



## **WILTSHIRE AND SWINDON**

# **Medium Term Financial Strategy (MTFS) 2024-25 to 2027-28**

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## Executive Summary

1. The December grant settlement announced significant increases in a number of grants. The core grant increase funded the 7% pay award announced in October 2023 whilst the pension grant increase mainly funded an increase in the contribution rate. Once these increases were removed the 'real' increase in grant was 1.9%. With this expected to fund a 2.5% pay increase and significant inflationary contractual increases it can be seen that difficult decisions were required to balance this year's budget. 169 Uplift Officers are now funded within the 1.9% increase.
2. The settlement has provided the PCC with an option to increase the Band D Council Tax precept level by a maximum of £13 (without referendum). An extra £13 per household per year would provide an additional £3.5m to deliver the Police and Crime Plan. This impacts future years funding not just 2024-25.
3. With elections due in 2024 there is no certainty to future funding. The Autumn 2023 statement produced by the Conservatives suggests real terms reductions from 2025-26. This uncertainty means that future years funding positions are very much an estimate and will change in a years' time when more information is available. For this reason the grant funding going forward is considered to be cash flat.
4. Whilst the option to increase the precept is welcome Wiltshire remain underfunded. It has the lowest council tax in the South West (significantly below the similar size forces of Gloucestershire and Dorset). It also remains the 2nd lowest funded area in the country even though it has the urban issues that Swindon brings and the rural/sparsity issues caused by Salisbury Plain.
5. By increasing Council Tax by £13 per Band D property there is still a £2.426m funding gap in 2024-25. In future years shortfalls are also estimated which will need to be closed. A plan is in place to deliver the £2.426m and a strategy shaping to deliver savings in the future.
6. The MTFS also deals with the Capital Financing Strategy. This includes funds for a Southern Policing Hub and a major refurbishment of HQ. The strategy shows how this can be financed with the use of borrowing and revenue contributions. This refurbishment will lead to increased levels of borrowing but are necessary to enable the Force to deliver now and in the future. This borrowing will result in revenue costs over the life of the asset. Concerns exist surrounding the cost of the decarbonisation of the fleet. Initial work shows capital costs in excess of £5m in future years, these have not been included in the MTFS. A project on when and how we can deliver the required changes is expected to be implemented in 2024.
7. The Chief Constable's increased investment plans surround closing threats identified in the Organisational Risk Assessment (ORA) and Corporate Risk Register. This is an evidence-based approach in line with HMICFRS expectations.
8. The MTFS now includes a Work Force Assessment. This is a positive step and will ensure we focus on the people as this is where over 80% of the budget is spent.

9. The MTFS is based on assumptions which may or may not be realised but are currently considered as reasonable. Its purpose is to give to the PCC and the CC a financial framework to plan strategic direction over the next 4 years. As disclosed in the MTFS in 2023-24 Wiltshire's funding per head of population was £203.45 the national average is £230.68. These figures need to be updated for the 2024-25 settlement however with the same central funding increase being applied to all forces and the majority of PCC's looking towards the £13 council tax increase they will not change significantly.
  
10. It should be remembered that this years funding decision will impact the funds available for the future. Considering our low funding position I am considering a £13 council tax increase which would result in £269.27 being the precept for a Band D property.

## Introduction

11. This is the four year MTFs. The MTFs first covers the funds available to the Police and Crime Commissioner (PCC) depending on different local funding scenarios. It then considers how the Commissioner may use the finances available to him to fulfil his wide ranging remit.
12. Appendix B deals with the Chief Constable's budget allocation and the implications on her 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, police officer numbers, etc. in the short to medium term.

## The Financial Environment

13. This version of the 4 year MTFs has been produced post the 2024-25 settlement but before the PCC has made a decision on the Band D Council Tax increase.

### Central Finances

14. The 2024-25 provision settlement initially shows a £8.3m (10.5%) increase in funding. This increase however has been provided to fund the increases in pay of 7% (nationally set) and a 3.2% increase in Police Officer pension costs. When these are removed the increase is £1.5m (1.9%). With significant inflationary issues and the need to fund a 2.5% pay award in 2024-25 it is clear that this low level of funding will need to be supported by local increases in the precept and a reduction in service costs to produce a balanced budget.
15. The Legacy Council Grant has remained at £5.235m since 2013-14. This grant compensates PCC's and Police Authorities for not raising the precept between 2011 and 2013. The MTFs assumes that this grant will continue in future years with no increase or reduction (i.e. Cash flat).
16. The settlement this year also includes a specific £1.000m grant for Hot Spot Policing in Wiltshire. Whilst we are yet to receive details on how this can be spent we do know this is in response to 10 successful anti-social behaviour action plans. The police funding is to ensure a uniformed presence. It is assumed this is for 2024-25 only.
17. When looking at central funding post 2024-25 the picture is unclear. With the election expected in 2024 it is impossible to forecast with any certainty. The Autumn 2023 statement published by the Conservatives points towards cuts in future years for non-protected departments, the Home Office are not considered protected. The Office of Budget Responsibility reviewed the statement in November 2023 and concluded that spending in non-protected departments will need to reduce by 2.3% real terms from 2025-26. With inflation forecast at 2.5% in the MTFs this points towards a cash flat grant settlement in the future, hence no growth in grant is anticipated.

### Precept (Council Tax)

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. The initial announcement on precept flexibility for 2024-25 was included within November 2021's Comprehensive Spending Review (CSR). This allowed PCCs to increase Band D council tax by £10 over the next 3 years. This however has now been superseded with the government allowing a £13 increase in 2024-25 only.

19. The Council Tax receipt is dependent on the council tax base (the number of dwellings paying the tax). Provisional information provided by the councils reports an increase in the base of 0.6% in 2024-25. This is lower than previous years.
20. A 1% increase in the police part of the Band D council tax in 2024-25 is worth £0.698m. Any increase in council tax secures future funding at a higher level.
21. A net surplus of £0.023m is the calculation on the Collection Fund, this is lower than previous years. It should be noted that this figure changes each year, in 2024-25 it is intended to support this low surplus with £0.272m from a reserve specifically provided to deal with low surpluses or even deficits.
22. The table below shows the assumptions made in the MTFS.

	Additional Dwellings	Est total Dwellings	% Increase	Collection Fund Surplus/(Deficit) within MTFS
2023-24 Actual		270,917		-
2024-25 Prov.	1,617	272,534	0.60%	£295,000
2025-26 Est	2,725	275,259	1.00%	£295,000
2026-27 Est	2,753	278,012	1.00%	£295,000
2027-28 Est	2,780	280,792	1.00%	£295,000

### Inflation

23. The consumer price index shows inflation for the 12 months to November 2023 at 3.9%. Since a high of 11.1% in October 2022 inflation has slowly been reducing. It should however be noted that these high levels during the year has affected numerous contracts and pay settlements, The settlement on pay awards for 2023 was reported to be 7% however for lower grade Police Staff the increase has been higher (for a grade 7 the mid-point total cost increase is 8.6%). For future years it has been estimated at 2.5%. This is in line with government advice noting the target of 2% inflation. If increases are much higher than this we would look for additional grant support from the Home Office in line with 2023-24.
24. In December 2023 the bank base rate is 5.25%, it is expected that this will reduce over the next 12 months now inflation is back under control. This rise puts pressure on borrowing however it has enabled investment returns to increase. Recognising this it is planned to increase the investment income budget to £1.197m (it was £0.500m in 2023-24).

