

## **WEST MERCIA BUDGET 2014/15**

### **MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2018/19**

#### **Report of the Treasurer, Director of Finance, Chief Executive and**

#### **Chief Constable**

### ***Recommendations***

*The Commissioner is recommended to approve:*

- a) *A Net Revenue Budget after savings of £205.015m*
- b) *£2.762m of budget reserve is used within year to manage reductions*
- c) *A PCC reserve of £5.0m is created to support initiatives to tackle business, rural and cyber crime, and a reserve of £6.9m for invest to save projects.*
- d) *A net budget requirement of £202.253m*
- e) *A Council Tax for a Band D property at £182.28, an increase of 1.99%, subject to the Government setting the tax increase which would trigger a referendum at 2%. In the event that the referendum limit is set lower by the Government, the Commissioner is recommended to approve a council tax below the limit.*
- f) *The Chief Executive be authorised to issue precept notices on West Mercia billing authorities as follows: A Council Tax for a Band D property calculated as follows:*

	£m
<i>Budget Requirement</i>	<i>202.253</i>
<i>Less Formula Grant</i>	<i>71.079</i>
<i>Less Revenue Support Grant</i>	<i>45.230</i>
<i>Less Council Tax Support Grant</i>	<i>9.200</i>
<i>Less Council Tax freeze grant</i>	
<i>2011/12</i>	<i>1.976</i>
<i>2013/14</i>	<i>0.799</i>
<i>Sub Total</i>	<i>73.969</i>
<i>Less: Collection Fund Surplus</i>	<i>0.649</i>
<b><i>Amount to be raised by Council Tax</i></b>	<b><i>73.320</i></b>

<i>Divided by Aggregate Council Tax Base</i>	<i>402,244.45</i>
--	-------------------

<i>Basic Amount of Council Tax at Band D</i>	<i>£182.28</i>
--	----------------

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

<i>Band A (6/9<sup>th</sup>)</i>	<i>£121.518037</i>
<i>Band B (7/9<sup>th</sup>)</i>	<i>£141.771043</i>
<i>Band C (8/9<sup>th</sup>)</i>	<i>£162.024050</i>
<i>Band D</i>	<i>£182.277056</i>
<i>Band E (11/9<sup>th</sup>)</i>	<i>£222.783068</i>
<i>Band F (13/9<sup>th</sup>)</i>	<i>£263.289081</i>
<i>Band G (15/9<sup>th</sup>)</i>	<i>£303.795093</i>
<i>Band H (18/9<sup>th</sup>)</i>	<i>£364.554112</i>

- h) *That the Chief Executive to the Office of the Police and Crime Commissioner for West Mercia be authorised to issue Precepts Notices on the West Mercia billing authorities as follows:*

	<i>£</i>
<i>Bromsgrove District Council</i>	<i>6,218,919.48</i>
<i>Herefordshire Council</i>	<i>11,837,452.97</i>
<i>Malvern Hills District Council</i>	<i>5,146,523.41</i>
<i>Redditch Borough Council</i>	<i>4,494,398.07</i>
<i>Shropshire Council</i>	<i>18,314,321.82</i>
<i>Telford and Wrekin Council</i>	<i>8,076,021.92</i>
<i>Worcester City Council</i>	<i>5,401,416.00</i>
<i>Wychavon District Council</i>	<i>8,193,051.08</i>
<i>Wye Forest District Council</i>	<i>5,637,829.34</i>
<b><i>TOTAL</i></b>	<b><i>73,319,934.09</i></b>

- i) *The reserve strategy set out in section 6*
- j) *The outline capital programme in section 7*
- k) *All Officers be instructed to exercise tight budgetary control. No over-spending of the aggregate 2014/15 budget will be authorised and caution will be exercised in entering into expenditure which creates additional commitments in future years. The PCC will be kept fully informed of the financial position throughout the year.*
- l) *The prudential indicators at appendix E*
- m) *In approving the budget, the PCC notes the Treasurer's comments in section 8 in respect of the robustness of the budget and the adequacy of reserves.*

## **1. Introduction and background**

The purpose of this report is to set out the proposed budget and precept proposals for decision by the Police and Crime Commissioner. It is the second budget report for the Police and Crime Commissioner (PCC) for West Mercia and will deliver one of the key responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011.

The report sets out the:

- Net budget requirement for 2014/15
- Proposed precept for 2014/15
- Proposed medium term financial plan
- Outline capital programme

Setting the budget for the next financial year is one of the most important decisions that the Commissioner has to make. It is important therefore to set out the issues that influence and contribute to the build of the budget for 2014/15 and the medium term financial plan, having taken into consideration the plans of the Commissioner.

In determining his budget proposals the Commissioner has to have regard to:

- National targets and objectives including the Strategic Policing Requirement
- The priorities within the police and crime plan and any likely changes to these for 2014/15
- The outcome of public consultation

- The plans and policies of other partner agencies relating to community safety and crime reduction
- The policy of the Government on public spending and the funding framework that arises from this
- The medium term financial obligations
- Prudent use of the financial reserves
- The constant drive for continuous improvement and value for money
- The commitment to support the strategic alliance with Warwickshire PCC and the delivery of existing savings plans

This is the first year where the policing element of this budget, which is the considerable majority of the budget has been prepared for the Strategic Alliance with Warwickshire as a whole, and the budget requirement apportioned to each Force in accordance with the agreed cost sharing approach.

