



**Proposed Budget 2021/22**

**and**

**Medium Term Financial Plan 2021/22 – 2024/25**



## **Foreword from the Commissioner:**

2020 was an extraordinarily challenging year for our communities, including our police service. Those challenges will undoubtedly continue beyond 2021. They are acknowledged and reflected within this budget, whilst also ensuring it provides a balance to maintain and build on the service improvements our communities in West Mercia have seen in recent years.

This budget delivers another 91 police officers for our communities, taking the total uplift to almost 400 since I came into office. These additional officers will ensure an even greater focus on the priorities our communities have told me they care about most. Greater visibility, greater accessibility, and more resources to prevent and investigate the crimes that cause harm every day across West Mercia. The new Local Policing Policing Community Charter also provides a clear commitment and mechanism to ensure the full impact of all these additional resources is felt and evidenced in all our communities across West Mercia.

All these new officers mean there is a need for new infrastructure, the costs of which are not met from central Government funding. From uniforms and radios, through to cars, laptops and even police stations. The public have been clear and consistent that they want additional police officers and this budget provides resources to deliver all of these requirements, ensuring new and existing officers can be as effective as possible in their roles. It also includes resource to progress major investments in efficient, effective, fit-for-purpose police estates across the whole force area.

My proposals ensure vital transformation work will continue as planned within the police force to improve services and efficiency even further, despite the ongoing impact of Covid19. It includes significant additional resource for things such as digital forensics, further investment in the new state-of-the-art police call centre and police ICT. These areas play crucial roles in supporting vital frontline police work, but have suffered from years of under-investment or sub-optimal solutions as part of the Alliance with Warwickshire. I pledged that our police would have the resources they need to do their work to the best of their ability, and that I would ensure West Mercia Police catch up and keep up with technology. These investments demonstrate how I am continuing to meet those promises and ensure that progress is not delayed or deferred.

2021 will continue to see new and major investments in improved services for victims of crime, as well as funding for crime prevention and diversionary projects. These initiatives include the further rollout of a domestic violence perpetrator programme, improvements and expansions to

the Victim Advice Line, and new packages of support for victims of both child sexual exploitation and sexual violence, delivering on my continued pledge to put victims first in West Mercia.

Covid19 continues to have a major impact on policing, in ways that are both obvious and clear to our communities, and those that are less visible. Operationally, the police continue to have to deal with quickly evolving legislation and patterns of crime. Organisationally, the pandemic has presented significant challenges around things such as remote working, estates and managing vital functions whilst maintaining social distancing to contain the virus. Income from both council tax collection and the council tax base have reduced significantly, the impact of which will not be fully covered and will need to be met locally.

West Mercia will also face the cost of a major investigation in 2021 and beyond. To ensure a thorough investigation and ensure the right support for potentially thousands of victims, the costs are expected to run into several million pounds. Support is being sought from Government but this is not guaranteed. Even in a best case scenario, the cost to local taxpayers would still be significant and it is right and responsible to consider this within my budget.

I promised to only ask our communities for more money towards policing when it was absolutely necessary. I have met that promise by delivering the lowest tax increases across all of England and Wales across my term of office. This year however, the need for an above inflationary increase in the precept is unavoidable for the reasons set out previously. Public support and appreciation for policing has been abundantly clear for all to see in the last year and my recent major consultation exercise saw a clear majority of local communities willing to pay more towards policing. That support is never taken for granted and I believe my budget provides a good return on that investment from the public. I have secured commitments of service improvements from the Chief Constable in return for that investment and will make sure those improvements are delivered to the highest possible standards on behalf of the communities of West Mercia.

A handwritten signature in black ink, reading "John Campion". The signature is written in a cursive style with a long horizontal flourish at the end.

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

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## WEST MERCIA BUDGET 2021/22

### MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2024/25

#### Report of the Treasurer

This paper has been prepared using figures for the Council Tax Collection Fund Surplus/Deficit and the Council Tax Base provided by the billing authorities. There is uncertainty surrounding the calculation and accounting treatment of new Council Tax Grants in 2021/22. The report contains provisional grant figures published by the Home Office in December 2020.

#### **Recommendations**

The Commissioner is recommended to approve:

- a) A Net Revenue Budget after savings of £244.679m
- b) A contribution £0.363m is made to reserves
- c) A net budget requirement of £245.042m
- d) A Council Tax for a Band D property at £240.20
- e) A Council Tax for a Band D property calculated as follows:

	£'m
<b>Budget Requirement</b>	<b>245.042</b>
Less: Police Grant	77.029
Less: Revenue Support Grant	49.198
Less: Council Tax Support Grant	9.199
Less: Council Tax Freeze Grant	
2013/14	0.800
2011/12	1.976
<b>Sub Total</b>	<b>106.840</b>
Less: Collection Fund Surplus/(deficit)	-0.444
<b>Amount to be raised by Council Tax</b>	<b>107.284</b>
Divided by Aggregate Council Tax Base	446,649.07

*Basic Amount of Council Tax at Band D*

**£240.20**

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

<i>Band A (6/9th)</i>	<i>£160.130936</i>
<i>Band B (7/9th)</i>	<i>£186.819425</i>
<i>Band C (8/9th)</i>	<i>£213.507915</i>
<i>Band D</i>	<i>£240.196404</i>
<i>Band E (11/9th)</i>	<i>£293.573383</i>
<i>Band F (13/9th)</i>	<i>£346.950361</i>
<i>Band G (15/9th)</i>	<i>£400.327340</i>
<i>Band H (18/9th)</i>	<i>£480.392808</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>£8,932,075.59</i>
<i>Herefordshire Council</i>	<i>£16,418,678.04</i>
<i>Malvern Hills District Council</i>	<i>£7,511,450.77</i>
<i>Redditch Borough Council</i>	<i>£6,283,088.76</i>
<i>Shropshire Council</i>	<i>£27,307,686.57</i>
<i>Telford and Wrekin Council</i>	<i>£12,581,007.25</i>
<i>Worcester City Council</i>	<i>£7,715,564.87</i>
<i>Wychavon District Council</i>	<i>£12,420,114.09</i>
<i>Wyre Forest Council</i>	<i>£8,113,834.53</i>
<b>TOTAL</b>	<b><u>£107,283,500.47</u></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 2021/22 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.*
- m) That the Medium Term Financial Plan be reviewed and revised by 30<sup>th</sup> September 2021. As part of this, the Business Planning and Budget Setting Process will be reviewed and improved.*

## **1. Purpose of the Report**

This report sets out the proposed budget and precept for decision by the Police and Crime Commissioner (PCC). It is the fifth 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 2021/22
- Proposed precept for 2021/22
- Proposed medium term financial plan 2021/22 to 2024/25
- Outline capital budget 2021/22 to 2024/25
- The community priorities and service improvements that will be delivered for the public as a result of this budget

It is important to set out the issues that influence and contribute to the build of the budget for 2021/22 and the medium term financial plan, having taken into consideration the plans of the Commissioner. Every year when setting the budget, the Police and Crime Commissioner reflects on the plans and targets he set the previous year. The PCC recognises the events that have occurred during the year and reviews performance, both achievements and weaknesses, before setting his objectives and plans for the next year. The year 2020 saw the unexpected, unprecedented and unwelcome event of the global Covid19 pandemic. The police had to take on a new and vital role in the fight to keep communities safe in extraordinary times. During this year West Mercia Police, like so many, has worked hard to keep people and local communities safe.

In determining his budget proposals the Commissioner must acknowledge:

- The past and current impact of the global pandemic and its likely effect over the coming years

- National targets and objectives including the officer uplift programme and Strategic Policing Requirement
- Priorities within the Safer West Mercia Plan
- 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 Autumn Spending Review 2021/22 and 2021/22 provisional grant settlement which was issued on 17th December, 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
- The major investigation into allegations of manslaughter and corporate manslaughter at Shrewsbury and Telford Hospitals NHS Trust.

## **2. Introduction**

West Mercia Police continues to face major challenges in keeping people safe in the face of the Covid19 pandemic.

The force has played a core role in the planning and response to what has been an unprecedented situation in modern times for communities locally, nationally, and abroad.

The pandemic has created challenges right across policing. These have included operational challenges, such as responding to fast moving environmental and legal scenarios to ensure effective, proportionate policing and the right levels of community visibility. There have also been significant organisational challenges, such as accessing appropriate Personal Protective Equipment (PPE) for officers, and accelerating the rollout of mobile working to police staff who could no longer work from offices and maintain social distancing.

### ***Covid19 – Crime Patterns***

Unsurprisingly, West Mercia Police also had to respond to significant changes in volumes and types of crime during 2020. Prior to March 2020 demand on police nationally had been increasing consistently in recent years, driven by better recording, complexity of crime and willingness of victims to come forward, as well as genuine changes in crime



patterns. Throughout this, West Mercia had remained a comparatively safe area, with increases well below national averages.

Lockdown in March 2020 brought statistically significant reductions in recording across the majority of crime types, but with notable exceptions, such as domestic abuse and cyber-crime. However, volumes for most crime types have now returned to levels similar to before the Covid19 pandemic, as restrictions lifted.

Of all crime types, acquisitive crime including burglary and vehicle offences dropped significantly during lockdown, coming down by 40 and 44 percent respectively. Significant decreases versus pre-lockdown levels have been sustained since, with West Mercia now seeing the second lowest rates for residential burglary compared to all the forces in its most similar group nationwide.

A small, steady increase in domestic abuse reporting occurred through the year. In response to this, the force developed a new approach for local partners and areas to work together, monitoring the continued impact of Covid19, identifying repeat victims and ensuring sight of any relevant prison releases.

Increases in recorded drugs offences were driven in the main by an increase in possession of cannabis offences, and to a lesser extent, a steady increase in trafficking of controlled drugs offences. Similar increases have been seen nationally. An increase in Stop and Search activity during the lockdown period was a major factor in these statistics.

There was a statistically significant increase in anti-social behaviour incidents. This was anticipated as part of the Covid19 response planning, as the force received increased calls / incidents related to the pandemic and breaches of restrictions, which were recorded under this category.

### ***Covid19 – Organisational and Financial Challenges***

The Police and Crime Commissioner has received financial support from central government for policing to purchase medical and non-medical PPE to protect officers and staff, to improve ICT and promote home working and to fund additional officer and staff activity specifically linked to the pandemic. Funding was also received to partially remedy the loss of income suffered as a result of the pandemic.