### **Police and Crime Plan 2017-2021**

25. The Police and Crime Plan has 4 overarching priorities, these are shown below:

- Priority 1: A police service that meets the needs of its communities
- Priority 2: Reduce violence and serious harm
- Priority 3: Tackle crimes that matter to local communities
- Priority 4: Improve the experience of victims and deliver justice

26. In 2023-24 Wiltshire received total funding of £203.45 per head of population, this is £27.23 less than the national English average (Excludes the Met and the City of London) of £230.68.
27. Central Funding in 2023-24 for Wiltshire was £110.10 per head of population, £33.36 less than the national English average (Excludes the Met and the City of London).
28. Combined with the lowest policing precept in the South West, this results in Wiltshire Police having the second lowest total funding per head of population. The plan states that the PCC will continue to lobby the Government to revise the way policing is funded. It was expected that the outcome from the national review would be reported to this parliament however due to the delays this now feels unlikely.
29. In the absence of a fair funding settlement there is a requirement to unlock resources to invest in priorities or continue to provide services at today's level. What this means is a drive to eliminate waste, being more cost efficient and cost effective. This plan identifies that the police alone will not be able to deliver the priorities. It will mean working in partnership with other organisations, volunteers, and communities.
30. With a need to reduce costs whilst delivering more, the PCC has agreed that investment in technology is essential.
31. Over the last few years the provision of specific grants to the PCC to commission services has increased. In 2024-25 the PCC is expected to receive the following funds. As these are specific grants they are not included in the main funding reported. There also is a risk that they may be withdrawn in future years so how they are used ensuring long term commitments are avoided needs careful consideration

Ministry of Justice	Victims fund	£1.428m
Home Office	Serious Violence Duty	£0.249m
Home Office	Safer Streets Fund	£0.535m
Home Office	Hot Spot Policing Fund	£1.000m
Home Office	Immediate Justice Fund	£0.500m
Total		£3.712m

32. It should be noted that the Uplift Grant is a specific grant and is dependent on Police Officer numbers at the end of September and March. This has risen to £3.741m in 2024-25 so it is critical that the new 1,194 officers (headcount not FTE) are in place. As this is a special grant it is not included within main funding.
33. 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

34. The 2023-24 budget relied on the following income to finance activity (excludes ringfenced Uplift grant);

Central Funding	Central Grant	£70.675m	
	Council Tax Legacy Grant	£5.235m	£75.910m
Local Funding	Precept – Council Tax	£69.428m	
	Council Tax Surplus	£0.713m	£70.141m
MTFS Funding		£146.051m	£146.051m

35. The 2023-24 council tax level of £256.27 is £5.00 below the national average of £261.27 (excluding the City of London and the Met).

36. 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 £13 (5.1%) increase in council tax in 2024-25 then £10 in the next 2 years.

Authority	2023-24 Band D Council Tax	Wiltshire £13 increase 2024-25	Wiltshire £10 increase 2025-26	Wiltshire £10 increase 2026-27
Gloucestershire	£295.08			
Dorset	£280.58			
Avon & Somerset	£266.27			
Devon & Cornwall	£261.56			
<b>Wiltshire</b>	<b>£256.27</b>	<b>£269.27</b>	<b>£279.27</b>	<b>£289.27</b>

Additional cost per Band D Household with a 5.2% increase	£13 p.a.
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37. 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.

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

- Funding at the South West Av. (£275.87), Extra income is £5.3m
- Funding at National Av (£261.27), Extra income is £1.4m

39. It should be noted that today's decision on council tax impacts future years funding. For example, Gloucestershire's levy of £295.08 was based on a 50% increase in 2003. This shows how future viability is dependent on decisions made today.

40. In 2023-24 Council tax was 48% of the PCC's funding. Therefore to fund an expenditure increase of 1% (£1.5m) requires a 2.1% increase in the precept (the gearing effect), If central grant remains the same.



41. The funding settlement announced a cash increase (including Ringfenced Uplift grant) of 10.5%. This was higher than last year's CSR as it included grant towards the Pay Settlement and Police Officer Pension increases. As discussed earlier in future years no cash increase is forecast

42. The MTFS shows income over 4 years based on assumptions. The tables in Appendix Ai show the following estimated income (excludes Uplift Grant and Investment Income);

	Estimated Income	Increase	% Increase
2024-25	£153.701m	£7.650m	5.2%
2025-26	£157.313m	£3.611m	2.4%
2026-27	£160.861m	£3.548m	2.3%
2027-28	£164.472m	£3.611m	2.2%

43. It is necessary to consider the impact of different scenarios. The impact on the 2024-25 finances of changes in funding is shown below;

Scenario	Impact on 2024-25 MTFS Figures
Standard Central funding changes by 1%	£0.750m
Council Tax base changes by 1%	£0.729m
Council Tax increase changes by 1%	£0.698m
Council Tax increase changes by £1	£0.273m

## Impact of Funding Allocations

44. The table below shows the allocation with a £13 increase and Investment Income of £1.197m (£0.500m in 2023-24). From 2020-21 the amount spent on Corporate Services has been separated out from the Chief Constables (CC) allocation. These departments which include HR, Finance, Estates, Business Improvement, ICT etc provide services to both the OPCC and the CC.

	2023-24 Allocation	2024-25 Allocation	Increased Allocation
OPCC Office cost	£3.450m	£3.643m	£0.193m
OPCC Commissioning	£1.805m	£1.906m	£0.101m
OPCC Capital cont (RCCO & MRP)	£2.437m	£2.730m	£0.293m
Corporate Services Allocation	£34.828m	£36.781m	£1.953m
CC Allocation	£104.031m	£109.838m	£5.807m
Total	£146.551m	£154.898m	£8.347m

45. The 2023-24 figures have been revised to reflect that £0.475m of capital budget has been reclassified as revenue within the Chief Constables allocation. The 2024-25 split will change once savings have been allocated.

46. The specific commissioning grants of £3.712m mentioned in paragraph 31 is in addition to the funding available for external commissioning included in the table above. It should also be noted that £3.741m of Ringfenced Uplift Grant is not included within these figures (provided to fund 169 officers).

47. In 2023 the PCC has approved a revised Capital Plan and Capital Financing Strategy, the updated version is attached at Appendix D. This strategy outlines the need to consider the medium term financing of capital. With an intention to invest in the HQ as part of the new Estates Strategy there needs to be an agreed strategy to fund this. The overall expenditure plan has significantly increased this year with the inclusion of a budget of £19.5m to fund a Southern Policing Hub. Capital costs are also significant in ICT and it is not appropriate to stop investing in this area.
48. 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.
49. The strategy suggests a steady increase in the revenue budget to fund the borrowing costs and to provide direct funding. If the whole 7 year (2023-24 to 2029-30) plan occurs the total cost is in the area of £122m. As capital grant has now been removed and capital receipts are limited the revenue consequences will need to rise to £9.7m by 2029-30.
50. Whilst the MTFs shows a requirement to save money in each specific area in practice this will not be possible. Therefore later in the document (within the CC section) a plan to deliver the entire savings, as a group, is outlined.

## **OPCC Direct Expenditure**

51. In recent years the OPCC budget has been increased as part of ensuring that the 'and crime' part of the PCCs role is delivered. In 2024-25 the growth is a Communications and Engagement Manager. There are unavoidable costs for both the PCC and CC surrounding External Audit where nationally rates have increased by 150%.
52. The funding specifically available for direct commissioning will be in excess of £5m in 2024-25 when the other specific grants are considered. The focus on the expenditure includes Substance Misuse, Youth Offending, Reoffending, Victims Services, Mental Health Triage, Serious Violence, Anti-Social Behaviour and Community Messaging. Inflation has been allowed for significant increases in commissioning due to pay awards occurring during 2023.
53. Appendix Aii shows the consolidated OPCC Financial Plan (OPCC office costs, commissioning and capital). £8.279m is the initial allocation with a £13 Band D increase this will result in a need to identify savings of £0.208m. As mentioned in paragraph 50 this will be dealt with as a group in a later section.

## **Corporate Services**

54. From 2020-21 Corporate Services costs have been extracted from the Chief Constables allocation and is now reported separately. Shared Services includes HR, OHU, Health and Safety, Learning and Development, Business Improvement, ICT, Information Management, Finance and Facilities.
55. Appendix Aiii shows the financial plans for Shared Services. There are several cost pressures in the area which have been identified. In early 2023 a review of HR services took place. The review was agreed by the PCC and CC with a significant investment of

8 staff posts costing £0.482m. £0.150m was allowed in the 2023-24 budget hence the additional required of £0.332m in 2024-25.

56. As part of the ORA (Organisational Risk Assessment) all Corporate Services were reviewed. In the knowledge that funds are limited very few items were agreed for progression. One of these surrounds Occupation Health where demand is exceeding capacity. The other significant increases are in ICT. Two posts are to assist officers and staff in the usage of IT systems and products. These Digital Champions are expected to work across the estate ensuring that users understand the systems and are efficient and effective in using them. The other ICT post supports the technical team.

57. In 2024 a new Response Target Operating Model will be implemented. Due to the briefing of Officers at larger hubs more travel is expected with associated costs. These will be kept under review however £0.087m has been allowed in 2024-25 for a mechanic, servicing, fuel, insurance, etc.

