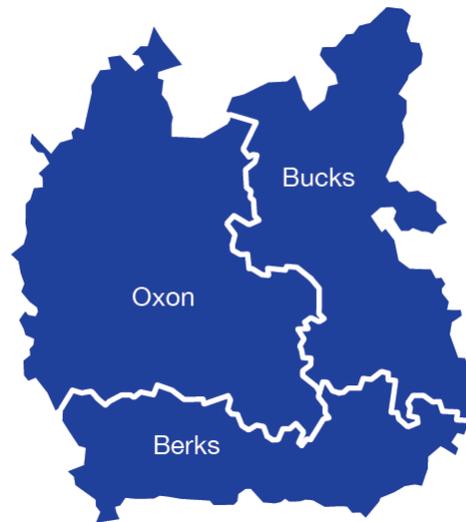


Agenda

Date: Wednesday 13 February 2019

Time: 11.00 am

Venue: Jubilee Room, Aylesbury Vale District
Council Gatehouse Road Aylesbury
Bucks HP19 8FF



Map and Directions

The Briefing Meeting for Members will be held at 10am. There should be sufficient space in the car park at the Council Offices.

<http://www.aylesburyvaledc.gov.uk/finding-us>

- 1. Apologies for Absence**
- 2. Declarations of Interest**

3. Minutes

To agree the Minutes of the Meeting held on 16 November 2018.

5 - 12

4. Public Question Time

Anyone who works or lives in the Thames Valley can ask a question at meetings of the Police and Crime Panel, at which a 20 minute session will be designated for hearing from the public.

If you'd like to participate, please read the Public Question Time Scheme and submit your questions by email to contact@thamesvalleypcp.org.uk at least three working days in advance of the meeting.

<http://www.southbucks.gov.uk/article/5242/Public-questions-at-Panel-meetings>

5. Report of the Budget Task and Finish Group

The report will be presented by Cllr Iain McCracken, Chairman of the

13 - 22

Budget Task and Finish Group.

6. Scrutiny of the proposed precept - Questions to the Police and Crime Commissioner **23 - 138**

Attached are the Revenue Estimates 2019/20, the Medium Term Financial Plan 2019/20 to 2022/23, the Medium Term Capital Plan and Reserves and Balances Reports.

7. Date and Time of Next Meeting

To note the following meetings of the Police and Crime Panel (all meetings to commence at 11.00am):

12 April, 2019

21 June, 2019

6 September, 2019

22 November, 2019

31 January, 2020

Committee Members

Councillor Eric Batts (Vale of White Horse), Councillor Bill Bendyshe-Brown (Buckinghamshire County Council), Councillor Robin Bradburn (Milton Keynes Council), Councillor David Carroll (Wycombe District Council), Councillor Derek Sharp (Royal Borough of Windsor and Maidenhead), Councillor Emily Culverhouse (Chiltern District Council), Councillor Trevor Egleton (South Bucks District Council), Julia Girling (Independent Member), Councillor Tom Hayes (Oxford City Council), Councillor Sophia James (Reading Borough Council), Councillor Norman MacRae (West Oxfordshire), Councillor Kieron Mallon (Oxfordshire County Council), Councillor Pavitar Mann (Slough Borough Council), Curtis-James Marshall (Independent Member), Councillor Iain McCracken (Bracknell Forest Council), Councillor Andrew McHugh (Cherwell District Council), Councillor Barrie Patman (Wokingham Borough Council), Councillor Alan Thompson (South Oxfordshire), Councillor Emma Webster (West Berkshire Council) and Councillor Mark Winn (Aylesbury Vale District Council).



Minutes

Minutes of the Thames Valley Police and Crime Panel held on Friday, 16 November 2018, in Olympic Room Aylesbury Vale District Council Gatehouse Road Aylesbury Bucks HP19 8FF, commencing at 11.00 am and concluding at 12.45 pm.

Members Present

Councillor Trevor Egleton (Chairman - South Bucks District Council), Councillor Bill Bendyshe-Brown (Buckinghamshire County Council), Councillor Robin Bradburn (Milton Keynes Council), Councillor David Carroll (Wycombe District Council), Julia Girling (Independent Member), Councillor Norman MacRae (West Oxfordshire District Council), Councillor Kieron Mallon (Oxfordshire County Council), Councillor Pavitar Mann (Slough Borough Council), Curtis-James Marshall (Independent Member), Councillor Andrew McHugh (Cherwell District Council) and Councillor Mark Winn (Aylesbury Vale District Council).

Officers Present

Khalid Ahmed (Scrutiny Officer).

Others Present

Matthew Barber (Deputy Police and Crime Commissioner), Francis Habgood (Chief Constable, Thames Valley Police), Paul Hammond (Chief Executive, Office of PCC), Ian Thompson (Chief Finance Officer, Office of PCC) and Anthony Stansfeld (Police and Crime Commissioner).

Apologies

Councillor Eric Batts (Vale of White Horse), Councillor Emily Culverhouse (Chiltern District Council), Councillor Tom Hayes (Oxford City Council), Councillor Sophia James (Reading Borough Council) and Councillor Barrie Patman (Wokingham Borough Council).

21 MINUTES

The Minutes of the Police and Crime Panel meeting held on 7 September 2018 were agreed as a correct record.

22 PUBLIC QUESTION TIME

There were no submitted public questions.

23 THEMED ITEM - UPDATE ON LOCAL POLICING MODEL

The Panel was informed that the Police Crime Commissioner had requested that the item be deferred to a future meeting. Members were informed that Thames Valley Police were currently conducting a review of the model which had included a survey, qualitative and quantitative data. There had been an internal Force meeting with the Local Police Area commanders and, as a result of that, some changes to the model were planned but further work needed to be carried out by the Force to understand the consequences.

24 POLICE AND CRIME COMMISSIONER PROGRESS REPORT - POLICE AND CRIME PLAN STRATEGIC PRIORITY - POLICE ETHICS AND REFORM

The Police and Crime Commissioner informed the Panel that his Police and Crime Plan set out the following aims for addressing, Police Ethics and Reform:

- Improved routes into services from police and other agencies for victims and witnesses who require support

The PCC referred to the launch of the Victims First service and the initial teething problems caused by staffing problems; mainly caused by the delays of vetting new recruits. This had now been addressed. In the first 6 months of this current financial year, the Hub had received referrals of 2,226 victims and had provided support to 889 people. In response to a question, the PCC reported that not all people were referred because there were occasions where people who contacted the Hub just required support and advice.

Reference was made to Community Safety Fund initiatives where funding was provided to Community Safety Partnerships and the examples provided in the report which provide funding for Youth Offending Services, Youth Justice Services and to vulnerable young people and adults linked to organised crime groups.

- Clarification of processes for referring on issues that sit best with other authorities

The PCC made reference to incidents of “101 calls” to the Police which particularly increased on a Friday afternoon, partially because many other authorities and agencies were closed. The Police were expected to pick these calls up and this impacted on the service.

- Encourage accelerated up-take of new technology in order to prevent, reduce and detect crime

The PCC made reference to the failure to adopt GPS tagging on recently released criminals from prisons. In his opinion this would drastically cut down re-offending rates for crimes such as serious violence, serious sexual crimes or serious theft or burglary. The technology was available to tag recently released offenders and introducing this would have a dramatic effect on re-offending. The PCC reported that funding had been put into this. The Chief Constable reported that there were two elements to tagging; those people who had voluntarily agreed to be tagged and there were a number of these devices used in police areas within Thames Valley. Also there were pilots being run in conjunction with the Ministry of Justice, however, there were concerns regarding the cost of this, as there would be savings for the Ministry of Justice, but there was uncertainty regarding who would fund the scheme as it would create additional workload and costs for the Police.

Reference was made to an initial predictive analytics project, which was a programme which predicted where crime was going to happen. The Chief Constable reported that work had taken place with Children’s Services at Oxfordshire and the project looked at predicting the types and profiles of young people who could commit crimes. Data and analytics were used and the initial feedback had been positive. There were some ethical issues with using such data profiling / artificial intelligence but there was lots of useful data which could be used to help in the fight against crime. Working with partners, predictions could be made on potential individuals who may commit crimes.

- Development of Strategies to improve perceptions of police among young people

The PCC referred to the successful bid for funding for the Early Intervention Funding, with the Thames

Valley, being one of only a third of Police Forces who had been successful in receiving funding. The Panel placed on record their thanks to the PCC for the work which had been carried out in submitting the successful bid. Reference was made to the good collaborative work which had taken place with the CSPs in the area, in submitting the bid.

RESOLVED

That the report and the update provided by the Police and Crime Commissioner be welcomed and noted.

25 POLICE AND CRIME COMMISSIONER PROGRESS REPORT - POLICE AND CRIME PLAN STRATEGIC PRIORITY 1 - VULNERABILITY

The Police and Crime Commissioner informed the Panel that his Police and Crime Plan set out the following aims for addressing vulnerability:

- Improved recognition across the criminal justice system of mental health distress experienced by both victims and offenders leading to, (a) referral pathways into appropriate support agencies and (b) Improved access to mental health care from those in contact with the criminal justice system
- Better understanding by police and partners of the extent and nature of elder abuse, followed by positive actions taken to address the issues uncovered
- Improved police awareness and robust prosecution of those practising ‘more hidden’ forms of abuse, including coercive control, stalking, harassment, honour based abuse (HBA) and forced marriage
- Improvements in criminal justice experience and outcomes for victims of domestic and sexual abuse
- Ongoing assessment by police of the benefits arising from Multi-Agency Safeguarding Hubs (MASHs), including the current arrangements of 9 MASHs serving Thames Valley.

Reference was made to the work which Police Officers carried out, relating to work around safeguarding and vulnerability, and the culminative psychological impact this had on police officers. A question was asked whether police officers had access to routine psychological support to enable resilience to such work. The Chief Constable reported that as a matter of course, those officers who worked in Domestic Abuse Units, Child Abuse Units were required to sit down and have a health care screening with the Occupational Health Unit on a regular basis, or to go elsewhere if required. Line managers were trained in this area and officers could also discuss any issues outside of their line managers if required.

The PCC referred to the ongoing assessment by the Police of the benefits of 9 Multi-Agency Safeguarding Hubs (MASHs) serving the Thames Valley region, with one each in Oxfordshire and Buckinghamshire, one in Milton Keynes and six in Berkshire. There were too many and this number needed to be reduced to improve efficiency and expertise.

In response to a question, the PCC informed the Panel that the work of MASHs was critical and referred to the work of the Oxfordshire MASH and the work which had been carried out on the scale of “Bullfinch”.

The PCC was asked for his view on the recent comments made by Sara Thornton, the Chair of National Police Chief Council, that the Police should focus on crimes such as burglaries and violent crimes and not so much on “non-crimes” such as misogyny, where no real offence has been committed. The PCC replied that he supported those comments and referred to the Home Office Select Committee, which

recommended major changes to the police response to new and growing crimes. More traditional crimes were rising as well as crimes involving serious violence, which was putting severe pressure on already overstretched police forces. The police had to prioritise crimes committed and those real hate crimes which were committed were a serious issue and would continue to be treated as such by the police. The PCC commented that the vast majority of those incidents classed as hate crimes, could be considered as incidents of rudeness, and almost all, did not end up in Court.

The PCC in response to a question, reported that in relation to improved police awareness of the more hidden forms of abuse, coercive control etc., there was now greater police awareness of these types of crimes, with greater police training on stalking, harassment, honour-based abuse and forced marriage. The reporting of these crimes had to be improved and the message had to get out to those “harder to reach communities”.

The Chief Constable informed the Panel that there had been successful campaigns around hidden forms of abuse, such as Hate Crimes, FGM, Honour Based Abuse, on-line abuse and Modern Slavery. These campaigns involved closely working with CSPs, Safeguarding Boards and health partners.

A discussion took place on the work which the public sector and police could do in relation to “County Lines”, particularly in relation to those vulnerable people who were targeted by criminal gangs (cuckooing), and on the success or otherwise of the Probation Service and Community Rehabilitation Companies (CRCs). Related to this, the PCC was asked for his view on criminals being able to purchase mobile phones and SIM cards, particularly from supermarkets without identification.

The PCC reported that it was generally acknowledged that CRCs had not worked. Regarding the purchasing of mobile phones and SIM cards without identification; this was not an issue he had considered. The issue would be around civil liberties and the freedom of individuals. The PCC said he would look at mobile phones.

The Chief Constable in response to the points made about “County Lines” reported that the Police were working closely with local authorities and Registered Social Landlords, and used both full and partial Closure Orders very effectively. Work was taking place with the newly established County Lines Unit, with information shared between the Unit and TVP.

The PCC reported that “County Lines” needed to be solved on three fronts, the countries where the drugs were being manufactured, the system of how the drugs were imported into this country and the hubs which were distributing the drugs. None of these were in the Thames Valley area. The problem was that if a County Line was closed, another one would open up. Young people were taken advantage of. Reference was also made to the reduction in the use of “Stop and Search” which exacerbated the problem of “County Lines”.

Reference was made to regular standardised meetings with the CPS, to ensure better joined up working. Previously there had not been good joined up working. In relation to the Local Criminal Justice Board, the PCC reported that he would be proposing that the Deputy PCC chairs the Board.

Reference was made to a Rape “Gold” group, which was a group which consisted of all the key players, brought together to improve the positive outcome for victims, how the investigations of rape could be improved, how to learn from best practise, discussion on disclosure issues and improving the quality of investigation of these cases.

RESOLVED

That the report and update provided by the Police and Crime Commissioner be welcomed and noted.

26 SUMMARY OF HOME AFFAIRS COMMITTEE REPORT INTO POLICING FOR THE FUTURE

The Panel was provided with a summary of the recently published report by the Home Affairs Committee on “Policing for the Future” and the Police and Crime Commissioner was asked for his views on the findings of the report.

The PCC reported that he agreed with many of the findings in the report. Nationally there had been an upturn in crime, although in the Thames Valley this had been less. Reference was made to the changes to the recording of crime which had affected the crime figures. For instance one crime could involve a few incidents, which had to be recorded individually. The Home Office had also changed the criteria of certain crimes, with for example household burglary now including outside sheds.

The overall picture, however, was of rising crime and a reduction in the number of Police Officers. There had been a reduction of 20,000 Police Officers nationally; the Thames Valley Police budget had dropped in real terms, by £100m since 2010/11. Those who committed crimes which went undetected, carried on committing more crimes and the cycle continued.

The PCC referred to a briefing paper in the “Police Professional” in which the leadership within the Home Office was questioned. An example of this was in relation to the proposal for the PCC to take over the responsibility for the Fire Service within the Thames Valley. There had been little support and leadership from the Home Office to undertake this complicated process.

In response to a question on whether there was enough being done in relation to on-line fraud cases, the PCC reported that unfortunately the problem of on-line fraud was such, that only a very small number of on-line fraud cases were investigated. Much more funding was required to investigate these cases, as on-line fraud was complicated and expensive to investigate which was evidenced by the recent Halifax Bank of Scotland (HBOS) fraud case which cost £7m to investigate. The PCC commented that fraud required tackling at a national level more effectively.

The PCC informed the Panel that Thames Valley Police was in a better place than most police forces in terms of neighbourhood policing and Child Sexual Exploitation. With neighbourhood policing Thames Valley Police had retained the services of Police Community Support Officers who were a critical part of neighbourhood policing and were particularly crucial in counter terrorism.

After the Operation Bullfinch investigation into CSE in Oxfordshire, Thames Valley Police and its partners have continued to keep CSE as a high priority within the force area.

The PCC was asked for his views on the future of national policing, particularly with the present Police organisational structure of 43 separate police forces, all of varied size, with different levels of capability and specialism. The PCC reported that Thames Valley Police Force area was three times the size of some of the other Force areas and there needed to be a look at the Police structure in the country. Specialist capabilities needed to be put into central hubs to enable all Police Forces to access these services and to enable the smaller Police Forces to hold these services to account. This would also provide huge savings.

Reference was made to the major impact of increased employer contribution rates which were required for Police pensions. This would have a major impact on the funding challenges facing forces, effectively placing an additional 9.7% on the salary costs of police officers. The PCC said he had written

to all Thames Valley region's MPs, expressing his concerns at this additional burden on Police budgets.

RESOLVED

That the Home Office Committee report on "Policing into the Future" be noted and the Police and Crime Commissioner be commended for his continual lobbying of the Home Office for greater Police funding, and the Panel supports the Police and Crime Commissioner in his continuous lobbying.

27 THAMES VALLEY POLICE CONTACT MANAGEMENT PLATFORM - PROJECT UPDATE

The Panel was provided with an update report on the implementation of TVP's Contact Management Platform. The PCC reported that during testing of the system, a number of performance, integration and system instability issues had been identified. It had been agreed that additional essential testing and resolution of systems infrastructure problems and instability issues be completed, before the system went live, in April 2019.

The PCC reported that the additional £4m which had been allocated to the CMP project would come out of the Police Reserves budget.

28 CHAIRMAN UPDATE / PCC UPDATE

The Panel was provided with a report which presented details of topical policing issues since the last meeting of the Panel.

Discussion took place regarding the on-going problems associated with "101 calls" to the Police. The Chief Constable acknowledged that there had been some problems with residents getting through to the system and he agreed to provide the Panel with statistics on the performance.

Reference was made to the announcement of the retirement of the Chief Constable at the end of March 2019 and it was reported that subject to the recruitment and selection process, a Confirmation Hearing for the appointment of the new Chief Constable would be held on 1 February 2019.

29 IMPLICATIONS OF THE HM GOVERNMENT CONSULTATION PAPER "TRANSFORMING THE RESPONSE TO DOMESTIC VIOLENCE"

The Panel was provided with a report outlining details of the consultation exercise which had taken place which had sought views on a number of specific measures intended to prevent and tackle domestic abuse which would be taken forward through new legislation.

Discussion took place around the difficulties faced by some victims of domestic abuse, of attending Court. This led to a number of adjournments. It was agreed that there needed to be changes made to the Criminal Justice process to enable greater support to be given to domestic violence victims and to speed up the process. Reference was made to the pilot scheme which had taken place between TVP Criminal Justice, the Crown Prosecution Service and Aylesbury Crown Court to fast track domestic abuse cases in the Crown Court.

The Panel was informed that the Safer & Stronger Bucks Partnership Board in association with partners had organised a Domestic Abuse Big Tent Event on the 5th February 2019, which was to be held at Aylesbury Vale District Council. Members would be provided with details and would be welcome to attend.

30 REPORT OF THE COMPLAINTS SUB-COMMITTEE

The Panel noted the two complaints considered by the Complaints Sub-Committee on 7 September 2018.

31 RECOMMENDATION MONITORING

The report was noted.

32 WORK PROGRAMME

The work programme was noted and it was agreed that the PCC would provide a report to the next meeting on the outcome of the bidding for the Early Intervention Fund.

33 DATE AND TIME OF NEXT MEETING

The date of the next meeting was on 1 February 2019 at 11.00am at Reading Borough Council Offices.

CHAIRMAN

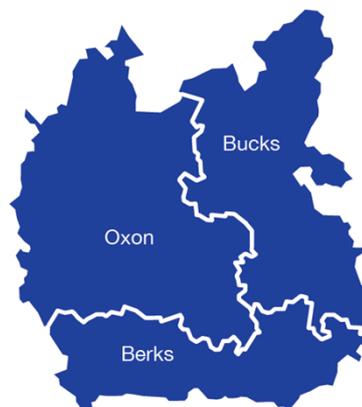
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Report to the Thames Valley Police & Crime Panel

Title: Report of the Thames Valley Police & Crime Panel Budget Task & Finish Group

Date: 13 February 2019

Author: Chairman Budget Task and Finish Group



Background

1. As in previous years, the Thames Valley Police & Crime Panel formed a Budget Task & Finish Group to assist in discharging its statutory duty to scrutinise the Police & Crime Commissioner (PCC) for Thames Valley's proposed council tax precept for 2019/20. The process will be formally undertaken at the 1 February 2019 meeting of the Panel where a decision will be made by the Panel on whether to accept or veto the PCC's proposed precept.

2. To strengthen the process, it was considered by Panel members to be important to evaluate the budget that the precept partially funds, allowing the Panel to make an informed decision on the adequacy of the precept when it meets on 1 February. This was the work undertaken by the Budget Task & Finish Group who included Cllr McCracken (Chairman), Cllr Patman (Vice-Chairman), Cllr Batt and Cllr Bradburn.

3. The relevant papers were published into the public domain in draft form for consideration at the PCC's meetings with the Chief Constable of TVP in November 2018 and January 2019. They included:

- i. Four Year Medium Term Financial Plan
- ii. Draft Capital Programme
- iii. Reserves, Balances and Provisions
- iv. Financial Strategy

4. The Budget Task & Finish Group met on 12 December 2018 and again on 24 January 2019 to consider the budget proposals, which included a proposed increase to the police element of the Council Tax of £24 per annum for 2019/20 (for a Band D property). The Task & Finish Group formulated its view on the adequacy of the precept and agreed the recommendation to the Panel at paragraph 5, subject to satisfactory responses to the questions raised at Appendix A and any other supplementary questions asked at the Panel meeting on 1 February.

5. RECOMMENDATIONS

1. That the Panel approve the Police and Crime Commissioner's precept for 2019/20 as set out in the OPCC report 'Revenue Estimates 2019/20 and Medium Term Financial

Plan 2019/20 to 2022/23', subject to satisfactory responses to the questions raised at Appendix A and any other supplementary questions asked at the Budget Task and Finish Group on 24 January and the Panel meeting on 1 February 2019.

Budget Task and Finish Group Meeting – 24 January 2019

Ian Thompson Chief Finance Officer, OPCC and Linda Waters Director of Finance, TVP outlined the changes to the Medium Term Plan (MTP) following the provisional Police Grant settlement for 2019/20.

The main changes highlighted as a result of the provisional settlement and the papers issued for the PCC's Level 1 meeting with the Chief Constable of TVP on 22 January 2019 are as follows:-

Provisional Police Settlement

The Provisional 2019/20 Police Finance Settlement was announced in an oral statement and a letter to the Home Affairs Select Committee by the Minister for Policing and the Fire service, Nick Hurd, on Thursday 13 December 2018. The key headlines are set out below:

- Headline of £970m additional funding for the service which includes
 - £161m additional formula funding,
 - £153m of pension grant,
 - £59m additional funding for Counter Terrorism,
 - £90m additional funding to tackle Serious and Organised Crime and
 - £509m as a result of additional council tax flexibilities.
- Of the £970m approximately £813m is for local policing
 - £509m precept
 - £143m (£153m-£10m for NCA and CT) pension grant
 - £161m additional Funding - made up of £146m increase in core grant, £12m additional NICC payments and £2.7m precept grant.
- Precept flexibility of up to £24 for all PCCs (or equivalents) in 2019/20.
- £161m additional grant funding – The settlement, including council tax and pension grant, represents an average cash increase (total funding) of 7.1% between 2018/19 and 2019/20.
- £160m additional Counter Terrorism funding (announced at the 2018 Autumn Budget) equivalent to an annual increase of £59m; an 8% increase on total CT funding.
- New Requirements – The Minister's letter refers to the requirement to "drive efficiency, productivity and effectiveness".
- Forces are being provided with an additional £142.5m pensions grant in addition to the £161m core funding. For Thames Valley this does not cover the full pension's costs. There is a shortfall and hence a balance to be funded locally. In TVP the funding shortfall is £0.7m.
- £20m has been taken out of special grants (the grant which paid for the Royal Weddings and President Trump's visit).

Thames Valley

- The PCC has undertaken a short public consultation exercise on the proposed increase in Council Tax and over 8,000 people responded with almost 70% supporting the proposed increase in the Policing precept for Council Tax.
- After funding pay and price rises, the proposed increase in Council Tax enables an investment of around £8.5m in a number of priority policing areas. A commitment has been made to:
 - Improve services to the public through contact management by reducing 101 call handling times (£1.3m) – Additional call-handling staff (around 45) would be recruited to deal with the volume of calls and to improve outcomes to residents
 - Increase frontline policing by recruiting additional officers and staff to respond to increasing crime demand and complexity (£2.5m)
 - Improve investigative capacity and process for complex crimes (£2.2m) – stretched resources are operating in an increasingly expanding and complex environment with investigations at all levels growing in size and complexity. More investigators will be recruited and there would be investment in appropriate new technology and tools.
 - Increasing the Digital Development Programmes (£2.5m) and Increase digital capability by exploiting the modern platforms which have been investing in – This involved increasing the number of laptops for Police Officers, improving Wi-Fi capability in police establishments.
- In Year Appropriations from Reserves - In accordance with the agreed policy on the use of reserve funding the PCC will continue to utilise the Improvement and Performance (I&P) reserve to fund one-off expenditure contained within the MTFP. It will also support the capital programme and ICT Strategy implementation.
- The revenue budget is balanced in all 4 years (i.e. 2019/20 to 2022/23) with a £24 increase in Band D council tax in 2019/20 followed by 2% per annum in later years. The MTFP provides for inflationary increases and limited investment to address some service and performance issues by increasing resources, both police officers and police staff, alongside investing in the technology to make staff more productive. The investment has only been possible because of the additional flexibility in the proposed council tax precept.
- The Force continues to prioritise its work on the Productivity Strategy to ensure resources are directed to priority areas and that services are delivered in the most effective and efficient manner. This work focuses the drive for continuous improvement, improved efficiency and alignment of resources with demand. It will continue to release savings in future years in order to address future unquantified demands and provide additional resource to reinvest in priority policing areas
- The current MTFP requires revenue savings of at £15.1m over the next four years. This is over and above the £101m of cash savings already removed from the base budget in the last eight years (i.e. 2010/11 to 2018/19) meaning that, over the twelve year period in excess of £116m will have been taken out of the base revenue budget.
- Medium Term Capital Plan 2019/20-2022/23 - Following the provisional police grant settlement announcement, an additional £2.1m of development opportunities have been provided for to improve the overall effectiveness of policing. Capital receipts were declining due to the low number of police property assets.

Particular issues / questions asked by Members:-

- The Comprehensive Spending Review was discussed and it was reported that the Home Office were still working on this
- Work on the national police funding formula is due to commence this Autumn, with a view to going out to consultation in the summer of 2020.
- Reference was made to the political and economic uncertainty around Brexit which could impact on the CSA.
- The savings which had been identified in the earlier budget papers would be taken out, in view of the funding announcement. However, in future years these savings may still have to be made, subject to future Government Grant funding decisions.
- Funding for Community Safety Partnerships was now secured and would be maintained at last year's cash level. The importance of this partnership between local authorities and the Police was noted.
- As a result of the improved grant settlement the future of the Mounted Police Section was now secured, at least for the time being.
- The investment in new police recruits - It was noted that recruitment would be very competitive as all Police Forces would be looking to recruit new police officers. Recruitment and Retention of police officers in Thames Valley was a challenge because of the cost of living in the region.
- In relation to increasing frontline policing, it was reported that TVP should be up to officer target by the beginning of the next financial year. There were immediately incoming sergeants and inspectors.
- The decision on where the additional police officers would be deployed had not yet been determined.
- Emergency Services Mobile Communications Programme (ESMCP) – the final sign off for this was still awaited but it was expected to be deployed by the beginning of next year.
- In Year Appropriations from Reserves – General reserves were healthy but the Improvement & Performance reserve would be drawn upon for revenue property works.
- In relation to Property Services schemes, the replacement of Reading Police Station still remained an important part of the estate programme. However, the anticipated sales receipt no longer falls within the anticipated MTCP period but will be available to fund future capital investment, beyond the current MTCP period.
- In relation to Bletchley Station in Milton Keynes, this was to close within the 4 year plan with a possible "blue light" facility with the Fire Service.
- Reference was made to the total spend on police vehicles over the four year period being around £13m and it was explained that this programme could be impacted by developments in electric powered cars/ hybrids and also by the proposed increase in police officer numbers.

Budget Task and Finish Group Meeting – 12 December 2018

The main points highlighted by the Director of Finance (TVP) and the Chief Financial Officer (OPCC) were as follows:-

Financial Strategy – Information extracts from the OPCC report. The Budget Task and Finish Group noted that the information contained in the papers would be superseded by the Government announcement on 13 December on the provisional police grant settlement for 2019.

