



Report for Decision to the Level 1 Public Meeting on 4th February 2020

Title: Revenue Estimates 2020/21 and Medium Term Financial Plan 2020/21 to 2023/24

1 PURPOSE OF REPORT

- 1.1 This report provides information on the police funding settlement for 2020/21 and then recommends a 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:
- That, subject to final taxbase notifications, the council tax requirement for 2020/21 be set at £198.84m.
 - That any variation in the final amount of council tax income be appropriated to or from General Balances
 - The revenue estimates for 2020/21 as set out in Appendix 1
 - That the police element of the council tax for 2020/21 be set at £216.28 for properties in Band D, with the charge for other bands as set out in Table 1.

Table 1 – Council tax 2020/21

Property Band	Relevant Proportion	PCC Element of the Council Tax £
A	6/9	144.19
B	7/9	168.22
C	8/9	192.25
D	9/9	216.28
E	11/9	264.34
F	13/9	312.40
G	15/9	360.47
H	18/9	432.56

3 BACKGROUND

- 3.1 In normal circumstances the PCC should notify the Thames Valley Police and Crime Panel of his proposed council tax precept by 1st February 2020. However, given that the Police Grant Settlement for 2020/21 was not announced until 23rd January 2020 making a formal proposal to the Panel before 1st February was not possible. The PCC has therefore agreed with the Chairman of the Panel that the budget setting meeting should be held on 14th February 2020
- 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.
- 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 POLICE FINANCE SETTLEMENT

- 4.1 The Home Office did not publish a provisional police grant settlement. Instead it went straight to Final Settlement which was announced on 22nd January in a written statement by the Policing Minister, Kit Malthouse. This is attached at Appendix 2. The separate letter to the PCC for Thames Valley is attached at Appendix 3.

Headlines

- £700m for the recruitment of 6,000 police officers by March 2021 and relevant infrastructure improvements needed to recruit 20,000 officers by March 2023, of which:
 - £532m to be provided through core grant
 - £168m ring-fenced for successfully meeting recruitment targets.
 - 7.5% increase in core funding
- £10 precept flexibility for all PCCs, or equivalent, which could generate an additional £248m nationally for local priorities
- £50m retained centrally to support delivery of the Police Uplift Programme
- £42m, in-lieu of inflation, added to the national reallocations pot
- £92m (9%) increase in reallocations to over £1.1bn in 2020/21
- Flat cash pension grant allocations compared to 2019/20 – still £153m
- Reduction of 74% to capital grant funding to PCCs
- Ending of the Police Transformation Fund

Core Funding

- 4.2 The Government's Core Funding (made up of Police Grant, Ex-DCLG grant and Welsh Government Funding) was expected to increase in real-terms (GDP deflator of 1.84%). An

inflationary increase on the whole Home Office budget would have been worth £162m. However, Core Funding in 2020/21 has only been increased by the additional funding for new officers. This £162m “saving” from the Home Office budget satisfies the Treasury’s requirement to save £120m; a condition in return for the £750m for new officers. The remaining £42m has been included in the reallocation total – it is that £42m plus £50m from the £750m for new officers that makes up the increase in the reallocation total.

Council Tax

- 4.3 All PCCs have been given flexibility to increase Band D council tax by up to £10. Assuming full take up of the maximum flexibility an additional £248m could be generated nationally for local policing.

Reallocations

- 4.4 In 2020/21 the top slices/reallocations total £1.121bn, £92m higher than last year (£1.029bn). This £92m is made up of the £50m retained centrally to support the recruitment of 6,000 officers plus the remaining £42m inflationary increase in the Home Office budget (after settling the £120m to Treasury).

Table 2: Police Settlement Reallocations

	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)	2020-21 (£m)
Reallocations and adjustments	812	945	1,029	1,120.9
PFI	73	73	73	72.8
Police technology programmes	417	495	495	498.4
Arm’s length bodies	54	63	63	73.1
Police Uplift Programme				16.5
National Operational Policing Units				2.9
Top-ups to NCA and ROCUs	-	-	56	56.8
Strengthening the response to Organised Crime	28	42	90	140
Counter Terrorism				32.4
Police transformation fund	175	175	175	
National Capability Programmes				47.0
Forensics				28.6
Special Grant	50	93	73	80.9
Pre-charge bail	15	4	4	2.0
Serious Violence	-	-	-	38.9
PRUM (Transition from EU Systems)	-	-	-	1.8
HO STAR (Science Technology & Research)	-	-	-	8.0
Blue Light Commercial	-	-	-	3.7
Police Now				7.0
Safer Streets Fund				10.0

Figures may not add up correctly, due to rounding

- 4.5 Of the £80.9m earmarked for special grant, £26.3m is understood to be reserved for costs associated with Hillsborough, leaving £54.6m for special grant. A reduction of £18.4m on the previous year, which had been higher to accommodate the Commonwealth Heads of Government meeting.

- 4.6 The allocations for force **Serious Violence Surge Funding** will be announced shortly.
- 4.7 The Police Transformation fund (PTF) has ended. Multi-year projects that were being funded from the PTF (estimated to be approximately £60m) will be funded from other reallocation “pots” depending on where they best fit.

Pensions Grant

- 4.8 Pensions Grant allocations remain unchanged from those in 2019/20 i.e. they are worth £153m. They have not been updated to reflect the new forecasts.

Capital Funding

- 4.9 Total Police Capital Grants are now worth £76m but only £12.3m will be allocated to local forces – compared to £46.9m in 2019/20 (a 74% reduction). The Ministerial Statement refers to this as “rebalancing” adding that the PCCs are able to spend their revenue income flexibly.

Table 3: Capital Funding

2020-21	£m
Police Capital Grant	12.3
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	11.5
Arms Length Bodies	6.4
Police Technology Programmes	17.6
Counter Terrorism	1.6
Serious and Organised Crime Programmes	10
Football Policing	2.5
TOTAL	76.0

Counter Terrorism

- 4.10 A total of £960m for Counter Terrorism policing had already been announced for 2020/21, PCCs will be notified privately of their individual allocations.

Ministry of Justice Grants

- 4.11 PCCs were notified of their 2020/21 allocations for commissioning victims’ services in a letter dated 16 January 2020. Allocations include a 1.84% inflationary increase and will continue to be distributed according to the 2018 population estimates.
- 4.12 The letter also indicates that those PCCs who can demonstrate a need to recruit Independent Sexual Violence Advisors should complete an expression of interest form to obtain a share of the £1m which was announced in September.

Spending Review

- 4.13 The Chancellor is expected to announce the next Spending Review (SR) in his Spring budget on 11th March 2020. SR20 is likely to cover the 4-year period 2021/22 to 2024/25

5 THAMES VALLEY ALLOCATIONS

- 5.1 As shown in Appendix 2 the PCC will receive the following grants in 2020/21.

Table 4: TVP grant allocations 2020/21

	2019/20 £m	2020/21 £m	Variation £m
Home Office Police Grant	142.277	153.446	11.169
Ex DCLG Formula Funding	74.280	79.319	5.039
Sub-total	216.557	232.765	16.208
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	231.835	248.063	16.208
Ring-fenced Uplift Funding		5.118	5.118
Settlement Funding	231.835	253.181	21.326

- 5.2 In addition to these general grants the PCC will also receive £2.814m from the Ministry of Justice to fund victim and witness services in 2020/21, and up to an additional £5.1m in special grant for the uplift of additional officers.

6 THAMES VALLEY RESPONSE TO 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 investment in urgently required service improvements would have been unachievable without significant budget reductions and negative changes in other areas of our service provision. We are now fortunate in that we can start 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.
- 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.
- 6.3 The welcomed increase in police officer numbers, 6,000 by the end of March 2021 and a further 14,000 by March 2023 is a great boost, and for Thames Valley means an additional 183 officer in the coming year. These new recruits will be brought in during 2020/21, but the impact of the additional numbers will not be immediate as they will

need to go through a full training programme before they are fit for independent operational deployments. In the meantime increases in demand will need to be met from the existing stretched workforce alongside the small additional investments we are planning to make to increase the efficiency of processes and service delivery as stands.

- 6.4 We are however clear that this welcomed respite from austerity is not a panacea for the police service. The initial 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.
- 6.5 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 2021/22 and beyond full funding for additional officers under the national Uplift programme, a 1% increase in core grants and a return to the 2% council tax precept rise.

7 OVERVIEW OF 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 MTFP is formulated on the recommendation that the Band D council tax precept will rise by £10 (4.85%) in 2020/21. This increase of less than 20 pence a week is based on the increasing demands within the budget and the guidance set out in the funding settlement which allows PCC's to increase council tax precepts up to this level.
- 7.3 Thames Valley Police (TVP) has been allocated an additional 183 officers from the first tranche of 6,000 officers to be delivered by 31 March 2021. The funding settlement allows for the full funding of these officers in the financial year and also provides an uplift to allow for additional infrastructure and support costs for the full uplift of officers over the next three years. Whilst we do not know yet how many additional officers we will receive in years 2 & 3, we have set aside estimated infrastructure funding needs for the future years from the current year's settlement.
- 7.4 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 technologies which will facilitate the change in the way policing services are delivered; unfortunately this investment only increases the financial pressures.

- 7.5 The MTFP presented today attempts to address the rising demands of an increasingly complex policing environment against the significant financial uncertainties.
- 7.6 The current draft summary position of the revenue budget is shown in Table 5 below:

Table 5: Summary of Draft MTFP

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Annual Base Budget	419,914	448,899	460,021	463,179
Inflation & Pay Commitments	13,474	11,763	11,872	12,225
Productivity Savings	-3,470	-3,733	-5,142	-2,069
Current Service	4,532	1,122	-23	-432
Improved Service	15,069	3,646	-4,871	-2,194
In Year Appropriations	-619	-1,676	1,322	2,140
Net Budget Requirement	448,899	460,021	463,179	472,849
Total External Funding	-448,899	-458,100	-467,574	-477,328
<i>Cumulative Budget (Surplus)/Shortfall</i>	<i>0</i>	<i>1,921</i>	<i>-4,395</i>	<i>-4,479</i>
<i>Annual Budget (Surplus)/Shortfall</i>	<i>0</i>	<i>1,921</i>	<i>-6,316</i>	<i>-84</i>

- 7.7 As can be seen, the 2020/21 financial year is balanced, however there are still variances in years 2-4 of the plan. At this stage there are a significant number of unknowns around future funding levels and increases in officer numbers, these should become clearer following the Spending Review later this year. Hence we have not tried to balance these future years at this stage, as to do so would be based on assumptions and estimates which could vary significantly.
- 7.8 Although significant risks and uncertainties remain into future years, the force does have a robust Productivity strategy which includes the Efficiency and Effectiveness programme, designed to reduce the overall cost of the organisation whilst ensuring resources are directed to our highest priority areas, and this will continue to be developed and refined as a key priority in the financial management of the force going forward.

Budget Preparation

- 7.9 Significant work has been undertaken by the force over the last 12 months to support service delivery and address the financial challenges facing the force. The MTFP incorporates the financial outcomes and requirements identified from this internal work

alongside the financial impacts of external influences

7.10 The budget presented today aims to support the delivery of the PCC and force priorities to:

- Reduce crime & incidents through targeted and effective problem solving
- Bring more criminals to justice by improving the quality and timeliness of investigations
- Improve how we protect the vulnerable by pro-actively identifying, understanding and reducing risk and harm
- Increase the satisfaction of victims and other people in need by responding appropriately and improving communication with them;

Through:

- Sustaining a valued workforce with the capacity and capability to manage the challenges of modern policing professionally and ethically
- Manage resources to invest in priority areas and maintain core policing services
- Implement digital development, integrating new technologies to advance our organisational and operational response

and delivers a police service for Thames Valley by:

- 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: The number of active Organised Crime Groups (OCG) in the TVP area remains around 70, County Drug Lines are now recorded separately. 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 Constabulary and provides specialist policing, including Firearms Operations and Roads Policing.

- 7.11 This level of service is supported by the return to full establishment of police officers including the additional 183 funded by the uplift programme. In recognition of this increased number of officers, funding for the temporary Case Investigators, which were compensating for the reduction in police numbers, has been removed.
- 7.12 The welcomed increase in police officer numbers takes place at the same time as two new entry routes into policing, the Police Constable Degree Apprenticeship (PCDA) and Degree Holder Entry Programme (DHEP). This is a significant change to the way police officers are trained and, as with any such radical change programme, comes with risks associated with the overall attractiveness of the programmes to new recruits and the costs associated.
- 7.13 The availability of technology and equipment continues to be reviewed and increased to provide officers and staff with the tools they require to provide an effective service. This includes smart phones, laptop computers, Tasers and Body Worn Video, but does come with a substantial cost to support, maintain and replenish.
- 7.14 Financial provision is also included within the MTFP to address the future technology requirements in the knowledge of the declining capital reserves. In future, financing these technology requirements may be seen as a revenue rather than capital cost, as buying a managed service becomes more prevalent in this area.
- 7.15 In developing the MTFP a number of difficult decisions had to be made about what could and could not be afforded. The MTFP therefore only includes growth that is deemed to be essential for service delivery and improvement, or is required as a consequence of external or legal requirements.
- 7.16 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.

- 7.17 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 Strategic Plan.
- 7.18 The proposals developed for the annual 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.
- 7.19 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 4.

MTFP Assumptions

- 7.20 In compiling the MTFP, the following assumptions have been used as the basis of the plan for the next 4 years:
- General inflation will be applied at 2.0% in each of the next 4 years;
 - Specific inflation rates are based on sector led rates, e.g. Premises at 5.7%, Fuel at 7.0% and Utilities at 4% per annum;
 - Specific inflation has been applied to the facilities contracts to allow for wage uplifts in relation to the National Minimum Wage (NMW) and recruitment issues. This has been applied at 9.1%. for 2020/21
 - Pay inflation has been included at 2.5% per annum for both Police Officers and Staff
 - Council tax precept to increase by £10 (4.85%) in 2020/21; with future increases at 2.0% per annum;
 - Council tax billing base to increase by 1.66% in 2020/21 ; with following increases at 1.5% per annum;
 - General police grants to rise by 7.5% in 2020/21; with following increases at 1.0% per annum over the period.
 - The use of reserves to support the MTFP & MTCP, but these 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 level of reserves and the very low level of annual capital grant.
- 7.21 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 funding of capital has increased to provide an annual fund of £11m by 2021/22. This is seen as a sensible approach to future financial sustainability.

Inflation and Pay Commitments

- 7.22 This additional cost does not relate to any direct increase in service, but is required to maintain the existing base level of service.
- 7.23 General inflation rates, based on the Office for Budget Responsibility (OBR) estimates of CPI, have added an additional £1.1m in 2020/21 and an extra £3.5m for the following 3 years.
- 7.24 Pay inflation has been set at 2.5% per annum for both officers and staff over the period, this together with other pay commitments, which include turnover cost adjustments and changes to pension scheme rates, has added £11.3m in 2020/21 and a further £29.8m over the following 3 years.
- 7.25 In addition to these increases in general and pay inflation, specific inflationary increases for the likes of the facilities services contract have also added additional pressures to the base budget of circa £3.6m over the four year period.
- 7.26 Overall inflation and pay commitments for 2020/21 adds £13.47m (average rate of 3.21%) to the annual budget, a further £11.76m in 2021/22 (average rate of 2.59%), £11.87m in 2022/23 (average rate of 2.54%) and £12.23m in 2023/24 (average rate of 2.59%).

Current Service

- 7.27 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 2020/21 include:
- Increase for the number of bank holidays that need to be funded for additional overtime payments in the year (£0.42m)
 - An increase in debt charges of £0.74m to support the borrowing taken out to facilitate the purchase of new premises for Reading police station and the SEROCU.
 - Growth for a number of essential new posts agreed by CCMT during the year, 3 FTE in vetting, 2 FTE Court Presentation Officers and a Driver Risk Evaluator – total £0.23m
 - Funding for growth in contributions to the regional ROCU; (£0.33m)
 - Removal of the contingency funding for the in-house provision of custody services; (£0.30m)
 - Growth for the increase in costs associated with the introduction of the DHEP for the recruitment of police officers; £1.42m
 - Removal of pension strain and redundancy specific budgets, with future costs to fall against direct savings or be met from reserves as appropriate; (£0.24m)
 - An increase in the provision for motor insurance claims, funded from the Insurance specific reserve (£0.5m)

- An increase for the charges in relation to nationally run and delivered IT systems (£0.85m)
- Funding for a reduction in the dedicated security grants (£0.2m)

7.28 Further details are provided at Appendix 5.

Improved Service

7.29 These items of growth are seen to be required in order to improve performance and meet the growing demands on the service. The main significant changes that have occurred in this section for 2020/21 include:

- Direct Revenue Funding has been re-phased over the MTFP periods 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; £1.53m
- Costs have been included for the on-going implementation work in preparation for the new national ESN infrastructure, £0.38m
- A review of property schemes funded from reserves has been undertaken with a consequential reduction in growth; (£0.32m)
- ICT growth has been included to implement the Aceso software and the new Target Operating Model, together with a reduction in rationalisation expenditure; £0.79m
- Our work to improve services to the public through contact management has increased by £0.76m to support a review of shift patterns and staffing levels within the contact management services.
- The removal of temporary case investigators has reduced the growth in local policing and frontline delivery, however this will be offset by the funded increase in officer establishment over the next 12 months; (£1.18m)
- Our investment in volume and complex investigations has increased by £1.85m
- The growth in our digital development programmes has decreased by £1.1m reflecting the initial capital investment made in 2019/20.
- A revised implementation plan for the EQUIP programme has meant that costs will not start until later in the year, reducing the financial consequences in 2020/21 to £0.29m
- Various smaller Tier 1 essential growth initiatives have been included for: Firearms trainer uplift; Fire investigation accreditation; Digital evidence investigators, and ISO accreditation for the Forensic Collision Investigation Unit. The total for these is £0.43m

7.30 In addition to the above, there are two areas of significant investment which will increase officer numbers and contribute to developing service delivery and support the aims of the force strategic plan.