58. With an allocation of £36.781m in 2024-25 savings of £0.803m are required.

## Capital

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

60. 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.

61. It should be noted that the need to borrow and increase revenue costs is not just to finance the Estates Strategy. The ICT spend in years ranges from £1.8m to £8.3m. With the removal of grant the reliance on revenue is now critical and an increase in revenue costs to finance capital is unavoidable. In addition to this over £1m of spending on Vehicles and Equipment must be financed each year.

62. 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.

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

64. It should be noted that there is no general capital grant with PCCs expected to utilise revenue from now on to finance capital.

65. The table below summarises the Capital Plan;

	2023-24	2024-25	2025-26	2026-27	2027-28	Cumul.
Estates Investm	£6.351m	£1.700m	£5.200m	£22.044m	£23.167m	£58.462m
Estates Improv.	£0.929m	£2.433m	£2.750m	£1.215m	£0.300m	£7.627m
Vehicles	£2.866m	£1.185m	£1.209m	£1.233m	£1.258m	£7.751m
Long Term ICT			£6.235m			£6.235m
Short Term ICT	£1.772m	£6.039m	£2.069m	£2.639m	£2.502m	£15.022m
Total Expenditure	£11.919m	£11.357m	£17.463m	£27.131m	£27.227m	£95.097m
Financed by:						
Capital Dev Res	£6.036m	£0.121m			£-0.277m	£5.880m
Capital Receipts	£0.537m	£6.893m	£2.289m	£0.800m		£10.519m
Borrowing	£3.000m	£1.700m	£11.435m	£22.044m	£23.167m	£61.346m
Revenue Cont.	£2.346m	£2.643m	£3.739m	£4.287m	£4.337m	£17.352m
Total Financing	£11.919m	£11.357m	£17.463m	£27.131m	£27.227	£95.097m

66. A review of the capital receipts expected has occurred. This is based on a reduced portfolio as determined by the PCCs 2018 Estates Strategy. There is a large amount of risk in the forecast. The new plan includes only 80% of the original valuation/market offer and that receipts are received 6 months later than forecast. This will mitigate some of the risk. The PCCs Acquisitions and Disposals Board monitor and approve decisions with the delivery of best value the primary purpose.

67. All new capital projects are approved by the PCC. Funding of £19.5m has been allowed for a new Southern Policing Hub, this however is just an estimate and will change when the final requirement goes out to tender. Development costs for HQ are also programmed into the plan. All estimates are subject to risk with inflation.

68. 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. Until the national programme is progressed these uncertainties will remain. Time delays have seen the planned capital expenditure slip back to 2025-26.

69. The ICT capital expenditure plan is now produced as part of the Digital, Data and Technology (DDaT) strategy. ICT managers have looked ahead to forecast costs up to 2029-30, this has been utilised for the whole period of this strategy. This is the third year that this has occurred and we have learnt that it is difficult to accurately forecast all costs over a 7 year period with the speed of technology change. To acknowledge this £1m has been included in each year from 2026-27 for Systems Upgrades. Detailed plans will need to be submitted before projects utilising these funds are approved. The Technology Strategy also includes £3m towards a new Integrated Command and Control System in 2025-26. This project is yet to start however it is planned that Wiltshire become part of a larger regional project surrounding this need.

70. 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. Minor works costs will now be funded by revenue. Significant known improvement projects on the Estate have been included in the strategy. Examples of this are £3.175m for Environmental Projects and £2.668m for the Fire Safety Bill. Detailed plans of expenditure and their benefits will be produced before these capital projects are approved.

71. 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 whilst ensuring the service is not reliant on one single manufacturer. Wiltshire works with the other forces in the South West to ensure our voice is heard. In 2023-24 we have seen a large intake of new vehicles, in reality the majority of the 2022-23 were not delivered due to issues in the international market (Ukraine, Covid, etc..), these are now arriving hence the £2.8m budget.

72. The budget for operational equipment has now been transferred to revenue due to the low level cost of each item of equipment.

## **Risks and Reserves**

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

74. 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.

75. 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.

76. 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 have been recovered from special grant). This does alleviate some of the need for the PCC and CC to hold a high level of reserves however there are 2 incidents (Salisbury Enquiry (Op Spring) and A303 tunnel) currently being managed which could result in significant costs for the PCC. To mitigate the risk a Major Incident Reserve has been established to help fund the first 1%. In 2023-24 we are seeing the first draw down on these reserves with these costs going towards the 1% contribution.

77. The 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 E.

78. There continues to be a focus on the level of reserves held by PCCs. With austerity there was central concern that funds were not being used appropriately. Based on this the policing minister wished to improve the transparency of reserves. The policy now includes estimated levels for the next 3 years. The table below shows the history on reserves and current forecasts. The Capital Development Reserve is shown separately due to its size and impact on the total reserves (this is in the total reserves amount);

Year End	Total Reserves	Capital Dev. Reserve
March 13	£19.332m	£12.879m
March 14	£21.536m	£13.192m
March 15	£20.677m	£12.626m
March 16	£19.594m	£11.895m
March 17	£20.194m	£9.864m
March 18	£18.375m	£9.475m
March 19	£15.328m	£8.111m
March 20	£12.247m	£4.811m
March 21	£12.850m	£2.260m
March 22	£12.001m	£3.817m
March 23	£19.497m	£6.157m
March 24 Est.	£10.400m	£0.121m
March 25 Est.	£7.385m	-
March 26 Est.	£6.492m	-

79. 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.

80. 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.

81. The largest reserve is the Capital Development Reserve. This is required to finance the capital plan and is £6.157m on 31 March 2023. The table above shows this is forecast to be completely used by the end of March 2025. 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.

82. 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**

83. 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.

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

# PCC for Wiltshire Medium Term Financial Plan

App Ai

## Estimated Funding Available to the PCC

	2024/25	2025/26	2026/27	2027/28
	£million	£million	£million	£million
Police Grant/DCLG	74.910	74.910	74.910	74.910
Legacy Council Tax Grant	5.235	5.235	5.235	5.235
<b>Total Central Funding</b>	<b>80.145</b>	<b>80.145</b>	<b>80.145</b>	<b>80.145</b>
Council Tax Surplus *	0.295	0.295	0.295	0.295
Precept	73.261	76.872	80.421	84.032
Reserve Contribution	0.000	0.000	0.000	0.000
<b>Total Grant and Precept Funding</b>	<b>153.701</b>	<b>157.313</b>	<b>160.861</b>	<b>164.472</b>
Investment Income	1.197	1.054	1.054	1.054
<b>Total Income Available to PCC</b>	<b>154.898</b>	<b>158.367</b>	<b>161.915</b>	<b>165.526</b>
Funding Increase	5.70%	2.24%	2.24%	2.23%
Central Funding Reduction	5.58%	0.00%	0.00%	0.00%
Band D Council Tax	269.27	279.27	289.27	299.27
Increase per Band D household	13.00	10.00	10.00	10.00

## Allocation of Funding

OPCC - Office Costs (Less inv inc)	3.643	3.692	3.731	3.783
OPCC - Capital Contribution	2.730	4.124	6.064	7.494
OPCC - Commissioning	1.906	1.932	1.952	1.979
OPCC - Shared Service allocation	36.781	37.285	37.675	38.205
OPCC - Chief Constable allocation	109.838	111.333	112.493	114.065
	154.898	158.367	161.915	165.526

\* the £0.295m Council Tax Surplus in 2024/25 includes £0.272m from Reserves

## OPCC Financial Plan

App Aii

	2024/25	2025/26	2026/27	2027/28
	£ millions	£ millions	£ millions	£ millions
Expenditure BFWD	8.167	8.279	9.748	11.747
Capital moved to Revenue	-0.475			
	7.692	8.279	9.748	11.747
<u>Unavoidable Cost Increases</u>				
Inflation	0.388	0.126	0.128	0.130
Spine point increases	0.008	0.008	0.008	0.008
Comm. and Engagement Manager W8	0.042	0.000	0.000	0.000
External Audit Increased Fees	0.060	0.000	0.000	0.000
<u>Growth Requirements</u>				
Capital Changes	0.297	1.390	1.940	1.430
<b>Total increases in Expenditure</b>	<b>0.795</b>	<b>1.524</b>	<b>2.076</b>	<b>1.568</b>
Contributions to or from reserves				
<b>Savings Required/Growth Available</b>	<b>-0.208</b>	<b>-0.054</b>	<b>-0.077</b>	<b>-0.058</b>
<b>New Requirement</b>	<b>8.279</b>	<b>9.748</b>	<b>11.747</b>	<b>13.257</b>
<u>Inflation Assumptions</u>				
Employees - Officers	5.52%	2.50%	2.50%	2.50%
Utilities	2.50%	2.50%	2.50%	2.50%
Fuel	0.00%	0.00%	0.00%	0.00%
ICT	2.50%	2.50%	2.50%	2.50%
Other	6.00%	2.50%	2.50%	2.50%
Interest	2.50%	2.50%	2.50%	2.50%
Income	2.50%	2.50%	2.50%	2.50%



