

## WARWICKSHIRE BUDGET 2018/19

### MEDIUM TERM FINANCIAL PLAN 2018/19 - 2021/22

#### 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 **£98.203m**
- b) **£3.772m** of budget reserve is used within year to manage reductions
- c) A net budget requirement of **£94.431m**
- d) A Council Tax for a Band D property at **£203.98**
- e) A Council Tax for a Band D property calculated as follows:

	£'m
Budget Requirement	94.431
Less Police Grant	30.602
Less Revenue Support Grant	17.180
Less Council Tax Support Grant	3.910
Less council tax freeze grant:	
2013/14	0.368
2011/12	0.877
<b>Sub Total</b>	<b>41.494</b>
Less: Collection Fund Surplus	0.314
<b>Amount to be raised by Council Tax</b>	<b>41.180</b>
Divided by Aggregate Council Tax Base	201,880.41
Basic Amount of Council Tax at Band D	<b>£203.98</b>

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

Band A (6/9th)	<b>£135.986513</b>
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<i>Band B (7/9th)</i>	<i>£158.650932</i>
<i>Band C (8/9th)</i>	<i>£181.315351</i>
<i>Band D</i>	<i>£203.979770</i>
<i>Band E (11/9th)</i>	<i>£249.308608</i>
<i>Band F (13/9th)</i>	<i>£294.637446</i>
<i>Band G (15/9th)</i>	<i>£339.966283</i>
<i>Band H (18/9<sup>th</sup>)</i>	<i>£407.959540</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>£4,192,980</i>
<i>Nuneaton &amp; Bedworth Borough Council</i>	<i>£7,585,457</i>
<i>Rugby Borough Council</i>	<i>£7,398,585</i>
<i>Stratford Upon Avon District Council</i>	<i>£11,112,249</i>
<i>Warwick District Council</i>	<i>£10,890,249</i>
<b>TOTAL</b>	<b><i>£41,179,520</i></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 any 2018/19 departmental budget will be authorised and caution will be exercised in entering into expenditure which creates additional commitments in future years. The Police and Crime Commissioner (PCC) will be kept fully informed of the financial position throughout the year.*
- k) *The prudential indicators at appendix D*
- l) *In approving the budget, the PCC notes the Treasurer's comments in section 9 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 budget and precept proposals for decision by the Police and Crime Commissioner (PCC). This is the second budget report for Philip Seccombe, the 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 2018/19
- Proposed precept for 2018/19
- Proposed medium term financial plan 2018/19 to 2021/22
- Outline capital budget 2018/19 to 2021/22

Setting the budget for the next financial year is one of the most important decisions that the Commissioner has to make. It is critical therefore to set out the issues that influence and contribute to the build of the budget for 2018/19 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 2018/19
- 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, the Autumn Statements made in 2015, 2016 and the Budget Statement 2017 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 and the Transformation Programme

- Ensures that a firm financial legacy is established and delivers appropriate future funding for the force

As last year, the policing element of this budget, which is the considerable majority, 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, Philip Seccombe, the Police and Crime Commissioner (PCC), set out his priorities for policing in Warwickshire. In his first budget, he was able to freeze council tax by identifying efficiency savings, and implementing a robust reserves strategy. This approach however, also enabled him to set out the required investment for the force to equip them with the right equipment, training, tools and technology to make policing more efficient and effective. At the same time he stated his clear intention of supporting neighbourhood policing which remains a crucial element in ensuring the safety of the County. In this budget and Medium Term Financial Plan he has put in place a challenging framework of reform for the Police which will secure greater value for money for the taxpayers of Warwickshire.

In the last year the Police and Crime Commissioner has worked with the Chief Constable to implement these plans. The Commissioner has secured:

- The successful deployment of mobile working with each front line police officer being given a mobile phone and a laptop, resulting in an improved, more efficient and prompt service for the public
- The introduction of Body Worn Video for all front line officers, which will safeguard the public and police
- The construction of the new Operations Communications Centre (OCC) at Warwick
- The development of new technology and ICT systems, including the Athena system, Telematics, ANPR cameras and SAAB safe, which is the new command and control system. The SAAB safe system is not yet fully implemented, but once this happens it will transform the way the force engages with the public, and will provide a cutting edge system to effectively and efficiently deploy police resources
- The creation of an Emergency Services Collaboration Services Board with key partners within Warwickshire.

These initiatives have led to improved productivity and greater efficiency enabling the Force to deliver an improved service to the public. Productivity has improved with

front line police officers gaining an extra hour a day to spend on front line duties. This success has been overshadowed by the increasing levels of demand the Force faces. In the last year, recorded incidents of crime have increased by 10% in Warwickshire. As part of that increase, demand has grown particularly in complex areas such as:

- domestic abuse
- cyber crime
- child sexual exploitation
- child at risk offences

These increases are partly the result of a greater willingness of victims to come forward and improved recording by police, rather than just actual increases in crime. Nonetheless, it is clear that demand on the time of our police has increased.

At the same time policing like all public services is facing increasing cost pressures. In the last year inflation has risen with CPI now standing at 3% and RPI 4.1% (December 2017 figures).

The limited resources currently available are not sufficient to meet the growing demand and rising costs (both of which are outside the control of the force), even when the productivity gains and efficiency programmes in recent years are realised. Given these circumstances the Commissioner plans to continue his programme of increased investment to enable the force to meet the challenges policing faces, to deliver an effective policing service to the public.

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

For the coming year existing policing capabilities will be further developed. The Commissioner and the Chief Constable are developing a new policing model which is aimed at meeting the growing demand the force faces. This new model will also realise the benefits of increased productivity from mobile working and other ICT projects. The PCC will set a council tax at a level which will deliver a sustainable service in the County, in addition to transforming the organisation to achieve its 2020 vision and meet future challenges.

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. Any precept increases will be aimed at minimising the number of officers and staff reductions, whilst also reducing the budget gap, which the force must address. The aim is to achieve maximum value for money, and to

drive out efficiencies, however, with approximately 80% of costs being pay-related, it is inevitable that some savings will have to come from staff reductions.

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:**

- Work with partners to provide robust support services to all victims of crime to help them cope and recover by providing emotional support to victims by their preferred method, face to face, online, via the phone etc.
- Embed Restorative Justice practises in the county, providing victims of crime the opportunity to engage in restorative justice conferences with offenders.
- Ensure partners comply with the Victims Code of Practice and the Victims and witness charter.

**In the 2018/19 revenue budget, the Commissioner aims to ensure effective policing by:**

- Developing a new policing model which aligns resources to changing demand
- Reviewing the policing estate to ensure it is fit for purpose and rationalising assets where appropriate to deliver more efficient services.