Operation Uplift – National Increase in Officer Numbers (£12m)

- 7.31 As part of the Governments drive to increase officer numbers by 20,000, TVP has been allocated 183 additional officers from the first allocation of 6,000 officers nationally. This uplift in officers has come with additional funding in the current years settlement and will cover the full additional costs of salaries and associated on-costs.
- 7.32 The funding also allows for investment in additional infrastructure and capital investment to ensure that the force can support and maintain the increase into future years. What is unclear at this stage is the full investment needed in areas such as premises, transport, training, and other support areas, and also what the uplift in officers for years 2 & 3 may look like.
- 7.33 The MTFP presented today has therefore made some assumptions around these areas and provides growth over the next three years to ensure that we have funding available to support and develop these new officers as they become fully trained and operationally deployable.
- 7.34 Within the £12m growth, £9m is directly related to the increases in on-going salary and associated revenue costs for the known increase of 183 officers in 2020/21, and the remaining £3m is related to the infrastructure investments for Equipment, Premises and Transport. This £3m is frontloaded funding for the known additional 183 officers, and also for estimated increases in years 2 & 3, which we have yet to be notified of. Investments in these areas cannot be done on an annual basis or in a piecemeal fashion, which is why we have made a significant investment in year 1 of the programme, with smaller investments in years 2 & 3.

Strategic Investment Funding (£4.2m)

- 7.35 A number of investment opportunities have been identified and included within the MTFP as a consequence of the council tax flexibility, for which the business cases will need to be developed further, and as appropriate funding will be released to either the capital plan or revenue budget. These opportunities have been presented by the business and scrutinised through TVP CCMT and also the Joint Command Group with Hampshire police, as a number of the proposals are joint bids across the two forces.
- 7.36 The areas which have been included and their contribution to the strategic plan are outlined in the table below:

BRING MORE OFFENDERS TO JUSTICE BY IMPROVING THE QUALITY & TIMELINESS OF INVESTIGATIONS:		
£0.14m	Hi-Tech Crime Unit IT Equipment	Improve the quality and timeliness of hi-tech support to investigations, enhanced storage, networking, information sharing and in compliance with UKAS accreditation requirements.
IMPROVE HOW WE PROTECT THE VULNERABLE BY PRO-ACTIVELY IDENTIFYING, UNDERSTANDING AND REDUCING RISK & HARM		

£0.26m	Drones	Introduce drones as a BAU service following the successful proof of concept, supporting local priorities with a focus on fear for welfare and missing people searches; the capability will also provide a return on investment through reduced NPAS expenditure.
INCREASE THE SATISFACTION OF VICTIMS AND OTHERS IN NEED BY RESPONDING APPROPRIATELY AND IMPROVING COMMUNICATION WITH THEM.		
£1.14m	Pronto	Introduce a mobile application to enable frontline officers to complete risk assessments and other forms with victims or offenders at the scene, and remotely search law enforcement databases live-time at incidents.
£0.16m	CMP Phase 2 – Business Change	Ensure the return on investment for the public by realising the benefits of CMP through transforming service provision, process alignment and optimising operational delivery at the frontline.
SUSTAIN A VALUED WORKFORCE WITH THE CAPACITY AND CAPABILITY TO MANAGE THE CHALLENGES OF MODERN POLICING.		
£0.50m	Retention	Reduce attrition of trained and experienced officers and staff through proactive initiatives to address issues, and in support of mental and physical wellbeing.
£0.21m	Uplift in Tasers and Specially Trained Officers (STO's)	Increase the number of Taser devices and trained officers to maximise officer safety and welfare whilst on duty.
MANAGE RESOURCES TO INVEST IN PRIORITY AREAS & MAINTAIN CORE POLICING SERVICES		
£0.30m	Strategic Estates Group – Cleaning	Target enhanced cleaning in shared workspaces to improve the environment, particularly for shift workers, and to reduce sickness absence.
£0.40m	Strategic Estates Group – Workplace Condition	Invest in necessary maintenance and improvement activity at strategic sites, including areas available to and used by the public.
IMPLEMENT DIGITAL DEVELOPMENT, INTEGRATING NEW TECHNOLOGIES TO ADVANCE OUR ORGANISATIONAL AND OPERATIONAL RESPONSE.		
£0.17m	Network Transformation Discovery	Explore a new approach to refreshing the network infrastructure, negating the need for substantial capital investment, and saving money in the medium – long term.
£0.19m	Digital Development Team	Invest in resources to better equip the Force for policing in the digital age, providing digital capabilities and using technology to improve both the public's experience and operational performance.
£0.63m	Data Governance Project Extension	Improve the accuracy, quality and availability of police data to better support intelligence, prevention and enforcement activity; this project is also a key enabler for further digital programmes.

£0.07m	Dedicated SharePoint Team	Improve operating methods in partnership with Hampshire Constabulary through the introduction of a collaborative tool, enabling information sharing and supporting MOPI / GDPR compliance.
£0.05m	Archive Email Migration	A necessary improvement to the retention and storage of information, with a commensurate saving to be released 2 years after introduction.

7.37 The above areas of investment will be subject to ongoing review and final businesses cases.

7.38 Further details are provided at Appendix 5.

In-Year Appropriations from Reserves

7.39 In accordance with the agreed policy on the use of reserve funding, the PCC has in recent years utilised the Improvement and Performance 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.

Funded By

7.40 The current MTFP is based on the recent grant settlement which has seen core police grants increase by £16.2m, together with a specific grant increase linked to the increase in officer numbers of £5.1m for 2020/21.

7.41 The MTFP is also based on the assumption that the PCC will increase the council tax precept by £10 (4.85%) for 2020/21, with increases reverting to 2% per annum thereafter.

Force Productivity Strategy

7.42 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. To date total cash savings of £106m have been taken out of the base revenue budget over the last nine years (i.e. 2010/11 to 2019/20), however it is becoming more and more difficult to identify and deliver true efficiency savings as opposed to cuts.

7.43 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, 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.

7.44 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:

- Savings identified from the implementation of the CMP and Equip platforms have been slipped from 2020/21 to later in the plan to the value of £0.3m
- Transport savings taken in the current year have been reversed at a cost of £0.40m due to the issues with the Telematics data not supporting the delivery of the savings – these will be reviewed and taken in future years
- A review of the Asset Management Plan has meant that savings have had to be reduced due to new properties being taken on before existing properties can be released. This has reduced savings by £0.26m
- A review of central forensics, income and ICT budgets has allowed for savings of £0.45m to be realised in 2020/21
- A freeze on 10 PCSO vacancies has allowed for a one-off saving of £0.28m in 2020/21
- Additional Efficiency and Effectiveness savings have also been identified in Crime; FISO, Local Policing; Governance & Service Improvement, and Procurement, totalling £1.13m
- Various Amber rated savings have also been included in the plan to the value of £0.93m. These are more difficult to ensure they are fully realisable but have been scrutinised and it is felt that they can be achieved during the year. The inclusion of these amber savings emphasise the importance placed on the continuing drive to improve efficiency.

7.45 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.

7.46 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.

7.47 A copy of the full Productivity Strategy is attached at Appendix 6.

8 ESTABLISHMENT CHANGES

8.1 Policing is a people driven service with the vast majority of its costs being direct salary and related salary on-costs. It is therefore essential that the service is clear on what resources

can be funded and how this relates to the number of both officers and staff within the organisation.

- 8.2 This has particularly been emphasised by the national drive to increase the capacity of the police service by increasing officer numbers by 20,000 over the next three years, with the specific funding that the Government is investing.
- 8.3 Previous years of cash cuts and budget reductions has meant that officer and staff numbers have declined as a consequence, and in order to preserve the establishments going forward more innovative approaches to efficiencies need to be developed to ensure that whilst the cost base is reduced the level of service and officer numbers are preserved wherever possible.
- 8.4 The estimated summary position for the force establishment over the MTFP is shown in the following table.

Table 6: Summary of Estimated Establishments

	Police FTE	Police Staff FTE	PCSOs FTE	Total FTE
Original Estimated Establishment at March 2020	3,854.60	2,948.60	418.00	7,221.20
<i>2019/20 In Year Adjustments:</i>	0.20	34.50	5.00	39.70
Revised Estimated Establishment at March 2020	3,854.80	2,983.10	423.00	7,260.90
<i>2020/21 Adjustments</i>	-3.00	11.00	0.00	8.00
<i>Productivity Plan Savings</i>	-28.50	4.90	0.00	-23.60
<i>Growth</i>	-2.00	-22.00	0.00	-24.00
Operation Uplift - National Increase	183.00			183.00
Estimated Establishment at March 2021	4,004.30	2,977.00	423.00	7,404.30
<i>2021/22 Adjustments</i>				
Productivity Plan Savings	-1.00	-57.20	0.00	-58.20
Growth	-9.00	-25.00	0.00	-34.00
Estimated Establishment at March 2022	3,984.30	2,812.60	423.00	7,219.90
<i>2022/23 Adjustments</i>				
Productivity Plan Savings	0.00	-8.50	0.00	-8.50
Growth	0.00	-4.00	0.00	-4.00
Estimated Establishment at March 2022	3,984.30	2,800.10	423.00	7,207.40

9 BUDGET RISKS AND UNCERTAINTIES

9.1 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

9.2 The allocation and distribution of the growth in 20,000 officers has not been finalised beyond the current year. Currently we are assuming that all growth posts will come with full funding to cover direct and associated on-costs, but should this not fully materialise then additional pressure will be put on the MTFP presented today.

9.3 Council tax precept is assumed to be capped at 2% in future years, however a relaxation in the rules could enable higher increases if the PCCs choose to.

9.4 PCC Elections in 2020 could influence the direction and focus of spending priorities for the force.

9.5 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 pressures to the budget requirement in later years.

9.6 The Home Office review of the national funding formula is still being discussed, but no further information is expected until after the Spending Review (SR) in 2020. Each 1% change in funding equates to approximately £2.1m per annum.

9.7 Further top slicing of the national police grant for the IPCC/HMIC, and or for the creation of new funds, like the Police Uplift Programme, could reduce the future quantum available for distribution to local forces

Local

9.8 Police recruitment and retention has suffered severe challenges over the last two years but the expectation is that we will end the financial year significantly above full establishment, a front loading of our 183 uplift. There is however, a continuing risk that either recruitment numbers will not be achieved as anticipated or wastage will rise beyond currently predicted levels resulting in further shortages in future years, especially with the additional increase in officers from central government.

9.9 In addition, the increased level of turnover and recruitment means that we have a higher percentage of new and recently qualified officers depleting the overall level of skills and knowledge within the organisation. This could impact on service delivery even if we maintain and achieve our numbers.

- 9.10 Recruitment of police officers is moving primarily to the two new entry routes, the apprenticeship scheme (PCDA) and the Degree Holder Entry Programme (DHEP) in 2020. This is clearly a new venture for the police and, as such, has a level of risk and cost associated with it. We have currently included some growth for these schemes within the MTFP, but without all the details agreed these can only be estimates at this time and could be subject to requiring further funding.
- 9.11 Digital Agenda - the increased use of technology brings additional support costs which cannot always be quantified, for example storage, connectivity, data usage, digital infrastructure.
- 9.12 Delivery of the scheduled savings within the productivity plan are fully achievable and delivered to support the current MTFP.
- 9.13 Unquantified demand, whether new operational demand or investment requirements, for example to utilise a national technology initiative may impact on the estimates presented today.

10 IMPLICATIONS FOR COUNCIL TAX

Impact on Council Tax

- 10.1 The PCC will receive police grant of £153.5m, ex-DCLG formula grant of £79.3m and legacy council tax grants of £15.3m in 2020/21. These levels of grant income are determined independent of the PCC's planned spending budget for the year.

Surplus on Collection Funds

- 10.2 It is currently estimated that, based on provisional council data, the PCC will receive approximately £2.02m in 2020/21 as its share of the net surplus on the billing authorities' Collection Funds, details of which are provided in Appendix 7.

Funding the 2020/21 Revenue Budget

- 10.3 Table 7 shows how the 2020/21 revenue budget will be financed.

Table 7: Revenue Funding 2020/21

	£m	%
Police grant	153.5	34.2
Ex-DCLG formula grant	79.3	17.7
<i>Total formula grant</i>	<i>232.8</i>	<i>51.9</i>
Council tax precept (estimate)	198.8	44.3
Council Tax surplus on collection funds (estimate)	2.0	0.5
<i>Total council tax</i>	<i>200.8</i>	<i>44.8</i>
Legacy council tax grants	15.3	3.3
Total Financing	448.9	100

Council Taxbase

- 10.4 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.
- 10.5 In total, the provisional estimate of the 2020/21 taxbase for the PCC is 919,363 Band D equivalent properties, as Appendix 7 illustrates. This represents an annual increase of 14,970 properties or 1.66%.

Band D Council Tax

- 10.6 The band D council tax proposed for 2020/21 is £216.28, an increase of £10.00 or 4.85% on the comparable figure for 2019/20
- 10.7 As shown in Appendix 8 our current 2019/20 band D council tax of £206.28 is below the English national average of £216.52. The appendix also shows that TVP is significantly below average in terms of net cost per 1000 population when compared to other forces (£174,411 compared to £205,038). 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.

11 LOCAL GOVERNMENT ACT 2003

Robustness of estimates and adequacy of reserves

- 11.1 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

- 11.2 A separate agenda item shows the latest position on reserves, balances and provisions.
- 11.3 Based on current planning assumptions general revenue balances will stay slightly above the approved 3% target level throughout the next 4 years.
- 11.4 Earmarked reserves are forecast to reduce from £24.5m on 1st April 2019 to just £3.5m by 31st March 2024, including £1.4m in the Conditional Funding and SEROCU reserves which are not available to support general operational policing.
- 11.5 The Optimism Bias reserve which was created in 2018/19 with the transfer of £12m from the Improvement and Performance reserve will be fully utilised by the end of 2021/22. This reserve has been used to fund unexpected cost pressures on the Contact Management Platform (CMP) and the joint ERP solution with Surrey and Sussex (Equip).
- 11.6 For many years the Improvement and Performance reserve has been used to fund one-

off expenditure items in both the revenue budget and capital programme, primarily estate issues. According to current plans this reserve will only have £1.7m at the end of 2021/22 which means that future growth proposals will have to be accommodated within the medium term financial plan and funded by council tax or offsetting savings elsewhere in the budget.

- 11.7 Accumulated capital grants and reserves will be fully utilised by the end of 2020/21 but should grow again in later years. However, this is a slightly false position since the Medium Term Capital Plan does not include new schemes in 2022/23 or 2023/24.

Reliability / accuracy of budget estimates

- 11.8 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.
- 11.9 There are a significant number of risks regarding the draft budget proposals and these are clearly set out in Section 9 above and in Appendix 9.
- 11.10 The biggest area of uncertainty is the number of officers that TVP will receive from the Uplift Programme in years 2 and 3, and the level of funding that will come with those officers. We have not attempted to quantify either the number of officers that TVP will receive or the associated funding from Home Office in this iteration of the Medium Term Financial Plan.
- 11.11 By themselves none of the risks in Appendix 9 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

- 11.12 The draft budget proposals were presented to and scrutinised by the PCC at the Level 1 public meeting on 29th November.
- 11.13 The Police and Crime Panel has established a 'Budget Task and Finish Group' to review the budget proposals. This Group is due to meet on 4th February to scrutinise the budget before making recommendations to the Panel of the 14th.

Achievability and risks

- 11.14 Included at Appendix 9 is a budget risk and sensitivity analysis for 2020/21. 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.

- 11.15 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.
- 11.16 In addition, the Force continues to identify future budget savings through its ongoing Productivity Strategy, as referred to in paragraphs 7.42 to 7.47 above
- 11.17 Accordingly, the assessment of budget risks presented at Appendix 9 takes into account the mitigating factors identified above.
- 11.18 Similarly, Appendix 9A shows the risks to the medium term financial plan (2021/22 to 2023/24).
- 11.19 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.
- 11.20 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. Following the PCC elections in May the incoming PCC will publish a new Police and Crime Plan later this year
- 11.21 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) was created 2 years ago, based on HM Treasury Guidance on capital projects. However, as the separate report on Reserves and balances shows, the OB reserve is fully committed and will run out of cash by the end of 2021/22. Unfortunately, as shown in the Medium Term Capital Plan (MTCP), an assessment of current schemes indicates that we should hold a Bias risk of £3.45m for identified specific projects. These project risks will continue to be monitored, and if these risks materialise then we would look to find offsetting savings from elsewhere within the budget, or using some of the £1.7m spare funds in the Improvement & Performance reserve - see 11.6 above.
- 11.22 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.
- 11.23 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

- 11.24 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.
- 11.25 In the Written Ministerial Statement on 23rd January Kit Malthouse stated 'We propose to empower PCCs to increase their Band D precept by £10 without the need to call a local referendum, the equivalent of less than twenty pence per week'

Prudential Code for Capital Finance

- 11.26 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

- 11.27 The 2020/21 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.
- 11.28 The police settlement enables each PCC to increase the police element of council tax by up to £10 a year for a band D property in 2020/21. This will facilitate the force investing almost £20m in additional resources, police staff and police officers, as well as the technology to improve the productivity and efficiency of their work.
- 11.29 As shown in Appendix 9A 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 7.20 above, the MTFP is currently balanced in 2020/21 with variances being shown in the following years.
- 11.30 The PCC is reminded that his responsibility for setting the annual budget and council tax precept for 2020/21 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.

