

AGENDA

Meeting: **WILTSHIRE POLICE AND CRIME PANEL**
Place: The Corn Exchange, Market Place, Devizes, SN10 1HS
Date: Thursday 16 January 2020
Time: **10.00 am**

Please direct any enquiries on this Agenda to Kevin Fielding, of Democratic Services, County Hall, Bythesea Road, Trowbridge, direct line 01249 706612 EXT 21612 or email kevin.fielding@wiltshire.gov.uk

Membership:

Cllr Junab Ali - Swindon Borough Council
Cllr Abdul Amin - Swindon Borough Council
Maime Beasant – Co-opted Independent member
Cllr Alan Bishop - Swindon Borough Council
Cllr Richard Britton - Wiltshire Council
Cllr Ross Henning - Wiltshire Council
Cllr Peter Hutton - Wiltshire Council
Cllr Vinay Manro – Swindon Borough Council
Cllr Nick Murry - Wiltshire Council
Anna Richardson – Co-opted Independent member
Cllr Tom Rounds – Wiltshire Council
Cllr Jonathon Seed – Wiltshire Council
Cllr John Smale - Wiltshire Council

Substitutes:

Cllr Peter Evans
Cllr Sue Evans
Cllr Tony Trotman
Cllr Sarah Gibson
Cllr Ruth Hopkinson
Cllr Gordon King
Cllr Jim Lynch

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AGENDA

Part I

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

1 **Apologies for Absence**

2 **Declarations of interest**

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

3 **Chairman's Announcements**

4 **Public Participation**

The Panel welcomes contributions from members of the public.

Statements

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

Questions

Members of the public are able to ask questions in relation to the responsibilities and functions of the Panel at each meeting. Those wishing to ask questions are required to give notice of any such questions in writing to the Head of Democratic Services at Wiltshire Council no later than **5.00pm** on Friday 10 January 2020. Please contact the officer named on the first page of the agenda for further advice. Questions may be asked without notice if the Chairman decides that the matter is urgent.

5 **PCC Budget 2020/21 and MTFS**

Clive Barker to present the PCC's Draft Budget Settlement for 2020/21, including the Medium Term Financial Strategy.

To include initial statement on proposals for the policing element of the Council Tax precept for 2020-21.

6 **Forward Work Plan**

To note the forward work plan.

7 **Future meeting dates**

To note the future meeting dates below:

- Thursday 6 February – County Hall, Trowbridge
- Thursday 19 March – Monkton Park, Chippenham
- Thursday 4 June – City Hall, Salisbury
- Thursday 3 September – Corn Exchange, Devizes
- Thursday 10 December – Swindon Borough Council Offices

Part II

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

None



Agenda Item 5

Meeting	Police and Crime Panel
Date	16 th January 2019
Report Title	Draft Budget Settlement
Report presented by	Angus Macpherson, Police and Crime Commissioner
Author	Clive Barker, Chief Finance Officer

1.0 PURPOSE OF REPORT

- 1.1 This paper provides the panel with information on the draft budget and precept being considered.

2.0 INTRODUCTION AND BACKGROUND INFORMATION

- 2.1 This paper is written with more uncertainty than the normal draft budget paper. With the general election occurring in December 2019 we have not received a provisional grant settlement from the government nor any indication on precept capping rules. This means rather than definitive options I have had to prepare scenarios reflecting the range of budgetary possibilities. It is not clear whether the funds I will have available will allow me to invest in policing or require me to make savings.
- 2.2 The MTFS forecasts the estimated financial position over the next 4 years and the impact this has on my ability to commission services. With the lack of funding certainty and the multiple scenarios being considered it means financial planning beyond 2020-21 is more uncertain than usual. I acknowledge that decisions I make today will impact my finances over the medium and long term.

3.0 CENTRAL GRANT

- 3.1 On the 4 September 2018 the Chancellor announced the Spending Review. Whilst this is expected to be revised in the near future this included additional funding for the Home Office (HO). Within the settlement, £750m additional funding was provided for the police. I am aware that a large portion of this will be used to fund the first tranche of 20,000 additional officers promised. I am also aware that a portion of the £750m is required for central HO costs to administer the uplift in officers. Conversations between Finance Directors across the country have identified various outcomes depending on different assumptions on the grant funding. Excluding the officer uplift these range from zero (efficiency savings expected to cover inflation) to 4% (inflation fully covered).
- 3.2 In planning for 2020-21 the MTFS includes scenarios which consider the impact of a zero to 3% increase in grant. The funding difference is £1.757m (£0.585m each 1%). Considering the need and risk I have asked for planning to be based on a 3% central grant settlement.

4.0 COUNCIL TAX SCENARIOS

4.1 The MTFs also shows various scenarios surrounding Council Tax. Without any national guidelines I am considering a range of options surrounding the Band D council tax. This paper outlines my current preferences:

- Option A – To increase council tax by £12 per annum (5.8%)
- Option B – To increase council tax by £8.25 per annum (4%)

4.2 The impact of a 1% increase in council tax is £0.545m

5.0 TOTAL FUNDING SCENARIOS

5.1 The table below shows the estimated funds I will have available under these options. Due to the current uncertainty I have focused only on 2020-21 (all figures exclude police officer uplift grant as this is currently unknown but assumes a central grant increase of 3%);

	2019-20 Budget	2020-21 Option A £12 incr. 5.8% on the CTax	2020-21 Option B £8.25 incr. 4% on the CTax
Central Grant	£58.559m	£60.316m	£60.316m
Local Precept (CTax)	£53.743m	£57.576m	£56.587m
Localisation Grant	£5.235m	£5.235m	£5.235m
Collection Fund	£0.550m	£0.257m	£0.257m
Investment Income	£0.200m	£0.200m	£0.200m
Standard Funding available to commission services	£118.287m	£123.584m	£122.595m
Swindon PFI Specific Grant	£2.067m	£2.067m	£2.067m
Police Officer Pensions Grant	£1.002m	£1.002m	£1.002m
Special Policing Specific Grant	£1.130m	£1.130m	£1.130m
Total Funding	£122.486m	£127.783m	£126.794m

5.2 In addition to this I have central funding allocated to me to commission victims services and to support restorative justice. No information has been provided on this figure, currently I am planning on this remaining stable at £0.827m.

5.3 When I consider council tax increases I am focused on protecting local policing and the long term funding position. To not increase council tax at this time will have considerable impacts on the future ability to commission policing and crime services.

5.4 Wiltshire receives central funding of £87.79 per head of population under the current formula. This compares to a national average of £113.91 per head. Being the 4th lowest centrally funded PCC per head of population increases my reliance on council tax.

5.5 A £12 per annum increase in Council Tax will result in Wiltshire's Band D council tax increasing from £206.27 to £218.27 (5.8% increase). The table below shows that even with no increases in the rest of the South West, Wiltshire's policing precept will still be lower than Gloucestershire and Dorset. It is however likely that even with a £12 increase Wiltshire will remain the lowest in the region.

	2019-20 Band D CTax	Wiltshire £8.25 increase	Wiltshire £12 increase
Gloucestershire	£250.49		
Dorset	£230.58		
Avon & Somerset	£217.81		
Devon & Cornwall	£212.28		
Wiltshire	£206.27	£214.52	£218.27

5.6 Other PCCs across the region are in the same position of uncertainty on capping rules and central grant allocations. At the time of writing, only Dorset PCC has begun public consultation, for an increase in council tax of £15 (6.5% increase).

5.7 In calculating the funding available an increase in the council tax base has been included. The increase for Wiltshire Council is 1% and Swindon Borough Council 1.8%. The consolidated increase in the council tax base is 1.2%. The funding available also includes the collection fund surplus; provisionally this has reduced (£0.550m in 2019-20, £0.257m in 2020-21).

5.8 Depending on the level of Council Tax I would allocate the funding as below;

	2019-20 Budget	2020-21 Option A £12 incr. 5.8% on the CTax	2020-21 Option B £8.25 incr. 4% on the CTax
OPCC (Direct Commissioning and Office Costs)	£3.052m	£3.189m	£3.156m
Capital	£0.818m	£1.483m	£1.483m
Chief Constable	£114.417m	£118.912m	£117.956m
Total	£118.287m	£123.584m	£122.595m

6.0 **FUTURE FUNDING**

6.1 In recent years there has been a debate surrounding the policing funding formula. Due to our low funding per head of population it is reasonable to expect that a change will benefit Wiltshire. It was anticipated that the change would be implemented in 2017-18 however it was delayed. It was then announced that this would occur in 2018-19 but no progress has been made. Latest information suggests that 2021-22 will be the earliest that any change will be implemented.

6.2 Considering the delays in a fair funding settlement and the impact council tax income will have on policing in Wiltshire now and in the future I will be proposing to increase the Band D Council Tax by £12 this year (Option A).

6.3 The use of reserves is a high profile issue within the police service. Within the MTFS I have revised my policy and set out clearly how I intend using them in the short to medium term. Due to the delayed policing settlement I may need to use reserves to fund unanticipated shortfalls in 2020-21, if this is the case savings will be required to close the gap in 2021-22.

6.4 There still remains an expectation that the police improve efficiency, productivity and effectiveness. Whilst I intend that Wiltshire will continue to improve its efficiency and effectiveness the ring fencing of police officer funding with the Uplift Grant will make this more difficult. It is also difficult to identify savings in support services after 9 years of austerity.

7.0 THE CAPITAL FINANCING STRATEGY

- 7.1 In 2019 I have reviewed my strategy surrounding capital financing. With low levels of central grant (£0.407m p.a.) and reducing reserves the financing of essential ICT investment and making our facilities fit for modern day policing has become a concern.
- 7.2 The 2018 Estates Strategy is being delivered with capital receipts being delivered and lower revenue estates costs. I have however reviewed the operational and training facilities in Devizes and accept the Chief Constables recommendation that these need to be improved. This is becoming more essential with the increase in officers under the national Uplift programme.
- 7.3 To finance continual investment in estates and ICT I must increase the revenue contributions to capital (either to directly fund short life assets or to service borrowing). The capital strategy requires the 2019-20 revenue contribution of £0.818m to rise to £2.7m by 2026-27. In 2020-21 I intend to make the first steps in closing this gap by increasing my revenue contribution to capital by £0.6m.

8.0 OPCC DIRECT EXPENDITURE

- 8.1 In 2019-20 I retained 2.4% of the funds available for office costs and commissioning of services.
- 8.2 The most significant allocations in 2019-20 were:
- Substance misuse services (£0.447m), jointly with Wiltshire Council and Swindon Borough Council
 - Youth Offending teams (£0.224m), statutory contribution
 - Horizon Victims Services (£0.419m)
- 8.3 In 2019-20 the OPCC budget was increased to recruit 2 additional commissioning posts and £0.465m additional commissioning resource to deliver the police and crime plan objectives including meeting responsibilities in criminal justice. This team has been operational since November 2019 and are developing commissioning options for me to consider for 2020-21.
- 8.4 These options will build on the 2019-20 allocation and develop work across the three areas of reducing demand (early intervention), victims and vulnerability and reducing reoffending. This work is being developed with Wiltshire Police and local partnerships. They will support the challenges identified in the Force Management Statement and contribute to work across both local authorities and the criminal justice system.
- 8.5 A commissioning budget will be presented to the PCP at the next full PCP March 2019.

