

WEST MERCIA BUDGET 2015/16
MEDIUM TERM FINANCIAL PLAN 2015/16 TO 2019/20

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 £204.079m*
- b) *£4.045m of budget reserve is used within year to manage reductions*
- c) *A net budget requirement of £200.033m*
- e) *A Council Tax for a Band D property at £185.90, an increase of 1.99%.*
- f) *A Council Tax for a Band D property calculated as follows:*

| | £'m |
|--|---------------|
| <i>Budget Requirement</i> | 200.033 |
| <i>Less Police Grant</i> | 66.729 |
| <i>Less Revenue Support Grant</i> | 43.637 |
| <i>Less Council Tax Support Grant</i> | 9.200 |
| <i>Less council tax freeze grant:</i> | |
| <i>2013/14</i> | 0.799 |
| <i>2011/12</i> | 1.976 |
| <i>Sub Total</i> | 77.692 |
| <i>Less: Collection Fund Surplus</i> | 1.496 |
| <i>Amount to be raised by Council Tax</i> | 76.196 |
| <i>Divided by Aggregate Council Tax Base</i> | £409,866.86 |
| <i>Basic Amount of Council Tax at Band D</i> | £185.90 |

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

| | |
|------------------------|--------------------|
| <i>Band A (6/9th)</i> | <i>£123.936249</i> |
| <i>Band B (7/9th)</i> | <i>£144.592291</i> |
| <i>Band C (8/9th)</i> | <i>£165.248332</i> |
| <i>Band D</i> | <i>£185.904374</i> |
| <i>Band E (11/9th)</i> | <i>£227.216457</i> |
| <i>Band F (13/9th)</i> | <i>£268.528540</i> |
| <i>Band G (15/9th)</i> | <i>£309.840623</i> |
| <i>Band H (18/9th)</i> | <i>£371.808748</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>Bromsgrove District Council</i> | <i>£6,489,520.14</i> |
| <i>Herefordshire Council</i> | <i>£12,241,485.13</i> |
| <i>Malvern Hills District Council</i> | <i>£5,380,020.53</i> |
| <i>Redditch Borough Council</i> | <i>£4,619,112.07</i> |
| <i>Shropshire Council</i> | <i>£19,038,714.19</i> |
| <i>Telford and Wrekin Council</i> | <i>£8,401,334.70</i> |
| <i>Worcester City Council</i> | <i>£5,581,407.02</i> |
| <i>Wychavon District Council</i> | <i>£8,530,086.49</i> |
| <i>Wye Forest Council</i> | <i>£5,914,361.75</i> |
| <i>TOTAL</i> | <i>£76,196,042.02</i> |

- i) *The reserve strategy set out in section 6*
- j) *The outline capital budget in section 7*
- k) *All Officers be instructed to exercise tight budgetary control. No over-spending of the aggregate 2015/16 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 third 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 2015/16
- Proposed precept for 2015/16
- Proposed medium term financial plan 2015/16 to 2019/20
- Outline capital budget 2015/16 to 2019/20.

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 2015/16 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 2015/16
- 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

As last year 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

For the coming year existing policing capabilities, including those developments included within the Commissioner's first two budgets, are to be funded entirely from within existing resources. Prior year developments include:-

- 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.
- The acceleration of recruitment to avoid prolonged vacancies in Neighbourhood Policing Teams
- A five year investment in the priority areas of cyber, rural and business crime
- The establishment of an invest to save fund to enable future savings delivery with minimal adverse impact on service provision
- Effective commissioning for support facilities for victims of crime.

Policing and community safety partners are facing the prospect of having to deliver considerable budget savings over the coming years, and services can only be improved or maintained if demand for their services reduces. The precept is therefore being raised this year to provide additional resource which will be used, in its entirety, to fund initiatives to reduce and prevent crime. These may be early interventions to stop people committing crime or antisocial behaviour, rehabilitation

to help those who already commit crime to desist; or education and support for the wider public to help reduce their likelihood of becoming a victim.