## **2. Service Proposals**

In framing his budget for 2014-15, the Commissioner wishes to achieve a number of things.

1. In last year's budget, a number of additions to the budget were made, funded from reserves, for a finite period of time. The Commissioner believes that the success of these initiatives merits their being incorporated into the budget for the foreseeable future. These initiatives are:-
  - The provision of an additional 49 Police Community Support Officers over and above the number planned by the former Police Authority.
  - An increase in the amount available for making Community Safety Grants to organisations actively working within local communities to reduce crime.
  - The appointment of a number of Community Ambassadors, to improve liaison with communities and community groups.
  - A significant increase in the number of Special Constables within the Force.
2. The Commissioner has received comments from many people that when vacancies occur in Safer Neighbourhood Teams, they are not filled quickly enough, leaving gaps in the teams, often for several months. The Commissioner plans to accelerate recruitment in 2014-15. This will provide an increase in the average number of police officers available for deployment, which will enable this problem to be avoided in future.

3. In his extensive consultations around the West Mercia region, three areas of crime have been regularly raised as needing more attention, namely, rural crime, business crime, and cyber (or internet related) crime. Perhaps unsurprisingly, a similar picture has emerged for our Alliance partners, Warwickshire. We, therefore, jointly intend to commission work from our Forces to respond to the threats in these areas, by making a joint provision of £1.5m in the budget, each year for the next five years, funded from reserves. The West Mercia share of the cost will be £1m p.a.
4. Statements by the Chancellor of the Exchequer over the last few months, including the 2013 Spending Review outlining public expenditure figures for 2015/16, have made clear that we are likely to face continuing reductions in the amount of money we receive in government grants for the foreseeable future. The Commissioner intends to start to address the future savings requirements by making provision to use reserves to fund capital and revenue expenditure on an “invest to save” basis. Across the Alliance, £10m will be set aside for this purpose, the West Mercia share being £6.9m. He will also seek to maximise potential bids to the recently announced Home Office Innovation Fund for similar purposes.
5. During 2014-15 the Commissioner will start to become responsible for services provided to victims of crime. He will, therefore, start to commission services for victims of crime, in line with the transfer of funding from the Ministry of Justice.

### **3. How the PCC plans to fund this**

Self-evidently, any proposal from the Commissioner has to be funded. It is intended that the proposals contained in this document will be funded from a variety of sources.

1. The first source of funding will be via a rigorous reassessment of the base budget. Since the 1<sup>st</sup> April 2013, additional ongoing savings of £3.6m across the Strategic Alliance with Warwickshire have already been identified, over and above those already planned.
2. Through the use of available government grants. The Commissioner receives a number of grants from the Government. The principal grants are:-
  - Police and Revenue Support Grant (the headline figures reduced by £4.8m for 2014/15, and £5.8m when the incorporation of Community Safety Funding into Police Grant is factored in )
  - Council Tax Support Grant (increased by £29,000 in 2014/15)

- Council Tax Freeze Grants from 2011/12 and 2013/14 (no change in the amount for 2014/15)

In addition, from 2014/15 the Commissioner will start to receive funding to provide services to support victims of crime.

A fuller breakdown of the financial settlement from the Government is contained in appendix A.

3. By increasing the Council Tax by 1.99%, around the current rate of inflation. This increase, coupled with changes in the taxbase to reflect new house building, is expected to increase income from council tax by £2.7m in 2014/15. The Government has offered a further freeze grant, equivalent to a 1% increase in council tax, to PCCs who freeze their council tax for 2014/15. This grant is, however, only guaranteed for two years, and further savings over and above the levels outlined in paragraph 5 below would be required after this period. The Commissioner is, therefore, not proposing to take this grant offer.
4. By using the accumulated reserves of the PCC. The Commissioner's reserves are expected to be £49.3m at the start of 2014/15. He plans to use £36.6m of these reserves over a five year period, and on a prudent basis, to support each year's budget. It is likely that underspendings may occur in some years, as the Force has a track record in delivering its savings' targets early. Where this happens, the Commissioner's strategy for the use of these underspendings, which would otherwise increase reserves, will be to seek to minimise the need to use borrowing to fund capital expenditure.
5. As mentioned earlier, all of the indications are that budget reductions will continue to be the order of the day for some years yet. Further savings of £9.7m in the West Mercia budget in 2014/15 and 2015/16 are already planned, and their delivery is in progress. It is now expected there to be a further savings requirement over the period to the end of 2018/19 of £20.7m for West Mercia, and the Commissioner will be considering proposals for meeting this requirement over the next few months. The strategy for the use of reserves referred to in the previous paragraph takes account of the likely delay in getting final confirmation of the scale of the future savings challenge until after the General Election in 2015.

#### **4. The Revenue Budget.**

1. The following table analyses the changes to the base budget for the Strategic Alliance between 2013/14 and 2014/15, showing the aggregate apportionment of costs between the two areas. Appendix B outlines a summary of the gross expenditure.

