

Warwickshire Police and Crime Panel

Addendum

Date: Monday 5 February 2024

Time: 2.00 pm

Venue: Committee Room 2, Shire Hall

Items on the agenda:

2. Budget 2024/25

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To consider the Police and Crime Commissioner's proposed precept for 2024/25 and make a report to the Commissioner on the proposals by 8 February 2024.

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

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Budget Report 2024/25

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Report Date	31 st January 2024
Security Classification	OFFICIAL
Disclosable under Freedom of Information Act?	YES

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1. Foreword from the Commissioner

Every year I take on the responsibility of crafting the budget for policing across Warwickshire. It's not just about crunching numbers; it's about ensuring that our communities receive the protection they deserve while also equipping the Chief Constable with the resources to uphold operational effectiveness and efficiency. Balancing these needs is no small feat.

In the process of setting a budget that's fair to taxpayers, tough decisions must be made. It means weighing priorities and sometimes making difficult choices. That's why I've listened carefully to the feedback residents and businesses have given me through the 'Your Police, Your Views' survey, as well analysing a wide range of other local and national data.

From this engagement, it's evident that the majority of the public stands behind increased funding for police services, provided they witness tangible improvements in the services delivered. The proposed budget reflects this sentiment. It earmarks the necessary funds for the Chief Constable to sustain and improve services to the public, as well as ensuring officers and staff are paid properly for what they do, with the right equipment, buildings and facilities to be as effective as possible.

Moreover, the budget amplifies our joint commitment to better outcomes for victims and a more robust pursuit of justice against offenders. It not only sustains the recent uptick in police officer numbers but also aims to bolster our Safer Neighbourhood Teams through continued recruitment of PCSOs and additional resources in our town centres.

Recognising the pressing issue of anti-social behaviour, the budget allocates £1 million of ring-fenced funding to address hot spot areas. This injection, courtesy of the Home Office, will give an increased, visible uniformed presence in these areas, something which I think will be welcomed by all.

Community safety requires strong partnership working and that's why the budget commits to continuing the range of services I commission to support victims of crime, while also extending grant funding to county organisations dedicated to crime reduction and providing diversionary activities.

Despite Warwickshire Police's comparatively stable financial footing, budget constraints still persist. Increased funding from Central Government helps, but it's not enough to cover escalating policing costs and the desired service enhancements. To bridge this gap, the force has undertaken efficiency measures, yielding substantial savings. However, further financial prudence is necessary.

With approximately 70% of our costs fixed, predominantly through pay and pensions, avenues for substantial savings are limited without impacting frontline services. That's why I am proposing to increase the police element of Council Tax next year by 4.7%, equivalent to 25p per week extra for an average Band D household. While I know there are pressures on all of our budgets, I do think this will be affordable for

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residents, particularly when combined with the support schemes available for those on lower incomes and an improving economic outlook.

Every penny of this increase must translate into tangible benefits for the public. The Chief Constable has committed to driving improvements in key areas crucial to local residents and businesses. In tandem, I pledge to hold the force accountable for delivering on these commitments and demonstrating value for money, with improved outcomes for all.

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 (PCC/Commissioner) has a duty to hold the Police Fund, set a budget and propose a precept following consultation. This report provides information on:

- The net budget requirement for 2024/25
- Proposed precept for 2024/25
- The priorities and service improvement that will be delivered as a result of this budget.
- The proposed medium term financial plan covering the period to 2028/29.
- The high-level capital budget for 2024/25, and capital spending plans for the medium term
- A statement on the soundness of the budget and the adequacy of reserves.

The Commissioner will discuss his precept proposal and budget with the Police and Crime Panel at their meeting on Monday 5th February 2024. This report includes a recommendation to the Police and Crime Panel to support the precept proposal and not to exercise their power of veto, and aims to provide Panel members with sufficient detail in addition to the various briefings they have had, to enable them to make an informed decision.

The Commissioner has considered a number of factors as part of the process for determining the budget including:

- The priorities and areas of focus in the Police and Crime Plan
- The operational advice and recommendations of the Chief Constable.
- National policing policies and requirements to be delivered at a local level, including the strategic policing requirement.
- The outcome of the public consultation and feedback from the various targeted engagement events.

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- The requirement to deliver value for money from all spending,
- Prudent use of and transfers to reserves held by the Commissioner.
- The drive to secure a good and balanced budget, and sound financial planning over the medium term.
- The availability of government grant and the precept flexibility as announced in the settlement.
- Government policy and the current economic and political environment.
- Notifications from the various local authorities regarding their collection fund positions and council tax bases.

3. Strategic Context and Priorities

3.1 National context

The national financial context continues to be challenging and, whilst inflation has fallen in more recent months, the impact of the rising cost of living can be seen not only through rises in operating costs, but also through the types and patterns of crime the force is experiencing (notably acquisitive crime and retail crime). Demand for policing services continues to be high. Changing crime types mean that services need to be agile and flexible, in addition to focusing on preventative measures to avoid crime being committed in the first instance.

In policing the national direction of travel continues to support the maintenance of the additional officers recruited through the Police Uplift Programme. This will bring benefits including better visibility, improved responsiveness and positive outcomes. To achieve this, forces will need to secure efficiencies in their operations, which translates at a local level primarily to the effective use of technology and more efficient deployment of resources. Warwickshire is continuing to seek out these efficiencies over the medium term, particularly where they have little or no impact on front line policing services.

One of the single most significant challenges for policing is the issue of trust and confidence in police officers, given the spate of recent high-profile cases. Media coverage continues to focus on the efforts to remove officers that are not fit to serve. The Chief Constable recognises this and will continue to work to identify any such officers in Warwickshire.

3.2 Warwickshire Police

In Warwickshire the current context is broadly similar to the national position. Operating costs have increased, and there is an increase in demand for public services. Recruitment in policing remains somewhat challenging, not just for officers, but in some key staff posts too, including Police Community Support Officers (PCSOs). However, the recruitment and retention of officers has improved more recently, partly assisted through the increase in starting salary for officers.

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The Commissioner supports the local delivery of the national police officer uplift programme and the expansion of officers. He has worked with the Chief Constable to implement a significant recruitment plan, to provide “boots on the ground” for local communities, whilst being mindful of the financial challenges this brings in the medium term.

The number of officers in Warwickshire has risen to 1,115 and further growth, rising to a strength of 1,125 officers, is provided for within the 2024/25 budget. This will help to drive performance and improved police visibility.

A new operating model for policing introduced in 2023 is continuing to embed, with tangible benefits already being seen, including an increase in detection rates. The changes to the model were evidence-based and the deployment of officers on a geographical basis has ensured that resources are helping to manage demand most effectively, offering a high-quality service to communities. The Commissioner influenced the review of the Operating Model, representing the voice of communities and sharing their interest in increased police visibility and improved customer service, particularly through the 101 contact number. This has shown some dramatic recent improvements as a result of call handling changes and triage arrangements.

Alongside the operating model review, the Chief Constable is continuing to deliver two further change programmes. These relate to infrastructure and technology, with seeking to continue to drive improvements and efficiencies through the Commissioner’s capital investment.

The Estates programme seeks to deliver a series of improvements to bring it to suitable standard to support the needs of a modern workforce. In addition to improvements to building condition and maintenance, this programme seeks to continue to benefit from the principles of agile working and efficiencies to be gained from having the right people in the right place at the right time. The programme will support the developing Estates Strategy, which also sets a direction for activity to combat environmental and climate concerns. Fleet is a major element of this work, with national procurement work led by Blue Light Commercial, a police-owned company looking to transform commercial services, principally through standardisation and collective procurement. Over £0.100m of cashable and efficiency savings have already been realised in the first half of 2023/24 through engaging with Blue Light Commercial, most notably on recent fleet replacements.

The technology programme builds on the work undertaken under the Evolve programme, which sought to separate systems which had been combined under the former 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. Now that system has been implemented, the force continues to benefit from technology never previously in reach.

As the new ICT infrastructure and systems were implemented in quick time, the last 12-18 months have been spent consolidating the position and developing process improvements that can be drawn from the use of new technology, including

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automation. This includes some ambitious work, with a complex programme of activities underpinning it. One example is the Axon digital network, which connects people, devices and applications across the force and beyond, helping to improve productivity and drive more efficient working in the operational environment.

The majority of the force's budget is spent on staffing, including increases in officer numbers and pay inflation which put pressure on the budget year on year. Where the Commissioner seeks improvements in service delivery, the solution is often a people one, but this also provides among the most significant financial challenges for the force over the medium term. As a result, more detailed workforce planning work has and continues to be undertaken by the Chief Constable to understand and manage the position.

This year the Commissioner has worked with the Chief Constable to identify areas where the increased budget has materially impacted on improved service delivery. These are across a variety of service areas and outcomes and performance have been reported previously to the Police and Crime Panel and through various other channels. They include improvements in performance of the 101 service; an extension to the opening times of the resolution centres to improve communication and engagement opportunities; implementation of a range of out of court disposals to seek to change offender behaviour; and improved equipment and training for officers and staff across the breadth of the organisation.

Nevertheless, the communities of Warwickshire still expect more from policing services. They want to continue to see more police officers visible in their communities and performance to improve. As a result, the Commissioner has challenged the Chief Constable to increase the officer operational strength to 1,125 in 2024/25, utilising uplift funding, thus helping to ensure that the new policing model launched in 2023 can be sustained and can continue to embed and deliver improved outcomes.

3.3 The OPCC

Approximately 97% of the net total budget is directly passported to the Chief Constable by the Commissioner for delivering operational policing. The remainder is retained for wider OPCC activities. This includes the commissioning of support services to victims of crime to help them cope and recover; the provision of grant awards to local organisations; and supporting wider crime prevention and community safety partnership activity, alongside the funding of office staff and services (£1.500m).

