

Police and Crime Board, 31st January 2017, 13:00 – 17:00

Venue: OPCC Meeting Room

Attendees:

- **PCC**
- **Chief Constable**
- **Deputy Chief Constable**
- **Constabulary CFO**
- **OPCC CEO**
- **OPCC CFO**
- **OPCC Head of Communications**
- **Strategic Planning and Performance Officer**

To support the carrying out of the PCC's statutory functions including overseeing delivery of the Police and Crime Plan, being the forum for formal decision making by the PCC and otherwise allowing for the PCC to scrutinise the work, performance, key projects and budget of the Constabulary and other partners.

AGENDA

1. Apologies

2. Dynamic Scrutiny: Out of Court Disposals

3. Minutes and Actions

4. Decisions (to be signed at the meeting)

- **Forensic Services**

5. Key Organisational Risks and Issues OPCC paper (KT)

6. Planned Scrutiny: Performance against Police and Crime Plan

- a. Performance Overview to focus on the high areas of concern and where progress is being made (3 of each) – include performance summary/dashboard for publication. Priority 3 (Right People, Right Equipment and Right Culture)
- b. CJ Outcomes
- c. HMIC Custody Inspection Report Update and Scrutiny of the Report

7. Planned Scrutiny: HR (Quarterly Report)

8. Planned Scrutiny: Major Projects

- a. Change and Savings Plan (SW1 succession, Enabling Services and PBR – possible PBR/Enabling Services Business Cases)
- b. PND Update

9. Planned Scrutiny: Finance

- a. Financial Performance Report
- b. 2017/18 Precept, Budget, MTFP and Capital Programme
- c. General Reserve Risk Assessment Update

10. Planned Scrutiny: Equalities (update from the Equality and Diversity Board)

11. Planned Scrutiny: Joint Audit Committee Update (update from the December JAC)

12. Planned Scrutiny: PSD Performance Summary

14. A.O.B

- **Body Worn Video Cameras for Tri-Force Armed Response**
- **Legitimacy Panel**

15. Publication (agree any items for publication other than the Minutes and Decision Notices)

Date of the Next Meeting: 1st March 2017, 10:00-14:00

Minutes of the Police and Crime Board, 31st January 2017

Attendees:

Sue Mountstevens, Police and Crime Commissioner
Andy Marsh, Chief Constable
Gareth Morgan, Deputy Chief Constable
John Smith, OPCC CEO
Julian Kern, OCC CFO
Mark Simmonds, OPCC CFO
Rebecca Hehir, OPCC Head of Communications
Karin Takel, OPCC Strategic Planning and Performance Officer
Hardy Husain, Chief Constable's Staff Officer
Alaina Davies, Resources Officer

1. Apologies

None

2. Dynamic Scrutiny: Out of Court Disposals

The PCC is supportive of an increase in the use of Out of Court Disposals (OoCDs) but would not want to see this being target driven. Guidance on OoCDs will be issued in a more simplified form than it currently is. It was clarified that the 'Victim Awareness Course' provided by Victim Support is at no cost to the Constabulary as the cost is met by the offender – a demonstration of this course is being run for Inspectors and the OPCC will be invited to observe the next one.

The decision making process regarding OoCD was discussed. The Board would be keen to explore the possibility of predictive analytics software which would be available on mobile devices – if this is unattainable then OoCD Champions should be considered as an option.

3. Minutes and Action Update

The Board discussed updates on the actions from the last meeting of the Police and Crime Board on 20th December 2016:

- Speed Enforcement Unit Delays – an update was given on the progress. The abandonment rate reported is still higher than expected but this could be due to the caller being signposted to the correct department by the voicemail and then hanging up. Alongside the changes implemented complaints relating to delays should be tracked to ensure the situation is improving.
- Community Engagement – the PCC requested that one of the Citizen Academy sessions be held at Trinity Rd in Bristol.
- Lighthouse Service Satisfaction and Referral Mechanism – direct referrals from officers have increased to 40% since the Back to Basics programme was implemented. Lighthouse are focusing on ensuring that they don't miss referrals before they look to reducing their demand by having a more effective and efficient referral mechanism –

automated referral is still to be explored. Concerns were raised regarding the resources demand on Lighthouse of having to manually refer 60% of referrals. The PCC was assured that the referrals received directly from Officers are appropriate.

- Performance against the Police and Crime Plan – Assurances were given about the use of early intervention. The Board was assured that the Constabulary are making it clear to police volunteers what support they can expect to receive making sure that expectations are managed.
- Finance – Priority Based Resourcing (PBR) was discussed at item 8. A list of reinvestment was included in the MTFP discussed at item 9. Review of the Capital Programme was discussed at item 9.
- Major Projects – How abstraction rates are measured were reported. Clarification was provided regarding the facility to switch off the audio on the Body Worn Video Cameras – this would not be encouraged and the PCC was assured regarding the training officers receive on the use of Body Worn Video Cameras ensuring that the default position is to use both the audio and visual facilities.

4. Decisions

Please note that Decision Notices are published on the PCC website on the Decisions page under the Openness section.

Forensic Services – Formal agreement was given to the award of Forensic Services contracts to 5 suppliers, covering 8 lots. The procurement was undertaken along with 18 other Forces, who form the West and South Coast Forensic Procurement Consortium. This is a positive piece of work creating £344,000 annual saving for Avon and Somerset. The Decision Notice will be signed and published on the PCC's website.

5. Key Organisational Risks and Issues

Cyber capacity and capability was discussed. This is included in the PBR work adding capability and capacity to this area of business recognising the growing demand.

Workforce representation was also discussed and how to ensure the continued momentum around this piece of work once Chief Inspector Norman Pascal has retired – the Police and Crime Board recognised the brilliant work of Chief Inspector Pascal in developing community relationships and driving this area of work and thanked him for all he has done. The Constabulary will soon announce plans to continue the workforce representation work.

6. Planned Scrutiny: Performance against the New Police and Crime Plan

a) Performance Overview

Delays to the Forecasting Intra Day Solution Tool (FIS) were discussed and the Board was assured that in other organisations this worked once it was embedded.

The PND interface with Niche was discussed. The back record conversions to Niche has now been completed although there have been delays due to the upgrade to Niche version 5.04. This has now been pushed into the Gateway process whereby the Home Office will complete testing. The Record Management System (RMS) was the issue. The Board discussed concerns over whether there is additional risk and resource required due to the length of time since Avon and Somerset had a PND update.

Results of the Staff Wellbeing Survey can be discussed at the April or May 2017 Police and Crime Board.

HMIC marked crime recording as requiring improvement – the Constabulary have completed an audit and are confident that they are addressing this. The issue is with recording multiple crimes under one case. The HMIC did comment on the impressive quality of investigations and services to victims.

The ASPIRE Leadership Programme was discussed. Gap analysis underpinning this piece of work was based on key areas arising from the staff survey last year. The Board discussed Continuous Professional Development (CPD) and examples of training days that are CPD but not being recorded as such. Measures of success for this programme were discussed.

The Constabulary confirmed that an OPCC representative is welcome to attend the quarterly Health and Wellbeing Board.

A draft Performance Dashboard was presented for discussion. This will be a snapshot of performance on the day of each Police and Crime Board intended for publication. Some more work will be done on ensuring this is understandable for those outside the organisation. The victim satisfaction measure may need to link to another supporting report and it was agreed that the HMIC Inspection results should relate only to core PEEL. It was agreed that an interim Dashboard should be agreed for publication whilst a final version is being prepared by 1st April 2017.

b) CJ Outcomes

The Board agreed to build the measures of positive outcomes and conviction rates into the performance dashboard. The Board also discussed monitoring CJ outcomes with other forces; monitoring against the Most Similar Group and also against Forces performing particularly well. It was agreed the Police and Crime App should be developed generally to allow for national comparisons to be made to aid understanding of performance in context.

c) HMIC Custody Inspection Report Update and Scrutiny of the Report

The PCC asked that the wording used in the management responses be clearer. Use of force was discussed and the direction the Chief Constable's Council are moving in for what is classed as use of force.

The PCC was assured that the Constabulary are not inappropriately detaining people with Mental Health needs in custody due to a lack of appropriate options.

The issue with the cleaning of custody suites was discussed. Cells have been closed due to cleaning which would have been a problem if at full capacity and would then be a contractual issue to be addressed. The OPCC CEO confirmed that the Independent Custody Visitors have not been reporting issues with the cleanliness of the custody suites to reflect comments of the HMIC.

7. Planned Scrutiny: HR

Vacancy rates were discussed. The Constabulary are going to be maintaining PCSO levels close to Establishment. PCSO sickness absence was discussed – the Constabulary have been liaising with Unison to identify the reason for this and so far they ruled out shift pattern as the reason but the Constabulary will continue trying to understand this issue.

The high rate of annual leave recorded in December was discussed and how to prevent this happening again – currently a line manager is able to overrule a decision regarding annual leave.

The PCC requested that diversity numbers be included in the HR quarterly report in future. 25% of staff do not declare ethnicity when asked so the form will be improved to include a 'prefer not to say' option – it is hoped that if it is a mandatory question the number of people identifying their ethnicity will increase. Work on the Special Constabulary is ongoing and is scheduled to be reported to the March 2017 meeting of the Police and Crime Board.

8. Planned Scrutiny: Major Projects

a) Change and Savings Plan

The Blueprint for the new Operating Framework for the Constabulary (PBR Phase 1) was presented to the PCC along with 11 Enabling Services business cases and one for Design and Print. The Constabulary confirmed that the Enabling Services business cases presented provide the required level of £1.5m of savings in 17/18. The Design and Print business case was approved and a formal decision notice will be submitted to the next Police and Crime Board meeting for ratification.

Ensuring full costs are recovered where the Constabulary have provided services was discussed.

The Police and Crime Board endorsed the Constabulary preferred way of working outlined in the Blueprint presented.

An ERP update was given. Need to ensure a like for like system in terms of capability. The Constabulary will be looking for formal approval at the end of March with informal engagement with the PCC in mid-February.

b) PND Update

See item 6a.

9. Planned Scrutiny: Finance

a) Financial Performance Report

The PCC sought clarification on the Forensics position – this budget is complicated due to how the regional forensics is put together. The Forensics budget was incorrect for 2016/17 but the PCC was assured that this has been corrected for 2017/18 and the annual saving from the awarding of the new Forensic Services contracts has been factored in.

The PCC was informed that the underspend forecast relating to Blackrock is due to income from courses etc.

It might be necessary to draw on reserves next year depending on the timing of expected savings but this will need to be agreed by the PCC. The Board discussed the NPAS cost and monitoring this more closely going forward.

b) 2017/18 Precept, Budget, MTFP and Capital Programme

The OPCC CFO stated that only one PCC had taken the decision to freeze the council tax precept for 2017/18. The standard rate of inflation alone puts an additional cost of £2.1m onto the Avon and Somerset Police budget. The potential risk of the new funding formula, yet to be announced, was discussed. The Constabulary also flagged that they have assumed a 1% pay increase year on year but there is a risk that this could be more.

c) General Reserve Risk Assessment Update

It was agreed that the general fund balance remain at £10.4m. The pension contribution is now fixed for three years from 2017/18 reducing the risk in that area.

10. Dynamic Scrutiny: Equalities

The recent LGBT Staff Network recognition at the Bristol Pride Awards was discussed. The Board discussed increasing in representation in police staff, officers and volunteers recognising that positive discrimination can play no part in that.

11. Planned Scrutiny: Joint Audit Committee Update

There were no specific updates from the December 2016 meeting of the Joint Audit Committee.

12. Planned Scrutiny: PSD Performance Summary

Complaints dealt with at first contact through service recovery in December 2016 was 38%. There has been an increase in momentum around reducing the total number of complaints. The Board asked about the impact of the introduction of Body Worn Video cameras on complaints but it is still too early to tell if this is making a positive difference. The increase in incivility to 15% in October 2016 was discussed. As the total number of complaints is decreasing the Board asked how this compares nationally – Avon and Somerset Police were the second highest according to IPCC data for recording complaints but are now sixth according to IPCC Data up until end of September 2016.

Taser usage versus the number of complaints in relation to Taser usage was requested. The PCC was assured that all Taser deployments get automatically referred to the Professional Standards Department to check against the criteria for deployment.

13. Publication

The following items were agreed for publication:

- 20th December 2016 Police and Crime Board Agenda
- 20th December 2016 Police and Crime Board Minutes

14. A.O.B

• **Body Worn Video Cameras for Tri-Force Armed Response**

The PCC was assured that all Avon and Somerset armed officers will have Body Worn Video cameras by 1st April 2017 and the PCC is keen that this be rolled out to all Tri-Force armed officers.

• **Legitimacy Panel**

A draft paper was submitted for discussion. It was agreed that the name should be changed and that there should be an open recruitment process. This will be an extension of the existing Independent Residents Panel (IRP) which already looks at police complaints. This new panel will look at police powers. More clarity is required on the

mechanisms of how the panel will work and whether two panels are needed or if the existing IRP membership should be increased. Vetting will also need to be considered further.

The Board discussed community trust and confidence – effectively listening and responding to concerns.

Actions List:

See Exempt Actions List

Date of the Next Meeting: 1st March 2017

MEETING: Police and Crime Board	Date: 31 st January	Agenda No
DEPARTMENT: Finance and Business Services	AUTHOR: Karen Morris	9a
NAME OF PAPER: 2016/17 Q3 Financial Performance Report		COG Sponsor: Julian Kern

1. PURPOSE OF REPORT AND BACKGROUND

The purpose of this report is to provide an update on the revenue budget and capital programme performance against the plan for 16/17. The attached Appendices A and B includes details of the outturn revenue position as at 31st December 2016, and Appendices C and D provide more detailed information about overtime spend against budget, Appendix E provides the position in relation to the delivery of savings, and Appendix F provides the forecast position for the capital programme. These are then summarised in our dashboard format at Appendix G, alongside other key financial performance information.

2. EXECUTIVE SUMMARY

Our revenue position is **forecasting an underspend of £2.86m/1.0% by the end of the financial year.** Of this, an underspend of £2.69m/1.0% relates to the performance against Constabulary managed budgets, and an underspend of £0.17m/3.5% relates to the performance against PCC managed budgets.

This forecast position has shown significant movement from that which was forecast at the end of Q2 (overspend of £0.27m was forecast at that stage). The most significant factor in this movement relates to our forecasts on police staff costs, where the scale of underspend has increased by £1.4m. This is due to a number of reasons including a number of posts now being held due to the PBR process and the cessation of the Enabling Services Project.

Were it not for the exceptional pension costs of £1.3m highlighted at Q2, we would be reporting a forecast underspend of £4.16m/1.5%.

The net forecast position includes the following highlights:-

- Police officer pay and allowances are forecasting to underspend by £4.4m/3.2%, but officer overtime is forecasting to overspend by £2.0m/54.4% - creating a **combined forecast underspend of £2.4m on police officers.** The underspend on police officer pay is forecast to continue to reduce from the current YTD position, reflecting the recruitment of new police officers and the impact of transferees into the Constabulary. Police officer pay underspends are predominantly focussed in local policing areas (£3.2m/4.8%), Investigations (£0.8m/3.3%), and Catch and Disrupt (£0.3m/3.6%), offset by some small overspends in Command and Control (£0.1m/9.6%), and Student Officers (£0.1m/8.4%). The trend on police officer overtime suggests that this is forecast to increase over the remainder of the year. Whilst some increase is to be expected owing to delay in payment of overtime from when worked, and the concentration of bank holidays still to be paid this year, the forecast position suggests that the forecast reduction in officer vacancies is not yet impacting on the use for overtime. Some of the overtime costs like Op Harlech £458k will be offset by grant income. Police Officer overtime overspends are largely falling in our Local policing areas (£1.0m/54.8%), Investigations (£0.7m/119.9%), and Tri-Force (£0.3m/116.5%);
- Staff pay and allowances are forecasting to underspend by £3.3m/5.3%, but staff overtime is forecasting to overspend by £0.7m/75.8% - creating a **combined forecast underspend of £2.6m on staff.** The underspend on staff pay is forecast to increase significantly from the current YTD position. This position has changed considerably compared to the Q2 position as there are now a number of posts being held vacant until the outcome of PBR is established. The other major

difference is the withdrawal from the Enabling Services Project and these budgets were profiled towards year end, along with the delays in ESMCP recruitment. Staff pay includes a number of underspending areas, including Strategic Projects (£1.7m/29.9%), Intelligence (£0.8m/13.2%), Criminal Justice (£0.6m/6.6%) and Finance and Business Services (£0.2m/14.7%). These are offset by a forecast overspend in Command and Control (£0.5m/3.4%). The trend on Police Staff overtime forecast also suggests a high increase in spend in the last quarter of the financial year, this is more in line with the forecast for police officers and shows an increase of 50% of the YTD spend in the last quarter. Police Staff overtime overspends are occurring in Investigations (£0.6m/2,661.9%), Catch and Disrupt (£0.1m/750.0%), and Criminal Justice (£0.1m/93.3%);

- PCSO pay and allowances are forecasting to underspend by £0.8m/6.9% across our local policing areas. The trend here suggests an increase in the underspend position by the end of the year from the current YTD position, in recognition of 23 leavers in Q3, current recruitment activity as well as the withdrawal of local authority funding in South Gloucestershire;
- Non-Pay budgets are forecasting to overspend by £0.8m/1.3%, with significant changes from Q2 and lower costs expected on most non-pay lines although this is more than offset by the reduction of the transfer required from reserves of £0.9m, as a consequence of us underspending on the costs of our strategic projects. Some of the reasons for the low spend are transport costs where underspends on fuel are the dominant factor, although these are less than forecast at Q2, reflecting increased fuel prices. Other areas of non-pay to highlight are:-
 - Other Supplies and Services costs are forecast to underspend by £0.52m/4.3% which is a movement of £1.105m consequence of a number of areas of underspend but mainly Strategic Projects (1.03m/68.4%), this is offset by some over spends including Purchasing and Supply (£0.1m/9.1%), Investigations (£0.2m/61.6%), Estates (£0.10m/123.5%);
 - Partnership costs are forecast to overspend by £0.4m/1.4%, with overspends in our regional forensics collaboration (£0.35m/7.7%), our Chief Officer Group (£0.15m/121.3% - which is driven by the requirement to fund contributions towards regional ACC roles) and in our Southwest One Unitary Charge (£0.14m/0.8% - largely reflecting cost of additional resource unit costs);
- Our savings balance stands at £1.34m as at the end of Q3, with £0.5m of this relating to regional forensics collaboration which has now been added to the general savings target as it is no longer possible to realise this separate budget reduction from the forensics;
- Income is forecasting to over-achieve budget by £0.57m/2.5%, which is a change from the expected under-achievement forecast at Q2, with the key changes from last quarter being the income expected for Op Harlech of £0.74m and an additional £0.16m SEU income in CJU.