The government has indicated that it will provide further significant financial support. This is welcome but does not fully mitigate against increased financial pressures for West Mercia. The government will fund 75% of any loss of income until June 2021 other than the first 5%. It will provide additional funds to cover 75% of the irrecoverable deficit on the Council Tax Collection Fund in 2020/21 and allow the remaining balance to be recovered over three years, rather than one. However, reductions in income for West Mercia in 2020/21 are still expected to be significant, while cost pressures linked to the

Covid19 pandemic will continue. It is necessary to take action within local budgets and financial planning to deal with the impact of considerations such as these.

In 2020/21 to date, the PCC has been successful in securing over £1.5m of additional funding from a variety of sources including the Home Office and the Ministry of Justice, to ensure services could be maintained or enhanced for victims of crime during the pandemic, particularly domestic abuse or sexual violence.

West Mercia's resilience and ability to respond effectively to these challenges had been enhanced by previous steps taken by the Commissioner to modernise the police force and enhance victim services.

These points have underpinned the Commissioner's term of office as central themes of his Safer West Mercia Plan. Since then, the Police and Crime Commissioner has worked with the Chief Constable to turn this vision into a reality. This hard work and the progress made in delivering this vision was of considerable benefit during the current pandemic:

- The successful deployment of mobile working enabled many police officers and police staff to continue their work without going into the station or office. Hundreds more telephones and laptops have been purchased and issued over the last year
- The development of new technology and ICT systems gave employees the ability to access work systems remotely and to keep in touch with the public, partners and colleagues using conference calls and cloud based videoconferencing services
- The new state of the art police and fire Operations Communications Centre (OCC) at Hindlip with its ICT and infrastructure is now fully operational
- The addition of more than 300 extra police officer posts to meet the challenges of increasing demand and the changing nature of crime giving greater visibility, capacity and resilience
- The creation of a new, improved service for victims of crime (Victim Advice Line), enabling them to get better, faster access to help when they need it and enhanced capacity within commissioned, specialist victim services
- The development of a Domestic Abuse strategy and the targeting of resources to tackle it ensured that support was provided to those at risk during lockdown. The PCC supported a national pilot project with partners in Worcestershire, the "Drive Project" which works to prevent domestic abuse by challenging perpetrators behaviour. Following the successful pilot, the project has also now been rolled out to Herefordshire with additional funding from government and will be fully implemented in 2021/22
- The development of a Drugs Strategy taking a whole system approach to tackling the issue in response to the impact of drugs on the communities of West Mercia and the proliferation of the "County Lines" model of drugs supply

- Linked to the PCC's drugs strategy is the CLIMB Project. This is the development of new diversionary networks for young people, intended to keep vulnerable children safe in our communities and give them greater opportunities. In the case of County Lines, this initiative will help protect children from exploitation by criminals
- West Mercia Police were able to concentrate solely on putting the residents of West Mercia first following the ending of the Strategic Alliance with Warwickshire
- The good working relationships with voluntary and charitable bodies providing commissioned services funded by the PCC enabled the PCC to swiftly identify those organisations requiring additional financial support to maintain services to the vulnerable and to submit successful bids for additional funds to central government to expand key services.

These developments gave West Mercia Police not just the resilience to continue to provide services to their residents and communities, but the ability to respond effectively to dynamic situations and rapidly changing scenarios right across the policing landscape.

### ***Reforming West Mercia***

As outlined above, a lot of reform has been undertaken in West Mercia in recent years, in delivery of the commitments made by the PCC in his Safer West Mercia Plan. That progress has been maintained during 2020/21, albeit in the shadow of the challenges presented by Covid19, to ensure West Mercia Police can deliver the best possible service and value to the public.

2020/21 has seen:

- Significant investment in ICT and digital services, to ensure fit-for-purpose resources
- The 'Services to Policing' Review has been implemented, bringing efficiency savings and improved business processes and systems
- A review of estates services has been undertaken and new arrangements are being implemented, following Worcestershire County Council's decision to serve notice and withdraw from the joint venture company Place Partnership Limited. The Police and Crime Commissioner and Hereford and Worcestershire Fire and Rescue Service are working in partnership to create a joint estates service. This new estates service will deliver efficiencies whilst creating an improved bespoke service for both emergency services
- New business planning arrangements have been put in place focused on ensuring the resources the Commissioner has available are spent efficiently and effectively in fighting crime in West Mercia and keeping communities safe
- Financial management and budgetary control has been reviewed and is being strengthened. These changes will improve the effectiveness, efficiency and value for money of both procurement and services, ensure the Police and Crime

Commissioner is aware of all matters the public would expect him to know of, and improve financial control

- Reforms around police complaints have been successfully implemented by the PCC. Where previously the police would review their own handling of complaints, the decision was taken to move this function to PCCs in most cases, giving a much greater degree of separation and independence to reviews and, by extension, improving reassurance for the public.

### ***Listening to and Representing Community Voices***

The Commissioner has strived to ensure that policing in West Mercia continues to meet the needs of residents, businesses and communities, and that this budget could be prepared with their priorities at its heart.

The Police and Crime Commissioner undertook a two-stage public consultation on this year's budget given uncertainties around Covid-19 and its impact on budget setting. The first, in October and November 2020, and the second in December 2020 which lasted into January 2021.

The Commissioner wanted to hear the views of the public on local policing, contact and engagement, crime and anti-social behavioural issues and views towards the council tax precept to help inform both the PCC and the police force. This included identifying views towards policing and what priorities are important to the public. It provided local communities a voice on issues they feel affect their local area. In total, 1,395 responses were received to the first consultation survey.

The key findings are shown below:

#### Policing in West Mercia

- Around 72% of respondents suggest they feel safe in their local area although 67% say they feel worried about the level of crime in their area.
- Around 58% of respondents think that there has been an increase in the level of crime and ASB over the last 12 months whilst 32% think there has been no change.
- Around 54% of respondents don't agree that the local police are dealing with issues that matter to them with the remaining 46% saying they do.
- The majority of respondents (67%) agree that the police do a good job.
- Respondents are more confident they could access the police in an emergency than in a non-emergency
- Issues seen as being a problem in local areas included ASB, rural crime, criminal damage/vandalism, drugs and road safety whilst domestic burglary, violent crime and vehicle crime were seen as less of a problem.

#### Council tax

- 58% of respondents suggest they would be willing to pay more council tax to maintain existing levels of service. Of those 58% that said yes, 64% supported an increase of somewhere between £10 and £20 on the average bill.
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- When asked to assign tokens (representing money) to a number of different areas the average money assigned was as follows from most tokens assigned compared to least.
  - Visible Policing (most tokens assigned)
  - Resources to tackle serious crimes (i.e domestic abuse, sexual violence and CSE)
  - Reforming police IT and improving technology for officers and staff
  - Resources to tackle road safety
  - Crime Prevention initiatives
  - Supporting victims
  - Police infrastructure and estates
  - Reducing re-offending (least tokens assigned)

The feedback above was used and incorporated into the draft budget prepared by the PCC in December 2020. This document then formed the basis for the second stage of consultation, which gave communities the opportunity to see how their feedback had been taken on board, and comment on a clear and specific budget proposal from the Commissioner.

Levels of engagement in the second stage of consultation were much lower, but still returned a majority of respondents in support of the PCC's budget and precept proposals.

### ***Planning for 2021 and beyond***

Prior to 2016 West Mercia Police had lived consistently beyond its means. It was reliant on reserves and underspends to subsidise an unsustainable budget. The PCC committed to ending that pattern and in 2020/21 the Commissioner set a balanced budget for West Mercia, with reserves only being used to fund non-recurring expenditure. That will be the same in 2021/22.

This places West Mercia Police in a good position to deal with the financial challenges in 2021/22 caused by a declining yield in revenues from Council Tax and the costs of transforming policing. This is in part due to the specific measures in this budget, but also in recognition of previous prudent financial management. Further financial challenges lie ahead because of the economic impact of Covid19 in the short, medium and long term on both public and private finances.

The PCC and Chief Constable will ensure that West Mercia Police continues to review crime trends and respond effectively to changes in the pattern and complexity of crime, statutory duties placed on policing and the needs and expectations of communities throughout West Mercia, including considerations linked to Covid19. The PCC will invest in new initiatives to meet demand and need in the communities throughout West Mercia.

These will be aligned to community needs and priorities, as per the metrics set out in this paper, to ensure service improvements are delivered and the best possible return for the public's investment. Work will also continue to further develop and implement the programme to transform policing services, enabling more effective, efficient processes for the police force and in turn both improving services to the public and meaning an ever-greater proportion of resources are focused on the frontline.

It is clear from both operational demand and community feedback that the force needs to maintain and enhance wherever possible a strong, visible presence. This will come via dedicated Safer Neighbourhood Teams, but also the reinforcement of specialised policing functions. These areas will be further strengthened by additional resources provided for by this budget, all of which are now focussed solely on West Mercia following the termination of the Alliance. West Mercia will be well positioned to ensure the right processes and resources are in place to provide an effective, efficient response to increased and complex demands.

In conjunction with this budget development, the PCC has worked with the Chief Constable to agree a new Local Policing Community Charter. This charter will set out clear commitments from the West Mercia Police as to how they will improve delivery against key community priorities. It provides a framework and metrics for the PCC to be able to hold the police to account going forward to ensure these improvements are delivered, and provides transparency and reassurance for local communities who will be able to see progress against these commitments. The principles in the Local Policing Community Charter are:

- **Visibility and Accessibility:** Ensuring West Mercia's communities get the visibility and accessibility that they need and reasonably expect from their police force. West Mercia Police will, both as a force and within local policing teams, build and maintain excellent relationships with the communities it serves through positive, pro-active engagement. Precise methods of visibility and accessibility will always be aligned to community needs, priorities and expectations, and will be effective in increasing public confidence.
- **Response:** West Mercia Police will constantly seek and be demonstrably responsive to community feedback and intelligence. The police force will make best possible use of all available resources to understand communities and the issues affecting them, and ensure activity is aligned to most effectively addressing these issues, both pro-actively and on a reactive basis. The police will make sure local communities are informed about and understand the work they are doing on their behalf.
- **Prevention:** The prevention of crime and harm will be embedded in everything West Mercia Police do. Our local teams will work with communities to prevent harm through consistent collaborative problem solving approach.
- **Vulnerability:** West Mercia Police will focus on vulnerability, targeting our response and resources at communities where the risk of harm is greatest which will be enhanced by the recent investment in 'Early Help and Problem Solving officer. We will facilitate the early identification of and intervention to mitigate harm for the most vulnerable people in West Mercia.

