

**WARWICKSHIRE BUDGET 2017/18**  
**MEDIUM TERM FINANCIAL PLAN 2017/18 - 2020/21**

**Report of the Treasurer, Director of Finance, Chief Executive and**  
**Chief Constable**

**Recommendations**

*The Commissioner is recommended to approve:*

- a) *A Net Revenue Budget after savings of £97.268m*
- b) *£6.206m of budget reserve is used within year to manage reductions*
- c) *A net budget requirement of £91.062m*
- d) *A Council Tax for a Band D property at 191.98, an increase of 0%.*
- e) *A Council Tax for a Band D property calculated as follows:*

	£'m
<i>Budget Requirement</i>	91.062
<i>Less Police Grant</i>	30.602
<i>Less Revenue Support Grant</i>	17.180
<i>Less Council Tax Support Grant</i>	3.910
<i>Less council tax freeze grant:</i>	
<i>2013/14</i>	0.368
<i>2011/12</i>	0.877
<b><i>Sub Total</i></b>	<b>38.125</b>
<i>Less: Collection Fund Surplus</i>	0.261
<b><i>Amount to be raised by Council Tax</i></b>	<b>37.864</b>
<i>Divided by Aggregate Council Tax Base</i>	197,226.85
<i>Basic Amount of Council Tax at Band D</i>	£191.98

f) *The consequential Council Tax for each property band will be as follows:*

<i>Band A (6/9th)</i>	<i>£127.986513</i>
<i>Band B (7/9th)</i>	<i>£149.317599</i>
<i>Band C (8/9th)</i>	<i>£170.648684</i>
<i>Band D</i>	<i>£191.979770</i>
<i>Band E (11/9th)</i>	<i>£234.641941</i>
<i>Band F (13/9th)</i>	<i>£277.304112</i>
<i>Band G (15/9th)</i>	<i>£319.966283</i>
<i>Band H (18/9<sup>th</sup>)</i>	<i>£383.959540</i>

g) *That the Chief Executive to the Office of the Police and Crime Commissioner for Warwickshire be authorised to issue Precepts Notices on the Warwickshire billing authorities as follows:*

<i>North Warwickshire Borough Council</i>	<i>£3,898,670</i>
<i>Nuneaton and Bedworth Borough Council</i>	<i>£6,977,601</i>
<i>Rugby Borough Council</i>	<i>£6,796,238</i>
<i>Stratford Upon Avon District Council</i>	<i>£10,071,866</i>
<i>Warwick District Council</i>	<i>£10,119,192</i>
<b>TOTAL</b>	<b>£37,863,566</b>

h) *The reserve strategy set out in section 7*

i) *The outline capital budget in section 8*

j) *All Officers be instructed to exercise tight budgetary control. No over-spending of the aggregate 2016/17 budget will be authorised and caution will be exercised in entering into expenditure which creates additional commitments in future years. The PCC will be kept fully informed of the financial position throughout the year.*

k) *The Chief Executive and the Treasurer work with Warwickshire Police to develop plans to deliver the savings targets outlined in this strategy. The plans will be presented to the PCC for consideration in Spring 2017. A strategic summary of these plans will be published on the PCC's website.*

- l) The Chief Executive work with the Chief Constable to develop a revised Corporate Strategy planning process with Warwickshire Police to be presented to the PCC for his consideration in Spring 2017.*
- m) The prudential indicators at appendix E*
- n) In approving the budget, the PCC notes the Treasurer's comments in section 8 in respect of the robustness of the budget and the adequacy of reserves.*

## **1. Purpose of the Report**

The purpose of this report is to set out the proposed budget and precept proposals for decision by the Police and Crime Commissioner. It is the first budget report for Philip Secombe, the Police and Crime Commissioner (PCC) for Warwickshire since his election in May 2016. It will deliver one of the key responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011.

The report sets out the:

- Net budget requirement for 2017/18
- Proposed precept for 2017/18
- Proposed medium term financial plan 2017/18 to 2020/21
- Outline capital budget 2017/18 to 2020/21

Setting the budget for the next financial year is one of the most important decisions that the Commissioner has to make. It is important therefore to set out the issues that influence and contribute to the build of the budget for 2017/18 and the medium term financial plan, having taken into consideration the plans of the Commissioner.

In determining his budget proposals the Commissioner has to have regard to:

- National targets and objectives including the Strategic Policing Requirement
- The priorities within the police and crime plan and any likely changes to these for 2017/18
- The outcome of public consultation
- The plans and policies of other partner agencies relating to community safety and crime reduction
- The policy of the Government on public spending as set out by the Chancellor in the 2015 Comprehensive Spending Review and the funding framework that arises from this
- The medium term financial obligations

- Prudent use of the financial reserves
- The constant drive for continuous improvement and value for money
- The commitment to support the strategic alliance with West Mercia PCC and the delivery of existing savings plans

As last year the policing element of this budget, which is the considerable majority of the budget, has been prepared for the Strategic Alliance with West Mercia as a whole, and the budget requirement apportioned to each Force in accordance with the agreed cost sharing approach.

## **2. Introduction**

Shortly after his election in May 2016, the Police and Crime Commissioner set out his priorities for policing in Warwickshire. In this, his first budget, he sets out the investment that will equip the police with the right equipment and the training, tools and technology to make policing more efficient and effective. At the same time he will increase police numbers and police visibility with neighbourhood policing remaining a crucial element in ensuring the safety of the County. In this budget and Medium Term Financial Plan he puts in place a challenging framework of reform for the Police which will secure greater value for money for the taxpayers of Warwickshire.

The Commissioner also recognises that people are facing very difficult economic times and thus is proposing that for this year only he will freeze the Council Tax for policing.

## **3. How the PCC will meet the policing and financial challenges**

For the coming year existing and new policing capabilities are to be funded entirely from within existing resources without any increase in the Council Tax for policing (the Police Precept). The net revenue budget for 2017/18 has been set at £97.268m, an increase of £1.114m (1.2%) from that in 2016/17. There is also an increase in the Council Tax yield due to both an growing Council Tax base and a surplus on the Collection fund. This has enabled the Commissioner to both meet current commitments and fund new initiatives and investments without increasing the Council Tax at Band D of £191.98.

The budget includes new developments and initiatives, which support the priorities set out in the Warwickshire Police and Crime Plan 2016-2021". This plan was subject to extensive consultation with stakeholders, partners, businesses and local residents before its approval.

