



Foreword from the Commissioner:

I promised the communities of West Mercia that I would make sure policing budgets were spent as wisely and efficiently as possible, before I ever asked our communities to pay any more. With that in mind, I am proposing a freeze in the policing element of council tax for the coming financial year. I believe taxpayer's money must be better utilised and that greater efficiencies must be achieved before asking for any more.

I also promised I would invest in, modernise and reform our policing service. My budget proposals for 2017/18 represent an increase of £4.5m to help ensure that promise is kept. This money would be put towards reforming the organisation to make it financially sustainable and ensure it can meet the challenges of keeping the communities of West Mercia safe today and into the next decade.

As Commissioner I have already started the technological revolution within West Mercia. The financial strategy I am proposing will allow for continued investment, along with the Warwickshire PCC as our alliance partner, to ensure we get ever greater efficiencies whilst addressing the issues that matter most to our communities.

Members of our communities regularly tell me that they want their police force to be more visible. That feedback is reflected in my budget proposals where I have included major investments in technology that will set police officers free from police stations and improve visibility. In addition, the technology I am investing in will improve the customer service our communities receive.

I want to provide new fit-for-purpose technology and working environments for the police. I am also committed to new multi-agency facilities in the Shrewsbury and Hereford areas that will give our officers the tools they need to do their difficult jobs.

I am proposing a further significant investment of £1.3m to protect the most vulnerable people in our society. I will continue to invest heavily in services to support victims of crime; helping more people recover and get on with their lives. I have already announced a new victim's charter and will continue to drive reform so that victims get a better deal.



John Campion
West Mercia Police and Crime Commissioner

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WEST MERCIA BUDGET 2017/18

MEDIUM TERM FINANCIAL PLAN 2017/18 - 2020/21

Report of the Treasurer

Recommendations

The Commissioner is recommended to approve:

- a) A net revenue budget, after savings, of **£212.175m**
- b) £9.720m of budget reserve is used within year to manage reductions
- c) A net budget requirement of **£202.455m**
- d) A Council Tax for a Band D property at **£189.60, an increase of 0%.**
- e) A Council Tax for a Band D property calculated as follows:

	£'m
Budget Requirement	202.455
Less Police Grant	65.422
Less Revenue Support Grant	42.780
Less Council Tax Support Grant	9.200
Less council tax freeze grant:	
2013/14	0.800
2011/12	1.976
Sub Total	82.277
Less: Collection Fund Surplus (subject to final formal confirmation by Shropshire Council)	1.273
Amount to be raised by Council Tax	81.004
Divided by Aggregate Council Tax Base- subject to verification and change	427,227.84
Basic Amount of Council Tax at Band D - max allowable	£189.60

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

Band A (6/9th)	£126.402581
Band B (7/9th)	£147.469677
Band C (8/9th)	£168.536774
Band D	£189.603871
Band E (11/9th)	£231.738065
Band F (13/9th)	£273.872258
Band G (15/9th)	£316.006452
Band H (18/9 th)	£379.207742

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

<i>Bromsgrove District Council</i>	<i>£6,836,480</i>
<i>Herefordshire Council</i>	<i>£12,816,882</i>
<i>Malvern Hills District Council</i>	<i>£5,689,239</i>
<i>Redditch Borough Council</i>	<i>£4,836,626</i>
<i>Shropshire Council</i>	<i>£20,205,307</i>
<i>Telford and Wrekin Council</i>	<i>£9,217,175</i>
<i>Worcester City Council</i>	<i>£5,904,454</i>
<i>Wychavon District Council</i>	<i>£9,234,514</i>
<i>Wyre Forest Council</i>	<i>£6,263,374</i>
<i>TOTAL</i>	<i>£81,004,052</i>

- h) The reserve strategy set out in section 7*
- i) The outline capital budget set out in section 8*
- j) All Officers be instructed to exercise tight budgetary control. No over-spending of the aggregate 2017/18 budget will be authorised and caution will be exercised in entering into expenditure which creates additional commitments in future years without agreement of the PCC. The PCC will be kept fully informed of the financial position throughout the year.*
- k) The Chief Executive and the Treasurer work with West Mercia Police to develop plans to deliver the savings targets outlined in this strategy. These plans will be presented to the PCC for consideration in Spring 2017. A strategic summary of these plans will be published on the PCC's website.*
- l) The Chief Executive work with the Chief Constable to develop a revised Corporate Strategy planning process with West Mercia Police to be presented to the PCC for his consideration in Spring 2017*
- m) The prudential indicators set out at appendix E*
- n) In approving the budget, the PCC notes the Treasurer's comments in section 9 in respect of the robustness of the budget and the adequacy of reserves.*

1. Purpose of the Report

1.1 The purpose of this report is to set out the proposed budget and precept proposals for decision by the Police and Crime Commissioner (PCC). It is the first budget report for the PCC for West Mercia since his election in May 2016. It will deliver one of the PCC's key responsibilities under the Police Reform and Social Responsibility Act 2011.

1.2 The report sets out the:

- Net budget requirement for 2017/18
- Proposed precept for 2017/18
- Proposed Medium Term Financial Plan 2017/18 - 2020/21
- Outline capital budget 2017/18 - 2020/21

1.3 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 contents of the budget for 2017/18 and the medium term financial plan, having taken into consideration the plans of the Commissioner.

1.4 In determining his budget proposals the Commissioner must 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 2017/18
- The outcome of public consultation
- The plans and policies of other partner agencies relating to community safety and/or crime reduction
- The policy of the Government on public spending as set out by the Chancellor in the 2015 Comprehensive Spending Review, the 2015 and 2016 Autumn Statements and the funding framework that arises from them.
- The medium term financial obligations
- Prudent use of financial reserves
- The constant drive for continuous improvement and value for money
- The commitment to support the strategic alliance with Warwickshire PCC, including the delivery of existing savings plans and the Transformation Programme

1.5 As per 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. The budget requirement has then been apportioned to each Force in accordance with the agreed cost sharing approach.