**To protect people from harm, he will:**

- Ensure services dealing with domestic abuse are co-commissioned with Warwickshire County Council to provide; accommodation and support for victims and dependent children. Provide a single point of contact and specialist helpline, outreach support and advocacy for high-risk victims. Support GP's to identify and safeguard victims of domestic abuse and ensure that multiagency safeguarding meetings are coordinated and delivered.
- Deliver a countywide domestic abuse perpetrator intervention programme aimed at preventing offenders reoffending.
- Ensure the National Probation Service can provide the courts with relevant historical information on past convictions to ensure they can sentence offenders of Domestic Abuse appropriately by funding a role specific post.
- Fund sexual abuse support services to ensure victims can access suitable support and counselling for current and historic incidents, working with

regional stakeholders to ensure regional forensic services are available and accessible for Warwickshire victims both adults and children.

- Ensure appropriate support services are funded to enable the Child Sexual Exploitation (CSE) team to effectively engage and support victims/those at risk of becoming a victim of CSE. Educating and raising young peoples', adults, and stakeholder awareness of the risks and signs of CSE by organising training events for professionals to ensure appropriate awareness and response to incidents of CSE.
- Fund the PREVENT coordinator who supports and delivers the Warwickshire partnership PREVENT action plan.
- Provide ongoing support to ensure hate crimes are reported and victims are supported.
- Fund local Community Safety Partnership's to deliver local initiatives which address their local needs as detailed in their evidence based strategic assessments.

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

- Work with and fund stakeholders to deliver positive diversionary activities, in key target areas, to at risk young people across Warwickshire reducing the risk of them engaging in crime and/or anti-social behaviour and assisting them to make positive informed life choices;
- Continue to support and fund business, rural and cyber crime advisers who work across the county delivering initiatives which enable residents to; raise their concerns with the Commissioner and Warwickshire Police. Provide victims of crime with correct and timely information and support, raise awareness of how to protect themselves and reduce the risk of being a victim of crime.
- Work with partners to develop an improved response to unauthorised traveller encampments.
- Work with partners to develop and fund appropriate Drug and Alcohol services in the Criminal Justice arena.
- Continue to fund and monitor the Integrated Offender Management (IOM) manager and domestic abuse manager to ensure offenders are robustly managed in the community.

When setting the 2017/18 budget the Commissioner prioritised the best use of the funds available to him and focused on implementing efficiency programmes and productivity gains. He undertook a comprehensive review of the 2016/17 budgets and identified budget reductions. This included 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 (PPL). The force has delivered, and also anticipates further efficiencies following the substantial investment in recent and future years in new technology.

Since 2010 Police Forces have faced significant reductions in resources as a result 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 £35.1m, in addition to a further savings target in 2017/18 of £6.2m.

In setting the 2018/19 budget, the Commissioner has recognised the unavoidable pressures policing faces. These include pay and price increases above the previous 1% cap – the increase included in the draft base budget is currently 2%, with no additional central funding to finance the increased costs in the draft settlement. This is in addition to other general inflationary pressures, which have also increased more recently. Other unavoidable cost pressures have arisen due to statutory changes and those from changes in legislation, including the Policing and Crime Act 2017. These unavoidable spend pressures are heightened and may prove even more challenging to address, given the further pressure of both changing and growing demand for police services.

The provisional funding settlement was received on the 19<sup>th</sup> December 2017 and was later confirmed in the final settlement on the 31<sup>st</sup> January 2018. The main headlines being the increased flexibility for PCC's around precept setting of up to £12 on a band D equivalent property. Additionally, the central government grant was confirmed at the same levels as in 2017/18 ie no cash reduction in funding for 2018/19.

The 2018/19 budget, the Medium Term Capital Programme and the Medium Term Financial Plan address these challenges and consider options around funding to ensure the force is able to deliver effective and efficient services which deliver value for money for local people. To do so the Chief Constable led a review of front line policing and the services which support it, to deliver further efficiencies and improved services. As a consequence a new policing model will be implemented from April 2018. In addition the Commissioner has identified further savings of £0.5m in the services which support policing, which has been included in the 2018/19 draft base budget. Given the Commissioner's priorities and the increasing pressures as set out Warwickshire faces a savings target of £3.254m in 2018/19. At the same time the Commissioner needs to ensure that policing arrangements continue to protect the public from harm and policing must therefore be both efficient and effective, address changes in demand and meet public expectations. He therefore intends to:

- Implement the new policing model to ensure that policing services meet demand as efficiently and effectively as possible
- Invest significantly in the estate with a new operational policing unit to enhance the deployment of firearms and roads policing resources to protect the public.

- Improve the ICT infrastructure including new telephony and communications systems, and the full implementation of the SAAB safe system leading to further efficiency savings improved communications with the public, and an increased ability to respond promptly to their needs.
- Commission “One Place” reviews with PPL to promote shared use of facilities with key partners such as the Fire and Rescue Service and Local Authorities
- Work with partners to further develop specialist capabilities where they are needed to better protect the public
- Review the property assets he holds to ensure that buildings are fit for purpose and that the estate is managed as efficiently as possible
- Drive out business benefits and savings realised from investment through the alliance Transformation Director and his team.
- Actively manage our reserves within acceptable, prudent and risk managed levels

The planned new investment, together with existing initiatives will enable the following savings targets to be achieved, and these will continue to be monitored and developed over the coming months.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
<b>Savings Plan:</b>					
Procurement Savings	0.144	0.136	0.000	0.000	0.280
OCC	0.107	0.528	0.000	0.000	0.635
Reduction in Cost of Change	0.248	0.000	0.000	0.000	0.248
Services to Policing tranche (1)	0.341	0.625	0.149	0.047	1.162
Services to Policing					
Transactional	0.000	0.100	0.200	0.000	0.300
Policing Model	0.000	0.655	0.000	0.000	0.655
Transformation Savings *	2.414	2.818	1.317	1.911	8.460
<b>Total</b>	<b>3.254</b>	<b>4.862</b>	<b>1.666</b>	<b>1.958</b>	<b>11.740</b>

\*Whereas the savings in 2018/19 have been identified, the savings in future years have not yet fully been identified and represent a future savings target.

Warwickshire Police will undoubtedly continue to face challenging savings targets in future years. However, it should be noted that any future unexpected pressures (not included in the budget) will need to be accommodated within the existing budgets (i.e. from additional savings or underspending elsewhere in the budget or through other efficiencies). The PCC regularly manages risk, and this is reflected in the reserves strategy as outlined later in this report, however, such unexpected pressures for example if pay and price inflation exceeded current estimates this would have to be managed within the in-year budget in this way.