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. 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 £5.943m for 2015/16)
 - Council Tax Support Grant (cash frozen at the 2014/15 level for 2015/16)
 - Council Tax Freeze Grants from 2011/12 and 2013/14 (no change in the amount for 2015/16)
 - Victims Support Grants from the Ministry of Justice

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

2. By increasing the Council Tax by 1.99%. This increase, coupled with changes in the taxbase to reflect new house building, and including the collection fund surplus, is expected to increase income from council tax by £3.723m. The Government has offered a further freeze grant, equivalent to a 1% increase in council tax, to PCCs who freeze their council tax for 2015/16. This grant is, however, only guaranteed for one year, 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.
3. As mentioned earlier, all of the indications are that budget reductions will continue to be the order of the day for some years yet. Savings of £7.297m in the West Mercia budget in 2015/16 and 2016/17 are already planned, and their delivery is in progress. Some of these savings have been delivered from a thorough reassessment of the base budget. It is now expected there will be a further savings requirement over the period to the end of 2019/20 of £22.337m for West Mercia (of which £1.5m for 2015/16 have already been identified) and the Commissioner will be considering proposals for meeting the balance of this requirement over the next few months. These proposals are currently being developed by the StraDA (Strengthening and Deepening the Alliance) team. 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,

when a three year Comprehensive Spending Review is expected to be undertaken and announced in December 2015.

4. By using the accumulated reserves of the PCC. The Commissioner's reserves are expected to be £60.503m at the start of 2015/16. He plans to use £36.098m of these reserves over a five year period, and on a prudent basis, to support each year's budget. It is possible that underspends 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 underspends, which would otherwise increase reserves, will be to seek to minimise the need to use borrowing to fund capital expenditure.

4. The Revenue Budget.

The following table analyses the changes to the base budget for the Strategic Alliance between 2014/15 and 2015/16, showing the aggregate apportionment of costs between the two areas. Appendix B outlines a summary of the gross expenditure.

Analysis of movement from 2014/15 to 2015/16

| | £'m | £'m |
|---|--------|----------------|
| 2014/15 Base Budget | | 205.015 |
| <u>Staff pay</u> | | |
| Post changes & staff turnover savings | -1.193 | |
| Increments and pay awards | 1.989 | |
| Additional 30 PSIs included for PVP | 0.725 | |
| Temporary outside blueprint - HR trainers/Estates/OCC | 1.824 | |
| Cost of change / programme team movements | 0.255 | |
| | | 3.600 |
| <u>Officer pay</u> | | |
| Post changes & staff turnover savings | -4.204 | |
| Civilianisation of 5 Constable posts | -0.166 | |
| Pay awards | 0.720 | |
| 5 additional posts in HiTech Crime Unit | 0.182 | |
| HR Trainers (moved to staff pay) | -0.362 | |
| Succession, temp posts and Strada | 0.477 | |
| | | -3.353 |
| <u>Non-pay inflation</u> | | |
| Contractual price inflation (IT/Fuel/Utilities) | 0.527 | |
| Home Office IT budget inflation | 0.217 | |
| | | 0.744 |

| | | |
|---|--------|----------------|
| <u>Growth & other additions</u> | | |
| Interim Estates Plan | 0.764 | |
| Criminal Justice | 1.500 | |
| Approved projects; mainly Data Network Replacement, Digital repository, Public Services Network | 1.243 | |
| Increase in ill health retirement provision | 0.300 | |
| Increases in costs associated with higher student intake | 0.168 | |
| Other growth / additions | 0.477 | |
| | | 4.452 |
| <u>Savings removed from budget</u> | | |
| Increase in income budgets | -0.590 | |
| Property rationalisation & zero based review of estates | -0.488 | |
| Property rationalisation - reduction in rents paid | -0.396 | |
| Increase in rental income - Bromsgrove and Rugby lease | -0.348 | |
| Transport savings - lower vehicle insurance, fuel and maintenance | -0.274 | |
| IT savings from zero based review | -0.636 | |
| Loan interest | -1.951 | |
| Reduction in Minimum Revenue Provision | -0.942 | |
| Other non-pay savings | -0.754 | |
| | | -6.379 |
| 2015/16 Base Budget | | 204.079 |