- **Relationships:** All police officers and staff will work to build strong relationships with communities and increase public confidence, drawing on the collective strengths to prevent and address problems. West Mercia Police will capitalise on the strength in our communities and involve citizens to make communities safer and stronger (Volunteers; Special Constabulary; Street Safe; Community Speed Watch, etc.
- **Partnerships:** West Mercia Police will work with other local agencies to understand communities, the issues they face and develop effective and collective problem solving interventions. West Mercia Police will be able to demonstrate the values of its effective partnerships and the benefits realised for the community.

West Mercia has added more than 300 new police officer posts during the Commissioner’s term of office so far. In addition to this, a further 91 officers will be added to West Mercia’s ranks in 2021/22. The number of budgeted Police Community Support Officer will remain at the same level as 2020/21.

The deployment of police officers is primarily an operational matter, however the PCC has secured the commitment from the Chief Constable that will see the vast majority of the additional resources going into neighbourhood policing, patrol, or investigating organised crime and therefore addressing key priorities identified by West Mercia’s communities. The indicative allocation of additional police officers during 2021/22 will be:

<b>Policing Activity</b>	<b>Number of additional officers during 2021/22</b>
Patrol	40
Safer Neighbourhood Teams	13
Investigators	17
Critical Trainers	11
Regional Organised Crime	10

More new officers are expected in future years, as part of the Government’s commitment to add 20,000 officers nationwide. These additional officers are clearly welcome and beneficial for communities. However, their recruitment brings additional organisational challenges for West Mercia Police, such as the need for new equipment, cars, training, back office costs and different estates requirements.

The tackling of domestic abuse (DA) remains a priority for the Commissioner. DA related projects that have been successfully piloted in areas of West Mercia will be rolled out

across the rest of the force area. As an example, the Drive project, which was piloted in Worcestershire, focuses on a DA perpetrator’s behaviour and challenges them to change in a bid to prevent further abuse and more victims. This will be extended to Herefordshire in 2021/22. The Commissioner remains committed to delivering the objectives of his Domestic Abuse Strategy.

Significant investment will be made in the police’s Digital Services Programme. In 2021/22 capital transformational ICT projects of £5.04m and revenue Digital Services programmes of £2.883m will be funded. This programme began in 2020/21 and will continue for several years. After years of under-investment and compromise as part of the Alliance, this investment will provide policing in West Mercia with a modern fit for purpose ICT infrastructure that will benefit the force and enhance services to local communities. The operational benefit of previous investment in this area was clearly demonstrated in 2020 as outlined above. In addition, improvements will be made to Digital Forensics to ensure that the police have up-to-date technology to investigate crime and provide faster outcomes.

In 2021/22, the Commissioner will make sure funding continues to be consistently earmarked for commissioning victim services and crime prevention. The funding will be targeted at initiatives that prevent crimes from happening in the first place, removing the need for investigation and victim aftercare.

The last year has taught us that policing must be able to respond to significant unexpected events. To do so it must have sufficient resources and a level of agility right across the organisation, from decision making processes through to operational deployments. While significant progress has been made, significant challenges still lie ahead and the right investments are needed to set the police up to succeed in delivering the best possible services to local communities.

As outlined above, the additional resources and police officers being made available to the force will enable them to deliver a better service to the communities of West Mercia, tackling crime and keeping our community safe.

The Commissioner has relentlessly strived to ensure public money is spent with clear ambition and rigour, to ensure these resources are effectively used. This has particularly been the case where the Commissioner has asked communities to contribute more in council tax to policing.

Over his term, the Commissioner has worked to hold West Mercia Police to account for ensuring that if the public are being asked to contribute more, then they will get the best possible return on that investment in terms of service improvements and delivery against key priorities. In line with previous budget proposals the Commissioner has secured the agreement of the Chief Constable a number of further ambitions and commitments from the investments included in this budget proposal. These are summarised below:

Ambition	The police will	What will the public see?
	West Mercia Police will become a leading police force	



Increase victim satisfaction	for victim satisfaction in the key areas of burglary, violence, hate crime and road traffic collisions	<ul style="list-style-type: none"> <li>• Greater satisfaction for victims affected by burglary, violence, hate crime and road traffic collisions</li> <li>• An increase in the proportion of victims' code opt ins</li> <li>• A reduction in overdue victim updates</li> </ul>
	Achieve excellent compliance with the victims' code	
Ensure victims have the right support, when they need it	Improve access to victim services	<ul style="list-style-type: none"> <li>• An increase in appropriate referrals to the VAL</li> <li>• Use of CPD days and a mix of communication channels to raise awareness of victim services</li> <li>• Victims will be more satisfied with the service they have received</li> </ul>
	Improve internal knowledge and awareness of the services the Victim Advice Line (VAL) offers	
Improve the timeliness and quality of all crime investigations	West Mercia Police will increase the timeliness of open investigations	<ul style="list-style-type: none"> <li>• A reduction in the average number of days an investigation remains open for in serious crimes</li> <li>• A reduction in the percentage of open investigations of the total number of investigations</li> <li>• Improvements in a range of diagnostic crime management measures such as reviews and use of actions</li> <li>• Increase in positive action for the victim</li> <li>• The work of the dedicated Crime Investigation and Quality Management team will continue to drive up standards</li> </ul>
	Reduce the proportion of "open" investigations	
	Improve the timeliness of resolution for sexual and serious violence crimes	
	Increase the quality of investigations	
Increase positive victim-led outcomes	Increase the percentage of positive criminal justice outcomes	<ul style="list-style-type: none"> <li>• The percentage of investigations closed with "action taken" outcomes will increase</li> </ul>
	Increase numbers of out of court disposals	
Improve the effectiveness of our approach to Domestic Abuse	Ensure frontline police officers receive training in domestic abuse	<ul style="list-style-type: none"> <li>• Continuous improvement of our investigative abilities to bring offenders to justice and protect vulnerable people from repeat and serial perpetrators</li> <li>• Increased use of police bail to allow for thorough evidence based investigations to bring offenders to justice</li> </ul>
	Increase the reporting of domestic abuse	
	Reduce the number of victims subject to repeat domestic abuse	
	Increase the number of perpetrators completing offending programmes	

		<ul style="list-style-type: none"> <li>• Adopt and embed a problem orientated policing approach for vulnerability offences</li> <li>• Officers will be domestic abuse aware, confident in their response and sensitive to the needs of victims</li> </ul>
Reduce the volume of crimes and incidents that have the most impact	Continue to reduce volumes of residential burglary	<ul style="list-style-type: none"> <li>• Recorded residential burglary will continue to drop by 25% of pre-Covid volume</li> <li>• The average threat, harm and risk from county lines will be reduced (this will be measured via the Drug Related Harm matrix)</li> <li>• Increase organised crime disruptions</li> <li>• The numbers of those killed and seriously injured on the roads will continue to fall</li> </ul>
	Reduce the threat, harm and risk associated with county lines drug dealing	
	Be relentless in our disruption of organised crime	
	Reduce anti-social behaviour that most impacts communities	
	Reduce the number of people killed and seriously injured on our roads	
Improve our problem solving and Early Help approaches	Continue to develop local problem solving	<ul style="list-style-type: none"> <li>• Closer partnership working between the police force and others</li> <li>• Increased number of officers working in early help on each local policing area</li> <li>• Reduction in demand for police intervention from missing people</li> <li>• A problem solving approach will be applied to high impact anti-social behaviour</li> <li>• Clear problem solving approaches and policies, which are known and utilised across the force</li> </ul>
	Embed a public health approach across the force alongside our early help strategy	
Work with communities to encourage safer driving	Increase the reach and effectiveness of engagement, education and enforcement activity to reduce the number of people killed and seriously injured on our roads	<ul style="list-style-type: none"> <li>• An increase in community speed watch groups</li> <li>• Further rollout of the #MORSE safer roads initiative</li> <li>• Enhanced work with partners to resolve issues of antisocial use of the roads</li> <li>• The development of a new drug driving educational input</li> </ul>
	Ensure a greater focus on tackling community concerns including speeding and antisocial behaviour on the roads	
Increase the number of West Mercia police officers and ensure	Successfully achieve the uplift in additional officers and maximise the benefits this brings to the public	<ul style="list-style-type: none"> <li>• More police officers in frontline roles</li> </ul>

our workforce better reflects our communities	Ensure that student officer intakes better reflect the demographic make-up of communities	<ul style="list-style-type: none"> <li>• More female officers and more officers from minority communities</li> </ul>
Deliver and make best use of new, fit for purpose technology	Successfully deliver our ambitious digital services improvement programme	<ul style="list-style-type: none"> <li>• Reduced travel for meetings and increased productivity</li> <li>• Victims will get their devices back sooner - improved turnaround times where an investigation has a digital forensics element</li> <li>• Officers and staff will have access to the information they need, when they need it to support decision making</li> </ul>
	Enhance our digital forensics	
	Achieve extended ISO accreditation for the digital forensics network	
Increase the efficiency and effectiveness of the police vehicle fleet	Increase the electrification of the fleet	<ul style="list-style-type: none"> <li>• Reduced carbon footprint</li> <li>• Less money will be spent on hire cars</li> <li>• Less money will be spent on police vehicle damage</li> <li>• Officers will have the right tools and resources to be more effective at fighting crime</li> </ul>
	Fit dash cams to police vehicles over the next six months	
	Develop our use of fleet management technology to improve efficiency and effectiveness	
Increase in public confidence	Ensure we are there when people need us	<ul style="list-style-type: none"> <li>• Call handling performance for emergency calls maintained above the national target</li> <li>• A reduction in unresourced high risk incidents</li> <li>• Continued development of community problem solving</li> <li>• Increase public confidence, as measured by CSEW and PCC confidence &amp; perceptions survey</li> </ul>
	Continue to strengthen our approach to neighbourhood policing	
Ensure the force is visible and accessible both in communities and online	Improve call handling performance for non-emergency calls	<ul style="list-style-type: none"> <li>• Increased use of alternative channels for reporting non-emergency incidents</li> <li>• The force will engage with the public across multiple channels as well as in person</li> <li>• The Local Policing Charter will be openly available and accessible to the public</li> <li>• There will be a dedicated, named neighbourhood policing team for your area</li> </ul>
	Offer a high quality, consistent service across all non-emergency reporting routes	
	Commit dedicated time to each parish to tackle local priorities	
	Publish our Community Policing Charter describing our offer to the public	

These commitments build on those in recent years, with last year's increased officer numbers now delivered, and those officers out in the communities of West Mercia.

