



Budget 2023/24

and

Medium Term Financial Plan 2023/24 – 2027/28



Foreword from the PCC:

With the UK feeling the pressure of rising costs and restrictions to public spending, this year's budget in West Mercia will look and feel different to those I have set in previous years as PCC.

There is no avoiding the fact that the cost of living is rising, with many people having to make tough decisions in order to balance their household budgets. Public sector organisations, including policing, are facing the same inflationary challenges. As PCC I have always committed that I will ensure every penny spent on policing is spent wisely before I ever ask the public to pay any more. That principle is even more important this year. There is an ever-greater need for efficiency, maximising the benefit of the resources and assets at my disposal to keep our communities safe. This year's budget will tackle the unavoidable cost pressures we face, maximises the value of investments I have made in the journey to deliver a safer West Mercia, and addresses key priorities for our communities.

I have remained resolute in delivering a safer West Mercia and, ultimately, what the public want – increased visibility and accessibility of police officers. I am therefore boosting officer numbers by a further 40, taking West Mercia's establishment to 2,496 which is the highest establishment number on record in the force. These additional officers will be based at the heart of communities in new Neighbourhood Crime Fighting teams and as Community Safety Engagement Officers. These new officers will continue the focus on neighbourhood policing and addressing key community concerns. I will support the force in continuing to prioritise the greatest possible proportion of resource towards frontline policing and ultimately delivering the best for communities. However, this won't be possible unless difficult decisions are made.

This next financial year must be focused on consolidating investment already underway and ensuring the maximum benefit of that investment is felt by all communities in West Mercia. This year's budget of £274.8 m represents an increase of £14.3m (5.5%) compared to last year's budget. However, it also brings an unavoidable £17.4m million in inflation and £13.4m of additional costs associated with continuing to delivering service improvements such as essential IT transformation. This imbalance between funding required and funding available will inevitably mean significant challenges for West Mercia Police in meeting the required savings, especially in light of significant service redesign.

Whilst I am increasing the amount of council tax I am asking residents to pay, residents should be reassured the proposed rise is significantly below the prevailing rates of inflation, and that an

ever-greater proportion of the police fund is being directed towards police officers. The rise this year should also be seen on the backdrop of West Mercia seeing the fourth lowest percentage increases of the 43 police forces in the police precept since 2016.

I am proud to have ended West Mercia Police's reliance on reserves to balance annual spending. The challenges in delivering a balanced budget have involved working with the Chief Constable to identify the savings needed, ensuring the funding available is directed to frontline policing, and bolstering the areas that are key community priorities. I am grateful to the Chief Constable and her team for working with me to help use the 'Your Views' survey in shaping the budget building process and ensure the focus is on the right issues. This budget features key measures to improve road safety, as well as tackling crime and anti-social behaviour through a boost to not just Safer Neighbourhood Teams, but also the Special Constabulary and development of the role of PCSOs.

As your PCC I am confident that this budget continues to deliver my high ambitions for the communities of West Mercia. The proposals put forward by the force will continue to see ever greater innovation and continuous improvement in many of the services delivered to the communities across the three counties.

The biggest issues in society cannot be addressed in isolation by myself as PCC, nor West Mercia Police; this budget delivers key resources to tackle vulnerability and prevention, and to work alongside key local partners to prevent harm wherever possible and protect those most at risk. There are dedicated resources for our new Combatting Drugs Partnerships in West Mercia. The budget delivers on the recommendations arising from the Independent Inquiry into child sexual exploitation in Telford. There is also funding to build on and replicate the success of the Safer Communities Project in Telford & Wrekin in other parts of West Mercia, where I will seek to work with partners to deliver effective prevention and community problem solving.

Whilst I am reassured by the steps already taken by West Mercia Police to be visible and accessible in the heart of the communities they serve, this budget will ensure there will be an ever-greater focus on community engagement. This will be done by implementing new technology to improve efficiency and accessibility for the public. This ease of contact, that so many communities feel is lacking, will improve relationships and ultimately boost trust and confidence.

As part of the 2022/23 budget, I announced that I would be investing in greater technology to tackle speeding, such as the introduction of more average speed cameras schemes. As these are progressed, it will support wider work from myself and the police to address the disproportionate levels of both physical and anti-social harm that is caused on West Mercia's roads and the number of people killed or seriously injured is reduced.

It is widely expected that pressures around the cost of living will have a significant impact on crime levels, particularly domestic abuse. It is therefore vital that services, that provide support to victims and survivors, are supported to cope with the increased demand that may be placed on them. This budget includes provision to ensure victim services in West Mercia can cope with demand and provide the right support at the right times, to enable people to cope and recover.

Having increased investigative capacity within West Mercia Police, as part of the 2022/23 budget, I will build on this by supporting the introduction of new roles that are focused on improving the timeliness of serious sexual offence investigations. There will also be a focus on prevention and improving the victim journey by working with other agencies and third sector

organisations. The force has committed to improving the victim journey across all crime types, resulting in improved satisfaction and confidence and victims getting the best possible outcome.

This year's budget proposal will further my commitment to reducing the environmental impact and increasing the efficiency of policing. This budget achieves this by bringing more electric/hybrid vehicles to West Mercia Police's fleet, as well as making changes to improve the efficiency of the police estate. This will not only ensure the force is 'greener', but it will deliver increased value for money and financial sustainability at a time when it is even more important.

This year's budget proposals are instrumental in the next phase of fully delivering my Safer West Mercia Plan and ensuring that the communities of West Mercia are at the heart of policing.

A handwritten signature in black ink, reading "John Campion". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

John Campion
Police and Crime Commissioner, West Mercia

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WEST MERCIA BUDGET 2023/24

MEDIUM TERM FINANCIAL PLAN 2023/24 TO 2027/28

1. Executive Summary

This report sets out the proposed budget and precept for decision by the Police and Crime Commissioner (PCC). It delivers one of his key responsibilities as PCC, under the Police Reform and Social Responsibility Act 2011.

The report sets out the:

- Net budget requirement for 2023/24
- Proposed precept for 2023/24
- Proposed medium term financial plan 2023/24 to 2027/28
- Outline capital budget 2023/24
- The community priorities and service improvements that will be delivered for the public as a result of this budget
- Statement on soundness of the budget and the adequacy of reserves

This budget sets out the allocation of resources to deliver on the objectives in the Safer West Mercia Plan, as well as ensuring that policing delivers on national requirements.

The central theme in setting spending plans is that they have taken into consideration the strategy and vision of the elected PCC. As part of setting out these financial spending plans, it is important to set out the issues that influence and contribute to the build of the budget for 2023/24 and the medium-term financial plan.

This is the seventh budget that the PCC has set for West Mercia and comes at a time of economic uncertainty and budget pressure. This primarily stems from rising prices due to the largest and fastest inflationary increases seen in 40 years.

The PCC has reflected on the knowledge and experience from his previous term in office and the outcomes from the plans and targets he set the previous year. The PCC recognises the events that have occurred during the year, many of which are either predicted to continue into the new financial year, or the effects of which will still be relevant to the environment around policing and crime. The PCC also recognises the challenges that this creates to set a balanced budget which reflects the core objectives in the Police and Crime Plan.

In determining his budget proposals, the PCC acknowledges:

- Priorities within the Safer West Mercia Plan
- National policies and strategies which are required to be delivered at a local level
- The operational advice and guidance provided by the Chief Constable
- Strategic Policing Requirement
- The outcome of public consultation
- The impact of the global economic conditions and the effect of rapid price inflation on the cost of running a police service. Elements of which were unknown and not reflected in the current budget and its likely effect over the coming years
- Government policy on public spending, as set out by the Chancellor in the Autumn Spending Review 2023/24 and subsequent policing provisional grant settlement which was issued on 14th December
- Medium term financial obligations
- Prudent use of and contributions to the financial reserves
- The 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
- Plans and policies of other partner agencies relating to community safety and crime reduction

Report of the Treasurer

Recommendations

The PCC is recommended to approve:

- a) A Net Revenue Budget after savings of £274.768m
- b) A contribution of £1.730m is made from reserves
- c) A net budget requirement of £273.038m
- d) A Council Tax for a Band D property at £264.50
- e) A Council Tax for a Band D property calculated as follows:

| | |
|---|----------------|
| | £m |
| Budget Requirement (Net Revenue Expenditure) | 273.038 |
| Less Funding | |
| Police Grant | 81.576 |
| Police PUP Grant | 4.300 |
| Revenue Support Grant | 52.296 |
| Council Tax Support Grant | 9.200 |
| Council Tax Freeze Grant | |
| 2013/14 | 0.800 |
| 2011/12 | 1.975 |
| Sub Total | 122.891 |
| Less: Collection Fund Surplus/(deficit) | 0.767 |
| Amount required to be raised by Council Tax | 122.124 |
| <hr/> | |
| Divided by Aggregate Council Tax Base | 461,718.30 |
| Basic Amount of Council Tax at Band D | £264.50 |

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

| | |
|------------------------------|---------|
| Band A (6/9th) | £176.33 |
| Band B (7/9th) | £205.72 |
| Band C (8/9th) | £235.11 |
| Band D | £264.50 |
| Band E (11/9th) | £323.28 |
| Band F (13/9th) | £382.06 |
| Band G (15/9th) | £440.83 |
| Band H (18/9 th) | £529.00 |

All Figures are rounded to 2 decimal places

g) *That the Chief Executive to the Office of the PCC for West Mercia be authorised to issue Precepts Notices on the West Mercia billing authorities as follows:*

| | |
|--------------------------------|------------------------|
| Bromsgrove District Council | £10,029,691.88 |
| Herefordshire Council | £18,798,837.59 |
| Malvern Hills District Council | £8,694,440.34 |
| Redditch Borough Council | £6,957,656.63 |
| Shropshire Council | £31,239,058.16 |
| Telford and Wrekin Council | £14,631,055.55 |
| Worcester City Council | £8,716,359.45 |
| Wychavon District Council | £13,869,189.75 |
| Wyre Forest Council | £9,188,201.00 |
| TOTAL | £122,124,490.35 |

h) *The reserve strategy set out in section 12.*

i) *The outline capital budget in section 13.*

j) *All officers be instructed to exercise tight budgetary control and individual budget holders should ensure compliance with financial regulations. 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) *In approving the budget, the PCC notes the Treasurer's comments in section 14 in respect of the robustness of the budget and the adequacy of reserves.*

l) *That the Medium-Term Financial Plan (MTFP) be reviewed and revised by 30th September 2023. As part of this, the business planning and budget setting process will be reviewed and improved.*

m) *Prior to April 2023, the Chief Constable will produce and agree with the PCC a detailed plan for the implementation of West Mercia Police element of the budget, including the delivery of the savings required to balance the budget.*

2. Priorities and challenges facing West Mercia

As we, as a community, move from a time when we were largely restricted due to a pandemic, we are now facing different restrictions as financial strain from cost-of-living pressure is placed on the public. Whilst the country has been facing a cost-of-living crisis for a number of months, the Government's autumn budget confirmed that the country is now entering into a period of likely recession. This will impact communities across the country, including West Mercia, and will influence the challenges policing faces in every conceivable way.

Financial challenges

The Covid pandemic naturally had a major impact on the economy, due to a large number of factors, ranging from the furlough scheme through to vaccine rollouts. The Government is now facing the challenge of not only needing to address the debt gap but deal with the rising cost of inflation, which reached a 41-year high of 11.1%. This inflation has been driven by surges in the cost of energy and food.

The increases in energy and food prices have been worsened by Russia's war in Ukraine. The UK is now facing much higher energy price caps and rising costs in food – which is placing strain on families, businesses and public services. Disposable incomes of households are also falling, which will be further impacted by the request for increases in council tax payments from local authorities and emergency services. It is predicted that this pressure will continue.

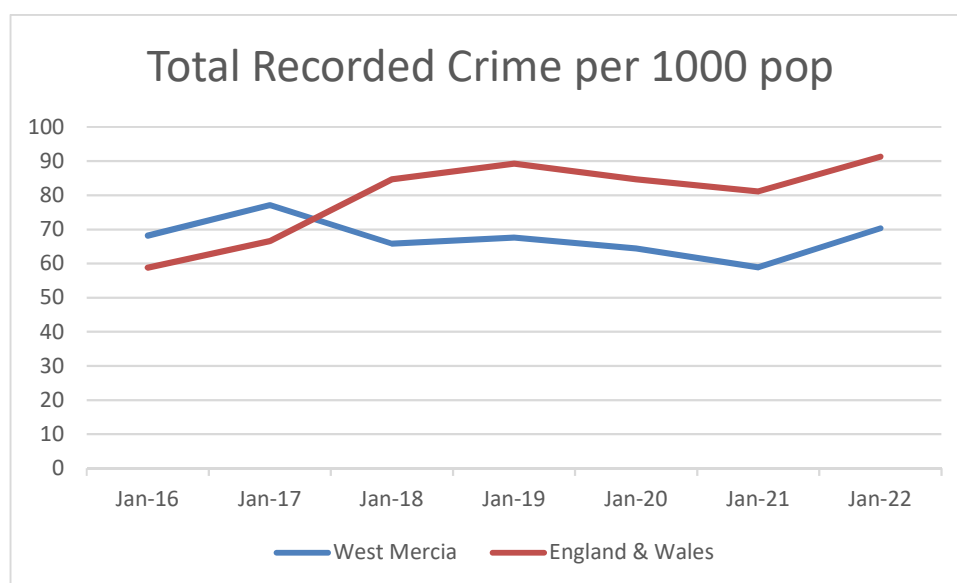
These cost pressures have already had an impact on current year budgets. The pay award of £1,900 to all officers and staff is equivalent to a 5% increase, which is significantly higher than the 2% which was budgeted. It is also outside the upper limit of 3%, which was modelled as part of risk assessment in the 2022/23 budget. This increased cost has had to be considered first, in terms of finding efficiencies and savings from budgets, before factoring the impact of a further pay award expected in September 2023.

Like other public sector organisations, the cost associated with remedial work, and the building of new facilities for the police estate, has been impacted by the rising cost of building materials as well as contracts and wages increasing. West Mercia Police has also been affected by the rising costs of fuel and cost of ensuring police vehicles are safe and roadworthy.

The additional resources made available in the Autumn Statement are prioritised towards funding the increasing annual cost related to the Government's uplift in officer numbers. This means that there is minimal additional funding to put towards other priority areas. Also, as the funding from the Government is linked to officer numbers, it limits the ability of the force to manage this cost pressure and therefore the remaining budget from which to identify any efficiencies and savings from.

Crime trends

Since 2016, recorded crime levels have been on a general upward trend nationwide. An 8% increase in recorded crime was seen at the end of 2021/22 when compared to 2016, albeit with reductions in crime during Covid, where significant reductions were seen. As can be seen in the table below, West Mercia, as a policing area, is not alone in the increase in total recorded crime but remains significantly below the national average.