The capital programme is forecasting **£17.3m of expenditure** this financial year on Avon & Somerset projects, reflecting 37.9% of our plan. This forecast rises to £20.7m when the spend on the NPAS airbase and SWROCU accommodation projects, which are being managed by Avon & Somerset on behalf of national/region collaborations, is included. This forecast reflects current uncertainties around spend on mobilisation projects, as well as a number of decisions regarding our estate which will determine both the value and timing of spend.

The underlying financial position is considerably improved to the position presented at the end of Q2. The inclusion of the exceptional item outlined above was unforeseen until Q2, and will impact on our financial position this year. There remains some risk that we will need to make new provisions for liabilities at the end of the year, including emerging risks relating to historic claims which are beginning to crystallise. Depending on the outcome of these we could still see further changes to the final position which will be reported at the end of the year, however where this relates to exceptional one-off costs we will ensure that we identify this as such.

We have seen a positive impact from the holding of vacancies and expect some continued movement in the forecast position through until the end of the year, and in particular we would again encourage budget holders and managers throughout the organisation to:-

- Continue to hold vacancies in less priority areas in support of need to realise underspends, as well as providing capacity for the realisation of savings being brought forward under our PBR work;
- Continue to ensure that overtime is being used effectively and efficiently, and where the need is being driven by officer vacancies that the use of overtime reflects the narrowing position on the number of officer vacancies;
- Ensure focus and scrutiny over areas of non-pay is happening, and where possible spend avoided.

3. PART ONE – 16/17 REVENUE BUDGET PERFORMANCE

An underspend of **£2.86m/1.0%** is forecast at the end of Q3 of the 16/17 financial year.

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Employee Costs	221,948	161,694	72.9%	217,683	(4,265)	(1.9%)
Non-Employee Costs	72,888	51,762	71.0%	73,692	804	1.1%
Savings Target	(1,335)	0		0	1,335	
Income	(22,210)	(16,290)	73.3%	(22,776)	(566)	(2.5%)
CONSTABULARY SUB-TOTAL	271,290	197,166	72.7%	268,598	(2,692)	(1.0%)
Miscellaneous & Grants	0	2		0	0	
CONSTABULARY TOTAL	271,290	197,168	72.7%	268,598	(2,692)	(1.0%)
OPCC	1,354	828	40.5%	1,313	(42)	(3.1%)
Commissioning	3,430	1,700	26.0%	3,303	(127)	(4.4%)
TOTAL	276,075	199,696	72.3%	273,214	(2,861)	(1.0%)

The above reflects the subjective position presented, which is supported by more detail provided at Appendix A. The remainder of part one will focus on the management structure presentation of our budget, which is shown in more detail at Appendix B.

LOCAL POLICING

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Bristol Area	26,606	18,856	70.9%	25,531	(1,075)	(4.0%)
Somerset Area	33,548	23,509	70.1%	31,867	(1,681)	(5.0%)
North East Area	17,601	12,295	69.9%	16,578	(1,023)	(5.8%)
Local Policing Directorate	705	559	79.3%	763	58	8.2%
TOTAL LOCAL POLICING	78,460	55,220	70.4%	74,740	(3,721)	(4.7%)

During the first three quarters of the year we have consumed 70.4% of Local Policing budgets. We're forecasting an underspend of £3.7m/4.7% by the end of the financial year. When the budgets were agreed for Local Policing they are set up using a standard unit cost for police officer posts, it has been evident that this value is too high and the effect of this is detailed for each area below but in total £1.25m of this under spend is due to the officers costing less, rather than vacancies. Highlights from this area of the budget include:-

- **Bristol Area** – an underspend of £1.08m/4.0% is forecast. This is largely a consequence of underspends on police officer pay and allowances (£0.93m/4.1%, of which £0.37m is due to

standard unit cost variance) and PCSO pay and allowances (£0.23m/6.6%), offset by overspends on officer overtime (£0.20m/39.7%);

- **Somerset Area** – an underspend of £1.68m/5.0% is forecast. This is largely a consequence of underspends on police officer pay and allowances (£1.43m/5.2% of which £0.76m is due to standard unit cost variance) and PCSO pay and allowances (£0.40m/7.8%), offset by overspends on police officer overtime pay (£0.19m/33.9%).
- **North East Area** – an underspend of £1.02m/5.8% is forecast. This is largely a consequence of underspends on police officer pay and allowances (£0.85m/5.8% of which £0.13m is due to standard unit cost variance) and PCSO pay and allowances (£0.13m/5.0%).

SPECIALIST OPERATIONS

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Investigations	31,086	23,295	74.9%	31,552	467	1.5%
Catch & Disrupt	11,240	8,779	78.1%	10,878	(362)	(3.2%)
Investigations Policy and Support	2,960	2,178	73.6%	2,873	(88)	(3.0%)
Regional – Tri-Force	12,102	8,997	74.3%	12,276	175	1.4%
Regional – Scientific Investigations	4,599	2,495	54.3%	4,931	332	7.2%
Regional – Major Crime	4,704	3,340	71.0%	4,484	(220)	(4.7%)
Regional – SWROCU	2,214	2,270	102.5%	2,270	56	2.5%
Regional – Special Branch	1,029	730	71.0%	1,024	(6)	(0.5%)
Regional – Black Rock	800	351	43.9%	670	(130)	(16.2%)
Major Incidents	994	923	92.8%	994	0	0.0%
TOTAL SPECIALIST OPERATIONS	71,727	53,359	74.4%	71,952	225	0.3%

During the first three quarters of the year we have consumed 74.4% of our Specialist Operations budgets. We're forecasting an overspend of £0.23m/0.3% by the end of the financial year. Highlights from this area of the budget include:-

- **Investigations** – an overspend of £0.47m/1.5% is forecast. This is the net result of a forecast underspend on police officer pay and allowances (£0.83m/3.3%), offset by overspends on police officer overtime (£0.67m/119.9%), an overspend on police staff overtime (£0.56m/2,661.9%), an overspend on forensic costs (£0.12m/7.5% - driven largely by high tech crime backlog costs and post mortem costs), and an overspend on other supplies and services (£0.21m/61.6%);
- **Collaboration - Scientific Investigations** - an overspend of £0.33m/7.2% is forecast. As has been previously reported this area of the budget has proven very difficult to establish a clear view of, owing to the complexity of the collaboration. Following detailed review we have identified that it is no longer possible to achieve the £0.5m saving that had been attributed to this collaboration and have therefore written this back against our main savings target (see below). In addition to this further growth in the budget has been incorporated into our MTFP to bring our contribution up to the level required;
- **Collaboration - Major Crime** - an underspend of £0.22m/4.7% is forecast. This underspend is a reflection of the vacancy position across the collaboration;
- **Collaboration – Black Rock** - an underspend of £0.13m/16.2% is forecast. This underspend is a reflection of the increase in income received for running external courses. For the first time this budget has been presented separately (previously reported under CLAD) as ACC Stratford is now accountable for this function.

PREVENTION, PROTECTION AND PROSECUTION

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Command & Control	16,958	13,093	77.2%	17,548	590	3.5%
Criminal Justice	12,821	9,014	70.3%	12,214	(607)	(4.7%)
Intelligence	8,151	5,589	68.6%	7,496	(654)	(8.0%)
Manage	6,586	4,843	73.5%	6,601	15	0.2%
Victim & Witness Care	2,493	1,713	68.7%	2,337	(156)	(6.3%)
TOTAL PPP	47,010	34,252	72.9%	46,197	(813)	(1.7%)

During the first three quarters of the year we have consumed 72.9% of our Prevention, Protection and Prosecution budgets. We're forecasting an underspend of £0.81m/1.7% by the end of the financial year. Highlights from this area of the budget include:-

- **Command and Control** – an overspend of £0.59m/3.5% is forecast. This is the result of overspends in police officer pay and allowances (£0.12m/9.6%), and overspends on police staff pay and allowances (£0.48m/3.4%) driven by resources being consistently at establishment (owing to introduction of training posts) thereby not allowing for the vacancy topslice to be achieved);
- **Criminal Justice** – an underspend of £0.61m/4.7% is forecast. This is the net result of an overspend on police officer overtime (£0.06m/51.2%), and police staff overtime (£0.10m/93.2%) as well as some other smaller overspends, offset by underspends in police staff pay and allowances (£0.62m/6.6%) and a forecast over-achievement of income (£0.33m/6.8% - including now a forecast over-achievement on speed enforcement income);
- **Intelligence** – an underspend of £0.65m/8.0% is forecast. This is the net result of an overspend on police officer pay and allowances (£0.07m/3.3%), offset by an underspend on police staff pay and allowances (£0.78m/13.2%);
- **Victim and Witness Care** – an underspend of £0.16m/6.3% is forecast. This is predominantly the result of an underspend on police staff pay and allowances (£0.13m/5.2%), and a small underspend on other supplies and services costs (£0.02m/33.8%).

ENABLING SERVICES

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Chief Officers & Staff Office	1,806	1,562	86.5%	2,105	299	16.5%
Southwest One Unitary Charge	17,708	13,608	76.8%	17,850	142	0.8%
Estates	10,809	8,141	75.3%	10,781	(28)	(0.3%)
Technology Services	7,134	4,932	69.1%	6,720	(414)	(5.8%)
Transport Services	4,473	3,256	72.8%	4,462	(11)	(0.2%)
Professional Standards	1,457	1,138	78.1%	1,516	59	4.0%
Human Resources	686	591	86.2%	789	103	15.1%
Occupational Health & Safety	795	572	71.9%	813	18	2.3%
Corp Learning/Development	5,226	3,791	72.5%	5,091	(134)	(2.6%)
Staff Assocs/Support Groups	574	367	63.9%	550	(24)	(4.1%)
Strategic Service Improvement	1,958	1,455	74.3%	1,999	41	2.1%
Purchasing & Supply	1,339	949	70.8%	1,331	(8)	(0.6%)
Corp Information Management	1,051	742	70.6%	982	(69)	(6.6%)

Corp Communications	833	583	70.0%	799	(34)	(4.0%)
Legal Services	703	395	56.2%	474	(229)	(32.6%)
Detained Property	501	409	81.7%	501	0	0.1%
Admin & Facilities	453	235	51.8%	349	(104)	(23.0%)
Finance & Business Services	1,433	783	54.7%	1,221	(212)	(14.8%)
TOTAL ENABLING SERVICES	58,939	43,509	73.8%	58,334	(605)	(1.0%)

During the first three quarters of the year we have consumed 73.8% of our Enabling Services budgets. We're forecasting an underspend of £0.6m/1.0% by the end of the financial year. Highlights from this area of the budget include:-

- Chief Officers and Staff Office – an overspend of £0.3m/16.5% is forecast. This is as a consequence of overspends on partnership costs (£0.15m/121.6%) reflecting the contributions we now need to make towards the two regional ACC roles, over spend on police officer pay and allowances of £0.08m due to over established Ch Supt and an overspend of £0.1m on indirect employee expenses due to the unbudgeted costs of £0.12m for Police Now;
- Human Resources – an overspend of £0.10m/15.1% is forecast. This is the result of overspends on police staff pay and allowances (£0.02m/3.7%), on indirect employee expenses (£0.07m/100.0% - relating to redundancy costs) and overspends on other supplies and services (£0.02m/15.3%);
- Technology Services – an underspend of £0.41m/5.8% is forecast, which is a considerable improvement from Q2. This is the result of a number of variances the main items being £0.47m on O2 and Vodafone charges, data circuits over spend £0.1m and £0.16m underspend with some Niche costs falling into next year;
- Legal Services – an underspend of £0.23m/32.6% is forecast. This is net result of overspends in police staff pay and allowances (£0.02m/9.4%), and other supplies and services costs (£0.06m/21.7%) offset by over-achievement of income (£0.31m/132.5% - some of which is external, some of which reflects draw down from insurance reserves to offset costs here);
- Finance and Business Services – a combined underspend of £0.21m/14.8% is forecast. This underspend predominantly relates to £0.14m underspend on staff budgets and reflects some turnover in staff and the holding of vacancies where possible to support wider budgetary constraints. In addition it also includes £0.07m on the Stores and D&P surplus when the services returned to ASC in Jan.

CENTRAL COSTS

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Pensions	7,082	5,879	83.0%	8,318	1,236	17.5%
Officer & Staff Allowances	5,053	3,314	65.6%	4,403	(650)	(12.9%)
Central Costs	(1,316)	(2,152)	(163.6%)	167	1,483	(112.7%)
Student Officers	1,314	1,085	82.5%	1,426	111	8.5%
Central Savings	(1,331)	0	0	0	1,331	(100.0%)
TOTAL CENTRAL COSTS	10,803	8,125	75.2%	14,315	3,512	32.5%

This area of the budget covers a number of different aspects of our costs, including where we make adjustments to reflect the draw down against reserves to temporarily fund spend elsewhere within the budget. The forecast shows an overspend, although as explained below this is largely as a consequence of the one off exceptional pensions cost as well as the impact of our outstanding savings balance and the movement in reserves reduction due to the changes in SSI projects.

- Pensions – an overspend of £1.24m/17.5% is forecast here. This is entirely driven by the one-off exceptional cost of £1.34m, relating to historic liabilities, which was unforeseen and outside of our control. It is expected the issue will be resolved by the end of 16/17 and so no budget has been included in the MTFP for next year;
- Officer and Staff Allowances – an underspend of £0.65m/12.9% is forecast, this reflects the small pay contingency budgets retained as well as underspends on some allowances, including TRA, Standby allowance and a surplus in the provision for holiday pay on overtime payments;
- Central Costs – an overspend of £1.48m/112.7% is forecast. This overspend is in part a reflection of the fact that we will not draw down from reserve the equivalent to the underspend forecast on our strategic projects (see below). The other factor here is the under-achievement against income budgets, including investment income of £0.17m. Our MTFP reflects a worsening position for our investment income over the next few years;
- Student Officers – an overspend of £0.11m/8.5% is forecast. This is the consequence of the course which started on 28th March 2016 which was missed in the budget setting process and has increased due to the delay of officers moving into districts;
- Central Savings – when the 16/17 budget was set there was a residual balancing figure which required further savings to be identified and brought forward. This original balance was £1.4m, which by the end of Q1 we had reduced to £0.9m. Against this we have recognised £0.46m of further savings, including:-
 - One-off credit in relation to care and custody service;
 - Release of surplus budget for national insurance on allowances as identified by finance.

However, we have also had to recognise £0.72m of additional costs, including:-

- Provision of an equipment budget to SW Forensics (missed during the budget setting process);
- Recognition that the expected saving to be achieved from forensics collaboration can no longer be achieved by a further budget reduction. As explained above this is the consequence of a detailed review into the SW Forensic budget position;

Once all these adjustments have been accounted for the balance for central savings stands at £1.3m, with further small savings still to come from ROCU and Estates.

More adjustments need to be made against this (as shown at the bottom of Appendix E), to account for other known changes. We will continue to monitor and bring forward savings where possible in order to hopefully further reduce this balance over the year.

STRATEGIC PROJECTS

The Constabulary continues to run a number of strategic projects, including joint programmes with partners (e.g. enabling services collaboration). The total budget for these programmes, including the cost of the strategic change management team, is £4.4m, of which £0.6m is funded from base budgets, requiring the balance of £3.8m to be funded from reserves. The table below provides a summary of budget, actual and forecast position as at the end of Q3:-

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Accommodation and mobilisation	471	307	65.2%	449	(22)	(4.7%)
Aurora project	307	112	36.5%	156	(151)	(49.2%)
Demand management	75	117	156.0%	150	75	100.0%
Detainee transport pilot	148	189	127.7%	251	103	69.6%

Digital evidence project	518	188	36.3%	339	(179)	(34.6%)
Digital mobilisation	100	113	113.0%	164	64	64.0%
Digital policing	688	334	48.5%	342	(346)	(50.3%)
Enabling service collaboration	1,239	414	33.4%	516	(723)	(58.4%)
ESMCP	67	38	56.7%	46	(21)	(31.3%)
New intranet (Pocketbook)	25	16	64.0%	29	4	16.0%
Niche upgrade project	38	41	107.9%	64	26	68.4%
Regional collaboration	458	591	129.0%	287	(171)	(37.3%)
Strategic change management	217	242	111.5%	268	51	23.5%
Vehicle telematics	1	0	0.0%	0	0	0%
TOTAL	4,352	2,702	62.1%	3,061	(1,290)	(29.6%)

During the first three quarters of the year we have consumed 62.1% of our Strategic Projects budgets. We are forecasting an underspend of £1.29m/29.6% by the end of the financial year, albeit given the very fluid nature of these programmes this forecast will be subject to further change. Highlights from this area of the budget include:-

- Aurora Project – The budget here was based on the full delivery of the time management system. However, this work has been placed on hold for the moment, and the resources in support of it are being utilised in support of other work, reflecting the current forecast underspend here;
- Enabling Services Collaboration – The budget here reflects the A&S share of the anticipated programme costs for this collaborative piece of work to deliver of our enabling services across Avon & Somerset, Wiltshire and Gloucestershire. Due to this stopping, the forecast has reduced considerably and is the main reason for the increased underspend from Q2;
- Digital Policing Programme – the Digital Policing Programme officially ended at the end of Q1, however there are a number of other initiatives that are continuing under this umbrella heading (until such time as a clearer programme name emerges). These include Body Worn Video Cameras, Digital Evidence Management and the project specifically looking at mobile working;
- Regional Collaborations Programme – our contribution towards the regional programme costs is estimated at £0.46m, although we anticipate some underspends against this as a result of delays in securing people into several of the regional ESMCP posts which have been approved.

