



WEST MERCIA DRAFT BUDGET 2024/25

MEDIUM TERM FINANCIAL STRATEGY  
2024/25 TO 2028/29



## **Foreword from the PCC:**

My mission for the communities of Herefordshire, Shropshire, Telford & Wrekin and Worcestershire remains unchanged. I am committed to ensuring that crime falls, offenders are brought swiftly to justice and victims get the support they need.

This year's budget, despite the financial challenges we continue to face as a nation, is focused on making good the investment I have made to date and making improvements in the areas that matter most to communities.

In addition to my ongoing work around the commissioning of victim services and preventative/diversionary activity, there are three key themes running through my budget for this year – each with the public at the heart.

- Improved visible and accessible policing.
- Better investigations and outcomes.
- Improved public contact.

From engaging with the communities of West Mercia, I know how important these particular areas are. I want the tax paying public to therefore feel an improvement, whether it's an additional 10 police officers, bringing the force's establishment figure to the highest on record; protecting Safer Neighbourhood Team numbers through fewer abstractions; improving the response times for 101 and 999; or making it easier for victims of crime to submit video footage.

Building on the investment from 2023/24, which saw the inception of Neighbourhood Crime Fighting Teams, Community Safety Engagement Officers, and 20 additional police officers, I will continue to support and challenge West Mercia Police to ensure my significant investment in frontline policing is being felt by communities, particularly around visibility and accessibility. However, this also includes the investment I have made in the last three years to recruit 177 additional police officers. Many of these will have either completed their training, or will be close to completion, and will be embarking on gaining the valuable, real-life experience they need in order to police our communities effectively.

My commitment to preventing crime and harm, through my commissioning activity, remains and is reflected in this year's budget. In the last year, I have been proud to have secured additional funding from the Government following successful bids to the Home Office. In 2024/25, that

funding will be realised as a perpetrator programme, focused on challenging behaviours, is rolled out across West Mercia. Safer Streets 5, which I match funded, will see fourteen initiatives focused on reducing violence against women and girls, neighbourhood crime and anti-social behaviour. Communities across West Mercia will also see work progressing on the Safer Communities projects, which I am delivering in partnership with local authorities.

Whilst I am proposing increasing the amount of council tax I am asking the public to pay, I want people to be reassured that I have provided rigorous challenge to West Mercia Police to ensure that the investment in the totality of policing enables the service to be efficient and effective, and deliver a level of service the public expects.

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

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

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

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## Executive Summary

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

The report sets out the:

- Net budget requirement for 2024/25
- Proposed precept for 2024/25
- The community priorities and service improvements that will be delivered for the public as a result of this budget
- Proposed medium term financial strategy 2024/25 to 2028/29
- Outline capital budget 2024/25
- 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 themes, considered when setting the spending plans, are the strategy and vision of the elected PCC and the need to continually improve the entirety of policing across West Mercia.

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 2024/25 and the medium-term financial strategy. In setting a balanced budget, the PCC recognises that it will build on the decisions made in previous years and is dependent on events which have occurred during the year and likely to continue into the new financial year.

This is the current draft position and is subject to change, as a result of the Home Office Funding settlement and public consultation. The PCC will make a recommendation to the Police and Crime Panel on the precept charge for 2024/25 and then make a decision on the total budget before the start of the financial year.

In determining his budget proposals, the PCC acknowledges and considers:

The priorities within the Safer West Mercia Plan	The outcome of public engagement & consultation	The impact of the global economic conditions
National policies and strategies – required to be delivered at a local level	Prudent use of, and contributions to, the financial reserves	Government policy on public spending
The operational advice and guidance provided by the Chief Constable	Medium term financial obligations and policing grant settlement	The Chancellor’s Autumn Spending Review 2024/25
Strategic Policing Requirement	The drive for continuous improvement and value for money	The development of future collaborative arrangements and the risks involved

## Precept Report 2024/25

### DRAFT Precept Recommendations

The PCC is recommended to approve:

- a) A net revenue budget after savings of £277.353m
- b) A contribution of £2.933m is made from reserves
- c) A net budget requirement of £274.420m
- d) A Council Tax for a Band D property at £269.76
- e) A Council Tax for a Band D property calculated as follows:

	£m
<b>Budget Requirement (Net Revenue Expenditure)</b>	<b>274.420</b>
<b>Less Funding</b>	
Police Grant	82.064
Police PUP Grant	
Revenue Support Grant	52.610
Council Tax Support Grant	
Council Tax Freeze Grant	9.200
2013/14	1.976
2011/12	0.800
<b>Sub Total</b>	<b>126.660</b>
Less: Collection Fund Surplus/(deficit)	1.110
<b>Amount required to be raised by Council Tax</b>	<b>126.660</b>
Divided by Aggregate Council Tax Base	469521.34
Basic Amount of Council Tax at Band D	<b>£269.76</b>

- f) *The consequential Council Tax for each property band will be as follows:*
- |                              |        |
|------------------------------|--------|
| Band A (6/9th)               | 179.84 |
| Band B (7/9th)               | 209.82 |
| Band C (8/9th)               | 239.79 |
| Band D                       | 269.76 |
| Band E (11/9th)              | 329.71 |
| Band F (13/9th)              | 389.66 |
| Band G (15/9th)              | 449.61 |
| Band H (18/9 <sup>th</sup> ) | 539.53 |

All Figures are rounded to 2 decimal places

1.

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	10,402,157.63
Herefordshire Council	19,496,957.06
Malvern Hills District Council	9,017,319.77
Redditch Borough Council	7,216,038.32
Shropshire Council	32,399,161.51
Telford and Wrekin Council	15,174,398.96
Worcester City Council	9,040,052.88
Wychavon District Council	14,384,240.28
Wyre Forest District Council	9,529,416.88
<b>TOTAL</b>	<b>126,659,743.28</b>

h) The reserve strategy set out in Part 4: section 4 of this report

i) The outline capital budget in Part 4: section 3 of this report

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 Part 4: section 5 of this report in respect of the robustness of the budget and the adequacy of reserves.

l) That the Medium-Term Financial Strategy (MTFS) be reviewed and revised by 30<sup>th</sup> September 2024. As part of this, the business planning and budget setting process will be reviewed and improved.

m) Prior to April 2024, 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.

## PART 1 - The PCC's budget investment proposals 2024/25

### **Local and national challenges**

As outlined in the foreword, the nation has once again faced a year of financial challenges as a result of rising inflation. This, in turn, has had an impact on the cost of energy and food which has led to rising costs for households.

This impact has been associated with the rise in reports of shoplifting, which has been felt across the country not just in West Mercia. Over the period April 2023 to the end of August 2023, there was a 48% spike in West Mercia. This is having a considerable impact on businesses and communities across the three counties.

This highlights that crime continues to be ever-changing, which presents a challenge to policing. Online crime, for example, is accounting for more than 50% of criminal activity within West Mercia. This raises significant challenges for the force, as these offences are often committed by people who live outside of the force area and potentially in other countries.

However, despite the challenges of these particular crime types, overall recorded crime has continued to fall. This is testament to the preventative work that is taking place across West Mercia, as well as the proactive work being done by the specialist teams within the force. It also highlights the importance of a police force being able to quickly adapt to the changing nature of crime to ensure communities are safe and feel safe.

Nationally, one of the biggest challenges continuing to face policing is a threat to the trust and confidence that the public have in the service they receive as well as in police officers. Media coverage continues to feature police forces rooting out officers that are unfit to serve. However, across West Mercia, the PCC's quarterly perceptions surveys indicate that confidence in the police has remained at 80% through 2023/24. While this is a strong foundation, it is important that West Mercia Police increases confidence further by ensuring corrupt police officers are rooted out, the public's priorities are met, and they are visible and accessible in communities.



## Delivery of key objectives & investments in 2023/24

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



In the last financial year, the following key objectives set out in the 2023/24 budget report have been delivered.

### Putting victims and survivors first

- The PCC secured a further £1.2m from the Home Office helping to fund DRIVE – a perpetrator programme, ran by Cranstoun, for all risk levels that is focused on challenging perpetrator behaviour across West Mercia.
- The award-winning knife crime prevention programme 'Steer Clear' was widened across all areas of West Mercia. The programme will provide a

1:1 service for children and young people involved in knife related crime.

- A comprehensive profile has been created around violence against women and girls (VAWG), which highlights victim perceptions as well as data on crime and incidents. These tools allowed the force to identify how re-victimisation can be prevented and harm is reduced.
- The PCC recommissioned the Independent Domestic Violence Adviser (IDVA) service with Worcestershire County Council. 453 users were engaged with in the early part of 2023/24.
- PCC investment went into expanding the Climb project, with the introduction of Early Intervention Practitioners to work with under-10s, who are risk of being exploited by crime, across West Mercia.

### **Build a more secure West Mercia**

- Police officer numbers increased by a further 40 to ensure resource was focused on frontline policing and tackling community concerns. These additional officers took the establishment figure to the highest on record in West Mercia – 2,496.
- Five new Neighbourhood Crime Fighting Teams were launched on time in each local policing area. These teams are focused on keeping persistent offenders off the streets and reducing levels of high impact crimes such as anti-social behaviour, drugs, major thefts, and criminal damage.
- Five new VAWG officers have been recruited to pursue offenders and bring them to justice, while ensuring victims receive caring and compassionate support.
- The number of Special Constables are predicted to increase to 120 by the end of the year.
- The Crime and Vulnerability department, funded to the tune of £48.1m, brought offenders to justice following some of the most impactful crimes such as domestic abuse, sexual offences, serious organised crime and online child abuse.
- Investment in technology to ensure that forensics are secured from the first contact and evidence is preserved.

### **Reform West Mercia**

- The PCC featured public contact, specifically the non-emergency (101) and emergency (999) lines, as part of his assurance and accountability agenda.
- The force reduced its reliance on contracted resources by investing in the development existing staff.
- West Mercia Police rolled out electronic monitoring systems in police vehicles to provide data on their maintenance and performance, as well as vital information regarding the vehicle replacement programme.
- The build of the new fit-for-purpose joint police and fire station in Redditch began.

- Progress has been made 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.
- £460k additional investment in the Firearms Licensing Unit with £200k towards recruiting additional firearms licensing officers and £260k for 10 vehicles to assist with visits.

### **Reassure West Mercia's communities**

- £400k has been committed for the delivery of average speed camera schemes.
- As part of the Government's 10-year 'From Harm to Hope' plan, £100k has been invested in West Mercia's Combatting Drugs Partnership working with West Mercia Police and local partners to tackle the harm drugs cause.
- Further investment has gone towards developing the Neighbourhood Matters 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 PCC funded 10 Community Safety Engagement Officers to work in the heart of communities and partners to address concerns.