2. Introduction

2.1 John Champion, the Police and Crime Commissioner for West Mercia, set out his vision following his election in May 2016:

2.2 “Reforming West Mercia Police is a big long term job. Ultimately, though, it will deliver a more effective police service and better value for taxpayer’s money. We have a hard working police force in place and I will work hard to back the force and ensure they have the right structures and resources to do their vital work more effectively and efficiently. Whether that means investing in innovative technology or working more closely with other public services to cut back-office bureaucracy, I want more police time being spent where it matters most – on the frontline.”

2.3 This vision underpins this, his first budget. In it there are clear investments in innovative technology, police officers, police staff and in frontline policing to meet the increasing challenges the police face. These investments will also deliver greater efficiencies, enabling the Commissioner to keep his promise “to make best use of the funds available before asking for more, and to freeze council tax in 2017/18”.

3. How the PCC will meet the policing and financial challenges

3.1 For the coming year all existing and new policing capabilities are to be funded entirely from existing resources, without any increase in Council Tax in 2017/18. In doing so the PCC meets his manifesto commitment to “keep council tax increases to the minimum and to spend existing resources effectively.” The budget includes new developments and initiatives, which support the priorities set out in the “Safer West Mercia Plan 2016-2021”. This police and crime plan was subject to extensive consultation with stakeholders, partners, businesses and communities before its approval and implementation.

3.2 In this plan, the Commissioner set out his vision for a Safer West Mercia. He intends to:

- Put victims and survivors first
- Build a more secure West Mercia
- Reform West Mercia
- Reassure West Mercia’s communities

3.3 To achieve these objectives, the Commissioner will:

Put victims and survivors first	Build a more secure West Mercia	Reform West Mercia	Reassure West Mercia's communities
<ul style="list-style-type: none"> • Invest £100k in restorative justice services • Set aside an additional £1m over and above the central Government grant ensuring the continued provision of victim's services • Develop specialist victim services for the most vulnerable in our communities. 	<ul style="list-style-type: none"> • Additional officers and staff allocated to investigate Child Sexual Exploitation • Greater alcohol and drugs testing by Roads Policing to ensure safer roads • Improvements in digital forensics, delivering a more effective and quicker response to crimes • Better regional collaboration on intelligence • Improved coordination of local services through the MASH. 	<ul style="list-style-type: none"> • £20.8m capital investment in ICT to support West Mercia in reforming its business processes • £0.2m in new technology to support the new OCC at Hindlip • £2.8m in delivering new fit for purpose technology such as Mobile data and Athena, £1.2m to enhance the development of West Mercia Officers and staff • £0.1m in Telematics, securing more efficient use of police vehicles • £1m in ensuring the force has fit for purpose buildings and contact points • £36.2m to improve estates including replacement multi-agency facilities in Shrewsbury and Hereford areas. 	<ul style="list-style-type: none"> • Invest £1m a year in the Police and Crime Investment Fund which will include initiatives to prevent and address business, rural and cyber crime • Establish 5 posts to address high tech and cyber crime • Invest in body worn video costing an estimated £0.5m a year

3.4 In addition, resources allocated to Protecting Vulnerable People have been moved from Protective Services to Local Policing. This has enabled a change in approach by the Chief Constable to address the changing nature of crime in our communities. This represents both an increase in capacity in investigating crimes against the vulnerable and moving that capacity closer to our communities where it is needed.

3.5 Since May the Commissioner has undertaken a comprehensive review of the 2016/17 budgets following the significant under-spends which occurred in 2015/16 and previous years. He has identified budget reductions of £10.7m a year. This includes savings that have been achieved as a result of efficiency projects and programmes such as new telephony systems, telematics, procurement and the work of Place Partnership Limited (PPL).

3.6 The Force will also deliver a further £3.5m of efficiencies following the substantial investment in new technology, including the successful pilot of “Mobile Working” by police officers.

3.7 In setting the 2017/18 budget the Commissioner has recognised the unavoidable pressures policing (like many others) faces such as:

- Pay and price inflation (£4.7m)
- Increasing staff pension costs following the triennial revaluation (£1.5m)
- The Apprenticeship Levy (£0.5m)

3.8 The nature of crime and its consequent demands have changed significantly in recent years, particularly regarding cyber crime, child sex exploitation and terrorism. During the period of the previous and current Comprehensive Spending Review, West Mercia has implemented spending reductions of £36.9m, in part to help meet these new demands and threats. In addition, an Invest to Save fund has been established to deliver savings and to help the organisation reform.

3.9 The 2017/18 budget, the Medium Term Capital Programme and the Medium Term Financial Plan address these challenges whilst keeping council tax increases to a minimum. Given the Commissioner’s priorities, the increasing pressures and the opportunities for reform, West Mercia has a savings target of £21.9m over the life of the Medium Term Financial Plan, whilst at the same time the Commissioner needs to ensure that policing arrangements continue to be fit for purpose. Policing therefore must be both efficient and effective, address changes in demand and meet public expectations. He therefore intends to:

- Strengthen the resources dedicated to the prevention and investigation of child sexual exploitation and high tech crime
- Improve the way in which the police listen to and respond to the public
- Invest significantly in estates with new facilities such as the OCC, the firearms range and new multi-agency facilities in the Hereford and Shrewsbury areas
- Improve the ICT infrastructure including new telephony and communications systems, including more self serve opportunities for the community
- Implement the Athena case management system, leading to further efficiency savings and improved witness and victim care

- Encourage more effective and efficient ways of working through the implementation of Mobile and Agile Working delivering greater visibility for front line police
- Enhance the capacity and capability of police officers and staff, giving them the skills and ability to better respond to the public
- Fund better equipment for police officers such as body worn video and replacement body armour ensuring their safety and that of the public
- Commission “One Place” reviews with PPL to promote shared use of facilities with key partners such as fire and rescue services and local authorities
- Work with partners to further develop specialist capabilities where they are needed to better protect the public

3.10 This new investment together with existing initiatives will enable the following savings targets to be achieved:

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Savings Plan:					
Procurement savings	0.182	0.248	0.345		0.775
OCC			1.173		1.173
Athena			0.765		0.765
Reduction in Cost of Change		0.414	0.138		0.552
Change Programme savings	3.450	7.590	6.555	1.094	18.689
	3.632	8.252	8.976	1.094	21.954

3.11 These plans will be developed further over the coming months and presented to the PCC for consideration. The investment in a new Transformation Director and the increase in the capacity of the Change Team to deliver service transformation and the associated savings have been included in the 2017/18 budget.

