

Warwickshire Police and Crime Panel

Addendum

Date: Monday 6 February 2023

Time: 2.00 pm

Venue: Committee Room 2, Shire Hall

Items on the agenda:

2. Budget 2023/2024

3 - 62

To consider the Police and Crime Commissioner's proposed precept for 2023/24 and make a report to the Commissioner on the proposals by 8 February 2023.

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

This page is intentionally left blank



Budget Report to the Police and Crime Panel – 6 February 2023

Report Author	Sara Ansell, Treasurer Polly Reed, Chief Executive
Report Date	
Security Classification	Official
Disclosable under Freedom of Information Act?	Yes

1. Introduction and Background

As detailed in the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner has a duty to hold the Police Fund, set a budget and propose a precept following consultation.

The attached report sets out in detail the Commissioners revenue and capital budget and precept proposals for 2023-24, including the medium term financial plan and position on reserves.

The panel exercised their right to veto the original budget and precept proposal in 2022/23. It is hoped that the extensive information provided in the attached report and the engagement and consultation that has taken place regarding the budget and precept for 2023/24 will assure members of the panel and that they will support the Commissioners proposals for the coming financial year.

2. Executive Summary

Further details on the financial implications and construct of the budget are included in the attached report. The total net budget for 2023/24 is £125.997m, which equates to an increase of £4.559m or 3.75% from 2022/23. This will be funded from core government grant, reserves and precept income based on an increase of £14 on a band D equivalent property. The Commissioner supports the budget now proposed which will provide the resources that will strengthen, stabilise and sustain investments made in previous years, to deliver tangible benefits to policing services in Warwickshire.

The final budget will need to incorporate any further announcements made in the final police funding settlement which is due in late January/early February 2023. No further changes are anticipated but any variations will be offset through the transfer to or from reserves, if they are forthcoming.

The Commissioners annual budget is sound and also outlines a sustainable medium term financial plan. He has consulted the Chief Constable about the proposal to increase the council tax and the Chief Constable has confirmed that these budget and precept proposals are sufficient to deliver operational policing in Warwickshire which will have due regard to the Police and Crime Plan and include the agreed benefits outlined in the report.

3. Budget Making Process

The budget process is as follows:

1. The Commissioner to make a determination of the budget required for 2023/2024, taking into account the information within this report.
2. The Commissioner to present budget proposals to the Police and Crime Panel by the 1st February 2023, and for the Police and Crime Panel to consider those proposals and make a report to the Commissioner by the 8th February

OFFICIAL

2023. In Warwickshire the Police and Crime Panel are due to meet on the 6th February 2023.

3. In the event that the Panel supports the proposals the Commissioner will make a formal decision, and communicate this to the precepting authorities in order to collect the Council Tax contributions.
4. In the event that the Panel vetoes the proposals they must write to the Commissioner setting out the reasons why, and the Commissioner must propose a new budget to the Panel, setting out a clear rationale. This will be the final budget, although the Panel can make known their support or otherwise. This part of the process has a number of set deadlines, with the final budget and precept having to be set by the 1st March 2023.

4. Recommendation

That the Panel support the Commissioner's budget and precept proposals for 2023-24

This page is intentionally left blank



Budget Proposals 2023/2024

Report Author	Sara Ansell, Treasurer
Report Date	January 2023
Security Classification	OFFICIAL
Disclosable under Freedom of Information Act?	YES

OFFICIAL

1. Foreword from the Commissioner

The decision I make this year in proposing the budget for policing has involved making some hard choices. It comes amid a difficult time for many people across the county, as the effects of rising inflation on the cost of everyday items combine with spiralling energy prices to mean there is a real pressure on household finances. Businesses too are finding the current financial climate extremely difficult and with an uncertain economic outlook ahead, the decisions made now could have an impact for many years to come.

Policing is not immune from the current economic pressures. Rising costs for fuel, energy and the goods and services used by the force all have an impact, as does the need to ensure fair wage increases for all those working for Warwickshire Police to help with the cost of living. These factors all mean there is already pressure on budgets just to stand still, even with increases in Central Government funding.

It is one of my core duties as Police and Crime Commissioner to ensure that the Chief Constable has the resources she needs to keep the public safe and deliver an efficient and effective service to the public. At the same time, I want to make sure that every penny that residents provide through their Council Tax delivers real improvement. I know that I must be able to justify any additional ask I make of the public to pay more. Now, more than ever, the focus has to remain on delivering value for money through increased efficiencies and tangible benefits that the public can see and appreciate.

That's why I have listened carefully to what residents, businesses and a wide array of local stakeholders have told me are the key priorities for the year ahead. I am grateful to the many people who shared their opinions with me through my 'Your Police, Your Views' survey and at the engagement events I held across the autumn and into early winter. These have all showed that there remains a very strong desire to see police visibility and the effectiveness of the force improve. My consultations also show there is majority support for delivering increased funding for policing, providing the benefits can be demonstrated.

In particular, I have heard the many voices calling for improvements to neighbourhood policing, not only in our towns but also in our rural areas. Residents want to see Safer Neighbourhood Teams stabilised, with greater numbers of police officers and PCSOs to tackle the issues that concern local communities most, such as anti-social behaviour. It is also clear to me that the current difficulties that many people have reported experiencing when contacting Warwickshire Police must improve, as must the quality and effectiveness of investigations into reported crime.

To achieve this, I must set a budget which consolidates the considerable progress that Warwickshire Police has made in the past few years. This has seen police officer numbers rise to the highest levels ever seen within Warwickshire, alongside the introduction of a state-of-the-art IT system and the opening of our new control room and incident management centre. At the same time, savings of more than £4.7 million have been successfully delivered and a new sustainable operating model has been developed.

OFFICIAL

In preparing the budget for 2023/24, there are a number of key principles that both I and the Chief Constable agree are fundamental to the proposals I am putting forward. They are supported through my Police and Crime Plan and the force's strategic plans and form the backdrop to how we will deliver improvement to Warwickshire Police.

We want to see:

- More police officers and PCSOs to increase public confidence, boost visibility of policing in neighbourhoods and improve the effectiveness of investigations.
- improvements to how the public contact the police, through better customer service, reduced waiting times on 101 and better access within communities, such as at customer resolution centres.
- Improved efficiency, making best possible use of the investments in ICT made in the past few years to reduce bureaucracy and increase productivity.
- An enhanced police estate, with buildings that are fit for purpose for the people that use them and retain the geographic footprint around the county, further improvements to vehicles used by the force and a reduced carbon footprint with lower energy use.

To achieve this, I am proposing to increase the overall net revenue budget to £125.997m, representing a 3.75% increase in the funding available to pay for policing in Warwickshire compared to last year.

Within this I have made £1 million of cashable savings to reduce the burden on taxpayers as far as I possibly can. I cannot, however, ignore the unavoidable cost pressures which mean that even a stand still-budget requires a rise in the Police Precept (the element of Council Tax which helps pay for policing locally). To deliver the improvements that residents and businesses tell are needed, I must go further.

While the Government has provided the flexibility for Police and Crime Commissioners to increase the Police Precept by up to £15 a year on an average Band D property, I do not feel an increase of this magnitude can currently be justified. It has always been my principle to keep any rises in taxation as low as possible and, since I came to office in 2016, I have kept that promise, setting among the lowest increases to the Police Precept in the country.

That's why I am proposing to increase the Precept by 5.3%, considerably below the current rate of inflation. This is equivalent to £14 per year on an average Band D property, or around 27 pence per week. Those in lower Council Tax bands will pay proportionately less and there is considerable help and support for those on lower incomes, including through the Council Tax relief schemes offered by our District and Borough Councils.

This funding will provide the Chief Constable with the resources to employ an additional 10 extra Police Officers to be deployed within local policing, boosting

OFFICIAL

visibility further and helping address communities' concerns. To improve the customer contact experience and reduce wait times, 15 extra call handlers will be employed, while new customer resolution centres with longer opening times will be available seven days a week at our police stations in Nuneaton, Leamington, Rugby and Stratford.

Among many other enhancements designed to improve the service to the public, this budget will help to ensure Warwickshire Police continues to operate on a sound and sustainable basis into the future. It is also a key part of my strategy to reduce crime, support victims and make communities safer.

Philip Seccombe TD
Police and Crime Commissioner for Warwickshire

2. Introduction

As detailed in the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner has a duty to hold the Police Fund, set a budget and propose a precept following consultation. This report provides information to support the PCC's decision making process.

In order to support the Commissioner to come to a decision the following activities have taken place:

- Discussions with Chief Constable and other force colleagues to determine delivery against priorities identified and agreed in January 2022, and financial outturn position for financial year 2022/2023.
- Consultation with residents and communities of Warwickshire, through attendance at engagement events, a public survey running from September to December 2022 and specific targeted consultation events in January 2023.
- Consideration of the policing settlement, draft of which received on 14 December 2022, and confirmed on the 31st January.
- Understanding of likely contributions and sums from precepting authorities in Warwickshire – namely the 5 District and Borough Councils
- Analysis of the changes to the rules around precept flexibility for 2023/2024.
- Discussions with the Chief Constable to determine priorities for 2023/2024 and the impact of budgetary decisions.

This report pulls together this information to enable the Police and Crime Commissioner to determine the appropriate precept to propose to the Police and Crime Panel.

3. Strategic Context and Priorities

3.1 Strategic Context

The national financial context has significantly changed since 2022 and the pandemic years beforehand. The impact of the high rates of inflation and cost of living increases have been felt in Warwickshire as keenly as anywhere else. This affects both the residents of the County and the force itself. There is a national context of higher demand on public services coupled with strikes, and difficulties identified in recruitment to in demand roles.

In policing the national direction of travel supports the continued investment in the numbers of Police Officers recruited through the Police Uplift Programme. At the same time the government, recognising the financial constraints, is impressing on local forces the need to secure efficiencies in operations, and this translates particularly to effective use of technology and resources.

3.2 Warwickshire Police

In Warwickshire the current context is broadly similar to the national position. There is an increase in demand for public services, with demands moving between agencies, and recruitment in policing remains challenging. Warwickshire Police have now completely exited the alliance arrangements with West Mercia Police, and 2023 brings completion of the first year as a standalone force. The services which were established have risen to the challenges presented, and the processes and ways of working are being established, reviewed and improved.

The Commissioner has strongly supported the local delivery of the national police officer uplift targets, working with the force to implement a significant recruitment plan of new officers, to provide “boots on the ground” for local communities. Alongside this the Chief Constable has carried out a review of the operating model and has identified a new approach to deploying officers throughout the county. This work has taken place under the banner of the Empower Change Programme, and has been evidenced-based, to determine where to place resources to effectively manage demand, and to offer a high-quality service to communities. The Commissioner has influenced the review of the Operating Model, representing the voice of the communities and sharing their interest in increased police visibility and improved customer service, particularly through the 101 contact number.

Alongside the operating model review, the Chief Constable is delivering two further programmes under the banner of Empower. These relate to technology and infrastructure, and both seek to drive improvements and efficiencies through investment.

- The Place programme seeks to deliver a series of improvements to the physical estate to bring it to a standard to support the needs of a modern workforce. As well as improvements to building condition and the maintenance contract, this programme seeks to benefit from the principles of agile working, and efficiencies to be gained from having the right people in the

OFFICIAL

right place at the right time. The programme will support the PCC's Estates Strategy, which is in development, which also sets a direction for activity to combat environmental and climate concerns. Fleet is a major element of this work too, which links back to national procurement work led by Bluelight Commercial, a police owned company looking to transform commercial services, principally through standardisation and collective procurement.

- The Technology programme builds on the work undertaken by the Evolve Programme, which sought to disentangle the systems that had been combined under the alliance. Due to significant technical debt, the only way to achieve this was to implement an entirely new IT system at the same time; a system developed to the highest standards of policing, through the National Enabling Programme. The new system has been implemented in full, and the force are benefiting from technology never before in reach. As Evolve was implemented in quick time, this year has been spent consolidating the position and identifying where process improvements can be drawn from the use of new technology. This is an ambitious workstream, with a complex programme of activities underpinning it.

As you will see below, the majority of the force's budget is spent on staffing and increases in numbers and pay inflation put pressure on the budget year on year. Where the Commissioner seeks improvements in service delivery the solution is often a people one. Last year the Commissioner worked with the Chief Constable to identify some projects where the increased budget would materially impact on service delivery; the areas of interest identified were in a number of areas, including – improvements to 101, an increase in the number of PCSOs, with a focus on engagement, further support to improve file quality in the Criminal Justice system, implementation of the strategy to prevent Violence against Women and Girls, and a considered look at use of Specials. Much of this activity has taken place, and is well embedded into the new Operating Model, some specific detail worth highlighting is here:

- The force has continued to make efforts to improve the service offered at the "front door", and in March 2022 the Force Control Room was finally moved to the new and fit for purpose building called Stuart Ross House. At the same time the technology improvements were also made, and those working in the control centre now have access to the latest technology and systems, in a pleasant office environment. In the transition significant efforts were put into ensuring the 999-service continued to operate effectively with calls being answered within the target of 10 seconds. Once the position stabilised the focus landed on 101 and the online reporting mechanism (called Single Online Home). The Commissioner continues to drive performance improvements through robust holding to account, which has led efforts by the force to understand their customer base, and from there work to understand what levers are possible to manage demand. Demand was at record levels throughout much of 2022, the post-pandemic period and pressure on other public services having an impact. In addition to this, later in the year, the force identified that they were absorbing demand from regional forces, who were unable to entirely manage their own pressures.

OFFICIAL

- Through the operating review the Commissioner represented the communities of Warwickshire by outlining his expectations of police visibility, including by the provision of a service at police stations. The Chief Constable listened to this feedback and has developed an enhanced offer at the existing front desk locations. This means that members of the public will be able to speak directly with a police officer, if the occasion demands, when they attend a police station.
- Due to the pressures of the Uplift programme, which were not understood in full in January 2022, the force has had to concentrate recruitment activity on officers. Whilst strenuous efforts have been made to also recruit externally for PCSOs, officer recruitment is often an attractive choice, so it remains harder to attract suitable candidates during periods of aggressive officer recruitment. As such the PSCO number remains below establishment. The Commissioner has discussed this matter at length with the Chief Constable, who has sought to reassure him that efforts will be directed at the recruitment of PCSOs in 2023-2024.
- A wider matter relating to recruitment has also affected the force. The jobs market has been challenging, and many public sector organisations have found it difficult to recruit to vacancies, either at the individual level or the cohort level for specific professions. Whilst the significant Police Officer uplift has been broadly achieved, it has not been without challenge, and that challenge has impacted on the force's success to recruit to police staff roles. This has had both an effect on delivery against priorities in key roles (for example the Control Room) and has been a significant contribution to the budgetary underspend for 2022/2023.