MISCELLANEOUS, GRANTS AND SECONDEES

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Miscellaneous	0	0		0	0	
Grants	0	0		0	0	
Secondees	0	1		0	0	

These items are reported on separately from our main budget as they represent areas of spend which can otherwise distort the presentation of financial information:-

- Miscellaneous – this reflects the balance on our specific grants codes. The YTD position reflects receipt of funds across a number of areas, yet to be expended or returned.

POLICE & CRIME COMMISSIONER MANAGED BUDGETS

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
OPCC	1,354	828	61.1%	1,313	(42)	(3.1%)
Commissioning	3,430	1,700	49.6%	3,303	(127)	(3.7%)

OPCC Total	4,785	2,528	52.8%	4,616	(169)	(3.5%)
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The OPCC budget is the subject of separate reports by the OPCC Chief Finance Officer.

OVERTIME BUDGETS AND SPEND

As was reported during 2015/16 overtime budgets have seen significant overspends, with an overspend of £1.1m/27.1% on officer overtime, and £1.1m/153.2% on staff overtime recorded in last financial year.

As the below table demonstrates we are forecasting to overspend by £2.74m/58.3% on overtime budgets, with £1.99m/53.4% forecast as overspend on officer overtime budgets and £0.76m/76.7% overspend on staff overtime budgets.

This trend of overspends is a continuation of the pressures which were highlighted and reported on throughout 2015/16. The Forecast position at Q2 was £7.21m and at Q3 is £7.47m, Op Harlech costs of £0.45m were not included in Q2. If this had been included in Q2, a forecast of £7.66m would have been estimated. This shows that by excluding Op Harlech there would have been a decline in the forecast year end position. The additional overtime for Op Harlech is covered by a Government Grant.

We know from previous discussions that a significant amount of the spend on overtime was a direct correlation to the vacancies, most acutely felt in certain areas of the Constabulary. However, evidence would now suggest that our vacancies have reduced. This does now appear to be being reflected in the forecast overtime spend position which is set to decrease through until the end of the year, excluding Op Harlech. Part of this delay in reducing costs may well be due to backlog demand issues which continue to need significant resource to resolve, or continued challenges posed by higher than expected abstraction levels or as a result of the increase to holding vacancies until the end of the PBR process.

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
POLICE OFFICER OVERTIME						
Local Policing	1,328	898	67.6%	1,694	365	27.5%
Specialist Operations	1,631	2,254	138.2%	3,254	1,623	99.5%
Prevention, Protection and Prosecution	187	148	79.1%	262	75	40.0%
Enabling Services	7	6	85.7%	23	9	16.5%
Central Costs	503	278	55.3%	429	(74)	(14.7%)
Strategic Projects	0	0	0.0%	0	0	0.0%
Misc/Grants/Secondees	71	53	74.6%	71	0	
Police Officer Overtime TOTAL	3,728	3,637	97.6%	5,718	1,990	53.4%
POLICE STAFF/PCSO OVERTIME						
Local Policing	10	15	150.0%	23	13	128.7%
Specialist Operations	194	635	327.3%	825	631	324.7%
Prevention, Protection and Prosecution	481	360	74.8%	620	139	29.0%
Enabling Services	73	103	141.1%	168	95	129.5%
Central Costs	175	61	34.9%	85	(90)	(51.3%)
Strategic Projects	50	11	22.0%	24	(26)	(51.8%)
Misc/Grants/Secondees	11	85	772.7%	11	0	0.0%
Police Staff/PCSO Overtime TOTAL	994	1,271	127.9%	1,756	762	76.7%
TOTAL	4,722	4,908	103.9%	7,474	2,752	58.3%

Local Policing – The primary pressure in this area is against police officer budgets where the forecast is an overspend of £0.37m/27.5% (15/16 actual of £0.4m/26.9%). Somerset (£0.19m/33.9%) and Bristol (£0.18m/39.7%) are the primary drivers here, with North East (£0.01m/2.9%) forecasting a small underspend despite forecasting the largest police officer pay underspend when measured on a % basis. The forecast overspend has reduced overall by £0.11m from Q2, so there is progress being made on reducing overtime.

We know that the majority of pressures driving overtime spend on Areas are vacancies, which can become particularly acute because of abstractions to support events and operations. These pressures should be reducing, with agreement that more of our events will be policed with support of mutual aid where needed, and a reduction in the number of vacancies on area.

Specialist Operations – These departments are forecasting overspends on both officers overtime (£1.62m/99.5%, an increase of £0.4m from Q2), and on staff overtime (£0.63m/324.7%). The critical areas of overspend for officers are in investigations (£0.69m/129.5%), Catch & Disrupt (£0.57m/242.5%, increase £0.55m of which £0.46m is Op Harlech and additional vacancy cover) and Tri-Force (£0.35m/116.2%). The critical area of police staff overtime is in investigations, where an overspend of £0.56m/2,638.4% is forecast as consequence of use of zero hours staff and overtime to help cover for officer vacancies.

Investigations alone accounts for the majority of the overspend forecast here, with the spend across the quarter showing no indications of this being reduced. Despite the reduction in vacancies in investigations, as evidenced through reduced underspend forecast for officer pay, overtime is forecast to continue at current levels and the forecast year-end overspend has increased from Q2 by £0.05m.

Prevention, Protection and Prosecution – These departments are forecasting overspends on both officer overtime (£0.08m/40.0%) and on police staff overtime (£0.14m/29.0%). Nearly all departments are showing overspends here, with Criminal Justice officers (£0.06m/51.2%) and staff (£0.10m/93.2%) accounting for the majority of the overspend, however all areas have reduced the forecast overspends from those reported in Q2. Custody appears to be the key driver for officer and staff overtime in criminal justice, with staff overtime pressures also being felt in speed enforcement, and prosecution teams as well.

Enabling Services – An overspend is forecast on officers overtime (£0.001m/16.5%) and on staff overtime (£0.1m/129.5%). Officer overtime forecast has reduced due to the transfer of Black Rock from CLAD. The staff position is driven by Corporate Learning and Development and Transport with smaller pressures across other departments.

CLAD is the one department where overtime appears to be most acutely under pressure, although this is a reflection of the turnover in resource within this department at the present time.

The actual spend across the quarter suggests that the overtime overspend would have reduced had it not been for Op Harlech, with the forecast suggesting that this will slightly grow through until the end of the year but less than the additional £0.46m incurred for this operation. We will continue to monitor and report the spend position closely, and would continue to encourage SLT's to maintain their regular oversight of this issue as well so that where possible we can bring our overtime spend more in line with budgets – particularly where vacancies are beginning to reduce as evidenced through reductions in pay underspends.

4. PART TWO – 16/17 CAPITAL BUDGET PERFORMANCE

In February the PCC approved a capital programme of £30.3m of new spend in 16/17. In addition to this we reported a carry forward against in progress capital schemes of £11.5m at the end of 2015/16 – taking the total Avon & Somerset capital plan for 16/17 to £41.8m.

As at the end of Q3 the capital plan now stands at £45.6m. The table below summarises this movement:-

2016/17 Capital Plan	Approved Plan £'000	C/Fwd from 15/16 £'000	TOTAL Approved £'000	Adjustments £'000	TOTAL Revised Plan £'000
Info & Comms Systems	8,986	3,289	12,275	841	13,116
Estates	18,287	5,036	23,323	2,615	25,938
Transport Services	2,689	3,175	5,864	374	6,238
PME	315	11	326	22	348
TOTAL Avon & Somerset Schemes	30,277	11,511	41,788	3,852	45,640
Memorandum Items	0	3,604	3,604	50	3,654
TOTAL	30,277	15,115	45,392	3,902	49,294

The majority of the above changes to our plan are within estates, reflecting the forecast increased costs across a number of projects as well as anticipated costs associated with collaborative opportunities.

16/17 Q3 CAPITAL PROGRAMME PERFORMANCE AND FORECASTS

	TOTAL Plan £'000	YTD Consumption against plan £'000	% of Plan	Forecast Outturn £'000	C/Fwd to 17/18 £'000	Over/ (Under) £'000	Over/ (Under) %
Info & Comms Systems	13,116	3,191	24.3%	5,269	906	(6,941)	(52.9%)
Estates	25,938	3,726	14.4%	7,534	4,811	(13,593)	(52.4%)
Transport Services	6,238	1,671	26.8%	4,138	1,833	(267)	(4.3%)
PME	348	123	35.3%	342	0	(6)	(1.7%)
TOTAL A&S	45,640	8,711	19.1%	17,283	7,550	(20,807)	(45.6%)
Memorandum Items	3,654	1,111	30.4%	3,384	270	0	0.0%
TOTAL Plan	49,294	9,822	19.9%	20,667	7,820	(20,807)	(42.2%)

At the end of Q3 of the 16/17 financial year we have actually spent £8.7m/19.1% of the capital programme, which rises to £9.8m/19.9% when memorandum items (NPAS Airbase, and accommodation for South West Regional Organised Crime Unit) are included.

The rate of consumption is set to increase over the remainder of the financial year, with a forecast of £20.7m to be spent by the end of the year, reflecting the timeframe for delivery of a number of projects and programmes. Details of the capital programme are included at Appendix F.

INFORMATION & COMMUNICATION SYSTEMS

As at the end of Q3 we have consumed £3.1m/24.3% of plan. The forecast capital expenditure to the 31st March 2017 is anticipated to be £5.3m/40.2% of the plan. The key highlights from this part of the capital plan are:-

- ATLAS Project ('Corporate Systems') - £1.2m is anticipated to be spent during 2016/17 for the completion of the project, which includes the disaster recovery solution and additional scope changes to the project;
- Voice and data communications ('Mobile, Telephony and Data') – This is a project, to upgrade some of our local area network (LAN) and wide area network (WAN), introduce internet enabled telephony (VOIP) and the recording and embedding of logs into Storm. This project is scheduled to complete by July 2017;
- Mobilisation Project ('Mobile, Telephony and Data') – A mobilisation business case was

approved in December. The areas that are covered are mobile devices, development of a mobile platform, networking and servers for mobile apps. At this stage it is anticipated that £0.9m will be spent on the project during 16/17;

- Digital Evidencing ('Digital Evidence') - £0.9m has been committed for the purchase of body worn cameras, which is currently being rolled out to all officers. The integration and the disaster recovery work £0.1m is due for completion in 17/18. The development of the DEMS interface development £0.3m is anticipated to be completed early 17/18. The purchase of the additional storage is now planned for 17/18 and the budgets have been re-profiled into the 17/18 capital plan;
- Workforce management system ('Corporate Systems') - This project is currently on hold pending a review;
- Emergency Services Network ('National Systems') - This scheme is part of the National programme for the replacement for the current airwave system. This scheme is due to go live in the South West region in 19/20. No costs are anticipated to be incurred during 16/17;
- Regional Storm ('Regional Systems') – This project is currently on hold, with no further expenditure expected to be incurred in 16/17;

ESTATES

As at the end of Q3 we have consumed £3.7m/14.4% of plan. The forecast capital expenditure to the 31st March 2017 is anticipated to be £7.5m/29.0% of the plan. The size of the underspend forecast is a reflection of the current review of the estates strategy. Decisions are outstanding on the direction of a number projects within the capital plan, with no expenditure forecast to date for 16/17 which includes:-

- Refurbishment of the training school £3.3m;
- Yeovil custody replacement £1.25m;
- Street Police Station £1.25m;
- Shepton Mallet Police Station £1.25m;
- Minehead Police Station £2.0m;
- Kenneth Steel House £1.8m.
- Accommodation block – Classroom enlargement £0.5m

Other key highlights from this part of the capital plan are:-

- 'Replacement and renewal programme' - a forecast of £0.4m is anticipated to be spent during 16/17 including lighting upgrades, security, and heating and ventilation for the bio-mass boilers;
- 'HQ Site & Projects' - Expenditure of £1.8m was incurred at the end of Q3, with an estimated forecast of £2.8m to the end of the financial year. £0.29m was been incurred on the central store with the works completed during August 2016, with a forecast expenditure of £0.32m. The business case for additional works at the specialist operations and training site has been approved giving a forecast expenditure of £1.1m by 31st March 2017 and the completion of the phase 2 works is due to complete in 17/18 at £0.7m. The South West Forensics drug lab is due for completion in March (forecast expenditure for 16/17 is £0.4m) and the chem lab will compete in early 17/18 leading to £0.4m to be carried forward. The generator project £0.7m will carry forward into 17/18 as the specifications works and business case is currently being prepared. Expenditure of £0.1m is anticipated to be incurred with the fire service moving to HQ and the completion £0.4m taking place in early 17/18;

- 'Estates rationalisation programme' - At the end of Q3 £1.8m of expenditure has been incurred on the rationalisation programme, with forecast expenditure to 31st March of £4.2m. The main areas of forecast expenditure includes North Somerset Police Centre £3.3m, North Somerset PPU £0.2m, Nailsea £0.2m, relocation of special branch £0.2m and Williton £0.2m. The feasibility study and business case is being prepared for Broadbury Road £0.7m with the view of completing in 17/18. The options for Southmead are currently being reviewed with a potential capital expenditure in the region of £1m in early 17/18.

TRANSPORT SERVICES

As at the end of Q3 we have consumed £1.7m/26.8% of plan. The forecast expenditure to the 31st March 2017 is anticipated to be £4.1m/66.3% of the plan. The key highlights from this part of the capital plan are:-

- Replacement and Renewal - £1.6m was spent on the replacement of vehicles by 31st December 2016, with an anticipated forecast of £4.0m to 31st March 2017. The replacement programme has been reviewed to establish what is achievable to be delivered by the manufacturers by the 31st March. Due to the delivery timescales from the manufacturers, commitments have been made for vehicles which will be delivered early in new financial year;
- In-vehicle tracking - The fit out of the devices to the existing fleet has now been completed. The outstanding technical problems are now anticipated to be resolved by the end of the financial year;
- Pool car infrastructure - This project has completed and the roll out of the new pool car system is currently being undertaken across the force;
- Detainee transport solution - The pilot scheme is being extended to March 17, therefore, this expenditure is unlikely to be incurred during 16/17.

PLANT, MACHINERY AND EQUIPMENT

As at the end of Q3 we have consumed £0.1m/35.3% of the planned £0.34m. The forecast expenditure to the 31st March 2017 is anticipated to be £0.34m/100.0% of the plan. Expenditure on the ANPR replacement programme is forecast to be £0.18m, including the expenditure on the strategic routes. The works on updating the ANPR for the motorway networks £50k is going to start during 17/18. £0.08m of the £0.1m contingency budget is fully utilised for 2016/17.

MEMORANDUM ITEMS

The forecast expenditure for the regional organised crime unit is £3.4m. The budget includes the £0.5m contribution from TSU towards the regional building. The building works are due to complete by the end of February 2017. The new air support base is expected to complete in 2017/18.

CAPITAL FUNDING

Based upon the Q3 forecast of the capital expenditure including the memorandum items for 16/17 the capital programme is planned to be funded as follows:

Source of Funding	Funding Available £'000	Funding used £'000	Funding carried forward into 2017/18
Capital Grant	1,184	1,184	0
Capital Contributions	1,852	1,051	801
Capital Receipts	13,964	9,031	4,933
Capital Reserve	1,972	0	1,972

Specific reserves	2,009	1,904	105
Externally funded	769	769	0
Vehicle Sales	109	109	0
Borrowings	7,232	6,619	613
Total Funding	29,091	20,667	8,424

To fund the 16/17 capital programme it has been assumed that £5m borrowings are taken out in this current financial year. The borrowings will be used to fund the estates capital programme in order to retain the capital receipts to cover the planned IT expenditure within the MTFP, in order to keep the annual MRP payments at a lowest level.

5. PART THREE – 16/17 FINANCIAL HEALTH INDICATORS

Details of financial indicators for 16/17 are provided in Appendix G. Highlights include:-

- a) Revenue budget summary: This highlights that during the first half of 16/17 we have consumed 72.3% (£199.7m) of the budget, and forecast an underspend 1.0% (£2.86m) by the end of the year;
- b) Revenue budget over/(under) spends: This shows the breakdown of the budget into its constituent subjective elements, and enables the reader to see at a glance whether that area of the budget is over or underspent during 16/17. As demonstrated by the graph, underspends are primarily occurring in officer & staff pay and supplies & services due to the reduction in IT forecast. Overspending is forecast in our other pay (as consequence of exceptional pensions cost) and in relation to our outstanding savings target. All of these over and under spends have been explained in the above report;
- c) Overtime Budgets: This shows the position in relation to overtime spend for both police officers and police staff. As is shown here 103.9% of the budget has been consumed by the end of Q3, both officer and staff overtime running ahead of budget and forecasting overspends. As highlighted above this is a continuation of pressures seen last year, and needs to continue to be closely monitored by SLT's throughout the force;
- d) Capital budget summary: This provides a visualisation of the actual position in relation to the capital programme, as reported above. As demonstrated by this, we consumed 19.1% of the plan by the end of Q3;
- e) Supplier Payments: This section provides an update on our performance for paying suppliers within 30 days (measured against the receipt of the invoice at our scanning department less 2 days for posting). As is demonstrated here, during the first three quarters of 16/17, we have paid 96.0% of our suppliers within this 30 day timescale;
- f) Borrowing and Investments: Here we provide an update on our total borrowings (£36.3m) compared to the total approvals for borrowing (£58m), as well as the average rate we're paying on our borrowing (4.12%). In addition we also show the amount of cash held on deposit as at 31st December 2016 (£52.8m), and the average rate of interest we received on these cash balances during the first three quarters of 16/17 (0.64%) which is lower than expected, and is resulting in a forecast under-achievement against our investment income budget.