## Current performance

The key performance indicators (KPIs) for the annual 2023/24 budget are set out in Appendix D. The PCC and Chief Constable have made a clear commitment to pursue continuous improvements against these KPIs. To ensure a sustained improvement, it has been agreed that the same set of metrics will be utilised in the 2024/25 budget.

The metrics focus on traditional police and crime measures and crimes that have the greatest impact on communities, such as neighbourhood crime, serious violence, domestic abuse, and criminal justice outcomes for victims. Metrics that enable robust financial management are also included. The metrics are also aligned to the PCC's Safer West Mercia Plan priorities and national Beating Crime Plan priorities, against which the force must deliver improvements. The PCC recognises that these measures are not the full picture but are important considerations.

Below is a summary of current performance against the metrics from April to October 2023 when compared to the same period in the previous year.



- 86% of residential burglary victims were satisfied.
- 75% of hate crime victims were satisfied.
- 78% of domestic abuse victims were satisfied.
- ↓ 72% of violent crime victims were satisfied.



The majority of key crime types saw a reduction:

- ↓ Total recorded crime
- ↓ Violent crime
- ↓ Rape
- ↓ Robbery
- ↓ Domestic abuse
- ↓ Business and Community burglary
- Vehicle crime
- ↑ Residential burglary
- ↑ Increase in charge/summons (OC1/1A) issued for key crime types.



- ↓ 83% of 999 calls were answered within 10 seconds.



- 73% of Grade 1 incidents were attended within 20 minutes.

- ↓ 45% of 101 calls were answered within 30 seconds.
- 82% of residents have confidence in West Mercia Police.
- 19% of residents report seeing a police officer or PCSO at least once a week.
- 75% of Grade 2 incidents were attended within 2 hours.
- ✓ Delivery of financial outturn within budget.
- ✓ Delivery of savings plan for the current financial year.

There has been a long-term downward trend in total recorded crime estimates, nationwide, since the beginning of Covid-19 as measured by the Crime Survey England and Wales (CSEW). However, improvements to recording processes by the police, expansions of offences recorded, more victims reporting crime and genuine increases in some types of crime have made substantial contributions to rises in recorded crime over recent years.

Locally, in West Mercia, when looking at the breakdown of crime year-to-month (April to October) reductions have been seen for most crime types when compared to the same period last year. However, increases have been seen for recorded acquisitive crime, specifically residential burglary and shoplifting, when compared to the same period in the previous year. Similar trends in increasing volumes were also seen in Most Similar Group (MSG)<sup>1</sup> forces.

Continued scrutiny in outcomes achieved for victims of crime has seen improved levels of action taken including charge/summons by the force across all key crime types. Violence against women and girls (VAWG) is a priority for both the PCC and the Government. Positively, the number of recorded rape offences have seen a reduction whilst action taken by the police has increased, above the MSG average. 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.

The majority of people remain confident that they can contact the police in both an emergency and non-emergency despite a decline in call handling performance. The decline in performance is predominantly impacted by a significant increase in demand into the contact centre. Recognising this, the PCC has invested in additional call handling capacity and processes to improve the service the public receives.

The PCC is committed to reviewing performance against the budget KPIs as part of his Assurance and Accountability (A&A) programme. In January 2023, the PCC commissioned a wholesale review of his holding to account function. A number of recommendations were identified to improve the effectiveness and efficiency of the holding to account process with a focus on more robust performance management and delivering tangible outcomes and service improvement for communities.

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<sup>1</sup> MSGs are groups of police force areas that have been found to be the most similar to each other. For West Mercia these are North Yorkshire, Warwickshire, Gloucestershire, Suffolk, Devon and Cornwall, Wiltshire and Norfolk

A key recommendation from the review was to reinstate formal quarterly meetings with the Chief Constable with a focus on performance in relation to:

- Local performance priorities (Safer West Mercia Plan and Budget KPIs),
- National policing priorities (Beating Crime Plan metrics), and
- Local and national HMICFRS inspections.

This was implemented in April 2023 and has ensured greater oversight and scrutiny of performance against key metrics on a regular basis.

The budget metrics are considered as part of a wider suite of performance information including HMICFRS. The last police efficiency, effectiveness and legitimacy (PEEL) inspection for 2021/22 was published in April 2022. During this inspection, HMICFRS identified a cause of concern relating to how West Mercia Police investigates crime, supervises investigations, and updates victims. In July 2023, HMICFRS revisited the force to review progress against this cause of concern. They found that whilst progress had been made, more needs to be done into supervision of investigations.

### **Community engagement and public consultation**

Putting the public's voice at the heart of policing is a key priority for the PCC, as set out in his Safer West Mercia Plan.

To understand the priorities of residents to help inform the 2024/25 budget, the PCC decided to carry out his public consultation through community engagement events, specifically six over the summer months.

At each event, attendees were able to identify their top three policing priorities. The priorities chosen were based on the concerns that are raised most often by the public. The options included burglary, VAWG, road safety, rural crime, reducing offending, anti-social behaviour, crime prevention, drugs, supporting victims, and accessibility and visibility.

With more than 700 people taking part, the top three priorities highlighted were VAWG (18%), road safety (15%) and visibility and accessibility of police officers (13%).

The PCC and his team also attended freshers' fairs at Redditch, Worcester, and Bromsgrove. More than 300 students raised their priorities as; VAWG (22%), road safety (13.4%) and supporting victims (12.8%).

The PCC has worked hard to engage across all communities, specifically through holding his 'Community Conversation' events. These engagements allow people to have a voice and raise concerns that are affecting how safe they feel where they live. Meetings, such as one that took place in Pershore, enable the PCC to make positive changes and ensure the force are efficiently and effectively tackling the issues that are being raised.

## Budget consultation

The budget consultation is due to run from the 7<sup>th</sup> December to the 6<sup>th</sup> January. The PCC will take account of the responses from the public in determining the final precept proposal and budget for 2024/25.

### Delivery of the Safer West Mercia Plan in 2024/25

Outlined within this section is a snapshot of what will be funded as part of the 2024/25 budget, and the ways in which the budget will support the delivery of the PCC's Safer West Mercia Plan and key concerns of communities.

Building on a successful track record and considerable investment into West Mercia Police, the PCC's £282m policing budget for 2024/25 has a focus on protecting frontline police officer numbers, boosting the accessibility and visibility of police officers, improving public contact and ensuring investigations are improved with better outcomes for victims.

Highest establishment of police officers on record in West Mercia, with 10 additional officers to be based in frontline policing	Increased numbers of Special Constables to support visible policing in the heart of communities	More offenders brought to justice through better quality of investigations	Improved response times for 101 and 999
Protected SNT numbers and fewer abstractions	Reduced domestic abuse and all violence against women and girls	Improved confidence and satisfaction from victims and survivors	Software to support digital/CCTV sharing
Fit-for-purpose policing estates – maintaining presence in local communities	Better use of technology to deliver effective community policing	Further development of partnership projects focused on delivering effective prevention and tackling community concerns	Initiatives to prevent child criminal exploitation

### The PCC's commitment to improved visible and accessible policing

- **Record number of police officers**
- **Protected SNT numbers & fewer abstractions**
- **Full recruitment into protected PCSO numbers**
- **Increased numbers of specials**
- **Town centre policing teams**
- **'All-out' visible policing patrols**
- **Additional resources into vetting new and current police officers and staff**

Data, from the PCC's quarterly confidence survey, continues to highlight that some communities feel they are not getting the service they expect and deserve, with a focus on the need for officers to be ever-more visible and accessible. In the latest data (Quarter 2), 19% reported that they see a police officer or PCSO at least once a week.

Acknowledging this, the PCC has ensured that investment and resources continue to be directed towards frontline policing. On top of the 566 additional police officers the PCC has funded since 2016, a further ten will be funded as part of the 2024/25 budget. This will bring West Mercia Police's establishment figure to the highest on record – 2,506. The number of PCSOs and Special Constables will also increase, further bolstering community policing. This investment will be protected in 2024/25, following the Home Office's latest draft funding settlement.

There is a commitment that Safer Neighbourhood Team (SNT) numbers will be protected, and communities will see fewer police officers being abstracted from their local teams. The Chief Constable has committed to using all the available resources to deliver policing at the heart of communities. He has tasked his senior teams to look at how SNTs, PCSOs, Neighbourhood Crime Fighting Teams (NCFTs) and Special Constables can all come together to deliver town centre policing teams. There is a vision that placing officers in the heart of the town can have wide variety of positive impacts, ranging from dealing with shoplifting, anti-social behaviour, and local thefts, to supporting the nighttime economy to be a safe environment. It also allows these teams to work with local businesses and other partners to tackle the areas of concern.

With the introduction of five NCFTs in 2023, further investment will see a final eight officers recruited to bring the teams to full strength by the start of 2024/25. There will also be the recruitment of one more Community Safety Engagement Officer, allowing for two to be based in each of West Mercia's local policing areas.

With 177 additional police officers recruited in the last three years, many are still going through the training process before being posted to their new role in a local policing team. Investment will therefore continue to ensure each recruit is equipped with the skills they need in order to become effective and professional police officers.

This is further supported by the investment in the Professional Standards Department to ensure that applicants, both police officers and staff, looking to join West Mercia Police are properly vetted before they are recruited. This also ensures vetting renewals, and reports of concerning behaviour, can be dealt with efficiently and appropriately. This supports the wider work around rooting out those who are unfit to serve within the force – ultimately improving the levels of confidence the public can have in those who are there to protect them.

### **The PCC's commitment to improving public contact**

- **Commitment to funding staff in the OCC**
- **Restructure of OCC to improve efficiency and performance**
- **Public receive improved and direct access to police via OCC & CRC**
- **Continual improvement in the 101/999 response times**
- **Software to enable the public to share digital/CCTV files**
- **Improvements to enable the public to report crime online**
- **Crime recording at the scene**

While it is vital that police officers embed themselves in the communities they serve, the service communities receive when they contact West Mercia Police is equally important.



The PCC has therefore targeted investment into improving the accessibility of the police, ensuring the public can access services they need in a timely manner and in a way that is convenient to them. Recognising the importance of the public being able to contact the police, the PCC has committed to ensure that the Operational Control Centre (OCC) will be protected. Greater investment will therefore be made into the department in order to see the service improve for the public. This will ensure that there is no reduction in the levels of staffing and that there is investment in the systems and processes to ensure phone calls to both the 999 (emergency) and 101 (non-emergency) lines are answered more quickly. There will also be an increase in the number of call-handlers that have served in the police to offer their expertise to those who call.