With the uplift in police numbers and alignment of resources with community priorities, the Commissioner continues to address the concerns of West Mercia's communities and ensure their needs are at the forefront of policing.

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

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

In the coming year, existing policing capabilities and capacity will be further developed in response to the challenges set out previously, both in respect of operational policing and transformation. The Commissioner will, as in previous years, hold the Chief Constable to account to ensure the officers, staff and resources he has at his disposal are used effectively to fight crime and respond to emerging threats and pressures.

The Commissioner's 2021/22 budget includes the provision to increase West Mercia's establishment to 2,329 police 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 2011.

Community policing will continue to be led by dedicated and reinforced local policing 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 2021/22, a significantly higher proportion of spend than five years ago, 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 Crime and Vulnerability (formerly 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 crimes such as vulnerability or child sexual exploitation, as well as the Major Investigations Unit that typically handles the most serious crimes such as murder. These functions were previously shared with Warwickshire under the Alliance arrangement, despite being disproportionately funded and resourced by West Mercia. That is no longer the case and these functions are now solely focused on the communities of West Mercia.

#### ***Digital Forensics***

This year's budget will include greater investment in key areas and teams within West Mercia Police. Resources will be focused on improving the Forensics Service, not least in Digital Forensics. These services will continue to comply with regulatory requirements and best practice and will invest in modern ICT enabling them to keep pace with

technological change. Having made the investments in additional officers and freeing the force from the sub-optimal Alliance, it is important investments such as these are delivered, to set the force on the track to succeed. This investment will enable West Mercia Police to continue to effectively investigate crime and will bring the following benefits.

- Improved safeguarding – providing a more dynamic, on scene digital forensics service will enable West Mercia to better safeguard both vulnerable children and vulnerable adults. Currently the force has to send exhibits into a central lab for examination and wait many months for the outcome
- Improved services for victims, complainants and our communities – digital forensics experts in local policing will ensure victim complainants data and devices are managed with minimum impact, collecting only what is needed at the scene and causing minimum disruption. Where there is no crime, cases can quickly be closed and people will be able to carry on with life much faster
- Quicker turnaround times for charging offenders – digital forensics investigations will support faster CPS charging decisions and ensure our communities are protected and offenders are brought to justice in a timely manner. This will provide a better service to victims who need to be able to cope and recover from their experience. Providing digital forensics evidence to police officers at interview stage enables much more informed interviewing. Extending digital investigative skills across local policing will support the need to provide proportionate focused services to our communities
- Outcome 21 Cases – building more digital services in local policing enables West Mercia to locally manage ‘Outcome 21’ cases to ensure maximum impact to families while educating them on risks associated with sexting.

As shown below, measures have been established to monitor the achievement of these benefits.

### ***Digital Services***

There will be further investment in the infrastructure and services that support police officers and are so crucial to the frontline services our communities need most. The integration/development of ICT projects and business process re-engineering will continue, having suffered from years of under-investment or sub-optimal compromise under the previous Alliance arrangement with Warwickshire. The force is implementing a major transformational ICT programme, upgrading its infrastructure, networks, hardware and software across several years. It is expected that this investment will bring the following benefits:

- Productivity – Some processes will be automated through use of modern toolsets such as Microsoft Teams for collaboration with colleagues and directly with the public. This will free up time and resource for police and staff to focus on other priorities
- Effectiveness – Consumption of richer datasets by officers and staff for reporting and analysis will mean a better informed police service, which better recognises

trends and community needs. This will be enabled whilst mobile to support operations and direct interactions with colleagues and the public

- Cost mitigation – By making better use of technology the need for tasks and costs such as travel will be reduced, creating efficiencies to re-invest elsewhere
- Cost reduction – Ability to deliver more modern cost effective digitally integrated solutions that will enable consolidation and rationalisation approaches for reducing the cost of ICT over the long term
- Agility – Ability to scale the ICT operation based on an improved service culture and design providing a more responsive approach to meet the needs and demands of a modern police force.

The impact of this investment will be measured over time and the PCC will hold the Chief Constable to account to ensure not only are these benefits realised, but they also deliver the best possible return for the public.

### ***Other Services that Support Policing***

In addition, in 2021/22 alone a new Property Management ICT system will be implemented, the existing Origin HR system will be upgraded and an e-learning management system established. This will generate efficiencies but also create greater resilience and flexibility.

The Estates Services will be redesigned following the decision of Worcestershire County council to withdraw from Place Partnership Limited. The Police and Crime Commissioner will work in partnership with Hereford and Worcestershire Fire and Rescue Authority to develop and implement a more responsive, efficient and effective estates service focused on the emergency “blue light” services. A revised Estates Strategy will be developed and implementation will begin during 2021/22. Alongside the improvements to service this new solution should bring, it will also deliver financial benefits for West Mercia’s communities, which again will allow resources to be diverted towards key priorities.

West Mercia will further develop its capacity to manage its resources effectively. Priority Based Planning and Budgeting will be implemented ensuring that resources are directed effectively and that greater value for money is achieved. A leadership development programme will be created ensuring the effective management of human resources.

In 2020/21, as a result of the end of the collaboration agreement with Warwickshire Police, improvements have been made allowing for full control over policing resources and control over their use, as well as general service improvements. During 2020/21 collaboration has continued in four areas – ICT, Forensics, Business Services and Property Storage. These arrangements will either come to an end during 2021/22 or be put on a new footing for future years. In either case, these arrangements will no longer come at the expense of West Mercia’s communities, as was the case in the past as the Alliance arrangement disproportionately benefitted Warwickshire, at West Mercia’s cost.

This will continue to strengthen the Commissioner’s commitments around building a more secure and reformed West Mercia. More importantly it will allow West Mercia Police to solely focus on the needs of the residents of West Mercia – a focus that proved of great benefit during 2020.

***Delivering The Safer West Mercia Plan***

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:

<b>Putting Victims and Survivors First</b>
<ul style="list-style-type: none"> <li>• <i>Improve and expand the services offered by the Victim Advice helpline, enhancing partnerships and co-location opportunities with partners</i></li> <li>• <i>Extend the Drive project, a national pilot project, with partners in Worcestershire that works to prevent domestic abuse by challenging perpetrators behaviour. Roll out DRIVE into Herefordshire. Aim to expand the benefits of the project across the rest of the West Mercia to reduce the number of victims and families exposed to domestic abuse</i></li> <li>• <i>Launch our new contracts for victims of child sexual exploitation and sexual violence and abuse</i></li> <li>• <i>Implement principles of the National NHS England sexual assault and abuse strategy</i></li> <li>• <i>Roll out the respect accredited training programme for Children and Young People who are displaying domestic abuse perpetrator behaviour towards parents/carers/guardians</i></li> <li>• <i>Take forward the recommendations within the newly launched domestic abuse strategy.</i></li> </ul>

<b>Build a More Secure West Mercia</b>
<ul style="list-style-type: none"> <li>• <i>Increase West Mercia’s establishment officers to 2,329, to improve community visibility and responses to crime</i></li> <li>• <i>Invest in the Forensics Service and in particular the Digital Forensics Services to facilitate the effective and efficient investigation of crime</i></li> <li>• <i>Support the implementation of the new Emergency Services Network at a local level, while maintaining the existing Airwaves system as necessary</i></li> <li>• <i>Improve collaboration with public bodies through initiatives to share facilities, information and services</i></li> </ul>

- *Develop closer working relationships with the two Fire and Rescue Services in West Mercia to deliver more effective, efficient services to communities*
- *Hold the Chief Constable to account for ensuring West Mercia Police's policing model is fit for purpose and effectively tackling crime*
- *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**

- *Invest in the police estate, including 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 continuous review of the management of police estates, to ensure maximum efficiency*
- *Establish a new fit for purpose Estates Service*
- *Improve efficiency and services to the community through the implementation of new ICT systems. Invest in a modern ICT infrastructure and network to enable further efficiencies in the force*
- *Continue to implement the recommendation of the Services to Policing Review, to ensure frontline officers and staff get the support they need, when they need it*
- *Complete the review of the Vehicle Fleet and implement its recommendations*
- *Implement new arrangements for support services which put the residents of West Mercia first, following the end of transitional arrangements with Warwickshire.*
- *Establish new arrangements for financial management and budgetary control giving greater ownership, flexibility, responsibility and accountability to budget managers*
- *Invest in Learning and Development for police officers and staff to ensure they have the skills and training to do the best job they can.*

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

- *Continue to support community projects to raise awareness in schools and protect children against cybercrime and CSE*
- *Deliver improvement in road safety, including new campaigns with partners in 2021/22*
- *Maintain new, effective mechanisms to measure public confidence in policing at a local policing area level and drive improvements wherever possible*
- *Ensure community access and public accountability via the new Local Policing Community Charter for West Mercia.*

As already stated, the Commissioner has continued to drive reform within West Mercia. He has prioritised the best use of the funds available to him and focused on implementing efficiency programmes and maximising the benefit to the public. 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, 2018/19 and 2019/20 recurring efficiencies of £14.3m have been achieved. In 2020/21 the Force has developed a detailed savings plan to achieve savings of £4.8m and is monitoring this closely.

### ***The Economic Environment***

2020/21 and 2021/22 will also bring further financial challenges. For the first time in many years, the billing authorities collectively will record a deficit on the Council Tax Collection Fund in 2020/21. In recent years the Police and Crime Commissioner's budget report has shown a surplus. Last year the surplus amounted to £1.395m. The government is funding 75% of the 2020/21 Council Tax Collection Fund irrecoverable deficit and allowing the remaining amount to be recovered over three years. In addition the increasing number of successful claimants utilising the Local Council Tax Reduction Schemes is reducing the Council Tax Base. The revenues from Council Tax are forecast to be lower than estimated in the 2020/21 Medium Term Financial Plan. This places additional financial pressures on policing in the short term.