5. The Medium Term Financial Plan

The MTFP was agreed in February 2014 and has been updated and refreshed during the year. The new plan has also been extended to include 2019/20

The key assumptions within the plan are as follows:

Funding

- The precept will increase by around 2% per annum, broadly in line with inflation expectations from 2015/16.
- Council Tax base will grow by 2%.
- General revenue grants will reduce by 3.2% each year, based on the information presented by the Chancellor of the Exchequer in December in the 2014 Autumn Statement
- The expected review of the grant system after the General Election in May 2015 maintains the levels of support shown in the plan.

- The Council Tax support grant position remains stable, although cash frozen.
- There will be no tightening of the limits on precept increases before a referendum is required.

Costs

- Pay increases 1.5%.
- The impact of the changes in Employers NI resulting from the Pensions Act will be passed on to PCCs in full from 1st April 2016, without a compensating uplift in grant.

The MTFP is as follows:

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|----------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m | £m |
| Expenditure | | | | | |
| Base budget before savings | 205.015 | 204.079 | 205.549 | 202.456 | 199.324 |
| Pay and price increases and growths | 5.444 | 2.287 | 2.907 | 2.868 | 3.022 |
| National insurance | | 3.299 | | | |
| Savings plan Phase 1 & other savings | -4.881 | -2.416 | | | |
| Phase 2 savings | -1.500 | -1.700 | -6.000 | -6.000 | -7.137 |
| Projected net expenditure | 204.079 | 205.549 | 202.456 | 199.324 | 195.208 |
| Funded by: | | | | | |
| Formula Grant and RSG | 110.366 | 106.834 | 103.416 | 100.106 | 96.903 |
| Council Tax Support Grant | 9.200 | 9.200 | 9.200 | 9.200 | 9.200 |
| Council Tax | 76.196 | 79.236 | 82.398 | 85.686 | 89.104 |
| Council Tax Collection Fund Surplus | 1.496 | | | | |
| Council Tax Freeze Grant (2013/14) | 0.799 | | | | |
| Council Tax Freeze Grant (2011/12) | 1.976 | | | | |
| Total funding | 200.033 | 195.271 | 195.014 | 194.992 | 195.207 |
| Gap to be funded | 4.045 | 10.278 | 7.442 | 4.332 | 0.001 |
| Developments funded from reserves | | | | | |
| Rural, Business and Cyber Crime | 1.000 | 1.000 | 1.000 | 1.000 | |
| Invest to Save | 2.000 | 2.000 | 2.000 | | |
| Total projected reserve use | 7.045 | 13.278 | 10.442 | 5.332 | 0.001 |

Note: Rows and columns may not sum due to rounding

6. Reserves Strategy

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 |
|---|----------------------|
| Projected reserves at the 1st April 2015. | 60.503 |
| Amount required to support the budget over the life of the medium term financial plan | 26.098 |
| The PCCs wish to continue to invest in 3 priority areas, namely, rural, business and cyber crime. The original provision, made in 2014, allowed for annual spending of £1.5m by the Alliance in these areas, over the full life of the MTFP. The balance of funding to continue this work over the next four years is:- | 4.000 |
| 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 was established across the Alliance. The remaining balance relating to West Mercia's share of the provision is :- | 6.000 |
| Reserves remaining at the end of the MTFP period. | <u>24.405</u> |

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 £13.5m needs to be held to provide adequately for these risks. This is a small increase from previous years, to reflect the increasingly difficult challenge of delivering the level of savings required by the Government's austerity measures in a timely manner. Further details of the risk assessment are included in section 8.

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 2015/16 are certain, with no forward guidance on grant levels having been provided by the Government. With the 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 insofar as they relate to Policing, Justice and Community Safety services.