Whilst police recorded data has increased, estimates from the Crime Survey England and Wales (CSEW) show levels of actual crime continue to decrease nationally. A statistically significant decrease (8%) was seen for the 12 months ending June 2022, when compared with the year ending March 2022. Improvements in police data are likely as a result of more accurate crime recording, as well as improved awareness and confidence to report offences to the police. This creates a situation where crime can appear to be falling, but demand on policing through recorded offences continues to increase.

Volumes of recorded acquisitive crime, including robbery, vehicle offences, shoplifting and theft from the person, have increased when compared to the pandemic. Levels remain below those seen before the pandemic for all crimes except for business robbery. Both business and residential burglaries have seen increases this year, but are still below levels seen before the pandemic.

Public order and violence against the person offences have seen the largest volume increases so far this year. These crimes were also key drivers behind an overall increase in crime when compared to before the pandemic. However, it is likely that increases are in part driven by greater awareness and more accurate crime recording.

The PCC continues to focus resources and scrutiny in respect of homicide in West Mercia. Whilst base levels in West Mercia remain much lower than many force areas nationally, in recent years West Mercia has seen significant percentage increases in homicide rates. West Mercia Police was previously subject to scrutiny along with other outlier forces from the Home Office, as well as more locally focused scrutiny by the PCC, around recorded homicide levels at the end of last year. Given the highly impactful nature of this crime it remains an area actively monitored to try and reduce and prevent this offending as much as possible.

Violence against women and girls (VAWG) is a priority in both the Safer West Mercia Plan and the Government. Around one in five recorded offences across West Mercia are classified as VAWG, with a substantial increase in offences seen after the pandemic. This is likely as a result of a number of high-profile national cases that has increased awareness and given victims more confidence to report. The PCC continues to focus on resources and scrutiny to ensure victims receive a level of service they expect, and that appropriate support is in place to allow those affected to cope and recover.

When looking at the breakdown of crime year-to-month, the makeup of crime has changed when compared to the same period in 2016/17. Currently, there are less instances of some acquisitive crime (such as burglary, vehicles offences, shoplifting and theft from person) when compared to 2016/17. Whereas other crime types, such as homicide and violent offences, have increased. Improved crime recording against national standards will be a factor in the increase, but greater awareness and changing offending behaviour will also play a part.

Investigation into standard of maternity care

The budget for 2022/23 noted that the PCC would be allocating significant resources to support the investigation into the standards of maternity care at Shrewsbury and Telford Hospitals Trust (Operation Lincoln). This investigation, and resources that will go into it, are to ensure justice and answers for victims and their families. By its nature, this continues to be a complex investigation that needs to consider large volumes of material over many years, so it will be of significant size and longevity. Whilst a grant was secured from the Home Office to meet some of the costs, it does not meet all of the necessary costs, meaning a significant amount must be met from local budgets to ensure the investigation can be carried out thoroughly.

The PCC will continue to ensure that additional support is provided to those affected through the commissioned Victim Advice Line (VAL) and Victim Support services. In addition to this, the PCC is in the process of commissioning specialist psychological support for families affected by Operation Lincoln, who do not meet the eligibility criteria for other existing services. This is being carefully managed alongside the police investigation to ensure timely support is provided, to enable these victims to cope and recover as far as practically possible.

Delivery of 2022/23 objectives – what has been achieved

The PCC continues to fund the delivery of his Safer West Mercia Plan, with the four main pillars:

- Putting victims and survivors first
- Building a more secure West Mercia
- Reforming West Mercia
- Reassuring West Mercia's communities



The PCC has continued to prioritise investment to deliver his Safer West Mercia Plan and ensure West Mercia Police has the resources it needs to effectively respond to the

demands and challenges our community continues to face. The priorities have included further bolstering of police officers to increase visibility, allocating resources to investigations to increase the outcomes for victims and ensure offenders are brought to justice, and increasing investment to tackle the harm caused on West Mercia's roads.

As a result of working with the Chief Constable and her team, the PCC has made progress against the objectives in his Safer West Mercia Plan, some of the investments are highlighted below

Putting victims and survivors first:

The PCC is committed to ensuring victims and survivors are put first and they receive a level of support they would expect in order to help them cope and recover. The PCC has secured more than £3.5m of additional funding in 2022/23 to bolster support services. A total of 17,630 referrals for support were made for victims of crime, with the Victim Advice Line being above target for 'quality referral rates' (76%).

An enhanced service was introduced to residential burglary victims, which is being monitored via the victim satisfaction survey. People will be asked whether they saw a police officer, whether they were offered practical help, were made to feel reassured and were offered a Smartwater kit and support pack.

What was delivered

Set out below are the outcomes of the investment that was promised by the PCC in the 2022/23 budget:

- To ensure the outcome for victims is improved, with greater continuity and support, an additional 55 dedicated and specialist investigative officers were placed in local investigation teams
- In order to identify people with significant vulnerabilities at the earliest opportunity, a Safeguarding Advice Team is being introduced
- An increased proportion of resources and allocation of funding around specialist services for victims and survivors
- As part of the focus on prevention, funding has been allocated to Barnado's to deliver trauma informed training to police officers and staff. This gives officers the skills needed to deal with trauma in a considerate and effective way when supporting victims

Building a more secure West Mercia:

The core duty of policing is to protect the public by detecting and preventing crime, hence a central theme in the Safer West Mercia Plan. The PCC is clear that West

Mercia Police should use the totality of the resourcing available to them to build a more secure West Mercia. The 2022/23 budget provision provides over £245m to achieve this.

To ensure the police are performing in accordance with national standards, forces are subject to an annual assessment from HMICFRS in the form of PEEL, which assesses efficiency, effectiveness and legitimacy.

The last assessment was in April 2022 and identified the following:

| Outstanding | Good | Adequate | Requires improvement | Inadequate |
|-------------|------------------|---------------------------------|--------------------------|------------|
| | Preventing crime | Treatment of the public | Investigating crime | |
| | | Protecting vulnerable people | Responding to the public | |
| | | Managing offenders | Good use of resources | |
| | | Developing a positive workplace | | |

The assessment identified that West Mercia Police is 'good' regarding preventing crime, but concerns were raised around the investigation of crime and responding to the public. As a result of this, the PCC made the commitment in the 2022/23 budget to put more officers into investigations and to improve public contact. West Mercia Police has responded to all the recommendations in the PEEL report and action plans are in place, which the PCC is monitoring as part of his holding to account role.

Going forward, the HMICFRS is moving to an intelligence-led, continual assessment approach, as opposed to annual inspections.

What was delivered

Set out below are the outcomes of the investment that was committed by the PCC in the 2022/23 budget:

- Through investment from the PCC, West Mercia Police is on course to deliver the additional 125 police officers to a total of 2,456 in 2022/23, which takes the force close to the highest establishment figure on record
- an additional 55 dedicated and specialist investigative officers were placed in local investigation teams
- Tackling county lines drug dealing with a focus on protecting young people from exploitation

- Additional officers in the economic crime unit to protect against fraud, with a particular focus on vulnerability, tackling one of the fastest growing areas of crimes that has direct public impact
- As part of the commitment to reducing crime and harm linked to drugs, two Combating Drug Partnerships (CDPs) have been formed across West Mercia, in line with government guidance. The PCC has taken up the role of Senior Responsible Officer for both
- Additional resources dedicated to investigating the crimes that cause the most harm in society, such as homicide, sexual violence and domestic abuse, and achieving the best possible outcomes

Reforming West Mercia:

The PCC has an ongoing commitment to keep council tax at a minimum whilst delivering a balanced budget that does not rely on the use of reserves. Within the West Mercia policing area, the following has been achieved in the current financial year:

- the fourth lowest increase in council tax for 2022/23 since 2016
- a predicted underspend against the current year revenue budget
- as at December 2022 the Force have achieved 79% of recurring revenue savings which are required to balance the budget in year. The force is on track to deliver 94% of the plan
- delivered pilot roll out of Microsoft 365, ahead of the wider roll out to all staff in 2023/24 as part of the final year of a total £40m program that is on budget and on time

The force have been able to meet the challenge set by the PCC to use resources effectively.

What was delivered

Set out below are the outcomes of the investment that was promised by the PCC in the 2022/23 budget:

- The PCC and West Mercia Police have worked in partnership to develop and deliver a Prevention Strategy, which focuses on intervention and preventing crime from happening in the first place and reducing harm in communities
- The PCC has allocated £100,000, from his prevention fund, to support a wider budget commitment of £370,000 to roll out the award-winning Steer Clear programme across West Mercia. The pilot programme is currently operating in Telford & Wrekin, working with children and young people affected by knife crime, with the aim of intervening earlier to divert away from the criminal justice system

- In addition, the PCC is also working with partners as part of his Senior Responsible Officer role within the Combatting Drugs Partnerships, to understand gaps in local service provision. As part of this work, the PCC has set aside £400,000 from the prevention fund to commission services, which aim to address the harm caused by illegal drugs
- Working with partners to have a more effective, and long term, approach to crime. The Safer Communities project, in partnership with Telford and Wrekin Council, is an example of this, in which the PCC has invested £500,000 and delivered a wide range of community outcomes.
- Continued investment around digital transformation, such as the rollout of Office 365 across West Mercia Police to improve efficiency and ensure the force is fit for the digital age
- Ongoing investment in the police estate. Funding for a new fit-for-purpose firearms range/training facility has been confirmed, to ensure armed officers are trained in accordance with national training requirements and the police can call on these specialist resources when communities need them.
- Further reduction in West Mercia Police's carbon footprint through the introduction of additional electric vehicles. A joint campaign to save energy across the police estate has also been introduced

Reassuring West Mercia's communities:

The PCC's primary focus is on the communities of West Mercia and ensuring that people have confidence in their police force and the services that they provide. The most recent results from the confidence survey, which is run by the PCC, are as follows:

| Confidence survey – question | 2022/23 | % change – 12mths |
|---|--------------------------------|-------------------|
| Thinking about your local area, how often would you say you see a police officer or PCSO? | 19% see an officer once a week | 0% |
| How satisfied are you with the level of policing in your local area? | 60% are satisfied | 6% |
| Overall, how well informed do you feel about what West Mercia Police is doing in your local area? | 54% feel informed | 11% |
| Would you agree that West Mercia Police understand the issues that affect your community? | 74% tend to agree | 10% |

| | | |
|---|---------------------------|-----|
| Do you think crime and anti-social behaviour are in your local area? | 20% think it is a problem | -4% |
| Please say how much you agree or disagree with the following statement: Taking everything into account I have confidence in West Mercia Police? | 81% tend to agree | -1% |

The above results highlight that there has been an increase in satisfaction levels regarding the level of policing and people feel informed about West Mercia Police is doing in their local area. The PCC recognises that there is more to be done around improving public confidence and increasing the visibility of police officers. However, the investment in additional officers is focused on improving that.

What was delivered

Set out below are the outcomes of the investment that was promised by the PCC in the 2022/23 budget:

- Refreshed and renewed local policing community charter, delivering on key community concerns such as improving visibility and accessibility of Safer Neighbourhood Teams
- £365,000 has been allocated to provide an increase of staff within the West Mercia Police's Road Safety Team. A one-off allocation of £400,000 has also been made to deliver an effective approach to the prevention of excessive speed. It is proposed, subject to further development, that this will be used to deliver further average speed camera schemes across West Mercia's geography
- Increased, and improved channels for engagement between police and communities, such as Neighbourhood Matters. This platform has over 25,000 subscribers, enabling communities to receive information about local policing, crime prevention and obtain contact details for their Safer Neighbourhood Teams
- Further investment to tackle violence against women and girls from within policing, through West Mercia's Professional Standards Department. The investment helps provide reassurance that all police officers and staff have the integrity, legitimacy and levels of conduct that the public expect from such a trusted role.

3. The 2023/24 budget – 'Your Views' public survey

The PCC has consistently worked to ensure the public are at the heart of policing in West Mercia. As part of that commitment, the PCC sought views from the public to ensure that policing in West Mercia continues to meet the needs of residents, businesses and communities.

The survey, which ran from 27th April to 11th July 2022, aimed to seek community views well in advance of setting the 2023/24 budget in order to ensure concerns and considerations were captured and could be used as guiding principles from the very beginning of the process.

The PCC wanted to ensure that the key community safety issues in people's local area were captured, as well as how people felt about the visibility and accessibility of West Mercia Police. The PCC was also keen to understand more about the community's lived experience of West Mercia Police and if people knew who their local Safer Neighbourhood Team (SNT) were.

In total, 1,407 responses were received from the consultation.

The key findings are shown below:

Key findings

- The top three community safety issues/priorities were: anti-social behaviour (61%), road safety (43%) and drugs (36%)
- Respondents were asked how they felt about the visibility and accessibility of West Mercia Police, compared to 12 months ago. For visibility, 50% said they felt indifferent, 40% felt worse and 10% better. For accessibility, 55% felt indifferent, 37% felt worse and 9% felt better
- When respondents were asked whether they had any experience of West Mercia Police, 62% said yes and 38% said no. Of those that said yes, 44% described it as being positive, 32% said it was negative and 24% said neither
- The majority of respondents (78%) said they did not feel informed about West Mercia Police activity
- The majority of respondents (79%) did not know who their local SNT were

Council tax

- Within the 'Your Views' survey, a question was not specifically asked about council tax levels due to this survey being conducted so far in advance of budget setting.

The feedback above was an integral part of both the PCC and force's considerations when developing the priorities and identifying the allocation of funding in 2023/24.

To further support the above findings, a short online survey was launched to enable people to comment on the draft budget proposals put forward by the PCC, which were informed by the first round of consultation. The online survey asked two questions specifically on the precept and included one open question, enabling respondents to comment on their reasons for either supporting or opposing the proposals.

The survey asked whether respondents would be willing to pay, on average, £9.84p* (3.94%) more for policing per year based on a band D property. The majority of respondents (74%) supported this proposed increase.

As the consultation was launched before the additional precept flexibility was announced, the PCC was not able to present specific proposals to the public to gain full support for an increase. However, the PCC did supplement the question by asking whether respondents would be willing to pay more than the 3.94% increase. 57% responded 'yes'.

A key part of the PCC's Safer West Mercia Plan is to ensure all communities have a voice that is heard. Therefore, the PCC provided an opportunity for people to leave comments. The main themes arising from the comments were:

Financial concerns/increase in cost of living – a number of people made a finance related comment, many were concerned about other household price increases, the perception that additional funding should come from Government and queried how effectively the budget was spent.

General support – there were some positive comments, which did not align with any of the main themes

Officer numbers/police visibility – some comments were from those who remain concerned about a perceived lack of police presence, including the closure of some police stations

Police response/action – some comments were focused on concerns about a perceived lack of police action to incidents. There were some references to specific issues, namely rural crime, road safety, drugs and ASB

A full report on the consultation, including the PCC's response to the comments made, is included in the appendix. This report highlights how the totality of the budget proposals are being utilised to deliver the priorities in the PCC's Safer West Mercia plan, which includes visibility and accessibility, whilst recognising the pressures that households are facing.