3.12 Community safety partners in the West Mercia force area are also facing the prospect of having to deliver considerable budget savings over the coming years. Services can only be improved or maintained if demand for their services reduces.

3.13 The Commissioner intends to freeze his element of the council tax for the financial year 2017/18. He will aim to fund the budget gap by accelerating the reform agenda and, in the short term, increase the use of significant reserves generated by previous under-spends. The Commissioner is also aware that council tax payers in the force area will be under pressure from other precepting authorities as they meet their budget challenges.

3.14 However, due to the changing nature of crime and the challenging reform programme that West Mercia Police are only just beginning, the Commissioner assumes that council tax will rise in future years. The Commissioner remains committed to minimising the burden placed on the taxpayer and will continue to drive reform to improve the effectiveness and efficiency of the service. The Commissioner will review his medium term council tax strategy following the fairer funding review by Government, which is expected in 2017.

4. How the PCC plans to fund this

4.1 It is intended that the proposals contained in this document will be funded from a variety of sources.

4.2 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
- Council Tax Support Grant
- Council Tax Freeze Grants from 2011/12 and 2013/14
- Victims Support Grants from the Ministry of Justice

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

4.4 By increasing the Council Tax by 1.99% from 2018/19 onwards. This increase, coupled with changes in the tax base to reflect new house building, and including the collection fund surplus, is expected to increase income from council tax.

4.5 Savings of £9.5m in the West Mercia budget in 2017/18 are already implemented. It is now expected there will be a further savings requirement over the period to the end of 2020/21 of £21.9m for West Mercia.

4.6 By deploying the accumulated reserves. The Commissioner's reserves are expected to be £50.680m at the start of 2017/18. He plans to use £30.619m of these reserves over a four year period, and on a prudent basis, to support each year's budget. It is likely that under-spends may occur in some years, as the force has a track record in delivering its savings targets early. Where this happens, the Commissioner will consider the use of these under-spends, to seek to further minimise the need to use borrowing to fund capital expenditure. The PCC will continue to drive reform to deliver efficiency and value for money across all areas of West Mercia Police.

5. The Revenue Budget

5.1 The following table analyses the changes to the base budget for the West Mercia PCC between 2016/17 and 2017/18 and incorporates the apportionment of costs between the two areas. Appendix B outlines a summary of the gross expenditure.

Analysis of movement from 2016/17 to 2017/18

	£'m
2016/17 Budgeted net expenditure	207.749
Pay & price inflation:	
Officer pay Inflation	2.979
Staff pay Inflation	1.502
Non pay Inflation	0.232
Total pay & price	4.713
Budget pressures:	
<u>Officer pay:</u>	
Temporary growth	0.169
Apprenticeship levy	0.319
<u>Staff pay:</u>	
Staff LGPS pension costs	0.894
Staff pension lump sum deficit	0.600
Temporary funded posts	1.085
Apprenticeship levy	0.162
Criminal justice restructure	0.106
Increase in Programme Team costs	0.253
Other staff pay changes	0.472
<u>Non-Pay & income</u>	
ICT modernisation - previously from reserves	1.339
Athena recurring costs - previously from reserves	0.122
Business, cyber and rural - previously from reserves	1.000
Planned maintenance	1.023
Digital forensic outsourcing	0.207
Network infrastructure	0.163
Regional intelligence	0.144
Road traffic toxicology	0.138
Software purchases	0.085
Police ICT Company	0.083
Hardware support and maintenance	0.083
Reduction in interest received due to lower rates	0.152
Lower income from firearms certificates	0.074
Fewer externally funded PCSO's	0.123
Others less than £100k	0.471
<u>Business case growth</u>	
Athena	0.288
OET (Operational Enabling Technology)	0.209
Telematics	0.126
Restructure of MASH supervision	0.075
Others less than £100k	0.103
<u>Business plans growth</u>	
Vulnerability - officer and staff pay	1.035
Vulnerability training	0.311
Mobile working	0.690
Body worn video	0.500

Learning & Development	0.279
Deliver People Services strategy	0.170
Supporting ICT capacity and capability	0.188
ICT specialist support	0.228
Public contact and communications / website	0.159
Legal Services capacity and legislative changes	0.104
Crime Bureau - temporary uplift in resources	0.097
Others (less than £50k)	0.077

Total Growth	13.906
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Savings:

Business case savings

Telematics	(0.326)
Data network replacement	(0.232)
Telephony	(0.088)
Others less than £100k	(0.136)

Budget review savings

Police officer pay - churn, recruitment and pensions	(2.532)
Cost of Change	(0.594)
Reduction in police pension costs	(0.527)
West Mercia Youth Offending Service restructure	(0.173)
Reduction in MRP	(0.250)
Reduction in police overtime	(0.351)
Estates - reassessment of IEP expenditure	(0.595)
Reduction in holiday pay costs for staff	(0.286)
Strategic initiatives	(0.249)
Reduction in Home Office charges	(0.224)
Estates - reassessment of other areas	(0.108)
Mileage allowance	(0.074)
Body armour	(0.069)
Fuel recharge for transport	(0.069)
NPAS	(0.023)
Ill Health Retirements	(0.075)
Insurance claims	(0.011)
Reduction in agency budget	(0.139)
Others - non-pay (less than £50K)	(0.560)
Others - staff pay	(0.267)
Others - officer pay	(0.131)
Increase in secondments income	(0.178)
Increase in other income	(0.031)

Business plans savings

Savings target	(3.450)
Contract savings target	(0.182)
Improved management of work and travel	(0.078)

Other savings

Increase in Staff pay turnover factor	(1.035)
Redundancy moved to reserves	(0.969)
Contract savings	(0.181)