Whilst there is still progress to be made, call answering times has seen some improvement, which is why the PCC is committing to continuing supporting the force in the form of resources within the budget.

Funding will continue to be directed into the enhanced Contact Resolution Centre (CRC) which launched in April 2023. This has placed police officers in public contact roles, with them being able to provide their knowledge and expertise at the first point of contact to provide the most appropriate response to the situation. Already producing positive results with a 5.2% rise in crime detection rates, the CRC is helping to bring more offenders to justice and reduce the number of investigations allocated to frontline police officers.

Technology will continue to play an important part in the future of how the public and victims of crime interact with the police. This is why, as part of the 2024/25 budget, the PCC has supported the force with bringing in apps and platforms that allow the following:

- Digital media, such as CCTV, doorbell cameras and dash cams, can be uploaded directly by the public. This will save travel time for police officers who need to collect the evidence, and would also allow this kind of media to be used as part of an investigation.
- Apps on police-issued phones and laptops will enable police officers to record details and evidence at the scene and confirm statements with victims and public immediately. This will speed up investigations, reduce administration and benefit the public through the information being collated straight away, removing the need to sign witness statements at a later date.
- There will also be enhancement to the front counter service, through the introduction of digital kiosks to supplement face-to-face contact and provide 24/7 access to police services.

### **The PCC's commitment to more effective investigations and better outcomes**

- **Ensuring victims of serious sexual offences get a more consistent high standard of service**
- **Additional officers focused on tackling child abuse**
- **Improvements to files that are submitted to the courts leading to better and faster access to justice**
- **Increased focus and resource on homicide prevention**

- **Reform of digital forensics**
- **Use of publicly available platforms, such as social media, in investigations**
- **Improved outcomes via performance framework**

Supporting the PCC's 'Putting Victims First' commitment within his Safer West Mercia Plan, there is an increased focus on investigations and outcomes for victims within the 2024/25 budget.

Continuing the journey and investment in improving technology, West Mercia Police needs to be able to catch up and keep up with the advanced technology being used by criminals. However, with an ever-increasing proportion of criminal activity taking place online, the force needs to be able to respond to this and make the best use of technology to support investigations. The investment for 2024/25 will see improvements in the force's ability to interrogate electronic devices to identify criminal activity.

It is just as important that technology, that is openly available, is being used to keep the public safe. Utilising Open-Source Intelligence technology has the potential to identify, locate, track, and ultimately lead to arresting criminals that are committing high-harm crimes like serious sexual offences and human-trafficking. This is essentially using technology such as social media platforms and reverse image searches, that are both publicly available and actively used by millions of people.

The investment will also free up time for police officers, removing the need for them to manually input digital forensic data and wait for results – instead freeing them up to return to frontline policing quicker.

Last year, as part of the PCC's Assurance and Accountability process, the PCC held the Chief Constable to account following an increase in the number of homicides within West Mercia. Building on the investment the PCC previously made into investigations, he is supporting the force by ensuring resources are further protected and technology and prevention services are also being used to prevent harm.

This budget also provides a commitment to support investigations into serious sexual offences and includes an uplift of police officers in key areas, such as investigations into tackling both sexual and criminal exploitation of children.

Understanding the harm caused to victims of serious sexual offences, West Mercia Police will lay out a clear commitment to victims to ensure they receive the service they expect and deserve. The PCC is clear that this includes providing victims with regular updates and referrals to appropriate support when needed.

The PCC recognises that victims want to see offenders face the full extent of the law for their crimes. This budget will therefore support the continued efforts to improve the quality of files sent to the Crown Prosecution Service to begin legal proceedings.

### **The PCC's commitment to support making a police force that is fit for purpose**

The PCC, as custodian of the police estate, is ramping up his focus on exploring opportunities to deliver further efficiencies. This does not mean service will be compromised, nor will communities be negatively impacted, instead it is about thinking

smarter to ensure that public money is being used to improve the service communities receive from West Mercia Police.

Most recently, an example of this kind of efficiency, is the joint station currently being built in Redditch in partnership with Herefordshire and Worcestershire Fire and Rescue Service. Progress will continue on the construction of the new joint police and fire station and is set to be completed in 2025. The station is being built to better support local residents by placing emergency services in the heart of Redditch, ensuring better value for taxpayers' money, and enabling emergency services to work more closely together.

The sharing of buildings and facilities will continue to be explored in other parts of West Mercia, with co-locations being identified with local authorities, libraries and other community partners.

To deliver greater efficiencies and support the PCC's commitment to reducing the carbon footprint, there will be changes to how offices use electricity. Less expensive LED lighting will be installed across many buildings across force area. There will also continue to be the rollout of electric charging points across the police estate as the fleet increases its use of environmentally friendly vehicles, whilst also reducing running costs.

### **The PCC's commitment to victims of crime**

The PCC currently holds a £7.5m budget for the commissioning of specialist support services to ensure victims of crime get the help they need, and crime and reoffending can be prevented.

### **Safer Communities**

Last year, the PCC committed to build on the Safer & Stronger Communities project in Telford & Wrekin by working with other local authorities across West Mercia to roll out similar community projects.

The objectives for each project are tailored to the individual county with £2million being split between councils in Worcestershire, Herefordshire, and Shropshire, with match-funding until 2025.

Areas will focus on projects that are of particular concern to their communities, such as:

- Tackling substance misuse
- Tackling anti-social behaviour
- Prevention of child criminal exploitation
- Prevention of child sexual exploitation
- Early intervention and prevention initiatives

### **Domestic abuse**

The harm caused from domestic abuse can be devastating, not just for the victim but also for other family members – including children. This harm can have a lasting impact

on all those affected, which is the drive for the PCC to want to make a change by tackling the issue at the root cause.

The PCC will therefore continue to fund DRIVE, the high-risk perpetrator behavioural change programme. After jointly recommissioning the service in 2022 with Herefordshire and Worcestershire County Councils, a three-year contract was awarded to service provider Cranstoun, with an annual investment of £579,384. A further £1m has been committed over the next two years to expand the DRIVE service into Telford & Wrekin and Shropshire.

This year, the PCC, with support from Herefordshire and Worcestershire County Councils, secured £1.2million of Home Office funding to support the rollout of an early intervention domestic abuse behavioural change programme called Men and Masculinities. Awarded to Cranstoun after a successful pilot, the programme offers holistic wrap around support provision for victims and their families, with outcomes measured from a victim's perspective. This programme will continue into 2024/25.

Expanding in 2023/24, the Independent Domestic Violence Advisor (IDVA) service has seen the creation of specialist inclusive roles to encourage domestic abuse awareness and reporting amongst underrepresented groups and to provide specialist support to those with protected characteristics. The PCC has committed to continuing funding the service in 2024/25 with a further £1.1m to ensure support for high-risk victims and survivors of domestic abuse.

### **Knife crime**

To help combat knife related crime across West Mercia, the PCC committed £0.5m in 2023 to deliver the Steer Clear programme until March 2025. The Knife Education and Diversion programme, that has a whole family approach, created six new roles across West Mercia and follows a trusted adult approach with 1:1 support and a group workshop element.

The sessions give young people, between the ages of 10 and 17, a safe space to talk about their involvement in knife crime and make supported steps to change.

### **Road safety**

At the heart of the PCC's Safer West Mercia Plan is a focus on reducing the number of people killed or seriously injured on West Mercia's roads.

Projects that the PCC has already committed funding to, and have had proven successes, will continue in 2024/25. Such as MORSE, RoadPeace and Pathfinder.

Following the completion of a Roads Safety Needs Assessment, £250,000 has been ringfenced for an open grant round for communities to apply to implement safer roads initiatives in their area. The PCC will also support the introduction of average speed camera schemes in a number of areas across West Mercia.

More than a half a million (£636,541) will be made available to Community Safety Partnerships, which will help to fund community initiatives in all local policing areas.

The Commissioner's Community Fund will also reopen with £150,000 available to Superintendents across West Mercia Police to fund projects to tackle localised problems aligning to the Safer West Mercia Plan objectives.

## PART 2 - Report of the Treasurer on the 2024/25 Budget & Medium-Term Financial Strategy

### The Revenue Budget

#### The economic context

On 22 November, Chancellor of the Exchequer, Jeremy Hunt, announced the Autumn Statement 2023 in a speech in the House of Commons. The Statement was accompanied by the Office of Budget Responsibility's Economic and Fiscal Outlook.

In October, inflation was 4.7% (CPI) falling from 6.7% in August. This means that the Prime Minister has officially met his target to halve inflation (from 10.1%) by the end of the year. The Bank of England state that they expect inflation to be back to around 2% by the end of 2025. In November, the Bank of England Monetary Policy Committee (MPC) met and voted to leave interest rates at 5.25%. This is the second time in a row that rates have remained unchanged after 14 consecutive rises. The Governor of the Bank said that they forecast interest rates to stay at 5.25% until Autumn 2024 before gradually falling to 4.25% by the end of 2026.

Wages and salaries showed growth of 7.2% in 2022 and in 2023. Future wage growth has been revised back down reflecting the expected fall in inflation to 3.8% in 2024. Despite the factors above, there is still a prediction that unemployment will increase slightly to just over 4.5% in 2024 staying at that rate until it begins to fall in 2026. The Chancellor announced that from April 2024 the Government's National Living Wage will rise to £11.44, a 9.8% increase. The Chancellor has also extended this rate to include all those aged over 21 for the first time.

GDP figures show that the UK avoided recession in 2023 with growth of 0.6%. The forecast is that growth will remain low through 2024 and 2025 when it is predicted to return to pre-pandemic levels of GDP growth at a rate of 2%.

During the Covid-19 pandemic, forecasts for public sector net debt (PSND) peaked at 109.7% of GDP in 2023-24. These figures had since been revised numerous times and now show a peak of 98.6% in 2024-25. This in part reflects the improved GDP figures set out above.

Within the Autumn Statement there was limited reference to policing, crime, or justice. The statement did refer to the publication by the Home Office of the 'Policing Productivity Review'. The review states that there are a range of proposals, from building on recently introduced measures that cut unnecessary bureaucracy, to driving greater productivity through the adoption of new and improved technology. According to the Government, if all these suggestions were implemented, they could save up to 38m hours of police officer time per year.

#### The economic context in relation to West Mercia

The Autumn Statement did not indicate that any additional resourcing being made available for policing above what was already included in the three-year spending review published in October 2021. Until the draft financial settlement is published by the

Home Office, we continue to assume an increase in Police Grant of 0.6%, worth an additional £0.8m.

