve	0.856	0.000			0.856
Partnership Reserve	0.146	0.000		0.146	
Community Safety Reserve	0.258	0.000		0.258	
Transformation Reserve	0.260	0.000		0.260	
PCC Reserve	0.588	0.000			0.588
PCC Local Commissioning Reserve	0.050	0.050			
Commissioning Reserve	0.363	0.313		0.100	
Total Earmarked Reserves	9.064	5.931	(5.741)	7.430	1.444
Safety Camera Reserve	0.882	0.000	0.000	0.882	
Total Reserves	15.486	5.931	(6.431)	8.312	7.674

The Office of the Police and Crime Commissioner for Norfolk Annual Investment and Treasury Management Strategy Statement 2026/27

1. Background

- 1.1 The PCC is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the PCC's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2 The second main function of the treasury management service is the funding of the PCC's capital plans. These capital plans provide a guide to the borrowing need of the PCC, essentially the longer-term cash flow planning, to ensure that the PCC can meet his capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet PCC risk or cost objectives.
- 1.3 The contribution the treasury management function makes to the PCC is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4 CIPFA defines treasury management as:
"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.5 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) underpins the system of capital finance. The latest edition of the Prudential Code, published in December 2021, makes important changes that reflect developments since the Prudential Code was previously updated in 2017.

The revised reporting requirements included changes to the capital strategy, prudential indicators and investment reporting. The general ongoing principles of the revised Prudential Code, including the requirement in paragraph 51 that an authority must not borrow to invest primarily for financial return, applied with immediate effect.

The main objective of the 2021 Codes was to respond to the major expansion of local authority investment activity over the past few years into the purchase of non-financial investments, particularly property. The Codes require an authority to ensure that: -

- it defines its risk appetite and its governance processes for managing risk.
- it sets out, at a high level, its investment policy in relation to environmental, social and governance aspects.

- it adopts a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.
- it does not borrow to finance capital expenditure to invest primarily for commercial return.
- increases in the CFR and borrowing are undertaken solely for purposes directly and primarily related to the functions of the authority. Where any financial returns are related to the financial viability of the project in question, they should be incidental to its primary purpose.
- an annual review is conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
- its capital plans and investment plans are affordable and proportionate.
- all borrowing/other long-term liabilities are within prudent and sustainable levels.
- risks associated with commercial investments are proportionate to overall financial capacity to sustain losses.
- treasury management decisions are in accordance with good professional practice.
- reporting to members is done quarterly, including updates of prudential indicators.
- it should assess the risks and rewards of significant investments over the long-term, as opposed to the usual three to five years that most local authority financial planning has been conducted over, to ensure the long-term financial sustainability of the authority. (CIPFA has not defined what longer-term means, but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium-term financial planning, at a higher level of detail, is probably aimed at around a 10-year timeframe and focuses on affordability in particular).
- it has access to the appropriate level of expertise to be able to operate safely in all areas of investment and capital expenditure, and to involve the PCC adequately in making properly informed decisions on such investments.

1.6 This PCC has not engaged in any commercial investments and has no non-treasury investments.

1.7 The IFRS16 Leasing Standard was implemented in the Accounting Code of Practice from 1 April 2024, therefore the Prudential and Treasury Management Indicators reported include an estimation of Lease liabilities falling under IFRS16, which impact on external debt and the Capital Financing Requirement.

2. Reporting requirements

Capital Strategy

- 2.1 The CIPFA 2021 Prudential and Treasury Management Codes require, for 2026/27, all local authorities to prepare a capital strategy report, which will provide the following:
- a high-level long-term overview of how capital expenditure, capital financing, investments and treasury management activity contribute to the delivery of plans and the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial and environmental sustainability
- 2.2 The aim of this capital strategy is to ensure that the PCC fully understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 2.3 The Capital Strategy will be published separately but is included within the PCC's Budget and MTFP report.