As previously mentioned the Commissioner froze council tax in 2017/18 with the aim of driving out efficiencies in the force and to utilise some of the reserve balances to finance services and investment. However, this approach is not sustainable in the

medium term and options for balancing the budget in 2018/19 and beyond have been considered. This report and budget is based on the maximum £12 increase in council tax (band D equivalent) in 2018/19, but a final decision will not be taken until the results of the consultation can be fully analysed. Any budget and council tax increase decisions also need to take into account the backdrop of recent years - police officer numbers reduced by 21.3% between 2007 and 2017, and although police officer numbers since the Commissioner took office in May 2016, have remained the same to date, this is becoming increasingly challenging. The Commissioner's clear intention remains to maintain front line service delivery wherever possible. The increased flexibility around precept setting provides the Commissioner with an opportunity to retain 2018/19 police officer numbers in local policing at current levels as far as feasibly possible. Had this opportunity not been made available by central Government in the provisional funding settlement, some significant reductions in officer numbers within local policing would have been unavoidable.

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

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 Grant from the Ministry of Justice

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

2. The Commissioner plans to increase Council tax in 2018/19 by the maximum amount of £12 or 6.25% per band D equivalent. This increase, coupled with changes in the tax base to reflect new house building, and including the collection fund surplus, are expected to increase the income raised from council tax in 2018/19 compared to 2017/18 by £3.369m. The MTFP includes future year council tax projected increases at £6 in 2019/20 and 1.99% thereafter. However, future year increases will be the subject of the annual budget and precept setting exercise based on the most recent information that is available, and increases beyond 2018/19 are indicative only at this stage.
3. Savings of £3.254m in the Warwickshire budget in 2018/19 are already identified. It is now expected there will be a further savings requirement over the period to the end of 2021/22 of £8.486m for Warwickshire.

4. The Commissioner's reserves are expected to be £16.711m at the start of 2018/19. The Commissioner plans to use £9.789m of these reserves over a four year period, and on a prudent basis, to support each year's budget.

## 5. The Revenue Budget.

The following table analyses the changes to the base budget for Warwickshire PCC between 2017/18 and 2018/19 and incorporates the apportionment of costs between the two areas. Appendix B outlines a summary of the gross expenditure

### Analysis of movement from 2017/18 to 2018/19

	£'m
<b>2017/18 Budgeted net expenditure</b>	<b>97.826</b>
<b>Pay &amp; Price Inflation, increments and adjustments:</b>	
Officer Pay	2.010
Staff Pay	0.851
Non Pay	0.317
<b>Total</b>	<b><u>3.178</u></b>

### Budget Pressures:

Premises Place Partnership Ltd (PPL)	0.133
Regional Organised Crime Unit (ROCU)	0.219
Minimum Revenue Provision (Debt Repayment)	0.145
Local Community Safety Initiatives	0.100
People Services (Training Courses)	0.099
Radio Services Charges	0.072
Firearms Certificates	0.053
Software Purchases	0.031
Payments to Other Police Forces	0.024
Sexual Assault Referral Centre (SARC)	0.022
Hire of External Facilities	0.017
Hardware Support and Maintenance	0.012
Telecom Intelligence Checks	0.011
Immigration Charges	0.025
Loan Investment Income	0.023
Athena	0.029
Operational Communications Centre (OCC)	0.107
Technology Enabled Change (TEC) Project	0.036
Other Pressures and adjustments	0.349
<b>Total</b>	<b><u>1.507</u></b>

### Reversal of Temp Growth

Staff Pay	(0.742)
Premises (Place Partnership Ltd – PPL)	(0.024)

Training Courses	(0.140)
Network Infrastructure	(0.073)
Software Purchase	(0.038)
Hardware Support & Maintenance)	(0.037)
<b>Total</b>	<b><u>(1.054)</u></b>

**Savings:**

**Contract Savings**

**Total** **(0.144)**

**Cost of Change**

**Total** **(0.248)**

**Services to Policing Tranche 1**

Chief Officers including Analysis and Service Improvement	(0.083)
Transport	(0.106)
ICT	(0.072)
People Services	(0.067)
Business Support	(0.005)
Legal Services	(0.006)
Corporate Communications	(0.002)
<b>Total</b>	<b><u>(0.341)</u></b>

**Operational Communications Centre (OCC)**

**Total** **(0.107)**

**Budget Savings Non-Pay**

Corporate Finance	(0.700)
Protective Services and Local Policing	(0.159)
ICT Services	(0.062)
Transport Savings	(0.036)
Territorial Policing	(0.008)
Information Management	(0.006)
Operational Support	(0.006)
Strategic Service Improvement	(0.004)
Corporate Communications	(0.002)

**Budget Savings - Pay**

Officer Pay	(0.520)
Staff Pay	(0.262)

**Business Plans Savings**

Premises (Place Partnership Ltd – PPL)	(0.274)
ICT Services	(0.042)
Publicity Campaigns and Marketing	(0.009)
Strategic Initiatives	(0.005)

**Other savings**

Regional Organised Crime Unit(ROCU)	(0.219)
Premises (Place Partnership Ltd – PPL)	(0.100)
<b>Total</b>	<b>(2.414)</b>
<b>Closing Budget</b>	<b>98.203</b>

## 6. The Medium Term Financial Plan

The MTFP was agreed in February 2017 and has been updated and refreshed during the year.

The key assumptions at February 2018 are as follows:

### Funding

- The precept will increase by £12 (on a band D equivalent) in 2018/19, £6 in 2019/20 and 1.99% thereafter.
- Council Tax base will grow by an average of 2% per annum, and no additional provision is included specifically for total collection fund surpluses.
- General revenue grants will be maintained at 2017/18 levels in 2018/19 and 2019/20 and will then reduce by 1.3% per annum thereafter.
- The future review of the general revenue grant system will take place as part of the next Comprehensive Spending Review.

### Costs

- Pay (cost of living) increases are included at 2% per annum.
- Incremental increases are 1.2% for Police Officers and police staff
- Price increases are contained at contractual commitments.

The MTFP is as follows:

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>Expenditure - Summary</b>				
Base budget before savings	97.826	98.203	96.176	97.230
Pay and price increases and adjustments	3.178	2.701	2.713	2.726
Unavoidable Pressures	1.507	0.270	0.162	0.365
Temporary Growth Removed	(1.054)	(0.136)	(0.155)	0.000
Savings	(3.254)	(4.862)	(1.666)	(1.958)
<b>Projected net expenditure after savings</b>	<b>98.203</b>	<b>96.176</b>	<b>97.230</b>	<b>98.363</b>
<b>Funded by:</b>				
Formula Grant and RSG	47.782	47.782	47.161	46.548
Council Tax Support Grant	3.910	3.910	3.859	3.809
Council Tax	41.180	43.239	44.981	46.794

Council Tax Collection Fund Surplus	0.314	0.000	0.000	0.000
Council Tax Freeze Grant (2013/14)	0.368	0.368	0.363	0.358
Council Tax Freeze grant (2011/12)	0.877	0.877	0.866	0.854
<b>Total funding</b>	<b>94.431</b>	<b>96.176</b>	<b>97.230</b>	<b>98.363</b>

<b>Total Budget Gap</b>	<b>3.772</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
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It should be noted that in year budget gaps will be covered by savings targets and associated initiatives.

