

AGENDA

Meeting: WILTSHIRE POLICE AND CRIME PANEL
Place: Alamein Suite - City Hall, Malthouse Lane, Salisbury, SP2 7TU
Date: Thursday 17 January 2019
Time: 10.00 am

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Membership:

CLlr Junab Ali - Swindon Borough Council
CLlr Abdul Amin - Swindon Borough Council
Maime Beasant – Co-opted Independent member
CLlr Alan Bishop - Swindon Borough Council
CLlr Richard Britton - Wiltshire Council
CLlr Ross Henning - Wiltshire Council
CLlr Peter Hutton - Wiltshire Council
CLlr Brian Mathew - Wiltshire Council
Anna Richardson – Co-opted Independent member
CLlr Tom Rounds – Wiltshire Council
CLlr Jonathon Seed – Wiltshire Council
CLlr John Smale - Wiltshire Council
CLlr Caryl Sydney-Smith – Swindon Borough Council

Substitutes:

CLlr Peter Evans
CLlr Sue Evans
CLlr Tony Trotman
CLlr Sarah Gibson
CLlr Ruth Hopkinson
CLlr Gordon King

Cllr Jim Lynch

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AGENDA

Part I

Items to be considered when the meeting is open to the public

1 **Apologies for Absence**

2 **Declarations of interest**

To receive any declarations of disclosable interests or dispensations granted by the Standards Committee.

3 **Chairman's Announcements**

4 **Public Participation**

The Panel welcomes contributions from members of the public.

Statements

If you wish to make a statement at this meeting on any item on this agenda, please register to do so at least 10 minutes prior to the meeting. Speakers are permitted to speak for up to 3 minutes on any agenda item. Please contact the officer named on the first page of the agenda for any further clarification.

Questions

Members of the public are able to ask questions in relation to the responsibilities and functions of the Panel at each meeting. Those wishing to ask questions are required to give notice of any such questions in writing to the Head of Democratic Services at Wiltshire Council no later than **5.00 pm** on Friday 11 January 2019. Please contact the officer named on the first page of the agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

5 **PCC Budget 2019/20 and MTFS**

Clive Barker to present the PCC's Draft Budget Settlement for 2019/20, including the Medium Term Financial Strategy

To include initial statement on proposals for the policing element of the Council

Tax precept for 2019-20

6 **Review of Performance Monitoring Process**

Verbal update

7 **Equality and Diversity**

Report if available and/or verbal update

8 **Member Questions**

9 **Forward Work Plan**

To note the forward work plan.

10 **Future meeting dates**

To note the future meeting dates below:

- Thursday 7 February 2019 – Monkton Park, Chippenham
- Thursday 28 March 2019 – Corn Exchange, Devizes
- Thursday 6 June 2019 – County Hall, Trowbridge
- Thursday 5 September 2019 – City Hall, Salisbury
- Thursday 19 December 2019 - Swindon Borough Council Offices

Part II

Item(s) during whose consideration it is recommended that the public should be excluded because of the likelihood that exempt information would be disclosed

None



POLICE AND CRIME PANEL
17 January 2019

AGENDA ITEM NO:

DRAFT BUDGET SETTLEMENT

Purpose

1. This paper provides the Panel with information on the draft budget and precept being considered.

Background

2. In November 2018, the initial Medium Term Financial Strategy (MTFS) was produced and reviewed at my Monitoring Board. The MTFS looks at the estimated financial position of the PCC over the next 4 years and the impact this has on my ability to commission services. It acknowledges the fact that decisions I make today will impact my finances over the medium and long term.
3. On the 13 December 2018 the provisional settlement was received. This was different than originally forecast. It allows PCCs to increase their precept by up to £24 per Band D property and provides a 2.1% increase in the main central grants. The Government has listened to the concerns raised by me, by this Panel and by many other PCCs. With these changes a revised MTFS has been drafted and is included as an appendix to this report.

Council Tax Options

4. The MTFS shows various scenarios. I am currently considering a range of options surrounding the Band D council tax. This paper outlines the outside parameters:
 - Option A – To increase council tax by £24 per annum (13.2%)
 - Option B – To maintain council tax at the 2018-19 level
5. The table below shows the estimated funds I will have available under each option and those available to me in 2018-19;

	2018-19 Budget	2019-20 0% CTax Inc	2019-20 £24 p.a. CTax Inc
Standard Funding available to commission services (including investment income)	£110.159m	£112.034m	£118.287m
Swindon PFI Specific Grant	£2.067m	£2.067m	£2.067m
Police Officer Pensions Grant		£1.002m	£1.002m
Special Policing Specific Grant	£1.130m	£1.130m	£1.130m
Total	£113.356m	£116.233m	£122.486m

6. In addition to this I have central funding allocated to me to commission victims services and to support restorative justice. Provisional information suggests this will remain stable at £0.827m.
7. The new Police Officer Pensions Grant will help offset some of the cost increase which will be incurred with a higher contribution rate. The gross forecast cost of the change is £2.254m, so a grant of £1.002m will reduce the net cost to £1.252m. The net cost is included as a new cost pressure in the MTFs.
8. It can be seen that the financial settlement has given me the opportunity to significantly improve my financial position. With a £24 per annum increase the standard funding I would have is £8m more than with no increase.
9. My considerations surrounding the options on a council tax increase focus on protecting local policing and the long term funding position. To not increase council tax at this opportunity will have considerable impact on my future ability to commission policing and crime services. According to the HMICFRS Value for Money profiles, Wiltshire receives central funding of £87 per head of population under the current formula. This compares to a national average of £112 per head and a most similar forces average of £97 per head. Being the 4th lowest centrally funded PCC per head of population increases my reliance on council tax.
10. A £24 per annum increase in council tax will result in Wiltshire's Band D council tax increasing from £182.27 to £206.27, a 13% increase. The table below shows that even with no increases in the rest of the region, Wiltshire will still be lower than Gloucestershire and Dorset. Initial conversations across the region suggest that the majority will increase their precept by £24 per annum. So it is likely that even with a £24 increase we will remain the lowest in the region.

	2018-19 Band D CTax	Wiltshire £24 increase
Gloucestershire	£226.49	
Dorset	£206.58	
Avon & Somerset	£193.81	
Devon & Cornwall	£188.28	
Wiltshire	£182.27	£206.27

11. These considerations surrounding local funding levels cannot occur without taking into account the central funding position. Even with a 2.1% increase in central funding it will not cover the rising cost of policing (inflation and pensions increase). Over recent years the percentage of my funding received from central grants has reduced; this direction of travel is likely to continue.
12. In calculating the funding available, an increase in the council tax base has been included. The increase for Wiltshire Council is 1.81% and Swindon Borough Council 2.24%. The consolidated increase in the tax base is 1.93%. The funding available also includes the collection fund surplus; provisionally this has reduced (£0.781m in 2018-19, £0.550m in 2019-20).

Future Funding

13. In recent years there has been a debate surrounding the policing funding formula. Due to our low funding per head of population, it is reasonable to expect that a change will benefit Wiltshire. It was expected that the change would be implemented in 2017-18; however it was delayed. It was then announced that it would occur in 2018-19 but no progress has been made. Latest information suggests that 2021-22 will be the earliest that any change will be implemented.
14. The use of reserves is a high profile issue within the police service. Within the MTFS, I have revised my policy and set out clearly how I intend using them in the short to medium term. It is clearly identifiable that over half of my reserves (£9.475m) are earmarked for capital development. The capital plan (Appendix C) of the MTFS shows how I will use this one off reserve.
15. In delivering the settlement, the Home Secretary made clear that he expects the police to present ambitious plans to drive improved efficiency, productivity and effectiveness. These plans will influence the national spending review. I intend that Wiltshire will continue to improve its efficiency and effectiveness. With our agile approach and modernising agenda, I intend to deliver in line with the Minister's expectations. The use of the capital reserve for ICT and Estates investments is directly in line with this.

Impact on the Commissioning Budget

16. In 2019-20 I wish to invest more finances into proactive and preventative work with partners. With a £24 increase it is proposed to invest an additional £0.475m in commissioning. This is required to ensure that I deliver the 'and Crime' part of my role and support the Chief Constable to reduce demands on policing.

Impact on the Chief Constable's Budget

17. The MTFS reports the detail behind the cost pressures the Chief Constables budget is facing. These include inflation, spinal point increases, pensions, collaborations, etc.
18. Included within the plans are a number of growth areas. The most significant, which have staffing impacts, are shown in the table below;

	Officers	Staff	£m
Digital Intelligence Unit (Cyber)	4	2	£0.290m
CIET (Child Exploitation)	3		£0.139m
Data Quality/Crime Compliance		3	£0.093m
Information Management/GDPR		3	£0.100m
Roads Policing	9		£0.468m
Firearms Officers	15		£0.800m
Dog Training		1	£0.037m
CPT Co-ordinators	12		£0.624m
CPT Officers	3		£0.156m
Total Proposed Savings	46	9	£2.707m

19. It has been calculated that to afford this investment will require savings of £0.944m.

Savings Plans

20. The table below outlines the plan in the MTFs to deliver the required savings. This has been produced in association with the Chief Constable's Senior Leadership Team;

Estates	Reduced costs as Estate reduces	£0.100m
Custody	Reduction in Sgts and Detention Officers	£0.240m
Central Comm Centre	3 staff reduction	£0.090m
General Costs	1% reduction in inflation	£0.214m
Finance	1 staff reduction, Reg contribution saving	£0.049m
Fleet	In-housing electrical work	£0.028m
People Services	RMU structure revision	£0.035m
People Development	Cost review	£0.025m
Organisational Dev.	Reducing Systems Thinking Costs	£0.125m
Corporate Comms	Reduction in survey costs, etc.	£0.038m
Total		£0.944m

Reserves

21. Paragraph 14 reports my intention that earmarked reserves will reduce. The value of the general reserve has been considered and I am advised that £2.863m (2.5% of the revenue budget) is acceptable. A complete review of reserves has taken place with the outcome disclosed in Appendix D of the MTFs.

Conclusion

22. This paper shows the Panel my MTFs, reports the impact post the settlement on the 13 December 2018 and gives my current thinking surrounding the 2019-20 precept. I believe a £24 Band D increase per household per year is appropriate and I am now consulting the public on this.