## Analysis of movement from 2013/14 to 2014/15

	£m
2013/14 Base Budget – Warwickshire	92.120
2013/14 Base Budget – West Mercia	207.299
<b>Alliance 2013/14 Base Budget</b>	<b>299.419</b>

### The following planned alliance savings have been removed from the base budget:

Non - pay Savings	(2.463)	
Reduction to Overtime Budgets	(0.425)	
Removal of Implementation Team Budget - Officer Pay	(1.643)	
Removal of Implementation Team Budget - Staff Pay	(1.000)	
Staff Pay Savings (net of pay inflation)	(3.317)	
Officer Pay Savings (net of pay inflation)	(1.349)	
		(10.197)

### Following a review of aspects of the base budget, the following savings have been made:

Historical budget corrections	0.713	
Income Budgets Increased	(2.861)	
Rank differences in 13/14 not in 14/15	(0.717)	
Removal of Transition Fund Budget - Officer Pay	(0.688)	
		(3.553)

### The following items have now been incorporated into the budget:

Contractual Price Inflation	1.367	
Non -Pay Growth	1.343	
Recruitment	2.144	
<i>Items Previously Funded from Reserves:</i>		
PCSOs	2.252	
Ambassadors	0.130	
Community Safety Budget	0.788	
Specials	0.300	
Programme Team	0.600	
Cost of Change Fund	0.750	
		9.674

### The following specific grants are now funded from core grant:

Community Safety Grant	1.439
------------------------	-------

### **2014/15 Base Budget** **296.782**

#### Comprising:

2014/15 Base Budget – Warwickshire	91.767
2014/15 Base Budget – West Mercia	<u>205.015</u>

2. The expenditure on rural crime, cyber crime and business crime, together with the expected investment in invest to save initiatives are in addition to the base budget, and will, at this stage, be held as provisions within reserves until detailed plans for their deployment are finalised.

## **5. The Medium Term Financial Plan**

1. The MTFP was agreed in February 2013 and has been updated and refreshed during the year. The new plan has also been extended to include year 2018/19

The key assumptions within the plan are as follows:

### **Funding**

- The precept will increase by around 2% per annum, broadly in line with inflation, from 2014/15.
- Council Tax base will grow by 1.89% in 2014/15, 0.5% in 2015/16, and by 1% per annum thereafter.
- Formula grant will reduce by 4.3% in 2015/16, and by 2.8% in each of 2016/17 and 2017/18. No further reductions have been made for 2018/19, although recent statements by the Chancellor of the Exchequer have indicated that further reductions in 2018/19 and beyond are a strong possibility.
- The promised review of the grant system maintains the levels of support shown in the plan.
- The Council Tax support grant position remains stable.
- There will be no tightening of precept limits.

### **Costs**

- Pay increases remain low at 1%, and inflation as it affects the services of the Commissioner is constrained in total to 1.5%
- The impact of the changes in Employers NI resulting from the Pensions Act will be passed on to PCCS in full from 1<sup>st</sup> April 2016, without a compensating uplift in grant.

The revised MTFP is as follows:

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m
Base budget before savings	208.176	205.015	203.223	204.272	200.836
Pay and price increases	3.123	3.075	3.048	3.064	3.013
National insurance			3.000		
Base Budget before savings	211.299	208.090	209.272	207.336	203.848
Alliance Savings plan Phase 1 (already planned)	(6.284)	(3.367)			
Phase 2 savings (still to be identified)		(1.500)	(5.000)	(6.500)	(7.666)
<b>Projected net expenditure after savings</b>	<b>205.015</b>	<b>203.223</b>	<b>204.272</b>	<b>200.836</b>	<b>196.182</b>
Funded by:					
Formula Grant and RSG	116.309	111.008	107.899	104.878	104.878
Council Tax Support Grant	9.200	9.200	9.200	9.200	9.200
Council Tax	73.320	75.146	77.393	79.707	82.090
Council Tax Collection fund Surplus	0.649				
Council Tax Freeze Grant (2013/14)	0.799	0.799			
Council Tax Freeze Grant (2011/12)	1.976	1.976			
<b>Total funding</b>	<b>202.253</b>	<b>198.129</b>	<b>194.492</b>	<b>193.785</b>	<b>196.168</b>
<b>Gap to be funded from reserves</b>	<b>2.762</b>	<b>5.094</b>	<b>9.780</b>	<b>7.051</b>	<b>0.014</b>
<b>Developments</b> (funded from reserves)					
Rural, Business and Cyber Crime	1.000	1.000	1.000	1.000	1.000
Invest to Save	0.900	2.000	2.000	2.000	
<b>Total Projected Reserve Use</b>	<b>4.662</b>	<b>8.094</b>	<b>12.780</b>	<b>10.051</b>	<b>1.014</b>

2. In the event that the Government sets a lower limit for the tax increase which would trigger a referendum, the Commissioner intends to reduce the council tax level accordingly. Assuming that whatever new limit is announced would then be maintained over the life of this medium term financial plan, a reduction in the limit would increase the level of ongoing savings which would be required to be generated over the life of the plan. This, in turn, would affect the pace at which it would become necessary to generate savings, in order to maintain the same aggregate contribution from reserves. The impact of lower limits of 1.5% and 1% are shown in the table below.

