



**WILTSHIRE AND SWINDON**

# **Medium Term Financial Strategy (MTFS) 2015-16 to 2017-18**

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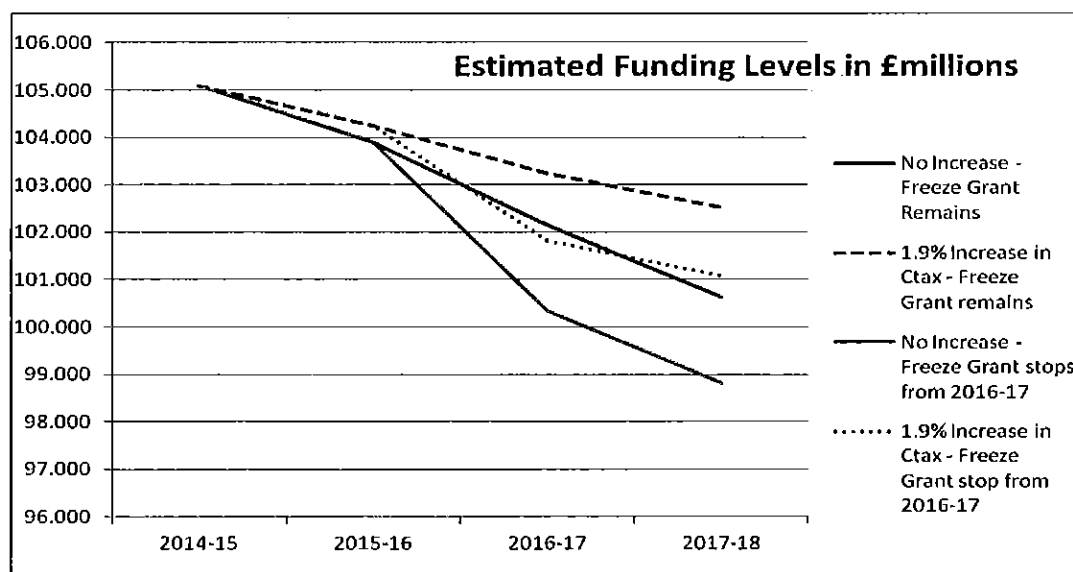
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## Executive Summary

1. The 3 year MTFs has been produced in a climate of reduced funding. Central grant cuts and limited council tax increases are expected in this period. This will put significant pressures on the funds available to the PCC to fulfil his remit.
2. In producing the MTFs, statements made by Government in the 2013 Spending Round have been used to forecast funding for the first year. For the 2<sup>nd</sup> and 3<sup>rd</sup> years calculations have been based on a 3.2% grant reduction in line with HMIC guidance. Based on this cash funding will continue to fall in future years. When considering inflation substantial savings will need to be delivered.
3. It is estimated by the end of 2017-18 that central funding will have dropped in real terms by 36% since 2010-11.
4. During the next 3 years the Police and Crime Commissioner (PCC) will have to make difficult decisions on the level of council tax increase. Considering the Chief Constable's initial plans the MTFs identifies the savings required to balance budgets under 2 different scenarios: no increase in Council Tax or a 1.9% increase. The estimated funds available to the PCC under each strategy (assuming the freeze grants are not removed) is shown below;

	No Council Tax Increase	1.9% Council Tax Increase	Variance
2015-16	£103.903m	£104.248m	£0.345m
2016-17	£102.155m	£103.252m	£1.097m
2017-18	£100.637m	£102.516m	£1.879m

5. An increase of 1.9% would result in a Band D Council Tax of £163.98, £3.06 p.a. more than the current precept. Even if all other South West Forces agreed not to increase their council tax we would still have the lowest Council Tax in the region.
6. The graph below shows the impact council tax and freeze grants has on funding



Impact on the Police and Crime Commissioner's Plans:

7. The reduction in finances reduces the PCC's capability to commission services. As the largest part of the PCC's budget is used to finance the CC the MTFs assumes the CC will take the largest reduction in budget. The reductions to the Office of the PCC also need to be considered and plans drawn up to ensure the office can function on these estimated budget levels.

Impact on the Chief Constable's Plans:

8. Expenditure plans have been estimated based on assumptions surrounding pay awards, inflation and limited growth. When compared to the different estimated income levels the following savings are required in each year to balance the budget;

	No Council Tax Increase	1.9% Council Tax Increase
2015-16	£2.747m	£2.407m
2016-17	£5.468m	£4.729m
2017-18	£3.872m	£3.113m
Total	£12.087m	£10.249m

9. Assuming a 1.9% Council Tax increase the cumulative savings requirement over the next three years is £10.249m (£25m if the savings since 2011-12 are included).
10. The increase in savings requirement in 2016-17 is a result of a change in policy by the government on pensions. The proposal to not give National Insurance credits on contracted out pensions will cost the Force £2m p.a.
11. An analysis of the budget shows that 80% or £86m of the gross revenue budget is spent on staffing. To obtain savings, changes to staffing levels will be necessary. The establishment of 1,020 Police Officer at the end of October 2014 is likely to change when the impact of the savings plan is known.
12. To produce the necessary savings a corporate approach is required. A strategy focusing on 3 themes (Regional Collaboration, Wiltshire Integration and Local Savings) is expected to deliver the majority of the savings required in 2015-16. Work is now required to consider how the £7m to £8m for the next 2 years will be delivered. In appreciation of this the CC wishes to invest £175,000 in a Systems Thinking team to identify ways that services can be improved by reducing waste which in turn leads to reduced costs. Partnership, collaboration and empowerment of staff will be the cornerstones of the next 3 years saving plan. Working with councils and other forces will help us deliver savings whilst protecting the front line and the service to the public. It should be noted that to deliver these level of savings will be hard and slippage may occur.
13. The MTFs includes an updated Capital Plan. Estimated resources are adequate to fund current needs and allow a small amount for future funding. The plan does not identify a need to borrow during the MTFs period.
14. Reserves have been considered and are seen as a key instrument in managing risks. A level of reserves is seen as essential to manage both large incident risks and year on year revenue variations. Finances are available for one off investments, be this for

capital, innovation or to fund one year shortfalls. This gives confidence when considering the risk surrounding savings targets and possible slippage.

15. The MTFS is based on assumptions which may or may not be realised but are currently considered as reasonable. Its purpose is to give to the PCC and the CC a financial framework to plan strategic direction over the next 3 years. As disclosed in the MTFS Wiltshire's spend per head of population is £154, this is the third lowest in the country with a national average of £179. This current low level of funding makes finding savings difficult especially when considering that £14m of savings has already been made in the previous 4 years,

## **Introduction**

16. This is the three year MTFs. The MTFs first covers the funds available to the Police and Crime Commissioner (PCC) depending on different local funding scenarios. It then considers how the Commissioner may use the finances available to him to fulfil his wide ranging remit.
17. Appendix B deals with the Chief Constable's budget requirement and the implications on his spending plans which occur depending on the local funding decision may by the PCC. The report then considers any shortfalls which may exist. The outcome provides both the PCC and the CC information which will assist them in decision making surrounding council tax levels, police officer numbers, etc. in the short to medium term.

