



Philip Secombe  
Police and Crime  
Commissioner  
for Warwickshire

# Warwickshire Budget 2019/20 Medium Term Financial Plan 2019/20 - 2021/22

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

Published: 28 January 2019

## WARWICKSHIRE BUDGET 2019/20

### MEDIUM TERM FINANCIAL PLAN 2019/20 - 2021/22

Report of the Treasurer, Chief Finance Officer, Chief Executive and Chief Constable

THIS COUNCIL TAX RESOLUTION, IS BASED ON THE FINAL SETTLEMENT FROM GOVERNMENT

#### **Recommendations**

The Commissioner is recommended to approve:

- a) A Net Revenue Budget after savings of **£102.719m**
- b) **£1.284m** of reserves are used within year to manage reductions
- c) A net budget requirement of **£101.435m**
- d) A Council Tax for a Band D property at **£227.98**
- e) A Council Tax for a Band D property calculated as follows:

	£'m
Budget Requirement	101.435
Less Police Grant	31.267
Less Revenue Support Grant	17.519
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>47.495</b>
Less: Collection Fund Surplus	0.217
<b>Amount to be raised by Council Tax</b>	<b>47.278</b>
Divided by Aggregate Council Tax Base	207,376.63
Basic Amount of Council Tax at Band D	<b>£227.98</b>

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

<i>Band A (6/9th)</i>	<i>£151.986513</i>
<i>Band B (7/9th)</i>	<i>£177.317599</i>
<i>Band C (8/9th)</i>	<i>£202.648684</i>
<i>Band D</i>	<i>£227.979770</i>
<i>Band E (11/9th)</i>	<i>£278.641941</i>
<i>Band F (13/9th)</i>	<i>£329.304112</i>
<i>Band G (15/9th)</i>	<i>£379.966283</i>
<i>Band H (18/9th)</i>	<i>£455.959540</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>£4,746,119</i>
<i>Nuneaton &amp; Bedworth Borough Council</i>	<i>£8,586,584</i>
<i>Rugby Borough Council</i>	<i>£8,544,623</i>
<i>Stratford Upon Avon District Council</i>	<i>£12,729,880</i>
<i>Warwick District Council</i>	<i>£12,670,470</i>
<b>TOTAL</b>	<b><i>£47,277,676</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 2019/20 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 third 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 2019/20
- Proposed precept for 2019/20
- Proposed medium term financial plan 2019/20 to 2021/22
- Outline capital budget 2019/20 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 2019/20 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 2019/20
- 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 and 2016, the Budget Statements 2017 and 2018 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
- Ensuring a firm financial legacy is established and delivers appropriate future funding for the force
- The decision was taken in 2018 to disaggregate local policing employee budgets within the alliance, restoring a greater degree of control over resources for both partners. This approach is reflected within this budget

- The development of future collaborative arrangements and the risks involved, whether with West Mercia Police, other police forces and/or local partners. The Police and Crime Commissioner and Chief Constable for West Mercia have served notice to end the strategic alliance from October 2019. Warwickshire Police are considering several options for policing in Warwickshire from then. These include operating as a standalone independent entity, further collaboration with West Mercia, collaboration with one or more neighbouring police forces, arrangements with local partners and/or a combination of the above. The Warwickshire Force is working to ensure a smooth transition of services at the end of the current Strategic Alliance in October or at a later date (if agreed).

The element of this budget which covers protective services and support services has been prepared within the current strategic alliance arrangement with Warwickshire. Budget requirements are in accordance with the agreed existing cost sharing approach. The budget assumes that from October 2019 new arrangements will be put in place within similar resource envelopes, whether or not that is within a revised collaborative arrangement. The budget will need to be revised at the end of the Strategic Alliance when new arrangements are confirmed.

## **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 his second budget he recognised the challenges posed by increasing demands and funded additional police officers. At the same time he put in place a challenging framework of reform for the force which will secure greater value for money for the taxpayers of Warwickshire. In his third budget he again proposes to increase the Council Tax to fund additional police officers to keep Warwickshire safe, whilst modernising the infrastructure and driving value for money.

In the last two years 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 Operation Communications Centre (OCC) at Warwick
- The development of new technology and ICT systems, including the Athena system, 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 Board with key partners within Warwickshire.
- The implementation of a new policing model which realises the benefits of increased productivity from mobile working and other ICT initiatives
- The recruitment of an additional 50 police officers by Summer 2019.

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 however been overshadowed by the increasing levels of demand the Force faces. In the last two years, recorded incidents of crime have increased 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 officers 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 2.3% and RPI 3.2% (November 2018 figures).

Warwickshire Police is also facing a substantial increase in the cost of employer's contributions to the Police Officer Pension Scheme following a review by the Government Actuary. The costs to policing nationally are estimated at £330m a year. For 2019/20 central government is meeting this cost through a specific grant and an increase in general grants. Central government will also be considering this issue during the next Comprehensive Spending Review.

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 new policing and support arrangements. These will be implemented when the existing Strategic Alliance with West Mercia comes to an end. As mentioned previously the Force is considering several options and will put in place arrangements which meet the needs of the residents of Warwickshire and which secure best value. 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 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 increasing the number of police officers. The aim is to achieve maximum value for money, invest in the infrastructure and drive out efficiencies. The Force will take the opportunity to undertake a comprehensive review of its operations and activities to ensure they are fit for purpose for the future following the termination of the Strategic Alliance.