4. Delivery of the Safer West Mercia Plan in 2023/24

To continue delivering these objectives, the PCC's budget for 2023/24 and medium-term financial plan will make good the investments that he has already made and set out previously in this report. In addition to this, the PCC and West Mercia Police have made the following commitments, that will be delivered in 2023/24, to improve existing services and build on the investment made in previous years:

| |
|--|
| Putting victims and survivors first |
| <ul style="list-style-type: none"><i>Build on the 2022/23 investment of five dedicated violence against women and girls (VAWG) officers through the introduction of an additional operational lawyer to pursue all protect and prevent opportunities, increasing the number of offenders brought to justice and protection for victims</i> |

- *Ensure an improved journey for victims, with greater continuity and support through dedicated, specialist investigative resources. There will also be the adoption of operating models that build on learning and best practice from across all forces, with an increase in training and more accredited officers*
- *Further increases in budget to safeguard services that support victims and survivors of crime*
- *Seven Rape and Serious Sexual Offences (RASSO) officers to improve investigative timeliness and quality, whilst enhancing victim care*
- *A new Sexual Assault Referral Centre (SARC) in Telford to provide victims with an enhanced safe and comfortable space when receiving specialist medical support. Delivery of an accredited facility will also ensure greater quality of evidence in court*
- *Protecting those most vulnerable and at risk of child sexual exploitation, by working with partners to deliver on the recommendations set out in the independent inquiry (IITCSE)*
- *Five extra roles for the provision of specialist support to victims of domestic abuse provided by West Mercia's Women's Aid. Two of which are specifically dedicated to supporting children and young people who are affected by domestic abuse*
- *Investment in technology to enable rapid video response for victims of domestic abuse, allowing them to receive the support and swift police action that the public expect*

Build a more secure West Mercia

- *40 additional police officers to be based at the heart of communities, within Safer Neighbourhood Teams, focused on neighbourhood policing and addressing key community concerns, such as anti-social behaviour and the harm caused by illegal drugs*
- *Ensuring that the investment made in the last four years for new officers is fully realised, as those finishing their two or three-year training programme are fully deployed and are focused on keeping the public safe and being visible to communities*
- *Funding to build on and replicate the success of the Safer Communities Project in Telford & Wrekin, as part of the 2022/23 budget, in other parts of West Mercia by seeking to work with partners to deliver effective prevention and community problem solving*
- *Increase Special Constable numbers in 2023/24, to support the police in West Mercia's communities, tackling crime and anti-social behaviour*
- *Development of ten senior PCSO roles to focus on identified high impact/low confidence areas*
- *The creation of digital investigation hubs in each local policing area to give specialist skills and advice to investigators*

- £400,000 to support the work being carried out as part of the Combatting Drugs Partnerships, in a bid to tackle the harm associated with drugs. Ensuring the war on drugs locally, regionally and nationally is as effective as possible
- Greater focus on partnership working to create local 'safer streets' initiatives and tackle violence against women and girls
- Investment in an additional Online Child Sexual Exploitation Team (OCSET) to address the 20% increase in referrals from the National Crime Agency
- Increased focus on improving timeliness of investigations and safeguarding

Reform West Mercia

- Prioritising a greater proportion of the policing budget towards police officer resource
- Transformational change through improvement and investment in technology used in the Contact Resolution Centre to improve the access to key services the public require
- Completing a four year multi-million-pound investment in modernising West Mercia Police's digital capability. This has been a large-scale project to ensure the force has the tools they need to do their job efficiently and effectively
- Ongoing reduction of West Mercia Police's carbon footprint through further electrification of the fleet and reviewing the police estate – saving money and reducing the impact of policing on the environment
- Embed net zero carbon deliverables into all capital bids
- Implement a Sustainable Procurement ISO 20400 plan and use the PCC's buying power to incentivise suppliers towards net zero
- Revise and refine governance arrangements with West Mercia Police to continue to ensure the effective delivery of the budget and the realisation of the benefits to the communities of West Mercia
- Further development, and review, of the police estate to ensure efficiency and effectiveness is maximised
- Delivery of key estates enabled projects such as the new firearms training facility at Hindlip and the new police/fire station in Redditch

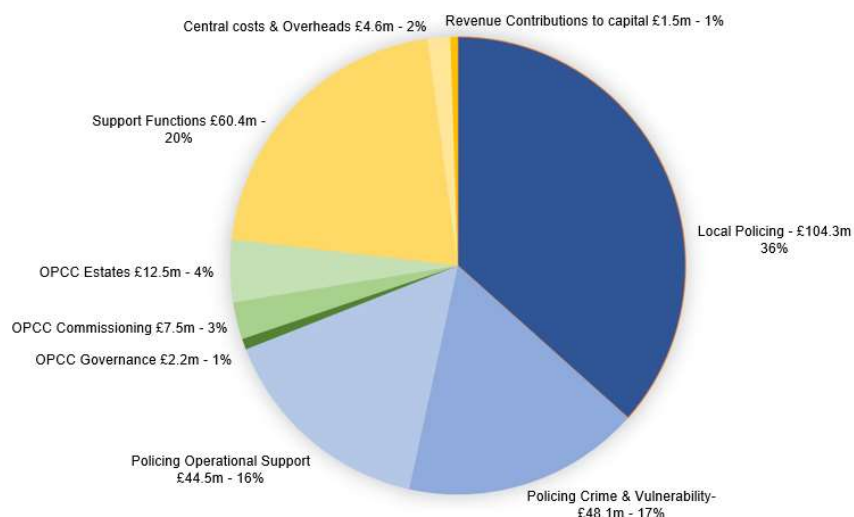
Reassure West Mercia's communities

- Support West Mercia Police to be more visible and accessible by making the best use of technology, so the public have more options on how they can contact the police. Such as through online reporting, call back services and a text messaging service
- Increased use of technology to deliver on the commitments outlined in the Local Policing Community Charter, with a view to improving confidence and satisfaction

- *Further investment in Neighbourhood Matters to develop an interactive tool for police officers and staff to record all community engagement on a central system*
- *A new Youth Commission to engage directly with children and young people and ensure their voices are heard*
- *Continued investment in road safety, such as the creation of a Serious Collision Investigation Unit (SCIU) to focus on prevention and reducing the number of people killed or seriously injured on West Mercia's roads*
- *Increase the number of hours of mobile camera enforcement on priority roads within West Mercia, as well as further data and intelligence to target those roads which are of highest concern*
- *20 dedicated investigators to provide resolution at the first point of contact with victims of crime to provide a better outcome*
- *Increased investment in Community Speedwatch to give people the tools to support the police and help address speeding concerns where they live*

5. Investment in policing for the whole of West Mercia

The total Draft budgeted expenditure for 2023/24 is £285.6m, which is an increase of £25.1m on the previous year. The force has identified £261.9m of expenditure it requires in order to deliver operational policing.



Of the force spend, 40% (£104.3m) will be prioritised for local policing. This includes Safer Neighbourhood Teams, response officers and detectives. Safer Neighbourhood Teams and the response teams are perhaps the most 'visible' to the public, in a conventional sense. They are out in communities focused on providing reassurance, as well as identifying and supporting those that are vulnerable to criminality. These officers are focused on problem solving and, where possible, resolving issues early with the community. Local crime investigation officers provide the first response to those that

have been a victim of crime, supported by the force's forensic and specialist investigations teams within the Crime and Vulnerability directorate.

The PCC has funded a large number of new officers into the local policing directorate over the last three years, with a view to addressing community priorities around visibility and accessibility. The PCC has made it clear that local policing is a key priority, therefore he has committed to boost officer numbers by a further 40 to ensure the greatest possible focus on tackling community concerns.

As part of the delivery of the Local Policing Community Charter, every community across West Mercia has a contact agreement with the force and the ability to contact their local policing team. In addition, every community has identified three core priorities to inform joint working between the local policing team and communities. In 2023/24 these local policing teams will be focused on these issues which matter most to the public. Neighbourhood Matters (a new platform for communicating between the police and the public) has been in place for a year. Further investment will go towards developing the technology, and ensuring the force is focused on utilising the platform to the best of its ability and enabling the best possible engagement with communities.

The training of new officers has been a key focus for West Mercia Police, working together with Staffordshire University. Training is key to ensuring that the force has the right people with the right skills. This principle follows to police staff, by ensuring the relevant training programmes are in place.

The Crime and Vulnerability directorate budget allocation is £48.1m, the directorate received a large investment from the 2022/23 budget. The directorate brings offenders to justice following some of the most impactful crimes such as domestic abuse, sexual offences, serious organised crime and online child abuse. Investment will continue in order to develop the detective provision in these high harm areas, addressing a key area of identified need.

Forensic Services is key to collecting evidence to convict offenders. Over the last two years, the department has received investment in order to meet the high levels of accreditation and standards required nationally, as well as being able to deliver an excellent service to victims. Forensic Services has implemented digital hubs with local policing to deliver technical, forensic advice and support as early as possible in a larger number of investigations – which aims to increase the number of offenders that are brought to justice.

The core function of the Operational Support directorate (£44.5m) is the first point of contact with the public on the telephone and through digital channels. West Mercia has seen an increase in 999 calls of 11% (October 2022 compared to October 2021). The PCC continues to focus on public contact, specifically the non-emergency (101) and emergency (999) lines, as part of his holding to account agenda to ensure the public have the access they need to their police force, when they need it. This budget enables the force to use technology to improve the level of service the public are receiving,

when they contact West Mercia Police, with a view to improving public confidence and satisfaction.

West Mercia Police has made improvements around accessibility as part of its new communications strategy, which places an emphasis on improving links with under-represented communities. For example, there are now emergency call takers that can use British Sign Language. The increase in digital channels, through which the force can be contacted, has led to a 26% increase in contact in the last year. Forensic Services also now works directly within the force's public contact team to ensure that forensic opportunities, such as preserving evidence, are secured from the first contact. That investment is being taken further in 2023/24 with investment in technology to improve the service.

The directorate also includes specialist policing support, such as firearms, public order, roads policing officers and the dog unit. Through these teams, the force is visible to the public at local sporting and other community events during the year. It is expected that these teams will also support significant national events including the King's Coronation in May 2023, as they did with the Commonwealth Games and the State Funeral of HM Queen Elizabeth II in 2022. Through the Firearms Licencing team, the force is responsible for actively managing the highest number of licence holders nationally. There have also been national process changes following high-profile instances nationally, of shootings using legally held firearms, which has added to demand. The PCC continues to monitor the backlogs that have developed within the team, ensuring that public safety is paramount.

The remaining £65.0m of the force's budget is allocated to the corporate and support services. This includes the Professional Standards and Vetting, monitoring the integrity of the force and those that work within it, and undertaking investigations of improper conduct where appropriate. Support services, such as IT and training, are required to enable police officers to carry out their roles efficiently and effectively. This area is under constant review to ensure that the force is operating as efficiently as possible, whilst identifying savings. As part of this, the force is reducing its reliance on contracted resources to deliver project management by securing internal resources and investing time, training and development of those staff.

In last year's budget, greater investment was allocated to deliver a more stable digital infrastructure that will allow the force to exploit new technologies as they are developed. In 2023/24, the force will roll out electronic monitoring systems in police vehicles to provide data on their maintenance and performance. This will provide vital information regarding the vehicle replacement programme, drive efficiency improvements, and will tie into the work around making the fleet fully electric.

Within the force's analytical and support functions, analysis work is undertaken to understand drivers of victim satisfaction. The department has produced a comprehensive profile on VAWG, which highlights victim perceptions as well as data on

crime and incidents. These tools will allow the force to identify how re-victimisation can be prevented and reduce harm.

The PCC has a central role in the commissioning of services related to victims, community safety and crime reduction. Within the wider PCC budget, an annual budget of around £7.5m is set aside for the commissioning of these services, which includes support for victims, as well as a range of primary, secondary and tertiary prevention interventions.

On top of this budget, the PCC also receives a grant from the Ministry of Justice for the commissioning of victim services. The PCC works with his team to identify external funding opportunities, in a variety of areas, to support the provision of preventative and victim services, to reduce crime in West Mercia.

For 2023/24, the PCC and his team are currently preparing for three known funding opportunities, for interventions around reducing and tackling domestic abuse perpetrator behaviour, violence against women and girls' programmes, as well as funding to support local implementation and delivery of the upcoming serious violence duty. In addition to this, the PCC is working with providers to identify innovative ways in which services can continue to be delivered, as efficiently as possible, within the current economic environment coupled with increases in demand for services.

The PCC is also widening the award winning knife crime prevention programme, Steer Clear, across all areas of West Mercia, which will provide a 1:1 service for children and young people involved in knife related crime.

Under the direct control of the PCC is the estates service. The estates service is responsible for the buildings that West Mercia Police use and operate from. The PCC's estates service is there to ensure that the available assets are being used as efficiently and effectively as possible, and that they allow officers to be visible and accessible to communities. The team is also responsible for ensuring that the team is delivering sustainable and affordable buildings that are in the right places and aligned to operational need.

With over 91 sites and 111 buildings, the annual revenue budget of £12.5m is used to regularly inspect buildings to ensure they are compliant with health and safety requirements and contribute to the force's aim of being a good place to work. The budget also includes carrying out work to rectify any issues identified.

The estates service is also responsible for delivery of significant capital programmes. This currently includes an £20.1m project to deliver a new fit-for-purpose and more energy efficient joint police and fire station in Redditch and bringing forward plans for a new firearms range, which will provide the much-needed facility to effectively train firearms officers and bring them in-line with national standards.

Changes in working patterns, and the technology that is now available, is driving a shift in how police buildings are used. The estates service is working alongside the force to

adapt and respond to these challenges to ensure the right buildings/assets are in place. The estates service also supports the review of the policing estate. The PCC is committed to ensuring that the assets held are providing value for money. Where there are sites that are no longer required, because they do not effectively deliver a public facing police service, there is consideration to dispose of these in order to identify savings and realise capital receipts to reinvest in services.

6. What it means for the public

Community engagement

Through investment to boost police officer numbers, the PCC has brought the establishment figure to 2,456 in 2022/23. As part of this year's budget, the PCC is boosting officer numbers by a further 40. These officers will be based at the heart of communities, focused on addressing community concerns and tackling crime. These additional 40 officers will bring West Mercia Police's establishment figure to the highest level on record in the force.

As part of the increase in officer numbers 35 additional officers will go into five new local policing area based crime fighting teams. Through reprioritisation of existing officers, these teams will be made up of 55 officers in total. These teams will be agile and able to effectively respond to community based crime and concerns, with each team operating at a local level to tackle crimes that are causing the most harm as well as identifying emerging crimes and threats. The teams will also focus on improving the visibility of policing among communities. The Local Crime Fighting teams will support, and work with, the Safer Neighbourhood Teams.

To further reassure communities, Community Safety Engagement Officer roles are being introduced. Five additional police officers will work alongside five existing officers who will bring a wider and agile approach to communicating and celebrating success with communities, as well as responding to feedback from communities. These officers will focus on continuous engagement and local relationship building. They will also help to improve the understanding about what the police and CSPs are doing in local communities, and focus on building trust and confidence on policing.