9.0 IMPACT ON CHIEF CONSTABLE'S BUDGET

- 9.1 The MTFs reports the detail behind the cost pressures the Chief Constables budget is facing. These include Inflation, Spinal Point Increases, etc. The most significant cost pressures are reported below.
- 9.2 The first requirement in the 2020-21 budget must be to close the pay increase gap. In 2019-20 the budget was set with a forecast pay award of 2%, the actual, nationally set award was 2.5%. This requires additional funding of £0.5m p.a.

- 9.3 The cost of implementing national police staff hand book changes on unsocial hours has also been higher than forecast (£3.3m rather than £2.5m) and needs resolving. This leads to an additional £0.800m requirement.
- 9.4 Investment in Community Policing Teams remains a priority. Whilst the national Uplift programme announced that Wiltshire will receive 49 new officers (out of the first 6,000) there is a need to improve management structures. It is therefore proposed to increase Inspectors by 5 and Sergeants by 15 at a cost of £0.300m. This will bring our management ratio's more in line with those found in the neighbouring same size forces of Dorset and Gloucestershire. This is vital considering that Wiltshire has removed Chief Inspector and Chief Superintendent ranks.
- 9.5 In 2020-21 the decision was made to insource ICT. The successful partnership with Wiltshire Council (WC) was becoming increasingly challengingly due to national police security requirements a move to more central led police systems which the current infrastructure cannot support. The year 1 additional cost will be £0.217m.

10.0 **SAVINGS PLANS**

- 10.1 The initial Chief Constables requirement is £120.002m. Under my preferred Option A (a 5.8% increase, with 3% central funding) I would allocate the Chief Constable £118.912m. This would lead to a savings target of £1.090m.
- 10.2 The table below outlines the plan in the MTFs to deliver the required savings. This has been produced in association with the Chief Constable's Senior Leadership Team;

Review of Crime Prevention	Remove 2 posts	£0.115m
Review of Chief Officer Support	Remove 3 posts	£0.100m
ICT changes	Remove 1 post	£0.057m
Review of current budget	Reduce NI and Fuel budget	£0.150m
Inflationary Review	Reduce Inflation Increases	£0.332m
Ops Support Review	Remove 1 post, rank change	£0.099m
SWPPD review of Niche	Lower cost contract	£0.073m
Reduce Pressures Allocation	Reduce budget	£0.100m
Other Savings	To be identified	£0.064m
Total		£1.090m

- 10.3 The impact on staffing levels from the investment and savings is shown below;

	Officers	Staff	PCSO
Starting Position	975	962	131
Crime Prevention Realignment	+4	-4	
Crime Prevention Structure		-2	
Chief Officer Support	-1	-2	
Professional Stds Inspector	+1		
Public Protection Inspector	+1		
Ops Support Inspector	-1		
ANPR staff		+2	
FMS and People Support		+2	
ICT Insource		+33	
National Uplift Programme	+49		
Total	1028	991	131

10.4 It is acknowledged that the funding planned may not be deliverable, either by a lower capping level or a reduced central grant. In this instance the funding gap could increase by an additional £1m. I have asked the Chief Constable to consider how he would close the gap if this was the case. With Police Officers being ring fenced under the Uplift programme the majority of savings would have to come from police staff (including PCSOs). It is therefore likely that if this was the case that there would be a further reduction in staff.

11.0 RESERVES

11.1 A complete review of reserves has taken place with the outcome disclosed in the MTFS. The value of the general reserve has been considered and I am advised that £3.090m (2.5% of the revenue budget) is acceptable.

12.0 CONCLUSION

12.1 This paper shows the panel my MTFS, reports how difficult it is to estimate the funding I have available (as central information is outstanding) and gives them my current thinking surrounding the 2020-21 precept. I believe a £12 Band D increase per household per year is appropriate and it is my intention to consult the public on this.



WILTSHIRE AND SWINDON

Medium Term Financial Strategy (MTFS) 2020-21 to 2023-24

Document Control	
Version 1	3 Jan 2020 – draft
Version 2	9 Jan 2020

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Appendix C	PCC's Capital Expenditure Plan
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Executive Summary

1. The 4 year MTFS has again been produced in a climate of uncertainty. With the December General Election no provisional settlement has been produced nor any guidance on the freedoms available to PCCs on council tax increases. This MTFS is based on a number of scenarios based on different local and central funding increases however it may be the case that none of these are correct. As soon as this information is available a revised MTFS will be produced. The impact on future years is important to consider, every pound increased this year in the council tax will increase the funding available to maintain services in the future.
2. The MTFS reports that by the end of 2019-20 central funding will have dropped in real terms by 34.5% since 2010-11.
3. During the next 4 years the Police and Crime Commissioner (PCC) will have to make difficult decisions on the level of precept (the police part of the council tax). Considering the Chief Constable's (CC) initial proposals the MTFS identifies the savings required to balance budgets under different scenarios. The estimated funds available to the PCC under the 4 scenarios are shown below;

Yr 1 Scenario	Option A £12 Precept (C Tax) Incr. 3% Grant Inc	Option B 4% Precept (C Tax) Incr. 3% Grant Inc	Option C 4% Precept (C Tax) Incr. 2% Grant Inc	Option D 2% Precept (C Tax) Incr. 0% Grant Inc
2020-21	£123.584m	£122.595m	£122.009m	£119.750m
2021-22	£126.758m	£125.734m	£125.137m	£122.816m
2022-23	£130.045m	£128.985m	£128.375m	£125.990m
2023-24	£133.442m	£132.344m	£131.723m	£129.273m

4. In 2020-21, with a £12 increase in Council Tax and a 3% grant increase the PCC would have £3.834m more to carry out his role when compared to a 2% increase in Council Tax and a cash flat grant settlement.
5. An increase of £12 would result in a Band D Council Tax of £218.27. Even if all other South West Forces agreed not to increase their council tax, which is unlikely, we would still be below Council Tax levels in Gloucestershire and Dorset.
6. Depending on the decision on the Council Tax, cash funding could grow by a maximum of 4.5%. With the need to fund last year's above budget pay award and unavoidable increases such as unsocial hours, finances are limited. With the need to urgently implement a new Capital Financing Strategy, which has revenue consequences, significant savings are required. As the largest part of the PCC's budget is used to finance the CC the MTFS assumes the CC will see the largest impact on budget.
7. The Chief Constable's expenditure plans have been estimated based on assumptions surrounding pay awards, inflation and limited growth. When compared to the different estimated income levels the following savings are required in each year to balance the budget;

Yr 1 Scenario	Option A £12 Precept (C Tax) Incr. 3% Grant Inc	Option B 4% Precept (C Tax) Incr. 3% Grant Inc	Option C 4% Precept (C Tax) Incr. 2% Grant Inc	Option D 2% Precept (C Tax) Incr. 0% Grant Inc
2020-21	£1.090m	£2.046m	£2.607m	£4.808m
2021-22	£1.760m	£1.761m	£1.766m	£1.767m
2022-23	£1.139m	£1.140m	£1.140m	£1.156m
2023-24	£0.892m	£0.893m	£0.892m	£0.910m
Total	£4.881m	£5.840m	£6.405m	£8.641m

8. It should be noted that in all scenarios from 2021-22 to 2023-24 funding assumptions are the same (2% increase in Council Tax and 2% increase in Central Grant). This is why the figures in those years are similar in all scenarios. It is important to note that there is no evidence to support these levels of increase, it is purely a middle of the road estimate.
9. 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 Strategy reports that the PCC has agreed to enter into borrowing in 2019-20. The plan shows that by the end of 2022-23 the PCC is expected to have borrowed £4.816m. 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 from £0.818m to £2.218m by 2022-23. It should also be noted that the plan is reliant on over £10m of Capital Receipts being received during the 4 year period.
10. The MTFS is based on assumptions which may or may not be realised but are currently considered as reasonable. Its purpose is to give to the PCC and the CC a financial framework to plan strategic direction over the next 4 years. As disclosed in the MTFS Wiltshire's funding per head of population is £162 the national average is £185. Wiltshire PCC is the 4th lowest centrally funded and 3rd lowest when considering all funding. This current low level of funding makes finding savings difficult especially when considering that £22m of savings has already been made in the previous 9 years,

Introduction

11. This is the four year MTF. The MTF first covers the funds available to the Police and Crime Commissioner (PCC) depending on different local funding scenarios.
12. It then considers how the Commissioner may use the finances available to him to fulfil his wide ranging remit.
13. 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

14. This version of the 4 year MTF has been produced prior to the 2019 provisional settlement. With a General Election occurring in December the grant settlement is expected to be delayed until January 2020. This has also impacted the precept. The freedom the PCC has to raise Council Tax has not yet been announced.
15. As the date between funding agreement and the start of the financial year narrows the need to plan for different scenarios becomes more important.

Central Public Finances

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

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

Precept (Council Tax)

17. Between 2011-12 and 2013-14 there was no increase in the Police part of the Council Tax. In 2014-15 a 1.9% increase was agreed by the PCC. To encourage local tax raising bodies not to increase Council Tax the government have previously offered grants to those who freeze council tax. No grant is expected in 2019-20. The funding of these grants and the council tax localisation grant has been passed from the DCLG

to the Home Office. For those grants received in 2011-12 and 2013-14 they have now been subsumed within a new funding line 'Legacy Council Tax Grants'. The settlement provided for Wiltshire reports this grant to be £5.235m. This is the total of the previous grants with no inflation. The MTFs assumes now that this grant will continue in future years with no increase or reduction (i.e. Cash flat).

18. In 2012 the Secretary of State, under The Localism Bill, introduced new regulations surrounding Council Tax. If a major precepting body (which includes the PCC) proposes to raise taxes above a limit agreed by government then they will have to hold a referendum to obtain approval from local voters and the local voters may veto the rise. This means that major precepting bodies will need to convince local voters, rather than central government of the case for excessive rises in council taxes. For 2018-19 the Secretary of State announced that an increase of more than £12 would be considered excessive and be subject to a referendum. For 2019-20 this freedom was increased to £24. No announcement on precept flexibility for 2020-21 has been received, with the December General Election it is unlikely that this will be received until January 2020. Based on this the MTFs shows the local funding obtainable under a number of precept scenarios.

19. A 1% increase in the police part of the council tax in 2020-21 is worth £0.545m. Any increase in council tax increases the Band D base and secures future funding at a higher level.

20. The Council Tax receipt is dependent on the council tax base (the number of dwellings paying the tax). Latest information from councils suggest that the base will rise by 1.24% in 2020-21. This is lower than previous years.

21. The total funding includes the collection fund surplus. The provisional figures from the councils is £0.257m (£0.293m less than 2019-20). The surplus is not guaranteed and history shows the figure changing significantly each year. For planning a 25% year on year reduction on the surplus is assumed.

22. The table below summarises the assumptions made in the MTFs.

	Additional Dwellings	Est total Dwellings	% Increase	Collection Fund Surplus
2020-21	3,327	263,782	1.24%	£257,314
2021-22	3,957	267,739	1.50%	£192,985
2022-23	4,016	271,755	1.50%	£144,739
2023-24	4,076	275,831	1.50%	£108,554

Inflation

23. The consumer price index shows inflation for the 12 months to September 2019 at 1.5%. Whilst the index has dropped in the last few months we have seen promises of significant pay increases for public sector staff and pressure on costs with Brexit. The MTFs allows for general inflation at 2%, ICT and utilities at 3.0% in all 4 years. Pay is initially allowed for at 2.5% rising to 3% in 2020-21.