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. A new improved service will be commissioned and implemented from 1 April 2019
- Embed Restorative Justice practices in the county, providing victims of crime the opportunity to engage in restorative justice conferences with offenders. These initiatives will be included in the new service from April 2019
- Ensure partners comply with the Victims Code of Practice and the Victims and Witness Charter
- Continue to embed the principles contained within the Victims Charter across the County to ensure that any victims of crime receive the right support to enable them to cope

**In the 2019/20 revenue budget, the Commissioner aims to ensure effective policing. He will:**

- Recruit an additional 85 police officers, 5 PCSOs and 10 PSIs. The additional officers and staff will strengthen Patrol, Neighbourhood Policing, CID, the Harm Hub, the Offender Management Unit, the CSE Team, Digital Media Investigations, the Investigations function and lead to the creation of a Rural Crime Team.

- Review the policing estate to ensure it is fit for purpose and rationalise assets where appropriate to deliver more efficient services. This will include the sale of Southam, the potential disposal of Leek Wootton, the opening of Stuart Ross House and the relocation of the Safer Neighbourhood Office at Atherstone.
- Modernise the ICT infrastructure and ensure police officers have the equipment to operate effectively
- Undertake a comprehensive review of all activities and operations to secure best value

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

- Continue to 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 needs as detailed in their evidence based strategic assessments.
- Establish a fund for small grants for providers to bid against to meet local priorities.
- Establish separate funding for initiatives to reduce reoffending and to focus on problem solving.

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

- Continue to 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.
- Continue to work with partners to develop an improved response to unauthorised traveller encampments.
- Commission and implement new and improved drug and alcohol services across the County from the 1<sup>st</sup> April 2019
- 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 his previous budgets 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 budget and identified various budget reductions. This included savings that have been achieved as a result of efficiency projects and programmes such as new telephony systems, 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. This approach will continue throughout 2019/20 and beyond.

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 £41.3m. The force has a further savings target in 2018/19 of £3.3m, some of which have been realised.

In setting the 2019/20 budget, the Commissioner has recognised the unavoidable pressures policing faces. These include pay and price increases of 2%, which is particularly challenging given the further pressure of both changing and growing demand for police services.

Warwickshire Police is also facing a substantial increase in the cost of employer's contributions to the Police Officer Pension Scheme following a review by the Government Actuary. The costs to policing nationally are estimated at £330m a year. For 2019/20 central government is meeting this cost through a specific grant and an increase in general grants. Central government will also be considering this issue during the next Comprehensive Spending Review.

The provisional funding settlement was received on the 13<sup>th</sup> December 2018 and was confirmed as final on the 24<sup>th</sup> January 2019. The settlement debate in Parliament is expected to be held on Tuesday 5<sup>th</sup> February 2019. The main headlines are the increased flexibility for PCC's around precept setting of up to £24 on a band D equivalent property.

The 2019/20 budget, the Medium Term Capital Programme and the Medium Term Financial Plan address the challenges faced 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. In addition the Commissioner has identified savings of £1.394m in the policing and associated support

services such as procurement. These have been included in the 2019/20 draft base budget. 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:

- Appoint an additional 85 police officers, 5 PCSOs and 10 PSIs in 2019/20 to ensure that policing services continue to meet demand as effectively as possible
- Improve the ICT infrastructure including new telephony and communications systems, an improved network 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, meets current requirements 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 reserves within acceptable, prudent and risk managed levels
- Review all policing and support services, consider a range of options for future provision and implement new arrangements which deliver effective and efficient services at the end of the Strategic Alliance.

The Commissioner has set his vision to maximise the efficiency and effectiveness of police estates by improving collaboration with partners. A programme of investment is in place to deliver a fit for purpose estate that fully supports modern operational and local policing. The Estates Strategy (supported by the Estates Delivery Plan) details the approach to this to 2020 and beyond. This work has begun and will generate both revenue savings and capital receipts within 2019/20 and future years.

The Commissioner has also ensured that a comprehensive review of the existing ICT network and infrastructure has been undertaken. This has identified a requirement for significant investment of c.£12m over the next four years. Detailed studies are now underway to prepare a robust implementation plan to deliver secure, modern and fit for purpose ICT systems and services that properly support police business. The planned new investment and the current comprehensive review of all services, 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.

	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
<b>Savings Plan:</b>				
Policing Model	0.270	0.000	0.000	0.270
RABB Additional Savings	0.055	0.000	0.000	0.055
Leek Wootton Running Costs Change	0.000	0.000	0.900	0.900
Enabling Services	0.374	0.149	0.047	0.570
Transformation Programme (including OCC)	1.958	2.278	0.367	4.603
Additional Savings *	0.000	0.030	0.000	0.030
<b>Total</b>	<b>2.657</b>	<b>2.457</b>	<b>1.314</b>	<b>6.428</b>

\*The savings in future years have not yet 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 manner.

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 was not sustainable in the medium term and in 2018/19 he increased Council Tax by £12 (Band D equivalent). Throughout December 2018 and January 2019, the Commissioner consulted on three precept increase options for 2019/20 - increases of £12, £18 or £24. There was a good response to the budget consultation and over 70% of the responses were in favour of at least a £24 increase in the precept for a band D equivalent property. Following this consultation response and the challenges facing policing, the PCC is proposing to increase the Council Tax by £24 (Band D equivalent) in 2019/20. This budget and the proposed council tax increase aims to reverse recent year reductions in police officer numbers which stood at a 21.3% reduction between 2007 and 2017. Significantly, since the Commissioner took office in May 2016, police officer numbers have increased, despite, this remaining increasingly challenging, with his clear intention being to maintain and improve front line service delivery wherever possible. The increased flexibility around precept setting for 2019/20 has provided the Commissioner with an opportunity to again increase police officer numbers particularly in local policing as far as feasibly possible.

#### 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 including the use of available Government Grants. The Commissioner receives a number of grants from the Home Office and Ministry of Justice. The principal grants are:

- Police and Revenue Support Grant

- Council Tax Support Grant
- Council Tax Freeze Grants for 2011/12 and 2013/14
- Victims Support Grants from the Ministry of Justice

The draft settlement received on 13<sup>th</sup> December 2018 and confirmed on the 24<sup>th</sup> January 2019 includes an increase in central Government grants in 2019/20.