Building on the successes of the Safer Stronger Communities project, which was delivered in partnership with Telford & Wrekin Council, the PCC is proposing a two year, £2m commitment for 'Safer Communities Plus'. These projects will be partnership based across the other local policing areas and will address issues that are bespoke to community needs and priorities.

There is a continued focus on increasing the visibility and accessibility of West Mercia Police officers to address a sustained priority the PCC hears on a regular basis from communities. As a result of new teams which are being introduced and the work that the SNT's are already doing in the community, the PCC wants to see an improvement in relationships, as well as trust, confidence and victim satisfaction.

Building on the previous years of significant investment, an enhanced neighbourhood policing model will be supported by technology and will allow officers to be even more visible in their communities. Communities will be able to see that their local policing teams are dealing with the issues that matter to them most, such as anti-social behaviour, and they will receive timely communications on the matter. This will be bolstered by additions to the Special Constabulary, increasing the number of Specials volunteering in communities and focusing on local issues of concern.

Greater investment in mobile police vans will make it easier for officers to be present in areas that don't have police stations.

Measures

- Reduction in volume of domestic abuse
- Increase in charges for domestic abuse crimes
- Increase of victim satisfaction with the service received

Road safety

Road safety continues to be a major concern for communities across West Mercia, with the PCC regularly hearing from the public via correspondence, engagements and consultations/surveys about speeding or anti-social use of the roads. Within the 'Your Views' survey, 43% of respondents said that road safety is a community safety issue/concern.

Despite West Mercia Police already being one of the most resourced forces in terms of road safety, the investment will continue, as will the drive to reduce the number of people killed or seriously injured (KSI) on the roads, and those affected by the anti-social use of the roads.

The creation of a Serious Collision Investigation Unit will focus on prevention and improving the service victims and families receive. The unit will also work in partnership with other organisations to reduce KSIs and causes of harm, as well as respond to community concerns. Criminals who disproportionately cause harm on the roads will be targeted through an intelligence led/evidence-based approach to enforcement.

This team will be part of a wider team that is focused on targeting those that are causing the highest harm on West Mercia's roads using alcohol, drugs, mobile phones, and speed.

Powerful messaging will also be produced and shared to the public about roads policing activity, as well as enforcement and prevention messages.

Violence against women and girls

With violence against women and girls (VAWG) continuing to be a concern within society, the PCC has committed to keeping the focus on this issue and the wider issues of domestic abuse and sexual violence.

A key part of the PCC's investment this year is to rollout the domestic abuse perpetrator programme, DRIVE, across the whole of West Mercia. This programme identifies those who are at a high-risk of perpetrating abuse. DRIVE currently runs in Herefordshire and Worcestershire, with Case Managers using various interventions as follows, to ultimately reduce risk and increase victim safety:

- Support – addresses the needs of the perpetrator by removing barriers to change
- Disruption – put barriers and obstacles in place to prevent abuse from taking place
- Behaviour change – focused and specific interventions which address attitudes and behaviours

In the year to date, DRIVE has worked with 138 perpetrators across the two force areas, who have 139 associated victims/survivors and 301 associated children.

If DRIVE were to be rolled out into Shropshire and Telford, the following crimes are to be reduced:

- physical abuse
- sexual abuse
- harassment and stalking
- jealous, controlling and coercive behaviours

Within the force, and building on the 2022/23 investment of five dedicated VAWG officers, an additional operational lawyer will be introduced as part of this budget to pursue all protect and prevent opportunities, ultimately increasing the number of offenders that are brought to justice and helping protect victims earlier. There will also be seven Rape and Serious Sexual Offences (RASSO) officers introduced to improve investigative timeliness and quality, whilst enhancing victim care. This helps address the PCC's commitments to ensure that communities receive an improved service that results in bringing offenders to justice and victims getting the best possible outcome.

The PCC will be working closely with providers to ensure victims receive the ongoing support they need, particularly in the current climate. The PCC will therefore be assisting with submitting any additional funding opportunities, as well as taking advantage of opportunities on behalf of providers. This includes the most recent Home Office VAWG fund, that opens in January 2023, and the PCC has had early sight of.

Support services are continuing to see increases in demand, which is compounded by the delays in the criminal justice system. The PCC has repeatedly stressed his desire to see improvements within the criminal justice system for the community. He will continue to work closely with Senior Leaders of Her Majesty's Courts and Tribunal Service to

drive forward those improvements, including in relation to the ongoing closure of Hereford Crown Court, which continues to deny access to justice to people within the county.

The PCC will also be working to develop and strengthen his Local Criminal Justice Board (LCJB), Victims Board and Crime Reduction Board, to ensure that they are focusing on driving improvements around reductions in crime, as well as putting victims and survivors at the heart of the criminal justice system. Another area of focus is around the accreditation of the Sexual Assault and Referral Centres (SARCs), which comes into effect in October 2023. The PCC will be working closely with partners to ensure that existing SARCs in South Worcestershire and Telford are fit for purpose. The PCC will also ensure that these spaces provide somewhere that is safe and comfortable for victims at a time when they need it most.

The PCC will also be looking to submit a funding application to the Home Office Domestic Abuse Perpetrator Fund, which opens in January 2023. This is to ensure that West Mercia continues to have a comprehensive package of domestic abuse perpetrator interventions, focused on tackling the root causes of perpetrator behaviour. This will include a potential expansion of DRIVE into Telford & Wrekin and Shropshire, for high-risk perpetrators and group-based interventions for those of a standard and medium risk. PCC match funding will be provided as part of these bids, with a value to be determined once funding rounds have opened.

Building on the additional investigators that were funded as part of the 2022/23 budget, West Mercia Police will continue to grow their ability to protect women and girls from serious harm. The force will concentrate efforts on a preventative approach, increasing satisfaction and confidence for victims and survivors by improving the victim journey, and increased training to produce accredited officers.

Measures

- Reduction in volume of domestic abuse
- Increase in charges for domestic abuse crimes
- Increase of victim satisfaction with the service received

Children and young people

The PCC is committing to increase the effectiveness and efficiency of work with West Mercia Police, and partners, to prevent children and young people from being drawn into criminality or being exploited. The issue of child criminal exploitation (CCE) and child sexual exploitation (CSE) continue to be a concern, with the Independent Inquiry into Telford CSE highlighting several recommendations that will be delivered in partnership with the local authority and other public sector organisations.

There will also be a focus on online safety to protect children and young people from the harm that can be caused on these platforms. Building on the additional investigators, that were brought in as part of the 2022/23 budget, West Mercia Police will enhance this by developing a further specialist team dedicated to investigating online sexual offending.

To detect offences more effectively and efficiently, specialist investigators and digital evidence detection dogs will be funded through this budget which will result in more of the most harmful offenders being brought to justice.

As part of the work around prevention, young people that are at risk of being drawn into criminality will receive intervention through their school. A new Youth Commission will also be set up to give young people a focus, as well as an opportunity to have their voices heard. It will also enable the police force to better understand and build relationships with young people.

Measures

- Reduction in volume of domestic abuse
- Increase in charges for domestic abuse crimes
- Increase of victim satisfaction with the service received

Delivery of the investment in infrastructure

The organisation is entering into the fourth and final year of its planned £40m investment in its digital infrastructure and modernisation of West Mercia Police's digital capability. This has been a large-scale project to ensure the force has the tools it needs to deliver an efficient and effective service. This investment is currently on budget and the aims and objectives are on track ensure that the systems are in place and rolled out across all users by March 2024.

2023/24 will be the year that the investment, to date, will help transform how the force operates and the impact on how the force operates on the front line will be seen.

- The rollout of Office 365 across West Mercia Police will improve efficiency and ensure the force is fit for the digital age, allowing officers to be more flexible in how and where they work. Travel time will be reduced, as meetings can be easily held virtually, allowing for more time to be out in communities and responding to reported issues of crime
- There will be an increased use of technology, such as apps, which can be used in real time to record attendance at crimes and to capture victims' concerns. This will help to deliver on the commitments outlined in the Local Policing Community Charter, with a view to improving confidence and satisfaction

- Investment in systems that have the capability to upload digital evidence directly onto force systems through the internet, which means that victims can provide evidence quickly and efficiently, ultimately reducing the time that officers need to spend collecting evidence after attending the crime scene
- Investment in technology to enable victims of domestic abuse to access rapid video response, allowing them to receive the support and swift police action that the public expect. This will mean that victims don't have to wait for an officer to attend a call in person before receiving any help
- The force will be rolling out electronic monitoring systems in police vehicles to provide data on their maintenance and performance. This will provide vital information regarding the vehicle replacement programme, drive efficiency improvements and will tie into the work around making the fleet fully electric
- £1.7m of cost reductions in digital services for 2023/24 have been identified. The investment made ultimately reduces the infrastructure that is required for its delivery, in turn reducing the cost of operating policing in West Mercia

Measure

- Delivering cashable savings.
- Increase of victim satisfaction with the service received
- Increased public confidence with visibility of policing

Reducing the environmental impact of policing in West Mercia

The PCC is committed to reducing the carbon footprint and wider environmental impact of policing. There are currently 18 fully electric and 47 hybrid vehicles in the fleet, with charging points at all the divisional headquarters and principal sites. The total fleet currently stands at 786 vehicles and there are plans for further investment to bring the electric fleet to 27% of the total fleet with an additional 60 charging points across the estate. The force is undertaking work to identify how the fleet can transition over time to become fully electric, whilst ensuring the fleet continues to meet operational requirements. There is currently a review taking place in one location using seven electric vehicles. Following the outcome of this review, the PCC is committed to continue introducing electric/hybrid vehicles to replace the fleet where it meets operational requirement.

The police estate is also recognised as having an environmental impact. With increasing energy prices, it has focused attention on how energy is consumed. It has already been identified that there are simple things that can be done, such as ensuring energy efficient LED lighting is used across the estate. This will reduce carbon emissions as well as energy usage, which will result in savings and better value for the public purse. A detailed plan is being commissioned to deliver this project in the coming months. Over the medium term there is a wider challenge of ensuring the current estate

is as energy efficient as possible. It will also be identified whether certain assets can be retained, or replaced, based on their environmental impact and carbon footprint.

The PCC has been clear that any new investments in assets must meet the environmental challenge. He will therefore use his buying power to incentivise suppliers towards net zero. The new joint police and fire station in Redditch, which will be built during 2023/24, has been designed with the environment in mind. This includes:

- A focus on passive design measures, including use of natural daylight and ventilation
- Additional investment in the building fabric to increase air tightness and insulation
- Specification of environmentally friendly or recyclable materials wherever practical
- Use of energy efficient heating and lighting systems and controls, linked to a Building Management System
- Incorporation of facilities for separating waste and recycling within the external servicing and storage area
- Landscaping proposals to incorporate a net increase in species to encourage ecological diversity

The design of the building includes environmental considerations which are significantly above current building regulation requirements. This is part of the PCC's ongoing commitment to reduce the environmental impact of policing and working with suppliers who are also committed to supporting this aim.

Measures

- Reduction in West Mercia's carbon footprint
- Cashable savings

The prioritisation of resources in 2023/24

The PCC has focused on ensuring the resources he has for policing in West Mercia are deployed efficiently and effectively. He has supported and challenged West Mercia Police to ensure it is a modern, fit-for-purpose organisation, delivering high quality policing for all communities. He has prioritised the best use of the funds available to him as well as implementing efficiency programmes and maximising the benefit to the public.

Since May 2016, the force has delivered £28.2m worth of efficiencies and savings, on top of further cost avoidance and productivity improvements through optimising the way

that it operates. A number of these savings and efficiencies have been enabled through the ending of the previous Alliance with Warwickshire.

In 2022/23, the force is on course to deliver 94% of the £6.0m of the required savings plan to ensure that it delivers a balanced budget and is not reliant on reserves to safeguard its financial sustainability into the future.

With the economic crisis squeezing the finances of the public and public sector organisations, the PCC is committed to making good the investment that has been placed into West Mercia Police over the last three years. Further efficiencies and savings will need to be identified in increasingly challenging times to maintain a balanced budget. This budget is intended to deliver value for money as well as efficient and effective policing.

Given the current economic conditions, there is an even greater awareness of the need to be financially sustainable as we enter 2023/24. The PCC is aware of the limited resources available, which frames the challenge to ensure that he is delivering what is needed for the public. He is focused on delivering an effective and efficient police service that delivers on what the public expect. The challenge has been set to West Mercia Police that they maintain and improve on the commitment to the public to be visible and accessible.

7. Monitoring the delivery of the budget investment

To support the delivery of the Safer West Mercia Plan 2021-2025, the PCC agreed a comprehensive range of metrics with the Chief Constable to enable monitoring of performance against priorities. 70 metrics were agreed in total and included within the force's performance management framework. 46 (66%) of these metrics were monitored by way of the monthly and quarterly force performance reports, with the rest being easily accessible through other mechanisms and forums (inc. a self-serve performance dashboard and management information products produced for various governance meetings).

The force has recently undertaken a review of the organisational performance management framework and performance reports to ensure they are fit for purpose, driving the right behaviours and successfully delivering against local and national policing priorities. A central objective of the review was to create a simpler strategic landscape, with focused priorities aligned to the Safer West Mercia Plan metrics and the Government's Beating Crime Plan which includes a number of national policing priorities. Whilst the full range of Safer West Mercia Plan metrics will continue to be monitored, the intention is to simplify the performance management framework and reports to focus on a subset of key policing and crime issues affecting communities. This will lead to clear ownership of priorities and subsequent activity, and clear lines of accountability to enable robust performance management and service improvement within the force and by the PCC.

Accountability for policing performance from the spend of the total budget

The key metrics have already been agreed by the PCC and the Chief Constable. These metrics put traditional police and crime metrics including domestic abuse, violent crime and neighbourhood crime, and criminal justice outcomes for victims at the heart of performance regime.

| Safer West Mercia Plan | Improvement Areas | Key Performance Indicators |
|--------------------------------------|--------------------------|--|
| Putting victims and survivors first | Victim satisfaction | % of victims satisfied with service |
| Building a more secure West Mercia | Total recorded crime | Volume of total recorded crime |
| | | TRC - % outcome 1 & 1A |
| | Violent crime | Volume of violence with injury |
| | | Violence with injury - % outcome 1 & 1A |
| | Rape | Volume of rape offences |
| | | Rape - % outcome 1 & 1A |
| | Robbery | Volume of Robbery offences |
| | | Robbery - % outcome 1 & 1A |
| | Residential burglary | Residential Burglary |
| | | Residential Burglary - % outcome 1 & 1A |
| | Vehicle crime | Volume of vehicle crime |
| | | Vehicle crime - % outcome 1 & 1A |
| | Domestic abuse | Volume of domestic abuse |
| | | Domestic abuse - % outcome 1 & 1A |
| Reassuring West Mercia's Communities | Call handling | % of 999 calls answered within 10 seconds |
| | | % of 101 calls answered within 30 seconds |
| | Public confidence | Overall Confidence - % of respondents that agree or strongly agree they have confidence in local policing |
| | | Visibility - % of respondents that report seeing a police officer or Police Community Support Officer (PCSO) at least weekly |
| Reforming West Mercia | Emergency response times | Median Grade 1 response time |
| | | Median Grade 2 response time |
| | Finance | Financial Outturn is within the agreed budget |
| | | Savings plan is delivered (as part of achieving financial outturn) |

| | | |
|--|-------------|--|
| | | Unqualified annual VFM conclusion is received from the External Auditors |
| | Environment | Reducing the carbon footprint associated with policing |

It has been agreed that in the main, performance management framework metrics will be used to monitor the delivery of the budget in 2023/24. This will ensure the activity of the force in delivering the commitments in the budget lead to improvements across key local and national police and crime priorities that most impact communities. The PCC and Chief Constable have both set out a clear commitment to pursuing continuous improvement in relation to the metrics attached. Performance will be regularly monitored by way of weekly, monthly and quarterly reporting. Performance against the metrics will also be subject to formal holding to account activity as part of the 2023/24 holding to account calendar.