In this plan The Commissioner sets out his vision for a safer, more secure Warwickshire. He aims to:

- Put victims and survivors first
- Ensure efficient and effective policing
- Protect people from harm
- Prevent and reduce crime

To put victims first the Commissioner will:

- Invest in restorative justice services
- Ensure the continued provision of victims' services for all victims of crime
- Develop specialist victims services for the most vulnerable in our communities

In the 2017/18 revenue budget, the Commissioner aims to ensure effective policing by investing

- £0.1m in new technology to support the new Operations Communications Centre at Neville House, Warwick
- £1.3m in delivering new fit for purpose technology such as Mobile data which will allow officers to spend more time in local communities and Athena, ensuring Warwickshire Police make best use of it
- £0.6m to enhance the capability and capacity of the workforce of Warwickshire Police with new initiatives to promote health and wellbeing, learning and development and the use of modern technology
- £0.1m in Telematics securing the more efficient use of police vehicles
- £2.5m in Operation Devonport, which is principally used to meet the rising demand around vulnerability.

To protect people from harm, he will fund

- An additional 22 officers and staff to investigate Child Sexual Exploitation
- Greater alcohol and drugs testing by officers in roads policing to ensure safer roads
- Improvements in Digital Forensics delivering a more effective and quicker police investigation in relation to crimes reported
- Better regional collaboration on intelligence
- Improved coordination of local services through the Multi Agency Safeguarding Hub (MASH).

In addition resources supporting Protecting Vulnerable People have been moved from Protective Services to Local Policing. This has enabled a change in approach by the Police as recommended by the Chief Constable to address the changing nature of crime in our communities. This represents both an increase in capacity in investigating crimes against the vulnerable and moving that capacity closer to our communities where it is needed.

The Commissioner has also undertaken to prevent and reduce crime. To do so he will:

- Continue to invest £0.5m a year in initiatives to prevent and address business, rural and cyber crime, whilst reviewing and reconfiguring the existing programme to deliver improved outcomes
- Establish an additional 1.6 posts to address high tech and cyber crime
- Introduce Body Worn Video costing an estimated £0.2m a year to safeguard police and public

In the last year the Commissioner has undertaken a comprehensive review of the 2016/17 budgets following the underspends which occurred in 2015/16 and previous years. He has identified budget reductions. This includes savings that have been achieved as a result of efficiency projects and programmes such as new telephony systems, telematics, procurement and the work of Place Partnership Limited. The Force will also deliver further efficiencies following the substantial investment in recent and future years in new technology and successful pilot of “Mobile Working” by police officers.

In setting the 2017/18 budget the Commissioner has recognised the unavoidable pressures such as:

- Pay and price inflation (£2.1m)
- Increasing pension costs following the triennial revaluation (£0.5m)
- The Apprenticeship Levy (£0.2m)

Since 2010 Police Forces have faced significant reductions in resources because of the Government’s austerity programme. At the same time the nature of crime and its consequent demands have changed significantly, particularly regarding cyber crime, child sex exploitation and terrorism. During the period of the previous and current Comprehensive Spending Review Warwickshire has implemented spending reductions of £28.2m. In addition an Invest to Save fund has been established to deliver savings.

On 25<sup>th</sup> November 2015 the Chancellor announced that “there will be no cuts in the police budget at all. There will be real terms protection for police funding. The police are going to protect us and we are going to protect the Police.” On 15<sup>th</sup> December 2016, the Minister for Policing and the Fire Service reaffirmed this commitment. He emphasised the government’s intention to provide the resources necessary for the police to do their critical work” but also stressed that the government would also “prioritise finishing the job of police reform by enabling the police to transform”. He believes that “there is still scope for forces to continue to improve the efficiency of their operations and transform the way in which they operate, and it is vital that the pace and urgency of change continues”. The Police and Crime Commissioner

shares this commitment and has embodied this belief in this Budget and Medium Term Financial Plan.

The 2017/18 budget, the Medium Term Capital Programme and the Medium Term Financial Plan address these challenges whilst keeping council tax increases to a minimum. Given the Commissioner's priorities, the increasing pressures and the opportunities for reform, Warwickshire faces a savings target of £11.6m, whilst at the same time the Commissioner needs to ensure that policing arrangements continue to protect the public from harm. Policing therefore must be both efficient and effective, address changes in demand and meet public expectations. He therefore intends to:

- Strengthen the resources dedicated to the prevention and investigation of Child Sexual Exploitation and High Tech Crime
- Improve the way in which the police listen to and respond to the public
- Invest significantly in the estate with new facilities such as the OCC at Neville House.
- Improve the ICT infrastructure including a new telephony and communications systems (ESN), and the implementation of the Athena system leading to further efficiency savings
- Encourage more effective and efficient ways of working through the implementation of Mobile and Agile Working
- Enhance the capacity and capability of police officers and staff giving them the skills and ability to better respond to the public
- Fund better equipment for police officers such as Body Worn Video and Replacement Body Armour ensuring their safety and that of the public
- Work with partners to further develop specialist capabilities where they are needed to better protect the public

This new investment together with existing initiatives will enable the following savings targets to be achieved.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
<b>Savings Plan:</b>					
Procurement savings	0.082	0.111	0.155		0.348
OCC		0.527			0.527
Athena		0.344			0.344
Reduction in Cost of Change		0.186	0.062		0.248
Change Programme savings	1.550	3.410	2.945	2.284	10.189
	<b>1.632</b>	<b>4.578</b>	<b>3.162</b>	<b>2.284</b>	<b>11.656</b>

These plans will be developed further over the coming months.

As stated, policing and community safety partners are also facing the prospect of having to deliver considerable budget savings over the coming years, and services

can only be improved or maintained if demand for their services reduces. Given the investment in the Transformation Programme both in new technology and in police officers and staff and the benefits this will generate, the Commissioner intends, for one year only, to freeze Council Tax and to fund the budget gap by increasing the use of reserves. However council tax will rise in future years because of the unavoidable challenges police forces face due to the changing nature of crime.

#### **4. How the PCC plans to fund this**

Self-evidently, any proposal from the Commissioner has to be funded. It is intended that the proposals contained in this document will be funded from a variety of sources.

1. Through the use of available Government Grants. The Commissioner receives a number of grants from the Government. The principal grants are:
  - Police and Revenue Support Grant
  - Council Tax Support Grant
  - Council Tax Freeze Grants from 2011/12 and 2013/14
  - Victims Support Grants from the Ministry of Justice

A fuller breakdown of the financial settlement from the Government is contained in appendix A.

2. These projections assume that Council Tax will increase by 1.99% from 2018/19 onwards. This increase, coupled with changes in the tax base to reflect new house building, and including the collection fund surplus, is expected to increase income from council tax. This will be reviewed annually.
3. Savings of £4.2m in the Warwickshire budget in 2017/18 are already implemented. It is now expected there will be a further savings requirement over the period to the end of 2019/20 of £11.7m for Warwickshire.
4. The Commissioner's reserves are expected to be £25.796m at the start of 2017/18. The Commissioner plans to use £17.580m of these reserves over a four year period, and on a prudent basis, to support each year's budget. It is possible that under-spends may occur in some years, as the Force has a track record in delivering its savings targets early. Where this happens, the Commissioner's strategy for the use of these under-spends, which would otherwise increase reserves, will be to seek to further minimise the need to use borrowing to fund capital expenditure. The PCC will continue to drive efficiencies and value for money across all areas of policing.