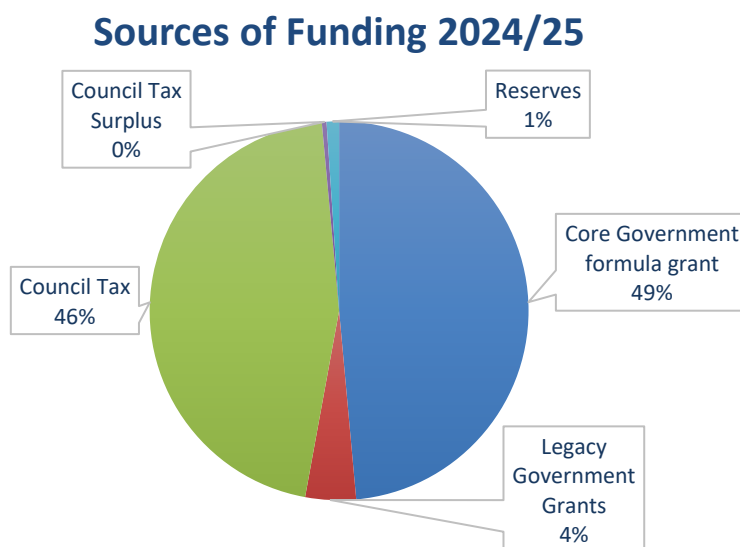
The predictions for inflation/interest rates and pay awards are consistent with the assumptions that have been made in the budget. The 7% pay award agreed for September 2023 for policing reflects the wage growth figures identified in the OBR report. The future pay growth of 3.8% is higher than used in planning the budget. Pay inflation is included at 2.5% which closely reflects general inflation in the economy and reflects what is considered affordable, given the additional grant amount provided from the Home Office. The budget has been updated to reflect the increase in National Living Wage. This impacts on contractors used by West Mercia, rather than on any salary scales for our employees. The main announcement in the Autumn Statement, relating to the reduction in National Insurance, is positive for the employees of West Mercia. However, employer contribution levels remain unchanged and therefore does not reduce the wage increase assumptions identified in the budget.

Given that growth in funding available is expected to be minimal, the force has continued its focus on delivering efficiencies. As described through this paper the investment in technology is important. It supports the new ways in which we work to realise improvements in efficiency and productivity in how policing is delivered to the public. West Mercia is still on that journey, and 2024/25 is expected to see many of the benefits realised. However, by implication there is further investment required.

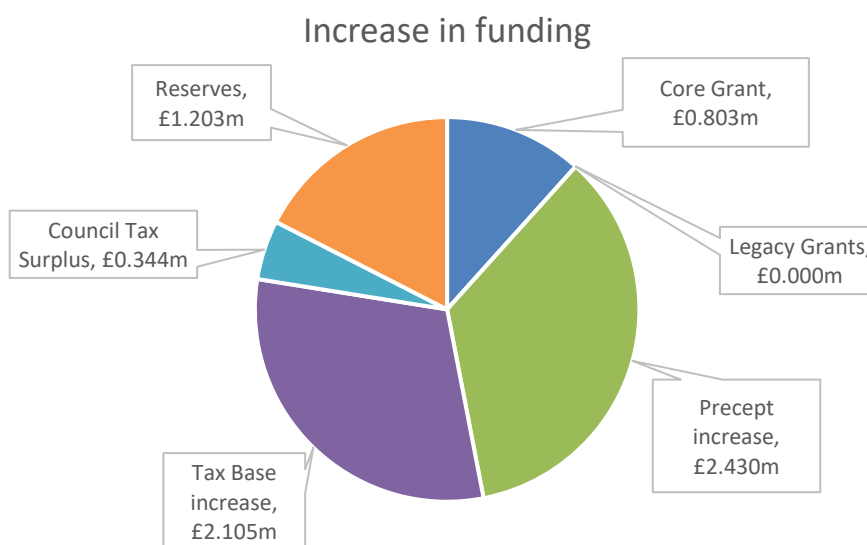
Whilst the Autumn Statement did not provide confirmation of the funding to support policing in 2024/25, it has provided reassurance that the assumptions, set out in the rest of the report, are reasonable. Further clarity will be provided in the draft settlement figures to be provided by the Home Office, expected in early December 2023.

### Sources of funding

Funding of £277.4m has been identified to support the net revenue expenditure of West Mercia in 2024/25. 53% of the total funding comes from central government, principally the Home Office formula grant. The remaining 47% is derived from local taxpayers and reserves. The sources of this funding are shown in the chart below:



The proposed funding has increased by £6.7m or 2.6% from the previous financial year. This is well below the current inflation rate, and the assumed rate for March 2024. The chart below shows where the increase in funding is expected to come from. As can be seen below, whilst the Government grant makes up the majority of the total funding, it equates to 12% of the increase for 2024/25. The largest proportion of the identified increase is reliant on an increase in council tax, from both the tax base and the precept charge.



## Government grants

The PCC receives over half of the funding to support policing in West Mercia from central Government, specifically the Home Office. The Home Office annual revenue settlement has previously followed the increases set out in the three-year Spending Revenue 2021 (SR21). This is the third year of that settlement which sets the Home Office department revenue spending limit increase at 0.6%. As the Autumn Statement did not indicate that there is additional funding available for policing, the decision is that the budget will be predicated on the above assumption – which is worth an additional £0.8m to West Mercia. The Provisional Funding Settlement from the Home Office, which will confirm the detail of the annual funding for 2024/25, is expected to be announced in December 2023.

There is an expectation that the Home Office will separately provide funding for the 2024/25 impact of the 7% pay award agreed for implementation in September 23. The Home Office announced that they would fund the financial impact, above 2.5% through additional grant, through to end of March 25. There is also an expectation that the Home Office will provide annual funding to maintain police officer's numbers at agreed levels. The combined impact of this is a grant expectation of £14.4m for 2024/25. As these grants are specifically for police officer / staff pay awards and to maintain police officer numbers then it is has been included as income in the net revenue budget.

## Income received from Council Tax



In 2023-24 PCCs were permitted to increase the precept charge to the public by a maximum of £15, up from the original £10 limit set out in the SR21. It was announced on the 5<sup>th</sup> December 23, in the local government finance policy statement 2024/25 that PCCs will have a flexibility to increase Council Tax precept by £13.00 for a Band D equivalent property for 2024/25, without the requirement to hold a referendum. For West Mercia that would provide a projected £6.0m of additional funding. The projection by the OBR is that between 2022/23 and 2028/29 receipts are expected to increase by a total of 38.7%, equivalent to a yearly average increase of 5.6%. Of which 4.6% is related to increased precept level and 1.0% due to an increased taxbase

### *The Tax Base*

The tax base is the number of properties that have a council tax charge placed on them. The base increases with additional houses being built and is reduced by factors such as claimants of Local Council Tax Reduction Scheme (LCTS) and through the award of single person discounts or empty property relief.

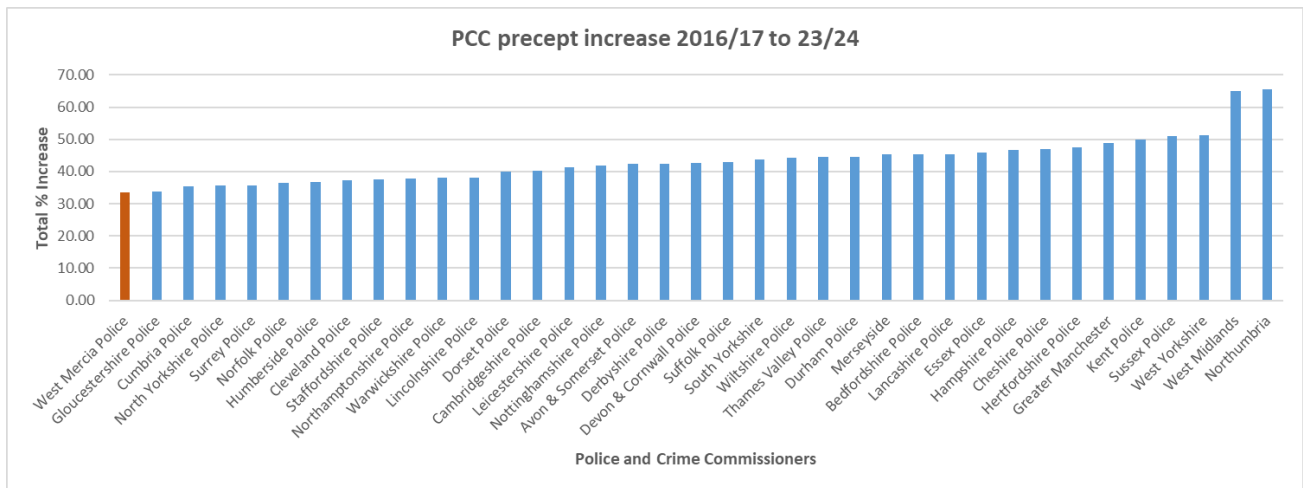
The economic forecast is for minimal growth over the medium term. There is therefore a low expectation that there will be significant increase in housebuilding and that other factors, such as unemployment, will also remain static. These factors are likely to restrict the level of growth in the tax base. The assumption is that the tax base will increase by 1.7%, which is slightly below the West Mercia average since 2016. It is recognised that this is above the growth rate nationally recorded by the OBR but is considered to be achievable. This rate of growth in the tax base is worth an additional £2.1m to the revenue budget.

### *The Precept*

The PCC has recognised that there will need to be an increase in Council Tax to support the Police Force meet its obligations to fund pay awards and increase in prices for goods and services. The PCC is also clear in his continued support for the investment in making West Mercia fit for purpose and to improve services. The PCC had committed in the medium-term financial strategy to raise the precept by 1.99% in 2024/25, which is worth an additional £2.4m of resources to fund services in 2024.25.

It was announced on the 5th December 23, that PCCs can increase Council Tax precept by £13.00 for a Band D equivalent property for 2024/25. Therefore, the PCC could make the choice to further increase the Council Tax precept, which would raise an additional £3.6m in funding to support provision of services to the public in delivering the Safer West Mercia plan.

The PCC is conscious of the pressure that council tax places on households. The PCC has the lowest percentage increase in council tax of all forces in England and Wales 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. Each year there is a calculation of whether this account is in surplus or deficit. It is usual that there is a surplus, which is then shared back proportionally to each precepting body. The assumption is that the PCCs proportion of the surplus relating to 2023/24 will be circa £1.0m, which increases the total available to fund services.

### Proposed Revenue Expenditure

The proposed revenue expenditure budget for 2024/25 financial year is £285.7m which would be an increase in expenditure of £13.0m from the previous year.