6. EQUALITY ANALYSIS

The budget reported on in this report includes funds to support equality and diversity, including funding in support of staff associations and representative groups.

7. SUSTAINABILITY

Sustainability is important in regard to ensuring the organisation is living within both its financial limits (financial sustainability) as well as within its environmental limits through ensuring effective and

efficient use of natural resources. In fulfilling the objectives in terms of financial sustainability, the PCC has adopted the set of Key Financial Health Indicators which were originally adopted by the Police Authority and which are reported on within the content of this report. Wider environmental sustainability considerations are also accounted for within the budget and capital programme.

8. CONCLUSIONS AND RECOMMENDATIONS

Our revenue headline performance is an underspend of £2.86m/1.0%. The change in forecast from that reported at Q2 is mainly due to the movement in employee costs of £1.4m, a reduction in Technology Services for spend on supplies and services and additional income of £0.74m for Op Harlech. The forecast underspend would have been higher had it not been for the pension liability of £1.34m. The forecast position continues to improve each quarter.

The underspend on officer pay is forecast to continue to reduce from the YTD position through to the end of the year, reflecting the impact of recruitment and transferee activity. However, officer overtime continues to overspend, with our forecast here suggesting that this is set to now decrease from the current YTD position.

The underspend on staff pay is forecast to continue to increase by the end of the year. The forecast is less optimistic about filling staff vacancies and includes the positions held in order to help manage budget pressures and future financial challenges. We will continue to proactively hold vacancies where possible, particularly in non-frontline roles, in order to help with budgetary pressures and allow the PBR process to take effect sooner.

Appendix A – Revenue Budget Outturn Report (Subjective Structure)

Appendix B – Revenue Budget Outturn Report (Management Structure)

Appendix C – Police Officer Overtime Report

Appendix D – Police Staff Overtime Report

Appendix E – Savings Balances

Appendix F – Capital Programme Outturn Report

Appendix G – Financial Performance Dashboard

APPENDIX A Subjective Revenue Outturn December 2016 - Q3 16/17	YTD Actual				Forecast Outturn			
	16/17 YTD Actual	16/17 YTD Budget	Over/ (Under)	Over/ (Under)	16/17 Projected Outturn	16/17 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Police Officer pay and allowances	98,303	101,715	(3,412)	(3.4%)	131,551	135,918	(4,367)	(3.2%)
Police Officer Overtime	3,584	2,270	1,313	57.8%	5,647	3,657	1,990	54.4%
Police Staff pay and allowances	44,642	47,027	(2,385)	(5.1%)	59,550	62,898	(3,349)	(5.3%)
Police Staff Overtime	1,174	680	494	72.7%	1,730	984	746	75.8%
PCSO pay and allowances	7,663	8,331	(668)	(8.0%)	10,301	11,063	(762)	(6.9%)
PCSO Overtime	12	3	8	263.3%	15	4	11	258.3%
Indirect Employee Expenses	418	203	214	105.5%	511	271	240	88.7%
Pensions	5,900	5,868	32	0.5%	8,377	7,152	1,224	17.1%
EMPLOYEE COSTS	161,694	166,098	(4,404)	(2.7%)	217,683	221,948	(4,265)	(1.9%)
PREMISES COSTS	8,735	9,089	(354)	(3.9%)	11,563	11,532	32	0.3%
TRANSPORT COSTS	3,488	3,647	(159)	(4.3%)	4,787	4,867	(80)	(1.6%)
S&S - COMMUNICATIONS AND COMPUTING COSTS	6,578	6,611	(32)	(0.5%)	8,881	9,040	(159)	(1.8%)
S&S - FORENSICS COSTS	1,175	1,224	(50)	(4.0%)	1,726	1,624	102	6.3%
S&S - OTHER COSTS	7,974	9,005	(1,031)	(11.4%)	11,418	11,937	(519)	(4.3%)
PARTNERSHIP COSTS (3RD PARTY PAYMENTS)	20,353	19,857	496	2.5%	27,883	27,508	376	1.4%
TRANSFERS TO/(FROM) RESERVES	(4,056)	(4,292)	236	5.5%	(3,100)	(4,164)	1,063	25.5%
CAPITAL FINANCING COSTS	7,515	7,934	(419)	(5.3%)	10,533	10,545	(12)	(0.1%)
OUTSTANDING SAVINGS TARGET	0	(1,335)	1,335	100.0%	0	(1,335)	1,335	100.0%
TOTAL CONSTABULARY EXPENDITURE	213,457	217,838	(4,382)	(2.0%)	291,375	293,500	(2,125)	(0.7%)
INCOME - SPECIAL GRANTS	(15)	(0)	(15)	0.0%	(15)	(0)	(15)	0.0%
INCOME - OTHER	(16,275)	(17,407)	1,132	(6.5%)	(22,761)	(22,209)	(552)	(2.5%)
TOTAL CONSTABULARY INCOME	(16,290)	(17,408)	1,117	(6.4%)	(22,776)	(22,210)	(566)	(2.6%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	197,166	200,431	(3,265)	(1.6%)	268,598	271,290	(2,692)	(1.0%)
MISCELLANEOUS	0	0	0	0.0%	0	0	0	
GRANTS	(0)	87	(87)	0.0%	0	0	0	
SECONDEES	1	(0)	1	0.0%	0	0	0	
TOTAL CONSTABULARY	197,168	200,517	(3,350)	(1.7%)	268,598	271,290	(2,692)	(1.0%)
OFFICE OF THE POLICE AND CRIME COMMISSIONER	828	998	(170)	(17.0%)	1,313	1,354	(42)	(3.1%)
COMMISSIONING COSTS	1,700	2,573	(873)	(33.9%)	3,303	3,430	(127)	(3.7%)
TOTAL OPCC AND COMMISSIONING	2,528	3,571	(1,043)	(29.2%)	4,616	4,785	(169)	(3.5%)
TOTAL REVENUE EXPENDITURE	199,696	204,088	(4,392)	(2.2%)	273,214	276,075	(2,861)	(1.0%)

APPENDIX B Mgt Structure Revenue Outturn December 2016 - Q3 16/17	YTD Actual				Forecast Outturn			
	16/17 YTD Actual	16/17 YTD Budget	Over/ (Under)	Over/ (Under)	16/17 Projected Outturn	16/17 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Bristol Area	18,856	19,769	(913)	(4.6%)	25,531	26,606	(1,075)	(4.0%)
Somerset Area	23,509	24,878	(1,369)	(5.5%)	31,867	33,548	(1,681)	(5.0%)
North East Area	12,295	13,084	(789)	(6.0%)	16,578	17,601	(1,023)	(5.8%)
Local Policing Directorate	559	523	37	7.1%	763	705	58	8.2%
LOCAL POLICING	55,220	58,253	(3,033)	(5.2%)	74,740	78,460	(3,721)	(4.7%)
Investigations	23,295	23,034	262	1.1%	31,552	31,086	467	1.5%
Catch & Disrupt	8,779	8,444	334	4.0%	10,878	11,240	(362)	(3.2%)
Investigations Policy and Support	2,178	2,215	(37)	(1.7%)	2,873	2,960	(88)	(3.0%)
Regional Collaboration - Tri-Force	8,997	8,915	82	0.9%	12,276	12,102	175	1.4%
Regional Collaboration - Scientific Investigations	2,495	2,265	230	10.2%	4,931	4,599	332	7.2%
Regional Collaboration - Major Crime Investigation	3,340	3,505	(165)	(4.7%)	4,484	4,704	(220)	(4.7%)
Regional Collaboration - SWROCU	2,270	2,214	56	2.5%	2,270	2,214	56	2.5%
Regional Collaboration - Special Branch	730	750	(20)	(2.6%)	1,024	1,029	(6)	(0.5%)
Regional Collaboration - Black Rock	351	445	(94)	(21.1%)	670	800	(130)	(16.2%)
Major Incidents	923	925	(3)	(0.3%)	994	994	0	0.0%
SPECIALIST OPERATIONS	53,359	52,713	646	1.2%	71,952	71,727	225	0.3%
Command & Control	13,093	12,654	439	3.5%	17,548	16,958	590	3.5%
Criminal Justice	9,014	9,632	(618)	(6.4%)	12,214	12,821	(607)	(4.7%)
Intelligence	5,589	6,111	(522)	(8.5%)	7,496	8,151	(654)	(8.0%)
Manage	4,843	4,747	96	2.0%	6,601	6,586	15	0.2%
Victim & Witness Care	1,713	1,866	(153)	(8.2%)	2,337	2,493	(156)	(6.3%)
PREVENTION, PROTECTION AND PROSECUTION	34,252	35,010	(758)	(2.2%)	46,197	47,010	(813)	(1.7%)
Chief Officers & Staff Office	1,562	1,386	176	12.7%	2,105	1,806	299	16.5%
Southwest One Unitary Charge	13,608	13,448	160	1.2%	17,850	17,708	142	0.8%
Estates	8,141	8,500	(359)	(4.2%)	10,781	10,809	(28)	(0.3%)
Technology Services	4,932	5,102	(170)	(3.3%)	6,720	7,134	(414)	(5.8%)
Transport Services	3,256	3,323	(67)	(2.0%)	4,462	4,473	(11)	(0.2%)
Professional Standards	1,138	1,093	44	4.1%	1,516	1,457	59	4.0%
Human Resources	591	513	78	15.2%	789	686	103	15.1%
Occupational Health & Safety	572	602	(30)	(5.0%)	813	795	18	2.3%
Corporate Learning & Development	3,791	3,977	(186)	(4.7%)	5,091	5,226	(134)	(2.6%)
Staff Associations & Support Groups	367	424	(58)	(13.6%)	550	574	(24)	(4.1%)
Strategic Service Improvement	1,455	1,461	(7)	(0.5%)	1,999	1,958	41	2.1%
Purchasing & Supply	949	978	(29)	(2.9%)	1,331	1,339	(8)	(0.6%)
Corporate Information Management	742	789	(47)	(5.9%)	982	1,051	(69)	(6.6%)
Corporate Communications	583	624	(41)	(6.5%)	799	833	(34)	(4.0%)
Legal Services	395	531	(135)	(25.5%)	474	703	(229)	(32.6%)
Detained Property	409	374	35	9.3%	501	501	0	0.1%
Admin & Facilities	235	347	(113)	(32.4%)	349	453	(104)	(23.0%)
Finance & Business Services	783	976	(192)	(19.7%)	1,221	1,433	(212)	(14.8%)
ENABLING SERVICES	43,509	44,449	(940)	(2.1%)	58,334	58,939	(605)	(1.0%)
Pensions	5,879	5,815	64	1.1%	8,318	7,082	1,236	17.5%
Officer & Staff Allowances	3,314	3,951	(637)	(16.1%)	4,403	5,053	(650)	(12.9%)
Central Costs	(2,152)	(2,273)	121	(5.3%)	167	(1,316)	1,483	(112.7%)
Central Savings	0	(1,331)	1,331	(100.0%)	0	(1,331)	1,331	(100.0%)
Student Officers	1,085	962	123	12.8%	1,426	1,314	111	8.5%
CENTRAL COSTS	8,125	7,124	1,001	14.1%	14,315	10,803	3,512	32.5%
STRATEGIC PROJECTS	2,702	2,882	(180)	(6.3%)	3,061	4,352	(1,290)	(29.6%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	197,166	200,431	(3,265)	(1.6%)	268,598	271,290	(2,692)	(1.0%)
MISCELLANEOUS	0	0	0		0	0	0	
GRANTS	(0)	87	(87)		0	0	0	
SECONDEES	1	(0)	1		0	0	0	
TOTAL CONSTABULARY	197,168	200,517	(3,350)	(1.7%)	268,598	271,290	(2,692)	(1.0%)
OFFICE OF THE POLICE AND CRIME COMMISSIONER	828	998	(170)	(17.0%)	1,313	1,354	(42)	(3.1%)
COMMISSIONING COSTS	1,700	2,573	(873)	(33.9%)	3,303	3,430	(127)	(3.7%)
TOTAL OPCC AND COMMISSIONING	2,528	3,571	(1,043)	(29.2%)	4,616	4,785	(169)	(3.5%)
TOTAL REVENUE EXPENDITURE	199,696	204,088	(4,392)	(2.2%)	273,214	276,075	(2,861)	(1.0%)

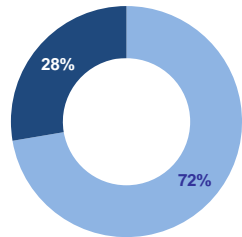
APPENDIX C Officer Overtime December 2016 - Q3 16/17	Year To Date							Forecast Outturn			
	16/17 Q1 Actual	16/17 Q2 Actual	16/17 Q3 Actual	16/17 TOTAL Actual	16/17 YTD Budget	Over/ (Under)	Over/ (Under)	16/17 Projected Outturn	16/17 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bristol Area	124	146	65	335	226	109	48.3%	640	458	182	39.7%
Somerset Area	173	154	91	417	282	135	47.8%	759	567	192	33.9%
North East Area	74	49	23	146	152	(6)	(3.8%)	295	304	(9)	(2.9%)
Local Policing Directorate	0	0	0	0	0	0	0.0%	0	0	0	0.0%
LOCAL POLICING	370	349	179	898	660	238	36.1%	1,694	1,328	365	27.5%
Investigations	222	307	251	780	302	478	158.5%	1,226	534	692	129.5%
Catch & Disrupt	103	129	457	688	157	531	338.6%	811	237	574	242.5%
Investigations Policy and Support	5	4	3	12	5	7	152.7%	16	7	9	132.4%
Regional Collaboration - Tri-Force	121	151	113	385	165	220	133.5%	643	297	346	116.2%
Regional Collaboration - Scientific Investigations	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Regional Collaboration - Major Crime Investigation	5	6	4	15	16	(1)	(8.8%)	29	19	10	52.6%
Regional Collaboration - SWROCU	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Regional Collaboration - Special Branch	2	1	1	4	11	(7)	(62.1%)	7	15	(8)	(54.9%)
Regional Collaboration - Black Rock	2	3	2	7	0	7	0.0%	0	0	0	0.0%
Major Incidents	136	152	75	363	478	(115)	(24.0%)	522	522	0	0.0%
SPECIALIST OPERATIONS	596	753	905	2,254	1,134	1,120	98.8%	3,254	1,631	1,623	99.5%
Command and Control	2	1	0	2	3	(1)	(29.4%)	4	5	(1)	(29.4%)
Criminal Justice	36	35	19	90	53	37	70.2%	163	108	55	51.2%
Intelligence	10	8	7	25	17	8	47.3%	49	36	13	36.5%
Manage	11	9	11	31	26	5	19.9%	46	38	8	20.8%
Victim and Witness Care	0	0	0	0	0	0	0.0%	0	0	0	0.0%
PREVENTION, PROTECTION AND PROSECUTION	58	53	37	148	99	49	49.9%	262	187	75	40.0%
Chief Officers and Staff Office	0	0	0	0	0	0	100.0%	0	0	0	100.0%
Southwest One Unitary Charge	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Estates	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Technology Services	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Transport Services	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Professional Standards	2	1	1	4	1	2	199.7%	5	2	3	152.3%
Human Resources	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Occupational Health & Safety	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Corporate Learning & Development	3	4	0	2	3	(2)	(44.7%)	3	5	(2)	(32.9%)
Staff Associations and Support Groups	0	0	0	0	0	(0)	0.0%	0	0	(0)	0.0%
Strategic Service Improvement (excl. CMU)	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Purchasing and Supply	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Corporate Information Management	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Corporate Communications	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Legal Services	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Detained Property	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Admin & Facilities	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Finance and Business Services	0	0	0	0	0	0	0.0%	0	0	0	0.0%
ENABLING SERVICES	5	5	1	6	5	1	19.8%	9	7	1	16.5%
Pensions	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Officer & Staff Allowances	(0)	103	75	178	258	(81)	(100.0%)	328	388	(60)	0.0%
Central Costs (inc unadjusted savings)	0	97	3	100	115	(15)	(13.1%)	101	115	(14)	(12.2%)
Student Officers	(0)	0	(0)	(0)	0	(0)	100.0%	(0)	0	(0)	100.0%
CENTRAL COSTS	0	200	78	278	373	(96)	(25.6%)	429	503	(74)	(14.7%)
STRATEGIC PROJECTS (incl. CMU)	0	0	0	0	0	0	100.0%	0	0	0	100.0%
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	1,028	1,356	1,199	3,584	2,270	1,313	57.8%	5,647	3,657	1,990	54.4%
MISCELLANEOUS	3	2	3	8	0	8		0	0	0	
GRANTS	9	12	8	29	36	(7)		48	48	0	
SECONDEES	7	5	4	17	17	(0)		23	23	0	
TOTAL CONSTABULARY	1,047	1,376	1,214	3,637	2,323	1,314	56.5%	5,718	3,728	1,990	53.4%
OFFICE OF THE POLICE AND CRIME COMMISSIONER	0	0	0	0	0	0	0.0%	0	0	0	0.0%
COMMISSIONING COSTS	0	0	0	0	0	0	0.0%	0	0	0	0.0%
TOTAL OPCC AND COMMISSIONING	0	0	0	0	0	0	0.0%	0	0	0	0.0%
TOTAL REVENUE EXPENDITURE	1,047	1,376	1,214	3,637	2,323	1,314	56.5%	5,718	3,728	1,990	53.4%

