



**Proposed Budget 2019/20**

**and**

**Medium Term Financial Plan 2019/20 – 2021/22**



## **Foreword from the Commissioner:**

This year's budget ensures I continue to deliver on my key election promises to the communities of West Mercia.

I promised I would ensure our police force has the resources to respond effectively to changing demand. While I am committed to continuing the necessary work to reform and modernise the police force, my budget includes provision to add a further 115 officers to West Mercia's establishment.

Improvements have been made to enable greater police community visibility and efficiency. I have also previously announced an increase of 100 officers for West Mercia. However, it is clear there is an appetite for more as demands on policing continue to increase. I have listened to and acted upon feedback from both our communities and our police in developing my budget. A further 115 officers will increase West Mercia's establishment to 2,145.

The budget also features increased funding for tackling rural crime, further resource for effective crime prevention initiatives, and the delivery of an improved system of victim support for West Mercia. The new system will give people better and faster access to the right help, should they fall victim to a crime. This will all be delivered alongside ongoing reform to police support functions and estates. In some cases the true extent of the challenges they face are only now surfacing and it is clear that there has not been sufficient investment or scrutiny in the past.

To sustain such investments it is necessary to increase council tax contributions. Having delivered the lowest precept increases in the country in the last two years, I welcome the increased funding and flexibility afforded to Police and Crime Commissioners by Government this year. However, increasing council tax is not a decision I ever take lightly. I have always promised to ensure public money is used as effectively and efficiently as possible before asking for more. That remains true.

With any tax, our communities will often quite rightly ask "what do I get in return"? I believe my budget delivers a clear and tangible answer to that question. Extra resource from both Government and the community will ensure the highest number of police officers in West Mercia since 2012 and help build a safer West Mercia. I believe that is a course of action our communities strongly support.

**John Campion, West Mercia Police and Crime Commissioner**

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## WEST MERCIA BUDGET 2019/20

### MEDIUM TERM FINANCIAL PLAN 2019/20 TO 2021/22

#### Report of the Treasurer

#### THIS IS THE COUNCIL TAX RESOLUTION, USING THE FINAL SETTLEMENT FROM GOVERNMENT

### **Recommendations**

The Commissioner is recommended to approve:

- a) A Net Revenue Budget after savings of **£224.589m**
- b) £5.698m of budget reserve is used within year to manage reductions
- c) A net budget requirement of **£218.891m**
- d) A Council Tax for a Band D property at £216.66
- e) A Council Tax for a Band D property calculated as follows:

	£'m
Budget Requirement	<b>218.891</b>
Less Police Grant	<b>66.844</b>
Less Revenue Support Grant	<b>43.629</b>
Less Council Tax Support Grant	<b>9.200</b>
Less Council Tax Freeze Grant:	
2013/14	<b>0.800</b>
2011/12	<b>1.976</b>
<b>Sub Total</b>	<b>96.442</b>
Less: Collection Fund Surplus (Estimate)	<b>1.016</b>
<b>Amount to be raised by Council Tax</b>	<b>95.426</b>
Divided by Aggregate Council Tax Base- subject to final confirmation	<b>440,444.94</b>
Basic Amount of Council Tax at Band D	<b>£216.66</b>

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

<i>Band A (6/9th)</i>	<i>£144.439172</i>
<i>Band B (7/9th)</i>	<i>£168.512367</i>
<i>Band C (8/9th)</i>	<i>£192.585563</i>
<i>Band D</i>	<i>£216.658758</i>
<i>Band E (11/9th)</i>	<i>£264.805149</i>
<i>Band F (13/9th)</i>	<i>£312.951539</i>
<i>Band G (15/9th)</i>	<i>£361.097930</i>
<i>Band H (18/9th)</i>	<i>£433.317516</i>

g) *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>£7,954,452.97</i>
<i>Herefordshire Council</i>	<i>£14,911,762.18</i>
<i>Malvern Hills District Council</i>	<i>£6,707,146.34</i>
<i>Redditch Borough Council</i>	<i>£5,653,926.95</i>
<i>Shropshire Council</i>	<i>£24,101,141.91</i>
<i>Telford and Wrekin Council</i>	<i>£10,971,664.50</i>
<i>Worcester City Council</i>	<i>£6,910,981.06</i>
<i>Wychavon District Council</i>	<i>£10,902,728.02</i>
<i>Wyre Forest Council</i>	<i>£7,312,449.74</i>
<b>TOTAL</b>	<b><i>£95,426,253.67</i></b>

h) *The reserve strategy set out in section 7.*

i) *The outline capital budget in section 8.*

j) *All Officers be instructed to exercise tight budgetary control. No over-spending of any 2018/19 departmental 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.*

- k) *The prudential indicators at appendix D*
- l) *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**

This report sets out the proposed budget and precept for decision by the Police and Crime Commissioner. It is the third budget report for John Campion since his election in May 2016 and delivers one of his key responsibilities as Commissioner, under the Police Reform and Social Responsibility Act 2011.

The report sets out the:

- Net budget requirement for 2019/20
- Proposed precept for 2019/20
- Proposed medium term financial plan 2019/20 to 2021/22
- Outline capital budget 2019/20 to 2021/22

It is important to set out the issues that influence and contribute to the build of the budget for 2019/20 and the medium term financial plan, having taken into consideration the plans of the Commissioner.

In determining his budget proposals the Commissioner must acknowledge:

- National targets and objectives including the Strategic Policing Requirement
- Priorities within the Safer West Mercia Plan and any likely changes to these for 2019/20
- The outcome of public consultation
- Plans and policies of other partner agencies relating to community safety and crime reduction
- Government policy on public spending, as set out by the Chancellor in the 2015 Comprehensive Spending Review, the Autumn Statements made in 2015 and 2016, the Budget Statement in 2018 and the funding framework that arises from them.
- Medium term financial obligations
- Prudent use of the financial reserves
- The constant drive for continuous improvement and value for money
- The development of future collaborative arrangements and the risks involved, particularly with Warwickshire Police. The decision was taken in 2018 to disaggregate

local policing budgets within the alliance, restoring a greater degree of control over resources for West Mercia. That is reflected within this budget. Further to this, notice has now also been served to end the strategic alliance in its current form as it is preventing the delivery of maximum police effectiveness and efficiency in West Mercia. Negotiations have commenced around the possibility of an alternative, mutually beneficial relationship with Warwickshire. This could enable the benefits of the alliance to be retained, but delivered under a different governance arrangement. The outcome of those negotiations is as yet unclear. The current timetable for withdrawal would see the alliance ending in October 2019, although this date can be amended where agreed.

The element of this budget which covers protective services and support services has been prepared within the current strategic alliance arrangement with Warwickshire. Budget requirements are in accordance with the agreed existing cost sharing approach. The budget assumes that from October 2019 new arrangements will be put in place within similar resource envelopes, whether or not that is within a revised collaborative arrangement. The budget will need to be revised at the end of the Strategic Alliance when new arrangements are confirmed.

## **2. Introduction**

Following his election John Champion set out his vision for a safer West Mercia, including the modernisation of its police force in order to deliver a more effective, efficient service for communities:

*“Reforming West Mercia Police is a big, long term job. Ultimately though it will deliver a more effective police service and better value for taxpayers’ 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.”*

This vision underpinned his first budget, set in February 2017. Since then, the Police and Crime Commissioner has worked with the Chief Constable to turn this vision into a reality. The Commissioner has delivered:

- The successful deployment of mobile working. Each frontline police officer has been issued with a mobile phone and a laptop, enabling more time in the community, increasing visibility rather than being stuck behind a desk.
- The introduction of Body Worn Video for all frontline officers, to prevent complaints, reassure officers and communities and improve case evidence.
- The construction of the new state of the art police and fire Operations Communications Centre (OCC) at Hindlip, which is expected to become fully operational in 2019.

- The development of new technology and ICT systems
- The refurbishment of Telford Police Station
- More efficient use of police estates through the co-location of Hereford and Worcester Fire and Rescue Service at Hindlip and the Probation Service at Worcester.
- The addition of 100 extra police officer posts to meet the challenges of increasing demand and the changing nature of crime.
- Government approval for joint governance of police and fire services in West Mercia in the interests of service effectiveness, efficiency and economy.
- The promotion of the “Behind the Badge” initiative to support police officers and work to reduce assaults against them.
- New mechanisms to measure public confidence in policing in each of West Mercia’s local policing areas.
- Proposals for a new, improved service for victims of crime, enabling them to get better, faster access to help when they need it.

This progress has facilitated significant efficiency improvements in terms of productivity and operational capacity, but it is clear there is a lot more work to do. It is equally clear however, that while these reforms are achieving efficiencies and will continue to do so, they do not fully offset the current challenges to policing.

Nationwide, demand has increased consistently in recent years. Volumes of recorded crimes have increased. This has not always been driven by actual increases in crime, but also by improved recording practices, and a greater willingness of victims to come forward. Police are also increasingly dealing with more complex types of crime. The table below highlights the challenge facing police in West Mercia now compared with just a few years ago.