Looking forward to this year, the direction of travel has been well set by the Chief Constable. The Empower Change programme continues to run through and delivery against the programme's activities will consolidate throughout the upcoming year. Ambitious programmes are in place, Empower – Tech (ICT/Digital Services), where efficiencies will be found, Empower - Place, where measurable improvements to the estate are expected. Warwickshire Police now has more officers than ever before – with 1,110 expected by 31 March 2023 (compared with 878 as of 31 March 2019).

Nevertheless, the communities of Warwickshire still expect more from policing services. They want to see more Police Officers out on the streets and want to be reassured that less visible crimes, such as those affecting children and vulnerable adults are dealt with. The Commissioner has challenged the Chief Constable to maintain an officer operational strength of 1,110 in 2023/2024.

The Commissioner has set out other priorities for the force too. These are:

- To improve the experience for those who contact the force - by continuing to drive improvements to the 101 service. The solution to this largely relates to personnel and as such he has asked the force to increase the number of call handlers by 15.
- To ensure that training and development meets the needs of those who work in the force, across the breadth of the organisation. This will ensure suitable training

OFFICIAL

for everyone ranging from the newest recruits to the long established officers. Learning and development is an essential requirement for a people based organisation and the Commissioner seeks to continue to monitor the experience of those working on the front line.

- To seek to change offender behaviour through the wide range of criminal justice approaches including the implementation of Out of Court Disposals where appropriate.
- To ensure that the public are able to have their enquiry dealt with effectively, resolved at the first contact, through the increased offer at the resolution centres at the main police stations, which will be open at times suitable to the public.

This is all in the context of the continuation of the Government's commitment to beating crime, which seeks to reassure the public through a target-based approach to driving down neighbourhood crimes that affect communities most.

3.3 The OPCC

Whilst approximately 97% of the net budget is directly passported to Warwickshire Police, the remainder is retained for OPCC activities. The Commissioner continues to be supported by the office, who ensure that he can fulfil his statutory functions, and also deliver on the wider expectations of the role. Moving into the third year of this term of office the Commissioner seeks to maintain traction of current activity. This means the continuation of the commissioned services (some of which also receive national funding), a further round of the Commissioner's Grants Scheme, and continued support to ensure the OPCC are able to deliver against the priorities set out in the Police and Crime Plan and through other national mechanisms, such as the PCC Review. The budgets for meeting the cost of this activity in 2023/24 is included within the figures presented later in this report.

A modest underspend is anticipated by the OPCC in 2022/23. However, increased expenditure as a result of the assumed pay award, in addition to a raised budget for meeting the costs of grants and commissioned services has been included in 2023/24 to provide enhanced services for victims and to support projects that will focus on the prevention of crime.

3.4. Anticipated benefits of the budget

The Commissioner's budget is based on a band D precept increase of £14 which will maintain services and provide a number of additional benefits, upon which he will hold the Chief Constable to account. These include:

- 10 extra officers deployed within local policing to improve police visibility across Warwickshire, that will help to address communities' concerns.
- 15 call handlers to be located in the main control room to improve the customer contact experience and reduce wait times.

OFFICIAL

- The provision of resolution centres where members of the public can speak face to face with officers and staff, with longer opening times over 7 days each week at Nuneaton, Leamington, Rugby and Stratford.
- Strengthened Safer Neighbourhood Teams, where PCSO vacancies will be proactively recruited to, to fill current vacancies, with the ambition of providing more settled teams.
- Active recruitment of more Specials to increase the numbers available to support officers to improve visible policing in Warwickshire.
- Implementation of a new geographically-based policing model, which is more locally accountable, led by a Policing Area Commander (Chief Inspector), who has the autonomy to flex needs based on local demand. They will also provide a direct communication link to the communities they police.
- The introduction of a new patrol investigations team, that will be responsible for undertaking investigations on low level crimes to deliver better outcomes for victims, and to address issues of police legitimacy and reaffirm the forces commitment to dealing with these high volume crimes. This will also enable the existing patrol teams to focus on responses to incidents.
- To strengthen and improve the skills of those in specialist policing services including child abuse, domestic abuse, rape support, and online sexual exploitation teams, undertaking work to help keep people safe in the modern era.
- Improve our ability to protect the public by ensuring that our ICT systems and data is secure, and that officers and staff have access to systems, information and equipment that is fit for purpose, accurate and meets the needs of modern day policing.
- That further efficiencies can be leveraged from our digital investments, particularly where there are high volume transactional tasks being undertaken.
- To provide improvements to the criminal justice system through out of court disposals.
- To enhance our prevention capability to avoid our communities falling victim to crime, through the prevention hubs, by adopting a problem-solving approach, and through the Commissioner's grants which are focused on the theme of prevention and diversion.
- To provide improved services to victims, through three enhanced commissioned services for general victims; sexual abuse and violence; and child exploitation; and two new commissioned services supporting those for the victims of modern slavery and human trafficking; and for restorative justice.
- Provide £1m of cashable savings, demonstrating our commitment to finding efficiencies and improving productivity to deliver value for money policing services to all our communities

OFFICIAL

- To provide adequate training, equipment and suitable estate for our staff to ensure that they feel able, and have the right tools, to ensure they can undertake their roles effectively and that their health and wellbeing is protected.

4. Consultation Activity

Each year the Police and Crime Commissioner is required by legislation to consult the public on his or her proposals for setting the budget for policing locally (including proposals for capital spending, as well as revenue). Consultation must take place prior to any decisions being made on future budgets to ensure that the Commissioner has taken public feedback into consideration before proposing a final draft budget.

For 2023/24, the budget setting process came amid a backdrop of a change in Prime Minister and a subsequent re-setting of Government spending priorities. At the outset of the consultation it was not known to what extent (if any) public spending would be reduced on policing and to what extent local taxpayers may be asked to make up the difference through the Police Precept element of Council Tax.

Adding to the complexity were rising inflation, cost pressures and other factors stemming from the global economic crisis and the war in Ukraine.

For these reasons, it was decided to launch an extended three-month public consultation in September 2022. This outlined the known or likely constraints on public spending and asked respondents a series of questions designed to test the public's appetite for varying the Police Precept. Questions were also asked to understand any priorities that local residents and businesses wanted to see Warwickshire Police place additional focus on. Further questions gave opportunities for feedback on what Warwickshire Police did well or required improvement on, with the aim of providing a baseline for future years.

Supplementary meetings were held in early January 2022 to gain feedback from a variety of stakeholders and gain a wider understanding of people's views from community representatives.

The views of the Chief Constable and her senior leadership team were also obtained through a series of meetings throughout the budget setting process. Results from the survey were provided to the Commissioner and Deputy Commissioner at a series of monthly briefings and at the conclusion of the online survey in order to inform their discussions on the content of the proposed budget during its development.

4.1 Promotional activity

The 'Your Police, Your Views' survey was launched online and ran until December 16, 2022. The longer timeframe and earlier start to the budget consultation gave greater opportunity for face-to-face events to be organised at which feedback could be gathered and the online survey promoted. Paper versions of the survey were also

OFFICIAL

distributed at each event as well as promotional leaflets with QR codes linking directly to the online survey.

Eight face-to-face events featured a mix of indoor and outdoor locations in high footfall areas, generally featuring an OPCC-branded stand. In addition, a number of partnership events were attended at which the online survey was further promoted. Across the course of these events, more than 250 leaflets and 150 paper copies of the survey were distributed.

Promotion of the online survey was also carried out online using a mix of social media posts, a paid campaign of promoted Tweets plus additional activity through local media outlets. The campaign generated more than 400,000 Twitter impressions (including over 90,000 targeted at Twitter users in Nuneaton & Bedworth postcodes) and over 16,000 Facebook impressions.

All heads of communications at local authorities and other partners (including Warwickshire Police and organisations in the health sector) were sent a social media campaign pack, intranet/newsletter copy and posters and asked to help publicise internally with their staff and externally where appropriate. Similar packs were sent to Police and Crime Panel members and to parish and town councils.

We also made use of Neighbourhood Watch channels to further promote the survey.

4.2 Online survey reach

A total of 1,348 completed responses to the 'Your Police, Your Views' consultation were received at the close of the online survey (out of a total of 2,200 visits to the survey). The majority were completed online, though there were an additional 40 paper survey responses received.

Respondents came from across Warwickshire:

- North Warwickshire – 168 responses (12.6%)
- Nuneaton & Bedworth – 186 responses (13.9%)
- Rugby Borough – 202 responses (15.1%)
- Stratford-on-Avon – 301 responses (22.5%)
- Warwick District – 362 responses (27.1%)

The remainder lived outside of Warwickshire (7.6%) or were unsure which district or borough they lived in (1.3%).

Across all responses received, 5.1% were from the owners of businesses in Warwickshire, while 8.7% worked in Warwickshire but lived elsewhere. A total of 318 responses (24.2%) were received from people working or volunteering within policing in Warwickshire. More than two-fifths of all respondents (42.7%) indicated they had contacted Warwickshire Police within the last 12 months.

OFFICIAL**4.3 Main findings**

We asked a series of questions designed to understand how communities felt Warwickshire Police was performing, which priorities needed greater focus and gain an understanding of their views on police funding. In view of the challenging financial circumstances that many households are currently facing, we asked for feedback on the affordability of any increase to the Police Precept, as well as their willingness to pay an increase. Each question also provided options for people to express their preference for no increase, or a decrease in the precept.

In terms of affordability, the survey provided background information on how the budget is constructed, alongside details of the current Police Precept charges for each Council Tax band. Figures were also provided across each band to indicate what each charge would be if the then-permitted 3.8% maximum increase was applied.

The survey found that there was majority support for an increase being affordable, with support from over two thirds of all respondents for some form of increase. In each demographic group surveyed, the strongest support was for the highest level of increase being affordable, ranging between 42-55%. The numbers of people who felt no increase would be affordable ranged between 16% and 23%.

To assess people's willingness to pay an increased Police Precept, respondents were then asked to state if they would support an increase up to the maximum amount permitted; a modest-sized increase; a small increase, no increase (effectively a freeze); or a reduction in the precept (even if that meant services would be affected). There was also an option to state that police funding should be increased but not through an increase to the Precept.

Once again there was broad support for an increase, with the majority in favour of some kind of increase and the largest amount of support in each demographic grouping being for an increase up to the maximum permitted (between 33% to 45%). Around 13% to 16% felt policing funding should increase by other means than a Precept raise. Between 10% and 14% of responders felt a freeze was appropriate, but very few (less than 1%) felt that a decrease in the Precept was the right course of action.

Other key findings from the online survey highlighted the priorities that the public felt were most important for the budget to address. A consistent theme through the questions and the many comments received focused on the need to improve the performance of policing in Warwickshire. In particular, the need for improved methods of contact (especially relating to 101 call times), enhanced visibility of policing in town centres, rural areas and improved neighbourhood policing were frequently raised as the most pressing issues.

Further detail on the online survey findings is available in Appendix C A full report on the consultation results will be published on OPCC website in March 2023.

OFFICIAL**4.4 Stakeholder discussions**

A range of stakeholder discussions took place in early January 2023 to further expand the range of views from which the Commissioner could base his final budget decision. The meetings, which were held online through Microsoft Teams, included representatives of the business community; local Members of Parliament; leaders and chief executives of local authorities, elected members at parish and town council level; and Warwickshire Police's unions and staff representation organisations.

In the main these consultations expressed support for an increase in the precept, provided taxpayers were able to see tangible improvements to policing as a result. Concerns were raised in some quarters, however, about the impact of Council Tax increases on households who may currently be struggling to pay their bills. Others expressed a view that with future Government spending plans and the economic outlook remaining uncertain, it may be wise to take a higher increase now to guard against any future reduction in central funding.

Areas of concern raised through the meetings were consistent with the online survey and included:

- The visibility of policing, in both town centres and, rural areas with some expression of dissatisfaction that increases in police officer numbers were still not being widely felt in communities.
- Contact methods with the force, with dissatisfaction with call waiting time on the 101 service and a need to provide greater reassurance to those reporting crime on the actions taken by police to resolve issues. Difficulties with reporting issues in person at police stations were also raised, with front counter opening times a concern.
- The need for improved communication between police and local communities.
- The need to do more to investigate and deter cyber crime.

There was very little appetite expressed in any of the meetings for a below £10 increase in the Precept, with the majority favouring an approach which would see investment to alleviate the concerns raised above. Some comments also focussed on a need for more central funding for policing to reduce the burden on local taxpayers, while there were also calls in some quarters for improved funding for other public services to help reduce demand on policing.

5. Financial Picture**5.1 Police Settlement and national context**

The 2023-24 Provisional Settlement was announced on 14 December in a written statement by the Crime and Policing Minister, Chris Philip. It was later confirmed following a period of consultation on the 31st January 2023, with no further changes. The settlement is for one year only. The overall funding package announced in the settlement provides additional national funding of up to £523m in 2023/24. This level

OFFICIAL

of investment assumes that all Commissioners will maximise their council tax flexibility.

The settlement headline data includes the following:

- A £174m increase in grant funding to Commissioners nationally. This additional funding will support the police uplift programme and a commitment made earlier this year to partially support the 2022/23 pay award. The uplift and pay grant element will be paid as a separate ringfenced grant, which is not treated in the same way as true core grant. It will be subject to specific conditions, as yet unknown, but will almost certainly include the sustainment of the 1,100 uplift officers in 2023/24.
- Up to £349m of additional funding from council tax precept if all Commissioners maximise their precept flexibility. Commissioners have been given the flexibility to increase the precept by up to £15 for a Band D equivalent property

The local impact of the settlement will provide increased funding for Warwickshire. The effect of the total grant funding is shown in the table below and outlines that central funding has increased by 1.8%. However, most of the increase falls within the specific grant element relating to the ringfenced uplift funding which has more than doubled. As part of the response to the provisional settlement consultation, clarification has been requested to understand the rationale for increasing this ringfenced grant, especially, as it appears the additional pay award grant funding of £140m has been included within it. At the time of writing a response is still awaited. This increases the overall risk profile for future years, as specific grants are awarded on a year-by-year basis, and often remain a fixed value.

The funding settlement breakdown for Warwickshire is shown in the table below. It is based on assumptions by Government regarding precept and council tax base increases, which will ultimately vary based on local decisions and data.

Table 1

Description	2022/23 £m	2023/24 £m	Variance £m	Variance %
Police Grant & ex-MHCLG grant	59.100	59.305	0.205	0.3%
Local Council Tax Support Scheme grant	3.910	3.910	0.000	0.0%
2011/12 Council Tax Freeze grant	0.877	0.877	0.000	0.0%
2013/14 Council Tax Freeze grant	0.368	0.368	0.000	0.0%
Total 'Core' Grant	64.255	64.460	0.205	0.3%
Pensions Grant	0.869	0.869	0.000	0.0%
Ringfenced uplift grant	0.926	1.887	0.961	103.7%
Total 'Central' Funding	66.050	67.216	1.166	1.8%
Home Office assumed Warwickshire precept funding	56.664	60.500	3.836	6.8%
TOTAL	122.714	127.716	5.002	4.1%

OFFICIAL

The settlement continues the trend seen in previous years, whereby the burden of funding the increases in expenditure needed in policing is shifting from the national to local taxpayer. This is shown illustratively and in Table 2.