<b>2022/23 net revenue budget</b>	<b>£272.768m</b>
Price and pay inflation	£12.729m
Service level demand	£3.972m
Identified efficiencies	(£3.746m)
<b>2023/24 net revenue budget requirement</b>	<b>£285.723m</b>

The force has used a process of Priority Based Planning (PBP) to review all of their budgets, and which provides a framework to identify changes to costs taking. The principal factors which drive changes in the budget requirement is are:

#### The impact of inflation

- A total of £12.7m has been identified as the additional cost of inflation (4.7%) which is a reduction of £4.7m on the previous year, recognising that rate of price increase is reducing.
- The increase includes an assumption of a 2.5% for a pay award in September 2024,
- It also reflects the higher-than-expected pay award of 7% agreed in September 23, which had not been included in the 2023/24 budget. A grant from the Home Office has been provided to offset some of the impact.
- The budget recognises a £12.1m increase in cost solely as a result of maintaining the establishment, compared to their budgeted cost in 2023/24

- Non pay inflation relating to the purchase of individual goods and services from suppliers is expected to add an additional £0.6m to the budget requirement.

Demand lead pressures on services that result in increased annual costs

- There is a projected £2.6m increase in the revenue cost to finance the repayment of principal and to service interest payments. This is due to the high level of capital spend in 2023/24 on projects such as the Digital Services Transformation (DST) programme and the commencement of the building of a new police station. With limited capital receipts that can be generated and restricted capital support from the Home Office there are limited options as to how this vital investment is funded other than from borrowing. The cost of which is further compounded by increasing interest rates.
- There was an announcement from HM Prisons in October 23 that they will be ending their arrangement with Police Forces to manage demand pressure on prisons. Therefore, the planning assumption is that there will be a loss of a £1.1m revenue stream that was available to support the general revenue.
- Suppliers have indicated that they will be £1.5m increase in the annual costs of procuring software and system licences related to our vital digital services. This is being challenged by the Digital Services and Contracts & Procurement team to ensure that the Force is achieving best value from contracts.
- There is an additional £0.8m of notified cost relating to pension payment obligations, which the Police are responsible for paying.

Efficiencies that can be made whilst maintain the level of service that the force currently provides.

- This includes £0.5m from reduction in the cost of fuel required to operate the fleet as prices reduce and the requirement to travel decreases as more use of technology is made to attend virtual meetings.
- £0.4m from efficiencies delivered through the effective procurement of services
- £0.3m of further reductions in costs achieved from bringing the management of equipment and uniform in house, cancelling the contract with the external provider in addition to the £0.2m delivered in 2023/24.
- Release of £0.1m of costs by decommissioning ICT equipment, as a result of the Digital Service transformation programme.

### **Delivering a Balanced Revenue Budget**

Based on the proposed level of service expenditure of £285.7m and the funding estimate of £277.3m there is currently a budget gap of £8.4m.

The 0.6% increase in funding from central government, worth an additional £0.8m, is not sufficient to meet inflation, let alone the increasing demand for services. There is also the consideration required of continuing the important investment programme West Mercia has in its infrastructure to ensure it is fit for the future. With the addition of a proposed Council Tax precept rise and other assumed increase in funding, there is still a short fall to meet the proposed expenditure.

The PCC has set the priorities for policing in West Mercia as part of the Safer West Mercia Plan, particularly visible front-line policing, improving public contact and better investigations. The PCC has requested that the Chief Constable ensures resources are utilised effectively and to provide the operational advice as to how performance and outcomes in these key areas are delivered for the public. However as there is a budget gap, there is a recognition that a review is required to ensure that the totality of expenditure is managed to deliver within the funding limits available. The force has therefore undertaken an evaluation of all its budgets to ensure that they focus on delivery of the core objectives, that demand pressures are challenged to ensure that they are realistic and that all efficiencies have been identified. The Chief Constable tasked the Deputy Chief Constable to lead panel working groups to review all aspects of the budget and to scrutinise in detail and to challenge budget holders to confirm that each budget line proposal is accurate and reasonable.

The Chief Constable has provided reassurance to the PCC that the proposed level of expenditure of £285.7m is that required to deliver the PCCs priorities and effective policing across the whole of West Mercia to deliver improvements in performance. The PCC therefore needs to consider the options available to set a balanced budget. The include:

- Delivery of reductions in the level of expenditure,
  - These could potentially impact on how services are delivered and performance.
- Additional resources made available from government funding.
- Use of reserves or underspends
- Increasing in the council tax precept.

In preparing the budget it has been recognised at an early stage that there was likely to be a budget gap. The Force have taken action to consider options on how to resolve this deficit. As the force have already proposed efficiencies in the service provision for 2024/25, whilst also achieved a savings plan target of £13.5m in 2023/24, the options available for delivering further efficiencies are reducing.

The Force have reviewed how reductions in planned expenditure can be delivered whilst minimising the impact on service and performance. Plans have been prioritised to be presented as options to the PCC to consider in order to balance the budget. The PCC has in turn scrutinised these options, seeking further information and reassurance around their potential impact to the public is minimised.

In total potential reductions in planned expenditure of £11.2m have been identified and a risk assessment made of the possible impact on performance and service delivery.

Potential options for reducing service level expenditure to ensure a balanced budget	Potential reduction in expenditure £m	Cumulative reduction in expenditure £m
Proposals which are considered to have a limited impact on front line policing and services to the public.	3.112	3.112

Proposals which may require consideration of wider redeployment of Police Officer and may hinder the force's ability to deliver performance improvements	2.075	5.187
Proposals with the potential to impact on front line visible policing and which are a risk to delivery of services and performance	5.483	10.670
Proposals that require further assessment as to impact and whether they are deliverable	0.617	11.287
<b>Total</b>	<b>11.287</b>	

Whilst the proposals above are sufficient to bridge the gap the PCC has not made any decisions whilst there remains uncertainty around the assumptions used. Principally in relation to the provisional grant settlement from the Home Office which is due in mid-December. This notification may increase government funding, which would then reduce the budget deficit.

Another potential option to the PCC is to utilise underspends which may occur in the current financial or to draw down funds from reserves to support the delivery of a balanced budget. Ideally these would be used to support initiatives to further transform the organisation, which would result in a future reduction in the budget requirement. This is because these sources of revenue funding are not likely to be sustainable on a recurring basis. It is still uncertain what, if any, underspends will occur. The detailed budget monitoring due at the end of December 2023, to be reported in January 24 will help in form this.

With further clarity of whether assumptions are correct, the PCC can then make more informed choices to propose a balanced budget.

In addition to the above, there is also the option to use the additional flexibility the PCC is afforded on increasing the Council Tax precept. The maximum flexibility has been set by central government at a £13.00 increase in 2024/25. This would represent an increase of 4.9% above the current charge. In building the budget the PCC has proposed a 1.99% increase in the precept worth £2.4m of additional funding.

*Every additional 1% increase in the Council Tax precept would increase resources for funding services by an additional £1.3m.*

If the PCC were to increase the Council Tax precept by the maximum flexibility of £13.00 it would raise an additional £3.6m. This could be used to reduce the budget gap and secure the ongoing provision of services to the public. However, using the full Council Tax precept flexibility is not sufficient to meet the current budget deficit.

The PCC is focused on delivering his Safer West Mercia Plan and directing resources into the core elements of his priorities for the 2024/25 budget, namely.

- Improved visible, accessible policing.

- Better investigations with better outcomes
- Improved Public Contact

Through December the PCC will be consulting with the public and partners, and will liaise with the Chief Constable to review all of the available choices and to present his proposals for a balanced budget to the Police and Crime Panel on the 7<sup>th</sup> of February 2024.

Below is how the budget has been built for 2023/24 showing the principal movements in expenditure and income between the two years which has resulted in the identified budget gap of £8.4m

	2023/24 Budget	Inflation	Demand & Efficiency	2024/25 Budget	Variance
	£m	£m	£m	£m	£m
Government Grant (Core Funding)	150.147	0.803	*-4.300	146.650	-3.497
Council Tax Precept	122.891	2.430	2.449	127.770	4.879
<b>Total Funding</b>	<b>273.038</b>	<b>3.233</b>	<b>-1.851</b>	<b>274.420</b>	<b>1.382</b>
Police Officer Pay	138.623	4.977	4.431	148.031	9.408
Police Officer overtime	2.773	0.114	-0.168	2.719	-0.054
Police Staff Pay	71.605	5.372	2.815	79.792	8.187
PCSO Pay	7.617	0.915	0.264	8.796	1.179
Police Staff overtime	0.531	0.021	-0.037	0.515	-0.016
Temporary and Agency Staff	0.113	0.000	-0.029	0.084	-0.029
Injury & Ill Health Pensions	3.599	0.148	0.120	3.867	0.268
Other Employee Expenses	2.511	0.060	-0.280	2.291	-0.220
Premises	11.485	-0.149	0.612	11.948	0.463
Transport	4.831	0.070	-0.381	4.520	-0.311
Supplies & Services	33.920	1.138	-1.113	33.945	0.025
Third Party Payments	20.387	0.511	0.900	21.798	1.411
Capital Financing	7.794	0.000	3.175	10.969	3.175
<b>Gross Expenditure</b>	<b>305.789</b>	<b>13.177</b>	<b>10.309</b>	<b>329.275</b>	<b>23.486</b>
<b>Income</b>	<b>-28.721</b>	<b>-0.448</b>	<b>*-14.383</b>	<b>-43.552</b>	<b>-14.831</b>
<b>Net Expenditure Force Budget</b>	<b>277.068</b>	<b>12.729</b>	<b>-4.074</b>	<b>285.723</b>	<b>8.655</b>
<b>Funding from Reserves</b>	<b>4.030</b>	<b>0.000</b>	<b>-1.097</b>	<b>2.933</b>	<b>-1.097</b>
<b>Net Budget after Reserves</b>	<b>273.038</b>	<b>12.729</b>	<b>-2.977</b>	<b>282.790</b>	<b>9.752</b>

**Budget Gap to be resolved 0.000**

**8.370 8.370**

\* £4.3m in relating to Police Officer Uplift Programme in 2023/24 has been reclassified as income. It had previously been shown as Funding.

Further details on the 2024/25 budget are set out in Appendix B which outlines a summary of the expenditure by both subjective and objective analysis.