12 CONCLUSIONS

- 12.1 The revenue budget is balanced for 2020/21 with variances showing in future years, with a £10 increase in precept in 2020/21 followed by 2% per annum in later years

- 12.2 The MTFP provides for inflationary increases, the 183 additional uplift officers 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.
- 12.3 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
- 12.4 As shown above the current MTFP requires revenue savings of at £14.4m over the next four years. This is over and above the £106m of cash savings already removed from the base budget in the last nine years (i.e. 2010/11 to 2019/20) meaning that, over the thirteen year period in excess of £119m will have been taken out of the base revenue budget.

Revenue Budget Summary 2020/21

	2019/20 Budget	Inflation	Savings	Virements	Growth	2020/21 Budget
PCC Controlled Expenditure						
Office of the PCC	£1,077,996	£26,614	-50,000	0	0	£1,054,610
Democratic Representation	£211,497	£4,799	0	0	0	£216,296
Other Costs	£197,031	£2,782	-30,000	0	0	£169,813
Commissioned Services	£5,968,251	£5,767	0	0	0	£5,974,018
	£7,454,775	£39,962	-80,000	0	0	£7,414,737
TVP Operational Budget - Direction and Control of Chief Constable:						
Employees	£353,250,171	£11,321,138	-2,549,108	4,772,738	12,544,702	£379,339,641
Premises	£17,604,817	£769,405	-64,463	-154,500	278,563	£18,433,822
Transport	£9,773,694	£363,448	180,000	-157,560	2,260,375	£12,419,957
Supplies & Services	£56,861,005	£887,831	-502,500	-3,464,757	6,887,146	£60,668,725
Third Party Payments	£7,845,030	£104,675	-354,000	457,206	1,336,683	£9,389,594
Force Income	-£26,822,640	-£12,680	-100,000	-935,802	183,514	-£27,687,608
Specific Grant	-£16,109,888	£0	0	-377,325	-4,911,946	-£21,399,159
	£402,402,189	£13,433,817	-3,390,071	140,000	18,579,037	£431,164,972
Net Capital Financing Costs:						
Capital Financing	£12,149,171	£0	0	-140,000	1,022,003	£13,031,174
Interest on Balance	-£890,000	£0	0	0	0	-£890,000
	£11,259,171	£0	0	-140,000	1,022,003	£12,141,174
Appropriations to/from Balances:						
Appropriations	-£1,202,539	£0	0	0	-619,461	-£1,822,000
	-£1,202,539	£0	0	0	-619,461	-£1,822,000
Cost of Services	£419,913,596	£13,473,779	-3,470,071	0	18,981,579	£448,898,883
Funded By:						
Police Current Grant	-£142,277,088	£0	0	0	-11,169,220	-£153,446,308
Council Tax - Surplus on Collection	-£1,519,648	£0	0	0	-496,064	-£2,015,712
Council Tax Precept Income	-£186,558,099	£0	0	0	-12,281,730	-£198,839,829
Formula Grant	-£74,280,432	£0	0	0	-5,038,273	-£79,318,705
Legacy Council Tax Grants	-£15,278,329	£0	0	0	0	-£15,278,329
	-£419,913,596	£0	0	0	-28,985,287	-£448,898,883
Total Funding	-£419,913,596	£0	0	0	-28,985,287	-£448,898,883

Police Funding 2020/21: Written statement - HCWS51

Made on: 22 January 2020

Made by: Kit Malthouse (Minister of State for Policing and the Fire Service)

Police Funding 2020/21

My rt hon Friend the Home Secretary has today laid before the House the Police Grant Report (England and Wales) 2020/21 (HC 51) for the approval of the House. The Report sets out my rt hon Friend the Home Secretary's determination for 2020/21 of the aggregate amount of grants that she proposes to pay under section 46(2) of the Police Act 1996. Copies of the report will be available in the Vote Office.

Today this Government has laid the police funding settlement in Parliament which sets out the biggest increase in funding to forces since 2010. This includes £700m for the recruitment of 6,000 additional officers by the end of March 2021, which represents an almost 10% increase on the core grant provided to forces last year. Assuming full take up of council tax precept flexibility, overall funding to Police and Crime Commissioners (PCCs) will increase by £915 million to £13.1 billion next year. This would represent a total funding increase of up to 7.5%.

This people's Government is determined to strengthen our police service and tackle the unacceptable levels of crime, particularly violent crime, across our country. This Government will deliver on its commitment to recruit 20,000 additional officers over the next three years to protect the public and keep our families, communities and our country safe. We have already invested in this uplift programme, providing £45 million of additional funding in 2019/20 to ensure the programme gets off the ground. The 2020/21 funding settlement gives the police the investment they need to deliver on that promise. Taking all funding from the Government and PCCs' precept raising power into account, up to an extra £1.1 billion will be available for investment in the policing system in 2020/21. This would represent an increase of 8% funding on top of 2019/20 levels and is the single biggest increase in Government investment in policing for some time.

The Chancellor confirmed in his September 2019 statement to the House on the 2020/21 Spending Round that Government funding to policing will increase by £750 million next year. £700 million of this money will go directly to PCCs in England and Wales in order to support the recruitment of the first wave of up to 6,000 additional officers by the end of March 2021. These extra officers will be in addition to those leaving the service annually, and represents the biggest recruitment drive in decades. Over 75% (£532 million) of this funding will be paid to PCCs directly through core grant funding. To manage the uplift, and to ensure best possible use of this unprecedented investment, the Government is creating a ringfenced grant for the remainder of the funding (£168 million). Forces will be allocated a portion of this £168 million in line with their funding formula allocation, and will be able to access this as they progress against their recruitment targets.

This settlement also contains details of other areas of Government funding, including Legacy Council Tax Grants, National and International Capital City Grants, Welsh Top-Up Grant and Precept Grant.

We also propose enabling PCCs to raise further funding through precept flexibility, subject to confirmation at the final Local Government Finance Settlement. We propose to empower PCCs to increase their Band D precept by up to £10 in 2020/21 without the need to call for a local referendum, the equivalent of less than twenty pence per week. If all PCCs decide to maximise their flexibility, this would result in up to an additional £248 million of funding for local policing next year. It is 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.

In this settlement the Government will also allocate £153 million to cover additional pension costs. This amount is held flat compared to 2019/20 figures and will be reconsidered at the next Spending Review. This will ensure that the additional funding forces are receiving will be spent on recruiting additional officers, rather than covering existing costs.

As announced earlier this week, funding for counter-terrorism policing will total £906 million in 2020/21. This is a significant additional investment in the vital work of counter-terrorism police officers across the country. PCCs will be notified separately of force-level allocations, which will not be made public for security reasons.

National priorities

This Government will also continue to support PCCs and forces through investment in national policing priorities. This settlement will increase spending on national (resource) policing priorities by £91.7 million (staying flat as a percentage of overall police funding), which will benefit all forces across England and Wales. This increase is in line with the total increase in the overall settlement and includes £50 million to ensure delivery of the Police Uplift Programme.

From this increased funding for national policing priorities the Government has prioritised £150 million of funding for serious and organised crime in 2020/21, for new capabilities to tackle illicit finance, keeping the public safe and protecting vulnerable people. Organised criminals have been quick to adapt and make use of emerging technology, exploiting the vulnerable and threatening the fabric of our society by fuelling crime and violence.

We will tackle this threat by ensuring law enforcement have the resources they need. We will strengthen the National Crime Agency (NCA) through funding investigative tools needed to keep pace with the rate of technological change and globalisation of criminal networks. We will invest in tackling county lines drug dealing, fraud and cyber-crime and continue our investment in bearing down on online child sexual exploitation and abuse. To achieve this, funding will be allocated to local police forces, as well as the NCA and Regional Organised Crime Units to drive transformational change in our law enforcement response.

In 2020/21, £119 million will be spent on reducing serious violent crime. This includes dedicated funds to target county lines and funding for Violence Reduction Units which form a key component of our action to tackle the root causes of violence. This targeted money, combined with the overall increase to police force funding, represents a significant investment in the police's capabilities to drive down violent crime.

The Government is also committed to tackling neighbourhood crime. We will allocate £10 million, alongside a £15 million contribution from the Chancellor, to bring the Safer Streets Fund to the £25

million total pledged last year. The fund will support areas in England and Wales that are persistently and disproportionately affected by acquisitive crimes such as burglary and theft to invest in well evidenced prevention initiatives such as home security and street lighting.

This Government will continue to support the completion of national transformation programmes delivering enhanced capabilities across policing. We will bring the Police Transformation Fund to a close and invest £60 million of funding next year for a programme of work to support the Government's priorities of increased digitisation in policing. This will include: further development of a National Data Analytics capability to support preventative policing interventions; delivery to forces of the Single Online Home policing website to provide more effective engagement with the public; providing productivity tools supporting collaboration and cyber-security to protect forces; support improvements to how fingerprint and digital forensics are used, helping forces to deliver a fully accredited, more integrated and sustainable service; and an uplift to forensics, including digital forensics, to build capability across policing and for new officers.

We will support the police to make use of the latest technologies, such as biometrics and analytics. This needs to be on the basis of good evidence and the best understanding of science. For that reason I am pleased to announce that there will be funding made available for a Police Chief Scientific Adviser and dedicated funding for investment in Science, Technology and Research. We will work closely with the National Police Chiefs Council to develop this role.

I will also establish and chair an ambitious Strategic Change and Investment Board (SCIB), which will form part of the sub-governance of the National Policing Board. The Board will replace the Police Reform and Transformation Board and will coordinate, prioritise and drive investment across the policing system and have greater sight on a range of allocations to meet Government priorities around crime prevention and reduction. The SCIB will also oversee the investment in major technology programmes upgrading critical infrastructure, such as replacing the Airwave communications system with the 4G Emergency Services Network. Funding will also be allocated for the development of the Law Enforcement Data Service, which will deliver an integrated service to provide intelligence to law enforcement and its partners and replace the existing Police National Computer and Police National Database.

Capital funding

Furthermore, this settlement will see funding for capital grant expenditure rebalanced, with £63.7 million to be spent on national priorities and infrastructure. This will allow the Government to provide further support, for example, to police technology programmes, the College of Policing and Serious Organised Crime programmes. PCCs will continue to receive a capital grant worth £12.3 million in 2020/21. With the increase in other grants to PCCs, which can be utilised to cover both capital and non-capital spend, PCCs will see more funding overall with greater flexibility over how they use it.

Outcomes, efficiency and reform

I have set out how an additional £1.1 billion will be invested in our policing system next year. It is only right that in return the Government holds the police to account on delivering for the public. We will expect the police to achieve measurable improvements across a range of outcomes with the

National Policing Board, chaired by the Home Secretary, holding the sector to account for delivering these improvements

This Government is also clear that the police, and all other public services, must continue to focus on improving efficiency and productivity to demonstrate to the taxpaying public they serve that they are getting the most out of this increased funding, and delivering the planned uplift in officer numbers. There are a number of expectations set out as part of this settlement.

1. The Government has committed £750 million to enable the recruitment of 6,000 additional officers. To manage the delivery of this uplift, we are ringfencing £168 million which will be paid to forces in line with their progress in recruiting the 6,000 additional officers by March 2021, and making the relevant infrastructure improvements needed to recruit the 20,000 additional officers by March 2023. Funding will be released quarterly and in arrears subject to evidence on their progress.
2. On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2020/21. Policing are on track to deliver £30 million of cashable savings from procurement in 2019/20, on top of the £40 million delivered in 2018/19. Through continued collaborative procurement policing will deliver another £30 million of cashable savings in 2020/21. Having delivered last year's condition to continue developing a new model for police procurement, policing have agreed the business case for BlueLight Commercial, a new national model for police procurement and commercial functions. BlueLight Commercial will embed and enhance future collaborative procurement, making best use of policing's buying power, increasing standardisation and improving value for money. BlueLight Commercial will apply strategic procurement approaches to areas such as vehicles, estates and equipment including uniform, to deliver annual savings of £20 million in commercial efficiencies once it has been fully established, which can be reinvested in the frontline. It will also develop an approach to reduce cost variation in back-office services such as payroll. The Home Office will work with HM Treasury to develop a plan for further efficiency savings in future years.
3. Forces must continue to drive productivity through digital, data and technology solutions, including mobile working. Forces should make best use of the products developed by the national police-led Frontline National Mobility Programme in 2019/20. This will ensure the benefits of mobile working are maximised including through a new benefits tracking tool, increased use of guidelines, sharing of best practice and innovation and collaborative procurement. This means that all forces will be able to fully exploit mobile technology and that benefits can be rigorously tracked and driven, to improve the tools police officers have to be able to tackle crime wherever they are. Forces like Avon & Somerset are driving a digitally enabled culture, driving up usage of mobile digital working by withdrawing paper-based forms. South Yorkshire are using mobile devices to capture and access data in real time, allowing them to check the identity of potential suspects more quickly and capturing evidence to help secure convictions.
4. We also expect forces to work with us to develop an approach to drive best value from the millions of pounds spent on police technology, by building on existing engagement with regard to both sector-led and Home Office programmes such as the APCC and NPCC's Digital, Data and Technology Strategy (launched earlier this week), of which the Home Office will continue to support delivery and drive forward. The strategy's emphasis on

convergence, stripping out duplication, consolidating applications, decommissioning non-essential infrastructure and moving to more interoperable solutions is crucial to achieve the best value for the taxpayer from technology investment. The Home Office will work with the police service to develop a detailed implementation plan and support early activities during 2020/21. Existing police-led programmes are already increasing effectiveness and improving service delivery through, for example, supporting forces to adopt cloud based productivity tools, the use of data analytics to support crime fighting and driving efficiency savings in the replacement of legacy IT systems, and building the Single Online Platform that already provides a digital policing front counter to 56 per cent of the population in England and Wales. Investment in these systems will be driven and managed by a Ministerial chaired Strategic Change and Investment Board, which will monitor the development of new capabilities by law enforcement and ensure they are built in the most efficient and effective way possible.

We will be engaging police leaders to discuss how these improvements will be delivered and continue working together on our ambitious longer-term plans for the next Spending Review period.

This people's Government has clearly set out its commitment to backing our police service, putting 20,000 extra police officers on the streets, and putting violent criminals behind bars for longer. We continue to pay tribute to our police forces and police staff around the country for their exceptional bravery, dedication and hard work. We are determined to give the service the resources it needs to crack down on crime, deal robustly with the criminals exploiting the vulnerable and to improve outcomes for the victims of crime.

I have set out in a separate document, attached, the tables illustrating how we propose to allocate the police funding settlement between the different funding streams and between Police & Crime Commissioners for 2020/21. These documents are intended to be read together.

Table 1: Police resource funding 2020/21 (excluding specific counter-terrorism funding)

Police funding	2020/21
	£m
Overall police funding (Government funding and precept) (a+d)	14,207.5
Government funding (a)	9,810.1
o/w Reallocations and adjustments (b)	1,120.9
Special Grant	80.9
PFI	72.8
Arms Length Bodies	73.1
Police Uplift Programme	16.5
Police Technology Programmes	498.4
National operational policing units (including Football Policing and Wildlife Crime Unit)	2.9
Police Commercial Organisation	3.7
Pre-charge bail	2.0
National Capability Programmes	47.0
Forensics	28.6
Police Now	7.0
Serious Violence strategy	38.9
Safe Streets Fund	10.0
Counter Terrorism	32.4
Serious Organised Crime strategy implementation	140.0
Top-ups for National Crime Agency and ROCUs	56.8
Prüm	1.8
Science, Technology and Research	8.0
o/w Government funding to PCCs¹ (c=a-b)	8,689.2
Core grant funding ²	7,640.4
Cash percentage change in core grant funding from 2019/20	7.5%
Council tax grants	548.0
NICCs	190.2
Ringfenced grant 20k officers	168.0
Pensions grant ³	142.6
Precept⁴ (d)	4,397.5
Total funding to PCCs⁵ (e=c+d)	13,086.7

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.

3 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.