- On 3rd October 2018 the APCC and NPCC wrote to the Minister setting out their joint requirements for the police settlement in 2019/20. The letter explained the progress being made on efficiency and productivity, referred to the significant impact on policing of the new Public Sector Pensions Valuation Directions and challenged the Home Office to reduce the level ‘reallocations’ from police grant. They concluded by asking the Minister to consider lifting or removing the referendum cap on council tax precept to allow forces scope to deal better with the financial and operational pressures currently experienced.
- Demonstrating Productivity & Efficiency - In order to meet the Minister’s conditions in relation to productivity and efficiency, the APCC, NPCC and Home Office have created a National Commercial Board through which to focus efforts to deliver real progress in relation to procurement and shared services. By the end of Q1 2018/19 the service has already:
 - Delivered £322m against the original target to make £350m procurement savings by 2020
 - Delivered £23m of the 3 year £100m procurement savings target, with plans in place to achieve the agreed £40m by year-end 2018/19
 - Delivered at least £13m against the 3 year back-office savings target of £20m
 - Developed an outline business cases for both a future commercial operating model for policing, and for future shared services in policing using a national Centre of Excellence.
- Reference was made to the increase in employer contributions to the police officer pension scheme. At national level, the increase in pension contribution would cost the service around £300m, with a net cost to the service of £165m in 2019/20. A grant would be received to bridge this gap. Negotiations have taken place to bring these costs down and employers had been paying in terms of overpayments. It was expected that employers would be getting back around £125m (i.e. difference between the initial gross cost of £417m and the new gross cost of circa £300m).
- Reference was made to the financial context of Policing in 2018 which the Budget Task and Finish Group acknowledged and noted. Mention was also made of mental health and the impact this had on modern policing, in terms of consuming police time and resources.
- Relating to future funding and the Spending review, Members were informed that work on changing the national police formula would commence after the Spending Review submission was completed in summer 2018. A discussion took place on the likely outcome of this review and Members were informed that it was difficult to make assumptions at this stage.
- There was still uncertainty around Brexit and there were issues around Reserves and Balances. A report had been presented to the Policing Minister in October 2018 which showed that, at national level, total revenue reserves at 31st March 2018 amounted to £1.40bn; a reduction of 14% on comparable figures twelve months ago. Current

forecasts indicated that revenue reserves would fall by a further 47% between now and March 2021 to a figure of £747m. Reports had to be presented to the Home Office, twice a year on what reserves were held and current plans to spend them.

Revenue Monitoring 2018/19

At the end of October 2018 the overall 2018/19 revenue budget was £0.164m underspent against profile and, the year-end position was predicted to be a net overspend of £0.183m. As indicated in June, a significant underspend had arisen due to the shortfall on police officer numbers caused by high attrition rates and low PCSO numbers. Significant work was being undertaken across the organisation to mitigate the impact of low police officer numbers on service delivery, one example was the decision to utilise overtime to address the shortfalls and hence the significant predicted overspend on police overtime.

Reference was made to other opportunities and risks which continued to arise and would impact the final financial outturn. These included:

- a sizeable underspend of about £2.1m on the Force ICT budgets, principally arising from an accounting change to improve the alignment of software licensing charges with the usage, the majority of this underspend (£1.3m) has been used to part fund the increased costs for the Contact Management Programme via direct revenue financing
- the outcome of the tender negotiations for motor insurance renewal has increased TVP premiums by £1.45m this year
- Confirmation of the level of financial support for the additional costs in relation to the two Royal Weddings and Presidential visit had not yet been received.

It was recommended that the OPCC budget underspend of £0.434m be appropriated to the Community Safety Fund. The approved Force Budget included a planned appropriation from reserves for the rationalisation programme due to the early closure of this programme but it was recommended that £0.450m of these funds be retained in reserves.

Four year Medium Term Financial Plan 2019/20 to 2022/23 - Information extracts from the OPCC report. It was noted that since this report had been published some of the detail was now out of date.

- TVP reported that this year the draft MTFP's were presented in an environment of uncertainty around funding levels alongside significant increases in demand and increasing complexities in recruitment and retention of police officers and staff. TVP were still losing Police Officers to other forces; mainly due to the higher cost of living in the Thames Valley region and the increased pressure and stresses of the job. The Force lost Police Officers to, for example, Avon & Somerset and Dorset, where the cost of living was not as high. Firearms Officers, who were expensive to train, were lost to the Metropolitan Police
- Reference was made to the funding uncertainty being amplified by the significant change to Police service continued to go through with the demands placed upon the service increasing in both volume and scope.
- With the problems with recruitment and retention of Police Officers, the Force had been using civilian case investigators to mitigate the shortage of Police Officers. In addition there were a number of Police Community Support Officers who had undergone the training to become full time Police Officers.

- Reference was made to the investments which had been made in relation to new technologies and new equipment to enable the Police service to adjust to the increased complexity and sophistication of crime. Laptops were being rolled out to Police Officers to improve efficiency and effectiveness. There were increased costs in relation to data charges; all of which increased the budgetary pressures.
- The MTFP was formulated on the assumption that the Council Tax precept would rise by £12 per band D household, but this was subject to the announcement on 13 December. A £12 rise would not quite cover inflationary requirements and committed expenditure.
- The list contained in paragraph 4.8 of the report provided details of those schemes which could not be afforded. However, this would be revisited, in view of the reported likelihood of an increase in Government core grant of up to £160m, and the likely increase in council tax precept of up to £24 for a band D household.
- The unexpected increase in the police pension's contribution, estimated at £13.2m in TVP, had created a significant additional requirement in the revenue budget which had not previously been identified. There was optimism regarding the funding which would be received to help fund that.
- Reference was made to the MTFP assumptions which had been used as the basis of the plan for the next four years:
 - General inflation will be applied at 1.8%; 1.90%; 2.0% and 2.0% in each of the next 4 Years, this is in line with the OBR forecast for CPI as at March 2018. However, Brexit would impact on this. Reference was made to motor insurance having increased by £1.5m since last year
 - Specific inflation rates are based on sector led rates, e.g. Premises at 2.6%, Fuel at 8.0% and Utilities at 5% per annum;
 - Specific inflation has been applied to the custody and cleaning contracts to allow for wage uplifts in relation to the National Minimum Wage (NMW) and recruitment issues, this has been applied at 5.1%.
 - Pay inflation has been included at a base 2% annual increase for both Police Officers and Staff
 - Forensic science costs were expected to increase by 28%
 - Council tax precept was hoped to be closer to £24 in 2019/20 and then by 2.0% per annum in each of the following years. The difference between a £12 precept and a £24 precept was around £10m.
 - Council tax billing base to increase by 1.5% 2019/20 which was a downturn in the expected 1.7%.
 - General police grants to remain cash flat over the period.
 - The use of reserves will support the MTFP & MTCP but will be significantly committed by the end of the four year period.
 - The future investment in technology, whether direct capital purchase or revenue service contracts, will need to be funded by revenue given the diminishing reserves and the non-existent capital grant.
- By the end of the four year period there would be £10m a year funding direct from revenue to capital for some of the technology requirements, maintenance to infrastructure, maintenance of vehicles, police communications etc. This was because capital receipts and reserves were running out.
- Reference was made to the Force Productivity Strategy which provided details of Police's productivity savings which were used to balance annual budgets or to reinvest them in frontline policing. The Efficiency and Effectiveness programme had added additional savings of around £1.2m.

Medium Term Capital Programme (MTCP)

- The Draft MTCP builds on the currently approved MTCP, last presented to the PCC in July 2018. Over the next 4 years the investment plan, if approved, would cost £68.756m. This is in addition to the 2018/19 capital programme, which is adjusted to £32.263m to reflect expected re-phasing of some projects existing budgets. This brings total investment over 5 years to £101.019m.
- The currently approved and estimated future funding available over the same period is £102.734m. There are expected budget shortfalls throughout the next 3 years totalling £5.161m that, depending on the actual phasing of expenditure, may require financing decisions.
- At the close of the 4 year period there is a very small excess of funding of £1.715m identified. However this will be needed to meet any new prioritised bids that may materialise in later years of the programme. To reinforce that, there are currently no new projects budgeted or expected to start in either 2021/22 or 2022/23. Spend included in those years covers the tail end of existing projects and future equipment, ICT & fleet refresh only. It looks likely therefore that £1.715m would be insufficient to meet future bid requirements and additional borrowing may be required to support future programmes that are prioritised.

Reserves & balances

- Earmarked reserves at 1st April 2018 were £26m but by the end of the four year period would be down to around £4.6m. The majority of the Improvement & Performance reserve was transferred into the Optimism Bias reserve (£12m) last year to support project budgets where costs are higher than forecasted during either the business case or bid stage. This is as recommended by the HM Treasury. The Optimism Bias Reserve is currently just in excess of £9m having been used to support the CMP project during the year. The OB reserve is currently being re-assessed and may need to be adjusted based on the revised capital programme. The remaining I & P reserve is expected to be fully exhausted over the period of the next 4 years.

Points of clarification by the Task and Finish Group

Revenue

- A question was asked about the Medium Term Financial Plan which had indicated further budget cuts of at least £12.3m, and whether this would be spread over the four year period. OPCC reported that it would be spread over the four years, but was dependent on the funding announcement.
- In relation to the financial strategy and the aim to work closely with other forces and partners to deliver savings and improve efficiencies, it was asked whether discussions were taking place with other Forces and “blue light” services on the provision of joint hubs. TVP reported that Forces in the South East already worked collaboratively in terms of procurement with an example of procuring new police radio communications. Reference was made to discussions regarding a potential “blue light” hub for Milton Keynes and discussions which had taken place between TVP and Berkshire Fire Service in relation to a joint facility at Whitley Wood.
- In relation to the Revenue Budget Monitoring 2018/19, a question was asked regarding the cost of the Contact Management System and when would this be completed. TVP reported that it was critical that this system was tested fully to ensure complete

confidence when the system went “live”. The system would be rolled out in stages with it envisaged that the system would go “live” in April 2019.

- In response to a question, it was reported that the special grant income of around £2m would be received for the first Royal Wedding and between £5-6m for the President Trump visit was £5/6m.

Four year Medium Term Financial Plan 2019/20 to 2022/23

- In response to a question, it was reported that there were around 900,000 Band D properties within the Thames Valley. Predictions were for around 300,000 new builds over a 25 year period, which was below the expectations of local authorities.
- In relation to the MTFP assumptions made, a question was asked about reserves and whether the expected increase in Police grant would mean a reduction in the use of reserves. It was reported that reserves were only used for one off specific capital items and they were not used to underpin day to day expenditure. The grant announcement would not impact on the reserves position. It was noted that if general reserves went above 5% a report had to be submitted to the Home Office.
- With regard to the proposed savings, discussion took place on the Police Mounted Section and the impact of losing this service. It was explained that the main purpose of using Police horses was for Public Order purpose, beneficial in terms of crowd control, demonstrations. Officers had been taken out of the service as a saving. There were not many Mounted Police Sections and TVP did receive relatively small income from loaning the service out.
- In relation to rationalising the Custody estate, it was asked whether there had been consideration given to outsourcing. TVP reported that it would not be cost effective as Police Officers were required to question those held in custody.
- In relation to the prioritisation of ICT & Technology investment, there had been a number of meetings with TVP collaborators, Hampshire and it was expected that a decision would be made before the end of January.
- Community Safety Fund – In response to a question, TVP reported this was where expenditure was being funded from reserves. TVP had been taking £100,000 from reserves to increase the annual Community Safety Fund but, but this was forecast to stop in 2021. Therefore expenditure would not be taken out of reserves going forward, but the annual budget would be maintained.
- Emergency Services Mobile Communications Programme (ESMCP) Changeover Annual Usage costs – clarification was sought on this and it was explained that there would be an overlap of paying for two systems but after that there would be a saving of £2.467m.

Capital

- The reduction in capital receipts was because of a reduction in surplus capital assets available for sale. Virtually all Police houses had been sold off as have old police buildings which had reduced the police estate.
- Reserves and Balances paper would be circulated to Members to ensure full account was taken of reserves held.
- In the property services items, reference was made to the joint Fire Service/Police project at Whitley Wood and that this was a Fire Service led initiative and was not included in the papers with regard to additional spend.

Appendix A

Proposed Questions to the Police and Crime Commissioner

1. There are around 2.4million residents in the Thames Valley policing region and yet there were only around 8,000 residents who responded to your consultation on the proposed precept. What is the reason for this low response rate?
2. Will this budget mean that you can deliver the key objectives in your Police and Crime Plan, particularly in relation to the reduction of crime and higher detection rates?
3. How will you holding the new Chief Constable to account on the use of this additional funding? At this early stage, could you give an indication of how the £8.5m of extra investment is going to be used?
4. One of your commitments from this increase in precept is to increase the number of front line police officers. What methodology will be used on where in the Thames Valley this extra resource will be deployed?
5. What methods will be used to help with the recruitment and retention of Police Officers in the Thames Valley, particularly in view of the previous difficulties of recruitment and retention in the past?
6. Increased investment in technology is earmarked for the Police. In view of the delays with the implementation of the Contact Management Programme and the resultant increased costs, how will you ensure that these future projects come in at budget costs?
7. Does this budget take account of the impact on policing from Brexit including procurement of specialist equipment and services which are coming from EU countries?
8. Is there a deadline for conversion from the current Airwave product to Emergency Services Mobile Communications Programme (ESMCP)?
9. Do you consider that sufficient funding has been set aside for the purchase and implementation of ESMCP and if not,
10. What is TVP's financial fall-back position regarding the continual delays in the availability and roll out of ESMCP?



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR THAMES VALLEY

Report to the Police and Crime Panel

1st February 2019

Council Tax Precept 2019/20

Purpose of Report

1. To notify the Police and Crime Panel of my proposed council tax precept for 2019/20.
2. Full supporting documentation is provided in the attached Revenue Estimates report which was presented to and agreed at my public Level 1 meeting with the Chief Constable on 22nd January 2019.

Decisions Required

3. The Panel is asked to receive my proposed precept for 2019/20 and note:
 - That the council tax requirement for 2019/20 be set at £186,558,099
 - That the police element of the council tax for 2019/20 be set at £206.28 for properties in Band D, with the charge for other bands as set out in below. This represents an increase in the band D precept of £24, or 13.2%

Council tax 2019/20

Property Band	Relevant Proportion	PCC Element of the Council Tax £
A	6/9	137.52
B	7/9	160.44
C	8/9	183.36
D	9/9	206.28
E	11/9	252.12
F	13/9	297.26
G	15/9	343.80
H	18/9	412.56

Conclusions

4. The revenue budget is fully balanced in 2019/20 with a 13.2% (£24 for band D) increase in council tax. This is in-line with my Annual Financial Strategy for 2019/20.
5. On 19th December I launched a short public consultation on the proposed increase in council tax for 2019/20. The response deadline was 9th January 2018. In order to reach as many people as possible, it was sent to:
 - All users of TVP Alert – at least 82,787 residents
 - All town and parish councils
 - All councillors from county, unitary and district councils
 - All media in the TVP area via a press release

- Regular social media updates via Twitter
6. In total, 8,031 people voted, of which 5,599 or 69.7% voted yes
 7. The main areas of additional investment in 2019/20, being funded through the increase in council tax precept are under the following schemes:
 - **Improved Services to the Public through Contact Management £1.3m** - The rise in demand and the complexity of that demand have increased the length of time it takes to assess the threat, harm and risk and ensure every call receives the appropriate response. We will reduce call handling times, particularly for 101 calls, by recruiting additional staff to deal with the additional demand and more complex crime and incidents being reported.
 - **Increasing Local Front Line Policing and Service Delivery £2.5m** - we will recruit additional officers and staff to increase visibility to our communities and respond to increasing crime demand and complexity and the impact (particularly in the areas of mental health and children's safeguarding) of the reduction in the resources of and services provided by other agencies.
 - **Improved Investigative Capacity and Process for Complex Crimes £2.2m** - stretched resources are operating in an increasingly expanding and complex environment with investigations at all levels growing in size and complexity. There has been an impactful increase in organised crime which exploits the vulnerable as well as cyber enabled crime fraud and economic crime. We will recruit more investigators and invest in appropriate new technology and tools.
 - **Increasing Our Digital Development Programmes £2.5m** - we will exploit the modern platforms we have been investing in through the development of operational designed tools, expanding our mobile capability and improving connectivity will allow officers and staff to maximise the use of online digital applications facilitating the fast access and transfer of data, while investing in Intelligence technologies will improve the efficiency of transactional processes.
 8. The medium term financial plan is balanced in all four years (2019/20 to 2022/23). It provides for inflationary increases and limited investment to address to address some service and performance issues by increasing our resources, both police officers and police staff, alongside investing in the technology to make our staff more productive. The investment has only been possible because of the additional flexibility in the council tax precept.
 9. The Force continues to prioritise its work on the Productivity Strategy to ensure resources are directed to priority areas and that services are delivered in the most effective and efficient manner. This work focuses the drive for continuous improvement, improved efficiency and alignment of resources with demand. It will continue to release savings in future years in order to address future unquantified demands and provide additional resource to reinvest in priority policing areas
 10. The current Medium Term Financial Plan requires revenue savings of at £15.1m over the next four years. This is over and above the £101m of cash savings already removed from the base budget in the last eight years (i.e. 2010/11 to 2018/19) meaning that, over the twelve year period in excess of £116m will have been taken out of the base revenue budget.

Anthony Stansfeld
Police and Crime Commissioner for Thames Valley



Report for Decision to the Level 1 Public Meeting on 22nd January 2018

Title: Revenue Estimates 2019/20 and Medium Term Financial Plan 2019/20 to 2022/23

1 Purpose of Report

- 1.1 This report provides information on the provisional police funding settlement for 2019/20 and then recommends a draft revenue budget and council tax precept for the Police and Crime Commissioner (PCC) to approve, subject to final notifications on the council tax base from local authorities.

2 Decisions Required

- 2.1 The PCC is asked to notify the Police and Crime Panel:
- 2.2 That the council tax requirement for 2019/20 be set at £186,558,099.
- 2.3 The revenue estimates for 2019/20 as set out in Appendix 1
- 2.4 That the police element of the council tax for 2019/20 be set at £206.28 for properties in Band D, with the charge for other bands as set out in Table 1.

Table 1 – Council tax 2019/20

Property Band	Relevant Proportion	PCC Element of the Council Tax £
A	$\frac{6}{9}$	137.52
B	$\frac{7}{9}$	160.44
C	$\frac{8}{9}$	183.36
D	$\frac{9}{9}$	206.28
E	$\frac{11}{9}$	252.12
F	$\frac{13}{9}$	297.26
G	$\frac{15}{9}$	343.80
H	$\frac{18}{9}$	412.56

3 Background

- 3.1 The PCC is required to notify the Thames Valley Police and Crime Panel of his proposed council tax precept by 1st February 2019.
- 3.2 Having considered the PCC's proposals the Panel must make a report to the PCC on the proposed council tax precept. A decision to veto the precept has to be agreed by at least two-thirds of the Panel members, i.e. at least 14 of the 20 members. The PCC has to have regard to the report made by the Panel. Should it be necessary, a second Panel meeting will be held in February 2019 to consider the PCC's revised precept proposals for 2019/20
- 3.3 Legislation provides that the council tax requirement, precept and council tax levels are to be finally determined by the end of February prior to the start of the relevant financial year.

4 PROVISIONAL POLICE FINANCE SETTLEMENT

- 4.1 The Provisional 2019/20 Police Finance Settlement was announced in an oral statement and a letter to the Home Affairs Select Committee by the Minister for Policing and the Fire service, Nick Hurd, on Thursday 13 December 2018. This is attached at Appendix 2.

HEADLINES

- 4.2 The key headlines are set out below:
- **Headline of £970m additional funding for the service – includes**
 - £161m additional formula funding,
 - £153m of pension grant,
 - £59m additional funding for Counter Terrorism,
 - £90m additional funding to tackle Serious and Organised Crime and
 - £509m as a result of additional council tax flexibilities.
 - **Of the £970m approximately £813m is for local policing**
 - £509m precept
 - £143m (£153m-£10m for NCA and CT) pension grant
 - £161m additional Funding.
 - **Precept flexibility of up to £24** for all PCCs (or equivalents) in 2019/20.
 - **£161m additional grant funding** – made up of £146m increase in core grant, £12m additional NICC payments and £2.7m precept grant.
 - The settlement, including council tax and pension grant, represents an average cash increase (total funding) of 7.1% between 2018/19 and 2019/20.
 - £160m additional Counter Terrorism funding (announced at the 2018 Autumn Budget) equivalent to an annual increase of £59m; an 8% increase on total CT funding.

- New Requirements - The minister's letter refers to the requirement to "drive efficiency, productivity and effectiveness".

CORE FUNDING

- 4.3 The Government Core Funding (made up of Police Grant, ex-DCLG grant, the Welsh government funding and Welsh top-up) has increased by 2.1% in cash terms between the 2018/19 and 2019/20 settlement. This is equivalent to an additional £146m.
- 4.4 This £146m plus an additional £12m for the NICC grants (see section below) and £2.7m precept grant for the City of London sums to the £161m headline increase in grant funding.
- 4.5 If each PCC raises his/her precept by up to £24, based on updated tax base assumptions (see below), then there will be an average increase in total income of 7.1% in cash terms. Increases for individual PCCs range from 5.8% in Cleveland to 11.8% in the City of London.

WHAT'S EXPECTED IN RETURN

- 4.6 The 2019/20 settlement provides more funding than had been previously expected. The letter to the Home Affairs Select Committee (HASC) outlines the Policing Minister's 4 priority areas to "drive efficiency, productivity and effectiveness next year":
1. Continued efficiency savings in 2019/20 through collective procurement and shared services. There will be an expectation that every force contributes substantially to procurement savings and the Home Office will be working with the police to agree the "right force level objectives for 2019/20 and 2020/21".
 2. Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
 3. Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019/20.
 4. Maintain a SOC response that spans identification and management of local threats as well as support for national priorities.

DOES THIS ADDITIONAL FUNDING COVER THE ADDITIONAL PENSION COSTS IN 2019/20?

- 4.7 Recent changes to the way in which police pensions are calculated means that the police, as well as other "unfunded" schemes, will see a sharp increase in costs. These costs, for the Police, are now estimated to be approximately £330m (£302m for police officers and a further £28m for MPS Civil Servants).
- 4.8 In 2019/20 the Treasury are providing forces with an additional £142.5m pensions grant in addition to the £161m core funding. In some forces the combined grants cover the full pension costs, in others, such as Thames Valley, there is a shortfall and hence a balance to be funded locally. In TVP the funding shortfall is £0.7m.

COUNCIL TAX

- 4.9 The Ministry for Housing, Communities and Local Government has published the draft council tax referendum principles. In 2019/20 PCCs will be allowed to increase band D council tax by as much as £24, although in Wales there remains no referendum limits.
- 4.10 Nationally, the additional £24 precept, combined with assumptions on increasing tax base (see below) is worth an additional £509m. In terms of net revenue budgets £509m nationally is equivalent to 4.3%.
- 4.11 This additional £24 represents increases in council tax of between 9.3% (North Wales) and 18.7% (West Midlands). The Thames Valley figure is 13.2%
- 4.12 The City of London, who do not levy a police precept, have been allocated £2.7m precept grant in 2019-20 (see section below).

TAX BASE ASSUMPTIONS

- 4.13 The Home Office have updated their tax base assumptions to reflect the latest forecasts from the Office for Budget Responsibility – namely a 1.41% increase in England and a 0.8% increase (no change) in Wales.

REALLOCATIONS

- 4.14 In 2019/20 the top-slices/reallocations total £1,029m, £84m higher than 2018/19 (£945m).
- 4.15 The settlement announced an additional £90m to tackle Serious and Organised Crime (SOC). This is likely to be made up from the £56m additional reallocation plus the additional £38m under the heading “Strengthening the response to organised crime”

Table 2: National Reallocations

Police Funding	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)
o/w Reallocations and adjustments	812	945	1,029
PFI	73	73	73
Police technology programmes	417	495	495
Arm’s length bodies	54	63	63
Top-ups to NCA and ROCUs			56
Strengthening the response to Organised Crime	28	42	90
Police transformation fund	175	175	175
Special Grant	50	93	73
Pre-charge bail	15	4	4

- 4.16 Special grant has decreased from £93m to £73m; the grant total rose last year as the Home Office anticipated additional funding for the Commonwealth Heads of Government Summit.
- 4.17 The transformation fund will remain the same, in cash terms, at £175m.

COUNTER TERRORISM

- 4.18 At the Autumn Budget the Chancellor announced an additional £160m for counter terrorism policing, but that figure was higher than the figure announced at the 2015 Spending Review. In terms of a year-on-year increase the figure is just £59m, representing an 8% rise in counter terrorism funding between 2018/19 and 2019/20.
- 4.19 This additional funding will bring the total CT funding to £816m, including a £24m uplift in armed policing from the Police Transformation Fund.
- 4.20 PCCs will be notified of their force allocations separately as allocations are not made public.

CAPITAL FUNDING

- 4.21 Police Capital Grants have increased very slightly from £75.2m in 2018/19 to £76m in 2019/20.

Table 3: Capital Funding 2019/20

	£m
Police Capital Grant	46.9
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	11.5
Arm's Length Bodies	3.5
Total	76.0

NATIONAL AND INTERNATIONAL CAPITAL CITY (NICC) GRANT

- 4.22 In 2019/20 the NICC grant for the City of London has increased by £0.305m (7%) to £4.8m, and MOPAC will receive 7% more (£11.7m) at £185.3m.

PRECEPT GRANT

- 4.23 In 2018/19, when all other force areas were allowed precept flexibility of up to £12, the City of London received an additional £0.9m due not having a police precept and therefore being unable to benefit from the increased precept flexibility. This year that precept grant has risen to £2.7m. This is funded through a reallocation from within the overall police settlement and is included within the £161m additional grant figure.

MINISTRY OF JUSTICE GRANTS

- 4.24 The Ministry of Justice have written to PCCs outlining their 2019/20 Victims funding allocations. Please see Appendix 4.

FUTURE SETTLEMENTS

- 4.25 There was no further mention of future settlements other than to say “this is the last settlement before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces”.

FORMULA REVIEW

- 4.26 There are no plans to review the Police Allocation Formula until after the Spending Review.

5 THAMES VALLEY ALLOCATIONS

- 5.1 As shown in Appendix 2 the PCC will receive the following grants in 2019/20.

Table 4: TVP grant allocations 2019/20

	2018/19 £m	2019/20 £m	Variation £m
Home Office Police Grant	139.248	146.577	7.329
Ex DCLG Formula Funding	72.855	74.280	1.425
Sub-total	212.103	220.857	8.754
Legacy council tax grants			
- Council tax support funding	11.906	11.906	0
- 2011/12 council tax freeze grant	3.372	3.372	0
Total General Grants	227.381	236.135	8.754

- 5.2 In addition to these general grants the PCC will also receive £2.765m from the Ministry of Justice to fund victim and witness services in 2019/20.

6 THAMES VALLEY POLICE RESPONSE TO THE POLICE SETTLEMENT

- 6.1 The additional grant and increased flexibility in council tax precept, has significantly changed the position we were reporting in November, where the potential level of cuts required were unachievable without a negative change in our service provision. We are now fortunate in that we can make limited investment to address some service and performance issues by increasing our resources, both police officers and police staff, alongside investing in the technology to make our staff more productive. Concern was beginning to build that the £100m we had already removed from the budget had in some areas, drained our resources too far and as time progressed we were less able to respond to the increases in demand from a volume, scope and complexity perspective.
- 6.2 Demand on our service is expected to continue to increase over the next four years, for example: from the continuing increases in terror related incidents, increased reporting of complex crimes such as Child Sexual Exploitation (CSE) and Domestic Violence (DV), new and emerging crimes such as Honour Based Violence, County Lines and Cyber related crime as well as the forecast population increase, the expectations of our communities, and legislative changes. The additional investment in resources from the

2019/20 settlement will help to address current and future demand.

- 6.3 We are however clear that this welcomed respite from aggressive cuts is not a panacea for the police service. The limited investment incorporated today will not address the significant cuts we have made in previous years or the additional demand we continue to face. Hence we still need to keep our attention focused on increasing the productivity of our resources by investing in technology and ensuring the appropriate process and cultural change flows from that investment to improve our effectiveness. We need to continue to constantly review what and how we deliver our service across the whole spectrum, to ensure our limited resources continue to be prioritised and utilised as effectively as possible. We will therefore continue to focus on our Productivity Strategy, which includes the Efficiency & Effectiveness programme to ensure this is achieved.
- 6.4 There is still considerable uncertainty about future funding levels which could impact our ability to maintain the level of investment incorporated within this budget but, at this time, we are assuming for 2020/21 and beyond a cash flat grant settlement and a return to the 2% council tax precept rise.

