

Reserves Strategy 2026/27

Public Accountability Conference 12 February 2026

Agenda Item: 07c

Report of the Constabulary Chief Finance Officer and the OPFCC Chief Finance Officer

1. Introduction and Background

1.1 This reserves strategy is produced and published as part of the overall budget setting process. The reserves strategy meets the statutory requirement to consider annually the level of reserves that should be held to meet future expenditure requirements when setting the budget. The strategy seeks to achieve a balance between pro-actively utilising reserves to support services for our communities and providing financial resilience to meet unexpected events. It sets out the purpose for which reserves are held and the planned movement in reserves over a period of 5 years (the medium term financial forecast period). Our reserves are held for three main purposes. These are:

- ◆ a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing,
- ◆ a contingency to cushion the impact of unexpected events or emergencies,
- ◆ a means of building up funds, often referred to as earmarked reserves, to meet known or predicted pressures or liabilities.

1.2 Over recent years, the level of reserves nationally have become a focus of attention for the Home Office and it is now considered best practice to publish a **reserves strategy**, which covers the MTF 5 year timeframe plus a further year, 6 years in total.

1.3 As part of the budget process a capital strategy is produced which includes capital plans over a longer 10 year timeframe, reflecting the cyclical nature of capital expenditure programmes. In order to

facilitate the production of the capital strategy and associated capital financing, reserve balances are projected over this longer 10 year timeframe. For this reason, it has been determined that a reserves strategy should be produced covering a 10 year timeframe (exceeding the best practice requirements).

- 1.4 The level of reserves should take into account the medium term financial plan and not be based solely on short term considerations. Set out in section 2 below is a description of the reserves held by the Commissioner and the Constabulary and the purpose for which they are held. **Appendix A** presents the level of reserves over this longer 10 year timeframe to 31 March 2036 graphically. At **Appendix B** a table is provided which sets out the planned movement in reserves over this longer 10 year timeframe to 31 March 2036.
- 1.5 The medium term financial forecast shows a budget deficit of £1.8m in 2027/28 rising to £6.8m by 2030/31. A savings and efficiency plan is being progressed as part of the Constabulary 'Futures Programme' to address the deficit. In the event that this is not achieved, reserves will be required to bridge the gap and will result in the level of reserves depleting more quickly than indicated in this strategy.

2. Details of Specific Groups of Reserves

- 2.1 **General Reserves:** The general reserve (police fund) is the main contingency for unexpected events, and the management of cash flow. The level of general reserve is planned to be increased from its current level of £4.8m to £5.2m by 2030/31. The amount represents approximately 3% of the net recurrent budget (after specific grants & fees and charges). The level of the general reserve takes account of the risks within the budget, as set out in the Chief Finance Officers report on the robustness of the budget and the level of provision for those risks within specific earmarked reserves and contingencies. CIPFA guidance is that the General Fund / Police Fund should ideally be between 3-5% of NRE so with the above, the PFCC/Constabulary strategy for the General Fund is therefore at the bottom of this range. However, when this reserve is combined with the £1m of operational reserves and contingencies, the total of unallocated / general reserves represents 4% of the net revenue budget which is well within the CIPFA suggested range.
- 2.2 **Earmarked Capital Reserves:** Capital reserves have been fully utilised during 2025/26.

2.3 **Budget Stabilisation and Insurance Reserves** are established to smooth the impact of intermittent costs across financial years. This group of reserves includes:

- ◆ Constabulary Operational Reserve this reserve is to cover any unexpected expenditure that arises during a financial year that cannot be accommodated from existing budgets. The strategy is for this reserve to be replenished if used through the next budget cycle.
- ◆ Insurance reserve to cover the cost of insurance claims below the policy excess.
- ◆ Chief Constable's Contingency this reserve was established when a more risk-based approach to budgeting was adopted thereby removing contingency sums from individual budgets.
- ◆ Management of Change to cover costs arising as a result of the 'Futures Programme'.
- ◆ Ill Health Retirements Reserve to smooth the impact of ill health retirements in the year, the revenue budget includes provision for an average of four such retirements per year. This reserve is drawn down in years where there are more than four arising in the year and contributed to in years where there are less than four.