4 Precept use reflect actual precept outcomes in 2019/20 and assume that PCCs in England and Wales increase their precept Band D level by £10 and Office of Budget Responsibility forecast tax base increases

5 Comprises Government funding to PCCs and precept.

Table 2: Provisional change in total resource funding for England and Wales 2020/21, compared to 2019/20

PCC	2019/20	2020/21	Cash increase
	£m		
Avon & Somerset	303.2	326.6	23.4
Bedfordshire	112.9	121.9	9.0
Cambridgeshire	144.7	155.7	11.0
Cheshire	192.3	207.6	15.3
City of London	61.0	66.9	5.9
Cleveland	132.7	143.1	10.5
Cumbria	109.8	118.0	8.2
Derbyshire	179.5	193.5	14.0
Devon & Cornwall	314.0	338.3	24.3
Dorset	135.1	144.7	9.6
Durham	123.0	133.1	10.1
Dyfed-Powys	106.9	114.5	7.6
Essex	298.9	322.8	23.8
Gloucestershire	119.2	127.7	8.4
Greater London Authority	2,734.5	2,934.8	200.3
Greater Manchester	591.8	641.9	50.0
Gwent	130.4	140.2	9.8
Hampshire	339.2	366.2	27.0
Hertfordshire	204.8	221.1	16.3
Humberside	187.0	201.8	14.8
Kent	312.6	337.7	25.2
Lancashire	285.1	308.5	23.4
Leicestershire	188.6	203.2	14.6
Lincolnshire	122.5	131.4	8.9
Merseyside	331.0	359.0	28.1
Norfolk	165.1	177.0	11.8
North Wales	155.8	166.6	10.8
North Yorkshire	155.5	166.4	10.9
Northamptonshire	135.9	145.8	10.0
Northumbria	283.3	309.6	26.2
Nottinghamshire	208.2	224.8	16.6
South Wales	290.3	312.1	21.8
South Yorkshire	261.8	284.0	22.2
Staffordshire	196.0	211.0	15.1
Suffolk	125.2	134.8	9.6
Surrey	233.7	249.6	15.9
Sussex	286.9	309.9	22.9
Thames Valley	422.7	455.7	33.0
Warwickshire	102.1	109.6	7.5
West Mercia	220.0	236.6	16.6
West Midlands	568.8	620.2	51.4
West Yorkshire	446.7	484.7	38.1
Wiltshire	118.5	127.7	9.1
Total England & Wales	12,137.3	13,086.7	949.3

* 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 and ringfenced grant (for £168m). Allocations of individual grant streams are set out in tables 3 and 4. Precept figures use actual precept figures for 2019/20, assume that PCCs in England and Wales increase their precept Band D level by £10, and Office of Budget Responsibility forecast tax base increases.

The overall annual increase in total police funding is up to £1.121 billion, which includes a £92m increase in resource funding for national priorities and £90m year-on-year increase in funding for counter-terrorism policing. This includes an allocation of £10m from pensions grant funding that was announced at the 2019/20 Police Funding Settlement and is not included in the total increase in police funding.

Table 3: Resource allocations for England and Wales 2020/21*

Police Force Area	2020/21				
	HO Core (incl. Rule 1)	Welsh Top- up	Funding from Welsh Government	Ex-MHCLG Formula Funding	Legacy Council Tax Grants (total from HO)
	£m				
Avon & Somerset	114.1	-	-	60.7	14.7
Bedfordshire	43.8	-	-	25.1	4.6
Cambridgeshire	52.7	-	-	26.2	6.5
Cheshire	66.8	-	-	48.2	8.3
City of London	20.0	-	-	36.3	0.1
Cleveland	50.1	-	-	41.5	7.7
Cumbria	31.2	-	-	33.2	4.8
Derbyshire	67.5	-	-	40.5	8.7
Devon & Cornwall	111.6	-	-	67.8	15.5
Dorset	44.8	-	-	18.6	7.9
Durham	46.4	-	-	39.8	6.1
Dyfed-Powys	33.8	7.1	13.1	-	-
Essex	111.7	-	-	60.1	13.1
Gloucestershire	37.4	-	-	21.0	6.1
Greater London Authority	936.1	-	-	807.4	119.7
Greater Manchester	246.2	-	-	195.2	25.7
Gwent	46.7	-	31.8	-	-
Hampshire	130.4	-	-	67.8	12.9
Hertfordshire	77.6	-	-	39.0	10.2
Humberside	73.1	-	-	50.1	10.0
Kent	115.5	-	-	71.6	13.3
Lancashire	109.3	-	-	85.2	12.8
Leicestershire	71.0	-	-	42.6	8.9
Lincolnshire	41.7	-	-	21.8	6.8
Merseyside	133.1	-	-	121.6	15.6
Norfolk	54.6	-	-	30.9	9.3
North Wales	48.8	7.3	22.6	-	-
North Yorkshire	45.3	-	-	29.1	7.9
Northamptonshire	46.9	-	-	26.0	6.6
Northumbria	119.7	-	-	115.7	8.2
Nottinghamshire	84.7	-	-	51.7	9.7
South Wales	96.9	-	75.8	-	-
South Yorkshire	109.3	-	-	83.4	10.9
Staffordshire	72.2	-	-	42.9	12.0
Suffolk	44.2	-	-	24.6	6.8
Surrey	67.5	-	-	31.3	9.2
Sussex	106.3	-	-	57.9	13.2
Thames Valley	153.4	-	-	79.3	15.3
Warwickshire	33.7	-	-	18.7	5.2
West Mercia	72.1	-	-	46.7	12.0
West Midlands	272.5	-	-	193.9	19.0
West Yorkshire	186.4	-	-	139.2	16.7
Wiltshire	40.7	-	-	22.2	5.2
Total England & Wales	4,467.9	14.4	143.4	3,014.6	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 £3.5m.
- 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 2020/21

Police Force Area	2020/21
	£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
Greater London Authority - staff	14.2
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

Table 5: Police capital 2020/21

Police Capital	2020/21
	£m
Police Capital Grant	12.3
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	11.5
Arms Length Bodies	6.4
Police Technology Programmes	17.6
Counter Terrorism	1.6
Serious and Organised Crime Programmes	10.0
Football Policing	2.5
Total	76.0

Table 6: Capital grant allocations for England and Wales 2020/21

Police Capital Grant Allocations	2019/20	2020/21
	£m	£m
Avon & Somerset	1.0	0.3
Bedfordshire	0.4	0.1
Cambridgeshire	0.5	0.1
Cheshire	0.7	0.2
City of London	0.4	0.1
Cleveland	0.5	0.1
Cumbria	0.4	0.1
Derbyshire	0.6	0.2
Devon & Cornwall	1.1	0.3
Dorset	0.4	0.1
Durham	0.5	0.1
Dyfed-Powys	0.3	0.1
Essex	1.0	0.3
Gloucestershire	0.4	0.1
Greater London Authority	12.4	3.3
Greater Manchester	2.4	0.6
Gwent	0.5	0.1
Hampshire	1.2	0.3
Hertfordshire	0.6	0.2
Humberside	0.7	0.2
Kent	1.1	0.3
Lancashire	1.1	0.3
Leicestershire	0.7	0.2
Lincolnshire	0.4	0.1
Merseyside	1.4	0.4
Norfolk	0.5	0.1
North Wales	0.5	0.1
North Yorkshire	0.4	0.1
Northamptonshire	0.4	0.1
Northumbria	1.3	0.3
Nottinghamshire	0.8	0.2
South Wales	1.0	0.3
South Yorkshire	1.1	0.3
Staffordshire	0.7	0.2
Suffolk	0.4	0.1
Surrey	0.6	0.2
Sussex	0.9	0.2
Thames Valley	1.5	0.4
Warwickshire	0.4	0.1
West Mercia	0.7	0.2
West Midlands	2.5	0.7
West Yorkshire	1.8	0.5
Wiltshire	0.4	0.1
Total England & Wales	46.9	12.3

Figures may not sum due to rounding

Table 7: Grant funding allocations including capital allocations, ringfenced grant and target officer recruitment 2020/21

Police Force Area	Core Grant	Ringfenced Grant	Capital allocation	Total 20-21	Total 19-20	Increase	Increase %	Officer Recruitment target year 1
	£m	£m	£m	£m	£m	£m	%	
Avon & Somerset	174.8	3.8	0.3	178.9	163.6	15.3	9.4	137
Bedfordshire	68.9	1.5	0.1	70.5	64.5	6.0	9.3	54
Cambridgeshire	78.9	1.7	0.1	80.8	73.9	6.8	9.2	62
Cheshire	115.0	2.5	0.2	117.7	107.6	10.0	9.3	90
City of London	56.3	1.2	0.1	57.6	52.7	4.9	9.3	44
Cleveland	91.6	2.0	0.1	93.8	85.8	8.0	9.3	72
Cumbria	64.4	1.4	0.1	65.9	60.3	5.6	9.3	51
Derbyshire	108.0	2.4	0.2	110.6	101.1	9.4	9.3	85
Devon & Cornwall	179.5	3.9	0.3	183.7	168.1	15.6	9.3	141
Dorset	63.4	1.4	0.1	64.9	59.4	5.5	9.3	50
Durham	86.2	1.9	0.1	88.2	80.7	7.5	9.3	68
Dyfed-Powys	54.1	1.2	0.1	55.4	50.7	4.7	9.3	42
Essex	171.7	3.8	0.3	175.8	160.7	15.0	9.3	135
Gloucestershire	58.3	1.3	0.1	59.7	54.7	5.1	9.3	46
Greater London Authority	1,743.5	38.3	3.3	1,785.1	1,634.5	150.6	9.2	1,369
Greater Manchester	441.5	9.7	0.6	451.8	413.1	38.7	9.4	347
Gwent	78.5	1.7	0.1	80.3	73.4	6.8	9.3	62
Hampshire	198.2	4.4	0.3	202.9	185.6	17.3	9.3	156
Hertfordshire	116.6	2.6	0.2	119.3	109.1	10.2	9.3	91
Humberside	123.2	2.7	0.2	126.0	115.3	10.8	9.4	97
Kent	187.1	4.1	0.3	191.5	175.1	16.3	9.3	147
Lancashire	194.5	4.3	0.3	199.0	182.0	17.0	9.3	153
Leicestershire	113.6	2.5	0.2	116.3	106.4	9.9	9.3	89
Lincolnshire	63.5	1.4	0.1	65.0	59.5	5.5	9.2	50
Merseyside	254.6	5.6	0.4	260.6	238.3	22.3	9.4	200
Norfolk	85.5	1.9	0.1	87.5	80.1	7.4	9.2	67
North Wales	78.7	1.7	0.1	80.6	73.7	6.9	9.4	62
North Yorkshire	74.4	1.6	0.1	76.1	69.6	6.5	9.3	58
Northamptonshire	72.9	1.6	0.1	74.6	68.2	6.4	9.4	57
Northumbria	235.3	5.2	0.3	240.9	220.3	20.6	9.4	185
Nottinghamshire	136.4	3.0	0.2	139.6	127.7	11.9	9.3	107
South Wales	172.7	3.8	0.3	176.8	161.7	15.1	9.3	136
South Yorkshire	192.7	4.2	0.3	197.2	180.4	16.8	9.3	151
Staffordshire	115.2	2.5	0.2	117.9	107.8	10.0	9.3	90
Suffolk	68.8	1.5	0.1	70.4	64.5	6.0	9.3	54
Surrey	98.9	2.2	0.2	101.2	92.6	8.6	9.3	78
Sussex	164.2	3.6	0.2	168.0	153.7	14.4	9.4	129
Thames Valley	232.8	5.1	0.4	238.3	218.1	20.2	9.3	183
Warwickshire	52.4	1.2	0.1	53.7	49.2	4.5	9.1	41
West Mercia	118.7	2.6	0.2	121.5	111.2	10.3	9.3	93
West Midlands	466.5	10.3	0.7	477.4	436.5	40.9	9.4	366
West Yorkshire	325.5	7.2	0.5	333.2	304.7	28.5	9.4	256
Wiltshire	62.9	1.4	0.1	64.4	59.0	5.5	9.3	49
Total England & Wales	7,640.4	168.0	12.3	7,820.7	7,155.3	665.4	9.3%	6,000



Home Office

Home Secretary

Minister of State for Crime,
Policing and the Fire Service

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

Thames Valley
Police and Crime Commissioner
Chief Constable

BY EMAIL ONLY

22 January 2020

Dear Anthony and John,

We are writing to you to confirm the details of the police funding settlement for 2020/21.

We are giving police forces £700 million for the recruitment of 6,000 additional officers by the end of March 2021, which represents an increase of almost 10% of the core grant funding provided last year. Assuming full take up of precept flexibility, overall funding for Police and Crime Commissioners (PCCs) will increase by £915 million to £13.1 billion next year.

This Government is determined to strengthen our police service and tackle the level of crime, particularly violent crime, across our country. Having already recruited the first of the 20,000 additional officers, this Government is sending a clear message that it is delivering on the people's priorities and keeping our streets safe.

The 2020/21 funding settlement, which has been laid in Parliament today, gives the police the investment they need to deliver on that promise. Taking all funding from the Government and PCCs' precept raising power into account, up to an extra £1.1 billion will be available for investment in policing in 2020/21. Force level allocations are included as an annex to this letter.

This breaks down as follows:

- £700 million uplift to core grant. £168m of the £700m core grant increase will be ringfenced and paid in arrears on a quarterly basis subject to progress on the officer uplift. This £168m will be made available to

reimburse forces for qualifying costs to be agreed between forces, the Home Office and HM Treasury. The total amount available to forces under the ringfence will be determined in line with funding formula shares.

- £90 million year-on-year increase in funding for counter-terrorism policing. This includes an allocation of £10m from pensions grant funding that was announced at the 2019/20 Police Funding Settlement and is not included in the total increase in police funding.
- £1.4 million increase to council tax grants.
- We are enabling Police and Crime Commissioners to increase precept by up to £10 for a Band D equivalent property, which, if all PCCs in England use in full, will raise up to £248 million additional funding for local priorities.
- £126 million increase in funding for national priorities, including £50 million to support the Police Uplift Programme and additional funding to tackle serious and organised crime including county lines and serious violence. This includes £34.6 million being reprioritised from Capital Main Grant to national priorities (see below).
- The continuation of the £143 million pensions grant for forces.

Thames Valley will receive a maximum of **£456,078,238.90** next year, which is an increase of **£31,862,101.34**. This is broken down as follows:

- **£232,765,012.77** in core grant from the Home Office next year.
- Up to **£5,118,155.61** from the ringfenced grant for the officer uplift.
- **£15,278,329.00** from Council Tax Freeze grants.
- **£4,312,236.00** from pensions grants.
- Capital grant of **£396,000.53**.
- **£198,208,505.00** if you choose to use your full precept flexibility of £10.

The full Police Grant Report 2020/21 will be available online, alongside the Minister of State for Crime, Policing and the Fire Service's Written Ministerial Statement. The Police Grant Report is subject to Parliamentary scrutiny and we expect the debate and vote to take place in February.

National priorities

Alongside the increased investment we have set out above, the Government is also investing in national policing priorities which benefit all police forces across the country, including:

- Over £200 million in 2020/21 to fight **serious and organised crime**, including the National Crime Agency top up and funding new capabilities to tackle illicit finance and funding for Regional Organised Crime Units.

- £50 million to deliver the **Police Uplift Programme**, including a joint Government and sector programme team, the national recruitment campaign, Police Now training and recruitment, and enhanced College of Policing support structures.
- £516 million to **improve police technology** in 2020/21, which will upgrade critical infrastructure such as replacing the Airwave communication system with the 4G Emergency Services Network. This will also fund the development of the Law Enforcement Data Service, which will provide an integrated service to provide intelligence to law enforcement and its partners and replace the existing Police National Computer and Police National Database. The National Automatic Number-Plate Recognition (ANPR) Service (NAS) will replace the existing National ANPR Data Centre (NADC), this will standardise the approach and provide analytics on vehicle movements and ensure single source. Home Office Biometrics continues to deliver the continuation, convergence and enhancement on facial recognition.

Efficiency

The funding settlement also sets out four priority areas to drive efficiency, productivity and effectiveness next year including efficiency savings through joint procurement, enhanced productivity using technological solutions, achieving best value on police technology spending and ensuring forces meet their recruitment targets for 2020/21.

This generous settlement shows the enormous priority this Government places on keeping the public safe and fighting all aspects of crime. We want to again put on record our admiration and appreciation of you and your officers for the work you do to keep our communities safe. I am also grateful for the engagement we have had with policing at all levels to build a picture of the changing nature of the demands placed upon you and the capabilities you need to respond robustly to those challenges. We know that crime is ever shifting, becoming more complex, and that you are facing increasing demands on your resources, and we are addressing this through today's settlement.



