



WILTSHIRE AND SWINDON

Medium Term Financial Strategy (MTFS) 2021-22 to 2024-25

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Executive Summary

1. The December settlement provided the police service with funding for 6,000 new officers. This means that funding to date has been provided for 12,000 of the 20,000 new officers promised in the election. With the majority of the 12,000 officers now financed within the central grant it looks like I have received a significant increase, this however must be set aside to fund the 97 Uplift Officers I am recruiting in 2020-21 and 2021-22.
2. The settlement also confirmed that Police and Crime Commissioners can increase their Band D Council Tax precept levels by a maximum of £15. For Wiltshire a £15 increase in equivalent to a 6.9% increase.
3. This MTFS has been drawn up in a period of uncertainty with the Covid 19 pandemic putting real pressure on national finances. An early signal of this is the cancelling of pay awards for public sector workers except those classified as low paid (£24,000 or less). There is uncertainty on what future settlements will look like, nationally the expectation is cash flat, this means that any cost increases will need to be funded by savings or local taxation increases.
4. This uncertainty means that future years funding positions are very much an estimate and will change in a years' time when more information is available. A long-term settlement would be welcomed, this would enable better planning. Based on this I would recommend the focus to be on the 2021-22 financial plan.
5. The uncertainty continues with local funding. The pandemic has led to a number of people being made unemployed and unable to pay Council Tax. The Council tax base estimates show for the first time a reduction, this reduces my income.
6. Whilst the increases are welcome Wiltshire remain underfunded. It still has the lowest council tax in the South West (significantly below the similar size forces of Gloucestershire and Dorset). It also remains the 3rd lowest funded area in the country even though it has the urban issues that Swindon brings and the rural/sparsity issues caused by Salisbury Plain.
7. By increasing Council Tax by £15 per Band D property, my local income will increase by circa £4m. This is needed to fund part year pay awards and unavoidable cost increases. The MTFS also deals with the Capital Financing Strategy, which has revenue consequences in this budget.
8. The Chief Constable's increased expenditure plans surround closing threats identified in the Financial Management Statement (FMS) and the risk register. This is an evidence-based approach in line with HMIC expectations.
9. I now report Shared Services as a separate budget, these costs were previously included within the Chief Constables budget. This provides more transparency and is more appropriate considering they provide services to the OPCC as well.
10. With a £15 increase in the Band D levy there is a need to save £0.587m. The table below shows the savings required increase to £1.906m with a £10 increase;

Financial Yr.	£10 increase	£12 increase	£15 increase
OPCC	£0.218m	£0.205m	£0.186m
Shared Services	£0.327m	£0.217m	£0.050m
Chief Constable	£1.361m	£0.957m	£0.351m
Total Savings Req	£1.906m	£1.379m	£0.587m

11. It should be noted that from 2022-23 to 2024-25 funding assumptions are based on a 2.5% increase in Council Tax and initially a cash flat Central Grant. It is important to note that there is no evidence to support these levels of increase, it is purely an estimate.
12. The MTFs includes an updated Capital Plan and a new Capital Financing Strategy. The plan shows how capital expenditure could be financed in future years. The plan shows that by the end of 2023-24 the PCC is expected to have borrowed in excess of £13m. With the significant need for capital investment in ICT and Estate there is a need to increase the Revenue Contribution to Capital contribution in a financially viable manner to over £2.9m by 2023-24. It should be noted that some expenditure, for instance the HQ redevelopment plan, will require approvals in future years. The level of the redevelopment will significantly impact the Capital Plan and Financing Strategy.
13. 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 in 2020-21 Wiltshire's funding per head of population was £176.76 the national average is £200.48. Wiltshire PCC was the 4th lowest centrally funded and 3rd lowest when considering all funding. These figures need to be updated for the 2021-22 settlement however with the same central funding increase being applied to all forces and the majority of PCC's looking towards the £15 council tax increase they will not change significantly.
14. It should be remembered that this years funding decision will impact the funds available for the future. Considering our low funding position and the savings which would be require with a lower increase I am consulting the public on a £15 increase.

Introduction

15. 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. It then considers how the Commissioner may use the finances available to him to fulfil his wide ranging remit.
16. 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 with 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

17. This version of the 4 year MTFS has been produced post the 2021 settlement.

Central Finances

18. After 9 years (2011-12 to 2019-20) of funding restrictions which had seen the budget reduce by 34.5% the 2020-21 settlement saw an increase in cash of 7.5%. A significant part of the increase was to finance infrastructure to enable the police service as a whole to deliver 20,000 new officers.
19. In 2021-22 a 4.8% increase has been provided, this is entirely to fund officer increases and is the Wiltshire portion of the £415m national announcement. There remains no medium or long term settlement which impacts on our ability to plan for the future.
20. The Legacy Council Grant has remained at £5.235m since 2013-14. This grant compensates PCC's for not raising the precept between 2011 and 2013. The MTFS assumes that this grant will continue in future years with no increase or reduction (i.e. Cash flat).

Precept (Council Tax)

21. 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. The announcement on precept flexibility for 2021-22 was included within November 2020's Comprehensiveness Spending Review (CSR). This allows PCCs to increase Band D council tax by £15. No long term guidance was provided.
22. The Council Tax receipt is dependent on the council tax base (the number of dwellings paying the tax). Due to the downturn in the economy related to Covid 19 the Council Tax base has marginally fallen in 2021-22. The base reduces when the number of people not paying council tax exceeds any increase in dwelling growth. The net combined reduction in the base due to lower collection rates is 0.01% in 2021-22.

23. A 1% increase in the police part of the Band D council tax in 2021-22 is worth £0.570m. Any increase in council tax increases secures future funding at a higher level.
24. The reduction in payments of Council Tax has led to a provisional deficit on the Collection Fund, this is the first time that a deficit has existed. A deficit becomes a cost to the PCC instead of an income stream. The total funding includes the provisional collection fund deficit. This is provisional as the councils are yet to confirm the final position.
25. The current estimate from the councils is a deficit of £0.934m (a surplus of £0.293m existed in 2020-21). The CSR suggests that the government will fund 75% (£0.700m) of the shortfall. This was confirmed in the final settlement however there still is a lack of clarity in the calculation, so the deficit is provisional. Legislation has been passed to split the deficit over 3 years (£0.078m p.a. for Wiltshire OPCC). This has been considered in the estimates shown below. These forecast the economy to slowly bounce back with a surplus reducing the deficit in 2022-23 and 2023-24.

	Additional Dwellings	Est total Dwellings	% Increase	Collection Fund Surplus/(Deficit)
2020-21 Actual	3,327	263,814	1.24%	£293,000
2021-22 Est	-37	263,777	-0.01%	(£78,000)
2022-23 Est	2,638	266,415	1.00%	£22,000
2023-24 Est	5,328	271,743	2.20%	£72,000
2024-25 Est	4,077	275,820	1.50%	£200,000

Inflation

26. The consumer price index shows inflation for the 12 months to September 2020 at 0.7%. Year on year changes have fluctuated throughout the year with a low being 0.5% and 1.1% being the high. The initial MTFs allowed for general inflation at 2%, this has been reduced to 1% as part of the savings plans. Pay is based on 5/12th of the 2020 pay settlement and an allowance of £0.100m for those earning below £24,000. In 2022-23 an increase of 1% has been allowed, rising to 2% in 2023-24 and beyond.
27. In 2020-21 the budget allowed for pay increases of 3%, the actual pay award was 2.5%. This has resulted in a favourable £0.250m cost reduction in the MTFs.
28. In March 2020 the bank base rate was reduced from 0.75% (August 2018) to 0.10%. A decline on investment returns has resulted. Recognising this it is planned to reduce the investment income budget to £0.079m.

Police and Crime Plan 2017-2021

29. 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

30. In 2020-21 Wiltshire received total funding of £176.76 per head of population, this is £23.72 less than the national average (Excludes the Met and the City of London) of £200.48.
31. Central Funding in 2020-21 for Wiltshire was £97.76 per head of population, £26.15 less than the national average (Excludes the Met and the City of London).
32. Combined with the lowest policing precept in the South West, this results in Wiltshire Police having the third lowest total funding per head of population. 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 2022-23.
33. 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.
34. With a need to reduce costs whilst delivering more, the PCC has agreed that investment in technology is essential.
35. During 2014 the PCC became responsible for the commissioning of Victims Services. In 2020-21 Specific Grant funding was £0.892m, the 2021-22 funding has yet to be announced however no significant change is expected. As these funds are specific grants they are not included in the main funding reported.
36. 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

37. The 2020-21 budget relied on the following income to finance activity (excludes £1.384m of earmarked grant for Uplift Year 1);

Central Funding	Central Grant	£62.942m	
	Council Tax Legacy Grant	£5.235m	£68.177m
Local Funding	Precept – Council Tax	£57.055m	
	Council Tax Surplus	£0.293m	£57.348m
MTFS Funding		£125.525m	£125.525m

38. The 2020-21 council tax level of £216.27 is £11.64 below the national average of £227.91 (excluding the City of London and the Met).
39. 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 £15 (6.9%) increase in council tax for

2021-22 (this is the highest level allowed without referendum), before reverting to a 2.5% increase in 2022-23 and 2023-24

Authority	2020-21 Band D Council Tax	Wiltshire £15 increase 2021-22	Wiltshire 2.5% increase 2022-23	Wiltshire 2.5% increase 2023-24
Gloucestershire	£257.25			
Dorset	£240.58			
Avon & Somerset	£227.81			
Devon & Cornwall	£221.64			
Wiltshire	£216.27	£231.27	£237.05	£242.98

Additional cost per Band D Household with a 6.9% increase	£15 p.a.
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40. 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.
41. The additional funding available to Wiltshire under various precept scenarios is shown below when compared against the current precept income;
- Funding at the South West Av. (£232.71), Extra income is £4.3m
 - Funding at National Av (£227.91), Extra income is £3.1m
42. It should be noted that today's decision on council tax impacts future years funding. For example, Gloucestershire's levy of £257.25 was based on a 50% increase in 2003. This shows how future viability is dependent on decisions made today.
43. In 2020-21 Council tax was 45% 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). If central grant remains the same.
44. The MTFs shows income over 4 years assuming the grant remains cash flat and 2.5% Band D increases are levied in all future years. It excludes further funding for year 3 of the officer increase plan assuming that this would be netted off against the cost of the officers. The tables in the appendix show the following income levels (includes ring fenced Uplift Grant);

	With £10 increase	With £12 increase	With £15 increase
2021-22	£132.630m	£133.158m	£133.949m
2022-23	£134.834m	£135.380m	£136.199m
2023-24	£138.372m	£138.943m	£139.792m
2024-25	£141.792m	£142.387m	£143.262m

45. This shows that a £5 lower Band D increase would result in £1.470m less funds in 2024-25.
46. It is necessary to consider the impact of different scenarios. The impact on the 2022-23 finances of changes in funding is shown below;

Scenario	Impact on 2022-23 MTFS Figures
Standard Central funding changes by 1%	Funding changes by £0.669m
Council Tax base changes by 1%	Funding changes by £0.610m
Council Tax increase changes by 1%	Funding changes by £0.570m
Council Tax increase changes by £1	Funding changes by £0.264m

Impact of Funding Allocations

47. The table below shows the provisional allocation with a £15 increase. From 2020-21 the amount spent on Shared Services has been separated out from the Chief Constables (CC) allocation. These departments which include HR, Finance, Estates, Corporate Communications, Business Improvement etc provide services to both the OPCC and the CC.