Nationally the 2019-20 settlement provides more funding than had been previously expected. There is £970m additional funding for the service assuming PCCs increase the precept to the maximum. This includes:

- £161m additional formula funding,
- £153m of pension grant,
- £59m additional funding for Counter Terrorism,
- £90m additional funding to tackle Serious and Organised Crime and
- £509m as a result of additional council tax flexibilities with the precept flexibility being set at £24.

The settlement, including council tax and pension grant, represents an average cash increase (total funding) of 7.1% between 2018-19 and 2019-20.

Nationally Core Funding, which is defined as the sum of Police Grant, Rule 1, the Welsh Grants and Ex-CLG funding, has increased by 2.1% in cash terms between the 2018-19 and 2019-20 settlement. This is equivalent to an additional £146m.

The letter to the Home Affairs Select Committee (HASC) outlines the Policing Minister's 4 priority areas to "drive efficiency, productivity and effectiveness next year". These include:

1. Continued efficiency savings in 2019-20 through collective procurement and shared services. There will be an expectation that every force contributes substantially to procurement savings and the Home Office will be working with the police to agree the "right force level objectives for 2019-20 and 2020-21".
2. Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
3. Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019-20.
4. Maintain a SOC response that spans identification and management of local threats as well as support for national priorities.

A fuller breakdown of the financial settlement for Warwickshire from the Government is contained in Appendix A.

1. The Commissioner plans to increase Council tax in 2019/20 by £24 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 2019/20 compared to 2018/19 by £6.0m. The MTFP includes future year council tax projected increases at 2.99% thereafter. However, future year increases will be subject to the annual budget and precept setting exercise based on the most recent information that is available, and increases beyond 2019/20 are indicative only at this stage.

2. Savings of £1.394m in the Warwickshire budget in 2019/20 are already identified. It is now expected there will be a further savings requirement over the period to the end of 2021/22 of £4.000m for Warwickshire.
3. The Commissioner's reserves are expected to be £18.134m at the start of 2019/20. The Commissioner plans to use £7.097m 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 2018/19 and 2019/20 and incorporates the apportionment of costs between the two areas. Appendix B outlines a summary of the gross expenditure

### Analysis of movement from 2018/19 to 2019/20

	£'m
<b>2018/19 Budgeted net expenditure</b>	<b>98.203</b>
<b>Pay &amp; Price Inflation, increments and adjustments:</b>	
Officer Pay	0.782
Staff Pay	0.665
Non Pay	0.131
<b>Total</b>	<b><u>1.578</u></b>
<b>Pay Turnover</b>	
Officer Turnover	(2.207)
PCSO Turnover	(0.092)
<b>Total</b>	<b><u>(2.299)</u></b>
<b>Budget Pressures</b>	
Police Officer Pension Rate Increase (6.8%)	2.173
Regional Organised Crime Unit (ROCU)	0.217
Minimum Revenue Provision (Debt Repayment)	0.145
Staff Pension Lump Sum Deficit	0.265
Software Purchase	0.104
Loan Interest (PWLB)	0.066
DCD Telecoms & Desk Top Rollout	0.034
Partnership Initiatives	0.100
PPL Rates Revaluation and Security	0.078
Reduction in Sales of Vehicles	0.010
NABIS Contribution	0.019
Insurance Premiums	0.026
Vetting Checks and Fees	0.044
Witness Protection Costs	0.016
Transformation Investment (redundancy and helpdesk)i	0.772
Staff Pay (including OCC)	0.732
ICT Infrastructure	0.676
Police Officer Pay	0.974
OCC Prog Extension and decommissioning	0.538
KCOM	0.473
Minor changes	0.027

	<b>Total</b>	<u><u>7.489</u></u>
<b>Reversal of Temp Growth</b>		
Staff Pay		(0.152)
ICT – Income funding temp. posts		0.052
	<b>Total</b>	<u><u>(0.100)</u></u>
		<b>(1.626)</b>
<b>Disaggregation of Local Policing</b>		
<b>Business Plan and Business Case Growth</b>		
Additional 85 extra Police Officers		2.663
Additional 5 PCSO's and 10 PSI's		0.580
MFDs		0.066
Taser Replacement Programme		0.057
ANPR		0.053
Staff Pay (Including Professional Standards Department)		0.300
Body Worn Video		0.025
ESN DNSP		0.018
Radio Equipment Purchase		0.003
	<b>Total</b>	<u><u>3.765</u></u>
<b>Savings and Budget Reductions</b>		
Contracts		(0.061)
2019/20 Transformation Programme		(1.098)
Enabling Services 2018/19 Programme		(0.374)
Policing Model 2018/19 Programme		(0.655)
Staff Pay		(0.175)
Apprenticeship Levy Income		(0.155)
Officer Pay		(0.070)
Vetting Income		(0.106)
Photocopying Charges		(0.055)
Solicitor Statement Charges		(0.033)
PCSO Pay		(0.148)
Additional Net Savings (incl. Crime Management, DBS, Coroners Officers, Switchboard, Telephone Investigators)		(0.491)
	<b>Total</b>	<u><u>(3.421)</u></u>
		<u><u>(0.870)</u></u>
		<u><u><b>Police Pensions Grant</b></u></u>
	<b>Closing Budget</b>	<u><u><u>102.719</u></u></u>

## 6. The Medium Term Financial Plan

The MTFP was agreed in February 2018 and has been updated and refreshed during the year.