Rt Hon Priti Patel MP



Kit Malthouse MP

Annex: Force-level funding allocations 2020/21

Force	2019/20	2020/21 (assuming precept flexibility fully utilised)	Cash increase	% increase in funding	Officer recruitment target 2020/21
	£m	£m	£m	%	
Avon & Somerset	304.2	326.9	22.6	6.9%	137
Bedfordshire	113.3	122.1	8.7	7.2%	54
Cambridgeshire	145.2	155.8	10.6	6.8%	62
Cheshire	193.0	207.8	14.8	7.1%	90
City of London	61.4	67.0	5.6	8.4%	44
Cleveland	133.2	143.3	10.1	7.0%	72
Cumbria	110.2	118.1	7.9	6.7%	51
Derbyshire	180.1	193.7	13.5	7.0%	85
Devon & Cornwall	315.2	338.6	23.4	6.9%	141
Dorset	135.5	144.8	9.3	6.4%	50
Durham	123.5	133.3	9.7	7.3%	68
Dyfed-Powys	107.2	114.6	7.4	6.5%	42
Essex	299.9	323.0	23.1	7.2%	135
Gloucestershire	119.6	127.8	8.2	6.4%	46
Metropolitan Police Service	2,746.9	2,938.1	191.2	6.5%	1,369
Greater Manchester	594.2	642.5	48.3	7.5%	347
Gwent	130.8	140.3	9.5	6.8%	62
Hampshire	340.4	366.5	26.1	7.1%	156
Hertfordshire	205.4	221.3	15.9	7.2%	91
Humberside	187.7	202.0	14.3	7.1%	97
Kent	313.7	338.0	24.3	7.2%	147
Lancashire	286.2	308.8	22.6	7.3%	153
Leicestershire	189.3	203.4	14.1	6.9%	89
Lincolnshire	122.9	131.5	8.6	6.5%	50
Merseyside	332.4	359.4	27.1	7.5%	200
Norfolk	165.7	177.1	11.4	6.4%	67
North Wales	156.3	166.8	10.4	6.3%	62
North Yorkshire	156.0	166.5	10.6	6.3%	58
Northamptonshire	136.3	145.9	9.6	6.6%	57
Northumbria	284.6	309.9	25.3	8.2%	185
Nottinghamshire	208.9	225.0	16.1	7.1%	107
South Wales	291.3	312.4	21.1	6.7%	136
South Yorkshire	262.9	284.3	21.4	7.5%	151
Staffordshire	196.7	211.2	14.5	6.9%	90
Suffolk	125.7	134.9	9.2	6.8%	54
Surrey	234.4	249.8	15.4	6.2%	78
Sussex	287.9	310.1	22.2	7.2%	129
Thames Valley	424.2	456.1	31.9	7.0%	183
Warwickshire	102.5	109.7	7.2	6.6%	41

West Mercia	220.7	236.8	16.1	6.8%	93
West Midlands	571.3	620.8	49.6	8.0%	366
West Yorkshire	448.5	485.2	36.7	7.6%	256
Wiltshire	119.0	127.8	8.8	6.9%	49
Total England & Wales	12,184.2	13,099.0	914.7		6,000

This funding figure includes police settlement grant funding (including ringfenced amount), Legacy Council Tax Grants, Welsh Government funding, precept and changes to capital main grant funding.

Thames Valley Police

Medium Term Financial Plan 2020/21 - 2023/24

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>
Annual Base Budget	419,913,596	448,898,883	460,021,073	463,178,935
In Year Funding Virements	0	0	0	0
<u>Inflation</u>				
General	1,075,127	1,172,690	1,180,373	1,182,852
Police Pay	5,088,675	4,632,521	4,756,256	5,018,842
Police Staff Pay	6,189,608	5,072,063	5,137,181	5,190,263
Specific	1,120,369	885,987	798,219	833,531
Inflation	13,473,779	11,763,261	11,872,029	12,225,488

Productivity Strategy

Collaborative Units	0	-1,143,000	-1,293,000	-250,000
Value for Money Reviews	-793,773	-398,232	-2,499,230	-269,367
Efficiency & Effectiveness Reviews	-1,742,298	-1,207,160	-1,250,000	-1,250,000
Amber Rated Savings	-934,000	-985,103	-100,000	-300,000
Total Productivity Strategy Savings	-3,470,071	-3,733,495	-5,142,230	-2,069,367

Current Service*Support Services*

81 Police Officer Reserve Funding for Bank Holidays	312,968	450,000	-169,125	-388,731
85 Police Staff Reserve Funding for Bank Holidays	108,232	78,750	-29,597	-68,028
90 Review of Debt Charges	738,003	146,546	0	0
91 Community Safety Fund Expenditure	0	0	0	-150,000
94 Regional Funding for ROCU	333,000	2,000	175,000	175,000
97 Increase in Vetting Requirements	116,300	0	0	0
126 Increase in Court Presentation Officers	75,180	0	0	0
127 Driver Risk Evaluator	37,590	0	0	0
130 Increase in First Aid/Medical Equipment Supplies	40,000	0	0	0
132 Regional CTSFO Contribution	78,913	0	0	0
133 Custody Insourcing	-302,615	0	0	0
135 DHEP Officer Training Route	1,416,900	444,600	0	0
143 Review of Budgetary Requirements - Central Budgets	-236,243	0	0	0
146 Increase to Motor Insurance Fund from Reserve	499,000	0	0	0
148 Growth for Operation REMUS	74,197	0	0	0
149 National ICT Charges	851,523	0	0	0
<i>Support Services</i>	<i>4,142,948</i>	<i>1,121,896</i>	<i>-23,722</i>	<i>-431,759</i>

Income

113	Changes to Loan Charges Grant	6,209	211	405	0
145	Reduction in Dedicated Security Grant	200,000	0	0	0
	<i>Income</i>	<i>206,209</i>	<i>211</i>	<i>405</i>	<i>0</i>
	<i>Legal & Compliance</i>				
147	Communications Data LI Partnership	183,000	0	0	0
	<i>Legal & Compliance</i>	<i>183,000</i>	<i>0</i>	<i>0</i>	<i>0</i>
	Current Service	4,532,157	1,122,107	-23,317	-431,759
	Improved Service				
	<i>Support Services</i>				
98	Technology Investment Through DRF	1,527,000	1,555,000	0	0
99	ESN Implementation Costs	381,600	381,600	0	0
100	Increase in Major Operations Teams	-146,000	0	0	0
122	Improved Services to the Public through Contact Management	761,500	-1,597,500	0	0
123	Increasing Local Front Line Policing and Service Delivery	-1,174,950	0	0	0
124	Improved Investigative Capacity and Process for Complex Crimes	1,849,500	792,000	-1,138,000	0
125	Increasing Our Digital Development Programmes	-1,100,000	-55,000	0	0
131	ICT Infrastructure / Software Availability	330,266	0	0	0
134	EQUIP SAAS Net Revenue Costs	288,000	1,066,000	-373,000	0
137	National Monitoring Centre Costs	354,000	0	0	0
140	Increase in Digital Resources Team	88,590	88,590	0	0
142	ISO Accreditation for FCIU	272,000	-22,000	0	0
150	Operation Uplift - National Growth in Officer Numbers	11,991,386	1,264,987	-2,173,980	-2,173,980
152	Strategic Investment Funding	4,213,000	-1,453,000	0	0
	<i>Support Services</i>	<i>19,635,892</i>	<i>2,020,677</i>	<i>-3,684,980</i>	<i>-2,173,980</i>
	<i>Legal & Compliance</i>				
138	Increase of 2 x Firearms Instructors	56,160	0	0	0
139	Co-ordination of Fire Investigation Accreditation	16,000	0	0	0
	<i>Legal & Compliance</i>	<i>72,160</i>	<i>0</i>	<i>0</i>	<i>0</i>
	<i>Specific Revenue Funded Projects</i>				
104	Revenue Maintenance for Properties	-315,000	1,705,000	-890,000	-20,000
105	Investment for ICT Rationalisation	-164,400	0	0	0
106	UCPI/ IICSA Public Enquiries	0	0	-197,000	0
	<i>Specific Revenue Funded Projects</i>	<i>-479,400</i>	<i>1,705,000</i>	<i>-1,087,000</i>	<i>-20,000</i>
	<i>Ring Fenced Specific Grant</i>				
153	Special Grant for National Officer Uplift	-5,118,155	0	0	0
	<i>Ring Fenced Specific Grant</i>	<i>-5,118,155</i>	<i>0</i>	<i>0</i>	<i>0</i>
	<i>ICT Projects</i>				
107	ICT Revenue Projects	958,386	-79,360	-98,640	0
	<i>ICT Projects</i>	<i>958,386</i>	<i>-79,360</i>	<i>-98,640</i>	<i>0</i>
	Improved Service	15,068,883	3,646,317	-4,870,620	-2,193,980
	In Year Appropriations From Reserves				
	<i>Appropriations from Performance Reserve</i>				
108	Appropriations from the I&P Reserve	114,539	-1,705,000	1,087,000	1,520,000

<i>Appropriations from Performance Res</i>	114,539	-1,705,000	1,087,000	1,520,000
<i>Appropriations from General Balances</i>				
109 Appropriations from General Balances	-235,000	-470,000	235,000	470,000
110 Appropriation from Earmarked Reserves	-499,000	499,000	0	150,000
<i>Appropriations from General Balances</i>	-734,000	29,000	235,000	620,000
In Year Appropriations From Reserves	-619,461	-1,676,000	1,322,000	2,140,000

Net Budget Requirement	448,898,883	460,021,073	463,178,935	472,849,317
Percentage Budget Increase	6.90%	2.48%	0.69%	2.09%
Cash Budget Increase	28,985,287	11,122,190	3,157,862	9,670,382

Funded By:

Opening Budget	-419,913,596	-448,898,883	-458,099,934	-467,573,778
In Year Funding Virements	0	0	0	0

Funding Changes

<i>Formula Grant</i>				
274 Police Grant Funding Changes	-11,169,220	-1,436,999	-1,451,369	-1,465,882
304 Formula Grant Allocation Changes	-5,038,273	-750,232	-757,735	-765,312
<i>Formula Grant</i>	-16,207,493	-2,187,231	-2,209,104	-2,231,194
<i>Council Tax Requirement</i>				
305 Council Tax Precept Increase	-9,193,630	-4,031,223	-4,176,935	-4,326,111
307 Council Tax - Surplus on Collections	-496,064	0	0	0
520 Council Tax Base Increase	-3,088,100	-2,982,597	-3,087,805	-3,196,776
<i>Council Tax Requirement</i>	-12,777,794	-7,013,820	-7,264,740	-7,522,887
Funding Changes	-28,985,287	-9,201,051	-9,473,844	-9,754,081
Total External Funding	-448,898,883	-458,099,934	-467,573,778	-477,327,859

<i>Cumulative Shortfall / (Surplus)</i>	0	1,921,139	-4,394,843	-4,478,542
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<i>Annual Shortfall / (Surplus)</i>	0	1,921,139	-6,315,982	-83,699
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Analysis Of Growth Items

Appendix 5

Ref Details

2020/21

2021/22

2022/23

2023/24

Current Service

Support Services

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

312,968

450,000

-169,125

-388,731

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

108,232

78,750

-29,597

-68,028

90 Review of Debt Charges

Anticipated revenue changes associated with changes to borrowing requirements as the capital programme funding is reviewed.

738,003

146,546

0

0

91 Community Safety Fund Expenditure

Community Safety Fund - Increase in funding from specific earmarked reserve.

0

0

0

-150,000

94 Regional Funding for ROCU

Funding contribution for the South East ROCU

333,000

2,000

175,000

175,000

97 Increase in Vetting Requirements

Additional Vetting advisors to support Police Office and Staff recruitment.

116,300

0

0

0

Ref	Details	2020/21	2021/22	2022/23	2023/24
126	Increase in Court Presentation Officers	75,180	0	0	0
	Increase in Court Presentation Officers				
127	Driver Risk Evaluator	37,590	0	0	0
	Driver Risk Evaluator				
130	Increase in First Aid/Medical Equipment Supplies	40,000	0	0	0
	Increase in costs following direction form the Clinical Medical Governance Board				
132	Regional CTSFO Contribution	0	0	0	0
	Increase in contribution for Regional CTSFO's				
133	Custody Insourcing	-302,615	0	0	0
	Removal of the "Pump-Prime" contingency for insourcing custody - now not needed.				
135	DHEP Officer Training Route	1,416,900	444,600	0	0
	Additional costs associated with the new DHEP officer recruitment stream				
143	Review of Budgetary Requirements - Central Budgets	-236,243	0	0	0
	Review of Budgetary Requirements - Central Budgets				
146	Increase to Motor Insurance Fund from Reserve	499,000	0	0	0
	Increase to Motor Insurance Fund from Reserve				
148	Growth for Operation REMUS	74,197	0	0	0
	Staffing support for Operation REMUS (HS2)				
149	National ICT Charges	851,523	0	0	0
	Increase in Home Office charges for National ICT infrastructure and systems				
Total	Support Services	4,064,035	1,121,896	-431,759	-431,759

Income

113	Changes to Loan Charges Grant	6,209	211	405	0
	Changes to Loan Charges Grant				

<i>Ref</i> <i>Details</i>	2020/21	2021/22	2022/23	2023/24
145 Reduction in Dedicated Security Grant Reduction in Dedicated Security Grant due to Change in protection needs	200,000	0	0	0
Total Income	206,209	211	0	0

Legal & Compliance

147 Communications Data LI Partnership Home Office - Communications Data Lawful Intercept Charges	183,000	0	0	0
Total Legal & Compliance	183,000	0	0	0

Total Current Service	4,453,244	1,122,107	-431,759	-431,759
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Improved Service

Support Services

98 Technology Investment Through DRF Direct Revenue Funding for investment in technology and infrastructure delivery.	1,527,000	1,555,000	0	0
99 ESN Implementation Costs Estimated implementation costs for the National Emergency Services Network (ESN).	381,600	381,600	0	0
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.	-146,000	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.	761,500	-1,597,500	0	0

Ref	Details	2020/21	2021/22	2022/23	2023/24
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.	-1,174,950	0	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.	1,849,500	792,000	-1,138,000	0
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.	-1,100,000	-55,000	0	0
131	ICT Infrastructure / Software Availability ICT Infrastructure / Software Availability	330,266	0	0	0
134	EQUIP SAAS Net Revenue Costs EQUIP SAAS Costs less anticipated revenue savings from legacy systems	288,000	1,066,000	-373,000	0
137	National Monitoring Centre Costs National Monitoring Centre Costs	354,000	0	0	0
140	Increase in Digital Resources Team Increase in Digital Resources Team 2 x BB3H + Market Supplement.	88,590	88,590	0	0
142	ISO Accreditation for FCIU ISO Accreditation for Forensic Investigation Unit	272,000	-22,000	0	0
150	Operation Uplift - National Growth in Officer Numbers Operation Uplift - National Growth in Officer Numbers	11,991,386	1,264,987	-2,173,980	-2,173,980
152	Strategic Investment Funding Specific bids identified in main Revenue Budget Report.	4,213,000	-1,453,000	0	0

<i>Ref</i> <i>Details</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>
Total Support Services	19,635,892	2,020,677	-2,173,980	-2,173,980
Legal & Compliance				
138 Increase of 2 x Firearms Instructors Requirement to meet the recent CoP inspections and recommendations in order to maintain out licence to train firearms officers.	56,160	0	0	0
139 Co-ordination of Fire Investigation Accreditation Co-ordination post for Fire Investigation Accreditation 0.5FTE BB3F	16,000	0	0	0
Total Legal & Compliance	72,160	0	0	0
Specific Revenue Funded Projects				
104 Revenue Maintenance for Properties Revenue maintenance funding for various building and properties.	-315,000	1,705,000	-890,000	-20,000
105 Investment for ICT Rationalisation Reduction in previous years investment in the ICT rationalisation programme.	-164,400	0	0	0
106 UCPI/ IICSA Public Enquiries Funding for temporary staff to support the national undercover policing and child sexual abuse enquiries.	0	0	-197,000	0
Total Specific Revenue Funded Projects	-479,400	1,705,000	-20,000	-20,000
Ring Fenced Specific Grant				
153 Special Grant for National Officer Uplift Special Grant allocation from the police settlement for the National Officer Uplift - 183 TVP Officers in 2020/21	-5,118,155	0	0	0

<i>Ref</i>	<i>Details</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>
Total	Ring Fenced Specific Grant	-5,118,155	0	0	0
ICT Projects					
107	ICT Revenue Projects	958,386	-79,360	-98,640	0
	Funding for identified ICT revenue projects to maintain and improve the infrastructure.				
Total	ICT Projects	958,386	-79,360	0	0
Total	Improved Service	15,068,883	3,646,317	-2,193,980	-2,193,980

In Year Appropriations From Reserves

Appropriations from Performance Reserve

108	Appropriations from the I&P Reserve	114,539	-1,705,000	1,087,000	1,520,000
	Appropriation of funding to support specific revenue projects from the Improvement and Performance reserve.				
Total	Appropriations from Performance Reserve	114,539	-1,705,000	1,520,000	1,520,000

Appropriations from General Balances

109	Appropriations from General Balances	-235,000	-470,000	235,000	470,000
	Appropriation to General Reserves				
110	Appropriation from Earmarked Reserves	-499,000	499,000	0	150,000
	Appropriations from Specific Earmarked Reserves				
Total	Appropriations from General Balances	-734,000	29,000	620,000	620,000

<i>Ref</i> <i>Details</i>	2020/21	2021/22	2022/23	2023/24
Total In Year Appropriations From Reserves	-619,461	-1,676,000	2,140,000	2,140,000
Funding Changes				
Formula Grant				
111 Police Grant Funding Changes				
Changes in funding received through the main government police grant.	-11,169,220	-1,436,999	-1,451,369	-1,465,882
112 Formula Grant Funding Changes				
Changes in funding received through the ex-DCLG Grant Allocation.	-5,038,273	-750,232	-757,735	-765,312
Total Formula Grant	-16,207,493	-2,187,231	-2,231,194	-2,231,194
Council Tax Requirement				
114 Council Tax Precept Changes				
Council Tax Requirement Changes from Precept Increase	-9,193,630	-4,031,223	-4,176,935	-4,326,111
115 Council Tax Surplus on Collection Changes				
Council Tax - Surplus on Collections	-496,064	0	0	0
136 Council Tax Base Changes				
Council Tax Requirement Changes from Base Increase	-3,088,100	-2,982,597	-3,087,805	-3,196,776
Total Council Tax Requirement	-12,777,794	-7,013,820	-7,522,887	-7,522,887
Total Funding Changes	-28,985,287	-9,201,051	-9,754,081	-9,754,081