The table below shows the planned use of reserves in 2018/19 and following years:

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>Total Budget gap</b>	<b>3.772</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Other developments funded from reserves (not included in the budget above):</b>				
Transformation Reserve	0.372	0.310	0.135	0.000
Redundancy costs	0.200	0.200	0.000	0.000
Legal and Insurance Claims	0.300	0.000	0.000	0.000
Income Risk	0.500	0.000	0.000	0.000
Investment in Infrastructure	2.000	2.000	0.000	0.000
<b>Total projected use of reserves</b>	<b>7.144</b>	<b>2.510</b>	<b>0.135</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. This is summarised below and shows the full expected deployment of reserves over the life of the plan and the associated movement in the total reserve balance over the MTFP period.

	£m
<b>Projected reserves at the 1<sup>st</sup> April 2018</b>	<b>16.711</b>
Amount required to support the budget over the life of the Medium Term Financial Plan	(3.772)
Funds to transform policing and meet associated costs	(0.817)

Provisions to meet known risks and commitments	(1.200)
Investment in infrastructure	(4.000)
<b>Reserves remaining at the end of the MTFP period.</b>	<b><u>6.922</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 £5.0m needs to be held to provide adequately for these risks. 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 first year of the plan than would be typical, this will enable time for the local policing model and transformation changes to bed in, and for the benefits and savings to be realised. The provisional settlement released on the 19<sup>th</sup> December gives increased clarity regarding funding and the options for raising the local precept, over the next couple of years, although further clarity regarding funding in the longer term will be subject to review in the next Comprehensive Spending Review.

There remain considerable opportunities to drive out further efficiencies through our joint working with West Mercia and by transforming and reforming policing. To achieve them, while minimising the impact on the service to the public, will require us to continue to focus on areas like modernisation, with more self-service facilities for the public and the greater use of agile and mobile working by police officers and staff. We will also continue to rationalise our estate through the ongoing 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 other blue light services, local authorities, the criminal justice system and the NHS. This creates the need for a significant provision for invest to save initiatives.

The table below shows the estimated reserve balances at the end of each financial year:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m	£m
<b>General Reserves</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>
<b>Earmarked Reserves</b>					
Budget Reserve	4.869	1.097	1.097	1.097	1.097
Transformation reserve	0.817	0.445	0.135	0.000	0.000
Investment in Infrastructure	4.000	2.000	0.000	0.000	0.000
Safer Roads Partnership	0.825	0.825	0.825	0.825	0.825

Redundancy Reserve	0.400	0.200	0.000	0.000	0.000
Insurance and Legal Claims	0.300	0.000	0.000	0.000	0.000
Income	0.500	0.000	0.000	0.000	0.000
<b>Total Earmarked Reserves</b>	<b>11.711</b>	<b>4.567</b>	<b>2.057</b>	<b>1.922</b>	<b>1.922</b>
<b>Total Reserves</b>	<b>16.711</b>	<b>9.567</b>	<b>7.057</b>	<b>6.922</b>	<b>6.922</b>

## 8. The Capital Budget

The Capital Programme for 2018/19 to 2021/22 has been prepared using the existing Capital Programme MTFP as a basis and has been reviewed and updated in consultation with the respective business areas as well as the Commissioner for Warwickshire, reflecting known priorities and business requirements.

The current programme now 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 £26m 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 for Warwickshire over the next four years, the consequences of which are incorporated into the Medium Term Financial Plan.

<b>Expenditure</b>	<b>2018/19 (Including slippage from 2017/18 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
Estate Strategy	0.3	0.1	0.1	0.1	0.6
ICT replacement & strategy programmes	1.9	1.9	2.2	1.7	7.7
Vehicle Replacement	1.0	0.8	0.8	1.4	4.0
Affordability Envelope	4.2	5.5	3.8	0.0	13.5
Plant & Equipment	0.5	0.0	0.0	0.0	0.5
<b>Totals</b>	<b>7.9</b>	<b>8.3</b>	<b>6.9</b>	<b>3.2</b>	<b>26.3</b>

A full list of proposed capital projects is included at appendix C. The capital programme will be kept under regular and more challenging review by the Commissioner, and may vary. The Affordability Envelope is an assessment of the

potential cost of projects that are currently at the feasibility stage and may or may not progress further.

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>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
Capital Receipts	2.5	2.5	2.0	0.0	<b>7.0</b>
Capital Grants	0.4	0.4	0.4	0.4	<b>1.6</b>
From infrastructure reserve	2.0	2.0	0.0	0.0	<b>4.0</b>
Borrowing	3.0	3.4	4.5	2.8	<b>13.7</b>
<b>Totals</b>	<b>7.9</b>	<b>8.3</b>	<b>6.9</b>	<b>3.2</b>	<b>26.3</b>

## **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. The Commissioner holds a General Reserve, Earmarked Reserves and Capital Reserves. These will, in part, be governed by known or likely commitments, and, in part, by his appetite for risk. The Treasurer has reviewed thoroughly the financial risks facing policing in Warwickshire and reassessed the level of reserves required. In doing so, the Treasurer has complied with CIPFA guidance on the establishment and maintenance of local authority reserves and balances, the intention being to ensure clear, transparent reporting around reserves.

### **Compliance with the 7 key principles in CIPFA’s guidance**

<b>Budget assumptions</b>	<b>Current situation in Warwickshire</b>
The treatment of inflation and interest rates	Warwickshire Police (WP) makes full and appropriate provision for pay and price rises.  An informed assessment is made of interest rate movements.  All individual expenditure and income heads in the revenue budget are

	prepared and published at estimated outturn prices
Estimates of the level and timing of capital receipts	The PCC and WP make a prudent assumption of future capital receipts
The treatment of demand level pressures	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>The Chief Constable retains an operational contingency within the budget to help finance large scale or corporate operations or issues and to deal with day to day changes in demand and pressure.</p> <p>The force has already identified £5.694m of cash savings which will be removed from the budget over the next three years. (2018/19 to 2020/21). This is over and above the cash savings that have been removed from the base budget in the last seven years (i.e. 2011/12 to 2017/18). This cumulative level of budget reduction will inevitably mean that operational budgets will come under greater pressure and/or risk of overspending in future years.</p> <p>Some government grants (e.g. DSP) are announced annually in advance and are cash limited. Any new policing pressures arising during the year will have to be funded from the PCC's own resources.</p> <p>The PCC has created a number of earmarked revenue reserves to help finance specific, ad-hoc expenditure commitments. Appropriations are made to and from these reserves on an annual basis as required.</p>