On 25 November 2020, Chancellor of the Exchequer announced the outcome of the 2020 spending review (SR2020). The SR2020 sets out public spending totals for the financial year 2021/22. He also gave an assessment of the impact of Covid19 on the economy and public finances in the short, medium and long term.

Alongside the SR2020, the Office for Budget Responsibility released its Economic and Fiscal Outlook (EFO) in November 2020. The EFO highlights the significant effects that Covid19 has had on the UK economy and the OBR's analysis suggests that spending on unprotected public services such as police, fire and local government is likely to be broadly flat in real per capita terms in 2022-23. During his speech, the Chancellor said that the SR2020 "*Delivers a once in a generation investment in infrastructure creating jobs,*" following the greatest economic decline in over 300 years. Amid unusually high levels of uncertainty, the OBR forecasts that GDP will fall by 11.3% in 2020 (the sharpest decline since 1709), before returning to growth in 2021. However, the economy is not expected to reach pre-crisis levels until the end of 2022; with long term damage meaning that in 2025 the economy will be approximately 3% worse off than expected pre-Covid.

Ahead of the 2021-22 Police Settlement the Chancellor announced that Police and Crime Commissioners will be able to raise their council tax precepts by up to £15 (for Band D properties).

SR2019 included the government's plan to recruit 20,000 additional officers by 2023, with up to 6,000 of these recruited by March 2021. SR2020 confirms that the government remains committed to its target with a further 6,000 to be recruited in 2021/22; paid by a £400m grant.

An additional £63 million has been announced to tackle economic crime. This includes support for the National Economic Crime Centre (NECC) along with £20m for Companies House Reform.

The SR2020 provides £363m worth of funding to maintain law enforcement cooperation with the EU member states as well as to recruit additional Border Force officers.

According to the Spending Review document, The Home Office (HO) settlement provides a £881m cash increase in core resource funding from 2020/21 to 2021/22, an increase of 4.9% average real terms increase per year since 2019/20. Capital budgets for the department increase by £128m in cash terms for next year to tackle economic crime. This includes support for the National Economic Crime Centre (NECC) along with £20m for Companies House Reform.

The Government intends to freeze the majority of public sector pay for 2021/22. As expected, the Chancellor used a comparison of public and private sector pay in 2020/21 to support its decision. Exceptions apply NHS doctors, nurses and others and those who earn less than £24,000 (who will receive a pay rise of at least £250).

The National Living Wage will increase to £8.91 (up 2.2%) in April 2021 and will apply for all aged 23 and over. National minimum wage rates for younger ages are also rising to £8.36 for 21-22-year-olds (2.0%), £6.56 for those aged 18-20 (1.7%), £4.62 for those 16 or 17 (1.5%) and £4.30 for apprentices (3.6%). The daily accommodation offset rate will rise to £8.36 (up 2.0%).

Future years of spending forecasts do contain real term cuts compared to the original March 2020 budget figures. Non-virus related Resource Departmental Expenditure Limit (RDEL) spending is £11bn lower in 2022/23 and more in future years. In effect, this locks-in the real terms effect of “business as usual” cuts relative to March 2020. The OBR states that “the £11bn reduction in the RDEL envelope for 2022/23 could set up another challenging Spending Review next year”. Once funding, which has already been allocated for the NHS (£143bn), Schools (£52bn) and defence (£32bn), is accounted for, there remains just £170bn of the £397bn total for all other public services. Even keeping the Overseas Aid budget at 0.5% that would still leave a reduction of £9bn relative to the March totals. This analysis implies that spending on those “unprotected” public services (such as police, fire and local government) is very likely to be broadly flat in real per capita terms in 2022/23.

### ***West Mercia Within the Wider Economic Environment***

The 2021/22 budget, the Medium Term Capital Programme and the Medium Term Financial Plan aims to address the challenges set out and invest in key areas, whilst keeping council tax increases as low as possible. To achieve this the Police and Crime Commissioner and the Chief Constable have undertaken a detailed review of all income and expenditure and have prepared a savings plan. They have assessed the savings that can be achieved whilst ensuring that above all else West Mercia Police can continue

to meet the needs of their communities and keep people safe. The Police and Crime Commissioner and the Chief Constable have undertaken a review of all budgets, planned investments, commitments and priorities and a detailed savings plan has been prepared for 2021/22. This plan is set out below:

	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m
<b>Savings identified</b>	4.640	5.294	0	2.825	12.759

This plan will be further developed over the coming months and will be monitored closely and regularly throughout the year.

West Mercia Police will undoubtedly face additional savings targets in future years, and 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. The PCC is clear that he expects the force to continue its transformation journey, with a focus on improving efficiency and effectiveness, and providing the very best service possible to local communities.

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 will continue to be explored. As a minimum, existing investments in evidence-led initiatives to tackle the root causes of crime and anti-social behaviour will be protected. This is in-line with the Commissioner’s commitment to fighting crime.

As part of this commitment, the Commissioner will be allocating funding for commissioning projects that work to divert people away from crime or prevent crime from happening in the first place. Investing in initiatives that could be seen to be linked to crime going down are key, and provide a much cheaper option than dealing with the crime after it has happened.

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

#### **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.

#### **4.1 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 provisional settlement was received on 17<sup>th</sup> December 2020 and includes an increase in central Government grants in 2021/22 to fund the recruitment of an additional 6,000 police officers nationally, 91 of them in West Mercia. The government had previously announced its intention to recruit an additional 20,000 police officers in the medium term, with the first 6,000 officers being recruited in 2020/21.

Unlike last year, the Home Office have opted to do a provisional settlement rather than proceeding straight to final settlement in order to obtain feedback from stakeholders. The deadline for submissions to the provisional is 15 January. This settlement follows the one-year SR2020 and takes place with a backdrop of severe economic difficulties due to the ongoing Coronavirus pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded.

Prior to the publication of settlement, the sector was expecting an additional £400m for the recruitment of 6,000 officers (towards the 20,000 total). The Policing Minister confirmed that there would be an increase of £415m for PCCs to continue to recruit officers. The document goes on to state that “*to ensure...progress in recruitment is maintained, and to track the use of this investment efficiently, the Government will continue to ring-fence £100 million of the additional funding*”. This ring-fenced grant will be akin to the previous settlement grant of £168m and will be split according to funding formula allocation. Part of this funding allocation is to go to the recruitment of ROCU officers through the same mechanism.

Additionally, the sector was expecting last year’s Police Uplift Programme (PUP) funding (£700m) to be rolled into the baseline. However, the WMS stated that *in total* PCCs will get an increase of £703m *assuming that the full precept flexibility is taken*. As confirmed in SR2020, the council tax referendum principles will be £15 per PCC, which, assuming every force maximised the increase, means an extra

£288m for policing in 2021/22. Furthermore, PCCs will receive a portion of the £670m additional grant funding announced for the local council tax support as part of SR2020.

#### **4.1.1 Headlines**

Given the recent publication of the 2020 spending review (published much later in the year than previous SR's), some of the settlement was already known. The headlines below build upon with headlines from SR2020:

- Core Grant (including the PUP grant) increases from £7.8bn to £8.2bn, a difference of 413.6m an increase of 5.3%
- £15 precept flexibility for all PCCs, or equivalent
- 75% of council tax irrecoverable losses (due to Covid19) to be compensated
- £87.4m (8%) decrease in reallocations from £1.1bn in 2020/21 to £1.03bn in 2021/22
- Flat cash pension grant allocations compared to 2020/21
- Capital grant remains cash flat for PCCs at £12.3m
- £52.3m capital funding for national priorities and infrastructure.

#### **4.1.2 Core Funding**

Core Funding, which is defined as the sum of Police Grant, Rule 1, the Welsh Grants and Ex-CLG funding has increased by 6.3%. However, once the PUP ring-fenced grants from this year and the previous year are included, this figure drops to 5.3%.

#### **4.1.3 Council Tax**

The provisional settlement confirms what was announced in SR2020, that English PCCs, or their equivalents, will be able to increase Band D bills by as much as £15 without triggering a referendum. There remains no referendum mechanism in Wales.

Assuming each PCC increases their precept by £15, combined with tax base assumptions, there will be an additional £288m of resources for policing from council tax alone. Due to historic differences in council tax, increases for individual PCCs range from 5.4% in Surrey to 10.8% in Northumbria. The unweighted average for all PCCs is 6.6%.

Assuming every force takes the £15 precept, the average band D police precept in England and Wales will be £240.92 with an average of 38% of total funding coming from council tax (including precept grant and legacy council tax support grants).

Alongside the 2021/22 Provisional Settlement the Ministry of Housing, Communities and Local Government (MHCLG) published a "Covid19 funding for

local government in 2021/22: consultation paper” on some elements of the settlement.

#### £670m Local Council Tax Support

According to the consultation, this funding has been badged as being compensation for a depleted tax base and also to keep council tax bills low for those who have been hardest hit by the pandemic.

The ministry proposes to distribute the funding on the basis of each billing authority’s share of the England level working-age local council tax support caseload, adjusted to reflect the average bill per dwelling in the area. Indicative allocations and methodology are expected shortly.

The caseload data will be taken from Q1 and Q2 of 2020/21 – the government states that in the consultation paper, waiting to use all quarters of data would delay allocations and payments.

Allocations between billing and precepting authorities will be apportioned based on their share of the council tax requirement in the area for 2020/21. If this method is used then the MHCLG could make lump sum, upfront payments, as early as April 2021.

#### Local Tax Income Guarantee Scheme for 2020/21

Often referred to as the “75p” scheme, the MHCLG propose measuring the eligible deficit by comparing council tax requirement and an adjusted Net Collectable Debit (or NNDR1 and NNDR3 for business rates).

### **4.2 Council Tax**

The Council Tax charge will be increased by 6.66% or £15 for a Band D property from 2021/22 followed by a 1.99% increase thereafter. It is estimated that there will be a deficit on the Collection Fund at the end of the 2020/21 financial year of £1.219m. £0.056m relates to the deficit carried over from the 2019/20 collection fund position. In respect of the £1.163m deficit remaining the government will fund 75% of the irrecoverable deficit, with the remaining balance being recovered over three years beginning in 2021/22. It is assumed that the Council Tax base in 2021/22 will reduce slightly by 0.32% compared the Council Tax Base in 2020/21. Increases in the tax base to reflect new house building during 2020/21 are more than offset by an increased number of claimants and awards under the Local Council Tax Reduction Schemes and a reduced Collection Rate.