## Corporate Services Financial Plan

App Aiii

	2024/25	2025/26	2026/27	2027/28
	£ millions	£ millions	£ millions	£ millions
Expenditure BFWD	34.828	36.781	37.285	37.675
Revenue funded from Capital	0.000			
	<b>34.828</b>	<b>36.781</b>	<b>37.285</b>	<b>37.675</b>
<u>Unavoidable Cost Increases</u>				
Inflation	1.758	0.888	0.900	0.910
Spine point increases	0.152	0.152	0.152	0.152
HR Restructure	0.332	0.000	0.000	0.000
Project Manager 20% Market Supplement	0.021	0.000	0.000	0.000
Analysts Grade Increases	0.043	0.000	0.000	0.000
Uniform changes	0.010	0.000	0.000	0.000
Airwave Insight System	0.020	0.000	0.000	0.000
Corp Comms CPT Engagement W8	0.042	0.000	0.000	0.000
Recruitment Budget	0.020	0.000	0.000	0.000
Unidentified Policing Pressures	0.050	0.050	0.050	0.050
<u>Growth Requirements</u>				
Digital Champions x 2	0.111	0.000	0.000	0.000
ICT Technician	0.068	0.000	0.000	0.000
OHU Technician	0.046	0.000	0.000	0.000
TOM 1 Vehicle requirement	0.087	0.000	0.000	0.000
<u>Cost Reductions</u>				
Reduction in Rent Allowance	-0.004	0.000	0.000	0.000
<b>Total increases in Expenditure</b>	<b>2.756</b>	<b>1.090</b>	<b>1.102</b>	<b>1.112</b>
Contributions to or from reserves				
<b>Savings Required/Growth Available</b>	<b>-0.803</b>	<b>-0.586</b>	<b>-0.712</b>	<b>-0.582</b>
<b>New Requirement</b>	<b>36.781</b>	<b>37.285</b>	<b>37.675</b>	<b>38.205</b>
<u>Inflation Assumptions</u>				
Employees - Officers	5.52%	2.50%	2.50%	2.50%
Utilities	2.50%	2.50%	2.50%	2.50%
Fuel	0.00%	0.00%	0.00%	0.00%
ICT	2.50%	2.50%	2.50%	2.50%
Other	6.00%	2.50%	2.50%	2.50%
Interest	2.50%	2.50%	2.50%	2.50%
Income	2.50%	2.50%	2.50%	2.50%

## The Chief Constable's Allocated Budget

### Introduction

1. The 2024-25 plan has been produced in a difficult financial environment where Forces are aware there is minimum opportunity for growth and cashable reductions need to be made to balance the budget. The increasing costs occurring with high inflation are a concern.
2. This years Business Planning Process has concentrated on risk with an Organisational Risk Assessment (ORA) completed to identify where the biggest focus need to be. The ORA will now feed into the FMS (Force Management Statement) which is currently being drafted.
3. In addition to this we have focused effort on our officers and staff. With over 80% of the budget spent in this area the introduction of the Strategic Workforce Assessment is intended to ensure we get the most out of this resource.
4. In line with HMICFRS expectations the section on savings has been increased to show a high level plan as to how budgets can be balanced in future years.

### Funding

5. The table below shows the funding the PCC is considering provided me in 2024-25 (based on a £13 Band D increase), these are shown in more detail in Appendix Bi. It also shows what 'direct' savings I need to deliver based on this however I note that I will need to save a larger proportion than this due to the funding allocations.

	2024-25	2025-26	2026-27	2027-28
CC allocation	£109.838m	£111.333m	£112.493m	£114.065m
Funding (gap)/surplus	(£1.415m)	(£2.378m)	(£2.176m)	(£0.971m)

### Expenditure

6. Each year the PCC and the Force review spending levels against other forces using national data and HMICFRS's Value for Money profiles. These profiles show our level of investment in policing and compares these against a national average and the average of similar forces. The 2022-23 profiles (*caveat - it should be noted that new profiles are expected in January 2024 and the profiles are based on data which could have changed*) show the following;
  - Wiltshire are an outlier on many spending areas, the main reason for this being that the PCC has £12.529m less than forces in its MSG (Most Similar Group) to spend on policing areas (as discussed further in the MTFS paragraphs 26 to 29). This results in most area spends being less than MSG.

- There are 3 areas where spend is above MSG that is Roads Policing, Intelligence and Public Protection spend. Changes have been made to reduce net costs in 2023 in Roads Policing and Intelligence
  - Compared to the MSG average the workforce profile shows the following concern. These are related to the low funding issue mentioned previously;
    - 264 less Police Officers
    - 14 more PCSOs
    - 87 more Police Staff
    - Overall 163 less workforce due to our low funding
  - Wiltshire's total Business Support spend is £2.380m lower than MSG, however it is the largest spender on Professional Standards in its MSG.
  - 13.2% of our Police Staff leave voluntarily which is of concern with retention being a specific focus in the workforce assessment. The investment in HR in 2024-25 is expected to consider this and improve the position.
7. Appendix Bi shows all 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 7% from September 2023 and 2.5% in September 2024. This is in line with Home Office guidance suggesting that if it exceeds 2.5% than additional Treasury support will be requested. It should be noted that with little guidance on central government funding from 2025-26 and the announcement of real terms reductions that savings will be needed or, again, a larger portion of funding coming from the precept.
  8. The budget requirement should be driven by risk (using the ORA process) and unavoidable cost impacts. The largest investments are detailed below and have been considered as part of the new 3 to 5 year strategy for Wiltshire Police being developed under the Chief Constable.
  9. £0.238m is included for the introduction of Targeted Variable Payments (TVPs) to Neighbourhood roles. These roles are considered essential in providing our communities with good quality services however the officers were paid less than many other officer roles, the use of TVPs will stop this imbalance.
  10. During the year the new CC has reviewed the structure of the force to focus on performance management. As part of her conclusions Chief Superintendents have been reintroduced into the Force. There has also been identified a need for a Chief of Corporate Services to better ensure that Corporate Services are delivering in a more efficient and effective manner. Whilst the cost of these are in excess of £0.500m they are expected to deliver savings, as well as service improvements, in excess of this.
  11. Wiltshire are part of the South West Forensics Collaboration. With ISO standards requirements and the need to invest in ICT the costs are rising in this, to fund this £0.300m has been aside. A further £0.274m has been included for outsourcing forensics works where demand is exceeding capacity. With the investments in the unit it is expected that this requirement will be short to medium term.

12. This year has seen the introduction of enhanced governance with regional collaborations, the total budget for these is over £70m with Wiltshire contributing over £10m. Whilst there has been an increase in costs £1.6m of savings has been agreed.

## **The Workforce Assessment**

13. Led by the Director of People a Workforce Assessment has been completed. Its purpose is to ensure we get the most productivity from our investment.

14. The areas reviewed in the assessment included;

- Workforce data - age, religion, ethnicity, gender.
- Workforce distribution – workforce mix and use of workforce
- Recruitment and Retention – leavers, cost of leavers, retention
- Sickness – levels and reasons

15. The areas to be focused on following the assessment include;

a) Strategic Direction

Consider the 'shape' of the Force both in the short and long term as this has a direct link to the resources, skills and capabilities we recruit now. Consider how it will support its officer force and the shape of the enabling services.

b) Talent Acquisition

Review intake proposals across the Force in line with agreed 2024/5 FTE budget to finalise recruitment requirements to enable campaign planning.

Develop an Employee Value Proposition and deliver innovative recruitment campaign strategies across the Force to identify new and previously unexplored demographics of suitable candidate and with these, help to increase intake diversity.

Make efficiencies and streamline our recruitment processes to reduce the time to hire and improve the candidate journey.

Introduce regular workforce planning meetings across the Force.