7 OVERVIEW OF THE MEDIUM TERM FINANCIAL PLAN

- 7.1 The review and development of the revenue budget is an annual exercise with each year's budget and associated council tax precept considered and approved in isolation. However, decisions taken in the course of approving the revenue budget will often have longer term consequences, as will those in approving the capital programme. The four year MTFP brings together these medium term consequences and allows a more comprehensive view to be taken of the PCC's overall financial position. It is imperative that the PCC knows the full extent of the financial consequences he will be committing to in future years when he considers and determines the annual budget.
- 7.2 The Police service, both nationally and locally, is going through a period of reform to adjust to the financial challenges and respond to the increasing complexity and quantum of crime. This reform requires investment in well trained officers and staff as well as the new and developing technologies which will facilitate the change in the way policing services are delivered; unfortunately this investment only increases the financial pressures.
- 7.3 The MTFP presented today attempts to address these competing demands of financial constraint in an increasingly complex policing environment. The MTFP sets out the level of police service which is affordable with the funding available.
- 7.4 As explained later in this report the revenue budget is balanced in all four years (i.e. 2019/20; 2020/21; 2021/22 and 2022/23). The current draft summary position is shown in Table 5 below:

Table 5: Summary of Draft MTFP

	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Annual Base Budget	391,471	419,914	426,472	433,260
Inflation	10,659	8,559	8,701	8,926
Productivity Savings	- 4,765	- 3,593	- 4,802	- 1,969
Committed Expenditure	13,347	1,277	619	- 65
Current Service	- 6,125	528	0	0
Improved Service	14,142	155	2,524	- 792
In Year Appropriations	1,185	- 368	- 254	924
Net Budget Requirement	419,914	426,472	433,260	440,284
Total External Funding	- 419,914	- 426,472	- 433,260	- 440,284
<i>Cumulative Budget (Surplus)/Shortfall</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Annual Budget (Surplus)/Shortfall</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

Note: the opening budget position for 2019/20 (£391.471m) is lower than the published approved net budget for 2018/19 since £14.523m of specific grant income is now treated as local police income, rather than being included in Home Office grants, in order to be consistent with the way that Net Revenue Budget Requirements are published in CIPFA Police Statistics

- 7.5 Significant work has been undertaken by the Force over the last 12 months to support service delivery and address the financial changes facing the Force. The MTFP incorporates the financial outcomes and requirements identified from this internal work alongside the financial impacts of external influences
- 7.6 The budget presented today supports a police service for Thames Valley which provides:
- **Responding to the Public:** Our Call Management service is focused on answering emergency and non-emergency calls, deploying resources and carrying out onward tasking when required. Whilst our Local Policing function provides geographically based response, local volume crime investigation and neighbourhood policing teams to provide a local police service based on an appropriate assessment of Threat Harm Opportunities and Risks (THOR).
 - **Crime prevention** is a key concept for the Neighbourhood policing teams
 - **Investigations** are carried out by our local teams for volume crime with serious and complex crime dealt with by our Force Crime and Protecting Vulnerable People (PVP) units. Our Force crime units investigate a breadth of crime types ranging from Fraud to CSE, by their nature these investigations are high threat, high risk and highly complex.

- **Protecting Vulnerable People:** We have specialist Domestic Abuse Investigation Units (DAIU's) and Child Abuse Investigation Unit (CAIU) to deal with these high risk areas. Female genital mutilation (FGM), Adult safeguarding, Modern Slavery, Hate crime, Honour based abuse, missing persons, Mental Health, Stalking and Harassment are all high risk complex crimes which require investigations.
- **Managing Offenders:** TVP runs a central Multi-Agency Public Protection Arrangements (MAPPA) with the National Probation Service (NPS) as well as an Integrated Offender Management (IOM) cohort and a Public Protection Unit.
- **Serious Organised Crime:** Across the force at any one time there are approximately 70 active Organised Crime Groups (OCG). The threats from these groups are tackled by the Force Intelligence and Specialist Operations (FISO)
- **Major Events:** The Joint Operations Unit is a collaborative unit with Hampshire police which provides specialist policing including Firearms Operations and Roads Policing.

7.7 Throughout the budget preparation process the following key principles have been adopted:

- To protect priority services and our ability to manage risk;
- To maintain performance in key areas, including the strategic policing requirement;
- To maintain our capability in protective services and back office functions through collaboration;
- To reduce "discretionary spending" and streamline business processes to eliminate unnecessary bureaucracy and waste
- To invest in technology to transform service delivery and deliver future savings
- All change to be risk assessed.

7.8 There is a close relationship between preparation of the annual budget, medium term financial forecast and the annual target setting process. All three support and complement the PCC's Police and Crime Plan and the Force Commitment.

7.9 The proposals developed for the draft budget ensure that resources are targeted towards priority business areas that support the delivery of key strategic objectives, or are necessary for the effective management of policing risk.

8 PREPARATION OF THE MEDIUM TERM FINANCIAL PLAN (MTFP)

8.1 The following section will show how the budget is updated for inflation and other cost pressures, starting from the base point of the previously approved MTFP. A copy of the full four year revenue forecast is attached at Appendix 5.

MTFP Assumptions

8.2 In compiling the MTFP, the following assumptions have been used as the basis of the plan for the next 4 years:

- General inflation is applied at 1.8%; 1.90%; 2.0% and 2.0% in each of the next 4 years. This is in line with the OBR forecast for CPI.
- Specific inflation rates are based on sector led rates, e.g. Premises at 2.6%, Fuel at 8.0% and Utilities at 5% per annum.
- Specific inflation has been applied to the cleaning contract to allow for wage uplifts in relation to the National Minimum Wage (NMW) and recruitment issues, this has been applied at 5.1%.
- Pay inflation has been included at a base 2% annual increase for both Police Officers and Staff.
- Council tax precept to increase by £24 (13.1%) in 2019/20 and then by 2.0% per annum in the following years.
- Council tax billing base to increase by 1.6% in 2019/20 and 1.5% per annum thereafter.
- General police grants to remain cash flat over the period.
- Reserves will be used to support the MTFP & MTCP but will be significantly committed by the end of the four year period.
- The future investment in technology, whether direct capital purchase or revenue service contracts, will need to be funded by revenue given the diminishing reserves and the very low level of annual capital grant.

8.3 The final assumption continues to reflect the increasing demand for investment in technology and the expectation that this will continue with the rollout of national programmes to address the Policing Vision 2025, against declining reserves and minimal capital grant. The provision within the MTFP for the direct revenue funding (DRF) of capital has increased to provide an annual contribution of £10m by 2022/23. This is seen as a sensible approach to future financial sustainability.

Inflation

- 8.4 This additional cost does not relate to any increase in service, but is required just to maintain the existing base level of service.
- 8.5 General Inflation rates, based on the OBR estimates of CPI, have added an additional £1.0m in 2019/20 and an additional £3.3m for the following 3 years.
- 8.6 In addition to this increase in general inflation, specific inflationary increases for the likes of the facilities services contract have also added additional pressures to the base budget of circa £3.7m over the four year period.
- 8.7 In addition to the above specific inflation, there has been a significant increase in the motor insurance premiums across the SEERPIC forces, which for Thames Valley has added an additional £1.5m in 2019/20. We have also made provision for an increase of £0.6m in relation to Forensic services due to the current market conditions.
- 8.8 Overall inflation for 2019/20 adds £10.659m (average rate of 2.72%) to the annual budget, a further £8.559m in 2020/21 (average rate of 2.01%), £8.701m in 2021/22 (average rate of 2.02%) and £8.926m in 2022/23 (average rate of 2.04%).

Committed Growth

- 8.9 This section deals with those items within the budget which the PCC is committed to by means of previous decisions taken, national agreements or statutory payments.
- 8.10 The main significant changes that have occurred in this section for the 2019/20 period include:
- Removal of the police vacancy factor that was implemented in the 2018/19 budget as it is now expected that we will be able to reach our target establishment in 2019/20. This adds £3.2m to the budget (ref 82)
 - An additional 40 permanent police staff case investigators which are to support both Force Crime (12) and the LPA's to assist with the increase in demand. This has added growth of £1.4m (ref 87).
 - Additional growth has been included for an uplift in the firearms bonus payments and for the introduction of a tutoring bonus, this adds an additional £0.174m to the budget but is offset against reductions in other allowances due to the profile of officers (ref 78).
 - By making an upfront payment in relation to the employers' contribution to the police staff pension scheme an annual cash discount of circa £0.390m is achieved (ref 88).
 - Police Pensions (ref 83) - Growth of £9.5m to reflect additional employer contributions, partially offset by income from the pensions grant of £4.3m.
- 8.11 Further details are provided at Appendix 6.

Current Service

- 8.12 This element of the budget contains growth for those items which are deemed to be necessary to maintain the current levels of service within Thames Valley. The main significant changes that have occurred in this section for 2019/20 include:
- The additional council tax flexibility has meant that rather than removing the temporary police staff case investigators (ref 92) we can continue to utilise these resources while our officer capacity, (including skills and knowledge) is increased.
 - A review of income levels for special services and mutual aid has been undertaken and as such the income budgets (ref 93) have been reduced by £0.309m.
 - Additional funding to support the SEROCU (ref 94) has been included at £0.601m as agreed at the last Regional PCC/CC meeting.
 - An increase in investigation costs (ref 95) relating to the contract for online references and searches has been included at £0.140m.
 - The increased turnover of staff and officers increases the level of essential training required (ref 96) as well as the demand on the vetting unit (ref 97). Essential growth is therefore required to maintain the current level of service.
 - The increase in costs for the National Police Air Support (NPAS) service, £0.369m (ref121).
- 8.13 Further details are provided at Appendix 6.

Improved Service

- 8.14 These items of growth are required in order to improve performance and/or meet the growing demands on the service. The main changes that have occurred in this section for 2019/20 include:
- Technology Investment through Direct Revenue Funding (ref 98) is essential to support and allow for future technology refreshes of hardware, together with a provision for any changes in the way technology is delivered through the likes of cloud technology.
 - An extension of reserve funding for those temporary staff working on the Public Enquiries (ref 106) for a further 3 years £0.197m.
 - Growth has been specifically included for additional costs relating to the ICT Revenue Projects and Roadmap, Azure cloud, and software asset management, at a cost of £1.461m (ref 107).
 - A review of one-off property maintenance costs has been undertaken and a number of these schemes have been re-phased to allow the costs to be spread more evenly over the MTFP period (ref 104). These schemes are planned to be funded from the I&P reserve and have increased the drawdown required in 2019/20 by £0.240m.
- 8.15 The main areas of additional investment, being funded through the increased council tax precept (£8.5m), are under the following schemes:
- **Improved Services to the Public through Contact Management £1.3m** (ref 122) - The rise in demand and the complexity of that demand have increased the length of time it takes to assess the threat, harm and risk and ensure every call receives the appropriate response. We will reduce call handling times, particularly for 101 calls, by recruiting additional staff to deal with the additional demand and more complex crime and incidents being reported.
 - **Increasing Local Front Line Policing and Service Delivery £2.5m** (ref 123) – we will recruit additional officers and staff to increase visibility to our communities and respond to increasing crime demand and complexity and the impact (particularly in the areas of mental health and children’s safeguarding) of the reduction in the resources of and services provided by other agencies.
 - **Improved Investigative Capacity and Process for Complex Crimes £2.2m** (ref 124) – stretched resources are operating in an increasingly expanding and complex environment with investigations at all levels growing in size and complexity. There has been an impactful increase in organised crime which exploits the vulnerable as well as cyber enabled crime fraud and economic crime. We will recruit more investigators and invest in appropriate new technology and tools.
 - **Increasing Our Digital Development Programmes £2.5m** (ref 125) – we will exploit the modern platforms we have been investing in through the development of operational designed tools, expanding our mobile capability and improving connectivity will allow officers and staff to maximise the use of online digital applications facilitating the fast access and transfer of data, while investing in Intelligence technologies will improve the efficiency of transactional processes.

8.16 Further details are provided at Appendix 6.

In Year Appropriations from Reserves

8.17 In accordance with the agreed policy on the use of reserve funding the PCC has, in recent years, utilised the Improvement and Performance (I&P) reserve to fund one-off expenditure contained within the MTFP. It is proposed that this reserve continues to be utilised to support the overall objectives of the MTFP over the coming years, as well as supporting the capital programme and ICT Strategy implementation.

Funded By

8.18 The current MTFP includes the announced uplift in central grants for 2019/20 at £8.75m, which includes the specific grant of £4.3m for the pensions cost increase of £9.5m in total. The following years are currently based on the assumption that central Government grants will be based on a cash flat settlement beyond 2019/20, but this will not be known for certain until the next spending review is completed.

8.19 The MTFP is also based on the assumption that the PCC will increase the council tax precept by £24 in 2019/20 and by 1.99% per annum thereafter.

Force Productivity Strategy

8.20 The Force has a long history of delivering productivity savings and using these to balance annual budgets or reinvesting them in frontline policing, a strategy that has been widely scrutinised and praised by the HMIC during various inspections and reports.

8.21 The financial and operational demands facing the Force mean that it is more important than ever that the continuous review, challenge and improvement principles underlying the Productivity Strategy continue to ensure we focus our resources on our priority areas. The Efficiency and Effectiveness programme led by the Chief Superintendent Governance and Service Improvement is progressively reviewing the Force taking into consideration demand and functional processes (rather than departmental structures) and building for the future. Reviews are continuing to utilise the Priority Based Budgeting (PBB) methodology and focus on Method Changes, Volume changes and Service Level changes. New efficiencies have now been identified and are included in the productivity plan as per below.

8.22 The current productivity plan has been reviewed and scrutinised against the deliverability of the savings and the requirements of the MTFP, and the strategy has been updated with new and changed initiatives, with the key movements including:

- The implementation of the Contact Management Platform (CMP) programme has had a number of delays in the final implementation and, to be prudent, the majority of the savings have been moved to Amber at this stage, with some Green savings starting to accrue in 2020/21.
- A review of the Joint Operations Unit (JOU) has resulted in additional collaborative savings in the areas of Roads Policing, Firearms Command, the Dogs Section and the Mounted Section – total savings of £2.35m have been identified for 2019/20.

- An increase in savings from more stringent management of Alarms has increased total savings of £0.2m.
- The Asset Management Plan savings and general property services related savings have been reviewed and now total £0.2m in 2019/20, and a total of £1.6m over the four years.
- The impact of higher turnover of officers and PCSOs has increased the demand for uniforms and hence the previous savings have been reduced by £0.1m in £2019/20.
- The Efficiency and Effectiveness programme has added additional savings to the plan totalling £1.2m. These savings cover a multitude of initiatives and are from the areas of Force Intelligence and Specialist Operations (FISO), Force Crime, Criminal Justice and Operational Process reviews.

8.23 The savings relating to the first year of the productivity strategy are all related to specific initiatives that have been scrutinised by the Force to ensure that the risks of implementation are acceptable. These savings should all be attainable subject to the current demands and profile of policing.

8.24 Savings linked to the later years of the strategy are also linked to specific initiatives, however a number of these still require further scoping work and assessment of the impacts and risks, which will be carried out over the next financial year. .

8.25 A copy of the full Productivity Strategy is attached at Appendix 7.

9 Establishment Changes

9.1 Over the last seven years we have experienced reductions in both police staff and police officer posts. The investment identified today for:

- Improved Services to the Public,
- Increasing local Front Line Policing and
- Improving Investigative capacity

9.2 All require additional resources with a mix of police officers and police staff. Work is in progress to identify the most effective mix of resources and hence the indicative numbers in the following table may be subject to change. The Chief Constable's Management Team (CCMT) constantly review the balance of resources against demand to ensure the optimal mix.

9.3 The estimated summary position for the force establishment over the MTFP is shown in the following table.

Table 6: Estimated Establishments

	Police	Police Staff	PCSOs	Total
Original Estimated Establishment at March 2018	3,870.50	2,709.60	418.00	6,998.10
<i>2018/19 In Year Adjustments:</i>				
MASH Growth	7.00	(7.00)		-
Contact Management		17.00		17.00
Federation Representatives	1.60			1.60
Armed Response Vehicle Growth	1.00			1.00
Regional Special Branch	(1.00)	(4.00)		(5.00)
Regional CTFSOs (Holding Account)	(29.00)			(29.00)
Revised Estimated Establishment at March 2019	3,850.10	2,715.60	418.00	6,983.70
<i>2019/20 Adjustments:</i>				
Productivity Plan Savings	(42.50)	(15.50)	(10.00)	(68.00)
Productivity Plan - workforce modernisation	(11.00)	11.00		-
Case Investigators - Temporary Growth		(95.00)		(95.00)
Case Investigators - Permanent Growth		40.00		40.00
Learning & Professional Development	1.00	3.00		4.00
Vetting		2.50		2.50
Information Management		2.00		2.00
ICT Analyst for Technology Investment		1.00		1.00
Improved Service to the Public		48.00		48.00
Increasing Front Line Service	26.00	56.00		82.00
Improved Volume and Complex Investigation	31.00	41.00		72.00
Externally funded		15.00		15.00
Insourcing of Detention Officers (TUPE)		124.00		124.00
Estimated Establishment at March 2020	3,854.60	2,948.60	408.00	7,211.20
<i>2020/21 Adjustments</i>				
Productivity Plan Savings	(3.00)	(63.70)		(66.70)
ICT Analyst for Technology Investment		(1.00)		(1.00)
Remove Temporary Major Ops Uplift	(4.00)			(4.00)
Increasing Front Line Service				-
Improved Volume and Complex Investigation	10.00	8.00		18.00
Estimated Establishment at March 2021	3,857.60	2,891.90	408.00	7,157.50
<i>2021/22 Adjustments</i>				
Improved Service to the Public		(45.00)		(45.00)
UCPI / IICSA Public Enquiries		(6.00)		(6.00)
Productivity Plan Savings		(8.50)		(8.50)
Estimated Establishment at March 2022	3,857.60	2,832.40	408.00	7,098.00
<i>2022/23 Adjustments</i>				
Productivity Plan Savings				-
Estimated Establishment at March 2022	3,857.60	2,832.40	408.00	7,098.00

10 **BUDGET RISK & UNCERTAINTIES**

10.1 As with all planning and assumptions, there are a number of risks and issues which have

yet to, or cannot be, quantified. These are highlighted and explained below in the National and Local subsections:

National

- 10.2 The significant increase in police officer pension contributions has largely been funded in 2019/20 by the pensions grant and increase in core grant. However, although we are assuming that government grants will be maintained at 'flat cash' from 2020/21 onwards there is no guarantee at this stage that the specific pensions grant will be baselined and maintained at the current cash level in future years
- 10.3 The reduction in the discount rate which has caused the significant increase in the employer's contribution of the police pensions will also impact the Staff LGPS valuation which is due next year to inform the 2020/21 budget round. At this stage the impact on the LGPS employer's contribution rates is not expected to be as significant as for the Police scheme and an increase of 1% or £0.9m has been included for 2020/21 at this stage.
- 10.4 The potential conclusion of the Brexit discussions have yet to be quantified in terms of government policy for future years and the consequential impact this may have on police funding and grant allocations. Internal procurement work has been undertaken to assess the potential risks which could add an additional pressure to the budget requirement in later years.
- 10.5 Police and Staff pay awards are currently forecast at an annual increase of 2%. Given the rising costs of inflation and full employment this may not be sufficient to maintain our resourcing levels. A 1% pay award equates to £3m.
- 10.6 The Home Office review of the national police funding formula is still being discussed, but no further information is expected until after the Spending Review in 2019. Each 1% reduction in funding would mean cuts of approximately £2.1m per annum.
- 10.7 Further top slicing of the national police grant for the IPCC/HMIC and/or for the creation of new funds (like the Transformation Fund) could reduce the quantum available for distribution to local forces

Local

- 10.8 The MTFP assumes an increase of council tax income of £24 or 13.1% in 2019/20 and 2% per annum thereafter. The actual decision on these increases is down to the PCC subject to capping legislation, and will be taken in each of the respective budget setting years. A 1% variation on council tax income equates to approximately £1.65m.
- 10.9 Police recruitment and retention suffered severe challenges over the last two years but the expectation is that we will reach full police establishment by the end of 2018/19 or early in the new financial year and we will then continue to increase our strength in line with the additional investment. There is a risk that either recruitment numbers will not be achieved as anticipated or wastage will rise beyond currently predicted levels

meaning we cannot achieve the levels anticipated within the timescales. Significant work is currently underway to mitigate this risk.

- 10.10 In addition, the increased level of turnover means that we have a higher percentage of new and recently qualified police officers depleting the overall level of skills and knowledge within the organisation. This could impact on service delivery even if we maintain our numbers.
- 10.11 Recruitment of police officers is due to move primarily to the apprenticeship scheme within the next year. This is clearly a new venture for the police and as such has a level of risk associated.
- 10.12 The prioritisation of our ICT & Technology investment still requires a final review to reduce the scope and level of investment to within our financial resources available. This may lead to some schemes and expenditure being delayed or varying from the profile of spend as allowed for in the MTFP. Additionally, as we continue to invest in new technology there is an element of estimation in relation to the ongoing revenue support costs.
- 10.13 Delivery of the scheduled savings within the productivity plan are considered to be fully achievable and hence included to support the current MTFP.
- 10.14 Unquantified demand, whether new operational demand or investment requirements, for example to utilise a national technology initiative may impact on the estimates presented today.

11 IMPLICATIONS FOR COUNCIL TAX

Public Consultation

- 11.1 As stated in paragraph 4.2 above the Home Secretary announced additional investment in local policing by up to £813m in 2019/20. However, this level of income is dependent on all PCCs increasing their Band D precept by up to £24 which, nationally, will raise around £509m.
- 11.2 In TVP, a £24 increase in council tax equates to a just over 13%. Before implementing this level of increase the PCC decided to consult local council taxpayers. A short on-line survey was launched on 19th December with a closing date of 9th January. In order to reach as many people as possible, it was sent to:
 - All users of TVP Alert – 82,787 residents
 - All town and parish councils
 - All councillors from county, unitary and district councils
 - All media in the TVP area via a press release
 - Regular social media updates via Twitter
- 11.3 In total, 8,031 people voted, of which 5,599 or 69.7% voted yes
- 11.4 An analysis of consultation responses is provided in Appendix 8.

Impact on Council Tax

- 11.5 The PCC will receive police grant of £146.6m, ex-DCLG formula grant of £74.3m and legacy council tax grants of £15.3m in 2019/20. These levels of grant income are determined independent of the PCC's planned spending budget for the year.

Surplus on Collection Funds

- 11.6 The PCC will receive £1.520m in 2019/20 as its share of the net surplus on the billing authorities' Collection Funds, details of which are provided in Appendix 9.

Funding the 2019/20 Revenue Budget

- 11.7 Table 7 shows how the 2019/20 revenue budget will be financed.

Table 7: Revenue Funding 2019/20

	£m	%
Police grant	142.277	34%
Ex-DCLG formula grant	74.280	17%
<i>Total formula grant</i>	<i>216.557</i>	<i>51%</i>
Council tax precept (estimate)	186.558	
Council Tax surplus on collection funds (estimate)	1.520	
<i>Total council tax</i>	<i>188.078</i>	<i>45%</i>
Legacy council tax grants	15.278	4%
Total Financing	419.914	100%

Council Taxbase

- 11.8 The taxbase is calculated by the billing authorities by converting all properties to band D equivalents and making assumptions about the levels of discounts to be offered and the amount of tax to be collected.
- 11.9 In total, the 2019/20 taxbase for the PCC is 904,493 Band D equivalent properties, as Appendix 9 illustrates. This represents an annual increase of 13,890 properties or 1.56%.

Band D Council Tax

- 11.10 The band D council tax proposed for 2019/20 is £206.28, an increase of £24.00 or 13.17% on the comparable figure for 2018/19
- 11.11 As shown in Appendix 3 our current 2018/19 band D council tax of £182.28 is below the English national average of £192.44. The appendix also shows that TVP is significantly below average in terms of net cost per 1000 population when compared to other forces (£163,679 compared to £193,181). The final three columns show the proportion of each PCC's net budget requirement raised through council tax and government grant. TVP receives a higher proportion of its income from local council taxpayers than in most other force areas.

12 LOCAL GOVERNMENT ACT 2003

Robustness of estimates and adequacy of reserves

- 12.1 Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer (CFO) to make a report to the PCC on the robustness of the estimates and the adequacy of the reserves.

Reserves and balances

- 12.2 A separate agenda item shows the latest position on reserves, balances and provisions.
- 12.3 Based on current planning assumptions general revenue balances will stay slightly above the approved 3% target level throughout the next 4 years.
- 12.4 Earmarked reserves are forecast to reduce from £26.0m on 1st April 2018 to around £2.7m by 31st March 2023, including £1.0m in the Conditional Funding and SEROCU reserves which are not available to support general operational policing.
- 12.5 Accumulated capital grants and reserves will be fully utilised by the end of 2020/21

Reliability / accuracy of budget estimates

- 12.6 The estimates have been put together by qualified finance staff in the Force's Finance Department and reviewed by qualified staff within the Office of the PCC.
- 12.7 There are a significant number of risks regarding the draft budget proposals and these are clearly set out in section 10 above and in Appendix 10.
- 12.8 By themselves none of these risks are so significant that they could not be managed in isolation, however, collectively they represent a gradual and escalating build-up of financial pressure on the Force that will need to be closely monitored during the year and the next iteration of the MTFP will be updated accordingly.

Scrutiny

- 12.9 The draft budget proposals were presented to and scrutinised by the PCC at the Level 1 public meeting on 26th November. The Police and Crime Panel has established a 'Budget Task and Finish Group' to review the draft budget proposals. This Group met to consider the draft budget proposals on 12th December. They are next due to meet on 24th January.

Achievability and risks

- 12.10 Included at Appendix 10 is a budget risk and sensitivity analysis for 2019/20. In producing this analysis the CFO has followed the Force Risk Assessment Model. The first main column explains the risk to the PCC's budget. The level of risk is then assessed in terms of both likelihood and impact (each factor scored out of 5, with 1 being low likelihood / impact) on the PCC's budget. The final column provides a sensitivity analysis, where appropriate.

- 12.11 These identified risks are mitigated, to a certain extent, because the PCC:
- maintains an appropriate level of reserves and balances;
 - takes a prudent approach to achievability of income and the recovery of debts due, making appropriate provisions for bad debts; and
 - will proactively manage and monitor all aspects of budget performance during the year.
- 12.12 In addition, the Force continues to identify future budget savings through its ongoing Productivity Strategy, as referred to in paragraphs 8.20 to 8.25 above
- 12.13 Accordingly, the assessment of budget risks presented at Appendix 10 takes into account the mitigating factors identified above.
- 12.14 Similarly, Appendix 10A shows the risks to the medium term financial plan (2020/21 to 2022/23).
- 12.15 The PCC's cash flow requirements are forecast and monitored on a regular basis to ensure stable and predictable treasury management, avoiding unexpected financing requirements.
- 12.16 The PCC needs to be satisfied that the revenue commitments in future years are affordable, sustainable and deliverable. Furthermore, the PCC has a responsibility to local people to ensure that the approved budget and detailed spending plans will deliver the aims, priorities and performance targets as set out in his Police and Crime Plan 2017-2021.
- 12.17 In response to the inherent risk in the timely delivery of large capital schemes within time and budget an earmarked reserve for Optimisation Bias (OB) has been created, based on HM Treasury Guidance on capital projects. As shown in the Medium Term Capital Plan (MTCP) an assessment of current schemes indicates that we should hold a contingency reserve of £12.769m; unfortunately the current reserve is just over £9m indicating a potential shortfall of around £3.64m. This is clearly a risk but we will continue both the MTCP and the level of the OB reserve on a regular basis and will report to the PCC immediately should we believe the OB reserve is unable to fund increased capital costs. New capital bids will include an appropriate element for OB so the current risk only relates to schemes in this MTCP.
- 12.18 The Force uses recognised project management techniques including programme and project boards to manage all major schemes. In addition, the Force Strategic Governance Unit ensures the co-ordination of all major projects as part of the Force Transformation Programme and reports progress to the Force Transformation Board.
- 12.19 All capital schemes are managed by:
- rigorous monitoring of projects.
 - close liaison with project partners
 - closely monitoring staff vacancies and using contractors where appropriate.