	2020/21			2021/22			2022/23			2023/24			TOTAL			
	Police	Staff	£	Police	Staff	£	Police	Staff	£	Police	Staff	£	Police	Staff	£	
Collaborative Units																
303	Joint ICT Unit	0.00	0.00	0	0.00	0.00	75,000	0.00	0.00	225,000	0.00	0.00	250,000	0.00	0.00	550,000
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	768,000	0.00	0.00	768,000	0.00	0.00	0	0.00	49.70	1,536,000
		0.00	0.00	0	0.00	58.20	1,143,000	0.00	8.50	1,293,000	0.00	0.00	250,000	0.00	66.70	2,686,000

Value for Money Reviews

375	Estates Review through the Asset Management Plan	0.00	0.00	1,743	0.00	0.00	133,902	0.00	0.00	171,138	0.00	0.00	174,978	0.00	0.00	481,761
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	0
414	Review of Property & Premises Costs	0.00	0.00	62,720	0.00	0.00	-35,670	0.00	0.00	-139,256	0.00	0.00	94,389	0.00	0.00	-17,817
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	-50,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	-50,000
519	SERIP contributions review	0.00	0.00	54,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	54,000
533	Review of Budgetary Requirements - Central Budgets	0.00	0.00	450,000	0.00	0.00	100,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	550,000
537	Civilianise CMP Officer Posts	10.00	-10.00	95,310	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	10.00	-10.00	95,310
538	OPCC Budget savings	0.00	0.00	80,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	80,000
541	Reduction in Usage of NPAS	0.00	0.00	300,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	300,000
		10.00	-10.00	793,773	0.00	0.00	398,232	0.00	0.00	2,499,230	0.00	0.00	269,367	10.00	-10.00	3,960,602

Efficiency & Effectiveness Reviews

336	PCSOs Review	0.00	0.00	282,900	0.00	0.00	-282,900	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
488	Efficiency & Effectiveness - FISO	6.00	7.00	613,936	1.00	-1.00	23,354	0.00	0.00	0	0.00	0.00	0	7.00	6.00	637,290

	2020/21			2021/22			2022/23			2023/24			TOTAL		
	Police	Year 1 Staff	£	Police	Year 2 Staff	£	Police	Year 3 Staff	£	Police	Year 4 Staff	£	Police	Staff	£
490 Efficiency & Effectiveness - Force Crime	7.50	-7.50	10,000	0.00	0.00	116,706	0.00	0.00	0	0.00	0.00	0	7.50	-7.50	126,706
522 Future E&E Reviews	0.00	0.00	0	0.00	0.00	1,250,000	0.00	0.00	1,250,000	0.00	0.00	1,250,000	0.00	0.00	3,750,000
523 Corporate Comms	0.00	0.60	35,500	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.60	35,500
525 Governance & Service Improvement	4.00	-1.00	266,888	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	4.00	-1.00	266,888
526 Legal Services	0.00	0.00	30,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	30,000
527 Procurement	0.00	0.00	62,500	0.00	0.00	100,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	162,500
529 Local Policing	1.00	3.00	271,748	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	1.00	3.00	271,748
536 Review of Long Term Vacancies	0.00	2.00	68,826	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	2.00	68,826
539 Reduction in Agency Spend and Requirements	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
	18.50	4.10	1,742,298	1.00	-1.00	1,207,160	0.00	0.00	1,250,000	0.00	0.00	1,250,000	19.50	3.10	5,449,458

Amber Rated Savings

398 Expansion of Collaboration Opportunities	0.00	0.00	0	0.00	0.00	125,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	125,000
487 Abingdon PFI Contract Renegotiation	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	250,000	0.00	0.00	250,000
493 Efficiency & Effectiveness - Criminal Justice	0.00	0.00	50,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	50,000
494 Efficiency & Effectiveness - FISO	0.00	0.00	80,000	0.00	0.00	60,103	0.00	0.00	0	0.00	0.00	0	0.00	0.00	140,103
524 Corporate Comms	0.00	1.00	39,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	1.00	39,000
530 ICT- Implementation of Office 365	0.00	0.00	0	0.00	0.00	50,000	0.00	0.00	100,000	0.00	0.00	50,000	0.00	0.00	200,000
535 Review of Supervision Ratios	0.00	0.00	265,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	265,000
540 E&E Review of People Services	0.00	0.00	500,000	0.00	0.00	750,000	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1,250,000
	0.00	1.00	934,000	0.00	0.00	985,103	0.00	0.00	100,000	0.00	0.00	300,000	0.00	1.00	2,319,103

Force Totals	28.50	-4.90	3,470,071	1.00	57.20	3,733,495	0.00	8.50	5,142,230	0.00	0.00	2,069,367	29.50	60.80	14,415,163
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APPENDIX 7

Latest position (30-1-20) on Taxbase and Surplus/Deficit on collection funds

	Taxbase	Surplus / Deficit (-) on collection funds £	Annual Precept £
Bracknell Forest	46,816.00	76,312.00	10,125,364.48
Buckinghamshire	223,990.02	486,000.00	48,444,561.53
Cherwell	55,559.90	280,079.00	12,016,495.17
Milton Keynes	86,689.95	390,000.00	18,749,302.39
Oxford City	45,895.50	33,481.00	9,926,278.74
Reading	56,740.50	0.00	12,271,835.34
Slough	42,918.10	0.00	9,282,326.67
South Oxfordshire	57,848.50	450,421.41	12,511,473.58
Vale of White Horse	52,686.40	356,226.39	11,395,014.59
West Berkshire	65,205.90	-193,509.00	14,102,732.05
West Oxfordshire	44,285.22	88,919.00	9,578,007.38
Windsor & Maidenhead	68,690.96	-21,717.00	14,856,480.83
Wokingham	72,036.50	69,500.00	15,580,054.22
Totals	919,363.45	2,015,712.80	198,839,926.97

Note: Those cells that have been shaded are still provisional estimates at stage, subject to receiving formal confirmation from the Council

Comparison of Band D council tax and Net Cost per 1000 Population

Appendix 8

	Average Band D Equivalent Council Tax 2019-20 -5.00 £ p		Net Cost per 1,000 Population (103) £'000s		Council tax as a % of net budget	HO grants as a % of net budget
Greater Manchester	275.25	Metropolitan Police	324,833	Surrey	55.91%	44.09%
Surrey	260.57	Cleveland	232,040	Dorset	50.34%	49.66%
Cumbria	256.68	Merseyside	230,076	North Yorkshire	50.07%	49.93%
North Yorkshire	255.77	Cumbria	217,663	Gloucestershire	48.66%	51.34%
Norfolk	253.08	Greater Manchester	209,432	Northamptonshire	47.12%	52.88%
Cleveland	250.54	Humberside	199,295	Warwickshire	46.82%	53.18%
Gloucestershire	250.49	Surrey	196,659	Norfolk	46.09%	53.91%
Northamptonshire	245.04	West Midlands	195,388	Wiltshire	45.98%	54.02%
Metropolitan Police	242.13	Durham	194,400	Lincolnshire	45.87%	54.13%
Lincolnshire	241.38	Northumbria	192,668	Thames Valley	44.79%	55.21%
Dorset	230.58	Lancashire	190,940	Cambridgeshire	44.74%	55.26%
Warwickshire	227.98	West Yorkshire	190,402	West Mercia	44.06%	55.94%
Humberside	223.31	Gloucestershire	189,255	Suffolk	43.07%	56.93%
Leicestershire	223.23	North Yorkshire	187,265	Essex	41.90%	58.10%
Cambridgeshire	222.66	South Yorkshire	185,762	Sussex	41.74%	58.26%
Nottinghamshire	219.33	Norfolk	182,341	Hertfordshire	41.64%	58.36%
Avon & Somerset	217.81	Nottinghamshire	180,385	Devon & Cornwall	41.55%	58.45%
West Mercia	216.66	Cheshire	180,370	Hampshire	41.50%	58.50%
Derbyshire	216.60	Warwickshire	177,644	Avon & Somerset	41.19%	58.81%
Staffordshire	216.56	Devon & Cornwall	177,089	Cumbria	40.33%	59.67%
Suffolk	212.76	Avon & Somerset	176,165	Cheshire	39.69%	60.31%
Devon & Cornwall	212.28	Northamptonshire	174,790	Kent	39.22%	60.78%
Thames Valley	206.28	Thames Valley	174,411	Leicestershire	38.75%	61.25%
Wiltshire	206.27	Dorset	174,371	Derbyshire	38.52%	61.48%
Durham	205.24	Staffordshire	174,177	Bedfordshire	38.52%	61.48%
Bedfordshire	202.09	Cambridgeshire	171,744	Staffordshire	38.10%	61.90%
Merseyside	201.97	Hertfordshire	171,737	Nottinghamshire	33.39%	66.61%
Hampshire	201.46	Leicestershire	171,185	Humberside	32.91%	67.09%
Lancashire	201.45	West Mercia	170,704	Lancashire	31.19%	68.81%
Cheshire	200.44	Kent	169,936	Cleveland	29.45%	70.55%
South Yorkshire	194.16	Hampshire	169,863	Durham	28.90%	71.10%
Kent	193.15	Derbyshire	168,648	West Yorkshire	27.67%	72.33%
Essex	192.96	Sussex	167,171	South Yorkshire	27.05%	72.95%
Sussex	189.91	Bedfordshire	167,011	Greater Manchester	25.90%	74.10%
Hertfordshire	188.00	Wiltshire	163,986	Metropolitan Police	25.73%	74.27%
West Yorkshire	186.95	Suffolk	163,938	Merseyside	22.87%	77.13%
West Midlands	152.55	Essex	162,367	West Midlands	19.28%	80.72%
Northumbria	134.33	Lincolnshire	161,214	Northumbria	19.07%	80.93%
AVERAGE	216.52		205,038		33.62%	66.38%
North Wales	278.10	North Wales	220,882	North Wales	52.53%	47.47%
South Wales	257.52	Gwent	218,288	Dyfed-Powys	51.68%	48.32%
Gwent	255.53	South Wales	215,780	South Wales	44.04%	55.96%
Dyfed-Powys	248.56	Dyfed-Powys	206,326	Gwent	43.43%	56.57%

Risk Analysis - 2020/21 Annual Revenue Budget

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	The Force fails to recruit and retain the additional 183 police officers allocated to TVP as part of the National Uplift programme and therefore loses a proportion of its annual grant	2	3	6	The force has been allocated £5.118m to recruit 183 police officers, which equates to £30,464 per officer. Based on current recruitment plans the Force should recruit these additional officers by summer 2020.
2	That specific grant income, when confirmed, is lower than currently assumed in the draft budget	2	3	6	We are still waiting for confirmation of specific grants estimated £11.9m in 2019/20
3	That the 2020 police officer pay award is higher than the 2.5% allowed for within the budget	2	3	6	This is a part year award, so is only payable for 7 months. Each additional 1% increase in pay award will cost £2.2m per annum
4	The Force is unable to deliver, in full, the £3.5m 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 £3.5m, 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 £13.5m to the base budget in 2020/21, which equates to an average increase of 3.21%. A 1% increase in general inflation (up from the 2.0% currently provided for) will add £0.55m
5	That the Police & Crime Panel vetoes the PCC's proposed £10 (or 4.9%) increase in the council tax precept	1	4	4	Each 1% increase in council tax in 2020/21 generates £1.9m. 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 2021/22 to 2023/24

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	That the force receives insufficient funding from the Home Office to recruit and retain the 2 nd and 3 rd tranches of the national police officer uplift programme, including one-off investment monies for supporting infrastructure such as police staff, training, kit, equipment, ICT, fleet and estates	3	4	12	We received an allocation of 183 from the initial 6,000 police officers. At this stage we do not know how many of the remaining 14,000 are coming to local forces and over what timeframe. In the national business case each police officer (included infrastructure costs) is costed at £62k
2	<p>The 4-year Medium Term Capital Plan (MTCP) only includes known schemes which means that there are no new schemes starting in 2022/23 and 2023/24. Although the MTFP now includes Direct Revenue Financing (DRF) of £11m per annum this is insufficient to fund the annual replacement programme.</p> <p>Any additional capital expenditure over and above the £84m currently identified in the MTCP could have a direct impact on future year revenue budgets since any new capital investment will have to be funded via DRF or external borrowing, which lead to higher debt charges</p>	3	4	12	<p>The new capital investment requirement from 2022/23 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	<p>Inadequate money in revenue reserves and balances to fund one-off expenditure items required by the Force</p> <p>The calculated Optimism Bias requirement for the next 4 years is £3.45m</p>	3	4	12	<p>General revenue balances are currently above the agreed 3% guideline level and forecast to remain above this level throughout the period.</p> <p>The Optimism Bias reserve is fully committed and there is only £1.7m remaining in the Improvement & Performance reserve. There is therefore very little opportunity to fund one-off cost increases from reserves going forward.</p>

		Likelihood	Impact	Total	
4	That the Force is unable to deliver the full £10.9m of identified budget cuts over the three-year period 2021/22 to 2023/24 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>
5	That the PCC and/or Police and Crime Panel is unable to support a 2% per annum increase in council tax in 2021/22 and later years	2	3	6	Each 1% increase in council tax generates approximately £1.9m
7	That the taxbase will not grow at the assumed annual rate of 1.5% in 2020/21 and later years	3	2	6	<p>The annual increase in 2020/21 is 1.63%, This is lower than the average increase in taxbase in the previous 5 years which was 2.1%.</p> <p>Each 1% increase in taxbase generates additional council tax income of around £1.9m</p>
8	That the surplus on collection funds is less than the £2m per annum currently budgeted for	3	2	6	Although there have been annual variations, the average surplus over the last 5 years is £2.1m.
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 £2.4m, which is £1.4m higher than the current budget provision. We will monitor the insurance fund very carefully and review again as part of the 2021/22 budget 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 2.5% throughout the MTFP. Each 1% increase in police officer and staff pay adds approximately £3.6m
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 2020/21 is £7m. 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 £2.3m.
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 £1.9m. 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 4 February 2020

Title: Four Year Medium Term Capital Plan 2020/21 to 2023/24

1 Purpose

- 1.1 The purpose of the report is to present to the PCC the Updated Medium Term Capital Plan (MTCP) for 2020/21 through to 2023/24, identifying key changes to the existing MTCP and introducing new capital project bids for both TVP as a single force and also as part of collaborative activities.
- 1.2 The Programme has continued to be extensively reviewed, challenged and prioritised since it was initially presented in November 2019, with both existing and new projects assessed for achievability and overall financial impact within planned implementation timescales.
- 1.3 Following the police grant settlement and additional Council Tax flexibility for 2020/21 the Medium Term Financial Plan (MTFP) provides for the additional uplift officers and a small number of investment opportunities. Where appropriate, in line with the development of the uplift programme and the business cases, any associated capital expenditure will be included in the next revision of the capital programme along with the associated funding. .
- 1.4 This report should be read alongside the other financial reports presented today on revenue and capital monitoring, reserves, balances and provisions and the Medium Term Financial Plan (4 year Revenue Forecasts).

2 Introduction

- 2.1 The aim of the MTCP continues to be to support service delivery of the PCC's Police and Crime Plan and the Force Strategic Plan. 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 with a lower resource profile. The MTCP is presented as a 4 year forecast in line with the MTFP (Revenue Forecast).
- 2.2 Key focuses of the draft MTCP are:
 - To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management

Plan.

- To ensure provision is made for ICT & Business Change Technology to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- The maintenance, development and replacement of other core assets (e.g. Vehicles, and Communication Infrastructure) to maximise the advantage of new technology and reflect legislative changes.

3 Executive Summary

- 3.1 The MTCP, recommended for approval today, comprises schemes costing £38.401m in 2020/21, which includes £1.062m of projects previously identified in the 2019/20 capital plan but which are now re-phased to allow for planning and tendering procedures, and a total of £84.416m over the 4 year period. As we progress towards the end of the current financial year other re-phasing may also present itself.
- 3.2 The level of investment identified in the MTCP results in a funding surplus over the 4 year period of £3.948m. However, this includes plans to borrow £20.32m for Reading Police Station, the SEROCU western hub and Maidenhead Court in 2019/20 and 2020/21
- 3.3 The recommended 4 year MTCP (£84.416m) is in addition to the currently approved 2019/20 capital programme, adjusted for re-phasing to £44.373m, bringing total capital investment over 5 years between 2019/20 and 2023/24 to over £128.789m.
- 3.4 Since March 2019 withdrawal of £8.92m from the Optimism Bias (OB) Reserve has been approved/recommended to support risks materialising on capital projects. This has predominantly been to ERP and CMP projects.
- 3.5 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. The MTCP has been updated to include the new funding bids that have been extensively reviewed and prioritised by Chief Officers at a number of individual Force and Collaborative meetings since September 2019.