24. In 2019-20 the budget allowed for pay increases of 2%, the actual pay award was 2.5%. The full year impact of this is included in the new MTFs, this has created an additional pressure on the 2020-21 budget.

25. In August 2018 the bank base rate was increased from 0.5% to 0.75%. A slight improvement on investment returns has resulted however current forecasts show it is unlikely to be significantly over the budget of £0.200m. Recognising this it is planned to keep the investment income budget at £0.200m.

Police and Crime Plan 2017-2021

26. 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

27. Wiltshire receives from the Government (central funding) £26 per person less than the England and Wales average. Combined with the lowest policing precept in the south west, this results in Wiltshire Police having the third lowest funding per head of population (£162). The national average (excluding the City of London) is £185. The plan states that the PCC will continue to lobby the Government to revise the way policing is funded. However national information suggests that any change in formula is unlikely to be implemented until 2021-22.

28. 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.

29. With a need to reduce costs whilst delivering more, the PCC has agreed that investment in technology is essential.

30. During 2014 the PCC became responsible for the commissioning of Victims Services. In 2017-18 funds of £0.826m were made available as a special grant for the PCC. In 2019-20 funding was £0.827m, no announcement has been made for 2020-21 yet. As these funds are specific grants they are not included in the main funding reported.

31. 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

32. The 2019-20 budget relies on the following income to finance activity;

Central Funding	Police Grant	£37.765m	
	Council Tax Localisation Grant	£5.235m	
	DCLG Funding	£20.794m	£63.794m
Local Funding	Precept – Council Tax	£53.743m	
	Council Tax Surplus	£0.550m	£54.293m
MTFS Funding		£118.087m	£118.087m

33. The current council tax level of £206.27 is £12.56 below the national average of £218.83 (excluding the City of London).

34. 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 £12 (5.8%) increase in council tax for 2020-21 (this is the highest level considered in the scenarios), before reverting to a 2% increase in 2021-22 and 2022-23

Authority	2019-20 Band D Council Tax	Wiltshire £12 increase 2020-21	Wiltshire 2% increase 2021-22	Wiltshire 2% increase 2022-23
Gloucestershire	£250.49			
Dorset	£230.58			
Avon & Somerset	£217.81			
Devon & Cornwall	£212.28			
Wiltshire	£206.27	£218.27	£222.64	£227.09

Additional cost per Band D Household with a 5.8% increase	£12 p.a.
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35. 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 and Dorset.

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

- a) Funding at the South West Av. (£227.79), Extra income is £5.6m
- b) Funding at Similar Force Av. (£228.76), Extra income is £5.9m
- c) Funding at National Av (£218.83), Extra income is £3.3m

37. It should be noted that today's decision on council tax impacts future years funding. For example Gloucestershire levy of £250.49 was based on a 50% increase in 2003. This shows how future viability is dependent on decisions made today.

38. In 2019-20 Council tax was 46% 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.

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

	Precept £inc 20-21	Precept %inc 20-21	Precept %inc 21-22+	Grant %inc 20-21	Grant %inc 21-22+
Option A	£12.00	5.8%	2%	3%	2%
Option B	£8.25	4%	2%	3%	2%
Option C	£8.25	4%	2%	2%	2%
Option D	£4.13	2%	2%	0%	2%

Option A (£12, 3%)	2020-21	2021-22	2022-23	2023-24
Central Funding	£65.551m	£66.757m	£67.988m	£69.243m
Local Funding	£57.833m	£59.801m	£61.857m	£64.000m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£123.584	£126.758m	£130.045m	£133.443m
Total inc.	£5.300m	£3.174m	£3.287m	£3.398m

Option B (4%, 3%)	2020-21	2021-22	2022-23	2023-24
Central Funding	£65.552m	£66.757m	£67.988m	£69.243m
Local Funding	£56.844m	£58.777m	£60.797m	£62.902m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£122.596m	£125.734m	£128.985m	£132.345m
Total inc.	£4.310m	£3.138m	£3.251m	£3.360m

Option C (4%, 2%)	2020-21	2021-22	2022-23	2023-24
Central Funding	£64.965m	£66.160m	£67.379m	£68.621m
Local Funding	£56.844m	£58.777m	£60.797m	£62.902m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£122.009m	£125.137m	£128.376m	£131.723m
Total inc.	£3.722m	£3.128m	£3.239m	£3.347m

Option D (2%, 0%)	2020-21	2021-22	2022-23	2023-24
Central Funding	£63.794m	£64.965m	£66.160m	£67.379m
Local Funding	£55.755m	£57.651m	£59.631m	£61.695m
Investment Income	£0.200m	£0.200m	£0.200m	£0.200m
Total Funding	£119.749m	£122.816m	£125.991m	£129.274m
Total inc.	£1.462m	£3.067m	£3.175m	£3.283m

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

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

Scenario	Impact on 2020-21 MTFS Figures
Central funding changes by 1%	Funding changes by £0.585m
Central funding changes by 2%	Funding changes by £1.171m

Impact of Funding Allocations

42. The MTF5 assumes that the finances are allocated equally across current funding allocations unless specified. Appendices Ai to Aiv report the funding splits over the 4 years.
43. With no settlement it is difficult to plan. Whilst Option A is the best outcome there is no intelligence that suggests that this will occur. In reality intelligence is weak on all solutions. This causes significant problems in planning. The PCC and Force must plan as to implement savings in short time is not good management. The PCC has requested that the plan be based on Option A. As he may not be able to implement this option he has asked the Chief Constable to identify how he could make a further £1m of savings as a contingency. The table below shows the impact under Option A and the what is considered the worst scenario (Option D);

	2019-20 Allocation	2020-21 Allocation Op A Grant 3%, CTax 5.8%	Increased Allocation Op A	2020-21 Allocation Op D Grant 0% CTax 2%	Increased Allocation Op D
OPCC Office cost	£1.364m	£1.425m	£0.061m	£1.375m	£0.011m
OPCC Commissioning	£1.687m	£1.764m	£0.077m	£1.698m	£0.011m
OPCC Capital cont (RCCO)	£0.818m	£1.483m	£0.665m	£1.483m	£0.665m
CC Allocation	£114.417m	£118.912m	£4.495m	£115.194m	£0.777m
Total	£118.287m	£123.584m	£5.297m	£119.750m	£1.463m

44. The specific Victims grant mentioned in paragraph 30 is in addition to the funding available for external commissioning.
45. In 2019 the PCC has approved a Capital and Capital Financing Strategy (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.
46. 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.
47. The strategy suggests a steady increase in the revenue budget to fund the borrowing costs and to provide direct funding. If the whole 10 year plan occurs the total cost is in the area of £94m. As capital grant and capital receipts are limited the revenue consequences will need to rise from £0.818m to £4.561m in 2027-28. The plan of steady growth in the revenue funding sees the 2020-21 contribution rising to £1.483m. The 2020-21 increase (post inflationary increase) is £0.649m. This cost increase has been taken from the OPCC and CC budget in line with the allocation (£0.628m from the CC allocation and £0.021m from the OPCC budget).

OPCC Direct Expenditure

48. In 2019-20 the OPCC budget was significantly increased to allow 3 new Commissioning Posts to be introduced and £0.475m for additional commission work. These officers will be looking at how best to further deliver the 'and crime' part of the PCCs role. The focus of this work will be proactive and preventative.
49. The most significant allocations in 2019-20 were:
- Substance Misuse (£0.447m)
 - Youth Offending Teams (£0.224m)
 - Victims Services (Horizon) (£0.419m)
50. The bottom of Appendices Ai to Aiv reports the savings required or growth available in the OPCC Costs (Commissioning and Office costs). Whilst these numbers are small in comparison to the Chief Constables where savings are required they do need to come from a much smaller budget (excluding capital the PCC only retains 2.4% of the funds received).

Balancing the Overall Budget

51. When considering inflationary pressures and other unavoidable costs, savings will be required by the CC. Appendix B reports the budget requirement for the CC. Depending on the council tax levy it identifies an initial savings requirement for the CC of between £1.1m and £4.8m in 2020-21. These savings requirements are in addition to the £22m saved in the 9 year period from 2010-11.
52. The CC savings strategy surrounds reducing costs in all areas of the business, however with Uplift Grant dependent on officer numbers the total number of officers must be maintained. This puts additional strain on the rest of the budget, the level of strain will depend on the funding options available and chosen. More detail on savings plans is included in the CCs Budget Requirement (Appendix B).

Use of Finances

53. The PCC expects locally collected funds to be spent on maintaining local policing. Whilst it can be difficult to identify what exactly is 'local policing' the 2019-20 budget has been reviewed to identify the relationship between spend and funding.
54. The table below shows that now 50% of the funding is collected locally whilst 49% of the budget is used for Local Policing (this classifies the legacy council tax grant as 'other policing' as it is paid from central funds);

	Local Policing	Other Policing	Total
CC Spend per area	£42.526m	£45.336m	£87.862m
Support Services	£13.729m	£13.729m	£27.458m
OPCC	£1.484m	£1.484m	£2.967m
Total	£57.739m	£60.548m	£118.287m
	49%	51%	100%
Staffing (FTE)	1052	1039	2091
	50%	50%	100%

Income	£59.528m	£58.559m	£118.087m
Interest	£0.100m	£0.100m	£0.200m
Total	£59.628m	£58.659m	£118.287m
	50%	50%	100%

Capital

55. The Capital Plan (Appendix C) has been revised this year to compliment the longer term Capital Financing Strategy (as mentioned in paragraph 45). The plan shows the capital expenditure forecast over the 4 years. It then shows how these costs will be funded. To finance the plan in the longer term decisions on the 2019-20 financing is required now. As detailed in the new capital strategy this will lead to the PCC borrowing for the first time (with compliance to the Prudential Code).
56. The strategy looks at a 10 year period. Significant expenditure is forecast in 2024-25 and 2025-26 (this would be the 5th and 6th year in the capital plan). To finance a large portion of this £9.216m of estimated capital receipts will be brought forward from 2021-22 and 2022-23.
57. 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.
58. It should be noted that need to borrow and increase revenue costs is not just to finance the Estates Strategy. The ICT spend in years ranges from £1.5m to £6.2m. With 2019-20 standard capital income being £1.2m (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.
59. 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.
60. It is important to note that once borrowing is entered into this will be a liability on the revenue account for years to come.
61. 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 is not expected that this trend will reverse. The 2019-20 grant settlement was the same as

2018-19 (£0.407m), the MTFS plans on the grant remaining at this level for the whole of the MTFS period.