<b>Council Tax Increase (Referendum Limit)</b> %	<b>Addition to the Phase 2 Savings Requirement</b> £m
1.5	1.9
1.0	3.6

## 6. Reserves Strategy

1. The use of a significant proportion of the Commissioner's reserves over the life of the Medium Term Financial Plan is an important element of the financial strategy. The following table shows the full expected deployment of reserves over the life of the plan. Appendix C shows this information analysed across individual reserves.

### Proposed Use of Reserves

	£m
Balance of reserves at the 1 <sup>st</sup> April 2014.	<u>49.3</u>
Amount required to support the budget over the life of the medium term financial plan	24.7
The PCCs wish to invest in 3 priority areas, namely, rural, business and cyber crime. This provision allows for annual spending of £1.5m by the Alliance in these areas, over the full life of the MTFP. The West Mercia share of this cost is £1m per annum.	5.0
In order to deliver future savings, capital and revenue investment is likely to be required. Funding this from reserves avoids debt charges on capital expenditure. A provision of £10m will be held across the Alliance, the West Mercia share being £6.9m.	6.9
Reserves remaining at the end of the MTFP period.	<u>12.7</u>

2. Each year the Treasurer carries out an assessment of the risks facing the Commissioner to determine the minimum level of reserves which the Commissioner needs to continue to hold. This year the assessment is that £12m needs to be held to provide adequately for these risks. Further details of the risk assessment are included in section 8.
3. The amount required for general budget support is significant because it provides for higher levels of support in the early years of the plan than would be typical. This reflects the level of uncertainty which appertains to the future resource projections at this stage, and a wish to have greater clarity about the level of resources which will be available before fully implementing any plans to deliver the savings required over the life of the plan. Currently, only the resource projections for 2014/15 are certain, with no forward guidance on grant levels having been provided by the Government. With a General Election due in May 2015, and a likely Comprehensive Spending Review shortly after that, at this stage, our resource projections are based on a continuation of the policies of the current Coalition Government.
4. There remain considerable opportunities to drive out further efficiencies through our joint working with Warwickshire. To achieve them, while minimising the impact on the service to the public, will require us to focus on areas like the integration of our ICT systems, with more self-service facilities for the public, and the rationalisation of our estate through the co-location of what have hitherto been separate teams within West Mercia and Warwickshire. This creates the need for a significant provision for invest to save initiatives.

## **7. The Capital Programme**

1. The Commissioners for Warwickshire and West Mercia are proposing the following capital programme over the next three years, the consequences of which are incorporated into their respective Medium Term Financial Plans.

<b>Expenditure</b>	<b>2014/15 (Including slippage from 2013/14) £m</b>	<b>2015/16  £m</b>	<b>2016/17  £m</b>	<b>Total  £m</b>
West Mercia ICT Strategy	0.989	0	0	<b>0.989</b>
Warwickshire ICT Strategy	0.173	0	0	<b>0.173</b>
Joint ICT Strategy*	8.533	9.860	7.558	<b>25.951</b>
West Mercia ICT Replacement Programme	2.264	2.030	1.557	<b>5.851</b>
Warwickshire ICT Replacement Programme	1.968	1.282	0.642	<b>3.892</b>
West Mercia Estate Strategy	4.649	4.449	2.476	<b>11.574</b>
Warwickshire Estate Strategy	4.541	4.863	3.081	<b>12.485</b>
Estates Joint Strategy*	0.814	0.776	0	<b>1.590</b>
West Mercia Fleet, Plant & Equipment Replacement	3.349	1.462	1.500	<b>6.311</b>
Warwickshire Fleet, Plant & Equipment Replacement	2.589	1.034	1.032	<b>4.655</b>
Joint Equipment Replacement *	0.131	0.031	0.031	<b>0.193</b>
<b>Totals</b>	<b>30.000</b>	<b>25.787</b>	<b>17.877</b>	<b>73.664</b>

\*Those items marked with an asterisk (\*) are charged to the respective Commissioners in the proportion 31% to Warwickshire and 69% to West Mercia, reflecting the respective size of the two Police Forces.

A full list of proposed capital projects is included at appendix D.

- The proposed programme reflects the priorities of the two Commissioners to achieve full integration of services and systems of operation across the Alliance as quickly as possible. As mentioned earlier, this is key to unlocking the full savings potential of the Alliance.
- The expected funding of the programme is outlined below. In order to minimise future borrowing, where underspendings occur in revenue budgets, through early delivery of savings, consideration will be given to using these to fund capital expenditure in lieu of borrowing.