	2020-21 Allocation	2021-22 Provisional Allocation	Increased Allocation
OPCC Office cost	£1.471m	£1.622m	£0.151m
OPCC Commissioning	£1.646m	£1.646m	-
OPCC Capital cont (RCCO)	£1.781m	£2.329m	£0.548m
Shared Services Allocation	£26.327m	£27.605m	£1.278m
CC Allocation	£94.499m	£100.747m	£6.248m
Total	£125.724m	£133.949m	£8.225m

48. It should be noted that the 2020-21 allocation did not include any funding for the Uplift Officers. The increase in 2021-22 therefore funds the full 97 Uplift officers.

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

50. In 2020 the PCC has approved a revised Capital and Capital Financing Strategy, the updated version is attached at Appendix D. This strategy outlines the need to consider the medium term financing of capital. With an intention to invest in the HQ as part of the 2018 Estates Strategy there needs to be an agreed strategy to fund this. Capital costs are also significant in ICT and it is not appropriate to stop investing in this area.

51. To finance the capital spends it has been accepted by the PCC that borrowing will be required for longer term assets. There is also a need to increase direct revenue funding of short term ICT assets.

52. The strategy suggests a steady increase in the revenue budget to fund the borrowing costs and to provide direct funding. If the whole 9 year plan occurs the total cost is in the area of £90m. As capital grant and capital receipts are limited the revenue consequences will need to rise to £5m to £6m by 2028-29. The plan of steady growth in the revenue funding and a cut in the specific capital grant saw the 2020-21 contribution rising to £1.732m. In addition to this it is forecast that the cost of borrowing (interest and repayments) will be £0.053m in 2020-21. The revised 2021-22 strategy requires the direct revenue funding of capital to increase to £2.217m and the cost of borrowing to rise to £0.112m.

OPCC Direct Expenditure

53. In recent years the OPCC budget has been increased as part of ensuring that the 'and crime' part of the PCCs role is delivered. In 2020-21 it is proposed to increase the budget for the OPCC due to the need to implement the new mandated Complaints process and the good practise of having a Scrutiny Officer. The Office costs are 1.2% of the budget
54. The Commissioning Team (3 staff included within the Office costs) focus on proactive and preventative commissioning with external providers. The commissioning budget allocation in 2021-22 is proposed to remain cash flat however the team have been successful in obtaining grants in 2020-21 to finance other proactive services which fit in with the Police and Crime Plan objectives.
55. The funding specifically available for direct commissioning will be in the region of £2.5m in 2021-22 plus any other specific grants they are able to obtain. The focus on the expenditure includes Substance Misuse, Youth Offending, Reoffending, Victims Services, Mental Health Triage and Community Messaging.
56. Appendix Aii shows the consolidated OPCC Financial Plan (OPCC office costs, commissioning and capital). The capital increase is discussed later in this document.

Shared Services

57. In 2020-21 Shared Services costs have been extracted from the Chief Constables allocation and is now reported separately. £26.327m is the 2020-21 allocation. Shared Services includes HR, OHU, Health and Safety, Learning and Development, Business Improvement, Corporate Communications, Finance and Facilities.
58. Appendix Aiii shows the financial plans for Shared Services. There are several cost pressures in the area which have been identified. One risk surrounds Police Officer Pensions, the impact of the Courts ruling on national changes as unlawful has created a significant volume of work. We are working in the region to resolve this however guidance suggests we will need to provide additional funds nationally, regionally and locally to deal with the re-working which is required. £0.100m has been allowed for this increase in cost.
59. With the Police Officer numbers increasing more staff are required in Learning and Development, Fleet, OHU, ICT, etc. £0.500m has been allowed for this. Some of this budget will be transferred to the Chief Constable's budget once the detail is confirmed.

Use of Finances

60. 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 2020-21 budget has been reviewed to identify the relationship between spend and funding.
61. The table below shows that now [x%] of the funding is collected locally whilst [x%] 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			
Support Services			
OPCC			
Total			
Staffing (FTE)	<i>Awaiting Information</i>		
Income			
Interest			
Total			

Capital

62. The Capital Plan (Appendix C) has been revised this year to compliment the longer term Capital Financing Strategy. The plan shows the capital expenditure forecast over the 4 years. It then shows how these costs will be funded. This plan is then taken forward in the Strategy (Appendix D)

63. The increase in revenue costs (both revenue contributions to capital and the consequences of debt) is planned to finance capital expenditure in a manner that is affordable over a period of time. The plan is more dynamic (it will change regularly throughout the year) than the strategy hence there will be variances occurring which will need reconciliation in each MTFS.

64. It should be noted that the need to borrow and increase revenue costs is not just to finance the Estates Strategy. The ICT spend in years ranges from £1.9m to £6.1m. With 2020-21 standard capital income being £1.8m (capital grant and current revenue contributions) an increase in revenue costs to finance capital is unavoidable. In addition to this £1m of spending on Vehicles and Equipment must be financed each year.

65. The financing of capital spends is dependent on the asset;

- ICT assets with a predicted life of 7 years or more will be financed by borrowing over 7 years
- Significant investment (over £1m) in Estates will be financed by borrowing over 30 years, or capital receipts.
- Specific Grants will be used in line with the specific grant rules
- All other capital expenditure will be funded by a mixture of general grant, revenue contribution to capital and capital receipts.

66. It is important to note that once borrowing is entered this will be a liability on the revenue account for years to come.

67. The Capital grant available to each force has significantly reduced in recent years. For instance in 2013-14 it was £0.939m and has fallen to £0.407m by 2017-18. 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 was not expected that this trend would reverse. The 2019-20 settlement saw the grant reduced to £0.109m, it is expected that it will remain at this low level in 2020-21.

68. The table below summarises the Capital Plan;

	2020-21	2021-22	2022-23	2023-24	Cumul.
Signif. Estates	£0.986m	£0.450m	£1.850m	£9.867m	£13.153m
Refurb. Estates	£0.580m	£1.372m	£1.050m	£0.100m	£3.102m
Equip/Fleet	£1.445m	£0.990m	£1.059m	£1.194m	£4.688m
Long Term ICT	£0.198m	£3.084m	-	-	£3.282m
Short Term ICT	£5.536m	£3.015m	£1.959m	£2.259m	£12.769m
Total Expenditure	£8.745m	£8.911m	£5.918m	£13.420m	£36.994m
Financed by:					
Capital Grant	£0.109m	£0.109m	£0.109m	£0.109m	£0.436m
Specific Grant	£0.300m	£0.171m	-	-	£0.471m
Capital Dev Res	£4.687m	£0.124m	-	-	£4.811m
Capital Receipts	£0.733m	£2.756m	£1.407m	£3.556m	£8.452m
Borrowing	£1.184m	£3.534m	£1.850m	£6.867m	£13.435m
Revenue Cont.	£1.732m	£2.217m	£2.552m	£2.888m	£9.389m
Total Financing	£8.745m	£8.911m	£5.918m	£13.420m	£36.994m

69. A review of the capital receipts expected has occurred with the revised strategy. This is based on a reduced portfolio as determined by the PCCs 2018 Estates Strategy. There is a large amount of risk in the forecast. The new plan includes only 70% of the original valuation and that receipts are received 6 months later than forecast. This will mitigate some of the risk. The PCCs Acquisitions and Disposals Board monitor and approve decisions with the delivery of best value the primary purpose.

70. All new capital projects are approved by the PCC via the Commissioners Monitoring Board. The current plan includes approvals for Warminster, Tidworth and Bourne Hill. Development costs for HQ are being programmed into the plan alongside the current work on the recreational areas,

71. The plan continues to have funding allocated for ESMCP (Emergency Services Mobile Communications Project). 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.

72. The plan and strategy allows 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 funds have 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 however historically some costs have fallen to individual PCCs. It is often the case that the revenue costs resulting from these national projects fall to PCC's also, in 2021-22 national ICT direct charges are estimated to increase by £0.193m. Funds are also set aside for costs relating to the Hi-Tech Crime teams storage servers and workstations. £0.853m has been allowed for the ERP project which is currently at implementation stage.

73. 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.

74. 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.

75. A budget for operational equipment is in place. This is intended to fund small capital items such as firearms, tasers, drones, etc. The exact budget required for this area will need to be determined each year.

Risks and Reserves

76. The assessment of risks and the setting of appropriate levels of reserves is an essential element of medium term financial planning.

77. 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.

78. 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.

79. 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.

80. 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 F.

81. There continues to be a focus on the level of reserves held by PCCs. With austerity there was central concern that funds were not being used appropriately. Based on this the policing minister wished 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	£15.328m	£8.111m
March 20.	£12.247m	£4.811m
March 21 Est.	£7.061m	£0.124m
March 22 Est.	£6.196m	-
March 22 Est.	£5.815m	-

82. 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.

83. 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 F.

84. The largest reserve is the Capital Development Reserve. This is required to finance the capital plan and is £4.811m at 31 March 2019. The table above shows this is forecasted to be completely used by the end of March 2021. The need for this reserve is important to fund short life assets (such as ICT) as the capital strategy does not promote borrowing for short life assets. From 2022 these costs will be funded from revenue contributions to capital.

85. 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

86. 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.

87. It is expected that the Chief Constable will improve the efficiency in how he delivers policing. Depending on the funding provided there is likely to be a budgetary gap, it is expected that the Chief Constable will continue to identify ways in which he can close these gaps.