Total Savings	(14.193)
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Closing Budget	212.175
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6. The Medium Term Financial Plan (MTFP)

6.1 The MTFP was agreed in February 2016 and has been updated and refreshed during the year.

6.2 The key assumptions at February 2017 are as follows:

Funding

- The precept will not increase in 2017/18, but from 2018/19 onwards it will increase by 1.99% per annum, broadly in line with inflation expectations from 2017/18
- Council Tax base will grow by 2% per annum
- General revenue grants will reduce by 1.3% a year in-line with the reduction seen in 2017/18 and the commitment by the Minister for Policing
- The current review of the grant system maintains the levels of grant shown in the plan
- The Council Tax Support Grant position reduces by 1.3% a year.
- There will be no tightening of the limits on precept increases before a referendum is required
- Funds top sliced and reallocated from the Police Grant by the Home Office and retained centrally will remain at 2017/18 levels in real terms

Costs

- Pay (cost of living) increases are included at 1.0% per annum
- Incremental increases are 1.8% for Police officers and 1.1% for staff
- Price increases are contained at contractual commitments
- The implementation of an Apprentice Levy (equivalent to 0.5% of payroll cost) from 1st April 2017. It is believed the related costs incurred by the force will be broadly in line with this levy in future years, though arrangements have yet to be finalised

6.3 The MTFP is as follows:

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Expenditure - Summary				
Base budget before savings	207.749	212.175	205.719	202.873
Pay and price increases	4.713	4.928	5.058	5.098
Increase in staff LGPS pension costs	1.494			
Apprentice Levy	0.481			
Other growth / savings	1.188	(3.794)	(1.349)	(0.924)
Change Programme Savings	(3.450)	(7.590)	(6.555)	(1.094)
Projected net expenditure after savings	212.175	205.719	202.873	205.953
Funded by:				
Formula Grant and RSG	108.202	106.794	105.407	104.036
Council Tax Support Grant	9.200	9.081	8.962	8.846
Council tax	81.004	84.237	87.598	91.092
Council Tax Collection Fund Surplus	1.273	0	0	0
Council Tax Freeze Grant (2013/14)	0.800	0.789	0.778	0.768
Council Tax Freeze Grant (2011/12)	1.976	1.950	1.925	1.901
Total funding	202.455	202.851	204.670	206.643

Total Budget Gap	9.720	2.868	(1.797)	(0.690)
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Developments funded from reserves				
Use of Invest to Save and Innovation fund	1.242	0.828	0.690	0.690
Investment in infrastructure	8.534	4.267	4.267	0
	9.776	5.095	4.957	0.690

Total projected use of reserves	19.496	7.963	3.160	0
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Note: Rows and columns may not sum due to rounding

7. Reserves Strategy

7.1 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
Projected reserves at the 1st April 2017.	50.680
Amount required to support the budget over the life of the medium term financial plan	(13.552)
Investment in infrastructure	<u>(17.067)</u>
Reserves remaining at the end of the MTFP period.	<u>20.061</u>

7.2 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 £14.5m needs to be held to provide adequately for these risks. This is an increase of £2m from 2016/17 to reflect the increasing inflationary pressures arising from economic uncertainty. It also reflects the increase in the savings target due to higher than anticipated unavoidable pressures, arising from changes in demand. Further details of the risk assessment are included in section 9.

7.3 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 2017/18 are certain as the Home Office is now undertaking a further review of the Police Funding Formula during 2016/17. The Home Office may implement a new mechanism for allocating general policing grant from central government in 2018/19.

7.4 There remain considerable opportunities to drive further efficiencies through our joint working with Warwickshire and by transforming and reforming policing. To achieve them, while minimising the impact on the service to the public, will require us to focus on areas like modernisation, with more self-service facilities for the public and the greater use of agile and mobile working by police officers and staff. The Commissioner will continue to invest in and drive this organisation-wide modernisation.

7.5 The Commissioner will also continue to modernise and rationalise the police estate through the ongoing co-location of what have hitherto been separate teams within West Mercia and Warwickshire. Options will also be explored around sharing premises and facilities with key partners such as other blue light services, local authorities, criminal justice agencies and the NHS. This creates the need for a significant provision for invest to save initiatives.

8. The Capital Budget

8.1 The Commissioner for West Mercia has undertaken a comprehensive review of the capital programme and the capital planning and monitoring process. The revised programme now fully reflects the priorities of the Commissioner to fully transform and reform police activities, services and systems as quickly as possible. In particular it recognises the need to modernise ICT systems and further develop the estate to ensure that policing responds to changes in demand and the nature of crime as efficiently and effectively as possible.

8.2 The Commissioner is committed to providing new multi-agency facilities in the Shrewsbury and Hereford areas that will provide modern, fit for purpose and cost effective buildings to support policing in the areas. The new facilities will be developed in conjunction with partners and be multi-agency buildings. The Commissioner is committed to wide spread collaboration to deliver his vision for a Safer West Mercia.

8.3 Consequently the Commissioner is planning significant capital investment of £64.5m over the next four years. As mentioned earlier, this investment is key to reforming policing and delivering better services to the people of West Mercia.

8.4 The Commissioner is proposing the following capital budget over the next five years, the consequences of which are incorporated into the Medium Term Financial Plan.

Expenditure	2017/18 (Including slippage from 2016/17 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Estate Strategy	11.191	8.143	8.520	8.324	36.178
ICT replacement & strategy programmes	10.544	4.678	2.539	3.022	20.783
Vehicle Replacement	1.450	1.500	2.020	1.500	6.470
Plant & Equipment	0.945	0.068	0.021	0	1.034
Totals	24.130	14.389	13.100	12.846	64.465

8.5 A full list of proposed capital projects is included at appendix D. The capital programme will be kept under regular and more challenging review by the Commissioner, and may vary during the remainder of 2016/17 and throughout 2017/18.