<b>Funding</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>Total £m</b>
Capital Receipts	8.361	3.420	0	11.781
Home Office General Capital Grant	3.287	2.667	2.667	8.621
Borrowing	18.352	19.700	15.210	53.262
<b>Totals</b>	<b>30.000</b>	<b>25.787</b>	<b>17.877</b>	<b>73.664</b>

## **8. Treasurer's Statement on the Soundness of the Budget and the Adequacy of Reserves**

1. In considering the MTFP, the Commissioner needs to consider the level of reserves for which it provides. This will, in part, be governed by known or likely commitments, and, in part, by his appetite for risk.
2. In setting the level of reserves I would suggest that the following issues should be taken into account:-
  - a. The possibility of savings targets not being met. I would suggest no provision in reserves for this, but, if this approach is taken, the Commissioner is recognising that any failure to deliver savings through the Strategic Alliance will have to be compensated for, potentially, by service reductions.
  - b. Possible delays in the delivery of savings. In previous years the Force has missed its in-year savings target, but has covered the shortfall from in-year underspends. While no presumption of in year underspending should be made, the record of the Force is of consistent delivery of underspending. This is typical of organisations with strong budget management arrangements. Delays in the delivery of savings are very likely to occur, particularly in relation to the Strategic Alliance, and a prudent provision would be for a delay in delivering £2m of savings in each year of the plan, but with half of this covered by in year underspending. This would impact on reserves over a 5 year plan to the tune of £5m.
  - c. The need to provide cover for "extraordinary" events or investigations, recognising that these would be likely to attract Special Police Grant. A prudent provision would be for two such events over a five year period, which would require a provision of £4m.
  - d. The level of self-insurance we provide to minimise our insurance premiums. Currently this requires a provision of just under £1m.
  - e. Any additional delivery costs of the Strategic Alliance. These may be capital (e.g. IT costs), but capital costs have a revenue impact. Until the capital costs are determined, the revenue consequences cannot be. An alternative, and one with no marginal cost, would be to absorb any revenue impact by cash-limiting the capital programme and deferring schemes to accommodate any Strategic Alliance spending requirements.

- I. There should be a general contingency provision for unknowns.  
Assessing a prudent level for this is impossible, but would be unlikely to be less than 1% of net revenue expenditure, around £2m.
3. The aggregate cost of those elements which it is feasible to estimate is £12m. The additional impact of some of those which cannot be estimated, such as higher pay increases, could prove to be significant. The Commissioner does not necessarily have to provide money in reserves for each of these elements individually, unless they are certain to occur, as one contingency can provide for several possible events, provided that all of the events are unlikely to occur together. However, it does need to give realistic consideration to the likelihood of their occurring during the period covered by the plan, and it does need to provide explicitly for those which are certain to occur.
4. Given the relatively low aggregate sum involved, it is recommended that a minimum level of £12m is provided in reserves.
5. Provided that this sum is available at all times within reserves, the Treasurer is satisfied that this budget is soundly based and adequately provides for the risks facing the Commissioner.

### Summary of West Mercia Grant Settlement

The Police and Revenue Support Grant provisional settlement was announced by the Government on the 18<sup>th</sup> December. The details were as follows.

<b>2013/14</b>		<b>2014/15</b>	<b>Change</b>
<b>£m</b>		<b>£m</b>	<b>%</b>
74.678	Police Grant (including Community Support Grant)	71.079	-4.8
47.449	Revenue Support Grant	45.230	-4.7
11.950	Legacy Council Tax Grants (Freeze Grants plus Council Tax Support Grant)	11.975	+0.2
<b>134.077</b>	<b>Totals</b>	<b>128.284</b>	<b>-4.3</b>

In addition, on the 4<sup>th</sup> November, the Commissioner was notified of indicative allocations for Victim's Services and Restorative Justice. These are as follows:

	<b>£m</b>
Victim's Services	0.500
Restorative Justice	0.135

**West Mercia Police & Crime Commissioner****Subjective Analysis of Spending**

	<b>Original Estimate 2013-14 £000</b>	<b>Original Estimate 2014-15 £000</b>
Police pay & overtime	89,636	77,873
Staff pay	47,654	46,629
Police national insurance	7,750	6,619
Staff national insurance	3,289	3,226
Police employer's pension contrib.	20,334	17,747
Police staff employer's pension contrib.	6,695	7,114
Police pension scheme	2,805	2,999
Allowances	2,299	3,891
Relocation, recruitment, training & travel	1,034	1,310
Other employee costs	873	1,141
Budget reductions pending	-11,301	0
<b>Total employee costs</b>	<b>171,068</b>	<b>168,548</b>
Repair & maintenance	2,760	2,310
Energy costs	1,770	1,981
Rent & rates	3,137	3,150
Other premises costs	1,343	1,030
<b>Total premises costs</b>	<b>9,010</b>	<b>8,471</b>
Fleet & fuel costs	4,828	4,433
Aviation	280	0
Car allowances & fares	748	872
<b>Total transport costs</b>	<b>5,856</b>	<b>5,305</b>
Traffic equipment	78	113
Operations equipment	424	161
Dogs expenses	50	55
C.I.D. expenses	2,402	1,859
Support equipment & services	999	1,385