## 5. The Revenue Budget.

The following table analyses the changes to the base budget for Warwickshire PCC between 2016/17 and 2017/18 and incorporates the apportionment of costs between the two areas.

Appendix B outlines a summary of the gross expenditure.

### Analysis of movement from 2016/17 to 2017/18

	£m
<b>2016/17 Budgeted net expenditure</b>	<b>96.154</b>
<b>Pay &amp; Price Inflation:</b>	
Officer Pay Inflation	1.337
Staff Pay Inflation	0.681
Non Pay Inflation	0.105
<b>Total Pay &amp; Price</b>	<b><u>2.123</u></b>
<b>Budget Pressures:</b>	
<u>Officer Pay:</u>	
Temporary growth	0.076
Apprenticeship Levy	0.143
<u>Staff Pay:</u>	
Staff LGPS Pension costs	0.390
Staff Pension Lump Sum Deficit	0.080
Temporary funded posts	0.487
Apprenticeship Levy	0.073
Criminal Justice Restructure	0.048
Increase in Programme Team Costs	0.114
Other staff pay changes	(0.273)
<u>Non-Pay &amp; Income</u>	
ICT modernisation - previously from reserves	0.602
Athena recurring costs - previously from reserves	0.055
Business, Cyber and Rural - previously from reserves	0.500
Planned Maintenance	0.024
Digital Forensic Outsourcing	0.093
Network Infrastructure	0.073
Regional Intelligence	0.065
Road Traffic Toxicology	0.062
Software purchases	0.038
Police ICT Company	0.037
Hardware Support and Maintenance	0.037
Motor Vehicle insurance	0.103
Reduction in interest received due to lower rates	0.097
Lower income from Firearms Certificates	0.025
Others less than £100k	0.177

Business Case Growth

Athena	0.130
OET (Operational Enabling Technology)	0.094
Telematics	0.057
Restructure of MASH supervision	0.033
Others less than £100k	0.046

Business Plans Growth

Vulnerability - officer and staff pay	0.465
Vulnerability training	0.140
Mobile Working	0.310
Body Worn Video	0.225
Learning & Development	0.126
Deliver People Services Strategy	0.077
Supporting ICT capacity and capability	0.084
ICT specialist support	0.102
Public contact and communications / website	0.071
Legal Services capacity and legislative changes	0.047
Crime Bureau - temporary uplift in resources	0.044
Others (less than £50k)	0.035

**Total Growth**

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**5.212**

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**Savings:**

Business case savings

Telematics	(0.146)
Data Network Replacement	(0.104)
Telephony	(0.040)
Others less than £100k	(0.061)

Budget review savings

Police Officer Pay - churn, recruitment and pensions	(1.137)
Cost of Change	(0.277)
Reduction in Police pension costs	(0.237)
Reduction in MRP	(0.314)
Reduction in Police overtime	(0.119)
Estates - Reassessment of IEP expenditure	(0.022)
Reduction in holiday pay costs for staff	(0.088)
Strategic Initiatives	(0.112)
Reduction in Home Office charges	(0.101)
Mileage Allowance	(0.034)
Body Armour	(0.031)
Fuel recharge for transport	(0.031)
NPAS	(0.059)
Justice Centre Running costs	(0.075)
Insurance claims	(0.051)
Reduction in agency budget	(0.063)
Others - non-pay (less than £50K)	0.013
Others - staff pay	(0.157)
Others - officer pay	0.010
Increase in secondments income	(0.094)

Increase in other income	(0.241)
<i><u>Business Plans Savings</u></i>	
Savings Target	(1.550)
Contract savings target	(0.082)
Improved management of work and travel	(0.035)
<i><u>Other savings</u></i>	
Increase in Staff Pay Turnover Factor	(0.465)
Redundancy moved to reserves	(0.436)
Contract savings	(0.082)
<b>Total Savings</b>	<u>(6.221)</u>
<b>Closing Budget</b>	<u><b>97.268</b></u>

## 6. The Medium Term Financial Plan

The MTFP was agreed in February 2016 and has been updated and refreshed during the year.

The key assumptions at February 2017 are as follows:

### Funding

- The precept will not increase in 2017/18 but from 2018/19 onwards it will increase by 1.99% per annum, broadly in line with inflation expectations from 2017/18.
- Council Tax base will grow by 2% per annum.
- General revenue grants will reduce by 1.3% a year in line with the reduction seen in 2017/18 and the commitment given by the Minister for Policing.
- The current review of the grant system during 2016/17 maintains the levels of support shown in the plan.
- The Council Tax support grant position will reduce by 1.3% annually.
- There will be no tightening of the limits on precept increases before a referendum is required.
- Funds top-sliced and reallocated from the Police Grant by the Home Office and retained centrally will remain at 2017/18 levels in real terms

### Costs

- Pay (cost of living) increases are included at 1% per annum.
- Incremental increases are 1.8% for Police Officers and 1.1% for staff
- Price increases are contained at contractual commitments.

- The implementation of an Apprentice Levy (equivalent to 0.5% of payroll cost) from 1<sup>st</sup> April 2017. It is expected that the related costs incurred by the Force will be broadly in line with this Levy in future years, though arrangements have yet to be finalised.

The MTFP is as follows:

	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>
<b>Expenditure - Summary</b>				
Base budget before savings	96.154	97.268	94.897	93.573
Pay and price increases	2.123	2.308	2.222	2.287
Apprenticeship Levy	0.216			
Growth bids	0.325	(1.269)	(0.601)	(0.408)
Savings	(1.550)	(3.410)	(2.945)	(2.284)
<b>Projected net expenditure after savings</b>	<b>97.268</b>	<b>94.897</b>	<b>93.573</b>	<b>93.168</b>
<b>Funded by:</b>				
Formula Grant and RSG	47.783	47.162	46.549	45.943
Council Tax Support Grant	3.910	3.859	3.809	3.759
Council Tax	37.864	39.374	40.945	42.579
Council Tax Collection Fund Surplus	0.261			
Council Tax Freeze Grant (2013/14)	0.367	0.363	0.358	0.354
Council Tax Freeze grant (2011/12)	0.877	0.865	0.854	0.843
<b>Total funding</b>	<b>91.062</b>	<b>91.623</b>	<b>92.515</b>	<b>93.478</b>
<b>Total Budget Gap</b>	<b>6.206</b>	<b>3.274</b>	<b>1.058</b>	<b>(0.310)</b>
<b>Developments funded from reserves</b>				
Use of Invest to save and innovation fund	0.558	0.372	0.310	0.310
Investment in infrastructure	2.901	1.450	1.450	
	<b>3.459</b>	<b>1.822</b>	<b>1.760</b>	<b>0.310</b>
<b>Total projected use of reserves</b>	<b>9.665</b>	<b>5.096</b>	<b>2.818</b>	<b>0.000</b>

Note: Rows and columns may not sum due to rounding

## 7. Reserves Strategy

The use of a significant proportion of the Commissioner's reserves over the life of the Medium Term Financial Plan is an important element of the financial strategy. The following table shows the full expected deployment of reserves over the life of the plan. Appendix C shows this information analysed across individual reserves.