Crime/ Incident	Apr – Nov 14	Apr – Nov 18	Vol. Change	% Change
Total crime	40,584	58,464	+17,880	44%
Rural crime	9,241	13,121	+3,880	42%
Sexual offences	1,199	2,450	+1,251	+104%
Dwelling burglary	2,523	3,477	+954	+39%
Violence with injury	4,886	6,880	+1,994	+41%
Violence without injury	4,310	13,840	+9,530	221%
Robbery	264	409	+145	+55%
DA offences	4,001	9,890	+5,889	+147%
CSE offences	1,283	4,977	+3,694	+288%
Total incidents (all calls for service)	194,922	210,404	+15,482	+8%
Incidents – Welfare/ public safety (not crimes)	65,302	74,931	+9,629	+15%

In recognition of this heightened and sustained demand, as well as efficiencies delivered within the police force, the Commissioner approved the recruitment of an additional 100 police officers. It is expected that these officers will be in post by summer 2019.

At the same time, policing, like all public and private sector services, is facing increasing cost pressures. In the last year inflation has generally risen, with CPI now standing at 2.3% and RPI 3.2% (as at November 2018). Police officers and staff have received a pay award of 2% this year.

West Mercia Police is also facing a substantial increase in the cost of employer's contributions to the Police Officer Pension Scheme following a review by the Government Actuary. The costs to policing nationally are estimated at £330m a year. For 2019/20 central government is meeting this cost through a specific grant and an increase in general grants. Central government will also be considering this issue during the next Comprehensive Spending Review.

Factors such as these demonstrate that although funding available for policing is increasing this year, significant challenges remain. Necessary work must continue to transform West Mercia into a modern, agile and sustainable force that is fit for the future. For example, it has become increasingly clear that aspects of police ICT and estates have not had sufficient scrutiny or investment for some time. These business areas require additional resources in order to maximise the effectiveness and efficiency of frontline police services.

This, however, needs to be balanced with keeping our communities safe today. The force needs to maintain a strong, visible community presence via dedicated Safer Neighbourhood Teams, as well as ensuring the right processes and resources are in place to provide an effective, efficient response to increased and complex demands.

West Mercia has lived beyond its means for many years now, reliant on healthy reserves and continued underspends to subsidise a budget that is not sustainable in the long term. A balanced budget needs to be delivered in the coming years, and work has commenced to deliver that within the medium term financial plan, but increased demand and rising cost pressures make this a continued challenge.

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

For the coming year existing policing capabilities and capacity will be further developed. Further reviews will take place to ensure policing models focus the right resources in the right places and that community visibility is improved through increasing the establishment of officers. Efficiency benefits will also be further realised from the continued integration of other ICT projects.

The Commissioner's budget includes provision to increase West Mercia's establishment to 2,145 officers, in order to help meet increased demand, reassure local communities and further increase public confidence in policing. This represents the highest number of officers the force has seen since 2012.

Other new developments and initiatives are captured within this year's budget, in support of the priorities set out in the Safer West Mercia Plan 2016-2021:

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

To achieve these objectives, the Commissioner will:

### **Putting Victims and Survivors First**

- *Introduce a new system to ensure faster and more effective access to support for victims of crime with the creation of a Victims Advice Helpline. This will deliver a more seamless integration between the police and third sector partners.*
- *Launch a national pilot project with partners in Worcestershire to prevent domestic violence by educating offenders (the Drive Project)*
- *Expand Smartwater initiatives throughout West Mercia to prevent revictimisation and reassure communities.*

### **Build a More Secure West Mercia**

- *Increase West Mercia's establishment officers to 2,145, to improve community visibility and responses to crime.*
- *Support the implementation of the new Emergency Services Network at a local level, while maintaining the existing Airwaves system as necessary*
- *Improve collaboration with public bodies through initiatives to share facilities, information and services*
- *Develop closer working relationships with the two Fire and Rescue Services in West Mercia to deliver more effective, efficient services to communities.*
- *Increase resources dedicated to tackling rural crime, including the appointment of an additional five dedicated officers*
- *Ensure full and continued implementation of West Mercia's new policing model*
- *Work with partners to develop further specialist policing capabilities to ensure the best possible services to communities*
- *Work with local partners to improve prevention, diversionary and early intervention work to reduce demand and prevent harm.*

### **Reform West Mercia**

- *Investing in the police estate, including new, fit-for-purpose sites in Hereford, Redditch and Shrewsbury delivered in partnership with other local agencies, as well as making necessary improvements to police headquarters*
- *Undertake 'One Place' reviews with local partners to encourage further shared use of facilities*
- *Undertake continuous review of the management of police estates, to ensure maximum efficiency*
- *Improve efficiency and services to the community through the implementation of new ICT systems such as SAAB Safe and telephony systems. Invest in a modern ICT infrastructure and network to enable further efficiencies in the force*
- *Implement the recommendation of the Services to Policing Review, to ensure frontline officers and staff get the support they need, when they need it*
- *Negotiate the withdrawal of West Mercia from the existing strategic alliance arrangement with Warwickshire, with potential to enter into new collaborations.*

## **Reassure West Mercia's Communities**

- *Invest a further £250,000 in community CCTV, in addition to the £1m previously committed by the Commissioner*
- *Support community projects to raise awareness in schools and protect children against cybercrime and C.S.E*
- *Deliver improvement in road safety, including new campaigns with partners and a further £500,000 investments in new community initiatives in 2019/20.*
- *Maintain new, effective mechanisms to measure public confidence in policing at a local policing area level.*

The Commissioner has driven reform within West Mercia. He has prioritised the best use of the funds available to him and focused on implementing efficiency programmes and productivity gains. In a review undertaken in May 2016, budget efficiencies of £10.7m were identified following significant underspends which occurred in 2015/16 and previous years. In 2017/18 efficiencies of £4.557m were achieved with a further £6.342m already being achieved in 2018/19. It should be noted that during the period of the previous and current Comprehensive Spending Reviews, West Mercia has implemented efficiencies of £66.6m.

During that period, as outlined in section 2, the nature of crime and its consequential demands have changed significantly. 2018/19 has also brought unavoidable and increased inflationary pressures.

The 2019/20 budget, the Medium Term Capital Programme and the Medium Term Financial Plan address these challenges whilst keeping council tax increases as low as possible. The Chief Constable has led a further review of front line policing and the services which support it. This review identified efficiencies in 2018/19, 2019/20 and future years. While investment in frontline policing will increase, efficiencies will continue to be delivered wherever possible, following those already in place.

Community policing will continue to be led by dedicated and reinforced Safer Neighbourhood Teams in each of the force's five local policing areas. These teams undertake a wide range of community policing functions and account for approx. 40% of West Mercia's total policing spend in 2019/20, demonstrating the Commissioner's commitment to visible, effective neighbourhood policing. The force's Operations Communications Centre is also included within the local policing portfolio, as well as Criminal Justice.

West Mercia's Protective Services policing portfolio will continue to work alongside local policing. These officers and staff often carry out the specialist, less visible, but equally important aspects of policing. This includes teams dedicated to investigating areas such as vulnerability or child sexual exploitation, the Major Investigations Unit who typically handle the most serious crimes such as murder, forensics services, and specialist uniformed functions such as the dog unit and armed response units.

The Commissioner has set his vision to maximise the efficiency and effectiveness of police estates by improving collaboration with partners. A programme of investment is in place to deliver a fit for purpose estate that fully supports modern operational and local policing. The Estates Strategy (supported by the Estates Delivery Plan) details the approach to this to 2020 and beyond. This work has begun and will generate both revenue savings and capital receipts within 2019/20 and future years.

The Commissioner has also ensured that a comprehensive review of the existing ICT network and infrastructure has been undertaken. This has identified a requirement for significant investment of c.£28m over the next four years. Detailed studies are now underway to prepare a robust implementation plan to deliver secure, modern and fit for purpose ICT systems and services that properly support police business.

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

	<b>2019/20</b> <b>£m</b>	<b>2020/21</b> <b>£m</b>	<b>2021/22</b> <b>£m</b>	<b>Total</b> <b>£m</b>
<b>Savings Plan:</b>				
<i>RABB savings</i>	0.225	0.000	0.000	0.225
<i>Enabling Services</i>	0.832	0.331	0.104	1.267
<i>Procurement Savings</i>	0.090	0.000	0.000	0.090
<i>Policing Model</i>	1.969	0.000	0.000	1.969
<i>Transformation Savings</i>	2.436	4.768	2.683	9.887
<i>2020/21 Savings Target*</i>	0.000	2.946	0.016	2.962
<b>Total</b>	<b>5.552</b>	<b>8.045</b>	<b>2.803</b>	<b>16.400</b>

\*These savings have not yet fully been identified and represent a future savings target.

These plans will continue to develop over the coming months. West Mercia Police will continue to face challenging savings targets in future years. It should also be noted that any future unexpected pressures (not included in the budget) will need to be accommodated within the existing budgets (i.e. from underspends or efficiencies). In addition there is a natural risk that future pay and price inflation may prove higher than estimated.

