

Chief Constables' Council

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Title: Consistency of Grant Treatment

Agenda Item: Session 1 - Regional

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Decision	Discussion	Dissemination
<ul style="list-style-type: none"> • If the item is for decision, what is/are the decision(s) that are sought from council? • Has it been through the relevant Committee first? Is the decision appropriate for delegation? • Has it been through the Regional process? 	<ul style="list-style-type: none"> • If the item is for discussion, is it for discussion with Chief Constables, all Chief Officers, Heads of Departments, a particular Committee? • If it is for a group other than Chief Constables, use the relevant forum. If it is for Chief Constables, be clear on the points for discussion. 	<ul style="list-style-type: none"> • If the item is for information only, who is it for? Can it be disseminated via another route than CCC, such as ChiefsNet, email, or an All Chief Officers Day? • If it is purely for Chief Constables, be clear on why it needs to come to CCC for dissemination.

Please indicate what the paper is requesting: **Dissemination**

1. INTRODUCTION/PURPOSE

1.1 Forces are receiving an increasing number of grant streams for a variety of purposes, and many are ring-fenced to specific purpose with stipulations, conditions and restrictions¹.

1.2 The consistent treatment of these grants is important for accurate representation in PCC & CC Statements of Accounts, statutory and other returns and for comparison between forces in support of benchmarking value for money.

1.3 Whilst the conditions associated with a grant are a matter for the issuing body the appropriate treatment will be determined by the receiving body, and this determination should consider the requirements of the CIPFA Service Reporting Code of Practice (SeRCOP) and associated guidance.

1.4 The appropriate treatment of each grant has been discussed and agreed upon at the Finance Committee and Chief Finance Officers are asked to review their current treatment where necessary make amendment. The changes should be instituted for the financial year 2026/27.

2. BACKGROUND

2.1 It has become clear that whilst there is consistency of treatment regarding some grants this is not true of all. All forces were canvassed to determine what treatments were being applied and 28 responded, of the 8 grants considered in this paper only 3 were being treated consistently by all the forces that responded. In respect of 4 of the grants there was a close to even split in treatment (between 54% and 61%% treating one way with 39% to 46% treating the other way).

2.2 The inconsistency means that many forces are incorrectly stating their Net Revenue Expenditure. The result of this is that all forces are paying an incorrect amount to those central services where costs are apportioned on the basis of NRE share. Forces that are incorrectly treating funding as income are paying insufficient and are being subsidised by others. Conversely some forces are treating income as funding and are over-paying, inadvertently, subsidising other forces.

2.3 In addition to the apportionment of costs any incorrect treatment affects comparison between forces including aspects of the Police Objective analysis (POA) and the HMICFRS Value For Money (VFM) profiles

3. SUMMARY OF PROPOSAL

3.1 The SeRCOP states.

“Taxation and non-specific grant income and expenditure (comprising council tax income, NDR distribution, non-domestic rates income and expenditure, un-ringfenced government grants, and all capital grants and contributions).”

3.2 The above grants and other items are not part of the Comprehensive Income and Expenditure Statement (CIES) and are ‘funding’. For ease the term ‘funding’ will be used to refer to this category of grants. The total of all funding is equal and opposite to the forces Net Revenue Expenditure (NRE). These are grant that we will receive irrespective of any actions we might take in the financial year in question.

3.3 Ring fenced grants, i.e. all grants with stipulations, conditions and restrictions should be classified as income and be included in the CIES. In summary grants that are income reduce the NRE, the total amount of income is the difference between Gross Revenue Expenditure (GRE) and NRE. Receipt of these grants is dependent on fulfilment of the grant stipulations.

Grants Under Consideration

3.4 On 30th January 2025 the Home Secretary and the Minister of State for Crime, Policing and Fire wrote to all PCCs, Mayoral equivalents and Chief Constables detailing the grant settlement for 2025/26. These letters included notification of the following grants:

- Core Grant
- Ringfenced Grant for the officer uplift,
- Additional Recruitment Top-up
- Council Tax Freeze Grant
- Council Tax Support Grant
- Pensions grant
- Neighbourhood Policing Grant
- Compensation for the National Insurance Contributions increases

3.5 Following discussion at the NPCC Finance Committee on 12th March and 10th September and subsequently at the Police and Crime Commissioners’ Treasurers Society (PaCCTS) the following have been determined as funding:

3.6 Core Grant, Council Tax Freeze Grant, Council Tax Support Grant, Pension Grant & Compensation for the National Insurance Contributions Increases.

3.7 The following grant are determined as income:

Uplift Grant, Additional Recruitment Top Up and Neighbourhood Policing Grant.

3.8 Delivery Plan

As the aim of this proposal is to achieve consistency it is proposed that all forces use this treatment for the financial year 2026/27 and subsequent years. As new grants are announced the Finance Committee in consultation with PaCCTS will issue guidance to forces to maintain consistency

4. OPPORTUNITIES AND RISK – What are the strategic, operational and/or tactical opportunities, benefits and risks associated with the funding request and the proposed strategy/deliverables outlined above?

4.1. Benefits

The benefits of this proposal are:

1. Ensuring that forces are making the appropriate payments to national functions removing the current, inadvertent, cross subsidisation.
2. Improving comparative data between forces.

The proposal has one temporary disbenefit:

1. For those forces required to change the comparison of NRE from 2025/26 to 2026/27 will be distorted. This can be mitigated by restatement of 2025/26 NRE in those reports where year on year comparison is made.

4.2. Risks

There is a risk that not all forces will undertake this change. However, this is mitigated by the increased awareness of the issue created by this paper and the expectation that forces will not wish to continue to pay incorrect apportionments to national functions. The treatment will also be an issue for External Auditors and continued incorrect treatment can be expected to be raised as an issue in the Auditor's report.

5. OPTIONS

5.1 It is a matter for individual Force and PCC Chief Finance Officers to determine the correct treatment however treatment other than as recommend here will impact on all other forces and can be expected to elicit questions from the force's external auditors.

6. CONCLUSION (incl DECISIONS REQUIRED)

6.1 Chief Constables' Council are requested to note the contents of the report, in particular the impact on payments to national functions and comparisons from 2025/26 to 2026/27.

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Committee:	Finance
Lead Area:	Finance Coordination Committee