<b>Proposed Use of Reserves</b>	<b>£m</b>
<b>Projected reserves at the 1<sup>st</sup> April 2017.</b>	<b>25.796</b>
Amount required to support the budget over the life of the medium term financial plan	(11.788)
Investment in infrastructure	(5.802)
<b>Reserves remaining at the end of the MTFP period.</b>	<b><u>8.216</u></b>

Each year the Treasurer carries out an assessment of the risks facing the Commissioner to determine the minimum level of reserves which the Commissioner needs to continue to hold. This year the assessment is that £6.2m needs to be held to provide adequately for these risks. This is a small decrease from previous years, to reflect the reduction in risk. Further details of the risk assessment are included in section 9.

The amount required for general budget support is significant because it provides for higher levels of support in the early years of the plan than would be typical. This reflects the level of uncertainty which appertains to the future resource projections at this stage, and a wish to have greater clarity about the level of resources which will be available before fully implementing any plans to deliver the savings required over the life of the plan. Currently, only the resource projections for 2017/18 are certain as the Home Office is now undertaking a further review of the Police Funding Formula during 2016/17. The Home Office may implement a new mechanism for allocating general policing grant from central government in 2018/19.

There remain considerable opportunities to drive out further efficiencies through our joint working with West Mercia and by making policing more effective and efficient. To achieve them, while minimising the impact on the service to the public, will require us to focus on areas like modernisation, with more self-service facilities for the public and mobile working by police officers and staff. We will also continue to rationalise our estate through the co-location of what have hitherto been separate teams within West Mercia and Warwickshire and by sharing premises and facilities with key partners, such as local authorities and the NHS. This creates the need for a significant provision for invest to save initiatives.

## **8. The Capital Budget**

The Commissioner for Warwickshire has undertaken a comprehensive review of the capital programme and the capital planning and monitoring process. The revised programme now fully reflects the priorities of the Commissioner to fully transform and reform police activities, services and systems across the alliance

as quickly as possible. In particular it recognises the need to modernise ICT systems and further develop the estate to ensure that policing responds to changes in demand and the nature of crime as efficiently and effectively as possible. Consequently the Commissioner is planning significant capital investment of £26.8m across Warwickshire over the next four years. As mentioned earlier, this investment is key to reforming policing and delivering better services to the people of Warwickshire.

The Commissioner is proposing the following capital budget over the next five years, the consequences of which are incorporated into their respective Medium Term Financial Plans.

<b>Expenditure</b>	<b>2017/18 (Including slippage from 2016/17 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>Total £m</b>
Estate Strategy	2.525	3.795	3.938	3.765	<b>14.023</b>
ICT replacement & strategy programmes	4.737	2.102	1.140	1.358	<b>9.338</b>
Vehicle replacement	0.650	0.700	0.880	0.700	<b>2.930</b>
Plant and Equipment	0.424	0.030	0.010	0	<b>0.464</b>
<b>Total</b>	<b>8.336</b>	<b>6.627</b>	<b>5.968</b>	<b>5.823</b>	<b>26.755</b>

Note: May not sum due to rounding

A full list of proposed capital projects is included at appendix D. The capital programme will be kept under regular and more challenging review by the Commissioners, and may vary during the course of 2016/17 and 2017/18.

The expected funding of the programme is outlined below. In order to minimise future borrowing the Commissioners are proposing to fund a significant part of this capital investment from reserves. In addition, where under-spends occur in revenue budgets, through early delivery of savings, consideration will be given to using these to fund capital expenditure in lieu of borrowing, where it is prudent to do so.

<b>Funding</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/20 £m</b>	<b>Total £m</b>
<i>Capital Receipts</i>	0.413				<b>0.413</b>
<i>Capital Grants</i>	0.425	0.425	0.425	0.425	<b>1.700</b>
<i>From infrastructure reserve</i>	2.901	1.451	1.451		<b>5.803</b>
<i>Borrowing</i>	4.598	4.751	4.093	5.397	<b>18.839</b>
<b>Totals</b>	<b>8.337</b>	<b>6.627</b>	<b>5.969</b>	<b>5.822</b>	<b>26.755</b>

Note: May not sum due to rounding

## **9. Treasurer's Statement on the Soundness of the Budget and the Adequacy of Reserves**

In considering the MTFP, the Commissioner needs to consider the level of reserves for which it provides. This will, in part, be governed by known or likely commitments, and, in part, by his appetite for risk.

In setting the level of reserves I would suggest that the following issues should be taken into account:

- a. The possibility of savings targets not being met. I would suggest no provision in reserves for this, but, if this approach is taken, the Commissioner is recognising that any failure to deliver savings through the Strategic Alliance will have to be compensated for, potentially, by service reductions.
- b. Possible delays in the delivery of savings. In previous years the Force has missed its in-year savings target, but has covered the shortfall from in-year under-spends. While no presumption of in year under-spending should be made, because, having agreed the budget, the Commissioner authorises its spending, the record of the Force is of consistent delivery of under-spending. This is typical of organisations with strong budget management arrangements. Delays in the delivery of savings are very likely to occur, particularly in relation to the Transformation Programme. In the current year there have been delays in progressing Invest to Save schemes in the capital programme, particularly the complex schemes such as the OCC and Athena. However, given the previous track record in achieving savings and efficiencies I am recommending a reduction in the level of reserves held to cover potential delays in the delivery of savings from £3.0m held in 2016/17 to £2.3m in 2017/18.
- c. The need to provide cover for "extraordinary" events or investigations, recognising that these would be likely to attract Special Police Grant (for costs in excess of 1% of the budget). A prudent provision would be for two such events over a five year period, which would require a provision of £1.8m.
- d. The level of self-insurance we provide to minimise our insurance premiums. Potential insurance liabilities can vary significantly across years, and it is suggested that any costs falling here should be met from a general contingency provision.
- e. Any additional delivery costs of the Strategic Alliance and the Transformation Programme. These may be capital (e.g. IT costs), but capital costs have a revenue impact. Until the capital costs are

determined, the revenue consequences cannot be. An alternative, and one with no marginal cost, would be to absorb any revenue impact by cash-limiting the capital programme and deferring schemes to accommodate any Strategic Alliance spending requirements. There is a specific provision in reserves to cover invest to save schemes, so no additional provision is recommended here.