PCC for Wiltshire Medium Term Funding Plan

Council Tax Increase

2021-22 £10, 2.5% Future years

Financial Year >>>>>>	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Estimated Funding Available to the PCC				
Police Grant/DCLG	66.909	66.909	67.578	68.254
Uplift Grant	0.800	0.800	0.808	0.816
Legacy Council Tax Grant	5.235	5.235	5.235	5.235
Total Central Funding	72.944	72.944	73.621	74.305
CT Surplus	-0.078	0.022	0.072	0.200
Precept	59.685	61.789	64.600	67.209
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	132.551	134.755	138.293	141.713
Investment Income	0.079	0.079	0.079	0.079
Total Income available to PCC	132.630	134.834	138.372	141.792
Increase in Total Funds Available	4.3%	1.7%	2.6%	2.5%
<i>Central Funding Increase</i>	<i>4.9%</i>	<i>0.0%</i>	<i>0.9%</i>	<i>0.9%</i>
Band D Council Tax	226.27	231.93	237.72	243.67
Increase per Band D household	10.00	5.66	5.80	5.94

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations (excl Capital)

OPCC - Office costs (less inv inc)	1.605	1.622	1.739	1.852
OPCC - Capital Contribution	2.329	3.156	3.579	4.239
OPCC - Commissioning	1.630	1.647	1.685	1.719
Shared Services allocation	27.328	27.617	28.254	28.816
Chief Constable allocation	99.737	100.791	103.116	105.167
Total Allocation	132.630	134.834	138.372	141.792

PCC for Wiltshire Medium Term Funding Plan

Council Tax Increase 2021-22 £12, 2.5% Future years

Financial Year >>>>>>	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Estimated Funding Available to the PCC				
Police Grant/DCLG	66.909	66.909	67.578	68.254
Uplift Grant	0.800	0.800	0.808	0.816
Legacy Council Tax Grant	5.235	5.235	5.235	5.235
Total Central Funding	72.944	72.944	73.621	74.305
CT Surplus	-0.078	0.022	0.072	0.200
Precept	60.212	62.335	65.171	67.803
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	133.078	135.301	138.864	142.308
Investment Income	0.079	0.079	0.079	0.079
Total Income available to PCC	133.157	135.380	138.943	142.387
Increase in Total Funds Available	4.8%	1.7%	2.6%	2.5%
<i>Central Funding Increase</i>	<i>4.9%</i>	<i>0.0%</i>	<i>0.9%</i>	<i>0.9%</i>
Band D Council Tax	228.27	233.98	239.83	245.82
Increase per Band D household	12.00	5.71	5.85	6.00

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations (excl Capital)

OPCC - Office costs (less inv inc)	1.612	1.629	1.746	1.860
OPCC - Capital Contribution	2.329	3.156	3.579	4.239
OPCC - Commissioning	1.637	1.654	1.692	1.726
Shared Services allocation	27.439	27.731	28.373	28.940
Chief Constable allocation	100.141	101.209	103.553	105.621
Total Allocation	133.157	135.380	138.943	142.387

PCC for Wiltshire Medium Term Funding Plan

Council Tax Increase 2021-22 £15, 2.5% Future years

Financial Year >>>>>>	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Estimated Funding Available to the PCC				
Police Grant/DCLG	66.909	66.909	67.578	68.254
Uplift Grant	0.800	0.800	0.800	0.800
Legacy Council Tax Grant	5.235	5.235	5.235	5.235
Total Central Funding	72.944	72.944	73.613	74.289
CT Surplus	-0.078	0.022	0.072	0.200
Precept	61.004	63.154	66.028	68.694
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	133.870	136.120	139.713	143.183
Investment Income	0.079	0.079	0.079	0.079
Total Income available to PCC	133.949	136.199	139.792	143.262
Increase in Total Funds Available	5.4%	1.7%	2.6%	2.5%
<i>Central Funding Increase</i>	<i>4.9%</i>	<i>0.0%</i>	<i>0.9%</i>	<i>0.9%</i>
Band D Council Tax	231.27	237.05	242.98	249.05
Increase per Band D household	15.00	5.78	5.93	6.07

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations (excl Capital)

OPCC - Office costs (less inv inc)	1.622	1.640	1.757	1.871
OPCC - Capital Contribution	2.329	3.156	3.579	4.239
OPCC - Commissioning	1.646	1.664	1.702	1.737
Shared Services allocation	27.605	27.903	28.552	29.124
Chief Constable allocation	100.747	101.836	104.202	106.291
Total Allocation	133.949	136.199	139.792	143.262

OPCC Financial Plan (Incl Capital and Commissioning)

Council Tax Increase

2021-22 £10, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	4.898	5.564	6.426	7.003
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	4.898	5.564	6.426	7.003
Cost Increases				
Inflation estimate	0.051	0.024	0.048	0.050
Capital Increase	0.724	0.827	0.423	0.660
Spinal Point Increases	0.008	0.008	0.008	0.008
Low Pay £250 pay award	0.001	0.000	0.000	0.000
Scrutiny Post W9	0.042	0.000	0.000	0.000
Complaints Administrators 2 x W6	0.062	0.000	0.000	0.000
Cost Reduction				
Impact of Pay Increase reduction	-0.003	0.000	0.000	0.000
Total Cost Change	0.885	0.859	0.479	0.718
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-0.218	0.003	0.098	0.089
New Requirement	5.564	6.426	7.003	7.810

Inflation Assumptions

Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

OPCC Financial Plan (Incl Capital and Commissioning)

Council Tax Increase

2021-22 £12, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	4.898	5.577	6.439	7.017
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	4.898	5.577	6.439	7.017
Cost Increases				
Inflation estimate	0.051	0.024	0.048	0.050
Capital Increase	0.724	0.827	0.423	0.660
Spinal Point Increases	0.008	0.008	0.008	0.008
Low Pay £250 pay award	0.001	0.000	0.000	0.000
Scrutiny Post W9	0.042	0.000	0.000	0.000
Complaints Administrators 2 x W6	0.062	0.000	0.000	0.000
Cost Reduction				
Impact of Pay Increase reduction	-0.003	0.000	0.000	0.000
Total Cost Change	0.885	0.859	0.479	0.718
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-0.205	0.003	0.099	0.089
New Requirement	5.577	6.439	7.017	7.825
<hr/>				
<u>Inflation Assumptions</u>				
Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

OPCC Financial Plan (Incl Capital and Commissioning)

Council Tax Increase

2021-22 £15, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	4.898	5.597	6.459	7.038
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	4.898	5.597	6.459	7.038
Cost Increases				
Inflation estimate	0.051	0.024	0.048	0.051
Capital Increase	0.724	0.827	0.423	0.660
Spinal Point Increases	0.008	0.008	0.008	0.008
Low Pay £250 pay award	0.001	0.000	0.000	0.000
Scrutiny Post W9	0.042	0.000	0.000	0.000
Complaints Administrators 2 x W6	0.062	0.000	0.000	0.000
Cost Reduction				
Impact of Pay Increase reduction	-0.003	0.000	0.000	0.000
Total Cost Change	0.885	0.859	0.479	0.719
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '1' / Growth Available	-0.186	0.004	0.099	0.089
New Requirement	5.597	6.459	7.038	7.846

Inflation Assumptions

Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

Shared Services Financial Plan

Council Tax Increase

2021-22 £10, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	26.327	27.328	27.617	28.254
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	26.327	27.328	27.617	28.254
Cost Increases				
Inflation estimate	0.419	0.274	0.552	0.566
Spinal Point Increases	0.152	0.152	0.152	0.152
Low Paid £250 pay award	0.039	0.000	0.000	0.000
Welfare Officer W9	0.041	0.000	0.000	0.000
Single On Line Home	0.014	0.000	0.000	0.000
People Services - Capacity 3 posts	0.083	0.000	0.000	0.000
National Pension Remedy Costs	0.100	0.000	0.000	0.000
Enabling Staff	0.500	0.000	0.000	0.000
Unidentified Policing Pressures	0.050	0.055	0.055	0.055
Cost Reduction				
Impact of Pay increase Reduction	-0.070	0.000	0.000	0.000
Total Cost Change	1.328	0.481	0.759	0.773
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-0.327	-0.192	-0.122	-0.211
New Requirement	27.328	27.617	28.254	28.816

Inflation Assumptions

Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

Shared Services Financial Plan

Council Tax Increase

2021-22 £12, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	26.327	27.439	27.731	28.373
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	26.327	27.439	27.731	28.373
Cost Increases				
Inflation estimate	0.419	0.275	0.555	0.568
Spinal Point Increases	0.152	0.152	0.152	0.152
Low Paid £250 pay award	0.039	0.000	0.000	0.000
Welfare Officer W9	0.041	0.000	0.000	0.000
Single On Line Home	0.014	0.000	0.000	0.000
People Services - Capacity 3 posts	0.083	0.000	0.000	0.000
National Pension Remedy Costs	0.100	0.000	0.000	0.000
Enabling Staff	0.500	0.000	0.000	0.000
Unidentified Policing Pressures	0.050	0.055	0.055	0.055
Cost Reduction				
Impact of Pay increase Reduction	-0.070	0.000	0.000	0.000
Total Cost Change	1.328	0.482	0.762	0.775
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = ' / Growth Available	-0.217	-0.189	-0.120	-0.208
New Requirement	27.439	27.731	28.373	28.940
<u>Inflation Assumptions</u>				
Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

Shared Services Financial Plan

Council Tax Increase

2021-22 £15, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	26.327	27.605	27.903	28.552
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	26.327	27.605	27.903	28.552
Cost Increases				
Inflation estimate	0.419	0.277	0.558	0.572
Spinal Point Increases	0.152	0.152	0.152	0.152
Low Paid £250 pay award	0.039	0.000	0.000	0.000
Welfare Officer W9	0.041	0.000	0.000	0.000
Single On Line Home	0.014	0.000	0.000	0.000
People Services - Capacity 3 posts	0.083	0.000	0.000	0.000
National Pension Remedy Costs	0.100	0.000	0.000	0.000
Enabling Staff	0.500	0.000	0.000	0.000
Unidentified Policing Pressures	0.050	0.055	0.055	0.055
Cost Reduction				
Impact of Pay increase Reduction	-0.070	0.000	0.000	0.000
Total Cost Change	1.328	0.484	0.765	0.779
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-0.050	-0.185	-0.117	-0.206
New Requirement	27.605	27.903	28.552	29.124
<hr/>				
<u>Inflation Assumptions</u>				
Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

The Chief Constable's Allocated Budget

Introduction

1. The 2021-22 budget has been built in unusual circumstances. Covid 19 has impacted the services provided and the national funds available to finance policing services (which led to the pay freeze). In addition the Government continued to support the funding of a national increase in officers. The settlement has provided some late clarity on the funds however a number of issues still remain. With the funds available I am available to invest in services which have been identified in the FMS (Force Management Statement) as a risk.
2. Government funding plans surrounding the extra Uplift officers (97 in years one and two) remain unclear, however it seems that grant has been provided to cover their costs and to invest in the necessary infrastructure.
3. In 2020-21 Shared Services was extracted from my budget. This removed £26.327m from my £120.826m budget leaving £94.499m as my new allocation. Shared Services includes HR, OHU, Health and Safety, Learning and Development, Business Improvement, Corporate Communications, Finance and Facilities.