As stated, other policing and community safety partners also face the challenge of delivering significant efficiency savings over the coming years. Given the issues already outlined regarding demand, it is clear that services can only be improved or maintained if that demand reduces. This is a key focus of the Commissioner.

The impact and potential benefit of additional investments in diversionary, or intervention projects can be explored through the year. As a minimum, existing investments in evidence-led initiatives to tackle the root causes of crime and anti-social behaviour will be protected. This preventative work, coupled with the continued investment in the Transformation Programme and the benefits it will generate, will enable the Commissioner to keep Council Tax increases to the minimum necessary to build and ensure a safer West Mercia. However

council tax will rise in future years because of the unavoidable pressures police forces face. These include the changing nature of crime and increasing costs.

## **Ensuring Service Improvements for West Mercia's Communities**

This year's budget represents a significant uplift in resources available to West Mercia Police.

The Commissioner has responded to concerns from communities across West Mercia, who have said clearly that they wish to see an increase in police officer numbers, with a view to enabling the force to deliver service improvements. This additional capacity is delivered directly through this year's budget.

The Commissioner will continue to hold the Chief Constable to account for progress against the Safer West Mercia Plan priorities, to ensure the service improvements enabled by additional investment are delivered, and that West Mercia's communities get the best return on their investment.

The police force will work towards delivering the following improvements:

- 85% of victims will be satisfied with the service they receive from the force
- Response times to emergency calls will be reduced by an average of two minutes.
- The number of unresourced incidents will be cut by at least 25%.
- Anyone needing a non-urgent appointment to see a police officer will be offered one within two days (48 hours), or at a later time by mutual agreement.
- Confidence in West Mercia Police will increase\*
- Visibility of police in local communities will improve\*

*\*As measured by the PCC's public perceptions/ confidence survey*

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

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 Home Office and Ministry of Justice. The principal grants are:

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

The draft settlement received on 13<sup>th</sup> December 2018, has been confirmed as final on the 24<sup>th</sup> January 2019 and includes an increase in central Government grants in 2019/20.

Nationally the 2019-20 settlement provides more funding than had been previously expected. There is £970m additional funding for the service assuming PCCs increase the precept to the maximum. This includes:

- £161m additional formula funding,
- £153m of pension grant,
- £59m additional funding for Counter Terrorism,
- £90m additional funding to tackle Serious and Organised Crime and
- £509m as a result of additional council tax flexibilities with the precept flexibility being set at £24.

The settlement, including council tax and pension grant, represents an average cash increase (total funding) of 7.1% between 2018-19 and 2019-20.

Nationally Core Funding, which is defined as the sum of Police Grant, Rule 1, the Welsh Grants and Ex-CLG funding, has increased by 2.1% in cash terms between the 2018-19 and 2019-20 settlement. This is equivalent to an additional £146m.

The letter to the Home Affairs Select Committee (HASC) outlines the Policing Minister's 4 priority areas to "drive efficiency, productivity and effectiveness next year":

1. Continued efficiency savings in 2019-20 through collective procurement and shared services. There will be an expectation that every force contributes substantially to procurement savings and the Home Office will be working with the police to agree the "right force level objectives for 2019-20 and 2020-21".
2. Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
3. Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019-20.
4. Maintain a SOC response that spans identification and management of local threats as well as support for national priorities.

A fuller breakdown of the financial settlement for West Mercia from the Government is contained in Appendix A.

## **2. Council Tax**

By increasing the Council Tax by 9.94% (£19.59 for a Band D property) from 2019/20 followed by a 2.99% increase in 2020/21 and thereafter. 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 by £5.834m a year (compared to the previous MTFP).

## **3. Continued reform and efficiency**

Efficiencies of £1.721m in the 2019/20 budget are already implemented. Robust plans have been developed to achieve further efficiencies of £11.062m over the medium term. A further efficiency requirement of £2.962m to the end of 2021/22 has been identified and work will begin shortly to achieve this.

#### 4. *Making best use of West Mercia's reserves*

The Commissioner's reserves were £36.373m at the start of 2018/19 and on a prudent basis, to support each year's budget, the Capital and ICT Programmes, collaborative and transformation initiatives. It is possible that under-spends may occur in some years, as the force has a track record in delivering its savings targets early. The Commissioner will continue to drive efficiency and best value for money across all areas of policing.

#### 5. The Revenue Budget

The following table analyses the changes to the base budget between 2018/19 and 2019/20 and incorporates the apportionment of costs between the two areas within the alliance. Appendix B outlines a summary of the gross expenditure.

##### Analysis of movement from 2018/19 to 2019/20

	£'m
<b>2018/19 Budgeted net expenditure</b>	<b>211.494</b>
<b>Pay &amp; Price Inflation, increments and adjustments:</b>	
Officer Pay	2.870
Staff Pay	1.455
Non Pay	0.381
<b>Total</b>	<b>4.706</b>
<b>Staff Turnover</b>	
Police Officer Turnover	(4.866)
PCSO Turnover	(0.227)
<b>Total</b>	<b>(5.093)</b>
<b>Recurring Budget Pressures:</b>	
Police Officer Pension Rate increase (3.8%)	4.858
Staff Pay	0.221
Forensics staff pay	0.141
ICT Infrastructure	1.504
Police Officer (Investigations)/Police staff investigators	1.185
Regional Intelligence (ROCU)	0.482
Staff Pension Deficit	0.117
Software Purchase	0.231
Capital Financing (MRP and Loan Interest)	0.223
Reduction in Income from Sale of Vehicles	0.060
NABIS Premiums	0.041
Insurance Premiums	0.028
Witness Protection Costs	0.034
Miscellaneous	0.059
<b>Total</b>	<b>9.184</b>

**Non Recurring Budget Pressures**

Transformation – Redundancies and Help Desk	1.718
OCC Programme Extension and Decommissioning	1.196
Decommissioning of KCOM Network	1.052
DCD Telecoms and Desk Roll Out	0.076
<b>Total</b>	<b>4.042</b>

**Disaggregation of Local Policing** **1.626****Growth**

Services to Policing – Additional Investment	1.359
Investment in CCTV	0.250
Investment in 100 extra Police Officers	2.889
Investment in 115 Policing Officers	1.701
Investment in PCC Commissioned Services/Grants	1.000
Staff (incl. Professional Standards & Control Room).	0.777
MFD	0.148
Criminal Justice – Additional Posts	0.145
Control Room – Additional Shift Allowances	0.145
Taser Replacement	0.127
ANPR Cameras	0.118
Body Worn Video	0.058
ESN DSNP	0.040
Radio Equipment Purchase	0.005
<b>Total:</b>	<b>8.762</b>

**Reversal of Temporary Funding**

Staff Pay	(0.655)
PPL – Fire Precautions	(0.030)
Income funding temporary ICT posts	0.117
<b>Total</b>	<b>(0.568)</b>

### **Savings and Budget Reductions**

Contracts	(0.091)
2019/20 Transformation Programme (including Services to Policing)	(2.444)
Enabling Services (2018/19 Programme)	(0.832)
Policing Model (2018/19 Programme)	(1.305)
Staff Pay	(0.390)
Apprenticeship Levy Income	(0.345)
Vetting Income	(0.235)
Officer Pay	(0.155)
Solicitor Statement Charges	(0.133)
Photocopying Charges	(0.124)
Premises	(0.101)
Additional Savings (incl Crime Management, DBS, Coroners Officers, Switchboard, Telephone Investigators)	(1.298)
<b>Total</b>	<b>(7.453)</b>
Police Pensions Grant	(2.111)
<b>Closing Budget</b>	<b>224.589</b>

## **6. The Medium Term Financial Plan (MTFP)**

The MTFP was agreed in February 2018 and has been updated and refreshed during the year.

The key assumptions at February 2019 are as follows:

### **Funding**

- The precept will increase by 9.94% in 2019/20 and 2.99% thereafter.
- Council Tax base will grow by an average of 1.5% per annum. In addition a prudent estimate for the total Collection Fund surpluses has been included each year
- General revenue grants will be increased in 2019/20 and then maintained at 2019/20 levels in future years. The future review of the grant system will take place as part of the next Comprehensive Spending Review.

### **Costs**

- Pay (cost of living) increases are included at 2.0% per annum.

- Price increases are contained at contractual commitments.