The staff at the OPCC support the Commissioner and help to ensure that he fulfils his statutory functions and deliver on the wider expectations of the role. Moving into the final months of this term of office the Commissioner is seeking to maintain current activity. This includes:

- the continuation and mobilisation of some newly commissioned services to support victims and undertake other work to address specific needs

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- the leverage of considerable funding from the Ministry of Justice and the Home Office on initiatives including serious violence duty (£0.311m), Safer Streets 5 (£0.355m) and extra funding awarded for the continuance of enhanced services for domestic abuse and sexual violence (£0.977m).
- a further round of the Commissioner's Grants Scheme has been run under the theme of prevention and diversion to support projects, including road safety (£0.300m), across the county.

The Commissioner has also made available funding of £0.510m to support the work of key strategic partners in 2024/25, including the four community safety partnerships representing the whole county. There is continued support to ensure the OPCC can deliver against the priorities set out in the Police and Crime Plan and on other national initiatives. The budget for meeting the cost of this activity in 2024/25 is included within the figures presented later in this report.

A modest underspend is anticipated by the OPCC in 2023/24. This has mainly arisen from staff vacancies throughout the year. The OPCC also relocated in December 2023 from its former office at Northgate Street to Police Headquarters, and this has created some further cashable and efficiency savings.

In 2024/25 the OPCC budget also includes £1.000m of additional income, which is matched by expenditure, in respect of the Government's Anti-social Behaviour action plan. This aims to restore the public's confidence that this behaviour will be quickly and visibly punished, following pilot schemes in a small number of other forces. Further details on the specific grant conditions are awaited, which will determine how and who will be commissioned to deliver these services. However, this activity will help to address one of the major areas of concern raised in various public feedback and engagement sessions with the Commissioner.

Further funding has also been mooted for Immediate Justice in 2024/25, with details to follow in the second half of 2024/25, when the outcomes from pilot schemes have been fully evaluated. This is aimed at supporting the commissioning of new services to deliver swift and visible reparative actions to victims and communities in response to ASB, to divert adult and young offenders away from the criminal justice system, and meet the Governments objectives in their ASB action plan. Further details will be shared with the Panel when known.

3.4 Anticipated benefits of the budget

The Commissioner's budget is based on a band D precept increase of £13 which will maintain services and provide several additional benefits, upon which he will hold the Chief Constable to account.

It will ensure that Warwickshire Police reaches an officer strength of 1,125 and sustains the new operating model which was launched successfully in 2023. The model is designed to support the delivery of the Police and Crime Plan by providing consistent, high quality, locally policing services that will deliver:

- Improved engagement and visibility

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- Increased proactive and prevention activity
- Improved victim care and customer service focus within investigation activity
- Improved health and wellbeing for our officers and staff

Whilst it is still relatively early days for the new model, the benefits arising from the changes are already evident, and as more of the new officers complete their training and spend more time policing our communities, the focus will be on embedding the model further throughout 2024/25.

This budget will further enable the force to focus on the following priority areas:

Prevent harm to keep people safe

- Maintaining the current policing model of three policing areas focused on local service delivery
- Embed the new prevention hub which brings together a number of teams to focus on preventing harm from the most prolific offenders and in those parts of the county which suffer the highest levels of crime.
- Investment in upgrading the force's Automatic Number Plate recognition technology to enable better detection, deterrence and disruption of local, regional and national offenders
- Strengthen the proactive capacity within local policing to complement existing teams and specialist resources
- Ensure a consistent and quality response to rape, serious sexual offences and high-risk domestic abuse cases through the dedicated Domestic Abuse and Rape Team (Domestic Abuse and Rape Team)

Engage with communities to build confidence, improve visibility and access to services

- The introduction of town centre officers within the main towns across the county to further strengthen neighbourhood teams and geographical command areas.
- Continued focused on rural crime and engagement with rural communities.
- Ensure the significantly improved timeliness of answering calls for service, especially 101 non-emergency calls, is sustained and enhanced by additional methods of communications such as live chat and callback
- Improve the overall response to incidents by working with partner agencies to better support vulnerable people and offering a timely service for victims of certain crimes using video technology.
- Ensure officers are as productive, visible and accessible as they can be by providing cutting edge mobile technology and ensuring they have quick access to important information and intelligence.

Investigate crime to bring offenders to justice

- Increase the number of suspects brought to justice with dedicated resources focused on improving the response to important crime types such as retail theft, vehicle and burglary.

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- Make it much easier for members of the public and officers to collect and share important information to support investigations utilising technology
- Strengthen the capacity of specialist investigation teams who target high harm offending in areas such as child abuse, trafficking and exploitation.
- Enhance the response to cyber offences and digital investigations by increasing resources to support officers

To deliver against each of these priorities there are a number of important cross cutting areas of investment. Whilst these might be outside of direct public view, the performance of operational policing is built on effective and efficient professional services. Therefore, the budget will also focus on:

- An improved training and development offer for the workforce, which will be target first line supervisors initially through a new Learning & Development Academy.
- Introduction of automatic robotic processing and testing artificial intelligence tools into regular and routine processing to help drive more efficient working and further increase productivity and value for money
- Investment in the physical infrastructure (estates, fleet and uniform) to provide an improved working environment for officers and staff and ensure they have the tools to do their jobs effectively. This also includes a focus on sustainability with the implementation of more of electric charging points and solar panel roofing where possible.
- Upgrading key systems, such as the command and control and crime records management system, so that we maintain a modern digital estate which is both stable and meets the needs of communities, staff and partners.

The budget will also provide for:

- Increased investment in initiatives to address serious violence in Warwickshire through the securing of £0.311m of additional funding.
- Increased investment in several newly commissioned services to support the victims of serious road traffic collisions, and to provide support for drug and alcohol misuse to those within the criminal justice system with the aim of breaking the cycle of reoffending, which will help to make communities safer.
- To provide financial support of £0.355m and work in partnership on projects that will address neighbourhood crime, anti-social behaviour and violence against women and girls in public places, under the Safer Streets 5 programme.
- To provide up to £0.840m of funding to support enhanced services for the victims of sexual violence and domestic abuse to help them cope and recover. In addition to providing a further £0.375m of funding to run a domestic abuse perpetrator programme to prevent and reduce reoffending of such crimes.
- To provide enhanced financial support for the work undertaken by Community Safety Partnerships across the county to address local issues of concern.

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- To engage and work with partners to deliver several smaller projects across the county that will address priorities within the Police and Crime Plan through the annual grants process, which are focussed on prevention and diversion and will help to avoid our communities falling victim to crime.
- Provide for over £1m of efficiencies and savings, demonstrating our commitment to improving productivity to deliver value for money policing services to all our communities.

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.

To give the maximum amount of time for consultation activity to take place, and to ensure it could feed into the budget planning process from its earliest stages, the first phase was launched in October 2023 and ran (in online form) until just before Christmas 2023. This was supplemented by a series of online and face-to-face consultation meetings and was promoted to the public from a range of channels.

Results from the survey were provided to the Commissioner and Deputy Commissioner at a series of briefings and at the conclusion of the first phase of the online survey and were used to inform the development of this draft budget proposal. In addition, Warwickshire Police undertook its own public perceptions survey between October and November 2023, the initial findings of which were shared with the Commissioner, with particular emphasis on the priorities the public wish to see the police focus on.

The results of first phase of consultation were used to develop the key deliverables of the draft budget, which were then put out for further feedback and public comment in January 2024. 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 full range of consultation activity have therefore been used to ensure that the views of local residents and businesses on the proposals for the revenue and capital budgets have been obtained prior to making the recommendation to the Panel.

While there are differences between the results of part one and part two of the online consultation surveys, they do demonstrate an overall desire to see police funding increased to some degree, albeit with the caveat that demonstrable improvements in the services received must be delivered. This is consistent with the national survey data and the feedback from the face-to-face meetings with stakeholders.

The budget has been developed to address the key priorities that were identified by the respondents to both the first phase of 'Your Police, Your Views' and the force

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priorities survey, which in combination give a representative sample of the views of residents and businesses.

The low numbers of responses to the second phase of the online survey makes it difficult to draw concrete conclusions as to the findings, particularly given the inherent negative bias to such online surveys. However, national survey data shows that there is majority support among the public for increasing funding for public services, even if that means taxation has to increase and particularly if this avoids a need to reduce services.

A detailed summary of the consultation activity, methodology and results can be found at **Appendix C**.

5. Financial Picture

5.1 Police Settlement and national context

The 2024/25 Provisional Settlement was announced on 14 December in a written statement by the Minister of State for Crime, Policing and Fire, Chris Philip. This has been confirmed as final on the 31st January 2024, with no further changes being implemented. The settlement is for one year only.

The settlement provides additional national funding for PCC's of up to £1,279m in 2024/25, compared to 2023/24. This level of investment assumes that all Commissioners will maximise their council tax flexibility.

The settlement headline data includes:

- A £954m increase in grant funding to Commissioners nationally, for the baselining of the 2023/24 police pay award (£515m), an increase in grant to meet the higher costs of police pensions (£286m) and grant for the sustainment of the police uplift officers (£150m).
- Up to £325m of additional funding nationally from council tax precept if all Commissioners maximise their precept flexibility. Commissioners have been given the flexibility to increase the precept by up to £13 for a Band D equivalent property, but this remains a local decision for each Commissioner.

The funding settlement breakdown for Warwickshire is shown in the table below. It is based on assumptions by Government regarding precept levels as outlined above, and council tax base growth assumption of 0.7%, which is much lower than the actual council tax base growth in Warwickshire of 1.65%.