Treasury Management reporting

- 2.4 The PCC is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.
- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
- the capital plans, (including prudential indicators); (Annex 1)
 - a minimum revenue provision (MRP) policy, (how unfunded capital expenditure is charged to revenue over time); (Annex 2)
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update the PCC on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

3. Treasury Management Strategy for 2026/27

- 3.1 The strategy for 2026/27 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators; see Annex 1.
- the minimum revenue provision (MRP) policy. See Annex 2.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the PCC;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry of Housing, Communities and Local Government (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

Training

- 3.2 The CIPFA Code requires the responsible officer to ensure that officers with responsibility for treasury management receive adequate training in treasury management. This also applies to Audit Committee members responsible for scrutiny. CIPFA offer training events specifically for Audit Committees.

Treasury management consultants

- 3.3 The PCC uses MUFG Corporate Markets Treasury Limited (MUFG) as its external treasury management advisors. The current contract with MUFG expires on 31 August 2029.
- 3.4 The PCC recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regard to all available information, including, but not solely, our treasury advisers.
- 3.5 It is also recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The PCC will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The Treasury Management Function

- 3.6 The CIPFA Code defines treasury management activities as “the management of the PCC’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 3.7 The PCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PCC, and any financial instruments entered into to manage these risks.
- 3.8 The PCC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 3.9 The PCC is required to operate a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties, providing adequate liquidity before considering investment return.
- 3.10 A further function of the treasury management service is to provide for the borrowing requirement of the PCC, essentially the longer term cash flow planning, typically 30 years plus, to ensure the PCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using internal cash balances on a temporary basis. Debt previously borrowed may be restructured to meet PCC risk or cost objectives.
- 3.11 The PCC has delegated responsibility for treasury management decisions taken within the approved strategy to the PCC CFO. Day to day execution and administration of investment and borrowing decisions is undertaken by Specialist Accountants based in the Joint Finance Department for Suffolk and Norfolk Constabularies.
- 3.12 External treasury management services are provided by MUFG in a joint contract with the PCC for Suffolk. MUFG provides a range of services which include:
- Technical support on treasury matters and capital finance issues.
 - Economic and interest rate analysis.
 - Debt services which includes advice on the timing of long term borrowing.
 - Debt rescheduling advice surrounding the existing portfolio.
 - Generic investment advice on interest rates, timing and investment instruments.
 - Credit ratings/market information service for the three main credit rating agencies (Fitch, Moody's and Standard & Poors).
- 3.13 Whilst MUFG provide support to the treasury function, under market rules and in accordance with the CIPFA Code of Practice, the final decision on treasury matters remains with the PCC.

- 3.14 Performance will continue to be monitored and reported to the PCC as part of the budget monitoring report.

4. Investment Strategy 2026/27

- 4.1 The Bank Rate at the time of drafting this Strategy stands at 4.00%. It is currently predicted that the Bank Rate will increase over the planning period as follows:

- Q1 2026 – 3.75%
- Q1 2027 – 3.50%
- Q1 2028 - 3.25%

However, these forecasts are likely to be revised within a relatively short timeframe due to a number of social, economic and political reasons.

- 4.2 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Financial Year	Budgeted Interest Earnings
2025/26 (remainder)	3.90%
2026/27	3.60%
2027/28	3.30%
2028/29	3.50%
2029/30	3.50%
Later Years	3.50%

- 4.3 There are 3 key considerations to the treasury management investment process. MHCLG's Investment Guidance ranks these in the following order of importance:

- security of principal invested,
- liquidity for cash flow, and
- investment return (yield).

Each deposit is considered in the context of these 3 factors, in that order.

4.4 MHCLG’s Investment Guidance requires local authorities and PCCs to invest prudently and give priority to security and liquidity before yield, as described above. In order to facilitate this objective, the Guidance requires the PCC to have regard to CIPFA’s Code of Practice for Treasury Management in the Public Sector.