62. The table below summarises the Capital Plan;

	2019-20	2020-21	2021-22	2022-23	Cumul.
Fleet/Equipment	£1.045m	£0.972m	£1.015m	£1.034m	£4.066m
Estates	£2.513m	£2.169m	£2.950m	£0.950m	£8.582m
ICT	£6.260m	£4.752m	£2.006m	£1.509m	£14.527m
Total Expenditure	£9.818m	£7.893m	£5.971m	£3.493m	£27.175m
Financed by:					
Capital Grant	£0.407m	£0.407m	£0.407m	£0.407m	£1.628m
Specific Grant	£0.478m				£0.478m
Capital Dev Res	£6.250m	£0.552m	£1.230m	£0.018m	£8.050m
Capital Receipts	£0.733m	£2.099m	£2.350m	£0.850m	£6.032m
Borrowing	£1.132m	£3.401m	£0.283m		£4.816m
Revenue Cont.	£0.818m	£1.434m	£1.701m	£2.218m	£6.171m
Total Financing	£9.818m	£7.893m	£5.971m	£3.493m	£27.175m

63. A forecast of the capital receipts expected has occurred with the 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 sale price may not be achievable and there may be delays in disposal. The PCCs Acquisitions and Disposals Board monitor and approve decisions with the delivery of best value the primary purpose.
64. All new capital projects are approved by the PCC via the Commissioners Monitoring Board. The current plan includes approvals for Marlborough, Warminster, Royal Wootton Bassett and Bourne Hill. Development costs for HQ are being programmed into the plan alongside the current work on the recreational areas,
65. 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.
66. The plan and strategy does now allow for significant investment in ICT. Funding for the National Enabling Project and the refreshment of laptops and mobile phones is included. With the reliance on ICT in policing growing every year the need for investment increases. Whilst 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 (as discussed in paragraph 61) however historically some costs have fallen to individual PCCs. Funds are also set aside for costs relating to the Hi-Tech Crime teams storage servers and workstations. £1.090m has been allowed for the ERP project which is currently at implementation stage.
67. 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.

68. 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.

69. 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

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

71. 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.

72. 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.

73. 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.

74. 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.

75. Due to the late settlement the MTFS identifies that there may be a need to utilise reserves if a lower level of funding is received and there is little time to implement corresponding savings. Whilst the first call will be to look at earmarked reserves these have significantly reduced with austerity, it may therefore be necessary to use a portion of general reserves. At March 2019 the general reserve was £2.863m (2.5% of budget). The Period 8 Budget Monitoring report shows a forecast overspend of £0.215m so there is unlikely to be any increase in reserves via revenue.

76. There continues to be a focus on the level of reserves held by PCCs. With austerity there is central concern that funds are not being used appropriately. Based on this the policing minister wishes to improve the transparency of reserves. The policy now

includes estimated levels for the next 3 years and whether there is a legal or contractual commitment for each reserve. The table below shows the history on reserves and current forecasts. The Capital Development Reserve is shown separately due to its size and impact on the total reserves (this is in the total reserves amount);

Year End	Total Reserves	Capital Dev. Reserve
March 13	£19.332m	£12.879m
March 14	£21.536m	£13.192m
March 15	£20.677m	£12.626m
March 16	£19.594m	£11.895m
March 17	£20.194m	£9.864m
March 18	£18.375m	£9.475m
March 19	£15.328m	£8.111m
March 20 Est.	£7.901m	£1.861m
March 21 Est.	£6.660m	£1.309m
March 22 Est.	£5.178m	£0.079m

77. 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.

78. 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.

79. The largest reserve is the Capital Development Reserve. This is required to finance the capital plan and is £8.111m at 31 March 2019. The table above shows this is forecasted to reduce. 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.

80. 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

81. 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.

82. It is noted that the Chief Constable will need to deliver savings to balance the budget. The PCC is currently awaiting the budget settlement and his precept flexibilities before deciding on what local council tax strategy he adopts. To enable planning he has recommended that the Chief Constable identifies initial of savings of circa £1m for his consideration. The Chief Constable has also been requested to identify a further £1m of savings if the settlement is not as planned.

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase **5.82% (£12) Inc 20/21, then 2%**
Central Grant Increase **3% inc 20/21, then 2%**

Financial Year >>>>>	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Estimated Funding Available to the PCC				
Main Police Grant	38.898	39.676	40.469	41.279
DCLG Funding	21.418	21.846	22.283	22.729
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	65.551	66.757	67.988	69.243
CT Surplus	0.257	0.193	0.145	0.109
Precept	57.576	59.608	61.712	63.891
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	123.384	126.558	129.845	133.242
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	123.584	126.758	130.045	133.442
Increase in Total Funds Available	4.5%	2.6%	2.6%	2.6%
<i>Central Funding Reduction</i>	<i>2.8%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.8%</i>
Band D Council Tax	218.27	222.64	227.09	231.63
Increase per Band D household	12.00	4.37	4.45	4.54

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	1.425	1.462	1.501	1.541
OPCC - Capital Contribution	1.483	2.207	2.768	3.035
OPCC - Commissioning	1.764	1.786	1.814	1.853
OPCC - Chief Constable allocation	118.912	121.303	123.962	127.013
Total Allocation	123.584	126.758	130.045	133.442

OPCC Financial Plan

Office, Commissioning and Capital	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Expenditure BFWD	3.870	4.672	5.455	6.083
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	3.870	4.672	5.455	6.083
Cost Increases				
Inflation Estimate	0.064	0.075	0.077	0.079
Capital Consequences	0.665	0.724	0.561	0.267
Total Cost	4.599	5.471	6.093	6.429
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '.' / Growth Available	0.073	-0.016	-0.010	0.000
New Requirement	4.672	5.455	6.083	6.429

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase **4% inc 20/21, then 2%**
Central Grant Increase **3% inc 20/21, then 2%**

Financial Year >>>>>	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Estimated Funding Available to the PCC				
Main Police Grant	38.898	39.676	40.469	41.279
DCLG Funding	21.418	21.846	22.283	22.729
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	65.551	66.757	67.988	69.243
CT Surplus	0.257	0.193	0.145	0.109
Precept	56.587	58.584	60.652	62.793
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	122.395	125.534	128.785	132.144
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	122.595	125.734	128.985	132.344
Increase in Total Funds Available	3.6%	2.6%	2.6%	2.6%
<i>Central Funding Reduction</i>	<i>2.8%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.8%</i>
Band D Council Tax	214.52	218.81	223.19	227.65
Increase per Band D household	8.25	4.29	4.38	4.46

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	1.411	1.448	1.486	1.525
OPCC - Capital Contribution	1.483	2.207	2.768	3.035
OPCC - Commissioning	1.745	1.766	1.794	1.832
OPCC - Chief Constable allocation	117.956	120.313	122.937	125.952
Total Allocation	122.595	125.734	128.985	132.344

OPCC Financial Plan

Office, Commissioning and Capital	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Expenditure BFWD	3.870	4.639	5.421	6.047
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	3.870	4.639	5.421	6.047
Cost Increases				
Inflation Estimate	0.064	0.075	0.077	0.079
Capital Consequences	0.665	0.724	0.561	0.267
Total Cost	4.599	5.438	6.059	6.393
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	0.040	-0.017	-0.011	-0.001
New Requirement	4.639	5.421	6.047	6.393

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase **4% Inc 20/21, then 2%**
Central Grant Increase **2% Inc 20/21, then 2%**

Financial Year >>>>>	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Estimated Funding Available to the PCC				
Main Police Grant	38.520	39.291	40.077	40.878
DCLG Funding	21.210	21.634	22.067	22.508
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	64.965	66.160	67.378	68.621
CT Surplus	0.257	0.193	0.145	0.109
Precept	56.587	58.584	60.652	62.793
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	121.809	124.937	128.175	131.523
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	122.009	125.137	128.375	131.723
Reduction in Total Funds Available	3.1%	2.6%	2.6%	2.6%
<i>Central Funding Reduction</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.8%</i>
Band D Council Tax	214.52	218.81	223.19	227.65
Increase per Band D household	8.25	4.29	4.38	4.46

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	1.400	1.442	1.480	1.520
OPCC - Capital Contribution	1.483	2.207	2.768	3.035
OPCC - Commissioning	1.731	1.752	1.779	1.817
OPCC - Chief Constable allocation	117.395	119.736	122.348	125.351
Total Allocation	122.009	125.137	128.375	131.723

OPCC Financial Plan

Office, Commissioning and Capital	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Expenditure BFWD	3.870	4.614	5.401	6.027
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	3.870	4.614	5.401	6.027
Cost Increases				
Inflation Estimate	0.064	0.075	0.077	0.079
Capital Consequences	0.665	0.724	0.561	0.267
Total Cost	4.599	5.413	6.039	6.373
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	0.015	-0.012	-0.012	-0.001
New Requirement	4.614	5.401	6.027	6.372

PCC for Wiltshire Medium Term Financial Plan

Council Tax Increase	2% Inc 20/21, then 2%
Central Grant Increase	0% Inc 20/21, then 2%

Financial Year >>>>>	2020-21 <i>£million</i>	2021-22 <i>£million</i>	2022-23 <i>£million</i>	2023-24 <i>£million</i>
Estimated Funding Available to the PCC				
Main Police Grant	37.765	38.520	39.291	40.077
DCLG Funding	20.794	21.210	21.634	22.067
Localisation Grant	5.235	5.235	5.235	5.235
Total Central Funding	63.794	64.965	66.160	67.378
CT Surplus	0.257	0.193	0.145	0.109
Precept	55.498	57.458	59.486	61.586
Contribution from reserve	0.000	0.000	0.000	0.000
Total Grant and Precept Funding	119.550	122.616	125.790	129.073
Investment Income	0.200	0.200	0.200	0.200
Total Income available to PCC	119.750	122.816	125.990	129.273
Reduction in Total Funds Available	1.2%	2.6%	2.6%	2.6%
<i>Central Funding Reduction</i>	<i>0.0%</i>	<i>1.8%</i>	<i>1.8%</i>	<i>1.8%</i>
Band D Council Tax	210.40	214.60	218.90	223.27
Increase per Band D household	4.13	4.21	4.29	4.38

Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	1.375	1.401	1.438	1.476
OPCC - Capital Contribution	1.483	2.207	2.768	3.035
OPCC - Commissioning	1.698	1.718	1.744	1.781
OPCC - Chief Constable allocation	115.194	117.490	120.041	122.980
Total Allocation	119.750	122.816	125.990	129.272

OPCC Financial Plan

Office, Commissioning and Capital	2020-21 <i>£million</i>	2021-22 <i>£million</i>	2022-23 <i>£million</i>	2023-24 <i>£million</i>
Expenditure BFWD	3.870	4.556	5.326	5.950
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	3.870	4.556	5.326	5.950
Cost Increases				
Inflation Estimate	0.064	0.075	0.077	0.079
Capital Consequences	0.665	0.724	0.561	0.267
Total Cost	4.599	5.355	5.964	6.296
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-0.043	-0.029	-0.014	-0.004
New Requirement	4.556	5.326	5.950	6.291

The Chief Constable's Allocated Budget

Introduction

1. The planning for the 2020-21 budget has been hampered by a lack of detail on the funding available. To date the planning has been based on initially identifying circa £1m of savings rather than an exact amount. This has been impacted by the Government announcing plans to introduce nationally 20,000 officers. It is understood that these will be funded by specific grant with a caveat that the previous budget for officer number must not reduce. This means that roughly 50% of the budget cannot be reduced. There is also an expectation that in delivering nationally 20,000 additional officers that support services, such as training and recruitment will need to grow. Whilst it is expected that there will be specific grant for these new posts it does hamper the ability to make savings from these areas.