APPENDIX D Staff Overtime December 2016 - Q3 16/17	Year To Date							Forecast Outturn			
	16/17 Q1	16/17 Q2	16/17 Q3	16/17 TOTAL	16/17 YTD	Over/ (Under)	Over/ (Under)	16/17 Projected Outturn	16/17 Annual Budget	Over/ (Under)	Over/ (Under)
	Actual YTD	Actual	Actual	Actual	Budget	£'000	£'000	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bristol Area	2	4	3	9	2	7	315.9%	14	3	10	337.5%
Somerset Area	1	2	2	5	3	2	82.8%	8	4	4	86.6%
North East Area	1	0	0	2	2	(0)	(8.5%)	2	3	(1)	(39.0%)
Local Policing Directorate	0	(0)	0	(0)	0	(0)	0.0%	(0)	0	(0)	0.0%
LOCAL POLICING	4	7	4	15	7	9	128.0%	23	10	13	128.7%
Investigations	111	151	147	409	14	395	2,793.8%	581	21	559	2,638.4%
Catch & Disrupt	18	16	13	46	5	41	828.7%	69	8	61	742.9%
Investigations Policy and Support	1	0	1	2	2	0	2.2%	3	3	0	1.6%
Regional Collaboration - Tri-Force	1	0	0	1	1	0	45.0%	0	1	(1)	(100.0%)
Regional Collaboration - Scientific Investigations	2	(2)	0	0	0	0	0.0%	1	0	1	0.0%
Regional Collaboration - Major Crime Investigation	5	8	4	17	13	4	28.9%	29	16	13	80.6%
Regional Collaboration - SWROCU	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Regional Collaboration - Special Branch	0	0	0	0	1	(1)	(100.0%)	0	1	(1)	(100.0%)
Regional Collaboration - Black Rock	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Major Incidents	56	54	49	160	144	16	11.0%	144	144	0	0.0%
SPECIALIST OPERATIONS	194	227	214	635	179	455	253.7%	825	194	631	324.7%
Command and Control	61	67	43	170	178	(7)	(4.2%)	314	314	0	0.1%
Criminal Justice	41	45	40	126	62	65	105.0%	201	104	97	93.2%
Intelligence	12	15	11	38	24	14	56.6%	66	43	22	51.3%
Manage	4	7	11	22	7	15	220.3%	34	11	23	222.4%
Victim and Witness Care	1	2	1	3	5	(2)	0.0%	5	9	0	0.0%
PREVENTION, PROTECTION AND PROSECUTION	119	135	106	360	276	84	30.6%	620	481	139	29.0%
Chief Officers and Staff Office	1	1	3	5	1	5	100.0%	8	1	7	100.0%
Southwest One Unitary Charge	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Estates	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Technology Services	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Transport Services	6	13	29	47	33	15	0.0%	81	48	33	0.0%
Professional Standards	0	2	1	4	1	3	605.6%	6	1	5	605.3%
Human Resources	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Occupational Health & Safety	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Corporate Learning & Development	7	8	8	24	2	22	1,056.3%	36	3	33	1,055.8%
Staff Associations and Support Groups	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Strategic Service Improvement	0	1	1	2	0	2	0.0%	6	0	6	0.0%
Purchasing and Supply	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Corporate Information Management	1	0	0	1	1	(0)	0.0%	1	2	(0)	0.0%
Corporate Communications	3	5	4	13	10	3	0.0%	20	16	4	0.0%
Legal Services	3	2	0	5	0	5	0.0%	8	0	8	0.0%
Detained Property	0	1	1	2	2	(0)	0.0%	2	3	(0)	0.0%
Admin & Facilities	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Finance and Business Services	0	0	0	0	0	0	0.0%	0	0	0	0.0%
ENABLING SERVICES	23	33	47	103	49	54	110.7%	168	73	95	129.5%
Pensions	0	0	0	0	0	0	0.0%	0	0	0	0.0%
Officer & Staff Allowances	25	11	12	48	127	(79)	(100.0%)	72	154	(82)	0.0%
Central Costs (inc unadjusted savings)	0	13	0	14	21	(7)	(35.7%)	14	21	(7)	(35.7%)
Student Officers	0	0	0	0	0	0	100.0%	0	0	0	100.0%
CENTRAL COSTS	25	24	13	61	148	(87)	(58.5%)	85	175	(90)	(51.3%)
STRATEGIC PROJECTS (incl. CMU)	2	5	4	11	20	(9)	(46.7%)	24	50	(26)	(51.8%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	367	431	387	1,185	679	506	74.5%	1,746	984	762	77.5%
MISCELLANEOUS	0	0	0	1	0	1		0	0	0	
GRANTS	2	1	2	5	6	(1)		9	9	0	
SECONDEES	34	22	24	80	1	78		2	2	0	
TOTAL CONSTABULARY	402	454	414	1,271	686	584	85.1%	1,756	994	762	76.7%
OFFICE OF THE POLICE AND CRIME COMMISSIONER	0	0	0	1	6	(5)	0.0%	9	9	0	0.0%
COMMISSIONING COSTS	0	0	0	0	0	0	0.0%	0	0	0	0.0%
TOTAL OPCC AND COMMISSIONING	0	0	0	1	6	(5)	0.0%	9	9	0	0.0%
TOTAL REVENUE EXPENDITURE	403	455	414	1,271	692	579	83.7%	1,765	1,003	762	76.1%

Appendix E	Savings Bal	Change	Change	Change	Change	TOTAL
Savings Balances	£'000	£'000	£'000	£'000	£'000	£'000
December 2016 - Q3 16/17						
Adjusted savings target as reported at end of Q2	941	43	510	0	4	1,498
Honorarium adjustment	28					28
ICAT Growth Adjustment	26					26
Increase in hours to meet Mall Policing contract income	11					11
Tri-Force Adjustment	26					26
DPSU Growth (PYE)	40					40
Care & Custody - 15/16 credit (one-off)	(110)					(110)
Staff Officer Insp to Sgt	(4)					(4)
SW Forensics Equipment Transfer	78					78
Surplus NI on Allowances	(347)					(347)
TSU Phase 1 savings		(11)				(11)
Write-off Forensics Savings	510		(510)			0
ICAT PYE (Staff Sept onwards)	110					110
CIU reduction od case manager	(15)					(15)
DPSU Growth (Overtime)	5					5
SAP Balance as at end of Q3	1,299	32	0	0	4	1,335
Other things yet to be adjusted for:-						
<i>TSU Budget Saving - transfer to Zephyr - delayed no saving in 16/17</i>						
Forecast Balance	1,299	32	0	0	4	1,335

APPENDIX F Capital Programme December 2016 - Q3 16/17	PLANNED EXPENDITURE				ACTUAL EXPENDITURE				
	B/Fwd £'000	New £'000	Adj's £000	TOTAL £'000	Actual £'000	Forecast £'000	TOTAL £'000	Carry forward to 2017/18	Over/ (Under) £'000
INFORMATION AND COMMUNICATIONS SYSTEMS									
Rolling Replacement and renewal programme (inc contingency for unforeseen security upgrades as required)	0	515	19	534	260	148	408	146	20
PROJECTS - Corporate Systems	1,452	465	394	2,311	1,512	482	1,994	304	(13)
PROJECTS - National Systems	0	1,516	0	1,516	4	0	4	0	(1,512)
PROJECTS - Regional Systems	200	2,694	369	3,263	29	(54)	(25)	0	(3,288)
PROJECTS - Mobile and Fixed Line Telephony/Data	1,278	1,541	0	2,819	455	1,017	1,472	175	(1,172)
PROJECTS - Custody Technology	0	0	0	0	10	0	10	0	10
PROJECTS - Digital Evidencing (DEMS)	337	2,056	(45)	2,348	772	381	1,153	213	(982)
PROJECTS - Other	22	199	104	325	149	104	253	68	(4)
INFORMATION & COMMUNICATION SYSTEMS TOTAL	3,289	8,986	841	13,116	3,191	2,078	5,269	906	(6,941)
ESTATES									
Rolling replacement and renewal programme (electrics, fire precaution)	195	400	0	595	71	288	359	0	(236)
PROJECTS - HQ Site refurbishment and projects (including Central Site)	2,799	5,510	1,406	9,715	1,832	939	2,771	2,868	(4,076)
PROJECTS - Estate rationalisation programme	1,984	12,377	1,085	15,446	1,757	2,483	4,240	1,885	(9,321)
PROJECTS - PFI Buildings Programme	58	0	0	58	21	19	40	58	40
Feasibility costs	0	0	124	124	45	79	124	0	0
ESTATES TOTAL	5,036	18,287	2,615	25,938	3,726	3,808	7,534	4,811	(13,593)
TRANSPORT SERVICES									
Rolling replacement and renewal programme	3,047	2,445	374	5,866	1,640	2,393	4,033	1,833	0
PROJECTS - In-vehicle tracking	114	0	0	114	18	74	92	0	(22)
PROJECTS - Pool Car Infrastructure	14	0	0	14	13	0	13	0	(1)
PROJECTS - Community resilience Task Force	0	104	0	104	0	0	0	0	(104)
PROJECTS - Detainee Transport Solutions	0	140	0	140	0	0	0	0	(140)
TRANSPORT SERVICES TOTAL	3,175	2,689	374	6,238	1,671	2,467	4,138	1,833	(267)
PLANT, MACHINERY AND EQUIPMENT									
Rolling replacement and renewal programme - ANPR	5	215	(31)	189	24	165	189	0	0
Rolling replacement and renewal programme - Other	6	100	53	159	99	54	153	0	(6)
PLANT, MACHINERY AND EQUIPMENT TOTAL	11	315	22	348	123	219	342	0	(6)
TOTAL CAPITAL PROGRAMME	11,511	30,277	3,852	45,640	8,711	8,572	17,283	7,550	(20,807)
MEMORANDUM ACCOUNTS - Excluded from above as held on behalf of others, not just for benefit of A&S									
AIRCRAFT BASE - Funding received in 2012/13 which is ring-fenced for capital/revenue costs associated with securing a permanent base for the National Police Air Service helicopter within our region. This is excluded from the above as it is funding we're holding on behalf of the national organisation.	295	0	0	295	-2	27	25	270	0
REGIONAL ORGANISED CRIME UNIT - This is excluded from above as funding to be received from the Home Office for the regional organised crime unit.	3,309	0	0	3,309	1,113	2,246	3,359	0	0

a) 2016/17 REVENUE YTD AND FORECAST OUTTURN

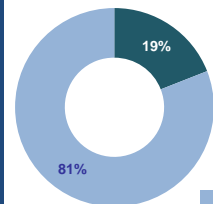


As at end of Q3 2016/17 we have consumed **72.3%** of the total annual budget.

■ Budget remaining
■ Budget consumed

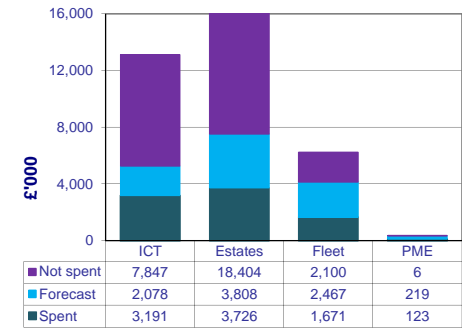
Forecast **Underspend** at Q3 2016/17:
£2.86m (1.0%)

d) 2016/17 CAPITAL OUTTURN

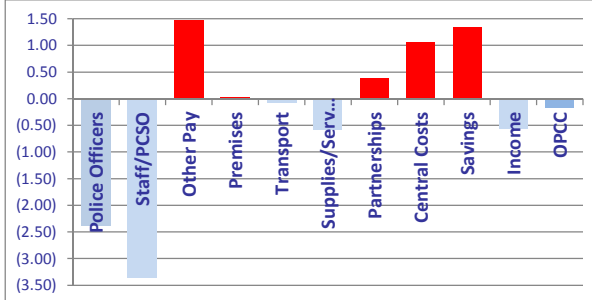


The total capital programme stands at £45.6m in 16/17, of which £8.7m (19.1%) has been spent in the first three quarters of the year.

■ Plan remaining
■ Plan Consumed



b) FORECAST REVENUE OUTTURN - OVER/(UNDER) SPENDS



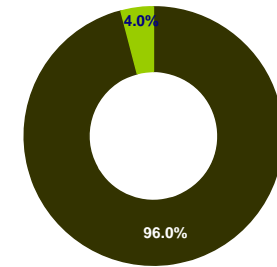
As at end of Q3 we are forecasting underspends in officer and staff pay offset by overspends in other pay, supplies and services, as well as in relation to our outstanding savings target.

■ Underspend
■ Overspend

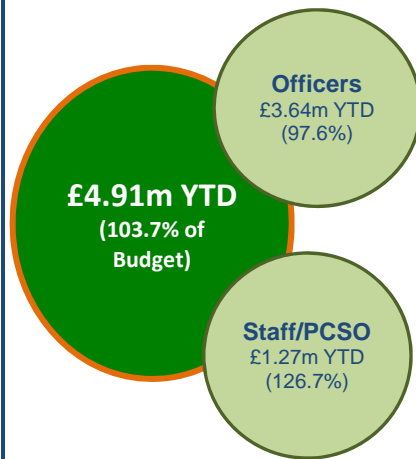
e) 2016/17 SUPPLIER PAYMENTS PERFORMANCE

Our supplier payment performance stands at 96.0% of invoices paid within 30 days from the date of receipt of the invoice at our scanning department (less 2 working days) during the first three quarters of the year. YTD 28,380 invoices were processed for payment, and 27,231 were paid within 30 days.

■ Invoices paid within 30 Days of scanning receipt (-2 days)
■ Invoices not paid within 30 days of scanning receipt (-2 days)



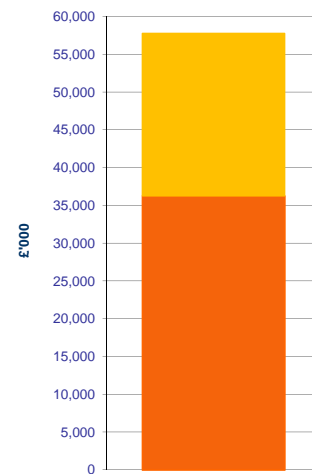
c) 2016/17 OVERTIME BUDGETS (Exc Misc/Grants)



Police Officer Overtime - Up to the end of Q3 we have consumed 97.6% of annual budget. As there are often delays between overtime being worked and claimed, the profile of our expenditure often follows a delayed pattern across the financial year. Our current forecasts show anticipated expenditure of £5.7m, which is 153.4% of our annual budget, resulting in a forecast overspend of £2.0m on police officer overtime.

Police Staff Overtime - Up to the end of Q3 we have consumed 126.7% of the annual budget. Our current forecasts show anticipated expenditure of £1.8m, which is 176.0% of our annual budget, resulting in an overspend of £0.76m on staff/PCSO overtime.

f) BORROWING AND INVESTMENTS



4.12%

The Average Interest rate of interest we've paid on our borrowing during the first three quarters of the year.

■ Borrowing Taken (£36.3m)
■ Borrowing approved not taken (£21.7m)

The OPCC held cash on deposit of **£52.8m** as at 31st December 2016.

The Average Interest rate received on our cash on deposit YTD is **0.64%**.

Actual interest earned during the first three quarters of the year was **£319k**. As at the end of Q3 we are forecasting that we will receive £390k in investment income, which is **£170k under** budget reflecting lower interest rates and lower average cash balances over the course of the year.

Cash on Deposit
£52.8m

Av. % Interest received
0.64%

MEETING: Police and Crime Board	Date: 31 st January 2017	Agenda No
DEPARTMENT: Finance and Business Services	AUTHOR: Nick Adams	9b
NAME OF PAPER: 17/18 Precept, Budget and Medium Term Financial Plan		COG Sponsor: Julian Kern

1. PURPOSE OF REPORT AND BACKGROUND

This paper presents the revenue and capital budget for 2017/18. This includes the PCC's proposal, for the endorsement of the Police and Crime Panel, to increase the police council tax precept by 1.99%, resulting in **an average council tax level of £181.81p** – an average annual increase of £3.55p.