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Table 1

Description	2023/24 £m	2024/25 £m	Variance £m	Variance %
Police grant & ex-MHCLG grant	59.305	62.834	3.529	5.9%
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	64.460	67.988	3.529	5.5%
Pensions grant	0.869	3.211	2.342	269.5%
Ringfenced uplift grant	1.887	3.637	1.749	92.7%
Pay Award grant	2.265	0.000	-2.265	-100.0%
Total 'Central' Funding to PCC	69.481	74.836	5.355	7.7%
Home Office assumed Warwickshire precept funding	60.683	63.979	3.296	5.4%
TOTAL	130.165	138.816	8.651	6.6%

Please note that columns may not total, due to rounding's

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 2024/25 an excessive increase would be £13.01 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 sustain recent improvements in customer contact and crime detection rates. He is also mindful of the rising 'standstill' costs of the force as a result of pay and non-pay inflation.

The Commissioner will meet these costs by raising the band D precept by £13 per annum which is equivalent to 4.7%. A £13 increase would raise the police precept for a band D property to £289.71 which will deliver enhanced 24/7 policing services in Warwickshire, including all the benefits outlined earlier in this report, and which represents an increased weekly charge of 25p.

The Commissioner never takes decisions to raise council tax lightly and is particularly mindful of the cost of living challenges faced by many residents. However, he is financially supportive of the various local council tax reduction schemes across Warwickshire which provide assistance to residents for council tax charges. The Commissioner is also mindful that 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 below shows that approximately 62% of properties across Warwickshire are in bands A – C, meaning that most residents will pay an annual precept of less than £289.71.

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The table overleaf indicates the police precept charges for each banding and the annual increases for each band based on an £13 increase in 2024/25.

Table 2

Valuation Banding	% of Warwickshire properties currently falling in this band, based on 2022 data.	2024/25 Annual Increase £	2024/25 Actual PCC precept £
Band A (6/9th)	16.7%	8.67	193.14
Band B (7/9th)	19.8%	10.11	225.33
Band C (8/9th)	25.2%	11.56	257.52
Band D	15.7%	13.00	289.71
Band E (11/9th)	10.6%	15.89	354.09
Band F (13/9th)	6.5%	18.78	418.47
Band G (15/9th)	4.8%	21.67	482.85
Band H (18/9th)	0.6%	26.00	579.42

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 tax base. The tax base is set by the district/borough councils in January for the following financial year. Any change in the tax base has a direct impact on the precept income the PCC can raise. The tax base itself is comprised of three key 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 that meet the eligibility criteria. The 2023/24 council tax base is 219,304.21. The OPCC has been notified of a net increase of 1.65% in 2024/25, creating a new 2024/25 council tax base of 222,916.23. No further changes are expected, but if they do emerge, they will be reflected in the final budget approved by the PCC.

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 in a surplus/deficit on the Local Authorities Collection Fund. Legislation requires that this balance is shared between the preceptors and means the PCC will pick up approximately 12% of any surplus/deficit in each district and borough area, although this will vary dependent on the individual 'make up' of charges. Based on information from billing authorities, the net council tax surplus/deficit position for inclusion in the 2024/25 budget is a net deficit of £0.054m. This is a one-off cost and is reflected in the total council tax precept funding available for the budget.

5.3 Proposed revenue budget 2024/25

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 pay and non-pay inflation, increased police officers numbers, police staffing levels and vacancies, ongoing planned changes and improvements to digital services, and applications, alongside the sustained increases in police demand. The strategic 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 the most significant financial risks for this budget, which are included at appendix B.

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 2024/25. 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 settlement. This has resulted in several full and robust discussions on the budget requirement, national and local operational impacts and financial challenges, the capital programme and its financing, the precept options available and a review of the MTFP, reserve balances and associated risks.

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 2024/25 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 available.

Budget 2024/25

The revenue budget has been compiled based on the process outlined above and has been built based on several assumptions relating to expenditure and income. In line with this approach, the total net budget in 2024/25 is £133.144m. This equates to a £7.147m (5.7%) increase from the 2023/24 total net budget of £125.997m. This

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is £0.629m greater than the funding available after savings, from precept and core grant, and will be funded from a transfer from reserves in 2024/25 to meet costs. The table below outlines the 2024/25 draft budget in summary.

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Table 4

Category of spend	2023/24 Approved budget £m	2024/25 Draft budget £m	Variance £m
Police officer, PCSO & staff pay and overtime	96.412	108.401	11.989
Police Injury and Ill Health Pensions	1.595	1.664	0.069
Other employee expenses	0.947	0.927	(0.020)
Premises costs	4.025	3.976	(0.049)
Transport	2.958	2.862	(0.096)
Supplies and Services	13.750	14.697	0.947
Third party payments	9.436	9.840	0.404
Capital financing costs	6.960	7.537	0.577
Gross Expenditure - Force	136.083	149.904	13.821
Income	(8.586)	(14.859)	(6.273)
Net Budget - Force	127.497	135.045	7.548
Vetting Unit			
- Expenditure	3.259	3.692	0.433
- Income	(6.742)	(7.461)	(0.719)
- Net Vetting Unit Budget	(3.483)	(3.769)	(0.286)
Office of the Police & Crime Commissioner (OPCC)			
- Expenditure	5.249	6.898	1.649
- Income	(2.095)	(3.564)	(1.469)
- Net OPCC Budget	3.154	3.334	0.180
Warwickshire Road Safety Unit (WRSU)			
- Expenditure	2.929	3.460	0.531
- Income	(4.100)	(4.926)	(0.826)
- Net WRSU Budget	(1.171)	(1.466)	(0.295)
Net Budget	125.997	133.144	7.147
Contribution to/(from) Reserves	(0.810)	(0.629)	0.181
Net budget Requirement Funded By:	125.187	132.515	7.328
- Core Central Grant	(64.459)	(67.988)	(3.529)
- Council Tax Requirement	(60.728)	(64.527)	(3.799)
Total Funding/Net Budget Requirement	(125.187)	(132.515)	(7.328)

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Further detail on the key movements or variances between years, are outlined in the table below:

Table 5

Description	£m
2023/24 Original Net Budget	125.997
Pay Officer, Staff and PCSO pay award, increments and turnover	8.787
Police Officer pay reform – removal of lowest spinal point	0.746
Police Officer pensions	2.031
Police Officer Injury Pensions	0.078
Goods and services inflation	0.322
Unavoidable and legislative changes	0.408
Increased police overtime costs to meet anticipated demand	0.250
Business plan improvements (Health & wellbeing, Professional standards, diversity and training)	0.550
Capital Financing changes (for ext borrowing & direct revenue financing)	0.617
Empower – Technical team costs	0.630
PCC Initiatives (including increased estate officer, commissioned services, grants and external audit costs)	0.180
Savings: - Procurement - Insurance	(0.238)
Savings: - ICT efficiency	(0.179)
Savings:- identified as part of business planning and collaborative working (ANPR)	(0.289)
Savings:- MRP following review of capital financing	(0.500)
Abnormal loads income associated with the HS2 development	(1.000)
Increased investment income	(0.074)
National Commercial Vetting Service net additional income	(0.286)
Uplift grant funding	(2.229)
Pensions grant funding	(2.342)
Other increased net income	(0.315)
2024/25 Net Budget	133.144

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

The total additional cost of a standstill budget is in excess of £11.000m and is far greater than the additional funding available from core grant and precept funding. Further explanation of these cost pressures are set out below.

The police officer pay budgets are calculated based on the latest recruitment and attrition forecasts, following a detailed workforce planning review. This review has included the consideration of the expected 'leaving profiles' for officers, following pension changes, projected movements through rank and other incremental changes, which can be hugely significant, along with an emerging issue of potentially increased attrition rates from the service in the first 5 years of service. Previously early year service attrition rates were largely immaterial but given recent heavy uplift recruitment and changes in social attitudes, such issues are beginning to emerge nationally. However, given the immaturity of the workforce model as a result of uplift, a proven and well established evidence base is lacking, which makes for difficult planning assumptions at a local level. The impact of pay inflation and pay costs remains one of the most significant financial challenges in the medium term.

An estimated 2.5% pay award effective from the 1 September 2024 has been included in the budget for officers and staff. Whilst 2.5% may appear insufficient based on current pay inflation rates, and the 2023/24 7% pay award, it is important to note that higher awards for officers have been supported by additional Government grant in both 2022/23 and 2023/24. It has been indicated by Government that in the event of a 2024/25 pay award above 2.5% being agreed, additional Government grant is likely to fund the 'gap', in a similar vein to previous years. There is a degree of consensus therefore amongst national forces and with Government colleagues that a 2.5% pay award assumption is sound. However, the pay reserve is available to manage this risk if necessary.

Staff and PCSO pay budgets also include an estimated average turnover factor of 5% to reflect the time lag between staff leaving and new staff being recruited. This compares to a vacancy factor of 8% in 2023/24, thus creating a spend pressure. The total pay related cost pressure in 2024/25 is £8.787m.

The pay budget also includes provision and funding for 10 additional officers, to increase the operational strength to 1,125. These costs will be met from increased uplift grant funding in 2024/25 of £0.480m.

The 2023/24 police pay award included the removal of the lowest spinal point for Police Constables, meaning that from September 2023 police officers commence on a higher salary, but then continue to move through the spinal points in the usual manner. The removal of the lowest spinal point has created an immediate unfunded additional cost to the 2024/25 budget of £0.746m. This change was made to recognise the current recruitment and retention issues in policing, but also to ensure starting salaries were competitive enough to ensure the next generation of officers have the capabilities and attitudes to deal with the changing nature and increasing complexity of demand driven by both technology and changing social attitudes.