Funding

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

	2020-21	2021-22	2022-23	2023-24
A) CTax Increase £12 (5.8%) then 2%, Central Funding Increase 3% then 2%	£118.912m	£121.303m	£123.962m	£127.013m
B) CTax Increase 4% then 2% Central funding Increase 3% then 2%	£117.955m	£120.313m	£122.937m	£125.952m
C) CTax Increase 4% then 2% Central funding Increase 2% all MTFS	£117.395m	£119.736m	£122.348m	£125.351m
D) CTax Increase 2% all MTFS, Nil Central funding Increase then 2% from 20-21	£115.194m	£117.490m	£120.041m	£122.980m

3. From the table above it can be seen that a £12 increase will provide the Chief Constable £0.957m more to spend on policing than a 4% increase. It also shows that if no central funding increase is received and Council Tax is capped at 2% the funding the Chief Constable will have is £3.718m lower than the best scenario (Option A).
4. The table also shows the long term impact on funding if increases are restricted.

5. In 2020-21 the PCC expects to benefit from 4 specific grants which are managed within the CC budget, Swindon PFI, a Security Grant, Police Pensions and Operation Uplift (the national increase of 20,000 officers). The 3 current grants total £4m per annum. The grant for Operation Uplift is unknown, it has however been announced that Wiltshire will be allocated funds for 49 officers (to introduce by 31 March 2021). This is Wiltshire's portion of the first tranche of officers (6,000).

Expenditure

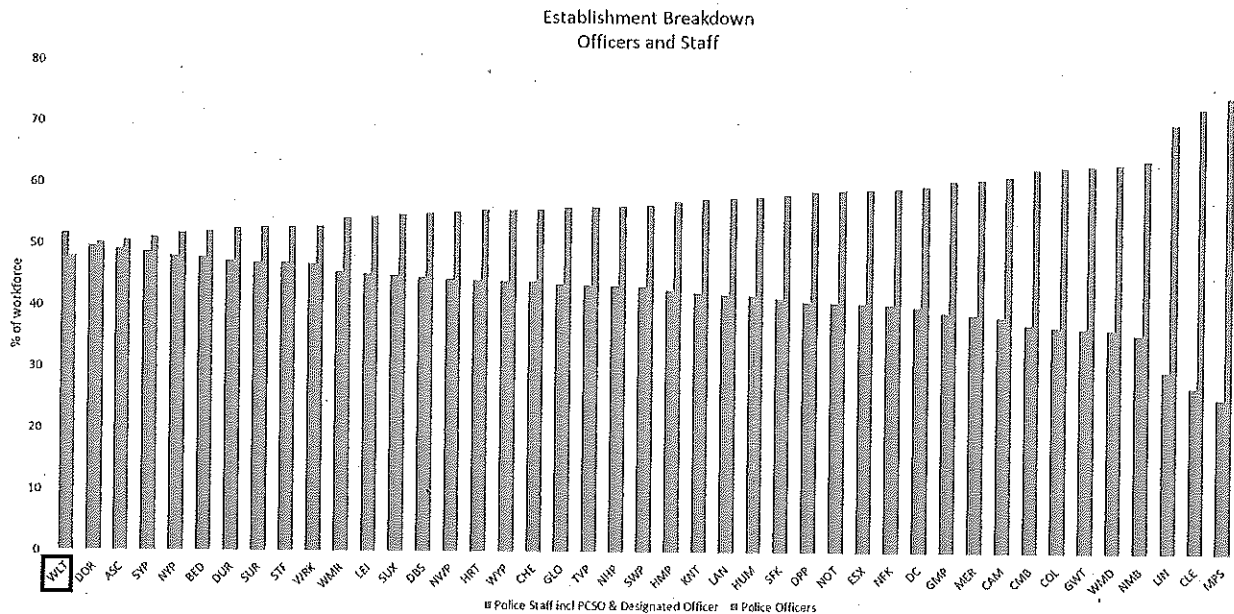
6. In 2019-20 the PCC gave the CC a budget of £114.417m. The table below shows how expenditure was planned when allocated according to the Police Objective Analysis (POA), the variance of £0.703m is due to national classification guidelines;

TO DO	Officer FTE	Staff FTE	Total FTE	% of Staff	£m	% of Budget
Local Policing	531	177	708	34%	33.364	29%
Dealing with the Public	10	188	198	10%	7.987	7%
Criminal Justice	22	151	173	8%	7.319	6%
Ops Support (inc RPU)	110	12	122	6%	7.377	6%
Intelligence	27	62	89	4%	4.751	4%
Investigations	155	156	311	15%	16.697	15%
Public Protection	67	84	151	7%	6.775	6%
National Policing	24	11	35	2%	0.833	1%
Support Functions	39	253	292	14%	27.458	24%
Cap Finance/Pensions	0	0	0	0	2.559	2%
Reserves/Commis.	0	0	0	0	0	0
	985	1094	2079	100%	115.120	100%

7. 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 2019-20 the statistics show Wiltshire as low cost, this is mainly due to a low level of funding. The headlines include:
- Wiltshire's spend per head of population is £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.

8. The table below illustrates the modernisation approach taken by Wiltshire Police. Wiltshire are on the far left (as we have the lowest percentage of officers than any other force).



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

	£m	%
Staff and Employee Costs	95.819	83.7%
Premises	6.714	5.9%
Transport	2.594	2.3%
ICT Supplier Costs	4.734	4.1%
Surgeons and Forensics	2.179	1.9%
Other Costs	9.795	8.6%
Pensions	1.118	1.0%
Gross Cost	122.953	107.5%
Income	-8.536	-7.5%
Net Cost	114.417	100.0%

10. Appendix Bi shows the cost increases and cost reductions expected to be faced by the CC over the next 4 years. These financial plans are based on pay inflation of 2.5%, general inflation increases of 2%, ICT inflation of 3% and utilities inflation of 3%.
11. The budget requirement should be driven by the Force Management Statement (FMS), risk and unavoidable costs. The FMS is continually being developed and will again improve in year 3 (2020), to enable this a new Police Staff post has been included as growth in the plan.

12. Appendix E is a report which reviews the FMS and considers what investment is required in the MTFs. The report's conclusion is summarised below;

FMS Area	Investment Required
Prevention and Deterrence (Neighbourhood Policing)	£0.300m for the supervision uplift cost of 20 PCs is included
Protecting vulnerable people	Issue resolved within Department
Managing Offenders	Issue resolved within Department
ICT and Information Management	£0.217m is allocated to fund additional costs expected with a single service provision
Human Resources	£0.140m has been agreed as temporary resource, no long term growth included.
Forensics	Issue expected to be self-financed by the collaboration

13. The Risk Register taken to the Audit Committee on 14 November 2019 has been reviewed and where appropriate investment recommended. The register shows 8 risks with a residual risk score of 40 or more.
14. 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	Risk Score	Investment Required
Delivering Preventative Community Policing	60	£0.300m for the supervision uplift cost of 20 PCs is included
Delivery of Ph. 1 Operational Improvement Programme	48	£0.300m for the supervision uplift cost of 20 PCs is included
HR Resources	48	£0.140m has been agreed as temporary resource, no long term growth included.
Change Fatigue	48	No direct investment required
Kidnap and Extortion Resilience	45	Plans being drawn up to increase resourcing minimal cost implication
Loss of ICT Services	45	£0.217m is allocated to fund additional costs expected with a single service provision
Ability to record and retrieve radio transmissions	40	Progress made with no cost implication, risk has been reduced
Custody Staffing	40	Vacancies in Detention Officers have been recruited for from within current budget

15. During 2019 the area of ANPR reliance and capacity was identified as a high risk on the register. With ANPR being a key tool in counter terrorism it was agreed that the risk needed to be targeted. Two new staff were therefore agreed at a cost of £0.058m
16. The next paragraphs within the paper explain the reasons behind the other significant cost increases proposed in 2020-21.

17. The largest other increases surrounds Unsocial Hours (£0.800m). In December 2017 the Force agreed to implement the national Police Staff Terms and Conditions Handbook. This mean unsocial hours payments replacing SAF (shift allowance for flexibility). It was initially anticipated that this would lead to costs rising from £1.9m to £2.5m (£0.6m was allowed for in the 2019-20 budget). Costs have been higher (£3.3m), therefore a further £0.8m is required in the budget.
18. Funds have also been allowed for Taser revenue costs, DEMS cloud costs and the impact of the new police qualification system. These costs, which total £0.166m, are the financial impact of decisions made in previous years.
19. A review on the impact of the flattened hierarchy has occurred this year. From the review it identified two areas where demand is exceeding supply. Based on this the Force have agreed to introduce new Inspector posts in Professional Stands and Public Protection.
20. In the previous budget there was a plan to modernise 4 officer posts within Offender Management. This has been reviewed. Difficulties have been found with these posts being modernised it is therefore appropriate to return these to officer posts at a cost of £0.050m.
21. These changes will result in an increase in police officers (net of savings). The forecast police officer position is;

2018-19 Original Budget	975 FTE
Review of Offender Management Posts	+ 4 FTE
PSD Inspector	+1 FTE
PPD Inspector	+1 FTE
Removal of ex-Tri Service Chief Inspector	-1 FTE
Removal of Sgt in Chief Officer Support	-1 FTE
National Uplift Programme	+49 FTE
2019-20 Budget	1028 FTE

22. This figure excludes secondments. As at the end of November 2019 we have 20 officers (FTE and headcount) seconded.
23. The 1028 FTE includes the 49 Officers allocated to Wiltshire from the National Uplift Programme. It is expected that funding for the additional posts will only be received if we can confirm that the headcount target (including secondments) of 1074 is achieved as at 31 March 2021.
24. 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). Therefore if the FTE figure of 1048 (1028 + 20 secondments) is achieved the target of 1074 should be reached (1048 x 1.027 = 1076).

Funding Shortfalls

25. When comparing these estimated budget requirements against the finances expected to be available from the PCC a savings requirement is identified (Appendices Bi, Bii, etc.). The tables below show the impact of the plans.

Op A Central 3% £12 Ctax	2020-21	2021-22	2022-23	2023-24	Total
Est. Expenditure	£120.002m	£123.063m	£125.101m	£127.905m	
Est. Funding	£118.912m	£121.303m	£123.962m	£127.013m	
Shortfall	£1.090m	£1.760m	£1.139m	£0.892m	£4.881m

Op B Central 3% Local 4%	2020-21	2021-22	2022-23	2023-24	Total
Est. Expenditure	£120.002m	£122.074m	£124.077m	£126.844m	
Est. Funding	£117.956m	£120.313m	£122.937m	£125.952m	
Shortfall	£2.046m	£1.761m	£1.140m	£0.893m	£5.840m

Op C Central 2% Local 4%	2020-21	2021-22	2022-23	2023-24	Total
Est. Expenditure	£120.002m	£121.502m	£123.488m	£126.243m	
Est. Funding	£117.395m	£119.736m	£122.348m	£125.351m	
Shortfall	£2.607m	£1.766m	£1.140m	£0.892m	£6.405m

Op D Central 0% Local 2%	2020-21	2021-22	2022-23	2023-24	Total
Est. Expenditure	£120.002m	£119.257m	£121.197m	£123.890m	
Est. Funding	£115.194m	£117.490m	£120.041m	£122.980m	
Shortfall	£4.808m	£1.767m	£1.156m	£0.910m	£8.641m

26. The estimated savings requirement of between £4.881m and £8.641m is on top of the savings of £22m delivered in the last 9 years. These savings were initially produced by the 2010 Vision Plan, Management Structure review, etc. They have broadly required all middle and support services to reduce by 15%-20%. Since then the savings have been more targeted to focus strategic areas of the business to ensure that priority areas are not impacted.