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 Budget

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

| Expenditure | 2015/16 (Including slippage from 2014/15) £m | 2016/17 £m | 2017/18 £m | 2018/19 £m | 2019/20 £m | Total £m |
|------------------------------------|---|---------------|---------------|---------------|---------------|---------------|
| ICT Bringing Offenders to Justice* | 1.800 | 0 | 0 | 0 | | 1.800 |
| ICT Specialist Policing* | 0.991 | 0 | 0 | 0 | 0 | 0.991 |
| ICT Business Support* | 3.351 | 1.360 | 0.995 | 1.050 | 1.050 | 7.806 |
| Total ICT | 6.142 | 1.360 | 0.995 | 1.050 | 1.050 | 10.597 |
| West Mercia Estate Strategy | 1.508 | 0.238 | 0.031 | 0 | 0 | 1.777 |
| Warwickshire Estate Strategy | 0.528 | 0 | 0 | 0 | 0 | 0.528 |
| West Mercia OCC | 1.000 | 8.700 | 4.500 | 0 | 0 | 14.200 |
| Warwickshire OCC | 0.560 | 1.246 | 0.407 | 0.048 | 0 | 2.261 |
| Total Estates | 3.596 | 10.184 | 4.938 | 0.048 | 0 | 18.766 |
| West Mercia Fleet | 1.462 | 1.500 | 1.550 | 1.600 | 1.650 | 7.762 |
| Warwickshire Fleet, | 1.034 | 1.032 | 1.050 | 1.100 | 1.150 | 5.366 |
| Total Fleet | 2.496 | 2.532 | 2.600 | 2.700 | 2.800 | 13.128 |
| Totals | 12.234 | 14.076 | 8.533 | 3.798 | 3.850 | 42.491 |

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.

Note: May not sum due to rounding

A full list of proposed capital projects is included at appendix D, although, with the introduction of a new capital planning process, this will be kept under regular

and more challenging review by the Commissioners, and may vary significantly during the course of 2015/16

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 underspends occur in revenue budgets, through early delivery of savings, consideration will be given to using these to fund capital expenditure in lieu of borrowing, where it is prudent to do so.

| Funding | 2015/16 £m | 2016/17 £m | 2017/18 £m | 2018/19 £m | 2019/20 £m | Total £m |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Capital Receipts | 2.150 | 2.400 | 2.976 | 0.993 | 0 | 8.519 |
| Home Office General Capital Grant | 2.966 | 2.667 | 1.655 | 2.715 | 3.131 | 13.134 |
| Borrowing | 7.118 | 9.009 | 3.902 | 0.090 | 0.719 | 20.838 |
| Totals | 12.234 | 14.076 | 8.533 | 3.798 | 3.850 | 42.491 |

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

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.

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, because, having agreed the budget, the Commissioner authorises its spending, 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. It has become clear in the current year that as the Government's austerity

programme progresses, savings become increasingly difficult to agree, as, perhaps inevitably, they involve ever more integration of the two Forces, and there has been evidence of this in relation to two significant savings proposals in 2014/15. I am, therefore, recommending an increase in the level of reserves held to cover potential delays in the delivery of savings from the £5m held in 2014/15 (which equates to £1m per annum, net of underspends) to £7.5m (which equates to £1.5m per annum).

- c. The need to provide cover for “extraordinary” events or investigations, recognising that these would be likely to attract Special Police Grant (for costs in excess of 1% of the budget). 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. Potential insurance liabilities can vary significantly across years, and it is suggested that any costs falling here should be met from a general contingency provision (see item 10 below).
- 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. There is a specific provision in reserves to cover invest to save schemes, so no additional provision is recommended here.
- f. The risk on inflation, especially on pay. With the economy looking to continue grow there may be some upward pressure on pay inflation. This is starting to look increasingly possible within the life of the plan. No specific provision is recommended at this stage, but this will be kept under review. Despite recent falls in the price of oil, utility costs remain a risk, but no specific provision is likely to be required.
- g. The budget includes assumptions made around part time police officer working. These changes reduce the Police Officer budget in line with the levels of part time working. If all these officers then decided to return to full-time work this would lead to a budget pressure. History suggests that this is unlikely so no specific provision is likely to be required, however the risk remains.
- h. The income budget has been reviewed and revised for the second year running, to reflect a reassessment of the base budget. Most income received is demand led and therefore hard to forecast, and it can fluctuate.