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Police Officer pension costs are due to increase significantly, with employers contribution rates rising from the current rate of 31% to 35.3% in 2024/25. This will generate an additional cost pressure of £2.031m, although these costs will be offset by the increase in pension grant (included in income), announced as part of the settlement. It is worthy of note that the police officer pension scheme is an 'unfunded' defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pensions payments as they fall due. An annual pensions grant is received from Government to help meet these costs. This approach to pensions is different to the funded, defined benefit scheme for police staff and PCSO's, administered by Warwickshire County Council as part of the Local Government Pensions Scheme, whereby police staff pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

Non-pay inflation has reduced generally over recent months, falling to 4% in December 2023. Non-pay inflation costs have been built in where known on a contractual basis, and where anticipated across various budget heads within premises, transport, supplies and services and third-party payments in the above table. Despite the unexpected rise in inflation in December rates are anticipated to continue reducing throughout 2024, and the cost pressure for 2024/25 is estimated to be £0.322m.

Various unavoidable and legislative spend pressures across a variety of budgets, are included in the 2024/25 budget (£0.408m). 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 increases in the National Police Chiefs Council (NPCC) charges, Home Office system charges, software licences, drug testing costs, medical reporting costs, external audit fees and various other partnership working contributions.

As a result of the increased number of police officers and as other recently recruited officers complete their training and become more active in their front-line duties, this does increase demand on other areas of service. The business plan improvement costs address some of these pressures, most notably, through an increased investment of £0.550m in staffing and other initiatives including training capacity, professional standards support, and the health and wellbeing of officers and staff.

Police overtime has been a significant cost pressure in 2023/24, and in recent years before that. Some of this has been planned and supported by additional income and some is reimbursed through mutual aid paid for by other forces. By its very nature overtime is, to a degree, unpredictable as the force responds to incidents and events. In 2022/23 the overspend arose partly due to policing protestor activity at Kingsbury Oil Terminal, whereas in 2023/24 it has been largely due to a high number of significant and complex investigations, so the range of circumstances effecting overtime can be considerable. However, an element of overtime also covers vacancies in specialist teams and patrol, whilst the new policing model becomes fully operational. The pressure in 2023/24 has been offset by areas of underspending in pay, and from the operational reserve. Such patterns of spending do, however, need to be addressed, and whilst a further £0.250m has been allocated to the budget in 2024/25 to deal with the unpredictability of policing demand, a thorough review of

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overtime has been conducted at the PCC's request and changes are due to be implemented to better manage future overtime pressures.

Increased income from a range of sources, excluding vetting and roads is also anticipated, in 2024/25 totalling £6.273m. This has resulted primarily from increases in central government grants including uplift grant (£2.229m) and pensions grant (£2.342m). A significant but validated increase (£1.000m) in abnormal loads income is anticipated, linked with the ongoing HS2 development, for the movement of large loads through our road network. This work is anticipated to continue at a significant level over the next 2-3 years and is expected to generate additional income to fund costs over that period.

Contractor vetting income is anticipated to continue to increase (£0.719m), although some will be offset by higher costs, to meet the ongoing rises in demand. The planned introduction of robotics for routine processing, should ensure that productivity of the service continues to improve, offering improved value for money. To manage revenue account risk from this income stream, increasingly any excesses, will be diverted towards funding the capital programme, through direct revenue financing. This approach effectively reduces the reliance on this income to fund baseline revenue costs, and in the event of the income not performing at the budgeted level there is flexibility to reduce the in-year contribution to capital, if necessary, thus protecting day to day policing services.

In line with the Police and Crime Plan the Commissioner is keen to improve road safety across Warwickshire, and increased income from camera enforcements is a by-product of this and is included in the 2024/25 budget. Additional income from a variety of other sources is also expected, including investment income following recent rises in interest rates and other small grants.

The OPCC budget has increased by £0.180m, to cover increased strategic estates officer costs, and higher costs for providing prevention and diversionary grants to partners, community safety partnership funding, commissioned services, and audit costs. The ASB hotspot funding and expenditure is also included within the PCC budget, as the grant conditions are as yet unknown, and this will be required to determine how this funding can be spent. This grant is welcome and will help to address community concerns around ASB and increase the uniformed presence in hotspot areas. The OPCC running costs are a smaller proportion of the total PCC costs and are estimated to be £1.500m in 2024/25, with the remainder spent on activities to deliver services through partners.

Efficiencies and savings

The increased standstill budgeted costs of over £11m, 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 2024/25 budget.

The budget includes total cashable revenue efficiency savings of £1.206m. These are included in table 5 above. They have been identified from a variety of sources including ICT and digital services (£0.179m), procurement activity (£0.238m),

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reduced costs from efficiencies in collaborative working and as part of the business planning process (£0.289m) and MRP savings (£0.500m) following a review of capital financing arrangements, now that the type and timing of specific capital works is better understood. The ongoing investment in digital services, particularly through the AXON digital network which connects people, devices and applications across the Force and beyond. AXON forms a main part of the ICT/DS investment across the MTFP and has a revenue as well as capital footprint. It is facilitating the delivery of more efficient working and increased productivity on the front line, with Officers using a variety of applications that avoid them having to return to the station or office to complete and download data. In addition, through the upgrades the introduction of automation and in some areas of business are now possible, and this will be explored in more detail in 2024, to deliver future savings targets.

Over the last three years the Force has successfully scaled up its National Contractor Vetting Service (NCVS), which is providing an income stream besides that of government grant and precept. The costs of operating the service have increased but the service is operating in an increasingly more productive and efficient manner, and as a result more of the additional income generated is planned to be used to reinvest in capital to deliver projects that can also drive future productivity gains. By de-coupling any excess income from the service and re-focussing it on funding capital expenditure, it will help to reduce the risk to the revenue budget from any future volatility arising from income fluctuations.

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 money, as well as considering how and where there are opportunities to reduce expenditure. The PCC will continue to hold the Chief Constable to account for all spending to help ensure that she delivers value for money services.

5.4. Capital

The capital programme includes investment in operational elements of premises, equipment, ICT and vehicle fleet. The Capital Programme for 2024/25 to 2028/29 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 taking more shape.

The majority of the Empower – Place capital costs are shown against estates and total £14.905m over the period 2023/24 to 2028/29, reflecting the ambitions of the Commissioner to deliver an improved estate, and to continue to address backlog maintenance issues. Additional one-off funding of £1.578m is included across

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2024/25 and 2025/26, to fund specific improvement works at Leek Wootton in addition to slippage from 2023/24 projects.

The ICT technical investment programme for 2024/25 is £4.235m, including slippage from 2023/24 for delayed works. This is followed by comparatively lower investment in 2025/26 and 2026/27, but this increases again in 2027/28 and 2028/29 based on the timing of planned work and replacements. Policing and digital services develop and evolve rapidly, and 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 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 and offers opportunity for greater efficiency by officers and staff and thus delivers value for money. Opportunities for driving efficiency from the introduction of robotics and automation are currently being developed following the AXON investments, and further efficiency savings are anticipated from this work in 2025/26 and beyond. The scale and scope of the digital investment 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 an ongoing challenge and risk.

The vehicle replacement programme for 2024/25 has been set at a higher level of £1.987m (including slippage, arising from the delayed delivery of vehicles) to reflect operational vehicle requirements, and also makes provision for an electric vehicle pilot. The annual fleet investment programme across the remainder of the medium-term ranges between £1.104m and £1.630m based on a business-as-usual replacement programme. However, part of the picture for vehicle replacement also needs to consider the type of vehicles that are necessary for the force to operate effectively, whilst also accommodating changes in the industry and issues around sustainability. This will need to include a longer-term plan to address the sustainability agenda, as and when the market can accommodate emergency service vehicle needs, along with the infrastructure that they require, which in turn will reduce the carbon footprint of the fleet. This is likely to be achievable through a joined up approach with other key partners, although the force has already introduced some changes, by offering charging points on some of its estate and some hybrid vehicles have also been introduced.

The capital programme also includes a smaller annual budget for planned plant and equipment replacements, including firearms equipment and body worn video replacements.

To summarise, the annual capital programme budget in 2024/25 is £10.625m, including expected slippage from 2023/24. This total investment is significant, and is above what is considered the business as usual annual capital programme total of between £6m and £7m. It is incumbent on the PCC and Chief Constable to keep the capital programme within available resources and ensure that capital financing and

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the burden on the revenue account is both affordable and sustainable, in effect ensuring that a balance between revenue financing and borrowing is maintained.

It should be noted however, that inflation remains a risk to the capital programme, in that the 2024/25 budget and medium term programme in effect represent a cash limit. This could mean that some projects may have to be rescheduled or the specification of work amended so that the programme is always affordable in any given year. Ultimately as time progresses, it will become clearer, whether a £6m to £7m programme is appropriate. However, in the absence of any central funding for such investments, it is imperative that capital spending is both affordable and sustainable and will almost certainly require the PCC and Chief Officers to make choices about future investment levels based on prioritisation and need.

Despite these challenges, the Commissioner is providing for total capital investment of £43.194m 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 it is acknowledged that there may need to be in-year variations as projects unfold.

Table 6

Capital Programme	2023/24 Forecast	2024/25	2025/26	2026/27	2027/28	2028/29	TOTAL (including 2023/24 forecast spend)
	£m	£m	£m	£m	£m	£m	£m
Estates	1.925	3.780	3.308	2.105	2.105	1.682	14.905
ICT/DS	3.738	4.235	1.814	1.837	2.905	2.990	17.519
Vehicle Replacement	1.291	1.987	1.104	1.104	1.400	1.630	8.516
Plant & Equipment	0.304	0.623	0.227	0.300	0.300	0.500	2.254
TOTAL	7.258	10.625	6.453	5.346	6.710	6.802	43.194

The funding of the capital programme in 2024/25 and beyond will be entirely from local resources, with no central Government funding routinely available. It is therefore necessary that a sustainable source of capital funding in the medium and longer term is identified. The PCC with the support of the Chief Constable has agreed to use revenue funding, borrowing and S106 funding in 2024/25. Increased direct revenue financing has been made possible largely due to the success of the force at delivering the national contractor vetting scheme. The plan remains to increase this funding stream for capital from £1.500m to £3.500m over the medium term, thus having the effect of reducing the requirement to borrow over this period whenever possible. Borrowing generates revenue costs through the workings of the Minimum Revenue Provision (MRP), whereby MRP is the statutory mechanism for providing assurance that adequate revenue is set aside to repay borrowing when it falls due.