## **The Financial Environment**

18. The MTFs for 2015/16 to 2018/19 has been produced against a backdrop of reducing funds. The central funding available to the PCC still remains unclear. In the December 2013 settlement the Home Secretary decided not to issue an indicative settlement for 2015-16 as she needed to consider how best to deal with the additional 1.1% reduction in funding the Home Office was passed in the Autumn 2013 settlement. This results in more uncertainty around the next years funding than normal.
19. With an election due in May 2015 no spending plans exist to assist in identifying what the funding will be in 2017-18 and 2018-19, this is expected to be announced in the Summer/Autumn of 2015 as part a new Comprehensive Spending Review (CSR) under the new elected administration. The MTFs assumes that central funding will continue to reduce. However there is no certainty of whether this will be the case and what the reduction will be.

### Central Public Finances

20. In June 2013 the Chancellor of the Exchequer produced the 2013 CSR document. This outlined a plan to reduce public sector spending in 2015-16 by £11.5 billion. This reduction is in addition to savings required under the 2010 Comprehensive Spending Review. A further 1.1% reduction in Home Office funding was then announced by the Chancellor in the Autumn Statement.
21. It should be noted that the figures included for years post 2014-15 are estimates for the Police Service. This is based mainly on a 3.2% cash reduction in line with HMIC guidance. These figures are in line with the £13b reduction in departmental budgets suggested as likely by the current Chancellor of the Exchequer if the Conservatives win the next election. It is likely that the actual grants for these years will be different from those estimated in this document.
22. Since the austerity measures were introduced police funding has significantly reduced. The table below for Wiltshire identifies an estimated real term reduction of 31% (these figures are included within the MTFs). The real terms reduction is reduced to 26% if the 2016-17 figures are removed. This reduction is a forecast based on previous figures – no central announcements have been received surrounding 2016-17.

Year	Real Terms Reduction	Inflation	Cash Reduction
2015-16	5.3%	1.5%	<b>3.8%</b>
2016-17	5.2%	2.0%	<b>3.2%</b>
2017-18	5.2%	2.0%	<b>3.2%</b>
Sub Total	15.7%		<b>10.2%</b>
2011-12	3.9%	2.1%	<b>1.8%</b>
2012-13	8.8%	2.1%	<b>6.7%</b>
2013-14	2.7%	1.1%	<b>1.6%</b>
2014-15	5.7%	2.4%	<b>3.3%</b>
Total	36.8%		<b>23.6%</b>

23. Owing to government capping of public sector pay increases the inflation impact has been reduced in recent years. This results in the 'real terms' reduction not being as severe as initially reported.

### Council Tax

24. Between 2011-12 and 2013-14 there was no increase in the Council Tax levy. In 2014-15 a 1.9% increase was agreed by the PCC. To encourage local tax raising bodies not to increase Council Tax the government have offered grants to those who freeze council tax. The funding of these grants has been adhoc. For those received in 2011-12 and 2013-14 the funding remains in place. This provides £1.4m of funding to the PCC in the MTFs. It still remains unclear as to the long term future of these grants and this is unlikely to be resolved until the 2015 CSR.

25. The June 2013 spending review also announced that a grant equivalent of a 1% increase in council tax will be available for all PCC's who decide not to increase their Council Tax in 2015-16.

26. Whilst the acceptance of these grants reduces the impact on local tax payers it does reduce the overall funding available to the PCC. The biggest risk however is the impact if freeze grants are removed. If the PCC decides to accept the grant of 1% in 2015-16 he will receive circa £0.380m in grant, this however increases the risk if the grants are removed with a total of £1.8m funding vulnerable.

27. In 2012 the Secretary of State, under The Localism Bill, introduced new regulations surrounding Council Tax. If a major precepting body (which includes the PCC) proposes to raise taxes above a limit agreed by government then they will have to hold a referendum to obtain approval from local voters and the local voters may veto the rise. This means that major precepting bodies will need to convince local voters, rather than central government of the case for excessive rises in council taxes. For 2014-15 the Secretary of State announced that an increase of 2% or more would be considered excessive and be subject to a referendum, this is expected to remain in 2015-16. Taking this into consideration the MTFs has been produced using two different council tax levels:

- 0% - No increase (therefore attracting the freeze grant)
- 1.9% - The maximum before referendum

28. A 1% increase in council tax in 2015-16 is estimated to be worth £0.380m. Any increase in council tax increases the base and secures future funding at a higher level.

29. The Council Tax receipt is dependent on the council tax base (the number of dwellings paying the tax). The Localism Bill also gave councils more freedom surrounding what council tax benefits could be given. In return for this freedom the funding of benefits was changed. From 2013-14 the centrally funded council tax benefit has been removed reducing the council tax base and in turn all precepting bodies income. In return each precepting body will receive grant income. In 2014-15 a grant of £3.842m has been received to cover the reduction in council tax receipts. Initial information suggests that funding will remain at this level in 2015-16 with a marginal increase for the council tax base.
30. Prior to the revision in tax base a 1% increase has occurred regularly. Initial information from Wiltshire Council and Swindon Borough Council suggests that a 1.9% increase in tax base is now likely in 2015-16. For the MTFS the estimate should be cautious but reasonable. Based on this a 1% increase has been included in the last 2 years.
31. In order to estimate total funding, assumptions also have to be made on the collection fund surplus/deficit. In 2014-15 the surplus was £625,000 previously the surplus was £488,000. Initial discussions suggest a similar figure in 2015-16 however these surpluses are expected to fall in the future now the impact of the localisation bill is better understood. Taking this into account the MTFS assumes the surplus in 2015-16 will be £606,000 reducing by a third in future years. The table below summarises the assumptions made in the MTFS.

	Additional Dwellings	Est total Dwellings	% Increase	Collection Fund Surplus
2015-16	3,912	237,492	1.9%	£606,000
2016-17	2,829	240,321	1.0%	£404,000
2017-18	2,404	242,725	1.0%	£269,000

### Inflation

32. The consumer price index shows inflation for the 12 months to September 2014 at 1.3%. Based on this the MTFS for 2015-16 allows for a 1.5% increase in non-pay costs excluding utilities. For 2016-17 and 2017-18 2% inflation is allowed.
33. Due to excessive inflation in utilities in recent years the impact of inflation in this area of the budget is considered separately. During the last 12 months there has been an increase in on the electricity and gas index of 5.2%. By buying in advance the police have been protected from significant increase however it is considered realistic to allow inflationary increases of 3.5% in each year.
34. In the 2013 budget the Chancellor of the Exchequer announced that public sector pay increases would be capped at 1% until 2015-16. The MTFS allows for this low level of increase and assumes a 1% increase in future years.
35. At September 2014 the bank base rate remained at the historical low of 0.5%. This has implications on investment income that all PCC's receive. In addition there is perceived to be an increased risk in investing in institutions offering high interest rates after the Icelandic Bank crisis. All these factors mean that investment income is expected to remain low in the short term.



## National Insurance

36. At the start of 2013 the government announced a Draft Pensions Bill. One of the changes to legislation in the draft was the removal of the contracting out benefit for employers from April 2017. If this is confirmed it will increase the National Insurance bill for all employers. The impact on Wiltshire Police has been estimated at £2m
37. As this impact is so significant on all public bodies it was expected that the government would alter the Final Pensions Bill resolving the problem. During the last 12 months no change in stance has been made by the government hence this additional cost is now included in the MTFS in 2017-18. The government have now stated that this will be looked at by the new administration as part of the 2015 CSR. If this cost increase does occur it may be prudent to use reserves to smooth the funding gap across 2 years.