There is a risk should income levels fall below expectations. No specific cover in reserves is recommended, but this should be reviewed in future years.

- i. On the 1st April 2017 all employees who are not members of a pension scheme have to be invited to join. If all these employees joined it would increase our annual costs by £0.5m with a further one-off cost of £0.5m in backdated contributions. While it is not expected that all employees will take the opportunity to enrol in a pension scheme any increase in membership increases the cost to the organisation. At this stage no provision is recommended, but this should be reviewed nearer to the due date.
- j. 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.

The aggregate cost of those elements which it is feasible to estimate is £13.5m. The additional impact of some of those which cannot be estimated, such as higher pay increases, could prove to be significant. The Authority 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.

Given the relatively low aggregate sum involved, it is recommended that a minimum level of £13.5m is provided in reserves.

Provided that this sum is available at all times within reserves, I am satisfied that this budget is soundly based and adequately provides for the risks facing the Commissioner.

Summary of West Mercia Grant Settlement

The provisional Police Funding Settlement was announced by the Government on 17th December 2014. The details were as follows:

| 2014/15 | Funding Stream | 2015/16 | Change |
|----------------|--|----------------|--------------|
| £ m | | £ m | % |
| 71.079 | Police Grant (including Community Support Grant | 66.729 | -6.12 |
| 45.230 | Revenue Support Grant | 43.637 | -3.52 |
| 11.975 | Legacy Council Tax Grants (freeze grants and plus council tax support grant) | 11.975 | 0.00 |
| 128.284 | Total | 122.341 | -4.63 |

In addition, the Police and Crime Commissioner has received notification of the following indicative grant allocations for Victims Service Commissioning and Restorative Justice from the Ministry of Justice.

| Grant Allocation | £ million |
|--------------------------------|--------------|
| Victims Services Commissioning | 1.043 |
| Restorative Justice | 0.278 |
| Total | 1.321 |

West Mercia Police and Crime Commissioner
Subjective analysis of income & expenditure

| | Original Estimate 2014/15 £m | Original Estimate 2015/16 £m |
|---|---|---|
| Expenditure - Detail | | |
| Police pay and overtime | 77.066 | 75.034 |
| Staff pay | 47.501 | 51.108 |
| Police National Insurance | 6.626 | 6.693 |
| Staff National Insurance | 3.361 | 3.419 |
| Police Pension | 17.799 | 17.977 |
| Staff Pension | 7.332 | 7.458 |
| Police pension scheme | 2.999 | 3.029 |
| Allowances | 4.052 | 4.092 |
| Relocation, recruitment, training and travel | 0.959 | 0.969 |
| Other employee costs | 1.145 | 1.092 |
| Total Employees | 168.842 | 170.871 |
| Premises | 8.439 | 8.494 |
| Transport | 5.273 | 5.090 |
| Supplies & Services | 18.519 | 19.318 |
| Third Party Payments | 5.170 | 6.962 |
| Loan interest | 2.339 | 0.444 |
| Minimum revenue provision | 2.393 | 1.450 |
| GROSS EXPENDITURE | 210.975 | 212.628 |
| Income | | |
| Government & Overseas Funding | -0.546 | -1.706 |
| Local Government Specific / Partnership Funding | -0.200 | -0.242 |
| Sales, Fees, Charges & Rents | -2.771 | -3.369 |
| Special Police Services | -0.080 | -0.080 |
| Reimbursed Services - Inter Force | -0.284 | -0.247 |
| Reimbursed Services - Other Public Bodies | -0.610 | -0.892 |
| Reimbursed Services - Other | -0.408 | -0.897 |
| Interest / Investment Income | -0.060 | -0.115 |
| Reimbursed Services - Sources of income from other forces | -1.000 | -1.000 |
| TOTAL INCOME | -5.960 | -8.550 |
| NET EXPENDITURE | 205.015 | 204.079 |