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All borrowing must be within the parameters of the treasury rules contained within the prudential indicators shown at Appendix A. Borrowing does remain an affordable and significant part of our capital funding strategy, and all borrowings will always be taken in line with our treasury management strategy. Borrowing in Warwickshire is comfortably within the prudential indicators and the revenue effects of borrowing, have been fully reflected in the budget and MTFP. To maximise the potential to reduce MRP revenue costs, our strategy remains to target borrowing at longer term assets. This will further help to create a sustainable capital financing model, by reducing the revenue implications of MRP. The expected funding of the programme is outlined below:

Table 7

Proposed Funding	2023/24 Forecast £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	TOTAL (including 2023/24 forecast spend) £m
Receipts	1.036	2.475	0.000	0.000	0.000	0.000	3.511
Specific Grants	0.126	0.000	0.000	0.000	0.000	0.000	0.126
Revenue	2.444	2.433	2.933	3.433	4.000	4.000	19.243
Reserves	1.227	0.000	0.000	0.000	0.000	0.000	1.227
S.106	0.500	0.359	0.000	0.000	0.000	0.000	0.859
Borrowing	1.925	5.358	3.520	1.913	2.710	2.802	18.228
TOTAL	7.258	10.625	6.453	5.346	6.710	6.802	43.194

6. Medium Term Financial Plan (MTFP)

The MTFP was last formally agreed in February 2023 although this has been updated and refreshed during the year.

The key assumptions as part of the review in February 2024 are as follows:

- Council tax base will grow by an average of 2% each year from 2025/26 to 2028/29. No provision has been included for collection fund surpluses or deficits across the MTFP.
- Central government grant is assumed to increase by 1% over the MTFP.
- Precept increases are assumed to be within the original capping level of 2% per annum from 2025/26 onwards.
- The planned review of the revenue grant funding formula appears to have stalled, in the light of political and economic uncertainties. Therefore, no

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assumptions about any planned changes or timings of any changes have been built into the MTFP.

- Pay inflation is included at 2.5% in 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. The turnover factor is expected to return to more normal levels of 3% in 2025/26 onwards for staff. Changes to officer numbers over the MTFP are reflected in accordance with the workforce planning review.
- 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 and the latest information through networks.

The impact of the 2024/25 budget proposals and the assumptions outlined above are quantified in the MTFP outlined in Table 8 on the next page.

The MTFP (2024/25 to 2028/29) identifies that based on these assumptions and the intended levels of capital investment referred to in section 5.4, further revenue savings of £2.827m will be required. This comes despite making cashable savings of £4.7m in 2021/22, £1m in 2023/24, and a further £1.206m in 2024/25.

The Chief Constable has a good track record of making efficiencies and savings ahead of when they are required, and plans are in progress for delivering over £2m of savings across 2025/26 to 2027/28, although a £0.750m savings target does remain. However, the Chief Constable is also mindful that to make savings too early, particularly where they require structural changes, could be detrimental to the momentum built recently under the transformation and uplift programmes and to the embedding of the local policing model, so the preferred course of action is to continue 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.

Increasing pay costs will remain the single most significant challenge across the MTFP, as officers become more experienced and move through the pay scales. The spinal point pay increases for an individual officer in year 7 could be over £9,500, which with a young and maturing workforce is indicative of the cost pressures facing the force over the longer term. Financial planning over this time frame and beyond does take place and the cyclical pattern of officer pay costs have been modelled. Coupled with the growing pay pressure for police officers, is the lack of certainty, which existed in previous years regarding the number of leavers following 30 years service due to pension scheme changes, in addition to an emerging theme of Police Officers leaving service during the first 5 early years of service. Assumptions and modelling of scenarios has been undertaken, and these will continue to be refined as

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more data is gathered. From a financial perspective, to manage this projected cyclical pattern and to avoid the need for 'boom and bust' savings programmes to deliver balanced annual budgets, the pay reserve will need to be contributed to from years of underspending on pay, and transferred from in years of overspending, in a more routine fashion, and this approach will be built into the reserves strategy.

Higher numbers of officers, and a maturing and more experienced force, will create additional cost pressures in the budget, for example, for staff support, equipment, fleet and for servicing increased activity by officers. These have been built into the model based on assumed levels, but this remains a risk across the MTFP, as the officer base matures, and reacts to changing crime types.

The MTFP also includes an increasing contribution of £0.500m per annum rising from £1.5m to a total of £3.5m from the vetting service to finance capital expenditure. This has been detailed earlier within the capital section of this report. Such a strategy will help deliver revenue savings in the medium term, if vetting income remains strong, as there will be a reduced need to borrow to fund shorter life assets, such as digital devices and vehicles, and will ensure that borrowing can be targeted to investment in long-life assets, including estate, which will carry lower annual revenue costs. This approach is reflected in the capital strategy, as a sustainable source of capital financing over the medium term and has been discussed with our external treasury management advisors.

Table 8

Description	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Original Net Budget	125.998	133.144	136.655	140.454	143.177
Increases in Expenditure:					
Pay, Injury Pensions and ill Health	11.638	3.535	2.389	1.789	2.661
Goods and services	0.322	0.300	0.300	0.300	0.300
Legislation, National & Regional services	0.407	0.389	0.558	0.589	0.742
Business Plans	0.800	(0.081)	0.000	0.000	0.000
Capital Financing	0.617	0.835	0.597	0.811	(0.700)
Empower – Tech Transformation	0.630	(0.570)	0.000	0.000	0.000
OPCC	0.184	0.000	0.000	0.000	0.000
Reductions in Expenditure:					
ICT efficiency savings	(0.179)	(0.350)	(0.500)	(0.516)	0.000
Other efficiency savings	(0.974)	(0.666)	(0.045)	0.000	0.000
Abnormal Loads	(1.000)	0.000	1.000	0.000	0.000
Grant Income	(4.717)	0.184	0.000	0.000	0.000
National Commercial Vetting Service	(0.287)	(0.065)	0.000	0.000	0.000
Warwickshire Road Safety Unit	(0.295)	0.000	0.000	0.000	0.000
Net Budget	133.144	136.655	140.954	143.427	146.180
Net Funding	132.515	135.808	139.158	142.623	146.210

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Budget Gap	0.629	0.847	1.796	0.804	(0.030)
Transfer to/(from) Reserves	(0.629)	(0.847)	(1.296)	(0.554)	0.030
Savings Target	0.000	0.000	0.500	0.250	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.

Total reserves are estimated to stand at £12.751m at the end of 2023/24, falling to around £9.5m through to the end of the MTFP. This includes the general reserve of £6m.

The table below details the reserves held and their purpose.

Table 9

Reserve	Forecast Balance as at 31 March 2025	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	£0.474m	<ul style="list-style-type: none"> To provide a glide path over the MTFP to deliver savings. To provide for deficits on the collection fund
Pay reserve	£2.824m	<ul style="list-style-type: none"> To meet any increased pay award costs above the assumed increase, in the absence of other financing, and to help manage the cyclical pattern of higher police officer pay costs as they move

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Reserve	Forecast Balance as at 31 March 2025	Purpose/coverage
		through the incremental pay scales, to smooth the impact in any individual year.
Pensions and Redundancy Reserve	£0.500m	<ul style="list-style-type: none"> To meet the cost of change, and/or any 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 and costs of any legal actions against the force, where these cannot be met from within existing budgets
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 existing 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 Initiatives Reserve	£0.308m	<ul style="list-style-type: none"> A working balance to manage one off PCC initiatives, grants and project work.
Safer Roads Reserve	£0.766m	<ul style="list-style-type: none"> To provide finance for one-off road safety grants and commissioned services 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>

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 in the table below over the next five years. If usage of reserves is required to address the emergence of risk, the replenishment of reserves to an adequate level will be required in future years.

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Table 10

Reserve	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
General	6.000	6.000	6.000	6.000	6.000
Budget & Transformation	0.474	0.474	0.474	0.474	0.474
Pay	2.824	2.078	0.832	0.328	0.358
Pension & Redundancy	0.500	0.500	0.500	0.500	0.500
Insurance & Legal	0.500	0.500	0.500	0.500	0.500
Income	0.250	0.250	0.250	0.250	0.250
Operational	0.500	0.500	0.500	0.500	0.500
PCC	0.308	0.308	0.308	0.308	0.308
Safer Roads	0.766	0.666	0.616	0.566	0.566
Earmarked	6.122	5.276	3.980	3.426	3.456
TOTAL	12.122	11.276	9.980	9.426	9.456

8. Conclusions and proposals

As part of the 2024/25 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 2028/29, and sufficient provision has been made in earmarked reserves to fund expected one-off pressures and manage the identified risks and expenditure cycle associated with officer pay.

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 the benefits outlined earlier in this report.