Angus Macpherson

Police and Crime Commissioner



WILTSHIRE AND SWINDON

Medium Term Financial Strategy (MTFS) 2019-20 to 2022-23

Document Control	
Version 1	Nov 2018
Version 2	Jan 2019 internal circ
Version 3	Jan 2019 post internal circ

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Appendix D	PCC's Reserves and Provisions Policy (Dec 2019)

Executive Summary

1. The 4 year MTFS has again been produced in a climate of uncertainty. Progress on leaving the European Union is ongoing and hampers national financial planning however The Chancellor of the Exchequer has stated that austerity is coming to an end. What that means for policing is unclear. The Autumn 2019 Comprehensive Spending Review is expected to provide some clarity for medium term planning. In the absence of this clarity the MTFS focuses mainly on planning for 2019-20.
2. The funding of the Police has been brought into political focus by a number of PCC's. This MTFS is based on the provisional settlement which provides a grant increase of 2.1% and greater precept flexibility for the PCC (up to £24) in 2019-20. If this opportunity is taken up by the PCC it improves current and future finances.
3. Questions on the level of reserves held by PCC's remain. The Reserves policy shows funds reducing with the Capital Development Reserve falling in line with our capital plans.
4. The MTFS reports that by the end of 2019-20 central funding will have dropped in real terms by 34.5% since 2010-11.
5. During the next 4 years the Police and Crime Commissioner (PCC) will have to make difficult decisions on the level of precept (the police part of the council tax). Considering the Chief Constable's (CC) initial proposals the MTFS identifies the savings required to balance budgets under different scenarios. The estimated funds available to the PCC under the 4 scenarios are shown below;

	£24 Precept (C Tax) Increase in Yr 1, then 3%	£24 Precept (C Tax) Increase in Yr 1, then 1.9%	£12 Precept (C Tax) Increase in Yr 1, then 1.9%	0% Precept (C Tax) Increase in all Years
2019-20	£118.287m	£118.287m	£115.160m	£112.034m
2020-21	£120.592m	£119.992m	£117.323m	£112.608m
2021-22	£123.042m	£121.794m	£119.625m	£113.228m
2022-23	£125.635m	£123.688m	£122.062m	£113.885m

6. In 2019-20, with a £24 increase, the PCC would have £6.253m more to carry out his role when compared to a standstill council tax.
7. An increase of £24 would result in a Band D Council Tax of £206.27. Even if all other South West Forces agreed not to increase their council tax, which is unlikely, we would still be below Council Tax levels in Gloucestershire and Dorset.
8. Depending on the decision on the Council Tax, cash funding could grow by a maximum of 7.4%. With the need to fund last year's reserve funding and unavoidable increases such as pay/price inflation, police officer pensions and a growth in front line policing significant savings are required. As the largest part of the PCC's budget is used to finance the CC the MTFS assumes the CC will see the largest impact on budget.
9. With a £24 increase in the Council Tax the PCC would be able to increase his investment in commissioning work by £0.666m with the focus of this work being proactive and preventative.

10. The Chief Constable's expenditure plans have been estimated based on assumptions surrounding pay awards, inflation and limited growth. When compared to the different estimated income levels the following savings are required in each year to balance the budget;

	£24 Precept (C Tax) Increase in Yr 1, then 3%	£24 Precept (C Tax) Increase in Yr 1, then 1.9%	£12 Precept (C Tax) Increase in Yr 1, then 1.9%	0% Precept (C Tax) Increase in all Years
2019-20	£0.944m	£0.944m	£3.987m	£7.030m
2020-21	£1.191m	£1.772m	£1.268m	£2.746m
2021-22	£0.831m	£1.448m	£0.913m	£2.449m
2022-23	£0.338m	£0.990m	£0.422m	£2.021m
Total	£3.304m	£5.154m	£6.590m	£14.246m

11. The MTFS includes an updated Capital Plan. The plan shows funding is available until 2019-20 before borrowing is required. This is dependent on the outcome of the Estates strategy and the capital cost of the Emergency Services Mobile Communication Project (ESMCP).
12. The MTFS is based on assumptions which may or may not be realised but are currently considered as reasonable. Its purpose is to give to the PCC and the CC a financial framework to plan strategic direction over the next 4 years. As disclosed in the MTFS Wiltshire's funding per head of population is £151 the national average is £176. Wiltshire PCC is the 4th lowest centrally funded and 3rd lowest when considering all funding. This current low level of funding makes finding savings difficult especially when considering that £21m of savings has already been made in the previous 8 years,

Introduction

13. This is the four year MTFs. The MTFs first covers the funds available to the Police and Crime Commissioner (PCC) depending on different local funding scenarios.
14. It then considers how the Commissioner may use the finances available to him to fulfil his wide ranging remit.
15. Appendix B deals with the Chief Constable's budget allocation and the implications on his spending plans which occur depending on the local funding decision made by the PCC. The report then considers any shortfalls which may exist. The outcome provides both the PCC and the CC information which will assist them in decision making surrounding precept (council tax), police officer numbers, etc. in the short to medium term.

The Financial Environment

16. This version of the 4 year MTFs has been produced post the December 2018 provisional settlement, which proposes a 2.1% grant increase in 2019-20 (cash flat from 2020-21 onwards). It provides different scenarios considering that the PCC is able to increase Council Tax by up to £24 without a referendum. For Wiltshire a £24 increase is the equivalent of a 13.2% increase in local funding in 2019-20.

Central Public Finances

17. Since the austerity measures were introduced police funding has significantly reduced. The table below for Wiltshire identifies an estimated real term reduction of 34.5% over the last 9 years in central funding.

Year	Real Terms Reduction	Inflation	Cash Reduction
2011-12	3.9%	2.1%	1.8%
2012-13	8.8%	2.1%	6.7%
2013-14	2.7%	1.1%	1.6%
2014-15	5.7%	2.4%	3.3%
2015-16	5.9%	1.2%	4.7%
2016-17	2.0%	1.5%	0.5%
2017-18	2.4%	1.0%	1.4%
2018-19	3.0%	3.0%	0.0%
2019-20	0.1%	2.2%	-2.1%
Total	34.5%	16.6%	17.9%

Precept (Council Tax)

18. Between 2011-12 and 2013-14 there was no increase in the Police part of the Council Tax. In 2014-15 a 1.9% increase was agreed by the PCC. To encourage local tax raising bodies not to increase Council Tax the government have previously offered grants to those who freeze council tax. No grant is expected in 2019-20. The funding of these grants and the council tax localisation grant has been passed from the DCLG to the Home Office. For those grants received in 2011-12 and 2013-14 they have now been subsumed within a new funding line 'Legacy Council Tax Grants'. The settlement

provided for Wiltshire reports this grant to be £5.235m. This is the total of the previous grants with no inflation. The MTFS assumes now that this grant will continue in future years with no increase or reduction (i.e. Cash flat).

19. In 2012 the Secretary of State, under The Localism Bill, introduced new regulations surrounding Council Tax. If a major precepting body (which includes the PCC) proposes to raise taxes above a limit agreed by government then they will have to hold a referendum to obtain approval from local voters and the local voters may veto the rise. This means that major precepting bodies will need to convince local voters, rather than central government of the case for excessive rises in council taxes. For 2018-19 the Secretary of State announced that an increase of more than £12 would be considered excessive and be subject to a referendum. For 2019-20 this freedom has been increased to £24. This allows a maximum 13.2% increase in precept.
20. A 1% increase in the police part of the council tax in 2018-19 is worth £0.474m. Any increase in council tax increases the Band D base and secures future funding at a higher level.
21. The Council Tax receipt is dependent on the council tax base (the number of dwellings paying the tax). Latest information from councils suggest that the base will rise by 1.93% in 2019-20.
22. The total funding includes the collection fund surplus. The provisional figures from the councils is £0.550m (£0.231m less than 2018-19). The surplus is not guaranteed and history shows the figure changing significantly each year. For planning a 25% year on year reduction on the surplus is assumed.
23. The table below summarises the assumptions made in the MTFS.

	Additional Dwellings	Est total Dwellings	% Increase	Collection Fund Surplus
2019-20	4,941	260,545	1.93%	£550,000
2020-21	3,908	264,453	1.50%	£413,000
2021-22	3,967	268,420	1.50%	£309,000
2022-23	4,026	272,446	1.50%	£232,000

24. If the tax base were to rise by only 1% in 2020-21 the income would be £0.276m less.

Inflation

25. The consumer price index shows inflation for the 12 months to September 2018 at 2.2%. The MTFS allows for general inflation at 2%, ICT and utilities at 3.0% in all 4 years. Pay is allowed for at 2%.
26. In 2017 the bank base rate was increased to 0.5%, this was the first increase in over a decade. With the treasury management strategy limiting investments to only those with high security scores the opportunity to improve returns is limited. Recognising this it is planned to keep the investment income budget at £0.200m.

Police and Crime Plan 2017-2021

27. As required under law the PCC has produced a Police and Crime Plan. The plan has 4 overarching priorities, these are shown below:

- Prevent crime and keep people safe
- Protect the most vulnerable in society
- Put victims, witnesses and communities at the heart of everything we do
- Secure a quality police service that is trusted and efficient

28. Wiltshire receives from the Government (central funding) £25 per person less than the England and Wales average. Combined with the lowest policing precept in the south west, this results in Wiltshire Police having the third lowest funding per head of population (£151). The national average (excluding the City of London) is £176. The plan states that the PCC will continue to lobby the Government to revise the way policing is funded. However national information suggests that any change in formula is unlikely to be implemented until 2021-22.

29. In the absence of a fair funding settlement there is a requirement to unlock resources to invest in priorities or continue to provide services at today's level. What this means is a drive to eliminate waste, being more cost efficient and cost effective. This plan identifies that the police alone will not be able to deliver the priorities. It will mean working in partnership with other organisations, volunteers and communities.

30. With no growth in central funding but inflationary and other policing pressures the PCC has to make difficult decisions.

31. With a need to reduce costs whilst delivering more the PCC has agreed that investment in technology is required and that the sharing of various services will be necessary to drive costs down and improve effectiveness.

32. During 2014 the PCC became responsible for the commissioning of Victims Services. In 2017-18 funds of £0.826m were made available as a special grant for the PCC. In 2019-20 funding has been announced as £0.827m. As these funds are specific grants they are not included in the main funding reported.

33. The 2018 Budget (November 2018) showed a movement away from austerity with investment in various governmental departments, however there was no such increase surrounding police funding. The 2019 National Spending Review will consider overall funding, and set out finances for future years. In order to get the best possible settlement for the Police the PCC is working with national bodies to outline the increase in demand and the finances needed to deal with this new demand whilst retaining a neighbourhood policing presence.

34. In setting the budget the PCC will be allocating a certain level of resources for the following purposes;

- Commissioning police services from the Chief Constable
- Commissioning services in line with the Police and Crime Plan for specific purposes (for instance from public bodies, charities, the private sector, etc.)
- Financing the running costs of the OPCC
- Capital Investment

Income Forecasts

35. The 2018-19 budget relies on the following income to finance activity;

Central Funding	Police Grant	£36.961m	
	Council Tax Localisation Grant	£5.235m	
	DCLG Funding	£20.393m	£62.589m
Local Funding	Precept – Council Tax	£46.589m	
	Council Tax Surplus	£0.781m	£47.370m
MTFS Funding		£109.959m	£109.959m

36. The current council tax level of £182.27 is £12.97 below the national average of £195.24 (excluding the City of London).