West Mercia Police and Crime Commissioner
Objective analysis of income & expenditure

| | 2014/15 £'m | 2015/16 £'m | Variance £'m | % change % |
|----------------------------------|----------------|----------------|-----------------|-----------------|
| Enabling Services | | | | |
| Buildings | 8.014 | 6.913 | -1.101 | -13.74% |
| Corporate Communications | 0.672 | 0.658 | -0.014 | -2.08% |
| Business Support Services | 0.000 | 1.295 | 1.295 | - |
| Estates Services | 2.332 | 3.549 | 1.217 | 52.19% |
| People Services | 6.274 | 7.218 | 0.944 | 15.05% |
| ICT Services | 11.317 | 12.415 | 1.098 | 9.70% |
| Legal Services | 1.000 | 1.005 | 0.005 | 0.50% |
| Transport Services | 4.705 | 4.603 | -0.102 | -2.17% |
| Civil Disclosure | 0.473 | 0.461 | -0.012 | -2.54% |
| Total Enabling Services | 34.787 | 38.117 | 3.330 | 9.57% |
| Finance | | | | |
| ACPO | 0.806 | 0.824 | 0.018 | 2.23% |
| Corporate Finance | 11.066 | 8.535 | -2.531 | -22.87% |
| Accounting | 0.968 | 1.302 | 0.334 | 34.50% |
| Contracts and procurement | 2.311 | 2.180 | -0.131 | -5.67% |
| Resource Management | 2.895 | 0.713 | -2.182 | -75.37% |
| Performance and business change | 1.611 | 1.787 | 0.176 | 10.92% |
| Total Finance | 19.657 | 15.341 | -4.316 | -21.96% |
| Local Policing | | | | |
| Operational Support | 25.125 | 24.535 | -0.590 | -2.35% |
| Territorial Policing | 76.231 | 73.977 | -2.254 | -2.96% |
| Devonport | 0.000 | 0.000 | 0.000 | - |
| Total Local Policing | 101.356 | 98.512 | -2.844 | -2.81% |
| Protective Services | | | | |
| Head of Protective Services | 1.018 | 0.992 | -0.026 | -2.55% |
| Crime Management | 0.266 | 0.366 | 0.100 | 37.59% |
| Forensics | 3.735 | 4.936 | 1.201 | 32.16% |
| Major investigations Unit | 3.223 | 4.811 | 1.588 | 49.27% |
| Operations | 15.183 | 15.000 | -0.183 | -1.21% |
| Protecting vulnerable people | 7.044 | 7.780 | 0.736 | 10.45% |
| Specialist Operations | 15.345 | 13.307 | -2.038 | -13.28% |
| Total Protective Services | 45.814 | 47.192 | 1.378 | 3.01% |
| Secondments | -0.088 | 0.000 | 0.088 | -100.00% |
| Total Force | 201.525 | 199.163 | -2.362 | -1.17% |
| OPCC | 1.490 | 1.416 | -0.074 | -4.97% |
| Commissioners Grant Scheme | 2.000 | 2.000 | 0.000 | 0.00% |
| Victims Commissioning | - | - | - | - |
| Crime Prevention and Reduction | 0.000 | 1.500 | 1.500 | - |
| Total PCC | 3.490 | 4.916 | 1.426 | 40.86% |
| Grand Total | 205.015 | 204.079 | -0.936 | -0.46% |