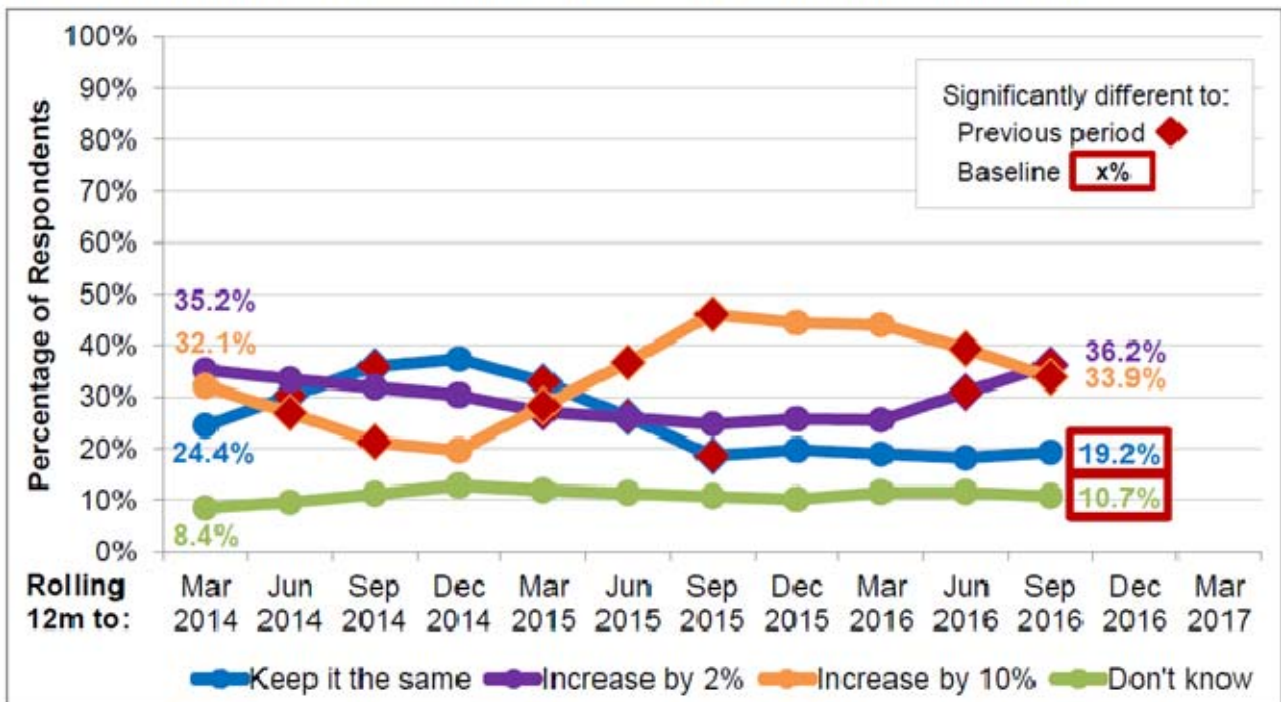
In addition this paper will present the draft Medium Term Financial Plan (MTFP) and the draft capital programme for the 5 year period until 21/22.

2. EXECUTIVE SUMMARY

The PCC has considered the outcome of the provisional settlement for Police funding, the cost pressures on the Constabulary, the need to fund capital programmes and the context of this within the Medium Term Financial Plan (MTFP). The PCC and her CEO and CFO have conducted budget consultation meetings with local authority partners to explain these considerations. In addition the PCC has considered the feedback and results of her ongoing consultation about the precept levels in Avon & Somerset. The Police and Crime Survey results are based on circa 3,000 responses over a rolling 12 month period. The survey asks a range of questions about residents' experiences of crime and policing, their feelings of safety, their priorities. The survey also seeks a view on the level of council tax precept which residents would support to fund police services.

The most recent data available indicates that 70% of respondents over a 12 month period would support an increase in police precept, as is demonstrated in the graph below:

What level of council tax would you like to see set towards policing [next year]?



The proposed 2017/18 revenue budget will be £277.552m, which will be funded by grant funding totalling £175.914m (63.4%) and by council tax funding totalling £101.638m (36.6%). In order to achieve this **it is proposed that the precept is increased by 1.99% to an average band d of £181.81p – an annual increase of £3.55p.**

The proposed allocation of the 2017/18 budget is as follows:-

	2017/18		2016/17	
	£'000		£'000	
Office of the PCC (flat)	1,354	0.5%	1,354	0.5%
Commissioned Services (increase – see below)	3,488	1.2%	3,430	1.2%
Constabulary	272,710	98.3%	271,290	98.3%
TOTAL Budget	277,552	100.0%	276,075	100.0%

The £58k increase in OPCC Commissioning budget reflects new services for victims of child sexual abuse and victims of CSE and is funded by a re-deployment of £50k from the MoJ Victims grant commensurate with savings in the victims Lighthouse service.

The table below shows the budget in the context of our MTFP (fuller breakdown at Appendix A):-

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
2016/17 Approved Budget	276,075	276,075	276,075	276,075	276,075
Forecast cost increases	10,373	15,501	19,072	22,625	26,476
Budget Requirement	286,448	291,576	295,147	298,700	302,551
Less; Total Funding	(277,552)	(277,562)	(278,845)	(280,290)	(281,904)
DEFICIT Before Savings	8,896	14,014	16,302	18,409	20,648
Current Planned Savings	(7,471)	(10,971)	(15,471)	(15,471)	(15,471)
New Savings required	(1,426)	(3,043)	(831)	(2,938)	(5,177)
DEFICIT After Planned Savings	Balanced	Balanced	Balanced	Balanced	Balanced

In summary we forecast that our cost base will increase by £26.5m/9.6% over the next five years. When combined with a forecast increase in funding of £5.8m/2.1% over the same period, this creates a **budget deficit of £20.6m by 21/22.**

The Constabulary will bring forward savings which will address this deficit. Immediately there are plans in place which substantially deliver £7.5m of the savings needed in 17/18, leaving £1.4m of residual required savings. By the end of the MTFP our current savings plans grow to £15.5m, resulting in £5.2m of required residual savings.

The Constabulary's change programme is currently being restructured. This will be aligned to support and deliver change that substantially addresses the savings required to meet the challenge presented here. **Our intention is to have delivered a high level plan detailing how we will balance the budget across the MTFP period by the end of March 2017.** This will build on those planned savings already in place, and consider all aspects of our budgets going forward.

Our current 16/17 budget performance as at the end of the third quarter is forecasting a revenue underspend of nearly £2.9m. The detail behind this forecast is the subject of a separate report. The level of this underspend, coupled with new emerging opportunities to realise savings earlier than planned, provides assurance that we have the necessary capacity to realise the total savings needed to fully balance our 17/18 budget.

We have reviewed our capital funding, and identified £73.6m that will be available to fund the

current year (16/17) capital spend as well as to provision for spend over the next five years. Our initial plans for capital expenditure exceed this, with a current deficit of £19.9m on the capital programme. **We will prioritise our plans against the funding identified, and thereby ensure that our investments are both sustainable and affordable.** This will include reconsideration and prioritisation of all of our ICT, Estates and Fleet plans, which will be revised to levels which can be contained within our funding plans.

We are forecasting that our **reserve position is going to be substantially reduced over the medium term,** with utilisation of these funds to support both capital and revenue transformation the key driver behind this forecast. We are forecasting that **we will require £2.6m from reserves in 2017/18 to fund the additional, one-off revenue costs of change.** Of this £2.0m will be needed to support local costs of change, and £0.6m to support our share of the regional change costs.

3. BACKGROUND AND PROVISIONAL GRANT SETTLEMENT

The government's previous Comprehensive Spending Review (CSR) placed considerable pressure on all of our crime, community safety and criminal justice agencies. The Police and Crime Commissioner for Avon & Somerset (previously the Police Authority) has had to make savings of £66m/22% since 2010 in order to balance our budgets. This it has done through organisational restructures, and natural attrition which released savings in departmental budgets and staff costs.

The current CSR, announced in November 2015, brought about an improved outlook for the funding of the Police Service. At the time of these announcements the Chancellor of the Exchequer said:-

*"...now is not the time for further police cuts. Now is the time to back our police and give them the tools to do the job. I am today announcing that there will be no cuts in the police budget at all. There will be real-terms protection for police funding. The police protect us, we are going to protect the police."*¹

Subsequent announcements have provided more information which has better enabled us to understand the detail behind this headline. In summary the announcement is applicable to all police funding, and therefore assumes that:-

- Grant funding to individual PCC's will continue to reduce;
- Reductions in grant will be offset by increases in council tax income driven by:-
 - Assumed annual increase in council tax precept of 1.99% (being the maximum that can be determined without the need for a local referendum to be held);
 - Assumed average increase in council tax base across all PCC's areas (in 16/17 assumption was that each PCC would benefit from 0.5% increase in base);
- The final grant funding to individual PCC's would further be subject to 'reallocations' of funds to support other areas of spend, including continuation of the Police Transformation fund, and the cost of the new Emergency Services Network (ESN) programme;
- Capital grant funding to individual PCC's would continue to be cut, requiring alternative arrangements to be put into place to support the funding of ongoing capital requirements.

The provisional Police Grant report was published by the Home Office on 15th December 2016². This confirmed the following:-

- **A £2.3m/1.4% cash reduction in core grant for Avon & Somerset** in 2017/18 – a worse position

¹ HC Deb 25 November 2015, vol 602, col 1373

² <https://www.gov.uk/government/consultations/provisional-police-grant-report-2017-to-2018>

than had previously been forecast owing to:-

- More funding 'reallocated' to other areas of spend than in previous years – 17/18 reallocations total £812m which is an increase of £240m/42.0% on 2016/17; and
- An adjustment to reflect the fact that the actual tax base increase in 16/17 was higher than the 0.5% that had been assumed by the Government (average increase appears to have been closer to 2.0%);
- Legacy council tax grants continue to be frozen at their historic cash levels;
- Total reallocations made in 17/18 include:-
 - £175m for a Transformation fund (which now replaces the innovation fund completely);
 - £417m in support of Major Programmes, including £383m for ESN; and
 - £54m for arms length bodies, including £37.6m for IPCC and £9.4m for HMIC.

The settlement does not project out beyond 2017/18, however we know that the Home Office remains committed to reviewing the current formula and we expect this work and its recommendations to be substantially advanced over the next 12 months. It is expected that any changes would be subject of transitioning arrangements which could commence as early as 2018/19. This factor, coupled with a continued expectation that the overall level of grant funding will continue to reduce (subject to the same factors outlined above) make forecasting of grant funding beyond 2017/18 complex and it would therefore be appropriate to expect a degree of movement in this as we monitor and develop our understanding over the coming months.

4. PART ONE – REVENUE BUDGET AND THE MTFP

KEY ASSUMPTIONS – Our MTFP is built on a lot of different assumptions. These assumptions dictate the value of our future funding from both grants and from local council taxpayers, as well as the expected changes to our costs as we reflect pay awards, inflationary adjustments and other commitments across the medium term. Our key assumptions are set out in a table at appendix A, and where applicable are explained in more detail throughout this report.

OUR FUNDING AND INCOME - The Police and Crime Commissioner receives funding through grants from central Government, and from local tax-payers in the form of a precept on council tax bills. This is analysed in more detail over the following tables (more detail is provided at appendix C):-

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Main Grant	161,513	159,254	156,865	154,512	152,195	149,912
Legacy CTax Grants	14,709	14,709	14,709	14,709	14,709	14,709
Victims Grant	1,945	1,951	1,951	1,951	1,951	1,951
Council Tax	95,873	99,775	103,287	106,922	110,686	114,582
Collection Fund Surplus	2,035	1,863	750	750	750	750
Funding Net Budget	276,075	277,552	277,562	278,845	280,290	281,904
<i>Annual movement (%)</i>	<i>+1.1%</i>	<i>+0.5%</i>	<i>+0.1%</i>	<i>+0.5%</i>	<i>+0.5%</i>	<i>+0.6%</i>

MAIN GRANT FUNDING - The following table details our assumptions around our main grant for the duration of the MTFP period. This includes the detail confirmed in the 2017/18 provisional Police Grant Report:-

OFFICIAL

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Main Grant Funding	161,513	159,254	156,865	154,512	152,195	149,912
+ / - on prior year	-927	-2,259	-2,389	-2,353	-2,317	-2,283
+ / - on prior year (%)	-0.6%	-1.4%	-1.5%	-1.5%	-1.5%	-1.5%
+ / - cumulative on 2010	-24,550	-26,809	-29,198	-31,551	-33,868	-36,151
+ / - cumulative (%)	-13.2%	-14.4%	-15.7%	-17.0%	-18.2%	-19.4%

The above represents the 17/18 figure as published in the provisional grant report, with our estimate based on an assumed reduction in grant of 1.5% p.a from 18/19 onwards.

We have not made any adjustment to the level of grant funding across the MTFP as a result of the impending changes to the formula to distribute main grant funding across police forces. We know that the Home Office is progressing a review into the formula, and expect this to culminate in recommendations next year. However, it is not possible for us to forecast the impact of this at this stage in the process, and we will therefore retain a watching brief over the position as it emerges.

KEY RISK - *Our forecasts for the future value of our grant funding could be materially incorrect owing to the large number of variables that will ultimately effect the level of funding. We have explained the sensitivity of our assumptions at Section 7 below, and included this risk at appendix G.*

OTHER GRANT FUNDING – In addition to our main grant funding we are also in receipt of other funding which we account for in determining our net revenue budget. These are:-

- Legacy council tax grants – these are the grants that have been awarded to us over the past six years either in compensation for the decision to freeze our council tax precept, or following the abolition of council tax benefit. It was confirmed in the provisional grant report, that this funding would remain frozen at the same level as last year. We have assumed that this will remain frozen throughout the period covered by the MTFP;
- Victims grant – this grant has been awarded to each of the PCC's throughout the country to commission the provision of victim's services. The grant is paid by the Ministry of Justice, who have confirmed the value of this grant to be substantially frozen compared to 16/17 values. Again we have assumed that this will remain frozen throughout the period covered by the MTFP.

COUNCIL TAX - The following table summarises the council tax funding forecast across the MTFP:-

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Council Tax precept	95,873	99,775	103,287	106,922	110,686	114,582
Collection fund surplus	2,035	1,863	750	750	750	750
Total Council Tax	97,908	101,638	104,037	107,672	111,436	115,332
Av. Band D (£p)	£178.26p	£181.81p	£185.42p	£189.11p	£192.88p	£196.72p
Annual movement (%)	+1.99%	+1.99%	+1.99%	+1.99%	+1.99%	+1.99%
Tax base (No.)	537,833	548,800	557,032	565,388	573,868	582,476
Annual movement (%)	+2.03%	+2.04%	+1.5%	+1.5%	+1.5%	+1.5%

The value of our total council tax income is dependent on:-

- Confirmation of the tax base figures from our local billing authorities – the 17/18 figures above have been confirmed to us by our 9 billing authorities. Thereafter we have forecast an increase of 1.5% p.a. for the duration of the MTFP period. This assumption is slightly more than our

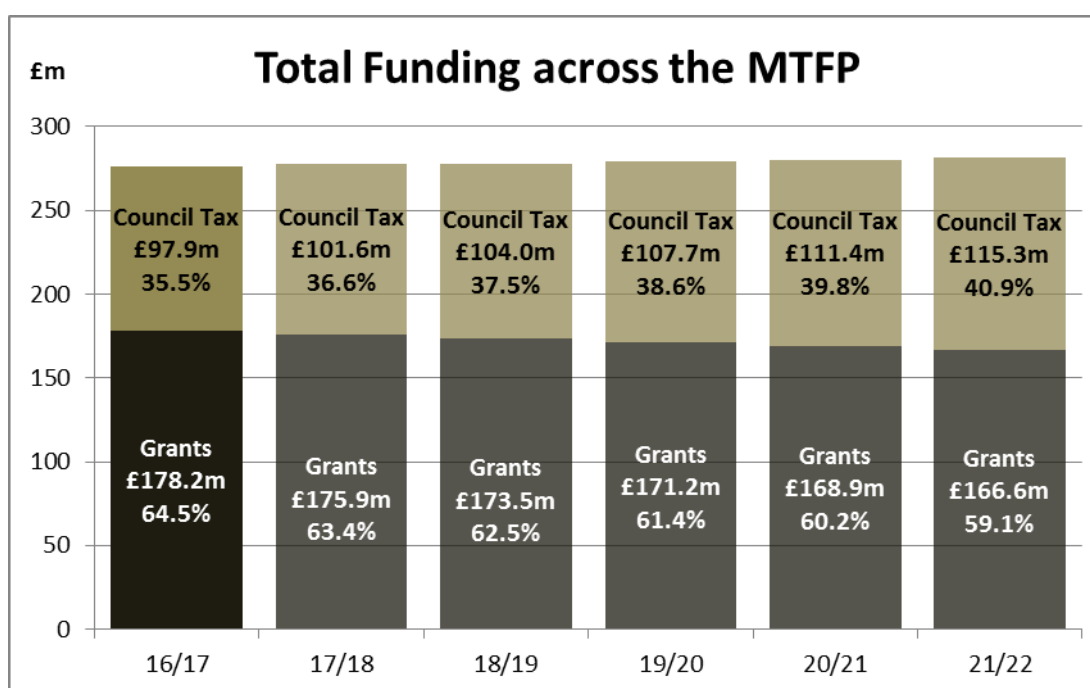
councils are themselves predicting, but reflects our experience that they tend to better their predictions;

- Confirmation of collection fund surplus/deficit, and the PCC's share of this – the 17/18 figure above is now finalised having received confirmation from all of our local billing authorities.

FUNDING ANALYSIS – The combined result of our funding assumptions and forecasts across the MTFP is summarised below:-

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Grant Funding	(178,167)	(175,914)	(173,525)	(171,172)	(168,854)	(166,572)
Council Tax Funding	(97,908)	(101,638)	(104,037)	(107,672)	(111,436)	(115,332)
TOTAL Funding	(276,075)	(277,552)	(277,562)	(278,845)	(280,290)	(281,904)

The net increase in income we're forecasting over the life of the MTFP is £5.8m/2.1%. This is the net result of a decline in grant funding and an increase in council tax funding. As is demonstrated in the following graph this is affecting the profile of our funding over the medium term:-



EXPENDITURE ACROSS THE MTFP – The budgeted expenditure incurred both by the PCC and by the Chief Constable, enables the provision of policing and community safety across Avon & Somerset. Appendix D provides further, more detailed analysis assumptions in relation to expenditure changes across the MTFP.

OFFICE OF THE PCC BUDGET - The following table summarises the expenditure forecast over the MTFP for the PCC's office budget:-

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
16/17 Budget	1,354	1,354	1,354	1,354	1,354
Provision for inflation	0	15	35	60	90
TOTAL Budget	1,354	1,369	1,389	1,414	1,444

This represents the budget that supports the running costs of the PCC's office. Over the course of the

MTFP this budget is forecast to increase by £0.1m/6.6%. There is no increase in budget planned for 17/18, where the PCC is looking to manage inflationary pressures within existing budget. Thereafter provision for inflation, in line with that used elsewhere in the MTFP, drives the increase in budget here.