Conduct a total review of volunteering to include volunteer motivation, job description and person specification and our offering.

c) Retention

Focus on attrition providing the business with meaningful insight and advice.

Deliver 10 point retention plan for officers during their early career.

Develop People dashboard illustrating trends, notable attrition.

Develop and implement retention strategies to include Retention interviews.

Explore in greater detail the low morale and work life balance issues impacting our staff to identify actions that can be taken to improve these areas.

Production of a proactive retention plan as part of the 3-5 year overall strategy

d) Workforce Planning

Develop and implement an annual succession planning process (to include anticipated retirements) and identify successors and their development for key senior roles.

Review promotion processes to increase transparency and provide greater support to minorities to increase diversity of promotions.

Embed succession planning, performance management, promotions, and leadership programmes into a cohesive framework approach.

e) People Development

Develop leadership development programmes for women, black, minority and ethnic groups.

To review the Equality, Diversity and Inclusion strategy to ensure that it is fit for purpose.

f) Reward

Review our Reward proposition to make a career at Wiltshire Police attractive and market competitive.

Whilst the continued use of TVP is being reviewed by the Home Office in 2023, its continuation needs to consider other specialist roles.

g) ERP

Review the ERP system to improve the quality of the people data and ensure it can enhance its reporting on Police Officer and CCC.

Continue the skills project to build up the information required to show the current skills of the workforce vs where we should be.

## Savings Plans

16. As identified throughout this paper and the PCCs MTFs due to inflationary increases it is not possible to hold each area to delivering its own savings this year. The table below summaries the savings required;

	2024-25	2025-26	2026-27	2027-28
OPCC	£0.208m	£0.054m	£0.077m	£0.058m
Corporate Services	£0.803m	£0.586m	£0.712m	£0.582m
CC	£1.415m	£2.378m	£2.176m	£0.971m
Total	£2.426m	£3.018m	£2.965m	£1.611m

17. Work has been undertaken to identify savings to close the gap. Directorate leads were asked to identify savings and risk assess them. Police Officers, PCSO's and Call Handling staff were ringfenced as the CC believes they are critical in delivering the visible and responsive policing the communities need. The savings plan is as follows;

Directorate	Low risk	Medium Risk	Total
CC	£0.024m	£0.015m	£0.039m
Deputy CC	-	£0.074m	£0.074m
Corp Comm	£0.009m	£0.043m	£0.052m
ACC Local	£0.038m	£0.179m	£0.217m
ACC Crime	£0.522m	£0.020m	£0.542m
ACO Finance & Fac	£0.121m	£0.144m	£0.265m
ACO People	£0.046m	£0.014m	£0.060m
Corporate Savings			£1.309m
Total Savings			£2.558m
Requirement			£2.426m
Excess			£0.132m

18. The Corporate Savings surround reduced costs which impact the force as a whole, for instance reductions in energy budgets expected post the significant increase in 2023-24. In 2024 the Force are investing in Robotics based on a business case suggesting savings (£0.238m) can be made and have been evidenced in other forces. As these savings may not derive in 2024-25 reserve cover is in place for one year to reduce the risk.
19. In December 2023 the CC has made the decision to introduce a Chief of Corporate Services. This role will now be responsible for all Corporate Services (i.e. Programme Office, People Services, Finance, etc.) One of this individuals main tasks will be to review the Forces ability to undertake transformation services with the joint ambition to improve services and make savings.
20. Whilst the 2024-25 savings required have been identified plans are required to deliver savings in future years. One off funds have been included in the reserves to help fund the transformation.
21. The impact on staff numbers from the plan is shown in below;

<b>Profile of Staff</b>	<b>Officers</b>	<b>Staff</b>	<b>PCSOs</b>
Balance BFWD	1,193	1,078	102
2023-24 Budget Finalising	-5	+4	
Growth less realignment	+5	+21	
Savings		-19	
<b>New Total to CFWD</b>	<b>1,193</b>	<b>1,084</b>	<b>102</b>

## **Conclusion**

22. This paper identifies a plan to fund the inflationary pressures and improve capacity in areas with significant risk. With a £13 council tax savings of £2.426m for the group are required, a plan to deliver this is in place which I believe I can deliver.
23. 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 2<sup>nd</sup> 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. No General Central Grant funding increases or decrease are allowed in future years.
- iii. Council Tax increases will be £10 from 2025-26
- iv. A small Council Tax Surplus will occur.
- v. The Council Tax Base will increase by 1% in future years
- vi. General and pay inflation is allowed at 2.5% p.a. in future years 2024-25 then 2% from 2025-26
- vii. A General Reserve level of 2.5% of budget and an Operational Reserve of 1% will remain appropriate across the period of the MTFS.

# Chief Constables Financial Plan

App Bi

	2024/25	2025/26	2026/27	2027/28
	£ millions	£ millions	£ millions	£ millions
Expenditure BFWD	103.556	109.838	111.333	112.493
Funding transferred from Capital	0.475	0.000	0.000	0.000
	104.031	109.838	111.333	112.493
<b>Unavoidable Cost Increases</b>				
Inflation	6.149	2.712	2.749	2.778
Fixing of Specific Grants	0.064	0.064	0.064	0.064
Spine point Increases	0.640	1.085	0.640	0.000
Increase in Bank Holidays	0.000	0.092	0.183	0.000
Forensic Outsourcing	0.274	0.000	0.000	0.000
Authorised Firearms Officers x 2	0.122	0.000	0.000	0.000
Vetting Staff W8 x 2	0.078	0.000	0.000	0.000
Stalking Post VAWG	0.042	0.000	0.000	0.000
MCIT CCTV - cont. to regional costs	0.061	0.000	0.000	0.000
External Audit Increased Fees	0.040	0.000	0.000	0.000
Unidentified Policing Pressures	0.195	0.200	0.200	0.200
Reduction in Pension Funding 25/26	0.000	0.221	0.000	0.000
<b>Growth Requirements</b>				
Targeted Variable Payments (TVP)	0.238	0.000	0.000	0.000
Regional Collaborations	0.300	0.000	0.000	0.000
2 Chief Superintendents	0.263	0.000	0.000	0.000
Chief Superintendents Support 2 x W9	0.085	0.000	0.000	0.000
Custody Inspector	0.079	0.000	0.000	0.000
Chief Inspector - Staff Office	0.087	0.000	0.000	0.000
ACO Director of People increase	0.028	0.000	0.000	0.000
Chief of Corporate Services and support	0.200	0.000	0.000	0.000
Analysts increases to Salary - Intel	0.073	0.000	0.000	0.000
FLO additional costs	0.015	0.000	0.000	0.000
Coroner Uplift of Post grades	0.033	0.000	0.000	0.000
VCT Inspector funded from PC	0.042	0.000	0.000	0.000
VCT Inspector x 2	0.176	0.000	0.000	0.000
<b>Cost Reductions</b>				
Uplift Grant increase	-1.346	0.000	0.000	0.000
Reduction in Bank Holidays	-0.183	0.000	0.000	0.000
In Year Spinal Impact of New Recruits	-0.500	-0.500	-0.500	-0.500
Reduction in Rent Allowance	-0.033	0.000	0.000	0.000
<b>Total increases in Expenditure</b>	<b>7.222</b>	<b>3.874</b>	<b>3.336</b>	<b>2.542</b>
Contributions to or from reserves				
<b>Savings Required/Growth Available</b>	<b>-1.415</b>	<b>-2.378</b>	<b>-2.176</b>	<b>-0.971</b>
<b>New Requirement</b>	<b>109.838</b>	<b>111.333</b>	<b>112.493</b>	<b>114.065</b>
<b>Inflation Assumptions</b>				
Employees - Officers	5.52%	2.50%	2.50%	2.50%
Utilities	2.50%	2.50%	2.50%	2.50%
Fuel	0.00%	0.00%	0.00%	0.00%
ICT	2.50%	2.50%	2.50%	2.50%
Other	6.00%	2.50%	2.50%	2.50%
Interest	2.50%	2.50%	2.50%	2.50%
Income	2.50%	2.50%	2.50%	2.50%