37. The table below compares the police part of the Band D council tax against others in the South West. It also shows the impact of a £24 (13.2%) increase in council tax for 2019-20, before reverting to a 3% increase in 2020-21 and 2021-22

Authority	2018-19 Band D Council Tax	Wiltshire £24 increase 2019-20	Wiltshire 3% increase 2020-21	Wiltshire 3% increase 2021-22
Gloucestershire	£226.49			
Dorset	£206.58			
Avon & Somerset	£193.81			
Devon & Cornwall	£188.28			
Wiltshire	£182.27	£206.27	£212.46	£218.83

Additional cost per Band D Household with a 13.2% increase	£24 p.a.
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38. The table shows that even if Wiltshire increased its council tax in all 3 years by these levels and all the other PCC's in the region froze their council tax Wiltshire would still not exceed the levy currently in Gloucestershire.

39. The additional funding available to Wiltshire under various precept scenarios is shown below when compared against the current precept income;

- a) Funding at the South West Av. (£203.79), Extra income is £5.5m
- b) Funding at Similar Force Av. (£205.98), Extra income is £6.1m
- c) Funding at National Av (£195.24), Extra income is £3.3m

40. With all PCC's able to increase their precepts by £24 the averages will rise.

41. It should be noted that today's decision on council tax impacts future years funding. For example Gloucestershire levy of £226.49 was based on a 50% increase in 2003. This shows how future viability is dependent on decisions made today. Whilst in 2019-20 a standard increase of £24 for every force does not widen the gap in future years the return to a percentage increase is expected.

42. In 2018-19 Council tax was 43% of the PCC's funding; therefore to fund an expenditure increase of 1% (£1m) requires a 2.5% increase in the precepts (the gearing effect).

43. The total income over the next 4 years has been calculated based on 4 options (reported under Appendices Ai, Aii, Aiii and Aiv) this is summarised below.

- Option A - £24 2019-20, then 3% for the remaining 3 years
- Option B - £24 2019-20, then 1.9% for the remaining 3 years
- Option C - £12 2019-20, then 1.9% for the remaining 3 years
- Option D – 0.0% all 4 years

Option A (£24, 3%)	2019-20	2020-21	2021-22	2022-23
Central Funding	£63.794m	£63.794m	£63.794m	£63.794m
Local Funding	£54.293m	£56.598m	£59.048m	£61.641m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£118.287m	£120.592m	£123.042m	£125.635
Total inc.	7.4%	1.9%	2.0%	2.1%

Option B (£24,1.9%)	2019-20	2020-21	2021-22	2022-23
Central Funding	£63.794m	£63.794m	£63.794m	£63.794m
Local Funding	£54.293m	£55.998m	£57.800m	£59.694m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£118.287m	£119.992m	£121.794m	£123.688m
Total inc.	7.4%	1.4%	1.5%	1.6%

Option C (£12,1.9%)	2019-20	2020-21	2021-22	2022-23
Central Funding	£63.794m	£63.794m	£63.794m	£63.794m
Local Funding	£51.166m	£53.330m	£55.631m	£58.068m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£115.160m	£117.324m	£119.625m	£122.062m
Total inc.	4.5%	1.9%	2.0%	2.0%

Option D (0%)	2019-20	2020-21	2021-22	2022-23
Central Funding	£63.794m	£63.794m	£63.794m	£63.794m
Local Funding	£48.040m	£48.615m	£49.234m	£49.891m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£112.034m	£112.609m	£113.228m	£113.885m
Total inc.	1.7%	0.5%	0.6%	0.6%

44. The tables assume that the new Legacy Council Tax Grant remains throughout the MTFs. This totals £5.235m so if removed would have a significant effect on funding.

45. It is necessary to consider the impact of different scenarios. The impact on the 2020-21 finances of changes in central funding is shown below;

Scenario	Impact on 2020-21 MTFs Figures
The Central funding cash cut is 1% rather than cash flat	Funding reduces by £0.638m
Central funding increases by 2% rather than cash flat	Funding increases by £1.276m

Impact of Funding Allocations

46. The MTFS assumes that the finances are allocated equally across current funding allocations unless specified. Appendices Ai to Aiv report the funding splits over the 4 years. The table below shows the impact under the two most realistic council tax options;

	2018-19 Allocation	2019-20 Allocation 0% Ctax	Increased Allocation 0% Ctax	2019-20 Allocation £24 inc	Increased Allocation £24 inc
OPCC Office cost	£0.899m	£0.909m	£0.010m	£0.960m	£0.061m
OPCC Capital cont (RCCO)	£0.766m	£0.775m	£0.009m	£0.819m	£0.053m
OPCC Commissioning	£1.270m	£1.936m	£0.666m	£2.008m	£0.738m
CC Allocation	£107.224m	£108.414m	£1.190m	£114.500m	£7.276m
Total	£110.159m	£112.034m	£1.875m	£118.287m	£8.128m

47. The specific Victims grant mentioned in paragraph 35 is in addition to the funding available for external commissioning.

OPCC Commissioning

48. The table above shows a significant change in OPCC commissioning costs. The increase allows for 3 new Commissioning Posts to be introduced. These officers will be looking at how best to further deliver the 'and crime' part of the PCCs role. To assist this £0.475m has also been ring-fenced for additional commissioned work. The focus of this work will be proactive and preventative.

49. Below identifies the main commissioning activities in 2018-19;

- Substance Misuse Services (£0.175m)
- Youth Offending Teams (£0.223m)
- Community Messaging and Speedwatch (£0.170m)
- Victims Services, in addition to the Victims Grant (£0.285m)
- Mental Health Triage (£0.122m)

Balancing the Budget

50. When considering inflationary pressures and other unavoidable costs savings will be required by the CC. Appendix B reports the budget requirement for the CC. Depending on the council tax levy it identifies an initial savings requirement for the CC of between £1m and £7m in 2019-20.

51. These savings requirements are in addition to the £21m saved in the 8 year period from 2010-11.

52. The CC savings strategy surrounds reducing costs in strategic areas where spends are high when compared to the HMICFRS Value for Money profiles. More detail on savings plans is included in the CCs Budget Requirement (Appendix B).

Use of Finances

53. The PCC expects locally collected funds to be spent on maintaining local policing. Whilst it can be difficult to identify what exactly is 'local policing' the 2018-19 budget has been reviewed to identify the relationship between spend and funding.

54. The table below shows that 43% of the funding is collected locally whilst 49% of the budget is used for Local Policing (this classifies the legacy council tax grant as 'other policing' as it is paid from central funds);

	Local Policing	Other Policing	Total
CC Spend per area	£39.643m	£42.311m	£81.954m
Support Services	£13.004m	£13.003m	£26.007m
OPCC	£1.099m	£1.099m	£2.198m
Total	£53.746m	£56.413m	£110.159m
	49%	51%	100%
Staffing (FTE)	1016	995	2011
	51%	49%	100%
Income	£47.370m	£62.589m	£109.959m
Interest	£0.100m	£0.100m	£0.200m
Total	£47.470m	£62.689m	£110.159m
	43%	57%	100%

Capital

55. The Capital Plan is funded from capital balances brought forward, transfers from reserves, annual grant, capital receipts and revenue contributions to capital. The opportunity to borrow funds under the Prudential Code does exist. However to date this has not been necessary.

56. The plan (Appendix C) shows deficits from 2020-21. Depending on the level of capital receipts obtained there may be a need to borrow. The revenue consequences of paying back the borrowing along with associated interest have to be considered in this decision.

57. For estates we would expect to borrow over a 25 year period, the impact on the revenue budget at today's borrowing rates (4%) is shown below;

- Borrow £1m, Interest and Repayment per annum £41,600 for 25 years
- Borrow £5m, Interest and Repayment per annum £208,000 for 25 years

58. It is important to note that once entered into this will be a liability on the revenue account for 25 years. Further work will be necessary on the funding of vehicles and technology projects.

59. The Capital grant available to each force has significantly reduced in recent years. For instance in 2013-14 it was £0.939m and in 2017-18 in £0.407m. One of the reasons for this is the top slicing for national projects (such as ESMCP) with the amount available to forces falling. With these projects still in the early stage it is not expected that this trend will reverse. The 2019-20 grant settlement was the same as 2018-19 (£0.407m), the MTFS plans on the grant remaining at this level for the whole of the MTFS period.
60. The detailed Capital Plan (Appendix C) identifies cumulative balances at the end of each year as below. Whilst a deficit currently exists at the end of the 2021-22 this will change (go up or down) during this period as both income (capital receipts) and costs change.

	2018-19	2019-20	2020-21	2021-22
Balance available	£6.585m	£0.637m	-£3.371m	-£4.174m

61. There currently is a large amount of uncertainty surrounding capital receipts. The estates strategy is expected to release significant land and property for sale. The plan assumes income from Marlborough and costs surrounding this project. Work is on-going with our strategic property consultants surrounding how we maximise receipts from estate which is now surplus to requirement. When decisions are made on how we will proceed with each piece of estate the income will be incrementally added to the plan. The plan has also been adjusted to remove non-specific funding set aside for central estates projects. When outline cases (along with funding) are agreed this will be added back into the capital plan.
62. £0.900m has been allowed for the refurbishment of Melksham Custody. This will be a significant project expected to take place late Summer 2019. Due to the disruption involved we are planning to undertake maintenance work which will keep the estate fit for purpose for the next 5 years. A specific paper will be provided to the PCC in early 2019 detailing the proposal and requesting formal approval.
63. An allocation of £3.282m has been allowed for ESMCP (Emergency Services Mobile Communications Project) however these costs are very much an estimate. The delay and uncertainty surrounding this national project remains and it is expected that unit costs will change from those included in the current estimates. With time delays comes an increase in project costs, at the moment central funding for slippage and cost increases has not been forthcoming.
64. The plan does now allow for significant investment in ICT. Funding for the National Enabling Project and the refreshment of laptops and mobile phones is included. With the reliance on ICT in policing growing every year the need for investment increases. Whilst £0.500m has been allowed in each year for ICT investment and compliance work this may not be sufficient. National work on ANPR, the Police Database, etc. may lead to additional funding requirements, it is expected that much of this cost will be funded by national top slicing (as discussed in paragraph 59) however historically some costs have fallen to individual PCCs. Funds are also set aside for costs relating to the Hi-Tech Crime teams storage servers and workstations.
65. Each year the PCC undertakes a number of planned maintenance programmes to increase the life of assets. This can be upgrading assets such as lifts or undertaking substantial works. It is proposed to fund substantial estates programmes via the

capital plan. Below this value will be funded by revenue. The plan allows £0.100m per year for these substantial programmes.

66. Included within the plan is £1.665m for an ERP system. Issues have been identified with the initial proposal, therefore further work is underway considering the options available to the PCC.
67. The Fleet strategy is based on the Policing Model. The strategy includes the use of framework vehicles to reduce cost. This is now in place for our high volume vehicles. Further work on the remainder of the fleet is on-going with the National buying groups expected to deliver better value for money and improve standardisation.
68. A revised requirement for Tasers under operational equipment is included. The £0.150m allocation will purchase 100 Tasers and allow for peripherals such as batteries and warranties to be procured.