PCC'S COMMISSIONING BUDGET – The following table summarises the expenditure forecast over the MTFP for the PCC's commissioning budget:-

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
15/16 Budget	3,430	3,430	3,430	3,430	3,430
Provision for inflation	0	0	0	0	0
Growth	57	57	57	57	57
TOTAL Budget	3,488	3,488	3,488	3,488	3,488

This represents the budget that supports the commissioning of services from external organisations. Over the course of the MTFP this budget is forecast to increase by £0.1m/0.2%, which reflects the Ministry of Justice funding for victims services returned by the Constabulary to the PCC as the share on savings being made in this area. This therefore enables the PCC to continue to use these funds in support of victims services through other commissioned bodies.

THE CONSTABULARY – The following table summarises the expenditure forecast over the MTFP for the Constabulary budgets:-

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
16/17 Budget	271,290	271,290	271,290	271,290	271,290
Pay and staffing	4,095	6,838	9,482	12,200	14,954
Non-pay inflation	997	1,586	2,025	2,452	2,875
Cost of capital	1,039	2,382	3,274	3,546	4,046
Other commitments	4,184	4,623	4,199	4,309	4,453
TOTAL Budget before savings	281,606	286,719	290,270	293,798	297,619

Over the course of the MTFP the Constabulary budgets are forecast, at present, to increase by £26.5m/9.6%.

- Pay and Staffing Adjustments - The biggest driver of the increase in budget requirement, **adding £15.0m by 21/22**, is the adjustments required to pay and staffing budgets. These adjustments include:-
 - Pay Awards – we have assumed a 1% pay award p.a. for officers and staff in each year of the MTFP. This mirrors the message of pay restraint which continues to be consistent with the messages from Government. This assumption accounts for £10.6m of the increased forecast in our cost over the MTFP;

KEY RISK – *The cost of supporting pay increases represents the single biggest factor driving cost increase over the course the MTFP period. If actual pay increases are materially greater than the 1.0% assumption made, then the impact of this on the scale of our financial challenge could be significant. We have explained the sensitivity of our assumptions at Section 7 below, and included this risk at appendix G.*

- Incremental pay progression – It is necessary to reflect the changing profile of our officers and staff as determined by their position on respective pay scales. We had

attempted to reflect this for officers through the introduction of standard unit costs. Having reviewed this as part of the budget build, against the actual costs of officers in role, we have released £1.8m from this in 17/18, and offset by increase of £1.4m in officer and staff increments based on actual people in post. The net effect of this is actually a reduction in 17/18 of £0.4m. Thereafter we have assumed annual increase of £0.5m to support incremental pay progression, but will continue to test and challenge this assumption to ensure that it remains appropriate;

- Adjustments to Vacancy Factor – In setting the 16/17 budget we introduced an increase in the vacancy factor used against PC pay budgets from 1.0% to 2.0%. This was a reflection of the forecast position that we would continue to see vacancies whilst recruitment plans took time to close the gap. As we have seen across 16/17 the gap is reducing, and is forecast to continue to reduce. We have therefore decided to unwind this back to an assumption of 1.0% over the next two years, thereby bringing about a PC vacancy factor of 1.5% in 17/18, reducing further to 1.0% in 18/19;
- LGPS Employer Contributions – Our Local Government Pension Scheme (LGPS) has been subject of a fund valuation exercise undertaken by the actuaries. The purpose of this review is to ascertain the extent to which the current and future liabilities against the fund are covered by the current and future value of assets held by the fund. We have now had it confirmed that our actuary requires us to increase our employer contribution into the fund. Our employer contribution rate needs to increase from 11.0% to 13.2%, combined with adjustments to our annual lump-sum payment which will see this increase over the MTFP. The combined result of this is that we need to increase our pensions cost by £1.1m in 17/18, rising to £1.2m p.a. by 21/22;
- Apprenticeships Levy – This new levy will see large organisations have to pay 0.5% of their total pay costs into the Government to establish a national apprenticeships fund to support the growth in apprenticeships targeted over the next few years. We anticipate that this levy will be introduced from April 2017 and will see us having to pay over £0.9m into this fund (as determined through use of the HMRC calculator). This cost is offset by a reduction of £0.1m in the budget we had historically used to support apprenticeships within the force. Our MTFP assumes no upside to this new levy at this stage, but there is potential for us to recover some benefit from this new scheme. The potential benefits of the scheme to us will be included within the work taking forward our review of enabling services;
- Non-pay inflationary adjustments - Adjustment to non-pay budgets to reflect inflationary and contractual pressures are forecast to add £2.9m to our cost base over the next five years. These relate to:-
 - Inflationary factors applied to non-pay – We have assumed 2.5% inflation to both our fuel and utilities budgets in each year throughout the MTFP. For other areas of non-pay we have assumed a 1.0% increase p.a. In addition we have made provision for specific inflationary pressures generated by our requirement to renew our Microsoft licences in 2017/18, as well as other specific inflationary pressures including those created by the increase in insurance premium tax charges. The impact of these assumptions is to add £2.2m by 21/22;
 - Southwest One – we have built in indexation as required by our contract, to reflect the change in cost of our Southwest One unitary charge. Our contract is due to come to an end during Q1 of 18/19, and therefore we have assumed inflation at 1.0% on the value of this budget thereafter in line with both our pay and non-pay assumptions elsewhere

within the MTFP. Our decision to end our business services contract early (during 17/18) has not yet been factored into these numbers, and potentially provides us with opportunities for direct cost control and earlier realisation of savings from our enabling services costs;

- Interest receivable – as advised by our Treasury advisors (Somerset County Council) we're forecasting a reduction to our interest income over the course of the MTFP. This income is forecast to reduce by £0.4m in 17/18, with some recovery by 21/22. This is the result of forecast reductions in both the value of the cash balances held, as well as reductions in the rate of return we are able to achieve;
- Cost of capital - Adjustment to our cost of capital budgets is forecast to add £4.0m over the life of the MTFP. These adjustments relate to:-
 - Revenue costs of the capital programme – we have identified £0.8m in revenue growth in support of costs of capital investments. This includes the costs of supporting the mobilisation of our workforce (revenue growth of £0.6m p.a.), and net increases in a number of other IT costs (£0.2m p.a. - including investments in QlikSense, Digital evidence management and our WAN infrastructure);
 - Minimum Revenue Provision – as is explained in more detail under our capital section at part 2 below, we are assuming that we will need to undertake borrowing to support capital investment. Under public sector accounting conventions it is necessary for us to make provision for the repayment of sums borrowed against our revenue budget. Over the course of the MTFP we will see borrowing undertaken 10 years ago in support of our investment in our ERP system, become fully re-provisioned. This sees a significant reduction in our MRP budget, which is offset by an assumption that we will borrow a further £25m by 19/20 in support of forward investment. The effect of these adjustments is an increase of £0.1m in 17/18, reducing thereafter to a reduction of £0.2m by the time we get to 21/22;
 - Interest Payable – the requirement to borrow a further £25m over the next three years will also see an increase in the value of interest we are paying against our borrowing. The assumption within the MTFP is that we will look to borrow at the end of the year in which the funding is needed, thereby only needing to service the interest cost for a full year in the following financial year. We are assuming that the interest will be payable at 4.1% of the principal, which is the current average rate of interest we pay against existing borrowing. The impact of this is to increase our cost by £0.2m in 17/18, rising to £1.0m by 21/22;
 - Direct revenue funding of capital – these lines re-instate the revenue funding budgets up to a level of £0.7m (ending our planned holiday from this funding), but recognise that in context of future forecasts in capital spend that more funding needs to be set aside, and therefore looks to grow this budget by a further £1.8m by 20/21. This will therefore provision a recurring budget of £2.5M p.a. from 20/21 onwards in support of our recurring capital spend need;
- Other commitments - Adjustment to our costs to account for other commitments is forecast to add £4.5m over the life of the MTFP. These costs are a consequence of:-
 - New Growth and Investments – Several areas of new investment have been approved and are included within our budgets. In total we have identified £0.4m of new investment, which is made up of:-
 - Provision to support growth in internet child abuse team (£0.3m);

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- Provision to support growth in digital policing support unit and Corporate Gazetteer (£0.1m);
- Unavoidable Commitments and adjustments - Several areas of budget growth have been identified. The cost of these is forecast to be £3.3m in 17/18, reducing to £3.1m by the end of the MTFP. The key areas to highlight here include:-
 - Provision to support increase in student officer intake to 160 per year (£0.4m);
 - Provision to permanently grow in on call cadre of Chief Inspectors (£0.3m);
 - Adjustments to correct for SW Forensic collaboration contributions (£0.8m);
 - Increase in our cost for the National Police Air Service (NPAS) (£0.5m);
 - Increase to reflect new (non-PFI) business rates following review (£0.2m);
 - Increase in the cost of our insurance premiums (£0.5m);
 - Increase to uniform budgets to reflect changes in uniform personal issue, and support increased student officer intake (£0.2m);
 - Removal of savings originally targeted through wind turbine at HQ (£0.1m);
- Glastonbury – we have made provision for the festival fallow year, planned for 2018, to reflect the loss of income above those direct costs that we charge for. This surplus funds a number of indirect costs that it is not possible for us to charge directly for, but which are covered by the full economic rates used. Many of these are fixed costs, and therefore will continue to be incurred even in year when the festival is not run;
- Buildings maintenance reserve – we have continued to reduce the contribution from our buildings maintenance reserve to top-up our estates repairs and maintenance budget. By the end of the MTFP period our reduced repairs and maintenance budget will no longer receive a top-up from reserve;
- PFI Buildings – we have made provision within the MTFP for specific changes to our budget for our PFI buildings. This includes adjustments relating to both business rates (as consequence of wider business rates review), and increases to our utilities costs to provision for the ongoing pressures being felt in the running of these buildings.

INVESTMENT – Included within the above provisions for cost increases are a number of areas which it would be right to classify as investments. In total the MTFP includes provision for £4.7m of new investment as detailed below:-

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Mobilisation	552	676	676	676	676
Networking and Voice Over IP	134	150	182	204	204
Business Intelligence Tools	145	145	145	145	145
Digital Evidence Management	54	54	54	54	54
Internet Child Abuse Team	310	310	310	310	310
Digital Policing Support	60	60	60	60	60
Direct revenue funding of capital	0	760	1,010	1,260	1,760
Servicing of new borrowing	305	916	1,526	1,526	1,526
TOTAL	1,558	3,070	3,962	4,234	4,734

THE BUDGET REQUIREMENT - The following table summarises the budget requirement before savings:-

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	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
PCC's Office	1,354	1,369	1,389	1,414	1,444
Commissioning	3,488	3,488	3,488	3,488	3,488
Constabulary	281,606	286,719	290,270	293,798	297,619
Budget Requirement	286,448	291,576	295,147	298,700	302,551
Grant Funding	(175,914)	(173,525)	(171,172)	(168,854)	(166,572)
Council Tax Funding	(101,638)	(104,037)	(107,672)	(111,436)	(115,332)
TOTAL Funding	(277,552)	(277,562)	(278,845)	(280,290)	(281,904)
DEFICIT Before Savings	8,896	14,014	16,302	18,409	20,648

As the table above demonstrates the forecast deficit before any new savings are accounted for, is £8.9m in 2017/18 rising to £20.6m by 21/22. This is an increase deficit compared to previous forecasts primarily driven by:-

- Greater degree of pessimism in our forecast for future value of our main grant funding as a consequence of the detail of the provisional 2017/18 settlement. We had been previously forecasting an annual reduction of 1% in the value of our main grant funding, which we have now altered to reflect an annual reduction of 1.4% in 2017/18 and 1.5% each year thereafter. The result of this is that we now anticipate that we will see £3.7m less in grant funding by 21/22 than had been previously forecast;
- Increased staff pensions costs as a consequence of the outcome of the actuarial valuation of the Local Government Pension Scheme. We have now reflected the conclusions of the actuaries which has required us to provision for an extra £1.2m in costs by 2021/22. We had previously assumed £0.8m, and therefore this has increased our costs by £0.3m;
- Increase in our commitments to include an uplift of £0.5m for our costs of NPAS. Following the national collaboration on NPAS, there have been moves towards a costing model that is more closely aligned to usage. Avon & Somerset use of NPAS has seen annual increases, at a time when the majority of other forces are reducing their use of the service. As a consequence our share of the total cost is therefore being increased. The final budget for NPAS has not been finalised, so the final cost might be subject to some change – this provisions for a worst case scenario;
- Increased uplift to our revenue funding of capital by a further £0.5m by 2021/22. In light of further cuts to home office capital grant funding (see below) we have decided that a further increase to our revenue funding of ongoing capital funding requirements of £0.5m would be prudent to ensure we are able to maintain and replace our existing infrastructure and assets.

SAVINGS – As identified above there have been a number of factors which have now lead to us forecasting an increased deficit from that which was being forecast before now. The Constabulary had originally been planning on savings of £7.5m in 2017/18, rising to £15.5m by 2019/20. Based upon our revised forecasts we recognise that this is not now enough, and are currently in process of restructuring our change programme to address the totality of the £20.6m of savings identified as being required by 21/22.

The below table summarises the work to date in targeting £15.5m of savings by 2019/20. The profile of the delivery of these savings outlined below has been assumed, but there may be opportunities to bring forward this profile and begin to realise savings sooner rather than later in order to help close the residual gaps in earlier years. This will be considered as part of our new plans going forward.

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	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Savings identified by finance through budget build process	(471)	(471)	(471)	(471)	(471)
Savings targeted from operational departments	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Savings targeted from enabling services departments	(1,500)	(5,000)	(9,500)	(9,500)	(9,500)
Savings targeted from existing collaborations	(500)	(500)	(500)	(500)	(500)
Total savings plans	(7,471)	(10,971)	(15,471)	(15,471)	(15,471)
Further savings to be targeted	(1,426)	(3,043)	(831)	(2,938)	(5,177)
Total Savings to balance budget	(8,896)	(14,014)	(16,302)	(18,409)	(20,648)

- Finance identified savings – included within this are those savings and reductions to budget identified by finance through the detailed budget build process. They include the permanent realisation of many of those savings taken against the 16/17 in-year savings target (as reported on through the quarterly financial performance report);
- Savings targeted from operational departments – our Priority Based Resourcing (PBR) activity is targeting savings of £5.0m from operational departments for delivery in 17/18. The detail of these proposals is being presented to the Constabulary Management Board meeting on 26th January for discussion and endorsement, allowing for consultation and final approval so that implementation starts at the beginning of the new financial year in April;
- Savings from enabling services – we are currently targeting £9.5m from across our enabling services budgets to be achieved for full year effect from 2019/20. It was originally envisaged that this would be delivered through collaboration with Wiltshire and Gloucestershire, however that is no longer the case. In order to begin the work towards the realisation of these savings we have instigated plans from each area of enabling services to in aggregate realise savings of £1.5m in 17/18. Thereafter we will establish a more formal programme through which the realisation of further savings can be achieved from enabling services. This will include aligning this ambition more clearly to the work to prepare for the end of the Southwest One contract;
- Savings from existing collaborations – both of the regional ACC's have been challenged to realise savings from their combined budgets, which it is hoped will realise savings back to Avon & Somerset of £0.5m. Work on these is progressing under the stewardship of those ACC's, and will be picked up through the collaborative budget setting process.

5. PART TWO – CAPITAL PROGRAMME

Over the next five years we recognise that capital investments are going to be required to not only support and refresh our current assets and infrastructure, but also to invest in new transformative initiatives helping us to realise operational efficiencies that support our need to find revenue savings.

CAPITAL FUNDING – Over the current financial year, and the next five years we anticipate that we will have the following levels of capital funding available to us:-

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL £'000
Home Office Capital Grant	1,184	1,005	1,005	1,005	1,005	1,005	6,208
Revenue Contributions	0	0	1,500	1,750	2,000	2,500	7,750

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Capital Reserves	2,096	0	0	0	0	0	2,096
Capital Receipts	14,274	7,319	2,855	1,271	2,860	100	28,679
Contributions from Partners	874	0	0	0	0	0	874
Other funding (e.g. grants)	719	0	0	0	0	0	719
Unapplied Borrowing	2,232	0	0	0	0	0	2,232
New Borrowing	5,000	10,000	10,000	0	0	0	25,000
TOTAL	26,379	18,324	15,360	4,026	5,865	3,605	73,558

The above capital funding forecast assumes:-

- Further reduction in Home Office capital grant funding in 17/18 of £0.18m/15.1% (as confirmed through provision grant settlement information), followed by a freeze in the value of this grant each year thereafter;
- As highlighted in our revenue budget planning above, re-instatement of revenue contributions towards capital funding (£0.74m p.a.) from 18/19 and further growth in this up to £1.5m in 18/19 rising to £2.5m p.a. by 21/22. This goes some way to compensating for historic reductions in capital grant funding and ensures that we have a more sustainable basis on which we can maintain our annual replacement and renewal programmes across our asset bases;
- Capital reserves reflect the current level of reserves set aside to support our capital expenditure. We have not at this stage assumed any increase in the level of these reserves over the next five years, but will review this as part of our review of reserves at the end of the 2016/17 financial year;
- Capital receipts reflect the current and forecast value of receipts we anticipate will be generated from the sale of buildings and vehicles across the next five years;
- Borrowing assumptions recognise the current value of unapplied borrowing (£2.2m) and build in a further £25m in borrowing phased over the current year (£5m before end of 16/17) and next two years (£10m in each of 17/18 and 18/19). It is assessed that this is a sustainable level of borrowing to be undertaking in support of our ambitions, and the revenue costs of servicing this uplift in debt have been factored into our revenue assumptions above.