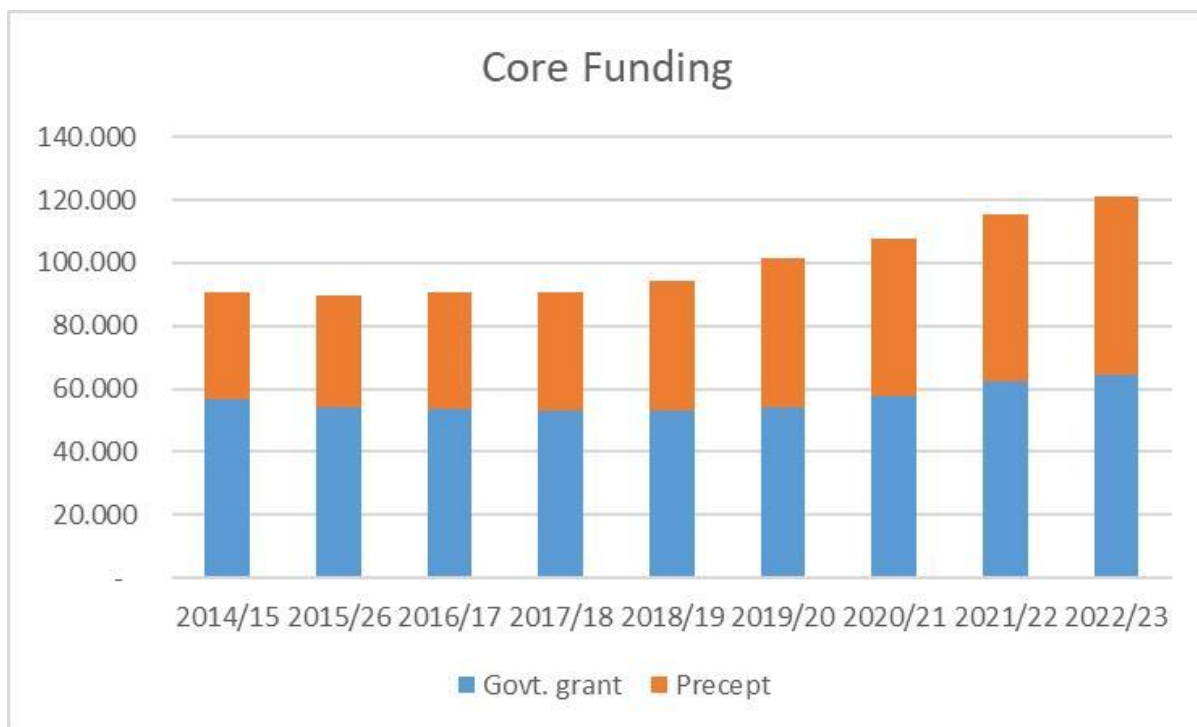


Table 2

Year	Govt. grant (£m)	Precept (£m)	Total (£m)	Precept proportion
2014/15	56.518	34.262	90.780	37.74%
2015/26	53.894	35.636	89.530	39.80%
2016/17	53.616	37.080	90.696	40.88%
2017/18	52.937	37.864	90.801	41.70%
2018/19	52.937	41.180	94.117	43.75%
2019/20	53.941	47.276	101.217	46.71%
2020/21	57.592	50.127	107.719	46.53%
2021/22	62.188	53.392	115.580	46.19%
2022/23	64.254	56.664	120.918	46.86%

The proportion of funding raised through council tax differs significantly for PCCs nationally. In Warwickshire, a £15 precept increase would increase the proportion of spend funded from council tax to 47%, compared to it constituting around 19% of funding in Northumbria, 21% in the West Midlands and 56% in Surrey.

Planning for beyond 2023/24 is challenging, and significant activity at a national level will impact this including:

- The economic effects of the significant increase in inflation and energy costs.

OFFICIAL

- The anticipated review of the funding formula for policing. Work continues as part of a senior sector group with the first phase of consultation due in 2023.
- The long-term funding plans for the uplift in police officers, particularly as they progress through the incremental scales which can be significant.
- Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer, which have seen delays.
- The impact of the significant increases in pay inflation.
- The impact of supply chain problems and delays.

All these issues have been considered to varying degrees in our medium-term financial planning.

5.2 Council Tax

The Localism Act 2011 has abolished the council tax capping regime and replaced it with the requirement for PCCs to hold a taxpayer's referendum if excessive increases are proposed. In 2023/24 an excessive increase would be £15.01 or greater for a band D property.

The Commissioner has consulted widely on his draft budget and precept and has also taken the views of the Chief Constable into account. He is keen to address issues of police visibility, and to improve customer contact by providing the chief constable with the funding for 10 additional officers and 15 additional call handlers.

The Commissioner will meet these costs by raising the band D precept by £14 per annum which is equivalent to 5.3%. This is considerably lower than current inflation rates and is also £1 below the maximum precept increase possible. A £14 increase would raise the police precept for a band D property to £276.71 which will deliver enhanced 24/7 policing services in Warwickshire, representing an increased weekly charge of 27p.

The Commissioner never takes such decisions lightly, and the current cost of living challenges for many residents are clear. However, the Commissioner is aware of several national and regional schemes to assist residents to cope with the cost-of-living pressures. Precept is a progressive tax, and residents living in lower banded properties will pay a smaller proportion of any increase and vice versa.

The table overleaf indicates the total police precept charges for each banding and the annual increases that residents living in each band will incur in 2023/24. It shows that approximately 62% of properties across Warwickshire are in bands A – C, meaning that the majority of residents in Warwickshire will pay an annual precept increase of less than £14. Banding data is based on information from billing authorities in February 2022.

OFFICIAL

Table 3

Valuation Banding	% of Warwickshire properties currently falling in this band	2023/24 Annual Increase £	2023/24 Actual PCC precept £
Band A (6/9th)	16.7%	9.33	184.47
Band B (7/9th)	19.8%	10.89	215.22
Band C (8/9th)	25.2%	12.44	245.96
Band D	15.7%	14.00	276.71
Band E (11/9th)	10.6%	17.11	338.20
Band F (13/9th)	6.5%	20.22	399.69
Band G (15/9th)	4.8%	23.33	461.18
Band H (18/9th)	0.6%	28.00	553.42

To further mitigate the impact of precept increases, each billing authority has a statutory responsibility to set and administer a local council tax reduction scheme which is reviewed and approved through their internal governance processes each year and which applies to all elements of the council tax charge. Each preceptor, including the PCC, will fund their element of providing this support through the local authority scheme. Whilst the schemes differ between each billing authority, they all provide support to protect working age residents from the impact of precept charges, if they meet the scheme eligibility criteria. In preparing the 2023/24 budget proposals, the Commissioner is mindful that a final decision is yet to be made on the proposed change to the Local Council Tax Reduction Scheme in Warwick District Council (WDC). The estimated impact of WDC's proposed change, if implemented, would be to reduce the taxbase and hence the council tax income collected by approximately £0.120m. Any changes because of this will be mitigated through reserves and addressed in future years' budget planning. There is no restriction for eligible older people who are entitled to 100% council tax support, if they are eligible, under the national scheme.

The council tax base is a key component of the precept funding, in addition to the actual charge. The total amount of precept funding is generated by multiplying the band D council tax charge by the taxbase. The tax base is set by the district/borough councils in January for the following financial year. Any change in the taxbase has a direct impact on the precept income the PCC can raise. The taxbase itself is comprised of three elements - the number of dwellings in each valuation band, less any discounts (for example the single person discount) and less local council tax support (LCTS) scheme reductions for those on a low income. The 2022/23 council tax base is 215,689.50. It is estimated that this will rise by 1.68% in 2023/24, creating a new 2023/24 council tax base of 219,304.21.

Any variation between what the council tax billing authorities actually collect, compared to the level required as a result of each Authority's budget setting, results

OFFICIAL

in a surplus/deficit on the Local Authorities Collection Fund. Legislation requires that this balance is shared between the preceptors and means Warwickshire PCC will pick up approximately 12% of any surplus/deficit. As a result of covid, in the 2021/22 settlement the Government mandated the spreading (and thus repayment of any deficit to be phased over three years, so there remains a final year of deficit from 2021/22 to offset in the collection fund figures in 2023/24. This carrying deficit totals £0.226m. Based on information from billing authorities, the scale of 2022/23 surpluses, payable in 2023/24, more than offset this deficit, and the net position is a small net surplus of £0.044m. This is a one-off cost and is included within the total council tax precept funding available for the budget.

5.3 Proposed revenue budget 2023/24

Methodology and scrutiny

The financial strategy is to have an affordable, sustainable and effective policing plan supported by a good and balanced budget, based on sound assumptions. To achieve this, the budget must reflect the Police and Crime Plan priorities, make adequate provision for risk, and ensure that it should be fully integrated with operational business plans and policing strategy. This draft budget fulfils these aims.

The Chief Constable and Commissioner have considered key corporate risks when setting the budget. Essentially these risks are linked to national and local factors, including managing partnerships, pay and non-pay inflation, uplift officers and the introduction of a new policing model, staff and PCSO vacancy levels, increased police demand and key ICT transformational services. The risk registers for the force and PCC are reported regularly to the Joint Audit and Standards Committee (JASC) and are updated regularly during the year. This report also includes a review of financial risks for this budget, included at appendix B. The revised five-year financial forecast or Medium Term Financial Plan (MTFP) and in particular the 2023/24 budget detailed within this report aligns the force and Commissioner's financial resources to agreed priorities in the Police and Crime Plan.

The Treasurer has worked closely with the Director of Finance in the force and his staff throughout the year during the budget monitoring process and in the preparation of the budget for 2023/24. In respect of the detail of the draft budget, this has included (but is not limited to) the identification and agreement of key principles and assumptions, methodology and healthy challenge and scrutiny of the budget workings.

The Commissioner together with his senior team have held regular discussions with the Chief Constable and her Chief Officers throughout the year, particularly prior to and throughout the budget setting process, including the announcement and interpretation of the draft settlement. This has resulted in several full and robust discussions on the budget requirement, the national and local operational and financial challenges, the capital programme and its financing, the precept options available and a review of the MTFP, reserve balances and associated risks.

OFFICIAL

Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the Commissioner and his team, prior to and during the various budget meetings. Broad agreement on the budget for 2023/24 was reached between the Commissioner and Chief Constable earlier this month. However, decisions on the precept proposal have only been made once the various stakeholder engagement meetings were complete and the results of the public consultation were available.

Draft budget 2023/24

The revenue budget has been compiled based on the process outlined above and has been built based on a number of assumptions relating to expenditure and income. In line with this approach, the total net budget in 2023/24 is £125.997m. This equates to a £4.559m (3.75%) increase from the 2022/23 total net budget of £121.438m. This is £0.810m greater than the funding available after savings, from precept and core grant, and will be funded from a transfer from reserves in 2023/24, which will help to manage reserve levels, and also provide a more strategic approach or glide path for the identification of future efficiency savings, without impacting on front line services. The budget is based on a £14 increase in band D precept.

The next phase of the Warwickshire journey will be delivered through the Empower programme, to leverage the investment in ICT (Empower - Tech), maximise the potential of the workforce (Empower - People) and ensure our buildings are safe and operationally fit for purpose (Empower - Place). This programme helps to fulfil the priorities of the Police and Crime Plan and the costs and impacts of each of these workstreams is included within the revenue and capital budgets in 2023/24 and across the medium term financial plan.

The table on the next page outlines the 2023/24 draft budget.

OFFICIAL

Table 4

Category of spend		2022/23 Approved budget £m	2023/24 Draft budget £m	Variance £m
Police officer, PCSO & staff pay and overtime		91.791	96.413	4.622
Police Injury and Ill Health Pensions	1.529	1.594		0.065
Other employee expenses		0.838	0.947	0.109
Premises costs		3.364	4.025	0.661
Transport		2.833	2.958	0.125
Supplies and Services		13.330	13.750	0.420
Third party payments		8.474	9.436	0.962
Capital financing costs	5.176	6.960		1.784
Gross Expenditure - Force		127.335	136.083	8.748
Income	(7.183)	(8.586)		(1.403)
Net Budget - Force		120.152	127.497	7.345
Vetting Unit				
- Expenditure	2.248	3.259		1.011
- Income	(3.779)	(6.742)		(2.963)
- Net Vetting Unit Budget	(1.531)	(3.483)		(1.952)
Office of the Police & Crime Commissioner (OPCC)				
- Expenditure	4.100	5.249		1.149
- Income	(1.033)	(2.095)		(1.062)
- Net OPCC Budget	3.067	3.154		0.087
Warwickshire Road Safety Unit (WRSU)				
- Expenditure		1.490	2.929	1.439
- Income		(1.740)	(4.100)	(2.360)
- Net WRSU Budget		(0.250)	(1.171)	(0.921)
Net Budget		121.438	125.997	4.559
Contribution to/(from) Reserves		(0.050)	(0.810)	(0.760)
Net budget Requirement Funded By:		121.388	125.187	3.799
- Core Central Grant	(64.254)	(64.459)		(0.205)
- Council Tax Requirement	(57.134)	(60.728)		(3.594)
Total Funding/Net Budget Requirement		(121.388)	(125.187)	(3.799)

OFFICIAL

Further detail on the movement or variances between years, shown above are outlined in the table below:

Table 5

Description	£m
2022/23 Original Net Budget	121.438
Pay award, including increments for officers & staff and pension costs	3.101
Goods and services inflation	1.658
Unavoidable and legislative changes	1.135
Business plans (including pay for 10 officers and 15 call handlers)	0.955
Capital Financing	1.784
Empower – Tech Transformation Programme	1.277
ICT efficiency savings	(0.729)
Other efficiency savings identified as part of business planning	(0.213)
National Commercial Vetting Service (contractor vetting services)	(2.151)
Increased income, including ring-fenced safer roads income	(2.251)
Other minor changes	(0.007)
2023/24 Net Budget	125.997

Explanation in respect of some of the most significant movements are:

- The police officer pay budgets are calculated based on the latest recruitment and attrition forecasts, considering rank and incremental changes, and an estimated 3% pay award effective from the 1st September 2023. The pay budgets also include any changes in anticipated overtime and allowances, which includes an extra bank holiday for the King's Coronation in 2023/24, creating extra officer cost. The national pay award for officers in 2022/23 was a fixed sum of £1,900, which was equivalent to a national 5% increase. The costs were partly funded through the receipt of a separate pay grant from Government. A 3% pay award assumption in 2023/24 carries some risk, but networking and knowledge sharing with other colleagues, suggest that this is reasonable and takes note of the Policing Minister's indication that PCCs and Chief Constables should "budget appropriately for the pay award at above 2%".
- Staff and PCSO pay budgets are also based on an assumed 3% pay increase, effective from the 1st September 2023, and includes an increased

OFFICIAL

estimated turnover factor to reflect the time lag between staff leaving and new staff being recruited, in addition to general recruitment challenges being experienced (like in many other sectors) in key service areas. The total additional cost of pay and pensions in 2023/24 is estimated to be £3.101m.