27. The PCC has been briefed on the financial uncertainty and has agreed to a strategy where the Chief Constable is asked to identify how he would find £1m of savings. If the actual figure is circa £1m more than this (£2m overall) then the savings would need to come from not recruiting other staff roles. If the savings requirement is above £2m then general reserves would be used to fund the gap in the next year in the knowledge that this would have to be saved in the 2021-22 base budget. If the figure is significantly higher than this then an emergency solution will need to be identified.

Efficiency Strategy

28. To deliver the savings requires the force to realign resources. This section identifies current proposals on how the financial gap in 2020-21 will be closed if Option A, a £12 increase in precept is approved and the central funding increase is 3%.

29. The strategy this year has been to review;

- a) budget setting opportunities (risk setting and impacts of in year decisions)
- b) areas where significant volumes of police staff are employed
- c) spending areas where the HMICFRS Value for Money profiles show outliers

d) the consequences of taking a general percentage off unaffected support areas

30. In November the Senior Leadership Team came together to review costs and proposals. The following savings were disclosed and there was general agreement to proceed with Tranche 1:

Review of Crime Prevention	Remove 2 posts	£0.115m
Review of Chief Officer Support	Remove 3 posts	£0.100m
ICT changes	Remove 1 post	£0.057m
Review of current budget	Reduce NI and Fuel budget	£0.150m
Inflationary Review	Reduce Inflation Increases	£0.332m
Ops Support Review	Remove 1 post, rank change	£0.099m
SWPPD review of Niche	Lower cost contract	£0.073m
Reduce Pressures Allocation	Reduce budget	£0.100m
Other Savings	To be identified	£0.064m
Total		£1.090m

31. If savings in excess of £1m are needed further people savings will be required (as stated earlier over 80% of the spend is on people). With Police Officer spend ring-fenced with Operation Uplift the focus must turn to the 961 Police Staff and 131 PCSOs funded in the 2019-20 budget. As Chief Constable I must be clear that to make reductions in these areas will impact services however I do accept the requirement to produce a balanced budget. Contingency plans are being considered by my Leadership Team if I am required to deliver savings in excess of the £1.090m

Conclusion

32. This paper identifies a strategy to close a funding gap of £1.090m. This gap is based on a central grant increase of 3% and a council tax increase of 5.8% (£12). If central funding increases are limited and capping levels are low for Council Tax this savings level may not close the gap. This risk is acknowledged and will need to be considered once funding settlements and restrictions are announced in January. My Leadership Team are reviewing options.
33. It should be noted that this strategy only deals with the 2020-21 savings requirement. Without additional funding for policing in 2021-22 there will be significant gaps which will not be closable without a reduction in frontline policing.
34. 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 from 2021-22 will be 2%.
- iii. Council Tax increases will be 2% from 2021-22
- iv. The Council Tax Surplus will reduce by 25% p.a. from 2021-22 over the period of the MTFS
- v. The Council Tax Base will increase by 1.5% p.a. over the period of the MTFS
- vi. From 2020-21 general inflation will be 2% per annum.
- vii. A pay increase by 2.5% is included for 2020-21 rising to 3% in all other years.
- viii. Investment income will be stable at £0.200m 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

Based on Council Tax Increase

5.82% (£12) Inc 20/21, then 2%

Central Grant Increase

3% inc 20/21, then 2%

	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Expenditure BFWD	114.417	118.912	121.303	123.962
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	114.417	118.912	121.303	123.962
Cost Increases				
Inflation estimate	2.772	3.393	3.475	3.561
0.5% employee inflation 19/20	0.485	0.000	0.000	0.000
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.183	0.000	0.000
DEM's Cloud Costs	0.101	0.000	0.000	0.000
Taser Increase Impact	0.012	0.000	0.000	0.000
Officer apprenticeship costs	0.053	0.000	0.000	0.000
ICT Review	0.217	0.101	0.000	0.000
Unsocial Hours	0.800	0.000	0.000	0.000
FMS W9	0.039	0.000	0.000	0.000
ANPR (2 x w6)	0.058	0.000	0.000	0.000
Strategic Support to Dir of People & Change	0.039	0.000	0.000	0.000
Inspector PSD	0.077	0.000	0.000	0.000
Inspector PPD	0.077	0.000	0.000	0.000
Crime Prevention realignment of posts	0.050	0.000	0.000	0.000
New CPT Model supervision growth	0.300	0.000	0.000	0.000
Unidentified Policing Pressures	0.250	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	-0.040	-0.100	-0.040
Reduction in Bank Holidays	0.000	0.000	-0.092	-0.092
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Total reductions in Expenditure	5.585	4.151	3.798	3.943
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '1' / Growth Available	-1.090	-1.760	-1.139	-0.892
New Requirement	118.912	121.303	123.962	127.013

Inflation Assumptions

Employees	2.50%	3.00%	3.00%	3.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	2.00%	2.00%	2.00%	2.00%
Utilities	2.00%	2.00%	2.00%	2.00%

Chief Constables Financial Plan

Based on Council Tax Increase

4% inc 20/21, then 2%

Central Grant Increase

3% inc 20/21, then 2%

	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Expenditure BFWD	114.417	117.956	120.313	122.937
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	114.417	117.956	120.313	122.937
<u>Inflation estimate</u>				
Inflation estimate	2.772	3.360	3.441	3.525
0.5% employee inflation 19/20	0.485	0.000	0.000	0.000
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.183	0.000	0.000
DEM's Cloud Costs	0.101	0.000	0.000	0.000
Taser Increase Impact	0.012	0.000	0.000	0.000
Officer apprenticeship costs	0.053	0.000	0.000	0.000
ICT Review	0.217	0.101	0.000	0.000
Unsocial Hours	0.800	0.000	0.000	0.000
FMS W9	0.039	0.000	0.000	0.000
ANPR (2 x w6)	0.058	0.000	0.000	0.000
Strategic Support to Dir of People & Change	0.039	0.000	0.000	0.000
Inspector PSD	0.077	0.000	0.000	0.000
Inspector PPD	0.077	0.000	0.000	0.000
Crime Prevention realignment of posts	0.050	0.000	0.000	0.000
New CPT Model supervision growth	0.300	0.000	0.000	0.000
Unidentified Policing Pressures	0.250	0.250	0.250	0.250
<u>Cost Reduction</u>				
Decrease in Rent Allowance	-0.100	-0.040	-0.100	-0.040
Reduction in Bank Holidays	0.000	0.000	-0.092	-0.092
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Total reductions in Expenditure	5.585	4.118	3.764	3.907
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '1' / Growth Available	-2.046	-1.761	-1.140	-0.893
New Requirement	117.956	120.313	122.937	125.952
<u>Inflation Assumptions</u>				
Employees	2.50%	3.00%	3.00%	3.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	2.00%	2.00%	2.00%	2.00%
Utilities	2.00%	2.00%	2.00%	2.00%

Chief Constables Financial Plan

**Based on Council Tax Increase
Central Grant Increase**

**4% inc 20/21, then 2%
2% Inc 20/21, then 2%**

	2020-21 £million	2021-22 £million	2022-23 £million	2023-24 £million
Expenditure BFWD	114.417	117.395	119.736	122.348
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	114.417	117.395	119.736	122.348
Cost Increases				
Inflation estimate	2.772	3.349	3.429	3.513
0.5% employee inflation 19/20	0.485	0.000	0.000	0.000
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.183	0.000	0.000
DEM's Cloud Costs	0.101	0.000	0.000	0.000
Taser Increase Impact	0.012	0.000	0.000	0.000
Officer apprenticeship costs	0.053	0.000	0.000	0.000
ICT Review	0.217	0.101	0.000	0.000
Unsocial Hours	0.800	0.000	0.000	0.000
FMS W9	0.039	0.000	0.000	0.000
ANPR (2 x w6)	0.058	0.000	0.000	0.000
Strategic Support to Dir of People & Change	0.039	0.000	0.000	0.000
Inspector PSD	0.077	0.000	0.000	0.000
Inspector PPD	0.077	0.000	0.000	0.000
Crime Prevention realignment of posts	0.050	0.000	0.000	0.000
New CPT Model supervision growth	0.300	0.000	0.000	0.000
Unidentified Policing Pressures	0.250	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	-0.040	-0.100	-0.040
Reduction in Bank Holidays	0.000	0.000	-0.092	-0.092
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Total reductions in Expenditure	5.585	4.107	3.752	3.895
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '1' / Growth Available	-2.607	-1.766	-1.140	-0.892
New Requirement	117.395	119.736	122.348	125.351
Inflation Assumptions				
Employees	2.50%	3.00%	3.00%	3.00%
Income	2.00%	2.00%	2.00%	2.00%
Other	2.00%	2.00%	2.00%	2.00%
IT	2.00%	2.00%	2.00%	2.00%
Utilities	2.00%	2.00%	2.00%	2.00%

Chief Constables Financial Plan

**Based on Council Tax Increase
Central Grant Increase**

**2% Inc 20/21, then 2%
0% Inc 20/21, then 2%**

	2020-21 <i>£million</i>	2021-22 <i>£million</i>	2022-23 <i>£million</i>	2023-24 <i>£million</i>
Expenditure BFWD	114.417	115.194	117.490	120.041
Reserve funding from previous year	0.000	0.000	0.000	0.000
Revised Expenditure Carried Forward	114.417	115.194	117.490	120.041
Cost Increases				
Inflation estimate	2.772	3.305	3.384	3.467
0.5% employee inflation 19/20	0.485	0.000	0.000	0.000
Fixing of specific grants	0.064	0.064	0.064	0.064
Spinal Point Increases	0.700	0.700	0.700	0.700
Increase in Bank Holidays	0.091	0.183	0.000	0.000
DEM's Cloud Costs	0.101	0.000	0.000	0.000
Taser Increase Impact	0.012	0.000	0.000	0.000
Officer apprenticeship costs	0.053	0.000	0.000	0.000
ICT Review	0.217	0.101	0.000	0.000
Unsocial Hours	0.800	0.000	0.000	0.000
FMS W9	0.039	0.000	0.000	0.000
ANPR (2 x w6)	0.058	0.000	0.000	0.000
Strategic Support to Dir of People & Change	0.039	0.000	0.000	0.000
Inspector PSD	0.077	0.000	0.000	0.000
Inspector PPD	0.077	0.000	0.000	0.000
Crime Prevention realignment of posts	0.050	0.000	0.000	0.000
New CPT Model supervision growth	0.300	0.000	0.000	0.000
Unidentified Policing Pressures	0.250	0.250	0.250	0.250
Cost Reduction				
Decrease in Rent Allowance	-0.100	-0.040	-0.100	-0.040
Reduction in Bank Holidays	0.000	0.000	-0.092	-0.092
Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Total reductions in Expenditure	5.585	4.063	3.707	3.849
Contributions to or from Reserves	0.000	0.000	0.000	0.000
Savings Required = '-' / Growth Available	-4.808	-1.767	-1.156	-0.910
New Requirement	115.194	117.490	120.041	122.980
Inflation Assumptions				
Employees	2.50%	3.00%	3.00%	3.00%
Income	2.00%	2.00%	2.00%	2.00%
Other,	2.00%	2.00%	2.00%	2.00%
IT	2.00%	2.00%	2.00%	2.00%
Utilities	2.00%	2.00%	2.00%	2.00%