	Finally general balances are used as a last resort to manage and fund demand-led pressures.
The treatment of planned efficiency savings and productivity gains	The force has consistently achieved its annual efficiency target. Savings elsewhere in the revenue budget have been identified to cover any shortfall.
The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments	<p>The financial consequences of partnership, collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the medium term planning process. Where relevant any additional costs are incorporated in the annual revenue budget. These are reviewed regularly during the year in the Money Matters report and where necessary the MTFP is amended.</p> <p>There is clearly a risk that local authority partners will continue to withdraw funding as their own budgets are reduced and that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.	<p>The PCC has created a number of earmarked revenue reserves and provisions to meet specific expenditure items. These are shown below.</p> <p>The access criteria for special grants state that PCCs may be required to fund up to 1% of their net budget requirement themselves before the Government considers grant aid. This applies on an annual basis.</p>
The general financial climate to which the authority is subject.	In November 2015 the Chancellor announced that police funding would be protected in real terms over the

	<p>CSR period. At the same time he announced that he would maintain local police budgets at current (2015) cash budgets, assuming PCCs increased council tax by around 2% p.a.</p> <p>General inflation in the U.K. has started to increase. CPI is currently at 3% and RPI 4.1% (Dec 2017 figs).</p> <p>The 2017/18 police officer pay settlement included a non-consolidated 1% bonus. Public sector pay awards are widely expected to exceed 1% (the previous cap) from 2018/19 onwards as inflation rises. A provision of 2% p.a. for the pay award has been included in the MTFP.</p> <p>The base rate was increased for the first time in over a decade in the Autumn, raising it from 0.25% to 0.5%. The Governor of the Bank of England has indicated that any future increases will be minimal and gradual.</p> <p>The 3 year medium term financial plan reflects our local best estimate of future inflation rates, increases in government grants and contributions and revenues raised from Council Tax.</p>
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### **General Reserve**

In recent years, the Treasurer has undertaken a review of the significant risks and pressures facing the Police and Crime Commissioner before setting a minimum level of reserves held in a General Reserve. In addition, the Treasurer has undertaken a comprehensive review of reserves held. As part of this review, new earmarked reserves have been created to address specific risks. Contingencies for these specific risks were previously included within the general reserve. The movement is shown in the table below:

<b>Balance as at 1<sup>st</sup> April 2017</b>	£6.200m	
<b>Transfer to earmarked reserves</b>	£1.200m	To realign reserves and to create earmarked reserves to deal with specific risks such as redundancy, legal and insurance claims etc.
<b>Forecast Balance as at 31<sup>st</sup> March 2018</b>	£5.000m	

The key risks the Police and Crime Commissioner faces (and for which no specific provision in Earmarked Reserves is made) are:

- a. The possibility of savings targets not being met. As in previous years, 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 will have to be compensated for, potentially, by service reductions.
- b. Possible delays in the delivery of savings. Previous history of significant underspending has been reduced more recently due to tighter budgetary control and strong budget management arrangements. However, some delays in the delivery of savings may occur, particularly in relation to the Transformation Programme. In the current year, for example, there have been delays in progressing Invest to save schemes, particularly the complex schemes such as the OCC and Athena in the capital programme. Given the achievement of the 2017/18 savings target and the progress made in implementing the savings plans for 2018/19 I am recommending a decrease in the level of reserves held to cover potential delays in the delivery of savings from £5.1m in 2017/18 to £2.2m.
- c. 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. 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.

- e. The risk on inflation, especially on pay. The Medium Term Financial Plan includes a provision of 2% for pay from 2018/19 onwards. This reflects the increasing inflationary pressures in 2017/18. Consequently I am recommending that no further provision be made, although this will be kept under review, as the risk remains.
- f. 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.
- g. As already stated, the Home Office is currently undertaking a further review of the Police Funding Formula and may implement a new funding mechanism in the next Comprehensive Spending Review. The Home Office did consult on a new formula during 2015 but abandoned the consultation. During this process estimates of the impact on Warwickshire ranged from an increase of £1.9m to an increase of £2.4m. Given the continuing uncertainty around the outcome of this review and any likely date for implementation I am recommending that no provision be made in 2018/19.
- h. 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 £6m has been made in the Medium Term Capital Programme for the Alliance. 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.
- i. 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 £5m. Coincidentally this is approximately 5% of the net revenue budget, in line with

expected best practice and emerging guidance. It should be noted that the impact of higher pay increases, the funding review or increased economic and political uncertainty which cannot be accurately estimated 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, he 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 £5m is provided in general 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.

### **Earmarked Reserves**

The predicted balance at 31 March 2019 for each earmarked revenue reserve – which has a specific purpose and particular timescale – is shown in the table below.

<b>Earmarked Reserve</b>	<b>Balance at 1st April 2018 £m</b>	<b>Movement In Year £m</b>	<b>Forecast Balance at 31<sup>st</sup> March 2019 £m</b>	<b>Purpose of Reserve</b>
Budget Reserve	4.869	3.772	1.097	To support the revenue budget whilst implementing the Transformation Programme
Transformation Reserve	0.817	0.372	0.445	To meet the costs of the Transformation Team
Investment in Infrastructure	4.000	2.000	2.000	To fund schemes within the capital programme and reduce the need for

				borrowing thereby minimising financing costs in future years
Safer Roads Partnership Reserve	0.825	0.000	0.825	Funds held on behalf of the partners to fund road safety initiatives
Redundancy Reserve	0.400	0.200	0.200	To fund redundancy costs arising from the Transformation Programme
Insurance and Legal Claims	0.300	0.300	0.000	To meet the costs of high value claims
Income Reserve	0.500	0.500	0.000	To meet budget shortfalls caused by volatility in demand led income streams which can vary considerably from year to year
<b>Total Earmarked Reserves</b>	<b>11.711</b>	<b>7.144</b>	<b>4.567</b>	

The tables in section 6 and 7 show the deployment of all reserves over the life of the Medium Term Financial Plan, and the remaining reserve balances at the end of each financial year.

### **Capital Reserves and Balances**

In addition to the revenue reserves capital reserves are also maintained. These are used to finance the capital programme.

There is a reserve holding Capital Grants Unapplied. This holds the capital grants from the Home Office that have not yet been spent. These grants are applied to fund the capital programme and can be carried forward without penalty until required. The balance on the reserve as at 1<sup>st</sup> April 2017 was £0.0m.