### 4.3 Continued reform and efficiency

Efficiencies of £4.640m in the 2021/22 budget have been identified and are already being implemented. There are savings targets of £5.294m in 2022/23, £0 in 2023/24 and £2.825m in 2024/25. These will be met by further savings resulting from the ICT Transformation Programme Business Services Programme and the Estates Strategy (Rationalisation Plan). A review of income from fees and charges will take place from 2021/22 onwards.

### 4.4 Making best use of West Mercia's reserves

The Commissioner's reserves are predicted to be £12.277m at the start of 2021/22. They will be allocated on a prudent basis to create a police force that focuses on the needs of the residents of West Mercia. They will support the Major Investigation where an application has been made for Special Grant from the Home Office. It will also support the Estates and ICT Programmes and used to facilitate crime prevention initiatives and collaboration with key partners. 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 2020/21 and 2021/22. It continues to incorporate the apportionment of costs for the four remaining services where collaboration continues with Warwickshire. Appendix B outlines a summary of the gross expenditure.

### Analysis of movement from 2020/21 to 2021/22

<b>Movements</b>	<b>£m</b>
<b>2020/21 Budgeted net expenditure</b>	<b>235.805</b>
<b>Pay &amp; Price Inflation, increments and adjustments:</b>	
Officer Pay	1.734
Staff Pay	0.743
Non Pay inflation	1.426
<b>Total</b>	<b>3.903</b>
<b>Staff Turnover</b>	
Police Officer Turnover	-0.269
Police Staff Turnover	0.174
<b>Total</b>	<b>-0.095</b>

<b>Recurring Budget Pressures:</b>	
Officer growth funded by grant	5.253
Capital Financing (MRP and Loan Interest)	1.636
Police overtime	0.289
Pension lump sum deficit	0.101
<b>Total</b>	<b>7.279</b>
<b>Non Recurring Budget Pressures</b>	
Police Officer Uplift Grant	1.011
Community safety	0.500
<b>Total</b>	<b>1.511</b>
<b>Net Reduction in items funded from reserves</b>	<b>-3.147</b>
<b>Growth</b>	
Information Technology Development	2.883
Development of Forensic Capability	1.180
<b>Total:</b>	<b>4.063</b>
<b><i>Savings and Budget Reductions</i></b>	
Staffing reductions	-1.917
Consolidation of IT contracts and efficiencies	-0.989
Increased flexibility of staffing model	-0.470
Other contract reviews	-0.408
On line capability	-0.283
Agile working	-0.271
Fleet	-0.156
Supervisory level review	-0.100
Other net savings	-0.046
<b>Total</b>	<b>-4.640</b>
<b>Closing Budget</b>	<b>244.679</b>

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

The MTFP was approved in February 2020 and has been updated and refreshed during the year.

The key assumptions at December 2020 are as follows:

### Funding

- The precept will increase by 6.66% in 2021/22 and 1.99% thereafter
- Council Tax base will be reduced by 0.32% in 2021/22, will grow by 0.5% in 2022/23 and then increase by 1% a year thereafter



- It is estimated that there will be a deficit on the Collection Fund for 2020/21 of £1.219m. The government will fund 75% of the irrecoverable deficit, with the remaining balance being recovered over three years beginning in 2021/22. The Medium Term Financial Plan assumes that the Council Tax Collection Fund will return to surplus over three years – with neither a surplus or deficit on the Collection Fund for 2021/22 (distributed or recovered the following year in 2022/23), a surplus of £700k on the Collection fund for 2022/23 (distributed in 2023/24) and £1m a year thereafter distributed from 2024/25 onwards. An additional Local Council Tax Support Grant 2021/22 will be awarded. Indicative allocations published by the government estimate that the West Mercia PCC will receive £1.5m
- General revenue grants will be increased in 2021/22 to meet the costs of the additional 91 police officers and associated infrastructure funded by central government. In future years it is assumed central government grants will also increase to meet the costs of additional police officers and to fund inflationary pressures. A review of the grant system will take place in future years.

### **Costs**

- There is no pay increase in 2021/22 following the Chancellor's Spending Review. Pay (cost of living) increases are included at 1% in 2022/23 and 2.5% per annum thereafter
- Price increases are contained at contractual commitments.

The MTFP is as follows:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
<b>Expenditure - Summary</b>				
Base budget before savings	235.805	244.679	253.602	265.677
Pay and price increases	3.903	2.748	5.855	7.128
Capital Financing (including RCCO)	1.636	2.457	2.600	2.328
Additional officers funded by Grant	5.253	4.914	2.457	0.000
Investment in Forensics	1.180	0.831	0.115	0.000
Investment in ICT	2.883	3.164	0.000	0.000
Other Investments	0.795	0.000	0.000	0.000
Savings	-4.640	0.000	0.000	0.000
Police Officer Uplift Grant	1.011	0.103	1.048	0.000
Non-recurring expenditure funded from Reserves	-3.147	0.000	0.000	0.000
Savings to be identified	0.000	-5.294	0.000	-2.825
<b>Projected net expenditure after savings</b>	<b>244.679</b>	<b>253.602</b>	<b>265.677</b>	<b>272.308</b>
<b>Funded by:</b>				
Formula Grant and RSG	-126.227	-132.317	-141.473	-144.303
Council Tax Support Grant	-9.200	-9.200	-9.200	-9.200
Council Tax Freeze Grant	-2.775	-2.775	-2.775	-2.775
Council Tax (including Collection Fund surplus/deficit)	-106.840	-109.031	-112.466	-116.530
Contribution to Reserves	0.363	-0.279	0.237	0.500
<b>Total funding</b>	<b>-244.679</b>	<b>-253.602</b>	<b>-265.677</b>	<b>-272.308</b>

It should be noted that in year budget gaps will be covered by savings targets and associated initiatives.

## 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

	£m
<b>Projected reserves at 1<sup>st</sup> April 2021</b>	<b>12.277</b>
<i>Amount required to fund the costs of a major investigation net of an expected successful application for Special Grant over the life of the medium term financial plan</i>	<i>(1.240)</i>
<i>Increased Provisions to meet known risks</i>	<i>1.533</i>
<i>Funds to address demand management issues, prevent crime and ensure public safety</i>	<i>(0.504)</i>
<i>Use of Council Tax Collection Fund Reserve</i>	<i>(0.741)</i>
<i>Investment in infrastructure (Estates and ICT programmes)</i>	<i>0.533</i>
	<hr/>
<b>Reserves remaining at the end of the MTFP period.</b>	<b><u>11.858</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 £6.975m 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 Police Forces regionally and with the two Fire and Rescue Services in West Mercia. Both however have associated risks.

As part of the Commissioner's commitment to reform, he will continue to focus on improving the ICT infrastructure and to rationalise the estate. These initiatives create 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

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/23</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>General Reserves</b>	<b>6.975</b>	<b>6.975</b>	<b>6.975</b>	<b>6.975</b>
<b>Earmarked Reserves</b>				
Investment in Infrastructure	1.223	1.223	1.223	1.223
Safer Roads Partnership	0.018	0.018	0.018	0.018
Council Tax Collection Fund	0.494	0.247	0.000	0.000
Major Investigation Reserve**	0.000	0.000	0.000	0.000
YJS*	0.354	0.354	0.354	0.354
Insurance and Legal Claims***	1.511	1.511	2.011	2.511
PCC Grants and Initiatives	0.825	0.793	0.777	0.777
<b>Total Earmarked Reserves</b>	<b>4.425</b>	<b>4.146</b>	<b>4.383</b>	<b>4.883</b>
<b>Total Reserves</b>	<b>11.400</b>	<b>11.121</b>	<b>11.358</b>	<b>11.858</b>

\* This is a collaborative arrangement with Local Authorities

\*\* It is assumed in this table that West Mercia's remaining contribution will be spent in 2021/22. Given the uncertain timing this is not shown in the 2021/22 revenue budget nor the Earmarked Reserves Table below.

\*\*\* West Mercia Police will make a contribution of £0.5m a year to this reserve from 2023/24 onwards.

## 8. The Capital Budget

The Capital Programme for 2021/22 to 2024/25 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 £93.8m over the next four years. As previously mentioned, 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>2021/22 (Including forecasted slippage from 2020/21 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25</b>	<b>Total £m</b>
Estate Strategy	6.2	6.9	13.1	21.5	<b>47.7</b>
ICT replacement & strategy programmes	10.7	13.5	12.4	4.5	<b>41.1</b>
Vehicle Replacement	1.0	1.0	1.0	1.0	<b>4.0</b>
Plant & Equipment	1.0	0.0	0.0	0.0	<b>1.0</b>
<b>Totals</b>	<b>18.9</b>	<b>21.4</b>	<b>26.5</b>	<b>27.0</b>	<b>93.8</b>

A full list of proposed capital projects is included in 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>2021/22 £m</b>	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>Total £m</b>
Capital Receipts	0.6	0.6	0.6	0.6	<b>2.4</b>
Capital Grants	0.2	0.2	0.2	0.2	<b>0.8</b>
Revenue Contributions	0.0	0.0	0.0	0.0	<b>0.0</b>
Borrowing	18.1	20.6	25.7	26.2	<b>90.6</b>
<b>Totals</b>	<b>18.9</b>	<b>21.4</b>	<b>26.5</b>	<b>27.0</b>	<b>93.8</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. The Treasurer has also taken into account the assessment of reserves undertaken by CIPFA in its Financial Management Capability review of West Mercia Police.