## Capital Expenditure Plan

Financial Year >>>>>>>	Paper Req	bfwd £million	23/24 £million	24/25 £million	25/26 £million	26/27 £million	27/28 £million	Cum
<b>Capital Financing Plan</b>								
Capital Development Reserve Used			6.036	0.121	0.000	0.000	-0.277	5.880
Capital Receipts Used			0.537	6.893	2.289	0.800	0.000	10.519
Borrowing		0.000	3.000	1.700	11.435	22.044	23.167	61.346
Additional Revenue Contribution								0.000
Revenue Cont. to Capital (as per MTFS)			2.346	2.643	3.739	4.287	4.337	17.352
<b>Financing Plan</b>			<b>11.919</b>	<b>11.357</b>	<b>17.463</b>	<b>27.131</b>	<b>27.227</b>	<b>95.097</b>
<b>Capital Funding Balances</b>								
Cap Development Reserve BFWD		6.157	6.157	0.121	0.000	0.000	0.000	
Cont to Capital Development Reserve							0.277	0.277
Cap Development Reserve Used			-6.036	-0.121	0.000			-6.157
Cap Development Reserve CFWD		6.157	0.121	0.000	0.000	0.000	0.277	
Cap Receipts BFWD		0.000	0.000	0.000	2.289	0.000	0.000	
Cap Receipts Received			0.537	9.182	0.000	0.800	0.000	
Cap Receipts Used			-0.537	-6.893	-2.289	-0.800	0.000	-10.519
Cap Receipts CFWD		0.000	0.000	2.289	0.000	0.000	0.000	
<b>Capital Expenditure (on a cashflow basis)</b>								
<b>Part A - Significant Estates Projects (Borrowing)</b>								
Devizes HQ Phase 1 Ops and L&D	*	0.200	1.000	1.200	1.200	11.744	17.616	32.960
Devizes HQ Phase 2						0.300	0.300	0.600
Devizes HQ Phase 3							0.300	0.300
Tidworth Hub		0.206	0.200					0.406
Southern Hub and Touchdowns	*		0.200	0.400	4.000	10.000	4.951	19.551
Melksham Custody and Office Project		0.103	4.441	0.100				4.644
<b>Total Significant Estates Projects</b>		<b>0.509</b>	<b>5.841</b>	<b>1.700</b>	<b>5.200</b>	<b>22.044</b>	<b>23.167</b>	<b>58.461</b>
<b>Part B - Estates Refurbishment Projects</b>								
CCTV HQ	*		0.050	0.110	0.050			0.210
Environmental Projects (Boiler etc.)	*		0.045	0.655	1.095	0.480	0.300	2.575
Fire Safety Bill Related works	*		0.040	1.333	0.970	0.325	0.000	2.668
Boundary Maintenance Works	*		0.010	0.335	0.635	0.410	0.000	1.390
HQ L&D OST Impr. Plan		0.284	0.500					0.784
<b>Total Estates Refurbishment Projects</b>		<b>0.284</b>	<b>0.645</b>	<b>2.433</b>	<b>2.750</b>	<b>1.215</b>	<b>0.300</b>	<b>7.627</b>
<b>Part C - Equipment and Fleet Repl. Prog.</b>								
Vehicle Fleet		1.537	1.329	1.185	1.209	1.233	1.258	7.751
<b>Total Equipment and Fleet Prog.</b>		<b>1.537</b>	<b>1.329</b>	<b>1.185</b>	<b>1.209</b>	<b>1.233</b>	<b>1.258</b>	<b>7.751</b>
<b>Part D - Long Term ICT Projects (Borrowing)</b>								
Integrated CCC System					3.000			3.000
ESMCP					3.235			3.235
<b>Total Long Term ICT Projects</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>6.235</b>	<b>0.000</b>	<b>0.000</b>	<b>6.235</b>
<b>Part E - Short Term ICT Projects</b>								
Computer Laptops, Tablets		0.079	0.430	2.430	0.343	0.130	0.260	3.672
CCC EISEC				0.060				0.060
CCC CRM/IVE/Q Buster				0.178				0.178
Systems Upgrades	*		0.159	0.075	0.500	1.000	1.000	2.734
Storage			0.045	0.150				0.195
Avaya 999/101 upgrade		0.249						0.249
Desktops (5 yr prog)		0.046			0.240			0.286
Network Upgrades		0.301		0.430				0.731
Telephony			0.040			0.500	0.500	1.040
ANPR Cameras Fixed		0.125		0.411				0.536
ANPR Cameras Vehicles				0.084	0.384	0.084	0.084	0.636
Smartphone Replacement Programme		0.043		0.350	0.300			0.693
Business Intel. Tools	*			0.125	0.125			0.250
New DEAMS allocation	*			0.500				0.500
DIR replacements				0.075	0.075			0.150
BWV refresh				0.408			0.408	0.816
Radio Refresh - handsets		-0.147	0.354			0.523		0.730
Radio Refresh - vehicle sets			0.050	0.087	0.050	0.050	0.050	0.287
Robotics				0.624				0.624
Cyber Tool (Semperis)				0.052	0.052	0.052		0.156
Mobile Application						0.300	0.200	0.500
<b>Total Short Term ICT Programme</b>		<b>0.696</b>	<b>1.078</b>	<b>6.039</b>	<b>2.069</b>	<b>2.639</b>	<b>2.502</b>	<b>15.023</b>
<b>Total Exp (Parts A, B, C, D and E)</b>		<b>3.026</b>	<b>8.893</b>	<b>11.357</b>	<b>17.463</b>	<b>27.131</b>	<b>27.227</b>	<b>95.097</b>
Financing Plan			-11.919	-11.357	-17.463	-27.131	-27.227	-95.097
<b>Balance</b>			<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>



## **The Police and Crime Commissioners Capital Financing Strategy (December 2023)**

### **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 7 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. In recent years the reason for capital 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. The removal of general capital grant in 2022-23 increases the problem.
8. A new Estates Strategy has been drafted and will formally be published early 2024. The Vision is to create and maintain an efficient safe and sustainable estate that support the delivery of policing services and our priorities
9. The long-term vision for the estate is that it will help improve the safety and well-being of people, localities and communities. Our vision supports our journey to implement an equitable and modern operating model which meets the evolving needs of our changing communities and our officers and staff.

10. Our Estate Strategy aims to support the creation of a modern efficient, sustainable estate which can attract, retain and empower our officers and staff whilst minimising our effect on the environment. It must also enable the use of technology to improve our operational effectiveness.
11. 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.
12. 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**

13. The Police and Crime Plan included the following 2 comments below surrounding 'Giving the Police the right tools for the job' will impact the Capital Financing Strategy;
  - *Design the police estate to deliver operationally. Building a new police site at Tidworth and developing new police estate in Salisbury and Devizes HQ in a new Estates Strategy.*
  - *Invest £16m, by 2025, in the digital and ICT capability of Wiltshire Police in order to enhance operational delivery, deliver a more visible policing presence in our communities and to increase police officers, staff and volunteers' ability to engage with the public*

### **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 £84.335m are forecast (Appendix A) with capital receipts of £11.691m estimated.
15. A sizable amount of the expenditure (£51.506m) is for the redevelopment of Police HQ in Devizes. This is only the forecast costs up to 2029-30, to complete the full scheme will see a further £38.286m spend leading to an overall spend of £89.792m This contains a number of specialist and support facilities which are approaching the end of their serviceable life. This programme is 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. The PCC has agreed the overall strategy to develop the HQ site and initial planning work is occurring.
16. It is possible to deliver phase 1 (£38.627m) and not proceed with the rest of the redevelopment. 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. This would not be live until 2028-29.