Training equipment & publications	70	40
Partnership / public relations	110	692
Uniforms	518	824
Printing & stationery	642	543
Doctors' fees	1,577	1,383
Custody contract	1,743	1,571
Interpreters	372	332
Other fees and services	1,445	1,285
Communications costs	3,251	3,458
Computer costs	2,745	3,856
Subsistence	325	252
Members expenses	10	0
Subscriptions	123	156
Insurance premiums & provisions	0	0
Other expenses	729	437
Total supplies & services costs	<u>17,613</u>	<u>18,402</u>
Third party payments	4,266	5,530
Capital costs	4,717	4,717
Gross expenditure	<u>212,530</u>	<u>210,974</u>
Grants	-1,536	-546
Reimbursements	-1,178	-2,136
Income from services	-2,358	-3,079
Rents & interest	-159	-197
Total income	<u>-5,231</u>	<u>-5,958</u>
Net expenditure	<u>207,299</u>	<u>205,016</u>

# 2014/15 Budget Book - Objective Analysis

## Appendix B(ii)

	2013/14 £m	West Mercia 2014/15 £m	% Change
<b>Enabling Services</b>			
Business Assurance and Improvement	2.291	2.175	-5.06%
Contracts & Procurement	2.448	2.523	3.06%
Corporate Communications	0.598	0.539	-9.87%
Estate Services	11.001	10.230	-7.01%
ICT	11.573	11.299	-2.37%
People Services	8.077	7.137	-11.64%
Transport	4.969	4.687	-5.68%
<b>Total Enabling Services</b>	<b>40.957</b>	<b>38.590</b>	<b>-5.78%</b>
<b>Finance</b>			
ACPO	0.823	0.889	8.02%
Capital Financing	4.682	4.657	-0.53%
Corporate Finance	3.353	3.213	-16.85%
Financial Accounting	1.518	1.188	-21.74%
Financial Management and Business Change	0.066	0.424	542.42%
Pensions	2.819	3.013	6.88%
Resource Management	2.754	2.277	-17.32%
<b>Total Finance</b>	<b>16.015</b>	<b>15.661</b>	<b>-4.86%</b>
<b>Local Policing</b>			
Local Policing General	1.797	1.704	-5.18%
Territorial Policing Warwickshire			
Operational Support	27.241	25.891	-4.96%
Territorial Policing Area West Mercia	74.728	73.921	-1.08%
<b>Total Local Policing</b>	<b>103.766</b>	<b>101.516</b>	<b>-2.17%</b>
<b>Protective Services</b>			
Crime Management	0.154	0.186	20.78%
Forensics	4.943	3.708	-24.98%
Intelligence	6.193	6.890	11.25%
Major Investigations	3.361	3.380	0.57%
Operations	14.992	16.156	7.76%
Protecting Vulnerable People	8.446	8.943	5.88%
Specialist Operations	6.269	6.496	3.62%
<b>Total Protective Services</b>	<b>44.358</b>	<b>45.759</b>	<b>3.16%</b>
<b>Secondments</b>	<b>0.000</b>	<b>0.000</b>	
<b>Total Force</b>	<b>205.096</b>	<b>201.526</b>	<b>-1.95%</b>
Warwickshire PCC			
West Mercia PCC	1.870	3.490	86.63%
<b>Grand Total</b>	<b>206.966</b>	<b>205.016</b>	<b>-1.15%</b>

Appendix C

West Mercia Reserves		Balance 01/04/2014 £m	Balance 01/04/2015 £m	Balance 01/04/2016 £m	Balance 01/04/2017 £m	Balance 01/04/2018 £m	Balance 01/04/2019 £m	Strategy for Use
Budget Reserve		25.400	22.638	17.544	7.764	0.713	0.699	Use as per the MTFP
General reserves		12.000	12.000	12.000	12.000	12.000	12.000	Held to offset risks facing the PCC and Force
Rural, Cyber and business crime		5.000	4.000	3.000	2.000	1.000	0.000	A £7.5m fund across the Alliance, to be used over a 5 year period
Invest to save/ innovation fund		6.900	6.000	4.000	2.000	0.000	0.000	A £10m fund across the Alliance, for invest to save projects, both revenue and capital, to pump prime the delivery of phase 2 savings
Total		49.300	44.638	36.544	23.764	13.713	12.699	