- High non-pay inflation is a significant risk factor and accounts for £1.658m of additional cost in 2023/24, arising mainly from increases in energy, insurance, fuel and other contractual costs. These costs are shown across various budget heads within premises, transport, supplies and services and third-party payments in the above table. Inflation rates are forecast to remain high throughout 2023/24, and despite extensive work this provision may not be sufficient. This risk will be managed through reserves and in-year budget monitoring.
- Various unavoidable and legislative spend pressures across a variety of budgets, are included in the draft budget. These are related to either pre-existing decisions or have arisen through changes in legislation, national guidance or services provided to forces on a national basis. They include costs like the National Police Chiefs Council (NPCC), Home Office system charges, additional National Police Air Service (NPAS) costs and various partnership working contributions. This additionality is expected to cost a further £1.135m.

Based on these budget increases, the total additional cost of a standstill budget is £5.9m.

The Commissioner has listened to feedback from the consultation meetings and from the survey, and recognises the concerns voiced around police visibility and also public contact, particularly the 101 service. His response is to provide finance to increase the officer operational strength by a further 10, and the number of call handlers in the control centre by 15. These costs are included in the draft budget and total £0.955m.

The draft 2023/24 budget includes an increased revenue contribution to fund capital of £1.500m, for one-off items of capital expenditure. This is made possible and has been linked to the increase in commercial income from the national contractor vetting service, which includes an improved net budgeted position of £2.151m in 2023/24 compared to 2022/23. This approach effectively reduces the reliance on this income source to fund baseline revenue costs, and in the event of this income not performing at the budgeted level there is flexibility to reduce the in year contribution to capital if necessary, thus protecting normal policing services. Further details on this strategy are discussed in the capital section of this report, and in the separate capital strategy which will be published in March. Demand for contractor vetting continues to be strong, and the unit is operating more efficiently and productively, meaning the income targets in the 2023/24 budget appear sound.

Increased income from a range of sources is also anticipated, totalling £2.251m. This is primarily made of the increase in uplift grant referred to earlier, but other income generated within force for example from heavy or abnormal loads, DBS checks and through proactive action to improve road safety.

OFFICIAL

Increased ICT revenue costs are anticipated in 2023/24 totalling some £1.277m, partly linked with non-pay inflation referred to earlier, but also to deliver the Empower tech workstream which will leverage the investment and present choices around cashable and non-cashable efficiencies. This investment will also facilitate further developments in our digital services, to enable us to use data and analytical tools to understand demand, process and monitor outcomes as well as ensuring the securing of data and information and the systems on which they are held.

Efficiencies and savings

The increased standstill budgeted costs of £5.9m, referred to earlier in this report, cannot be met simply by increased funding from central grants and precept. There is therefore an implied savings requirement in the 2023/24 budget.

The draft budget includes cashable revenue savings of £0.942m. The vast majority, totalling £0.729m, are following the renewal of our ICT infrastructure, resulting from the decommissioning of 15 tonnes of ICT equipment as we reduce our footprint from 500 applications down to 150; consolidation of our contract and licensing arrangements while commissioning National Enabling Programme compliant applications; and the leverage of efficiencies through Microsoft 365 to reduce costs. It is anticipated that the ongoing ICT investment will deliver many of the required efficiencies through the use of contemporary, upgraded applications and modern equipment running on our robust ICT infrastructure. That infrastructure, with the right systems, will facilitate the introduction of automation and robotics in areas of business where large volume repetitive transactional tasks are performed to generate future options for making savings.

Over the last three years the Force has 'commercialised' and scaled up its National Contractor Vetting Service (NCVS), increasing income levels above target, whilst containing operating costs through greater productivity and efficiency. This has been made possible following a comprehensive review of the governance arrangements, staffing structures, product options, service offering, pricing schedules, procedures and systems. Much of this additional net income will be used to reinvest in capital to deliver projects that can drive future productivity gains. Over the life of the Medium Term Financial Plan (MTFP) the intention is to increase the amount of the revenue budget earmarked to directly finance capital expenditure on short life assets such as digital devices and vehicles. This will ensure that borrowing will be targeted to investment in long-life assets, including estate. Such an approach will help to reduce the revenue implications of borrowing to fund capital investment.

Warwickshire Police spends in the region of £20m on goods and services, contractual arrangements and collaborations. The Commissioner and Chief Constable both recognise that value needs to be delivered through the procurement strategy and contract negotiations, enabling cost reductions or cost avoidance. These objectives will be delivered through a varied and diverse set of actions across the commercial life cycle. This includes robust policy and procedure; effective use of systems and catalogues; use of collaborative agreements; benchmarking, market testing and rigorous contract management. Warwickshire will continue to engage, contribute to and draw on the work of Blue Light Commercial to seek value for

OFFICIAL

money, as well as considering how and where there are opportunities to reduce expenditure.

The Chief Constable is implementing a new operational policing model from April 2023 onwards on a cost-neutral basis, aimed at facilitating a more efficient and effective service in line with the priorities and strategic aims outlined in the police and crime plan. This will ensure the force can meet current and future demands. It has included a review of the departments, structures, and remits of teams across the organisation to provide a better and more efficient way of fulfilling all of the force's responsibilities, within the annual budget.

5.4. Capital

The capital programme includes investment in operational elements of premises, equipment, ICT and vehicle fleet. The Capital Programme for 2023/24 to 2027/28 has been reviewed and updated in consultation with the Chief Constable, the respective business areas and scrutinised by the PCC and his team. The Capital Programme reflects known priorities and commitments to meet business requirements as well as provide for a future which is continuing to take more shape.

The Empower – Place capital costs are shown against estates and show an increase of £1m over each year of the medium term capital plan, which reflects the ambitions of the Empower model and will also help address backlog maintenance issues. The programme and works will prioritise:

- Estate and location planning: To update the estate in line with policing requirements and ensure it is fit for the future
- Agile working: To maximise utilisation of the freehold estate by embracing new technologies and supporting agile working
- Maintenance and modernisation: To improve working conditions and the appearance of the estate, with a particular focus on safety and wellbeing, in line with staff and public expectations
- Sustainability: To adapt the estate in order to ensure Warwickshire is fit for a sustainable future
- Security: To align physical security provisions and physical threat profiles

The Empower Tech workstream is anticipated to cost up to an additional £6.500m (capital) over the next three to five years. This work has commenced in 2022/23, with an additional £2.700m being financed using the additional NCVS income and other areas of underspending. The remaining required investment and financing of approximately £3.800m is built into the medium term capital plan shown below, and work will continue in 2023/24 at pace, as much of the work is time critical. ICT infrastructure depreciates quickly, whilst policing and digital services develop and evolve rapidly. The Commissioner and Chief Constable both recognise the importance of continuing to invest in ICT and digital services, to maintain the infrastructure and avoid the accumulation of a new 'technical debt', which is created when ICT deteriorates and manifests in poor performance and weak levels of security. This investment and the Empower tech programme will also ensure that

OFFICIAL

Warwickshire builds on the National Enabling Programme-compliant platform that it has created and designs contemporary applications, in line with national policing applications and ICT products where this is appropriate, offers opportunity for greater efficiency and which delivers value for money. Opportunities for driving efficiency from the introduction of robotics and automation will be considered where appropriate. The scale and scope of the Empower – Tech programme can be flexed, within reason, to match available local resources and where other pressures emerge. Equally, progress on the programme also depends on being able to recruit appropriately skilled people in a competitive market, which remains a delivery risk.

The vehicle replacement programme for 2023/24 has again been set at a modest level, that balances realism and meets identified business needs. Whilst no slippage from 2022/23 is anticipated at this stage, this is a risk. Supply chain issues remain for vehicles, and shortages of some specific parts including microchips, which are in high demand internationally. Forecasts suggest that it is unlikely that vehicle replacement can be accelerated to any significant extent in 2023/24, and the current budget provision represents a realistic assessment of spending and replacement plans.

Part of the picture for vehicle replacement is also the consideration of the type of vehicles that are necessary for the force to operate effectively. This will need to accommodate changes in the industry and migration to electric and ‘greener’ hybrid vehicles over time, along with the infrastructure that they require, which in turn will reduce the carbon footprint of the fleet. Some charging points have been introduced on police estate under the sustainability work undertaken in 2022/23, and future opportunities will be kept under review.

The Commissioner is providing for significant capital investment of £46.281m over the medium term, as shown in the table below. The revenue consequences of this level of spending are incorporated into the MTFP. The capital programme will be kept under regular review, challenged by the Commissioner, although there may need to be in-year variations as projects unfold. The table below outlines the high-level capital programme and medium term capital spending plans.

Table 6

Capital Programme	2022/23 Forecast	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Estates	3.475	2.130	2.500	2.700	2.500	2.500	15.805
ICT/DS	6.031	6.135	2.598	1.793	2.218	1.799	20.574
Vehicle Replacement	1.004	1.709	1.443	1.204	1.204	1.500	8.064
Plant & Equipment	0.085	0.553	0.300	0.300	0.300	0.300	1.838
TOTAL	10.595	10.527	6.841	5.997	6.222	6.099	46.281

OFFICIAL

The funding of the capital programme in 2023/24 and beyond will be entirely from local resources, and there is therefore, a need to identify a sustainable source of capital funding in the medium and longer term. The capital funding grant in its previous form, whereby all PCCs received a capital grant to be used to support local investment priorities, no longer exists. In the past, the scope to use revenue or draw down from reserves as a source of capital funding has been limited, given the revenue position; investment needs to transition services and the need to protect reserves due to the uncertainty over the medium-term financial position on future levels of funding. Therefore, in recent years, and in lieu of capital receipts, the majority of capital expenditure has been financed through borrowing, but this is increasingly unsustainable and expensive to finance as interest rates rise. A change in approach is therefore planned over the medium term.

All borrowing has to be within the parameters of the treasury rules contained within the prudential indicators shown at Appendix A, however, Warwickshire has been increasingly investing in ICT to drive further efficiencies, and the use of borrowing to fund short-life assets (like ICT) has had the effect of increasing the burden on revenue through the workings of the Minimum Revenue Provision (MRP). The MRP is the statutory mechanism whereby assurance is sought that adequate revenue is set aside to repay borrowing. The success of the commercial NCVS has created opportunities to reduce our future reliance on borrowing to fund capital and enabled us to increasingly fund capital investments through direct revenue financing. An increased contribution of £1.500m has been included in the 2023/24 draft budget. This funding is helping to create a sustainable funding stream for capital, where the long-term ambition is that up to 50% of capital funding will be derived from revenue sources and/or capital receipts where the financial position allows.

£2.440m of reserves are being used to fund capital investments in 2023/24. This approach is planned as part of the process for managing reserve levels, but also to reduce reliance on borrowing and to avoid the significant revenue costs associated with borrowing. However, borrowing remains an affordable and significant part of our capital funding strategy, and although not specific, will be targeted against assets with a longer-term use (for example, estates work) to better manage the revenue implications of borrowing. This approach will be developed further with our Treasury management advisors and set out in our capital strategy. All borrowing will be taken in line with our treasury management strategy, which includes our prudential indicators. The prudential code and indicators provide the capital control mechanisms for borrowing. They consider the revenue effects of borrowing, which have been fully reflected in the draft budget and across the MTFP.

Any remaining capital receipts from the partial sale of land at Leek Wootton and future sales, will be used in the most cost-effective way to minimise the impact on the revenue account from statutory capital charges.

The expected funding of the programme is outlined overleaf.

OFFICIAL

Table 7

Proposed Funding	2022/32 Forecast	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Receipts	4.126	1.154	0.000	0.000	0.000	0.000	5.280
Specific Grants	0.000	0.132	0.000	0.000	0.000	0.000	0.132
Revenue	3.625	2.062	2.433	2.433	2.433	2.433	15.419
Reserves	0.966	2.440	0.500	0.000	0.000	0.000	3.906
S.106	0.378	0.500	0.000	0.000	0.000	0.000	0.878
Borrowing	1.500	4.239	3.908	3.564	3.789	3.666	20.666
TOTAL	10.595	10.527	6.841	5.997	6.222	6.099	46.281

6. Medium Term Financial Plan (MTFP)

The MTFP was last formally agreed in February 2022 although this has been updated and refreshed during the year.

The key assumptions as at February 2023 are as follows:

- Council tax base will grow by an average of 2% each year from 2024/25 to 2027/28. No provision has been included for collection fund surpluses or deficits across the MTFP.
- Central government grant has been assumed to increase in line with the increases in national funding for policing in 2024/25, and then reduce to a 1% annual increase over the remainder of the MTFP.
- Precept increases will be within the assumed Government CSR21 / settlement level, at around 3.8% in 2024/25 and then at 2% thereafter.
- The review of the revenue grant funding formula is currently underway. It remains unclear when the final outcomes of this will be available or when or how any changes will be implemented. This remains a risk which will be backed by reserves across the MTFP until further details become known.
- Pay inflation is included at 2% in 2024/25 and 2025/26 and then falls to 1% thereafter to match the grant increase assumption.
- Pay budgets include provision for increments and turnover, which is especially material to police officer pay, given the ranges of some ranks.

OFFICIAL

The turnover factor is expected to return to more normal levels of 3% in 2024/25 onwards.

- General inflation rates are assumed to fall slightly in 2024/25, and thereafter. Contractual inflation commitments have been provided for where known.
- Provision has also been estimated for increases in costs on national and regional charges in line with historical patterns.

The impact of the 2023/24 budget proposals and the assumptions outlined above are quantified in the MTFP outlined in Table 8 on the next page.

The MTFP (2023/24 to 2027/28) identifies that based on these assumptions and the intended levels of capital investment referred to in section 5.4, further revenue savings of £3m will be required. This comes despite making cashable savings of £4.7m in 2021/22, and a further £1m in 2023/24. While the new policing model has identified £3m of potential savings from more traditional structural changes, the Chief Constable and Commissioner both accept that this could be detrimental to the momentum built recently under the transformation and uplift programmes. The preferred course of action is therefore to build on capacity and invest in digital capabilities, to enable the identification of different and more sustainable productivity and efficiency-driven savings over the life of the MTFP. This approach reduces the risk of significant redundancies in the short term and better fits with the operational and cultural changes being introduced, although the Empower structural changes will remain as a fallback position.