Wiltshire Police and Crime Commissioner

Capital Expenditure Plan

Financial Year >>>>>>	<i>bfwd</i> <i>Emillion</i>	<i>19/20</i> <i>Emillion</i>	<i>20/21</i> <i>Emillion</i>	<i>21/22</i> <i>Emillion</i>	<i>22/23</i> <i>Emillion</i>	<i>Cum</i>
Capital Financing Plan						
Government Grant		0.407	0.407	0.407	0.407	1.628
ESN Grant	0.478	0.478				0.478
Capital Development Reserve Used		6.250	0.552	1.230	0.018	8.050
Capital Receipts Used		0.733	2.099	2.350	0.850	6.032
Borrowing		1.132	3.401	0.283	0.000	4.816
Revenue Cont. to Capital		0.818	1.434	1.701	2.218	6.171
Financing Plan		9.818	7.893	5.971	3.493	27.175
Capital Funding Balances						
Cap Development Reserve BFWD	8.111	8.111	1.861	1.309	0.079	
Cap Development Reserve Used		-6.250	-0.552	-1.230	-0.018	-8.050
Cap Development Reserve CFWD	8.111	1.861	1.309	0.079	0.061	
Cap Receipts BFWD	0.000	0.000	0.000	0.000	8.216	
Cap Receipts Received		0.733	2.099	10.566	1.850	
Cap Receipts Used		-0.733	-2.099	-2.350	-0.850	-6.032
Cap Receipts CFWD	0.000	0.000	0.000	8.216	9.216	
Capital Expenditure (on a cashflow basis)						
				* in principal only, projects at this stage		
Part A - Equipment and Fleet Repl. Prog.						
Vehicle Fleet	0.069	0.913	0.922	0.940	0.959	3.803
Operational Equipment (Taser etc.)	0.000	0.063	0.050	0.075	0.075	0.263
Total Equipment and Fleet Prog.	0.069	0.976	0.972	1.015	1.034	4.066
Part B - Estates Projects						
Minor Works - Building Improvements	0.000	0.075	0.050	0.050	0.050	0.225
Programmed Maintenance - Buildings	0.000	0.050	0.050	0.050	0.050	0.200
HQ Recreational Areas - Refurbishment	0.000	0.278				0.278
Royal Wootton Bassett - Refurbishment	-0.040	0.500	0.169			0.629
Marlborough Estates Project	0.067	0.145				0.212
Warminster Replacement		1.032	0.500			1.532
Melksham Custody *		0.100	0.800			0.900
Devizes HQ Phase 1 Ops and L&D		0.100	0.100	0.200	0.600	1.000
Bourne Hill		0.206				0.206
Melksham Office refurbishment *			0.500	0.500		1.000
Tidworth/Amesbury Hub *				2.150	0.250	2.400
Total Estates Projects	0.027	2.486	2.169	2.950	0.950	8.582
Part C - ICT Programme						
Computer Laptops, Tablets, Desktops, etc.	0.165	0.086	0.073	0.509	0.509	1.342
Systems Development	0.000	0.370	0.500	0.300	0.300	1.470
Systems Upgrades *			0.300	0.300	0.300	0.900
Network Upgrades *					0.200	0.200
NEP Infrastructure	0.571	2.507	0.500		0.100	3.678
Radio Refresh	0.005					0.005
SmartPhone Replacement Programme	0.000		0.510	0.510		1.020
Qlik Sense	0.224					0.224
DEMS (incl; DIR/BWVC)	0.373				0.050	0.423
ESMCP	0.000	0.198	2.801	0.283		3.282
ESN Connections (Grant funded)	0.478					0.478
ERP	0.122	0.968				1.090
Hi-tech crime unit computers	0.000	0.073	0.068	0.104	0.050	0.295
Mobile Working	0.120					0.120
Total ICT Programme	2.058	4.202	4.752	2.006	1.509	14.527
Total Exp (Parts A, B and C)	2.154	7.664	7.893	5.971	3.493	27.175
Financing Plan		-9.818	-7.893	-5.971	-3.493	-27.175
Balance		0.000	0.000	0.000	0.000	0.000



The Police and Crime Commissioners Capital Financing Strategy

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 10 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 5 years the PCC has funded capital expenditure of £21m (£4.3m 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. 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

14. 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 £56.657m are forecast (Appendix A) with capital receipts of £16.168 estimated.
15. A sizable amount of the expenditure (£49.5m) 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.
16. It is possible to deliver phase 1 (£15.9m) 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. A modern fit for purpose training facility is essential with the growth in officers expected in future years under the Uplift Programme.

17. 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 10 years is £24.856m.
18. All Estates and ICT capital projects will need to be approved by the Commissioners Monitoring Board. Once approved they will be governed by project boards with allocated SRO's. Most projects will obtain oversight via either the Estates Hub Board, the Acquisitions and Disposals Board or the Digital Programme Board. In addition to this the monthly Strategic Change Board will receive exception reports.
19. Within Appendix B is also the Vehicles and Operational Equipment plan, this is forecast at a cost of £10.687m over the 10 years.
20. A summary of the full requirement (in millions) is shown below;

	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Total
Estates	2.388	2.069	2.850	0.850	8.600	6.800	9.100	16.000	7.800	0.200	56.657
Minor W	0.125	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	1.025
ICT	6.260	4.752	2.006	1.509	1.509	1.764	1.764	1.764	1.764	1.764	24.856
V&E	1.045	0.972	1.015	1.034	1.053	1.073	1.093	1.113	1.134	1.155	10.687
Total	9.818	7.893	5.971	3.493	11.262	9.737	12.057	18.977	10.798	3.219	93.225
Cumul.	9.818	17.711	23.682	27.175	38.437	48.174	60.231	79.208	90.006	93.225	

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 2019-20 the grant is £0.407m. It is assumed that the grant will remain constant for the entire plan.
 - Revenue Budget
A contribution is made each year from the revenue budget to fund capital expenditure. For 2019-20 the contribution is £0.818m. 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 received from the sale of assets.
- 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.

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 current strategy provides £38m of funds. The estimated finance required is £93m of expenditure (cumulative total by 2028-29). The gap of £55m is planned to be financed by additional revenue contributions and borrowing.

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 below smooths the increased revenue costs over the 10 years with a small contingency of £0.436m for additional expenditure in later years (increased to £1.156m with £0.720m of the capital receipt received in 2028-29).

	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	Total
Current RCCO	0.818	0.834	0.851	0.868	0.885	0.903	0.921	0.939	0.958	0.977	8.954
New RCCO		0.600	0.850	1.350	1.600	1.600	1.600	1.700	1.700	1.700	12.700
Gen Gr.	0.407	0.407	0.407	0.407	0.407	0.407	0.407	0.407	0.407	0.407	4.070
Sp Grant	0.478										0.478
Borrow	1.132	3.401	0.283			6.184	9.100	16.000	7.800		43.900
Cap Rec	0.733	2.099	10.566	1.850						0.920	16.168
Cap Dev Reserve	8.111										8.111
Total Inc	11.679	7.341	12.957	4.475	2.892	9.094	12.028	19.046	10.865	4.004	94.381
Cum Inc	11.679	19.020	31.977	36.452	39.344	48.438	60.466	79.512	90.377	94.381	
Cum Exp	9.818	17.711	23.682	27.175	38.437	48.174	60.231	79.208	90.006	93.225	
Balance	1.861	1.309	8.295	9.277	0.907	0.264	0.235	0.304	0.371	1.156	

Revenue Implications of Capital Investment

27. To implement this plan additional revenue costs will be required over the 10 years (for both RCCO and to pay back borrowing costs). The table below shows the increase required per annum in the MTFs.

	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Current RCCO	0.818	0.834	0.851	0.868	0.885	0.903	0.921	0.939	0.958	0.977
Additional RCCO		0.600	0.850	1.350	1.600	1.600	1.600	1.700	1.700	1.700
Cost of Borrowing		0.049	0.506	0.550	0.550	0.550	0.817	1.211	1.903	1.809
Total	0.818	1.483	2.207	2.768	3.035	3.053	3.338	3.850	4.561	4.486
Inc P.A.		0.665	0.724	0.561	0.267	0.018	0.285	0.512	0.711	-0.075

28. The table above is based on borrowing advice provided by Link, our Treasury Management Experts. The interest rates used are those currently available (1.77% for borrowing over 30 years and 1.9% 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 (£33.6m) the cost of borrowing in 2027-28 would drop by £1.4m per annum (i.e. in 2027-28 total cost would be £3.161m rather than £4.561m).

Risk and Risk Appetite

30. This capital strategy is for a 10 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 10 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 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. 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.

34. 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.

Conclusion

35. The PCC reviewed this document at his Commissioners Monitoring Board in October 2019. The high level strategy was agreed. It was requested that this and the increased revenue costs be included in the next MTFS.

Review of the 2019 Force Management Statement (FMS)

1. Annually Wiltshire Police undertake a self-assessment of the business. The FMS reviews demand and makes predictive assumptions in relation to potential future changes in demand. The FMS then considers what resources it has to meet the demand. It is considered as part of the MTFS as it can signpost where investment is required in the future.
2. Risk is assessed in the FMS. Each area is scored under the following criteria;
 - How well the Force understands current demand
 - How well the Force understands future demand
 - Is the Force able to meet current demand (current capability and capacity)
 - Is the Force likely to meet future demand (future capability and capacity)
3. This MTFS focuses on all areas which have received a risk grading of 3 (concerning) or 4 (significantly concerning) on the current and future capability and capacity to meet demand. The table below shows those areas;

	Current Capability and Capacity	Future Capability and Capacity
Prevention and Deterrence (Neighbourhood Policing)	4	3
Protecting vulnerable people	3	3
Managing Offenders	3	4
ICT and Information Management	4	3
Human Resources	4	3
Forensics	4	4

Prevention and Deterrence (Neighbourhood Policing)

4. The FMS states that CPT resourcing limitations mean that all demand cannot be met. The demand related to mental health is having a recognisable impact on the force. This along with the overall demand is being considered in the CPT Improvement Programme. This is considering the current configuration and shift patterns in place. With financial constraints it is recognised that an increase of vast numbers of officers is not affordable, nor deliverable. It is however considering how we can best use the 49 officer uplift provided by the government (as part of the initial 6,000 increase). It should be noted however that the availability of these 49 officers on the front line will be some years away so to solely rely on this is not possible.
5. The Force has reviewed the supervision required to ensure that suitable tasking and briefing of officers is in place. When compared to other local forces Wiltshire is an outlier. Based on this it is recommended that 20 of the 49 posts are Inspectors and Sergeants resolving this issue. When in place this will cost an additional £0.300m on top of the grant expected.

6. The FMS suggests that one Designing Out Crime Officer is not enough and creates a single point of failure. No further work has been brought to ELT surrounding this and it is not on the Corporate Risk Register hence it will not be considered within the MTFs.