## **Police and Crime Plan 2013-2017**

38. As required under law the PCC published his Police and Crime Plan in March 2013. The plan reports 6 overarching priorities to be delivered during his time in office, these are shown below:
- Reducing Crime and anti-social behaviour
  - Protecting the most vulnerable in society
  - Putting victims and witnesses first
  - Reducing offending and re-offending
  - Driving up standards of customer service
  - Ensuring unfailing and timely response to call for assistance
39. In delivering these objectives there is a requirement to unlock resources to deliver. What this means is a drive to eliminate waste and duplication, being more cost efficient and cost effective. This plan identifies that the police alone will not be able to deliver the priorities. It will mean working in partnership with other organisations, volunteers and communities. As such an Innovation reserve has been created to help pump prime initiatives which are in line with the priorities.
40. In the current financial environment there is a need to reduce costs whilst delivering more. Based on this the PCC has agreed that investment in technology is required and that the sharing of various services (front, middle and back) will be necessary to drive costs down as central funding reduces.
41. During 2014 the PCC became responsible for the commissioning of Victims Services. Initial indications suggest that £584,000 will be available as a special grant for the PCC. £155,000 is also likely to be provided to the PCC for Restorative Justice. Whilst the PCC has not finalised the use of these grants he has agreed the use of £100,000 to finance a joint Victims and Witnesses unit from the Chief Constable. As these funds are specific grants they are not included in the main funding reported. The specific funding by the PCC of £100,000 is also considered as specific grant to the Chief Constable, hence again not included in the main allocation to the Chief Constable.
42. A part of the Police and Crime Plan included the commissioning of a minimum number of PCSO's (141) and Police Officers (1062). These staffing levels are based on work completed in response to the 2010 Comprehensive Spending Review (CSR). With the

receipt in 2013 of the Spending Review we can see clearly that this period of austerity is going to extend beyond the 4 year period of the 2010 CSR, and that to maintain the initial staffing levels will be difficult. In response to this the PCC has agreed with the CC that the focus must be on front line staffing who are delivering the priorities. Based on this the CC has reduced the number of officers in areas where it is proven that police staff are able to deliver the same or a better service at lower cost or where sharing services requires fewer police officers without impacting on service.

43. In setting the budget the PCC will be allocating a certain level of resources for the following purposes;

- Commissioning police services from the Chief Constable
- Commissioning services in line with the Police and Crime Plan for other organisations (i.e. other public bodies, charities, the private sector, etc.)
- Financing capital expenditure which support the plan
- Financing the running costs of the OPCC

## Financial Health

44. It is good financial management to have a suite of health indicators which provide guidelines on the organisations financial standing. A set of indicators are reported under Appendix C.

45. A report on progress against Health Indicators will be presented to PCC and the Force's management on an annual basis

## Income Forecasts

46. The 2014-15 budget relies on the following income to finance activity;

Central Funding	Police Grant	£40.158m	
	Council Tax freeze Grant 2011-12	£0.402m	
	Council Tax freeze Grant 2013-14	£0.991m	
	Council Tax Localisation Grant	£3.842m	
	DCLG Funding	£21.494m	£66.887m
Local Funding	Precept – Council Tax	£37.588m	
	Council Tax Surplus	£0.625m	£38.213m
MTFS Funding		£105.100m	£105.100m

47. In line with the comments made within the 'Financial Environment' section the MTFS includes the Police Grant and DCLG Funding reducing in cash terms by 3.2% in the last 2 years. In the first year the Home Office Police Grant reduction is 4.7%. This allows for a £160,000 top slicing related to the IPCC and a £442,000 reduction due to the 2013 Autumn Statement. The impact the top slicing will have has not been made clear so it is likely that the actual figures will vary from the MTFS.

48. The current council tax level of £160.92 is the 17th lowest in the country. In 2014-15 5 PCC's chose not to increase the council tax, all remaining PCCs agreed an increase of

1.9%. The national average Band D Police Council tax is £167.84. The table below compares the PCCs Band D council tax against others in the South West. It also shows the impact of a 1.9% increase in council tax p.a. during the MTFs period.

Authority	2014-15 Band D Council Tax	Wiltshire 1.9% increase 2015-16	Wiltshire 1.9% increase 2016-17	Wiltshire 1.9% increase 2017-18
Gloucestershire	£207.73			
Dorset	£187.11			
Avon & Somerset	£171.37			
Devon & Cornwall	£166.16			
<b>Wiltshire</b>	<b>£160.92</b>	<b>£163.98</b>	<b>£167.09</b>	<b>£170.27</b>

Additional cost per Band D Household with a 1.9% increase	£3.06 p.a.
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49. The table shows that even if Wiltshire increased its council tax in all 3 years by 1.9% and all the other PCC's in the region froze their council tax Wiltshire would still have the second lowest council tax in the region.

50. It should be noted that the financial benefit of council tax increases in future years is dependent on previous decisions made on the council tax. For instance if Wiltshire's Band D were the same as Avon and Somerset (the mid force) we would receive £40.028m, £2.440m more than the £37.588m actually received (the continual impact of a higher base has increased the gap by £76,000 this year). So roughly a £10 increase in Council Tax is worth £2.4m in funding to Wiltshire Police.

51. Council tax is 36% of the PCC's funding; therefore to fund an expenditure increase of 1% (£1m) requires a 2.8% increase in council tax. This is known as the gearing effect.

52. The assumptions made on occupied housing are reported earlier in the MTFs, this will increase the tax base. Initial information from the councils suggests that levels of council tax payment remain stable and that a council tax surplus is forecast.

53. The total income over the next 3 years based on the 2 levels of Council Tax increase is reported under Appendices Ai and Aii and is summarised below. These show that even with a 1.9% council tax increase cash funding reduces.

<b>No Increase</b>	2015-16	2016-17	2017-18
Central Funding	£64.758m	£62.828m	£61.059m
Local Funding	£38.896m	£39.077m	£39.328m
Investment Income	£0.250m	£0.250m	£0.250m
Total Funding	£103.904m	£102.155m	£100.637m
<b>Total reduction/inc.</b>	-1.4%	-1.7%	-1.5%