Risks and Reserves

69. The assessment of risks and the setting of appropriate levels of reserves is an essential element of medium term financial planning.
70. When setting budgets and future plans it is essential to ensure that they are both affordable and sustainable. Reserves are held to manage risk and for investment.
71. The risks may be categorised in three ways:
- Local small level risks, where they would be accommodated within devolved budgets
 - Significant risks which can be covered by insurance cover
 - Larger risks which, if they occurred, would need to be funded from reserves in the knowledge that they would have a significant impact upon the next year's budget setting process.
72. With Policing being an emergency service there is always the risk that one incident could result in costs of £1m or more. The Home Office do provide some cover for large incidents agreeing to provide special grant for costs over 1% of budget (for instance the incidents in Salisbury and Amesbury in 2018 where all costs are being recovered from special grant). This does alleviate some of the need for the PCC and CC to hold a high level of reserves.
73. A Reserves and Provisions Policy has been produced by the PCC in association with the CC. This policy states the purpose of reserves and the principles in how they are used. The policy is in line with CIPFA (Chartered Institute of Public Finance and Accountancy) best practice. This is included under Appendix D.
74. There continues to be a focus on the level of reserves held by PCCs. With austerity there is central concern that funds are not being used appropriately. Based on this the policing minister wishes to improve the transparency of reserves. The policy now includes estimated levels for the next 3 years and whether there is a legal or contractual commitment for each reserve. The table below shows the history on reserves and current forecasts. The Capital Development Reserve is shown separately due to its size and impact on the total reserves (this is in the total reserves amount);

Year End	Total Reserves	Capital Dev. Reserve
March 13	£19.332m	£12.879m
March 14	£21.536m	£13.192m
March 15	£20.677m	£12.626m
March 16	£19.594m	£11.895m
March 17	£20.194m	£9.864m
March 18	£18.375m	£9.475m
March 19 Est.	£14.009m	£7.978m
March 20 Est.	£9.229m	£3.692m
March 21 Est.	£4.922m	-

75. A review of reserves has taken place considering the budget strategy. This includes the general reserve. Considering the total reserves available and the emergency funding available for significant costs the level of 2.5% remains reasonable.

76. The PCC holds other specific earmarked reserves for specific risks and investments e.g. Insurance. The estimated level of reserves for these is reported in Appendix D.

77. The largest reserve is the capital development reserve. This is required to finance the capital plan and is £9.475m at 31 March 2018. The table above shows that by March 2021 the capital development reserve will have been completely utilised.

78. All reserves are 'one-off' funds and can only be used for investments which do not have on-going revenue consequences, hence the need to identify medium term strategies when reserves are used to assist balancing the revenue budget.

PCC's Conclusion

79. The MTFs is a living document. It changes as information is received concerning costs, funding and service delivery requirements. The MTFs will be reviewed annually and is the cornerstone of the budget planning cycle.

80. It is noted that a £24 increase in the police part of the Council Tax will allow for a strategy to be implemented by the Chief Constable that will improve CPT levels and allow me to invest in CIET, Digital, Roads Policing and Firearms Officers.

81. A figure below a £24 increase in the police part of the council tax would require me to remove some of the investments or increase the savings target. With significant savings delivered over the last 8 years the identification of new savings is a concern.

82. Whilst a £24 increase will allow me to plan and invest in Wiltshire in 2019-20 I am aware that long term funding settlements are outstanding. There is no guarantee that future opportunities will exist to increase funding, with this amount of uncertainty I need to consider carefully my options and the impact they will have on future finances.

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase £24inc 19/20, then 3% onward

Financial Year >>>>>	19/20 £million	20/21 £million	21/22 £million	22/23 £million
Estimated Funding Available to the PCC				
Main Police Grant	37.765	37.765	37.765	37.765
DCLG Funding	20.794	20.794	20.794	20.794
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	63.794	63.794	63.794	63.794
CT Surplus	0.550	0.413	0.309	0.232
Precept	53.743	56.185	58.739	61.409
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	118.087	120.392	122.842	125.435
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	118.287	120.592	123.042	125.635
Increase in Total Funds Available	7.4%	1.9%	2.0%	2.1%
<i>Central Funding Reduction</i>	<i>1.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Band D Council Tax	206.27	212.46	218.83	225.40
Increase per Band D household	24.00	6.19	6.37	6.56

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	0.960	0.979	0.999	1.020
OPCC - Capital Contribution	0.818	0.834	0.851	0.869
OPCC - Commissioning	1.533	1.563	1.595	1.628
OPCC - Addit. Commissioning Fund	0.475	0.484	0.494	0.505
OPCC - Chief Constable allocation	114.500	116.732	119.104	121.613
Total Allocation	118.287	120.592	123.042	125.635

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase £24 inc 19/20, then 1.9%

Financial Year >>>>>	19/20 £million	20/21 £million	21/22 £million	22/23 £million
Estimated Funding Available to the PCC				
Main Police Grant	37.765	37.765	37.765	37.765
DCLG Funding	20.794	20.794	20.794	20.794
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	63.794	63.794	63.794	63.794
CT Surplus	0.550	0.413	0.309	0.232
Precept	53.743	55.585	57.491	59.462
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	118.087	119.792	121.594	123.488
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	118.287	119.992	121.794	123.688
Increase in Total Funds Available	7.4%	1.4%	1.5%	1.6%
<i>Central Funding Reduction</i>	<i>1.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Band D Council Tax	206.27	210.19	214.18	218.25
Increase per Band D household	24.00	3.92	3.99	4.07

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	0.960	0.974	0.988	1.004
OPCC - Capital Contribution	0.818	0.830	0.842	0.855
OPCC - Commissioning	1.533	1.555	1.579	1.603
OPCC - Addit. Commissioning Fund	0.475	0.482	0.489	0.497
OPCC - Chief Constable allocation	114.500	116.151	117.896	119.729
Total Allocation	118.287	119.992	121.794	123.688

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase £12 19/20, then 1.9%

Financial Year >>>>>	19/20 £million	20/21 £million	21/22 £million	22/23 £million
Estimated Funding Available to the PCC				
Main Police Grant	37.765	37.765	37.765	37.765
DCLG Funding	20.794	20.794	20.794	20.794
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	63.794	63.794	63.794	63.794
CT Surplus	0.550	0.413	0.309	0.232
Precept	50.616	52.917	55.322	57.836
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	114.960	117.123	119.425	121.862
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	115.160	117.323	119.625	122.062
Increase in Total Funds Available	4.5%	1.9%	2.0%	2.0%
<i>Central Funding Reduction</i>	<i>1.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Band D Council Tax	194.27	200.10	206.10	212.28
Increase per Band D household	12.00	5.83	6.00	6.18

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	0.935	0.952	0.971	0.991
OPCC - Capital Contribution	0.796	0.811	0.827	0.844
OPCC - Commissioning	1.497	1.525	1.555	1.587
OPCC - Addit. Commissioning Fund	0.475	0.484	0.493	0.503
OPCC - Chief Constable allocation	111.457	113.551	115.778	118.137
Total Allocation	115.160	117.323	119.625	122.062

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase 0.00%

Financial Year >>>>>>	19/20 <i>£million</i>	20/21 <i>£million</i>	21/22 <i>£million</i>	22/23 <i>£million</i>
Estimated Funding Available to the PCC				
Main Police Grant	37.765	37.765	37.765	37.765
DCLG Funding	20.794	20.794	20.794	20.794
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	63.794	63.794	63.794	63.794
CT Surplus	0.550	0.413	0.309	0.232
Precept	47.490	48.202	48.925	49.659
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	111.834	112.408	113.028	113.685
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	112.034	112.608	113.228	113.885
Increase in Total Funds Available	1.7%	0.5%	0.6%	0.6%
<i>Central Funding Reduction</i>	<i>1.9%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Band D Council Tax	182.27	182.27	182.27	182.27
Increase per Band D household	0.00	0.00	0.00	0.00

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	0.909	0.914	0.919	0.924
OPCC - Capital Contribution	0.775	0.778	0.783	0.787
OPCC - Commissioning	1.461	1.469	1.477	1.485
OPCC - Addit. Commissioning Fund	0.475	0.477	0.480	0.483
OPCC - Chief Constable allocation	108.414	108.970	109.570	110.205
Total Allocation	112.034	112.608	113.228	113.885

The Chief Constable's Allocated Budget

Introduction

1. In 2018-19 the PCC allocated the CC £107.224m to police the county. This funded staffing of 934 Police Officers, 132 Police Community Support Officers (PCSO's) and 931 Police Staff. It was planned to bring in officers early in the knowledge that with a £12 increase the PCC wished to increase the number of frontline officers. This has occurred and as at the end of November 2018 we are employing 954 officers (20 more than the original budget). Reserve funding of £1m has been made available by the PCC to finance this. The November Budget Monitoring report shows an overspend of £0.427m (prior to the £1m transfer from reserves).

Funding

2. Current plans directly relate to the funding provided by the PCC. Whilst the PCC has yet to agree the exact funding allocated, the plans will assume the funding available is that reported in the PCC's MTFS. This is reported in the table below;

	2019-20	2020-21	2021-22	2022-23
CC Funding at £24 and then 3% Council tax Increases	£114.500m	£116.732m	£119.104m	£121.613m
CC Funding at £24 and then 1.9% Council tax Increases	£114.500m	£116.151m	£117.896m	£119.729m
CC Funding at £12 and then 1.9% Council tax Increases	£111.457m	£113.551m	£115.778m	£118.137m
CC Funding at 0% Council tax Increase	£108.414m	£108.970m	£109.570m	£110.205m

3. From the table above it can be seen that a £24 increase will provide the Chief Constable £3.043m more to spend on policing than a £12 increase and £6.086m more than if no increase was set in 2019-20.
4. In 2019-20 the PCC expects to benefit from 3 specific grants which are managed within the CC budget, Swindon PFI, a Security Grant and a new one for Police Pensions. The Police Pensions grant (£1.002m) will fund 44% of the cost increase forecast with the new contribution rates (£2.254m) hence the cost increase in the CC plans of £1.252m. These 3 grants total £4m per annum.