Monitoring financial commitments and value for money

The performance management framework provides the assurance that the totality of policing is delivering positive outcomes for the communities of West Mercia. The whole budget of £275m is directed to achieving continuous improvement in reducing crime, supporting victims and increasing public confidence in policing, which support the central aims of the PCC's Safer West Mercia Plan.

8. The economic context

The economic environment

On the 17th November 2022, the Chancellor of the Exchequer announced the Autumn Statement 2022 accompanied by the Office of Budget Responsibility's Economic and Fiscal Outlook. The Autumn Statement followed a series of fiscal announcements, which had previously resulted in a strong negative reaction from markets and investors. Many of the measures originally announced had since been either cancelled or scaled back.

The Autumn Statement is important as it came at a time of inflation running at a 41-year high at 11.1%, and the Bank of England Base Rate (3%) is also at its highest since 2008. It has been estimated that the Government has a budget deficit of approximately £55bn. The Chancellor had indicated that £20bn would be met through tax rises and the remaining £35bn through spending cuts.

Whilst the impact on the economy from recent Government announcements has been the focus of scrutiny, there are clearly wider global factors which are significantly impacting the economic conditions above, including Brexit, the Covid pandemic, now coupled with the UK's response to the conflict in Ukraine. These are issues that are not

just exclusive to the UK and many other countries are dealing with similar economic pressures.

The forecast for the UK economy is that Gross Domestic Product (GDP) is set to increase by 4.2% in 2022 but then will be significantly down in 2023 to a negative growth of -1.4%. The Chancellor announced during his speech on the Autumn Statement that the economy was already in recession. The Government's aim for inflation to be at, or below 2%, is not being met, with a forecast of CPI inflation of 7.4% in 2023. Energy and food costs are causing significant inflationary effects in 2022 and are projected to continue to do so in 2023. A reduction in energy bills is not expected until 2024 at the earliest.

Forecasts for public sector net debt (PSND) as a proportion of GDP is expected to rise to a peak of 106.7% of GDP by 2023/24 and continue to remain high through to 2027/28. Borrowing is now at its highest levels in peacetime history. In March 2022 forecasts suggested that PSNB would fall to less than 2% of GDP by 2023/24. However, borrowing requirements since then have been revised upwards and, under new fiscal rules announced by the Chancellor, the aim is that public sector borrowing must be below 3% of GDP over a five-year rolling period.

Announcements in the 2022 Autumn Spending Review

There was no specific mention of policing in the Autumn Statement. The Autumn Statement confirms that Departmental Expenditure Limits will be maintained at least in line with those set at the Spending Review 2021 (SR21). Information accompanying the Autumn Statement shows that 2023/24 Department Expenditure Limits for the Home Office appear to have reduced by £0.2bn to £15.4bn. It is not clear if this would have any impact on funding allocations to PCCs.

To keep spending focused on the Government's priorities, and help manage pressures from higher inflation, Government departments will be required by the Chancellor to continue to identify efficiency savings in day-to-day budgets. To support departments to do this, the Government is launching an Efficiency and Savings Review. It is not clear what impact this may have on funding provided to the PCC.

Council tax regime

The OBR would normally provide an outlook forecast around growth in the tax base, but this hasn't been provided alongside the Autumn Statement. Without this information being available it requires assumptions to be made about growth by PCCs in consultation with their local Government partners.

West Mercia within the wider economic environment

The Autumn Statement has not reduced the resources as set out in the Spending Review in October 2021. However, this has not provided additional resources to offset the impact of both pay and non-pay inflation. West Mercia has identified that the impact of inflation on the organisation is £17.4m. With the expected increase in funding bringing in an additional £14.2m, the organisation is faced with an inflation funding gap of £3.2m. This is before the impact of demand pressure on services has been recognised.

The 2023/24 budget, the Medium-Term Financial Plan and the Capital Programme aims to balance the following factors:

- The expected level of Government funding as set out in the Autumn Statement. These limits were set prior to the impact of the current economic factors, specifically pay inflation, were realised
- Deliver the priorities in the Safer West Mercia Plan, which is the PCC's commitment to the public to deliver effective policing services
- Maintaining police officer number increases that have been achieved through local investment and as part of the Government's policy to recruit an additional 20,000 officers nationwide by April 2023
- The need to invest in West Mercia's infrastructure to ensure that the police can operate effectively in how it delivers its service to the public

The PCC is conscious that any council tax increases must be justified and provide assurance to households, which are facing significant pressure on their finances, that they are receiving service improvements in return for their investment. West Mercia will also continue to build on the investment in policing that has been made in recent years.

To achieve this the Chief Constable has undertaken a detailed review of all budgets and followed a Priority Based Planning (PBP) process. The process undertakes an extensive review of all the force's services and the resources applied to delivering those services. This review has used a tried and tested methodology involving managers, officers and staff at all levels of the organisation, directed by a Chief Officer. The process identifies the service that the police provide and the level of resources that are required to provide that service. The model can be optimised and invested in and sets out the expected increases in demand in services and the provides a clear options appraisal of efficiencies that are available to ensure the budget is balanced.

The current environmental economic pressures dictate that while there are more resources available in this budget, it cannot be one of overall growth when factoring in issues such as inflation. The PCC has asked the Chief Constable to make sure that the investment that has been made over the last few years, particularly the increases in the number of police officers, continues to be delivered on through 2023/24. The PCC has been clear that he expects the force to continue its transformation journey, with a focus on improving efficiency and effectiveness, and providing the best service possible to local communities. This has meant that to set a balanced budget the Chief Constable has had to review services throughout the organisation to identify savings that offset the costs pressures that have been identified. Some of those savings will have to be delivered by reducing service levels.

A key factor is that where costs are already being effectively managed, services can only then be improved or maintained through the management of demand. This is a key focus of the PCC. The impact and potential benefit of additional investments in

diversionary, or intervention projects will continue to be explored. As part of this commitment, the delivery of the agreed Prevention Strategy is a key part of demand management. The commissioning of projects, that work to divert people away from crime or prevent crime from happening in the first place, and investing in initiatives that could be seen to be linked to crime going down are key. These provide a more cost-effective option than dealing with the crime after it has happened, whilst also having societal benefits in respect of prevention of harm.

The aim is that this preventative work, alongside the continued investment in the transformation programme and the benefits it will generate, will enable the PCC to keep council tax increases to the minimum necessary to deliver a safer West Mercia. However, there is pressure on council tax to continue to rise in future years because of the unavoidable pressures police forces face.

9. Sources of funding for the budget

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

Government grants

The PCC receives most of its grant funding from central Government, specifically the Home Office and the Ministry of Justice. The principal sources are annual revenue grants, including:

- 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 Home Office Settlement follows on from the three-year Spending Revenue 2021 (SR21) announcements. The SR21 set out department resource allocations over a three-year period. This is the second year of that settlement.

The Provisional Funding Settlement was announced by the Home Office on the 14th December 2022. The core funding was confirmed as being £138.172m which is an increase of 3.45% on the previous year. The funding was in line with the SR21 expectations. £4.3m of the £4.8m increase in funding has been allocated to meet the ongoing cost from the national police uplift programme, with the remaining £0.5m available to fund inflationary and other cost pressures. .

Income received from council tax

The tax base

The tax base is the number of properties that have a council tax charge placed on them. The tax base will increase with additional houses being built. However, the tax base is reduced by other factors such as claimants of Local Council Tax Reduction Scheme (LCTS), Single Person Discounts and empty properties.

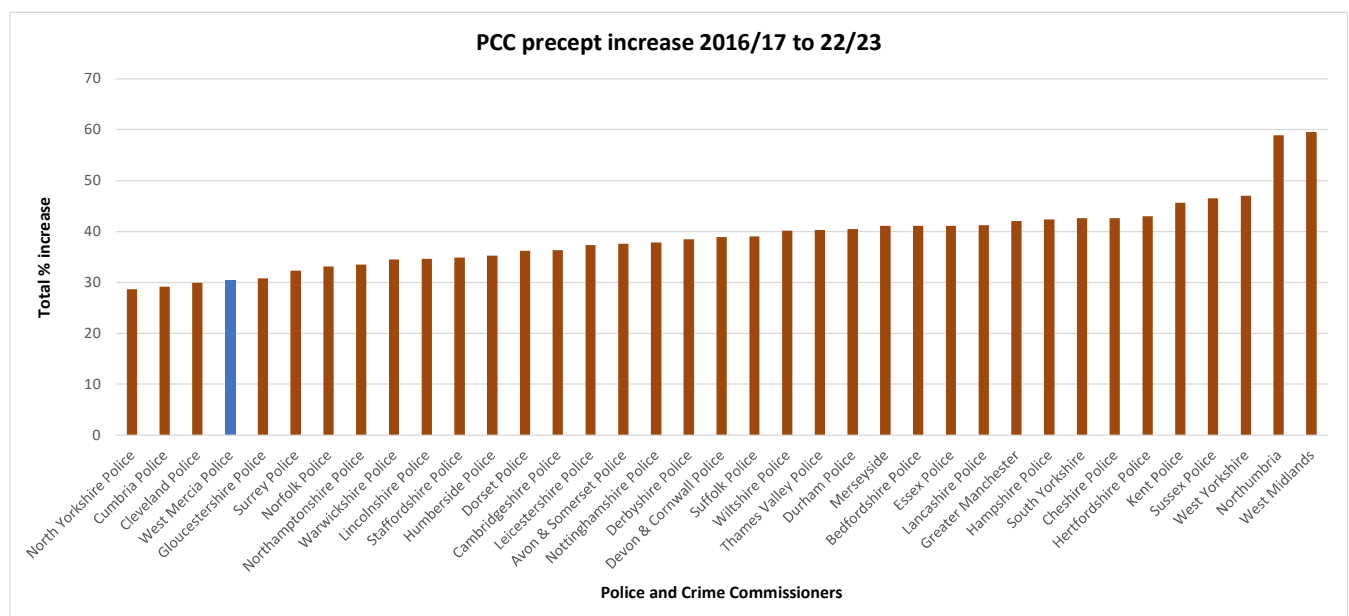
Throughout the 2022/23 financial year, the recovery from the Covid pandemic has continued, with the number of new houses being built increasing and more people reported as being in employment. The 2022/23 council tax base included strong growth in the base of 1.98%.

Given the Chancellor's announcement of being in recession and tough future economic conditions the expectation was that the growth in the tax base would be lower for 2023/24. The confirmations from local authority partners is that the increase in the tax base will be 1.37% worth an additional £1.6m. The assumption is that through the medium term the tax base will continue to grow at a rate between 1.69 and 2.12%

The precept

As part of the provisional government settlement the Home Office announced that PCCs in England and Wales would be given an additional £5 flexibility in 2023/24 in addition to the previous year's referendum limit. PCCs now have a £15 council tax referendum limit on a Band D equivalent property.

The proposal of the PCC is that the council tax charge will be increased by 5.94% for a Band D property for 2023/24. This will raise an additional £6.9m. The increase in both the tax base, and the precept Band D charge, will bring in a total of £122.1m of funding, which is an additional £8.4m on the previous year's precept demand.



The PCC is conscious of the pressure that council tax places on households. The PCC has the 4th lowest increase in council tax since 2016/17 when he was first elected as West Mercia PCC.

The Collection Fund Surplus/Deficit

The administration of the council tax system is undertaken by local authorities through the Collection Fund account. This records the amount of income collected and the amount that has been precepted out to fund councils, police and fire.

The impact of the Covid pandemic was unprecedented and made it difficult to predict how much council tax would actually be collected. The surplus declared in 2022/23 was £1.4m, which is the highest to be declared in the last five years following on from a deficit reported in 2021/22. For the 2023/24 budget the assumption has been made that there will be a surplus, but that it is more likely to be in the region of £0.8m. This reflects that more people are suffering financial hardship and may need support to pay their council tax.

The increase in sources of funding available in 2023/24 is:

| | |
|---|--------------------|
| 2022/23 funding (excl. reserves) | (£260.485) |
| Increase in Gov funding | (£4.763m) |
| Increase in Council Tax Base | (£1.555m) |
| Increase in Council Tax Precept | (£6.852m) |
| Increase in Collection Fund Surplus | (£0.455m) |
| Change in utilisation of reserves | (£0.658m) |
| 2023/24 funding | (£274.768m) |

10. The revenue budget

The proposed revenue expenditure budget for 2023/24 financial year is £285.6m which is an increase in expenditure of £25.1m from the previous year.

| | |
|---|------------------|
| 2022/23 net revenue budget | £260.485m |
| Price and pay inflation | £17.391m |
| Service level demand | £136.447m |
| Identified efficiencies | (£5.714m) |
| 2023/24 net revenue budget requirement | £285.609m |

There is an identified budget shortfall of £10.8m, as the totality of policing must be delivered within the funding envelope identified of £274.8m

As set out previously, the force has used a process of Priority Based Planning (PBP) to review all of their budgets, to identify demand pressures and efficiencies that would maintain the level of service that the force currently provide.

The force identified that to deliver the same service levels as in previous years the budget would need to increase by £17.4m (6.7% increase) due to the impact of inflation, which are cost increases outside the direct control of West Mercia. This covers increases in pay of an assumed 2% in 2023/24 and also includes the impact of the higher than expected £1,900 (average 5%) pay award in 2022/23. In total this is an additional cost of £13.1m to employ the same officers and staff as in the previous budget. Non-pay inflation on all other relevant costs is assumed to be equivalent to CPI which is currently predicted to be 7.5% worth £2.1m, with the final £2.2m a result of a 90% increase in West Mercia's energy costs due to higher unit prices for energy and the impact of green taxes.

On top of the pressures from inflation there are other factors which are recognised as increasing the budget to be able to maintain services. A total of £13.4m of these pressures have been identified. These include:

- An additional £2.6m in digital infrastructure to continue West Mercia's investment in technology that will help transform how the force operates
- £1.3m increase in the cost of borrowing in relation to the capital programme
- The ending of £2.2m specific grant allocation to pay for the uplift in police officers to meet government targets
- The review of budgets has also identified an increase in costs of £1.3m in relation to funding of regional activities including the ROCU and how county lines drugs investigations are paid for

Efficiencies of £5.7m have also been identified, where the investments that the PCC has made over the previous budgets has enabled services to be provided in a different way, resulting in a reduction in budget requirements. This includes £1.1m of cost reductions in digital services as the investment made reduces the infrastructure that is required for its delivery.