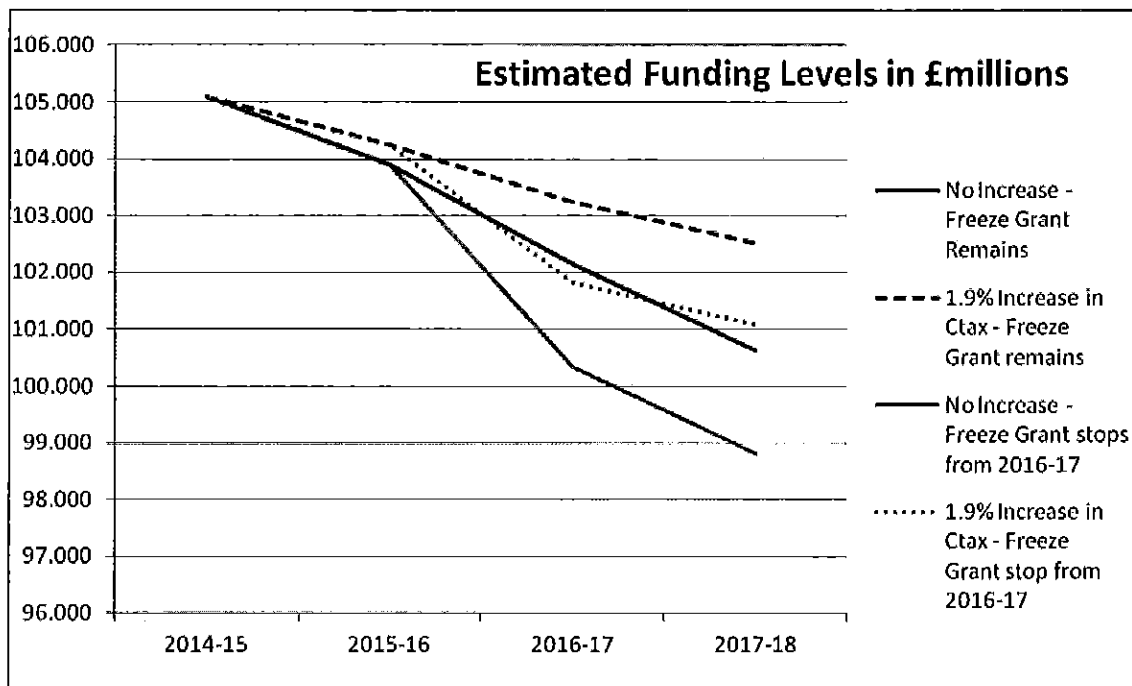
<b>1.9% Increase</b>	2015-16	2016-17	2017-18
Central Funding	£64.375m	£62.441m	£60.668m
Local Funding	£39.623m	£40.560m	£41.597m
Investment Income	£0.250m	£0.250m	£0.250m
Total Funding	£104.248m	£103.251	£102.515m
<b>Total reduction/inc.</b>	-1.1%	-1.0%	-0.7%

54. The tables assume that the Freeze Grants are consolidated in future funding throughout the period of the MTFs. If it is removed from 2016-17 the effect is;

<b>No Increase</b>	2015-16	2016-17	2017-18
Total Funding	£103.904m	£102.155m	£100.637m
Less Freeze Grant	-	-£1.811m	-£1.829m
Total	£103.904m	£100.344m	£98.808m
<b>Total reduction/inc.</b>	-1.4%	-3.4%	-1.5%

<b>1.9% Increase</b>	2015-16	2016-17	2017-18
Total Funding	£104.248m	£103.251m	£102.515m
Less Freeze Grant	-	-£1.424m	-£1.438m
Total	£104.248m	£101.827m	£101.077m
<b>Total reduction/inc.</b>	-1.1%	-2.3%	-0.8%

55. The graph below shows the impact council tax levels has on funding and how important the continual funding of the freeze grants is ;



56. It is necessary to consider the impact of different scenarios. The impact on the 2014-14 finances is shown below;

<b>Scenario</b>	<b>Impact on 2015-16 MTFs Figures</b>
The Central funding cash cut is 4.8% rather than 3.8%	Funding reduces by £0.650m
The Central funding cash cut is 2.8% rather than 3.8%	Funding increases by £0.650m

## Impact of Reduced Funding Allocations

57. The MTF5 assumes that the reductions in finances tabled under paragraph 52 are split equally across current funding allocations. Appendices Ai and Aii report the funding splits over the 3 years. The table below shows the impact of the reduction forecast for 2015-16 of 1.4% or 1.0% under the two council tax options. This is with no impact on the External Commissioning funding;

	2014-15 Revised Allocation	2015-16 Allocation 1.9% Ctax	Reduced Allocation 1.9% Ctax	2015-16 Allocation 0% Ctax	Reduced Allocation 0% Ctax
OPCC Office cost	£0.709m	£0.701m	£0.008m	£0.699m	£0.010m
OPCC Capital cont (RCCO)	£0.739m	£0.731m	£0.008m	£0.728m	£0.011m
OPCC Ext. Commissioning	£1.004m	£1.004m	£0.000m	£1.004m	£0.00m
CC Allocation	£102.947m	£101.812m	£1.135m	£101.472m	£1.475m
Total	£105.399m	£104.248m	£1.151m	£103.903m	£1.496m

58. The specific Victims and Restorative Justice grants mentioned in paragraph 40 are in addition to the £1.004m available for external commissioning.

59. As 98% of the funds received by the OPCC are allocated to the CC it is inevitable that the reduction in central funding will impact the CC the hardest. Depending on the level of funding the table shows the CC allocation reducing by either £1.1135m or £1.475m.

60. When considering inflationary pressures and other unavoidable costs the savings required by the CC will be considerably higher than these figures. Appendix B reports the budget requirement for the CC. Depending on the council tax levy it identifies a savings requirement for the CC of £2.407m or £2.747m in 2015-16,

61. Assuming the PCC decides to split the funding reduction equally the CC's savings requirement is forecast to be £10.249m or £12.087m over the 3 year period (paragraph 14 of Appendix B reports in more detail). This is before any shortfall from the 2014-15 savings requirement is added (currently forecast as £0.386m).

62. With both funding options the savings required to be delivered by the CC are significant. These savings requirements are in addition to the £15m saved in the 4 year period from 2010-11.

63. The CC efficiency/savings strategy surrounds collaboration and empowerment. More detail on savings plans is included in the CCs Budget Requirement (Appendix B).

## Capital

64. The Capital Plan is funded from capital balances brought forward, transfers from reserves, annual grant, capital receipts and revenue contributions to capital. The opportunity to borrow funds under the Prudential Code does exist. However to date this has not been necessary and this remains the case for the period of this MTF5.

65. If in the future the PCC does decide to enter into borrowing, the revenue consequences of paying back the borrowing along with associated interest should not be overlooked.
66. The base budget for 2014-15 allows the Authority to supplement the capital programme with a £0.739m revenue contribution to capital (RCCO). This can change if approved by the PCC (In 2014-15 an additional £63,000 transfer from revenue has been agreed). Paragraph 56 shows this reducing each year in line with the funding reduction.
67. Appendix D shows the Capital Plan for the next 3 years. This is the plan approved at the Commissioners Monitoring Board in October 2014 adjusted for the reduction in RCCO (assuming a 1.9% council tax increase). This plan shows capital grant of £0.968m in each financial year. This is in line with information provided by the Home Office in February 2013 and is subject to revision.
68. Based on this level of funding and the approved capital expenditure programme the plan identifies cumulative balances at the end of each year as below;

	2015-16	2016-17	2017-18
Balance available	£0.967m	£2.076m	£1.475m

69. These balances rely on £5.742m of capital receipts. These surround the sale of property at Corsham, Chippenham and Salisbury. Slippage surrounding the date that the actual receipts are received and the sale value is a risk.
70. It is expected that the capital balances will be needed to finance future development in estate and ICT. Funding is now included for the Salisbury Facilities Project based on estimates as at October 2014. The budget requirement for this project is expected to be revised in 2015 when tenders are received to build the custody.
71. Each year the PCC undertakes a number of planned maintenance programmes to increase the life of assets. This can be upgrading assets such as lifts or undertaking substantial works. It is proposed to fund substantial programmes via capital, programmes. Below this value will be funded by revenue. The plan allows £0.100m per year for these substantial programmes from 2015-16.
72. The refresh ICT programme is based on a need to significantly improve the ICT infrastructure. Working with Wiltshire Council we are benefiting from their experience in facilitating remote working and generally delivering fit for purpose ICT. Using their experience and by working alongside other forces in the procurement of police specific systems it is expected to lead to a reduction in revenue costs. In recognition of the under investment in ICT in previous years the plans allow £500,000 for yet to identified ICT investment. These funds can only be used after PCC approval.
73. The Fleet strategy is based on the Policing Model. This has enabled a reduction in response vehicles. The strategy also includes the use of framework vehicles to reduce cost. This is now in place for our high volume vehicles. Further work on the remainder of the fleet remains on-going with the South West Police Procurement Department leading. This should reduce cost and lead to more standardisation across the region.
74. The Financial Health Indicators expect that across the plan the funding for replacement and maintenance programmes will be funded by annual grants and revenue contributions. The plan identifies that for the period 2015-16 to 2017-18 the income

from grant and revenue will be £5.078m compared to estimated replacement costs of £5.459m (including part of the ICT refresh programme), a difference of £0.381m. This means that currently the indicator is not met