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	<p>West Mercia Police makes full and appropriate provision for pay and price rises.</p> <p>An informed assessment is made of interest rate movements.</p> <p>All individual expenditure and income heads in the revenue budget are prepared and published at estimated outturn prices.</p>
Estimates of the level and timing of capital receipts	<p>The Commissioner and West Mercia Police make a prudent assumption of future capital receipts.</p>
The treatment of demand level pressures	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>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> <p>The Force has made substantial cash savings over the last ten years generating over £80m. The Force has a savings target of £4.8m in 2020/21 with a further savings targets of £7.5m in 2021/22 and further savings will undoubtedly be required thereafter. 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. The Force is planning to implement Priority Based Planning and Budgeting in 2021/22 to ensure it makes best use of available resources.</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 consistently achieved its annual efficiency target in previous years. Savings elsewhere in the revenue budget were identified to cover any shortfall and the Force underspent in recent years. The Force overspent by £1.6m in 2019/20 or 0.7% of its net revenue budget, due to delays in progressing transformation programmes as a result of the end of the Alliance. The Force is anticipating that it will breakeven in 2020/21 and has taken the necessary measures to achieve this.</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 transition of the remaining 4 services which provide services to both Warwickshire and West Mercia. These are being carefully managed. These will end in 2021/22 or new arrangements will be put in place.</p> <p>There are also risks associated with the development of a new Estates Service following Worcestershire County Council's decision to withdraw from Place Partnership Limited and the decision by all partners to provide separate Estates Services. The partners are working closely together to achieve this aim. Project management arrangements are in place both within the OPCC and the Force and with external partners.</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>Provision was made in General Reserve for 2 unexpected events or major investigations to occur within 5 years. Since the role of the Police and Crime Commissioner was established, there had been no call on reserves for this purpose. In 2020 the global pandemic occurred. Central government has however provided considerable additional</p>

	<p>funding and the Force and the PCC have been able to contain any remaining pressures within their budgets.</p> <p>The Force may be required to undertake an investigation into allegations of corporate manslaughter at Shrewsbury and Telford Hospitals NHS Trust. The costs will be considerable and the PCC will make an application to the Home Office for Special Grant. 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. The Force could therefore be facing additional costs of £2.4m a year. Whereas provision will need to be made in Force budgets in future years with additional savings being found and there are some contingencies for investigations already held in Force budgets (see above), the PCC may need to fund these costs up to 1% of his net revenue budget (approximately £2.4m) from reserves in 2021/22, and some initial costs in 2020/21.</p>
<p>The general financial climate to which the authority is subject.</p>	<p>In January 2020, the Minister for Crime, Policing and the Fire Service announced that the police grants would be increased in 2020/21 to fund the recruitment of an additional 6,000 police officers. The Chancellor has confirmed this commitment in his Spending Review 2020. He also stated that the PCCs could increase the council tax (band D equivalent) by up to £15 per year in 2021/22.</p> <p>Pension costs incurred by employers in the public sector will rise as a result of the “McCloud Judgement”, which the government has accepted.</p> <p>General inflation in the U.K. has started to increase. CPI is currently at 0.9% and RPI 1.3% (Oct 2020).</p> <p>A provision of 1% for the pay award has been included in the MTFP for 2022/23 and then 2.5% p.a. thereafter.</p> <p>The base rate decreased in March 2020 from 0.75% to 0.1% to help control the economic shock of coronavirus.</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 Treasurer has this year included a reduction to reflect the fact that not all risks will occur during the life of the Medium Term financial Plan.

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

Provision	£m	Reason
Savings Targets not being met	0.0	Action will be taken if savings are not met in year. This may adversely affect services. Alternative savings will be found in the following year's' budget.
Delay in the delivery of savings leading to an overspend in year	2.7	For many years the Force covered any shortfall from in year underspends. At the time when the 2020/21 budget was set delays were known to have occurred in progressing targets in 2019/20 because of the termination of the Alliance. The Force overspent by £1.6m in 2019/20. This was 28% of its savings target. The Force is currently indicating that it will not achieve its savings targets by £0.9m or 19% in 2020/21. It is taking action to address this. The Force has a savings target of £4.5m in 2021/22. Given the failure to achieve the savings target in 2019/20 and 2020/21 a provision of £2.7m (£1.35m p.a or 29% of the 2021/22 target) should be made.
Funding for extraordinary events or investigations recognising that these would be unlikely to attract Special Police Grant (for costs in excess of 1% of the budget)	4.8	Until 2020/21 there had been no such events or investigations since the establishment of the role of PCC. 2 such events have occurred in 2020. Central government has provided additional support to cover the costs of COVID. The Force is preparing a Special grant application to cover the costs of the major investigation it faces. Given costs are likely to be incurred in 2020/21 and funded from General Reserve, an earmarked reserve of £1.24m will be created in 2021/22 for this investigation (bringing the total costs borne by West Mercia to 1% of its revenue budget).
Additional costs to establish arrangements to reform policing in West Mercia	0.25	Refers to revenue impact of capital expenditure which can be cash limited. Substantial provision for both revenue and capital expenditure already made in the

		Medium Term Capital Programme and Medium Term Financial Plan. In the 2021/22 it is assumed that in-house project and programme management costs of £1.325m can be capitalised. There is a risk that this resource may be used to support revenue projects. A provision will be made here to mitigate this risk.
Risk on inflation	1.0	Provision for pay award and contractual inflation made in MTFP. A provision of 1% of the non-pay budgets should be included to reflect the economic uncertainty of Brexit and Covid for a two year period.
Impact of review of Police Funding Formula	0.0	Outcome unknown and timing of review delayed by Home Office.
Replacement of Airwaves Network/ESN/ESCMP	0.0	Lack of detail and clarity on implementation from Home Office. Substantial provision made in the Medium Term financial Plan and Capital Programme
Reduction in yield from Council Tax due to a reduction in the Collection Rate and/or an increase in the number of awards for the Local council tax reduction scheme (set at 1% of precept for 2 years)	2.15	Reflects the uncertainty caused by the economic impact of Brexit and Covid
Change in interest rates	0.65	Based on 1% increase in interest rates on planned external borrowing of £52m in 2021/22 and 2022/23. This reflects the increasing economic uncertainty
General Contingency provision for Unknowns	2.4	Based on 1% of net revenue expenditure
	13.950	
Reduction to reflect the fact all of these risks will not occur in the short term	-6.975	50% reduction to reflect that not all events will occur in this time period.
	6.975	

This will mean a reduction in the level of General Reserve currently held from £9.587m. The PCC has already agreed a reduction of £1.105m to fund Operation Lincoln and it is proposed that an earmarked reserve of £1.24m be created to fund this in 2021/22. I recommended that the minimum level of reserves held in General Reserve be set at £6.975m in 2021/22.

The aggregate cost of those elements which it is feasible to estimate is £13.95m. 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 and an adjustment has been applied to reflect this. 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. I therefore recommend that the minimum level of reserves be set £6.975m. Coincidentally this is approximately 3% of the net revenue budget, in line with best practice.

Given the relatively low aggregate sum involved, it is recommended that a minimum level of £6.975m 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 2021 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 2021</b>	<b>Movement In Year</b>	<b>Forecast Balance as at 31<sup>st</sup> March 2022</b>	<b>Purpose of Reserve</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
PCC Grants and Initiatives	0.881	-0.056	0.825	To support PCC Grants and Initiatives by facilitating multi-year agreements.
Investment in Infrastructure Reserve	0.690	0.533	1.223	To investment in the infrastructure (ICT and Estates) including the unbudgeted costs of reconfiguring services following the end of collaborative arrangements
Council Tax Collection Fund Grant	0.741	-0.247	0.494	Grant received in 2020/21 to fund the irrecoverable deficit on the 2020/21 Council Tax Collection Fund. This deficit is recovered over 3 years with the grant being drawn down from reserves to partly offset the deficit.

Safer Roads Reserve	0.418	-0.400	0.018	Funds held fund road safety initiatives
YJS Reserve	0.354	0.000	0.354	Funds held on behalf of the responsible authorities to fund the costs of youth justice services.
Major Investigation Reserves	1.240	0.000	1.240	Funds held to meet costs of major investigation up to 1% of net revenue expenditure with some costs being incurred in 2020/21. Progress on the investigation is uncertain at this time.
Insurance and Legal Claims Reserve	0.978	0.533	1.511	To meet the costs of high value claims and to reduce insurance premiums through self-insurance where it is cost effective to do so.
<b>Total Earmarked Reserves</b>	<b>5.302</b>	<b>0.363</b>	<b>5.665</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 2020 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 2021/22 to 2024/25. The balance on the reserve as at 1<sup>st</sup> April 2020 was £0.00m

## **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 2024/25 and sufficient provision has been made in earmarked reserves to fund expected one-off pressures, including a contribution towards the cost of a major investigation anticipating a successful application for Special Grant from the Home Office.

The risks associated with this budget have increased significantly given the unexpected Covid19 pandemic in 2020. 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. At the same time, West Mercia has an ambitious programme to reconfigure its operational estates and modernise its ICT infrastructure, whilst ensuring value for money. 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 adequate reserves and has increased the recurring revenue funds available (with a 6.66% 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 for the use of these resources during this time.

## Appendix A

### Summary of West Mercia Grant Settlement

The provisional Police Funding Settlement from the Home Office was received on the 17<sup>th</sup> December 2020. The details are shown below:

<b>2020/21</b>	<b>Funding Stream</b>	<b>Provisional 2021/22</b>	<b>Change</b>
<b>£ m</b>		<b>£ m</b>	<b>%</b>
72.092	Police Grant (including Community Support Grant)	77.029	6.84
46.650	Revenue Support Grant	49.198	5.46
11.975	Legacy Council Tax Grants (freeze grants and plus council tax support grant)	11.975	0.00
<b>130.717</b>	<b>Total</b>	<b>138.202</b>	<b>5.73</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 2021/22 have not yet been received and was £1.499m in 2020/21.