4.5 The key requirements of both the Code and the Investment Guidance are to produce an Annual Investment and Treasury Strategy covering the following:

- Guidelines for choosing and placing investments – Counterparty Criteria and identification of the maximum period for which funds can be committed – Counterparty Monetary and Time Limits.
- Details of Specified and Non-Specified investment types.

5. Investment Strategy 2026/27 - Counterparty Criteria

5.1 The PCC works closely with its external treasury advisors to determine the criteria for high quality institutions.

5.2 The criteria for providing a pool of high-quality investment counterparties for inclusion on the PCC’s ‘Approved Authorised Counterparty List’ is provided below.

- **UK Banks** which have the following minimum ratings from at least one of the three credit rating agencies:

UK Banks	Fitch	Standard & Poors	Moody’s
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

- **Non-UK Banks** domiciled in a country which has a minimum sovereign rating of AA+ and have the following minimum ratings from at least one of the credit rating agencies:

Non-UK Banks	Fitch	Standard & Poors	Moody’s
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

- **Part Nationalised UK Banks** – As of 30 May 2025 there are no longer any major UK banks under Government ownership.
- **The PCC’s Corporate Banker** – If the credit ratings of the PCC’s corporate banker (currently Barclays Bank plc) fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time.
- **Building Societies** – The PCC will use Building Societies which meet the ratings for UK Banks outlined above.

- **Money Market Funds (MMFs)** – which are rated AAA by at least one of the three major rating agencies. MMF's are 'pooled funds' investing in high-quality, high-liquidity, short-term securities such as treasury bills, repurchase agreements and certificate of deposit. Funds offer a high degree of counterparty diversification that include both UK and Overseas Banks.
- **UK Government** – including the Debt Management Account Deposit Facility & Sterling Treasury Bills. Sterling Treasury Bills are short-term (up to six months) 'paper' issued by the UK Government. In the same way that the Government issues Gilts to meet long term funding requirements, Treasury Bills are used by Government to meet short term revenue obligations. They have the security of being issued by the UK Government.
- **Local Authorities, PCCs etc.** – Includes those in England and Wales (as defined in Section 23 of the Local Government Act 2003) or a similar body in Scotland or Northern Ireland.

5.3 All cash invested by the PCC in 2026/27 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

5.4 The Code of Practice requires local authorities and PCCs to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for use, additional market information will be used to inform investment decisions. This additional market information includes, for example, Credit Default Swap rates and equity prices in order to compare the relative security of counterparties.

5.5 The current maximum lending limit of £15m for any counterparty will be maintained in 2026/27 to reflect the level of cash balances and to avoid large deposits with the DMO. Where there is a surplus of cash due to unplanned cashflows, in order to keep within the counterparty limit with the PCC's bankers, the PCC will place investments using other secure liquid financial instruments, e.g. Money Market Funds.

5.6 In addition to individual institutional lending limits, "Group Limits" will be used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group lending limit of £15m.

5.7 The Strategy permits deposits beyond 365 days (up to a maximum of 2 years) but only with UK banks which meet the credit ratings at paragraph 5.2.

5.8 A reasonable amount will be held on an instant access basis in order for the PCC to meet any unexpected needs. Instant access accounts are also preferable during periods of credit risk uncertainty in the markets, allowing the PCC to immediately withdraw funds should any concern arise over a particular institution.

6. Investment Strategy 2026/27 – Specified and Non-Specified Investments

6.1 As determined by MHCLG's Investment Guidance, Specified Investments offer "high security and high liquidity". They are Sterling denominated and have a maturity of less than one year or for a longer period but where the PCC has the right to be repaid within one year if he wishes. Institutions of "high" credit quality are deemed to be Specified Investments

where the possibility of loss of principal or investment income is small. From the pool of high-quality investment counterparties identified in Section 5, the following are deemed to be Specified Investments:

- Banks: UK and Non-UK;
- Part Nationalised UK Banks;
- The PCC's Corporate Banker (Barclays Bank plc)
- Building Societies (which meet the minimum ratings criteria for Banks);
- Money Market Funds;
- UK Government;
- Local Authorities, PCCs etc.

