

Northumbria PCC Business Meeting Minutes

Title: Business Meeting

Date: 26 March 2026

Duration: 11am-12pm

Location: Teams

Present:

Susan Dungworth – Police and Crime Commissioner (PCC)

Clare Penny Evans – Deputy Police and Crime Commissioner (DPCC)

Ruth Durham – Chief of Staff of the OPCC

Gail Thompson – Joint Chief Finance Officer (NP and OPCC)

Vicki Wilson – Minute Taker (OPCC)

OPEN SESSION

1. Medium Term Financial Strategy (MTFS) 2026/27 to 2029/30

Budget Overview

The CFO gave an overview of the current budget. The budget for 2026/27 had been approved at £437.831m with use of reserves at £6.129m. This had been discussed in detail with the Chief Officer Team at the Strategic Resources Board.

There were emerging pressures and reductions within the budget since it had been set. Budget pressures were split between the Chief Constable's budget and capital financing, giving a net position of £693,000. The pressures had been outlined in detail within the report.

There had been an underspend in 2025/26 however due to the pressures outlined in the report in 2026/27 it was hoped these would counteract.

Following a query from the DPCC, it was explained that the staff vacancy factor referred to those leaving the organisation and it had been noted that movement had been lower than previous years. The vacancy factor had previously been set at 5% however this has now been set at 2.67%.

The Reserves position had been outlined in detail. The balance on the Investment Reserve at 31 March 2026 was estimated at £26.265m.

The Spending Review 2025 set out estimates for Police Core Spending Power increases for 2027/28 and 2028/29. The overall grant increase for 2026/27 was 3.2% (£10.9m). Funding was expected to come with additional NPG targets, which would need to be met from within the MTFS budget estimates.

The budget forecast for future years had been highlighted. This had taken into account pay and price increases, budget pressures, revenue impact of capital financing, and also efficiencies and budget reductions. An efficiency target had not yet been set but it was clear that there would need to be a focus on making savings. Efficiency savings and budget reductions had been outlined within the report.

MTFS 2026/27 to 2029/30

The MTFS 2026/27 to 2029/30 – versions 1 to 4 were considered by the Force at the Extraordinary Strategic Resourcing Board (SRB) on 16 March 2026.

The Investment Reserve available was £26.3m in total. Reserves would not sustain the budget position over the medium term without further efficiency savings being identified. The decision at the SRB was to propose version 3 for adoption by the PCC. The MTFS budget estimates had therefore been revised to include a commitment to deliver further efficiency savings of £6.0m over 3 years.

The MTFS forecast taking version 3 into account, had been outlined. The planned use of earmarked reserves would be £24.1m.

As at 31 March 2030, the General Reserve would be maintained at approx. £12.4m, the Earmarked Reserves were forecast to stand at £10.9m and the Total Revenue Reserves would stand at £23.3m.

Risks to the MTFS forecast centred mainly around Government grant increases as these were only estimates however they remained prudent. Borrowing interest rates had been budgeted at 4.3%, plus contingency for higher rate fluctuation. Stress testing carried out for current higher rates showed this was manageable within the contingency.

The current geopolitical situation could impact fuel prices, energy costs and other supply chain factors. This was an emerging position that was likely to put additional pressure on the 2026/27 budget as a minimum. The position would be closely monitored and the impact on the 2026/27 budget would be re-assessed throughout the year.

The Chief of Staff queried whether there had been any updates from central government regarding the impact of the geopolitical situation. It was advised that limited information had been received except for a report highlighting potential impact to police budgets however this was specific to forces, and particular contracts, i.e. energy costs.

In conclusion, the MTFS delivered a balanced budget and demonstrated how all four years could be financed. The General Reserves had been maintained above the minimum set out in the Reserves Strategy. The Capital Programme interest costs and required principal repayment of borrowing were fully reflected in the revenue budget over the medium-term. Overall, this indicated a sustainable financial position which could be achieved over the period 2026/27 to 2029/30, however the financial context would remain challenging for Northumbria.

It was recommended that the PCC agreed the principles set out in the MTFS and approved the MTFS for 2026/27 to 2029/30. The PCC approved the Key Decision.

2. Capital Strategy 2026/27 to 2029/30 including Capital Programme and Prudential Indicators

The Capital Strategy formed a key part of the PCC's overall Corporate Planning and Governance Framework. The Strategy set the framework for all aspects of the PCC's capital and investment expenditure, including planning, outcomes, prioritisation, management, funding, and repayment. It formed a key part of the MTFS.

The forecast capital expenditure 2025/26 stood at £19.024m as at 28 February 2026.

The MTFs Capital Programme 2026/27 to 2029/30 had a total of £152.751m which included reprofiled slippage from 2025/26. A breakdown of this had been detailed within the report.

The Capital Financing included £138.937m of prudential borrowing. A detailed breakdown had been highlighted within the report.

It was recommended that the PCC adopted the Capital Strategy 2026/27 to 2029/30, approved the Capital Programme and authorised the Joint Chief Finance Officer to undertake the appropriate financing, and to approve the Prudential Indicators. The PCC approved the Key Decision.

3. Reserves Strategy Statement as at 31 March 2026

The Financial Management Code of Practice required each PCC to produce an Annual Reserves Strategy to be published on their website. The Reserves Strategy Statement 31 March 2026 was fully aligned with the PCC's Budget 2026/27, MTFs and Capital Strategy 2026/27 to 2029/30.

Total reserves were estimated at £55.9m as at 31 March 2026 reducing to £23.3m by 31 March 2030.

The General Reserves Policy stated to maintain the General Reserves above 2% of the Revenue Budget. It currently stood at around 2.8% and at the end of the MTFs period, this would likely have dropped to 2.6%. This reduction would be closely monitored and where needed, the General Reserves would be topped up by underspends as they emerged.

It was recommended that the PCC approved the Reserves Strategy Statement 31 March 2026. The PCC approved the Key Decision.

4. Treasury Management Policy and Strategy 2026/27 to 2029/30

The Treasury Management Policy Statement and Strategy 2026/27 to 2029/30 was considered and scrutinised by the Joint Independent Audit Committee (JIAC) at its meeting on 23 February 2026. At the meeting, JIAC recommended the Treasury Management Policy Statement and Strategy to be presented to the PCC for adoption.

The Treasury Policy 2026/27 to 2029/30 had been included within the report and detailed the overarching approach to the provision of Treasury Management which included the Treasury Strategy, Investment Strategy, and appropriate delegations.

The Treasury Strategy for 2026/27 to 2029/30 covered the specific activities proposed for the next four years in relation to both borrowing and investments and ensured a wide range of advice was taken to maintain and preserve all principal sums, whilst obtaining a reasonable rate of return, and that the most appropriate borrowing was undertaken. The primary objective of the investment strategy was to maintain the security of investments at all times. The Strategy was included within the report.

It was recommended that the PCC adopted the Treasury Policy Statement and Treasury Strategy 2026/27 to 2029/30. The PCC approved the Key Decision.