This budget has not been achieved without the need for difficult decisions, not least around the precept. The Commissioner is mindful of the financial pressures on residents and that they wish to see improvements in the services they receive from Warwickshire Police. The Commissioner has agreed a number of benefits with the Chief Constable that this budget will deliver, and he will continue to hold her to account for performance against these. However, demand for policing services is also rising and the costs of providing those services is increasing, largely due to pay related inflation. The cost of a standstill budget in 2024/25 have increased by over

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£11m which is unmatched by core grant and precept increases alone. However, the efficiencies and income that the force is able to generate coupled with the notified increases in central funding, and from a modest £13 annual increase in precept, will ensure that this budget will maintain and consolidate current services, and deliver additional benefits for communities.

While the 2024/25 budget is showing a balanced position, challenges in the medium term do remain, with a further £2.827m of further savings still required over the medium term. Over £2m of these have been identified in principle, for the period 2025/26 to 2027/28, but a savings target of £0.750m still remains. The Commissioner will continue to hold the Chief Constable to account during 2024/25 and will monitor progress on the delivery of the promised operational benefits and spending of the revenue and capital budget. This should provide assurance 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.

In summary, the Commissioners budget includes:

- A net revenue budget after savings of **£133.144m**
- A net revenue contribution from reserves of **£0.629m**
- A net budget requirement of **£132.515m**
- Council tax for a band D property of **£289.71 (an increase of £13 or 4.7%)**

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

Item	£m
Budget requirement	132.515
Less: Police Grant	41.451
Less: Revenue Support Grant	21.383
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	64.527
Less: Collection Fund surplus/(deficit) subject to final confirmation	(0.054)
Amount to be raised by Council Tax	64.581

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Divide by Aggregate Council Tax Base (subject to final confirmation)	222,916.23
Basic amount of council tax at band D	£289.71

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

Band	Annual Charge £
Band A (6/9 th)	193.14
Band B (7/9 th)	225.33
Band C (8/9 th)	257.52
Band D	289.71
Band E (11/9 th)	354.09
Band F (13/9 th)	418.47
Band G (15/9 th)	482.85
Band H (18/9 th)	579.42

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	6,335,842.57
Nuneaton and Bedworth Borough Council	11,613,247.90
Rugby Borough Council	11,871,121.46
Stratford-upon-Avon District Council	17,876,289.31
Warwick District Council	16,884,508.47
TOTAL	64,581,009.71

h) The reserve position as set out in this report at section 7 and at appendix B

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- i) The outline capital budget in section 5.4
- j) A requirement for all Officers and staff be instructed to exercise tight budgetary control. Over-spending of 2024/25 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 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) Due regard by the Commissioner to the Treasurer's comments in Appendix B in respect of the robustness of the budget and the adequacy of reserves.

9.Recommendation to Police and Crime Panel

To consider the Police and Crime Commissioner's proposed precept for 2024/25 and make a report to the Commissioner on the proposals by 8 February 2024.

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 2024/25 Treasury management strategy which will be reported to Joint Audit and Standards Committee in March 2024. This includes the liability benchmark indicator that was included for the first time in the 2023/24 Treasury Management Strategy.

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:

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PRUDENTIAL INDICATORS – Warwickshire

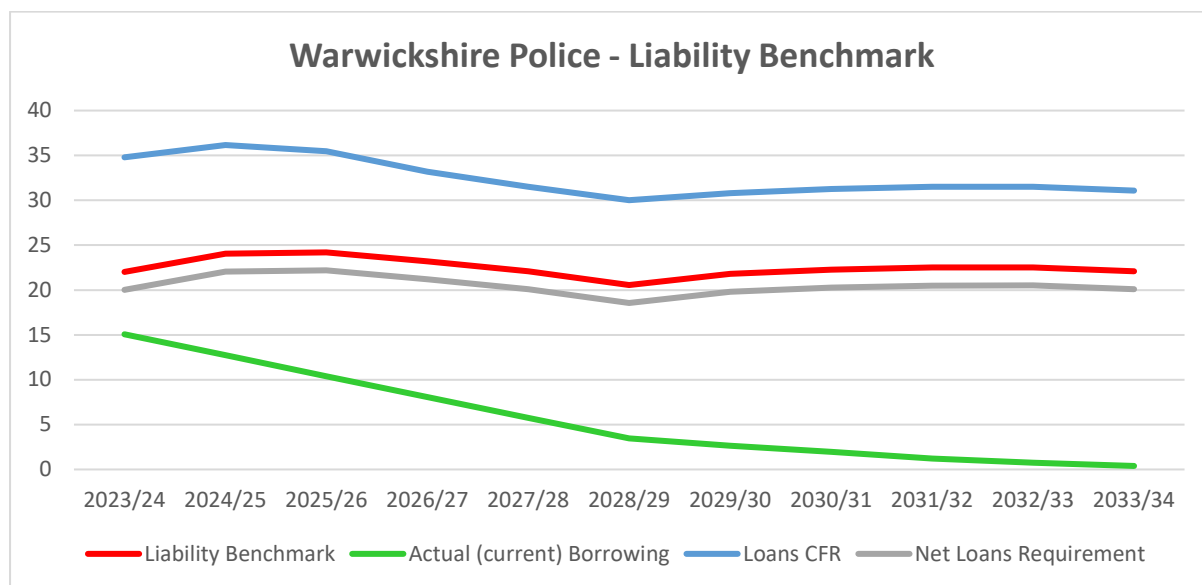
AFFORDABILITY PRUDENTIAL INDICATORS	2023/24 Forecast Outturn	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
Capital Expenditure	£7.258m	£10.625m	£6.453m	£5.346m	£6.710m
Ratio of financing costs to net revenue stream	3.25%	3.31%	3.53%	3.47%	3.51%
In Year borrowing requirement	£1.925	£5.358m	£3.520m	£1.913m	£2,710m
In year Capital Financing Requirement	-£1.902m	£1.376m	-£0.688m	-£2.285m	-£1.674m
Capital Financing Requirement 31 March	£34.781m	£36.157m	£35.469m	£33.184m	£31.510m
Revenue effect of new borrowings - Increase per council tax payer	£0.05	£0.33	£0.65	£0.09	£0.39

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2023/24 Limits	2024/25 Limits	2025/26 Limits	2026/27 Limits	2027/28 Limits
Authorised limit for external debt - Borrowing	£50m	£50m	£50m	£45m	£45m
Operational boundary for external debt - Borrowing	£40m	£40m	£40m	£35m	£35m
Upper limit for fixed rate interest exposure - net principal re fixed rate borrowing / investments	£40m	£40m	£40m	£35m	£35m
Upper limit for variable rate exposure - net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m

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The liability benchmark is an important tool to help establish whether the Commissioner is likely to be a long-term borrower or long-term investor in the future, and so shape his strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Commissioner must hold to fund his current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Prudential Indicator: Liability benchmark



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 2024/25 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 remains around any future central funding. Work on reviewing the funding formula by the Home Office had commenced a couple of years ago, and was progressing, but this work appears to have stalled, and no further significant outputs on this are anticipated prior to a general election. Until then, the general reserve will continue to be held to manage any changes and risks as a result. Notwithstanding this, detailed work on a longer-term financial plan has been

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undertaken over a 10 year period, providing further rigour to the financial planning process, and to provide assurances around the sustainability of Warwickshire Polices financial position. Whilst planning over a longer period, does come with increased uncertainty, the 5 year medium term financial plan does represent a reasonable and prudent estimate of the likely position and it is considered a sound basis for financial 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, 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 referendum level set by government for 2024/25 is an increase in excess of £13.00 on a band D property. This report and budget are based on a precept increase of £13.00. 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 2024/25, in conjunction with budget holders to manage spending and any consequential impact on reserves. The forecast outturn for 2023/24 looks to be one of underspending with no significant adverse changes to the overall budget 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