8.6 The expected funding of the programme is outlined below. In order to minimise future borrowing the Commissioner is proposing to fund a significant part of this capital investment from reserves. In addition, where under-spends 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	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
<i>Capital Receipts</i>	<i>0.580</i>				0.580
<i>Capital Grants</i>	<i>0.730</i>	<i>0.730</i>	<i>0.730</i>	<i>0.730</i>	2.920
<i>From infrastructure reserve</i>	<i>8.533</i>	<i>4.267</i>	<i>4.267</i>	<i>0</i>	17.067
<i>Borrowing</i>	<i>14.286</i>	<i>9.393</i>	<i>8.105</i>	<i>12.116</i>	43.899
Totals	24.129	14.390	13.101	12.846	64.466

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

9.1 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. The Treasurer has reviewed thoroughly the financial risks facing policing in West Mercia and reassessed the level of reserves required.

9.2 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. As in previous years, 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 under-spends. While no presumption of in-year under-spending should be made because, having agreed the budget, the Commissioner authorises its spending, the record of the force is of consistent delivery of under-spending. This is typical of organisations with strong budget management arrangements. Delays in the delivery of savings may occur, particularly in relation to the Transformation Programme. In the current year, for example, there have been delays in progressing Invest to Save schemes, particularly the complex schemes such as the OCC and Athena in the capital programme. In addition, as the savings target is more than previously expected, I am recommending an increase in the level of reserves held to cover potential delays in the delivery of savings from £4.5m held in 2016/17, to £5.1m in 2017/18. In 2015/16 £7.5m was held for this purpose.
- c. 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.
- e. Any additional delivery costs of the Strategic Alliance and the Transformation Programme. 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 to grow there may be some upward pressure on pay inflation. This is starting to look increasingly possible within the life of the plan. In the Autumn Statement in 2016, the Chancellor estimated that inflation would rise to 2% a year in future years. The Medium term Financial Plan includes a provision of 1% for pay. Consequently I am recommending that a provision equivalent to a 1% increase in inflation in a year be held. This amounts to £1.9m.
- 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 fourth 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. In May 2017 all employees who are not members of a pension scheme have to be invited to join. The National Audit Office in its report identified that between 5% and 15% of employees chose to opt out of pension funds following auto-enrolment. If only 5% of employees opt out, it would increase our annual costs by £0.5m. Consequently a prudent provision of £0.5m (based on the realistic worst case estimate in the first year) is recommended.
- j. As already stated, the Home Office is currently undertaking a further review of the Police Funding Formula during 2016/17 and may implement a new funding mechanism from 2018/19. Under the current arrangements, West Mercia benefits from the damping mechanism, gaining £10m a year. The Home Office did consult on a new formula during 2015 but abandoned the consultation. During this process estimates of the impact on West Mercia ranged from an increase of £9.3m to a reduction of £0.8m. In the light of this the prudent approach adopted in 2016/17 will be continued and a provision of £1.0m made as in 2016/17.
- k. The Government is currently developing plans for the replacement of the Airwaves network (referred to as ESN/ESCMP). The estimated initial capital investment is £1bn, although revenue savings of £350m are expected in the long term. In 2017/18, £417m is top sliced nationally by the Home Office for Police Technology programmes. There is still a lack of clarity, with not all details being known. However, a provision of £3m has been made in the Medium Term Financial Plan. Any capital costs that may fall to West Mercia could be met by increased borrowing or from the use of reserves. Any

increased revenue costs or grant reductions in the short term would need to be funded either from further efficiencies or from the use of reserves.

- l. Given the significant capital investment of £64.5m in the infrastructure which supports policing, an infrastructure reserve of £17m is being created. In 2017/18, £8.5m of this reserve will be deployed to fund the capital programme and £4.3m in 2018/19 and 2019/20. This will minimise borrowing and by reducing the capital financing costs, will ensure that revenue funds continue to be directed towards front line policing.
- m. 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.

9.3 The aggregate cost of those elements which it is feasible to estimate is £14.5m. The additional impact of some of those which cannot be estimated, such as the actual impact of higher pay increases or increased economic and political uncertainty 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.

9.4 Given the relatively low aggregate sum involved, it is recommended that a minimum level of £14.5m 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.

APPENDICES

Summary of West Mercia Grant Settlement

The provisional police funding settlement was announced by the Government on 15th December 2016. The details were as follows:

2016/17	Funding stream	2017/18	Change
£ m		£ m	%
66.348	Police Grant (including Community Support Grant	65.422	-1.40
43.388	Revenue Support Grant	42.780	-1.40
11.975	Legacy Council Tax Grants (freeze grants and plus council tax support grant)	11.975	0
121.711	Total	120.177	-1.26

In addition, the Police and Crime Commissioner has received notification of the following grant allocations for commissioning victim services and Restorative Justice from the Ministry of Justice. These have not yet been announced.

Grant Allocation	£ million
Victim Services	1.363
Child Sexual Abuse	0.101
Total	1.464

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

	2016/17 Budget £m	2017/18 Budget £m	Variance £m
Government Grant (Core Funding)	121.712	120.177	(1.535)
Council Tax Precept	81.175	82.278	1.103
Total Funding / Net Budget Requirement	202.887	202.455	(0.432)
Police Officers Pay	104.858	104.057	0.802
Police Officer overtime	3.216	2.865	0.351
Police Staff + PCSO Pay	59.457	62.638	(3.181)
Police Staff overtime	0.643	0.637	0.006
Agency Staff	0.205	0.066	0.139
Injury & Ill Health Pensions	4.660	3.685	0.975
Other Employee Expenses	1.124	1.372	(0.248)
Premises	8.604	9.033	(0.429)
Transport	5.093	4.435	0.658
Supplies and Services	18.823	21.532	(2.709)
Third Party Payments	11.898	12.658	(0.760)
Capital Financing	1.948	1.698	0.250
Gross Expenditure	220.530	224.676	(4.146)
Income	(12.781)	(12.501)	(0.280)
Net Force Budget / Expenditure / Variance	207.749	212.175	(4.426)
Budget Contribution to/(from) Reserves	(4.863)	(9.720)	4.857
Redundancy and Cost of Change to be funded from Reserves	0.000	1.242	(1.242)
TOTAL USE OF RESERVES	(4.863)	(10.962)	6.099