6.2 Non-Specified Investments are those investments that do not meet the criteria of Specified Investments. From the pool of counterparties identified in Section 5, they include:

- Any investment that cannot be recalled within 365 days of initiation.

6.3 The categorisation of 'Non-Specified' does not in any way detract from the credit quality of these institutions, but is merely a requirement of the Government's guidance.

6.4 The PCC's proposed Strategy for 2026/27 therefore includes both Specified and Non-Specified Investment institutions.

7. **Borrowing Strategy 2026/27**

7.1 Capital expenditure can be funded immediately by applying capital receipts, capital grants or revenue contributions. Capital expenditure in excess of available capital resources or revenue contributions will increase the PCC's borrowing requirement. The PCC's need to borrow is measured by the Capital Financial Requirement (CFR), which simply represents the total outstanding capital expenditure, which has not yet been funded from either capital or revenue resources.

7.2 For the PCC, borrowing principally relates to long term loans (i.e. loans in excess of 365 days). The borrowing strategy includes decisions on the timing of when further monies should be borrowed.

7.3 Historically, the main source of long term loans has been the Public Works Loan Board (PWLB), which is part of the UK Debt Management Office (DMO). The maximum period for which loans can be advanced by the PWLB is 50 years. Lending by the PWLB is now on the proviso that CFOs confirm that the authority does not intend to buy investment assets primarily for yield at any point in the next three years. The 2021 revision to the Prudential Code now includes the requirement in paragraph 51 that an authority must not borrow to invest primarily for financial return. Paragraph 51 states:

"The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment:

- *In order to comply with the Prudential Code, an authority must not borrow to invest primarily for financial return.*

• It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.”

- 7.4 External borrowing stood at £48.1m at 31 March 2025 (excluding PFI and ROU Leases). At 31 March 2025 and excluding PFI and ROU Leases, there was a £54.1m Capital Financing Requirement (CFR), £5.9m relating to unfunded capital expenditure which had been financed from internal resources. The CFR is estimated to be £53.6m at 31 March 2026, £53.9m at 31 March 2027 and £55.9m at 31 March 2028. The additional long term borrowing requirement is estimated at £15.4m in 2025/26, £13.4m for 2026/27, £6.7m for 2027/28 and £5.6m for 2028/29. The borrowing requirement does not include the funding requirement in respect of assets financed through PFI and Leasing, it does however include the refinancing of maturity debt that falls due in the period.
- 7.5 The challenging and uncertain economic outlook, together with managing the cost of “carrying debt” requires a flexible approach to borrowing. The PCC, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time and any risks identified.
- 7.6 The level of outstanding debt and composition of debt, in terms of individual loans, is kept under review. The PWLB provides a facility to allow the restructure of debt, including premature repayment of loans, and encourages local authorities and PCCs to do so when circumstances permit. This can result in net savings in overall interest charges. The PCC CFO and MUFG will monitor prevailing rates for any opportunities during the year. As short term borrowing rates tend to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt
- 7.7 The PCC has flexibility to borrow funds in the current year for use in future years, but will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the PCC can ensure the security of such funds
- 7.8 The PCC will continue to use the most appropriate source of borrowing at the time of making application, including; the PWLB, commercial market loans, Local Authorities and the Municipal Bond Agency.

8. Treasury Management Indicators

8.1 In addition to the key Indicators included in the Prudential Code and reported separately, there are three treasury management indicators. The purpose of the indicators is to restrict the activity of the treasury function to within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these indicators are too restrictive, they will impair the opportunities to reduce costs/improve performance. The Indicators are:

- **Maturity Structures of Borrowing** – These gross limits are set to reduce the PCC’s exposure to large fixed rate sums falling due for refinancing and require upper and lower limits. It is recommended that the PCC sets the following limits for the maturity structures of its borrowing at 31.3.26:

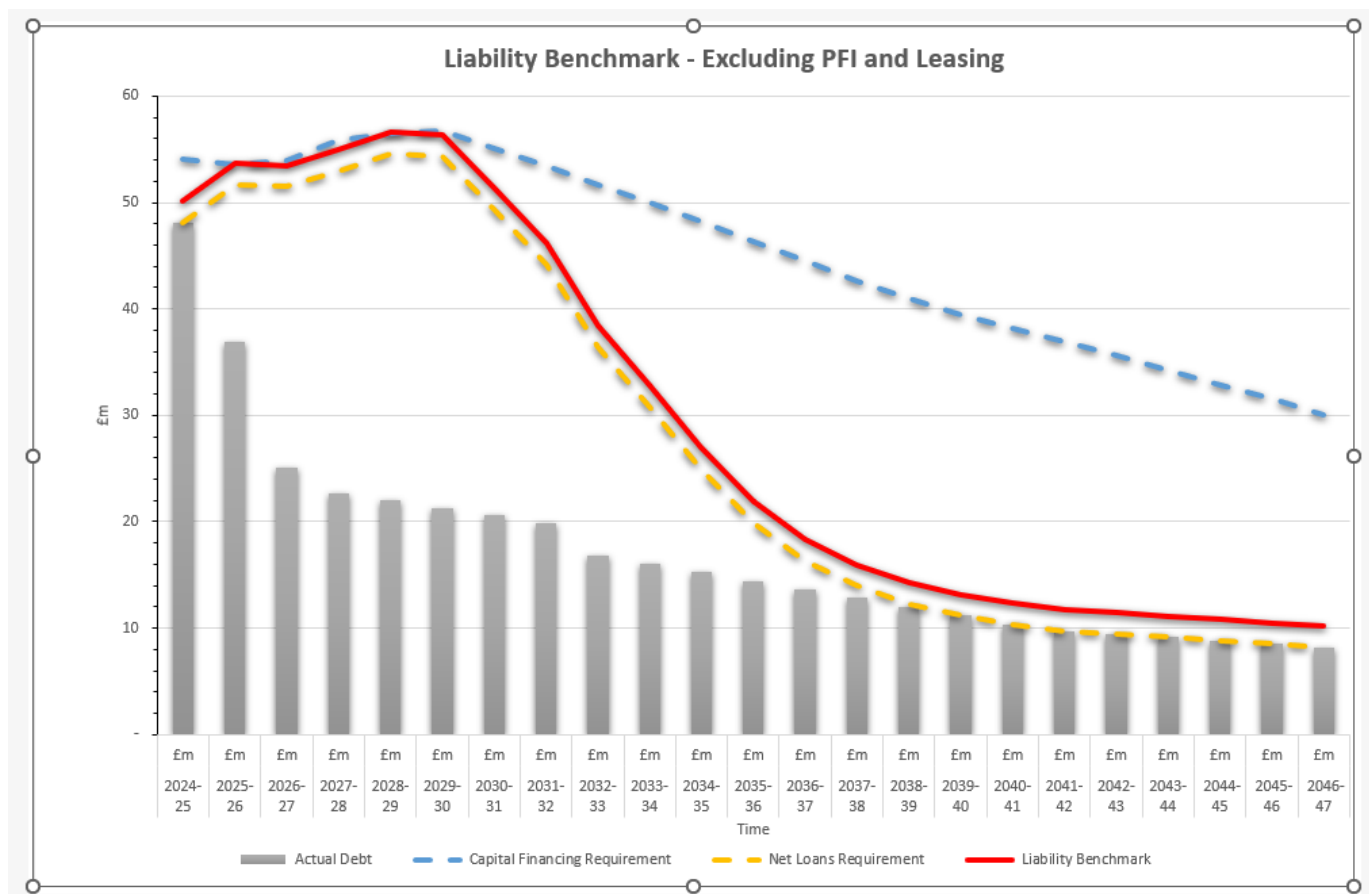
	Actual*	Lower Limit	Upper Limit
Under 12 months	31.9%	0%	15%
12 months and within 24 months	6.6%	0%	15%
24 months and within 5 years	5.7%	0%	45%
5 years and within 10 years	16.6%	0%	75%
10 years and above	39.2%	0%	100%

* Actual is based on existing balances at 10 December 2025

- **Upper Limits to the Total of Principal Funds Invested for Greater than 365 Days** – This limit is set with regard to the PCC’s liquidity requirements. It is estimated that in 2026/27, the maximum level of PCC funds invested for periods greater than 365 days will be no more than £5.260m.