Expenditure

5. In 2017-18 the PCC gave the CC a budget of £107.224m. The table below shows how expenditure was planned when allocated according to the Police Objective Analysis (POA), the variance of £0.537m is due to national classification guidelines;

	Officer FTE	Staff FTE	Total FTE	% of Staff	£m	% of Budget
Local Policing	493	174	667	33%	30.050	29%
Dealing with the Public	8	183	191	10%	7.385	7%
Criminal Justice	24	152	176	9%	7.460	7%
Ops Support (inc RPU)	97	12	109	5%	6.156	6%
Intelligence	26	64	90	5%	4.658	5%
Investigations	167	152	319	16%	16.545	16%
Public Protection	58	75	133	7%	5.884	6%
National Policing	23	11	34	2%	0.812	1%
Support Functions	37	241	278	14%	26.007	25%
Cap Finance/Pensions	0	0	0	0	3.057	3%
Reserves/Commis.	0	0	0	0	-0.253	-1%
	933	1064	1997	100%	107.761	100%

6. Each year the PCC and the Force review spending levels against other forces using national data and HMICFRS's Value for Money profiles. These profiles show our level of investment in policing and compares these against a national average and the average of similar forces. In 2018-19 the profiles show Wiltshire as low cost, this is mainly due to a low level of funding. The headlines include:

- Wiltshire's spend per head of population is £151. The national average is £176 and £168 for similar forces. Wiltshire's spend is the 3rd lowest in the country.
- Wiltshire's central funding per head of population is £87. £112 is the national average, £97 for similar forces. Wiltshire's central funding is the 4th lowest in the country.
- Wiltshire's spend per head of population on all policing activities is below the national and most similar force average. This is related to the low level of funding received.
- Wiltshire's Support Function spend per head of population is £38.89. Similar forces average is £38.30, £0.59 less than Wiltshire. The national average is £37.73, £1.16 less than Wiltshire.
- Wiltshire's spend on officers per head of population is £65.83 this is the lowest in the country. However Wiltshire's spend on staff of £45.03 per head of population is above the average of £40.79 (similar forces average is £42.18). This points to Wiltshire utilising the cost efficiencies available with Work Force Modernisation.

7. Whilst the POA table shows how the funding was allocated per area of policing the table below shows the breakdown of cost between salaries and other costs.

	£m	%
Staff and Employee Costs	88.743	82.8%
Premises	6.549	6.1%
Transport	2.494	2.3%
ICT	2.998	2.8%
Surgeons and Forensics	1.105	1.0%
Other Costs	11.671	10.9%
Pensions	0.958	0.9%
Gross Cost	114.518	106.8%
Income	-7.294	-6.8%
Net Cost	107.224	100.0%

8. Appendix Bi shows the cost increases and cost reductions expected to be faced by the CC over the next 4 years. These financial plans are based on pay inflation of 2%, general inflation increases of 2%, ICT inflation of 3% and utilities inflation of 3%. The next paragraphs within the paper explain the reasons behind the cost increases proposed in 2019-20.
9. The PCC had asked the CC to look at how best to invest £1m in frontline policing. Initial requests were made suggesting investment in CIET (Child Internet Exploitation Team) and the Digital Intelligence and Investigations Team (Cyber). These bids totalling £0.429m will introduce 7 officers and 2 staff to deal with modern day policing problems. This investment has been agreed by the PCC.
10. With the possibility of further funding (with a £24 increase) the CC, with the OPCC, have looked into options which resolve issues surrounding Tri Force and improve the Neighbourhood policing element of Community Policing.
11. £1.423m is proposed to be used to enhance the Tri Force service areas. It is intended to bring back Firearms Officers, Roads Policing Officers and Dog Handlers to be directly line managed by Wiltshire Police (teams previously part of the Tri-force arrangement with Avon and Somerset and Gloucester). The MTFs includes the following investment relating to this;

	2019-20 Inv.FTE	2019-20 Inv £
Firearms Officers	15.0	£0.800m
Roads Policing Officers	9.0	£0.486m
Training	-	£0.100m
Dog Training (staff)	1.0	£0.037m
Total	25.0	£1.423m

12. The MTFs includes £0.780m for specific Community Policing. 12 of the 15 officers will work directly with communities building relationships and tasking. A further 3 officers will enhance the CPT's being allocated to where the biggest risks are.
13. As mentioned in paragraph 4 an increased payment towards Police Officer Pensions is included. Due to national discount factor changes the cost of Police Officer Pensions has increased. The full cost is expected to be considered in the 2019 spending review. If in future years there is no funding allocated in the Spending review the impact on Wiltshire Police will be significant.

14. There is also growth in Police staff pension contributions. This again is due to discount factors however it was expected with £0.293m set aside in last year's MTFS as a second year cost increase.
15. The Police Officer Pension cost increase will also effect collaborations with cost increases expected. There is also uncertainty surrounding the forensics marketplace. Supplier instability is leading to forecasts of significant cost increases in 2019. With ROCU grant increases outstanding and likely to reduce (as they were financed by Transformation funds) there is also cost pressure in this area. To allow for this £0.200m has been set aside for Regional Collaborations in the MTFS, this will be allocated when setting the detailed budget.
16. In 2020 the new Graduate scheme for Police Officers is expected to be implemented. This will see all new officers requiring a degree. There are two parts to the scheme. The first option is for people without degrees with the second option being or people with degrees. Both options will require services from a Higher Education provider. It is expected that this will lead to increased costs. Whilst a significant portion is expected to be funded from the national apprenticeship scheme there are costs which are not covered. The MTFS includes estimates for this. As the length of study is 3 years we do expect growth over the 3 years from 2020-21.
17. Another significant requirement for growth surrounds Information Assurance. With the introduction of GDPR and an increase in requests for information (via various routes) it is necessary to restructure this area of the business. This restructure will require base investment of £0.100m per annum. There will also be additional costs over the first 2 years. These are predicted to be £0.130m, to finance this an earmarked reserve has been created.
18. As part of complying with the national Digital Programme Board Wiltshire are investing over £2m capital in the infrastructure required under the National Enabling Programme. There is little choice but to invest in this programme as without it we will not be able to share or provide data critical for policing. There are revenue costs involved with the infrastructure. The £0.250m revenue allocation for infrastructure will provide financial cover whilst procurement is agreed and revenue costs confirmed.
19. During the last 3 years we have seen the number of people retiring on Ill Health increase to 9 per annum. It is thought that the increase is due to less posts being available for officers on recuperative duty as we improve our efficiency drive and civilianise posts which in the past have been held by officers who are not 100% fit for operational duty. In 2017-18 the budget for Ill Health funded only 3 retirements, at a cost of £0.076m per retirement it is not possible to significantly increase the budget in one year. A strategy has therefore been agreed to increase the budget by 2 retirements (£0.152m) per annum for the next 3 years. 2019-20 will be the second year for this growth. The cost of 5 ill health retirements was allocated in an earmarked reserved at 31 March 2018. The estimate is for 3 of these to be used in 2018-19.
20. During setting the 2018-19 budget the PCC agreed to protect all CPT Officers. This included LCIs (Local Crime Investigators) and PCSO's. Early in 2018 informal agreement has been reached to reduce LCIs to meet budget gaps. This was progressed and the finances adjusted. The £0.350m investment puts the funding back in the budget to ensure the promise is kept.

21. Each year officers retire; these are paid at the top of their grade. These officers are then replaced in the organisation by new recruits who are paid at a much lower rate. Winsor reforms increase the variance between the top and bottom grades. This year, with the high turnover of officers, £0.795m of savings are expected.
22. These changes will result in an increase in police officers (net of savings). The forecast police officer position is;

2018-19 Original Budget	934 FTE
Inspector post removed in balancing 2018-19 budget	-1 FTE
CPT Community Co-ordinators	+12 FTE
CPT Officers	+3 FTE
CIET Growth Posts	+3 FTE
Digital (Cyber) Growth Posts	+4 FTE
Investment in Roads Policing	+9 FTE
Investment in Armed Officers	+15 FTE
Sgt and Inspectors Posts savings (2019-20 budget)	-4 FTE
2019-20 Budget	975 FTE

Funding Shortfalls

23. When comparing these estimated budget requirements against the finances expected to be available from the PCC a savings requirement is identified (Appendices Bi, Bii, etc.). The tables below show the impact of the plans. Plans to deliver savings of £2m-£3m in 2021-21 do not exist. In reality to deliver savings to that level will require significant reductions in head count.

£24 then 3%	2019-20	2020-21	2021-22	2022-23	Total
Est. Expenditure	£115.444m	£117.923m	£119.935m	£121.951m	
Est. Funding	£114.500m	£116.732m	£119.104m	£121.613m	
Shortfall	£0.944m	£1.191m	£0.831m	£0.338m	£3.304m

£24 then 1.9%	2019-20	2020-21	2021-22	2022-23	Total
Est. Expenditure	£115.444m	£117.923m	£119.344m	£120.719m	
Est. Funding	£114.500m	£116.151m	£117.896m	£119.729m	
Shortfall	£0.944m	£1.772m	£1.448m	£0.990m	£5.154m

£12 then 1.9%	2019-20	2020-21	2021-22	2022-23	Total
Est. Expenditure	£115.444m	£114.819m	£116.691m	£118.559m	
Est. Funding	£111.457m	£113.551m	£115.778m	£118.137m	
Shortfall	£3.987m	£1.268m	£0.913m	£0.422m	£6.590m

0% inc	2019-20	2020-21	2021-22	2022-23	Total
Est. Expenditure	£115.444m	£111.716m	£112.019m	£112.226m	
Est. Funding	£108.414m	£108.970m	£109.570m	£110.205m	
Shortfall	£7.030m	£2.746m	£2.449m	£2.021m	£14.246

24. The estimated savings requirement of between £3.304m and £14.246m is on top of the savings of £21m delivered in the last 8 years. These savings were initially produced by the 2010 Vision Plan, Management Structure review, etc. They have broadly required all middle and support services to reduce by 15%-20%. Since then

the savings have been more targeted to focus strategic areas of the business to ensure that priority areas are not impacted.

Efficiency Strategy

25. To deliver the savings requires the force to realign resources. This section identifies current proposals on how the financial gap in 2019-20 will be closed if a £24 increase is approved.

26. With 85% of our budget spent on staff it is clear that to save significant sums these staff must reduce or be shared with other partners. The 2018-19 budget finances;

- 934 Police Officers
- 131 PCSO's
- 931 Police Staff

27. The strategy this year has been to review spending levels using the HMICFRS Value for Money profiles and identify outliers. The initial work identified that our spending levels in all areas are low per head of population as we have a low funding per head of population. This however does not stop us needing to reduce costs to close the funding gap.

28. In September the Senior Leadership Team came together to review costs and proposals. The outcome was that various Budget Holders would review their specific areas and come up with proposals as to how to reduce costs and what would be the impact of implementing the change. These proposals were reviewed by the Executive Leadership Team in November and the following savings agreed per Budget Holder:

Estates	Reduced costs as Estate reduces	£0.100m
Custody	Reduction in Sgts and Detention Officers	£0.240m
Central Comm Centre	3 staff reduction	£0.090m
General Costs	1% reduction in inflation	£0.214m
Finance	1 staff reduction, Reg contribution saving	£0.049m
Fleet	In-housing electrical work	£0.028m
People Services	RMU structure revision	£0.035m
People Development	Cost review	£0.025m
Organisational Dev.	Reducing Systems Thinking Costs	£0.125m
Corporate Comms	Reduction in survey costs, etc.	£0.038m
Total		£0.944m

29. It is important to note that the majority of these areas are already very lean however without saving money in these areas cuts will be required on the front line.

30. This proposal meets the savings requirement under Options A and B. If a £12 increase was agreed the CC would have to reduce the number of staff and officers taking out most of the proposed growth. If no increase was agreed it would require a wholesale review of the organisation with some important activities ceasing.