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

	2016-17 £'m	2017-18 £'m	Variance £'m	Variance %
Chief Officers				
Chief Officers	0.824	0.892	0.068	8.2%
Information Management System	0.229	0.557	0.328	143.2%
Strategic Service Improvement	1.223	1.130	-0.093	-7.6%
Alliance Project Team	0.541	1.033	0.492	91.0%
Total Chief Officers	2.817	3.612	0.795	28.2%
Enabling Services				
Buildings	7.659	8.139	0.480	6.3%
Business Support Services	2.716	3.041	0.325	12.0%
Corporate Communications	0.736	0.788	0.052	7.1%
Estates Services	1.920	1.952	0.032	1.7%
ICT Services	12.139	15.881	3.742	30.8%
Legal Services	1.162	1.098	-0.064	-5.5%
People Services	7.458	7.747	0.289	3.9%
Transport Services	3.542	3.381	-0.161	-4.5%
Total Enabling Services	37.332	42.028	4.696	12.6%
Finance				
Accounting & Financial Management	1.579	1.567	-0.012	-0.7%
Contracts & Procurement	1.716	1.817	0.101	5.9%
Corporate Savings Target	-1.035	-5.520	-4.485	433.3%
Corporate Finance	9.287	9.306	0.019	0.2%
Total Finance	11.547	7.170	-4.377	-37.9%
Local Policing				
Operational Support	25.135	25.677	0.542	2.2%
Professional Standards	1.404	1.765	0.361	25.7%
Protecting Vulnerable People (PVP)	0.000	6.222	6.222	100.0%
Territorial Policing	75.363	77.699	2.336	3.1%
Total Local Policing	101.902	111.363	9.461	9.3%

Appendix B (ii) continued

	2016-17 £'m	2017-18 £'m	Variance £'m	Variance %
Protective Services				
Head of Protective Services	1.347	1.194	-0.153	-11.4%
Crime Management	0.428	0.436	0.008	1.9%
Intelligence	6.165	6.399	0.234	3.8%
Major Investigations	3.308	3.306	-0.002	-0.1%
Forensics Services	4.728	5.214	0.486	10.3%
Operations	19.530	19.175	-0.355	-1.8%
Specialist Operations	4.991	4.809	-0.182	-2.5%
Protecting Vulnerable People (PVP)**	9.570	3.800	-5.770	-60.3%
Total Protective Services	50.067	44.333	-5.734	-11.3%
 OPCC	 3.911	 3.911	 -0.001	 0.0%
Business, Rural & Cyber Crime	0.000	1.000	1.000	100.0%
YJS	0.173	0.000	-0.173	0.0%
PCC	4.084	4.911	0.827	20.2%
 Grand Total	 207.749	 213.417	 5.668	 2.7%

Note: The £213.417 includes £1.242m to be funded from Reserves.

**** These resources have not been removed. They have been transferred from Protective Services, to Local Policing, as shown on the previous page and referred to on page 9, paragraph 3.4.**

West Mercia Police and Crime Commissioner
West Mercia reserves

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Budget reserve	13.068	3.347	1.479	4.276	0
Rural, business and cyber crime	3.595	2.595	1.595	0.595	0
Invest to save and Innovation fund	3.450	2.208	1.380	0.690	0
Investment in infrastructure reserve	17.067	8.534	4.267	0	0
General Reserves	13.500	14.500	14.500	14.500	20.061
Total Reserves	50.680	31.184	23.221	20.061	20.061

Alliance Capital Programme

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely under spend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
			£000	£000	£000	£000	£000	£000
	ESTATES							
1	Operation Command Control Centre - Hindlip Park	Y	13,648.0	6,333.0	7,315.0	-	-	-
2	Operation Command Control Centre - Neville House	Y	3,405.0	1,000.0	2,405.0	-	-	-
3	Hindlip - Central Forensics Services Buildings	Y	1,541.0	165.0	1,376.0	-	-	-
4	Investment in Estates Infrastructure, as per planned programme (West Mercia)		2,000.0		1,000.0	750.0	250.0	-
5	Greys Mallory (Patrol Base) - Medium Term Strategy Alterations		1,137.0		-	800.0	312.0	25.0
6	Safer Neighbourhood Offices - New Premises Fit Out		1,040.0	100.0	420.0	520.0	-	-
7	Telford - post PMP alterations		393.0		385.0	8.0	-	-
8	Hindlip - Firearms Range and Training School Alterations (increased from £1.375m)		300.0	-	300.0	-	-	-
9	Carbon Plan & Energy Efficiency Commitments		600.0		200.0	200.0	200.0	-
10	Vehicle Fuel Bunkerage - Storage Tanks in new locations Warks		120.0		120.0	-	-	-
11	Vehicle Fuel Bunkerage - Storage Tanks in new locations West Mercia		120.0		120.0	-	-	-
12	Front Office Improvement Works	Y	120.0	60.0	60.0	-	-	-
13	Malvern - Criminal Justice Hub	Y	93.0	78.0	15.0	-	-	-
14	Funding envelope for potential capital spend resulting from the estates reviews to be carried out in 2016/17 and 2017/18, including "One Town" Reviews - potential projects listed below:		33,419.0		-	9,660.0	11,696.0	12,063.0
	Note: The following are building projects being reviewed for consideration of utilising the funding envelope identified above.							
14a	Firearms Range and Training School Alterations - Hindlip Park, Worcester							
14b	Rugby - Courts Refurbishment		-		-	-	-	-
14c	Stratford upon Avon Police Station and Former Courts (start 18/19)		-		-			-
14d	Hindlip site redevelopment. Modernisation of reception areas, meeting rooms, working environment etc estimated at £1.85m		-		-			-
14e	Blackpole - review of vehicle workshop requirements (start 17/18)		-		-			-
14f	Shropshire & Telford - Review of Policing requirements based on StraDa outcome (start 20/21)		-		-			-
14g	Evesham - Review of usage prior to tenant lease expiry in 2018 (start 17/18)		-		-			-
14h	Redditch - one town review, commencing February 2016		-		-			-
14i	Bedworth - post PMP alterations		-		-	-	-	-
14j	Hindlip - High Tec Crime		-		-	-	-	-
14k	Shrewsbury - post PMP / Medium Term Alterations		-		-	-	-	-