- Liability Benchmark**

This is a new indicator arising from the 2021 Revised Treasury Management Code of Practice. The liability benchmark is an essential risk management tool. The optimum position is for total borrowing to be on the liability benchmark line. Borrowing above that level will be reflected in increased investment balances and introduce the cost of carry and additional credit risk implications, although this may be needed to anticipate interest rate movements and secure affordable borrowing.



Annex 1

Prudential Code Indicators 2026/27, 2027/28, 2028/29

1. Background

- 1.1 The Prudential Code for capital investment came into effect on 1st April 2004. It replaced the complex regulatory framework, which only allowed borrowing if specific government authorisation had been received. The Prudential system is one based on self-regulation. All borrowing undertaken is self-determined under the prudential code. A revised Prudential Code was published in December 2021 and applied with immediate effect, albeit with a soft landing for 2022/23.
- 1.2 Under Prudential arrangements the PCC can determine the borrowing limit for capital expenditure. The Government does retain reserve powers to restrict borrowing if that is required for national economic reasons.
- 1.3 The key objectives of the Code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable. The Code specifies indicators that must be used and factors that must be taken into account. The Code requires the PCC to set and monitor performance on:
- capital expenditure
 - affordability
 - external debt
 - treasury management (now included within Treasury Management strategy)
- 1.4 The required Prudential and Treasury Management indicators are:
- Capital Expenditure Forecast
 - Capital Financing Requirement
 - Actual External Debt
 - Authorised Limit for External Debt
 - Operational Boundary Limit for External Debt
 - Net income from commercial and service investments to net revenue stream Ratio.

However, authorities are now advised to use local indicators, where this would be beneficial, especially if they carry out commercial activities.

- 1.5 Once determined, the indicators can be changed so long as this is reported to the PCC.
- 1.6 Actual performance against indicators will be monitored throughout the year. All the indicators will be reviewed and updated annually.

2. The Indicators

2.1 The **Capital Expenditure Payment Forecast** is detailed in Appendix E (of the PCC's Budget and MTFP report 2026/30). The total estimated payments are:

2.2

	2026/27	2027/28	2028/29
	£m	£m	£m
<i>Capital Expenditure Forecast</i>	10.463	9.837	10.908
<i>ROU Leases</i>	-	-	-

The PCC is being asked for approval to an overall Capital Programme based on the level of capital financing costs contained within the draft revenue budget.

2.3 The **ratio of capital financing costs to net revenue budget** shows the estimated annual revenue costs of borrowing (net interest payable on debt and the minimum revenue provision for repaying the debt), as a proportion of annual income from local taxation and non-specific government grants. The estimates include PFI MRP and interest costs. Estimates of the ratio of capital financing costs to net revenue budget for future years are:

2.4

Ratio of Capital Financing Costs to Net Revenue Budget		
2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
4.05%	4.16%	4.21%

2.5 The **capital financing requirement** represents capital expenditure not yet financed by capital receipts, revenue contributions or capital grants. It measures the underlying need to borrow for capital purposes, although this borrowing may not necessarily take place externally. Estimates of the end of year capital financing requirement for future years are:

2.6

Capital Financing Requirement			
31/03/26 Estimate	31/03/27 Estimate	31/03/28 Estimate	31/03/29 Estimate
£m	£m	£m	£m
102.355	100.823	100.369	98.106

2.7 The guidance on **net borrowing for capital purposes** advises that:

“In order to ensure that over the medium term gross debt will only be for a capital purpose, the local authority should ensure that gross external debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

2.8 The Code defines the **authorised limit for external debt** as the sum of external borrowing and any other financing long-term liabilities e.g. finance leases. It is recommended that the PCC approve the 2025/26 and future years limits. For 2026/27 this will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

As required by the Code, the PCC is asked to delegate authority to the Chief Finance Officer (OPCCN), within the total limit for any individual year, to effect movement between the separate limits for borrowing and other long-term liabilities. Any such changes made will be reported to the PCC.