The key assumptions at February 2019 are as follows:

## Funding

- The precept will increase by £24 (on a band D equivalent) in 2019/20, and 2.99% thereafter.
- Council Tax base will grow by an average of 2% per annum, and a separate prudent estimate is included specifically for total collection fund surpluses.
- General revenue grants will be increased in 2019/20 and then maintained at these levels in future years.
- 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.
- Price increases are contained at contractual commitments.

The MTFP is as follows:

	2019/20 £m	2020/21 £m	2021/22 £m
<b>Expenditure - Summary</b>			
Base budget before savings	98.203	102.719	103.705
Pay and price increases/turnover	0.529	3.169	3.236
Police Officer Pensions	2.172	0.000	0.000
Disaggregation of Local Policing	(1.626)	0.000	0.000
Additional Police Officers, PCSO's & PSI's	3.243	0.600	0.100
ICT and capital	2.262	(0.057)	0.198
Police Pensions Grant	(0.870)	0.000	0.000
Business Plan and Case Growth	0.300	0.100	0.200
Temporary Growth Removed	(0.100)	(0.052)	0.000
Net Savings	(1.394)	(2.774)	(1.226)
<b>Projected net expenditure after savings</b>	<b>102.719</b>	<b>103.705</b>	<b>106.213</b>
<b>Funded by:</b>			
Formula Grant and RSG	48.786	48.786	48.786
Council Tax Support Grant	3.910	3.910	3.910
Council Tax	47.278	49.664	52.172
Council Tax Collection Fund Surplus	0.217	0.100	0.100
Council Tax Freeze Grant (2013/14)	0.368	0.368	0.368
Council Tax Freeze grant (2011/12)	0.877	0.877	0.877
<b>Total funding</b>	<b>101.435</b>	<b>103.705</b>	<b>106.213</b>
<b>Total Budget Gap</b>	<b>1.284</b>	<b>0.000</b>	<b>0.000</b>

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 2019/20 and following years:

	2019/20 £m	2020/21 £m	2021/22 £m
<b>Total Budget gap funded from reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Investment in Infrastructure	1.284	0.000	0.000
<b>Total</b>	<b>1.284</b>	<b>0.000</b>	<b>0.000</b>
<b>Other developments funded from reserves (not included in the budget above):</b>			
Transformation Reserve	0.500	0.227	0.135
Redundancy costs	0.400	0.000	0.000
Safer Roads Reserve	0.250	0.000	0.000
Legal and Insurance Claims	0.300	0.000	0.000
Income Risk	0.500	0.000	0.000
PCC Grants and Initiatives	0.200	0.000	0.000
Investment in Infrastructure	1.300	1.000	1.000
<b>Total</b>	<b>3.450</b>	<b>1.227</b>	<b>1.135</b>
<b>Total projected use of reserves</b>	<b>4.734</b>	<b>1.227</b>	<b>1.135</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 2019</b>	<b>18.134</b>
Amount required to support the budget over the life of the Medium Term Financial Plan	(0.000)
Funds to transform policing and meet associated costs	(0.862)
Provisions to meet known risks and commitments	(1.650)
Investment in infrastructure	(4.584)
<b>Reserves remaining at the end of the MTFP period.</b>	<b><u>11.038</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 13<sup>th</sup> December, and confirmed on the 24<sup>th</sup> January 2019 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:

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
<b>General Reserves</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>
<b>Earmarked Reserves</b>				
Budget Reserve	1.097	1.097	1.097	1.097
PCC Grants and Initiatives	0.200	0.000	0.000	0.000
Transformation reserve	0.945	0.445	0.218	0.083
Investment in Infrastructure	8.294	5.710	4.710	3.710
Safer Roads Partnership	1.398	1.148	1.148	1.148
Redundancy Reserve	0.400	0.000	0.000	0.000
Insurance and Legal Claims	0.300	0.000	0.000	0.000
Income	0.500	0.000	0.000	0.000
<b>Total Earmarked Reserves</b>	<b>13.134</b>	<b>8.400</b>	<b>7.173</b>	<b>6.038</b>
<b>Total Reserves</b>	<b>18.134</b>	<b>13.400</b>	<b>12.173</b>	<b>11.038</b>

## 8. The Capital Budget

The Capital Programme for 2019/20 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 £27.4m over the next three 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>2019/20 (Including slippage from 2018/19 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
Estate Strategy	6.9	0.6	0.6	8.1
ICT replacement & strategy programmes	5.3	3.2	3.1	11.6
Vehicle Replacement	0.8	0.8	1.3	2.9
Affordability Envelope	0.0	2.2	2.2	4.4
Plant & Equipment	0.4	0.0	0.0	0.4
<b>Totals</b>	<b>13.4</b>	<b>6.8</b>	<b>7.2</b>	<b>27.4</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>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
Capital Receipts	1.3	5.4	2.0	8.7
Capital Grants	0.4	0.4	0.4	1.2
From infrastructure reserve	0.0	1.0	1.0	2.0
Borrowing	11.7	0.0	3.8	15.5
<b>Totals</b>	<b>13.4</b>	<b>6.8</b>	<b>7.2</b>	<b>27.4</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	<p>Warwickshire Police (WP) makes full and appropriate provision for pay and price rises.</p> <p>An informed assessment is made of interest rate movements.</p> <p>All individual expenditure and income heads in the revenue budget are prepared and published at estimated outturn prices</p>
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 £5.364m of cash savings which will be removed from the budget over the next three years. (2019/20 to 2021/22). This is over and above the cash savings that</p>

	<p>have been removed from the base budget in the last seven years (i.e. 2011/12 to 2018/19). 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> <p>Finally general balances are used as a last resort to manage and fund demand-led pressures.</p>
<p>The treatment of planned efficiency savings and productivity gains</p>	<p>The force has consistently achieved its annual efficiency target. Savings elsewhere in the revenue budget have been identified to cover any shortfall.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments</p>	<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 are risks associated with West Mercia's decision to end the existing alliance with Warwickshire Police. West Mercia as the party giving notice is legally bound to meet the reasonable</p>