### The Medium-Term Financial Strategy

It is important to consider the financial sustainability of the organisation going forward. Therefore, the annual revenue budget is considered as part of the Medium-Term Financial strategy (MTFS) of the organisation to ensure that spending plans are affordable. Projecting into the future the MTFS has identified the following levels of expenditure and funding:

	2023/24 MTFS	2024/25 MTFS	2025/26 MTFS	2026/27 MTFS	2026/27 MTFS
	£m	£m	£m	£m	
Government Grant (Core Funding)	150.147	146.650	150.017	153.468	157.005
Council Tax Precept	122.891	127.770	133.027	138.187	140.915
Funding from Reserves	4.030	2.933	0.000	0.000	0.000
<b>Total Funding / Net Budget Requirement</b>	<b>277.068</b>	<b>277.353</b>	<b>283.044</b>	<b>291.655</b>	<b>297.920</b>
<b>Employment Costs</b>					
Police Officer Pay and Allowances	141.396	150.750	154.620	158.804	162.772
Police Staff Pay	71.633	79.792	81.852	83.977	86.062
PCSO Pay	7.617	8.796	9.016	9.241	9.472
Other Employee Expenses	6.726	6.757	6.833	7.009	7.141
<b>Other Costs</b>					
Premises	11.485	11.948	12.078	12.236	12.397
Transport	4.831	4.520	4.560	4.638	4.716
Supplies and Services	33.920	33.945	34.293	34.903	35.504
Third Party Payments	20.387	21.798	21.911	22.126	22.330
Capital Financing	7.794	10.969	12.593	13.273	13.373
<b>Gross Expenditure</b>	<b>305.789</b>	<b>329.275</b>	<b>337.756</b>	<b>346.207</b>	<b>353.768</b>
<b>Income</b>	<b>-28.721</b>	<b>-43.552</b>	<b>-43.591</b>	<b>-43.769</b>	<b>-43.961</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>277.068</b>	<b>285.723</b>	<b>294.165</b>	<b>302.438</b>	<b>309.806</b>
<b>Savings Required</b>	<b>0.000</b>	<b>-8.370</b>	<b>-11.121</b>	<b>-10.783</b>	<b>-11.886</b>

It should be noted that the savings targets are cumulative, and that the current 2024/25 budget gap will be bridged to produce a balanced budget. Based on the future projections it is recognised that further work is required through 2024/25 to understand costs and to ensure that the strategic plan for West Mercia is clear and that the business models that support these aims are financially viable. However, the deficits identified are not considered to be a significant risk and will be managed through strategic planning over the period.

The key working assumptions relating to changes in expenditure and funding in the MTFS are as follows:

### **Funding**

The precept is currently proposed to increase by 1.99% in 2024/25 and 1.99% thereafter across the remainder of the medium term. There is currently additional flexibility available to the PCC to use in 2024/25 (circa 2%).

Council tax base will increase by 1.69% in 2024/25 and then increase by 2.12% in the following year and then 1.99% across the medium term.

Government grant uplift of 0.6% has been included for 2024/25 and then at a rate of 2.5% over the next spending review period.

These assumptions have considered previous increases in West Mercia, and reference to information based on the OBR predictions on economic growth, and therefore more people will be contributing to council tax with additional housing being built and brought into scope.

### **Costs**

Future years pay increases have been modelled using information available from the OBR provided in the Autumn Statement 2023, per the table below.

	2024/25	2025/26	2026/27	2027/28
Pay Assumptions	2.5%	2.5%	2.5%	2.5%

Inflation assumptions contained within the MTFS have been reviewed and allocated as per the table below.

	2024/25	2025/26	2026/27	2027/28
Inflation	4.0%	1.6%	1.9%	1.9%

Energy prices remain volatile. West Mercia Energy have provided an initial budget for 2024/25, the result of which is a small reduction in projected costs, but which is not falling back to similar prices seen in January 2021. The assumption is that there will be no significant decreases in prices going forward.



## The Capital Budget

The Capital Budget for 2024/25 has been prepared based on bids for capital funding by each department across West Mercia Police. These have been considered against public benefit and affordability. Capital bids are scrutinised by the force leadership team to ensure that they reflect the Safer West Mercia Plan and policing priorities, that timescales and costings are reasonable, and that consideration is given to the overall return on that investment. All existing capital programme projects have been updated to reflect where spend is predicted to continue into 2024/25.

Since the 2023/24 capital budget was set in November 2022 there has been a significant change in the revenue impact of the capital programme, principally in relation to the planned external borrowing required to finance the programme. Interest rates have steadily increased through to a rate of 5.25% in October 2024, as inflation has remained higher for longer than originally expected. This means that borrowing is having a proportionally higher impact on revenue than in previous years. Because of this a review of the capital strategy has been undertaken and a series of guiding principles have been proposed to ensure that the capital programme is financially sustainable over the medium term. The updated capital strategy is to be discussed at the West Mercia Governance Board in December 2023.

The total requests for funding in 2024/25 are at risk of being higher than what is considered affordable, having regard to the revised capital strategy and therefore the PCC has asked for projects to be prioritised. The proposed 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.

The budget has been built by balancing the need to continue to make investment West Mercia whilst not threatening the viability of the revenue budget. The PCC is considering a capital investment of £42.1m for 2024/25.

Capital Programme 24/25	£m
Digital Services Transformation	4.633
Change Programme	5.115
DS Replacement Programme	0.750
Fleet Replacement Programme	5.763
Estates Programme	25.344
Other	0.467

<b>Total Capital Programme</b>	<b>42.072</b>
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The capital budget is an outline commitment to inform future planning, borrowing decisions and assessment of the revenue impact. Final approval of any individual 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 expected funding of the programme is outlined below. The PCC has a limited level of capital receipts that can be effectively realised, or revenue reserves from which to pay for capital schemes. The sizeable 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 of short life capital assets from the revenue budget. Where schemes are funded from borrowing, the focus is on ensuring that it provides a return on that investment to offset revenue cost from borrowing.

The level of borrowing for the capital programme needs to be based on capital investment plans that are affordable, prudent and sustainable as described in the capital strategy.

<b>Capital Funding 24/25</b>	<b>£m</b>
Capital receipts	2.623
Revenue Contribution to Capital	1.600
External Borrowing	37.849
<b>Total Funding</b>	<b>42.072</b>

Government regulations require the PCC to approve the investment and borrowing strategies and borrowing limits for 2024/25 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.

## The Reserves Strategy

The use of reserves over the Medium-Term is an important element of the financial strategy. Reserves are held to fund one-off non-recurring expenditure which will achieve specific objectives, or to support making efficiencies in the revenue budget. In 2024/25 reserves will be used to:

- support the replacement of LED lighting in DHQ Police Stations, which will result in a reduction in energy usage and cost, supporting the financial and environmental sustainability of the organisation.
- Delivering average speed cameras in Hereford and Shropshire to support road safety initiatives and deliver on the PCCs commitment to reduce accidents, deaths and serious injury.
- Support pilot projects to look at improving outcomes for victims and investing in prevention activity with the aim of reducing the risk of criminal activity in the future, reducing demand on scarce resources.

Reserves also provide a resource to fund expenditure which is considered to be outside of business as usual and to also manage risk. There are specific reserves to support legal claims made against West Mercia and to support the major investigation into maternity deaths at Shropshire and Telford NHS trust.

The following table shows the full expected deployment of reserves over the life of the plan.

	<b>£m</b>
<b>Projected reserves at 1<sup>st</sup> April 2024</b>	<b>18.859</b>
Increase in General Reserve to reflect increase in total budget	2.250
<i>Utilisation of reserves to manage risk in relation to achieving a balanced budget</i>	-1.996
<i>Investment in infrastructure (Estates and ICT programmes)</i>	-1.283
<i>Contribute to the cost of the major investigation net of an expected successful application for Special Grant</i>	-1.400
<i>Management of the Insurance &amp; Legal claims made against West Mercia</i>	-0.150

<i>To support victims of crime, prevent crime and ensure public safety</i>	-2.414
<b>Reserves remaining at the end of the MTFS period.</b>	<b>13.866</b>

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

Total Reserves at	31/03/2024	31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029
	£m	£m	£m	£m	£m	£m
<b>General Reserves</b>	<b>7.750</b>	<b>8.000</b>	<b>8.500</b>	<b>9.000</b>	<b>9.500</b>	<b>10.000</b>
<b>Earmarked Reserves</b>						
Budget Equalisation reserve	2.867	0.776	1.081	0.801	0.871	0.871
Investment in Infrastructure	1.414	1.731	0.231	0.131	0.131	0.131
Major Investigation Reserve	1.400	0.000	0.000	0.000	0.000	0.000
Road Safety Reserve	1.503	0.903	0.953	0.903	1.003	1.103
Commissioning Reserve	2.022	1.308	0.908	0.508	0.108	0.008
Insurance and Legal Claims	1.127	1.727	1.127	1.477	1.377	0.977
YJS*	0.776	0.776	0.776	0.776	0.776	0.776
<b>Total Earmarked Reserves</b>	<b>11.109</b>	<b>7.221</b>	<b>5.076</b>	<b>4.596</b>	<b>4.266</b>	<b>3.866</b>
<b>Total Reserves</b>	<b>**18.859</b>	<b>15.221</b>	<b>13.576</b>	<b>13.596</b>	<b>13.766</b>	<b>13.866</b>

\* This is a collaborative arrangement with local authorities

\*\* The 2024/25 figures reflect assumed utilisation of reserves and are still 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 below.

### **Statement on the Soundness of the Budget & Adequacy of Reserves**

In setting the MTFS, 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 CIPFA Guidance on key budget principles**

<b>Budget Principles</b>	<b>Response in relation to West Mercia budget planning</b>
The treatment of inflation and interest rates	<p>The 2023/24 financial year has continued to be dominated by a high level of inflation. The UK economy has continued to see inflation above the Bank of England target of 2%, although it has seen a steady decrease over the last 12 months in the CPI rate of inflation from the high of 11.2% in October 2022, down to 6.3% in October 2023 &amp; 4.6% in November 2023.</p> <p>The assumption for budget setting in 2023/24 was that inflation would cost an additional 7.5% through the year. In fact, prices were above this level for most of the financial year. This has meant that the price of many goods/services going into 2024/25 budget setting are higher than estimated in the previous year. The assumption for 2024/25 is that CPI inflation will fall back to 4%.</p> <p>CPI is a more accurate measure of inflation relating to our business activity, The budget reflects the assumption as to what price increases are likely to be during the 2024/25 financial year.</p> <p>A 7% pay award was agreed in 2023/24, recognising the cost-of-living implications of the high level of inflation. The government provided additional funding above the first 2.5%, recognising the significant impact that such a pay rise would have on policing resources. For 2024/25 the assumption is for a pay rises of 2.5%, reflecting government ambition to reduce the rate of inflation. This rate is above a recent Office of the Budget Responsibility six-year pension forecast of pay inflation, which for 2024/25 is 1.7%. The assumption is that the government would be likely to provide additional funding for a pay award above the assumed level of 2.5% as they did in 2023/24.</p> <p>West Mercia Police makes full and appropriate provision, based on agreed estimates of the future impact of pay and price rises. The assumptions on what the rise will be take reference from the OBR predictions, 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, it is clear that they can be overtaken by future events. Pay and non-pay inflation continues to be</p>