OFFICIAL

Table 8

Description	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Original Net Budget	121.438	125.997	131.266	134.847	137.486
Savings Target Achieved	0.000	0.000	(1.000)	(1.000)	(1.000)
Increases in Expenditure:					
Pay, Injury Pensions and ill Health	3.101	3.306	3.423	1.920	1.172
Goods and services	1.658	0.600	0.400	0.300	0.300
Legislation, National & Regional services	1.135	0.750	0.589	0.737	0.737
Business plans	0.955	0.000	0.500	0.500	0.500
Capital Financing	1.784	0.936	0.435	0.297	0.544
Empower – Tech Transformation	1.277	0.630	(0.570)	0.000	0.000
Reductions in Expenditure:					
ICT efficiency savings	(0.729)	0.000	0.000	0.000	0.000
Other efficiency savings	(0.213)	(0.135)	(0.066)	(0.045)	0.000
Other minor changes	(0.007)	0.000	0.000	0.000	0.000
Income Generation:					
National Commercial Vetting Service	(2.151)	(0.504)	(0.130)	(0.070)	(0.070)
Increased income, including Warwickshire Safer Roads Team	(2.251)	(0.314)	0.000	0.000	0.000
Net Budget	125.997	131.266	134.847	137.486	139.669
Net Funding	125.187	130.009	133.185	136.470	139.869
Budget Gap	0.810	1.257	1.662	1.016	(0.200)
Transfer to/(from) Reserves	(0.810)	(0.257)	(0.662)	(0.016)	0.200
Savings Target	0.000	1.000	1.000	1.000	0.000

7. Reserves and risk

Reserve levels are an important element of the budget process and are prioritised based on an assessment of risk. A separate reserves strategy exists and has been updated to reflect the current position. Further detail on reserves is available in that document and in the Treasurer's assessment on the adequacy of reserves, which is included at Appendix B to this report.

Earmarked reserves are held for specific purposes and will be used to manage risk, underwrite flaws in the budget assumptions and also one-off costs to deliver policing services over the next five years. The latter is not in conflict with our long standing good and balanced budget strategy but will ensure that reserve levels are managed effectively at a local level, to balance risk and investment and so that they are also in line with Home Office expectations.

OFFICIAL

Reserves are estimated to stand at £14.912m at the end of 2022/23, falling but remaining at over £10m through to the end of the MTFP. This total includes the general reserve of £6m.

The table below details the reserves held and their purpose.

Table 9

Reserve	Value held as at 31 March 2023	Purpose/coverage
General Reserve	£6.000m	<ul style="list-style-type: none"> Commercial risk associated with the NCVS Significant operations (demand) arising from a serious incident, investigation or prolonged disruption in lieu of special grant
Budget and Transformation Reserve	£4.158m	<ul style="list-style-type: none"> Provide a glide path over the MTFP to deliver £3.0m of savings Provide support to finance capital expenditure for investment in ICT/digital services Provide support for any potential loss of Government funding e.g. Police Uplift Programme ringfenced grant Provide support/coverage for any negative impact of the funding formula review
Infrastructure Reserve	£1.486m	<ul style="list-style-type: none"> Provide finance to fund capital expenditure for investment, primarily in short term assets thereby reducing the need to borrow.
Pay reserve	£0.500m	<ul style="list-style-type: none"> To meet any increased costs associated with the pay award above the assumed level of 3%, in the absence of other financing
Pensions and Redundancy Reserve	£0.500m	<ul style="list-style-type: none"> To meet the cost of change, or to finance the one-off costs of the McCloud remedy falling on the force
Insurance and legal reserve	£0.500m	<ul style="list-style-type: none"> To mitigate and meet the short-term costs of increases in insurance premiums (esp vehicles) and costs of any legal actions against the force, where these cannot be met from within existing budgets

OFFICIAL

Reserve	Value held as at 31 March 2023	Purpose/coverage
Income Reserve	£0.250m	<ul style="list-style-type: none"> To meet the costs of any shortfall in non-commercial income, where the cost cannot be mitigated or met from within exiting budgets.
Operational Policing Reserve	£0.500m	<ul style="list-style-type: none"> To provide the Chief Constable with some flexibility for one-off initiatives and to manage operational incidents.
PCC Grants and Commissioning Reserve	£0.359m	<ul style="list-style-type: none"> A working balance to manage one off PCC initiatives, grants and project work.
Safer Roads Reserve	£0.659m	<ul style="list-style-type: none"> To provide finance for one-off road safety grants and initiatives To provide finance to support the work of the Warwickshire Road Safety partnership <p>This is a working balance that will reduce over the lifetime of the MTFP.</p>

It should be noted that the £0.773m NCVS and small balance of £0.008 on the sustainability earmarked reserve will be transferred to the Budget & Transformation reserve and reprioritised to support the capital programme. The risk associated with the NCVS will be underwritten from the General Reserve as detailed above.

Further details on the assessment of risk and reserves levels are contained within the appendices, which should be read alongside this report. However, based on the MTFP and the assumptions indicated, reserve balances are anticipated to change as outlined below over the next five years:

Table 10

Reserve	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m	£m	£m
General	6.000	6.000	6.000	6.000	6.000	6.000
Budget & Transformation	4.158	3.094	2.437	1.875	1.859	1.859
Pay	0.500	0.000	0.000	0.000	0.000	0.200
Infrastructure	1.486	0.000	0.000	0.000	0.000	0.000
Pension & Redundancy	0.500	0.500	0.500	0.500	0.500	0.500

OFFICIAL

Insurance & Legal	0.500	0.500	0.500	0.500	0.500	0.500
Income	0.250	0.250	0.250	0.250	0.250	0.250
Operational	0.500	0.500	0.500	0.500	0.500	0.500
PCC Grants	0.359	0.259	0.259	0.259	0.259	0.259
Safer Roads	0.659	0.559	0.459	0.359	0.359	0.359
Earmarked	8.912	5.662	4.905	4.243	4.227	4.427
TOTAL	14.912	11.662	10.905	10.243	10.227	10.427

8. Conclusions and proposals

As part of the 2023/24 budget setting process, there has been a comprehensive review of the budget, the medium-term position and all the reserves held by the Commissioner. This report sets out clearly the PCC's budget, including the proposed precept increase, and his rationale which includes the anticipated benefits that they will bring. In addition, information relating to the medium term financial plan, capital programme and the reserves held, the purpose for which they are held, the plans for their use and the risks and assumptions underpinning them have also been provided.

Based on current planning assumptions, the level of general reserves should stay at £6m through to 2027/28, and sufficient provision has been made in earmarked reserves to fund expected one-off pressures and manage the identified risks.

Over the last twelve months the force has continued to deal well with changing demands and crime profiles and has an ambitious programme in place, which will deliver benefits through changes to the police operating model, improvements to the estate so that it is fit for purpose and further investment in technology to transform some areas of service to drive efficiency and increase productivity.

This budget has not been achieved without the need for difficult decisions, not least around the precept, made more difficult by the increased pressures on household finances due to high inflation and surging energy costs. The Commissioner is mindful of the financial pressures on local residents and the rising cost of living. Support is available to residents through national, county wide and more local schemes, and the Commissioner is meeting the costs of providing specific local council tax support schemes across the county for the police element of the precept. However, demand for police services is rising and the costs of providing those services is also increasing, largely due to pay and non-pay inflation. In addition, the police settlement has had the effect of increasing the burden for meeting these costs onto local tax payers rather than through national funding. However, based on a £14 precept increase, this budget will maintain and consolidate current services, and deliver a number of additional benefits for policing in Warwickshire.

While the 2023/24 budget is showing a balanced position, there remain challenges in the medium term, with £3m of savings required across the MTFP, uncertainty regarding the arrangements for securing the uplift grant and the need to bring capital

OFFICIAL

funding onto a sustainable footing. The Commissioner will continue to hold the Chief Constable to account during 2023/24 and will monitor progress on the delivery of the promised operational benefits and spending of the revenue and capital budget. This will assure that the resources made available are used in accordance with the outlined plans and enable Warwickshire to confidently and successfully deliver value for money policing services that protect the vulnerable, deliver improved outcomes for victims and keep communities safe.

9.Recommendations

The Commissioner is recommended to approve:

A net revenue budget after savings of **£125.997m**

A net revenue contribution from reserves of **£0.810m**

A net budget requirement of **£125.187m**

Council tax for a band D property of **£276.71 (an increase of £14 or 5.3%)**

A council tax for a band D property calculated as follows:

Item	£m
Budget requirement	125.187
Less: Police Grant	38.353
Less: Revenue Support Grant	20.952
Less: Council Tax Support Grant	3.910
Less: Council Tax Freeze Grant 2013/14	0.368
Less: Council Tax Freeze Grant 2011/12	0.876
Sub-Total	60.728
Less: Collection Fund surplus/(deficit) subject to final confirmation	0.044
Amount to be raised by Council Tax	60.684
Divide by Aggregate Council Tax Base (subject to final confirmation)	219,304.21
Basic amount of council tax at band D	£276.71

OFFICIAL

f) The consequential council tax for each property band will be as follows:

Band	Annual Charge £
Band A (6/9 th)	184.47
Band B (7/9 th)	215.22
Band C (8/9 th)	245.96
Band D	276.71
Band E (11/9 th)	338.20
Band F (13/9 th)	399.69
Band G (15/9 th)	461.18
Band H (18/9 th)	553.42

That the Chief Executive to the Office of the Police and Crime Commissioner for Warwickshire be authorised to issue Precept Notices on the Warwickshire billing authorities as shown below, subject to final confirmation.

Authority	£m
North Warwickshire Borough Council	6,028,628.72
Nuneaton and Bedworth Borough Council	10,853,913.06
Rugby Borough Council	11,188,662.70
Stratford-upon-Avon District Council	16,654,665.75
Warwick District Council	15,957,747.29
TOTAL	60,683,617.52

- h) The reserve position as set out in this report at section 7 and at appendix B
- i) The outline capital budget in section 5.4
- j) All Officers and staff be instructed to exercise tight budgetary control. Over-spending of 2023/24 departmental budgets must be avoided and the utmost caution must be exercised in entering into expenditure which creates additional commitments in future years. The Commissioner will be kept fully

OFFICIAL

informed of the financial position throughout the year, through tight budgetary control and monitoring, reported to him on a regular basis.

- k) The prudential indicators at Appendix A
- l) In approving the budget, the PCC notes the Treasurer's comments in Appendix B in respect of the robustness of the budget and the adequacy of reserves.

APPENDIX A

Prudential Code for Capital Finance

The Prudential Code for Capital Finance in Local Authorities (Prudential Code) is applicable to the Police and Crime Commissioner and has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide a code of practice to underpin the system of capital finance embodied in Part 1 of the Local Government Act 2003. PCCs, like Local Authorities, are free to determine their own level of capital investment controlled by self-regulation.

The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.

The Prudential Code supports a system of self-regulation that is achieved by the setting and monitoring of a suite of Prudential Indicators that directly relate to each other. The indicators establish parameters within which the PCC should operate to ensure the objectives of the Prudential Code are met.

In setting the prudential indicators, the PCC must give due regard to the following matters:-

- Service objectives, e.g. strategic planning for the authority
- Stewardship of assets,
- Value for money, e.g. option appraisal
- Prudence and sustainability
- Affordability
- Practicality, e.g. achievability

The Prudential Indicators below will also be reported in the PCC's 2023/24 Treasury management strategy which will be reported to Joint Audit and Standards Committee in March 2023. The PCC has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA): Code of Practice for Treasury Management in the Public Services. The Prudential Indicators for which the PCC is required to set limits are as follow overleaf:

OFFICIAL

PRUDENTIAL INDICATORS – Warwickshire

AFFORDABILITY PRUDENTIAL INDICATORS	2022/23 Forecast Outturn	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
Capital Expenditure	£10.681m	£9.817m	£7.111m	£6.373m	£6.021m
Ratio of financing costs to net revenue stream	3.55%	3.55%	3.795%	4.095%	4.25%
In Year borrowing requirement	£1.500m	£3.661m	£4.178m	£3.940m	£3.588m
In year Capital Financing Requirement	-£2.257m	-£0.270	-£0.159m	-£0.803m	-£1.422m
Capital Financing Requirement 31 March	£38.027m	£37.757m	£37.598m	£36.795m	£35.373m
Revenue effect of new borrowings - Increase per council tax payer	£3.25	£0.33	£0.99	£1.05	£0.73

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2022/23 Forecast Outturn	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget
Authorised limit for external debt - Borrowing	£50m	£50m	£50m	£50m	£45m
Operational boundary for external debt - Borrowing	£40m	£40m	£40m	£40m	£35m
Upper limit for fixed rate interest exposure - net principal re fixed rate borrowing / investments	£40m	£40m	£40m	£40m	£35m
Upper limit for variable rate exposure - net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m

APPENDIX B**Report of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 on the Soundness of the Budget and the Adequacy of Reserves**

When setting the budget and capital programme for the forthcoming year the PCC must be satisfied that adequate consideration has been given to the following:

- Government policy on police spending, as applied to the PCC
- The CIPFA prudential code and the treasury management code
- The impact on the council tax, and the risk of exceeding the limit for triggering a referendum
- Whether the proposals represent a balanced budget for the year
- The robustness of estimates and the size and adequacy of general and specific earmarked reserves
- The CIPFA financial management code of practice and guidance on the level of reserves
- The medium term implications of the budget and capital programme.

Section 25 of the Local Government Act 2003 requires the Commissioner's Treasurer to provide the Commissioner with assurance on the robustness of estimates made for the purposes of the budget calculations and the adequacy of reserves.

The Director of Finance for Warwickshire Police has provided assurance that the main assumptions and estimates used for compiling the budget are set out within this report, are robust and that the figures in the 2023/24 budget have been based, in his opinion and to the best of his knowledge, on sound assumptions. He has also provided assurance that this budget is consistent with the financial strategy (good and balanced budget), provides links to the priorities outlined within the Police and Crime Plan which is underpinned by the Chief Constables Fit for the Future strategy and does not impact adversely on the financial stability of the force in the medium term.

A level of uncertainty does exist, in particular around the review of the funding formula for policing, but also in respect of the uplift grant which includes the pay grant and will be paid as a specific grant. The conditions are not yet known, and further uncertainty exists regarding the future. The outcomes, timing and implementation of any funding formula review changes are also currently unknown. Further details will be made available in time as the work progresses, and

OFFICIAL

networking with colleagues at a local, regional and national level will help to improve our levels of understanding. Until then, reserves will continue to be held to manage any changes that may materialise in an adverse way, although the scale of any potential change is also unknown. Notwithstanding this, detailed work on a longer-term financial plan is ongoing over a 10 year period, providing further rigour to the financial planning process. However, given the period under consideration, the figures contained in the MTFP represent a reasonable and prudent estimate of the likely position and are a sound basis for planning purposes.

The Treasurer for the PCC can provide assurance on the budget and MTFP in that it has been produced in line with the latest government policy, CSR 2021, the police funding settlement, and is also compliant with the latest CIPFA Treasury Management Code and the Prudential Code.