	<p>costs of implementing the exit strategy, although Warwickshire is legally bound to minimise these costs. It should be noted that the existing cost sharing arrangement excludes premises. There is already significant investment planned in both a Transformation Programme and in improvements to the ICT infrastructure. These projects will be reconfigured if necessary and may offset some costs. Warwickshire Police are currently considering several options for the future. These include operating as a standalone independent entity, further collaboration with West Mercia, collaboration with neighbouring police forces, joint working with local partners and/or a combination of the above.</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>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<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>
<p>The general financial climate to which the authority is subject.</p>	<p>In December 2018, the Minister for Policing and the Fire Service announced that the police grants would be increased in 2019/20 to reflect the increased costs of police officer pensions. He also stated that the PCC's could increase the council tax</p>

	<p>(band D equivalent) by up to £24 per year in 2019/20.</p> <p>General inflation in the U.K. has started to increase. CPI is currently at 2.3% and RPI 3.2% (November 2018).</p> <p>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 Autumn 2017, raising it from 0.25% to 0.5%. It has risen further and now stands at 0.75%. The Governor of the Bank of England has indicated that any future increases will be minimal and gradual.</p> <p>The 4 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.

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. 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 £2.2m in 2018/19 to £1.2m.

- c. Any unforeseen costs in establishing new arrangements for policing and support services in Warwickshire following the end of the Strategic alliance. It is noted that the reasonable costs of implementing the exit strategy for the strategic alliance are legally required to be borne by West Mercia Police. There may be additional costs in negotiating and implementing revised collaborative arrangements at a future date. Costs may be incurred in reconfiguring the ICT infrastructure and in reviewing and changing both policing and support services. Currently these costs cannot be accurately quantified though detailed work is underway to redesign the ICT Infrastructure and reorganise policing and support services. Provision of c£12m has been made in the Medium Term Financial Plan for the modernisation of the ICT infrastructure and funding has been provided for the Transformation Team and the non-recurring costs of review of Services to Policing (this is not linked to the termination of the alliance). There may be some additional legal and contractual costs. An indicative provision of £1m may be prudent within General Reserve.
- d. 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.
- 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. 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.
- 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. As already stated, the Home Office has deferred a further review of the Police Funding Formula. This will now take place during 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 2019/20.

- i. The Government has delayed its plans for the replacement of the Airwaves network (referred to as ESN/ESCMP). 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.
- j. 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 2019 £m</b>	<b>Movement In Year £m</b>	<b>Forecast Balance at 31<sup>st</sup> March 2020 £m</b>	<b>Purpose of Reserve</b>
Budget Reserve	1.097	0.000	1.097	To support the revenue budget whilst implementing the

				Transformation Programme
Transformation Reserve	0.945	0.500	0.445	To meet the costs of the Transformation Team
Investment in Infrastructure	8.294	2.585	5.709	To fund schemes within the capital programme and reduce the need for borrowing thereby minimising financing costs in future years
Safer Roads Partnership Reserve	1.398	0.250	1.148	Funds held on behalf of the partners to fund road safety initiatives
Redundancy Reserve	0.400	0.400	0.000	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
PCC Grants and Initiatives	0.200	0.200	0.000	To fund schemes and initiatives with parties and voluntary organisations
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>13.134</b>	<b>4.735</b>	<b>8.399</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 2018 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 2018 was £0.0m.

## **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, including the end of the existing Strategic Alliance with West Mercia Police and the establishment of new policing and support service arrangements in Warwickshire. 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.

The risks associated with this budget have increased significantly. The Warwickshire Force is facing the challenge of dealing effectively with the demands placed by both an increase in crime and changes in the nature of crime. With the end of the Strategic alliance, the Warwickshire Force is facing the significant challenge of creating new arrangements to police Warwickshire. As mentioned above it is considering several options. All carry risks, not all of which are known as yet. This creates much greater uncertainty and risks in setting a budget for 2019/20. At the same time, Warwickshire has an ambitious programme to reconfigure its operational estates and modernise its ICT infrastructure. The Force will require robust project and programme management arrangements if it is to successfully achieve its aims within the resources available. However the Police and Crime Commissioner holds substantial reserves and has increased the recurring revenue funds available (with an £24 increase in Council Tax.). This combined with the strong financial management arrangements in place, recent investment and improvements in programme and project management and planned changes to corporate governance should give the Force the ability to implement this programme successfully. The Police and Crime Commissioner will hold the Chief Constable to account during this time.

## Appendix A

### Summary of Warwickshire Grant Settlement

The provisional Police Funding Settlement from the Home Office was received on the 13<sup>th</sup> December. The details are shown below. A final settlement will be confirmed in January 2019.

<b>2018/19</b>	<b>Funding Stream</b>	<b>Draft 2019/20</b>	<b>Change</b>
<b>£ m</b>		<b>£ m</b>	<b>%</b>
30.602	Police Grant (including Community Support Grant)	31.267	2.18
17.181	Revenue Support Grant	17.519	1.97
5.154	Legacy Council Tax Grants (freeze grants and plus council tax support grant)	5.154	0.0
<b>52.937</b>	<b>Total</b>	<b>53.940</b>	<b>1.90</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 2019/20 has been received and totals £0.652m. This is a small increase compared to 2018/19 of £0.005m.