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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 2024/25, it does also represent a significant financial pressure to the budget and across the medium term, as officers move through the substantial spinal point increases, coupled with less certainty regarding 30 year retirees number, given pensions scheme changes. 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 pay reserve is not adequate. Loss of funding is still possible for additional uplift officers if levels are not maintained.</p> <p>The Policing Minister has indicated that all forces should budget for a pay award of 2.5% in 2024/25, with any costs above that likely to result in central funding being made available, as has been the case in the last two years. Warwickshire have included a pay award for officers and staff of 2.5% in 2024/25. The 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,</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>based on current spending patterns and levels. Inflation rates have reduced more recently and are projected to continue to fall during 2024. A thorough review of costs has been undertaken.</p> <p>An informed assessment has been made of interest rate movements and investment income budgets have been increased to reflect the anticipated income receivable in 2024/25. This has also been based on the returns achieved during 2023/24 and from regular discussions with our external Treasury Management Advisors.</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 use of any capital receipts has 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, wherever possible. This is reflected in the current capital strategy. A combination of funding from capital receipts, revenue funding, S106 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 and has been topped up in 2024/25, following usage in 2023/24 to meet overtime costs.</p> <p>A detailed breakdown on reserves and the purpose and risk that they cover is provided earlier in this report.</p> <p>Any significant pressures from changes in demand would need to be addressed initially from other savings within the</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>in-year budget, and the general reserve would only be used in more serious situations.</p> <p>Government grants are generally announced annually in advance and are cash limited. Therefore, 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. On occasion, and perhaps on an increasing basis additional funding is announced in year to meet any additionality, if so, this will be incorporated into the in year monitoring regime.</p> <p>The PCC holds several earmarked revenue reserves to help finance specific expenditure commitments, details are included 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 any significant 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. Increasingly this funding is being targeted towards capital investments, to de-risk the position to revenue budgets. Mitigations are in place and monitored through the vetting board, regular budget monitoring and risk management processes. 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 have been identified of £1.206m in 2024/25. However, further savings are required over the MTFP of £2.827m. Over £2m of these have been identified, and plans are in place to deliver them over</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>2025/26 to 2027/28, although a further £0.750m is outlined as a savings target in the MTFP. The Chief Constable has a good track record of delivering savings and the PCC will continue to work with her and hold her to account for the delivery of these over the medium term.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments</p>	<p>The financial consequences of partnership, collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the 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 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 and for ANPR. In addition, there are several national and regional collaborations. All are monitored closely, and anticipated costs are included within the budget and MTFP.</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 will continue to be managed through the strong working relationships that exist with partners by the force and OPCC.</p> <p>The viability of private sector commercial partners may be more exposed to increased risks, given recent stagnated growth and the potential of recession, coupled with ongoing economic and political uncertainties. This may result in other challenges, for example around meeting demand, cost pressures, staffing issues and/or around ongoing supply chain pressures.</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>The PCC has retained several earmarked revenue reserves to meet specific expenditure items. These are included in further detail within this report.</p> <p>The access criteria for special grants state that PCCs may be required to fund up to 1% of their net budget requirement themselves before the Government considers special grant aid. 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. There is an increased confidence in our ability to meet any financial risks and reserve levels have moved to reflect this, to ensure that they are not held at too high a level, and thus require the force to make more savings and service changes that might be necessary. Some longer-term financial planning has been undertaken to assess longer term risks, but also that take into account the long cyclical pattern of pay spending, which is the most significant aspect of expenditure. Such an approach avoids short-termist decisions and provides the foundations for a more strategic approach to financial planning. Reserve levels will continue to be monitored to provide for risk but also facilitate adequate investment in policing services.</p> <p>HS2 and the risk arising from other protests will continue to be monitored and engagement with key partners will be prioritised where appropriate.</p>
<p>The general financial climate to which the PCC is subject.</p>	<p>The finance settlement for 2024/25 was generally positive, given the uncertainty in the economy and politically. Policing does appear to have benefitted from additional funding, some targeted at meeting specific cost pressures and crime types, although details are often not confirmed to enable full explanation and certainty as part of the budget. PCC, local and a general elections are all anticipated in 2024, which could result in some significant changes. This creates uncertainty regarding future funding and potential</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>policy changes, but this continue to be monitored and networking and engagements with partners, other policing colleagues and wider networks will be utilised, to test and provide assurance where possible.</p> <p>The widely anticipated funding formula has now stalled presumably due to the political and economic uncertainty of recent months, and timescales or details remain unknown, or whether this will even be a priority for a new Government. However, the current allocation system is historic and arguably in need of a reset. 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, if or when anything changes, but this appears highly unlikely in the foreseeable future. Work will continue to be undertaken internally on a longer-term financial plan, for strategic financial modelling purposes and to make assessments and to understand the longer-term impact of the cyclical pattern for police officer recruitment, attrition and pay burdens.</p> <p>Inflation in the U.K. had hit record highs but has been a focus for the Government and Bank of England, and rates have reduced significantly over recent months. They are anticipated to continue falling in 2024, until the target of 2% is reached. Energy costs and food prices remain high, as has pay inflation. Pressure on personal finances continue, and this has arguably impacted on crime particularly perhaps across the retail sector and also surrounding concerns on the affordability of increases in the precept. Affordability issues are discussed at the various engagements and communications with the public and key stakeholders.</p> <p>Policing is often seen as the service of last resort, and the force is still at risk of experiencing 'spill out' demand from other organisations, notably health, including ambulance and mental health services. Nationally it has been reported</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	that over 65% of calls to police control centres are not crime related, but this is being partly addressed through the right care, right person initiative, which is helping to manage demand on police resources.

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. In undertaking this review both S151 officers have also been mindful of the outcomes from the work independently undertaken by CIPFA on the resilience index, which take into account a number of different financial factors and indicators to assess the financial position and resilience of Warwickshire police. The CIPFA findings were largely positive and the most recent report showed an improved scoring.

The general reserve is set at £6m. This is equivalent to approximately 4.5% of net revenue expenditure. 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 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 always available 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 2024/25 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 across the MTFP.

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 01 April 2023 was £0.0m.

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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 01 April 2023 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 2024/25, 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, should be adequate.

Sara Ansell
Treasurer, OPCC

Consultation Overview

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.

To give the maximum amount of time for consultation activity to take place, and to ensure it could feed into the budget planning process from its earliest stages, the first phase was launched in October 2023 and ran (in online form) until just before Christmas 2023. This was supplemented by a series of online and face-to-face consultation meetings and was promoted to the public from a range of channels.

Further supplementary meetings were held in early January 2023 to gain feedback from a variety of additional stakeholders, prior to the formation of this draft budget proposal. 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 briefings and at the conclusion of the online survey and were used to inform the development of this draft budget proposal. In addition, Warwickshire Police undertook its own public perceptions survey between October and November 2023, the initial findings of which were shared with the Commissioner, with particular emphasis on the priorities the public wish to see the police focus on.

A second phase of public consultation is taking place in the second half of January to obtain further feedback and to inform the final proposal which is brought to the Police and Crime Panel.

Promotional activity

The over three-month timeframe of phase one of the 'Your Police, Your Views' survey provided time to undertake a number of promotional activities, including building it into the Commissioner's programme of engagement events. Paper versions of the survey were distributed at each event as well as promotional leaflets with QR codes linking directly to the online survey. Across the course of these events, more than 150 paper copies of the survey were distributed.

Media releases were produced at the launch and towards the end of the survey, which resulted in coverage in both print/online media and radio broadcasts through October to December.

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Online, a digital advertising campaign was undertaken with adverts linking to the survey featured on high-traffic websites. This was targeted at visitors to these sites from Warwickshire addresses. A Warwickshire-wide campaign saw the adverts appear 126,000 times across a week, while a supplementary campaign targeting only web users in Nuneaton & Bedworth, North Warwickshire and Rugby generated a further 5,000 page impressions.

Communications packs including posters, social media graphics and suggested content for newsletters were shared with a wide range of partners, including Warwickshire Police, town and parish councils, the Federation of Small Businesses, NFU and Chambers of Commerce.

Posts on social media promoting the survey were posted throughout the duration of both parts of the online survey. Paid promotion during the second, shorter phase of consultation reached 60,396 Warwickshire Facebook users.

Internal communications were issued by Warwickshire Police and Safer Neighbourhood Teams were encouraged by the force to promote the survey in their local areas. In addition, support was received from Neighbourhood Watch with postings through Warwickshire Connected and on various social networks helping promote the survey, while leaflets and paper copies of the survey were left at a variety of community centres for people to complete and return.

There were also posters displayed at several supermarkets across the county.

Phase one survey results

Phase one of the online survey received a total of 1,246 responses, of which 744 fully completed question sets were analysed. Of these, 225 respondents worked or volunteered within policing (30.74%).

Most responses were completed online, though 36 paper survey responses were also completed.

Respondents came from across Warwickshire:

- North Warwickshire – 6.79%
- Nuneaton & Bedworth – 9.1%
- Rugby Borough – 9.24%
- Stratford-on-Avon – 33.29%
- Warwick District – 32.34%

The remainder lived outside of Warwickshire (8.02%) or were unsure which district or borough they lived in (1.22%).

Across all responses received, 3.82% were from the owners of businesses in Warwickshire, while 9.82% worked in Warwickshire but lived elsewhere. More than

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two-fifths of all respondents (42.7%) indicated they had contacted Warwickshire Police within the last 12 months.

The survey 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. This year we introduced an option for people to state that their answer on the precept level would depend on what other precepting authorities did.

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. At the time of the launch of the survey, it was not known what the level of precept cap would be placed on PCCs by the Government, albeit the previous year's settlement stated this would be a maximum of £10 on a Band D property. However, previous experience suggested this would be subject to change and therefore could not be relied upon for surveying purposes, so a more generalised question which talk of small, medium, and larger increases alongside freezes and reductions was asked. The prudence of this approach was confirmed when the change to a £13 maximum increase (Band D) was notified to PCCs in early December 2023 and confirmed in the provisional settlement later the same month.

The decision to remove specific funding amounts from the affordability question may have had an impact on the results, with respondents left to judge for themselves what a large, medium or small increase would be. Unlike previous years, where the support was strongest for the maximum increase, this year's survey saw support strongest for a small increase, with 26.96% saying this would be affordable, compared to 23.31% saying a moderate increase would be affordable, 7.18% saying a larger increase would be affordable and 22.76% saying no increase would be affordable.

However, it was clear from the additional question about police funding that a large majority of respondents feels that police budgets overall should increase by some level. A majority, 51.76%, felt that increase should be above inflation, with 35.77% saying it should be an inflationary-level increase to sustain in real terms the funding available.

A minority (9.49%) felt funding should be frozen (a real terms cut with some services scaled back) while a very small number of respondents (2.98%) felt funding should be reduced.

A series of questions also sought to establish the public's priorities for policing. The results showed that, understandably, the public places dealing with emergencies as a top priority, with tackling crime and anti-social behaviour in neighbourhoods coming second. Tackling serious and organised crime and acquisitive crime such as burglary, robbery and theft also rank highly. Vulnerability-related crime tended to

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score less favourably, with hate crime and domestic abuse a relatively low priority. Despite its prevalence, tackling fraud and crime committed on the internet was the second lowest priority.

Consistent with previous surveys, police visibility was a major theme of some the comments received, especially for rural areas. People were keen to see more foot patrols rather than officers passing through areas by car and better overall communication with the public. Roads policing/road safety was another regular re-occurring theme, while there was also a number of comments suggesting police should focus primarily on crime, re-directing other work to more appropriate other agencies, while other suggested stronger partnership working should be established.

We also asked people to choose five priorities for future investment, providing a list of major investment areas and asking respondents to pick the five most important to them. All suggested areas achieved some level of support, but those most heavily supported were:

- Improving police performance (65.59%)
- Measures to tackle anti-social behaviour (63.78%)
- Measures to reduce reoffending (63.38%)
- 101, 999 and public contact facilities (58.78%)
- Crime prevention measures (49.05%)

The least supported option, by some margin, was environmental sustainability measures.