Funding

4. The table below shows the funding the PCC could provide me (under his requested scenarios) and the savings I would need to deliver;

	2021-22	2022-23	2023-24	2024-25
CC allocation (£10 inc)	£99.737m	£100.791m	£103.116m	£105.167m
Funding (gap)/surplus	(£1.361m)	£0.170m	£0.026m	(£0.096m)
CC allocation (£12 inc)	£100.141m	£101.209m	£103.553m	£105.621m
Funding (gap)/surplus	(£0.957m)	£0.181m	£0.037m	(£0.088m)
CC allocation (£15 inc)	£100.747m	£101.836m	£104.202m	£106.291m
Funding (gap)/surplus	(£0.351m)	£0.196m	£0.047m	(£0.080m)

Expenditure

5. In 2020-21 the PCC gave the CC a budget of £120.826m. The table below shows how expenditure was planned when allocated according to the Police Objective Analysis (POA), the variance of [£xm] is due to national classification guidelines;

	Officer FTE	Staff FTE	Total FTE	% of Staff	£m	% of Budget
Local Policing						
Dealing with the Public						
Criminal Justice						
Ops Support (inc RPU)						
Intelligence	<i>Awaiting Information</i>					
Investigations						
Public Protection						
National Policing						
Support Functions						
Cap Finance/Pensions						
Reserves/Commis.						

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 2020-21 the profiles are yet to be released (delayed due to Covid). Whilst this information is outstanding I can see no reason as to why the headlines for 2019-20 are still not valid;
- Wiltshire's spend per head of population is £162. The national average is £185 and £181 for similar forces. Wiltshire's spend is the 3rd lowest in the country.
 - Wiltshire's central funding per head of population is £88. £114 is the national average, £100 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 £38.13. Similar forces average is £41.25, £3.12 more than Wiltshire.
 - Wiltshire's spend on officers per head of population is £72.87 this is the lowest in the country (£21.40 lower than our similar forces). However Wiltshire's spend on staff of £46.91 per head of population is above the similar forces average of £45.80). This points to Wiltshire optimising Work Force Modernisation options.
7. 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 inflation of 1% in 2021-22 and 2022-23, rising to 2% in 2023-24 and 2024-25. Whilst it is assumed that the Grant will be cash flat in 2022-23 it is expected that low paid workers will receive an increase. Spinal point increases are excluded from the pay freeze.
8. There are several unavoidable costs in the financial plan. These include a number of national services provided where the costs allocated to Wiltshire have increased. Cost increases surrounding National ICT and Air support total £0.277m

9. The budget requirement should be driven by the Force Management Statement (FMS), risk and unavoidable costs. The FMS is continually being developed and is now over 700 pages.
10. Each Area's Manager has scored their understand of demand and capacity (current and future) out of 5 based on the following grading rules;

Score	Grading	Description
1	Very Good	The Force has a very good and consistent approach to understanding current and/or future demand. There are no gaps in meeting current demand and substantive plans are in place to deal with future demand.
2	Good	The Force has a good approach to understanding both current and/or future demand. There are limited gaps in meeting current demand but plans are in place to address them, which are having a some positive impacts. Plans are in place to deal with future demand.
3	Acceptable	The Force has a reasonable approach to understanding current and/or future demand. There are some gaps in meeting current demand and some plans are in place to address them. Plans are being considered to address potential future demands.
4	Concerning	The Force has a limited approach to understanding current and/or future demand. There are considerable gaps in meeting current demand and limited plans are in place to address them. Limited consideration given to plans to address future demand.
5	Significantly Concerning	The Force has a deficient understanding of current and/or future demand. The Force is unable to meet current demand and has no suitable plans to address them. No consideration has been given to dealing with future demand.

11. Appendix E is the risk assessment resulting from this. These key threats and risks have been reviewed by the Chief Constables Executive Leadership Team. The outcome is summarised below for those areas with an average score above 3;

FMS Area	Agreed Outcome
CJU	The risk surrounds the court capacity with Covid, working with partners to assist
Custody	A Continuous Improvement review scheduled for 2021-22 to understand issue
Horizon	The risk surrounds the court capacity with Covid, working with partners to assist
Counter Terrorism	Constantly developing demand however national network investment ensures capacity
Protecting Vulnerable People	The FIM2 (investigation model) review is expected to assist, 18 new Uplift officers have been allocated to this area.
Managing Offenders	A review of the working practices is occurring which is reducing demand
Major Events (Ops Support)	Investment in both Armed Response and Collision Investigations is within the budget
ICT	Investment in the new dept is in the budget however with reliance on IT ever-growing further investment may be needed
Professional Standards	Investment is within the OPCC budget and the Force Command Structure review.
Health and Safety	Covid has placed significant demand on this small team, investment is likely to be needed

People Services	Investment in HR capacity is included in the new budget
Diversity and Inclusion	Improved understanding of demand and impact is required
People Development	Covid has impacted delivery and a review of service delivery is required

12. The Risk Register taken to the Audit Committee on 14 December 2020 has been reviewed and where appropriate investment recommended. Some areas have been resolved. As at 4 January 2021 the register shows 7 risks with a residual risk score of 48. There is, as would be expected, a crossover between the FMS and Risk Register. Hence some of the investment requests are duplications. The outcome is shown below;

Risk Area	Investment Required
Staff morale is reduced through continual change	Nil – understanding of impact in all change monitored by Change Board
Alarm System	New system being implemented funding set aside in capital and revenue budgets
Covid impacts the workforce	Nil -Constant monitoring occurring, guidance provided to managers and staff
Shortage of qualified PIP2 staff in PPD and CID	Nil - Review occurring with new training course planned Jan/Feb 2021
CPT Deployment is too low	New Officers from 2020-21 budget will go independent March 2021 reducing risk
Justice – case progress with court capacity	Nil - working with partners to assist however control limited
ICT services impacted with in-source change	Revenue and Capital budgets increased in 2020-21, further growth in 2021-22 incl.

13. The next paragraphs within the paper explain the reasons behind the other significant (above £0.100m) cost increases proposed in 2021-22.
14. The most significant cost increase surrounds the uplift in Police Officers. In 2020-21 specific grant of £1.384m was provided to introduce 49 officers part way through the year. As this was specific grant neither the income nor the cost of these officers was built into the base budget. In 2021-22 the majority of the funding has been provided as standard central grant, it is therefore necessary to build these costs into the base budget.
15. The MTFs includes £3.734m for 97 officers and direct equipment. Whilst it is not possible to directly link the increase in funding to each officer when you consider the growth in enabling costs the funding seems reasonable
16. Initial information suggests that the National ICT charges that each force has to pay will increase by £0.193m in 2021-22. £0.084m of this is our share of the running costs of the National Management Centre. This centre monitors and provides advice and systems to protect the service from cyber risks. In addition to this the costs for several nationally provided systems have increased, the most significant being ANPR where a £0.048m increase has been identified.

17. The PCC has agreed to enter into a new mobile contract for voice and data. Whilst revenue costs have increased by £0.090m p.a. the contract comes with a capital credit for handsets of £0.241m. This reduces future capital needs and the cost increase to £0.029m over the 3 year contract. Other costs have been allocated for a revision of the Mobile Operational System which is due to expire in 2021-22.
18. With Officers increasing towards the 1,100 number from a low point of 934 it has been necessary to review the Force Command Structure. It has been agreed that an increase is required to ensure appropriate management is in place. The net cost of the increase (£0.102m) is after 7 uplift officers have been allocated to this area. This new level of supervision remains below that of neighbouring similar size forces.
19. The October Budget Monitoring statement shows a full year forecast Overtime overspend of £0.719m. In 2018-19 and 2019-20 respective overspends of £0.730m and £0.808m were reported. There has been a focus this year on the spend ensuring that all overtime is necessary. The intention is to allocate £0.303m this year into the base budget. This budget will be used to ensure funding for minimum staffing levels is in place. This more realistic budget will allow the Force to hold commanders to account if overspends occur.
20. It is proposed to allocate the additional 48 officers as below;

	Officers
Starting Position (1 April 2020)	1,050
Reg. Organised Crime Units (prescribed in Grant)	2
Authorised Firearms Officers	4
Force Command Structure	7
Fraud Prevention	1
Neighbourhood Capabilities	16
Protecting the Vulnerable	18
Total	1,098

21. This figure excludes secondments. As at the end of December 2020 we have 15 officers (FTE and headcount) seconded.
22. The 1,098 includes 2 posts ringfenced for the ROCU, information is currently outstanding on how this will be passed through. £0.800m has been set aside as a ring-fenced grant, it is assumed that this will only be received if we can confirm that a headcount target (including secondments) of 1,122 is achieved as at 31 March 2022
23. The use of headcount rather than FTE is a change from the norm. Currently there is a 1.027 multiplier (due to part time staff). If the FTE figure of 1113 (1098+15 secondments) is achieved the target of 1122 should be reached (1113x1.027=1143).

Funding Shortfalls

24. When comparing estimated budget requirements against the finances expected to be available from the PCC (with a £15 increase in Council Tax in 2021-22, 2.5% in future years) a savings requirement is identified (Appendix Bi).

25. Growth is available in 2022-23 only if there is no general pay award in 2021-22. If this is the case, and with no pay award in 2020-21, the spinal point saving from staff turnover creates a favourable position.

	2021-22	2022-23	2023-24	2024-25
Est. Expenditure	£101.098m	£101.640m	£104.155m	£106.371m
Est. Funding	£100.747m	£101.836m	£104.202m	£106.291m
Shortfall/Growth(-)	£0.351m	-£0.196m	-£0.047m	£0.080m

26. Opportunities to resolve the shortfall in 2021-22 have been identified.

Conclusion

27. This paper identifies a plan to increase police officer strength whilst also financing a number of unavoidable costs. It also looks at gaps identified in the FMS and proposes some investment in these areas. With a £15 council tax increase savings of £0.351m are required which I believe I can deliver.
28. It should be noted that whilst a positive position in 2022-23 and 2023-24 is reported this occurs only due to no general pay award whilst Band D council tax increases by 2.5%. This is very much an estimate. Depending on the economic environment in future years this may lead to recruitment issues which could increase the threat and harm risk level.
29. If a pay award was to occur and no central grant increase received significant savings would be required.
30. Considering the risks, as Chief Constable, I am advising the PCC that any return available from the Council Tax be maximised to assist in the maintaining of local policing in Wiltshire in the future. This advice is in the knowledge that we are the 3rd lowest funded force in the country. Increasing the base funding each year is essential when considering future delivery plans.