Council Tax Capping

- 12.20 The Localism Act 2011 abolished the capping regime in England. However, Schedule 5 of the Act made provision for council tax referendums to be held if an authority increases its council tax by an amount exceeding principles determined by the Secretary of State [for CLG] and agreed by the House of Commons.

On 13 December the Secretary of State for CLG [published](#) the draft referendum principles for 2019/20. All PCCs are allowed to increase their basic amount of council tax by £24; only increases above £24 will be deemed excessive and require a formal referendum.

Prudential Code for Capital Finance

- 12.21 The Prudential Code for Capital Finance has introduced a rigorous system of prudential indicators which explicitly require regard to longer-term affordability, prudence, value for money, stewardship, service objectives and practicality of investment decisions. This is backed up by a specific requirement to monitor performance against forward-looking indicators and report and act on significant deviations.

Conclusion

- 12.22 The 2019/20 budget has been prepared in a properly controlled and professionally supported process. It has been subject to due consideration within the Force and by the PCC. The identifiable risks should be capable of management.
- 12.23 The provisional settlement enabled each PCC to increase the police element of council tax by £24 a year for a band D property in 2019/20. The results of the short public consultation exercise indicate that local residents are happy to pay that amount to protect local operational policing in the Thames Valley. This will facilitate the force investing £8.5m in additional resources, police staff and police officers, as well as the technology to improve the productivity and efficiency of their work.
- 12.24 As shown in Appendix 10A there are a number of risks to the MTFP, most notably the level of future year grant allocations, however based on the assumptions set out in paragraph 8.2 above, the MTFP is currently balanced in all four years.
- 12.25 The PCC is reminded that his responsibility for setting the annual budget and council tax precept for 2019/20 should also take into account whether the budget and service plans are relevant, affordable and sustainable in the longer-term. In doing so, he will need to satisfy himself that services and resource allocation have been appropriately prioritised and that financial risks have been adequately addressed and covered by, for example, reserves, contingencies and risk mitigation plans.

13 CONCLUSIONS

- 13.1 The revenue budget is balanced in all 4 years (i.e. 2019/20 to 2022/23) with a £24 increase in precept in 2019/20 followed by 2% per annum in later years

- 13.2 The MTFP provides for inflationary increases and limited investment to address some service and performance issues by increasing our resources, both police officers and police staff, alongside investing in the technology to make our staff more productive. The investment has only been possible because of the additional flexibility in the council tax precept.
- 13.3 The Force continues to prioritise its work on the Productivity Strategy to ensure resources are directed to priority areas and that services are delivered in the most effective and efficient manner. This work focuses the drive for continuous improvement, improved efficiency and alignment of resources with demand. It will continue to release savings in future years in order to address future unquantified demands and provide additional resource to reinvest in priority policing areas
- 13.4 As shown above the current MTFP requires revenue savings of at £15.1m over the next four years. This is over and above the £101m of cash savings already removed from the base budget in the last eight years (i.e. 2010/11 to 2018/19) meaning that, over the twelve year period in excess of £116m will have been taken out of the base revenue budget.

Revenue Budget Summary 2019/20

	2018/19 Budget	Inflation	Savings	Virements	Growth	2019/20 Budget
PCC Controlled Expenditure						
Office of the PCC	£1,039,667	£20,620	0	0	17,709	£1,077,996
Democratic Representation	£207,670	£3,827	0	0	0	£211,497
Other Costs	£194,101	£2,930	0	0	0	£197,031
Commissioned Services	£5,918,178	£73	0	0	50,000	£5,968,251
	£7,359,616	£27,450	0	0	67,709	£7,454,775
TVP Operational Budget - Direction and Control of Chief Constable:						
Employees	£333,638,484	£6,432,781	-3,688,821	-662,388	17,530,115	£353,250,171
Premises	£17,093,972	£491,471	-235,079	14,453	240,000	£17,604,817
Transport	£8,398,242	£1,752,603	-261,497	-115,654	0	£9,773,694
Supplies & Services	£55,453,382	£1,859,050	-579,327	819,243	-691,343	£56,861,005
Third Party Payments	£9,422,569	£95,713	0	-2,042,252	369,000	£7,845,030
Force Income	-£27,470,859	£0	0	-689,468	1,337,687	-£26,822,640
Specific Grant	-£14,523,170	£0	0	2,675,728	-4,262,446	-£16,109,888
	£382,012,620	£10,631,618	-4,764,724	-338	14,523,013	£402,402,189
Net Capital Financing Costs:						
Capital Financing	£5,003,946	£0	0	-17,373	7,162,598	£12,149,171
Interest on Balance	-£500,000	£0	0	0	-390,000	-£890,000
	£4,503,946	£0	0	-17,373	6,772,598	£11,259,171
Appropriations to/from Balances:						
Appropriations	-£2,405,218	£0	0	17,711	1,184,968	-£1,202,539
	-£2,405,218	£0	0	17,711	1,184,968	-£1,202,539
Cost of Services	£391,470,964	£10,659,068	-4,764,724	0	22,548,288	£419,913,596
Funded By:						
Police Current Grant	-£139,248,551	£0	0	0	-3,028,537	-£142,277,088
Council Tax - Surplus on Collection	-£1,768,458	£0	0	0	248,810	-£1,519,648
Council Tax Precept Income	-£162,320,827	£0	0	0	-24,237,272	-£186,558,099
Formula Grant	-£72,854,799	£0	0	0	-1,425,633	-£74,280,432
Legacy Council Tax Grants	-£15,278,329	£0	0	0	0	-£15,278,329
	-£391,470,964	£0	0	0	-28,442,632	-£419,913,596
Total Funding	-£391,470,964	£0	0	0	-28,442,632	-£419,913,596

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Home Office

Home Secretary

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

Rt Hon Yvette Cooper MP
House of Commons
London
SW1A 0AA

13 December 2018

Dear Yvette,

I will today place in the Library my provisional proposals for the aggregate amount of grant to local policing bodies in England and Wales for 2019/20. Copies will also be available in the Vote Office.

The Welsh Government is also setting out today its proposals for the allocation of Welsh Government funding in 2019/20 for Police and Crime Commissioners in Wales.

As is usual, these provisional proposals will now be subject to consultation, before final proposals are brought forward for the approval of the House early next year. The Secretary of State for Housing, Communities and Local Government is announcing the council tax referendum principles for all local authorities in England in 2019/20, including those applicable to Police and Crime Commissioners. After considering any representations, he will set out the final principles in a report to the House and seek approval for these in parallel with the final Local Government Finance Report. Council tax in Wales is the responsibility of Welsh Ministers.

Provisional Settlement for 2019/20

The first role of government is to protect the public. We will always ensure that the police have the powers and resources needed to keep our citizens and communities safe.

We know that the police need the right capabilities and resources to respond to the changing nature of crime. This financial year, we provided forces with a £460m increase in overall funding, including increased funding to tackle counter-terrorism and £280m for local policing through the police precept. Most Police and Crime Commissioners set out plans to use this funding to either protect or enhance frontline policing.

Last year, we indicated we would provide a similar funding settlement in 2019/20, if the police made progress in delivering further commercial savings, used mobile digital working and increased financial reserves transparency. The police have delivered on these conditions and are on track to deliver £120m in commercial and

back office savings by 2020/21 and move towards a new commercial operating model. All forces have published reserves strategies using the guidance we published in January.

We have reviewed the demand on the police again. It is clear that demand pressures on the police have risen this year as a result of changing crime. There has been a major increase in the reporting of high harm, previously hidden crimes such as child sexual exploitation and modern slavery. The challenge from serious and organised crime networks is growing. Through the Serious Violence Strategy, we are bearing down on the worst spike in serious violence and knife crime that we have seen in a decade by combining support for more robust and targeted policing with effective long-term investment in prevention and earlier intervention. And we need to recognise the work done by the police to combat the evolving threat from terrorism. The Government is determined to support the police to meet the demand across counter-terrorism, serious and organised crime and local policing.

As the Chancellor announced at the Budget, funding for counter-terrorism policing will increase by £160m compared to the 2015 Spending Review settlement. This is a year on year increase in counter-terrorism police funding of £59m (8%) compared to 2018/19. This increases the counter-terrorism budget to £816m, including £24m for an uplift in armed policing from the Police Transformation Fund. This is a significant additional investment in the vital work of counter-terrorism police officers across the country. PCCs will be notified of force allocations separately. These will not be made public for security reasons.

The Government has prioritised serious and organised crime (SOC) within our funding for national priorities in 2019/20. SOC is a growing international problem. Criminal networks are increasingly resilient and adaptable, exploiting technology and becoming involved in almost every type of crime. The new SOC Strategy, published on 1 November, sets out the Government's approach to tackling the rising threat from SOC. Police forces, alongside the NCA and Regional Organised Crime Units, play an essential role in delivering the strategy by tackling the SOC threats that harm our communities and the individuals who live and work in them. We will invest £90m in much-needed SOC capabilities at national, regional and local levels, with a significant proportion allocated directly to police forces for investment in SOC capabilities. We will step up our efforts against a range of SOC threats including economic crime, child sexual exploitation, fraud and cyber-crime.

We will also help forces to both meet additional demand and manage financial pressures. In total, we will enable an increase in funding for the police system of up to £970m, the biggest increase since 2010. This includes increases in Government grant funding, full use of precept flexibility, funding to support pensions costs, and increased national funding to meet the threats from counter-terrorism and serious and organised crime.

We are increasing the general Government grants to Police and Crime Commissioners by £161m (including £90m additional funding from the Exchequer) to a total of £7.8bn, including a £146m increase in core grant funding. Each PCC will see their Government grant funding protected in real terms. Specific grants to the Metropolitan Police Service and City of London Police will increase by £14m; an

affordable increase that will better reflect the additional costs of policing London, at a time when the Metropolitan Police Service faces specific financial pressures, and the City of London Police does not benefit from additional Council Tax precept flexibility.

Following the announcement at the Budget that the Government would allocate funding from the Reserve to pay part of the costs of increases in public sector pensions contributions in 2019/20, we are allocating a further £153m of specific grant funding to support the policing system with increases in pensions contributions (including additional funding for the counter-terrorism police network and the National Crime Agency). This funding will be distributed according to a methodology developed with police leaders.

We are also proposing to double the precept flexibility for locally accountable PCCs. Last year, we provided an additional £12 precept flexibility. This year, we propose giving PCCs the freedom to ask for an additional £2 a month in 2019/20, to increase their Band D precept by £24 in 2019/20 without the need to call a local referendum.

It will be for locally accountable PCCs to take decisions on local precept and explain to their electorate how this additional investment will help deliver a better police service. We cannot say today how much the additional precept flexibility will raise. Last year, the vast majority of PCCs used their flexibility. If all PCCs use their flexibility in full in 2019/20, based on the latest Office of Budget Responsibility tax base forecasts, it will mean around an additional £509m public investment in our police system.

Taken together, this substantial increase in police funding will enable forces to continue recruiting, fill crucial capability gaps such as in detectives, meet their genuine financial pressures, drive through efficiency programmes, and improve their effectiveness by preventing crime and delivering better outcomes for victims of crime.

In addition to these increases in direct funding, we will also support PCCs and forces through continued investment of £175m in the Police Transformation Fund (PTF) and £495m to improve police technology, as we did last year. Our priorities in the PTF are to support sector led initiatives that will build important national capabilities delivered to forces through the major national police led programmes, which include a Single Online Home (Policing website) to engage more effectively with the public, and new ways of working through productivity and cyber-security tools supporting collaboration. The Home Office technology programmes will, for example, replace and upgrade end of life critical infrastructure such as the Airwave communication system with the 4G Emergency Services Network. The Law Enforcement Data Service will replace the existing Police National Computer and Police National Database with an integrated service to provide intelligence to law enforcement and its partners. I set out in an annex to this letter further information regarding police funding in 2019/20, namely tables illustrating how we propose to allocate the police funding settlement between the different funding streams and between Police and Crime Commissioners for 2019/20.

This investment will support four key pillars of police effectiveness. Firstly, increasing capacity, including investing in Police Now to attract excellent new talent, while

introducing technology that saves time – so officers spend longer on the frontline. Secondly, crime prevention, including funding for innovative new techniques. Thirdly, enhancing the support we offer to hard-working frontline police officers and staff, with the new national welfare service. And finally, through ensuring system leaders provide national direction on performance, including through working more smartly, with the digitally enabled modern tools to police effectively.

This settlement sets out four priority areas to drive efficiency, productivity and effectiveness next year to drive improvements in services to the public.

1. On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2019/20 through collective procurement and shared services. We need to see national approaches to procuring forensics, vehicles and basic equipment such as helmets, developed over the coming year. And we will be setting an expectation that every force contributes substantially to procurement savings; we will work with the police to agree the right force level objectives for 2019/20 and 2020/21 in the coming months. All forces should also contribute to the development of a new commercial operating model over 2019/20.
2. We will expect major progress to resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, including recruiting more detectives to tackle the shortfall. We will work with the College of Policing and the National Police Chiefs' Council to support forces to make this change by accelerating their action plan on investigations, making full use of the innovation offered by Police Now.
3. Forces will have to continue improving productivity, including through smarter use of data, and digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains in 2019/20.
4. Furthermore, we expect forces to maintain a SOC response that spans the identification and management of local threats as well as support for national and regional priorities. This response should be built around the disruption of local SOC threats alongside SOC prevention, safeguarding, partnerships and community engagement.

This settlement is the last before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces. The Home Office is grateful to the police for the good work they are doing to build the evidence base to support that work, and we will also want to see evidence that this year's investment is being well spent. In addition to working together to understand demand, we will be working with the police to present an ambitious plan to drive improved efficiency, productivity and effectiveness through the next Spending Review period.

I have made clear that the Government's priorities are an increasing emphasis on crime prevention, while maintaining a focus on catching the perpetrators of crime; improved outcomes for victims of crime; better support for front line officers; and a

step change in the effectiveness of how data and digital technology are used to build a smarter police system and support a more effective service to the public.

The Government pays tribute to our police forces and police staff around the country for their exceptional attitude, hard work and bravery.

I am arranging for copies of this letter and the attached information to be placed in the libraries of both Houses.

A handwritten signature in black ink, appearing to read 'S. Javid', with a small comma at the end.

Rt Hon Sajid Javid MP

Home Secretary

TABLES

Table 1: Provisional change in total resource funding for England and Wales 2019/20, compared to 2018/19

PCC	Total resource funding including pensions grant in 2019/20*		
	2018/19	2019/20	Cash increase
	£m		
Avon & Somerset	281.7	302.9	21.2
Bedfordshire	104.6	112.7	8.0
Cambridgeshire	134.0	144.5	10.5
Cheshire	177.9	192.0	14.2
City of London	57.0	61.0	4.0
Cleveland	125.4	132.7	7.2
Cumbria	102.9	110.0	7.1
Derbyshire	167.2	179.6	12.4
Devon & Cornwall	291.3	314.1	22.8
Dorset	124.7	135.0	10.4
Durham	115.6	123.1	7.5
Dyfed-Powys	99.1	107.2	8.1
Essex	275.9	298.8	23.0
Gloucestershire	110.3	118.8	8.5
Greater London Authority	2,560.1	2,732.1	172.0
Greater Manchester	556.1	590.8	34.7
Gwent	123.5	132.0	8.5
Hampshire	314.2	339.2	25.0
Hertfordshire	188.9	204.9	16.0
Humberside	175.3	186.8	11.5
Kent	288.8	312.4	23.6
Lancashire	266.8	285.2	18.4
Leicestershire	175.5	188.2	12.7
Lincolnshire	113.9	122.4	8.6
Merseyside	312.6	330.9	18.2
Norfolk	153.6	164.8	11.2
North Wales	146.5	157.2	10.7
North Yorkshire	144.8	155.9	11.1
Northamptonshire	126.0	135.3	9.2
Northumbria	265.3	283.3	18.0
Nottinghamshire	195.1	208.2	13.1
South Wales	271.0	290.1	19.1
South Yorkshire	245.8	261.4	15.6
Staffordshire	182.7	195.9	13.3
Suffolk	116.2	125.3	9.2
Surrey	217.0	234.6	17.6
Sussex	264.9	287.2	22.3
Thames Valley	389.7	422.4	32.7
Warwickshire	94.1	101.5	7.4
West Mercia	205.8	221.9	16.2
West Midlands	534.3	568.6	34.2
West Yorkshire	418.1	446.6	28.5
Wiltshire	109.2	118.3	9.1
Total England & Wales	11,323.4	12,136.0	812.5

* Total resource funding consists of core grant funding, National and International Capital City (NICC) grants, Legacy Council Tax grants, Precept grant, Pensions grant and police precept. Allocations of individual grant streams are set out in tables 3 and 4. 2019/20 precept figures are calculated by assuming that PCCs in England and Wales increase their precept Band D level by £24, and Office for Budget Responsibility forecast tax base increases.

The overall annual increase in total police funding is up to £970m, which includes a £59m increase in counter-terrorism police funding (including firearms uplift), an £89m increase in funding for national priorities excluding firearms uplift (including £90m SOC funding), and £10m of pensions grant funding for counter-terrorism policing and the National Crime Agency. Figures may not sum due to rounding.

Table 2: Police resource funding 2019/20 (excluding specific counter-terrorism funding)

Police funding	2019/20
	£m
Overall police funding (Government funding and precept) (a+d)	13,165
Government funding (a)	9,018
o/w Reallocations and adjustments (b)	1,029
PFI	73
Police technology programmes	495
Arms length bodies	63
Top-ups to NCA and ROCUs	56
Serious and Organised Crime Strategy implementation	90
Police transformation fund	175
Special Grant	73
Pre-charge bail	4
o/w Government funding to PCCs¹ (c=a-b)	7,989
Core grant funding ²	7,108
Cash percentage change in core grant funding from 2018/19	2.1%
Council tax grants ³	548
National and International Capital City (NICC) grants	190
Pensions grant ⁴	143
Precept⁵ (d)	4,147
Total funding to PCCs⁶ (e=c+d)	12,136

¹ Government funding to PCCs consists of core grant funding, National and International Capital City (NICC) grants, Legacy Council Tax grants, Precept grant and Pensions grant.

² Core grant funding consists of Home Office main grant, former DCLG formula funding, Welsh Government funding and Welsh Top-Up grant.

³ Council tax grants consists of Legacy Council Tax grants, including those accessed from the Ministry for Housing, Communities and Local Government (MHCLG), and Precept grant.

⁴ Pensions grant payable to PCCs. Counter-terrorism policing and the National Crime Agency are receiving additional Pensions grants totalling £10m, which are not included in this table.

⁵ 2019/20 precept figures are calculated by assuming that PCCs in England and Wales increase their precept Band D level by £24, and Office for Budget Responsibility forecast tax base increases.

⁶ Total funding to PCCs consists of Government funding to PCCs and precept.

Figures may not sum due to rounding

Table 3: Resource allocations for England and Wales 2019/20*

PCC	2019/20				
	HO Core (incl. Rule 1)	Welsh Top- up	Welsh Government	Ex-DCLG Formula Funding	Legacy Council Tax Grants (total from HO)
	£m				
Avon & Somerset	105.8	-	-	56.8	14.7
Bedfordshire	40.6	-	-	23.5	4.6
Cambridgeshire	48.9	-	-	24.5	6.5
Cheshire	61.9	-	-	45.0	8.3
City of London	18.5	-	-	33.8	0.1
Cleveland	46.5	-	-	38.8	7.7
Cumbria	28.9	-	-	31.0	4.8
Derbyshire	62.6	-	-	37.9	8.7
Devon & Cornwall	103.5	-	-	63.5	15.5
Dorset	41.5	-	-	17.4	7.9
Durham	43.0	-	-	37.2	6.1
Dyfed-Powys	34.2	2.8	13.4	-	-
Essex	103.6	-	-	56.2	13.1
Gloucestershire	34.6	-	-	19.6	6.1
Greater London Authority	867.9	-	-	754.2	119.7
Greater Manchester	228.3	-	-	182.4	25.7
Gwent	41.3	-	31.7	-	-
Hampshire	120.9	-	-	63.5	12.9
Hertfordshire	71.9	-	-	36.6	10.2
Humberside	67.7	-	-	46.8	10.0
Kent	107.1	-	-	67.0	13.3
Lancashire	101.3	-	-	79.6	12.8
Leicestershire	65.8	-	-	39.9	8.9
Lincolnshire	38.7	-	-	20.4	6.8
Merseyside	123.4	-	-	113.5	15.6
Norfolk	50.6	-	-	28.9	9.3
North Wales	49.4	1.3	22.5	-	-
North Yorkshire	42.0	-	-	27.2	7.9
Northamptonshire	43.5	-	-	24.3	6.6
Northumbria	111.0	-	-	108.0	8.2
Nottinghamshire	78.5	-	-	48.4	9.7
South Wales	84.9	-	75.8	-	-
South Yorkshire	101.3	-	-	77.9	10.9
Staffordshire	67.0	-	-	40.2	12.0
Suffolk	41.0	-	-	23.0	6.8
Surrey	62.6	-	-	29.4	9.2
Sussex	98.6	-	-	54.2	13.2
Thames Valley	142.3	-	-	74.3	15.3
Warwickshire	31.3	-	-	17.5	5.2
West Mercia	66.8	-	-	43.6	12.0
West Midlands	252.7	-	-	181.3	19.0
West Yorkshire	172.8	-	-	130.1	16.7
Wiltshire	37.8	-	-	20.8	5.2
Total England & Wales	4,142.7	4.1	143.4	2,818.1	507.4

*In addition to the grants listed above:

- The Greater London Authority (on behalf of the Mayor's Office for Policing and Crime) and the Common Council of the City of London (on behalf of the City of London police) are receiving National and International Capital City (NICC) grants of £185.3m and £4.8m respectively.
- The Common Council of the City of London is receiving a Precept grant of £2.7m.
- The Greater London Authority and the Common Council of the City of London also have access to council tax freeze grant funding from MHCLG.
- All PCCs are also receiving a Pensions grant – see table 4 for allocations.

Figures may not sum due to rounding

Table 4: Pensions grant allocations for England and Wales 2019/20

PCC	2019/20
	£m
Avon & Somerset	2.8
Bedfordshire	1.1
Cambridgeshire	1.4
Cheshire	2.1
City of London	0.8
Cleveland	1.3
Cumbria	1.2
Derbyshire	1.9
Devon & Cornwall	3.3
Dorset	1.4
Durham	1.3
Dyfed-Powys	1.3
Essex	2.9
Gloucestershire	1.2
Greater London Authority - officers	31.5
Great London Authority - staff	14.0
Greater Manchester	6.6
Gwent	1.3
Hampshire	3.0
Hertfordshire	2.0
Humberside	1.9
Kent	3.4
Lancashire	3.1
Leicestershire	1.9
Lincolnshire	1.2
Merseyside	3.6
Norfolk	1.6
North Wales	1.6
North Yorkshire	1.4
Northamptonshire	1.3
Northumbria	3.4
Nottinghamshire	2.0
South Wales	3.1
South Yorkshire	2.6
Staffordshire	1.8
Suffolk	1.2
Surrey	2.0
Sussex	2.7
Thames Valley	4.3
Warwickshire	0.9
West Mercia	2.1
West Midlands	7.0
West Yorkshire	5.1
Wiltshire	1.0
Total England & Wales	142.6
Counter-terrorism policing	9.7
National Crime Agency	0.3
Total	152.6

Figures may not sum due to rounding

Table 5: Police capital 2019/20

Police Capital	2019/20
	£m
Police Capital Grant	46.9
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	11.5
Arms Length Bodies	3.5
Total	76.0

Table 6: Capital grant allocations for England and Wales 2019/20

PCC	2018/19	2010/20
	£m	£m
Avon & Somerset	1.0	1.0
Bedfordshire	0.4	0.4
Cambridgeshire	0.5	0.5
Cheshire	0.6	0.7
City of London	0.4	0.4
Cleveland	0.5	0.5
Cumbria	0.4	0.4
Derbyshire	0.6	0.6
Devon & Cornwall	1.1	1.1
Dorset	0.4	0.4
Durham	0.5	0.5
Dyfed-Powys	0.3	0.3
Essex	0.9	1.0
Gloucestershire	0.4	0.4
Greater London Authority	12.2	12.4
Greater Manchester	2.3	2.4
Gwent	0.4	0.5
Hampshire	1.2	1.2
Hertfordshire	0.6	0.6
Humberside	0.7	0.7
Kent	1.1	1.1
Lancashire	1.1	1.1
Leicestershire	0.7	0.7
Lincolnshire	0.4	0.4
Merseyside	1.4	1.4
Norfolk	0.5	0.5
North Wales	0.5	0.5
North Yorkshire	0.4	0.4
Northamptonshire	0.4	0.4
Northumbria	1.3	1.3
Nottinghamshire	0.7	0.8
South Wales	1.0	1.0
South Yorkshire	1.1	1.1
Staffordshire	0.7	0.7
Suffolk	0.4	0.4
Surrey	0.6	0.6
Sussex	0.9	0.9
Thames Valley	1.5	1.5
Warwickshire	0.4	0.4
West Mercia	0.7	0.7
West Midlands	2.5	2.5
West Yorkshire	1.8	1.8
Wiltshire	0.4	0.4
Total England & Wales	45.9	46.9

Figures may not sum due to rounding

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Comparison of Council Tax Precept Levels 2018-19

	Average Band D Equivalent Council Tax 2018-19		Net Cost per 1,000 Population		Council Tax as a % of Net Budget	HO grants as a % of Net Budget
	£ p		£'000s			
Greater Manchester	242.25	Metropolitan Police	296,627	Surrey	54.54%	45.46%
Surrey	236.57	Cleveland	222,135	North Yorkshire	47.94%	52.06%
North Yorkshire	232.82	Merseyside	220,993	Dorset	47.68%	52.32%
Cumbria	232.74	Cumbria	207,618	Gloucestershire	46.73%	53.27%
Norfolk	229.14	Greater Manchester	199,677	Warwickshire	43.94%	56.06%
Cleveland	226.54	Humberside	189,576	Norfolk	43.58%	56.42%
Gloucestershire	226.49	West Midlands	184,761	Lincolnshire	43.36%	56.64%
Northamptonshire	221.04	Durham	184,390	Wiltshire	43.08%	56.92%
Metropolitan Police	218.13	Surrey	184,330	Staffordshire	42.80%	57.20%
Lincolnshire	217.44	Northumbria	183,807	Northamptonshire	42.53%	57.47%
Dorset	206.58	West Yorkshire	181,632	Thames Valley	41.92%	58.08%
Warwickshire	203.98	Lancashire	179,630	West Mercia	41.88%	58.12%
Humberside	199.32	South Yorkshire	177,674	Cambridgeshire	41.63%	58.37%
Leicestershire	199.23	North Yorkshire	177,263	Suffolk	40.42%	59.58%
Cambridgeshire	198.72	Gloucestershire	177,075	Devon & Cornwall	39.04%	60.96%
West Mercia	197.07	Norfolk	172,034	Essex	38.86%	61.14%
Nottinghamshire	195.39	Northamptonshire	171,491	Sussex	38.79%	61.21%
Avon & Somerset	193.81	Nottinghamshire	170,430	Hertfordshire	38.77%	61.23%
Staffordshire	192.56	Devon & Cornwall	167,858	Cumbria	38.58%	61.42%
Suffolk	188.82	Warwickshire	167,253	Hampshire	38.57%	61.43%
Devon & Cornwall	188.28	Avon & Somerset	166,687	Avon & Somerset	38.43%	61.57%
Thames Valley	182.28	Thames Valley	163,679	Cheshire	38.30%	61.70%
Wiltshire	182.27	Staffordshire	162,892	Kent	36.71%	63.29%
Durham	181.24	Dorset	162,837	Leicestershire	36.20%	63.80%
Bedfordshire	178.09	Leicestershire	162,717	Humberside	35.38%	64.62%
Merseyside	177.97	West Mercia	162,468	Bedfordshire	35.36%	64.64%
Hampshire	177.46	Hertfordshire	161,100	Nottinghamshire	31.51%	68.49%
Lancashire	177.45	Cheshire	161,080	Lancashire	29.03%	70.97%
Cheshire	176.44	Hampshire	159,208	Cleveland	27.50%	72.50%
South Yorkshire	170.16	Cambridgeshire	158,576	Durham	27.11%	72.89%
Kent	169.15	Kent	158,478	West Yorkshire	25.23%	74.77%
Essex	169.02	Bedfordshire	158,330	South Yorkshire	24.70%	75.30%
Sussex	165.91	Sussex	157,120	Metropolitan Police	24.52%	75.48%
Hertfordshire	164.00	Suffolk	154,069	Greater Manchester	24.15%	75.85%
West Yorkshire	162.95	Wiltshire	153,488	Merseyside	20.90%	79.10%
West Midlands	128.55	Essex	152,400	West Midlands	17.04%	82.96%
Northumbria	110.33	Lincolnshire	152,172	Northumbria	16.38%	83.62%
England Average	192.44	England Average	193,181			
WALES						
			£			
North Wales	258.12	Dyfed-Powys	191,756	North Wales	51.03%	48.97%
Gwent	238.84	South Wales	204,593	Dyfed-Powys	50.24%	49.76%
South Wales	233.52	Gwent	210,143	Gwent	42.13%	57.87%
Dyfed-Powys	224.56	North Wales	210,320	South Wales	41.91%	58.09%