There is a Capital Receipts Reserve. This holds receipts from the sale of police houses and land and buildings which are no longer needed for operational policing as more efficient use is made of partners' and the policing estate. The funding table in section 8 above outlines the receipts expected from asset sales from 2018/19 to 2021/22. The balance on the reserve as at 1<sup>st</sup> April 2017 was £0.360m.

### **Summary**

There has been a comprehensive review of all reserves held by the Police and Crime Commissioner. This report sets out clearly and transparently the reserves held, the purpose for which they are held, the plans for their use and the risks and assumptions underpinning them.

Based on current planning assumptions, the level of general reserves should stay above the recommended minimum level through to 2021/22 and sufficient provision has been made in earmarked reserves to fund expected one-off pressures most notably the further implementation of the Transformation Programme. In addition the capital reserves and the investment in infrastructure reserve will be used to fund a significant proportion of the Medium Term Capital Programme – an extensive programme to support much needed investment in land, buildings, ICT systems and vehicles. This will give policing officers and staff up to date fit for purpose facilities and enable them to provide a modern, efficient and effective policing service. By generating efficiencies and reducing borrowing costs, the use of the infrastructure and capital reserves will ensure a more sustainable financial position in the longer term. Deploying these reserves over the medium term rather than in a single year also permits some flexibility should it be necessary.

Overall this reserve strategy creates an acceptable, appropriate and sustainable position as we continue the prolonged period of fiscal tightening in an increasingly uncertain world.

## Appendix A

### Summary of Warwickshire Grant Settlement

The provisional Police Funding Settlement from the Home Office was received on the 19<sup>th</sup> December and was later confirmed on the 31<sup>st</sup> January 2018 in the Final Funding settlement and is shown below:

<b>2017/18</b>	<b>Funding Stream</b>	<b>Final 2018/19</b>	<b>Change</b>
<b>£ m</b>		<b>£ m</b>	<b>%</b>
30.602	<i>Police Grant (including Community Support Grant</i>	30.602	0.0
17.181	<i>Revenue Support Grant</i>	17.181	0.0
5.154	<i>Legacy Council Tax Grants (freeze grants and plus council tax support grant)</i>	5.154	0.0
<b>52.937</b>	<b>Total</b>	<b>52.937</b>	<b>0.0</b>

Additionally, the Police and Crime Commissioner also receives grant funding for Victims Services Commissioning and Restorative Justice from the Ministry of Justice. Notification of the actual grant allocation for 2018/19 has been received and totals £0.647m.

Appendix B(i)

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

	<b>2017/18 Budget £m</b>	<b>2018/19 Budget £m</b>	<b>Variance £m</b>
Government Grant (Core Funding)	52.937	52.937	0.000
Council Tax Precept	38.125	41.494	3.369
<b>Total Funding / Net Budget Requirement</b>	<b>91.062</b>	<b>94.431</b>	<b>3.369</b>
Police Officers Pay	47.461	48.951	1.490
Police Officer overtime	1.302	1.247	(0.055)
Police Staff + PCSO Pay	27.847	27.453	(0.394)
Police Staff overtime	0.287	0.298	0.011
Agency Staff	0.078	0.078	0.000
Injury & Ill Health Pensions	1.217	1.215	(0.002)
Other Employee Expenses	0.477	0.436	(0.041)
Premises	3.333	3.138	(0.195)
Transport	2.119	2.124	0.005
Supplies and Services	10.392	10.103	(0.289)
Third Party Payments	8.426	8.411	(0.015)
Capital Financing	1.901	1.471	(0.430)
<b>Gross Expenditure</b>	<b>104.840</b>	<b>104.925</b>	<b>0.085</b>
<b>Income</b>	<b>(7.015)</b>	<b>(6.722)</b>	<b>0.293</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>97.825</b>	<b>98.203</b>	<b>0.378</b>
<b>Budget Contribution to/(from) Reserves</b>	<b>(6.763)</b>	<b>(3.772)</b>	<b>2.991</b>

Appendix B (ii)

Warwickshire Police and Crime Commissioner  
Objective analysis of income & expenditure

	2017-18	2018-19	Variance	Variance
	£'m	£'m	£'m	%
<b>Central Services</b>				
Chief Officers	0.585	0.566	(0.019)	(3.2)
Information Management System	0.196	0.223	0.027	13.8
Analysis & Service Improvement	0.513	0.016	(0.497)	(96.9)
Alliance Project Team	0.476	1.341	0.865	181.7
<b>Total Chief Officers</b>	<b>1.770</b>	<b>2.146</b>	<b>0.376</b>	<b>21.2</b>
<b>Enabling Services</b>				
Buildings	3.940	3.716	(0.224)	(5.7)
Business Support Services	1.379	1.426	0.047	3.4
Corporate Communications	0.368	0.320	(0.048)	(13.0)
ICT Services	7.138	6.917	(0.221)	(3.1)
Legal Services	0.493	0.451	(0.042)	(8.5)
People Services	3.311	2.919	(0.392)	(11.8)
Transport Services	1.459	1.274	(0.185)	(12.7)
<b>Total Enabling Services</b>	<b>18.088</b>	<b>17.023</b>	<b>(1.065)</b>	<b>(5.9)</b>
<b>Finance</b>				
Accounting & Financial Services	0.347	0.356	0.009	2.6
Management Accounting & Business	0.361	0.359	(0.002)	0.6
Contracts & Procurement	0.816	0.752	(0.064)	(7.8)
Corporate Finance	2.461	0.840	(1.621)	(65.9)
<b>Total Finance</b>	<b>3.985</b>	<b>2.307</b>	<b>(1.678)</b>	<b>(42.1)</b>
<b>Local Policing</b>				
Criminal Justice & Custody	3.664	4.007	0.343	9.4
Harm Reduction	0.683	0.717	0.034	5.0
Operational Support	0.384	0.662	0.278	72.4
Professional Standards	0.071	0.452	0.381	536.6
Operational Communications Centre	4.470	3.894	(0.576)	(12.9)
Local Policing Area Costs	41.964	45.597	3.633	8.7
<b>Total Local Policing</b>	<b>51.236</b>	<b>55.329</b>	<b>4.093</b>	<b>8.0</b>

Appendix B (ii) - continued

	2017-18 £'m	2018-19 £'m	Variance £'m	Variance %
<b>Police and Crime Commissioner</b>	<b>2.669</b>	<b>2.665</b>	<b>(0.004)</b>	<b>(0.2)</b>
<b>Protective Services</b>				
Head of Protective Services	0.486	0.459	(0.027)	(5.6)
Crime Management	1.111	1.137	0.026	2.3
Forensic Services	2.287	2.310	0.023	1.0
Intelligence Department	3.311	2.879	(0.432)	(13.0)
Major Investigations	1.485	1.500	0.015	1.0
National Armed Policing	0.017	0.017	0.000	0.0
Operations	8.256	8.264	0.008	0.1
Regional Organised Crime Unit	1.513	1.588	0.075	5.0
Protecting Vulnerable People	1.611	0.579	(1.032)	(64.1)
<b>Total Protective Services</b>	<b>20.077</b>	<b>18.733</b>	<b>(1.344)</b>	<b>(6.7)</b>
<b>Grand Total</b>	<b>97.825</b>	<b>98.203</b>	<b>0.378</b>	<b>0.4</b>