17. The PCC has also announced that the current shared facility in Salisbury is not fit for purpose. Options have been considered alongside the business requirement. This Strategy includes £19.884m for a large southern hub and touchdowns. This figure does not include the provision of a custody unit. Current operational advice suggests this is not required and would not offer value for money however we are looking to ensure the site layout is flexible so a custody can be added in future years if the business case is proved. During the next 12 months further work will occur which will lead to firmer costs for planning purposes.
18. Known improvement projects on the Estate have been included in the strategy. Examples of this are £2.275m for Environmental Projects and £2.668m for the Fire Safety Bill. Detailed plans of expenditure and their benefits will be produced before these capital projects are approved. A further £0.900m has been allocated for unknown works between 2027-28 and 2029-30 to recognise there will be demand.
19. The ICT capital expenditure plan is now produced as part of the Digital, Data and Technology (DDaT) strategy. ICT managers have looked ahead to forecast costs up to 2024-25, this has been utilised for the whole period of this strategy. Due to the length of the strategy and the speed in which technology changes there are many unknowns. To acknowledge this £1m has been included in every year from 2025-26 for Infrastructure. Plans will need to be submitted before projects utilising these funds are approved. The total cost over the 8 years is £27.596m (reported in Appendix B).
20. The Vehicles Replacement plan is forecast at a cost of £10.3m over the 7 years. A summary of the full requirement (in millions) is shown below;

	23-24	24-25	25-26	26-27	27-28	28-29	29-30	Total
Est Invest	6.351	1.700	5.200	22.044	23.167	10.967	6.679	76.108
Est Improv	0.929	2.433	2.750	1.215	0.300	0.300	0.300	8.227
ICT	1.774	6.039	8.304	2.639	2.502	2.268	4.070	27.596
Vehicles	2.866	1.185	1.209	1.233	1.258	1.283	1.309	10.343
Total	11.920	11.357	17.463	27.131	27.227	14.818	12.358	122.274
Cumul.	11.920	23.277	40.740	67.871	95.098	109.916	122.274	

21. During 2023 the PCC agreed to commission, with the South West Region, an initial business case to consider the Electric Vehicle Charging Infrastructure. In line with the government's plans the Force and PCC are targeting Net Zero emissions by 2050. Whilst the government have announced a delay in the plan to ban all petrol and diesel vehicles to 2035 it is expected that the majority of suppliers will no longer produce these types of vehicles by 2030. With this expected in the future all organisations must consider their charging infrastructure.
22. The strategic business case produced suggests capital costs of £5-£6m over the next 5 years. The benefits expected relate to lower fuel costs and reduced service requirements. In 2024 the OPCC and Force need to establish a programme to turn this into a delivery plan with detailed information per site and per vehicle type. No capital costs are currently allowed in the CFS to fund these costs. It is expected that more detailed costs and benefits will be available mid-2024, these will then be included in the next version of the CFS.

## Capital Funding Strategy

23. 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'*.
24. In considering the affordability of the capital plans the PCC must take into account all of the resources 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 of borrowing limits and controls surrounding investments. It will also include information on the expert advice received to ensure effective but prudent management of resources.
25. The sources of funding available to the PCC to finance capital expenditure are:
- Capital Grant  
An annual capital grant has been received from the Home Office in prior years however from 2022-23 this has been removed with PCCs expected to allocate funds for capital expenditure from general revenue grant.
  - Revenue Budget  
A contribution is made each year from the revenue budget to fund capital expenditure. For 2024-25 the budget is £2.345m. In addition the PFI unitary payment is financed via revenue. The unitary payment will include an amount for interest and capital repayment.
  - The Capital Development Reserve  
Reserves have been set aside to fund capital costs, the level of this reserve is shown in the PCC's Reserves Strategy.
  - Capital Receipts  
Funds from the sale of assets. Achieved post Acquisition and Disposal Board review to ensure appropriate community consultation and VFM. In 2023-24 receipts have been lower than forecast resulting in the requirement to borrow.
  - Borrowing  
The PCC has the ability to borrow to fund capital expenditure, provided controls on affordability, sustainability and prudence are met. Borrowing can only be for capital purposes, and must be within the limits agreed in the Treasury Management Strategy. Borrowing will usually be applied to long term capital expenditure. In 2019-20 and 2020-21 the PCC has borrowed £1.930m, taking a 30 year loan towards financing the replacement station at Warminster. It was planned that there would be no borrowing in 2023-24 however due to the shortfall in receipts £3.000m is required. Considering advice from Link, our treasury advisors, it is planned to use internal reserves in 2023-24 with longer term external borrowing planned in 2024-25 when interest rates are lower.

26. In line with the Prudential Code the Liability Benchmark has been produced. This considers the use of internal borrowing vs external borrowing to fund capital.
27. The Estates strategy 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 (new sites or major redevelopments) 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.
28. Since 2019-20 the Capital Financing Strategy has identified a plan for the extended period and proposed an increase in both revenue contributions and the use of borrowing. This requirement continues in this strategy.
29. With every pound of borrowing a liability arises. In line with the Prudential Code and good financial practice revenue funds need to be set aside over the life of the asset to finance the capital and interest. The plan smooths the increased revenue costs over the period.
30. The table below shows how it is planned to finance the capital expenditure;

	23-24	24-25	25-26	26-27	27-28	28-29	29-30	Total
Current RCCO	2.346	2.393	2.441	2.490	2.540	2.591	2.643	17.444
New RCCO		0.250	1.298	1.797	1.797	1.797	1.797	8.736
Borrow	3.000	1.700	11.435	22.044	23.167	10.967	6.679	78.993
Cap Rec Used	0.537	6.893	2.289	0.800	0.000	0.000	0.340	10.859
Cap Dev Reserve	6.036	0.121			-0.277	-0.537	0.899	6.242
Total Inc	11.920	11.357	17.463	27.131	27.227	14.818	12.358	122.274
Cum Inc	11.920	23.277	61.873	67.871	95.098	109.916	122.274	
Cum Exp	11.920	23.277	40.740	67.871	95.098	109.916	122.274	
Balance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

### Revenue Implications of Capital Investment

31. To implement this plan additional revenue costs will be required over the 7 years. The table below shows the increase required per annum in the MTFS.

	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Current RCCO	2.346	2.393	2.441	2.490	2.540	2.591	2.643
Additional RCCO		0.250	1.298	1.797	1.797	1.797	1.797
Cost of Borrowing	0.091	0.091	0.385	1.777	3.157	4.607	5.294
Total	2.437	2.734	4.124	6.064	7.494	8.995	9.734
Inc P.A.		0.297	1.390	1.940	1.430	1.501	0.739

32. The table above is based on borrowing advice provided by Link, our Treasury Management Experts. The interest rates used are those forecast at December 2024 - 4.7% for borrowing over 30 years and 5.7% for borrowing over 7 years. These will change and will only be finalised when the borrowing is taken out. The rates will influence borrowing decisions. In 2023-24, due to the higher rates in the markets, it is intended to use £3m of internal borrowing in the anticipation that they will be lower by December 2024 (in line with professional advice).
33. The Estates strategy and capital financing strategy are flexible. As an example, if the PCC did not wish to proceed with phase 2 of the HQ redevelopment plan in 2028-29 the capital cost and borrowing would drop by £5m reducing the cost of borrowing in the next year by £0.315m. The total cost of phase 2 is £9.425m therefore if this did not proceed the revenue consequences would drop by £0.594m per annum.

### **Risk and Risk Appetite**

34. This capital strategy is for a 7 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.
35. Over the 8 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 reviews may impact finances available
  - The Estates Strategy may change reducing the premises available for sale
  - The market for excess estate may drop reducing sale values
  - The changing demand for police services may lead to more or less projects
  - Pace of technological change may require further ICT costs
  - Replacement of technology, items become obsolete quicker
  - Uncertainty relating to external borrowing costs
  - Change in PCC priorities impacting the capital plan
36. 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 Annual Governance Statement.
37. The Prudential code helps acknowledge risk in the amount of revenue required to service capital expenditure. In 2024-25 this is forecast at 1.8% of net revenue expenditure. Assuming the total budget rises to £179m by 2029-30 5.4% of the total budget would be required to finance capital.
38. The capital receipt sale value risk is partly mitigated by only including 80% of the valuation in the plan. The receipt of the sale value has also been delayed by 6 months in the plan.
39. 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.

40. As the most significant project in the estates strategy, the Devizes HQ redevelopment significantly affects this strategy. A high level masterplan has been produced based on estates strategy parameters.