Summary of Assumptions

- i. There will be no change in legacy Council Tax Grant (cash flat) over the period of the MTFS
- ii. General Central Grant funding increases are nil in 2022-23 and 1% from 2023-24.
- iii. Council Tax increases will be 2.5% from 2022-23
- iv. A small Council Tax Surplus will occur from 2022-23 onwards growing to £0.200m by 2024-25 with an improvement in the economy.
- v. The Council Tax Base will increase by 1% p.a. in 2022-23, 2% in 2023-24 and 1.5% in 2024-25
- vi. In 2022-23 general inflation will be 1% p.a. rising to 2% p.a. from 2023-24
- vii. 1% pay inflation is allowed in 2022-23 to fund an increase for low paid workers, a 2% award is allowed from 2023-24.
- viii. Investment income will be low at £0.079m p.a. over the period of the MTFS
- ix. 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

Council Tax Increase

2021-22 £10, 2.5% Future years

	2021-22 £million	2022-23 £million	2023-24 £million	2024-25 £million
Expenditure BFWD	94.499	99.737	100.791	103.116
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	94.499	99.737	100.791	103.116
Cost Increases				
Inflation estimate	1.014	0.997	2.016	2.061
Fixing of specific grants	0.064	0.032	0.064	0.064
Spinal Point Increases	0.540	0.540	0.540	0.540
Low Pay £250 pay award	0.060	0.000	0.000	0.000
Increase in Bank Holidays	0.183	0.000	0.000	0.000
ICT Review (from Previous MTFS)	0.101	0.000	0.000	0.000
ICT Salary Review	0.050	0.000	0.000	0.000
National ICT Costs	0.193	0.000	0.000	0.000
Microsoft Costs	0.000	0.051	0.105	0.000
National Air Support Increase	0.084	0.000	0.000	0.000
Alarms contract Cost Increase	0.012	0.000	0.000	0.000
Mobile Contract and Solution	0.174	0.000	0.000	0.000
Initial Child Protection Conf. Posts 2 x W7	0.066	0.000	0.000	0.000
Op Fortitude LCI Post W8	0.034	0.000	0.000	0.000
Armed Response 4 Posts % of long term plan	0.018	0.000	0.000	0.000
Collision Investigation Unit - 1 post	0.051	0.000	0.000	0.000
CAB Capacity - 2 posts	0.079	0.000	0.000	0.000
Drones - Budgeted Income shortfall	0.036	0.000	0.000	0.000
Operational Security Post	0.043	0.000	0.000	0.000
Force Command Structure	0.102	0.000	0.000	0.000
Force Out of Court Disposals (3 posts)	0.085	0.000	0.000	0.000
CJU Equipment request	0.250	-0.250	0.000	0.000
49 Officers (Year 1 Uplift) at Year 3	1.862	0.000	0.000	0.000
48 Officers (Year 2 Uplift) at Year 2	1.728	0.000	0.000	0.000
Enabling Equipment/IT (£3k per Officer)	0.144	0.000	0.000	0.000
Overtime Review	0.303	0.000	0.000	0.000
Unidentified Policing Pressures	0.100	0.195	0.195	0.195
Cost Reduction				
Decrease in Rent Allowance	-0.100	-0.090	-0.030	-0.030
Reduction in Bank Holidays	0.000	-0.092	-0.092	-0.183
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Impact of Pay increase Reduction	-0.177	0.000	0.000	0.000
Total Cost Change	6.599	0.884	2.299	2.147
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-1.361	0.170	0.026	-0.096
New Requirement	99.737	100.791	103.116	105.167
Inflation Assumptions				
Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

Chief Constables Financial Plan

Council Tax Increase

2021-22 £12, 2.5% Future years

	2021-22	2022-23	2023-24	2024-25
	<i>£million</i>	<i>£million</i>	<i>£million</i>	<i>£million</i>
Expenditure BFWD	94.499	100.141	101.209	103.553
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	94.499	100.141	101.209	103.553

Cost Increases

Inflation estimate	1.014	1.001	2.024	2.070
Fixing of specific grants	0.064	0.032	0.064	0.064
Spinal Point Increases	0.540	0.540	0.540	0.540
Low Pay £250 pay award	0.060	0.000	0.000	0.000
Increase in Bank Holidays	0.183	0.000	0.000	0.000
ICT Review (from Previous MTFS)	0.101	0.000	0.000	0.000
ICT Salary Review	0.050	0.000	0.000	0.000
National ICT Costs	0.193	0.000	0.000	0.000
Microsoft Costs	0.000	0.051	0.105	0.000
National Air Support Increase	0.084	0.000	0.000	0.000
Alarms contract Cost Increase	0.012	0.000	0.000	0.000
Mobile Contract and Solution	0.174	0.000	0.000	0.000
Initial Child Protection Conf. Posts 2 x W7	0.066	0.000	0.000	0.000
Op Fortitude LCI Post W8	0.034	0.000	0.000	0.000
Armed Response 4 Posts % of long term plan	0.018	0.000	0.000	0.000
Collision Investigation Unit - 1 post	0.051	0.000	0.000	0.000
CAB Capacity - 2 posts	0.079	0.000	0.000	0.000
Drones - Budgeted Income shortfall	0.036	0.000	0.000	0.000
Operational Security Post	0.043	0.000	0.000	0.000
Force Command Structure	0.102	0.000	0.000	0.000
Force Out of Court Disposals (3 posts)	0.085	0.000	0.000	0.000
CIU Equipment request	0.250	-0.250	0.000	0.000
49 Officers (Year 1 Uplift) at Year 3	1.862	0.000	0.000	0.000
48 Officers (Year 2 Uplift) at Year 2	1.728	0.000	0.000	0.000
Enabling Equipment/IT (£3k per Officer)	0.144	0.000	0.000	0.000
Overtime Review	0.303	0.000	0.000	0.000
Unidentified Policing Pressures	0.100	0.195	0.195	0.195

Cost Reduction

Decrease in Rent Allowance	-0.100	-0.090	-0.030	-0.030
Reduction in Bank Holidays	0.000	-0.092	-0.092	-0.183
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Impact of Pay increase Reduction	-0.177	0.000	0.000	0.000

Total Cost Change	6.599	0.888	2.307	2.156
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Contributions to or from Reserves	0.000	0.000	0.000	0.000
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Savings Required = ' / Growth Available	-0.957	0.181	0.037	-0.088
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New Requirement	100.141	101.209	103.553	105.621
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Inflation Assumptions

Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

Chief Constables Financial Plan

Council Tax Increase

2021-22 £15, 2.5% Future years

	2021-22	2022-23	2023-24	2024-25
	<i>£million</i>	<i>£million</i>	<i>£million</i>	<i>£million</i>
Expenditure BFWD	94.499	100.747	101.836	104.202
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	94.499	100.747	101.836	104.202
Cost Increases				
Inflation estimate	1.014	1.007	2.036	2.083
Fixing of specific grants	0.064	0.032	0.064	0.064
Spinal Point Increases	0.540	0.540	0.540	0.540
Low Pay £250 pay award	0.060	0.000	0.000	0.000
Increase in Bank Holidays	0.183	0.000	0.000	0.000
ICT Review (from Previous MTFS)	0.101	0.000	0.000	0.000
ICT Salary Review	0.050	0.000	0.000	0.000
National ICT Costs	0.193	0.000	0.000	0.000
Microsoft Costs	0.000	0.051	0.105	0.000
National Air Support Increase	0.084	0.000	0.000	0.000
Alarms contract Cost Increase	0.012	0.000	0.000	0.000
Mobile Contract and Solution	0.174	0.000	0.000	0.000
Initial Child Protection Conf. Posts 2 x W7	0.066	0.000	0.000	0.000
Op Fortitude-LCI Post W8	0.034	0.000	0.000	0.000
Armed Response 4 Posts % of long term plan	0.018	0.000	0.000	0.000
Collision Investigation Unit - 1 post	0.051	0.000	0.000	0.000
CAB Capacity - 2 posts	0.079	0.000	0.000	0.000
Drones - Budgeted Income shortfall	0.036	0.000	0.000	0.000
Operational Security Post	0.043	0.000	0.000	0.000
Force Command Structure	0.102	0.000	0.000	0.000
Force Out of Court Disposals (3 posts)	0.085	0.000	0.000	0.000
CIU Equipment request	0.250	-0.250	0.000	0.000
49 Officers (Year 1 Uplift) at Year 3	1.862	0.000	0.000	0.000
48 Officers (Year 2 Uplift) at Year 2	1.728	0.000	0.000	0.000
Enabling Equipment/IT (£3k per Officer)	0.144	0.000	0.000	0.000
Overtime Review	0.303	0.000	0.000	0.000
Unidentified Policing Pressures	0.100	0.195	0.195	0.195
Cost Reduction				
Decrease in Rent Allowance	-0.100	-0.090	-0.030	-0.030
Reduction in Bank Holidays	0.000	-0.092	-0.092	-0.183
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Impact of Pay increase Reduction	-0.177	0.000	0.000	0.000
Total Cost Change	6.599	0.894	2.319	2.169
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = 'A' / Growth Available	-0.351	0.196	0.047	-0.080
New Requirement	100.747	101.836	104.202	106.291
Inflation Assumptions				
Employees	1.04%	1.00%	2.00%	2.00%
Income	1.00%	1.00%	2.00%	2.00%
Other	1.00%	1.00%	2.00%	2.00%
IT	1.00%	1.00%	2.00%	2.00%
Utilities	1.00%	1.00%	2.00%	2.00%

