

# Medium Term Financial Plan – late amendments

Following the completion of the 2025/26 Medium Term Financial Plan which was shared with the Police and Crime Panel, further information has come to light which has necessitated some revisions to the final numbers for our revenue budget and forecasts.

These amendments largely result from three things:

1. The notification from two of our local authorities of changes to the value of the collection fund surplus that they would be sharing with the Police and Crime Commissioner in 2025/26.
2. The early indications of the outcome of the regional tender for insurances, and most specifically motor insurance for cover of police vehicles from 2025/26; and
3. The announcement made by the Government confirming the final settlement figures which we received on the evening of 30<sup>th</sup> January 2025.

The impact of this on the headlines of our MTFP is as follows:

	<i>Current</i>	MTFP Forecast				
	<i>24/25</i> £'000	<i>25/26</i> £'000	<i>26/27</i> £'000	<i>27/28</i> £'000	<i>28/29</i> £'000	<i>29/30</i> £'000
Budget requirement	391,103	417,625	435,335	448,108	459,741	470,669
Less; Total funding	-391,103	-411,196	-419,585	-430,111	-438,484	-447,074
<b>(Surplus)/Deficit before savings</b>		<b>6,429</b>	<b>15,750</b>	<b>17,997</b>	<b>21,257</b>	<b>23,595</b>
Less; New savings		-6,429	-11,164	-12,313	-12,322	-12,383
<b>(Surplus)/Deficit after savings</b>		-	<b>4,586</b>	<b>5,684</b>	<b>8,935</b>	<b>11,212</b>

Our revenue budget remains balanced for 2025/26, but our deficit in future years has grown.

## 1. Collection fund surplus adjustments

We have received final confirmation of the collection fund surplus figures for two of our local authorities which changed from the forecasts previously provided:

- North Somerset Council – our final confirmed share of the surplus on the collection fund was £331,542 – an increase of £259,485 on the provisional number previously provided.
- Somerset Council – our final confirmed share of the surplus on the collection fund was £1,242,523 – an increase of £23,794 on the provisional number previously provided.

The result of these adjustments is that our funding has increased in 2025/26 only by £283,279.

## 2. Insurance costs

During 2024 we commenced a tender, in collaboration with the other 4 south west regional forces, for the provision of insurances. We knew that there were pressures in this market, particularly in

relation to motor insurance where we had already seen our renewal for 2024/25 place a near 75% increase in our premium. Our MTFP had assumed a further 15% increase in our insurance premiums for 2025/26, however we recognised that there was some risk here as the final tender submissions had not been received.

We have now received the early indication of the bids our tender has received. Most notably for our motor insurance we only received one bid. While there is further work to be done to finalise this insurance cover in advance of the start of the new financial year, the indications are that our motor insurance will see a 96% increase in cost for 2025/26. This can in part be offset by some lower costs that were seen elsewhere. However, the net result is an increase in our forecast costs of c. £550,000 from 2025/26 and across the medium term.

### **3. Final grant settlement**

The government shared with us the details of our final grant settlement on the evening of 30<sup>th</sup> January 2025. This largely confirmed the figures which had been previously provided to us, with one material change.

The government has doubled the funding it is providing to PCCs and Chief Constables to begin delivery of its neighbourhood policing guarantee. The value of grant we had been told we would be receiving in the provisional grant settlement was £2,287,428. The final confirmed grant value has now increased to £4,574,856.

While this announcement is welcome, it has not added clarification as to what the specific grant conditions will be. We know that there will be an expectation that this funding is used to support growth in the capacity of our neighbourhood policing teams, but exactly what this will mean for us by way of numbers we will be expected to achieve has not been confirmed.

We have therefore adjusted for this increase in funding and have recognised a corresponding increase in police officer costs thereby resulting in no overall impact on the bottom line surplus or deficit position in 2025/26 and across the medium-term. We recognise delivering the expected level of new spending to meet this ambitious timescale, with limited notice, will be a challenge.

The overall impact of these three changes is a slightly worsening position across the medium-term. This is largely reflective of the inflationary pressures we're seeing in insurance costs with no compensating increase in general revenue funding to offset this pressure.

We will revise the full medium-term financial plan to adjust for these known changes and will ensure that this is issued to the Police and Crime Panel when available.