There were a number of other questions across the survey which assessed perceptions and experience of policing services, which all showed an encouraging improvement from previous survey results.

A detailed summary of the results for each of the questions has been published at: <https://www.warwickshire-pcc.gov.uk/news-media/public-consultations/>

Stakeholder discussions

A series of stakeholder discussions were held between October and January, involving the following groups:

- Town and parish councils (four sessions online)
- The business community (one online session)
- Local authority chief executives and leaders (one online session)
- County MPs (face-to-face)
- Police workforce associations (face-to-face).

Feedback from these sessions was broadly similar to the results of the phase one online consultation survey.

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The town and parish council sessions were attended by 17 town or parish council, representing a resident population of around 130,000. Key themes emerging from the conversations included a desire to see further increases in visibility of policing, with anti-social behaviour, fly tipping and speeding issues being among the most common raised. Little opinion was expressed around increasing the precept level, though there was a general consensus that residents would support increased funding for policing providing they could see service improvements. There was a common view that more needed to be done by the police to demonstrate the benefits of previous budget increases.

Local authority partners expressed the view that it was likely that they would be seeking the maximum precept increases as part of their own budget setting processes, with difficult decisions to make due to shortfalls in funding. There was therefore no opposition to the police budget seeking to do the same in order to sustain and improve services.

Similar feedback was received from county MPs, with a general view that the public wanted to see improved services and would be tolerant of Precept increases to achieve this. The business community was also supportive of increased funding for policing, accepting that while it did not directly contribute to funding through the Council Tax in the same way as households, it would be a beneficiary of any service improvements this delivered. An increased focus on business and retail crime had been noted over the past year and sustaining and improving this further was felt to be important. It was also noted that as inflation rates fell and changes to National Insurance and other taxation were made by the Government, the pressure on household finances would improve, making the proposed precept increases more affordable.

Police employee associations noted that the Precept increase was primarily about providing a solid base to minimise savings requirements and allowing the current operational model the chance to be fully delivered. There was also support for measures which would reduce the need for redundancies in the long-term.

Warwickshire Police Public Confidence Survey

Warwickshire Police ran its own public confidence survey during October and November 2023, commissioning SMSR Research (an independent research agency) to conduct telephone surveys with a representative sample of residents across each of the five districts and boroughs within the county. A total of 1100 respondents participated, with representative quota targets set using data from the 2021 census. The overall results provide a robust confidence level of 95% +/- 3.

While the full results of the survey are still due to be released publicly by the force, a summary of the key findings has been shared with the Commissioner to aid decision making around the budget. While the survey did not feature any questions relating to financing the police, it did ask respondents a range of questions about the priorities for policing, with broad similarity to the questions in the OPCC 'Your Police, Your Views' survey. This has enabled comparison of data sets and demonstrates a broad similarity between the two.

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The OPCC 'Your Police, Your Views' survey is self-selective and as a result will tend to trend towards a slightly more negative responses, given that it is often those with a poor experience who feel the most motivated to respond. This remains helpful, however in being able to amplify areas that may need more focus. The force survey provides a representative sample from all parts of the county and across all demographics, so therefore can provide a better overall picture of the majority view.

Among the key findings which are pertinent to the development of the budget, when asked where policing needs greater focus in Warwickshire, half say it is needed in town centres (51%). This is similar to the OPCC survey results. A third (35%) say focus should be on the street they live and around a quarter mention rural areas (27%) and on the roads (24%). As with the OPCC survey, the lowest support was for on the internet (16%).

More than two-thirds of respondents to the force (42%) say that being present in the community and visibility should be the biggest priority for the force. This is driven more by older people with around half of those aged 55 and over of this opinion compared to a third of those under 35. A quarter mention crime prevention/reduction (25%) and reducing ASB (23%). Those who provided an 'other' priority mainly mentioned specific strands of crime including burglary and vehicle crime.

Fewer mentioned response to calls/action (14%) and policing the roads (10%) than the OPCC survey.

Phase two survey results

A short online survey was launched in January 2024, which ran for 12 days in total. This outlined the key elements of the budget position (capital and revenue), provided contextual information about the pressures on the financial position and outlined the benefits that an increase of £13 per year (Band D) would deliver. It then asked whether the public supported the proposals.

Efforts were made to promote online, through social media and direct marketing, though were limited by the short timeframe and turnaround of the survey.

As a consequence, response numbers were relatively low, with 199 completed surveys received. This showed that 46% supported the budget proposals, but 54% were opposed to it. The small sample size means that this figure should be taken with caution – the majority did not express an opinion and the larger sample size from part one may be a more accurate indication of public perception.

Analysis of the comments received in part two suggested similar areas of needed improvement as the part one survey. The majority of those rejecting the proposals felt their either should not come as a result of a Police Precept increase. Some felt this should come from central Government, while others indicated it should come at the expense of local authority funding (neither are options the PCC can influence). This suggests that, even among those rejecting the proposals, there is still a desire for police funding to increase.

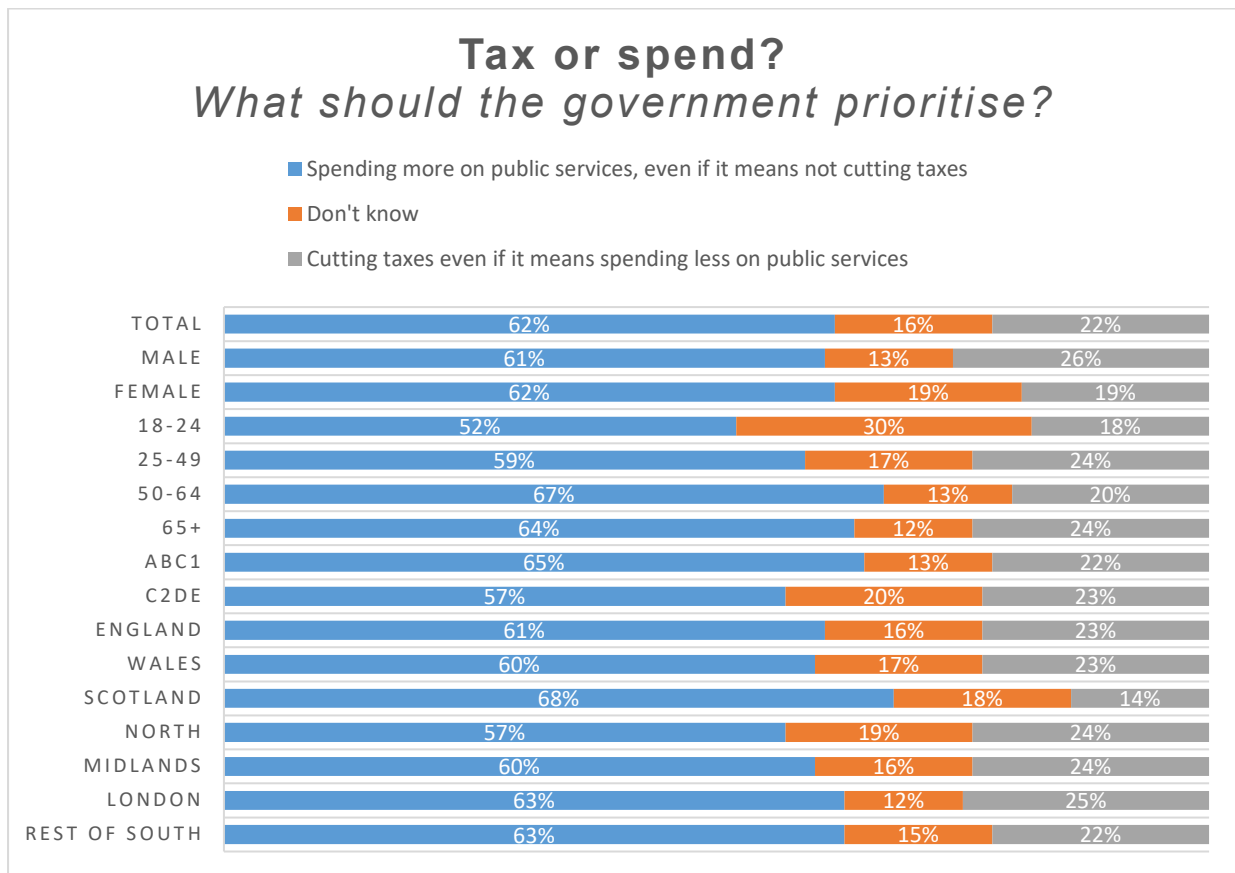
Other research

Given the question marks surrounding the sample sizes of the two ‘Your Police, Your Views’ surveys, it is helpful to look at other data sets to provide further clarity of public sentiment with regard to spending on public services and taxation.

The National Centre for Social Research (NatCen)'s annual British Social Attitudes (BSA) survey asks a representative sample of the population what it's like to live in Britain and what they think about how Britain is run. The survey is a critical gauge of public opinion, and is used by government, NGOs, journalists, opinion formers and academics. This year’s survey was funded by the Department for Levelling Up, Housing and Communities and the Department for Work and Pensions, among others.

The latest [BSA survey results \(September 2023\)](#) found that, when faced with a choice between increasing taxation and spending on ‘health, education and social benefits’, reducing taxation and spending or keeping both the same, as many as 55% say that taxation and spending should be increased. This is similar to the 53% who expressed that view before the pandemic, in 2019.

Elsewhere, YouGov conducted a survey for Times Radio in January 2024, which found that 62% of the population supports spending more on public services, even it means not cutting taxes. It found majority support for this viewpoint across every category of respondent, as shown in the graphic below:



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