The MTFP is as follows:

	2019/20 £m	2020/21 £m	2021/22 £m
<b>Expenditure - Summary</b>			
Base budget before savings	211.494	224.589	222.952
Pay and price increases/turnover	0.590	5.153	5.234
Police Officer Pensions	4.858	0.000	0.000
Disaggregation of local policing	1.626		
100 additional police officers (2018/19).	3.402	0.200	0.200
115 additional police officers (2019/21)	1.701	2.432	0.321
CCTV investment	0.250	(0.250)	0.000
PCC Commissioned Services/Grants	1.000	0.000	0.000
ICT and Capital	4.787	(0.081)	1.729
Police Pensions Grant	(2.111)	0.000	0.000
Miscellaneous	0.026	(0.080)	0.120
Temporary growth removed	(0.298)	(0.117)	0.000
Net Savings	(2.736)	(8.894)	(3.080)
<b>Projected net expenditure after savings</b>	<b>224.589</b>	<b>222.952</b>	<b>227.476</b>
<b>Funded by:</b>			
Formula Grant and RSG	110.473	110.473	110.473
Council Tax Support Grant	9.200	9.200	9.200
Council Tax (including Collection Fund surplus)	96.442	100.503	105.027
Council Tax Freeze Grant (2013/14)	0.800	0.800	0.800
Council Tax Freeze Grant ( 2011/12)	1.976	1.976	1.976
<b>Total funding</b>	<b>218.891</b>	<b>222.952</b>	<b>227.476</b>

<b>Total Budget Gap</b>	<b>5.698</b>	<b>0.000</b>	<b>0.000</b>
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It should be noted that in year budget gaps will be covered by savings targets and associated initiatives.

The table below shows the planned use of reserves in 2019/20 and thereafter:

	2019/20 £m	2020/21 £m	2021/22 £m
<b>Total Budget gap funded from reserves</b>			
- Transformation Reserve	1.318	0.000	0.000
- Budget Reserve	0.913	0.000	0.000
- Redundancy Reserve	0.400	0.000	0.000
- Infrastructure Reserve	3.067	0.000	0.000
<b>Total</b>	<b>5.698</b>	<b>0.000</b>	<b>0.000</b>

<b>Developments funded from reserves (not included in the budget above):</b>			
Transformation Reserve	0.959	0.288	0.194
Asbestos	0.000	0.000	0.000
CCTV	0.880	0.000	0.000
Legal and Insurance Claims	0.300	0.000	0.000
Safer Roads Reserve	0.571	0.000	0.000
Collaboration Reserve	0.300	0.000	0.000
Income Risk	0.500	0.000	0.000
Investment in Infrastructure	5.500	2.000	2.002
YJS	0.012	0.000	0.000
<b>Total</b>	<b>9.022</b>	<b>2.288</b>	<b>2.196</b>
<b>Total projected use of reserves</b>	<b>14.720</b>	<b>2.288</b>	<b>2.196</b>

Note: Rows and columns may not sum due to rounding

## 7. Reserves Strategy

The use of a significant proportion of 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

	<b>£m</b>
<b>Projected reserves at 1<sup>st</sup> April 2019</b>	<b>33.022</b>
<i>Amount required to support the budget over the life of the medium term financial plan</i>	<i>(0.913)</i>
<i>Funds to transform policing and meet associated costs</i>	<i>(2.759)</i>
<i>Provisions to meet known risks and commitments</i>	<i>(2.963)</i>
<i>Provisions to address demand management issues</i>	<i>(0.000)</i>
<i>Investment in infrastructure</i>	<i>(12.569)</i>
<b>Reserves remaining at the end of the MTFP period.</b>	<b><u>13.818</u></b>

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 £10.5m needs to be held in general reserve at all times to provide adequately for these risks. Further details of the risk assessment are included in section 9.

There remain considerable opportunities to drive out further efficiencies through future collaboration, including with (but not limited to) both Warwickshire Police, and with the two Fire and Rescue Services in West Mercia. Both however have associated risks.

West Mercia will be legally obliged to meet reasonable costs of exiting the strategic alliance with Warwickshire, which are as yet unknown. These risks are mitigated by the facts that Warwickshire are legally obliged to minimise costs, as well as the possibility of a new mutually beneficial collaborative arrangement being negotiated. While an element of financial cost will inevitably be associated with withdrawing from the current alliance, it will also enable service improvements and efficiencies.

The Police and Crime Commissioner is also proposing to change the governance arrangements for the Fire and Rescue Authorities in West Mercia and has gained the approval of the Government to do so. The two Fire Authorities have chosen to seek a Judicial Review of this decision, and at the time of writing, that Review is yet to be heard. There is potential for increased collaboration between the police and fire services regardless of the outcome of that legal action, but the full benefits are most likely to be realised if the Commissioner assumes governance of all services.

The Commissioner will continue to focus on improving the ICT infrastructure and to rationalise the estate. These initiatives create to the need for a significant provision within the reserves, given the considerable risks and the rewards.

The table below shows the estimated reserve balances at the end of each year

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
<b>General Reserves</b>	<b>10.587</b>	<b>10.587</b>	<b>10.587</b>	<b>10.587</b>
<b>Earmarked Reserves</b>				
Budget Reserve	0.913	0.000	0.000	0.000
Transformation reserve	2.759	0.482	0.194	0.000
Investment in Infrastructure	14.492	5.925	3.925	1.923
Safer Roads Partnership	1.081	0.510	0.510	0.510
Collaboration	0.300	0.000	0.000	0.000
YJS*	0.482	0.470	0.470	0.470
CCTV	0.880	0.000	0.000	0.000
Redundancy Reserve	0.400	0.000	0.000	0.000
Insurance and Legal Claims	0.300	0.000	0.000	0.000
Demand management	0.328	0.328	0.328	0.328
Asbestos	0.000	0.000	0.000	0.000
Income	0.500	0.000	0.000	0.000
<b>Total Earmarked Reserves</b>	<b>22.435</b>	<b>7.715</b>	<b>5.427</b>	<b>3.231</b>
<b>Total Reserves</b>	<b>33.022</b>	<b>18.302</b>	<b>16.014</b>	<b>13.818</b>

\*This is a collaborative arrangement with Local Authorities

## 8. The Capital Budget

The Capital Programme for 2019/20 to 2021/22 has been prepared using the existing Capital Programme MTFP as a basis and has been reviewed and updated in consultation with the respective business areas, reflecting known priorities and business requirements.

The current programme now reflects the priorities of the Commissioner to fully transform and reform police activities, services and systems as quickly and effectively 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. Consequently the Commissioner is planning significant capital investment of £72.9m over the next three years. As mentioned earlier, this investment is key to reforming policing and delivering better services to the people of West Mercia. Significant opportunities exist to deliver efficiencies and improvements to estates by working with partner agencies. The Commissioner's plans will make best use of these opportunities in the coming years.

The Commissioner is proposing the following capital budget for West Mercia over the next four years, the consequences of which are incorporated into the Medium Term Capital Programme.

<b>Expenditure</b>	<b>2019/20 (Including forecasted slippage from 2018/19) £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
Estate Strategy	9.0	18.2	15.2	<b>42.4</b>
ICT replacement & strategy programmes	11.7	7.1	6.8	<b>25.6</b>
Vehicle Replacement	2.0	1.0	1.0	<b>4.0</b>
Plant & Equipment	0.9	0.0	0.0	<b>0.9</b>
<b>Totals</b>	<b>23.6</b>	<b>26.3</b>	<b>23.0</b>	<b>72.9</b>

A full list of proposed capital projects is included at Appendix C. The capital programme will be kept under regular challenging review by the Commissioner, and may vary.

The expected funding of the programme is outlined below.

<b>Funding</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>	<b>Total £m</b>
Capital Receipts	1.2	1.6	1.0	<b>3.8</b>
Capital Grants	0.7	0.7	0.7	<b>2.1</b>
From infrastructure reserve	2.0	2.0	2.0	<b>6.0</b>
Borrowing	19.7	22.0	19.3	<b>61.0</b>
<b>Totals</b>	<b>23.6</b>	<b>26.3</b>	<b>23.0</b>	<b>72.9</b>

## **9. 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 it provides. The Commissioner holds a General Reserve, Earmarked Reserves and Capital Reserves. These will, in part, be governed by known or likely commitments, and, in part, by the appetite for risk. The Treasurer has reviewed thoroughly the financial risks facing policing in West Mercia and reassessed the level of reserves required. In doing so, the Treasurer has complied with CIPFA guidance on the establishment and maintenance of local authority reserves and balances.

### **Compliance with the 7 key principles in CIPFA’s guidance**

<b>Budget assumptions</b>	<b>Current situation in West Mercia</b>
The treatment of inflation and interest rates	West Mercia Police makes full and appropriate provision for pay and price rises.  An informed assessment is made of interest rate movements.  All individual expenditure and income heads in the revenue budget are prepared and published at estimated outturn prices
Estimates of the level and timing of capital receipts	The Commissioner and West Mercia Police make a prudent assumption of future capital receipts
The treatment of demand level pressures	The Force is required to operate and manage within its annual budget allocation.  The Chief Constable retains an operational contingency within the annual revenue budget to help finance large scale or corporate operations or issues and to deal with day to day changes in demand and pressure.