Authorised Limit for External Debt			
	2026/27	2027/28	2028/29
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>PWLB borrowing</i>	51.479	52.992	54.555
<i>Other long term liabilities (PFI and ROU Lease Liabilities)</i>	46.928	44.462	41.639
<i>Headroom</i>	7.457	7.933	6.818
Total	105.864	105.388	103.012

These proposed limits are consistent with the Capital Programme. They provide headroom to allow for operational management, for example unusual cash movements.

- 2.9 The Code also requires the PCC to approve an **operational boundary limit for external debt** for the same time period. The proposed operational boundary for external debt is the same calculation as the authorised limit without the additional headroom. The operational boundary represents a key management tool for in year monitoring.

Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified again. The PCC is asked to delegate authority to the Chief Finance Officer (OPCCN), within the total operational boundary for any individual year, to make any required changes between the separately agreed figures for borrowing and other long-term liabilities. Any changes will be reported to the PCC.

Operational Boundary Limit for External Debt			
	2026/27	2027/28	2028/29
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<i>PWLB borrowing</i>	51.479	52.992	54.555
<i>Other long term liabilities (PFI and ROU Lease Liabilities)</i>	46.928	44.462	41.639
Total	98.407	97.455	96.193

- 2.10 The Code now requires a new indicator identifying the ratio between net income from commercial and service investments to net revenue stream. This indicator provides a contextual assessment of the proportionality of income from commercial and service investments. However, as the PCC does not currently engage in any commercial arrangements, there is no need to provide further information on this indicator.

Annex 2

Minimum Revenue Provision (MRP) MRP Policy and Statement for 2026/27

1. Introduction

- 1.1 The PCC is required to make a charge against the revenue budget each year in respect of capital expenditure financed by borrowing or credit arrangement. The annual charge is set aside for the eventual repayment of the loan and is known as the Minimum Revenue Provision (MRP). This is separate from any annual interest charges that are incurred on borrowing.
- 1.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 amend the way in which MRP can be calculated so that each authority must consider what is “prudent”. The regulations are backed up by statutory guidance which gives advice on what might be considered prudent.

2. Options for Making Prudent Provision

- 2.1 Four options are included in the guidance, which are those likely to be most relevant for the majority of local government bodies. Although other approaches are not ruled out, local government bodies must demonstrate that they are fully consistent with the statutory duty to make prudent revenue provision.

Option 1 - Regulatory Method

Authorities may continue to use the formulae put in place by the previous regulations.

Option 2 - Capital Financing Requirement (CFR) Method

Under this option, MRP is equal to 4% of the non-housing CFR at the end of the preceding financial year.

Option 3 – Asset Life Method

This is to make provision over the estimated life of the asset for which the borrowing is undertaken. This could be done by:

- (a) Charging MRP in equal instalments over the life of the asset
- (b) Charge MRP on an annuity basis, where MRP is the principal element for the year of the annuity required to repay over the asset’s useful life the amount of capital expenditure financed by borrowing or credit arrangements. The authority should use an appropriate interest rate to calculate the amount. Adjustments to the calculation to take account of repayment by other methods during repayment period (e.g. by the application of capital receipts) should be made as necessary.

Option 4 - Depreciation

MRP is deemed to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements. This should include any amount for impairment charged to the income and expenditure accounts.

- 2.2 The regulations make a distinction between capital expenditure incurred before 1 April 2008 and capital expenditure incurred from 1 April 2008 in terms of the options available.
- 2.3 Options 1 and 2 are to be used for capital expenditure incurred pre-April 2008. Options 3 and 4 are to be used for Capital expenditure incurred post April 2008.