2.4 **Budget Support Reserve** the budget support reserve was established to meet emerging demands and unforeseen items. In 2026/27, £2.1m has been drawn down from this reserve to provide a balanced budget for 2026/27, leaving a currently unused balance of £3.2m. The budget support reserve may be called upon in 2027/28 and beyond to reduce the impact of the budget deficit while the 'Futures Programme' is progressed and implemented.

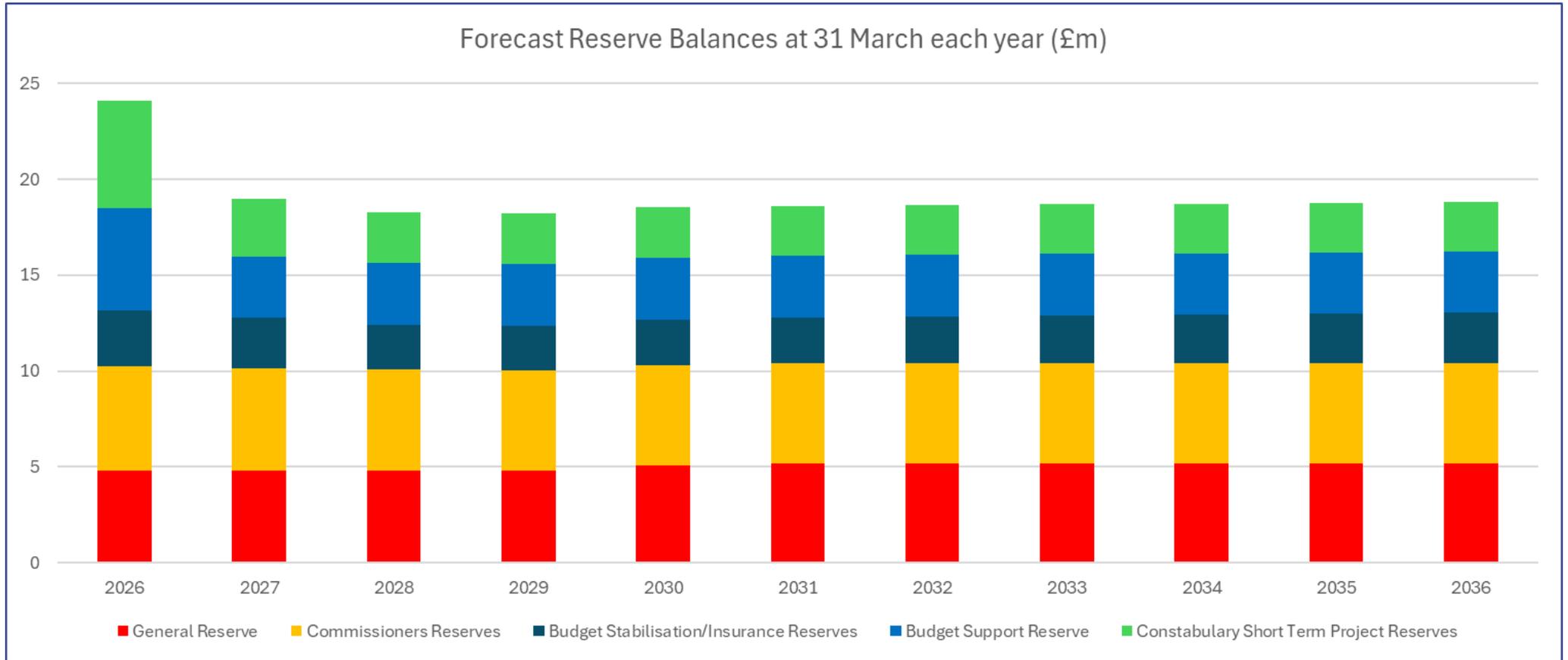
2.5 **Constabulary Short-term Project Reserves** primarily fund the one-off revenue implications of approved projects and also provide for areas within the budget where there is a liability but the amount or timing is uncertain. This group also includes a reserve to fund the cyclical replacement of body armour.