	<p>The Force has already identified £11.748m of cash savings which will be removed from the budget over the next three years. This is over and above the £77m of cash savings that have been removed from the base budget in the last eight years. This cumulative level of budget reduction will inevitably mean that operational budgets will come under greater pressure and/or risk of overspending in future years.</p> <p>Some government grants (e.g. DSP) are announced annually in advance and are cash limited. Any new policing pressures arising during the year will have to be funded from the PCC's own resources.</p> <p>The Commissioner has created a number of earmarked revenue reserves to help finance specific, ad-hoc expenditure commitments. Appropriations are made to and from these reserves on an annual basis as required.</p> <p>Finally general balances are used as a last resort to manage and fund demand-led pressures.</p>
<p>The treatment of planned efficiency savings and productivity gains</p>	<p>The Force has consistently achieved its annual efficiency target. Savings elsewhere in the revenue budget have been identified to cover any shortfall and the Force has underspent in recent years. An underspend is forecast in 2018/19.</p>
<p>The financial risks inherent in any significant new and existing funding partnerships, collaboration, major outsourcing arrangements or major capital developments</p>	<p>The financial consequences of partnership, collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the medium term planning process. Where relevant any additional costs are incorporated in the annual revenue budget. These are reviewed regularly during the year in the Money Matters report and where necessary the MTFP is amended.</p> <p>There are risks associated with the decision to end the existing alliance with Warwickshire Police, and to seek to negotiate a further collaboration. West Mercia as the party giving notice is legally bound to meet the reasonable costs of implementing the exit strategy, although Warwickshire is legally bound to minimise these costs. It should be noted that the existing cost sharing arrangement excludes premises. There is already significant investment planned in both a</p>

	<p>Transformation Programme and in improvements to the ICT infrastructure. These projects will be reconfigured if necessary and may offset some costs.</p> <p>There is clearly a risk that local authority partners will continue to withdraw funding as their own budgets are reduced and that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>The Commissioner has created a number of earmarked revenue reserves and provisions to meet specific expenditure items. These are shown below.</p> <p>The access criteria for special grants state that Commissioners may be required to fund up to 1% of their net budget requirement themselves before the Government considers grant aid. This applies on an annual basis.</p>
<p>The general financial climate to which the authority is subject.</p>	<p>In December 2018, the Minister for Policing and the Fire Service announced that the police grants would be increased in 2019/20 to reflect the increased costs of police officer pensions. He also stated that the PCC's could increase the council tax (band D equivalent) by up to £24 per year in 2019/20.</p> <p>General inflation in the U.K. has started to increase. CPI is currently at 2.3% and RPI 3.2% (Nov 2018).</p> <p>A provision of 2% p.a. for the pay award has been included in the MTFP.</p> <p>The base rate was increased for the first time in over a decade in Autumn 2017, raising it from 0.25% to 0.5%. It has risen further and now stands at 0.75%. The Governor of the Bank of England has indicated that any future increases will be minimal and gradual.</p> <p>The 4 year medium term financial plan reflects our local best estimate of future inflation rates, increases in government grants and contributions and revenues raised from Council Tax.</p>

## General Reserve

In recent years, the Treasurer has undertaken a review of the significant risks and pressures facing the Police and Crime Commissioner before setting a minimum level of reserves held in General Reserve.

The key risks the Police and Crime Commissioner faces (and for which no specific provision in Earmarked Reserves is made) are:

- a. The possibility of savings targets not being met. As in previous years, it is suggested that no provision is made in reserves for this, but, if this approach is taken, the Commissioner is recognising that any failure to deliver savings will potentially have to be compensated for by service reductions.
- b. Possible delays in the delivery of savings. In previous years where the force has missed its in-year savings target, it 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 under-spending. 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 capital schemes such as the OCC. Given the achievement of the 2017/18 savings target and the progress made in implementing the savings plans for 2018/19 a decrease is recommended in the level of reserves held to cover potential delays in the delivery of savings from £4.5m in 2017/18 to £3.1m.
- 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. Any reasonable costs in implementing the exit strategy for the strategic alliance with Warwickshire and in negotiating and implementing a revised collaborative arrangement. Costs may be incurred in reconfiguring the ICT infrastructure and in reviewing and changing both policing and support services. Currently these costs cannot be accurately quantified though detailed work is underway to redesign the ICT Infrastructure and reorganise policing and support services. Provision of c£28m has been made in the Medium Term Financial Plan for the modernisation of the ICT infrastructure and funding has been provided for the Transformation Team and the non-recurring costs of review of Services to Policing (this is not linked to the termination of the alliance). There may be some additional legal and contractual costs. An indicative provision of £1m may be prudent within General Reserve.

- e. Additional delivery costs of 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. Consequently no additional provision is recommended here.
- f. The risk on inflation, especially on pay. The Medium Term Financial Plan includes a provision of 2%. This reflects current inflationary pressures in 2018/19. Consequently it is recommended that no further provision be made.
- 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 Home Office is currently considering a further review of the Police Funding Formula and may implement a new funding mechanism in the next Comprehensive Spending Review. 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. Given the continuing uncertainty around the outcome of this review and the likely timescale for implementation I am recommending that no provision be made in 2018/19.
- i. The Government has delayed its plans for the replacement of the Airwaves network (referred to as ESN/ESCMP). There is still a lack of clarity, with not all details being known. However, a provision of £6m has been made in the Medium Term Capital Programme. 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.
- 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 £10.5m. Coincidentally this is approximately 5% of the net revenue budget, in line with expected best practice and emerging guidance. It should be noted that the impact of higher pay increases, the funding review or increased economic and political uncertainty which cannot be accurately estimated 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, he 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 £10.587m is provided in general 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.

### **Earmarked Reserves**

The predicted balance at 31st March 2020 for each earmarked revenue reserve – which has a specific purpose and particular timescale – is shown in the table below.

<b>Earmarked Reserve</b>	<b>Balance as at 1st April 2019 £m</b>	<b>Movement In Year £m</b>	<b>Forecast Balance as at 31<sup>st</sup> March 2020 £m</b>	<b>Purpose of Reserve</b>
Budget Reserve	0.913	0.913	0.000	To support the revenue budget whilst implementing the Transformation Programme
Transformation Reserve	2.759	2.277	0.482	To meet the costs of the Transformation Team
Investment in Infrastructure Reserve	14.492	8.567	5.925	To fund schemes within the capital programme, the estates and ICT programmes. The reserve may be used to both meet revenue costs and reduce the

				need for borrowing, thereby minimising financing costs in future years
Safer Roads Partnership Reserve	1.081	0.571	0.510	Funds held on behalf of the partners to fund road safety initiatives
YJS Reserve	0.482	0.012	0.470	Funds held on behalf of the responsible authorities to fund the costs of youth justice services
Collaboration reserve	0.300	0.300	0.000	To fund work on undertaking collaboration and partnership working.
CCTV Reserve	0.880	0.880	0.000	To fund improvements and upgrades to CCTV systems in 2018/19 and 2019/20 as agreed with Local Authorities
Redundancy Reserve	0.400	0.400	0.000	To fund redundancy costs arising from the Transformation Programme
Insurance and Legal Claims Reserve	0.300	0.300	0.000	To meet the costs of high value claims

Demand management reserve	0.328	0.000	0.328	To spend on initiatives to address some of the underlying causes of the increased demand the force is facing.
Income Reserve	0.500	0.500	0.000	To meet budget shortfalls caused by volatility in demand led income streams which can vary considerably from year to year
<b>Total Earmarked Reserves</b>	<b>22.435</b>	<b>14.720</b>	<b>7.715</b>	

The tables in sections 6 and 7 show the deployment of all reserves over the life of the Medium Term Financial Plan, and the remaining reserve balances at the end of each financial year.

### **Capital Reserves and Balances**

In addition to the revenue reserves capital reserves are also maintained. These are used to finance the capital programme.

There is a reserve holding Capital Grants Unapplied. This holds the capital grants from the Home Office that have not yet been spent. These grants are applied to fund the capital programme and can be carried forward without penalty until required. The balance on the reserve as at 1<sup>st</sup> April 2018 was £0.0m.

There is a Capital Receipts Reserve. This holds receipts from the sale of police houses and land and buildings which are no longer needed for operational policing as more efficient use is made of partners' and the policing estate. The funding table in section 8 above outlines the receipts expected from asset sales from 2018/19 to 2021/22. The balance on the reserve as at 1<sup>st</sup> April 2018 was £0.133m

## **Summary**

There has been a comprehensive review of all reserves held by the Police and Crime Commissioner. This report sets out clearly and transparently the reserves held, the purpose for which they are held, the plans for their use and the risks and assumptions underpinning them.

Based on current planning assumptions, the level of general reserves should stay above the recommended minimum level through to 2021/22 and sufficient provision has been made in earmarked reserves to fund expected one-off pressures, including the end of the existing Strategic Alliance with Warwickshire Police and the potential establishment of further collaborative arrangements. Provision has been made for the further implementation of the Transformation Programme. In addition the capital reserves and the investment in infrastructure reserve will be used to fund an extensive programme to support much needed investment in land, buildings, ICT systems and vehicles. This will give policing officers and staff up to date, fit for purpose facilities and enable them to provide a modern, efficient and effective policing service.

By generating efficiencies and reducing borrowing costs, the use of the infrastructure and capital reserves will ensure a more sustainable financial position in the longer term. Deploying these reserves over the medium term rather than in a single year also permits some flexibility should it be necessary.