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

## Appendix C

## Warwickshire Capital Programme

No.	Capital Project Description	Formal Business Approval (Y)	2017-22 Proposed Budget Total	2017-18 Forecast Outturn	2018-19 Proposed Project Budget (including forecast slippage)	2019-20 Proposed Project Budget	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget
			£000	£000	£000	£000	£000	£000
	<b>ESTATES</b>							
	<b>ESTATES WARWICKSHIRE:</b>							
2	Operation Command Control Centre - Stuart Ross House, Warwick	Y	3,134.0	3,134.0	-	-	-	-
7	Investment in Estates Infrastructure - Warwickshire - 2017-18		600.0	350.0	250.0	-	-	-
14	Investment in Estates Infrastructure 2018-19 onwards (31%)		310.0	-	77.0	78.0	77.0	78.0
	<b>TOTAL - ESTATES WARKWICKSHIRE:</b>		<b>4,044.0</b>	<b>3,484.0</b>	<b>327.0</b>	<b>78.0</b>	<b>77.0</b>	<b>78.0</b>
	<b>Note: The following are building projects being reviewed for consideration of utilising the funding envelope</b>							
15a	Operational Policing Unit (EAST) - Warwickshire		-	-	-	-	-	-
15b	Greys Mallory, Patrol Base - Warwick		-	-	-	-	-	-
15c	Rugby Courts - Rugby, Warwickshire		-	-	-	-	-	-
15d	Stratford upon Avon Police Station and Courts - Warwickshire		-	-	-	-	-	-
15e	Bedworth Police Station - Warwickshire		-	-	-	-	-	-
15f	Vehicle Fuel Bunkerage - Storage Tanks in new locations Warwickshire		-	-	-	-	-	-
15q	Carbon Plan & Energy Efficiency Commitments		-	-	-	-	-	-
	<b>ICT</b>							
	<b>ICT PROGRAMME OF CHANGE:</b>							
	<b>POC IN PIPELINE:</b>							
	Affordability envelope for POC:		6,000.0	180.0	570.0	1,750.0	1,750.0	1,750.0
	<b>TOTAL - POC IN PIPELINE:</b>		<b>6,000.0</b>	<b>180.0</b>	<b>570.0</b>	<b>1,750.0</b>	<b>1,750.0</b>	<b>1,750.0</b>
	<b>POC IN FLIGHT:</b>							
18	Operation Command Control Centres - ICT Infrastructure & Systems:	memo	5,510.9	2,846.7	2,664.2	-	-	-
18	OCC Hindlip - ICT Infrastructure, including Joint Operations Centre fit-out	Y	662.0	662.0	-	-	-	-

No.	Capital Project Description	Formal Business Approval (Y)	2017-22 Proposed Budget Total	2017-18 Forecast Outturn	2018-19 Proposed Project Budget (including forecast slippage)	2019-20 Proposed Project Budget	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget
			£000	£000	£000	£000	£000	£000
18	OCC Operations Enabling Technologies (OET) - SAAB plus supporting hardware etc. Including £373k from Mobile Working budget, plus £175k from Desktop Replacement budget	Y	4,123.3	1,459.1	2,664.2	-	-	-
18	Warwickshire OCC Project - Stuart Ross House ICT fit-out	Y	725.6	725.6	-	-	-	-
19	ANPR Project - expansion of fixed camera sites & back office	Y	1,978.5	1,978.5	-	-	-	-
19	ANPR Cameras in cars (In-Vehicle Technology [in-car media])	Y	600.0	600.0	-	-	-	-
20	Desktop Telephony / Full Uni Comms (ICT Telephony)	Y	2,295.0	2,295.0	-	-	-	-
21	Athena (all projects combined)	Y	634.3	634.3	-	-	-	-
22	Data Network Replacement - "Red Flag Project" - (Virgin Business)	Y	329.0	329.0	-	-	-	-
23	Body Worn Video	Y	484.9	484.9	-	-	-	-
25	Telematics - vehicle deployment and monitoring software	Y	544.0	544.0	-	-	-	-
28	Hi-Tech Crime Unit Infrastructure Upgrade - Hindlip		121.3	80.0	41.3	-	-	-
44	Hardware - <i>Corporate Printing Solution</i>	Y	70.0	70.0	-	-	-	-
46	Emergency Services Network - (Airwave Radio Replacement)		6,000.0	-	-	3,000.0	3,000.0	-
55	Business Information Project (to support analysis of organisation's data)		500.0	350.0	150.0	-	-	-
60	SAFENET DIGITAL FORENSIC	Y	140.0	140.0	-	-	-	-
61	DIGITAL CHANNEL SHIFT PROJECT	Y	60.0	60.0	-	-	-	-
63	FORENSIC SYSTEM - SOCRATES	Y	23.8	23.8	-	-	-	-
	<b>TOTAL - POC IN FLIGHT:</b>		<b>19,291.7</b>	<b>10,436.2</b>	<b>2,855.5</b>	<b>3,000.0</b>	<b>3,000.0</b>	<b>-</b>
	<b>POC COMPLETED:</b>							
29	Corporate Gazetter	Y	290.0	290.0	-	-	-	-
51	Hardware - <i>Mobile Working Project</i> (less £373k used for OET above)	Y	7,021.8	3,400.0	421.8	200.0	-	3,000.0
57	Origin upgrades & enhancements	Y	115.5	115.5	-	-	-	-
	<b>TOTAL - POC COMPLETED:</b>		<b>7,427.3</b>	<b>3,805.5</b>	<b>421.8</b>	<b>200.0</b>	<b>-</b>	<b>3,000.0</b>
	<b>TOTAL - ICT PROGRAMME OF CHANGE:</b>		<b>32,719.0</b>	<b>14,421.7</b>	<b>3,847.3</b>	<b>4,950.0</b>	<b>4,750.0</b>	<b>4,750.0</b>
	<b>ICT PROGRAMME OF WORK:</b>							
	<b>POW IN PIPELINE:</b>							
26	CCTV for Force buildings including Custody		500.0	-	500.0	-	-	-
38	Corporate WiFi		600.0	300.0	300.0	-	-	-
39	Consolidation of small systems	Y	200.0	50.0	50.0	50.0	50.0	-
41	Confidential Network Environment (CNE) resilience (multi-site)		200.0	-	200.0	-	-	-
45	FIREARMS LICENSING UNIT	Y	129.6	129.6	-	-	-	-
	<b>TOTAL - POW IN PIPELINE:</b>		<b>1,629.6</b>	<b>479.6</b>	<b>1,050.0</b>	<b>50.0</b>	<b>50.0</b>	<b>-</b>