31. In undertaking this work further savings were discussed. Whilst there may be some opportunities with Criminal Justice to transform their approach with the benefit of technology and in a review of call handing it should be noted there are no easy areas to save money. Finding savings in the region of £2m-£3m in 2020-21 will be a challenge.

Conclusion

32. This paper identifies a strategy to close the funding gap, improving CPT levels and investing in CIET, Digital, Roads Policing and Firearms Officers. This can only be delivered if a £24 (13.3%) increase in the police part of the Council Tax is agreed. There are risks that the savings will not be achieved however a clear costed plan is in place for 2019-20.
33. A £12 increase in the police part of the council tax would increase the savings target which is a concern. If no increase was agreed the impact would be critical. One of the risks with this strategy surrounds future savings requirements; by not increasing the council tax larger savings will be required, £14.246m rather than £3.304m over the 4 years.
34. It should be noted that this strategy only deals with the 2019-20 savings requirement. Without additional funding for policing in 2020-21 there will be significant gaps which will not be closable without a reduction in frontline policing.
35. Considering the risks and no increase in central funding the Chief Constable is advising that any return available from the Council Tax be maximised to assist in the maintaining of local policing in Wiltshire.

Summary of Assumptions

- i. There will be no change in legacy Council Tax Grant (cash flat) over the period of the MTFS
- ii. There will no change in central Grant funding (cash flat) from 2020-21.
- iii. The Council Tax Surplus will reduce by 25% p.a. from 2020-21 over the period of the MTFS
- iv. The Council Tax Base will increase by 1.5% p.a. over the period of the MTFS
- v. From 2019-20 general inflation and pay will increase by 2% p.a. ICT and Utilities 3% p.a., over the period of the MTFS.
- vi. Investment income will be stable at £0.200m p.a. over the period of the MTFS
- vii. A General Reserve level of 2.5% of budget and an Operational Reserve of 1% will remain appropriate across the period of the MTFS.

Chief Constables Financial Plan

Based on Council Tax Increase

£24inc 19/20, then 3% onward

	18/19 £million	19/20 £million	20/21 £million	21/22 £million
Expenditure BFWD	107.224	114.500	116.732	119.104
Reserve funding from previous year	0.253	0.000	0.000	0.000
Revised Expenditure Carried Forward	107.477	114.500	116.732	119.104
Cost Increases				
Inflation estimate	2.180	2.329	2.376	2.425
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.091	0.182	0.000
Increase in Specials/Citizens in Policing	0.086	0.000	0.000	0.000
Regional and National Citizens in Policing	0.017	0.000	0.000	0.000
Police Officer Pension Changes	1.252	0.000	0.000	0.000
Regional Collaborations Contingency	0.200	0.000	0.000	0.000
National ANPR System	0.020	0.000	0.000	0.000
National Insurance cost pressures	0.170	0.000	0.000	0.000
Local Government Pension Increase	0.293	0.000	0.000	0.000
Enterprise Resource Planning System	0.000	0.100	0.000	0.000
Ill Health Retirements	0.152	0.152	0.000	0.000
10 Local Crime Investigators	0.350	0.000	0.000	0.000
Treasury Advice	0.007	0.000	0.000	0.000
Business Improvement Restructure	0.046	0.000	0.000	0.000
Intake Resources	0.019	0.000	0.000	0.000
Inspector Collaborations	0.000	0.071	0.000	0.000
Digital Intel and Inv Unit (Cyber) (4 Off, 2 Staff)	0.290	0.000	0.000	0.000
CIET (3 Officers)	0.139	0.000	0.000	0.000
Data Quality/Crime Compliance (3 Support Staff)	0.093	0.000	0.000	0.000
Information Management	0.100	0.000	0.000	0.000
Road Policing Unit (9 Officers)	0.486	0.000	0.000	0.000
Firearms Officers (15 Officers)	0.800	0.000	0.000	0.000
Dog Training (1 Support Staff)	0.037	0.000	0.000	0.000
Firearms Training	0.100	0.000	0.000	0.000
CPT (12 officers) CPT Co-Ordinators	0.624	0.000	0.000	0.000
CPT (3 officers)	0.156	0.000	0.000	0.000
DEMs Cloud Revenue Impact	0.000	0.101	0.041	0.000
Taser Impact	0.000	0.012	0.000	0.000
Kidnap and Extortion On Call	0.006	0.000	0.000	0.000
Police Officer Apprenticeship Cost	0.000	0.053	0.090	0.090
ICT Infrastructure	0.250	0.000	0.000	0.000
Unidentified Policing Pressures	0.134	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	0.000	0.000	0.000
Reduction in Bank Holidays	0.000	0.000	0.000	-0.182
Spinal Impact of New Recruits	-0.795	-0.500	-0.500	-0.500
Total reductions in Expenditure	7.967	3.423	3.204	2.847
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = 'A' / Growth Available	-0.944	-1.191	-0.831	-0.338
New Requirement	114.500	116.732	119.104	121.613

Inflation Assumptions

Employees	2.00%	2.00%	2.00%	2.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	3.00%	3.00%	3.00%	3.00%
Utilities	3.00%	3.00%	3.00%	3.00%

Chief Constables Financial Plan

Based on Council Tax Increase

£24inc 19/20, then 1.9%

	19/20	20/21	21/22	22/23
	£million	£million	£million	£million
Expenditure BFWD	107.224	114.500	116.151	117.896
Reserve funding from previous year	0.253	0.000	0.000	0.000
Revised Expenditure Carried Forward	<u>107.477</u>	<u>114.500</u>	<u>116.151</u>	<u>117.896</u>
<u>Inflation estimate</u>				
Inflation estimate	2.180	2.329	2.365	2.401
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.091	0.182	0.000
Increase in Specials/Citizens in Policing	0.086	0.000	0.000	0.000
Regional and National Citizens in Policing	0.017	0.000	0.000	0.000
Police Officer Pension Changes	1.252	0.000	0.000	0.000
Regional Collaborations Contingency	0.200	0.000	0.000	0.000
National ANPR System	0.020	0.000	0.000	0.000
National Insurance cost pressures	0.170	0.000	0.000	0.000
Local Government Pension Increase	0.293	0.000	0.000	0.000
Enterprise Resource Planning System	0.000	0.100	0.000	0.000
Ill Health Retirements	0.152	0.152	0.000	0.000
10 Local Crime Investigators	0.350	0.000	0.000	0.000
Treasury Advice	0.007	0.000	0.000	0.000
Business Improvement Restructure	0.046	0.000	0.000	0.000
Intake Resources	0.019	0.000	0.000	0.000
Inspector Collaborations	0.000	0.071	0.000	0.000
Digital Intel and Inv Unit (Cyber) (4 Off, 2 Staff)	0.290	0.000	0.000	0.000
CIET (3 Officers)	0.139	0.000	0.000	0.000
Data Quality/Crime Compliance (3 Support Staff)	0.093	0.000	0.000	0.000
Information Management	0.100	0.000	0.000	0.000
Road Policing Unit (9 Officers)	0.486	0.000	0.000	0.000
Firearms Officers (15 Officers)	0.800	0.000	0.000	0.000
Dog Training (1 Support Staff)	0.037	0.000	0.000	0.000
Firearms Training	0.100	0.000	0.000	0.000
CPT (12 officers) CPT Co-Ordinators	0.624	0.000	0.000	0.000
CPT (3 officers)	0.156	0.000	0.000	0.000
DEMs Cloud Revenue Impact	0.000	0.101	0.041	0.000
Taser Impact	0.000	0.012	0.000	0.000
Kidnap and Extortion On Call	0.006	0.000	0.000	0.000
Police Officer Apprenticeship Cost	0.000	0.053	0.090	0.090
ICT Infrastructure	0.250	0.000	0.000	0.000
Unidentified Policing Pressures	0.134	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	0.000	0.000	0.000
Reduction in Bank Holidays	0.000	0.000	0.000	-0.182
Spinal Impact of New Recruits	-0.795	-0.500	-0.500	-0.500
Total reductions in Expenditure	<u>7.967</u>	<u>3.423</u>	<u>3.193</u>	<u>2.823</u>
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = 'A' / Growth Available	<u>-0.944</u>	<u>-1.772</u>	<u>-1.448</u>	<u>-0.990</u>
New Requirement	<u>114.500</u>	<u>116.151</u>	<u>117.896</u>	<u>119.729</u>
<u>Inflation Assumptions</u>				
Employees	2.00%	2.00%	2.00%	2.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	3.00%	3.00%	3.00%	3.00%
Utilities	3.00%	3.00%	3.00%	3.00%

Chief Constables Financial Plan

Based on Council Tax Increase £12 19/20, then 1.9%

	19/20 £million	20/21 £million	21/22 £million	22/23 £million
Expenditure BFWD	107.224	111.457	113.551	115.778
Reserve funding from previous year	0.253	0.000	0.000	0.000
Revised Expenditure Carried Forward	107.477	111.457	113.551	115.778
Cost Increases				
Inflation estimate	2.180	2.268	2.313	2.358
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.091	0.182	0.000
Increase in Specials/Citizens in Policing	0.086	0.000	0.000	0.000
Regional and National Citizens in Policing	0.017	0.000	0.000	0.000
Police Officer Pension Changes	1.252	0.000	0.000	0.000
Regional Collaborations Contingency	0.200	0.000	0.000	0.000
National ANPR System	0.020	0.000	0.000	0.000
National Insurance cost pressures	0.170	0.000	0.000	0.000
Local Government Pension Increase	0.293	0.000	0.000	0.000
Enterprise Resource Planning System	0.000	0.100	0.000	0.000
Ill Health Retirements	0.152	0.152	0.000	0.000
10 Local Crime Investigators	0.350	0.000	0.000	0.000
Treasury Advice	0.007	0.000	0.000	0.000
Business Improvement Restructure	0.046	0.000	0.000	0.000
Intake Resources	0.019	0.000	0.000	0.000
Inspector Collaborations	0.000	0.071	0.000	0.000
Digital Intel and Inv Unit (Cyber) (4 Off, 2 Staff)	0.290	0.000	0.000	0.000
CIET (3 Officers)	0.139	0.000	0.000	0.000
Data Quality/Crime Compliance (3 Support Staff)	0.093	0.000	0.000	0.000
Information Management	0.100	0.000	0.000	0.000
Road Policing Unit (9 Officers)	0.486	0.000	0.000	0.000
Firearms Officers (15 Officers)	0.800	0.000	0.000	0.000
Dog Training (1 Support Staff)	0.037	0.000	0.000	0.000
Firearms Training	0.100	0.000	0.000	0.000
CPT (12 officers) CPT Co-Ordinators	0.624	0.000	0.000	0.000
CPT (3 officers)	0.156	0.000	0.000	0.000
DEMs Cloud Revenue Impact	0.000	0.101	0.041	0.000
Taser Impact	0.000	0.012	0.000	0.000
Kidnap and Extortion On Call	0.006	0.000	0.000	0.000
Police Officer Apprenticeship Cost	0.000	0.053	0.090	0.090
ICT Infrastructure	0.250	0.000	0.000	0.000
Unidentified Policing Pressures	0.134	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	0.000	0.000	0.000
Reduction in Bank Holidays	0.000	0.000	0.000	-0.182
Spinal Impact of New Recruits	-0.795	-0.500	-0.500	-0.500
Total reductions in Expenditure	7.967	3.362	3.141	2.780
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-3.987	-1.268	-0.913	-0.422
New Requirement	111.457	113.551	115.778	118.137
Inflation Assumptions				
Employees	2.00%	2.00%	2.00%	2.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	3.00%	3.00%	3.00%	3.00%
Utilities	3.00%	3.00%	3.00%	3.00%