Recommendation:

The PCC is asked to:

- Approve the capital programme for 2020/21 in the sum of £38.401m as set out in Table 1, which includes £1.062m of re-phased budget from 2019/20.
- 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 (2020/21 to 2023/24) for planning purposes at £84.416m (including re-phasing) as set out in Table 1.
- To note the updated OB reserve risk assessment of £3.450m over the next 4 years, which 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

4 Capital Programme Summary

- 4.1 The MTCP builds on the existing draft capital plan presented in November 2019.
- 4.2 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 capital schemes, as well as new ones introduced.
- 4.3 The planned gross expenditure within the 2020/21 to 2023/24 MTCP totals £84.416m, which includes a further £1.062m of project budget re-phased from 2019/20, reflecting re-planning and tendering processes since November 2019. 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.

Table 1

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

Dec-19

	Nov Budget	Changes	Revised	New Spend				Total	Later	Schedule Reference
	2019/20	Budget	Budget	2020/21	2021/22	2022/23	2023/24	2019/20	Years	
	£000	2019/20	2019/20	£000	£000	£000	£000	to 2023/24	£000	
		£000	£000					£000		
Property	16,765	1,249	18,014	14,558	14,459	4,185	-	51,216	-	Schedule 2
ICT/ Business changes	19,200	-2,034	17,166	15,015	5,113	4,531	3,430	45,254	2,909	Schedule 3
SECTU/ Tactical Firearms	1,084		1,084	-	-	-	-	1,084	-	Schedule 4
Equipment & Radio Replacement	4,902	-277	4,625	5,135	2,396	150	150	12,456	-	Schedule 5
Vehicles	3,485		3,485	3,693	3,778	3,866	3,956	18,778	4,048	Schedule 6
Capital Projects Total to be Financed	45,435	-1,062	44,373	38,401	25,746	12,732	7,536	128,789	6,957	
Financing Available			53,587	29,137	16,428	21,306	12,278	132,736	17,078	Schedule 7
Cumulative Funding Position (Existing Programme)			9,214	-50	-9,368	-794	3,948	3,948	21,026	

- 4.4 Funding of the MTCP is shown in more detail in Appendix 1, Schedule 7. The Cumulative Funding Position row towards the bottom of Schedule 7 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 borrowing in 2019/20 to 2023/24 for Reading Police Station and Maidenhead Court, and also reflects changes to the timing of capital receipts, including £2.00m of forecast receipts for Windsor Police Station. At the end of 2020/21 there will be a small shortfall of £0.050m but, overall, there is a small surplus of £3.948m across the period. The indications are therefore that we plan to spend slightly more in years 1 to 3 than we have specifically identified income to fund.

- 4.5 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.
- 4.6 In recent years funding to mitigate the organisation against Optimisation Bias has been ring fenced via the Optimism Bias Reserve. This reserve is only drawn upon if needed, on a project by project basis. The current reserve of £8.92m has now been fully identified to support existing projects over the financial period 2019/20 – 2021/22. (See separate Reserves & Balances report for full details).
- 4.7 The recent OB reserve review based on the MTCP submitted today suggests a revised OB risk of £3.450m for schemes between 2020/21 – 2023/24. Rather than transferring funding from existing reserves (General, I+P) to a specific ring fenced reserve project risks will continue to be monitored against this OB estimate. If any risks do materialise, these risks can be covered by Improvement and Performance Reserve, provided sufficient funding exists and the PCC supports the transfer. OB risks will continue to be reviewed and updates provided as necessary.
- 4.8 Any new future capital projects approved would continue to be included with a specific OB allocation assigned to the scheme cost, or separately within the capital programme. Table 2 below provided for information is a summary of the potential OB requirement over time and is based on the recent review.

Table 2

Potential Optimism Bias Reserve Requirement by year			2020/21	2021/22	2022/23	2023/24	Total 2019/20 to 2022/23
			£000	£000	£000	£000	
Optimism Bias Reserve - Property		-	-	-	-	-	
Optimism Bias Reserve - ICT / Business Change		-	2,015	1,424	11	-	3,450
Optimism Bias Reserve - Equipment & Radio Replacement		-	-	-	-	-	
Potential Optimism Bias Reserve by year			2,015	1,424	11		3,450

5 The Capital Programme – New or Revised Major Schemes

The significant new projects or scheme changes since the current MTCP was presented in November 2019 are listed below and for ease of identification are listed at the bottom of the relevant schedules (2 & 3) within Appendix 1.

Property Services – Schedule 2

- 5.1 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 four new prioritised project bids are listed at the bottom of the Appendix, totalling **£8.185m**, of which **£1.12m** is forecast for 2019/20. The first of these is infrastructure work at Fountain Court; the fourth is the potential acquisition of the Magistrates Court site in Maidenhead. Projects relating to the long term solution

for Forensics services (discussed at the November Level 1 meeting), and adaptations and expansion to the Contact Centre, are both still in initial feasibility stage with significant work required before a firm business case can be recommended.

- 5.2 Fountain Court:** The roof replacement project was discussed at the November Level 1 meeting. This has been combined with the refit of the second floor. Woodstock police station (sold to Blenheim Estates) has been leased back for the duration, so staff can relocate. This will allow two large projects to be completed under one umbrella, minimising disruption as far as possible.
- 5.3 Forensics:** The current building needs essential remedial works, as the current condition threatens the ISO accreditation due to conditions within the facility. Feasibility studies are to be carried out on options around relocation or a new build at HQ(S).
- 5.4 Maidenhead Courts:** The strategic purchase of the unoccupied Magistrates Court building is progressing. This will secure site access and control of any future development on land adjoining TVP premises. Plans are being drawn up to demolish the building and replace with hard standing/car parking, and final costs will depend on the option taken.
- 5.5 Contact Centre Adaptations:** This is a place holder for the anticipated future works required.

ICT, Digital Policing & Force Change - Schedule 3

- 5.6** The ICT 5-year Strategic 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 the Force can continue to transform working practices.
- 5.7** In addition to the new bids approved in November, some further high priority tier 1 approvals are sought:
- 5.8 ESRI Locator Hub:** This is a tier 1 project aligned to the previously approved Single Instance ESRI Gazetteer project which was initiated between 2018 and 2019 under the RMS Programme. This funding is requested to enable a fully functioning interface between CMP, RMS and the ESRI Locator Hub that would allow us to decommission legacy systems. It is envisioned that work on this project will start as soon as possible after CMP go-live and £0.416m is requested accordingly in 2020/21

- 5.9 **Genesis – Custody:** This is part of a scheduled refurbishment of the custody suites, and involves hardware and software to integrate and manage the electronic systems within the suites, including alarm systems, CCTV cameras and other monitoring devices. The funding requested is £1m split over 2020/21 and 2021/22.
- 5.10 **CMP Mobile App:** This is a request for additional funding of 0.194m to further develop the CMP Mobile app which will help maximise the benefits of the CMP Programme. It is expected that the app will help to improve productivity and align with the forces' smarter ways of working policy.
- 5.11 **BWV Implementation:** In order to resolve current performance issues identified after a recent software upgrade, further funding of £0.039m in 2020/21 is requested to complete this project which will deliver a storage solution for evidential data acquired through the use of Body Worn Video.

Other Items – Schedules 4-6 of Appendix 1

General Annual Equipment Provisions

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

Fleet Vehicles

- 5.13 Vehicle fleet renewals through Chiltern Transport Consortium (CTC) are included in all years in the MTCP. Total spend on vehicles over the next 4 years is expected to be about £15m, 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)

- 5.14 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

- 5.15** 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 2022/23 and later years beyond the simple refresh of fleet and computer hardware.
- 5.16** With this in mind if we consider the prospect of needing to invest a modest sum of £5m in both 2022/23 and 2023/24 to provide future investment capacity, cover national requirements or maintain core infrastructure, the small surplus of £3.948m currently shown at the end of 2023/24 would become a funding shortfall of £6.052m. 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 new investment would need to be funded by further external borrowing or revenue contributions, which will have a consequential impact on the medium term revenue plan.

6 Funding of the Medium Term Capital Plan 2019/20 to 2023/24:

- 6.1** The MTCP presented for approval today provides investment capacity totalling £84.416m for the next 4 years from 2020/21 to 2023/24. The total investment including the current year (2019/20) is £128.789m.
- 6.2** Funding the full programme will include the use of £17.65m of brought forward capital balances, £23.94m of capital receipts from finite asset sales (predominantly buildings and houses), £10.794m of previously approved earmarked reserves, £51.403m of Direct Revenue Financing, £20.32m of approved borrowing and only £3.062m from Home Office capital grant.
- 6.3** The significant change in funding since November is the reduction by 74% of the Capital grant received from the HO, this is a reduction of £1.1m from £1.5m down to £0.4m. The loss of this grant funding has been compensated for by an increase in the Direct Revenue Funding.
- 6.4** A small funding surplus of £3.948m 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.

- 6.5** As highlighted in paragraph 5.17, investment capacity in later years is not specifically identified, with no new projects forecast to start in 2022/23 or 2023/24. The likelihood is that either national, regional or local requirements will dictate a level of new investment over that period

Asset Sales

- 6.6** The value of asset sales over the MTCP period has been updated to reflect the expected timing of non-residential sales. This has marginally increased the available funding over the period by about £2m due to the recognition of planned receipts from sale of part of Windsor police station. Overall £20.7m of the £23.94m asset sales relates to police buildings and houses.
- 6.7** 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.

Direct Revenue Financing

- 6.8** Direct Revenue Financing (DRF) has had to be increased to a minimum of £11.08m per annum in later years, this is driven by reduction in Home office capital grants announced in January 2020 funding settlement. This places a significant burden on the revenue budget in future years since new bids will either be funded from new borrowing or DRF, directly affect the revenue budget as reserves and capital receipts are exhausted.

Vehicle Fleet and Core Equipment Refreshes

- 6.9** As we move forward about £7.5m per annum 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

- 6.10** The OB reserve was set aside to acknowledge and financially provide for, bias in project costings. However, the intention was always to move towards managing the risk at the individual scheme line rather than a ring fenced reserve. 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. Current Optimism Bias has been estimated (see table 2 above) at £3.45m. This risk will continue to be monitored at a project level and if risks materialise then recommendations will be made to fund requirements through existing reserves.

7 Issues for Consideration

- 7.1** 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 is currently only 1 potential significant identified receipt from the potential sale of the land at Gowell Farm in Bicester. Neither the amount nor timing can be identified with any element of certainty at this stage.
- 7.2** 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. The most recent funding settlement in January 2020 increased the need for DRF funding as Home office capital grant was reduced. 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.
- 7.3** 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:
- 7.4 **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.
- 7.5 **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.

8 Conclusion & Recommendation

- 8.1** 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.
- 8.2** The MTCP presented today for approval identifies total planned spend of £84.416m over the 4 year period 2020/21 to 2023/24. This includes £1.062m re-phased from the 2019/20 approved projects. It is worth noting the level of re-phasing is likely to fluctuate as we progress towards the year end.
- 8.3** The level of investment submitted for approval results in a small funding surplus of £3.948m 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.
- 8.4** As stated in section 5.17, 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. Any shortfall 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.

8.5 Recommendation:

The PCC is asked to:

- Approve the draft capital programme for 2020/21 in the sum of £38.401m as set out in Table 1, which includes £1.022m of re-phased budget from 2019/20.
- Approve the financing of the MTCP as set out in schedule 7 of appendix 1.
- Approve the overall 4 year MTCP (2020/21 to 2023/24) for planning purposes at £74.416m as set out in Table 1.
- To note the updated OB reserve risk assessment of £3.450m over the next 4 years, which will be managed and reviewed as the Force progresses through the plan term

9 Legal comments

9.1 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.

10 Equality comments

10.1 No specific implications arising from this report

11 Background papers

Relevant Project bid papers
The MTFP 2020/21 to 2023/24
Reserves, Balances & Provisions report - January 2020

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

Name & Role	Officer
Head of Unit The Medium Term Capital Plan presented for approval today supports service delivery of the PCC's Police and Crime Plan and the Force's long term strategy. The budget for 2020/21 is set at £38.401m with an overall MTCP budget of £84.416m. A small funding surplus of £3.948m is forecast in 2023/24 but it is recognised that further investment in later years is likely and could result in further borrowing being considered.	Director of Finance
Legal Advice No specific issues arising directly from this report	Chief Executive
Financial Advice The Chief Constable is proposing a 4 year Medium Term Capital Programme which supports delivery of the PCC's Police and	PCC Chief Finance Officer

<p>Crime Plan. The budget requests an increase in borrowing of £1.37m for maidenhead Court purchase. The Optimism Bias risk of £3.410m which will be managed through the I&P reserve. Capital reserves will be fully utilised by the end of the 4 year planning period and a potential funding shortfall is recognised if further future investment capacity is required.</p>	
<p>Equalities & Diversity No specific implications arising from this report</p>	<p>Chief Executive</p>

OFFICER'S APPROVAL

<p>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.</p>	
<p>We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.</p>	
<p>Director of Finance</p>	<p>Date 30th January 2020</p>
<p>Chief Finance Officer</p>	<p>Date 30th January 2020</p>

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

Dec-19

	Nov Budget	Changes	Revised	New Spend				Total 2019/20 to 2023/24 £000	Later Years £000	Schedule Reference	2019/20 Budget Rephased to 2020/21 & later
	2019/20 £000	Budget 2019/20 £000	Budget 2019/20 £'000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000				
Property	16,765	1,249	18,014	14,558	14,459	4,185	-	51,216	-	Schedule 2	-4,668
ICT/ Business changes	19,200	-2,034	17,166	15,015	5,113	4,531	3,430	45,254	2,909	Schedule 3	1,775
SECTU/ Tactical Firearms	1,084		1,084	-	-	-	-	1,084	-	Schedule 4	
Equipment & Radio Replacement	4,902	-277	4,625	5,135	2,396	150	150	12,456	-	Schedule 5	-277
Vehicles	3,485		3,485	3,693	3,778	3,866	3,956	18,778	4,048	Schedule 6	
Capital Projects Total to be Financed	45,435	-1,062	44,373	38,401	25,746	12,732	7,536	128,789	6,957		-3,170
Financing Available			53,587	29,137	16,428	21,306	12,278	132,736	17,078	Schedule 7	
Cumulative Funding Position (Existing Programme)			9,214	-50	-9,368	-794	3,948	3,948	21,026		

SCHEDULE 2: PROPERTY SCHEMES		Previous Spend £000	TOTAL PROJECT COST £000	Nov Budget 2019/20 £000	Changes Budget 2019/20 £000	Revised Budget 2019/20 £'000	New MTCP Spend				Later years £000
							2020/21	2021/22	2022/23	2023/24	
							£000	£000	£000	£000	
Corporate Schemes											
	HQ South - C, D E & G block (Work and Demolition)	2,901	3,349	12		12	10	0	426		
	St Aldates Police Station	600	600	0		0					
	Sulhamstead - Imbert Court	2,200	2,702	335	167	502					
	Sulhamstead - White House	1,579	2,605	1,076	-50	1,026					
	Milton Keynes- site wide works inc Windows	3,296	4,296	1,000		1,000					
	Buildings - Store	354	394	40		40					
	Fountain Court Infrastructure Works	12	2,750	100	44	144	1825	769			
New	Western Hub	0	6,886	3000	687	3,687	2949	250			
T3	Building 249 Infrastructure - New	0	875	50		50	825				
		0	0			0					
Asset Management Plan (AMP)											
Asset Management Plan (AMP) total		1,124	30,406	10,918	-485	10,433	8,340	9,950	559	0	0
Carbon Management Works											
Carbon Management Works: REC, Officer Safety Training Centre Sulhamstead, HQ South A-Block, Biomass Boilers		457	691	234	-234	0	234	0	0	0	0
T2			0	0	0	0	0	0	0		
			0								
	20/21 Capital Bids Provisionally Approved by CCMT		0								
	Fountain court roof - drf add to AA112		590				50	540			
	Forensics		4,225				75	2,150	2,000		
	Contact Centre Adaptations		2,000					800	1,200		
	Maidenhead site purchase	0	1,370	0	1,120	1,120	250				
Total Property		12,523	63,740	16,765	1,249	18,014	14,558	14,459	4,185	0	0