2.6 **Commissioner's Reserves**

This group of reserves includes operational reserves for the Commissioner and reserves in relation to PFCC commissioned services where the approved spend will be drawn down over a number of years. This group also includes reserves to cover the future lifecycle costs in relation to the PFI which is due to end in August 2026, reserves to fund any costs associated with the change programme within the OPFCC and any costs as a result of devolution.

Michelle Bellis, Constabulary Chief Finance Officer and Steven Tickner, OPFCC Chief Finance Officer

Planned Movement in Reserves 2026/27 to 2035/36



Planned Movement in Reserves 2026/27 to 2035/36

Reserves Forecast	MTFF 5 Year Timeframe																					
	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned	Forecast	Planned
	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)	Balance	Gain/(Use)
	01/04/26	2026/27	01/04/27	2027/28	01/04/28	2028/29	01/04/29	2029/30	01/04/30	2030/31	01/04/31	2031/32	01/04/32	2032/33	01/04/33	2033/34	01/04/34	2034/35	01/04/35	2035/36	01/04/36	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
General Reserve/Police Fund	(4.8)	0.0	(4.8)	0.0	(4.8)	0.0	(4.8)	(0.3)	(5.1)	(0.1)	(5.2)	0.0	(5.2)	0.0	(5.2)	0.0	(5.2)	0.0	(5.2)	0.0	(5.2)	
Total General Reserve/Police Fund (Paragraph 2.1)	(4.8)	0.0	(4.8)	0.0	(4.8)	0.0	(4.8)	(0.3)	(5.1)	(0.1)	(5.2)	0.0	(5.2)									
Earmarked Capital Reserves																						
Capital Reserves																						
HQ Adaptions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Capital Reserves (Paragraph 2.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Constabulary Earmarked Revenue Reserves																						
Budget Stabilisation / Insurance Reserves																						
Constabulary Operational Reserve	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	
Chief Constable's Contingency	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	0.0	(0.5)	
Management of Change Reserve (CC)	(1.7)	0.4	(1.3)	0.3	(1.0)	0.0	(1.0)	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)	0.0	(0.9)	
Insurance Reserve	(0.1)	(0.0)	(0.1)	(0.0)	(0.2)	(0.0)	(0.2)	(0.0)	(0.3)	(0.0)	(0.3)	(0.0)	(0.4)	(0.0)	(0.4)	(0.0)	(0.4)	(0.0)	(0.5)	(0.0)	(0.5)	
Ill Health Retirements Reserve	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	
Total Budget Stabilisation / Insurance Reserves (Paragraph 2.3)	(2.9)	0.3	(2.6)	0.3	(2.3)	(0.0)	(2.3)	(0.0)	(2.4)	(0.0)	(2.4)	(0.0)	(2.4)	(0.0)	(2.5)	(0.0)	(2.5)	(0.0)	(2.6)	(0.0)	(2.6)	
Budget Support Reserves																						
Budget Support Reserve	(5.3)	2.1	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	
Total Budget Support Reserve (Paragraph 2.4)	(5.3)	2.1	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	0.0	(3.2)	
Short-term Project Reserves																						
Body Armour (Future Roll Out)	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	
Records Management System	(0.9)	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Business Intelligence	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	
Business Transformation	(0.1)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	
ESN Grant Funding	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	
Change Management / S&E Facilitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Firearms Digitisation	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	
CCTV - Revenue	(0.2)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	
Annumition Smoothing	0.0	(0.0)	(0.0)	0.1	0.0	(0.0)	0.0	(0.0)	(0.0)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
POCA / ARIS Funding	(2.1)	0.4	(1.6)	0.1	(1.6)	0.0	(1.5)	0.0	(1.5)	0.0	(1.5)	0.0	(1.5)	0.0	(1.5)	0.0	(1.5)	0.0	(1.5)	0.0	(1.5)	
National DDAT - Finance Support	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
National DDaT - Investment Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Budget Carry Forwards	(0.7)	0.4	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	
Safety Cameras	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	
Cambridge Masters	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	
Op Olympos (Post Office Inquiry)	(0.1)	0.1	(0.1)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TVPs	(0.9)	0.7	(0.2)	0.1	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	
MAPPA (Income in advance)	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	
Total Short-term Project Reserves (Paragraph 2.5)	(5.6)	2.6	(3.0)	0.4	(2.6)	0.0	(2.6)	(0.0)	(2.6)	0.1	(2.6)	0.0	(2.6)									
Total Constabulary Reserves	(18.7)	5.1	(13.6)	0.6	(13.0)	(0.0)	(13.0)	(0.3)	(13.3)	(0.0)	(13.4)	(0.0)	(13.4)	(0.0)	(13.5)	(0.0)	(13.5)	(0.0)	(13.5)	(0.0)	(13.6)	