	<p>applied to appropriate areas of expenditure based on the best available information at the time the budget is set.</p> <p>Over the last 12 months there has been a steady increase in the rates of interest, as the Bank of England have used this as a tool to bring inflation under control. It has moved from 0.75% at the start of the 2022/23 financial year up to 5.25% 18 months later. The Treasury Management team have forecasts of expected borrowing over the next 12 - 24 months and factored in the increased revenue consequences into the 2024/25 budget.</p> <p>An informed assessment is made of interest rate movements using information provided from the OBR Predictions and from sector updates provided by our Treasury Management Advisors</p> <p>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.</p>
<p>Estimates of the level and timing of capital receipts</p>	<p>The Commissioner 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</p>
<p>The treatment of demand level pressures</p>	<p>The Force uses Priority based budgeting (PBB) process to inform the budget setting. The Force has continued to embed this into its business processes to provide a robust programme to feed into the 2024/25 budget setting. The process involves identifying Volume (Demand) and Method (Efficiency) changes within each business area that are expected to occur in the following financial year. These are expected changes which impact on the service levels that are currently being provided.</p> <p>The Deputy Chief Constable is the lead for this process, on behalf of the Chief Constable. Panels are 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</p> <p>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 account for in the revenue budget. The PCC has requested the Treasurer make an assessment of the</p>

	<p>appropriate level of general reserves to manage risk against having resources available to deliver services to the public.</p>
<p>The treatment of planned efficiency savings and productivity gains</p>	<p>The Force has made substantial cash savings over the last ten years generating over £80m. 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 has consistently achieved its annual efficiency target in previous years. In 2023/24 the budget had £5.714m removed from expenditure, where it was identified that services could continue to be delivered, but in better ways. In the budget proposals for 2024/25 the force have identified an additional £3.7m of cashable efficiencies it can realise through making best use of technology to provide services</p> <p>The efficiencies identified on current services do not cover the wider budget pressures where resources are less than the total demand. A further exercise through the PBB process is required to identify service transformation and change to be able to produce a balanced budget.</p> <p>The reported outturn for 2022/23 was an underspend of £7.6m of which £6.8 was contributed to reserves. The savings target of £6.0m was overachieved by £0.054m.</p> <p>In 2023/24 at Q2 the projection is a £1.3m underspend. Savings of £9.3m have been realised against a target of £12.1m and is predicted to exceed the target by £0.4m. In total £0.7m of the original plan has not been achievable and has been offset by higher-than-expected savings in other areas.</p> <p>The force has a positive track record of delivering achievable savings plans.</p>
<p>The financial risks inherent in any significant new and existing funding partnerships, collaboration, major outsourcing arrangements, or major capital developments</p>	<p>The financial consequences of partnership, collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the medium term planning process. Where relevant any additional costs are incorporated in the annual revenue budget. These are reviewed regularly during the year in the Money Matters report and where necessary the MTFS is amended.</p> <p>2023/24 represented the first full financial year where the Force did not have any significant collaboration agreement with Warwickshire Police, which had been a significant governance risk since it was determined that the partnership should be dissolved. In 2023/24 the Force has been able to focus on delivery of investments directly in</p>

West Mercia, particularly in Digital infrastructure, to improve the service that the public receives.

There are risks around collaborative working with regional partners, particularly in relation to provision of student training and joint public order training. These are being monitored and plans being worked through to ensure that any financial implications are understood and included in MTFS.

There is a risk that local authority partners will continue to withdraw funding because 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 working with providers to manage this risk. However during 2023/24 there has been a significant amount of work on Safer Communities project, which has seen the successful collaboration with all Local Authorities partners across West Mercia to undertake targeted work to deal with local issues. The PCC has contributed £2.5m to these projects to continue through to March 2025.

The PCC continues to push for more collaborative working through his role in the Drugs strategy, through Integrated Care Boards and also with a focus on the Criminal Justice System

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 2023/24 delivery of the new Joint Police and Fire Station in Redditch has continued with significant progress made on construction. By the end of 2023/24 it is expected that planning permission will be submitted for a new Firearms Range and training facility. The business case set out the capital case and also the revenue implications of the projects, recognising both the cost of borrowing and the Minimum Revenue Provision (MRP) requirements which are reflected in the MTFS



	<p>MRP and Borrowing costs are a key element of the MTFs. A key element in setting the capital programme for 2024/25 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) for the Police going forward. An updated Capital Strategy has been produced in December 2023 to ensure that the capital programme is affordable and sustainable, reflecting the recent increase in interest rates and the impact this has had on the borrowing requirement for West Mercia.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>The 2024/25 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 the level of government grants and other sources of income. The Force is being proactive in recognising that they need to be prudent in managing unplanned risks, through the insurance reserve, and also how they manage the funding of capital programme.</p> <p>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 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. The PCC has not been required to make a call on the general reserves in the last 2 budget cycles.</p> <p>The PCC has created several earmarked revenue reserves and provisions to meet specific expenditure items. The details of each of the reserves held are included in this report. Appropriations are made to and from these reserves on an annual basis as required.</p> <p>The Force is undertaking an investigation into allegations of 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 60% of costs incurred in 2024/25. An earmarked reserve has been build 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 MTFs. There is an expectation that the Force will</p>

	<p>manage the scope and length of the investigation and to incorporate costs into the annual revenue budget.</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 claims made. This also relies on proactive risk management to avoid incidents happening that lead to a claim being made.</p>
<p>The general financial climate to which the authority is subject.</p>	<p>The budget report contains a review of the economic climate and of the Autumn Statement made by the Chancellor of the Exchequer. It has considered these implications for West Mercia and the assumptions used in constructing the budget. Based on the available data there is reassurance that these assumptions are reasonable.</p> <p>In November 2021, the Chancellor announced the outcome of the Spending Review 2021 (SR21) which was a 3-year government departmental spending budget. The Draft Settlement from the Home Office has yet to be released which would confirm proposed central government funding. We have therefore used the increase set out in the SR21 of 0.6%.</p> <p>The MTF5 reflects our local best estimate of future inflation rates, increases in government grants and contributions and revenues raised from Council Tax.</p>

### General reserve

A review is undertaken annually of the significant risks and pressures facing the PCC before setting a minimum level of reserves held in the 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:

Risks Identified	Provision £m	Reason
Efficiency savings have not been met	0.740	£3.7m of efficiencies have been proposed through the PBP process to be delivered by the force. Budgets are reduced and then monitored during the year. The expectation is that action will be taken if there is evidence that efficiencies are not being delivered. However, there is

		<p>a low risk that some fail to be delivered and alternatives cannot be found. The assumption is that there will not be a budget underspend in other areas to offset this.</p> <p>Assumption is that 20% may not be delivered (which would equate to £0.620m)</p>
Achieving a balanced budget through savings	2.772	<p>The current projection is a £8.4m reduction in the overall spending plans is required in order to achieve a balanced budget for the 2024/25 financial year.</p> <p>The reported outturn for 2021/22 was an underspend of £7.7m. The savings achieved during the year was £3.237m against a plan of £4.056m.</p> <p>The reported outturn for 2022/23 was an underspend of £7.6m of which £6.8 was contributed to reserves. The savings target of £6.0m was overachieved by £0.054m.</p> <p>In 2023/24 at Q2 the projection is a £1.3m underspend. Savings of £9.3m have been realised against a target of £12.1m and is predicted to exceed the target by £0.4m. In total £0.7m of the original plan has not been achievable and has been offset by higher-than-expected savings in other areas.</p> <p>The requirement to continue to deliver savings and efficiencies increases the risk of not being able to formulate achievable plans to deliver those savings. However there has been a lot of work from the force to identify realistic savings from taking specific action before the start of the financial year which provides assurance that they can be delivered.</p> <p>Given the work undertaken and the previous record of the force in delivering savings there is a reasonably low risk that they will not be delivered.</p> <p>However, a risk still remains. A risk factor of 33% has been allocated against this savings plan which is equivalent to £3.130m</p>
Major Investigation Funding	2.985	<p>In 2020/21 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 receive a tapered grant to cover the cost of the majority of the investigation. Requirement on West Mercia to identify £1.4m of resource in 2024/25 to support the investigation which is held within earmarked reserves.</p> <p>However, there is the potential that another significant investigation could be required, although this is considered to be unlikely. It is expected that a Force would cover up to 1% of the revenue budget requirement of £285.7m, before it is eligible to support from special grant from the Home office. This would be a financial impact of £2.9m</p>
Budget Assumptions - Risk of Collection Fund deficit from changes to tax base / LCTS	0.250	The current economic climate is for low growth which has the potential to impact on employment. This is a risk to the Collection Fund, reducing the estimated surplus distributed into funding. Current assumption is that the surplus would be £1m. Having assessed the risk of the impact on the declared surplus, a provision of 25% of the estimated contribution has been made.
Budget Assumptions - Risk of Pay inflation being 1% higher than budget	1.000	Provision for pay award and contractual inflation made in MTFs. 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. £200m (1% = 2.0m - for half a year £1.0m)
Budget Assumptions - Risk of Non-Pay inflation being 1% higher than budget	0.750	Provision for pay award and contractual inflation made in MTFs. A provision of 1% of the non-pay budgets of approx. £75.0m should be included to reflect the economic uncertainty that is currently being experienced in the UK.
Change in interest rates	0.200	The expectation is that interest rates will not be increased by the Bank of England from the current rate of 5.25% as a result of improving inflation rates announced in November 23. However, this is based on the current global economic conditions, any new economic shocks/crisis could change this. The risk of a 1% increase in interest rates on planned external borrowing of £20m in 2024/25 would have an impact of £0.2m. This reflects the economic uncertainty
Additional costs to establish arrangements to reform policing in West Mercia	0.500	Substantial provision for both revenue and capital expenditure already made in the Medium-Term Capital Programme and Medium-Term Financial Strategy.

		In the 2024/25 it is assumed that in-house project and programme management costs can be capitalised. There is a risk that some of this resource may actually be used to support revenue projects. A provision is made here to mitigate this risk.
Replacement of Airwaves Network/ESN/ESCMP	2.000	Lack of detail and clarity on implementation from Home Office. Substantial provision made in the Medium-Term Capital Programme, but risk that this may not be affordable given other budget pressures
Impact of review of Police Funding Formula	1.000	Outcome unknown and timing of review delayed by Home Office.
General Contingency provision for extraordinary events	2.850	Based on 1% of net revenue expenditure of £285m
	<b>15.047</b>	
Reduction to reflect the fact all of these risks will not occur in the short term	7.524	50% reduction to reflect that not all events will occur in this time period.
	<b>7.524</b>	

The aggregate cost of those elements which it is feasible to estimate is £7.542m. 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. It is , unlikely that all events will occur within the same financial year, and an adjustment has been applied to reflect this. However, the PCC does need to consider the likelihood of them occurring during the period covered by the plan.