- f. The risk on inflation, especially on pay. With the economy looking to continue to grow there may be some upward pressure on pay inflation. This is starting to look increasingly possible within the life of the plan. The Chancellor in the Autumn Statement in 2016 estimated that inflation would rise to 2% a year in future years. The Medium Term Financial Plan includes a provision of 1% for pay. Consequently I am recommending that a provision equivalent to a 1% increase in inflation in a year be held. This amounts to £0.8m.
- g. The budget includes assumptions made around part time police officer working. These changes reduce the Police Officer budget in line with the levels of part time working. If all these officers then decided to return to full-time work this would lead to a budget pressure. History suggests that this is unlikely so no specific provision is likely to be required, however the risk remains.
- h. The income budget has been reviewed and revised for the fourth year running, to reflect a reassessment of the base budget. Most income received is demand led and therefore hard to forecast, and it can fluctuate. There is a risk should income levels fall below expectations. No specific cover in reserves is recommended, but this should be reviewed in future years.
- i. In May 2017 all employees who are not members of a pension scheme have to be invited to join. The National Audit Office in its report identified that between 5% and 15% employees chose to opt out of the Pension Funds following auto-enrolment. If only 5% of employees opt out, it would increase our annual costs by £0.3m. Consequently a prudent provision of £0.3m (based on the realistic worst case estimate in the first year) is recommended.
- j. As already stated, the Home Office is intending to undertake a further review of the Police Funding Formula during 2016/17 and to implement a new funding mechanism from 1<sup>st</sup> April 2017. The Home Office did consult on a new formula during 2015 but abandoned it. During this process estimates of the impact on Warwickshire ranged from an increase of £1.9m to an increase of £2.4m. In addition the future of the legacy Council Tax grants are uncertain in the medium to long term. It is widely expected

that the funding for these grants will be protected during this Spending Review. In the light of this information no specific provision in reserves should be made.

- k. The Government is currently developing plans for the replacement of the Airwaves network (referred to as ESN/ESCMP). The estimated initial capital investment is £1bn, although revenue savings of £350m are expected in the long term. In 2017/18 £417m is top sliced nationally by the Home Office for Police Technology programmes. There is still a lack of clarity, with not all details being known. However, a provision of £3m has been made in the Medium Term Financial Plan. Any capital costs that may fall to Warwickshire could be met by increased borrowing or from the use of reserves. Any increased revenue costs or grant reductions in the short term would need to be funded either from further efficiencies or from the use of reserves.
- l. Given the significant capital investment of £26.76m in the infrastructure which supports policing, an infrastructure reserve of £5.8m is being created. In 2017/18 £2.9m of this reserve will be deployed each year to fund the capital programme, with £1.45m each year in 2018/19 and 2019/20. This will minimise borrowing and by reducing the capital financing costs, will ensure that revenue funds continue to be targeted at front line policing.
- m. There should be a general contingency provision for unknowns. Assessing a prudent level for this is impossible, but would be unlikely to be less than 1% of net revenue expenditure, around £1m.

The aggregate cost of those elements which it is feasible to estimate is £6.2m. The additional impact of some of those which cannot be estimated, such as higher pay increases, could prove to be significant. The Commissioner does not necessarily have to provide money in reserves for each of these elements individually, unless they are certain to occur, as one contingency can provide for several possible events, provided that all of the events are unlikely to occur together. However, it does need to give realistic consideration to the likelihood of their occurring during the period covered by the plan, and it does need to provide explicitly for those which are certain to occur.

Given the relatively low aggregate sum involved, it is recommended that a minimum level of £6.2m is provided in reserves.

Provided that this sum is available at all times within reserves, I am satisfied that this budget is soundly based and adequately provides for the risks facing the Commissioner.

## Appendix A

### Summary of Warwickshire Grant Settlement

The provisional Police Funding Settlement was announced by the Government on 17<sup>h</sup> December 2016. The details were as follows:

<b>2016/17</b>	<b>Funding Stream</b>	<b>2017/18</b>	<b>Change</b>
<b>£ m</b>		<b>£ m</b>	<b>%</b>
31.036	<i>Police Grant (including Community Support Grant</i>	30.602	-1.40
17.425	<i>Revenue Support Grant</i>	17.181	-1.40
5.154	<i>Legacy Council Tax Grants (freeze grants and plus council tax support grant)</i>	5.154	0
<b>53.615</b>	<b>Total</b>	<b>52.937</b>	<b>1.26</b>

In addition, the Police and Crime Commissioner has received notification of the following indicative grant allocations for Victims Service Commissioning and Restorative Justice from the Ministry of Justice.

<b>Grant Allocation</b>	<b>£ million</b>
<i>Victims Services</i>	0.604
<i>Child Sexual Abuse</i>	0.045
<b>Total</b>	<b>0.649</b>

**Warwickshire Police and Crime Commissioner  
Subjective analysis of income & expenditure**

	<b>2016/17 Budget £m</b>	<b>2017/18 Budget £m</b>	<b>Variance £m</b>
Government Grant (Core Funding)	53.615	52.937	(0.678)
Council Tax Precept	37.490	38.125	0.635
<b>Total Funding / Net Budget Requirement</b>	<b>91.105</b>	<b>91.062</b>	<b>(0.043)</b>
Police Officers Pay	47.791	48.383	(0.592)
Police Officer overtime	1.451	1.332	0.119
Police Staff + PCSO Pay	27.178	27.566	(0.388)
Police Staff overtime	0.293	0.289	0.004
Agency Staff	0.092	0.029	0.063
Injury & Ill Health Pensions	1.895	1.436	0.459
Other Employee Expenses	0.521	0.601	(0.080)
Premises	3.403	3.399	0.004
Transport	2.277	2.190	0.087
Supplies and Services	8.478	9.630	(1.151)
Third Party Payments	7.200	7.488	(0.287)
Capital Financing	2.058	1.744	0.314
<b>Gross Expenditure</b>	<b>102.636</b>	<b>104.086</b>	<b>(1.450)</b>
<b>Income</b>	<b>(6.483)</b>	<b>(6.819)</b>	<b>0.336</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>96.154</b>	<b>97.268</b>	<b>(1.114)</b>
<b>Budget Contribution to/(from) Reserves</b>	<b>(5.049)</b>	<b>(6.206)</b>	<b>1.157</b>
<b>Redundancy and Cost of Change to be funded from Reserves</b>	<b>0.000</b>	<b>0.558</b>	<b>(0.558)</b>
<b>TOTAL USE OF RESERVES</b>	<b>(5.049)</b>	<b>(6.813)</b>	<b>1.715</b>