Appendix C

West Mercia Police and Crime Commissioner West Mercia reserves

| | 2015/16 £m | 2016/17 £m | 2017/18 £m | 2018/19 £m | 2019/20 £m |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Budget reserve | 31.058 | 20.780 | 13.337 | 9.006 | 9.005 |
| Rural, business and cyber crime | 4.000 | 3.000 | 2.000 | 1.000 | 1.000 |
| Invest to save and Innovation fund | 4.900 | 2.900 | 0.900 | 0.900 | 0.900 |
| General Reserves | 13.500 | 13.500 | 13.500 | 13.500 | 13.500 |
| Total Reserves | 53.458 | 40.180 | 29.737 | 24.406 | 24.405 |

| WARWICKSHIRE & WEST MERCIA POLICE CAPITAL BUDGET 2015 - 2020 | | | | | Appendix D |
|---|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| EXTERNAL Capital Project Description | Proposed PCC Budget 2015/16 (Incl 2014-15 slippage) | Proposed PCC Budget 2016/17 | Proposed PCC Budget 2017/18 | Proposed PCC Budget 2018/19 | Proposed PCC Budget 2019/20 |
| | £000 | £000 | £000 | £000 | £000 |
| Projects With Formal Agreement &/or Business Approval: | | | | | |
| Single Crime Management | 50.0 | - | - | - | - |
| Integrated Crime Management (Athena) | 600.0 | - | - | - | - |
| NSPIS Ca Cu Replacement (Athena) | 1,000.0 | - | - | - | - |
| Digital File Builder | 100.0 | - | - | - | - |
| Crash | 50.0 | - | - | - | - |
| TOTAL - BRINGING OFFENDERS TO JUSTICE | 1,800.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SPECIALIST POLICING | | | | | |
| Projects With Formal Agreement &/or Business Approval: | | | | | |
| Clio | 10.0 | - | - | - | - |
| Compact | 9.4 | - | - | - | - |
| Pegasus | 50.0 | - | - | - | - |
| Source Management | 50.0 | - | - | - | - |
| COPS | 30.0 | - | - | - | - |
| HOLMES 2 | 25.0 | - | - | - | - |
| Integrated Intelligence System (Athena) | 400.0 | - | - | - | - |
| HOLMES 3 | 135.0 | - | - | - | - |
| Security Upgrade for Special Branch | 50.0 | - | - | - | - |
| SOCRATES | 89.5 | - | - | - | - |
| Hi Tech Crime Unit | 142.0 | - | - | - | - |
| TOTAL - SPECIALIST POLICING | 990.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| BUSINESS SUPPORT | | | | | |
| Projects With Formal Agreement &/or Business Approval: | | | | | |
| Centralised Seized & Found Property | 11.2 | - | - | - | - |
| Social Media Management | 1.5 | - | - | - | - |
| Media Management | 123.0 | - | - | - | - |
| Service Management | 20.0 | - | - | - | - |
| Origin (originally Project Grapevine) | 80.0 | 80.0 | - | - | - |
| Desktop/Laptops/Winterms | 200.0 | 125.0 | 85.0 | 150.0 | 150.0 |
| Mobile Devices - Tetra Tabs | 75.0 | 205.0 | 60.0 | 100.0 | 100.0 |
| Printers/Scanners | 100.0 | 100.0 | 100.0 | 150.0 | 150.0 |
| Headsets | 10.0 | 10.0 | 10.0 | - | - |
| Airwave Radios | 40.0 | 40.0 | 40.0 | 50.0 | 50.0 |
| Servers (include PSN) | 200.0 | 200.0 | 200.0 | 200.0 | 200.0 |
| SAN/Backup Infrastructure (Storage Area Network) | 230.0 | 250.0 | 250.0 | 200.0 | 200.0 |
| Network | 50.0 | 50.0 | 50.0 | - | - |
| Software Upgrade | 230.0 | 200.0 | 200.0 | 200.0 | 200.0 |
| PSN - Data Network (Virgin Business) - (Public Sector Network) | 1,980.0 | 100.0 | - | - | - |
| TOTAL - BUSINESS SUPPORT | 3,350.7 | 1,360.0 | 995.0 | 1,050.0 | 1,050.0 |
| TOTAL - NEW ICT REPLACEMENT & STRATEGY | 6,141.6 | 1,360.0 | 995.0 | 1,050.0 | 1,050.0 |
| INTERIM ESTATES PLAN | | | | | |
| Projects With Formal Agreement &/or Business Approval: | | | | | |
| Warwickshire SARC - Nuneaton | 350.00 | - | - | - | - |
| Hindlip - Firearms Training School Alterations | 1,103.13 | 220.63 | 31.25 | - | - |
| Worcester - SOCO Lab | 105.00 | 5.00 | - | - | - |
| Shrewsbury - SOCO Lab | 112.00 | 5.00 | - | - | - |
| Kidderminster - SOCO Lab | 187.30 | 7.20 | - | - | - |
| Bedworth - SOCO Lab | 51.40 | 1.10 | - | - | - |
| Stratford - migration Corp Comms, PSD, & Driver Training | 127.00 | - | - | - | - |
| Leek Wootton - Enabling Works / Full Decommission & Migration | 560.46 | 1,246.05 | 407.26 | 47.9 | - |
| Operation Command & Control - Implement Alliance Strategy | 1,000.0 | 8,700.00 | 4,500.00 | - | - |
| TOTAL - NEW INTERIM ESTATES PLAN | 3,596.3 | 10,185.0 | 4,938.5 | 47.9 | 0.0 |
| VEHICLE REPLACEMENT | | | | | |
| WARWICKSHIRE - Vehicle Replacement Programme | 1,034.0 | 1,032.0 | 1,050.0 | 1,100.0 | 1,150.0 |
| WEST MERCIA - Vehicle Replacement Programme | 1,462.0 | 1,500.0 | 1,550.0 | 1,600.0 | 1,650.0 |
| Total - BOTH FORCES VEHICLE REPLACEMENT | 2,496.0 | 2,532.0 | 2,600.0 | 2,700.0 | 2,800.0 |
| ALLIANCE TOTAL EXTERNAL CAPITAL PLAN | 12,233.9 | 14,077.0 | 8,533.5 | 3,797.9 | 3,850.0 |