The Localism Act provides communities with the power to veto through a referendum, council tax increases considered by the government to be excessive. The level set by government for 2023/24 is £15.00 on a band D property. This report and budget is based on a precept increase of £14.00. The budget proposed is balanced and assurance has been sought from the Director of Finance within the force on the robustness of estimates contained within it. These have been scrutinised and challenged by the Treasurer and have been found to be sufficiently robust. This work has also revealed that the MTFP presents a prudent estimate of the future financial pressures that the Commissioner will face.

The budget, MTFP and underlying assumptions will continue to be monitored carefully, along with any national developments, to ensure the Commissioner and Chief Constable are sighted on any emerging risks. Any changes in the final settlement and arising from the confirmation of tax bases and collection fund surpluses or deficits will be incorporated prior to the final budget being approved.

The Director of Finance will be undertaking careful monitoring of the budget during 2023/24, in conjunction with budget holders to manage spending and any consequential impact on reserves. The forecast outturn for 2022/23 looks to be underspent with no significant adverse changes anticipated at this stage.

In giving assurance on the adequacy of reserves the Treasurer has reviewed levels and compliance as outlined in the latest CIPFA guidance on the establishment and maintenance of Local Authority reserves and balances, which also applies to PCCs. This guidance sets out the factors that should be taken into account locally in making an assessment on the appropriate level of reserves and balances to be held.

The Commissioner's reserves are categorised as - General Reserves, Earmarked Reserves and Capital Reserves. These will, in part, be governed by known or likely commitments, and, in part, by his appetite for risk. This should include the strategic, operational and financial risk facing the force, and also include the potential impact

OFFICIAL

of external and internal risks. The Treasurer has thoroughly reviewed the risks facing policing in Warwickshire and reassessed the level of reserves required. In doing so, the Treasurer has complied with the CIPFA guidance with the intention being to ensure clear, transparent reporting around reserve levels in Warwickshire.

The following narrative provides some further detail on the approach, evidence and assurance regarding the adequacy of reserves.

Compliance with the 7 key principles in CIPFA's guidance

Budget assumptions/ Risk	Current situation in Warwickshire
<p>The treatment of inflation and interest rates</p>	<p>Warwickshire Police (WP) makes full and appropriate provision for pay and price rises, based on up-to date information and recognising the change in the workforce profile, increments, recruitment and turnover relevant to managing a police establishment.</p> <p>While the uplift target and maintenance of officer numbers is a priority in 2023/24, it does also represent a significant financial pressure to the budget and beyond. Our assumption around pay is the single most significant risk in the draft budget. Pay related costs constitute around 80% of our total costs, so it is also acknowledged that funding may have to be re-prioritised to meet higher pay award costs above the assumed level, if additional central funding through a new pay grant is not forthcoming, or the reserve is not adequate. The financial risk is further exacerbated by the potential for penalties through the loss of uplift grant, which appears to include the pay grant element, and has increased from £1.0m to £1.9m through the settlement. The specific grant conditions for the uplift grant are critical to ensure compliance can be achieved and to protect the grant income.</p> <p>Networking with other forces and local authorities has resulted in a range of increases being proposed. Warwickshire have included a pay award for officers and staff of 3% in 2023/24, which falls in the middle of this range, and is therefore deemed prudent. The actual pay award increase will not be known for some time. If no other in year funding is available through underspending or</p>

OFFICIAL

Budget assumptions/ Risk	Current situation in Warwickshire
	<p>increased income, the new pay earmarked reserve will be used to manage the risk on the pay award assumption.</p> <p>Non-pay inflation has been included where it is contractually required, or on the best estimate of inflationary increases, based on current spending levels. High inflation remains a concern, but a thorough review of the impact of non-pay inflation has been undertaken as part of the budget work.</p> <p>An informed assessment is made of interest rate movements and investment income budgets have been increased to reflect the anticipated income receivable in 2023/24.</p> <p>All individual expenditure and income budgets are prepared based on the forecast outturn and known or estimated changes.</p>
Estimates of the level and timing of capital receipts	<p>The PCC and finance staff make a prudent assumption on the level and timing of any future capital receipts, however minimal. The capital receipts in respect of the sale of excess land at Leek Wootton have been built into the financing of the capital programme in the most effective way, by targeting revenue funding and capital receipts to short life assets and borrowing to longer term assets. The capital strategy will be reviewed to reflect this strategy. A combination of funding from capital receipts, revenue funding and borrowing, along with minor other sources, is included within the capital plans.</p>
The treatment of demand level pressures	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>The Chief Constable retains a modest operational contingency within the budget to help finance more minor unexpected operations or events that require a policing response. The operational reserve is available to deal with more significant pressures.</p> <p>A detailed breakdown on reserves and the purpose and risk that they cover is provided earlier in this report.</p>

OFFICIAL

Budget assumptions/ Risk	Current situation in Warwickshire
	<p>Any significant pressures from changes in demand would need to be addressed initially from other savings within the in-year budget, and the budget or general reserve would only be used in more serious situations.</p> <p>Government grants are generally announced annually in advance and are cash limited. Any new policing pressures arising during the year will have to be funded from within the budget which will ultimately require other savings or efficiencies to be found.</p> <p>The PCC holds a number of earmarked revenue reserves to help finance specific expenditure commitments, details are included elsewhere in the budget report. Appropriations are made to and from these reserves on an annual basis as approved by the PCC and in line with the purpose of the reserve.</p> <p>Finally general reserves will only be used as a last resort to manage and fund one off incidents of a significant nature, and to manage fluctuations in the National Contractor Vetting Scheme.</p> <p>Warwickshire's reliance on commercial income is largely unique and fluctuations in this income source do provide a risk legally, reputationally and financially. Mitigations are in place and monitored through the vetting board and risk management process. The Chief Constable is the national vetting lead and as such remains abreast of any planned changes and topical issues in relation to vetting.</p>
The treatment of planned efficiency savings and productivity gains	<p>£4.7m of savings were identified and delivered In 2021/22, followed by a further £1m of savings in 2023/24. The approach to driving efficiencies and productivity is outlined earlier in this report. Further savings are required over the MTFP, averaging £1m per annum from 2024/25 to 2026/27 inclusive. A plan exists that can deliver these, through the review of the Empower operating model, but further savings are anticipated through investment in the Empower tech programme to implement, for example, robotics and automation in high volume, transactional areas of service.</p>

OFFICIAL

Budget assumptions/ Risk	Current situation in Warwickshire
	Further details on the approach and plans have been included earlier in this report.
The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments	<p>The financial consequences of partnership, collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the regular monitoring and budget review process. Where relevant any additional costs have been incorporated in the annual revenue budget. These are reviewed regularly during the year in the budget monitoring reports report and where necessary the MTFP is amended.</p> <p>Warwickshire have established partnership working arrangements with West Midlands Police for forensics services under a S22 agreement. In addition, there are a number of national and regional collaborations. All are monitored closely and anticipated costs are included within the budget and MTFP.</p> <p>Warwickshire is now fully standalone with effect from April 2022. Only historical storage facilities remain with West Mercia which are at a relatively minor cost.</p> <p>There is a risk that local authority partners will withdraw funding from projects due to increasing pressure and demands on their own budgets. This may also manifest as requests for increased contributions from policing, putting additional pressure on police budgets. Any such instances of this need will continue to be managed through the strong working relationships that exist with partners.</p> <p>The continued viability of private sector commercial partners will be exposed to increased risks, given we are in economic recession, in addition to other challenges, for example around meeting demand/staffing or around supply chain pressures.</p>
The availability of reserves, government grants and other funds to deal with major	The PCC has retained a number of earmarked revenue reserves to meet specific expenditure items. These are included in further detail within this report.

OFFICIAL

Budget assumptions/ Risk	Current situation in Warwickshire
contingencies and the adequacy of provisions.	<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 the Government considers special grant aid. The PCC has written to the Home Secretary to alert them to a potential application for special grant if and when conditions have been met in relation to the recent protests at the Kingsbury oil depot. Significant incident risks and costs will always be provided for within the general reserve.</p> <p>Reserve levels have remained resilient, throughout the pandemic; while the force has implemented a huge ICT transformation programme; and stood up services in Warwickshire following the exit from the former alliance. Reserve levels will continue to be monitored to provide for risk but also facilitate adequate investment in policing services.</p> <p>HS2 risk will continue to be monitored and engagement with key partners will be prioritised where appropriate.</p>
The general financial climate to which the PCC is subject.	<p>The finance settlement for 2023/24 was generally positive, given the uncertainty in the economy. High inflation continues to be a significant issue and cost pressure. The increased uplift grant whilst welcome, was expected to be included in core grant. The lack of clarity regarding these grant conditions is a risk and further details are awaited with some urgency to facilitate workforce planning and ensure that compliance can be achieved and to avoid any potential financial penalties.</p> <p>Information regarding the funding formula is awaited, and timescales or details are unknown, but this remains a risk. However, the medium term financial plan over a 5 year period reflects our best estimate of future inflation rates, cost pressures, increases in government grants and revenues raised from Council Tax as they impact on the Force. The consequences of the funding formula review risk will continue to be monitored as more information becomes available in time. Work has been undertaken on developing</p>

OFFICIAL

Budget assumptions/ Risk	Current situation in Warwickshire
	<p>a longer-term financial plan, which is retained for strategic financial modelling purposes</p> <p>Inflation in the U.K. is at a record high and is expected to stay high but fall during 2023/24. Energy costs, food and fuel prices are particularly affected. This has put pressure on personal finances, pay budgets to keep up with inflationary increases, but also concerns around the affordability of increases in the precept. The issues around each of these are being monitored through engagements and communication with the public and key stakeholders.</p> <p>Policing is often seen as the service of last resort, and the force is experiencing 'spill out' demand from other organisations, notably health, including ambulance and mental health services. Nationally it has been reported that over 65% of calls to police control centres are not crime related. This situation increases demand on police resources, reduces police capacity and remains a significant factor and risk.</p> <p>The UK economy is officially in recession and world wide growth has slowed following the impact of the pandemic. Supply chain issues are being experienced and the availability of some goods and services and their costs is providing challenge. These are being dealt with and monitored on an individual basis.</p>

General Reserve

In recent years, the Treasurer has undertaken a review of the significant risks and pressures facing the Police and Crime Commissioner before setting a minimum level of reserves held in a General Reserve. The Treasurer has undertaken a comprehensive review of all reserves held in conjunction with the Director of Finance, details on this are contained within the main body of this report, which outlines that the general reserve will provide for costs associated with extraordinary or significant events or incidents, and for the NCVS. The general reserve is set at £6m. This is equivalent to approximately 4.7%. General reserve coverage between 4% and 5% is considered adequate. The Commissioner does not necessarily have to provide money in reserves for each risk element individually, unless there is some

OFFICIAL

certainty that they will occur and provided that all of the events are considered to be unlikely to occur together. A separate reserve strategy is also retained and reviewed annually.

Provided that this sum is available at all times within reserves, reserve levels appear adequate based on known information and risk.

Earmarked Reserves have also been considered as part of the review undertaken by the Treasurer to assess the adequacy of reserves. The position on earmarked reserves and potential risks and issues in 2023/24 are outlined earlier, with additional information also provided below:

In addition to the revenue reserves, capital reserves are also maintained. These are used to finance the capital programme. No specific capital reserves exist, although the infrastructure reserve will finance some capital spend, this is revenue funding being used to finance capital expenditure.

Capital Grants Unapplied are set aside on the balance sheet. This would hold any central capital grants that have not yet been spent. Such grants are applied to fund the capital programme and can be carried forward without penalty until required. The balance on the reserve as at 1st April 2022 was £0.0m.

There is a Capital Receipts Reserve. This holds receipts from the sale of police land and buildings which are no longer needed for operational policing as more efficient use is made of partners' and the policing estate. The funding table is shown in the capital section of this report which includes the expected position on capital receipts over the medium term. The balance on the reserve at 1st April 2022 was £0.0m.

On this basis, as Treasurer, I am therefore able to confirm that, in my professional opinion:

The estimates made for the purposes of the calculations of the Commissioner's budget requirement for 2023/24, under Section 32 of the Local Government Finance Act 1992 contained in the report, are robust.

The financial reserves that will remain available to the Commissioner, as a result of agreeing the proposals contained in this report, are adequate.

Sara Ansell
Treasurer, OPCC

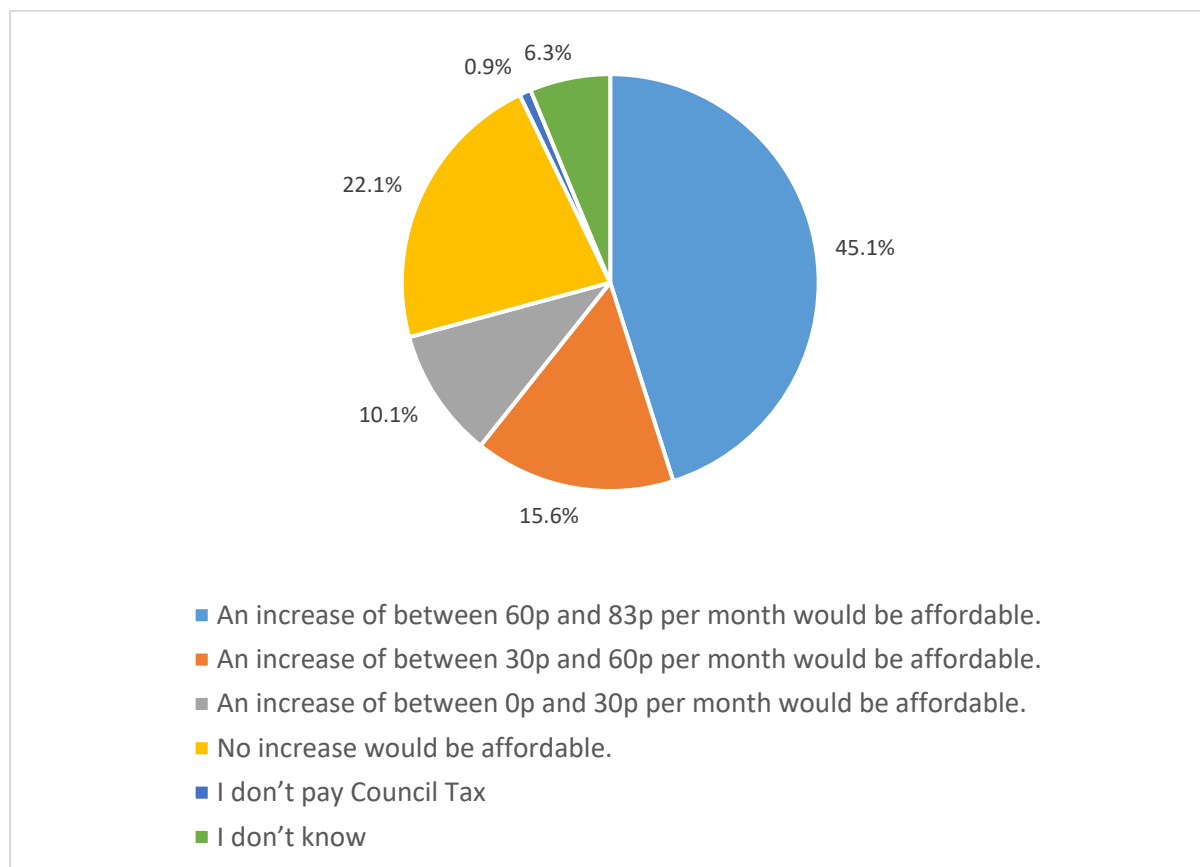
Summary results of the ‘Your Police, Your Views’ Consultation

There were a total number of 1,348 responses to the survey, of which 40 were completed as paper surveys and the remainder completed online.