Planned Movement in Reserves 2026/27 to 2035/36

Reserves Forecast	Forecast Balance 01/04/26	Planned Gain/(Use) 2026/27	Forecast Balance 01/04/27	Planned Gain/(Use) 2027/28	Forecast Balance 01/04/28	Planned Gain/(Use) 2028/29	Forecast Balance 01/04/29	Planned Gain/(Use) 2029/30	Forecast Balance 01/04/30	Planned Gain/(Use) 2030/31	Forecast Balance 01/04/31	Planned Gain/(Use) 2031/32	Forecast Balance 01/04/32	Planned Gain/(Use) 2032/33	Forecast Balance 01/04/33	Planned Gain/(Use) 2033/34	Forecast Balance 01/04/34	Planned Gain/(Use) 2034/35	Forecast Balance 01/04/35	Planned Gain/(Use) 2035/36	Forecast Balance 01/04/36
	£m	£m	£m																		
Total Constabulary Reserves (From Above)	(18.7)	5.1	(13.6)	0.6	(13.0)	(0.0)	(13.0)	(0.3)	(13.3)	(0.0)	(13.4)	(0.0)	(13.4)	(0.0)	(13.5)	(0.0)	(13.5)	(0.0)	(13.5)	(0.0)	(13.6)
Commissioner's Reserves																					
Operational Reserve	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)
Commissioned Services - Investment Fund	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)	0.0	(2.9)
PFI Lifecycle Reserves	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)	0.0	(0.1)
Management of Change Reserve (PFCC)	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)	0.0	(0.3)
Specialist Services Accomodation Dilapidation	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)
Commissioned Services - The Bridgeway	(0.6)	0.1	(0.5)	0.1	(0.5)	0.1	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)	0.0	(0.4)
Commissioned Services - Safer Cumbria	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)
HQ Security	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)	0.0	(0.2)
Public Order Training PortaKabin	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)
Hunter Lane Refurbishment	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)
Estates Feasibility Reserve	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)	0.0	(1.0)
Total Commissioner's Reserves (Paragraph 2.6)	(5.4)	0.1	(5.4)	0.1	(5.3)	0.1	(5.2)	0.0	(5.2)												
Total Reserves	(24.1)	5.1	(19.0)	0.7	(18.3)	0.1	(18.2)	(0.3)	(18.5)	(0.0)	(18.6)	(0.0)	(18.6)	(0.0)	(18.7)	(0.0)	(18.7)	(0.0)	(18.8)	(0.0)	(18.8)

Overall reserves are forecast to fall to just £18.6m over the life of the MTFF to 31/03/31, this represents a fall of 23% compared to their current level of £24.1m