Wiltshire Police and Crime Commissioner

Capital Expenditure Plan

Financial Year >>>>>>>	<i>bfwd</i> <i>£million</i>	<i>20/21</i> <i>£million</i>	<i>21/22</i> <i>£million</i>	<i>22/23</i> <i>£million</i>	<i>23/24</i> <i>£million</i>	<i>Cum</i>
Capital Financing Plan						
Government Grant		0.109	0.109	0.109	0.109	0.436
ESN Grant	0.471	0.300	0.171			0.471
Capital Development Reserve Used		4.687	0.124	0.000	0.000	4.811
Capital Receipts Used		0.733	2.756	1.407	3.556	8.452
Borrowing	0.386	1.184	3.534	1.850	6.867	13.435
Revenue Cont. to Capital		1.732	2.217	2.552	2.888	9.389
Financing Plan		8.745	8.911	5.918	13.420	36.994
Capital Funding Balances						
Cap Development Reserve BFWD	4.811	4.811	0.124	0.000	0.000	
Cap Development Reserve Used		4.687	0.124	0.000	0.000	-4.811
Cap Development Reserve CFWD	4.811	0.124	0.000	0.000	0.000	
Cap Receipts BFWD	0.000	0.000	0.000	1.264	3.569	
Cap Receipts Received		0.733	4.020	3.712	0.000	
Cap Receipts Used		0.733	2.756	1.407	3.556	-8.452
Cap Receipts CFWD	0.000	0.000	1.264	3.569	0.013	
Capital Expenditure (on a cashflow basis) <i>* in principal only, projects at this stage</i>						
Part A - Significant Estates Projects (Borrowing)						
Warminster Replacement	0.286	0.500				0.786
Devizes HQ Phase 1 Ops and L&D	0.100	0.100	0.200	0.600	8.600	9.600
Tidworth/Amesbury Hub			0.250	1.250	1.267	2.767
Total Significant Estates Projects	0.386	0.600	0.450	1.850	9.867	13.153
Part B - Estates Refurbishment Projects						
Minor Works - Building Improvements	0.000	0.050	0.050	0.050	0.050	0.200
Programmed Maintenance - Buildings	0.000	0.050	0.050	0.050	0.050	0.200
Trowbridge Roof Maintenance *			0.272			0.272
HQ Recreational Areas - Refurbishment	0.032					0.032
Royal Wootton Bassett - Refurbishment	-0.027	0.169				0.142
Custody Improvement Project	0.100		0.500	0.450		1.050
Bourne Hill	0.206					0.206
Melksham Office refurbishment *			0.500	0.500		1.000
Total Estates Refurbishment Projects	0.311	0.269	1.372	1.050	0.100	3.102
Part C - Equipment and Fleet Repl. Prog.						
Vehicle Fleet	0.446	0.922	0.940	0.959	0.978	4.245
Operational Equipment (Taser etc.)	0.027	0.050	0.050	0.100	0.216	0.443
Total Equipment and Fleet Prog.	0.473	0.972	0.990	1.059	1.194	4.688
Part D - Long Term ICT Projects (Borrowing)						
ESMCP *	0.198		3.084			3.282
Total Long Term ICT Projects	0.198	0.000	3.084	0.000	0.000	3.282
Part E - Short Term ICT Projects						
Computer Laptops, Tablets	0.034	0.073	0.509	0.509	0.509	1.634
Systems Development		0.377	0.300	0.300	0.300	1.277
Systems Upgrades *			0.500	0.750	0.750	2.000
Avaya 999/101 upgrade		0.890				0.890
Desktops (5 yr prog)		0.121	0.121			0.242
Network Upgrades *					0.300	0.300
NEP infrastructure	0.718	1.334	0.300			2.352
SmartPhone Replacement Programme		0.110	1.010			1.120
Qlik Sense	0.213	-0.163				0.050
DEMS (incl; DIR/BWVC)				0.050	0.050	0.100
Radio Refresh *		0.400				0.400
ESN Grant funded - Cortex 8 + 171k	0.471	-0.171	0.171			0.471
ERP	0.666	0.187				0.853
Hi-tech crime unit computers		0.068	0.104	0.050	0.050	0.272
Alarms		0.110				0.110
Mobile Working	0.098			0.300	0.300	0.698
Total Short Term ICT Programme	2.200	3.336	3.015	1.959	2.259	12.769
Total Exp (Parts A, B, C, D and E)	3.568	5.177	8.911	5.918	13.420	36.994
Financing Plan		-8.745	-8.911	-5.918	-13.420	-36.994
Balance		0.000	0.000	0.000	0.000	0.000



The Police and Crime Commissioners Capital Financing Strategy (October 2020 v2)

Purpose

1. This document reviews the current way that the Police and Crime Commissioner (PCC) has financed capital expenditure and then looks forward to how future capital spends can be financed.
2. The document relies on high level estimates for capital spending over the next 9 years and considers the PCC's and Chief Constables desire to provide staff with fit for purpose technology and modern estate to improve productivity.
3. CIPFA's Prudential Code sets the boundaries for capital financing. Legal duties exist and have been considered in this document.
4. The Capital Financing Strategy must consider the Medium Term Financial Strategy (MTFS). The availability of revenue finances to fund capital costs now and in the future is critical.
5. The proposals from this report will impact the Treasury Management Strategy, this will be revised in light of this document.

Background

6. Over the last 6 years the PCC has funded capital expenditure of £27m (£4.5m p.a.). In recent years the reason for the expenditure has shifted towards ICT from Estates. These are short life assets (less than 5 years predicted life) such as laptops and body worn video cameras. To ensure efficiency and effectiveness these assets need a clear life cycle replacement programme with associated financial planning.
7. The Capital Development Reserve has been used to supplement reducing general capital grant and low revenue contributions. However this reserve is reducing and cannot be relied on in the medium to long term.
8. The proposals included in the expenditure plans will deliver the PCC's 2018 Estates Strategy. This strategy reduces the overall estate and ensures the retained estate is providing fit for purpose facilities. This includes estate facilities that are approaching the end of their serviceable life and will require solutions in the medium term.
9. Receipts from surplus estate will be used to contribute to the capital plan. However this will not cover the full costs of replacement facilities and the proposed developments to deliver the Estates strategy.

10. The PCC's long term contract surrounding the provision of Estate in Swindon is a PFI. The capital element of Private Finance Initiatives (PFI's) need to be considered within the capital strategy. In accounting terms, this constitutes a long term liability which is essentially a form of borrowing.

Police and Crime Plan 2017-2021

11. 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
12. Within the priority to secure a quality police service that is trusted and efficient is the ambition for the estate and ICT:
- a) *Announcing my estates strategy for the next five years, including the disposal of sites that are no longer required for policing. Savings will be used to close the financial gap and protect frontline services as far as possible*
 - b) *Investing in ICT platforms that are compliant, agile and cloud-based and meet the needs of officers and staff, allowing police and other public sector partners to exchange and make use of information*
13. The 2020 update to the plan specifically refers to investment in Warminster and delivering the national police ICT strategy (NEP). Both these projects are included in the capital plans.
14. In addition to the Police and Crime Plan, the Force Management Statement provides detailed analysis of anticipated demands on policing and estates requirements.

Future Capital Plan

15. High level capital expenditure plans have been produced. The most significant area of spend and uncertainty surrounds Estates. In line with the Estates Strategy all facilities have been reviewed. To make the estate compliant to the strategy costs of £51.455m are forecast (Appendix A) with capital receipts of £10.901m estimated.
16. A sizable amount of the expenditure (£44.3m) is for the redevelopment of Police HQ in Devizes. This contains a number of specialist and support facilities which are approaching the end of their serviceable life. This is a long term programme split into 4 phases which prioritises organisational need and ensures service disruption is minimised. The masterplan has been developed flexibly to allow phasing to be independent yet complimentary. Ultimately providing an efficient and modern HQ facility by the end of the programme.
17. It is possible to deliver phase 1 (£17.8m) and not proceed with the rest of the redevelopment. The decision on whether to proceed with phase 2 would not be required under 2021-2022. Phase 1 provides a fit for purpose training facility and an operations building. This would enable Devizes Operations to move from Devizes

Borough providing a possible capital receipt whilst prioritising the facilities in greatest need of improvement.

18. The ICT expenditure plan is included under Appendix B. For planning purposes costs have been smoothed over years to allow a more steady requirement, in reality this will change. The total cost over the 9 years is £27.963m.
19. Within Appendix B is also the Vehicles and Operational Equipment plan, this is forecast at a cost of £10.381m over the 9 years.
20. A summary of the full requirement (in millions) is shown below;

	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Total
Estates	1.466	1.722	2.800	9.867	8.700	7.500	11.500	6.800	0.200	50.555
Minor W	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.900
ICT	5.734	6.099	1.959	2.259	2.214	2.335	2.335	2.514	2.514	27.963
V&E	1.445	0.990	1.059	1.194	1.098	1.118	1.138	1.159	1.180	10.381
Total	8.745	8.911	5.918	13.420	12.112	11.053	15.073	10.573	3.994	89.799
Cumul.	8.745	17.656	23.574	36.994	49.106	60.159	75.232	85.805	89.799	

Capital Funding Strategy

21. The PCC has adopted the Prudential Code for Capital Finance in Local Authorities. The Code states that the PCC will make reasonable estimates of the total capital financing requirement at the end of each year. The objective of the Code is to *'ensure within a clear framework, that the capital expenditure plans of local authorities (including PCCs) are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation'*.
22. In considering the affordability of the capital plans the PCC is required to consider all of the resources currently available and estimated for the future, together with the totality of the capital plans and income and expenditure forecasts. This is considered in the annual Treasury Management strategy (TMS). The TMS will also include details surrounding authorised and operational borrowing limits and controls surrounding investment decisions. It will also include information on the expert advice received to ensure effective but prudent management of resources.
23. The sources of funding available to the PCC to finance capital expenditure are:

- Capital Grant
An annual grant is received from the Home Office. For 2020-21 the grant is £0.109m. It is assumed that the grant will remain at this level for the capital plan period.
- Revenue Budget
A contribution is made each year from the revenue budget to fund capital expenditure. For 2020-21 the contribution is £1.732m. In addition the PFI unitary payment is financed via revenue. The unitary payment will include an amount for interest and capital repayment.

- The Capital Development Reserve
Reserves have been set aside to fund capital costs, the level of this reserve is shown in the PCC's Reserves Strategy.
- Capital Receipts
Funds from the sale of assets. Achieved post Acquisition and Disposal Board review to ensure appropriate community consultation and VFM.
- Borrowing
The PCC has the ability to borrow to fund capital expenditure, provided controls on affordability, sustainability and prudence are met. Borrowing can only be for capital purposes, and must be within the limits agreed in the Treasury Management Strategy. Borrowing will usually be applied to long term capital expenditure. In 2019-20 the PCC utilised borrowing for the first time taking a 30 year loan of £1.132m towards financing the replacement station at Warminster.