The risks associated with this budget have increased significantly. The West Mercia Police Force is facing the challenge of dealing effectively with the demands placed by both an increase in crime and changes in the nature of crime. It is seeking to negotiate a revised collaboration with the Warwickshire Force or if this cannot be achieved, establishing its activities to operate independently. This creates greater uncertainty and risks in setting a budget for 2019/20. At the same time, West Mercia has an ambitious programme to reconfigure its operational estates and modernise its ICT infrastructure. The Force will require robust project and programme management arrangements if it is to successfully achieve its aims within the resources available. However the Police and Crime Commissioner holds substantial reserves and has increased the recurring revenue available (with a 9.94% increase in Council Tax). This combined with the strong financial management arrangements in place, recent investment and improvements in programme and project management and planned changes to corporate governance should give the Force the ability to implement this programme successfully. The Police and Crime Commissioner will hold the chief Constable to account during this time.

## Summary of West Mercia Grant Settlement

The provisional Police Funding Settlement from the Home Office was received on the 13<sup>th</sup> December, and will be confirmed as being final during January 2019. The details are shown below:

<b>2018/19</b>	<b>Funding Stream</b>	<b>Provisional 2019/20</b>	<b>Change</b>
<b>£ m</b>		<b>£ m</b>	<b>%</b>
65.422	Police Grant (including Community Support Grant)	66.844	2.17
42.780	Revenue Support Grant	43.630	1.99
11.975	Legacy Council Tax Grants (freeze grants and plus council tax support grant)	11.975	0.00
<b>120.177</b>	<b>Total</b>	<b>122.449</b>	<b>1.89</b>

In addition to the main central Government grants shown above, the Police and Crime Commissioner also receives grant funding for Victims Services Commissioning and Restorative Justice from the Ministry of Justice. Notification of the anticipated grant allocation for 2019/20 has been received and is £1.470m compared to £1.463m in 2018/19.

## Appendix B(i)

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

<b>West Mercia</b>	<b>2018/19 Budget £m</b>	<b>2018/19 Budget £m</b>	<b>Variance £m</b>
Government Grant (Core Funding)	120.177	122.449	2.272
Council Tax Precept	86.596	96.442	9.846
<b>Total Funding / Net Budget Requirement</b>	<b>206.773</b>	<b>218.891</b>	<b>12.118</b>
Police Officers Pay	104.149	112.236	(8.087)
Police Officer overtime	2.762	2.761	0.001
Police Staff + PCSO Pay	62.703	65.725	(3.022)
Police Staff overtime	0.661	0.659	0.002
Temp and Agency Staff	0.175	0.046	0.129
Injury & Ill Health Pensions	3.556	3.606	(0.050)
Other Employee Expenses	1.002	1.042	(0.040)
Premises	8.217	8.108	0.109
Transport	4.098	4.283	(0.185)
Supplies and Services	22.253	25.352	(3.099)
Third Party Payments	15.204	16.597	(1.393)
Capital Financing	2.229	2.443	(0.214)
<b>Gross Expenditure</b>	<b>227.009</b>	<b>242.858</b>	<b>(15.849)</b>
<b>Income</b>	<b>(15.515)</b>	<b>(18.269)</b>	<b>(2.754)</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>211.494</b>	<b>224.589</b>	<b>13.095</b>
<b>Budget Contribution to/(from) Reserves</b>	<b>(4.721)</b>	<b>(5.698)</b>	<b>(0.977)</b>

## Appendix B (ii)

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

	2018-19	2019-20	Variance	Variance
	£m	£m	£m	%
<b>Central Services</b>				
Change Programme	2.987	7.941	4.954	165.85%
Chief Officers	0.961	1.032	0.071	7.39%
Information Management	0.707	0.481	-0.226	-31.97%
Analysis & Service Improvement	0.035	1.850	1.815	5185.71%
<b>Total</b>	<b>4.690</b>	<b>11.304</b>	<b>6.614</b>	<b>141.02%</b>
<b>Enabling Services</b>				
Business Support Services	3.247	3.050	-0.197	-6.07%
Corporate Communications	0.709	0.763	0.054	7.62%
Estates Services	9.666	9.544	-0.122	-1.26%
ICT	15.385	15.709	0.324	2.11%
Legal Services	1.003	1.007	0.004	0.40%
People Services	6.421	6.647	0.226	3.52%
Transport Services	2.944	3.212	0.268	9.10%
<b>Total</b>	<b>39.375</b>	<b>39.932</b>	<b>0.557</b>	<b>1.41%</b>
<b>Finance</b>				
Contracts & Purchasing	1.676	1.555	-0.121	-7.22%
Corporate Finance	1.515	4.145	2.630	173.60%
Accountancy & Financial Services	0.791	0.867	0.076	9.61%
Management Accounting & Business Change	0.798	0.736	-0.062	-7.77%
<b>Total</b>	<b>4.780</b>	<b>7.303</b>	<b>2.523</b>	<b>52.78%</b>
<b>Local Policing</b>				
Criminal Justice & Custody	8.859	9.778	0.919	10.37%
Harm Reduction	1.764	0.186	-1.578	-89.46%
Operational Support	1.849	0.109	-1.740	-94.10%
Professional Standards	1.005	1.032	0.027	2.69%
Operational Communications Centres	8.667	10.120	1.453	16.76%
Public Contact Functions	0.000	6.619	6.619	100.00%
Local Policing area costs	94.414	0.000	-94.414	-100.00%
Local Policing – South Worcestershire	0.000	25.004	25.004	100.00%
Local Policing – North Worcestershire	0.000	18.857	18.857	100.00%
Local Policing - Herefordshire	0.000	14.381	14.381	100.00%
Local Policing – Shropshire	0.000	20.021	20.021	100.00%
Local Policing - Telford	0.000	17.425	17.425	100.00%
Local Policing – Head of Territorial Policing	0.000	5.475	5.475	100.00%

Local Policing – Worcestershire County		0.040	0.040	100.00%
<b>Total</b>	<b>116.558</b>	<b>129.047</b>	<b>12.489</b>	<b>10.71%</b>
<b>Police and Crime Commissioner</b>	<b>4.923</b>	<b>6.220</b>	<b>1.297</b>	<b>26.35%</b>
<b>Protective Services</b>				
Head of Protective Services	1.067	0.674	-0.393	-36.83%
Firearms Support	0.059	0.000	-0.059	-100.00%
Crime Management	2.554	0.000	-2.554	-100.00%
Forensic Services	5.107	5.076	-0.031	-0.61%
Intelligence Department	6.443	9.427	2.984	46.31%
Major Investigations	3.339	3.294	-0.045	-1.35%
National Armed Policing	0.038	0.014	-0.024	-63.16%
Operations	17.768	6.821	-10.947	-61.61%
Regional and Organised Crime Unit	3.535	4.052	0.517	14.63%
Protecting Vulnerable People	1.258	1.425	0.167	13.28%
<b>Total</b>	<b>41.168</b>	<b>30.783</b>	<b>-10.385</b>	<b>-25.23%</b>
<b>TOTAL</b>	<b>211.494</b>	<b>224.589</b>	<b>13.095</b>	<b>6.19%</b>

- The increase in PCC budget in 19/20 is due to increased investment in Commissioners grants and CCTV