Capital Project Description	Total Project Budget 2014-2017 £000
<b>ICT REPLACEMENT PROGRAMME:</b>	
<b>WARWICKSHIRE:</b>	
Desktop & Peripherals Replacement	1,864.6
Server Replacement	690.0
Network Replacement	250.0
Software Upgrades	554.7
Airwave Replacement	450.0
Other Replacement	82.6
<b>Total - WARWICKSHIRE ICT REPLACEMENT</b>	<b>3,891.9</b>
<b>WEST MERCIA:</b>	
Desktop & Peripherals Replacement	1,350.9
Server Replacement	1,090.2
Network Replacement	1,217.3
Software Upgrades	492.6
Airwave Replacement	1,700.0
<b>Total - WEST MERCIA ICT REPLACEMENT</b>	<b>5,851.0</b>
<b>Total - BOTH FORCES ICT REPLACEMENT PROGRAMME</b>	<b>9,742.9</b>
<b>ICT STRATEGY</b>	
<b>WARWICKSHIRE ICT STRATEGY (brought forward):</b>	
Access to Information	21.7
IM National Systems	45.0
Impact Back Record Conversion	30.0
NSBIS Special Branch	15.2
Police Procurement Hub Project	2.3
Vehicle Movement Monitoring	50.0
Payroll Replacement and Mobile access - closing projects	8.9
<b>Total - WARWICKSHIRE ICT STRATEGY (brought forward)</b>	<b>173.1</b>
<b>WEST MERCIA ICT STRATEGY (brought forward)</b>	
Patch Management Tools	100.0
Project Grapevine	54.1
Automatic Number Plate Recognition (ANPR) Fixed Sites	24.7
Mobile Data	499.9
3G Tablets	6.5
Operational Data Store	299.5
Other small system upgrades	4.3
<b>Total - WEST MERCIA ICT STRATEGY (brought forward)</b>	<b>989.0</b>
<b>JOINT ICT STRATEGY 2013/14 ONWARD</b>	
<b>~ People Movement Plan</b>	
Systems linking	75.0
Implement Single Active Directory (users) - incl. sign-on product	200.0
Commercial contracts and licencing	200.0
Mobile Working	1,176.6
<b>Total - JOINT ~ People Movement Plan</b>	<b>1,651.6</b>
<b>~ Improving Management &amp; Sharing of Information</b>	
Conferencing - audio & video	350.0
Data warehouse (integration)	800.0
Tasking & Briefing	50.0
Performance information	180.0
PND	100.0
ECMS (Incl Intranet)	700.0
Corporate Gazetteer implementation	200.0
Corporate Nominal Index	150.0
Information Management	50.0
Internet hosting	150.0
<b>Total - JOINT ~ Improving Management &amp; Sharing of Information</b>	<b>2,730.0</b>

Capital Project Description	Total Project Budget 2014-2017 £000
<b>~ Improving Management of Assets and Resources</b>	
ERP - HR system (incl.Duties Management)	720.0
ERP - Payroll	500.0
ERP - Finance system	400.0
ERP - Property Managent system (seized & found & ARMS)	50.0
ERP - Service management system	300.0
ERP - Estates Management System	100.0
ERP - e.procurement	100.0
Occupational Health Management system	50.0
Vetting - COREVET	30.0
Identity Access Management (IAM)	700.0
Media Management system	15.0
Vehicle Fleet Management System - TRANMAN	14.5
CHRONICLE	450.0
<b>Total - JOINT ~ Improving Management of Assets and Resources</b>	<b>3,429.5</b>
<b>~ Criminal Justice Systems Efficiency Programme</b>	
Crash implementation	50.0
Replacement for NSPIS Case Custody (ATHENA)	1,000.0
Firearms licensing unit - adopting e.commerce	50.0
e.commerce rollout	130.0
Digital Interview Recording	814.1
Digital Prosecution Service - Implementing SOA	580.0
<b>Total - JOINT ~ Criminal Justice Systems Efficiency Programme</b>	<b>2,624.1</b>
<b>~ Operational Policing Efficiencies</b>	
Contact Management capability	350.0
Ops centre technologies (incl. AVLS, mapping, etc)	650.0
Command & Control capability	1,600.0
Ops Comms centres telephony	400.0
ICCS infrastructure	1,000.0
Intelligence system (ATHENA)	400.0
Crime management system (ATHENA)	600.0
Crime management - interim solution	100.0
FOCUS 112 telecomms upgrade/replacement	215.6
ANPR - Link the BOF capability	150.0
Source Management system - SMS deployment	50.0
HOLMES deployment	150.0
CLIO deployment	10.0
Domestic violence & Child protection system	50.0
COMPACT deployment	10.0
Forensics system	70.0
HI Tech crime unit	100.0
ANPR Development	2,600.0
<b>Total - JOINT ~ Operational Policing Efficiencies</b>	<b>8,505.6</b>
<b>~ Technical Infrastructure</b>	
Firewalling strategy and support	39.2
Single/Upgrade Citrix (incl. Wintervals)	70.0
Data centre consolidation	600.0
Enterprise desktop	1,200.0
Join the Airwave network	120.0
PSN - CJX & XCJX	40.0
PSN - Telephony infrastructure	2,000.0
PSN - Network infrastructure	1,550.0
Confidential network - licences and PND2 analytical tool	200.0
<b>Total JOINT ~ Technical Infrastructure</b>	<b>5,819.2</b>
<b>~ Other Small ICT Projects</b>	
New national initiatives	991.0
Consolidation of small systems	200.0
<b>Total - JOINT ~ Other Small ICT Projects</b>	<b>1,191.0</b>
<b>Total - JOINT ICT STRATEGY</b>	<b>25,951.0</b>
<b>Total - WARWICKSHIRE, WEST MERCIA and JOINT ICT STRATEGY</b>	<b>27,113.1</b>
<b>Total - BOTH FORCES - ICT REPLACEMENT &amp; STRATEGY</b>	<b>36,856.0</b>