**Warwickshire Police and Crime Commissioner**  
**Objective analysis of income & expenditure**

	2016-17	2017-18	Variance	Variance
	£'m	£'m	£'m	%
<b>Chief Officers</b>				
Chief Officers	0.566	0.586	0.020	3.5%
Information Management System	0.053	0.177	0.124	233.9%
Strategic Service Improvement	0.569	0.507	-0.062	-10.8%
Alliance Project Team	0.223	0.464	0.241	108.2%
<b>Total Chief Officers</b>	<b>1.411</b>	<b>1.735</b>	<b>0.324</b>	<b>22.9%</b>
<b>Enabling Services</b>				
Buildings	3.088	3.068	-0.020	-0.6%
Business Support Services	1.262	1.368	0.106	8.4%
Corporate Communications	0.331	0.356	0.025	7.4%
Estates Services	0.857	0.872	0.015	1.8%
ICT Services	5.453	7.134	1.681	30.8%
Legal Services	0.522	0.493	-0.029	-5.6%
People Services	3.368	3.551	0.183	5.4%
Transport Services	1.699	1.460	-0.239	-14.1%
<b>Total Enabling Services</b>	<b>16.580</b>	<b>18.301</b>	<b>1.721</b>	<b>10.4%</b>
<b>Finance</b>				
Accounting & Financial Management	0.710	0.704	-0.006	-0.8%
Contracts & Procurement	0.771	0.816	0.045	5.9%
Corporate Savings Target	-0.465	-2.480	-2.015	433.4%
Corporate Finance	5.027	4.664	-0.363	-7.2%
<b>Total Finance</b>	<b>6.043</b>	<b>3.704</b>	<b>-2.339</b>	<b>-38.7%</b>
<b>Local Policing</b>				
Devonport	2.500	2.500	0.000	0.0%
Operational Support	10.785	11.163	0.378	3.5%
Professional Standards	-0.020	0.092	0.112	-558.2%
Protecting Vulnerable People (PVP)	0.000	2.796	2.796	100.0%
Territorial Policing	33.912	34.306	0.394	1.2%
<b>Total Local Policing</b>	<b>47.177</b>	<b>50.857</b>	<b>3.680</b>	<b>7.8%</b>

## Appendix B (ii) - continued

	2016-17 £'m	2017-18 £'m	Variance £'m	Variance %
<b>Protective Services</b>				
Head of Protective Services	0.605	0.537	-0.068	-11.3%
Crime Management	0.192	0.196	0.004	2.1%
Intelligence	2.770	2.967	0.197	7.1%
Major Investigations	1.486	1.485	-0.001	0.0%
Forensics Services	2.146	2.358	0.212	9.9%
Operations	9.015	8.774	-0.241	-2.7%
Specialist Operations	2.247	2.110	-0.102	-6.1%
Protecting Vulnerable People (PVP)**	4.313	2.131	-2.182	-50.6%
<b>Total Protective Services</b>	<b>22.774</b>	<b>20.559</b>	<b>-2.215</b>	<b>-9.7%</b>
<b>Total Force</b>	<b>93.985</b>	<b>95.156</b>	<b>1.206</b>	<b>1.3%</b>
OPCC***	2.169	2.169	0.000	0.0%
Business, Rural & Cyber Crime ****	0.000	0.500	0.500	100.0%
YOS	0.000	0.000	0.000	0.0%
<b>PCC</b>	<b>2.169</b>	<b>2.669</b>	<b>0.500</b>	<b>23.0%</b>
<b>Grand Total</b>	<b>96.154</b>	<b>97.825</b>	<b>1.671</b>	<b>1.7%</b>

The £97.825m includes £0.558m to be funded from reserves.

### Notes

\*\* These resources have not been removed but transferred from “Protective Services” to “Local Policing” as shown on the previous page.

\*\*\* This includes the running and staffing costs of the PCC’s office. The 2017/18 budget of £0.9m is unchanged from that in 2016/17.

\*\*\*\* This was funded from reserves in 206/17.

**Appendix C**  
**Warwickshire Police and Crime Commissioner**  
**Warwickshire reserves**

	<b>2016/17</b> <b>£m</b>	<b>2017/18</b> <b>£m</b>	<b>2018/19</b> <b>£m</b>	<b>2019/20</b> <b>£m</b>	<b>2020/21</b> <b>£m</b>
Budget reserve	9.803	4.697	1.923	1.365	0
Rural, business and cyber crime	1.841	1.341	0.841	0.341	0
Invest to save and Innovation fund	1.550	0.992	0.620	0.310	0
Investment in infrastructure reserve	5.802	2.901	1.451	0	0
General Reserves	6.800	6.200	6.200	6.200	8.216
<b>Total Reserves</b>	<b>25.796</b>	<b>16.131</b>	<b>11.035</b>	<b>8.216</b>	<b>8.216</b>

## Alliance Capital Programme

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely underspend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
			£000	£000	£000	£000	£000	£000
	<b>ESTATES</b>							
1	Operation Command Control Centre - Hindlip Park	Y	13,648.0	6,333.0	7,315.0	-	-	-
2	Operation Command Control Centre - Neville House	Y	3,405.0	1,000.0	2,405.0	-	-	-
3	Hindlip - Central Forensics Services Buildings	Y	1,541.0	165.0	1,376.0	-	-	-
4	Investment in Estates Infrastructure, as per planned programme (West Mercia)		2,000.0		1,000.0	750.0	250.0	-
5	Greys Mallory (Patrol Base) - Medium Term Strategy Alterations		1,137.0		-	800.0	312.0	25.0
6	Safer Neighbourhood Offices - New Premises Fit Out		1,040.0	100.0	420.0	520.0	-	-
7	Telford - post PMP alterations		393.0		385.0	8.0	-	-
8	Hindlip - Firearms Range and Training School Alterations (increased from £1.375m)		300.0	-	300.0	-	-	-
9	Carbon Plan & Energy Efficiency Commitments		600.0		200.0	200.0	200.0	-
10	Vehicle Fuel Bunkerage - Storage Tanks in new locations Warks		120.0		120.0	-	-	-
11	Vehicle Fuel Bunkerage - Storage Tanks in new locations West Mercia		120.0		120.0	-	-	-
12	Front Office Improvement Works	Y	120.0	60.0	60.0	-	-	-
13	Malvern - Criminal Justice Hub	Y	93.0	78.0	15.0	-	-	-
14	<b>Funding envelope for potential capital spend resulting from the estates reviews to be carried out in 2016/17 and 2017/18, including "One Town" Reviews - potential projects listed below:</b>		33,419.0		-	9,660.0	11,696.0	12,063.0
	<b>Note: The following are building projects being reviewed for consideration of utilising the funding envelope identified above.</b>							
14a	Firearms Range and Training School Alterations - Hindlip Park, Worcester							
14b	Rugby - Courts Refurbishment		-		-	-	-	-
14c	Stratford upon Avon Police Station and Former Courts (start 18/19)		-		-			-
14d	Hindlip site redevelopment. Modernisation of reception areas, meeting rooms, working environment etc estimated at £1.85m		-		-			-
14e	Blackpole - review of vehicle workshop requirements (start 17/18)		-		-			-
14f	Shropshire & Telford - Review of Policing requirements based on StraDa outcome (start 20/21)		-		-			-
14g	Evesham - Review of usage prior to tenant lease expiry in 2018 (start 17/18)		-		-			-
14h	Redditch - one town review, commencing February 2016		-		-			-
14i	Bedworth - post PMP alterations		-		-	-	-	-
14j	Hindlip - High Tec Crime		-		-	-	-	-
14k	Shrewsbury - post PMP / Medium Term Alterations		-		-	-	-	-