## Risks and Reserves

75. The assessment of risks and the setting of appropriate levels of reserves is an essential element of medium term financial planning.
76. When setting budgets and future plans it is essential to ensure that they are both affordable and sustainable.
77. The risks may be categorised in three ways:
- Local small level risks, where they would be accommodated within devolved budgets
  - Significant risks which can be covered by insurance cover
  - Larger risks which, if they occurred, would need to be funded from reserves in the knowledge that they would have a significant impact upon the next year's budget setting process.
78. With Policing being an emergency service there is always the risk that one incident could result in costs of £1m or more. The Home Office do provide some cover for large incidents agreeing to provide special grant for cost over 1% of budget. This does alleviate some of the need for the PCC and CC to hold a high level of reserves.
79. A Reserves and Provisions Policy has been produced by the PCC in association with the CC. This policy states the purpose of reserves and the principles in how they are used. The policy is in line the CIPFA (Chartered Institute of Public Finance and Accountancy) best practice. This is included under Appendix E.
80. To cover large scale risks the PCC's stated position, reported in the reserves policy, is to hold a minimum general reserve of 3% of budget (£3.1m). As at 1 April 2014 the general reserve was £3.1 therefore in line with the policy.
81. The PCC holds other specific earmarked reserves for specific risks e.g. Insurance. The estimated level of reserves for these is reported in Appendix E.
82. The largest reserve in the capital development reserve. This is required to finance the capital plan and is £13.192m at 31 March 2014.
83. The PCC's investment reserves exist to provide funding for projects which will improve the service provided to the public or will lead to a reduction in revenue costs in the medium term, examples of these reserves and their purpose is shown below;
- The Community Safety Innovation Reserve – enables the PCC to commission services from organisations who believe that with a certain level of funding they can assist the PCC in delivering the 6 objectives within his plan.

- The Restructure Reserve – finances costs incurred in delivering the savings required by the CC. Expenditure can finance redundancy costs, office changes, etc...

84. All reserves are 'one-off' funds and can only be used for investments which do not have on-going revenue consequences.

85. The Financial Health Indicators allow the PCC to monitor reserve levels, ensuring they are neither too high nor too low. Annually the appropriateness of reserves is considered by the PCC's Chief Finance Officer. His judgement is based on an assessment of the strategic, financial and operational risks facing the PCC.

### **PCC's Conclusion**

86. The MTFS is a living document. It changes as information is received concerning costs, funding and service delivery requirements. The MTFS will be reviewed annually and is the cornerstone of the budget planning cycle.



## PCC for Wiltshire Medium Term Financial Plan

### Council Tax Increase                    1.90%

Financial Year >>>>>>	15/16 <i>£million</i>	16/17 <i>£million</i>	17/18 <i>£million</i>
<b>Estimated Funding Available to the PCC</b>			
Main Police Grant	38.271	36.950	35.768
DCLG Funding	20.806	20.140	19.496
Freeze Grant 11/12	0.407	0.411	0.415
Freeze Grant 13/14	1.003	1.013	1.023
Freeze Grant 15/16	0.000	0.000	0.000
Localisation Grant	3.888	3.927	3.966
<b>Total Central Funding</b>	<b>64.375</b>	<b>62.441</b>	<b>60.668</b>
CT Surplus	0.606	0.404	0.269
Precept	39.017	40.156	41.328
Contribution from reserve	0.000	0.000	0.000
<b>Total Grant and Precept Funding</b>	<b>103.998</b>	<b>103.002</b>	<b>102.266</b>
Investment Income	0.250	0.250	0.250
<b>Total Income available to PCC</b>	<b>104.248</b>	<b>103.252</b>	<b>102.516</b>
<b>Reduction in Total Funds Available</b>	<b>-1.1%</b>	<b>-1.0%</b>	<b>-0.7%</b>
<i>Central Funding Reduction</i>	<i>-3.8%</i>	<i>-3.0%</i>	<i>-2.8%</i>
Band D Council Tax	163.98	167.09	170.27
Increase per Band D household	3.06	3.12	3.17

### Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	0.701	0.694	0.689
OPCC - Capital Contribution	0.731	0.724	0.719
OPCC - External Funding allocations	1.004	1.004	1.004
OPCC - Chief Constable allocation	101.812	100.829	100.104
<b>Total Allocation</b>	<b>104.248</b>	<b>103.252</b>	<b>102.516</b>

## PCC for Wiltshire Medium Term Financial Plan

**Council Tax Increase                    0.00%**

Financial Year >>>>>>	15/16 <i>£million</i>	16/17 <i>£million</i>	17/18 <i>£million</i>
<b>Estimated Funding Available to the PCC</b>			
Main Police Grant	38.271	36.950	35.768
DCLG Funding	20.806	20.140	19.496
Freeze Grant 11/12	0.407	0.411	0.415
Freeze Grant 13/14	1.003	1.013	1.023
Freeze Grant 15/16	0.383	0.387	0.391
Localisation Grant	3.888	3.927	3.966
<b>Total Central Funding</b>	<b>64.758</b>	<b>62.828</b>	<b>61.059</b>
CT Surplus	0.606	0.404	0.269
Precept	38.290	38.673	39.059
Contribution from reserve	0.000	0.000	0.000
<b>Total Grant and Precept Funding</b>	<b>103.653</b>	<b>101.905</b>	<b>100.387</b>
Investment Income	0.250	0.250	0.250
<b>Total Income available to PCC</b>	<b>103.903</b>	<b>102.155</b>	<b>100.637</b>
<b>Reduction in Total Funds Available</b>	<b>-1.4%</b>	<b>-1.7%</b>	<b>-1.5%</b>
<i>Central Funding Reduction</i>	<i>-3.2%</i>	<i>-3.0%</i>	<i>-2.8%</i>
Band D Council Tax	160.92	160.92	160.92
Increase per Band D household	0.00	0.00	0.00

### Allocation of Funding

Assuming that funding reduction is split equally across all current allocations

OPCC - Office costs (less inv inc)	0.699	0.687	0.677
OPCC - Capital Contribution	0.728	0.716	0.705
OPCC - External Funding allocations	1.004	1.004	1.004
OPCC - Chief Constable allocation	101.472	99.748	98.251
<b>Total Allocation</b>	<b>103.903</b>	<b>102.155</b>	<b>100.637</b>

## The Chief Constable's Budget Requirement

### Introduction

1. In 2014-15 the PCC allocated the CC £102.947m to police the county. This funded staffing of 1019 Police Officers, 138 Police Community Support Officers (PCSO's) and 907 Police Staff. Due to vacancies a current underspend of £1.2m is forecast for the year. Once these vacancies are filled no underspend is expected.