Appendix B(i)

Warwickshire Police and Crime Commissioner  
Subjective analysis of income & expenditure

	2018/19 Budget £m	2019/20 Budget £m	Variance £m
Government Grant (Core Funding)	52.937	53.940	1.003
Council Tax Precept	41.494	47.495	6.001
<b>Total Funding / Net Budget Requirement</b>	<b>94.431</b>	<b>101.435</b>	<b>7.004</b>
Police Officers Pay	48.951	51.142	2.191
Police Officer overtime	1.247	1.246	(0.001)
Police Staff + PCSO Pay	27.453	29.363	1.910
Police Staff overtime	0.298	0.294	(0.004)
Agency Staff	0.078	0.020	(0.058)
Injury & Ill Health Pensions	1.215	1.301	0.086
Other Employee Expenses	0.436	0.460	0.024
Premises	3.138	3.127	(0.011)
Transport	2.124	2.164	0.040
Supplies and Services	10.103	11.569	1.466
Third Party Payments	8.411	8.601	0.190
Capital Financing	1.471	1.678	0.207
<b>Gross Expenditure</b>	<b>104.925</b>	<b>110.965</b>	<b>6.040</b>
<b>Income</b>	<b>(6.722)</b>	<b>(8.246)</b>	<b>(1.524)</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>98.203</b>	<b>102.719</b>	<b>4.516</b>
<b>Budget Contribution to/(from) Reserves</b>	<b>(3.772)</b>	<b>(1.284)</b>	<b>2.488</b>

## Appendix B (ii)

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

	2018-19	2019-20	Variance	Variance
	£'m	£'m	£'m	%
<b>Central Services</b>				
Change Programme	1.341	3.592	2.251	167.86
Chief Officers	0.566	0.656	0.090	15.90
Information Management System	0.223	0.251	0.028	12.56
Analysis & Service Improvement	0.016	0.831	0.815	5093.75
<b>Total Chief Officers</b>	<b>2.146</b>	<b>5.330</b>	<b>3.184</b>	<b>148.37</b>
<b>Enabling Services</b>				
Business Support Services	1.426	1.334	(0.092)	(6.45)
Corporate Communications	0.320	0.345	0.025	7.81
Estates Services	3.716	3.697	(0.019)	(0.51)
ICT Services	6.917	7.062	0.145	2.10
Legal Services	0.451	0.453	0.002	0.44
People Services	2.919	3.058	0.139	4.76
Transport Services	1.274	1.377	0.103	8.08
<b>Total Enabling Services</b>	<b>17.023</b>	<b>17.326</b>	<b>0.303</b>	<b>1.78</b>
<b>Finance</b>				
Accounting & Financial Services	0.356	0.389	0.033	9.27
Management Accounting & Business	0.359	0.331	(0.028)	256.55
Contracts & Procurement	0.752	0.698	(0.054)	(7.18)
Corporate Finance *	0.840	2.995	2.155	(7.80)
<b>Total Finance</b>	<b>2.307</b>	<b>4.413</b>	<b>2.106</b>	<b>91.29</b>
<b>Local Policing</b>				
Criminal Justice & Custody	4.007	4.347	0.340	8.49
Harm Reduction	0.717	0.465	(0.252)	(35.15)
Operational Support	0.662	0.049	(0.613)	(92.60)
Professional Standards	0.452	0.464	0.012	2.65
Operational Communications Centre	3.894	4.547	0.653	16.77
Local Policing Area Costs	45.597	0.000	(45.597)	(100.00)
Local Policing – North Warwickshire	0.000	2.165	2.165	100.00
Local Policing – South Warwickshire	0.000	1.928	1.928	100.00
Public Contact Functions	0.000	2.787	2.787	100.00
TP Head of Territorial Policing	0.000	2.664	2.664	100.00
Warwickshire Local Investigations	0.000	13.355	13.355	100.00
Warwickshire Local Policing	0.000	26.235	26.235	100.00
<b>Total Local Policing</b>	<b>55.329</b>	<b>59.006</b>	<b>3.677</b>	<b>6.65</b>

Appendix B (ii) - continued

	2018-19 £'m	2019-20 £'m	Variance £'m	Variance %
<b>Police and Crime Commissioner</b>	<b>2.665</b>	<b>2.665</b>	<b>0.000</b>	<b>0.00</b>
<b>Protective Services</b>				
Head of Protective Services	0.459	0.303	(0.156)	(33.99)
Forensic Services	2.310	2.296	(0.014)	(0.61)
Intelligence Department	2.879	4.212	1.333	46.30
Crime Management	1.137	0.000	(1.137)	(100.00)
Major Investigations	1.500	1.480	(0.020)	(1.33)
National Armed Policing	0.017	0.000	(0.017)	(100.0)
OCON	0.000	0.450	0.450	100.0
Operations	8.264	2.805	(5.459)	(66.06)
Protecting Vulnerable People	0.579	0.613	0.034	5.87
Regional Organised Crime Unit	1.588	1.820	0.232	14.61
<b>Total Protective Services</b>	<b>18.733</b>	<b>13.979</b>	<b>(3.617)</b>	<b>(19.31)</b>
<b>Grand Total</b>	<b>98.203</b>	<b>102.719</b>	<b>5.663</b>	<b>5.76</b>

Note \* The additional grant for Police Officer Pensions is included in Corporate Finance