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Victims Services Grants 2019-20

Police Force Areas	Population Formula	Victims' Services	CSA	Total Allocation
Avon and Somerset	2.89%	£1,822,097	£135,742	£1,957,840
Bedfordshire	1.13%	£714,440	£53,224	£767,664
Cambridgeshire	1.44%	£910,681	£67,844	£978,525
Cheshire	1.79%	£1,133,183	£84,420	£1,217,603
Cleveland	0.96%	£608,607	£45,340	£653,947
Cumbria	0.85%	£535,749	£39,912	£575,662
Derbyshire	1.79%	£1,127,667	£84,009	£1,211,676
Devon and Cornwall	2.98%	£1,880,265	£140,076	£2,020,341
Dorset	1.31%	£828,485	£61,720	£890,205
Durham	1.07%	£677,255	£50,454	£727,709
Dyfed-Powys	0.88%	£555,507	£41,384	£596,891
Essex	3.10%	£1,956,894	£145,784	£2,102,678
Gloucestershire	1.07%	£675,245	£50,304	£725,549
Greater Manchester	4.76%	£3,008,688	£224,141	£3,232,829
Gwent	1.00%	£631,819	£47,069	£678,889
Hampshire	3.37%	£2,127,183	£158,471	£2,285,654
Hertfordshire	2.01%	£1,269,495	£94,575	£1,364,070
Humberside	1.58%	£999,586	£74,467	£1,074,053
Kent	3.12%	£1,969,657	£146,735	£2,116,392
Lancashire	2.54%	£1,602,273	£119,366	£1,721,639
Leicestershire	1.84%	£1,164,460	£86,750	£1,251,210
Lincolnshire	1.28%	£807,503	£60,157	£867,660
Merseyside	2.41%	£1,523,076	£113,466	£1,636,542
MOPAC/City	15.02%	£9,486,810	£706,747	£10,193,557
Norfolk	1.53%	£965,763	£71,947	£1,037,710
North Wales	1.19%	£748,500	£55,762	£804,262
North Yorkshire	1.40%	£881,275	£65,653	£946,928
Northamptonshire	1.26%	£796,794	£59,359	£856,154
Northumbria	2.47%	£1,557,200	£116,008	£1,673,208
Nottinghamshire	1.95%	£1,233,081	£91,862	£1,324,943
South Wales	2.25%	£1,423,703	£106,063	£1,529,766
South Yorkshire	2.37%	£1,497,943	£111,594	£1,609,536
Staffordshire	1.92%	£1,210,660	£90,192	£1,300,851
Suffolk	1.29%	£813,746	£60,622	£874,368
Surrey	2.02%	£1,274,211	£94,926	£1,369,137
Sussex	2.88%	£1,819,712	£135,565	£1,955,277
Thames Valley	4.07%	£2,571,055	£191,538	£2,762,593
Warwickshire	0.96%	£606,900	£45,213	£652,113
West Mercia	2.17%	£1,368,076	£101,919	£1,469,995
West Midlands	4.93%	£3,114,579	£232,029	£3,346,609
West Yorkshire	3.93%	£2,480,045	£184,758	£2,664,803
Wiltshire	1.22%	£770,131	£57,373	£827,504
Totals		£63,150,000	£4,704,540	£67,854,540

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Thames Valley Police

Medium Term Financial Plan 2019/20 - 2022/23

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Annual Base Budget	391,470,964	419,913,596	426,472,247	433,260,203
In Year Funding Virements	0	0	0	0
<u>Inflation</u>				
General	1,045,262	1,084,087	1,094,184	1,098,288
Police Pay	3,939,492	4,280,055	4,344,323	4,426,154
Police Staff Pay	2,380,711	2,509,627	2,635,300	2,684,273
Specific	3,293,603	685,043	627,309	717,584
Inflation	10,659,068	8,558,812	8,701,116	8,926,299

Productivity Strategy

Collaborative Units	-2,938,781	-2,028,000	-669,000	-400,000
Value for Money Reviews	-631,125	-483,860	-3,132,698	-569,324
Efficiency & Effectiveness Reviews	-1,194,818	-1,080,890	-1,000,000	-1,000,000
Total Productivity Strategy Savings	-4,764,724	-3,592,750	-4,801,698	-1,969,324

Committed Expenditure*Police Officer - Pay Allowances*

78 Police Allowances Adjustments	-414,031	-109,589	-85,503	-118,025
79 Police Office Increments	1,156,492	1,300,000	1,300,000	1,300,000
80 Police Officer Turnover	-2,422,944	-2,380,000	-2,380,000	-2,380,000
81 Police Officer Reserve Funding for Bank Holidays	185,000	187,000	374,000	-187,000
82 Police Officer Vacancy Factor Due to Recruitment	3,198,119	0	0	0
83 Police Pensions Review	9,504,000	0	0	0
<i>Police Officer - Pay Allowances</i>	<i>11,206,636</i>	<i>-1,002,589</i>	<i>-791,503</i>	<i>-1,385,025</i>

Police Staff - Pay Allowances

84 Police Staff Turnover	-350,000	-350,000	-350,000	-350,000
85 Police Staff Reserve Funding for Bank Holidays	30,000	30,000	60,000	-30,000
86 Apprentice Scheme Levy income	-250,000	0	0	0
87 Case Investigators	1,400,000	0	0	0
88 LGPS Review	-390,000	900,000	0	0
116 Police Staff Pay Award	1,700,000	1,700,000	1,700,000	1,700,000
<i>Police Staff - Pay Allowances</i>	<i>2,140,000</i>	<i>2,280,000</i>	<i>1,410,000</i>	<i>1,320,000</i>

Committed Expenditure	13,346,636	1,277,411	618,497	-65,025
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Current Service*Support Services*

90 Review of Debt Charges	64,598	182,263	0	0
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91	Community Safety Fund Expenditure	50,000	0	0	0
92	Case Investigators to offset Officer Shortage	-3,613,343	0	0	0
94	Regional Funding for ROCU	601,033	340,000	0	0
95	Review of Operational Expenses	140,000	0	0	0
96	Increase in L&D Requirements	118,293	0	0	0
97	Increase in Vetting Requirements	98,723	0	0	0
121	NPAS Utilisation Growth	369,000	0	0	0
	<i>Support Services</i>	<i>-2,171,696</i>	<i>522,263</i>	<i>0</i>	<i>0</i>
	<i>Income</i>				
93	Review of Income	308,654	0	0	0
113	Changes to Loan Charges Grant	37,554	5,739	0	0
117	Police Pensions Review Grant	-4,300,000	0	0	0
	<i>Income</i>	<i>-3,953,792</i>	<i>5,739</i>	<i>0</i>	<i>0</i>
	Current Service	-6,125,488	528,002	0	0

Improved Service

	<i>Support Services</i>				
98	Technology Investment Through DRF	4,800,000	-755,654	4,539,301	13,474
99	ESN Implementation Costs	0	381,600	381,600	0
100	Increase in Major Operations Teams	0	-146,000	0	0
101	Review of NLEDS	10,000	0	0	0
102	Review of Data Protection Requirements	76,172	0	0	0
119	CT Security Co-ordinator	79,000	0	0	0
120	PSD Protective Monitoring	48,000	0	0	0
122	Improved Services to the Public through Contact Management	1,260,000	461,500	-1,597,500	0
123	Increasing Local Front Line Policing and Service Delivery	2,500,000	4,000	0	0
124	Improved Investigative Capacity and Process for Complex Crimes	2,240,000	917,000	450,000	0
125	Increasing Our Digital Development Programmes	2,500,000	-1,195,000	-990,000	0
	<i>Support Services</i>	<i>13,513,172</i>	<i>-332,554</i>	<i>2,783,401</i>	<i>13,474</i>
	<i>Legal & Compliance</i>				
103	HVM Works for Windsor	-250,000	0	0	0
	<i>Legal & Compliance</i>	<i>-250,000</i>	<i>0</i>	<i>0</i>	<i>0</i>
	<i>Specific Revenue Funded Projects</i>				
104	Revenue Maintenance for Properties	240,000	315,000	-180,000	-510,000
105	Investment for ICT Rationalisation	-822,000	-164,400	0	0
106	UCPI/ IICSA Public Enquiries	0	0	0	-197,000
	<i>Specific Revenue Funded Projects</i>	<i>-582,000</i>	<i>150,600</i>	<i>-180,000</i>	<i>-707,000</i>
	<i>ICT Projects</i>				
107	ICT Revenue Projects	1,461,000	336,730	-79,360	-98,640
	<i>ICT Projects</i>	<i>1,461,000</i>	<i>336,730</i>	<i>-79,360</i>	<i>-98,640</i>
	Improved Service	14,142,172	154,776	2,524,041	-792,166

In Year Appropriations From Reserves

	<i>Appropriations from Performance Reserve</i>				
108	Appropriations from the I&P Reserve	582,000	-150,600	180,000	707,000

<i>Appropriations from Performance Res</i>	582,000	-150,600	180,000	707,000
<i>Appropriations from General Balances</i>				
109 Appropriations from General Balances	652,968	-217,000	-434,000	217,000
110 Appropriation from Earmarked Reserves	-50,000	0	0	0
<i>Appropriations from General Balances</i>	602,968	-217,000	-434,000	217,000
In Year Appropriations From Reserves	1,184,968	-367,600	-254,000	924,000

Net Budget Requirement	419,913,596	426,472,247	433,260,203	440,283,987
Percentage Budget Increase	7.27%	1.56%	1.59%	1.62%
Cash Budget Increase	28,442,632	6,558,651	6,787,956	7,023,784

Funded By:

Opening Budget	-391,470,964	-419,913,596	-426,472,247	-433,260,203
In Year Funding Virements	0	0	0	0

Funding Changes

Formula Grant

274 Police Grant Funding Changes	-3,028,537	0	0	0
304 Formula Grant Allocation Changes	-1,425,633	0	0	0
<i>Formula Grant</i>	<i>-4,454,170</i>	<i>0</i>	<i>0</i>	<i>0</i>

Council Tax Requirement

305 Council Tax Precept Requirement	-24,237,272	-6,558,651	-6,787,956	-7,023,784
307 Council Tax - Surplus on Collections	248,810	0	0	0
<i>Council Tax Requirement</i>	<i>-23,988,462</i>	<i>-6,558,651</i>	<i>-6,787,956</i>	<i>-7,023,784</i>

Funding Changes	-28,442,632	-6,558,651	-6,787,956	-7,023,784
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Total External Funding	-419,913,596	-426,472,247	-433,260,203	-440,283,987
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<i>Cumulative Shortfall / (Surplus)</i>	0	0	0	0
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<i>Annual Shortfall / (Surplus)</i>	0	0	0	0
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Analysis Of Growth Items

Appendix 6

Ref Details

2019/20 2020/21 2021/22 2022/23

Committed Expenditure

Police Officer - Pay Allowances

78 Police Allowances Adjustments

Review of Police Officer allowances against the predicted establishments and joiners and leavers.

-414,031 -109,589 -85,503 -85,503

79 Police Office Increments

Review of annual increments payable to Police Officers based on length of service and rank.

1,156,492 1,300,000 1,300,000 1,300,000

80 Police Officer Turnover

Review of Police pay budgets taking into account leavers and joiners and the change in salary make-up.

-2,422,944 -2,380,000 -2,380,000 -2,380,000

81 Police Officer Reserve Funding for Bank Holidays

Funding from general reserves for additional Bank Holiday overtime due to the fluctuation in the number of Bank Holidays per financial year from the base level of 8.

2019/20: Total 08 days - no adjustment

2020/21: Total 09 days - 1 additional day

2021/22: Total 11 days - 2 additional days

2022/23: Total 10 days - 1 additional day

185,000 187,000 374,000 374,000

82 Police Officer Vacancy Factor Due to Recruitment

Removal of vacancy factor due to recruitment lag from around achieving and maintaining the desired Police Officer establishment numbers

3,198,119 0 0 0

83 Police Pensions Review

Review of Police Pension Contributions - HMT Pensions directions

9,504,000 0 0 0

Total Police Officer - Pay Allowances

11,206,636 -1,002,589 -791,503 -1,385,025

Police Staff - Pay Allowances

Ref	Details	2019/20	2020/21	2021/22	2022/23
84	Police Staff Turnover Reduction in police staff pay bill based on annual leavers being removed at a higher salary rate than those new starters coming into the organisation.	-350,000	-350,000	-350,000	-350,000
85	Police Staff Reserve Funding for Bank Holidays Funding from general reserves for additional Bank Holiday overtime due to the fluctuation in the number of Bank Holidays per financial year from the base level of 8. 2019/20: Total 08 days - no adjustment 2020/21: Total 09 days - 1 additional day 2021/22: Total 11 days - 2 additional days 2022/23: Total 10 days - 1 additional day	30,000	30,000	60,000	60,000
86	Apprentice Scheme Levy income Income derived to cover the cost of running and implementing various apprentice schemes across the force.	-250,000	0	0	0
87	Case Investigators Growth of 40 Case Investigators to support LPA's and Digital Investigations	1,400,000	0	0	0
88	LGPS Review Review of the LGPS costs	-390,000	900,000	0	0
116	Police Staff Pay Award Funding for the Police Staff performance related pay awards	1,700,000	1,700,000	1,700,000	1,700,000
Total	Police Staff - Pay Allowances	2,140,000	2,280,000	1,410,000	1,320,000

Total Committed Expenditure	13,346,636	1,277,411	618,497	-65,025
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Current Service

Support Services

90	Review of Debt Charges Anticipated revenue changes associated with changes to borrowing requirements as the capital programme funding is reviewed.	64,598	182,263	0	0
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Ref	Details	2019/20	2020/21	2021/22	2022/23
91	Community Safety Fund Expenditure				
	Community Safety Fund - Increase in funding from specific earmarked reserve.	50,000	0	0	0
92	Case Investigators to offset Officer Shortage				
	Removal of the temporary investment in case investigators to offset the previous shortfall in Police Officer numbers against target establishment.	-3,613,343	0	0	0
94	Regional Funding for ROCU				
	Funding contribution for the South East ROCU	601,033	340,000	0	0
95	Review of Operational Expenses				
	Review of operational expenses based on demand and historic profiles.	140,000	0	0	0
96	Increase in L&D Requirements				
	Additional Learning and Development resources to support the increase in recruitment of staff and officers.	118,293	0	0	0
97	Increase in Vetting Requirements				
	Additional Vetting advisors to support Police Office and Staff recruitment.	98,723	0	0	0
121	NPAS Utilisation Growth				
	NPAS Utilisation growth requirement based on the national NPAS funding formula.	369,000	0	0	0
Total	Support Services	-2,171,696	522,263	0	0
Income					
93	Review of Income				
	Review of expected income levels based on previous trends and legislation.	308,654	0	0	0
113	Changes to Loan Charges Grant				
	Changes to Loan Charges Grant	37,554	5,739	0	0
117	Police Pensions Review Grant				
	Police Pensions - Specific Grant Funding	-4,300,000	0	0	0
Total	Income	-3,953,792	5,739	0	0

<i>Ref</i> <i>Details</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
Total Current Service	-6,125,488	528,002	0	0

Improved Service

Support Services

98 Technology Investment Through DRF Direct Revenue Funding for investment in technology and infrastructure delivery.	4,800,000	-755,654	4,539,301	4,539,301
99 ESN Implementation Costs Estimated implementation costs for the National Emergency Services Network (ESN).	0	381,600	381,600	381,600
100 Increase in Major Operations Teams Temporary increase in the Major Operations team to take account of known events and expected operations over the next two years.	0	-146,000	0	0
101 Review of NLEDS NLEDS Review - Funding for initial Business Analysis Work.	10,000	0	0	0
102 Review of Data Protection Requirements Increased resources for data Protection to support legislation.	76,172	0	0	0
119 CT Security Co-ordinator CT security Co-ordinator	79,000	0	0	0
120 PSD Protective Monitoring Professional Standards protective monitoring software	48,000	0	0	0
122 Improved Services to the Public through Contact Management The rise in demand and the complexity of that demand have increased the length of time it takes to assess the threat, harm and risk and ensure every call receives the appropriate response. We will reduce call handling times, particularly for 101 calls, by recruiting additional staff to deal with the additional demand and more complex crime and incidents being reported.	1,260,000	461,500	-1,597,500	-1,597,500

Ref	Details	2019/20	2020/21	2021/22	2022/23
123	Increasing Local Front Line Policing and Service Delivery We will recruit additional officers and staff to respond to increasing crime demand and complexity and the impact (particularly in the areas of mental health and children's safeguarding) of the reduction in the resources of and services provided by other agencies.	2,500,000	4,000	0	0
124	Improved Investigative Capacity and Process for Complex Crimes Stretched resources are operating in an increasingly expanding and complex environment with investigations at all levels growing in size and complexity. There has been an impactful increase in organised crime which exploits the vulnerable as well as cyber enabled crime fraud and economic crime. We will recruit more investigators and invest in appropriate new technology and tools.	2,240,000	917,000	450,000	450,000
125	Increasing Our Digital Development Programmes We will exploit the modern platforms we have been investing in through the development of operational designed tools, expanding our mobile capability and improving connectivity will allow officers and staff to maximise the use of online digital applications facilitating the fast access and transfer of data, while investing in Intelligence technologies will improve the efficiency of transactional processes.	2,500,000	-1,195,000	-990,000	-990,000
Total	Support Services	13,513,172	-332,554	2,783,401	13,474
Legal & Compliance					
103	HVM Works for Windsor Removal of one off costs for HVM works in Windsor.	-250,000	0	0	0
Total	Legal & Compliance	-250,000	0	0	0
Specific Revenue Funded Projects					
104	Revenue Maintenance for Properties Revenue maintenance funding for various building and properties.	240,000	315,000	-180,000	-180,000
105	Investment for ICT Rationalisation Reduction in previous years investment in the ICT rationalisation programme.	-822,000	-164,400	0	0

<i>Ref</i>	<i>Details</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
106	UCPI/ IICSA Public Enquiries				
	Funding for temporary staff to support the national undercover policing and child sexual abuse enquiries.	0	0	0	0
Total	Specific Revenue Funded Projects	-582,000	150,600	-180,000	-707,000

ICT Projects

107	ICT Revenue Projects				
	Funding for identified ICT revenue projects to maintain and improve the infrastructure.	1,461,000	336,730	-79,360	-79,360
Total	ICT Projects	1,461,000	336,730	-79,360	-98,640

Total	Improved Service	14,142,172	154,776	2,524,041	-792,166
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In Year Appropriations From Reserves

Appropriations from Performance Reserve

108	Appropriations from the I&P Reserve				
	Appropriation of funding to support specific revenue projects from the Improvement and Performance reserve.	582,000	-150,600	180,000	180,000
Total	Appropriations from Performance Reserve	582,000	-150,600	180,000	707,000

Appropriations from General Balances

109	Appropriations from General Balances				
	Appropriation to General Reserves	652,968	-217,000	-434,000	-434,000
110	Appropriation from Earmarked Reserves				
	Community Safety Funding From Earmarked Reserve	-50,000	0	0	0

<i>Ref</i> <i>Details</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>
Total Appropriations from General Balances	602,968	-217,000	-434,000	217,000
Total In Year Appropriations From Reserves	1,184,968	-367,600	-254,000	924,000

Funding Changes

Formula Grant

111 Police Grant Funding Changes Changes in funding received through the main government police grant.	-3,028,537	0	0	0
112 Formula Grant Funding Changes Changes in funding received through the ex-DCLG Grant Allocation.	-1,425,633	0	0	0
Total Formula Grant	-4,454,170	0	0	0

Council Tax Requirement

114 Council Tax Precept Changes Council Tax Requirement Changes for Precept Billing	-24,237,272	-6,558,651	-6,787,956	-6,787,956
115 Council Tax Surplus on Collection Changes Council Tax - Surplus on Collections	248,810	0	0	0
Total Council Tax Requirement	-23,988,462	-6,558,651	-6,787,956	-7,023,784

Total Funding Changes	-28,442,632	-6,558,651	-6,787,956	-7,023,784
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		2019/20			2020/21			2021/22			2022/23			TOTAL		
		Year 1		Year 2		Year 3		Year 4								
		Police	Staff	£	Police	Staff	£	Police	Staff	£	Police	Staff	£	Police	Staff	£
Collaborative Units																
303	Joint ICT Unit	0.00	0.00	332,200	0.00	0.00	192,000	0.00	0.00	369,000	0.00	0.00	400,000	0.00	0.00	1,293,200
382	Review of Contact Management Function	0.00	0.00	0	0.00	8.50	300,000	0.00	8.50	300,000	0.00	0.00	0	0.00	17.00	600,000
397	Business Support Review	0.00	0.00	0	0.00	49.70	1,536,000	0.00	0.00	0	0.00	0.00	0	0.00	49.70	1,536,000
476	Regionalisation of Special Branch	0.00	0.00	250,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	250,000
486	Joint Operations Units Rationalisation	36.50	0.00	2,356,581	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	36.50	0.00	2,356,581
		36.50	0.00	2,938,781	0.00	58.20	2,028,000	0.00	8.50	669,000	0.00	0.00	400,000	36.50	66.70	6,035,781
Value for Money Reviews																
336	PCSOs Review	0.00	10.00	165,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	10.00	165,000
375	Estates Review through the Asset Management Plan	0.00	0.00	168,091	0.00	0.00	204,977	0.00	0.00	334,787	0.00	0.00	378,245	0.00	0.00	1,086,100
413	Review of Transport Costs	0.00	0.00	200,000	0.00	0.00	200,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	400,000
414	Review of Property & Premises Costs	0.00	0.00	66,988	0.00	0.00	128,883	0.00	0.00	80,563	0.00	0.00	191,079	0.00	0.00	467,513
474	ESMCP Changeover Annual Usage Costs	0.00	0.00	0	0.00	0.00	0	0.00	0.00	2,467,348	0.00	0.00	0	0.00	0.00	2,467,348
477	Review of Uniform Requirements	0.00	0.00	-150,000	0.00	0.00	-50,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	-200,000
478	Alarms TecSOS Phones	0.00	0.00	181,046	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	181,046
487	Abingdon PFI Contract Renegotiation	0.00	0.00	0	0.00	0.00	0	0.00	0.00	250,000	0.00	0.00	0	0.00	0.00	250,000
		0.00	10.00	631,125	0.00	0.00	483,860	0.00	0.00	3,132,698	0.00	0.00	569,324	0.00	10.00	4,817,007
Efficiency & Effectiveness Reviews																
446	Criminal Justice	0.00	1.00	100,104	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	1.00	100,104

	2019/20			2020/21			2021/22			2022/23			TOTAL		
	Police	Staff	£	Police	Staff	£	Police	Staff	£	Police	Staff	£	Police	Staff	£
488 Efficiency & Effectiveness - FISO	8.00	10.00	776,547	3.00	2.00	214,184	0.00	0.00	0	0.00	0.00	0	11.00	12.00	990,731
489 Efficiency & Effectiveness - Criminal Justice	0.00	0.00	100,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	100,000
490 Efficiency & Effectiveness - Force Crime	9.00	-6.50	159,682	0.00	3.50	116,706	0.00	0.00	0	0.00	0.00	0	9.00	-3.00	276,388
491 Efficiency & Effectiveness - Operational Review	0.00	0.00	58,485	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	58,485
522 Future E&E Reviews	0.00	0.00	0	0.00	0.00	750,000	0.00	0.00	1,000,000	0.00	0.00	1,000,000	0.00	0.00	2,750,000
	17.00	4.50	1,194,818	3.00	5.50	1,080,890	0.00	0.00	1,000,000	0.00	0.00	1,000,000	20.00	10.00	4,275,708
Force Totals	53.50	14.50	4,764,724	3.00	63.70	3,592,750	0.00	8.50	4,801,698	0.00	0.00	1,969,324	56.50	86.70	15,128,496

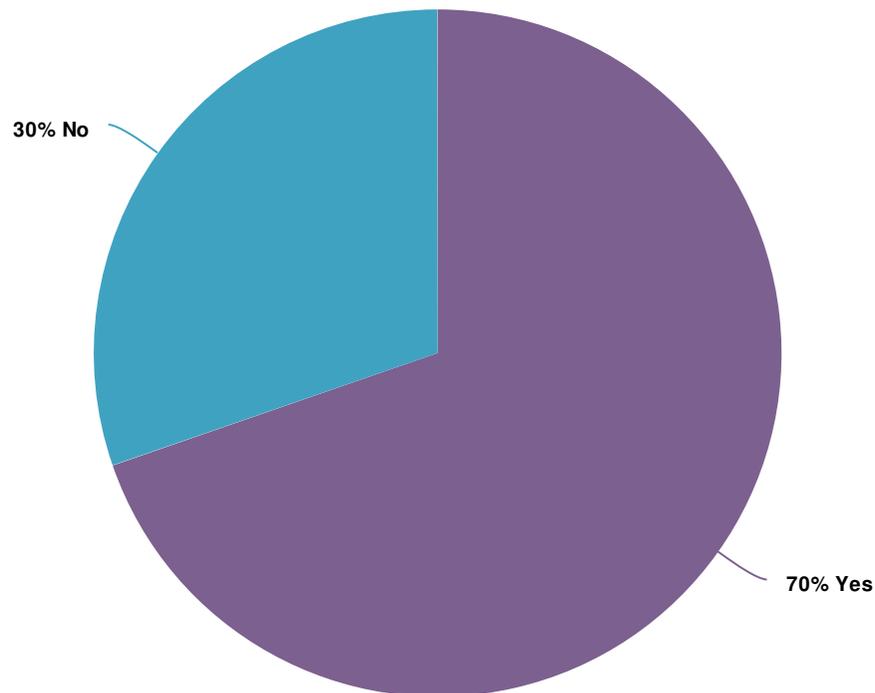
Report for Budget and Council Tax Consultation 2019/20

Response Counts



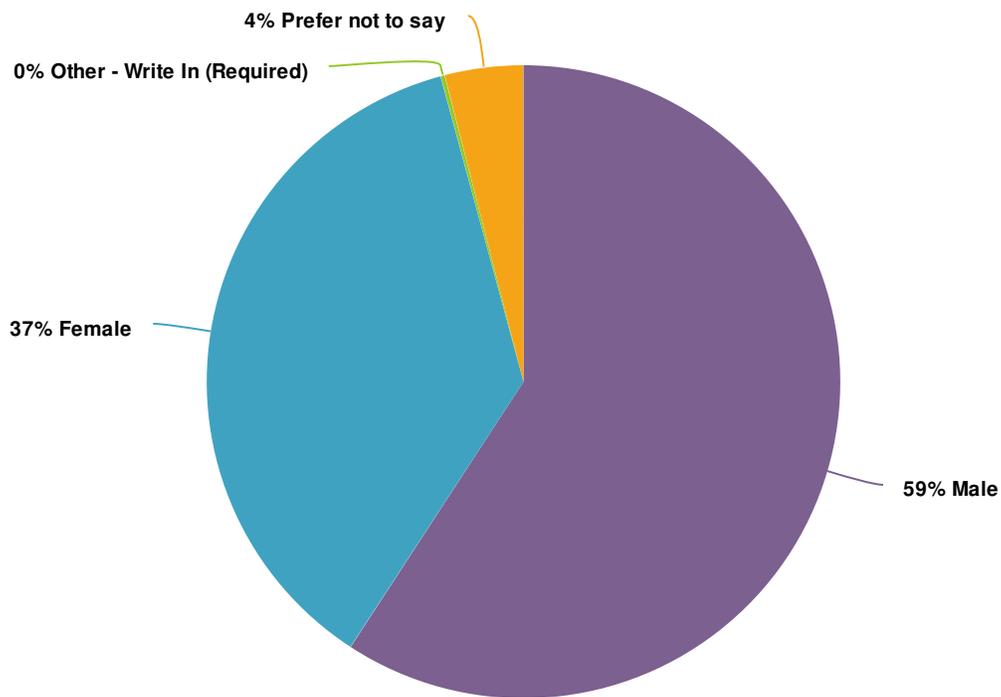
Totals: 8,036

1. Would you support an increase of £24 per year in council tax (based on a Band D property) to prevent further cuts and to improve local policing?