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

	<b>2020/21 Budget</b>	<b>2021/22 Budget</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Government Grant (Core Funding)	130.718	138.202	7.484
Council Tax Precept (net of Collection Fund deficit)	102.303	106.840	4.537
<b>Total Funding / Net Budget Requirement</b>	<b>233.021</b>	<b>245.042</b>	<b>12.021</b>
Police Officers Pay	120.399	125.873	5.474
Police Officer overtime	1.928	2.391	0.463
Police Staff Pay	64.056	62.214	-1.842
PCSO Pay	7.484	7.431	-0.053
Police Staff & PCSO overtime	0.679	0.566	-0.113
Temporary and Agency Staff	0.000	0.010	0.010
Injury & Ill Health Pensions	3.819	3.776	-0.043
Other Employee Expenses	1.035	1.936	0.901
Premises	8.337	8.846	0.509
Transport	4.243	4.136	-0.107
Supplies and Services	26.458	33.275	6.817
Third Party Payments	18.574	16.125	-2.449
Capital Financing	3.174	5.210	2.036
<b>Gross Expenditure</b>	<b>260.186</b>	<b>271.789</b>	<b>11.603</b>
<b>Income</b>	<b>-24.381</b>	<b>-27.110</b>	<b>-2.729</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>235.805</b>	<b>244.679</b>	<b>8.874</b>
<b>Budget Contribution to/(from) Reserves</b>	<b>-2.784</b>	<b>0.363</b>	<b>3.147</b>

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

### Appendix B(ii)

	2020/21	2021/22	Variance	Variance
	£m	£m	£m	%
<b>Business Services Directorate</b>				
Digital Services	17.100	18.254	1.154	6.7%
Business Operations	5.958	7.030	1.072	18.0%
People and Org. Development	6.764	7.642	0.878	13.0%
Commercial Services	4.209	3.772	-0.437	-10.4%
Strategy Planning and Insight	3.412	3.770	0.358	10.5%
Change Management	3.038	4.369	1.331	43.8%
<b>Total</b>	<b>40.481</b>	<b>44.837</b>	<b>4.356</b>	<b>10.8%</b>
<b>Corporate Support Directorate</b>				
Professional Standards & Vetting	1.701	1.603	-0.098	-5.8%
Chief Officers	1.405	1.648	0.243	17.3%
Audit Risk and Compliance	1.039	0.991	-0.048	-4.6%
<b>Total</b>	<b>4.145</b>	<b>4.242</b>	<b>0.097</b>	<b>2.3%</b>
<b>Local Policing Directorate</b>				
Directorate Level (incl Student Grant)	2.211	-1.480	-3.691	-166.9%
South Worcestershire	20.420	21.758	1.338	6.6%
North Worcestershire	20.214	21.117	0.903	4.5%
Herefordshire	12.385	12.812	0.427	3.4%
Shropshire	18.128	18.418	0.290	1.6%
Telford	17.576	18.118	0.542	3.1%
Problem Solving	3.467	4.040	0.573	16.5%
Custody	6.741	6.432	-0.309	-4.6%
<b>Total</b>	<b>101.142</b>	<b>101.215</b>	<b>0.073</b>	<b>0.1%</b>
<b>Operations Support</b>				
Directorate level	1.573	1.963	0.390	24.8%
Operations	16.860	20.926	4.066	24.1%
Public Contact	18.033	16.717	-1.316	-7.3%
<b>Total</b>	<b>36.466</b>	<b>39.606</b>	<b>3.140</b>	<b>8.6%</b>
<b>Police and Crime Commissioner</b>				
Estate Services	9.970	9.848	-0.122	-1.2%
Police Crime Commissioner	9.520	6.373	-3.147	-33.1%
<b>Total</b>	<b>19.490</b>	<b>16.221</b>	<b>-3.269</b>	<b>-16.8%</b>
<b>Crime &amp; Vulnerability Directorate</b>				
Directorate Level	1.936	1.451	-0.485	-25.1%
Criminal Justice	3.058	3.385	0.327	10.7%
Forensics	4.627	5.949	1.322	28.6%
Intelligence & Authorising Officer	3.621	3.968	0.347	9.6%
Investigations	8.098	7.675	-0.423	-5.2%
ROCU	4.121	4.164	0.043	1.0%



Special Branch	0.986	1.066	0.080	8.1%
Vulnerability & Safeguarding	1.578	1.696	0.118	7.5%
<b>Total</b>	<b>28.025</b>	<b>29.354</b>	<b>1.329</b>	<b>4.7%</b>
<b>Corporate Budgets</b>	<b>6.056</b>	<b>9.204</b>	<b>3.148</b>	<b>52.0%</b>
<b>TOTAL</b>	<b>235.805</b>	<b>244.679</b>	<b>8.874</b>	<b>3.8%</b>

## Appendix C

### West Mercia Police - Capital Budgets 2021/22 to 2024/25

Project	Final Approval (Y)	Total 2021/22 Budget £'000	Total 2022/23 Budget £'000	Total 2023/24 Budget £'000	Total 2024/25 Budget £'000	Total Capital MTFP 2021/22 to 2024/25 £'000
<b>ICT Projects</b>						
DST Phase 2 - Simplify		5,040	960			6,000
DST Phase 3 - Rationalise			5,960			5,960
DST Phase 4 - Realise				6,110		6,110
<b>Digital Services Transformation</b>		<b>5,040</b>	<b>6,920</b>	<b>6,110</b>	<b>0</b>	<b>18,070</b>
<b>ICT Transformation Projects</b>						
Programme and Project Management Resourcing		1,325	1,325	1,325	1,325	5,300
<b>Information Portfolio</b>						
ANPR fixed sites	Y	110				110
Single Online Home		76	76	76		228
TEC1 – HO Biometrics.		207				207
Home Office Biometrics Ph 3 – Front line DNA tests (2025) - National		40	207	138		385
TEC1 - In-Car Media.		678				678
<b>Operations Portfolio</b>						
OCC Phase 2 (incl Orlo)		43	0	0	0	43
Emergency Services Network		0	2,957	2,957	1,479	7,393
Airwave Replacement Equipment	Y	38	102	102		242
Mercury – CT digital capability.		17				17
Apollo – CT system replacing NSPIS/Cluster.		17				17
DVI – Disaster Victim Id		17				17
DPol – NPCC delivery of Digital Policing Standards (2025) - National		17				17
Digital Forensics Transformation		885	560	372	0	1,817
<b>People Portfolio</b>						
Origin - Upgrades & Enhancements		500				500
OH Case Management System		30				30
Learning Management System		75				75
<b>Currently Unallocated</b>						
PMS and Archive Sytem upgrade		86	0	0	0	86

CAID4 – Child abuse DB update.		55				55
NFLMS – Firearms licencing update.		90				90
<b>Transformation Projects Sub Total</b>		<b>4,306</b>	<b>5,227</b>	<b>4,970</b>	<b>2,804</b>	<b>17,307</b>
<b>ICT Replacement Projects</b>						
Desktop Replacement & Growth	Y	400	400	410	410	1,620
Mobile Devices - laptops	Y	600	600	600	600	2,400
Mobile Devices - phones	Y	150	150	150	150	600
ICT Equipment / Network Links for Estates projects	Y	20	20	20	20	80
Server	Y	0	0	0	140	140
Network	Y	0	0	0	35	35
SAN / Backup Infrastructure	Y	0	0	0	140	140
Software Upgrades - Core IT Infrastructure software	Y	185	185	185	185	740
<b>ICT Replacements Sub Total</b>		<b>1,355</b>	<b>1,355</b>	<b>1,365</b>	<b>1,680</b>	<b>5,755</b>
<b>Total ICT Projects</b>		<b>10,701</b>	<b>13,502</b>	<b>12,445</b>	<b>4,484</b>	<b>41,132</b>
<b>Estates Projects</b>						
Safer Neighbourhood Teams Relocation (Various Sites)	Y	539	500	500		1,539
Defford Site - Refurbishment	Y	85				85
Investment in Estates Infrastructure (Planned Programme)		315	200			515
Refurbishment of PlacePro House for Op Lincoln	Y	20				20
Moving OPU base from Shrewsbury to Telford		50				50
Firearms Training School / Firearms Range (Subject to Business Case)		2,000	200	5,000	10,000	17,200
New Hereford Hub (Subject to Business Case)		165	0	0	4,500	4,665
Northern Hub		2,000	0	7,000	7,000	16,000
Redditich Police Station (Subject to Business Case)		1,000	6,000	600		7,600
<b>Total Estates Projects</b>		<b>6,174</b>	<b>6,900</b>	<b>13,100</b>	<b>21,500</b>	<b>47,674</b>
<b>Other Capital Projects</b>						
Vehicles Purchase		1,000	1,000	1,000	1,000	4,000
Dashcams	Y	14				14
Body Armour Replacement		981				981
<b>Total Other Capital Projects</b>		<b>1,995</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>4,995</b>
<b>Total Capital Projects</b>		<b>18,870</b>	<b>21,402</b>	<b>26,545</b>	<b>26,984</b>	<b>93,801</b>

<b>Capital Financing</b>	<b>Total 2021/22 Budget</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>	<b>Total Capital MTFP 2020/21 to 2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts	570	573	577	580	2,300
Capital Grants (General)	200	200	200	200	800
Capital Grants (Specific) - ESN Grant					0
Funding from Warwickshire Police	0				0
Revenue Contributions	14				14
Revenue Reserves (Safer Roads)	0				0
Internal Borrowing	0				0
External Borrowing	18,086	20,629	25,768	26,204	90,687
<b>Total Capital Financing</b>	<b>18,870</b>	<b>21,402</b>	<b>26,545</b>	<b>26,984</b>	<b>93,801</b>

## APPENDIX D PRUDENTIAL INDICATORS - WM

<b>1. AFFORDABILITY PRUDENTIAL INDICATORS</b>	<b>2020/21 Original Estimate</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	17,011	20,334	23,582	26,321	22,940
	%	%	%	%	%
<b>Ratio of financing costs to net revenue stream</b>	1.45	1.38	2.13	2.89	3.50
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In Year borrowing requirement</b>					
- in year borrowing requirement	15,470	18,274	18,086	20,629	25,768
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In year Capital Financing Requirement</b>	13,248	15,939	14,106	15,152	19,203
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Financing Requirement 31 March</b>	66,493	64,919	79,025	94,177	113,380
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Affordable Borrowing Limit</b>					
Increase per council tax payer	£0.95	£0.76	£1.94	£1.82	£1.47
<b>2. TREASURY MANAGEMENT PRUDENTIAL INDICATORS</b>	<b>2020/21 Estimate</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised limit for external debt</b>					
- Borrowing	80,000	75,000	90,000	105,000	125,000

	£'000	£'000	£'000	£'000	£'000
<b>Operational boundary for external debt</b>					
- Borrowing	70,000	65,000	80,000	95,000	115,000
<b>Upper limit for fixed rate interest exposure</b>					
- net principal re fixed rate borrowing / investments	£80m	£60m	£75m	£95m	£110m
<b>Upper limit for variable rate exposure</b>					
- net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m

<b>Maturity structure of new fixed rate borrowing during 2020/21</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
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%