## Warwickshire Capital Programme

No.	Capital Project Description	2018/19-2022/23 Proposed Project Budget	2018-19 Forecast @ Qtr 2	2019-20 Proposed Project Budget (incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
		£000	£000	£000	£000	£000	£000
	<b>ESTATES WARWICKSHIRE:</b>						
2	Operation Command Control Centre - Stuart Ross House, Warwick	495.0	145.0	350.0	-	-	-
15a	Operational Policing Unit (EAST) - Warwickshire	4,000.0	-	4,000.0	-	-	-
	Relocation of SNT/Patrol - Rugby, wickshire	1,000.0	-	-	500.0	500.0	-
15d	Stratford Police Station redevelopment	2,500.0	50.0	2,450.0	-	-	-
7	Investment in Estates Infrastructure - Warwickshire - 2017-18	100.0	100.0	-	-	-	-
14	Investment in Estates Infrastructure 2018-19 onwards (31%)	387.0	0.0	155.0	77.0	78.0	77.0
	<b>TOTAL - ESTATES WARKWICKSHIRE:</b>	<b>8,482.0</b>	<b>295.0</b>	<b>6,955.0</b>	<b>577.0</b>	<b>578.0</b>	<b>77.0</b>
	<b>ICT</b>						
	<b>ICT PROGRAMME OF CHANGE:</b>						
	<b>POC IN PIPELINE:</b>						
	ICT Investment required over period of MTFP (ROM):	20,250.0	-	8,250.0	6,000.0	4,000.0	2,000.0
	<b>TOTAL - POC IN PIPELINE:</b>	<b>20,250.0</b>	<b>-</b>	<b>8,250.0</b>	<b>6,000.0</b>	<b>4,000.0</b>	<b>2,000.0</b>
	<b>POC IN FLIGHT:</b>						
18	<b>Operation Command Control Centres - ICT Infrastructure &amp; Systems:</b>	<b>3,544.0</b>	<b>830.0</b>	<b>2,714.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
18	OCC Hindlip - ICT Infrastructure, including Joint Operations Centre fit-out	89.0	89.0	-	-	-	-
18	OCC Operations Enabling Technologies (OET) - SAAB plus supporting hardware etc. Including £373k from Mobile Working budget, plus £175k from Desktop Replacement budget, plus £95k from Design Enterprise Team budget	3,410.0	696.0	2,714.0	-	-	-
18	Warwickshire OCC Project - Stuart Ross House ICT fit-out	45.0	45.0	-	-	-	-

No.	Capital Project Description	2018/19-2022/23 Proposed Project Budget	2018-19 Forecast @ Qtr 2	2019-20 Proposed Project Budget (incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
		£000	£000	£000	£000	£000	£000
19	ANPR Project - expansion of fixed camera sites & back office	718.0	687.0	31.0	-	-	-
19	ANPR Cameras in cars (In-Vehicle Technology [in-car media])	84.0	84.0	-	-	-	-
	Regional Motorway ANPR Cameras	146.0	146.0	-	-	-	-
20	Desktop Telephony / Full Uni Comms (ICT Telephony)	924.0	664.0	260.0	-	-	-
21	Athena (all projects combined)	58.0	58.0	-	-	-	-
	Athena 2	194.0	194.0	-	-	-	-
22	Data Network Replacement - "Red Flag Project" - (Virgin Business)	63.0	63.0	-	-	-	-
23	Body Worn Video	3.0	3.0	-	-	-	-
25	Telematics - vehicle deployment and monitoring software	108.0	108.0	-	-	-	-
46	Emergency Services Network - (Airwave Radio Replacement)	5,899.0	-	2,000.0	2,000.0	1,899.0	-
56	BOXI - Business Object version XI replacement	305.0	305.0	-	-	-	-
63	FORENSIC SYSTEM - SOCRATES	7.0	7.0	-	-	-	-
	<b>TOTAL - POC IN FLIGHT:</b>	<b>12,053.0</b>	<b>3,149.0</b>	<b>5,005.0</b>	<b>2,000.0</b>	<b>1,899.0</b>	<b>-</b>
	<b>POC COMPLETED:</b>						
29	Corporate Gazetter	1.0	1.0	-	-	-	-
51	Hardware - <i>Mobile Working Project</i> (less £373k used for OET above)	3,000.0	-	-	-	3,000.0	-
57	Origin upgrades & enhancements	55.0	55.0	-	-	-	-
	<b>TOTAL - POC COMPLETED:</b>	<b>3,056.0</b>	<b>56.0</b>	<b>-</b>	<b>-</b>	<b>3,000.0</b>	<b>-</b>
	<b>TOTAL - ICT PROGRAMME OF CHANGE:</b>	<b>35,359.0</b>	<b>3,205.0</b>	<b>13,255.0</b>	<b>8,000.0</b>	<b>8,899.0</b>	<b>2,000.0</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	-	600.0	-	-	-

No.	Capital Project Description	2018/19-2022/23 Proposed Project Budget	2018-19 Forecast @ Qtr 2	2019-20 Proposed Project Budget (incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
		£000	£000	£000	£000	£000	£000
39	Consolidation of small systems	50.0	50.0	-	-	-	-
41	Confidential Network Environment (CNE) resilience (multi-site)	200.0	-	200.0	-	-	-
	Vetting Project Defford	66.0	66.0	-	-	-	-
45	FIREARMS LICENSING UNIT	-	-	-	-	-	-
	<b>TOTAL - POW IN PIPELINE:</b>	<b>1,416.0</b>	<b>116.0</b>	<b>1,300.0</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>POW IN FLIGHT:</b>							
47	Hardware - Desktop Equipment PCs/Laptops/Winterms (replacement) - less £175k in 2017/18 used for OET above	2,244.0	144.0	200.0	1,500.0	200.0	200.0
48	Hardware - HTCUI replacement (desktops & servers)	350.0	-	200.0	150.0	-	-
50	Hardware - Multimedia Project (Higher-spec PCs and servers)	29.0	29.0	-	-	-	-
	<b>DIGITAL COMMUNICATIONS DEPLOYMENT (D.C.D.)</b>	<b>529.0</b>	<b>529.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>K.COM TRANSITION PROJECT</b>	<b>1,900.0</b>	<b>1,050.0</b>	<b>850.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
52	Hardware - Printers/Scanners	70.0	30.0	10.0	10.0	10.0	10.0
53	Hardware - Servers (include PSN)	931.0	131.0	200.0	200.0	200.0	200.0
54	Network - upgrades	203.0	3.0	50.0	50.0	50.0	50.0
58	Storage Area Network (SAN) / Backup Infrastructure	900.0	100.0	200.0	200.0	200.0	200.0
59	Software Upgrades	1,121.0	121.0	250.0	250.0	250.0	250.0
64	WORKSPACE MODERNISATION PROGRAM	88.0	88.0	-	-	-	-
	<b>TOTAL - POW IN FLIGHT:</b>	<b>8,365.0</b>	<b>2,225.0</b>	<b>1,960.0</b>	<b>2,360.0</b>	<b>910.0</b>	<b>910.0</b>