Departments have put forward proposals for investment in services. Cost pressures dictate that in many cases investment is not able to come from having additional funding available, but rather through using existing resources as efficiently and effectively as possible. Section four of the report has already detailed what additionality the force is providing during 2023/24 to ensure that they focus on the priorities that the PCC and the public have.

Delivering a balanced budget

The increase in Government funding is £4.8m (3.5%) of which £4.2m is ringfenced for the cost associated with the uplift of 300 additional officers. This leaves the remaining

£0.5m of additional funding from government in 2023/24 to contribute to all other costs including identified inflation pressure.

When setting the budget, whilst the PCC has challenged the force to make every penny count, there is the pressure on budgets from pay awards and the recognised need to continue to invest in systems and infrastructure. Therefore, without the additional Government funding, the pressure falls onto council tax. The table below shows that for an approximate 2% increase in the amount raised from council tax, is worth an additional circa £2.5m.

| Precept Inc. (%) | Band D Charge | Increase in Band D | Council Tax Funding £m | Additional Funding £m | Impact on the Budget Gap £m |
|------------------|---------------|--------------------|------------------------|-----------------------|-----------------------------|
| 0%* | £249.66 | £0.00 | 113.7 | 1.6 | 18.2 |
| 1.99% | £254.63 | £4.97 | 117.7 | 2.5 | 15.7 |
| 3.94% | £259.50 | £9.84 | 120.0 | 2.3 | 13.5 |
| 5.94% | £264.50 | £14.84 | 122.3 | 2.3 | 11.2 |

* Funding increases due to change in the tax base.

As can be seen from the model, council tax increases do not solve the financial challenges for 2023/24. Even with an increase close to the maximum uplift, there is still a reported £11.2m budget gap (3.9% of the proposed 23/24 budget). In December 2022 the budget gap was £13.5m, based on a precept increase of 3.94%. Recognising that action was required to resolve this deficit, the force immediately put resources and processes in place to be able to propose a full savings plan by the start of the financial year. There is inevitably a risk that there will have to be a reduction in the establishment. With an average non-officer employee costing circa £40k annually, the lower the council tax rise the resulting number of employee posts at risk increases. The more posts at risk then the more significant the impact on the force's ability to deliver policing.

The PCC has prioritised investment in front line policing, with additional officers targeted at Safer Neighbourhood Teams, delivery of the Safer West Mercia Plan and areas that the public have highlighted as priorities.

To realise a balanced budget, the force has undertaken a review of all its budgets to identify potential savings and will continue to develop implementation plans to deliver them. Prior to April 2023, the Chief Constable will agree with the PCC a detailed plan for the implementation of West Mercia Police element of the budget, including the delivery of the savings required to balance the budget.

To date, the PCC has agreed the following adjustments and savings as part of bridging the gap.

| | 2023/24 £m |
|---|---------------|
| Total Budget Gap identified (based on 3.94% precept) | 13.500 |

| | |
|--|---------------|
| Savings agreed for inclusion in Plan | |
| Utilisation of 2022/23 underspend | -0.650 |
| Reduction in transfers to reserves | -0.750 |
| Reduction in deficit payments required on pension fund | -0.870 |
| Confirmation of the tax base | 0.184 |
| Changes to the capital programme and borrowing requirement | -0.571 |
| Savings plan from investment in Digital Services | -1.700 |
| Budget adjustments for pay award | 0.052 |
| Additional funding from 5.94% precept flexibility | -1.004 |
| Force review of all individual budget lines | -0.270 |
| Force decisions to reduce budget | -0.309 |
| Agreed savings | -5.888 |
| Savings proposed to be agreed | -1.725 |
| Savings being reviewed by Budget Implementation Team | -2.992 |
| Remaining budget gap | 2.895 |

Below is how the budget has been built for 2023/24 showing the principal movements in expenditure and income between the two years.

| | 2022/23 Budget | Inflation budget Pressure | Service budget pressure & Efficiency | 2023/24 Draft Expenditure Budget | Proposed Changes & savings | 2023/24 Net Revenue Budget | Variance |
|---|-------------------|---------------------------------|---|---|----------------------------------|-------------------------------------|---------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Government Grant (Core Funding) | 145.382 | 0.464 | 4.327 | 150.173 | -0.026 | 150.147 | 4.765 |
| Council Tax Precept | 114.030 | 6.755 | -0.022 | 120.763 | 2.128 | 122.891 | 8.861 |
| Total Funding / Net Budget Requirement | 259.412 | 7.219 | 4.305 | 270.936 | 2.103 | 273.038 | 13.626 |
| Police Officer Pay | 131.026 | 8.594 | -0.432 | 139.188 | -0.390 | 138.798 | 7.772 |
| Police Officer overtime | 2.775 | 0.096 | -0.080 | 2.791 | -0.017 | 2.774 | -0.002 |
| Police Staff Pay | 71.583 | 3.875 | -0.408 | 75.050 | -1.208 | 73.842 | 2.259 |
| PCSO Pay | 8.160 | 0.535 | -1.394 | 7.301 | -0.045 | 7.256 | -0.904 |
| Police Staff overtime | 0.652 | 0.021 | -0.061 | 0.612 | -0.003 | 0.609 | -0.043 |
| Temporary and Agency Staff | 0.113 | 0.000 | 0.000 | 0.113 | 0.000 | 0.113 | 0.000 |
| Injury & Ill Health Pensions | 3.606 | 0.000 | -0.007 | 3.599 | 0.000 | 3.599 | -0.007 |
| Other Employee Expenses | 2.689 | 0.142 | -0.193 | 2.638 | 0.155 | 2.793 | 0.104 |
| Premises | 9.539 | 2.384 | -0.438 | 11.485 | 0.000 | 11.485 | 1.946 |
| Transport | 4.219 | 0.481 | 0.123 | 4.823 | 0.018 | 4.841 | 0.622 |

| | | | | | | | |
|--|----------------|---------------|---------------|----------------|---------------|----------------|---------------|
| Supplies & Services | 30.544 | 2.082 | 2.424 | 35.050 | -0.666 | 34.384 | 3.759 |
| Third Party Payments | 18.594 | 0.300 | 2.329 | 21.223 | 0.274 | 21.497 | 2.903 |
| Contribution to Reserves | 0.000 | 0.000 | 1.000 | 1.000 | -0.750 | 0.250 | 0.250 |
| Capital Financing | 6.895 | 0.000 | 1.427 | 8.322 | -0.529 | 7.793 | 0.898 |
| Gross Expenditure | 290.395 | 18.510 | 4.290 | 313.195 | -3.161 | 310.034 | 19.557 |
| Income | -29.910 | -1.119 | 3.443 | -27.586 | -0.069 | -27.655 | 2.255 |
| Net Budget before further savings | 260.485 | 17.391 | 7.733 | 285.609 | -3.230 | 282.379 | 21.812 |
| Savings Identified to be approved | 0.000 | 0.000 | -11.826 | -11.826 | 10.102 | -1.724 | -1.724 |
| Savings to be identified | 0.000 | 0.000 | -1.659 | -1.659 | -4.146 | -5.887 | -5.805 |
| | | | i | | | | |
| Net Force Budget / Expenditure / Variance | 260.485 | 17.391 | -5.752 | 272.124 | 2.726 | 274.768 | 14.283 |
| Funding from Reserves | 1.074 | 0.000 | 0.115 | 1.189 | 0.541 | 1.730 | 0.656 |

Further details on the 2023/24 budget proposals are set out in Appendix B which outlines a summary of the gross expenditure by both subjective and objective analysis.

11. The Medium-Term Financial Plan (MTFP)

The key working assumptions in the MTFP are as follows:

Funding

- The precept will increase by 5.94% in 2023/24 and 1.99% thereafter across the remainder of the medium term. There is additional flexibility available to the PCC to use in 2024/25 (2%), given the announcement by the Home Office that the maximum increase in each of these years will be £10.00
- Council tax base will increase by 1.37% in 2023/24 and then increase by between 1.69 and 2.12% across the medium term based on assumption that the economy will recover and therefore more people will be contributing to council tax with additional housing being built and brought into scope
- Government grant uplift of 3.45% has been included for 2023/24 and a 0.6% increase in 2024/25. The remaining years of the MTFP assume a 1% uplift in line with the Chancellor's Autumn Statement.

Costs

- Future years pay increases have been modelled using information received from the NPCC finance committee as per the table below.

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|-----------------|---------|---------|---------|---------|
| Pay Assumptions | 2% | 2.5% | 2% | 2% |

- Inflation assumptions contained within the MTFP have been reviewed and allocated as per the table below (obtained from OBR). According to the Bank of England, inflation is expected to peak at 14% in quarter four of 2022 before finally starting to fall to 5% at the end of 2023. The Bank of England expects to be back to its target level of 2% by the end of 2024.

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|-----------|---------|---------|---------|---------|
| Inflation | 7.5% | 3.4% | 1.6% | 1.9% |

- Energy prices remain volatile and prices continue to rise significantly. West Mercia Energy have provided an initial budget for 2023/24, the result of which is a 90% increase in projected costs. The final price cap will not be determined until April 2023. Prices remain challenging to predict, but there is an assumption that there will be a fall in prices and therefore a negative inflation rate in years 2024/25 and 2025/26.

The MTFP is as follows:

| | 2022/23 Budget £m | 2023/24 MTFS £m | 2024/25 MTFS £m | 2025/26 MTFS £m | 2026/27 MTFS £m |
|--|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Government Grant (Core Funding) | 145.382 | 150.147 | 150.976 | 152.366 | 145.382 |
| Council Tax Precept | 114.030 | 122.891 | 127.796 | 133.052 | 114.030 |
| Funding from Reserves | 1.073 | 1.730 | 0.000 | 0.000 | 1.073 |
| Total Funding / Net Budget Requirement | 260.485 | 274.768 | 278.772 | 285.418 | 260.485 |
| Employment Costs | | | | | |
| Police Officer Pay and Allowances | 133.801 | 141.572 | 144.769 | 148.014 | 151.019 |
| Police Staff Pay | 72.235 | 74.479 | 76.347 | 78.168 | 79.877 |
| PCSO Pay | 8.160 | 7.256 | 7.435 | 7.611 | 7.774 |
| Other Employee Expenses | 6.408 | 6.477 | 6.541 | 6.603 | 6.692 |
| Other Costs | | | | | |
| Premises | 9.539 | 11.485 | 10.245 | 10.147 | 10.362 |
| Transport | 4.219 | 4.841 | 4.604 | 4.165 | 3.595 |
| Supplies and Services | 30.544 | 34.384 | 35.513 | 36.024 | 36.640 |
| Third Party Payments | 18.594 | 21.497 | 21.264 | 21.386 | 21.547 |
| Contribution to reserves | 0.000 | 0.250 | 0.700 | 0.700 | 0.700 |
| Capital Financing | 6.895 | 7.793 | 11.180 | 12.804 | 13.484 |
| Gross Expenditure | 290.395 | 310.034 | 318.598 | 325.622 | 331.690 |
| Income | -29.910 | -27.655 | -28.044 | -28.491 | -28.950 |
| Net Force Budget / Expenditure / Variance | 260.485 | 282.379 | 290.554 | 297.131 | 302.740 |
| Savings identified for approval | 0.000 | -1.724 | 0.000 | 0.000 | 0.000 |

| | | | | | |
|-------------------------|-------|-------|--------|--------|--------|
| Savings Required | 0.000 | 5.887 | 11.782 | 11.713 | 42.255 |
|-------------------------|-------|-------|--------|--------|--------|

It should be noted that the savings targets are cumulative, and that in-year budget gaps will be covered by savings targets and associated transformational initiatives to deliver on the PCC commitment to have a balanced budget.

12. 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 |
|--|---------------|
| Projected reserves on 1st April 2023 | 14.679 |
| Increase in General Reserve to reflect increase in total budget | 1.750 |
| Utilisation of reserves to smooth the impact of the SR21 | -1.000 |
| Investment in infrastructure (Estates and ICT programmes) | -0.590 |
| Amount required to fund the costs of a major investigation (net of a successful application for Special Grant over the life of the medium-term financial plan) | -0.080 |
| Management of the Insurance & Legal reserve | 0.200 |
| Funds to address demand management issues, prevent crime and ensure public safety | -1.305 |
| Youth Justice Service | -0.109 |
| Reserves remaining at the end of the MTFP period. | 13.545 |

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

| Total Reserves at | 31/03/2023 | 31/03/2024 | 31/03/2025 | 31/03/2026 | 31/03/2027 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | £m | £m | £m | £m | £m |
| | | | | | |
| General Reserves | 7.500 | 7.750 | 8.250 | 8.750 | 9.250 |
| | | | | | |
| Earmarked Reserves | | | | | |
| Budget Equalisation reserve | 1.000 | 0.365 | 0.000 | 0.000 | 0.000 |
| Investment in Infrastructure | 0.748 | 0.508 | 0.258 | 0.158 | 0.158 |
| Major Investigation Reserve | 2.175 | 1.095 | 1.095 | 1.595 | 2.095 |
| Road Safety Reserve | 0.675 | 0.225 | 0.125 | 0.025 | 0.075 |
| Commissioning Reserve | 0.705 | 0.263 | 0.000 | 0.000 | 0.000 |

| | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Insurance and Legal Claims | 1.500 | 1.100 | 1.200 | 1.400 | 1.700 |
| Council Tax Collection Fund | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| YJS* | 0.376 | 0.267 | 0.267 | 0.267 | 0.267 |
| Total Earmarked Reserves** | 7.179 | 3.823 | 2.945 | 3.445 | 4.295 |
| | | | | | |
| Total Reserves | 14.679 | 11.573 | 11.195 | 12.195 | 13.545 |

* This is a collaborative arrangement with local authorities

** The 2023/24 budget figures currently only accounts for calls on major investigation reserve and YJS, all other assumed utilisation of reserves are subject to approval from the PCC

Each year the Treasurer carries out an assessment of the risks facing the PCC to determine the minimum level of reserves which the PCC needs to continue to hold. This year the assessment is that £7.500m 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 14.

13. The capital budget

The Capital Programme for 2023/24 has been prepared based on bids for capital funding by each department across West Mercia Police considered against public benefit and affordability.

Bids have been scrutinised by the PCC and the force leadership team to ensure that they reflect the priorities of West Mercia, and that timescales and costings are reasonable. The existing capital programme schemes have been updated to reflect where spend is to continue into 2023/24.

The capital budget is an outline commitment to inform future planning, borrowing decisions and assessment of the revenue impact. Final approval of any scheme is subject to a full business case being approved by the PCC. The capital budget may change as a result of business cases being progressed to full proposals.