Capital Project Description	West Mercia Police			2018/19-2022/23 Revised Project Total	2019-20 Proposed Project Budget (excl slippage)	2019-20 Proposed Project Budget (Incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
	Formal Business Approval (Y)	Total Project Budget	Total Project Spend / Projected Spend						
			£000	£000	£000	£000	£000	£000	£000
<b>ESTATES</b>									
<b>ESTATES WEST MERCIA:</b>									
Operation Command Control Centre - Southwell House, Hindlip Park	Y	14,211.3	14,553.8	1.0	-	-	-	-	-
Central Forensics Services Buildings - Hindlip Park, Worcester	Y	1,540.7	1,988.0	1,825.4	378.1	378.1	-	-	-
Telford Police Station, Malinsgate - West Mercia		1,000.0	1,333.0	1,037.9	-	-	-	-	-
W.Mercia Planned M'tenance - Invest in Infrastructure 2017/18 - <i>Hereford Gates</i>		16.2	16.2	16.2	-	-	-	-	-
W.Mercia Planned M'tenance - Invest in Infrastructure 2017/18 - <i>Hindlip Dog Kennels</i>		191.7	191.7	191.7	-	-	-	-	-
W.Mercia Planned M'tenance - Invest in Infrastructure 2017/18 - <i>Redditch Roof</i>		270.3	-	-	-	-	-	-	-
W.Mercia Planned M'tenance - Invest in Infrastructure 2017/18 - <i>Redditch Generator</i>		47.7	-	-	-	-	-	-	-
W.Mercia Planned M'tenance - Invest in Infrastructure 2017/18 - <i>Various Totem Signs</i>		31.1	31.1	31.1	-	-	-	-	-
Investment in Estates Infrastructure - West Mercia - 2017-18 - <i>balance</i>		240.6	91.0	91.0	-	91.0	-	-	-
Investment in Estates Infrastructure 2018-19 onwards (69%)		857.0	794.6	794.6	172.0	276.6	173.0	172.0	173.0
Safer Neighbourhood Offices		1,040.0	1,040.0	996.0	-	995.0	-	-	-
West Mercia - LAPBs				4.0					
Hindlip Hall and Hindlip Park enhancement		1,700.0	1,700.1	1,596.0	1,200.0	1,557.0	-	-	-
HINDLIP PK - FIRE CO-LOCATION - (via Affordability Funding Envelope= £730k plus £150k from Estates Infrastructure WM 2017-18)	Y	1,700.0	2,159.6	2,080.0		-			
HINDLIP PK - GYMNASIUM ROOF - (via Affordability Funding Envelope)	Y	324.9	324.9	311.0		-			
MALVERN POLICE STN - CAR PARK - (WM 17-18 Investment in Infrastructure)	Y	97.2	97.2	-		-			
SHREWSBURY POL STN - CAR PARK - (WM 17-18 Investment in Infrastructure)	Y	75.2	75.2	-		-			
HINDLIP CHIEF OFFICER LANDING - (WM 17-18 Investment in Infrastructure)	Y	74.6	74.6	-		-			
SOUTHWELL HOUSE CRIME BUREAU - (WM 17-18 Investment in Infrastructure)	Y	100.0	100.2	96.0		-			
KIDDERMINSTER BOILER REPLACEMENT - (WM 17-18 Investment in Infrastructure)	Y	197.0	232.3	127.6		-			
Hereford Hub		16,000.0	16,000.0	16,000.0	760.0	100.0	8,000.0	7,000.0	-
Firearms Range		10,000.0	10,000.0	10,000.0	-	-	10,000.0	-	-
Northern Hub - Shrewsbury / Telford		16,000.0	16,500.0	16,500.0	500.0	500.0	-	8,000.0	8,000.0
Redditch Police Station - West Mercia		5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	-	-	-
Shrewsbury Armoury	Y	100.0	100.3	91.0	-	91.0	-	-	-
RAF Shawbury - alterations	Y	76.0	102.9	-	-	-	-	-	-
MOD Donnington - Alterations	Y	50.0	50.0	50.0	-	50.0	-	-	-
WORCESTER-PROBATION CO-LOCATE	Y	295.0	622.0	552.7	-	-	-	-	-
Malvern - Criminal Justice Hub	Y	743.7	693.4	15.0	-	1.0	-	-	-
<b>TOTAL - ESTATES WEST MERCIA:</b>		<b>71,980.1</b>	<b>73,872.1</b>	<b>57,408.2</b>	<b>8,010.1</b>	<b>9,039.6</b>	<b>18,173.0</b>	<b>15,172.0</b>	<b>8,173.0</b>

Capital Project Description	West Mercia Police			2018/19-2022/23 Revised Project Total	2019-20 Proposed Project Budget (excl slippage)	2019-20 Proposed Project Budget (Incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
	Formal Business Approval (Y)	Total Project Budget	Total Project Spend / Projected Spend						
			£000	£000	£000	£000	£000	£000	£000
<b>ICT</b>									
<b>ICT PROGRAMME OF CHANGE:</b>									
<b>POC IN PIPELINE:</b>									
ICT Investment required over period of MTFP (ROM):		20,000.0	20,250.0	20,250.0	8,000.0	8,250.0	6,000.0	4,000.0	2,000.0
<b>TOTAL - POC IN PIPELINE:</b>		<b>20,000.0</b>	<b>20,250.0</b>	<b>20,250.0</b>	<b>8,000.0</b>	<b>8,250.0</b>	<b>6,000.0</b>	<b>4,000.0</b>	<b>2,000.0</b>
<b>POC IN FLIGHT:</b>									
<b>Operation Command Control Centres - ICT Infrastructure &amp; Systems:</b>	memo	<b>8,195.0</b>	<b>8,279.9</b>	<b>3,544.0</b>	<b>550.0</b>	<b>2,714.0</b>	-	-	-
OCC Design Enterprise Team (set up)	Y	95.0	-	-	-	-	-	-	-
OCC Hindlip - ICT Infrastructure, including Joint Operations Centre fit-out	Y	861.0	719.0	89.0	-	-	-	-	-
OCC Operations Enabling Technologies (OET) - SAAB plus supporting hardware etc. Including £373k from Mobile Working budget, plus £175k from Desktop Replacement budget, plus £95k from Design Enterprise Team budget	Y	6,486.0	7,131.3	3,410.0	550.0	2,714.0	-	-	-
Warwickshire OCC Project - Stuart Ross House ICT fit-out	Y	753.0	429.6	45.0	-	-	-	-	-
ANPR Project - expansion of fixed camera sites & back office	Y	3,700.0	3,419.4	718.0	-	31.0	-	-	-
ANPR Cameras in cars (In-Vehicle Technology [In-car media])	Y	650.0	769.1	84.0	-	-	-	-	-
Regional Motorway ANPR Cameras	Y		146.0	146.0	-	-	-	-	-
Desktop Telephony / Full Uni Comms (ICT Telephony)	Y	2,343.9	2,389.4	924.0	45.0	260.0	-	-	-
Desktop Telephony / Full Uni Comms (ICT Telephony) - OCC Project Costs	Y	357.5	357.5	-	-	-	-	-	-
Athena (all projects combined)	Y	2,479.2	2,468.6	58.0	-	-	-	-	-
Athena 2	Y		194.0	194.0	-	-	-	-	-
Data Network Replacement - "Red Flag Project" - (Virgin Business)	Y	3,204.3	3,369.6	63.0	-	-	-	-	-
Body Worn Video	Y	1,011.9	819.8	3.0	-	-	-	-	-
Telematics - vehicle deployment and monitoring software	Y	601.0	602.4	108.0	-	-	-	-	-
Hi-Tech Crime Unit Infrastructure Upgrade - Hindlip		125.0	5.4	-	-	-	-	-	-
Hardware - Corporate Printing Solution	Y		-	-	-	-	-	-	-
Emergency Services Network - (Airwave Radio Replacement)		6,000.0	6,000.5	5,899.0	(899)	2,000.0	2,000.0	1,899.0	-
Business Information Project (to support analysis of organisation's data)			-	-	-	-	-	-	-
BOX1 - Business Object version X1 replacement		500.0	305.0	305.0	-	-	-	-	-
SAFENET DIGITAL FORENSIC	Y	120.0	55.5	-	-	-	-	-	-
DIGITAL CHANNEL SHIFT PROJECT	Y	60.0	-	-	-	-	-	-	-
FORENSIC SYSTEM - SOCPATES	Y	123.2	116.4	7.0	-	-	-	-	-
<b>TOTAL - POC IN FLIGHT:</b>		<b>29,471.0</b>	<b>29,298.5</b>	<b>12,063.0</b>	<b>- 304.0</b>	<b>5,005.0</b>	<b>2,000.0</b>	<b>1,899.0</b>	<b>-</b>
<b>POC COMPLETED:</b>									
Corporate Gazetteer	Y	306.2	285.1	1.0	-	-	-	-	-
Hardware - Mobile Working Project (less £373k used for OET above)	Y	7,030.0	6,372.6	3,000.0	-	-	-	3,000.0	-
Origin upgrades & enhancements	Y	200.0	167.8	55.0	-	-	-	-	-
<b>TOTAL - POC COMPLETED:</b>		<b>7,536.2</b>	<b>6,825.5</b>	<b>3,056.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000.0</b>	<b>-</b>
<b>TOTAL - ICT PROGRAMME OF CHANGE:</b>		<b>57,007.1</b>	<b>56,373.9</b>	<b>35,359.0</b>	<b>7,696.0</b>	<b>13,255.0</b>	<b>8,000.0</b>	<b>8,899.0</b>	<b>2,000.0</b>