The recommendation is that the minimum level of reserves be set at £7.500m. It is recognised that this is below the 3% of the net revenue budget threshold, which is generally considered to be good practice, but is sufficient based on the assessment of risk undertaken. The MTFS includes a requirement to increase the General Fund Reserve through the Medium Term, providing an additional contribution to offset the risks identified as the net revenue budget increases.

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 2024 for each earmarked revenue reserve, which has a specific purpose and particular timescale, is shown in the table below.

<b>Earmarked Reserve</b>	<b>Forecast Balance at 31/03/24 £m</b>	<b>Purpose of Reserve</b>
Budget Equalisation reserve	2.867	To provide initial investment in transformational change programmes and to manage risk relating to the implementation of any efficiency plans in the budget proposals
Investment in Infrastructure Reserve	1.414	To provide resources to invest in the infrastructure (ICT and Estates), with the aim of reducing revenue costs going forward
Major Investigation Reserves	1.400	Funds held to meet costs of the current major investigation above the taper funding provided through the special grant. The 2024/25 taper funding is expected to be 60% of the costs incurred. The remaining 40% will be offset by the call on this reserve.
Road Safety Reserve	1.503	Funds held to fund road safety initiatives
Commissioning Reserve	2.022	To support spend on non-recurring PCC commissioning initiatives to support victims of crime and prevent those at risk of being criminalised
Insurance and Legal Claims Reserve	1.127	Provides a self-insurance fund where it is cost effective to do so.
YJS Reserve	0.776	Funds held on behalf of the responsible authorities to fund the costs of Youth Justice Service.
<b>Total Earmarked Reserves</b>	<b>11.109</b>	

The tables in section 4 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 revenue reserves, capital reserves can also be maintained. These are used to finance the capital programme.

There is a reserve holding Capital Grants Unapplied. This holds the capital grants from the Home Office that have not yet been spent. These grants are applied to fund the capital programme and can be carried forward without penalty until required. It is expected that all capital grants awarded will have been spent during 2023/24 and the balance on the reserve as of 1<sup>st</sup> April 2024 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 for the capital budget, included above outlines the receipts expected from asset sales from 2024/25. Currently any receipts in year have been used to invest in the capital programme and avoid borrowing. The balance on the reserve as of 1<sup>st</sup> April 2024 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. 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 the 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 2024/25 budget has an element of 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 continues its investment in its digital infrastructure. This investment is required to ensure that it can operate effectively and to use 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 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 can be set, but that it is likely to be reliant on a concerted commitment from the force to deliver planned cost reductions agreed with the PCC. I consider that the force has a positive record on delivering these 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 MTFS. This is one of the driving factors of the deficit in 2024/25 financial year. A review of the Capital Strategy has been undertaken 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 responding to further pressures on revenue costs would come with considerable risk on the Force's ability to deliver efficient and effective public focused services within the set revenue budget.



## Appendix A - Summary of West Mercia Grant Settlement

The estimated Police Funding Settlement from the Home Office is:

<b>2023/24</b>	<b>Funding Stream</b>	<b>2024/25</b>	<b>Change</b>
<b>£ m</b>		<b>£ m</b>	<b>%</b>
81.576	Police Grant (including Community Support Grant)	82.064	0.6
52.296	Revenue Support Grant	52.610	0.6
4.300	PUP uplift Grant	0	
11.975	Legacy Council Tax Grants (freeze grants and plus council tax support grant)	11.975	0
<b>150.147</b>	<b>Total</b>	<b>146.650</b>	<b>-2.32</b>

The 2023/24 budget identified the PUP grant as a separate element of Funding. It has been agreed that this classification was not representative of - the grant conditions. It should have been included as an un-ringfenced revenue grant. In 2024/25 this has been changed and therefore it means that the comparison of the change in funding is not representative year on year.

## Appendix Bi - Subjective analysis of income & expenditure

Appendix B(i)					
	2023/24 Budget	Inflation	Demand & Efficiency	2024/25 Budget	Variance
	£m	£m	£m	£m	£m
Government Grant (Core Funding)	150.147	0.803	-4.300	146.650	-3.497
Council Tax Precept	122.891	2.430	2.449	127.770	4.879
<b>Total Funding / Net Budget Requirement</b>	<b>273.038</b>	<b>3.233</b>	<b>-1.851</b>	<b>274.420</b>	<b>1.382</b>
Police Officer Pay	138.623	4.977	4.431	148.031	9.408
Police Officer overtime	2.773	0.114	-0.168	2.719	-0.054
Police Staff Pay	71.605	5.372	2.815	79.792	8.187
PCSO Pay	7.617	0.915	0.264	8.796	1.179
Police Staff overtime	0.531	0.021	-0.037	0.515	-0.016
Temporary and Agency Staff	0.113	0.000	-0.029	0.084	-0.029
Injury & Ill Health Pensions	3.599	0.148	0.120	3.867	0.268
Other Employee Expenses	2.511	0.060	-0.280	2.291	-0.220
Premises	11.485	-0.149	0.612	11.948	0.463
Transport	4.831	0.070	-0.381	4.520	-0.311
Supplies & Services	33.920	1.138	-1.113	33.945	0.025
Third Party Payments	20.387	0.511	0.900	21.798	1.411
Capital Financing	7.794	0.000	3.175	10.969	3.175
<b>Gross Expenditure</b>	<b>305.789</b>	<b>13.177</b>	<b>10.309</b>	<b>329.275</b>	<b>23.486</b>
<b>Income</b>	<b>-28.721</b>	<b>-0.448</b>	<b>-14.383</b>	<b>-43.552</b>	<b>-14.831</b>
<b>Net Force Budget / Expenditure / Variance</b>	<b>277.068</b>	<b>12.729</b>	<b>-4.074</b>	<b>285.723</b>	<b>8.655</b>
<b>Funding from Reserves</b>	<b>4.030</b>	<b>0.000</b>	<b>-1.097</b>	<b>2.933</b>	<b>-1.097</b>
<b>Net Budget after Reserves</b>	<b>273.038</b>	<b>12.729</b>	<b>-2.977</b>	<b>282.790</b>	<b>9.752</b>
<b>Budget Gap to be resolved</b>	<b>0.000</b>			<b>8.370</b>	<b>8.370</b>

## Appendix Bii - Objective analysis of income & expenditure

Appendix B(ii)				
	2023/24	2024/25	Variance	Variance
	£m	£m	£m	%
<b>Business Services Directorate</b>				
Business Operations	8.826	9.266	0.440	5.0%
People and OD	9.979	10.524	0.545	5.5%
Strategy Planning & Insight	4.077	4.393	0.316	7.8%
<b>Total</b>	<b>22.882</b>	<b>24.183</b>	<b>1.301</b>	<b>5.7%</b>
<b>Commercial Services</b>				
Digital Services	21.964	24.667	2.703	12.3%
Legal	3.380	2.965	- 0.415	-12.3%
Change	1.094	0.876	- 0.218	-19.9%
Finance	0.854	0.910	0.056	6.6%
Procurement & Contracts	0.383	0.434	0.051	13.3%
	<b>27.675</b>	<b>29.852</b>	<b>2.177</b>	<b>7.9%</b>
<b>Corporate Support Directorate</b>				
PSD & Vetting	1.869	2.093	0.224	12.0%
Corporate Support	1.744	1.624	- 0.120	-6.9%
Audit Risk & Compliance	1.107	1.196	0.089	8.0%
<b>Total</b>	<b>4.720</b>	<b>4.913</b>	<b>0.193</b>	<b>4.1%</b>
<b>Local Policing</b>				
Local Policing Directorate Level	0.643	0.856	0.213	33.1%
South Worcestershire	21.032	22.038	1.006	4.8%
North Worcestershire	22.291	23.489	1.198	5.4%
Herefordshire	14.040	14.205	0.165	1.2%
Shropshire	19.035	19.735	0.700	3.7%
Telford	18.224	19.146	0.922	5.1%
Problem Solving	5.317	6.556	1.239	23.3%
	<b>100.582</b>	<b>106.025</b>	<b>5.443</b>	<b>5.4%</b>
<b>Operations Support</b>				
Ops Support Directorate Level	1.867	1.542	- 0.325	-17.4%
Force Operations	20.601	22.449	1.848	9.0%
Public Contact	18.456	22.081	3.625	19.6%
<b>Total</b>	<b>40.924</b>	<b>46.072</b>	<b>5.148</b>	<b>12.6%</b>

### Crime & Vulnerability

C&V Directorate Level	2.217	2.711	0.494	22.3%
Crime Management	0.684	0.626	- 0.058	-8.5%
Criminal Justice	3.355	3.812	0.457	13.6%
Custody	6.840	8.198	1.358	19.9%
Forensics	9.159	9.697	0.538	5.9%
Intelligence & AO	5.180	5.388	0.208	4.0%
Investigations	9.257	10.492	1.235	13.3%
ROCU	4.944	5.101	0.157	3.2%
Special Branch	-	-	0.014	-100.0%
	0.014			
Vulnerability & Safeguarding	4.413	5.113	0.700	15.9%
<b>Total</b>	<b>46.035</b>	<b>51.138</b>	<b>5.103</b>	<b>11.1%</b>

### Corporate Budgets

Corporate budgets	11.083	12.461	1.378	12.4%
Pay award & Police officer uplift grant	-	- 14.437	- 14.437	100
<b>Total</b>	<b>11.083</b>	<b>- 1.976</b>	<b>- 13.059</b>	<b>-117.8%</b>

### Police and Crime Commissioner

Estates	12.459	13.505	1.046	8.4%
Police & Crime Commissioner	10.708	12.011	1.303	12.2%
<b>Total</b>	<b>23.167</b>	<b>25.516</b>	<b>2.349</b>	<b>10.1%</b>

<b>TOTAL</b>	<b>277.068</b>	<b>285.723</b>	<b>8.655</b>	<b>3.1%</b>
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<b>Funding from Reserves</b>	<b>4.030</b>	<b>2.933</b>	<b>- 1.097</b>	<b>-27.2%</b>
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<b>After reserve funding</b>	<b>273.038</b>	<b>282.790</b>	<b>9.752</b>	<b>3.6%</b>
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## **Appendix C – Capital Programme**

The Capital Programme will be included once the capital budget has been agreed in detail with the PCC.

## Appendix D – Performance Metrics

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	