24. The Estates strategy 2018 and increased ICT demands require a plan to be produced to finance this increased capital requirement. This plan is based on the following assumptions;

- ICT assets with a life of over 7 years will be funded by borrowing over 7 years
- Significant Investments (over £1m) in Estates will be funded by borrowing over 30 years, or capital receipts if the plan allows
- Specific Grants will be used for funding capital in line with the grant
- All other capital expenditure will be funded by a mixture of general grant, revenue contributions to capital and capital receipts.

25. The 2019-20 Capital Financing Strategy identified a requirement for the extended period and proposed an increase in both revenue contributions and the use of borrowing. This requirement continues in this strategy.

26. With every pound of borrowing a liability arises. In line with the Prudential Code and good financial practice revenue funds needs to be set aside over the life of the asset to finance the capital and interest. The plan smooths the increased revenue costs over the period with a small contingency of £0.427m for additional expenditure in later years (increased to £1.598m with £1.171m of the capital receipt received in 2028-29).

	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Total
Current RCCO	1.732	1.767	1.802	1.838	1.875	1.913	1.951	1.990	2.030	16.898
New RCCO		0.450	0.750	1.050	1.350	1.550	1.750	1.750	1.750	10.400
Gen Gr.	0.109	0.109	0.109	0.109	0.109	0.109	0.109	0.109	0.109	0.981
Sp Grant	0.300	0.171								0.471
Borrow	1.184	3.534	1.850	6.867	8.700	6.500	11.500	6.800		46.935
Cap Rec	0.733	4.020	3.712		0.764	0.632			1.040	10.901
Cap Dev Reserve	4.811									4.811
Total Inc	8.869	10.051	8.223	9,864	12.798	10.704	15.310	10.649	4.929	91.397
Cum Inc		18.920	27.143	37.007	49.805	60.509	75.819	86.468	91.397	
Cum Exp	8.745	17.656	23.574	36.994	49.106	60.159	75.232	85.805	89.799	
Balance	0.124	1.264	3.569	0.013	0.699	0.350	0.587	0.663	1.598	

Revenue Implications of Capital Investment

27. To implement this plan additional revenue costs will be required over the 9 years (for both RCCO and to pay back borrowing costs). The table below shows the increase required per annum in the MTFs.

	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Current RCCO	1.732	1.767	1.802	1.838	1.875	1.913	1.951	1.990	2.030
Additional RCCO		0.450	0.750	1.050	1.350	1.550	1.750	1.750	1.750
Cost of Borrowing	0.053	0.112	0.604	0.691	1.014	1.423	1.729	2.270	2.559
Total	1.785	2.329	3.156	3.579	4.239	4.886	5.430	6.010	6.339
Inc P.A.		0.544	0.827	0.423	0.660	0.647	0.544	0.580	0.329

28. The table above is based on borrowing advice provided by Link, our Treasury Management Experts. The interest rates used are those currently available (2.38% for borrowing over 30 years and 1.73% for borrowing over 7 years). These will change and will only be finalised when the borrowing is taken out.

29. The Estates strategy and capital financing strategy are flexible. As an example, if the PCC did not wish to proceed with phases 2 to 4 of the HQ redevelopment plan (£26.5m) the cost of borrowing in 2027-28 would drop by £1.246m per annum (i.e. in 2027-28 total cost would be £4.764m rather than £6.010m).

Risk and Risk Appetite

30. This capital strategy is for a 9 year period. This extended length of time is necessary to understand the long term implications of current decisions. This is to enable the PCC and Chief Constable to consider the long term position, the 'going concern' concept and allow advice from the CFO to meet the prudential code.

31. Over the 9 year period there are factors, both internal and external, that will significantly affect the capital programme and the ability of the PCC to finance the programme. The main risks identified are:

- Costs and timelines for significant projects may change
- Government spending review may impact finances available
- Capital grant received from the Government may reduce or increase
- The Estates Strategy may change reducing the premises available for sale
- The market for excess state may drop reducing sale values
- The changing demand for police services may lead to more or less projects
- Pace of technological change may require further ICT costs
- Replacement of technology, items become obsolete quicker
- Uncertainty relating to external borrowing costs
- Change in PCC priorities impacting the capital plan

32. The risks above are being managed with mitigation in place. There are currently no significant risks relating to the Capital Strategy on the Corporate Risk Register. These risks are reviewed as part of the audit programme and the Annual Governance Statement.

33. The capital receipt sale value risk has been mitigated by only including 70% of the valuation in the plan. The receipt of the sale value has also been delayed by 6 months in the plan.
34. This approach provides flexibility and considers decision points for PCCs, linked to the election cycle. This will enable robust planning and estates risks to be managed to a sustainable plan, but recognises the long term nature of delivering this plan. It allows flexibility for future PCCs and Chief Constables as direction and requirement develop.
35. As the most significant project in the estates strategy, the Devizes HQ redevelopment significantly affects this strategy. A high level masterplan has been produced based on estates strategy parameters.

Recommendation

36. The PCC is recommended to agree the high level strategy and include the increased revenue costs in the MTFS.

Clive Barker

Chief Finance Officer to the Police and Crime Commissioner

28 October 2020

ICT Review - Oct 2020 (v5)

Option B - Smoothed out Expenditure

Appendix B

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Computer Laptops, etc.		0.107	0.509	0.509	0.509	0.509	0.509	0.509	0.509	0.509	4.179
Systems Development		0.377	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	2.777
NEP infrastructure (serv/storage)		2.052	0.300			0.150	0.150	0.150	0.150	0.150	3.252
Networks					0.150	0.150	0.150	0.150	0.150	0.150	0.900
Radio Refresh		0.400									0.400
SmartPhone Replacement Prog		0.110	1.010			0.255	0.255	0.255	0.255	0.255	2.395
Clicksense		0.050									0.050
DEMS est (incl; DIR/BWVC)				0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.350
Hi-tech crime unit		0.068	0.104	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.522
Mobile Working		0.098		0.300	0.300				0.300	0.300	1.298
Avaya 999 upgrade		0.890									0.890
Desktops 5 yr repl		0.121	0.121				0.121	0.121			0.484
Alarms		0.110									0.110
Systems Upgrades			0.500	0.750	0.750	0.750	0.750	0.750	0.750	0.750	5.750
Replacement ICT costs	0.000	4.383	2.844	1.959	2.259	2.214	2.335	2.335	2.514	2.514	23.357
ESN (Grant funded) cortex etc		0.300	0.171								0.471
ICT Grant Funded	0.000	0.300	0.171	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.471
ERP		0.853									0.853
ESMCP		0.198	3.084								3.282
Systems >£500k	0.000	1.051	3.084	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.135
Total	0.000	5.734	6.099	1.959	2.259	2.214	2.335	2.335	2.514	2.514	27.963

Vehicles and Equip Review - 2020

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
Vehicles		1.368	0.940	0.959	0.978	0.998	1.018	1.038	1.059	1.080	9.438
Op Equipment		0.077	0.050	0.100	0.216	0.100	0.100	0.100	0.100	0.100	0.943
Total Replacement	0.000	1.445	0.990	1.059	1.194	1.098	1.118	1.138	1.159	1.180	10.381

RAG Assessment on the Findings from FMS3

Having considered all the demand pressures in the FMS, the following are identified as the key threats and are identified as key risks in the matrix overleaf:

Section	Current understanding of demand	Future understanding of demand	Current capability and capacity	Future capability and capacity	Explanation	Average Score per Business Area 2020	Average Score per Business Area 2019
02 Wellbeing	2	2	2	4	Current demand is manageable. However, with a small team of one and significant initiatives launching, including the Peer Support Scheme and the Line Manager Training Portal, the ability to manage future demand without additional resources is a cause for concern.	2.5	2.8
03a Responding to the Public – Requests for Service	1	2	2	4	The current over-inflated headcount allows current demand to be managed well. Future and likely demand is known and considerations as to how this will be managed are within all current activities. Current capability around statistical performance is good however the lack of quality around crime compliance reduces the overall grading. Future capability and capacity have several unknowns in terms of SOH, Social Media & Live Chat reporting which needs scrutiny.	2.3	2.0
03b Responding to the public – Incident Response	1	3	2	2	Gaining accurate future understanding on demand for Response Policing is challenging. The basic demand modelling is reasonable and easy to predict, however the events that destabilise an operating model (e.g. Novichok / COVID-19) are impossible to predict. As such there always needs to be some capacity built into any operational policing model. Deployability remains a continuing challenge, albeit the current recruitment model, paired with Operation Uplift is showing some very early signs of improvement. However, we are still reliant on 2021	2	1.5

APP E

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04 Prevention and Deterrence (Neighbourhood Policing)	2	3	2	2				2.3	3.0	
05 Investigations - CID	2	2	3	2				2.3	-	
05 Investigations - CJU	3	3	4	4				3.5	-	

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									projects and technology advances including the Digital Case File project due December 2022.	
05 Investigations – Custody	3	3	4	4	4				Current demand is affected by hidden impact of the video remand hearing requirements, the future capacity of this is so far unknown. Voluntary attendant work is ongoing however the additional demand will have unmet resourcing requirements. The continuous improvement custody review is ongoing and when complete will provide a clearer picture in relation to current and future understanding of demand.	3.5
05 Investigations – Firearms Licensing	3	2	3	3	2				Work is ongoing to create a performance data set in order to improve the understanding of demand. This work along with digitalisation of processes and a review of the structures in Firearms Licensing will assist in building future capability.	2.5
05 Investigations - Horizon	3	3	4	4	4				Due to COVID-19 the Justice system has a backlog of cases that are stalled and not progressing at the usual pace creating a backlog of cases sitting with our Horizon team. The issue is being closely monitored through CJ Silver, Gold & WCJB governance structures. There is an ongoing need to ensure the shoring up of resources to meet demand. Current understanding of demand is affected by uncertainty in data from partners.	3.5
05 Investigations - Intelligence		3	4	4	3				Current understanding of demand is very good based on the amount of quantitative data already being received. It is likely we will see a similar picture around intelligence development over the next year. New and emerging crime types as well as technology will require us to adapt. The continual demands placed upon the intelligence department are unsustainable. Some investment is needed to meet current demand as well as develop the department to meet new threats. The servicing of Force Operations and the diversion of staff away from managing threat, harm and risk will continue to impact on resourcing. However, with an injection of	2.8