3. MRP Policy

- 3.1 Before 1 April 2019 the option adopted for expenditure incurred after 1 April 2008 was Option 3a (Equal Instalment method). This method was deemed prudent whilst assets were primarily being internally financed.
- 3.2 As reserves, cash and investment balances have been consumed following the decrease in direct government funding, it is now necessary to externally finance capital expenditure on long life assets. The current preferred financing method is via the Public Works Loans Board (PWLB) borrowed on an annuity basis.
- 3.3 Option 3b (Annuity Method) is adopted for capital expenditure chargeable as MRP for the first time after 1 April 2019. The principal reason for this change was for the charge to revenue to reflect the capital repayment basis on the associated finance. This method will therefore adopt a similar MRP basis as those assets financed through lease or PFI arrangements.
- 3.4 The revised Statutory Guidance released on 2 February 2018 stipulates that this change in policy cannot be applied retrospectively to assets placed in service prior to the date the revised policy was introduced. Therefore, Option 3a still applies to capital expenditure chargeable as MRP for the first time prior to 1 April 2019.

4. Recommendations

- 4.1 It is proposed that the following MRP policy is adopted as follows for 2026/27:
- Capital expenditure incurred before April 2008 is treated in accordance with Option 1 of the regulatory guidance.
 - Capital expenditure chargeable as MRP for the first time from 1 April 2008 to 31 March 2019 is treated in accordance with Option 3(a) of the regulatory guidance.
 - Capital expenditure chargeable as MRP for the first time after 1 April 2019 is treated in accordance with Option 3(b) of the regulatory guidance.

Norfolk PCC Precept 2026/27 – £14.94 (4.53%) increase in Council Tax

COUNCIL TAX PRECEPT					
£14.94 (4.53%) increase in council tax in 2026/27					
£					
Budget Requirement					238,371,508
Less Government Funding					123,563,310
To be met from council tax (incl. surplus)					<u>114,808,198</u>
Billing Authority	Taxbase	Precept Amount	Surplus on Collection Fund	Total Payments Due	
		£	£	£	
BRECKLAND	48,190	16,615,316	7,461	16,622,777	
BROADLAND	50,414	17,382,243	36,289	17,418,532	
GT. YARMOUTH	32,033	11,044,658	(42,538)	11,002,120	
K.LYNN & W. NORFOLK	57,305	19,758,156	127,858	19,886,014	
NORTH NORFOLK	46,378	15,990,567	710,280	16,700,847	
CITY OF NORWICH	39,807	13,725,056	499,186	14,224,241	
SOUTH NORFOLK	54,896	18,927,592	26,074	18,953,666	
	<u>329,022</u>	<u>113,443,588</u>	<u>1,364,610</u>	<u>114,808,198</u>	
Valuation Band	Council Tax 2025/26	Council Tax 2026/27	Increase		
	£	£	Year	Week	
A	219.90	229.86	9.96	0.19	
B	256.55	268.17	11.62	0.22	
C	293.20	306.48	13.28	0.26	
D	329.85	344.79	14.94	0.29	
E	403.15	421.41	18.26	0.35	
F	476.45	498.03	21.58	0.42	
G	549.75	574.65	24.90	0.48	
H	659.70	689.58	29.88	0.57	
(i)	As in previous years instalment payments will be made to the PCC by the district councils on the day that they receive their government grant instalments. This will minimise the cash flow effect on the collection authorities.				
(ii)	Where a surplus on collection of 2025/26 council tax has been estimated, the District Council concerned will pay to the PCC its proportion of the sum by ten equal instalments, as an addition to the May 2026 to February 2027 precept payments.				
(iii)	Where a deficit on collection of 2025/26 council tax has been estimated, the District Council concerned will receive from the PCC its proportion of the sum by ten equal instalments, as a reduction to the May 2026 to February 2027 precept payments.				