Capital Project Description	West Mercia Police			2018/19-2022/23 Revised Project Total	2019-20 Proposed Project Budget (excl slippage)	2019-20 Proposed Project Budget (incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
	Formal Business Approval (Y)	Total Project Budget	Total Project Spend / Projected Spend						
			£000	£000	£000	£000	£000	£000	£000
<b>ICT PROGRAMME OF WORK:</b>									
<b>POW IN PIPELINE:</b>									
CCTV for Force buildings including Custody		500.0	500.0	500.0	-	500.0	-	-	-
Corporate WiFi		600.0	600.0	600.0	-	600.0	-	-	-
Consolidation of small systems	Y	300.0	145.4	50.0	-	-	-	-	-
Confidential Network Environment (CNE) resilience (multi-site)		200.0	200.0	200.0	-	200.0	-	-	-
Vetting Project Defford		200.0	66.0	66.0	-	-	-	-	-
FIREARMS LICENSING UNIT	Y	105.5	77.4	-	-	-	-	-	-
<b>TOTAL - POW IN PIPELINE:</b>		<b>1,905.5</b>	<b>1,588.8</b>	<b>1,416.0</b>	<b>-</b>	<b>1,300.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>POW IN FLIGHT:</b>									
Hardware - Desktop Equipment PCs/Laptops/Winterms (replacement) - less £175k in 2017/18 used for OET above	Y	4,205.9	4,112.7	2,244.0	200.0	200.0	1,500.0	200.0	200.0
Hardware - HTCU replacement (desktops & servers)		350.0	350.0	350.0	200.0	200.0	150.0	-	-
Hardware - Mobile Devices (blackberry replacement)	Y	95.0	123.9	0.0	-	-	-	-	-
Hardware - Mobile Devices (YOS)		23.5	23.5	-	-	-	-	-	-
Hardware - Multimedia Project (Higher-spec PCs and servers)	Y	725.0	454.6	29.0	-	-	-	-	-
<b>DIGITAL COMMUNICATIONS DEPLOYMENT (D.C.D.)</b>			529.0	529.0	-	-	-	-	-
<b>K.COM TRANSITION PROJECT</b>			1,900.0	1,900.0	850.0	850.0	-	-	-
Hardware - Printers/Scanners	Y	606.9	328.1	70.0	10.0	10.0	10.0	10.0	10.0
Hardware - Servers (include PSN)	Y	1,634.5	1,432.2	931.0	200.0	200.0	200.0	200.0	200.0
Network - upgrades	Y	325.1	286.2	203.0	50.0	50.0	50.0	50.0	50.0
Storage Area Network (SAN) / Backup Infrastructure	Y	1,617.3	1,670.6	900.0	200.0	200.0	200.0	200.0	200.0
Software Upgrades	Y	1,833.0	1,757.4	1,121.0	250.0	250.0	250.0	250.0	250.0
SOURCE MANAGEMENT SYSTEM – COPS & Source Management (2 projects now combined)	Y	80.0	40.1	-	-	-	-	-	-
WORKSPACE MODERNISATION PROGRAM	Y	520.1	519.7	88.0	-	-	-	-	-
<b>TOTAL - POW IN FLIGHT:</b>		<b>12,016.1</b>	<b>13,527.8</b>	<b>8,365.0</b>	<b>1,960.0</b>	<b>1,960.0</b>	<b>2,360.0</b>	<b>910.0</b>	<b>910.0</b>
<b>TOTAL - ICT PROGRAMME OF WORK:</b>		<b>13,921.6</b>	<b>15,116.7</b>	<b>9,781.0</b>	<b>1,960.0</b>	<b>3,260.0</b>	<b>2,360.0</b>	<b>910.0</b>	<b>910.0</b>
<b>TOTAL - ICT PROGRAMMES OF CHANGE AND WORK:</b>		<b>70,928.8</b>	<b>71,490.6</b>	<b>45,140.0</b>	<b>9,656.0</b>	<b>16,515.0</b>	<b>10,360.0</b>	<b>9,809.0</b>	<b>2,910.0</b>
West Mercia Proportion of ICT - 69%:		48,940.9	49,328.5	31,146.6	6,662.6	11,395.4	7,148.4	6,768.2	2,007.9

Capital Project Description	West Mercia Police			2018/19-2022/23 Revised Project Total	2019-20 Proposed Project Budget (excl slippage)	2019-20 Proposed Project Budget (incl slippage from 2018-19)	2020-21 Proposed Project Budget	2021-22 Proposed Project Budget	2022-23 Proposed Project Budget
	Formal Business Approval (Y)	Total Project Budget	Total Project Spend / Projected Spend						
<b>VEHICLE REPLACEMENT:</b>									
WEST MERCIA - Vehicle Replacement Programme	Y		13,321.2	6,152.9	1,958.0	1,958.0	1,000.0	1,000.0	1,000.0
<b>TOTAL ALLIANCE VEHICLE REPLACEMENT</b>			<b>-</b>	<b>6,152.9</b>	<b>1,958.0</b>	<b>1,958.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>
<b>PLANT &amp; EQUIPMENT PROGRAMME:</b>									
Crime Force Technical Surveillance & Capital Equipment			192.7	-	-	-	-	-	-
Body Armour replacement (69%)			1,307.0	889.4	-	889.4	-	-	-
<b>TOTAL ALLIANCE PLANT &amp; EQUIPMENT PROGRAMME</b>			<b>1,499.7</b>	<b>889.4</b>	<b>-</b>	<b>889.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NEW BUSINESS PLANS CAPITAL APPROVED MAR-APR'17</b>									
METHODS OF ENTRY RIG & WORKING AT HEIGHTS			50.0	21.0	-	-	-	-	-
TASERS			205.0	75.0	-	-	-	-	-
FIREARMS PROTECTION EQUIPMENT			102.0	52.0	-	-	-	-	-
TARGET TURNERS - FIREARMS SCHOOL			51.0	51.0	-	-	-	-	-
DOG CAMERAS & EQUIPMENT			17.0	4.0	-	-	-	-	-
<b>TOTAL - NEW BUSINESS PLANS CAPITAL APPROVED MAR-APR'17</b>			<b>425.0</b>	<b>203.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
West Mercia Proportion of Business Plans - 69%:			293.3	140.1	-	-	-	-	-
<b>Total Capital Budget</b>			<b>122,713.9</b>	<b>95,737.2</b>	<b>16,630.7</b>	<b>23,282.4</b>	<b>26,321.4</b>	<b>22,940.2</b>	<b>11,180.9</b>
<b>MEMO: Other Projects with costs completing in 2016-2017 and 2017-2018</b>									
<b>Estates Projects</b>									
SOCO Labs - Worcester, Kidderminster, Shrewsbury, & Bedworth	Y		79.2	-	-	-	-	-	-
			79.2	-	-	-	-	-	-
<b>ICT Projects</b>									
Digital Forensics Distribution Model	Y - kiosks		726.0	454.0	-	434.0	-	-	-
			1,035.6	454.0	-	434.0	-	-	-
<b>West Mercia Proportion of ICT - 69%:</b>			<b>714.6</b>	<b>313.3</b>	<b>-</b>	<b>299.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
COMMUNICATION EQUIPMENT (2016-17 PROJECT)	Y		399.0	-	-	-	-	-	-
METHODS OF ENTRY RIG - DEFFORD ONLY	Y		29.0	-	-	-	-	-	-
GYM EQUIPMENT - WEST MERCIA	Y			-	-	-	-	-	-
Equipment Projects:			428.0	-	-	-	-	-	-
SAFER ROADS REPLACEMENT CAMERAS AND EQUIPMENT	Y		208.6	274.0	-	-	-	-	-
SAFER ROADS REPLACEMENT - VEHICLES	Y		183.4	-	-	-	-	-	-
SECTION 27 FUNDED EQUIPMENT			55.7	-	-	-	-	-	-
Safety Camera and Section 27 expenditure:			392.0	274.0	-	-	-	-	-
Sales Expenditure			-	-	-	-	-	-	-
<b>Total Other Projects:</b>			<b>1,713.8</b>	<b>587.3</b>	<b>-</b>	<b>299.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL SPEND &amp; PLANS 2015-16 to 2021-22:</b>			<b>139,563.8</b>	<b>96,324.5</b>	<b>16,630.7</b>	<b>23,581.9</b>	<b>26,321.4</b>	<b>22,940.2</b>	<b>11,180.9</b>

## APPENDIX D

### PRUDENTIAL INDICATORS - WM

1. AFFORDABILITY PRUDENTIAL INDICATORS	2018/19 Estimate	2018/19 Forecast Outturn	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'000	£'000
<b>Capital Expenditure</b>	14,461	12,314	23,582	26,321	22,940
	%	%	%	%	%
<b>Ratio of financing costs to net revenue stream</b>	1.17	1.03	1.32	1.88	2.61
	£'000	£'000	£'000	£'000	£'000
<b>In Year borrowing requirement</b>					
- in year borrowing requirement	5,684	9,309	19,692	22,031	19,150
	£'000	£'000	£'000	£'000	£'000
<b>In year Capital Financing Requirement</b>	4,192	8,014	17,931	19,505	15,473
	£'000	£'000	£'000	£'000	£'000
<b>Capital Financing Requirement 31 March</b>	46,358	46,652	64,583	84,888	99,561
	£	£	£	£	£
<b>Affordable Borrowing Limit</b>					
<b>Increase per council tax payer</b>	£0.63	£0.39	£0.73	£1.32	£1.80
2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2018/19 Estimate	2018/19 Forecast Outturn	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£'000	£'000	£'000	£'000	£'000
<b>Authorised limit for external debt</b>					
- Borrowing	60,000	60,000	75,000	95,000	110,000
	£'000	£'000	£'000	£'000	£'000
<b>Operational boundary for external debt</b>					
- Borrowing	50,000	50,000	65,000	85,000	100,000
<b>Upper limit for fixed rate interest exposure</b>					
- net principal re fixed rate borrowing / investments	£60m	£60m	£75m	£95m	£110m
<b>Upper limit for variable rate exposure</b>					
- 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%