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					resources this will be mitigated. Predicted demand has already highlighted a lack of resource in CAB and an uplift in police numbers will only increase the expectations upon the Intelligence team.		
05 Investigations - Hate Crime			3	2	2	With the use of technology, we understand our current demand. It is difficult to predict future demands but with the improvements described our capacity and capability both now and in the future are good.	2
05 Investigations - South West Forensics	3		3	3	3	South West Forensics (SWF) performance reporting is continuing to be developed, and in the main there is a reasonable understanding of current and future demand. However, although there is a reasonable degree of confidence in understanding the future position for Digital Forensics (DF) this is by nature a fast and ever-changing field that will require ongoing reassessment of the current status. SWF have enough resource to meet CSI demand but do not currently have enough DF resources. However, the new staffing structure within DF will provide the required capacity.	3 3.3

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<p>05 Investigations - Counter Terrorism Policing South West</p>	<p>3</p>	<p>4</p>	<p>3</p>	<p>4</p>	<p>3.5</p> <p>The impact of COVID-19 and the inevitable isolation that has been generated is likely to have an impact upon demand but that is yet to be seen and cannot easily be predicted. The counter terrorism field can be a challenging area to conduct trend analysis on and particularly the pursue strand has highlighted this as an area which is particularly challenging. Despite the gap in the capability to forecast demand, capability and capacity is less of a concern as there is a wider CT network which can be called upon for support and the structures are designed to respond to surge demand. The future capability and capacity in this area has been highlighted as an area of concern mainly due to the Protect and Prepare strand. The Emergency Planning Manager is the lead for this area and a single point of failure. That manager is due to retire soon, and succession planning is underway, however in the absence of a known incumbent, this is an area of concern.</p>
<p>05 Investigations - MCIT</p>	<p>2</p>	<p>2</p>	<p>2</p>	<p>2</p>	<p>1.8</p> <p>2.0</p> <p>Demand in homicide cases has been consistent in the last three years and any spikes are managed with the support of the other collaboration force resources. Demand is met at present and the team can regularly offer support to investigations in the Force. Vacancies are filled within reasonable timescales with enough applicants to select. In the event of an increase or spike in cases the team would withdraw some of the wider support and reduce 'green' case progression to manage ongoing cases.</p>
<p>05 Investigations - TSU</p>	<p>2</p>	<p>3</p>	<p>2</p>	<p>3</p>	<p>2.5</p> <p>The Regional TSU have a good appreciation of current demand and the ability to deliver against it. The future is less clear due to the challenges and costs of emerging technologies. As much as it reasonable, these are planned for with various workstreams, but there remain some unknowns.</p>

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<p>06 Protecting Vulnerable People</p>	<p>2</p>	<p>4</p>	<p>4</p>	<p>3</p>	<p>3.3</p>	<p>2.8</p>
<p>07 Managing Offenders</p>	<p>2</p>	<p>4</p>	<p>3</p>	<p>4</p>	<p>3.3</p>	<p>3.0</p>
<p>08 Serious Organised Crime</p>	<p>2</p>	<p>3</p>	<p>2</p>	<p>3</p>	<p>2.5</p>	<p>2.8</p>

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09 Major Events	3	3	4	4	<p>The diverse areas that HQ Operations covers have differences in the gradings however taken together the scorings are reflected here.</p> <p>Overall the predominant risk areas of concern are within the armed policing and road policing response capability. When focussing on the current capacity, the staffing of the ARV teams is currently insufficient to meet demand when the principle is resident. Plans are being developed to request 10 extra posts to resolve this however this will heavily depend on the ability of staff to pass the iFC, a previous blocker to filling vacancies. The staffing of the CIU appears enough but there are concerns over future capability based on the ISO and the impact that will have on the requirement for individual compliance and accreditation. There are concerns over the succession planning of Command Roles and MIP.</p>	3.5	1.5
10 Knowledge Management and ICT - Information Management and Assurance	2	3	3	3	<p>The Information Management and Assurance Business Area, except for the Force Disclosure Unit, does not record and measure demand in a consistent and meaningful manner. Whilst there is a reasonable understanding of current demand, it is inherently difficult to predict future demand particularly when focusing on DPO / RM demand vs capacity. There are proposed plans to ensure that the department continues to meet future demand, including an establishment review in January 2021.</p>	2.8	2.8
10 Knowledge Management and ICT - ICT	3	4	4	4	<p>Whilst we are meeting demand at present the supporting data from Wiltshire Council is of poor quality and does not support insightful analysis to assist in understanding future demand in the post COVID-19 workplace. While some of these trends such as mobility, agility and localism are not new themes for policing the outcomes which are required will be beyond those which have informed our traditional approach to addressing new demand. There is a significant risk that there will be insufficient funding, change capacity and large skills gaps to</p>	3.8	2.8

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					meet the new demand once it is fully understood. The risk will be exacerbated during a further period of public sector fiscal tightening. For these reasons it is felt the overall rating is 3.8 based on the uncertainty surrounding future demand and the level of investment required to deliver the evolving operating model.		
11 Force-wide Functions - Professional Standards Department	3	4	4	4	Following the change to complaint and conduct legislation there has been a large rise in complaints, this increase has been seen across the entire South West and was not expected. At the current rate, complaints into the Force over this financial year will have doubled from the most recent years and tripled from the numbers received 10 years ago. However, the staffing within PSD is smaller now than it has been over the above stated periods. The Head of Professional Standards is reviewing local procedures and roles to ascertain if improvements to manage the demand can be made utilising current staff.	3.5	2.0
11 Force-wide Functions – Corporate Communications and Engagement	2	4	2	4	The department has a good understanding of current demand and there is the capability and capacity to deal with urgent and important priorities alongside BAU / campaigns. Future changes to department structure could impact on capacity. There is a limited understanding of future demand due to structural review and PCC elections, however plans are being considered to address potential future demand.	3	-
11 Force-wide Functions – Improvement and Change	2	3	3	3	Better processes and tools are in place to help understand current demand than ever before but our ability to capture and understand all types of demand is still a work in progress. Resources are limited however and deployment of these is regularly revised and reprioritised against today's new burning issues, leaving little time to focus on the future and deliver the plans that will help us manage future demand.	2.8	2.5

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11 Force-wide Functions – Health and Safety	2	3	4	4	<p>Understanding of future 'unknowns' such as a COVID-19 second wave and Brexit along with current demand is difficult to predict. Capacity of future and current demand is concerning. 80 per cent of current BAU was paused for 7 months due to COVID-19. A recovery plan and mitigation has been developed for current and future demand.</p>	3.3	
11 Force-wide Functions – Occupational Health	1	2	4	4	<p>Understanding of future and current demand is good. Capacity of future and current demand is concerning. OHU anticipate that the behavioural and emotional impact of the pandemic on physical and psychological health, will increase the demand on OHU going forward. In addition, it is anticipated that demand will increase from the uplift of officer numbers. Taking this into account it's important that measures are in place to monitor and review demand and OHU capacity. A review undertaken to help mitigate risk and ensure future resilience identified a risk relating to the lack of development opportunities and promotion to assist with succession planning.</p>	2.8	
11 Force-wide Functions – People Services	3	4	4	3	<p>Resourcing levels continue to be challenging as the department supports complex organisational change programmes as well as requirements associated with business as usual. In an ever-changing external environment, and with future financial challenges, change will be more frequent. Staff move around the department to bridge gaps and to address capacity issues; this then creates more issues around overall resilience resulting in a cycle that is difficult to break.</p> <p>The current issues encountered by the HR operational team continue to impact directly on their interaction with the business and their desire to provide an all-encompassing end to end HR service. The team are so immersed in the day-to-day live demand, continually pushing against the tidal wave of transactional operational 'noise'.</p>	3.5	3.0



RESERVES AND PROVISIONS POLICY (updated Dec 2020)

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 £125m 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 £77,000 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
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 or improve efficiency
Budget Smoothing Reserve	Funds any unplanned shortfalls in savings resulting from timing issues in delivering savings.
Commissioning Reserve	Funds carried forward from previous years to be used for commissioning work in line with the Police and Crime Plan.
Estates Transformation Reserve	Work has been requested from property advisors to help maximise returns from estates changes. This pump primes the initiative.
ICT Start Up Reserve	Funds set aside to finance non- recurring costs involved with in-sourcing the ICT provision.
HR Capacity Reserve	Interim resources to deal with increased volume of work pre Force Management Statement review.

Carwash Reserve	Funding to replace the HQ carwash
SCD Fitout Reserve	One off costs to fund the conversion of vehicles
Equipment Reserve	Funding set aside for operational equipment.
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 change costs
Case Quality Management Reserve	Funding set aside to improve and enhance the quality of cases produced for the Criminal Prosecution Services.
Coroner Reserve	One off funding to assist the Coroner process
NEP Transition	Funding set aside to assist with unidentified costs which are likely in the transition to the National ICT standard.
GDPR Restructure Reserve	This will finance a restructure of Information Assurance required to implement GDPR
MAPPA Reserve	This receives funds from the partners in the Multi Agency Public Protection arena and is spent in line with Board decisions.
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 2020	Forecast March 2021	Forecast March 2022	Forecast March 2023
HO Heading – General Contingency, held in accordance with sound principles of good financial management				
General Reserve	£3.143m	£3.328m	£3.328m	£3.328m
Chief Constables Operational Reserve	£1.208m	£1.287m	£1.287m	£1.287m
Insurance Reserve	£0.400m	£0.400m	£0.400m	£0.400m
Seized Asset Reserve (Incentivisation)	£0.192m	£0.192m	£0.142m	£0.092m
Ill Health Reserve	£0.385m	£0.308m	£0.231m	£0.154m
Officer Intake Strategy	£0.315m	£0.315m	£0.215m	£0.115m
HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)				
Capital Development Reserve	£4.811m	£0.124m		
Restructuring Reserve	£0.267m	£0.263m	£0.200m	£0.100m
Budget Smoothing Reserve	£0.200m	£0.200m	£0.200m	£0.200m
Commissioning Reserve	£0.160m	£0.075m		
ICT Start Up Reserve	£0.100m	£0.077m		
Estates Transformation Reserve	£0.100m			
HR Capacity Reserve	£0.072m			
Carwash Reserve	£0.045m			
SCD Vehicles Reserve	£0.030m	£0.031m		
Equipment Reserve	£0.020m			
Regional Projects Reserve	£0.284m	£0.150m		
Case Quality Management Res.	£0.045m			
Coroner Reserve	£0.032m			
NEP Transition Reserve	£0.200m			
GDPR Restructure Reserve	£0.065m			
MAPPA Reserve	£0.051m	£0.041m	£0.031m	£0.021m
Local Resilience Forum	£0.122m	£0.270m	£0.162m	£0.118m
Total	£12.247m	£7.061m	£6.196m	£5.815m