Chief Constables Financial Plan

Based on Council Tax Increase 0.00%

	19/20	20/21	21/22	22/23
	<i>£million</i>	<i>£million</i>	<i>£million</i>	<i>£million</i>
Expenditure BFWD	107.224	108.414	108.970	109.570
Reserve funding from previous year	0.253	0.000	0.000	0.000
Revised Expenditure Carried Forward	107.477	108.414	108.970	109.570
Cost Increases				
Inflation estimate	2.180	2.208	2.221	2.234
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.091	0.182	0.000
Increase in Specials/Citizens in Policing	0.086	0.000	0.000	0.000
Regional and National Citizens in Policing	0.017	0.000	0.000	0.000
Police Officer Pension Changes	1.252	0.000	0.000	0.000
Regional Collaborations Contingency	0.200	0.000	0.000	0.000
National ANPR System	0.020	0.000	0.000	0.000
National Insurance cost pressures	0.170	0.000	0.000	0.000
Local Government Pension Increase	0.293	0.000	0.000	0.000
Enterprise Resource Planning System	0.000	0.100	0.000	0.000
Ill Health Retirements	0.152	0.152	0.000	0.000
10 Local Crime Investigators	0.350	0.000	0.000	0.000
Treasury Advice	0.007	0.000	0.000	0.000
Business Improvement Restructure	0.046	0.000	0.000	0.000
Intake Resources	0.019	0.000	0.000	0.000
Inspector Collaborations	0.000	0.071	0.000	0.000
Digital Intel and Inv Unit (Cyber) (4 Off, 2 Staff)	0.290	0.000	0.000	0.000
CIET (3 Officers)	0.139	0.000	0.000	0.000
Data Quality/Crime Compliance (3 Support Staff)	0.093	0.000	0.000	0.000
Information Management	0.100	0.000	0.000	0.000
Road Policing Unit (9 Officers)	0.486	0.000	0.000	0.000
Firearms Officers (15 Officers)	0.800	0.000	0.000	0.000
Dog Training (1 Support Staff)	0.037	0.000	0.000	0.000
Firearms Training	0.100	0.000	0.000	0.000
CPT (12 officers) CPT Co-Ordinators	0.624	0.000	0.000	0.000
CPT (3 officers)	0.156	0.000	0.000	0.000
DEMs Cloud Revenue Impact	0.000	0.101	0.041	0.000
Taser Impact	0.000	0.012	0.000	0.000
Kidnap and Extortion On Call	0.006	0.000	0.000	0.000
Police Officer Apprenticeship Cost	0.000	0.053	0.090	0.090
ICT Infrastructure	0.250	0.000	0.000	0.000
Unidentified Policing Pressures	0.134	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	0.000	0.000	0.000
Reduction in Bank Holidays	0.000	0.000	0.000	-0.182
Spinal Impact of New Recruits	-0.795	-0.500	-0.500	-0.500
Total reductions in Expenditure	7.967	3.302	3.049	2.656
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-7.030	-2.746	-2.449	-2.021
New Requirement	108.414	108.970	109.570	110.205
Inflation Assumptions				
Employees	2.00%	2.00%	2.00%	2.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	3.00%	3.00%	3.00%	3.00%
Utilities	3.00%	3.00%	3.00%	3.00%

Wiltshire Police and Crime Commissioner

Capital Expenditure Plan

Financial Year >>>>>>	<i>bfwd</i> <i>£million</i>	<i>18/19</i> <i>£million</i>	<i>19/20</i> <i>£million</i>	<i>20/21</i> <i>£million</i>	<i>21/22</i> <i>£million</i>	<i>Cum</i>
Capital Financing						
Government Grant	0.000	0.407	0.407	0.407	0.407	1.628
ESN Grant	0.478					0.478
Capital Development Reserve	9.475					9.475
Capital Dev Res (From ICT Res)	0.955					0.955
Capital Receipts (QW+M)	0.000	1.467	0.733	1.683		3.883
Revenue Cont. to Capital	0.000	0.766	0.818	0.834	0.851	3.269
	10.908	2.640	1.958	2.924	1.258	19.688
Capital Expenditure (on a cashflow basis)						
Part A - Equipment and Fleet Repl. Prog.						
Vehicle Fleet	0.112	0.913	0.913	0.913	0.913	3.764
Operational Equipment (Taser)	0.015	0.072	0.063	0.000	0.000	0.150
Total Equipment and Fleet Prog.	0.127	0.985	0.976	0.913	0.913	3.914
Part B - Estates Projects						
Minor Works - Building Improvements	0.000	0.075	0.075	0.075	0.075	0.300
Programmed Maintenance - Buildings	0.000	0.100	0.100	0.100	0.100	0.400
Royal Wootton Bassett - Refurbishment	0.000		0.669			0.669
Marlbrough Estates Project	0.000	0.150	0.145			0.295
Warminster Replacement (Build only)	0.000		1.000	2.046		3.046
Melksham Custody	0.000	0.000	0.900			0.900
Total Estates Projects	0.000	0.325	2.889	2.221	0.175	5.610
Part C - ICT Programme						
Computer Laptops, Tablets, Desktops, etc.	0.264	1.812	0.086	0.086	0.086	2.334
Systems Development (post NEP)	0.330	-0.046	0.500	0.500	0.500	1.784
NEP infrastructure	0.000	0.750	1.344			2.094
Radio Refresh	0.000	0.356				0.356
SmartPhone Replacement Programme	0.000		0.640			0.640
Clicksense	0.000	0.513				0.513
DEMS est (incl; DIR/BWVC)	0.516	0.219				0.735
ESMCP	0.000		0.898	2.101	0.283	3.282
ESN Connections (Grant funded)	0.033	0.445				0.478
ANPR	0.039					0.039
Website Project	0.034					0.034
ERP	0.122		0.500	1.043		1.665
Hi-tech crime unit computers	0.025	0.005	0.073	0.068	0.104	0.275
Mobile Working	0.109					0.109
Total ICT Programme	1.472	4.054	4.041	3.798	0.973	14.338
Total for Parts A, B and C	1.599	5.364	7.906	6.932	2.061	23.862
Surplus / Deficit (-) for Year	9.309	-2.724	-5.948	-4.008	-0.803	-4.174
Cumulative Surplus / Deficit	9.309	6.585	0.637	-3.371	-4.174	-4.174



RESERVES AND PROVISIONS POLICY (updated Dec 2018)

Purpose

1. This policy sets out how the Police and Crime Commissioner (PCC), in association with the Chief Constable (CC), will determine and review the level of usable and unusable Reserves and Provisions. This version provides further information in line with recent Home Office guidelines.
2. The PCC is required to maintain adequate financial reserves to meet the needs of the organisation. The PCC's Chief Financial Officer (here on known as the Treasurer) has a legal duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.
3. The optimisation of reserves is an important part of medium term planning. Reserves are a potential source of funding for pump priming initiatives and also can cover the consequences of risks which may materialise. The Treasurer has to take account of the strategic, operational and financial risks facing Wiltshire Police in assessing the adequacy of reserves when setting the budget.
4. Reserves may either be earmarked for particular purposes or held as a general sum as a matter of prudence to cover unforeseen expenditure. Reserves are defined by CIPFA as:

“Amounts set aside for purposes falling outside the definition of provisions should be considered as reserves, and transfers to and from them should be distinguished from service expenditure disclosed in the Statement of Accounts. Expenditure should not be charged direct to any reserve. For each reserve established, the purpose, usage and the basis of transactions should be clearly identified. Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management.”

5. This policy will take into account the latest guidance and regulation on the use and management of reserves and balances. CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom known as 'The Code', states that, for each reserve established, the purpose, nature and basis of transactions should be identified. The policy will also take into account comments from central government surrounding improving transparency surrounding reserves.
6. CIPFA's Prudential Code requires Chief Financial Officers in PCC's to have full regard to affordability when making recommendations about the local authority's future capital programme. The requirement for three year revenue forecasts across local authorities, coupled with three year grant settlements ensures there is a focus on the levels and application of local balances and reserves.

Managing Reserves – Principles

7. Reserves held are either usable or unusable.
8. When reviewing their medium term financial plans and preparing their annual budgets PCC's should consider the establishment and maintenance of the General Reserve, this assists in providing;
 - ❖ a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
 - ❖ a contingency to cushion the impact of unexpected events or emergencies;
9. Other reserves classified as 'usable' exist for specific 'earmarked' purposes.
10. Unusable reserves may also be held. These arise out of the interaction of legislation and proper accounting practice. These 'unusable' reserves are not resource-backed and cannot be used for any other purpose.
11. Transfers to and from reserves will be made in accordance with financial regulations.
12. The Treasurer will comment on the adequacy and use of Reserves as part of the annual budget setting process.

Types of Reserves

13. In addition to the PCC's **General Reserve** and the Chief Constable's **Operational Reserve** Wiltshire Police will hold usable reserves for the following purposes:
 - **General Contingency** - reserves required to meet other expenditure needs held in accordance with sound principals of good financial management. This will include specific reserves held for partnership purposes which may include funding provided by partners to help achieve a specific purpose.
 - **Projects and Programmes** - reserves held to fund investments in programmes in line with the Police and Crime Plan. This will include the Capital Development Reserve which is critical in the funding of the on-going capital plan. These are all required during the life of the MTFs. This will include specific reserves held for partnership purposes which may include funding provided by partners to help achieve a specific purpose.
14. Unusable reserves, which are not resource-backed and cannot be used for any other purpose, are described below:
 - **Asset Adjustment** - reserves to account for the losses or gains on assets through revaluation or timing differences

- **Pensions** - carries the future liability for post employment benefits in accordance with statutory provisions.
- **Statutory adjustments** - reserves to adjust between costs recognised in the general fund balance and statutory arrangements.

15. For each reserve there should be a clear protocol setting out the reason for/purpose of the reserve. When establishing reserves PCC's need to ensure that they are complying with the CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom known as 'The Code' and in particular the need to distinguish between reserves and provisions. Annex A identifies the reason for each reserve, how the level of the reserve has been set and whether there is a contractual obligation. Annex B shows the current level of funding set aside for each reserve and the plan for use over 3 years.