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely underspend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
14l	Worcester - one town review, commencing Sept 2016		-		-			-
	Hereford Police & HWFRS review in 16/17		-		-	-	-	-
	Worcestershire Police & HWFRS review in 17/18		-		-	-	-	-
	<b>ESTATES - Projects completing 2016-17</b>							
	Bedworth - SOCO Lab	Y	4.0	4.0	-	-	-	-
	SOCO Labs - Worcester, Kidderminster & Shrewsbury	Y	76.0	76.0	-	-	-	-
	RAF Shawbury Alterations	Y	76.0	76.0	-	-	-	-
	<b>ESTATES - Other Projects in 2015-16 wist costs:</b>							
	Residual amounts b/f completed in year		-		-			
	Stratford - migration Corp Comms, PSD, & Driver Training	Y	-		-	-	-	-
	<b>TOTAL - ESTATES</b>		<b>58,092.0</b>	<b>7,892.0</b>	<b>13,716.0</b>	<b>11,938.0</b>	<b>12,458.0</b>	<b>12,088.0</b>
	<b>ICT REPLACEMENT &amp; STRATEGY PROGRAMMES:</b>							
	<b>ICT STRATEGY PROGRAMMES:</b>							
15	OCC Design Enterprise Team (set up)	Y	95.0	95.0	-	-	-	-
15	OCC Hindlip - ICT Infrastructure, including Joint Operations Centre fit-out		861.0	-	861.0	-	-	-
15	OCC Operations Enabling Technologies (OET)	Y	5,938.0	2,175.0	3,763.0	-	-	-
15	OCC OET - funded from Mobile working budget	Y	373.0	-	373.0	-	-	-
15	OCC OET - funded from Desktop replacement budget	Y	175.0	-	175.0	-	-	-
15	Warwickshire OCC Project - Neville House ICT fit-out	Y	753.0	-	753.0	-	-	-
16	ANPR - Phase 3 - expansion of fixed camera presence	Y	3,700.0	3,700.0	-	-	-	-
16	In-Vehicle Technology (in-car media) - linked to ANPR project	Y - ANPR	650.0	650.0	-	-	-	-
17	Desktop Telephony / Full Uni Comms (ICT Telephony)	Y	1,860.7	550.0	1,310.7	-	-	-
18	ESMCP (Airwave Replacement)		2,000.0	-	-	-	-	2,000.0
19	Athena (all projects combined)	Y	838.0	510.0	328.0			
20	PSN - Data Network (Virgin Business) - "Red Flag" - to replace Kcom legacy network	Y (£1.78m)	1,980.0	1,780.0	200.0	-	-	-
21	Integrated Business Support (HR/Finance/Payroll)		1,450.0		-	-	1,450.0	-
21	Integrated Procurement - <i>not on 09.12.16 revised programme</i>		-		-	-	-	-
22	Body Worn Video		1,000.0	800.0	200.0	-	-	-
23	Corporate Digital Repository - <i>No Longer in Capital Program = REVENUE</i>		-	-	-	-	-	-
24	Digital Forensics	Y	1,340.0	240.0	400.0	700.0	-	-

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely underspend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
25	Enterprise Contact Management System (ECMS - inc Intranet) - <i>On v4 this Project scheduled to start 16-17 finish 18-19 now start 18-19 finish 19-20</i>		700.0	-	-	100.0	600.0	-
26	Corporate WiFi		600.0	-	400.0	200.0		
27	Telematics - vehicle deployment and monitoring software		601.0	270.0	331.0	-	-	-
28	Business Information (to support analysis of organisation's data)		500.0	-	50.0	450.0	-	-
29	CCTV for Force buildings ( <i>not custody units</i> )		500.0		500.0	-		
30	Digitisation External - (Internet)		500.0		-	200.0	300.0	-
31	Conferencing " <i>Facilities</i> " - Audio & Video		350.0		-	350.0	-	-
32	Identity Access Management		300.0	-	-	300.0	-	-
33	SOA Implementation ( <i>Service Orientated Architecture</i> ) - <i>Note this project included in 2017-18 ICT Revised Programme (09.12.16)</i>		400.0	-	-	400.0	-	-
34	Confidential Network Environment Resilience (multi-site)		200.0		-	200.0	-	-
35	Systems Audit Software		200.0	-	-	200.0	-	-
36	Enterprise Architecture Systems - <i>not on 09.12.16 revised programme</i>		-	-	-	-	-	-
37	Hi Tech Crime Unit - Hindlip	Y	124.0	-	124.0	-	-	-
38	ROCU - <i>This projected included in 2017-18 on ICT Programme</i>		100.0	-	-	100.0	-	-
39	Corporate Gazetteer		100.0	-	100.0	-	-	-
40	EcfP (E.Commerce for Police) - <i>not on 09.12.16 revised programme</i>		-	-	-	-	-	-
41	Master Data Management - <i>not on 09.12.16 revised programme</i>		-		-	-	-	-
42	Telephone Analysis Software		90.0	-	90.0	-	-	-
43	Learning Management System		30.0		30.0	-	-	-
44	File Tracking System		60.0	-	60.0	-	-	-
	<b>TOTAL - ICT STRATEGY PROGRAMMES</b>		<b>28,368.7</b>	<b>10,770.0</b>	<b>10,048.7</b>	<b>3,200.0</b>	<b>2,350.0</b>	<b>2,000.0</b>
	<b>ICT REPLACEMENT PROGRAMMES:</b>							
45	Hardware - Desktop Equipment PCs/Laptops/Winterms (replacement) - less £175k in 2017/18 used for OET above	Y	2,684.0	584.0	200.0	200.0	200.0	1,500.0
45	Hardware - Desktop Equipment PCs/Laptops/Winterms (growth) - <i>Note: Growth not shown on ICT Revised plan 09.12.16</i>	Y	-	-	-	-	-	-
45	Hardware - HTCUs replacement (desktops & servers)	Y	350.0		-	-	200.0	150.0
45	Hardware - Mobile Devices (blackberry replacement)	Y	95.0	95.0	-	-	-	-
45	Hardware - Multimedia Project (Higher-spec PCs and servers)	Y	650.0	600.0	50.0	-	-	-