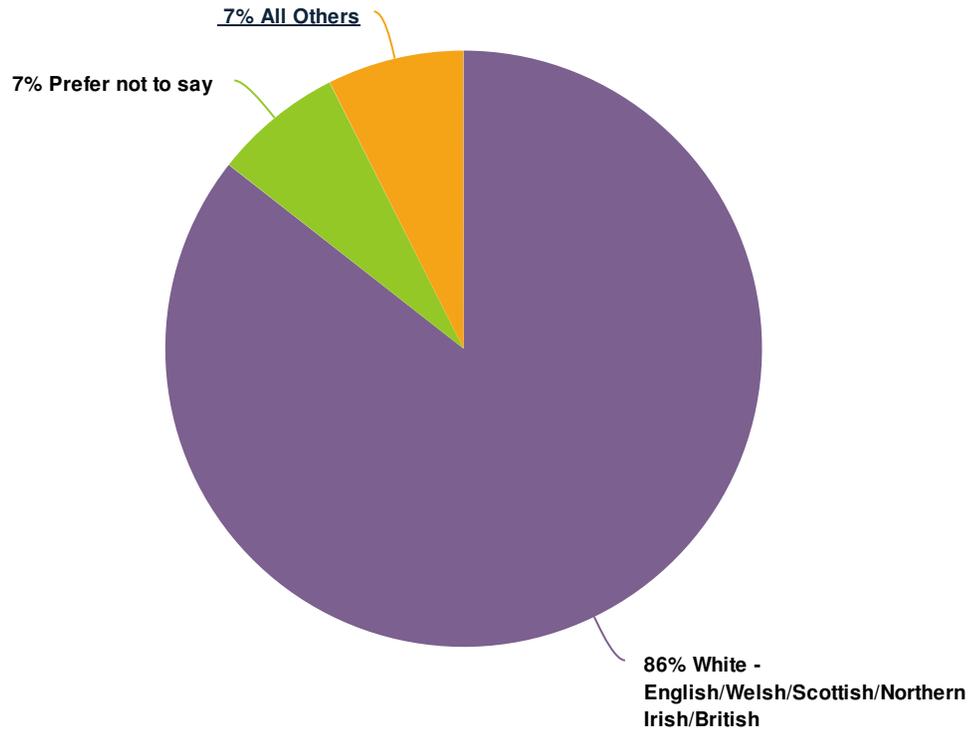
Value		Percent	Responses
Yes		69.7%	5,599
No		30.3%	2,431
			Totals: 8,030

2. What is your gender?



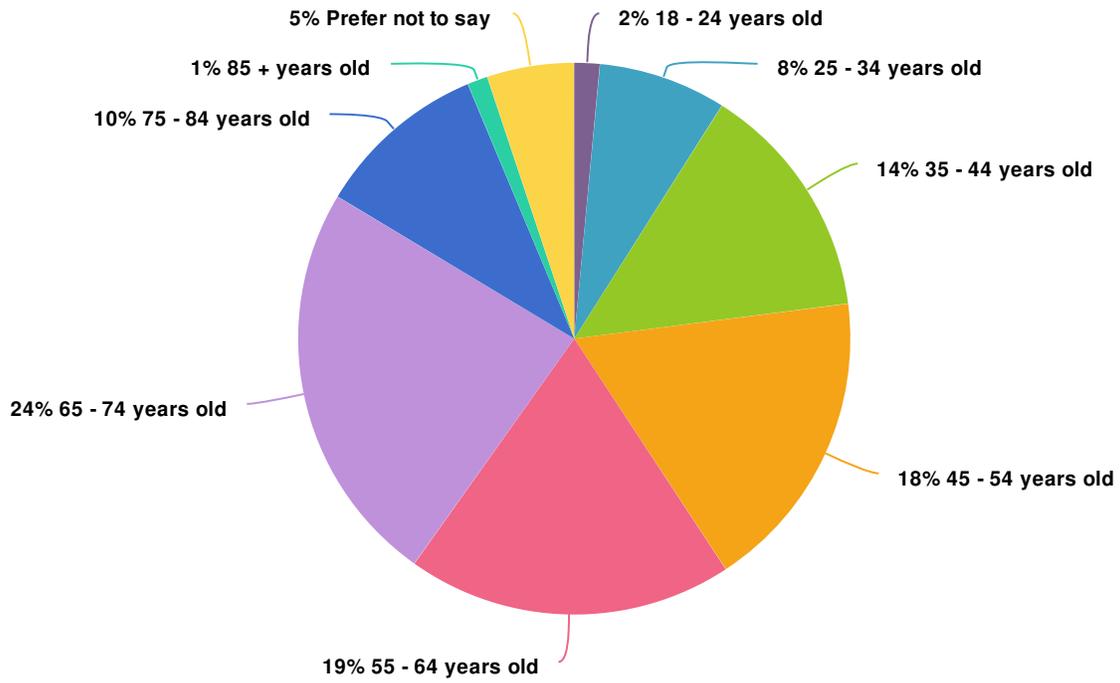
Value		Percent	Responses
Male		59.2%	4,754
Female		36.6%	2,937
Other - Write In (Required)		0.2%	17
Prefer not to say		4.0%	318
			Totals: 8,026

3. What is your ethnic group?



Value		Percent	Responses
White - English/Welsh/Scottish/Northern Irish/British		85.5%	6,864
White - Irish		0.9%	70
White - Gypsy or Irish Traveller		0.1%	7
White - any other White background		2.9%	234
Mixed - White and Black Caribbean		0.2%	15
Mixed - White and Black African		0.1%	10
Mixed - White and Asian		0.2%	20
Mixed - any other mixed ethnic group		0.3%	24
Asian or Asian British - Indian		1.2%	97
Asian or Asian British - Pakistani		0.3%	22
Asian or Asian British - Bangladeshi		0.0%	3
Asian or Asian British - any other Asian background		0.1%	12
Black or Black British - African		0.1%	12
Black or Black British - Caribbean		0.1%	11
Black or Black British - any other Black or Black British		0.1%	5
Arab		0.2%	13
Chinese		0.2%	13
Any other ethnic group - Write In (Required)		0.4%	29
Prefer not to say		7.0%	565
			Totals: 8,026

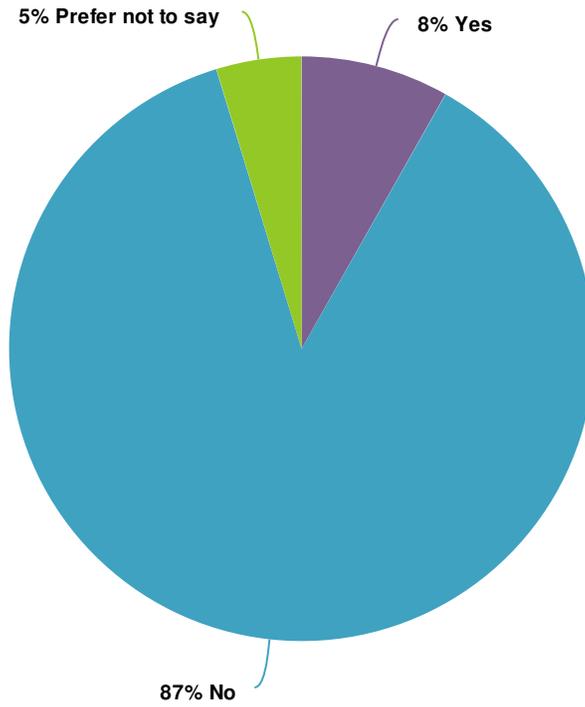
4. What is your age?



Value	Percent	Responses
18 - 24 years old	1.5%	117
25 - 34 years old	7.5%	598
35 - 44 years old	14.0%	1,125
45 - 54 years old	17.8%	1,426
55 - 64 years old	19.1%	1,534
65 - 74 years old	23.8%	1,906
75 - 84 years old	10.1%	812
85 + years old	1.2%	98
Prefer not to say	5.1%	409

Totals: 8,025

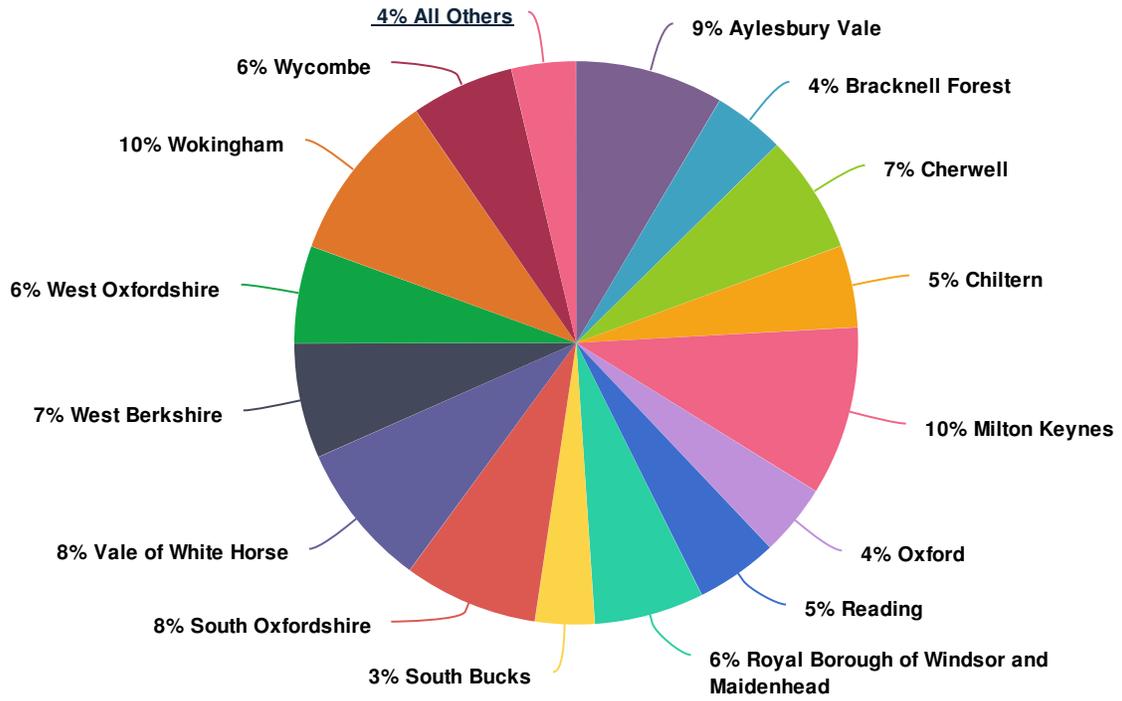
5. Do you consider yourself to have a disability?



Value	Percent	Responses
Yes	8.2%	655
No	87.1%	6,987
Prefer not to say	4.7%	377

Totals: 8,019

6. Which Local Authority area in the Thames Valley do you live or own a business in?



Value		Percent	Responses
Aylesbury Vale		8.5%	682
Bracknell Forest		4.1%	328
Cherwell		6.8%	545
Chiltern		4.7%	381
Milton Keynes		9.7%	781
Oxford		4.1%	333
Reading		4.7%	378
Royal Borough of Windsor and Maidenhead		6.3%	507
Slough		2.3%	181
South Bucks		3.4%	272
South Oxfordshire		7.7%	621
Vale of White Horse		8.3%	664
West Berkshire		6.6%	533
West Oxfordshire		5.6%	450
Wokingham		9.8%	783
Wycombe		5.9%	471
Not sure - please state your nearest town or village (Required)		1.4%	115

Totals: 8,025

APPENDIX 9

Taxbase and Surplus/Deficit on collection funds 2019/20

	Final Taxbase	Surplus / Deficit (-) on collection funds £	Annual Precept £
Aylesbury Vale	73,446.83	51,400.00	15,150,612.09
Bracknell Forest	45,573.00	-58,174.00	9,400,798.44
Cherwell	53,876.90	148,291.00	11,113,726.93
Chiltern	44,716.00	69,048.17	9,224,016.48
Milton Keynes	84,876.77	490,000.00	17,508,380.12
Oxford City	45,294.50	38,462.00	9,343,349.46
Reading	55,884.00	19,945.00	11,527,751.52
Slough	42,789.80	0.00	8,826,679.94
South Bucks	33,185.80	57,589.56	6,845,566.82
South Oxfordshire	56,793.30	287,746.50	11,715,321.92
Vale of White Horse	51,706.20	403,049.72	10,665,954.94
West Berkshire	65,021.46	-135,612.00	13,412,626.77
West Oxfordshire	43,593.56	56,290.00	8,992,479.56
Windsor & Maidenhead	68,353.00	-79,343.00	14,099,856.84
Wokingham	70,176.70	31,780.00	14,476,049.68
Wycombe	69,104.75	139,175.25	14,254,927.83
Totals	904,392.57	1,519,698.20	186,558,099.34

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Risk Analysis - 2019/20 Annual Revenue Budget

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	That specific grant income, when confirmed, is lower than currently assumed in the draft budget	2	4	8	We are still waiting for confirmation of specific grants estimated £11.9m in 2019/20
3	That the 2019 police officer pay award is higher than the 2% allowed for within the budget	2	4	8	This is a part year award, so is only payable for 7 months. Each additional 1% increase in pay award will cost £2.0m per annum
3	The Force is unable to deliver, in full, the £4.8m of cash savings removed from the base budget by the year-end.	2	3	6	The residual risk is that we won't deliver the full £4.8m, e.g. a couple of £m shortfall or slippage. Although the Force has an excellent track record of managing expenditure within reduced budgets, this process is obviously becoming more challenging and complex, particularly as demands (e.g. child abuse, threat of terrorism etc.) are increasing.
4	That inflation exceeds the levels currently provided for in the draft budget	2	2	4	In total inflation is estimated to add £10.7m to the base budget in 2019/20, which equates to an average increase of 2.62%. A 1% increase in general inflation (up from the 1.8% currently provided for) will add £0.58m
5	That the Police & Crime Panel vetoes the PCC's proposed £24 (or 13.2%) increase in the council tax precept	1	4	4	The PCC has consulted the public who have overwhelmingly (70% of respondents) supported the £24 increase. Each 1% increase in council tax in 2019/20 generates £1.65m. In the event that the Panel vetoes the proposed precept increase the PCC will resubmit a revised budget and council tax proposal for the Panel to consider.

Risk Analysis - Medium Term Financial Forecast 2020/21 to 2022/23

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	That the Force is unable to deliver the full £10.4m of identified budget cuts over the three year period 2020/21 to 2022/231 without having a serious and detrimental impact on service delivery	2	4	8	<p>The Chief Constable has produced a number of mitigating factors which could be implemented should savings prove difficult to achieve, including taking 'amber' efficiency savings or reducing the number of redeployed officers.</p> <p>Although the Force has an excellent track record of managing expenditure within reduced budgets, this process is obviously becoming more challenging and complex, particularly as demands (e.g. child abuse, threat of terrorism etc.) are increasing.</p>
2	The new 4 year Medium Term Capital Plan only includes known schemes which means that there are only a few schemes starting in 2020/21 and 2021/22. Although a notional £10m has been included in the narrative part of the report this is not yet funded. Any additional capital expenditure over and above the £70.976m currently identified with a direct impact on future year revenue budgets since any new capital investment will have to be funded via Direct Revenue Funding or external borrowing, which lead to higher debt charges	2	4	8	<p>The new capital investment requirement from 2021/22 onwards is likely to be at least £5m per annum.</p> <p>If funded through higher DRF this will have a direct £ for £ impact on the revenue budget</p> <p>If funded through borrowing each £1m will result in revenue debt charges of around £45,000 per annum depending on the asset to be financed and borrowing interest rates prevalent at the time</p>
3	Inadequate money in revenue reserves and balances to fund one-off expenditure items required by the Force	2	4	8	<p>General revenue balances are currently above the agreed 3% guideline level and forecast to remain above this level throughout the period.</p> <p>In addition the PCC has earmarked revenue reserves of around £1.3m (estimated level at 31.3.23) which could be called upon in an emergency</p>
4	That the pensions grant is not baselined and included in future grant settlements from 2020/21 onwards	2	4	8	The pensions grant is currently worth £4.3m

		Likelihood	Impact	Total	
5	That there is insufficient money in the Optimisation Bias (OB) reserve to fund increases in capital scheme costs over the next 4 years. Any additional monies would have to come from other balances (but limited scope) or additional revenue contributions	2	3	6	The OB assessment for schemes in the new 4 year capital plan is £12.769m but the OB reserve is 28% (or £3.64m) lower at £9.13m
6	That the PCC and/or Police and Crime Panel is unable to support a 2% per annum increase in council tax in 2020/21 and later years	2	3	6	Each 1% increase in council tax generates approximately £1.65m
7	That the taxbase will not grow at the assumed annual rate of 1.5% in 2020/21 and later years	3	2	6	The annual increase in 2019/20 is 1.54%, This is lower than the average increase in taxbase in the previous 5 years which was 1.8%. Each 1% increase in taxbase generates additional council tax income of around £1.65m
8	That the surplus on collection funds is less than the £1.25m per annum currently budgeted for	3	2	6	The estimated surplus in 2019/20 is lower than the last 6 years.
9	Technology – the need for investment in new and emerging technology is moving from the traditional capital based funding to more revenue based Software as a Service (SaaS), together with increasing demands for licences as staff and officers require greater access.	3	2	6	Investment strategies are being constantly reviewed to ensure that the consequential ongoing costs are provided for within the future budgetary plans as soon as possible, with the impact being offset by continued scrutiny of other costs through the productivity strategy.
10	The impact of the Brexit decision on costs and prices due to fluctuating exchange rates, and equipment and services being supplied from the EU may increase cost pressures in the future.	3	2	6	Constant monitoring of procurement and contract prices, together with a collaborative approach to contracts, should enable us to maximise the value attained from contracts and minimise the negative impact of price variations.
11	There is inadequate provision in the insurance fund and annual revenue contributions to meet liabilities as they fall due	2	3	6	The draft report from the Insurance Actuary indicated that the estimated liability at 31 st March would increase by £0.26m compared to the previous year. The Actuary has also indicated that the Force should make an annual contribution of £2.8m, which is £0.9m higher than the current budget provision. We will monitor the insurance fund very carefully and review again as part of the 2020/21 budget preparation process

		Likelihood	Impact	Total	
12	That future pay settlements for police officers and police staff are at a higher level than currently assumed in the MTFP	1	4	4	Pay increases are currently assumed at 2% throughout the MTFP. Each 1% increase in police officer and staff pay adds approximately £3.2m
13	That the Government reduces the level of security grant paid to the PCC in future years beyond current estimates.	2	2	4	The budgeted amount for 2019/20 is £6.8m. Future cuts in grant will be matched by a reduction in the resources provided to this area of business.
14	That due to the impact of the new police funding formula, potentially in 2021/22, future Government Grant Allocations are lower than expected, therefore requiring a greater level of revenue savings than currently planned for	1	4	4	At this stage we do not know whether a new funding formula will be introduced, when it will be implemented, what it will look like, how it will affect annual grant allocations and, finally, how it will be phased in. Each 1% reduction in police grant equates to £2.2m.
15	That the Government reduces the threshold at which a council tax referendum is required and/or the Police and Crime Panel does not support a council tax increase of 2% per annum	1	3	3	A 1% increase in council tax is equivalent to additional income, or reduced budget reductions, of around £1.65m. The Government's Spending review is predicated on PCC's increasing their council tax precept by the maximum permissible amount each year.



Report for Decision to the Level 1 Public Meeting on 22nd January 2019

Title: Medium Term Capital Plan 2019/20 – 2022/23

Executive Summary:

The purpose of this report is to present the Medium Term Capital Plan (MTCP) for the 4 years from 2019/20 to 2022/23 to the PCC for formal approval of both the capital plan for the coming 2019/20 financial year and for the following 3 financial years for planning purposes.

The Programme has continued to be extensively reviewed, challenged and prioritised since it was initially presented in November, with both existing and new projects assessed for achievability and overall financial impact within planned implementation timescales.

Following the provisional police grant settlement in December an additional £2.1m of development opportunities have been provided for to improve the overall effectiveness of policing.

The aim of the MTCP is to support service delivery of the PCC's Police and Crime Plan and the Force Commitment. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing strategies with our collaborative partners throughout policing and within the Criminal Justice System.

The MTCP, recommended for approval today, comprises schemes costing £26.978m in 2019/20, which includes £8.642m of projects previously identified in the 2018/19 capital plan but which are now re-phased to allow for planning and tendering procedures, and total £70.976m over the 4 year period. As we progress towards the end of the current financial year other re-phasing may also present itself.

The level of investment identified in the MTCP results in a small funding surplus over the 4 year period of **£4.872m**. However this includes a recommendation to increase borrowing within the plan from £5m to £10m in 2020/21 for the Reading police station replacement project, which will cover the total budgeted cost and also reflects changes to the timing of capital receipts.

The recommended 4 year MTCP (£70.976m) is in addition to the currently approved 2018/19 capital programme, adjusted for re-phasing to £32.466m, bringing total capital investment over 5 years between 2018/19 and 2022/23 to over £103m.

The HM Treasury guidance on capital projects recognises that there is potential for project costs to exceed the initial assessment, identified as Optimism Bias – (OB). This resulted in a reserve being established in 2018/19. During the year this was drawn upon to support projects and is currently £9.129m. The MTCP recommended for approval has been reassessed for Optimism Bias, which has been recalculated at a potential level of £12.769m. However at this time increasing the funding support is not recommended and will be managed as the Force progresses through the plan period.

It should be noted that the MTCP is a prioritised programme of works for the Force to continue to develop over the coming years. As policing continues to evolve other investment opportunities and legislative changes to improve performance levels and efficiency of the service, and to continue to align with other Criminal Justice Partners, will no doubt present themselves and will need to be assessed against available resources. This is reflected upon further in the report.

Recommendation:

The PCC is asked to:

- Approve the draft capital programme for 2019/20 in the sum of £26.978m as set out in Table 1, which includes £8.642m of re-phased budget from 2018/19.
- Approve an increase in borrowing from £5m to £10m for the Reading Police Station replacement project.
- Approve the overall financing of the capital expenditure as set out in schedule 7 of Appendix 1.
- Approve the overall 4 year Medium Term Capital Plan (2019/20 to 2022/23) for planning purposes at £70.976m (including re-phasing) as set out in Table 1.
- Recognise the restated Optimism Bias Reserve calculation of £12.769m and acknowledge that the existing reserve of £9.129m will be managed and reviewed as the Force progresses through the plan term.

Police and Crime Commissioner

I hereby approve the recommendation above.

Signature

Date

Purpose & Introduction

2. The purpose of this report is to present the Medium Term Capital Plan (MTCP) for the 4 years from 2019/20 to 2022/23 to the PCC for formal approval of both the capital plan for the coming 2019/20 financial year and for the following 3 financial years for planning purposes.
3. The PCC was initially presented with the draft Plan in November 2018. Since then the Programme has continued to be extensively reviewed, challenged and prioritised, with both existing and new projects assessed for achievability and overall financial impact within planned implementation timescales. The 2019/20 to 2022/23 Plan presented today (Appendix 1), totals £70.976m gross expenditure and includes £8.642m of re-phased budget from the approved 2018/19 capital plan.
4. The aim of the MTCP is to support service delivery of the PCC's Police and Crime Plan and the Force Commitment. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing strategies with our collaborative partners throughout policing and within the Criminal Justice System.

Medium Term Capital Plan – Overview

5. The Medium Term Capital Plan is compiled with full reference to the current financial climate and the drive to reform the methods for delivering the policing service to maximise the level of resources directed to priority areas and improve overall productivity levels. The plan reflects the provisional police finance settlement for 2019/20.
6. Key focuses of the MTCP are:
 - To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites and facilities and progressing the Asset Management Plan to deliver long term savings.
 - To ensure provision is made for the continued maintenance and development of ICT Technology through the ICT Roadmap and Digital Transformation Programmes, which allows the Force to work with its collaborative partners, regionally and nationally, to develop new efficient and effective policing delivery models within the overall Criminal Justice System and improve overall service to the public.
 - The maintenance and replacement of other core assets where necessary e.g. vehicles and radios. This continues to include provision for the Emergency Services Mobile Communications Project (EMSCP), the national replacement of airwave services.

7. The cost and funding estimates within this draft capital programme are based on the best information available at the time. This can be standard building costs, desktop estimates or an estimate based on the experience of another force. Future inflation is reviewed annually as part of the budget development process and included where appropriate.
8. The HM Treasury guidance on capital projects recognises that there is potential for project costs to exceed the initial assessment. This is called Optimism Bias – (OB) and relates to any project type, although it can have a particularly high impact when relating to the development of Information and Communication Technology. The OB reserve continues to be reviewed in relation to the size of the MTCP, the recent review identified an OB estimate of **£12.769m** to support the level of planned investment.
9. Having already utilised £2.872m during 2018/19 the OB reserve currently stands at **£9.129m**, therefore there is a potential shortfall of £3.640m if all capital schemes were to require additional funding. However, this is unlikely and increased funding for the OB is not being sought at this time, but OB reserve levels will be assessed and managed closely as projects in the proposed plan are completed.

Capital Programme – Summary

10. The MTCP builds on the existing capital plan approved in July 2018.
11. All existing and proposed new schemes are sponsored by chief officer leads and are reviewed by CCMT taking into consideration the strategic priorities of the PCC, the operational priorities of the Force and the risk associated with each scheme. The assumptions, scope and costs underlying each scheme are challenged as are the schemes themselves to ensure they remain justified given the economic climate. Figures within the MTCP reflect this and, as a consequence, some revisions have been made to existing programme schemes, as well as new ones introduced.
12. The planned gross expenditure within the 2019/20 to 2022/23 MTCP totals £70.976m, which includes £8.642m of project budget re-phased from 2018/19, reflecting re-planning and tendering processes. This is summarised in Table 1 below. A more detailed analysis is provided in Appendix 1, which details the various projects within each category of investment. It should be noted that expenditure in years 3 & 4 do not include any significant new projects or priority investment requirements over that period which results in an element of uncertainty regarding future costs. This is explored later in the report within the Issues for Consideration section.

	Total Spend 2018/19	2018/19 Budget Rephased to 2019/20 & later	New Spend				Total 2019/20 to 2022/23 £000	Schedule Reference
			2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000		
Property	7,327	3,593	4,558	10,298	6,766	529	22,151	Schedule 2
ICT/ Business changes	16,857	3,066	15,428	4,248	2,736	3,574	25,986	Schedule 3
SECTU/ Tactical Firearms	1,336		-	-	-	-		Schedule 4
Equipment & Radio Replacement	3,444	1,983	3,661	4,405	796	150	9,012	Schedule 5
Vehicles	3,503		3,330	3,413	3,498	3,586	13,827	Schedule 6
Capital Projects Total to be Financed	32,466	8,642	26,978	22,364	13,796	7,839	70,976	
Financing Available	39,910		18,121	22,813	13,783	13,688	75,848	Schedule 7
Cumulative Funding Position (Existing Programme)	7,443		-1,413	-964	-977	4,872	4,872	
Potential Optimism Bias Reserve Requirement by year			1,795	5,364	2,825	2,785	12,769	N/A

13. Funding of the MTCP is shown in more detail in Appendix 1, Schedule 7. The Cumulative Funding Position row towards the bottom of this table and in table 1 above shows the balance of accumulated capital reserves at the end of each financial year. The table includes the impact of £5m additional borrowing being approved to support the Reading station replacement programme and reflects changes to the timing of capital receipts. This implies that at the end of 2019/20 there will be a shortfall of £1.413m but that overall there is a small surplus of £4.872m across the period. The indications are therefore that we plan to spend slightly more in years 1 to 3 than we can afford to fund from available reserves and forecast capital income.
14. In practice this is unlikely to happen exactly as indicated since planned expenditure is rarely incurred according to the original profile. The profile of actual expenditure will be monitored very closely to ensure that we do not commit more resources than we can afford to fund in each year and the PCC will be updated via the regular capital monitoring reports.
15. The Optimism Bias Reserve will only be drawn upon if needed, on a project by project basis. Some OB funding may not be required if projects complete within their original budget allocations. The recent OB reserve review based on the MTCP submitted to day suggests a revised OB of £12.769m would be advisable, however at this time it is felt that the existing reserve (£9.129m) should be sufficient and will be managed and reviewed as we progress through the plan period and projects are completed.