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely under spend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
14	Worcester - one town review, commencing Sept 2016		-		-			-
	Hereford Police & HWFRS review in 16/17		-		-	-	-	-
	Worcestershire Police & HWFRS review in 17/18		-		-	-	-	-
	ESTATES - Projects completing 2016-17							
	Bedworth - SOCO Lab	Y	4.0	4.0	-	-	-	-
	SOCO Labs - Worcester, Kidderminster & Shrewsbury	Y	76.0	76.0	-	-	-	-
	RAF Shawbury Alterations	Y	76.0	76.0	-	-	-	-
	ESTATES - Other Projects in 2015-16:							
	Residual amounts b/f completed in year		-		-			
	Stratford - migration Corp Comms, PSD, & Driver Training	Y	-		-	-	-	-
	TOTAL - ESTATES		58,092.0	7,892.0	13,716.0	11,938.0	12,458.0	12,088.0
	ICT REPLACEMENT & STRATEGY PROGRAMMES:							
	ICT STRATEGY PROGRAMMES:							
15	OCC Design Enterprise Team (set up)	Y	95.0	95.0	-	-	-	-
15	OCC Hindlip - ICT Infrastructure, including Joint Operations Centre fit-out		861.0	-	861.0	-	-	-
15	OCC Operations Enabling Technologies (OET)	Y	5,938.0	2,175.0	3,763.0	-	-	-
15	OCC OET - funded from Mobile working budget	Y	373.0	-	373.0	-	-	-
15	OCC OET - funded from Desktop replacement budget	Y	175.0	-	175.0	-	-	-
15	Warwickshire OCC Project - Neville House ICT fit-out	Y	753.0	-	753.0	-	-	-
16	ANPR - Phase 3 - expansion of fixed camera presence	Y	3,700.0	3,700.0	-	-	-	-
16	In-Vehicle Technology (in-car media) - linked to ANPR project	Y - ANPR	650.0	650.0	-	-	-	-
17	Desktop Telephony / Full Uni Comms (ICT Telephony)	Y	1,860.7	550.0	1,310.7	-	-	-
18	ESMCP (Airwave Replacement)		2,000.0	-	-	-	-	2,000.0
19	Athena (all projects combined)	Y	838.0	510.0	328.0			
20	PSN - Data Network (Virgin Business) - "Red Flag" - to replace Kcom legacy network	Y (£1.78m)	1,980.0	1,780.0	200.0	-	-	-
21	Integrated Business Support (HR/Finance/Payroll)		1,450.0		-	-	1,450.0	-
21	Integrated Procurement - <i>not on 09.12.16 revised programme</i>		-		-	-	-	-
22	Body Worn Video		1,000.0	800.0	200.0	-	-	-
23	Corporate Digital Repository - <i>No Longer in Capital Program = REVENUE</i>		-	-	-	-	-	-
24	Digital Forensics	Y	1,340.0	240.0	400.0	700.0	-	-

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely under spend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
25	Enterprise Contact Management System (ECMS - inc Intranet) - <i>On v4 this Project scheduled to start 16-17 finish 18-19 now start 18-19 finish 19-20</i>		700.0	-	-	100.0	600.0	-
26	Corporate Wi-Fi		600.0	-	400.0	200.0		
27	Telematics - vehicle deployment and monitoring software		601.0	270.0	331.0	-	-	-
28	Business Information (to support analysis of organisation's data)		500.0	-	50.0	450.0	-	-
29	CCTV for Force buildings (<i>not custody units</i>)		500.0		500.0	-		
30	Digitisation External - (Internet)		500.0		-	200.0	300.0	-
31	Conferencing " <i>Facilities</i> " - Audio & Video		350.0		-	350.0	-	-
32	Identity Access Management		300.0	-	-	300.0	-	-
33	SOA Implementation (<i>Service Orientated Architecture</i>) - <i>Note this project included in 2017-18 ICT Revised Programme (09.12.16)</i>		400.0	-	-	400.0	-	-
34	Confidential Network Environment Resilience (multi-site)		200.0		-	200.0	-	-
35	Systems Audit Software		200.0	-	-	200.0	-	-
36	Enterprise Architecture Systems - <i>not on 09.12.16 revised programme</i>		-	-	-	-	-	-
37	Hi Tech Crime Unit - Hindlip	Y	124.0	-	124.0	-	-	-
38	ROCU - <i>This projected included in 2017-18 on ICT Programme</i>		100.0	-	-	100.0	-	-
39	Corporate Gazetteer		100.0	-	100.0	-	-	-
40	EcfP (E.Commerce for Police) - <i>not on 09.12.16 revised programme</i>		-	-	-	-	-	-
41	Master Data Management - <i>not on 09.12.16 revised programme</i>		-		-	-	-	-
42	Telephone Analysis Software		90.0	-	90.0	-	-	-
43	Learning Management System		30.0		30.0	-	-	-
44	File Tracking System		60.0	-	60.0	-	-	-
	TOTAL - ICT STRATEGY PROGRAMMES		28,368.7	10,770.0	10,048.7	3,200.0	2,350.0	2,000.0
	ICT REPLACEMENT PROGRAMMES:							
45	Hardware - Desktop Equipment PCs/Laptops/Winterms (replacement) - less £175k in 2017/18 used for OET above	Y	2,684.0	584.0	200.0	200.0	200.0	1,500.0
45	Hardware - Desktop Equipment PCs/Laptops/Winterms (growth) - <i>Note: Growth not shown on ICT Revised plan 09.12.16</i>	Y	-	-	-	-	-	-
45	Hardware - HTCUI replacement (desktops & servers)	Y	350.0		-	-	200.0	150.0
45	Hardware - Mobile Devices (blackberry replacement)	Y	95.0	95.0	-	-	-	-
45	Hardware - Multimedia Project (Higher-spec PCs and servers)	Y	650.0	600.0	50.0	-	-	-