### Funding

2. The CC's plans directly relate to the funding provided by the PCC. Whilst the PCC has yet to agree the exact funding allocated, the CC's MTFs will assume the funding available is that reported in the PCC's MTFs. This is reported in the table below;

	2015-16	2016-17	2017-18
CC Funding at 1.9% Council tax Increase	£101.812m	£100.829m	£100.104m
CC Funding at 0% Council tax Increase	£101.472m	£99.748m	£98.251m
Variance	£0.340m	£1.081m	£1.853m

3. In 2015-16 the CC expects to benefit from 2 specific grants, Swindon PFI and the Security Grant. These grants total £3.2m per annum.

### Expenditure

4. In 2014-15 the PCC set an overall budget of £105.099m. After removal of £1.616m of costs allocated to the PCC (under the national Police Objective Analysis (POA) guidelines) and £0.739m of capital financing the CC was left with £102.744m. For budgeting purposes the allocation was £102.947m – the difference of £0.203m relates to costs allocated to the PCC locally but when allocated under the POA is nationally determined as a cost of policing.
5. The table below shows how the CC allocated the £102.744m (POA);

	Officer FTE	Staff FTE	Total FTE	% of Staff	£m	% of Budget
Local Policing	497	172	669	33%	29.692	29%
Dealing with the Public	12	195	207	10%	6.918	7%
Criminal Justice	31	145	176	9%	7.674	7%
Road Policing	43	4	47	2%	2.529	2%
Ops Support	68	5	73	4%	4.757	5%
Intelligence	26	53	79	4%	3.705	4%
Investigations	268	153	421	21%	19.508	19%
Investigative Support	3	41	44	2%	2.715	3%
National Policing	25	12	37	2%	0.825	1%
Support Functions	40	231	271	13%	23.691	23%
Pensions	0	0	0	0	0.730	1%
	1013	1011	2024	100%	102.744	100%
Reserves used					-0.000	
					102.744	

6. Each year the Force reviews its spending levels against other forces using HMIC's Value for Money profiles. These profiles show our level of investment in policing and compares these against a national average and the average of similar forces. In 2014-15 the profiles show Wiltshire as low cost, this is mainly due to a low level of funding. The headlines from the draft profiles include:

- Wiltshire's spend per head of population is £154. The national average is £179 and £172 for similar forces. Wiltshire's spend is the 3<sup>rd</sup> lowest in the country.
- Wiltshire's central funding per head of population is £99. £122 is the national average, £108 for similar forces. Wiltshire's funding is the 6<sup>th</sup> lowest in the country.
- Wiltshire's Support Service spend per head of population is £35.40. similar forces average is £38.40, a difference of £3.00. National average is £36.10 a difference of £0.70.
- Wiltshire's percentage of frontline officers in visible roles is 61%, compared to a national average of 60%.

7. Whilst the above POA table shows how the funding was allocated per area of policing the table below shows the breakdown of cost between salaries and other costs.

	£m	
Staff and Employee Costs	85.079	79%
Premises	6.447	6%
Transport	3.454	3%
ICT	2.619	2%
Surgeons and Forensics	925	1%
Other Costs	8.443	8%
Pensions	0.715	1%
Gross Cost	107.682	100%
Income	-4.735	
Net Cost	102.947	

8. Appendix Bi show the cost increases and cost reductions expected to be faced by the CC over the next 3 years. These financial plans are based on general inflation increases of 1.5%, pay inflation of 1% and utilities inflation of 3.5%.
9. The CC Financial Plan includes growth of a Special Co-ordinator and a Volunteers Co-ordinator. This decision is in line with the PCC's view that the CC needs to engage the public in helping keeping Wiltshire and Swindon safe.
10. The plans also identify a requirement to increase the funding for work surrounding Transformation and Systems Thinking. Work using the Systems Thinking methodology is expected to lead to reductions in waste (inefficiencies) and deliver better services to the public.
11. Following the restructure of the Force at the beginning of this financial year it was identified that as a temporary measure a number of additional Inspectors were required. It was agreed by the CC and Senior Command Team that this was a transition requirement and that the posts would be removed by 31 March 2015. This agreement is important as the permanent increase in Inspectors would lead to growth of £0.568m. In line with the expectation that these posts will be removed no allowance is included in the MTFS.
12. During 2014 the police alongside public sector partners have been trying to identify the impact of the proposed military population expansion within the county. Initially the organisations response will be to create 2 Military Community Police Team posts (MCPT) in 2015-16 to delivery a Neighbourhood Policing (NP) response to the military community. These posts have been temporarily funded from the existing NP establishment. In 2016-17 or 2017-18 this team will need to be increased. Additional funding via Council Tax for the population increase is forecast to be in the region of £250,000. It is unclear what the actual officer requirement will be but there is a significant risk that demand will exceed those resources fundable within the £250,000 envelope. Costs and funding have not been included in any calculations for this plan on the assumption that they will cancel each other out. However there is a risk that they will not. There is also a risk that costs may incur before funding increases. Only once these additional personnel have been relocated to Wiltshire will we see an increase in the funding. Indications are that the bulk of the personnel will relocate to the county in 2017-18. This situation will be kept under review.
13. In the previous MTFS the issue of possible National Insurance increases resulting from national pension changes was highlighted. At that stage it was expected that the Government would make amendments to the system to negate the impact. No further information has been received from the government so we must now include these additional costs in the MTFS. These National Insurance increases will be required due to the reforms to the State Pension which are being introduced from 1<sup>st</sup> April 2016. This will affect all forces and all public sector employers. These plans will abolish 'contracted out' for employees in defined benefit schemes, thereby, leading to an increase in the employer contributions required. Where this is affecting private sector employers the Government advice has been to consider offsetting this increase cost through a review of scheme benefits/contribution rates. In the public sector we are expected to simply pick up this additional cost. At a cost of £2m this is significant to the future funding of the Force.

14. As the PFI funding for our helicopter has now come to the end of its term we will be moving to the new National Helicopter contract supplied by NPAS. This will create savings when comparing existing staffing levels and flying hour charges against the charge which NPAS will make for them to deliver the service to us.
15. In recent years Support Staff pay has been underspent. This is not as a result of vacancies being held open to release as savings at the appropriate time, but is as a result of vacancies not being filled straight away. As part of the budget setting process a 1% vacancy factor is deducted from pay costs in Support Staff pay to compensate for this element of underspend. In 2014-15 there has been an increase in staff movement which has resulted in a significant underspend. It is therefore proposed to increase the vacancy factor to 3%. This would release £0.626m of funding.
16. Each year some of our officers retire, these are paid at the top of their grade. These officers are then replaced in the organisation by new recruits who are paid at a much lower rate. Winsor reforms increase the variance between the top and bottom grades. Therefore significant savings are made when a retiring officer is replaced by a new recruit. This saving is now included within the CC's financial plans.