16. Any new future capital projects approved would be included with a specific OB allocation assigned to the scheme cost, or separately within the capital programme. The table below provided for information is a summary of the potential OB requirement over time and is based on the recent review.

Potential Optimism Bias Reserve Requirement by year	2019/20	2020/21	2021/22	2022/23	Total 2019/20 to 2022/23
	£000	£000	£000	£000	
Optimism Bias Reserve - Property	62	256	140	921	1,379
Optimism Bias Reserve - ICT / Business Change	1,733	5,108	2,685	108	9,634
Optimism Bias Reserve - Equipment & Radio Replacement				1,756	1,756
Potential Optimism Bias Reserve	1,795	5,364	2,825	2,785	12,769

The Capital Programme – New or Revised Major Schemes

17. The significant new projects or scheme changes since the current MTCP was approved in July 2018 are listed below and for ease of identification are listed at the bottom of the relevant schedules (2 & 3) within Appendix 1. The majority of new projects have been previously presented to the PCC in Draft for review in November, but are included here again for completeness. Following the provisional police grant settlement in December an additional £2.1m of development opportunities have been provided for to improve the overall effectiveness of policing, recorded in Schedule 3 of Appendix 1.

Property Services – Schedule 2

18. The Property Services items are shown in Schedule 2 of Appendix 1. These schemes are necessary to meet a combination of key priorities, including maintaining operational performance and capacity as well as strategic asset management. The new prioritised project bids are listed at the bottom of the Appendix, totalling **£0.875m**. There are 2 new schemes shown; the first being infrastructure work at building 249 Upper Heyford. The second relates to the long term solution for CTFSO accommodation, which is still being assessed for requirement. Two other key projects, Reading and Windsor, are also discussed below.

- **Upper Heyford – Building 249:** This bid is to secure funding to do urgent infrastructure works on the building including replacement roof, improved heating & insulation and alterations to allow intensification of use. This programme of work will be dependent on TVP securing a new long term lease (20 years) for the building.

- **Long Term CTFSO accommodation:** There is a regional requirement, agreed by all of the SE Forces, to provide suitable accommodation for the CTSFO capability. A temporary facility for this specialist operation unit has been developed at Sulhamstead, however this has time limited planning permission. The long term solution continues to be assessed and as such costs are as yet unidentified. Depending on the final solution a grant application may be made to the Home Office to support the funding required. An update will be brought to future meetings.
- **Reading:** The replacement of Reading Police Station still remains an important part of the estate programme. The PCC has previously approved borrowing of £5m to support the estimated budgeted cost of £10m. It is now recommended that the PCC borrows to fund the full cost of the project (£10m) in 2020/21. The anticipated sales receipt no longer falls within the anticipated MTCP period but will be available to fund future capital investment, beyond the current MTCP period.
- **Windsor:** This project was originally intended to redevelop the current Alma Road site to provide a smaller Police Office and allow the remainder of the site to either be sold or redeveloped. Further consideration is now being given to the size & purpose of the policing requirement at the location and the potential solution, which could be refurbishment of the existing building or a new development, which could impact on the sale value. As such the previously anticipated £4m capital receipt may now not be realised and has been removed from the programme pending this review.

19. The PCC is asked to note that the schedule does not include provision for any additional costs that may occur in relation to the sale and redevelopment at Reading Police Station. In addition there are a number of Property Bids which would further enhance the utilisation of the TVP estate but are not prioritised as critical at this time.

ICT, Digital Policing & Force Change - Schedule 3

20. The ICT 5 year Strategy Roadmap and Digital Policing plans made and approved last year are continuing to progress to modernise the legacy infrastructure and create a solid technology platform, from which forces can continue to transform working practices.
21. This year a number of bids from across the Force, affecting ICT, are being prioritised as essential by both CCMT and partner forces, some of which are completely new and some are supporting existing programmes and areas of work. These bids total £3.779m. In addition CCMT have prioritised a further £2.130m of potential TVP specific projects that will provide either improved volume or complex crime investigation or are development opportunities. In total there are £5.909m of new bids within the programme.

22. Although only predominantly Tier 1 items have been included within the MTCP presented today, there are a high number of bids excluded that remain a lower priority but which may result in future bids being resubmitted in the coming years. These cannot be supported at this time, primarily due to resourcing and financial constraints. They are reflected to some extent in the future capital investment capacity identified in 2021/22 & 2022/23 – see paragraphs 27 and 28.
23. The new bids are shown at the bottom of schedule 3. Examples of prioritised Project Bids include:
- **PACE Interview Recording Equipment:** This is a previously approved bid from Criminal Justice to replace all aged and unsupported PACE recording equipment with new, digitally enabled equipment and storage. The final solution is still being reviewed but potentially the full cost of the solution could be up to £1.257m hence an uplift of £0.857m is required.
 - **Office 365.** This is one of the approved ICT Roadmap projects identified last year. A robust project cost has now been identified reflecting the new National Enabling Programme (NEP) requirements for implementation. Additional funding of £0.671m between forces is required bringing total implementation costs up to just over £2.1m between Hampshire Constabulary (HC) & TVP. Both cash and efficiency benefits are expected from this programme but are yet to be formerly identified.
 - **Child Abuse Image Database (CAID) 4:** A Home Office mandated project identified by Force Crime to upgrade force infrastructure to enable download, upload and viewing video imaging to and from the CAID system, to support criminal investigations. This is a joint TVP & HC project expected to cost £0.750m between forces.
 - **Multiple project bids for additional funding:** There are 6 Tier 1 projects either in flight or not yet started, predominantly jointly funded, that have identified additional funding requirements of £1.376m (TVPs share) in order to complete. These include the BWV roll out (includes £0.127m to meet the requirement of the revised operating model), Data Governance, Citrix Migration, RMS additional funding, Livelink (sharepoint) and PSN programme extension.
 - **Aceso specialist computers:** This is a project to renew the advanced computers used for evaluating mobile device information from Force Crime. Hampshire Constabulary are supporting an equivalent device renewal programme. The cost is circa £0.019m per device. The volume of devices is being reassessed but the total cost for TVP is likely to be over £0.5m.

- **Potential Additional Investment Opportunities (£2.130m):** Following the provisional police grant settlement work has identified that a number of Tier 2 projects provide further development/digitalisation opportunities to improve the effectiveness of the police service. They include, for example, a proof of concept on centralised forensic freezers, a reinstated allocation for Corporate Wifi that had been removed due to previous prioritisation, and additional funding for laptops or devices dependant on identified need.

Other Items – Schedules 4-6 of Appendix 1

General Annual Equipment Provisions

24. Annual provisions for non-specific capital equipment purchases and ANPR installation replacements are included throughout the MTCP period.

Fleet Vehicles

25. Vehicle fleet renewals through Chiltern Transport Consortium (CTC) are included in all years in the MTCP. Total spend on vehicles over the 4 years is expected to be about £13m, which includes anticipated inflationary increases. There is an element of uncertainty over the impact of Brexit and exchange rate fluctuations which may have a further negative impact on cost. The replacement plan in future years may also be impacted by developments in electric powered vehicles and the Forces' commitment to the environment.

Emergency Services Mobile Communications Project (ESMCP)

26. The current budget for ESMCP will need revisiting once the final national decisions about the roll-out plans have been agreed. The total project allocation, including some funds spent to date is £9.150m, which includes £4.8m for devices.

Future Capital Investment Capacity

27. It is recognised that in presenting the 4 year MTCP the later years have less clarity and we become less certain regarding the demands and opportunities facing the Force. We have articulated our clear prioritised intentions for the next 2 years but have limited information regarding new investment requirement in years 3 & 4 which makes forecasting uncertain. At present there are no new projects identified to start in that period. We can be clear however that it is extremely likely that we will require further capital investment in 2021/22 and later years beyond the simple refresh of fleet and computer hardware.
28. With this in mind if we consider the prospect of needing to invest a modest sum of £5m in both 2021/22 and 2022/23 to provide future investment capacity, cover national

requirements or maintain core infrastructure, the small surplus of £4.872m currently shown at the end of 2022/23 would become a funding shortfall of £5.128m. The MTCP does not include forecasts for unspecified investment, but this a clear risk that needs to be highlighted. The likelihood is that any future investment moving the current MTCP into deficit would need to be funded by further external borrowing, which will have a consequential impact on the medium term revenue plan.

Funding of the Medium Term Capital Plan 2019/20 to 2022/23:

29. The MTCP presented for approval today comprises schemes and provides investment capacity totalling £70.976m for the next 4 years from 2019/20 to 2022/23. The total investment including the current year (2018/19) is £103.4m.
30. Funding the full programme will include the use of £20.5m of brought forward capital balances, £19.7m of capital receipts from finite asset sales (predominantly buildings and houses), £5.8m of previously approved earmarked reserves, £42.8m of Direct Revenue Financing, £5m of approved borrowing and £7.4m from Home Office capital grant. In addition the PCC is asked to approve an increase in borrowing relating to Reading Police Station of a further £5m.
31. A small funding surplus of £4.872m exists over the 4 year period, although a deficit is shown over the first 3 years. This is expected to be manageable since planned expenditure is rarely incurred according to the original profile and will be closely monitored.
32. As previously indicated, investment capacity in later years is not specifically identified, with no new projects forecast to start in 2021/22 or 2022/23. The likelihood is that either national, regional or local requirements will dictate a level of new investment over that period. A modest capital investment of, for example, £5m in each of the last 2 years of the plan would result in a funding shortfall of £5.128m which is likely to require further external borrowing to achieve.

Asset Sales

33. The value of asset sales over the MTCP period has been adjusted downward to reflect the expected timing of non-residential sales. This has reduced the available funding over the period by about £2.5m. Overall £15.9m of the £19.7m asset sales relates to police buildings and houses.
34. It is worth reiterating that towards the end of the programme these one-off sales tail off and will not continue to significantly support the programme beyond 2022/23 as the asset lists are significantly reduced and receipts become sporadic. It should be noted that the capital receipt for Reading Police Station is not currently shown in the forecast of capital receipts due to anticipated timing and the receipt for Windsor, previously recorded, has been removed whilst the plans for the property redevelopment are reconsidered.

Direct Revenue Financing

35. Direct Revenue Financing (DRF) has had to be increased to a minimum of £10m per annum in later years which places a significant burden on the revenue budget in future years since

new bids will either, through new borrowing or DRF, directly affect the revenue budget as reserves and capital receipts are exhausted.

Vehicle Fleet and Core Equipment Refreshes

36. As we move forward about £7.5m per year is required to just maintain core equipment levels in terms of computer equipment, phones, other equipment and vehicles. This will absorb the majority of DRF in future and leave little scope for investment. New projects are very likely to require further borrowing which will increase the revenue burden through interest and capital repayments (MRP).

Optimism Bias (OB) Reserve

37. As indicated above, an assessment of Optimism Bias for the revised MTCP using HM Treasury guidance has been conducted which produces a potential requirement of £12.769m to significantly mitigate force financial risk.
38. Having supported delivery of CMP and other property work during 2018/19 the OB reserve currently stands at £9.129m. This implies a potential shortfall £3.640m and therefore represents a financial risk to the Force. The reserve is set aside to acknowledge bias in project costings. However our experience is that not all projects will need to draw on the reserve. Therefore it is felt that as we progress through the MTCP we can assess and manage the risk based on close monitoring of capital projects, falling back on Stage Gate reporting to control and mitigate new project risk.
39. In future budget rounds an assessment of the OB requirement will be included within the scheme bid and the prioritisation process and built into the capital programme.

Issues for Consideration

40. As mentioned earlier, beyond the current MTCP period capital receipts from one-off property sales and development will become increasingly more difficult to identify and realise. In the years following the MTCP there are currently only 2 potential significant identified receipts for the expected sale of Reading Police Station and the land at Gowell Farm in Bicester. The receipts are not expected to fall within the current MTCP period and neither the amounts nor timing can be identified with any element of certainty at this stage.
41. Revenue contributions to the Capital Programme have had to be increased significantly over the next 4 years in order to provide the Force with a realistic level of funding for the renewal of fixed assets and the maintenance of our technology infrastructure. Further revenue funding is likely to be a future requirement through DRF or external borrowing. However the capacity to absorb this additional cost within the revenue budget is only likely to be achieved if further savings can be made – either driven by capital investment or through reductions in Force costs.
42. Whilst the figures included in the MTCP are as accurate as possible it should be noted that a number of elements will continue to be developed and are likely to result in future change requests. These include:

- **Asset Management Plan (AMP)** schemes still require firm solutions to be identified; hence costs will be subject to variation. The timing of AMP schemes are partly dependant on availability within the market. In addition, currently leased premises will continue to be considered for purchase where it makes sound financial sense to do so. These are in addition to current AMP works.
- **Other External factors** – The full impact of Britain exiting the EU still remains unknown. There are potentially heightened risks around the value of sterling compared to other currencies and imports, including brought in skills through external suppliers that may continue to increase in relative cost. This could add additional pressures to the future programme.

Conclusion & Recommendation

43. The schemes included in the MTCP are considered by CCMT to be essential for enabling and improving future service provision through a more efficient estate and better use of technology. The MTCP is a prioritised programme of works. As policing continues to evolve other investment opportunities and legislative changes to improve levels and efficiency of service and to continue to align with other Criminal Justice Partners will no doubt present themselves and will need to be assessed against available resources.
44. The MTCP presented today for approval identifies total planned spend of £70.976m over the 4 year period 2019/20 to 2022/23. This includes £8.642m re-phased from the 2018/19 approved projects. It is worth noting the level of re-phasing is likely to fluctuate as we progress towards the year end.
45. The level of investment submitted for approval, including £5m of increased borrowing for the replacement Reading Station results in a small funding surplus of £4.872m over the 4 year period. A small level of funding deficit is shown in years 1 to 3 but, in practice, this is unlikely to materialise and is felt to be manageable.
46. It is recognised that identified investments in the later years of the plan are more difficult to specify, but are very likely to be required. A modest investment in new capital projects of, for example, £5m in years 3 & 4 of the plan will result in a funding shortfall of £5.128m. This is likely to come from either additional borrowing or DRF and both sources will impact directly on the revenue budget and will, in all probability, only be affordable if further savings can be identified.

Recommendation:

The PCC is asked to:

- Approve the draft capital programme for 2019/20 in the sum of £26.978m as set out in Table 1, which includes £8.642m of re-phased budget from 2018/19.

- Approve an increase in borrowing from £5m to £10m for the replacement Reading Police Station project.
- Approve the financing of the MTCP as set out in schedule 7 of appendix 1.
- Approve the overall 4 year MTCP (2019/20 to 2022/23) for planning purposes at £70.976m as set out in Table 1.
- Recognise the restated Optimism Bias Reserve calculation of £12.769m and acknowledge that the existing reserve of £9.129m will be managed and reviewed as the Force progresses through the plan term.

Legal comments

47. The capital programme is an integral part of the overall budget package which the PCC must consider each year. These reports are presented to the PCC, in compliance with the requirements of the Prudential Code and will demonstrate that capital investment plans are affordable, sustainable and prudent.

Equality comments

48. No specific implications arising from this report

Background papers

Annual capital programme 2018/19
 Relevant Project bid papers
 The MTFP 2019/20 to 2022/23
 Reserves, Balances & Provisions report - January 2019

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

Is there a Part 2 form? No

SCHEDULE 1 : CAPITAL EXPENDITURE FORECAST SUMMARY - Including Tier 1 Growth

Jan-19

	Total Spend 2018/19	2018/19 Budget Rephased to 2019/20 & later	New Spend				Total 2019/20 to 2022/23 £000	Schedule Reference
			2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000		
Property	7,327	3,593	4,558	10,298	6,766	529	22,151	Schedule 2
ICT/ Business changes	16,857	3,066	15,428	4,248	2,736	3,574	25,986	Schedule 3
SECTU/ Tactical Firearms	1,336		-	-	-	-		Schedule 4
Equipment & Radio Replacement	3,444	1,983	3,661	4,405	796	150	9,012	Schedule 5
Vehicles	3,503		3,330	3,413	3,498	3,586	13,827	Schedule 6
Capital Projects Total to be Financed	32,466	8,642	26,978	22,364	13,796	7,839	70,976	
Financing Available	39,910		18,121	22,813	13,783	13,688	75,848	Schedule 7
Cumulative Funding Position (Existing Programme)	7,443		-1,413	-964	-977	4,872	4,872	
Potential Optimism Bias Reserve Requirement by year			1,795	5,364	2,825	2,785	12,769	N/A

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SCHEDULE 2: PROPERTY SCHEMES	Previous Spend £000	TOTAL PROJECT COST £000	Total 2018/19 £000	Re-phasing from 2018/19 to 2019/20	New MTCP Spend				Later years £000
					2019/20 £000	2020/21 £000	2021/22 £000	2022/23	
Corporate Schemes									
HQ South - C, D E & G block (Work and Demolition)	2,898	3,350	52			400			
St Aldates Police Station	610	693	83						
Sulhamstead - Imbert Court	993	2,535	1,250	217	292				
Sulhamstead - White House	170	2,655	1,497	988	988				
Milton Keynes- site wide works inc Windows	1,588	4,295	1,907	357	800				
Buildings - Store	72	395	323						
Fountain Court Infrastructure Works		2,750	50		750	1,950			
Asset Management Plan (AMP) total	190	17,887	1,601	2,031	1,678	7,123	6,766	529	0
Carbon Management Works: REC, Officer Safety Training Centre Sulhamstead, HQ South A-Block, Biomass Boilers	64	628	564	0	0	0	0	0	0
New Projects For Approval.									
T3 Building 249 Infrastructure - New		875	0		50	825			
T2 CTSFO - Long term accom. To be defined and re submitted		0	0		0	0	0		
Total Property	6,585	36,063	7,327	3,593	4,558	10,298	6,766	529	0

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Ref	SCHEDULE 3: ICT SCHEMES and BUSINESS CHANGE	Previous Spend £000	TOTAL PROJECT COST £000	Total 2018/19 £000	Re-phasing from 2018/19 to 2019/20	New MTCP Spend				Later years £000
						2019/20 £000	2020/21 £000	2021/22	2022/23	
	ICT CORE SCHEMES									
	EUD Replacement Budgets									
	End User Devices - Desktops and Laptops, Tablets and handheld devices.	1,382	13,655	1,364	(26)	1,961	2,733	2,014	2,014	2,187
	Network & Connectivity Infrastructure									
	Network & Connectivity Infrastructure	3,343	5,040	602	-	219	219	219	219	219
	Data Centres, Data Processing & Storage Infrastructure									
	Data Processing - New Data Centre, existing servers, ICT security and tools.	494	3,734	1,014	-	400	625	400	400	400
	PROJECT PORTFOLIO									
	RMS	2,798	3,612	814	-	-	-	-	-	-
	Digital Contact	9,461	15,660	5,501	577	698	-	-	-	-
	Digital Investigation & Intelligence	103	176	73	-	-	-	-	-	-
	Total - Digital First	-	942	942	-	-	-	-	-	-
	Digital Frontline	94	2,486	98	1,250	1,250	-	103	941	-
	Digital Technology Enablers	181	4,643	2,297	-	2,165	-	-	-	-
	PSN Migration & Citrix	1,514	2,077	563	-	-	-	-	-	-
	Data Enablers									
	Total - Data Enablers		1,006	320	193	382	303	-	-	-

Ref	SCHEDULE 3: ICT SCHEMES and BUSINESS CHANGE	Previous Spend £000	TOTAL PROJECT COST £000	Total 2018/19 £000	Re-phasing from 2018/19 to 2019/20	New MTCP Spend				Later years £000
						2019/20 £000	2020/21 £000	2021/22	2022/23	
	Total - Surveillance Based Projects	-	500	250	250	250	-	-	-	-
	Other MTCP Projects	21	712	291	400	400	-	-	-	-
	ICT Service Improvement	-	553	553	-	-	-	-	-	-
	NON ICT LED PROJECTS									
	ERP - Enterprise, Resource & Planning Tool	2,646	6,980	2,173	422	2,162	-	-	-	-
	New Projects For Approval.									
TVP only	T1 PACE Recording Equipment - Budget Uplift to £1.257m		857	-		857				
TVP only	T1 BWV Uplift (to agreed £0.643m from £0.516m).		231	-		231				
Joint	T1 O365 Budget Uplift		368	-		230	138			
Joint	T1 CAID 4 Infrastructure		411	-		411				
Joint	T1 Data Governance Budget Uplift (£0.25m to £0.6m joint)		192	-		192				
Joint	T1 ICT Healthcheck - Citrix Migration		164	-		164				
Joint	T1 RMS Additional Funding		396	-		396				
Joint	T1 Livelihood and Alfresco Additional Funding		204	-		204				
Joint	T1 PSN Programme Extension		189	-		189				
Joint	T1 Intranet Replacement (existing £0.250m reassigned)		20	-		(250)	230			
Joint	T2 Aceso device replacement (HC are supporting)		532	-		532				
Joint	T2 ICT Health Check Third Party Patching (PSN linked)		88	-		88				
TVP only	T2 LRF Notification System (Everbridge) - Costs TBC		-	-		-				
Joint	T2 PSD Proactive Monitoring - Enterprise wide		167	-		167				
TVP only	Dev. Forensic Freezers POC - within Schedule 4 Equipment Allocation		-	-		-				
TVP only	Dev. Corporate Wifi - Reinstated Allocation	7	412	-		405				
TVP only	Dev. Laptop/EUD Investment provision		1,000	-		1,000				
	Development Programmes	-	725	-	-	725	-	-	-	-
	T1 Total New Bids	7	5,916	-	-	5,542	368	-	-	-

Ref	SCHEDULE 3: ICT SCHEMES and BUSINESS CHANGE	Previous Spend £000	TOTAL PROJECT COST £000	Total 2018/19 £000	Re-phasing from 2018/19 to 2019/20	New MTCP Spend				Later years £000
						2019/20 £000	2020/21 £000	2021/22	2022/23	
	TOTAL - ICT CORE SCHEMES	5,219	22,428	2,981	(26)	2,580	3,577	2,633	2,633	2,806
	TOTAL - PROJECT PORTFOLIO	14,171	32,367	11,704	2,670	5,145	303	103	941	-
	TOTAL - NON ICT LED PROJECTS	2,646	6,980	2,173	422	2,162	-	-	-	-
	TOTAL - NEW PRIORITISED BIDS	7	5,916	-	-	5,542	368	-	-	-
	TOTAL - ICT - OVERALL	22,042	67,691	16,857	3,066	15,428	4,248	2,736	3,574	2,806

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REF	SCHEDULE 4: Grant/NCCP HQ funded	Total	Re-phasing from	New MTCP Spend				Later
		2018/19 £000	2018/19 to 2019/20	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	£000
	Equipment CITU & CTU	-						
	Vehicles CITU & CTU	400						
	Buildings - Unit 1	536						
	SECTU Equipment	400						
	NCA Crawley (Buildings Store)	-						
	Firearms Support Arrangement	-						
	TOTAL ACPO TAM funded	1,336	-	-	-	-	-	-

REF	SCHEDULE 5: Equipment & Radio	Total	Re-phasing from	New MTCP Spend				Later
		2018/19 £000	2018/19 to 2019/20	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	£000
	Annual Provision	297		100	100	100	100	100
	Video Conferencing	0						
	TSU equipment	0						
	Safer Roads (Hypothecation Equipment)	2,156						
	SEROUCU	0						
		2,453	-	100	100	100	100	100
	ANPR - further static sites- partner funded	-22		50				
	ANPR - replacement of installations/infrastructure	150		50	50	50	50	50
	ANPR	128	-	100	50	50	50	50
	Airwave replacement- ESMCP - overall project	349	1,183	1,063	905	494		
	ICCS	274						
	Grant uplift	95	800	698	50	52		
	Airwave replacement- ESMCP - Devices inc. uplift	0		1,600	3200			
	National radio system upgrade - ESMCP TVP costs	718	1,983	3,361	4,155	546	-	-
	Radio Replacements - Covert	-44						
	Radio Replacements - Officers	94		50	50	50		
	Radio Replacements - Vehicles	94		50	50	50		
	ICT -Airwave	145	-	100	100	100	-	-
	Other grants	0						
	Total Equipment & Radio Replacement	3,444	1,983	3,661	4,405	796	150	150

REF	SCHEDULE 6: VEHICLES	Total	Re-phasing from	New MTCP Spend				Later
		2018/19 £000	2018/19 to 2019/20	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	£000
	TVP Vehicle Replacement	3,503		3,330	3,413	3,498	3,586	3,676
	Vehicle Telematics (tba)	0						
	others - SRP/ADDITIONA	0						
	Total Vehicle Replacement	3,503	-	3,330	3,413	3,498	3,586	3,676

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SCHEDULE 7: RESOURCES REQUIRED TO FINANCE THE CAPITAL PROGRAMME

	2018/19	2019/20	2020/21	2021/22	2022/23	Total 2018/19 to 2022/23
	£000	£000	£000	£000	£000	£000
Capital Balances Brought Forward 1/4/2018	20,532					20,532
Estimated funding generated during year						
Capital Receipts including AMP	1,600	3,655	1,900	625	-	7,780
- House Sales	4,389	2,700	480	-	510	8,079
- House Shared Equity repayments	343	300	300	300	300	1,543
- Vehicle Sales	450	450	450	450	450	2,250
Revenue Contributions						
Vehicles	-	-	-	-	-	-
DRF	4,678	9,300	7,230	10,780	10,800	42,788
General Reserves	-	-	-	-	-	-
Borrowing						
Borrowing for Property Related Projects Capital (Reading)			10,000			10,000
Third Party Contributions						
S106 or CIL Contributions	150	150	150	150	150	750
ANPR Contributions	-	38	-	-	-	38
Other Contributions	-	-	-	-	-	-
Capital Grants						
General	1,478	1,478	1,478	1,478	1,478	7,390
Specific grants (SECTU, SEROCU or T66)	1,336	-	-	-	-	1,336
Other government Departments/agency - CTFSO Grant	-	-	-	-	-	-
Reserves						
Earmarked Reserves -						
Improvement & Performance Reserve	1,687	50	825	-	-	2,562
Optimism Bias Reserve	2,872	-	-	-	-	2,872
Risk Management Reserve (Carbon Management)	395	-	-	-	-	395
Other Income						
Safer Roads Partnership	-	-	-	-	-	-
Transformation Fund	-	-	-	-	-	-
Property Schemes (borrowing)	-	-	-	-	-	-
Resources Available (inc B/F Capital Reserves)	39,910	18,121	22,813	13,783	13,688	108,315
Total Resources Programme Requires	32,466	26,978	22,364	13,796	7,839	103,443
Shortfall / Surplus in year (shortfall is a negative)	7,443	-8,857	449	-13	5,849	4,872
Cumulative funding position (shortfall is a negative)	7,443	-1,413	-964	-977	4,872	4,872

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Report for Decision to the Level 1 Public Meeting on 22nd January 2019

Title: Reserves, Balances and Provisions

Executive Summary:

The report provides information on the level of reserves, balances and provisions currently held and explains how some of these will be applied over the next four years to help support the revenue budget and capital programme.

Recommendation:

The Police and Crime Commissioner (PCC) is asked to:

1. NOTE the levels of reserves and balances currently held.
2. APPROVE, in principle, the planned application of reserves over the next four years to help support the revenue budget and capital programme, in particular:
 - a) the proposed drawdown from the Improvement & Performance Reserve as shown in Table 4 in Annex 1.