Ref	CSG Score	Project Status	SCHEDULE 3: ICT SCHEMES and BUSINESS CHANGE	Previous Spend £000	TOTAL PROJECT COST £000	November Budget 2019/20 £000	Changes Budget 2019/20 £000	Revised Budget 2019/20 £000	New MTCP Spend				Later years £000	
									2020/21	2021/22	2022/23	2023/24		
									£000	£000	£000	£000		
			ICT CORE SCHEMES											
			EUD Replacement Budgets											
			End User Devices - Desktops and Laptops, Tablets and handheld devices.	-	15,427	2,931	(259)	2,672	2,754	2,163	2,943	2,708	2,187	
			Network & Connectivity Infrastructure											
			Network & Connectivity Infrastructure	222	2,201	1,084	(440)	644	459	219	219	219	219	
			Data Centres, Data Processing & Storage Infrastructure											
			Data Processing - New Data Centre, existing servers, ICT security and tools.	107	3,979	1,647	(150)	1,497	775	400	400	400	400	
			PROJECT PORTFOLIO											
			RMS											
			RMS	1,272	1,920	356	(75)	281	367	-	-	-	-	
			Digital Contact / Contact Management											
			Digital Contact	21,368	25,097	3,144	(55)	3,089	640	-	-	-	-	
			Digital Investigation & Intelligence											
			Digital Investigation & Intelligence	114	114	-	-	-	-	-	-	-	-	
			Total - Digital First											
			Total - Digital First	413	1,392	449	(30)	419	180	380	-	-	-	
			Digital Frontline											
			Digital Frontline	192	3,011	1,569	-	1,569	-	103	941	103	103	
			Digital Technology Enablers											
			Digital Technology Enablers	1,047	5,748	3,162	(350)	2,812	1,889	-	-	-	-	
			Police Secure Network (PSN)											
			Citrix	-	422	164	-	164	258	-	-	-	-	
			Third Party Patching	-	88	50	-	50	38	-	-	-	-	
			PSN Migration & Citrix	2,254	2,764	214	-	214	296	-	-	-	-	
			Data Enablers											
			Total - Data Enablers	218	986	630	(150)	480	287	-	-	-	-	
			Monitoring Based Projects											
			Total - Surveillance Based Projects	-	500	500	(400)	100	400	-	-	-	-	
			Other MTCP Projects											
			Q-Pulse	21	21	-	-	-	-	-	-	-	-	
			Comm EUD Retender	59	81	22	-	22	-	-	-	-	-	
			PACE recording Equip - cost uncertain	-	1,257	50	-	50	1,207	-	-	-	-	
			Chronical Upgrade	13	71	58	(50)	8	50	-	-	-	-	
			ACESO	-	532	72	-	72	460	-	-	-	-	
			CAID 4 Infrastructure	-	50	50	-	50	-	-	-	-	-	
			PSD Proactive Monitoring - Initial Trial	38	68	30	-	30	-	-	-	-	-	
			PSD Proactive Monitoring - Enterprise Wide	-	167	167	(75)	92	75	-	-	-	-	
			Chorus	110	120	10	-	10	-	-	-	-	-	
			Centurion Upgrade	-	24	24	-	24	-	-	-	-	-	
			Virtual Platform	-	166	-	-	-	166	-	-	-	-	
			Other MTCP Projects	242	2,558	483	(125)	358	1,958	-	-	-	-	
			ICT Service Improvement											
			ICT Service Improvement	256	591	208	-	208	127	-	-	-	-	
			NON ICT LED PROJECTS											
			ENTERPRISE RESOURCE PLANNING (ERP)											
			ERP Potential Pricing Profile	4,780	11,513	2,823	-	2,823	3,314	568	28	-	-	
			Equip Contingency	-	1,200	-	-	-	600	600	-	-	-	
			ERP - Enterprise, Resource & Planning Tool	4,780	12,713	2,823	-	2,823	3,914	1,168	28	-	-	
			Capital Bids Provisionally Approved by CCMT											
			Genisis - custody	-	1,000	-	-	-	320	680	-	-	-	
			Esri Locator Hub	-	416	-	-	-	416	-	-	-	-	
			BWV Implementation - Storage	-	39	-	-	-	39	-	-	-	-	
			CMP Mobile App	-	194	-	-	-	194	-	-	-	-	
			T1 Total New Bids	-	1,648	(0)	-	(0)	969	680	-	-	-	
			TOTAL - ICT CORE SCHEMES	328	21,606	5,662	(849)	4,813	3,988	2,782	3,562	3,327	2,806	
			TOTAL - PROJECT PORTFOLIO	27,376	44,680	10,715	(1,185)	9,530	6,144	483	941	103	103	
			TOTAL - NON ICT LED PROJECTS	4,780	12,713	2,823	-	2,823	3,914	1,168	28	-	-	
			TOTAL - NEW PRIORITISED BIDS	-	1,648	(0)	-	(0)	969	680	-	-	-	
			TOTAL - ICT - OVERALL	32,885	80,648	19,200	(2,034)	17,166	15,015	5,113	4,531	3,430	2,909	

SCHEDULE 7: RESOURCES REQUIRED TO FINANCE THE CAPITAL PROGRAMME

	2019/20	2020/21	2021/22	2022/23	2023/24	Total 2019/20 to 2023/24
	£000	£000	£000	£000	£000	£000
Capital Balances Brought Forward	17,651					17,651
Surplus funds Carried Forward 31/3/2019						
Estimated funding generated during year						
Capital Receipts including AMP	934	3,860	2,625	9,000	-	16,419
- House Sales	2,556	1,715	-	-	-	4,271
- House Shared Equity repayments	200	200	200	200	200	1,000
- Vehicle Sales	450	450	450	450	450	2,250
Revenue Contributions						
Vehicles	0	-	-	-	-	-
DRF	8,575	9,582	11,082	11,082	11,082	51,403
General Reserves	750	-	-	-	-	750
Borrowing						
Borrowing for Property Related Projects Capital (Reading)	13,320	7,000	-	-	-	20,320
Third Party Contributions						
S106 or CIL Contributions	150	150	150	150	150	750
ANPR Contributions	38	-	-	-	-	38
Other Contributions	-	-	-	-	-	-
Capital Grants						
General	1,478	396	396	396	396	3,062
Specific grants (SECTU, SEROCU or T66)	1,084	-	-	-	-	1,084
Other government Departments/Western Hub	2,945	0	0	0	0	2,945
Reserves						
Earmarked Reserves -						
Improvement & Performance Reserve	50	1,145	680	-	-	1,875
Optimism Bias Reserve	3,407	4,639	845	28	-	8,919
Risk Management Reserve (Carbon Management)	0	-	-	-	-	-
Other Income						
Safer Roads Partnership	0.00	-	-	-	-	-
Transformation Fund						
Resources Available (inc B/F Capital Reserves)	53,587	29,137	16,428	21,306	12,278	132,736
Total Resources Programme Requires	44,373	38,401	25,746	12,732	7,536	128,789
Shortfall / Surplus in year (shortfall is a negative)	9,214	-9,264	-9,318	8,574	4,742	3,948
Cumulative funding position (shortfall is a negative)	9,214	-50	-9,368	-794	3,948	3,948



Report for Decision to the Level 1 Public Meeting on 4th February 2020

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 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, and.
 - b) Proposed usage of the Optimism Bias reserve as shown in Table 5

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 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 2020/21 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 £24.5m on 31st March 2019 to just £3.5m by the end of 2023/24, including £1.4m 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 £18.2m in March 2019 to just £3.9m by March 2024. However, should schemes in the Medium Term capital Plan be implemented as currently envisaged capital reserves will, potentially, be 'overdrawn' in 2020/21, 2021/22 and 2023/23. 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>	<p>PCC Chief Finance Officer</p>
<p>Legal Advice This report meets the requirement of the Local Government Finance Act</p>	<p>Governance Manager</p>
<p>Financial Advice This report meets the requirement of the Local Government Finance Act</p>	<p>PCC Chief Finance Officer</p>
<p>Equalities and Diversity No specific implications arising from this report</p>	<p>Chief Executive</p>

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: 30 January 2020

Chief Finance Officer

Date: 30 January 2020

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 2.5% 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 identified £14.4m of cash savings which will be removed from the budget over the next four years (2020/21 to 2023/24). This is over and above the £105m of cash savings that have been removed from the base budget in the last eight years (i.e. 2011/12 to 2019/20). This cumulative level of budget reduction (at least £119m) 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 £105m of cash savings has already been taken out of the base budget with at least a further £14.4m 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>The Optimism Bias (OB) Reserve is fully committed. All new capital bids (i.e. over and above those included in the January 2019 MTCP) should include an appropriate element for OB.</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</p>

	commercial partners will be exposed to risk in the face of an economic recession.
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	<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, Didcot Power Station, policing of two Royal Weddings and the visit of the President of the USA</p>
The general financial climate to which the authority is subject.	<p>The Police Finance Settlement for 2020/21 included an extra £700m for local policing to commence the recruitment of an extra 20,000 police officers over the next 3 years, with the first 6,000 to be recruited before the end of 2020-21. This increase in funding also has to cover pay and price rises as well as other growth commitments.</p> <p>In his Spring Statement the Chancellor will announce the next Spending Review which is expected to cover the 4-year period 2021/22 to 2024/25</p> <p>General inflation in the UK is slightly lower than in recent years. CPI is currently 1.5% (November 2019). RPI is slightly higher at 2.2%.</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 £434m, 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 2020/21 Net Budget
Forecast balance as at 31 March 2019	18.705	4.17%
Fund forecast overspend 2019/20	- 2.318	
Forecast balance as at 31 March 2020	16.387	3.65%
Fund additional bank holidays	- 0.235	
Fund purchase of covert radios	- 0.750	
Forecast balance as at 31 March 2021	15.402	3.43%
Fund additional bank holidays	- 0.705	
Forecast balance as at 31 March 2022	14.697	3.27%
Fund additional bank holidays	- 0.470	
Forecast balance as at 31 March 2023	14.227	3.17%
Forecast balance as at 31 March 2024	14.227	3.17%

Commentary of the Table

9. The current forecast level of general balances at 31 March 2020 is £16.387m which equates to 3.65% of the net revenue budget requirement in 2020/21.
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 2020/21. 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 2023/24 the overall level of earmarked reserves will be just £3.5m, including £1.4m 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 2019 £m	Predicted Movement in year £m	Forecast Balance 31.3.20 £m	Purpose of Reserve
Transport reserve	0.448	- 0.168	0.280	TVP share of the Chiltern Transport Consortium (CTC) reserves
Improvement and Performance reserve	8.817	- 0.282	8.535	Used to help fund one-off initiatives such as capital investment and property maintenance
Optimism Bias	8.920	- 3.408	5.512	To fund any cost over-runs on the capital programme
Insurance	0.499	0.0	0.499	Funds held in case insurance provision proves inadequate to meet known liabilities
Community safety	0.925	- 0.150	0.775	To fund the PCC's community safety initiatives
Sub-total	19.609	- 4.008	15.601	
SEROCU	1.052	- 0.940	0.112	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	3.795	- 0.500	3.295	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	24.456	- 5.448	19.008	

Commentary on Table 3 and Appendix 2

16. The **Chiltern Transport Consortium Board** has agreed to limit its reserves to 3% of the devolved recharge for each force.
17. The **Improvement & Performance (I&P) Reserve** is being used to fund essential one-off expenditure items which will improve performance or deliver efficiency savings.

Table 4 – Proposed drawdown from the I&P Reserve

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Opening balance	8.817	8.535	6.488	3.201	1.681
Council tax – late notification of increase surplus	0.365				
MK – firing range ventilation plant work	- 0.050	- 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			- 0.400		
High Wycombe – custody ventilation		- 0.075	- 0.130		
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 to main building				- 0.150	
Roof repairs – Lodden Valley			- 0.015	- 0.200	
Roof repairs – Milton Keynes			- 0.015	- 0.200	
Roof Repairs – Newbury			- 0.015	- 0.175	
UCI public enquiries	- 0.197	- 0.197	- 0.197		
ICT rationalisation					
National barrier asset	- 0.250				
Genesis – custody works (capital)		- 0.320	- 0.680		
Capital programme	- 0.050	- 0.825			
Annual drawdown to fund one-off items	- 0.647	- 2.047	- 3.287	- 1.520	0.000
Closing balance	8.535	6.488	3.201	1.681	1.681

18. 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. At 1st April 2019 the OB reserve amounted to £8.920m. However, it is being fully utilised to fund the following items from the revenue budget and capital programme over the next few years.

Table 5: Proposed drawdown of the Optimism Bias reserve

	£m	
Opening value at 1.4.19	8.920	
HTCU storage	- 0.606	Cap Mon 25.7.19
CMP	- 0.499	Cap Mon 25.7.19
Office 365	- 0.222	Cap Mon 25.7.19
Sulhamstead Imbert Court	- 0.215	Cap Mon 29.11.19
CMP	- 1.108	Cap Mon 29.11.19
Equip	- 0.758	Cap Mon 29.11.19
Estimated value as at 31.3.20	5.512	
Equip	- 3.914	MTCP 4.2.20
Tier 1 extension	- 0.725	MTCP 4.2.20
Estimated value as at 31.3.21	0.873	
Equip	- 0.845	MTCP 4.2.20
Estimated value as at 31.3.22	0.028	
Equip	- 0.028	MTCP 4.2.20

Estimated value as at 31.3.23	0.0
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19. All new capital schemes (i.e. those not included in the January 2019 MTCP) will include an appropriate element for OB and funding will be sought accordingly.
20. The residual balance of £0.499m in the **Insurance Reserve** is being utilised to fund a one-off commitment in the 2020/21 revenue budget.
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 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 2020 is £10.030m which is £1.389m higher than the existing provision as at 1st April 2019.
28. As part of the closedown process for 2019/20 officers will monitor and compare the actual fund size with the assessed liability.

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 2019 was £11.725m, but this will be largely utilised in coming years to help finance the capital programme.
32. Future capital investment beyond 2023/24 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 2020 is £16.4m which equates to 3.6% of the draft net revenue budget in 2020/21 and, based on current planning assumptions, the level of general balances should stay above the 3% guideline level through to 2023/24. 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 £3.5m of planned cash savings to be removed from the base budget during 2020/21
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 £24.5m on 31st March 2019 to just £3.5m at 31 March 2024, including £1.4m 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 2020/21

	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 £1.8m. The three largest are:</p> <ul style="list-style-type: none"> ➤ Events £0.3m ➤ Tasking & Coordinating £0.4m ➤ Ops Reserve £0.3m
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 fails to recruit and retain the additional 183 police officers allocated to TVP as part of the National Uplift programme and therefore loses a proportion of its annual grant	2	3	6	The force has been allocated £5.118m to recruit 183 police officers, which equates to £30,464 per officer. Based on current recruitment plans the Force should recruit these additional officers by summer 2020.
3	The Force is unable to deliver, in full, the £3.5m of planned cash savings to be removed from the base budget during 2020/21	2	3	6	The residual risk is that we won't deliver the full £3.5m 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 31.3.19 £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	Forecast Balance 31.3.24 £m
GENERAL REVENUE BALANCES	18.705	16.387	15.402	14.697	14.227	14.227
% of 2020/21 Net Revenue Budget	4.17%	3.65%	3.43%	3.27%	3.17%	3.17%
EARMARKED REVENUE RESERVES						
Transport reserve	0.448	0.280	0.280	0.280	0.280	0.280
Improvement and performance reserve	8.817	8.535	6.488	1.681	1.681	1.681
Insurance fund	0.499	0.499	0	0	0	0
Community safety	0.925	0.775	0.625	0.475	0.325	0.175
Optimism Bias	8.920	5.512	0.873	0.028	0	0
Sub-total	19.609	15.601	8.266	2.464	2.286	2.136
SEROCU	1.052	0.112	0.112	0.112	0.112	0.112
Conditional Funding reserve	3.795	3.295	2.795	2.295	1.795	1.295
Total Earmarked Revenue reserves	24.456	19.008	11.023	4.998	4.193	3.543
TOTAL REVENUE RESERVES	43.161	35.395	26.425	19.695	18.420	17.770
CAPITAL RESERVES						
Capital receipts	3.653	0	0	0	0	0
Capital grants	11.725	6.363	- 0.841	- 10.159	- 1.585	3.157
Capital grants received in advance	2.060	0	0	0	0	0
3rd party capital contributions	0.705	0.705	0.705	0.705	0.705	0.705
Section 106 monies	0.048	0.086	0.086	0.086	0.086	0.086
Total Capital Reserves	18.191	7.154	- 0.50	- 9.368	- 0.794	3.948
Insurance provision	8.627	8.627	8.627	8.627	8.627	8.627
TOTAL CASH RESERVES	69.979	51.176	35.152	18.827	26.253	30.3

Appendix 3

Analysis of Earmarked Revenue Reserves for Home Office

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Estimate £m	31.3.22 Estimate £m	31.3.23 Estimate £m	31.3.24 Estimate £m
Planned expenditure on projects & programmes over next 4 years						
• Risk Management initiatives	0					
• Community Safety	0.450	0.450	0.300	0.150	0.000	0.000
• Optimism Bias	8.920	5.512	0.723	0.155	0.000	0.000
• Improvement & performance reserve	8.177	7.530	5.483	0.676	0.000	0.000
• Conditional funding	2.000	1.500	1.000	0.500	0.000	0.000
	19.547	14.992	7.506	1.481	0.000	0.000
Funding for specific projects & programmes beyond 2022/23						
• Improvement & performance reserve	0.640	1.005	1.005	1.005	1.681	1.681
• Conditional funding	1.795	1.795	1.795	1.795	1.795	1.295
• Community safety	0.475	0.325	0.325	0.325	0.325	0.175
	2.910	3.125	3.125	3.125	3.801	3.151
As a general contingency or resource to meet other expenditure needs						
• Transport consortium	0.448	0.280	0.280	0.280	0.280	0.280
• Insurance	0.499	0.499	0.000	0.000	0.000	0.000
• SEROCU	1.052	0.112	0.112	0.112	0.112	0.112
	1.999	0.891	0.392	0.392	0.392	0.392
Total Earmarked Reserves	24.456	19.008	11.023	4.998	4.193	3.543

Forecast Capital Receipts

	Asset Management Plan £m	Housing £m	Equity loan repayments £m	Vehicles £m	Total £m
2019/20	0.934	2.556	0.200	0.450	4.140
2020/21	3.860	1.715	0.200	0.450	6.225
2021/22	2.625	0	0.200	0.450	3.275
2022/23	9.000	0	0.200	0.450	9.650
2023/24	0		0.200	0.450	0.650
Total	16.419	4.271	1.000	2.250	23.940