The following data is presented in three ways – an overall figure for all responses, a second figure showing only those who do not work in policing (those answering as residents, business owners, people working in the county and elected representatives) and a third set for those who work or volunteer for Warwickshire Police.

Q: How affordable would a Precept change be?

Figure 1. All responses on affordability



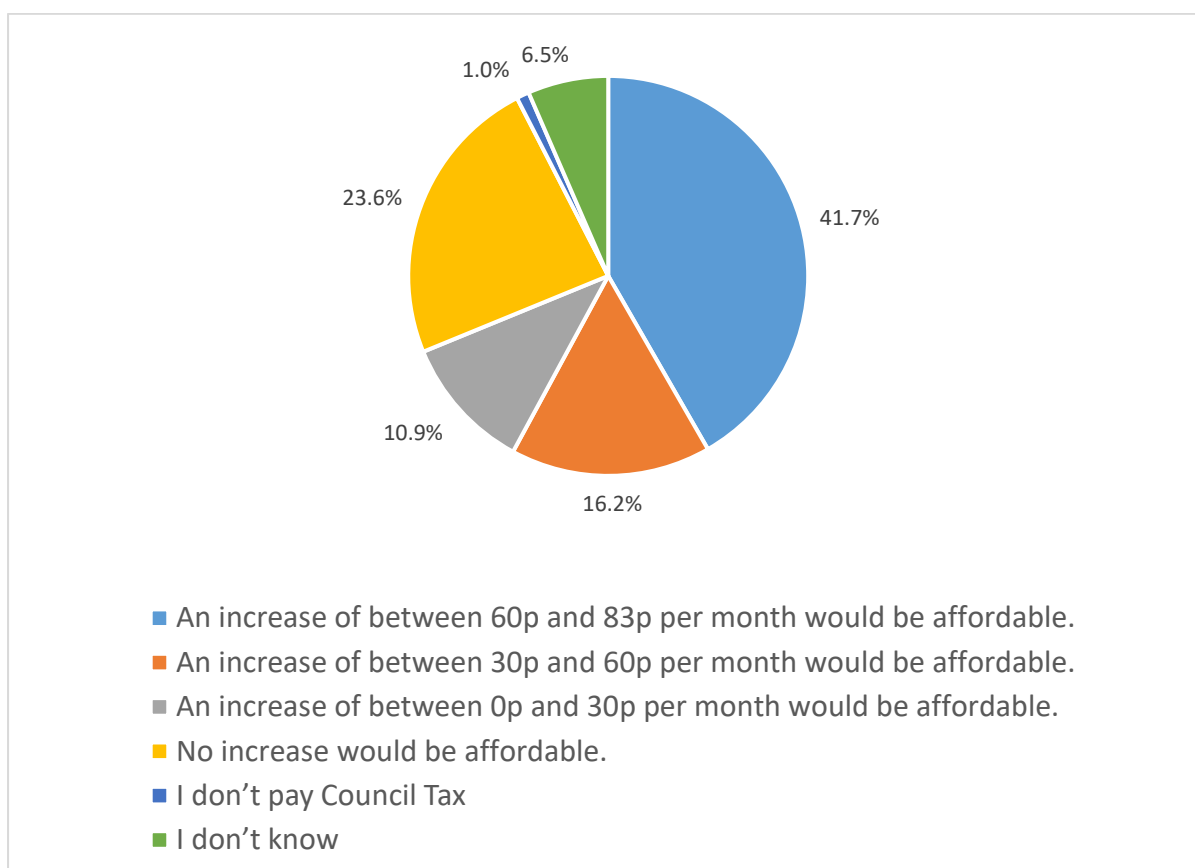
Data table for Figure 1:

Answer Choice	Response Percent	Response Total
An increase of between 60p and 83p per month would be affordable.	45.1%	599

OFFICIAL

An increase of between 30p and 60p per month would be affordable.	15.6%	207
An increase of between 0p and 30p per month would be affordable.	10.1%	134
No increase would be affordable.	22.1%	293
I don't pay Council Tax	0.9%	12
I don't know	6.3%	83

Figure 2. Non-police responses on affordability

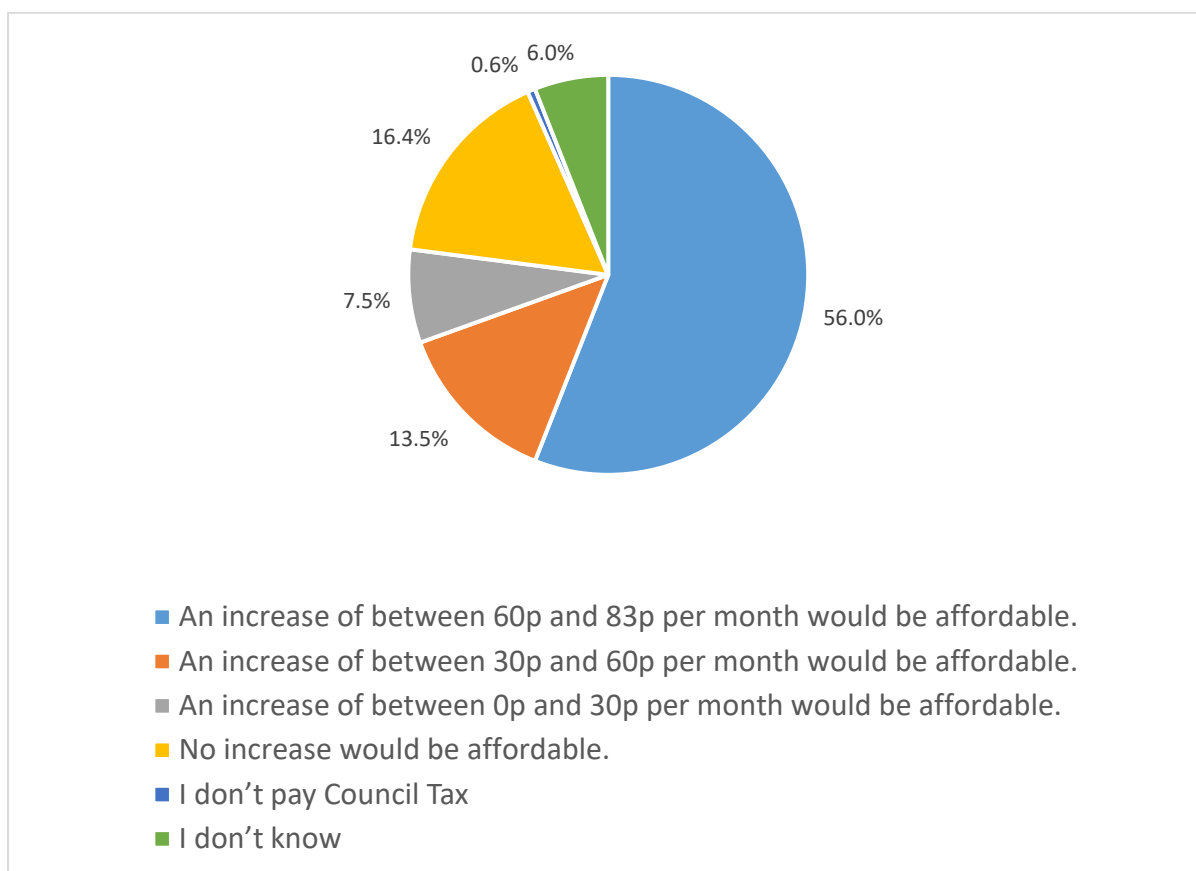


Data table for Figure 2:

Answer Choice	Response Percent	Response Total
An increase of between 60p and 83p per month would be affordable.	41.7%	409
An increase of between 30p and 60p per month would be affordable.	16.2%	159
An increase of between 0p and 30p per month would be affordable.	10.9%	107
No increase would be affordable.	23.6%	232
I don't pay Council Tax	1.0%	10
I don't know	6.5%	64

OFFICIAL

Figure 3. Police responses on affordability

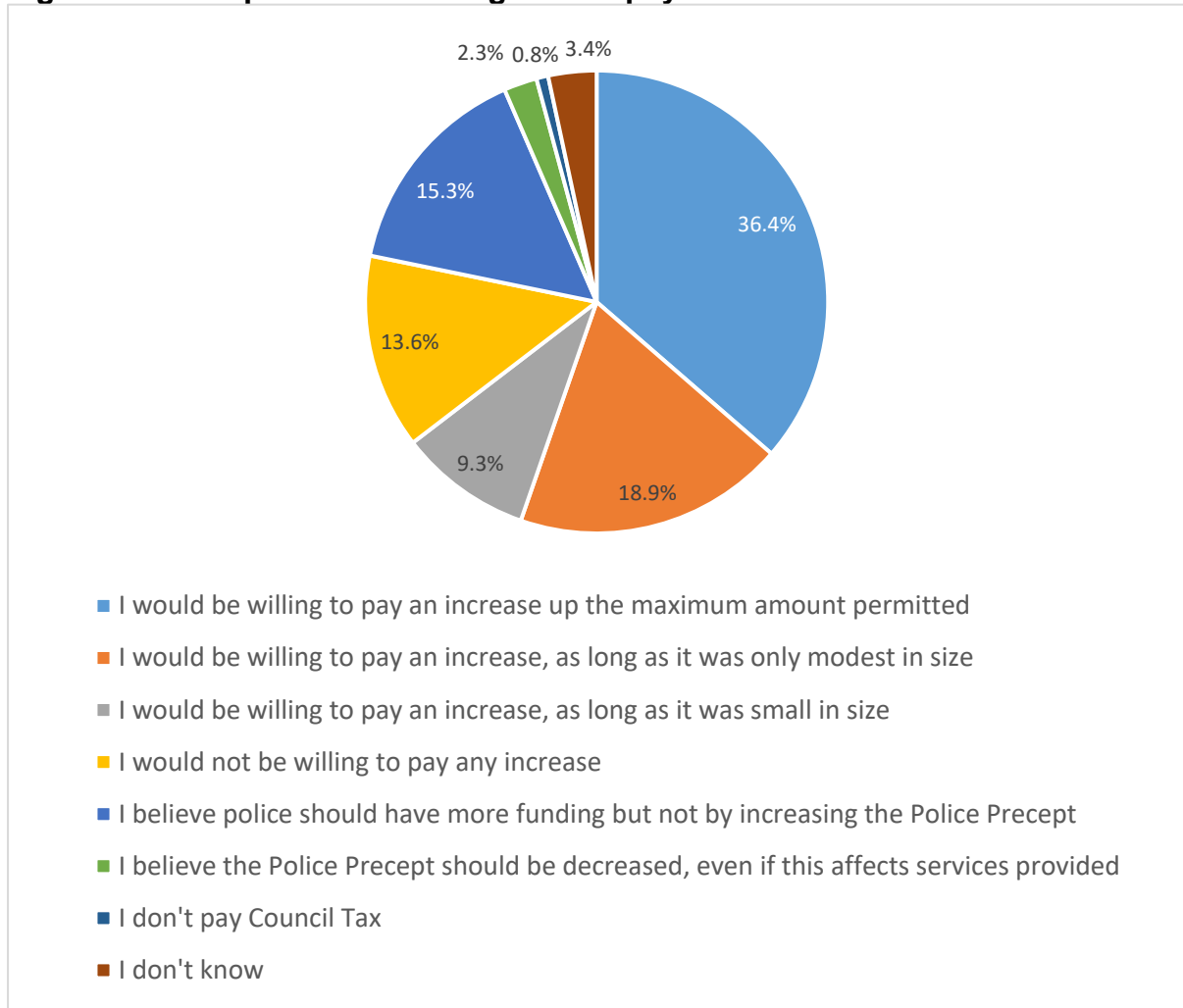


Data table for Figure 3:

Answer Choice	Response Percent	Response Total
An increase of between 60p and 83p per month would be affordable.	56.0%	178
An increase of between 30p and 60p per month would be affordable.	13.5%	43
An increase of between 0p and 30p per month would be affordable.	7.5%	24
No increase would be affordable.	16.4%	52
I don't pay Council Tax	0.6%	2
I don't know	6.0%	19

Q: How willing would you be to paying an increase in the Police Precept?