The current programme reflects the priorities of the PCC to transform and reform police activities, services and systems as quickly and effectively as possible. 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 PCC is planning significant capital investment of £28.6m for 2023/24.

| Capital Expenditure | 2023/24 |
|---------------------------------|----------------|
| | £m |
| Change Programmes | 3.051 |
| Digital Services Transformation | 11.490 |
| Estates Programme | 8.567 |
| Fleet Replacement Programme | 2.500 |

| | |
|--------------------------|---------------|
| ICT Replacement Projects | 2.230 |
| Other Capital Projects | 0.786 |
| Total | 28.624 |

The expected funding of the programme is outlined below. The PCC has low levels of capital receipts and revenue reserves from which to pay for capital schemes. The significant proportion of funding is from borrowing, which the PCC is very aware creates an ongoing revenue cost, where the principal and interest costs must be repaid. The PCC has made a commitment to make sure that the capital programme remains affordable. The long term strategy includes increasing the funding from revenue budget. Where schemes are funded from borrowing, the focus is on ensuring that it provides a revenue return on that investment.

The level of borrowing for the capital programme needs to be based on capital investment plans that are affordable, prudent and sustainable and there is a requirement to publish a Capital Strategy. The Capital Strategy is approved annually before the start of the financial year at West Mercia Governance Board.

| Funded By | 2023/24 |
|----------------------------------|----------------|
| | £m |
| Revenue Contributions to capital | 1.500 |
| Capital Grants | 0.000 |
| Capital Receipts | 0.500 |
| Reserves | 0.410 |
| Borrowing | 26.214 |
| Total | 28.624 |

Treasury management

Government regulations require the PCC to approve the investment and borrowing strategies and borrowing limits for 2023/24 prior to the start of the financial year. This is incorporated within an over-arching Treasury Management Strategy which is reviewed by the Joint Audit and Standards Committee each year and approved at the West Mercia Governance Board.

To demonstrate that the objectives of affordability, prudence and sustainability have been achieved, the Prudential Code requires indicators to be determined by the PCC. These are designed to support and record local decision making and for comparison over time. They are not designed to be comparative performance indicators. These are included within the strategy to support the delivery of affordable revenue budget annually and in the medium to long term.

14. Treasurer's statement on the soundness of the budget and the adequacy of reserves

In setting the MTFP, the PCC needs to consider the revenue budget, implications of the investment in capital and the level of reserves held. The PCC 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. As the Treasurer, I have reviewed thoroughly the financial risks facing policing in West Mercia and assessed the level of reserves required.

In doing so, I have 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

| CIPFA Key Principles | Current situation in West Mercia |
|---|---|
| The treatment of inflation and interest rates | This year has seen the most uncertainty as factors, outside the direct control of the PCC and the force, have driven increases in inflation. These include an impact from Covid, Brexit, the conflict in Ukraine, and market reaction to Government policy. These factors have driven inflation up to 11.1% for RPI in November 2022. CPI is considered to be a more accurate measure of the price increases that impact on our business and the budget has reflected the assumption as to what price increases are likely to be during the financial year |
| | West Mercia Police makes full and appropriate provision, based on agreed estimates of the future pay and price rises. The assumptions on what the rises will take reference from the Spending Review & OBR predictions, as well as the estimates made by other bodies in the Police Sector and reports from PACCTs. Whilst previous assumptions were based on information available at the time, they can be overtaken by future events. Pay and non-pay inflation continues to be applied to appropriate areas of expenditure based on the best available information at the time the budget is set. |
| | An informed assessment is made of interest rate movements using information provided from the Spending Review & OBR Predictions and from sector updates provided by our Treasury Management Advisors. |
| | Individual expenditure lines in the budget are reviewed as to whether they are impacted by the general inflation or interest rate changes. Known pressures, such as energy price increases and contractual obligations are included in the budget at their full cost. |
| | The revenue budget is prepared and published at estimated outturn prices. |
| Estimates of the level and timing of capital receipts | The PCC and West Mercia Police make a prudent assumption of future capital receipts. There is a rationalisation plan, as part of the wider estates strategy, which identifies potential disposals and estimated receipts. This informs expectation around the level and timing of receipts. |
| The treatment of demand level pressures | The force has implemented a Priority Based Budgeting (PBP) process in 2022 to inform the budget setting and it has continued to embed this into its business processes to provide a robust programme to feed into the 2023/24 budget setting. The process involves identifying volume (demand) and method (efficiency) changes within each business area |

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| | that are expected to occur in the following financial year. These are expected changes which will impact on the service levels that are currently being provided. |
| | Led by the force executive team, panels were held with each business area to review the proposed demand pressure and to challenge the assumptions behind the assessment. This ensures management oversight of the budget proposals. |
| | The Chief Constable retains an operational contingency within the annual revenue budget to help finance corporate operations or issues and to deal with day-to-day changes in demand and pressure. |
| | The PCC has created a number of earmarked revenue reserves to help finance specific, non-recurring expenditure commitments. Appropriations are made to and from these reserves on an annual basis as required. |
| | Finally, general balances are used as a last resort to manage and fund demand-led pressures. The General Fund Balance is based on a risk assessment of factors which could potentially occur, rather than the known costs which are already accounted for in the revenue budget. The PCC has requested the Treasurer make an assessment of the appropriate level of general reserves to manage risk against having resources available to deliver services to the public. |
| The treatment of planned efficiency savings and productivity gains | The force has made substantial cash savings over the last 10 years. This cumulative level of budget reduction will inevitably mean that operational budgets will come under greater pressure and/or risk of overspending in future years. The force consistently achieved its annual efficiency target in previous years. |
| | The force overspent by £0.386m in 2020/21. The savings target was achieved in year. The reported outturn for 2021/22 was an underspend of £7.717m. The savings achieved during the year was £3.237m against a budget of £4.056m. |
| | The budget for 2022/23 has savings of £6.037m that were required to be delivered during the year to ensure that the revenue budget is delivered within the resources available. Currently the force is on track to deliver 94% of the plan. |
| | The efficiencies identified on current services do not cover the wider budget pressures where resources are less than the total demand. The significant funding gap identified requires further work to draw up a detailed plan of how the outline saving initiatives will be delivered as part of producing a balanced budget. |
| The financial risks inherent in any significant new and existing funding partnerships, collaboration, major outsourcing arrangements or major capital developments | The financial consequences of partnership, collaborative 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. |
| | During 2022/23 the remaining significant Warwickshire hosted service agreements have been terminated so that all services of significant note have now been separated from West Mercia. This means that through the second half of 2022/23 and into 2023/24 the force is able |

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| | to focus on delivery of investments directly in West Mercia to see improvements, particularly in digital infrastructure, to improve the service that the public receives. |
| | There is clearly a risk that local authority partners will continue to withdraw funding as a result of pressures on their own budgets. There are also risks related to the continued viability of charities and other partners with increasing demand for services. The commissioning team are managing services and working with providers to manage these pressures. |
| | The Estates Service have produced their Estates Strategy which provides an outline as to how the estate will be managed and developed. The service has also reviewed the project management arrangements to ensure that they are fit for purpose to deliver both capital projects and estates rationalisation. The plan balances the need to deliver improvements to the estate and ensure that buildings are fit for purpose, whilst also trying to maximise capital receipts and reducing the risk from backlog maintenance. |
| | During 2022/23 there has been the commencement of the project to deliver a new joint police and fire station in Redditch and approval of the business case for a new firearms range and training facility. The business case set out the capital case and also the revenue implications of the capital projects, recognising both the cost of borrowing and the Minimum Revenue Provision (MRP) requirements. |
| | MRP and borrowing costs are a key element of the Medium-Term Financial Scenario, which is produced alongside the revenue budget cycle. A key element in setting the capital programme for 2023/24 is identifying the revenue implications that the approval of the capital budget would create over the medium and long term. Given the lack of capital resources to fund this, the PCC has challenged the force to demonstrate that the plans are affordable to the revenue budget and that the projects being agreed have clear benefits (with a focus on cashable revenue savings) going forward. |
| The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions. | The 2023/24 budget has been set to meet both the recurring revenue spend commitments and priorities, whilst recognising there are risks that need to be managed. This has taken account of the level of government grants and other sources of income. The force is being proactive in recognising the need to be prudent in managing unplanned risks, through the insurance reserve, and also how they manage the funding of the capital programme. |
| | There has been an assessment of the adequacy of general reserves to meet unplanned budget impacts. This has identified the potential risks to the budget that has been set and provides a sensitivity analysis of what the financial impact might be. The overall assessment is that the minimum level of general fund balances should be maintained at circa £7.5m - £8.0m. The PCC has not been required to make a call on the general reserves in the last two budget cycles. |
| | The PCC has created a number of earmarked revenue reserves and provisions to meet specific expenditure items. The details of each of the reserves held are included in this report. The largest held are the Major Investigation Reserve and the Insurance & Legal Claims reserve. |

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| | <p>The force is undertaking an investigation into allegations of manslaughter and corporate manslaughter at Shrewsbury and Telford Hospitals NHS Trust. The costs will be considerable, and the PCC has been allocated a special grant from the Home Office. The criteria for special grants is that it will fund a proportion of the cost of the investigation based on a taper. This taper is expected to be 70% of costs incurred in 2023/24. The reserve has been built up over the last budget rounds to meet the additional cost that will fall onto the PCC. The reserve is not currently sufficient to meet ongoing cost of an investigation if it continues over the MTFP. There is an expectation that the force will manage the scope and length of the investigation.</p> |
| | <p>The Insurance and Legal Claims reserve is there to manage the decision taken to increase excess exposure, in return for reduced premiums. The decision is that we will use self-insurance through an earmarked reserve to meet the cost of any claims made. This also relies on proactive risk management to avoid incidents happening that lead to a claim being made.</p> |
| The general financial climate to which the authority is subject. | <p>Section 8 of this report sets out the general financial climate that the 2023/24 budget is being developed in. The Chancellor's Autumn statement in November 2022 set out the headline funding for the public sector, which included a commitment to the Departmental Expenditure Limits announced from the Spending Review 2021 (SR21) which provided a three-year Government departmental spending budget. The Draft Settlement released on the 14th December confirmed that there would be continued increase in police grant funding to fund the recruitment of the last tranche of the additional 6,000 police officers. and that council tax could be increased by up to £15.00 in 2023/24 as a one year increase, returning to £10.00 per year in the future. The financial planning for 2023/24 has been based on the % increase in funding</p> |
| | <p>The four-year MTFS reflects our local best estimate of future inflation rates, increases in government grants and contributions and revenues raised from council tax.</p> |
| | <p>General inflation in the UK has increased significantly over the last six months with RPI currently at 11.1%. There is an expectation that this will fall back down to the 2% target but not until 2024, which will cause further strain on the budget through the medium term</p> |
| | <p>A provision of 2% for the pay award has been included in the MTFP for 2023/24 and then 2.5% in 2024/25 and 2% p.a. thereafter.</p> |

General reserve

In recent years, a review has been undertaken of the significant risks and pressures facing the PCC before setting a minimum level of reserves held in General Reserve. A reduction is then made to reflect the fact that not all risks will occur during the life of the Medium-Term Financial Scenario.

The key risks the PCC faces (and for which no specific provision in earmarked reserves is made) are:

| | | |
|---|---------|---|
| Efficiency savings not being met | £1.140m | <p>£5.7m of efficiencies and corporate savings have been proposed through the PBP process to be delivered by the force. This will be monitored during the year and expectation is that action will be taken if there are efficiencies that are not met in year. However, there is a risk that some fail to be delivered and alternatives cannot be found. Assumption is that there will not be a budget underspend in other areas to offset this.</p> <p>Assume that 20% may not be delivered (which would equate to £1.140k)</p> |
| Achieving a balanced budget through savings | £3.500m | <p>The current projection is that the force needs to identify £10.8m of savings in order to achieve a balanced budget for the 2023/24 financial year</p> <p>The force has a track record of delivering its savings plans:</p> <ul style="list-style-type: none"> - The force overspent by £0.386m in 2020/21. The savings target was achieved in year - The reported outturn for 2021/22 was an underspend of £7.717m. The savings achieved during the year was £3.237m against a budget of £4.056m. - The predicted outturn for 2022/23 is an overspend of £1.346m of which savings of £6.037 were required to be delivered during the year to ensure that the revenue budget is delivered within the resources available. Currently the force is on track to deliver all but 0.086m (2%) of the plan. <p>The significant increase in the total revenue savings required to deliver a balanced budget, after years of delivering savings and efficiencies means that there is a significant risk of not being able to deliver these. Whilst it is a challenging target this year, the force does have a good record of delivering the savings that they have identified as being required. An allocation of £3.500m has been made in the general fund from reserves to cover the risk of non-delivery of the target (33.3%)</p> |

| | | |
|--|---------|--|
| Major Investigation Funding | £2.700m | <p>In 20/21 the force became responsible for a major investigation into the care of mothers and babies who died or suffered serious harm in a maternity care setting at the Shrewsbury and Telford NHS Trust.</p> <p>The force has been able to claim a special grant from the Home Office and are in received of a tapered grant (85% - 70%). To cover the cost of the majority of the investigation. Requirement on West Mercia to identify £1m of resource in 2023/24 to support the investigation which is held within the reserve.</p> <p>However, there is the potential that another significant investigation could be required. It is expected that a force would cover up to 1% of the revenue budget before it is eligible to support from special grant from the Home Office. This would be a financial impact of £2.7m.</p> |
| Budget assumptions – risk of Collection Fund deficit from changes to tax base / LCTS | £0.250m | <p>The deficit across all Local Collection Funds at the end of 2020/21 as a result of the impact of both Brexit and the pandemic was £0.4m for West Mercia.</p> <p>The current economic climate with rising costs through inflation, combined with a likely recession has clear potential to impact on employment and therefore amount of people claiming LCTS. The resulting reduction in the Collection Fund would reduce the surplus distributed into the funding. Current assumption is that the surplus would be £0.700m. I have assessed the risk of not achieving the target as being £250k.</p> |
| Budget assumptions – risk of pay inflation being 1% higher than budget | £1.000m | Provision for pay award and contractual inflation made in MTFP. A provision of 1% of the pay budgets should be included to reflect the economic uncertainty that is currently being experienced in the UK. Pay budget is approx. £202m - 1% = 2.0m for half a year £1.0m |
| Budget assumptions – risk of non-pay inflation being 1% higher than budget | £0.750m | Provision for pay award and contractual inflation made in MTFP. A provision of 1% of the non-pay budgets of £72.2m should be included to reflect the economic uncertainty that is currently being experienced in the UK. |
| Change in interest rates | £0.260m | Based on 1% increase in interest rates on planned external borrowing of £26m in 2023/24. This reflects the increasing economic uncertainty |
| Additional costs to establish arrangements to reform policing in West Mercia | £0.500m | <p>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 MTFS.</p> <p>In the year 2023/24 it is assumed that in-house project and programme management costs of £1.5m can be capitalised. There is a risk that this resource may be used</p> |

| | | |
|---|-----------------|---|
| | | to support revenue projects. A provision will be made here to mitigate this risk. |
| Replacement of Airwaves Network/ESN/ESCMP | £2.000m | Lack of detail and clarity on implementation from Home Office. Substantial provision made in the Medium-Term Financial Plan and Capital Programme but that may not be affordable given other budget pressures |
| Impact of review of Police Funding Formula | £0.000m | Outcome unknown and timing of review delayed by Home Office |
| General Contingency provision for extraordinary events | £2.750m | Based on 1% of net revenue expenditure of circa £275m |
| | £14.850m | |
| Reduction to reflect the fact not all of these risks will occur in the short term | £7.425m | 50% reduction to reflect that not all events will occur in this time period |
| | £7.425m | |

The aggregate cost of those elements which it is feasible to estimate is £7.425m. It should be noted that the impact of any major investigations, changes as a result of a funding review or increased economic and political uncertainty cannot be accurately estimated and could prove to be significant. The PCC 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 consider the likelihood of their occurring during the period covered by the plan.