## Funding Shortfalls

17. When comparing these estimated budget requirements against the finances expected to be available from the PCC a savings requirement is identified, the tables below show the level of savings required;

<b>No Increase</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Total</b>
Estimated Expenditure	£104.219m	£105.216m	£102.123m	
Estimated Funding	£101.472m	£99.748m	£98.251m	
Shortfall	£2.747m	£5.468m	£3.872m	
Shortfall BFWD (prev yr)	£0.386m			
Estimated Shortfall	£3.133m	£5.468m	£3.872m	£12.473m

<b>1.9% C.Tax Increase</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>Total</b>
Estimated Expenditure	£104.219m	£105.558m	£103.217m	
Estimated Funding	£101.812m	£100.829m	£100.104m	
Shortfall	£2.407m	£4.729m	£3.113m	
Shortfall BFWD (prev yr)	£0.386m			
Estimated Shortfall	£2.793m	£4.729m	£3.113m	£10.635m

18. The estimated savings requirement of £12.473m or £10.635m is on top of the savings of £15m delivered in the last 4 years. These savings have been produced by the 2010 Vision Plan and Management Structure review. They have broadly required all middle and back off services to reduce by 15%-20%. Whilst the force can continue to reduce in this manner it is not considered appropriate and would likely lead to an ineffective service to the public.

## Efficiency Strategy

19. In February 2014 a 2 year efficiency strategy was agreed by the CC to cover the financial years 2014-15 and 2015-16. If delivered the strategy would save £4.054m in

2014-15 and £3.243m in 2015-16. This was the basis of the 2014-15 budget and £4m has been delivered. This strategy has been further developed this year.

20. The table shows the savings plans per theme for 2015-16;

<b>Theme</b>	<b>Total Savings</b>
Regional Collaboration (RC)	£0.750m
Wiltshire Integration (WI)	£1.337m
Local Savings (LS)	£0.535m
<b>Total</b>	<b>£2.622m</b>

21. With a need to deliver savings in the region of £2.793m (1.9% Council Tax Increase) or £3.133m (no council tax increase) a savings strategy is required. By delivering the strategy above there will a financial gap for 2015-16 of £0.171m if the Council Tax increase is 1.9%. If no council tax increase occurs a further £0.511m of savings will need to be identified.

22. There are risks in the detail of this and previous strategies which rely on partnership work. For instance the previous years plan relied on £0.386m of savings to be delivered via the Strategic Alliance with Wiltshire Council. With the alliance not moving as fast as originally expected this saving has not been delivered.

23. The new strategy proposes the following savings for 2015-16;

	<b>Theme</b>	<b>2015-16</b>
Forensics Collaboration	RC	£0.200m
Tri Service Regional Collaboration	RC	£0.250m
Procurement Collaboration	RC	£0.300m
IT Strategic Alliance	WI	£0.110m
Estates Collaboration	WI	£0.250m
Local Policing IT Efficiencies	WI	£0.810m
Call Handling/CMU consolidation	WI	£0.167m
Command Savings	LS	£0.140m
Mobile and Remote	LS	£0.095m
General Efficiencies	LS	£0.300m
		<b>£2.622m</b>

24. In delivering a new, agile, workforce visibility and service has improved. In light of this and the savings requirement the Chief Constable has asked for work to review the local policing requirement (Response and Neighbourhood Policing). With a target to deliver over £0.800, of savings there will be a need to reduce the establishment.

25. It has been acknowledged that the Government's austerity plans will require further savings to be made. Based on this the Senior Command Team are now using these themes to identify the savings will be required in 2016-17 and 2017-18.

26. Whilst further savings are required and some of these savings may come from a reduced number of police officers (collaboration and structure efficiencies) it is important to agree a recruitment strategy. Each year over 40 police officers leave the force (retirements and resignations), therefore to agree to a strategy of 2 in-takes per

year seems appropriate. Each in-take can be flexed to between 15 and 20 with transfers in used as a way of topping up numbers when necessary.

27. There is a risk that we will end up with more officers than we can afford. However this is a small risk with the continuing outflow of retirements mitigates the possibility of a large overspend. Any small overspends in year can be managed by use of reserves.
28. A regular in-flow of new recruits is seen as a positive way of managing officer numbers. The switching on and off of recruitment has left us in the past with gaps in officers which have taken over 18 months to close. A large influx of probationers at one time also results in training and mentoring problems.
29. Police Staff numbers continue to vary depending on leavers and the saving plan. With recruitment being adhoc no specific strategy is proposed or required.

### **CC's Conclusion**

30. The CC's MTFs identifies a strategy to close the funding gaps expected over the next two years if a 1.9% Council Tax increase strategy is agreed. There are risks that the savings will not be achieved. The biggest risk to this is partnership failure as working with councils and other police forces is expected to help deliver large savings.
31. If the PCC's preference is for a 0% Council Tax strategy it will increase the savings target which is a concern. The risk however with this strategy surrounds future savings requirements, by not increasing the council tax base will lead to larger savings requirements. With these being in excess of £7.5m for 2016-17 and 2017-18 any strategy which increases this target is not desired.



## Chief Constables Financial Plan

### Based on Council Tax Increase 1.90%

	14/15 £million	15/16 £million	16/17 £million
Expenditure BFWD	102.948	101.812	100.829
Local partnership funding to OPCC	0.000	0.000	0.000
Revised Expenditure Carried Forward	102.948	101.812	100.829
<b>Cost Increases</b>			
Inflation estimate	1.053	1.135	1.141
Spinal Point Increases	0.795	0.795	0.795
Increase in Bank Holidays	0.162	0.000	0.540
Specials Co-ordinator	0.026	0.000	0.000
Volunteers Co-ordinator	0.026	0.000	0.000
Head of Performance Post	0.043	0.000	0.000
Systems Thinking Personnel	0.175	0.000	0.000
Fixing of Specific Grants	0.075	0.075	0.075
1% Local Gov Pension Increase	0.246	0.246	0.000
Increase in NI (Pensions Bill)	0.000	2.052	0.000
Victim Care Team (net)	0.099	0.000	0.000
Unidentified Policing Pressures	0.100	0.250	0.250
<b>Total increases in Expenditure</b>	<b>2.800</b>	<b>4.553</b>	<b>2.801</b>
<b>Cost Reduction</b>			
Reduced Rent Allow & Comp Grant	-0.151	-0.226	-0.119
Reduction in Shift Allowance	-0.028	0.000	0.000
Winsor Review Impact - CRTP	-0.124	-0.124	0.000
Reduction in Bank Holidays	0.000	-0.162	0.000
Helicopter Trf to NPAS from 1/2/2015	-0.432	0.000	0.000
Increase Vacancy Factor for Staff to 3% from 1%	-0.626	0.000	0.000
Spinal Point impact of new recruits	-0.168	-0.295	-0.295
<b>Total reductions in Expenditure</b>	<b>-1.529</b>	<b>-0.807</b>	<b>-0.414</b>
Contributions to or from Reserves	0.000	0.000	0.000
<b>Savings Required = '1' / Growth Available</b>	<b>-2.407</b>	<b>-4.729</b>	<b>-3.113</b>
<b>New Requirement</b>	<b>101.812</b>	<b>100.829</b>	<b>100.104</b>
<b>Inflation Assumptions</b>			
Employees	1.00%	1.00%	1.00%
Income	2.50%	2.50%	2.50%
Utilities	3.50%	3.50%	3.50%
Other	1.50%	2.00%	2.00%