Figure 4. All responses on willingness to pay



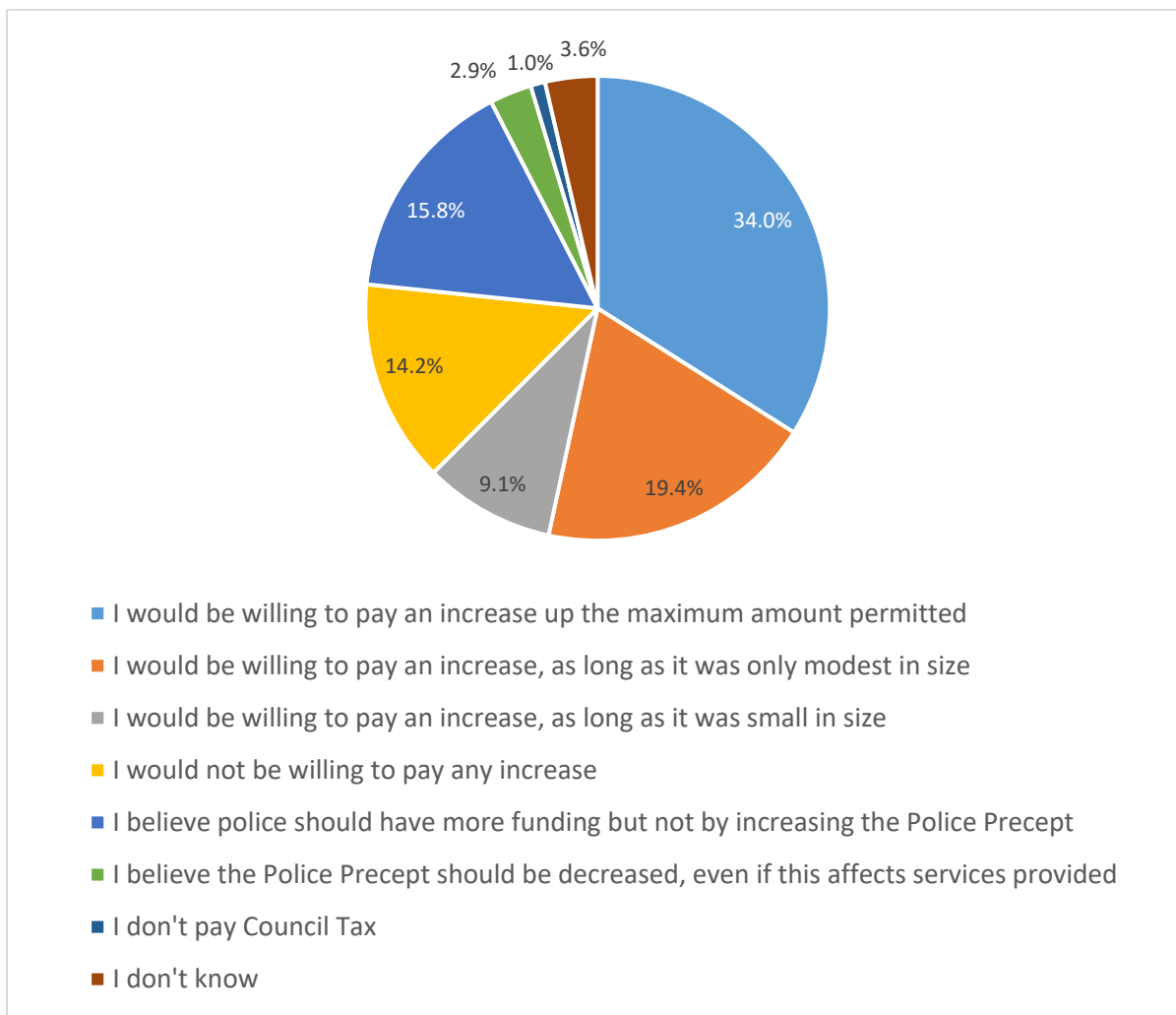
Data table for Figure 4:

Answer Choice	Response Percent	Response Total
I would be willing to pay an increase up the maximum amount permitted	36.4%	486
I would be willing to pay an increase, as long as it was only modest in size	18.9%	253
I would be willing to pay an increase, as long as it was small in size	9.3%	124
I would not be willing to pay any increase	13.6%	182
I believe police should have more funding but not by increasing the Police Precept	15.3%	204
I believe the Police Precept should be decreased, even if this affects services provided	2.3%	31

OFFICIAL

I don't pay Council Tax	0.8%	11
I don't know	3.4%	45

Figure 5. Non-police responses on willingness to pay



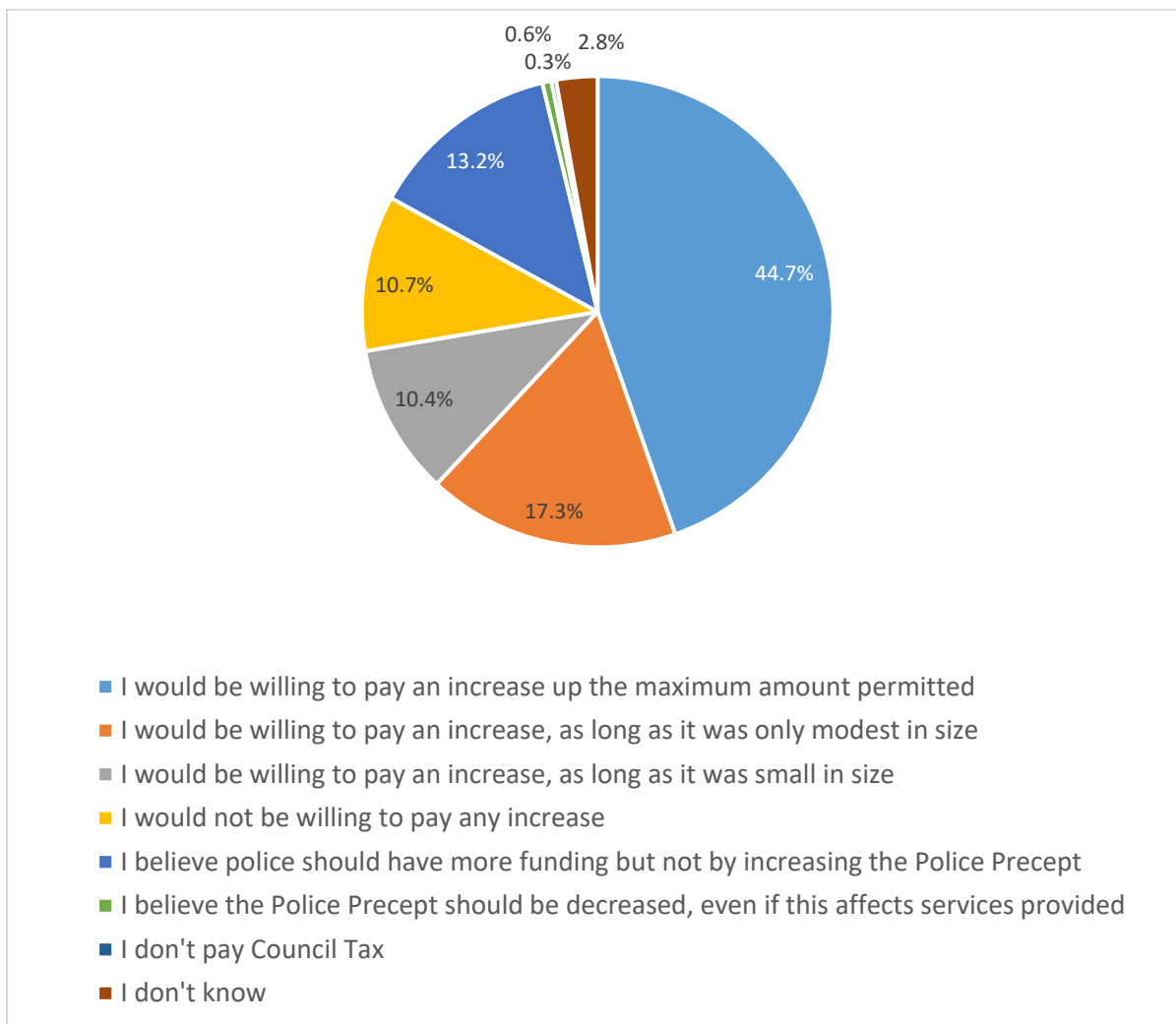
Data table for Figure 5:

Answer Choice	Response Percent	Response Total
I would be willing to pay an increase up the maximum amount permitted	34.0%	336
I would be willing to pay an increase, as long as it was only modest in size	19.4%	192
I would be willing to pay an increase, as long as it was small in size	9.1%	90
I would not be willing to pay any increase	14.2%	140
I believe police should have more funding but not by increasing the Police Precept	15.8%	156

OFFICIAL

I believe the Police Precept should be decreased, even if this affects services provided	2.9%	29
I don't pay Council Tax	1.0%	10
I don't know	3.6%	36

Figure 6. Police responses on willingness to pay



Data table for Figure 6:

Answer Choice	Response Percent	Response Total
I would be willing to pay an increase up the maximum amount permitted	44.7%	142
I would be willing to pay an increase, as long as it was only modest in size	17.3%	55
I would be willing to pay an increase, as long as it was small in size	10.4%	33
I would not be willing to pay any increase	10.7%	34

OFFICIAL

I believe police should have more funding but not by increasing the Police Precept	13.2%	42
I believe the Police Precept should be decreased, even if this affects services provided	0.6%	2
I don't pay Council Tax	0.3%	1
I don't know	2.8%	9

Other key findings

People feel policing needs improvement

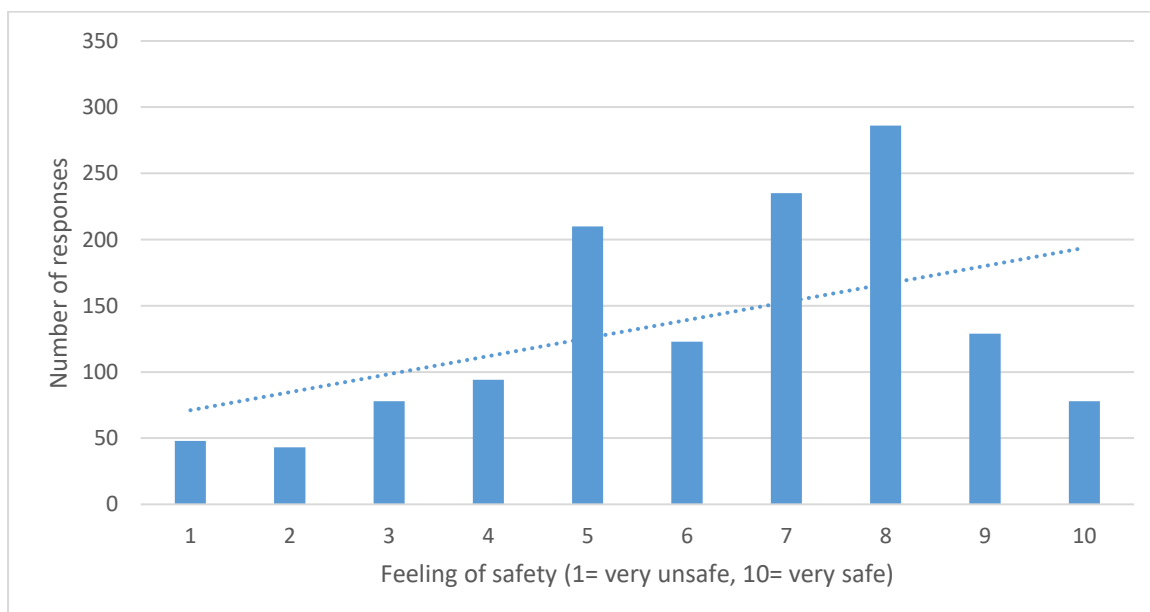
Most people believe policing requires some form of improvement in Warwickshire. Among those who do not work within policing, 36.7% felt that policing in Warwickshire was not good enough and many aspects need improvement, while 34.6% said that policing was generally good but could use some improvement. A further 18.5% felt that policing was generally bad and most aspects need improvement.

Those working within Warwickshire Police were more likely to say policing was generally good (54.1%) or not good enough with many aspects needing improvement (36.8%). Almost no respondents felt policing to be excellent with no room for improvement.

People generally feel safe in their communities

After being asked to rank how safe they feel in their communities out of 10 (1= very unsafe, 10= very safe), most people scored between 5 and 8, meaning more people view their neighbourhoods as safe than unsafe.

Figure 6: How safe do you feel in your local neighbourhood?



OFFICIAL

Data table for Figure 6

1	2	3	4	5	6	7	8	9	10
48	43	78	94	210	123	235	286	129	78

Visibility of policing continues to be a key concern

Most people do not feel that policing has enough visibility in their community. Most non-police respondents felt that policing was rarely visible (47%) or not at all visible (29.2%). Even among those working within policing, a majority thought policing was somewhat visible (46.2%) or rarely visible (38.1%). Very few in either category felt policing was very visible.

Many people express difficulty in contacting Warwickshire Police

More people (38.9%) felt it was very difficult or somewhat difficult to contact Warwickshire Police than those finding it very easy or somewhat easy (29.6%). A further 20.9% rated it as neither easy nor difficult. Common themes in the comments included frustration at long wait times or an inability to get through when calling on 101, difficulties with online forms, police station front counters being closed and problems and delays when contacting specific officers for updates on their cases.

Most people contacting the police were dissatisfied with the outcome

Across all respondents who had contacted Warwickshire Police within the last 12 months, 57.9% were dissatisfied with the outcome in some way. When asked to provide more information, the majority of comments cited factors such as:

- A perceived lack of interest from police in what they were reporting
- Long wait times on 101
- A lack of follow-up from officers or a perception that the response received was inappropriate.

Out of 396 comments received, 40 did however contain praise for the way in which their contact was handled.

Priorities for investment

A range of key priorities for investment were suggested, with respondents asked to rate whether their should be increase, decreases or freezes in investment in each.

In most categories, there was majority support for increased investment, most notably on measures to tackle anti-social behaviour, measures to reduce the number of people who commit crime time and again and on improving police performance, with more crimes detected. The only categories where there were notably larger responses suggesting less investment was needed was for tackling hatred and misogyny and for environmental sustainability measures, though these were still substantially outweighed by the numbers wanting to see increased investment in these areas.

OFFICIAL

Priorities for officer activity

We asked respondents to rate a variety of police activities in terms of their relative importance, to help understand where extra officers could be targeted.

While there were no policing activities that were deemed to be of little importance in substantial numbers, there were a number of activity areas which were deemed of highest importance by a large majority:

- Responding quickly to emergencies, such as crimes in progress or incidents where lives are at risk;
- Tackling violent crime
- Tackling serious and organised crime, such as County Lines drugs offences, people trafficking and firearms offences
- Tackling sexual offences including rape and child sexual exploitation.

When asked where needed the greatest amount of additional policing focus was needed, the top three answers were:

1. In our town centres (68%)
2. In our rural areas (48.8%)
3. On our roads (34%)

Note: figures do not sum as multiple answers could be selected.

General comments and observations

We received a total of 461 additional comments and observations, which covered a broad range of subject areas. Of these, 207 could be assessed as expressed a negative sentiment towards policing, 205 were neutral in tone and 49 expressed a positive sentiment.

A number of key themes emerged from the comments:

- A lack of police visibility (84 comments)
- A need for more locally-based policing (27 comments)
- That the police budget should be reduced through efficiencies (20 comments)
- More police are needed (17 comments)
- Central government should fund policing more (18 comments)

There also were a number of comments mentioning specific geographic areas where increased local policing was desired, with Southam, Atherstone and Kenilworth all being mentioned on multiple occasions.

Letter from the Chief Constable



Dear Commissioner,

Thank you for the opportunity to comment on the draft budget that you have prepared for 2023/2024. Over recent months we have worked together to discuss in some detail the progress of the force against the Fit For the Future strategic plan and your Police and Crime Plan. Following the publication of the HMICFRS inspection last year, I have shared with you details of what we will seek to improve as we move forward with the implementation of our new operating model, Empower, and together we have agreed a direction of travel for the next year.

I was really pleased to be invited to present my priorities for the next year to the Police and Crime Panel in early January with my senior leadership team and was delighted that we received such positive feedback from all that were present. This was a real opportunity to show the panel how the Operations Control Centre operates now they are located at Stuart Ross House and utilising the new technology we have invested in.

I also enclose a copy of the presentation delivered to the Panel for wider circulation to Panel members if required.

Although the national steer has been to raise the precept to the full £15 flexibility, after lengthy discussion with you and consideration I am content that the proposals you have developed will deliver a fair budget for the force and allow us to enhance service delivery where we have identified.

I look forward to working with you over the coming year.

Yours sincerely

Debbie Tedds

Chief Constable, Warwickshire Police