I therefore recommend that the minimum level of reserves be set at £7.500m. It is recognised that this is slightly below the 3% of the net revenue budget threshold which is generally considered to be best practice, but is sufficient based on the assessment of risk undertaken. The budget for 2023/24 includes a requirement to increase the General Fund Reserve by £0.250m, which then continues to increase at £0.5m through the Medium Term, providing an additional contribution to offset the risks identified.

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 PCC.

Earmarked reserves

The predicted balance on 31st March 2023 for each earmarked revenue reserve, which has a specific purpose and particular timescale, is shown in the table below.

| Earmarked Reserve | Forecast Balance 31/03/23 | Purpose of Reserve |
|--------------------------------------|----------------------------------|--|
| | £m | |
| Budget Equalisation reserve | 1.000 | To provide additional resource to invest in transformational change programmes. |
| Investment in Infrastructure Reserve | 0.748 | To invest in the infrastructure (ICT and Estates) including delivering schemes such as cost saving energy efficiency schemes. |
| Major Investigation Reserves | 2.175 | Funds held to meet costs of major investigation above the taper funding provided through the special grant. The 2023/24 taper funding is expected to be 70% of the costs incurred. The remaining 30% will be offset by the call on this reserve. |
| Road Safety Reserve | 0.675 | Funds held to fund road safety initiatives |
| Commissioning | 0.705 | To support spend on non-recurring PCC commissioning initiatives. |
| Insurance and Legal Claims Reserve | 1.500 | Provides a self-insurance fund where it is cost effective to do so. |
| YJS Reserve | 0.376 | Funds held on behalf of the responsible authorities to fund the costs of youth justice services. |
| Total Earmarked Reserves | 7.179 | |

The tables in section 12 show the deployment of all reserves over the life of the Medium-Term Financial Scenario, and the remaining reserve balances at the end of each financial year.

Capital reserves and balances

In addition to the revenue reserves, capital reserves can also be maintained. These can be 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. It is expected that all capital grants awarded will have been spent during 2022/23 and the balance on the reserve as of 1st April 2023 is expected to be £0.0m.

There is a Capital Receipts Reserve. This holds receipts from the sale of 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 12 above outlines the receipts expected from asset sales from 2023/24 to 2025/26. Currently any

receipts in year have been used to invest in the capital programme and avoid borrowing. The balance on the reserve as of 1st April 2023 it is expected to be £0.0m.

The PCC has instructed the Estates Service to identify how we can maximise capital receipts from the estates and also make effective decisions to reduce the revenue costs of the estate. This will ensure that we are using the assets we have as efficiently as possible. The raising of capital receipts is an important part of offsetting borrowing required to deliver improvements and ensuring the capital programme remains affordable.

Summary

There has been a comprehensive review of all reserves held by the PCC and the spending plans that are set out in the budget. 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.

The 2023/24 budget represents a significant increase in the risk and uncertainty in the ability of the PCC to set and deliver a balanced budget. The impact of inflation comes at a time when the organisation is into the third year of a £40m investment in its digital infrastructure. This investment is required to ensure that it can operate effectively using the technology that is available to drive service efficiency, but it is a costly undertaking. This necessary investment comes at a time when the establishment number of police officers is at almost the highest level on record. These two competing costs fall on a limited amount of resource available making it challenging to set a balanced budget.

I remain satisfied that a balanced revenue budget is set, but that it is reliant on a concerted commitment from the force to deliver the planned cost reductions agreed with the PCC. I consider that the force has a positive record on delivering savings plans over the past few years.

As already mentioned, the requirement to invest in our digital infrastructure, our estate and other assets means that there is an increasing cost both in terms of MRP and borrowing costs. This has been recognised and included in the MTFP. This is one of the driving factors of the deficit in 2024/25 financial year. Planning will begin immediately, alongside delivering the 2023/24 saving plans to ensure that we can live within the resources available over the medium term.

West Mercia deliberately holds a low level of reserves to ensure that available resources are focused on the delivery of services for the public each year. However, this means that the response to further pressures on revenue costs would place considerable risk on the ability of the force to deliver efficient and effective public focused services within the set revenue budget.

Summary of West Mercia Grant Settlement

The estimated Police Funding Settlement from the Home Office is:

| 2022/23 | Funding Stream | 2023/24 | Change |
|----------------|--|----------------|---------------|
| £ m | | £ m | % |
| 81.292 | Police Grant (including Community Support Grant) | 81.576 | |
| 52.115 | Revenue Support Grant | 52.296 | |
| 0.00 | PUP uplift Grant | 4.300 | |
| | | | |
| 11.975 | Legacy Council Tax Grants (freeze grants and plus council tax support grant) | 11.975 | |
| 145.382 | Total | 150.147 | 3.3 |

The 2023/24 grant settlement has identified the PUP grant as a separate element of core funding which has meant that comparison of individual changes in funding is not representative year on year.

In addition to the main central Government grants shown above, the PCC also receives grant funding for Victims Services Commissioning and Restorative Justice from the Ministry of Justice. The anticipated grant allocation for 2023/24 that has already been announced is £2.6m

Appendix B(i)

West Mercia PCC

Subjective analysis of income & expenditure

| | 2022/23 Budget | 2023/24 Net Revenue Budget | Variance |
|--|-------------------|-------------------------------------|---------------|
| | £m | £m | £m |
| Government Grant (Core Funding) | 145.382 | 150.147 | 4.765 |
| Council Tax Precept | 114.030 | 122.891 | 8.861 |
| Total Funding / Net Budget Requirement | 259.412 | 273.038 | 13.626 |
| Police Officer Pay | 131.026 | 138.798 | 7.772 |
| Police Officer overtime | 2.775 | 2.773 | -0.002 |
| Police Staff Pay | 71.583 | 73.842 | 2.259 |
| PCSO Pay | 8.160 | 7.256 | -0.904 |
| Police Staff overtime | 0.652 | 0.609 | -0.043 |
| Temporary and Agency Staff | 0.113 | 0.113 | 0.000 |
| Injury & Ill Health Pensions | 3.606 | 3.599 | -0.007 |
| Other Employee Expenses | 2.689 | 2.793 | 0.104 |
| Premises | 9.539 | 11.485 | 1.946 |
| Transport | 4.219 | 4.841 | 0.622 |
| Supplies & Services | 30.544 | 34.303 | 3.759 |
| Third Party Payments | 18.594 | 21.497 | 2.903 |
| Contribution to Reserves | 0.000 | 0.250 | 0.250 |
| Capital Financing | 6.895 | 7.793 | 0.898 |
| Gross Expenditure | 290.395 | 309.952 | 19.557 |
| Income | -29.910 | -27.655 | 2.255 |
| Net Budget before further savings | 260.485 | 282.297 | 21.812 |
| Savings Identified to be approved | 0.000 | -1.724 | -1.724 |
| Savings to be identified | 0.000 | -5.805 | -5.805 |
| Net Force Budget / Expenditure / Variance | 260.485 | 274.768 | 14.283 |
| Funding from Reserves | 1.073 | 1.730 | 0.656 |

Appendix B (ii)

West Mercia PCC

Objective analysis of income & expenditure

| | 2022/23 £m | 2023/24 £m | Variance £m | Variance % |
|--------------------------------------|---------------|----------------|----------------|---------------|
| Business Services Directorate | | | | |
| Business Operations | 7.943 | 9.118 | 1.175 | 14.8% |
| People and OD | 9.547 | 10.389 | 0.842 | 8.8% |
| Strategy Planning & Insight | 4.029 | 4.441 | 0.412 | 10.2% |
| | 21.519 | 23.948 | 2.429 | 11.3% |
| Commercial Services | | | | |
| Digital Services | 20.955 | 21.689 | 0.734 | 3.5% |
| Legal | 3.189 | 3.474 | 0.285 | 8.9% |
| Change | 3.129 | 2.289 | -0.840 | -26.8% |
| Finance | 0.823 | 0.890 | 0.067 | 8.1% |
| Procurement & Contracts | 0.174 | 0.395 | 0.221 | 127.0% |
| | 28.270 | 28.737 | 0.467 | 1.7% |
| Corporate Support Directorate | | | | |
| PSD & Vetting | 1.668 | 1.911 | 0.243 | 14.6% |
| Corporate Support | 1.875 | 1.875 | 0.000 | 0.0% |
| Audit Risk & Compliance | 1.041 | 1.172 | 0.131 | 12.6% |
| | 4.584 | 4.958 | 0.374 | 8.2% |
| Local Policing | | | | |
| Local Policing Directorate Level | -3.256 | 0.609 | 3.865 | -118.7% |
| South Worcestershire | 21.505 | 21.938 | 0.433 | 2.0% |
| North Worcestershire | 21.974 | 23.379 | 1.405 | 6.4% |
| Herefordshire | 13.984 | 14.415 | 0.431 | 3.1% |
| Shropshire | 19.358 | 20.003 | 0.645 | 3.3% |
| Telford | 18.192 | 18.593 | 0.401 | 2.2% |
| Problem Solving | 4.631 | 5.335 | 0.704 | 15.2% |
| | 96.388 | 104.272 | 7.884 | 8.2% |
| Operations Support | | | | |
| Ops Support Directorate Level | 1.978 | 2.092 | 0.114 | 5.8% |
| Force Operations | 22.130 | 21.654 | -0.476 | -2.2% |
| Public Contact | 19.239 | 20.522 | 1.283 | 6.7% |
| | 43.347 | 44.268 | 0.921 | 2.1% |
| Crime & Vulnerability | | | | |

| | | | | |
|--------------------------------------|----------------|----------------|---------------|---------------|
| C&V Directorate Level | 0.602 | 2.222 | 1.620 | 269.1% |
| Criminal Justice | 3.908 | 4.246 | 0.338 | 8.6% |
| Custody | 7.234 | 8.064 | 0.830 | 11.5% |
| Forensics | 7.222 | 9.475 | 2.253 | 31.2% |
| Intelligence & Authorising Officer | 4.173 | 5.331 | 1.158 | 27.7% |
| Investigations | 8.515 | 9.574 | 1.059 | 12.4% |
| ROCU | 4.622 | 5.420 | 0.798 | 17.3% |
| Special Branch | 0.009 | -0.002 | -0.011 | -122.2% |
| Vulnerability & Safeguarding | 1.898 | 4.597 | 2.699 | 142.2% |
| | 38.183 | 48.927 | 10.744 | 28.1% |
| Corporate Budgets | 7.722 | 3.288 | -4.433 | -57.4% |
| Police and Crime Commissioner | | | | |
| Estates | 10.335 | 12.459 | 2.124 | 20.6% |
| Governance & Commissioning | 9.137 | 9.989 | 0.852 | 9.3% |
| Revenue Contribution to Capital | 1.000 | 1.500 | 0.500 | 50.0% |
| | 20.472 | 23.948 | 3.476 | 17.0% |
| Savings Identified to be approved | 0.000 | -1.724 | -1.724 | |
| Savings to be identified | 0.000 | -5.854 | -5.854 | |
| TOTAL | 260.485 | 274.768 | 14.284 | 5.5% |

Appendix C

Detailed Capital Programme 2023/24

| 2023/24 Capital Programme | | | |
|---------------------------------|---|-----------------------|---------------------|
| Area | Project | Chief Officer Sponsor | 23/24 Project Value |
| Digital Services Transformation | DST - Application Transformation | Richard Muirhead | £ 5,500,000 |
| | DST - End User Experience | Richard Muirhead | £ 2,850,000 |
| | DST - Data & Integration | Richard Muirhead | £ 1,815,000 |
| | DST - Tech Modernisation | Richard Muirhead | £ 950,000 |
| | DST - Future Operating Model | Richard Muirhead | £ 375,000 |
| | DST Total | | £11,490,000 |
| Other Change Programmes | Business Services Support System | Rachel Hartland Lane | £ 1,250,000 |
| | Digital Forensics Transformation | ACC Richard Cooper | £ 935,000 |
| | Custody CCTV & Infrastructure Replacement | ACC Richard Cooper | £ 400,000 |
| | Public Contact Changes | ACC Rachel Jones | £ 273,000 |
| | PSD Data Monitoring (ATA) | DCC Alex Murray | £ 85,000 |
| | ESN Programme | ACC Richard Cooper | £ 40,000 |
| | Learning Management System | Rachel Hartland Lane | £ 35,000 |
| | Occ. Health Case Management System | Rachel Hartland Lane | £ 32,700 |
| | Other Change Total | | £ 3,050,700 |
| Estates Programme | Redditch Police Station | ACC Rachel Jones | £ 6,000,000 |
| | Firearms Training School / Firearms Range | ACC Rachel Jones | £ 2,000,000 |
| | New SARC | ACC Richard Cooper | £ 500,000 |
| | HAU Relocation - Shropshire MASH | ACC Richard Cooper | £ 40,000 |
| | CSI Estate Transformation | ACC Richard Cooper | £ 27,000 |
| | Estates Total | | £ 8,567,000 |

| | | | |
|---------------------------------|---|----------------------|-------------|
| Fleet Replacement Programme | Vehicles - Fleet Replacement Programme | Rachel Hartland Lane | £ 2,500,000 |
| | FRP Total | | £ 2,500,000 |
| ICT Replacement Projects | Replacement Servers | Richard Muirhead | £ 460,000 |
| | Switches | Richard Muirhead | £ 400,000 |
| | Mobile Devices - Radios | Richard Muirhead | £ 310,000 |
| | Forcepoint Firewalls | Richard Muirhead | £ 250,000 |
| | Mobile Devices - Phones | Richard Muirhead | £ 225,000 |
| | Software Upgrade for Core IT Infrastructure | Richard Muirhead | £ 185,000 |
| | Mobile Devices - Laptops | Richard Muirhead | £ 150,000 |
| | Load Balancers | Richard Muirhead | £ 150,000 |
| | Remote Access Solution | Richard Muirhead | £ 100,000 |
| | ICT Replacement Total | | £ 2,230,000 |
| Other Capital Projects | Body Armour Replacement | ACC Rachel Jones | £ 600,000 |
| | CIU Accreditation Equipment | ACC Richard Cooper | £ 155,992 |
| | Road Safety - Av. Speed Cameras | ACC Rachel Jones | £ 30,000 |
| | Other Capital Total | | £ 785,992 |
| 2023/24 Capital Programme Total | | | £28,623,692 |