## Chief Constables Financial Plan

**Based on Council Tax Increase 0.00%**

Financial Year >>>>>	14/15 <i>£million</i>	15/16 <i>£million</i>	16/17 <i>£million</i>
Expenditure BFWD	102.948	101.472	99.748
Local partnership funding to OPCC	0.000	0.000	0.000
Revised Expenditure Carried Forward	102.948	101.472	99.748
<b>Cost Increases</b>			
Inflation estimate	1.053	1.132	1.130
Spinal Point Increases	0.795	0.795	0.795
Increase in Bank Holidays	0.162	0.000	0.540
Specials Co-ordinator	0.026	0.000	0.000
Volunteers Co-ordinator	0.026	0.000	0.000
Head of Performance Post	0.043	0.000	0.000
Systems Thinking Personnel	0.175	0.000	0.000
Fixing of Specific Grants	0.075	0.075	0.075
1% Local Gov Pension Increase	0.246	0.246	0.000
Increase in NI (Pensions Bill)	0.000	2.052	0.000
Victim Care Team (net)	0.099	0.000	0.000
Unidentified Policing Pressures	0.100	0.250	0.250
<b>Total increases in Expenditure</b>	2.800	4.550	2.790
<b>Cost Reduction</b>			
Reduced Rent Allow & Comp Grant	-0.151	-0.226	-0.119
Reduction in Shift Allowance	-0.028	0.000	0.000
Winsor Review Impact - CRTP	-0.124	-0.124	0.000
Reduction in Bank Holidays	0.000	-0.162	0.000
Helicopter Trf to NPAS from 1/2/2015	-0.432	0.000	0.000
Increase Vacancy Factor for Staff to 3% from 1%	-0.626	0.000	0.000
Spinal Point impact of new recruits	-0.168	-0.295	-0.295
<b>Total reductions in Expenditure</b>	-1.529	-0.807	-0.414
Contributions to or from Reserves	0.000	0.000	0.000
<b>Savings Required = 'L' / Growth Available</b>	-2.747	-5.468	-3.872
<b>New Requirement</b>	101.472	99.748	98.251

### Inflation Assumptions

Employees	1.00%	1.00%	1.00%
Income	2.50%	2.50%	2.50%
Utilities	3.50%	3.50%	3.50%
Other	1.50%	2.00%	2.00%

## Financial Health Indicators

Area	Indicator
<b>Revenue</b>	
The budget should be built on a solid base for future years limiting the use of one off funds to finance areas of continual cost.	The budget should not be funded via one off funds in excess of a 2% increase in precept
The budget and spend should be managed efficiently limiting the possibility of over or under spends	The over or underspend should not be more than 2% of budget.
The need to incur cost and the manner in which cost is occurred should be constantly reviewed. There is an expectation that efficiency savings are required to fund investment/balance the budget.	Efficiency savings of at least 3% of the budget should be achieved.
<b>Reserves</b>	
The general reserve should be sufficient to finance large scale problems which may be encountered by the Force.	The general reserve should be at least 3% of budget
The other revenue reserves held by the Authority should be at a reasonable level and should not be excessive.	The other revenue reserves should not exceed 3% of budget.
<b>Capital</b>	
The capital maintenance and replacement programme is an annual requirement and as such should be aligned with the funding available from grants and revenue contributions.	The revenue contribution from capital and annual capital grant should finance the maintenance programme in the capital plan period.
Capital plans should be realistic, achievable and timely. Development and Improvement projects must be backed by a business case with accurate timescales for expenditure.	Capital slippage should not exceed 25% of the capital budget.
The financing of capital should reflect the type of asset being purchased, i.e. long term assets can be financed by long term borrowing, short term assets are funded by annual funding or reserves.	Borrowing is only used for long term assets

## Wiltshire Police and Crime Commissioner - Financial Plan

## Capital Expenditure Plan

Financial Year >>>>>>	<i>bfwd</i> <i>£million</i>	<i>14/15</i> <i>£million</i>	<i>15/16</i> <i>£million</i>	<i>16/17</i> <i>£million</i>	<i>17/18</i> <i>£million</i>	<i>Cum</i>
<b>Capital Financing</b>						
Government Grant	0.000	0.968	0.968	0.968	0.968	3.872
Capital Reserve	13.192					13.192
Contribution from Reserves	0.000					0.000
Capital Receipts	0.000	2.562	1.550	1.630		5.742
Revenue Cont. to Capital (1.9%Ctx)	0.000	0.802	0.731	0.724	0.719	2.976
	13.192	4.332	3.249	3.322	1.687	25.782
<b>Capital Expenditure (on a cashflow basis)</b>						
<b>Part A - Maintenance and Replacement Programme</b>						
Vehicle Fleet	-0.083	0.913	0.913	0.913	0.913	3.569
Programmed Maintenance - Buildings		0.163	0.100	0.100	0.100	0.463
Airwave Handsets	0.051	0.550	0.035	0.035		0.671
Hi-tech crime unit computers	0.007	0.050	0.000	0.050	0.000	0.107
Emergency Contact Centre - Police Share		0.000	0.050	0.000	0.050	0.100
Operational Equipment (Taser)	0.086	0.050	0.000	0.050	0.000	0.186
<b>Total Maintenance and Replacement</b>	<b>0.061</b>	<b>1.726</b>	<b>1.098</b>	<b>1.148</b>	<b>1.063</b>	<b>5.096</b>
<b>Part B - Development and Improvement Projects</b>						
Minor Works - Building Improvements		0.075	0.075	0.075	0.075	0.300
Melksham Refurbishment		0.400	1.206			1.606
Salsbury Facilities (gross)		0.780	6.980	0.340		8.100
Video Conferencing	0.033					0.033
CCTV Gablecross	0.008					0.008
ECC/FCC Meridian Replacement	0.021					0.021
Performance System	0.033					0.033
Blackrock Firearms Training Facility	0.068					0.068
FIM	0.049					0.049
ECC Refurbishment Programme	0.335	1.000				1.335
Tasking and Briefing System		0.117				0.117
Airwaves Related systems	0.013					0.013
<b>Total Development and Improvement</b>	<b>0.560</b>	<b>2.372</b>	<b>8.261</b>	<b>0.415</b>	<b>0.075</b>	<b>11.683</b>
<b>Part C - ICT Refresh Programme</b>						
ICT Remediation Work Phase 2	0.000	0.504	0.000	0.000		0.504
Computer Desktops, Laptops, etc.	0.237	0.750	0.000	0.500	0.500	1.987
ICT Investment	0.000	0.500	0.500	0.000		1.000
Mobile Working	0.064	0.889	0.200	0.000		1.153
Protective Monitoring	0.116	0.000	0.000	0.000		0.116
Servers and Infrastructure (review o/s)	0.419	0.675	0.150	0.150	0.150	1.544
Hi Tech Crime Unit Storage and Servers	0.069	0.000	0.000	0.000		0.069
Storage Networks and Arrays	0.034	0.250	0.000	0.000	0.250	0.534
Communications Network	0.000	0.371	0.000	0.000	0.250	0.621
<b>Total ICT Refresh</b>	<b>0.939</b>	<b>3.939</b>	<b>0.850</b>	<b>0.650</b>	<b>1.150</b>	<b>7.528</b>
<b>Total for Parts A, B and C</b>	<b>1.560</b>	<b>8.037</b>	<b>10.209</b>	<b>2.213</b>	<b>2.288</b>	<b>24.307</b>
Surplus / Deficit (-) for Year	11.632	-3.705	-6.960	1.109	-0.601	1.475
<b>Cumulative Surplus / Deficit</b>	<b>11.632</b>	<b>7.927</b>	<b>0.967</b>	<b>2.076</b>	<b>1.475</b>	<b>1.475</b>