	<b>TOTAL - ICT PROGRAMME OF WORK:</b>	<b>9,781.0</b>	<b>2,341.0</b>	<b>3,260.0</b>	<b>2,360.0</b>	<b>910.0</b>	<b>910.0</b>
	<b>TOTAL - ICT PROGRAMMES OF CHANGE AND WORK:</b>	<b>45,140.0</b>	<b>5,546.0</b>	<b>16,515.0</b>	<b>10,360.0</b>	<b>9,809.0</b>	<b>2,910.0</b>
	<b>Warwickshire Proportion of ICT - 31%:</b>	<b>13,993.4</b>	<b>1,719.3</b>	<b>5,119.7</b>	<b>3,211.6</b>	<b>3,040.8</b>	<b>902.1</b>

<b>VEHICLE REPLACEMENT:</b>							
65	WARWICKSHIRE - Vehicle Replacement Programme	4,591.0	981.0	760.0	770.0	1,320.0	760.0
	<b>TOTAL VEHICLE REPLACEMENT</b>	<b>4,591.0</b>	<b>981.0</b>	<b>760.0</b>	<b>770.0</b>	<b>1,320.0</b>	<b>760.0</b>

No.	Capital Project Description	2018/19-2022/23 Proposed Project Budget	2018-19 Forecast @ Qtr 2	2019-20 Proposed Project Budget (incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
		£000	£000	£000	£000	£000	£000
	<b>AFFORDABILITY FUNDING ENVELOPE:</b>						
	Warwickshire Funding envelope for potential capital spend resulting from the review of the Police estate (including "One Town" Reviews):	6,681.0	-	-	2,227.0	2,227.0	2,227.0
	<b>PLANT &amp; EQUIPMENT PROGRAMME:</b>						
	Body Armour replacement (31%)	399.6	-	399.6	-	-	-
	<b>TOTAL PLANT &amp; EQUIPMENT PROGRAMME</b>	<b>399.6</b>	<b>-</b>	<b>399.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>NEW BUSINESS PLANS CAPITAL APPROVED MAR-APR'17</b>						
	METHODS OF ENTRY RIG & WORKING AT HEIGHTS	21.0	21.0	-	-	-	-
	TASERS	75.0	75.0	-	-	-	-
	FIREARMS PROTECTION EQUIPMENT	52.0	52.0	-	-	-	-
	TARGET TURNERS - FIREARMS SCHOOL	51.0	51.0	-	-	-	-
	DOG CAMERAS & EQUIPMENT	4.0	4.0	-	-	-	-
	<b>TOTAL - NEW BUSINESS PLANS CAPITAL APPROVED MAR-APR'17</b>	<b>203.0</b>	<b>203.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Warwickshire Proportion of Business Plans - 31%:</b>	<b>62.9</b>	<b>62.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Capital Budget</b>	<b>34,209.9</b>	<b>3,058.2</b>	<b>13,234.2</b>	<b>6,785.6</b>	<b>7,165.8</b>	<b>3,966.1</b>
	<b>MEMO: Other Projects with costs completing in 2018-2019</b>						
24	Digital Forensics Distribution Model	454.0	20.0	434.0	-	-	-
		454.0	20.0	434.0	-	-	-
	<b>Warwickshire Proportion of ICT - 31%:</b>	<b>140.7</b>	<b>6.2</b>	<b>134.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>SAFER ROADS REPLACEMENT CAMERAS AND EQUIPMENT (WARKS)</b>						
	Safety Camera and Section 27 expenditure:	13.0	13.0	-	-	-	-
	<b>Total Other Projects:</b>	<b>153.7</b>	<b>19.2</b>	<b>134.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL CAPITAL SPEND &amp; PLANS 2018-19 to 2022-23:</b>	<b>34,363.7</b>	<b>3,077.4</b>	<b>13,368.8</b>	<b>6,785.6</b>	<b>7,165.8</b>	<b>3,966.1</b>



**APPENDIX D**

**PRUDENTIAL INDICATORS**

<b>1. AFFORDABILITY PRUDENTIAL INDICATORS</b>	<b>2018/19 Estimate</b>	<b>2018/19 Forecast Outturn</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	7,912	3,078	13,369	6,786	7,166
	%	%	%	%	%
<b>Ratio of financing costs to net revenue stream</b>	1.62	1.67	1.63	2.49	2.38
	<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	2,987	2,518	11,644	0	2,902
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In year Capital Financing Requirement</b>	2,126	1,612	10,687	(1,647)	1,255
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Financing Requirement 31 March</b>	28,993	26,626	37,313	35,366	36,621
	£	£	£	£	£
<b>Affordable Borrowing Limit</b>					
<b>Increase per council tax payer</b>	£0.59	£0.67	£0.31	£2.20	(£0.12)
<b>2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>2018/19 Estimate</b>	<b>2018/19 Forecast Outturn</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised limit for external debt</b>					
- Borrowing	40,000	40,000	45,000	45,000	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	30,000	35,000	35,000	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%