PRUDENTIAL INDICATORS

| 1. AFFORDABILITY PRUDENTIAL INDICATORS | 2014/15 Estimate | 2014/15 Forecast Outturn | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
|--|---------------------|--------------------------------|---------------------|---------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Expenditure | 17,791 | 10,554 | 17,550 | 15,301 | 10,769 |
| | % | % | % | % | % |
| Ratio of financing costs to net revenue stream | 1.81 | 1.04 | 1.12 | 2.51 | 3.16 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| In Year borrowing requirement | | | | | |
| - in year borrowing requirement | 21,104 | 0 | 13,587 | 12,229 | 4,710 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| In year Capital Financing Requirement | 8,810 | (1,703) | 12,646 | 11,416 | 3,640 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Financing Requirement 31 March | 51,257 | 33,891 | 46,537 | 57,953 | 61,593 |
| | £ | £ | £ | £ | £ |
| Affordable Borrowing Limit | | | | | |
| Increase per council tax payer | | | | | |
| - Position as agreed at March 2014 by the PCC | £0.91 | | £1.20 | £1.09 | N/A |
| - Updated position of the current Capital Programme | | (£0.44) | £0.14 | £1.69 | £1.52 |
| | | | | | |
| 2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS | 2014/15 Estimate | | 2015/16 Estimate | 2016/17 Estimate | 2017/18 Estimate |
| | £'000 | | £'000 | £'000 | £'000 |
| Authorised limit for external debt | | | | | |
| - Borrowing | 40,000 | | 40,000 | 50,000 | 60,000 |
| | £'000 | | £'000 | £'000 | £'000 |
| Operational boundary for external debt | | | | | |
| - Borrowing | 30,000 | | 30,000 | 40,000 | 50,000 |
| | | | | | |
| Upper limit for fixed rate interest exposure | | | | | |
| - net principal re fixed rate borrowing / investments | £40m | | £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% |

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