Capital Project Description	Total Project Budget 2014-2017 £000
<b>ESTATES</b>	
<b>WARWICKSHIRE ESTATES (brought forward)</b>	
Property Safer Neighborhoods	23.7
Bedworth PS	474.2
Headquarters	817.4
Rugby	24.6
Stratford	30.0
Energy Efficiency Scheme	70.0
Land and Building Sales	112.1
Headquarters Development	1,133.3
<b>Total - WARWICKSHIRE ESTATES (brought forward)</b>	<b>2,685.3</b>
<b>WARWICKSHIRE ESTATES 2013/14 ONWARD</b>	
Stratford	3,000.0
Rugby	3,000.0
Leek Wootton Operational Command & Control (OCC)	2,500.0
Grey's Mallory Patrol Base	1,200.0
Local Policing Area Bases (LPABs)	100.0
<b>Total - WARWICKSHIRE ESTATES 2013/14 ONWARDS</b>	<b>9,800.0</b>
<b>Total - WARWICKSHIRE ESTATES</b>	<b>12,485.3</b>
<b>WEST MERCIA ESTATES (brought forward):</b>	
New Bromsgrove	1,603.7
Worcestershire SARC	35.1
Defford Central Storage	67.8
Hindlip Space Audit	77.5
Telford DHQ Alterations	34.2
Disability Discrimination Act (DDA)	395.4
<b>Total - WEST MERCIA ESTATES (brought forward)</b>	<b>2,213.7</b>
<b>WEST MERCIA ESTATES 2013/14 ONWARD:</b>	
Wem Hub	800.0
Malvern Hub	400.0
Major Incident Units (MIUs)	1,200.0
Custody - N & S Worcs	-
Custody	15.0
Firearms Training School	1,190.0
Northern Achieving Best Evidence Suites (ABEs)	1,100.0
Redditch Patrol Base	1,100.0
Hindlip Operational Command & Control (OCC)	1,863.0
Safe Neighbourhood Teams (SNTs)	1,200.0
Local Policing Area Bases (LPABs)	492.0
<b>Total - WEST MERCIA ESTATES 2013/14 ONWARDS</b>	<b>9,360.0</b>
<b>Total - WEST MERCIA ESTATES</b>	<b>11,573.7</b>
<b>JOINT ESTATES 2013/14 ONWARD</b>	
Hindlip/Defford	400.0
Forensics	1,190.0
<b>Total - JOINT ESTATES 2013/14 ONWARD</b>	<b>1,590.0</b>
<b>Total - BOTH FORCES ESTATES SERVICES</b>	<b>25,649.0</b>

Capital Project Description	Total Project Budget 2014-2017 £000
<b>VEHICLE REPLACEMENT</b>	
WARWICKSHIRE - Vehicle Replacement Programme	4,654.8
WEST MERCIA - Vehicle Replacement Programme	6,267.1
<b>Total - BOTH FORCES VEHICLE REPLACEMENT</b>	<b>10,921.9</b>
<b>PLANT &amp; EQUIPMENT</b>	
<b>WEST MERCIA PLANT &amp; EQUIPMENT (brought forward)</b>	
Safety Camera Equipment	8.1
Safer Roads Replacement Cameras	34.0
RF Survey Equipment	2.0
<b>Total - WEST MERCIA PLANT &amp; EQUIPMENT (brought forward)</b>	<b>44.1</b>
<b>JOINT PLANT &amp; EQUIPMENT 2013/14 ONWARD</b>	
Force Technical Surveillance Equipment	95.0
Crime Tech Capital Equipment	98.0
<b>Total - JOINT PLANT &amp; EQUIPMENT 2013/14 ONWARD</b>	<b>193.0</b>
<b>Total - BOTH FORCES PLANT &amp; EQUIPMENT</b>	<b>237.1</b>
<b>TOTAL WARWICKSHIRE SINGLE PROGRAMME</b>	<b>21,205.1</b>
<b>TOTAL WEST MERCIA SINGLE PROGRAMME</b>	<b>24,724.9</b>
<b>TOTAL JOINT PROGRAMME</b>	<b>27,734.0</b>
<b>TOTAL PROGRAMME BOTH FORCES</b>	<b>73,664.0</b>

# APPENDIX E

## PRUDENTIAL INDICATORS

1. AFFORDABILITY PRUDENTIAL INDICATORS	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£'000	£'000	£'000	£'000
Capital Expenditure	11,333	17,791	15,301	10,769
	%	%	%	%
Ratio of financing costs to net revenue stream	1.28	1.81	2.51	3.16
	£'000	£'000	£'000	£'000
In Year borrowing requirement				
- in year borrowing requirement	0	21,104	9,131	7,633
	£'000	£'000	£'000	£'000
In year Capital Financing Requirement	5,825	8,810	6,359	4,248
	£'000	£'000	£'000	£'000
Capital Financing Requirement 31 March	42,447	51,257	57,616	61,864
	£	£	£	£
Affordable Borrowing Limit				
Increase per council tax payer				
- Position as agreed at March 2013 by the PCC	£0.20	£1.19	£0.89	N/A
- Updated position of the current Capital Programme	£0.29	£0.91	£1.20	£1.09
2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£'000	£'000	£'000	£'000
Authorised limit for external debt				
- Borrowing	50,000	40,000	50,000	60,000
	£'000	£'000	£'000	£'000
Operational boundary for external debt				
- Borrowing	40,000	30,000	40,000	50,000
Upper limit for fixed rate interest exposure				
- net principal re fixed rate borrowing / investments	£50m	£40m	£50m	£60m
Upper limit for variable rate exposure				
- net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m

Maturity structure of new fixed rate borrowing during 2013/14	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%