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely under spend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
46	Hardware - <i>Mobile Working</i> (less £373k used for OET above)		4,030.0	-	2,530.0	1,300.0	200.0	-
46	<i>Agile Working</i>		2,000.0	-	1,000.0	1,000.0	-	-
47	Hardware - Printers/Scanners	Y	390.0	250.0	50.0	30.0	30.0	30.0
47	Corporate Printing Solution - <i>Note: new project on ICT Revised plan 09.12.16</i>		70.0	-	70.0	-	-	-
48	Hardware - Servers (include PSN)	Y	1,410.0	410.0	300.0	300.0	200.0	200.0
49	Network	Y	210.0	10.0	50.0	50.0	50.0	50.0
49	Consolidation of small systems	Y	274.0	74.0	50.0	50.0	50.0	50.0
50	BOXI		300.0	-	300.0	-	-	-
51	Origin Upgrade (originally Project Grapevine) - <i>with additional functionality</i>	Y	35.0	35.0	-	-	-	-
51	Origin processes / enhancements	Y	131.7	-	131.7	-	-	-
52	SAN/Backup Infrastructure (<i>Storage Area Network</i>)	Y	1,150.0	350.0	200.0	200.0	200.0	200.0
53	Software Upgrades	Y	1,450.0	300.0	300.0	450.0	200.0	200.0
	TOTAL - ICT REPLACEMENT PROGRAMMES		15,229.7	2,708.0	5,231.7	3,580.0	1,330.0	2,380.0
	ICT PROJECTS FORECASTED TO COMPLETE IN 2016-17							
	Workspace Modernisation Program & PSN	Y	520.0	520.0	-			
	SOCRATES - Forensics system	Y	123.0	123.0	-	-	-	-
	HOLMES 3 (v.2.16)	Y	110.0	110.0	-	-	-	-
	Operation SAFENET - Hi Tech equipment	Y	85.0	85.0	-	-	-	-
	COPS / Source Management - <i>completing 2016-17 no c/twd</i>	Y	70.0	70.0	-	-	-	-
	Visual Files - Legal Case Files	Y	68.0	68.0	-			
	Pegasus - <i>on 16/17 programme but no longer needed</i>	Y	-	-	-	-	-	-
	Service Management - see Improving Management of Assets	Y	46.0	46.0	-	-	-	-
	TOTAL - ICT PROJECTS FORECASTED TO COMPLETE IN 2016-17		1,022.0	1,022.0	-	-	-	-
	TOTAL - ICT REPLACEMENT & STRATEGY PROGRAMMES		44,620.4	14,500.0	15,280.4	6,780.0	3,680.0	4,380.0
	VEHICLE REPLACEMENT:							
	WARWICKSHIRE - Vehicle Replacement Programme	Y	4,172.3	1,242.3	650.0	700.0	880.0	700.0
	WEST MERCIA - Vehicle Replacement Programme	Y	8,475.7	2,005.7	1,450.0	1,500.0	2,020.0	1,500.0
	TOTAL ALLIANCE VEHICLE REPLACEMENT		12,648.0	3,248.0	2,100.0	2,200.0	2,900.0	2,200.0

No.	Capital Project Description	Formal Business Approval (Y)	Total Proposed Budget 2016-17 to 2020-21	Forecast Outturn 2016-17	Proposed Budget for 2017-18 (including agreed slippage and likely under spend)	Proposed Budget for 2018-19	Proposed Budget for 2019-20	Proposed Budget for 2020-21
	PLANT & EQUIPMENT PROGRAMME:							
	WEST MERCIA PLANT & EQUIPMENT PROJECTS:							
	Safer Roads Replacement Cameras	Y	97.0	97.0	-	-	-	
	Safety Camera Equipment		-		-	-	-	
	RF Survey Equipment		-	-	-	-	-	
	TOTAL - WEST MERCIA PLANT & EQUIPMENT PROJECTS		97.0	97.0	-	-	-	-
	BOTH FORCES PLANT & EQUIPMENT PROJECTS:							
	Force Technical Surveillance Equipment		45.0	-	15.0	15.0	15.0	
	Crime Tech Capital Equipment		146.0	-	114.0	16.0	16.0	
	Body Armour replacement		1,307.0		1,240.0	67.0	-	-
	Communications Equipment	Y	399.0	399.0	-	-	-	-
	TOTAL BOTH FORCES PLANT & EQUIPMENT PROJECTS		1,897.0	399.0	1,369.0	98.0	31.0	-
	TOTAL ALLIANCE PLANT & EQUIPMENT PROGRAMME		1,994.0	496.0	1,369.0	98.0	31.0	-
	Total Capital Budget		117,354.4	26,136.0	32,465.4	21,016.0	19,069.0	18,668.0

PRUDENTIAL INDICATORS

1. AFFORDABILITY PRUDENTIAL INDICATORS	2016/17 Estimate	2016/17 Forecast Outturn	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	23,919	19,271	24,130	14,389	13,100
	%	%	%	%	%
Ratio of financing costs to net revenue stream	0.88	0.92	0.93	1.34	1.60
	£'000	£'000	£'000	£'000	£'000
In Year borrowing requirement					
- in year borrowing requirement	14,959	0	14,287	9,392	8,104
	£'000	£'000	£'000	£'000	£'000
In year Capital Financing Requirement	13,455	(1,504)	12,783	7,341	5,677
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement 31 March	45,665	30,705	43,488	50,829	56,506
	£	£	£	£	£
Affordable Borrowing Limit					
Increase per council tax payer	(£0.10)	(£0.10)	£0.00	£0.81	£0.58
2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2016/17 Estimate	2016/17 Forecast Outturn	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised limit for external debt					
- Borrowing	50,000	40,000	60,000	65,000	70,000
	£'000	£'000	£'000	£'000	£'000
Operational boundary for external debt					
- Borrowing	50,000	31,000	50,000	55,000	60,000
Upper limit for fixed rate interest exposure					
- net principal re fixed rate borrowing / investments	£40m	£40m	£60m	£65m	£70m
Upper limit for variable rate exposure					
- net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m
Maturity structure of new fixed rate borrowing during 2016/17	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%			