No.	Capital Project Description	Formal Business Approval (Y)	2017-22 Proposed Budget Total	2017-18 Forecast Outturn	2018-19 Proposed Project Budget (including forecast slippage)	2019-20 Proposed Project Budget	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget
			£000	£000	£000	£000	£000	£000
	<b>POW IN FLIGHT:</b>							
47	Hardware - Desktop Equipment PCs/Laptops/Winterms (replacement) - less £175k in 2017/18 used for OET above	Y	2,724.7	624.7	200.0	200.0	1,500.0	200.0
48	Hardware - HTCU replacement (desktops & servers)		350.0	-	-	200.0	150.0	-
50	Hardware - Multimedia Project (Higher-spec PCs and servers)	Y	479.0	404.0	75.0	-	-	-
52	Hardware - Printers/Scanners	Y	90.0	30.0	30.0	10.0	10.0	10.0
53	Hardware - Servers (include PSN)	Y	1,230.0	330.0	300.0	200.0	200.0	200.0
54	Network - upgrades	Y	300.0	100.0	50.0	50.0	50.0	50.0
58	Storage Area Network (SAN) / Backup Infrastructure	Y	990.0	190.0	200.0	200.0	200.0	200.0
59	Software Upgrades	Y	1,436.0	386.0	450.0	200.0	200.0	200.0
62	SOURCE MANAGEMENT SYSTEM = COPS & Source Management (2 projects now combined)	Y	80.0	80.0	-	-	-	-
64	WORKSPACE MODERNISATION PROGRAM	Y	92.0	92.0	-	-	-	-
	<b>TOTAL - POW IN FLIGHT:</b>		<b>7,771.7</b>	<b>2,236.7</b>	<b>1,305.0</b>	<b>1,060.0</b>	<b>2,310.0</b>	<b>860.0</b>
	<b>TOTAL - ICT PROGRAMME OF WORK:</b>		<b>9,401.3</b>	<b>2,716.3</b>	<b>2,355.0</b>	<b>1,110.0</b>	<b>2,360.0</b>	<b>860.0</b>
	<b>TOTAL - ICT PROGRAMMES OF CHANGE AND WORK:</b>		<b>42,120.3</b>	<b>17,138.0</b>	<b>6,202.3</b>	<b>6,060.0</b>	<b>7,110.0</b>	<b>5,610.0</b>
	<b>TOTAL - WARKS ICT PROGRAMMES OF CHANGE AND WORK (31%):</b>		<b>13,057.3</b>	<b>5,312.8</b>	<b>1,922.7</b>	<b>1,878.6</b>	<b>2,204.1</b>	<b>1,739.1</b>
	<b>VEHICLE REPLACEMENT:</b>							
65	WARWICKSHIRE - Vehicle Replacement Programme	Y	4,854.0	866.2	991.7	797.8	808.5	1,389.8
	<b>TOTAL WARKS VEHICLE REPLACEMENT</b>		<b>4,854.0</b>	<b>866.2</b>	<b>991.7</b>	<b>797.8</b>	<b>808.5</b>	<b>1,389.8</b>
	<b>AFFORDABILITY FUNDING ENVELOPE:</b>							
	Funding envelope for potential capital spend resulting from the review of the Police estate (including "One Town" Reviews):		13,537.0	-	4,218.0	5,511.0	3,808.0	
	<b>PLANT &amp; EQUIPMENT PROGRAMME:</b>							
68	Body Armour replacement		405.2	16.1	389.1	-	-	-
	<b>TOTAL WARKS PLANT &amp; EQUIPMENT PROGRAMME (31%)</b>		<b>405.2</b>	<b>16.1</b>	<b>389.1</b>	<b>-</b>	<b>-</b>	<b>-</b>

No.	Capital Project Description	Formal Business Approval (Y)	2017-22 Proposed Budget Total	2017-18 Forecast Outturn	2018-19 Proposed Project Budget (including forecast slippage)	2019-20 Proposed Project Budget	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget
			£000	£000	£000	£000	£000	£000
	<b>NEW BUSINESS PLANS CAPITAL APPROVED MAR-APR'17</b>							
69	METHODS OF ENTRY RIG & WORKING AT HEIGHTS		15.5	15.5	-	-	-	-
70	TASERS		63.6	-	63.6	-	-	-
71	FIREARMS PROTECTION EQUIPMENT		31.6	31.6	-	-	-	-
72	DOG CAMERAS & EQUIPMENT		5.3	5.3	-	-	-	-
	<b>TOTAL - NEW BUSINESS PLANS CAPITAL APPROVED MAR-APR'17 (31%)</b>		<b>115.9</b>	<b>52.4</b>	<b>63.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Capital Budget</b>		<b>36,013.4</b>	<b>9,731.4</b>	<b>7,912.0</b>	<b>8,265.4</b>	<b>6,897.6</b>	<b>3,206.9</b>

## APPENDIX D

## PRUDENTIAL INDICATORS

1. AFFORDABILITY PRUDENTIAL INDICATORS	2017/18 Estimate	2017/18 Forecast Outturn	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	8,336	9,808	7,912	8,266	6,898
	%	%	%	%	%
Ratio of financing costs to net revenue stream	2.09	1.24	1.62	1.80	2.01
	£'000	£'000	£'000	£'000	£'000
In Year borrowing requirement					
- in year borrowing requirement	4,597	6,882	2,987	3,341	4,473
	£'000	£'000	£'000	£'000	£'000
In year Capital Financing Requirement	3,291	6,352	2,126	2,328	3,295
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement 31 March	23,806	26,867	28,993	31,321	34,616
	£	£	£	£	£
Affordable Borrowing Limit					
Increase per council tax payer	(£0.13)	(£1.69)	£0.59	£0.41	£0.47
2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2017/18 Estimate	2017/18 Forecast Outturn	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised limit for external debt					
- Borrowing	40,000	40,000	40,000	45,000	45,000
	£'000	£'000	£'000	£'000	£'000
Operational boundary for external debt					
- Borrowing	30,000	30,000	30,000	35,000	35,000
Upper limit for fixed rate interest exposure					
- net principal re fixed rate borrowing / investments	£40m	£40m	£40m	£40m	£40m
Upper limit for variable rate exposure					
- net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m

Maturity structure of new fixed rate borrowing during 2013/14	Upper Limit	Lower Limit
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%