Police and Crime Commissioner

I hereby approve the recommendation above.

Signature

Date

PART 1 – NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 1.2 Under Section 25 of the Local Government Act 2003, chief finance officers have a duty to report on the robustness of budget estimates and the adequacy of reserves when the PCC is considering his/her council tax requirement.
- 1.3 More recently, the Minister for Police, Fire and Rescue Services requires all PCCs to be completely transparent in their use of cash reserves over coming years.
- 1.4 Attached at Annex 1 is a detailed report which provides information on the level of reserves, balances and provisions currently held, and explains how these will be applied in coming years to help support the revenue budget and capital programme.

2 Issues for consideration

- 2.1 The PCC needs to ensure that sufficient cash reserves are maintained over the medium to long term to ensure that future planned and unplanned (e.g. one-off emergency) operations and/or events can be funded without having a detrimental impact on normal day to day operational activities.

3 Financial comments

- 3.1 The PCC's policy is to maintain general balances around a guideline level of 3% of the annual net revenue expenditure budget with an absolute minimum of 2.5%. As Table 2 in the Annex shows, general balances are expected to stay above the 3% level throughout the 4 year planning period. The main budget risks that might impact on the level of general balances during 2019/20 are set out in Appendix 1.
- 3.2 The PCC also maintains earmarked reserves and an insurance provision to fund specific initiatives or meet areas of anticipated future spending. Earmarked revenue reserves are planned to reduce from £26.0m on 31st March 2018 to just £2.7m by the end of 2022/23, including £1.0m in the Conditional Funding and SEROCU reserves which are not available to support general operational policing. Further information is provided in paragraphs 14 to 23 in Annex 1 and in Appendix 2.
- 3.3 The insurance provision is currently fully funded and the adequacy of the reserve is assessed annually by a firm of qualified actuaries.
- 3.4 Capital reserves are estimated to fall from £20.5m in March 2018 to just £4.8m by March 2023. However, should schemes in the Medium Term capital Plan be implemented as currently envisaged capital reserves will be 'overdrawn' in each of the next three years. Officers will continue to monitor the situation

closely and will report to the PCC, with potential solutions, should this materialise in practice.

3.5 Further information is provided in the separate reports on the Medium Term Financial Plan and the Medium Term Capital Plan.

4 Legal comments

4.1 The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for meeting estimated future expenditure when calculating the council tax requirement.

5 Equality comments

5.1 No specific equality or diversity issues to report.

6 Background papers

6.1 Local Government Finance Act 1992

6.2 LAAP Bulletin 99 – July 2014 – Local authority reserves & balances

<p>Public access to information Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.</p>
<p>Is the publication of this form to be deferred? No</p>
<p>Is there a Part 2 form? No</p>

Name & Role	Officer
<p>Head of Unit This report has been produced in consultation with the Director of Finance. It is fully consistent with and should be read alongside the Revenue Estimates report and the Medium Term Capital Plan.</p>	PCC Chief Finance Officer
<p>Legal Advice This report meets the requirement of the Local Government Finance Act</p>	Chief Executive
<p>Financial Advice This report meets the requirement of the Local Government Finance Act</p>	PCC Chief Finance Officer
<p>Equalities and Diversity No specific implications arising from this report</p>	Chief Executive

STATUTORY OFFICERS' APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Director of Finance

Date: 14 January 2019

Chief Finance Officer

Date: 14 January 2019

Introduction

1. This report provides information on the estimated level of reserves, balances and provisions currently held and explains how some of these will be applied over the next four years to help support the revenue budget and capital programme.

NATIONAL GUIDANCE

2. In July 2014, CIPFA issued updated guidance on the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken in account locally in making an assessment of the appropriate level of reserves and balances to be held.
3. This report complies with the Ministerial requirement regarding the usage and publication of police reserves.

GENERAL REVENUE BALANCES

Background

4. In order to assess the adequacy of unallocated general reserves (otherwise known as general balances) when setting the budget the PCC, on the advice of the two chief finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, such as flooding, as well as internal risks, for example the ability to deliver planned efficiency savings.
5. Table 1 examines how Thames Valley Police (TVP) currently complies with the 7 key CIPFA principles to assess the adequacy of reserves.

Table 1: Compliance with the 7 key principles

Budget assumptions	Current situation in Thames Valley
The treatment of inflation and interest rates	<p>TVP makes full and appropriate provision for pay and price rises. We have provided for future pay awards at 2% per annum and general inflation is linked to CPI.</p> <p>An informed assessment is made of interest rate movements.</p> <p>All individual expenditure and income heads in the revenue budget are prepared and published at estimated outturn prices.</p>
Estimates of the level and timing of capital receipts	TVP makes a prudent assumption of future capital receipts. Attached at Appendix 3 is a schedule of planned receipts over the next 4 financial years
The treatment of demand led pressures	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>The Chief Constable retains 2 central reserves to help finance large scale or corporate operations or issues. These are the 'Major Operations Reserve' and the 'Tasking Fund Reserve'. In addition the CCMT also holds a small reserve to deal with day to day changes in demand and pressure.</p>

	<p>The Force has been able to accommodate the additional costs arising from the various major incidents over the last 10 years or so without asking the PCC for additional reserve funding.</p> <p>The Force has already identified £15.1m of cash savings which will be removed from the budget over the next four years (2019/20 to 2022/23). This is over and above the £100m of cash savings that have been removed from the base budget in the last eight years (i.e. 2011/12 to 2018/19). This cumulative level of budget reduction (at least £116m) will inevitably mean that operational budgets will come under even greater pressure and/or risk of overspending in future years.</p> <p>Some government grants (e.g. DSP) are announced annually in advance and are cash limited. Any new policing pressures arising during the year will have to be funded from TVP's own resources.</p> <p>TVP has created a number of earmarked revenue reserves to help finance specific, ad-hoc, expenditure commitments. Appropriations are made to and from these reserves on an annual basis, as required.</p> <p>Finally, general balances are used as a last resort to manage and fund demand-led spending pressures.</p>
<p>The treatment of planned efficiency savings/productivity gains</p>	<p>The Force has consistently achieved its annual efficiency target.</p> <p>All savings are delivered through the Efficiency Plan process and are fully risks are assessed in terms of deliverability.</p> <p>As explained above, over £101m of cash savings has already been taken out of the base budget with a further £15.1m required over the next four years.</p>
<p>The financial risks inherent in any significant new 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 and/or capital programme.</p> <p>As explained in the separate report on the Medium Term Capital Plan (MTCP) the latest assessment of potential requirements for the Optimism Bias (OB) Reserve is currently £3.64m higher than the amount currently held. We are not planning on transferring additional monies into the OB reserve so will monitor the situation very closely over the next 4 years. All future capital bids (i.e. over and above those included in the current MTCP will include an</p>

	<p>appropriate element for OB) so we will not need to hold a separate earmarked reserve beyond 2022/23</p> <p>There is clearly a risk that local authority partners will continue to withdraw funding as their own budgets are squeezed, or that the continued financial viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions</p>	<p>TVP has created a number of earmarked revenue reserves and provisions to meet specific expenditure items. These are referred to in more detail below.</p> <p>TVP maintains an insurance provision; the adequacy of which is determined annually by a firm of qualified insurance actuaries.</p> <p>The access criteria for special grants state that PCCs may be required to fund up to 1% of their net budget requirement themselves before Government considers grant aid. This applies on an annual basis. During the last couple of years TVP has successfully applied for, and received grant monies for Operation Hornet and policing of the Royal Weddings and the visit of the President of the USA</p>
<p>The general financial climate to which the authority is subject.</p>	<p>In December 2018 the Home secretary announced the provisional police grant settlement for 2019/20. Grant funding has been provided to cover the increased cost of police officer pensions. In addition, PCCs are being encouraged to increase their council tax precept by up to £24 a year for a band D property) subject to meeting national targets on efficiency and productivity.</p> <p>General inflation in the UK is higher than in recent years. CPI is currently 2.3% (November 2018). RPI is slightly higher at 3.2%.</p> <p>Base rate is currently 0.75%. The Governor of the Bank of England has indicated that any future increases will be minimal and gradual.</p> <p>The 4 year medium term financial plan reflects our local 'best estimate' of future inflation rates and increases in government grants and contributions.</p>

6. General balances are required to cover financial risks and uncertainties such:

- unforeseen emergencies, such as a terrorist incident or major investigation;
- changes in the demand for policing;
- managing the timing of making savings;
- costs of national programmes;
- funding the first 1% of costs for major events (e.g. Royal Weddings) in-line with Home Office grant rules; and
- uneven cashflows

7. Home Office special grant rules require us to fund the first 1% of net revenue expenditure for each incident before we can submit a claim for financial assistance. As such, in an organisation the size of Thames Valley, with a net budget of around £424m, the current policy is to maintain general balances around a guideline level of 3% of annual net revenue expenditure budget, with an absolute minimum level of 2.5%. This is felt to be an appropriate percentage and cash sum.
8. The current and forecast level of general balances is set out in Table 2 below.

Table 2: Predicted level of general balances

	£m	% of 2019/20 Draft Budget
Balance as at 31 March 2018	18.650	4.40%
Fewer bank holidays	0.215	
Adjustment for late notification of council tax changes	0.147	
Forecast net revenue overspend 2018/19	- 0.083	
Forecast balance as at 31 March 2019	18.929	4.47%
Forecast balance as at 31 March 2020	18.929	4.47%
Fund additional bank holidays	- 0.217	
Forecast balance as at 31 March 2021	18.712	4.41%
Fund additional bank holidays	- 0.651	
Forecast balance as at 31 March 2022	18.061	4.26%
Forecast balance as at 31 March 2023	18.061	4.26%

Commentary of the Table

9. The current forecast level of general balances at 31 March 2019 is £18.929m which equates to 4.47% of the draft net revenue budget requirement in 2019/20.
10. At this stage, the overall level of general balances is scheduled to remain above the agreed 3% in coming years which is a healthy position to be given the planned reduction in earmarked reserves, the unknown funding position in 2020/21 and later years and the very difficult operational environment that the force continues to operate in.

Risk and Sensitivity Analysis

11. Attached at Appendix 1 is the Risk and Sensitivity Assessment for General Balances for 2019/20. This provides the PCC with more accurate, timely and risk based information on the type of issues that may have significant potential implications for the level of general reserves held, both now and in the near future.
12. The Appendix has been produced in accordance with the Force Risk Model and scores the likelihood of each risk occurring, and the impact that it would have on the level of general balances currently held, on a scale of 1-5 (with 5 being 'high risk' / 'high impact', respectively). The two scores are then multiplied to provide an aggregate risk score. The risks in the Appendix are ranked in order, with high risk, high impact issues being shown at the top of the list.

13. The two biggest risks are (1) that the additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government and (2) that the Force fails to contain expenditure within agreed annual budget limits, including unfunded national pay increases.

EARMARKED REVENUE RESERVES

14. The predicted position at 31 March 2019 for each earmarked revenue reserve - which has a specific purpose and particular timescale for its expenditure - is shown in Table 3 below.
15. The predicted annual movement in each reserve over the next 5 years (including 2018/19) is shown in Appendix 2. This shows that by the end of 2022/23 the overall level of earmarked reserves will be just £2.7m, including £1.0m in the Conditional Funding Reserve and the SEROCU which are not available to help with general operational policing.

Table 3: Earmarked reserves

Reserve	Balance at 1 April 2018 £m	Predicted Movement in year £m	Forecast Balance 31.3.19 £m	Purpose of Reserve
Risk management reserve	0.395	- 0.395	0	To help 'pump prime' future risk management or carbon reduction initiatives.
Transport reserve	0.295	- 0.106	0.189	TVP share of the Chiltern Transport Consortium (CTC) reserves
Improvement and Performance reserve	20.081	- 14.421	5.670	Used to help fund one-off initiatives such as capital investment and property maintenance
Optimism Bias	0.000	9.129	9.129	To fund any cost over-runs on the capital programme
Insurance	0.159	- 0.159	0	Funds held in case insurance provision proves inadequate to meet known liabilities
Community safety	0.592	0.333	0.925	To fund the PCC's community safety initiatives
Sub-total	21.532	- 5.619	15.913	
SEROCU	1.582	- 1.000	0.582	Provision held on behalf of the hosted regional organised crime unit to support infrastructure investment and risk management against in year grant cuts.
Conditional Funding reserve	2.910	- 0.500	2.410	The Force is actively engaged in a number of projects which are funded by government grants, contributions from partner bodies and other agencies. Income received can only be spent on the specified purpose.
Total	26.024	- 7.119	18.905	

Commentary on Table 3 and Appendix 2

16. The **Risk Management Reserve** is being used to fund one-off expenditure items in the capital programme in 2018/19. It will then be fully utilised and the reserve will be closed.
17. The **Chiltern Transport Consortium Board** has agreed to limit its reserves to 3% of the devolved recharge for each force.
18. The **Improvement & Performance (I&P) Reserve** is being used to fund essential one-off expenditure items which will improve performance or deliver efficiency savings. £12.001m was transferred to the new Optimisation Bias reserve in April. The remaining balance will be largely utilised over the next four years to fund one-off expenditure items in the revenue budget and capital programme as shown in Table 4 below.

Table 4 – Proposed drawdown from the I&P Reserve

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Opening balance	20.091	5.670	4.965	2.808	1.650
Transfer to the Optimisation Bias reserve	-12.001				
Transfer due to higher taxbase and surplus		0.365			
MK – ventilation plant work		- 0.050	- 0.150		
Banbury Custody suite ventilation				- 0.155	
Maidenhead – roof to main building				- 0.150	
Langford Locks - air conditioning			- 0.260		
Kingfisher Court – electricals		- 0.225			
Maidenhead –custody ventilation				- 0.250	
Newbury – custody ventilation					- 0.175
Maidenhead – lighting, power & switchgear		- 0.100			- 0.315
Newbury heating					- 0.155
Meadow House air conditioning		- 0.440			
High Wycombe – custody ventilation		- 0.205			
High Wycombe – roofs & windows			- 0.250		
Aylesbury – roofs & windows (main block)			- 0.250		
Aylesbury – roofs & windows (welfare block)			- 0.175		
Banbury – main roof			- 0.250		
Lodden Valley – custody air con				- 0.450	
Slough – roof				- 0.150	
UCI public enquiries	- 0.197				
ICT rationalisation	- 0.536				
Capital programme	- 1.687	- 0.050	- 0.825		
Annual drawdown to fund one-off items	-14.421	- 0.705	- 2.160	- 1.155	- 0.645
Closing balance	5.670	4.965	2.805	1.650	1.005

19. HM Treasury guidance on capital projects recognises that there is the potential for project costs to exceed the initial assessment. This is called **Optimism Bias** and relates to any project type, although it can be particularly impactful when relating to the development of new technology. As stated in the Medium Term Capital Plan the latest assessment of capital requirements indicates that we should hold £12.769m in a contingency reserve, but this is £3.64m higher than the current cash value. We do not propose to transfer in additional monies at this stage but will monitor capital expenditure very closely over the next 4 years and will inform the PCC immediately should there be a risk that the OB reserve will run out of funds before the current 4 year MTCP is fully implemented. All new capital schemes (i.e. those not already included in the current MTCP) will include an appropriate element for OB and funding will be sought accordingly. As such, the current OB reserve is only required until March 2023. For planning purposes at this stage, it is assumed that the OB reserve will be utilised in the final year of the scheme to which it is associated; the analysis of which is shown in the separate report on the MTCP.
20. The small residual balance of £0.159m in the **Insurance Reserve** is likely to be required in 2018/19 to help fund the increase in the actuarially assessment insurance liability as at 31st March 2019 - see paragraphs 24 to 25 below.
21. The **Community Safety Reserve** will enable the PCC to invest in one-off community safety initiatives.
22. The **SEROCU Reserve** is held on behalf of the regional organised crime unit and is for future development and investment in regional infrastructure in support of the unit, as well as being held to also support potential in year shortfalls in central grant allocations.

23. The **Conditional Funding Reserve** holds monies that can only be spent on specific purposes; it is not available to general operational policing.

Compliance with Home Office guidance on police reserves

24. On 31st March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each PCC must publish in terms of police reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan
 - Funding for specific projects and programmes beyond the current planning period
 - As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management
25. This information is provided in Appendix 3.

PROVISIONS

26. The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance the Thames Valley Police has established the following provision.

Insurance

27. A revenue provision exists for meeting ongoing claims under a self-insurance scheme. The insurance provision has recently been assessed by our actuary, Marsh. Their provisional assessment of total liabilities as at 31st March 2019 is £8.34m which is £0.26m higher than the existing provision as at 1st April 2018.
28. As part of the closedown process for 2018/19 officers will monitor and compare the actual fund size with the assessed liability. For planning purposes at this stage it has been assumed that the full residual balance in the insurance reserve (£0.159m) will be required.

CAPITAL BALANCES

29. In addition to the earmarked revenue reserves and insurance provision referred to above, we also maintain three capital reserves. These are used to help finance the 4 year capital programme.

Capital grants unapplied

30. Each year we receive an allocation of capital grant from the Home Office to help finance our capital investment plans. Unlike some other grants, which can only be used for a specific purpose or have to be spent within a particular timeframe, this grant is very flexible in that it can be applied to fund our general capital programme and can be carried forward, without penalty, until it is required to finance capital expenditure.
31. The fund balance as at 1st April 2018 was £10.247m, but this will be largely utilised in coming years to help finance the capital programme.

32. Future capital investment beyond 2022/23 will largely be dependent on revenue contributions, capital receipts and borrowing for new building projects.

Other capital grants

33. The PCC also maintains three further capital reserves, however because these grants have conditions attached to them they are shown in the Balance Sheet as long term liabilities rather than usable reserves. These are:

- Capital grants received in advance
- Section 106 monies
- 3rd party capital contributions

34. The value of these grants is shown in Appendix 2

Capital receipts

35. There are three main sources of capital receipt in Thames Valley.

- Sale of police houses
- Sale of operational police properties to deliver the Asset Management Plan
- Income from the sale of police vehicles is used to fund their replacements

36. The latest schedule of planned disposals and their estimated value is attached as Appendix 4.

37. To avoid having to pay 51% of all interest earned on the investment of capital receipts to the Government - as part of the loan charges grant calculation - capital receipts are normally applied to finance the capital programme as soon as they are received.

CONCLUSIONS

38. Current policy is to maintain revenue general balances close to an operational guideline level of 3.0% of the net annual revenue budget, with an absolute minimum level of 2.5%. The latest estimate of general balances at 31st March 2019 is £18.9m which equates to 4.5% of the net revenue budget in 2019/20 and, based on current planning assumptions, the level of general balances should stay above the 3% guideline level through to 2022/23. This is an acceptable and appropriate position to be in as we continue the prolonged period of fiscal tightening and do not know, at this stage, the exact level of government grant support that we will receive in future years (i.e. beyond 2019/20).

39. Appendix 1 shows that there are a number of risks that may impact on the level of general balances currently held. The two risks with the highest score of 8 are that:

- the additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government
- the Force is unable to deliver, in full, the £4.8m of planned cash savings to be removed from the base budget during 2019/20

40. We have created a number of earmarked revenue reserves and an insurance provision to help fund specific initiatives or meet areas of future spending. In the main these are being applied over the next 4 years to finance one-off revenue and capital investment initiatives. Based on current planning assumptions, earmarked reserves will reduce from £26.0m on 31st March 2018 to just £2.7m at 31 March 2023, including £1.0m in the Conditional Funding Reserve and the SEROCU which are not

available to fund general police expenditure. The application of these reserves will clearly be reviewed on an annual basis in light of current budgetary pressures and demands.

41. Based on current planning assumptions the 'Capital Grants Unapplied' reserve will be largely utilised by the end of the current financial year.

Background Papers

CIPFA LAAP Bulletin 99 – July 2014 “Local authority reserves and balances”

Risk and Sensitivity Assessment for General Balances in 2019/20

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	The additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government	2	4	8	<p>Home Office access criteria for special grants imply that the PCC will have to fund up to 1% of his net revenue budget (i.e. circa £4.4m) of these one-off costs from his own resources on an annual basis.</p> <p>The Force maintains a number of operational reserves which amount to £1.9m. The two largest are::</p> <ul style="list-style-type: none"> ➤ Events £0.41m ➤ Tasking & Coordinating £0.44m
2	The Force fails to contain expenditure within agreed annual budget limits, including unfunded national pay increases	2	4	8	Continued monitoring and scrutiny arrangements and medium term financial planning.
3	The Force is unable to deliver, in full, the £4.8m of planned cash savings to be removed from the base budget during 2019/20	2	3	6	The residual risk is that we won't deliver the full £4.8m e.g. a couple of £m shortfall or slippage
4	The one-off cost of delivering ongoing savings, e.g. redundancy costs, termination of contracts, etc. cannot be contained within existing budgetary provisions	2	2	4	The PCC maintains the Improvement & Performance Reserve which can be used to help fund one-off costs such as redundancies, property and ICT adaptations. However, to date these costs have been contained within the annual revenue budget.

Risk Impact' Scoring Table

APPENDIX 1A'

Factor	Score	Political	Economic	Social	Technology	Environmental	Legal	Other Organisational
Guidance on criteria		Ability to respond to HMIC / Audit Commission/ Police Authority & Home Office performance requirements, including Partnership Objectives and potential damage to reputation if not met	Level of funding and Resources	Human Rights – diversity and the damage to reputation if requirements not met / adhered to.	Examples are: all communications equipment, IT infrastructure, hardware & software. Plus any forensic capability that uses technology	Breach of legislation & / or damage to environment through contamination or pollution with potential for legal action against TVP	Health & Safety legislation and regulations. Plus personal safety and all other relevant legislation.	Ref protective marking guide 2007 relating to Public Order; safety; law enforcement & infrastructure etc
Very Low	1	Failure to meet individual operational target	Up to £100.000	Minor contravention of internal policies.	Minor ICT project delay	Insignificant impact on the environment – no breach of legislation	Local incident – local review no legal or regulatory breaches	Protect Data Loss / compromise /misuse resulting in ltd impact on personal human rights or operational activity
Low	2	Failure to meet a series of operational targets – adverse publicity	Between £100.000 and £500.000	Increasing numbers in minor contravention of internal procedures.	Short term loss of non critical ICT	Minor impact on the environment with no lasting effects – no breach of legislation	Minor incident – review protocols No adverse publicity	Restricted Data loss/compromise/ misuse resulting in limited impact to personal human rights or operational activity
Medium	3	Failure to meet a critical target – impact on an individual performance indicator - adverse internal audit report prompting timed improvement / action plan.	Between £500.00 and £1 million	Medium impact incident. Appears in local media	Longer term loss of non critical ICT	Minor impact on the environment with some short term effects – potential breach of legislation	HSE involved in significant incident. Civil litigation receiving adverse publicity and financial cost to the Force.	Confidential Data loss /compromise/misuse causing embarrassment & loss of trust in the force & an adverse impact on personal rights or operational activity
High	4	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action. Highlighted in the local media.	Between £1 million and £10 million	High impact incident. Appears in national media once	Prevention of access to intelligence placing prosecutions at risk including front line officers/staff.	Serious impact on environment with immediate and medium to long term effects – breach of legislation / local media attention	Temporary HSE intervention due to major incident. Force is prosecuted and fines. Intervention by Police Authority	Secret Data loss/compromise/ misuse resulting in serious reputational damage to the force & a severe impact to personal human rights (threat to life) or operational activity
Very High	5	Failure to meet a majority of local and national performance indicators – possibility of intervention / special measures. Picked up in the national media	Greater than £10 million	High impact incident(s) or high no of officers / staff taken to court under Human Rights / Diversity legislation. Appears in national media consistently	Damage to critical systems including loss of 999 service	Significant long-term impact on environment – breach of legislation leading to prosecution & reputation damage	Potential Corporate manslaughter charge. HSE close with adverse report Home office intervention. Taken to court by European Commission.	Top Secret Data loss/compromise /misuse resulting in sustained reputational damage to the force, impact upon national security & a serious breach of personal human rights (widespread threat to life) or operational activity

'Likelihood' Scoring Table

Risk Likelihood	Score	Probability or Likelihood of Occurrence within the next 12 months
Highly Unlikely	1	Virtually impossible to occur (0 to 5% chance of occurrence)
Unlikely	2	Very unlikely to occur (6 to 20% chance of occurrence)
Possible	3	More likely not to occur (21 to 50% chance of occurrence)
Likely	4	More likely to occur than not (51% to 80% chance of occurrence)
Highly Likely	5	Assume almost certain to occur (81% to 100% chance of occurrence)

Appendix 2

Summary of revenue and capital balances

	Balance 31.3.18 £m	Forecast Balance 31.3.19 £m	Forecast Balance 31.3.20 £m	Forecast Balance 31.3.21 £m	Forecast Balance 31.3.22 £m	Forecast Balance 31.3.23 £m
GENERAL REVENUE BALANCES	18.650	18.929	18.929	18.712	18.061	18.061
% of draft 2018/19 Net Revenue Budget	4.40%	4.47%	4.47%	4.41%	4.26%	4.26%
EARMARKED REVENUE RESERVES						
Risk management reserve	0.395					
Transport reserve	0.189	0.189	0.189	0.189	0.189	0.189
Improvement and performance reserve	20.091	5.670	4.965	2.805	1.650	1.005
Insurance fund	0.159					
Community safety	0.592	0.925	0.775	0.625	0.475	0.325
Optimism Bias	0.000	9.129	7.334	2.226		
Sub-total	21.532	15.913	13.263	5.845	2.314	1.678
SEROCU	1.582	0.582	0.582	0.582	0.582	0.582
Conditional Funding reserve	2.910	2.410	1.910	1.410	0.910	0.410
Total Earmarked Revenue reserves	26.024	18.905	15.755	7.837	3.806	2.670
TOTAL REVENUE RESERVES	44.674	37.834	34.684	26.549	21.867	20.731
CAPITAL RESERVES						
Capital receipts	8.757					
Capital grants	10.247	5.914	- 2.980	- 2.531	- 2.544	3.305
Capital grants received in advance	0.900	0.900	0.900	0.900	0.900	0.900
3rd party capital contributions	0.048	0.048	0.048	0.048	0.048	0.048
Section 106 monies	0.581	0.581	0.581	0.581	0.581	0.581
Total Capital Reserves	20.533	7.443	- 2.351	- 1.002	- 1.015	4.834
Insurance provision	8.078	8.340	8.340	8.340	8.340	8.340
TOTAL CASH RESERVES	73.285	53.617	40.673	33.887	29.192	33.905

Appendix 3

Analysis of Earmarked Revenue Reserves for Home Office

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Estimate £m	31.3.21 Estimate £m	31.3.22 Estimate £m	31.3.23 Estimate £m
Planned expenditure on projects & programmes over next 4 years						
• Risk Management initiatives	0.395					
• Community Safety	0.450	0.450	0.450	0.300	0.125	
• Optimism Bias	12.001	9.129	7.334	2.226		
• Improvement & performance reserve	7.450	5.030	3.960	1.800	0.645	
• Conditional funding	2.500	2.000	1.500	1.000	0.500	
	22.796	16.609	13.244	5.326	1.295	
Funding for specific projects & programmes beyond 2022/23						
• Improvement & performance reserve	0.640	0.640	1.005	1.005	1.005	1.005
• Conditional funding	0.410	0.410	0.410	0.410	0.410	0.410
• Community safety	0.142	0.475	0.325	0.325	0.325	0.325
	1.192	1.525	1.740	1.740	1.740	1.740
As a general contingency or resource to meet other expenditure needs						
• Transport consortium	0.295	0.189	0.189	0.189	0.189	0.189
• Insurance	0.159					
• SEROCU	1.582	0.582	0.582	0.582	0.582	0.582
	2.036	0.771	0.771	0.771	0.771	0.771
Total Earmarked Reserves	26.024	18.905	15.755	7.837	3.806	2.670

Forecast Capital Receipts

	Asset Management Plan £m	Housing £m	Equity loan repayments £m	Vehicles £m	Total £m
2019/20	3.655	2.700	0.300	0.450	7.105
2020/21	1.900	0.480	0.300	0.450	3.130
2021/22	0.625	0	0.300	0.450	1.375
2022/23	0	0.510	0.300	0.450	1.260
Total	6.180	3.690	1.200	1.800	12.870

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