**Recommendation**

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

Clive Barker

**Chief Finance Officer to the Police and Crime Commissioner**

December 2023



**Estates Review - Dec 23**

Appendix A

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Devizes HQ - P1 T&Ops	1.200	1.200	1.200	11.744	17.616	5.667		38.627
Devizes HQ - P2				0.300	0.300	5.000	3.825	9.425
Devizes HQ - P3					0.300	0.300	2.554	3.154
Devizes HQ - P4/5							0.300	0.300
Melksham Custody and Office refurb	4.544	0.100						4.644
Tidworth Campus	0.407							0.407
Southern Hub	0.200	0.400	4.000	10.000	4.951			19.551
Estates Investments	6.351	1.700	5.200	22.044	23.167	10.967	6.679	76.108
L&D Refurb at HQ	0.784							0.784
CCTV HQ	0.050	0.110	0.050	0.000				0.210
Environmental Projects	0.045	0.655	1.095	0.480	0.300	0.300	0.300	3.175
Fire Safety Bill Related Works	0.040	1.333	0.970	0.325				2.668
Boundary & Roof Maint Works	0.010	0.335	0.635	0.410				1.390
Estates Improvements	0.929	2.433	2.750	1.215	0.300	0.300	0.300	8.227
<b>Total</b>	<b>7.280</b>	<b>4.133</b>	<b>7.950</b>	<b>23.259</b>	<b>23.467</b>	<b>11.267</b>	<b>6.979</b>	<b>84.335</b>

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Computer Laptops, etc.	0.509	2.430	0.343	0.130	0.260	0.509	2.430	6.611
CCC EISEC		0.060						0.060
CCC CRM/IVR/Qbuster		0.178						0.178
Storage	0.045	0.150						0.195
Networks	0.301	0.430						0.731
Robotics		0.624						0.624
Radio Refresh - handsets	0.207			0.523				0.730
Radio Refresh - veh	0.050	0.087	0.050	0.050	0.050	0.050	0.050	0.387
SmartPhone Replacement Prog	0.043	0.350	0.300			0.350	0.300	1.343
Business Intel Tools		0.125	0.125					0.250
BWVC		0.408			0.408			0.816
Replacement DIRs		0.075	0.075			0.150		0.300
DEAMS system		0.500						0.500
Mobile Working				0.300	0.200			0.500
Telephony	0.040			0.500	0.500			1.040
Avaya/999	0.249							0.249
Desktops 5 yr repl	0.046		0.240					0.286
ANPR Cameras - fixed	0.125	0.411	0.000			0.125	0.206	0.867
ANPR Cameras - veh		0.084	0.384	0.084	0.084	0.084	0.084	0.804
Infrastructure Req	0.159	0.075	0.500	1.000	1.000	1.000	1.000	4.734
Cyber tool - Semperis		0.052	0.052	0.052				0.156
Replacement ICT costs	1.774	6.039	2.069	2.639	2.502	2.268	4.070	21.361
ESN (Grant funded) 2021								0.000
ESN (Grant funded) cortex etc								0.000
ICT Grant Funded	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Integrated CCC			3.000					3.000
ESMCP			3.235					3.235
Systems >£500k	0.000	0.000	6.235	0.000	0.000	0.000	0.000	6.235
Total	1.774	6.039	8.304	2.639	2.502	2.268	4.070	27.596

## **RESERVES AND PROVISIONS POLICY (updated Dec 2023)**

### **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.

### **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.

<b>Budget assumptions</b>	<b>Financial standing and Management</b>
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
<b>HO Heading – General Contingency, held in accordance with sound principles of good financial management</b>	
General Reserve	Funding set aside to cover the major risks involved with running a £150m Policing business. Currently set at 2.5% of the 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 £75,000 - £80,000 has to be made to the Home Office. This reserve 'smooths' out variances across years noting the low level of 'standard' budget in place.
Major Incident Reserve	The Home Office will fund costs in excess of 1% of the budget leaving the first 1% requiring local funding. 2 incidents are currently being managed which are likely to need local funding.
Council Tax Support Grant	Revenue Funding has been provided to precepting authorities to smooth the implications of lower receipts due to the pandemic. This fund covers a one off drop in the surplus in future years.
Coronation Bank Holiday Reserve	This reserve will fund one off costs, mainly overtime, occurring due to the additional Bank Holiday.
Inflation Risk Reserve	2022 has seen inflation levels of circa 10%. Inflation of 5% has been built into pay budgets and 100% on energy. There is a concern that budgets have not increased enough hence the reserve to cover short term risk.
<b>HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)</b>	
Capital Development Reserve	Funding set aside to assist in the financing of capital to reduce the organisations need to borrow.
Training Facility Reserve	Funds set aside to refresh the L&D Delivery Training Rooms with new Audio Visual Equipment and an improved learning environment.
Budget Smoothing Reserve	Funds any unplanned shortfalls in savings resulting from timing issues in delivering savings.



Commissioning Reserve	Funds carried forward from previous years to be used for commissioning work in line with the Police and Crime Plan.
Estates Transformation Reserve	Work has been requested from property advisors to help maximise returns from estates changes. This pump primes the initiative.
Melksham Custody Reserve	In 2023 Melksham Custody will be closed for a refurbishment. This reserve will fund overtime and mileage costs involved with providing this custody service from Gablecross
Tactical Command Centre	With a number of large scale operations occurring in the county in future years it is important that the Command Room in the CCC is fit for purpose. This reserve will fund the changes required.
Security Review	Funding set aside to improve the security of the Estate post a full review
Detectives Resilience Plan	Due to low numbers of Detectives the Force are intending a 3 <sup>rd</sup> party provider to directly recruit officers, this reserve partly funds this cost.
Robotics Benefits Cover	Funding to cover any shortfall in the savings expected in 2024-25 due to it being the initial year of the project
Transformation Reserve	This money is available to pump prime transformation. It can be used on specific area reviews or funding costs resulting from transformation.
SPR Project	Issues exist with the retention and disposal of evidence, this fund will pay for a 3 year project to improve the management of assets and reduce the current holding.
IOM Reserve	Partnership funding provided to specifically improve Offender Management in a collaborative setting.
Investigation Standards Reserve	HMICFRS reports identify that the Force needs to improve its Investigation Standards. This reserve will finance bringing in experienced Investigators to help develop and improve skills.
ERP Employee Lifecycle Reserve	This is a 2 year fund required to map out and improve HR processes to ensure that the workflow in the ERP system is in line with them. This will allow the ERP system to be more effective and efficient.
Sustainability Projects	This is a fund set aside to do adhoc work to reduce our carbon footprint. The main use will be for the vehicles Telematics project.
Equipment Reserve	Funding set aside for operational equipment.
Regional Projects Reserve	In line with Government guidelines Wiltshire have worked with other Forces on collaboration projects to increase efficiency and effectiveness. This fund finances one off and time limited costs
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 2023	Forecast March 2024	Forecast March 2025	Forecast March 2026
<b>HO Heading – General Contingency, held in accordance with sound principles of good financial management</b>				
General Reserve	£3.651m	£3.843m	£3.843m	£3.843m
Chief Constables Operational Reserve	£1.377m	£1.460m	£1.460m	£1.460m
Insurance Reserve	£0.400m	£0.400m	£0.400m	£0.400m
Seized Asset Reserve (Incentivisation)	£0.192m	£0.192m	£0.192m	£0.192m
Ill Health Reserve	£0.425m	£0.425m	£0.325m	£0.225m
Major Incident Reserve	£1.693m	£0.911m	£0.411m	
Inflation Risk Reserve	£0.500m			
Coronation Bank Holiday Res	£0.184m			
Council Tax Support Grant	£0.295m	£0.295m	£0.023m	
<b>HO Heading – Projects and Programmes (to be used over the life of the Medium Term Financial Strategy)</b>				
Capital Development Reserve	£6.157m	£0.121m		
Budget Smoothing Reserve	£0.200m	£0.200m	£0.100m	
Commissioning Reserve	£0.086m			
ICT Productivity Reserve	£0.058m			
Estates Transformation Reserve	£0.100m			
Equipment Reserve	£0.074m			
Regional Projects Reserve	£0.337m	£0.025m		
Tactical Command Centre	£0.070m	£0.070m		
Melksham Custody Refurb	£0.353m			
Security Review		£0.500m		
Detectives Resilience Plan		£0.100m		
Initial Robotics Benefits Cover		£0.238m		
Training Facility Reserve	£0.695m			
Transformation Reserve	£0.500m	£0.413m	£0.113m	
SPR Project Reserve	£0.538m	£0.352m	£0.146m	
Uniform Reserve	£0.100m			
Investigation Standards Reserve	£0.200m	£0.090m		
ERP Employee Lifecycle Res.	£0.390m	£0.277m		
Sustainability (Telem.) Reserve	£0.300m	£0.050m		
ERP Payroll Health Check	£0.040m			
CIU ISO Project Reserve	£0.188m	£0.050m		
IOM Reserve	£0.022m	£0.016m		
MAPPA Reserve	£0.037m	£0.037m	£0.037m	£0.037m
Local Resilience Forum	£0.335m	£0.263m	£0.216m	£0.114m
<b>Total</b>	<b>£19.497m</b>	<b>£10.327m</b>	<b>£7.265m</b>	<b>£6.270m</b>