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely underspend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
46	Hardware - <i>Mobile Working</i> (less £373k used for OET above)		4,030.0	-	2,530.0	1,300.0	200.0	-
46	<i>Agile Working</i>		2,000.0	-	1,000.0	1,000.0	-	-
47	Hardware - Printers/Scanners	Y	390.0	250.0	50.0	30.0	30.0	30.0
47	Corporate Printing Solution - <i>Note: new project on ICT Revised plan 09.12.16</i>		70.0	-	70.0	-	-	-
48	Hardware - Servers (include PSN)	Y	1,410.0	410.0	300.0	300.0	200.0	200.0
49	Network	Y	210.0	10.0	50.0	50.0	50.0	50.0
49	Consolidation of small systems	Y	274.0	74.0	50.0	50.0	50.0	50.0
50	BOXI		300.0	-	300.0	-	-	-
51	Origin Upgrade (originally Project Grapevine) - <i>with additional functionality</i>	Y	35.0	35.0	-	-	-	-
51	Origin processes / enhancements	Y	131.7	-	131.7	-	-	-
52	SAN/Backup Infrastructure ( <i>Storage Area Network</i> )	Y	1,150.0	350.0	200.0	200.0	200.0	200.0
53	Software Upgrades	Y	1,450.0	300.0	300.0	450.0	200.0	200.0
<b>TOTAL - ICT REPLACEMENT PROGRAMMES</b>			<b>15,229.7</b>	<b>2,708.0</b>	<b>5,231.7</b>	<b>3,580.0</b>	<b>1,330.0</b>	<b>2,380.0</b>
<b>ICT PROJECTS FORECASTED TO COMPLETE IN 2016-17</b>								
	Workspace Modernisation Program & PSN	Y	520.0	520.0	-	-	-	-
	SOCRATES - Forensics system	Y	123.0	123.0	-	-	-	-
	HOLMES 3 (v.2.16)	Y	110.0	110.0	-	-	-	-
	Operation SAFENET - Hi Tech equipment	Y	85.0	85.0	-	-	-	-
	COPS / Source Management - <i>completing 2016-17 no c/fwd</i>	Y	70.0	70.0	-	-	-	-
	Visual Files - Legal Case Files	Y	68.0	68.0	-	-	-	-
	Pegasus - <i>on 16/17 programme but no longer needed</i>	Y	-	-	-	-	-	-
	Service Management - see Improving Management of Assets	Y	46.0	46.0	-	-	-	-
<b>TOTAL - ICT PROJECTS FORECASTED TO COMPLETE IN 2016-17</b>			<b>1,022.0</b>	<b>1,022.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL - ICT REPLACEMENT &amp; STRATEGY PROGRAMMES</b>			<b>44,620.4</b>	<b>14,500.0</b>	<b>15,280.4</b>	<b>6,780.0</b>	<b>3,680.0</b>	<b>4,380.0</b>
<b>VEHICLE REPLACEMENT:</b>								
	<b>WARWICKSHIRE - Vehicle Replacement Programme</b>	Y	<b>4,172.3</b>	<b>1,242.3</b>	<b>650.0</b>	<b>700.0</b>	<b>880.0</b>	<b>700.0</b>
	<b>WEST MERCIA - Vehicle Replacement Programme</b>	Y	<b>8,475.7</b>	<b>2,005.7</b>	<b>1,450.0</b>	<b>1,500.0</b>	<b>2,020.0</b>	<b>1,500.0</b>
<b>TOTAL ALLIANCE VEHICLE REPLACEMENT</b>			<b>12,648.0</b>	<b>3,248.0</b>	<b>2,100.0</b>	<b>2,200.0</b>	<b>2,900.0</b>	<b>2,200.0</b>

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely underspend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
	<b>PLANT &amp; EQUIPMENT PROGRAMME:</b>							
	<b>WEST MERCIA PLANT &amp; EQUIPMENT PROJECTS:</b>							
	Safer Roads Replacement Cameras	Y	97.0	97.0	-	-	-	-
	Safety Camera Equipment		-	-	-	-	-	-
	RF Survey Equipment		-	-	-	-	-	-
	<b>TOTAL - WEST MERCIA PLANT &amp; EQUIPMENT PROJECTS</b>		<b>97.0</b>	<b>97.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>BOTH FORCES PLANT &amp; EQUIPMENT PROJECTS:</b>							
	Force Technical Surveillance Equipment		45.0	-	15.0	15.0	15.0	-
	Crime Tech Capital Equipment		146.0	-	114.0	16.0	16.0	-
	Body Armour replacement		1,307.0	-	1,240.0	67.0	-	-
	Communications Equipment	Y	399.0	399.0	-	-	-	-
	<b>TOTAL BOTH FORCES PLANT &amp; EQUIPMENT PROJECTS</b>		<b>1,897.0</b>	<b>399.0</b>	<b>1,369.0</b>	<b>98.0</b>	<b>31.0</b>	<b>-</b>
	<b>TOTAL ALLIANCE PLANT &amp; EQUIPMENT PROGRAMME</b>		<b>1,994.0</b>	<b>496.0</b>	<b>1,369.0</b>	<b>98.0</b>	<b>31.0</b>	<b>-</b>
	<b>Total Capital Budget</b>		<b>117,354.4</b>	<b>26,136.0</b>	<b>32,465.4</b>	<b>21,016.0</b>	<b>19,069.0</b>	<b>18,668.0</b>

**APPENDIX E**

**PRUDENTIAL INDICATORS**

<b>1. AFFORDABILITY PRUDENTIAL INDICATORS</b>	<b>2016/17 Estimate</b>	<b>2016/17 Forecast Outturn</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	7,874	6,865	8,336	6,627	5,968
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Ratio of financing costs to net revenue stream</b>	2.20	2.16	2.09	2.01	2.29
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In Year borrowing requirement</b>					
- in year borrowing requirement	6,124	0	4,597	4,751	4,094
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In year Capital Financing Requirement</b>	4,723	-1,328	3,291	3,550	2,703
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Financing Requirement 31 March</b>	28,398	20,515	23,806	27,356	30,059
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Affordable Borrowing Limit</b>					
<b>Increase per council tax payer</b>	(£0.19)	(£0.13)	(£0.13)	(£0.12)	£0.62
<b>2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>2016/17 Estimate</b>	<b>2016/17 Forecast Outturn</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised limit for external debt</b>					
- Borrowing	40,000	30,000	40,000	40,000	45,000
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Operational boundary for external debt</b>					
- Borrowing	30,000	21,000	30,000	30,000	35,000
<b>Upper limit for fixed rate interest exposure</b>					
- net principal re fixed rate borrowing / investments	£40m	£40m	£40m	£40m	£40m
<b>Upper limit for variable rate exposure</b>					
- net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m

<b>Maturity structure of new fixed rate borrowing during 2013/14</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%