Building Reserves

16. The General Reserve will change each year with the transfer of year end surpluses or deficits to this reserve. This reserve will be set in line with the Treasurers view which will take into account issues such as the current and future financial climate. The Treasurers current view is that the target for this reserve should equate to 2.5% of the CC budget. It is expected that variations in year will be dealt with by a transfer to or from an investment reserve. This transfer will be recommended at year end as part of the closure of accounts process and will need to be approved by the PCC.
17. Earmarked reserves and other specific reserves will be established or removed on a 'needs basis', in line with planned or anticipated requirements set out in the Police and Crime Plan, Medium Term Financial Strategy and Financial Regulations.
18. The current financial landscape demands that significant savings need to be made in order to deliver a sustainable budget. It is prudent to have reserve levels to provide a buffer or a safeguard during uncertain times. It is also important to maintain sufficient reserves to provide additional capacity for discretionary use to smooth the introduction of savings. For redundancy and other small change costs the Restructuring Reserve will be used by the Chief Constable.

Quantifying the Reserves Requirement

19. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
20. This means that the minimum prudent level of reserves is a matter of judgement rather than prescription. Neither CIPFA nor statute sets a minimum level of reserves. In determining the level and type of reserves, the PCC has to take into account relevant local circumstances and the advice of the CC and CC's Chief Financial Officer to make a reasoned judgement on the appropriate level of its reserves.

21. The Treasurer, with input from the CC's Chief Financial Officer, will adopt a risk based approach in determining the appropriate level of reserves and balances in order to support strategic priorities over the short, medium and long term and the need to maintain financial sustainability.
22. The Local Government Act 2003 requires the Treasurer to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides as part of the annual budget setting process.
23. For the purposes of this Policy, it is the responsibility of the Treasurer, to advise the PCC on the type and level of Reserves to be held.
24. The Treasurer should consider most if not all of the factors shown in the table below when determining the level of Reserves as part of budget setting.

Budget assumptions	Financial standing and Management
The outlook for inflation and interest rates.	The overall financial standing of Wiltshire Police (level of borrowing, debt, etc.)
The availability of other funds to deal with major contingencies and the adequacy of provisions.	Wiltshire Police's track record in budget and financial management including the robustness of its medium-term plans
Estimates of the level and timing of capital receipts.	Wiltshire Police's capacity to manage in-year or temporary budget pressures.
The potential range of costs of demand-led services.	The strength of the financial information and reporting arrangements.
Planned efficiency savings/ productivity gains.	Wiltshire Police's end of year procedures in relation to budget under/overspends.
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments.	The adequacy of Wiltshire Police's insurance arrangements to cover major unforeseen risks.

25. The proposed use of reserves and balances to deliver a sustainable budget will form part of the budget process.

Application of Reserves

26. Use of the General Reserve is limited to the following purposes:

- ❖ to protect Wiltshire Police from financial risks and
- ❖ provide a working balance to help cushion the impact of uneven cash flows e.g. Precepts;
- ❖ planned non-recurrent funding to ensure a balanced budget is set, with the expectation that a plan will be produced to resolve the deficit and build the reserve up to its recommended level.

27. **Earmarked Reserves** should be available to meet or support a range of specific requirements, including:

- ❖ capital or asset purchases

- ❖ major change management initiatives
- ❖ fixed term projects and other one-off spend
- ❖ exceptional operational expenditure
- ❖ 'Spend to save' and 'pump priming' initiatives
- ❖ managing cross-financial year flexibility

Monitoring and reporting Reserves

28. The forecast level and usage of reserves will be formally approved by the PCC, as part of the Financial Strategy, advised by the Chief Financial Officers and Chief Constable.
29. The proposed use of reserves and balances to deliver a sustainable budget must be included as part of the budget process to the PCC.
30. Unusable reserves are managed as part of accounting policies, specified in the Statement of Accounts which is approved by the PCC.
31. The PCC is the owner of all reserves. All reserves will sit on the PCC's Balance Sheet.

Provisions

32. A provision is recognised in the accounts when a liability has been identified that is of uncertain timing or amount which is to be settled by the transfer of economic benefits.
33. Accounting arrangements for provisions are included in IAS 37 – Provisions, Contingent liabilities and Contingent assets. Further guidance is included in IPAS 19 - Provisions, Contingent liabilities and Contingent assets.
34. A provision should be created when there is a present obligation (legal or constructive) as a result of a past event. Or it is probable that a transfer of economic benefits will be required to settle an obligation and a reliable estimate can be made of the amount of the obligation. Unless these conditions are met, no provision shall be recognised.
35. Provisions may be required for some civil and motor claims. There is a need to split the claims between a provision on the balance sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Costs surrounding claims that have been reported and assessed will be carried as a financial provision whilst incidents where no claim has yet been made, would be covered by the insurance reserve. The level of the provision will be determined annually at year end with assistance from solicitors on the valuation of claims.

Wiltshire Police Reserves

Usable Reserves

Reserve	Justification
HO Heading – General Contingency, held in accordance with sound principles of good financial management	
General Reserve	Funding set aside to cover the major risks involved with running a £100m Policing business. Currently set at 2.5% of the CC Budget Requirement.
Chief Constables (CC) Operational Reserve	In line with the financial code of practice CC should have a contingency available for operational activities without the need for additional approvals. Set at 1.0% of the CC Budget Requirement
Insurance Reserve	Provides cover for a one-off increase in claims in the knowledge that significant excess levels exist with current insurances. Maintained at £0.400m in line with current claims history
Seized Asset Reserve (Incentivisation)	The budget requires £192,000 of income per year to finance financial investigators undertaking this work. This reserve 'smooths' out variances across years on returns reducing risk. The level of the reserve is to a maximum of 1 yrs budget
Ill Health Reserve	For each Ill Health retirement agreed a payment of approximately £70,000 has to be made to the Home Office. The annual budget allows for 3 per year, this reserve 'smooths' out variances across yrs. The level of the reserve depends on HR data on planned retirements at year end
Contribution to Revenue Budget	Funding set aside to finance short term revenue funding issues. This will alter each year depending on the MTFs position.
2017 Bonus Pay Award	Funding set aside for the part year impact of the 1% bonus awarded in the Sept 17 pay award
Officer Intake Strategy	Finances to allow for short term excess officer numbers or variances in the vacancy factor. This will be reviewed each year depending on funding and recruitment profile.
HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)	
Capital Development Reserve	Funding set aside to assist in the financing of capital to reduce the organisations need to borrow.
Restructuring Reserve	This funds one off costs such as redundancy and minor office changes required to restructure the business to meet reduced funding levels.
Budget Smoothing Reserve	Funds any unplanned shortfalls in savings resulting from timing issues in delivering savings.
Held Property Project	This will fund a 3yr project to consolidate, review and where appropriate dispose of held property.
Estates Transformation Reserve	Work has been requested from property advisors to help maximise returns from estates changes. This pump primes the initiative.

Specials Intake Strategy	This reserve is intended to finance a plan to increase the number of Specials assisting the force to 300-400 with a specific recruitment, retention and training strategy.
Diversity Reserve	Funding set aside to finance projects which will lead to a more diverse workforce and benefits that provides.
Deployability Reserve	A reserve created to reduce the volume of staff unavailable for front line deployability
Regional Projects Reserve	In line with Government guidelines Wiltshire have worked with other Forces on collaboration projects to increase efficiency and effectiveness. This fund finances reviews and start up costs
ICT Project Reserve	To finance efficiency and effectiveness projects (future trfr to Capital Dev Reserve)
Case Quality Management Reserve	Funding set aside to improve and enhance the quality of cases produced for the Criminal Prosecution Services.
GDPR Restructure Reserve	This will finance a restructure of Information Assurance required to implement GDPR
MAPPAs Reserve	This receives funds from the partners in the Multi Agency Public Protection arena and is spent in line with Board decisions.
Switch Reserve	This receives funds from partners and is spent on the Integrated Offender Management programme
Local Resilience Forum	This receives funds from the partners in the Local Resilience Forum and is spent in line with Board decisions.

Wiltshire Police Reserves

Usable Reserves

Reserve	Actual March 2018	Forecast March 2019	Forecast March 2020	Forecast March 2021
HO Heading – General Contingency, held in accordance with sound principles of good financial management				
General Reserve	£2.749m	£2.863m	£2.863m	£2.863m
Chief Constables Operational Reserve	£1.100m	£1.145m	£1.145m	£1.145m
Insurance Reserve	£0.400m	£0.400m	£0.400m	£0.400m
Seized Asset Reserve (Incentivisation)	£0.192m	£0.192m	£0.192m	£0.192m
Ill Health Reserve	£0.390m	£0.159m	£0.080m	
Contribution to Revenue Budget	£0.253m			
2017 Bonus Pay Award	£0.210m			
Officer Intake Strategy	£1.000m	£0.355m	£0.255m	
HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)				
Capital Development Reserve	£9.475m	£7.978m	£3.692m	
Restructuring Reserve	£0.285m	£0.250m	£0.150m	£0.050m
Budget Smoothing Reserve	£0.200m	£0.200m	£0.200m	£0.200m
Held Property Project	£0.136m			
Estates Transformation Reserve	£0.050m			
Specials Intake Strategy	£0.300m			
Diversity Reserve	£0.034m			
Deployability Reserve	£0.100m			
Regional Projects Reserve	£0.294m	£0.250m	£0.150m	£0.050m
ICT Project Reserve	£0.955m			
Case Quality Management Res.	£0.100m	£0.035m		
GDPR Restructure Reserve	£0.100m	£0.130m	£0.065m	
MAPPA Reserve	£0.042m	£0.042m	£0.032m	£0.022m
Local Resilience Forum	£0.010m	£0.010m	£0.005m	
Total	£18.375m	£14.009m	£9.229m	£4.922m

Police and Crime Panel Forward Work Plan

Please note: this is a working document which is subject to change

Date	Location	Provisional Agenda Items
27 th September 2018 10:30am-1pm	County Hall, Trowbridge	<ul style="list-style-type: none"> • PCC Annual Report (deferred from June) • Quarterly data (Q1)– Risk / Performance / Finance / Complaints • Deep dive into Priority 1 (deferred from June) • Budget Monitoring report • Member questions
30 November 2018 10:30am-1pm	The Cheese Hall, Town Hall, Devizes	<ul style="list-style-type: none"> • Confirmatory Hearing for Chief Constable
6 th December 2018 10:30am-1pm	Civic Office, Swindon	<ul style="list-style-type: none"> • Update from the Chief Constable • Quarterly data (Q2)– Risk / Performance / Finance / Complaints • Paper on deployability (TBC) • Community Policing Team Resource Framework • Member questions

<p>17th January 2019 10:30am-1pm</p>	<p>City Hall, Salisbury</p>	<ul style="list-style-type: none"> • PCC Budget 2019/20 and MTFS • Review of performance monitoring process • Member questions
<p>28th March 2019 10:30-1pm</p>	<p>Devizes Corn Exchange</p>	<ul style="list-style-type: none"> • Quarterly data (Q3)– Risk / Performance / Finance / Complaints • Victim Support Service (Horizon) update • Member questions •