Protecting Vulnerable People

7. Whilst the FMS identifies a concern in current demand it also suggests that a redeployment of posts should assist in 2019. This is due to the Force introducing the Niche Public Protection Notice (PPN) form rather than the current in-house public protection referral form. This is expected to release three Full-Time Equivalent (FTE) support posts. These will be refocused on areas of increased demand. The introduction of this Niche PPN form is also anticipated to have a significant positive impact on demand on frontline staff due to system efficiencies in form completion. There have been delays in implementing the new Niche process, this is now expected to be in place by April 2020.
8. The Force was looking to appoint a DA Integrated Offender Manager Post. This person will work with perpetrators whom have been identified as the highest risk to their victims, in a bid to facilitate rehabilitation. They will work alongside departments in the Force, as well as partners in order to help co-ordinate enforcement action and protect victims. The Force hopes that this post will help reduce the volume of DA, particularly from repeat offenders, and in turn relieve some of the pressures faced by the PPD. This post has now been funded (and recruited for) using a vacant standard Integrated Offender Manager post.

Managing Offenders

9. Even though the Force are changing offender management model there still remain concerns surrounding the number of case each Offenders Manager post looks after. The new model, based on an improved matrix, is expected to reduce this.
10. There however is concern surrounding the complexity caused by technological advancements, with an increase in the number of internet connected devices. Training and assistance from the new DIU (Digital Investigations and Intelligence Unit) is helping in this area.
11. The department is reviewing its model and its modernisation strategy. It accepts that financial challenges remain and they have to adapt within the current resource envelope. It however does identify the need for a Digital Media Investigator. This post has now been created (and recruited for) by using a vacant standard Integrated Offender Manager post (the IOM posts have been reduced from 5 to 3 to deal with two issues identified in the FMS).

ICT and Information Management

12. There are significant demands on ICT as the Force looks to maximise the use of ICT and ensure that it is secure and resilient. The FMS states a full review of the delivery of ICT is occurring in 2019 to understand how the Force can meet the demands of the National Enabling Programme. This report has been finalised and agreement has been reached by Wiltshire Police and Wiltshire Council Executives to separate.

13. A draft new structure has been produced and costed. The loss of economies of scale with the separation has been calculated at £0.217m in 2020-21. This amount has been included in the MTFS. The exact delivery model is still to be confirmed, decisions on areas such as 'on call' may impact the cost of the model.

Human Resources

14. With austerity, along with all other support services, the department has seen significant reductions in headcount. A new ERP is currently being implemented with benefits expected towards the end of 2020. However an increase in demand is occurring now. This increased demand on delivering people focussed initiatives, has resulted in pressures being placed on staff throughout the Department.

15. The HR workforce state that demand regularly outstrips capacity; and one to one meetings with staff mostly focus on volume, demand and capacity levels. Whilst the department does not experience high sickness levels, strains are appearing.

16. Turnover in HR has been a problem with the team having to replace half of its HR advisors in the last two years. This has resulted in a lack of knowledge and consistency in guidance to line managers. This is particularly true in the areas of recruitment and job evaluation. Attempts to mitigate this have taken place by additional training through external agencies; however, this is expensive and is not sustainable on an annual basis. HR are now considering how to use experienced members of staff to help upskill the team's wider abilities.

17. The use of ICT to improve the management of our people is critical. The previously mentioned ERP system will link HR records, duties and payroll removing duplication. An improved reporting tool with Qlicksense will enable us access to more accurate and timely information more efficiently.

18. There however is a need to invest in the short term. Based on this the following short term funding of £0.140m has been agreed.

- Admin Coordinator (W5) - £0.027m, to assist with the increase in transactional processes and allow us to consider the impact of the ERP. It is expected that ERP will reduce a lot of the administration within the HR Admin Team but this is very difficult to know until we start building the system. The workload for the HR Admin Team is already significant and there will be a requirement to redesign in the interim the structure around CPT following the improvement plan.
- HR Advisor (W8) - £35k, to support HR Manager working on CPT
- HR Manager (W10) £20k (5 months), Overseeing the Powers work, Complaints reforms, PSD restructure, FIM review, Policy & Procedure and ePDR (returning secondment (TR) whilst temporary resource remains)
- Unison (W8) £18k (6 months), this recognises that Unison will also see an increase in demand and would request resource is seconded into the office to assist with their increase in demand.
- HR Expert (Agency) £40k, to deal specifically with the ICT transfer back, any OPCC stage transfers and policy/procedure work.

Forensics

19. The FMS RAG score for Forensics was based on concerns surrounding the return received from the annual force investment in the collaboration and morale issues in relation to change. This requires management focus and where appropriate intervention.
20. On a demand basis the FMS suggests that the transfer of resource from traditional CSI work to digital work under the SW Forensics Business Improvement plan will close the gap. No additional funding has been requested to finance the change as vacancies and underspends are currently occurring which gives the space to change.

FMS Funding Conclusion

21. The following is to be considered within the MTFS;

Prevention and Deterrence (Neighbourhood Policing)	£0.300m for the supervision uplift cost of 20 PCs is included
Protecting vulnerable people	Issue resolved within Department
Managing Offenders	Issue resolved within Department
ICT and Information Management	£0.217m is allocated to fund additional costs expected with a single service provision
Human Resources	£0.140m has been agreed as temporary resource, no long term growth included.
Forensics	Issue expected to be self-financed by the collaboration



RESERVES AND PROVISIONS POLICY (updated Dec 2019)

Purpose

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

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

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

Managing Reserves – Principles

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

Types of Reserves

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

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

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

Building Reserves

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

Quantifying the Reserves Requirement

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

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

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

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

Application of Reserves

26. Use of the General Reserve is limited to the following purposes:
 - ❖ to protect Wiltshire Police from financial risks and
 - ❖ provide a working balance to help cushion the impact of uneven cash flows e.g. Precepts;
 - ❖ planned non-recurrent funding to ensure a balanced budget is set, with the expectation that a plan will be produced to resolve the deficit and build the reserve up to its recommended level.
27. **Earmarked Reserves** should be available to meet or support a range of specific requirements, including:
 - ❖ capital or asset purchases.

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

Monitoring and reporting Reserves

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

Provisions

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

Wiltshire Police Reserves

Usable Reserves

Reserve	Justification
HO Heading – General Contingency, held in accordance with sound principles of good financial management	
General Reserve	Funding set aside to cover the major risks involved with running a £100m Policing business. Currently set at 2.5% of the CC Budget Requirement.
Chief Constables (CC) Operational Reserve	In line with the financial code of practice CC should have a contingency available for operational activities without the need for additional approvals. Set at 1.0% of the CC Budget Requirement
Insurance Reserve	Provides cover for a one-off increase in claims in the knowledge that significant excess levels exist with current insurances. Maintained at £0.400m in line with current claims history
Seized Asset Reserve (Incentivisation)	The budget requires £192,000 of income per year to finance financial investigators undertaking this work. This reserve 'smooths' out variances across years on returns reducing risk. The level of the reserve is to a maximum of 1 yrs budget
Ill Health Reserve	For each Ill Health retirement agreed a payment of approximately £70,000 has to be made to the Home Office. The annual budget allows for 3 per year, this reserve 'smooths' out variances across yrs. The level of the reserve depends on HR data on planned retirements at year end
Unsocial Hours	Funding set aside to pay an increase in costs in 2019-20 relating to the move to the Police Staff Handbook. This will be built into the 2020-21 revenue budget.
Officer Intake Strategy	Finances to allow for short term excess officer numbers or variances in the vacancy factor. This will be reviewed each year depending on funding and recruitment profile.
HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)	
Capital Development Reserve	Funding set aside to assist in the financing of capital to reduce the organisations need to borrow.
Restructuring Reserve	This funds one off costs such as redundancy and minor office changes required to restructure the business to meet reduced funding levels.
Budget Smoothing Reserve	Funds any unplanned shortfalls in savings resulting from timing issues in delivering savings.
Estates Transformation Reserve	Work has been requested from property advisors to help maximise returns from estates changes. This pump primes the initiative.
ICT Transition Reserve	Funds set aside to finance non- recurring costs involved with in-sourcing the ICT provision.
Regional Projects Reserve	In line with Government guidelines Wiltshire have worked with other Forces on collaboration projects to

	increase efficiency and effectiveness. This fund finances reviews and start up costs
Case Quality Management Reserve	Funding set aside to improve and enhance the quality of cases produced for the Criminal Prosecution Services.
GDPR Restructure Reserve	This will finance a restructure of Information Assurance required to implement GDPR
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 2019	Forecast March 2020	Forecast March 2021	Forecast March 2022
HO Heading – General Contingency, held in accordance with sound principles of good financial management				
General Reserve	£2.863m	£3.090m	£3.090m	£3.090m
Chief Constables Operational Reserve	£1.145m	£1.235m	£1.235m	£1.235m
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	£0.231m	£0.077m	
Unsocial Hours Reserve	£0.784m			
Officer Intake Strategy	£0.315m			
HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)				
Capital Development Reserve	£8.111m	£1.861m	£1.309m	£0.079m
Restructuring Reserve	£0.267m	£0.219m	£0.119m	£0.052m
Budget Smoothing Reserve	£0.200m	£0.200m	£0.200m	£0.200m
ICT Transition Reserve		£0.100m		
Estates Transformation Reserve	£0.100m	£0.100m		
Equipment Reserve	£0.050m			
Regional Projects Reserve	£0.238m	£0.138m	£0.038m	
Case Quality Management Res.	£0.058m			
GDPR Restructure Reserve	£0.130m	£0.065m		
MAPPA Reserve	£0.043m	£0.033m	£0.023m	£0.013m
Local Resilience Forum	£0.047m	£0.037m	£0.027m	£0.017m
Total	£15.328m	£7.901m	£6.660m	£5.178m

Police and Crime Panel Forward Work Plan

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

Date	Location	Provisional Agenda Items
Thursday 16 January 2020 10am-1pm	Devizes Corn Exchange	<ul style="list-style-type: none"> • PCC Budget 2019/20 and MTFS • Services the PCC commissions - update
Thursday 6 February 2020 10am-1pm	County Hall, Trowbridge	<ul style="list-style-type: none"> • Formal consideration of PCC Precept proposal
Thursday 19 March 2020 10am-1pm	Monkton Park, Chippenham	<ul style="list-style-type: none"> • Quarterly data (Q3)– Risk / Performance / Finance / Complaints • Member questions • Tri-Force – final update • Wiltshire Police IT Systems

<p>Thursday 4 June 2020</p> <p>10am-1pm</p>	<p>City Hall, Salisbury</p>	<ul style="list-style-type: none"> • Quarterly data (Q4)- Risk / Performance / Finance / Complaints • Member questions
<p>Thursday 3 September 2020</p> <p>10am-1pm</p>	<p>Corn Exchange, Devizes</p>	<ul style="list-style-type: none"> • Quarterly data (Q1)- Risk / Performance / Finance / Complaints • Services the PCC commissions - update
<p>Thursday 10 December 2020</p> <p>10am-1pm</p>	<p>Swindon Borough Council Offices</p>	<ul style="list-style-type: none"> • Quarterly data (Q2)- Risk / Performance / Finance / Complaints • Member questions