In total we therefore forecast that we will have £73.6m of funding available to us to support capital expenditure in current year and across the next five years.

CAPITAL EXPENDITURE – Our forecast for 16/17, coupled with our initial plans for investment over the next five years total £93.4m in capital expenditure. The table below provides more detail of this:-

	As at Q3		DRAFT CAPITAL PROGRAMME				TOTAL
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	£'000	£'000	£'000	£'000	£'000	£'000	
ICT	5,269	12,736	10,835	5,244	2,910	1,917	38,911
Estates	7,534	11,142	6,959	3,408	2,445	400	31,888
Fleet	4,138	5,292	3,363	2,397	2,532	2,830	20,552
Capital Equipment	342	513	308	308	308	308	2,087
TOTAL	17,283	29,683	21,465	11,357	8,195	5,455	93,438

As it stands our **draft capital programme therefore exceeds our capital funding by £19.9m**. We recognise that this is an unsustainable position, and are progressing work which will see us prioritise our plans sufficiently so that they remain within the funding levels forecast. This will include:-

- Reducing the number of estates projects, and looking at opportunities to further rationalise our

estate, realising the benefits of mobilisation and digitalisation transformation;

- Reviewing, and reassessing the options for the future replacement and renewal programmes for ICT, ensuring that these are aligned to a long-term vision for the way in which we plan to provision for our IT infrastructure and applications;
- Reviewing, and assessing the options for further fleet rationalisation or re-profiling of our fleet in order to ensure that our plans for future fleet replacement are both sustainable and affordable.

The table below provides an overview of the current plans, identifying the whether the plans reflect spend which is already committed, aligned to replacement and renewal or is a new project yet to be subject of approval:-

Capital Investment 2016/17 – 2021/22	Already Committed £'000	Replacement/ Renewal £'000	Projects to be approved £'000	TOTAL £'000
ICT	12,875	23,012	3,024	38,911
Estates	9,589	3,159	19,140	31,888
Fleet	4,138	16,414	0	20,552
Capital Equipment	342	1,745	0	2,087
TOTAL	26,944	44,330	22,164	93,438

More detail on the plans as they currently stand is provided below, and this will provide the context and baseline against which we will look to reduce our plans to align to forecast funding available.

INFORMATION AND COMMUNICATION SYSTEMS - The capital programme identifies a total of **£33.6m** over the next five years, which when added to the current forecast spend in 16/17, increases to **£38.9m over a 6 year period**. This represents 42% of the total proposed investment over this period.

The following table summarises the draft capital programme for ICT:-

	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	TOTAL £'000
Replacement and renewal	408	2,946	1,600	1,561	2,910	1,917	10,892
Projects – Corp Systems	1,994	1,929	625	0	0	0	4,548
Projects – National	4	289	4,828	2,436	0	0	7,557
Projects – Regional	-25	0	173	0	0	0	148
Projects – Mobile & Data	559	775	0	0	0	0	1,334
Projects – Mobilisation	913	5,903	3,032	1,247	0	0	10,182
Projects – Digital Evidence	1,153	1,103	750	0	0	0	1,853
Projects – Other	253	68	0	0	0	0	321
TOTAL	5,269	12,736	10,835	5,244	2,910	1,917	38,911

The above table shows that the IC&S part of the programme will fall into eight distinct areas:-

- Replacement and renewal programme** – There is provision for the replacement of end-user devices (desktops, laptops etc...), including hardware used to access our confidential domain. In addition further provision is made for ongoing infrastructure refresh, although the detail of this will be subject to our planning for the end of the Southwest One contract and our future IT Strategy (particularly in defining our ambition towards cloud hosting and storage solutions). A contingency for unscheduled IT spend which is included annually to cope with the types of pressure which occur from time to time;
- Projects – Corporate Systems** – The plan here relates to the completion new workforce

management system during 17/18, as well as including provision to support upgrade of the server for our duty management system, upgrades for our Storm system, and provision for the potential costs of upgrading our ERP system;

- c. **Projects – National Systems** – The main planned spend in this area of our capital programme at this stage relates to the Emergency Services Mobile Communications Programme (ESMCP). We anticipate expenditure will be incurred across 17/18, 18/19 and 19/20. At this stage we have estimated the capital costs to amount to £7.6m across this period, and have assumed that we will receive no central government funding to support these costs;
- d. **Projects – Regional Systems** – There remains uncertainty around the regional storm solution, which is currently on hold pending further review. In addition we are including provision in 17/18 for funds to support the connecting of policing and healthcare systems, which was the subject of a failed innovation fund bid in 16/17;
- e. **Projects – Mobile and Fixed Line Telephony / Data** – This includes the work required to complete the project to roll out VOIP across the force, including embedding call cards into Storm, and desktop video tele-conferencing. Provision is made in later years to ensure the resilience of this system is maintained;
- f. **Projects – Digital Mobilisation** – This area of the programme makes provision to support the costs set out in the business case to deliver mobilisation of our workforce. Where appropriate we have made adjustments in other areas of the plan to ensure that there is no duplication of costs where provision for hardware replacement had already been made in our plans;
- g. **Projects – Digital Evidence** – This area of the programme includes the costs of completing the roll out of our body worn video cameras, including provision for greater storage capacity to enable us to store the anticipated growth in digital evidence;
- h. **Projects – Others** – This provisions for further ‘live links’ between our buildings and the courts.

ESTATES - The capital programme identifies a total of **£24.4m** over the next five years, which when added to the current forecast spend in 16/17, increases to **£31.9m over a 6 year period**. This represents 34% of the total proposed investment over this period.

The following table summarises the draft capital programme for Estates:-

	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	TOTAL £'000
Replacement and renewal	359	400	400	400	400	400	2,359
Projects – HQ Site	2,771	6,771	0	0	0	0	9,542
Projects – Rationalisation	4,240	3,913	6,559	3,008	2,045	0	15,525
Projects - Other	164	58	0	0	0	0	222
TOTAL	7,534	11,142	6,959	3,408	2,445	400	31,888

The above table shows that the Estates part of the programme will fall into four distinct areas:-

- a. **Replacement and renewal programme** – This area of the programme makes provision for ongoing electrical, central heating and fire precautions work in order to ensure our existing estate remains serviced to appropriate standards;
- b. **Projects – HQ Site** – The projects, specifically relating to our HQ site that are provisioned for within this part of the programme include the refurbishment of the training accommodation within the training school, the completion of the Hand Operations Centre, the replacement of one of our generators, improvements to training school classrooms, improvements to the traffic management on site, work to support the co-location of the Fire Service at Police HQ and the work to deliver the regional drugs and chemical lab;

- c. **Projects – Estates Rationalisation** – This is the largest, and most complex part of the capital programme, as it reflects the current plan for the delivery of estates strategy to reduce our physical footprint and ultimately unlock savings. In total there are 31 separate projects, ranging from co-location of neighbourhood policing teams with partners, through to larger projects such as our plans for Yeovil, Weston super Mare, Shepton Mallet, Taunton, Southmead, and Kenneth Steele House. The profile and pattern of spend included in the draft capital programme represents our best estimate of likely costs and timeframes for these projects. However, experience suggests that these types of projects are hard to forecast accurately both in terms of timing (delays or opportunities requiring postponement or bringing forward of projects) as well as costs (as a consequence of the opportunities that arise, and unforeseen issues such as removal of asbestos etc...);
- d. **Projects – Other** – This supports ongoing feasibility work.

TRANSPORT - The capital programme identifies a total of **£16.4m** over the next five years, which when added to the current forecast spend in 16/17, increases to **£20.6m over a 6 year period**. This represents 22% of the total proposed investment over this period.

The following table summarises the draft capital programme for Transport:-

	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	TOTAL £'000
Replacement and renewal	4,795	3,459	3,363	2,397	2,532	2,830	19,376
Projects – Telematics	111	0	0	0	0	0	111
Projects – Other	13	0	0	0	0	0	13
TOTAL	4,919	3,459	3,363	2,397	2,532	2,830	19,500

The above table shows that the Transport part of the programme is largely concentrated on replacement and renewal plans for our fleet:-

- a. **Replacement and renewal programme** – This part of the programme represents our ongoing plan for the replacement and renewal of our fleet, including both marked and unmarked vehicles, those for general and those for specific purposes. The scale of spend forecast as needed is to maintain our current fleet numbers based on projected utilisation.

PLANT, MACHINERY AND EQUIPMENT - The capital programme identifies a total of **£1.7m** over the next five years, which when added to the current forecast spend in 16/17, increases to £2.1m over a 6 year period. This represents 2% of the total proposed investment over this period.

The following table summarises the draft capital programme for Equipment:-

	16/17 £'000	17/18 £'000	18/19 £'000	19/20 £'000	20/21 £'000	21/22 £'000	TOTAL £'000
Replacement – ANPR	189	208	208	208	208	208	1,040
Replacement - Other	153	305	100	100	100	100	705
TOTAL	342	513	308	308	308	308	1,745

The above table shows that the Equipment part of the programme will fall into two distinct areas:-

- a. **Replacement and renewal – ANPR** – This provides for the ongoing replacement and renewal of our automatic number plate recognition (ANPR) cameras and equipment, including the replacement of the ANPR on the Motorways and strategic routes;
- b. **Replacement and renewal – Other** – This provides a general contingency of £0.1m p.a. for replacement and renewal of operational equipment on an ad hoc basis.

6. THE COST OF CHANGE AND RESERVES

Over the course of the MTFP it is important that we recognise the one-off costs associated with the delivery of transformation, a lot of which will be critical to support our delivery of savings to balance our revenue budget over the medium term. It is therefore necessary for us to plan for this additional cost through the utilisation of our reserve set aside to support the cost of transformation.

In total we anticipate that **we will require £2.6m of reserve funding in support of our costs of change during 2017/18**. This funding will largely be utilised to cover the two aspects of change delivery:-

- £0.6m to provide for our share of the cost of change being delivered in collaboration with regional partners through the regional programme – going forward this wholly relates to the costs of the regional programme team (£0.2m in 17/18) and the costs of supporting the ESMCP project (£0.43m in 17/18);
- £2.0m providing for the additional resources needed to support the delivery of A&S local transformation – including the costs of supporting mobilisation, digital evidence, accommodation and mobilisation, and service and workforce redesign initiatives (including planning for end of the Southwest One contract). As has been highlighted above the structure, shape and resourcing profile of our change programme is currently under review. We will therefore provide a detailed breakdown of costs across the programme of activities once we have completed this exercise.

The utilisation of £2.6m from reserves in support of our cost of change needs to be considered in the context our wider forecast reserve position. The table below provides a summary of this, with more detail provided at appendix F:-

Balance as at	Actual			Forecast		
	31/03/16 £'000	31/03/17 £'000	31/03/18 £'000	31/03/19 £'000	31/03/20 £'000	31/03/21 £'000
Discretionary Reserves	12,396	11,936	6,658	3,270	2,177	2,112
Non-Discretionary Reserves	7,991	7,019	6,533	6,158	6,158	6,158
Capital and PFI Reserves	20,529	14,141	7,514	7,932	8,027	8,084
General Fund	10,400	10,400	10,400	10,400	10,400	10,400
TOTAL	51,317	43,496	31,105	27,760	26,762	26,754

In total we forecast that our reserves will see substantial reductions over the next five years, with funds utilised to support both capital and revenue costs of transformation and investment.

- Discretionary Reserves – this area of reserves includes the funds set aside to support the revenue cost of transformation, from which we would plan to utilise the £2.6m in 17/18 that was identified above. Also included within this area of our forecast are reserves that:-
 - Provision for risk around costs of large scale policing operation/incident;
 - Provision for historic overtime liabilities;
 - Provision in support of claims relating to historic undercover activities; and
 - Provision in support of our buildings and maintenance programme;
- Non-Discretionary Reserves – this area of reserves includes a number of things, including the funds retained in support of our self-insurance, funds held on behalf of SWROCU (substantially being used to support the cost of new accommodation provision) as well as other pots for road safety, victims, Proceeds of Crime funds etc...

- Capital and PFI Reserves – this area of reserves includes our capital receipts, and other capital funding reserves which we anticipate will be fully utilised over the next couple of years. In addition we also have our reserves which support the accounting for our PFI buildings, which are forecast to adjust in line with our PFI financial model;
- General Fund – the level of this reserve is set by the PCC CFO, in consultation with the Constabulary, with reference to an assessment of our risks. The level of this reserve is therefore subject to annual review, which in recent years has reduced the value of the reserve to its current level. We have at this stage forecast no change in the value of this reserve, but recognise that this might change as we review reserve levels at the end of the financial year.

7. SENSITIVITY ANALYSIS

As with any form of modelling where assumptions are used, it is appropriate to consider the sensitivity of these assumptions to change. However, given the complexity of all of the assumptions used, compounded over a five year planning horizon, there is a risk that sensitivity analysis could become overly complex. The following therefore focusses on our key assumptions in an attempt to provide simplistic sensitivity information.

- Grant Funding – The grant funding settlement is agreed by the Government and announced to us in mid-December each year³. The level of uncertainty in this area is high across the remainder of the MTFP. This uncertainty derives from a lack of granular detail in the Treasury’s statements, and uncertainty created by the potential for future topslices to fund ESMCP investment and the expectation that the Home Office will now retrospectively adjust grant funding in light of actual local council tax base growth above their assumption. We are currently assuming a 1.5% reduction in grant funding each year from 18/19 onwards (17/18 provisional grant at 1.4% reduction). Each 1.5% of formula grant funding is equivalent to £2.3m. Therefore if the grant reduction is actually 2% p.a. we would expect to receive £0.8m less in 18/19, rising to £3.0m p.a. less by 21/22. Correspondingly therefore our standstill deficit would increase to £23.6m by 21/22;
- Council Tax Precept – The council tax precept is set by the PCC, following review by the Police and Crime Panel (PCP). Ultimately the PCC is free to set whatever precept change they feel most appropriate, however this may be subject to rejection by the PCP, requiring refinement, and if the increase is over the Governments referendum level (2.00% and above) then it also requires the support of the public in a referendum (the incremental cost of which would have to be borne by the PCC). Each 1% of council tax funding is equivalent to £1.0m. Therefore if the council tax increase was set at 1.0% p.a. (as opposed to 1.99% as is currently forecast) we would receive £1.0m less funding in 17/18 and £5.5m less by 21/22. This would increase our standstill deficit to £26.1m by 21/22;
- Pay Awards – Pay awards are negotiated nationally for both police officers (through the Police Negotiating Board) and for police staff (through the Police Staff Council). Through these negotiations the Government has sought to exercise pay restraint, which is now expected to continue with increases of 1% p.a. expected across the medium term. If the pay award was actually set at 1.5% p.a. (as opposed to the 1.0% currently forecast) we would see our costs increase by £5.4m by 21/22. This would increase our standstill deficit to £26.0m by 21/22.

As the sensitivity analysis above highlights, the MTFP is subject to levels of inherent risk as it is

³ Although these timescales might be brought forward in future years as the Treasury moves to make the Autumn statement the substantive budget announcement.

predicated on a large number of assumptions. Given the volume, and potential high impact of this risk, we have included at Appendix F a list which tries to capture the key risks associated with grant funding, council tax funding, expenditure, savings and reserves. We will continue to monitor this list, and where necessary amend this to reflect changes to current identified risks, or to add new emerging risks as and when they become apparent.

8. CONCLUSIONS AND NEXT STEPS

Members of the Police and Crime Board and invited to discuss and comment upon the MTFP and Capital Programme as presented here, and in particular to note:-

- The importance of realising the initial £7.5m rising to £15.5m in savings that are already being targeted – recognising that our change programme and resources will need to be aligned to the achievement of these;
- The worsening position on our revenue forecasts, requiring us to find further savings than we have been planning for, and the timeframes by which we intend to restructure and realign our change programme activity towards addressing this further challenge;
- The need to prioritise and re-plan our intended capital investment to ensure that this is managed within affordable levels, which will need to incorporate some tough decisions around the future of our estate, our ICT provision and the size and scale of our fleet.

Specifically the PCC is asked to then take forward the proposed precept to the Police and Crime Panel meeting on 8th February and seek endorsement for the increase in our precept by 1.99%, resulting in **an average council tax level of £181.81p** – an average annual increase of £3.55p for each household in our area.

Appendix A - MTFP Key Assumptions Table

	17/18	18/19	19/20	20/21	21/22
Grant Funding annual change	-1.40%	-1.50%	-1.50%	-1.50%	-1.50%
Precept annual change	+1.99%	+1.99%	+1.99%	+1.99%	+1.99%
Council Tax Base annual change	+2.04%	+1.50%	+1.50%	+1.50%	+1.50%
Av. Band D Council Tax	£181.81p	£185.42p	£189.11p	£192.88p	£196.72p
Pay Award – Sep 2017	+1.0%	+1.0%	+1.0%	+1.0%	+1.0%
Pay Award – Sep 2018		+1.0%	+1.0%	+1.0%	+1.0%
Pay Award – Sep 2019			+1.0%	+1.0%	+1.0%
Pay Award – Sep 2020				+1.0%	+1.0%
Pay Award – Sep 2021					+1.0%
General Non-pay inflation	+1.00%	+1.00%	+1.00%	+1.00%	+1.00%
Utilities inflation	+2.50%	+2.50%	+2.50%	+2.50%	+2.50%
Fuel inflation	+2.50%	+2.50%	+2.50%	+2.50%	+2.50%
Apprenticeship Levy	+£0.9m	+£0.9m	+£0.9m	+£0.9m	+£0.9m
Officer recruitment No.	+160	+160	+160	+160	+160

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Appendix B – Summary MTFP

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
FUNDNG					
<i>2016/17 Base Funding</i>					
Grant Funding	178,167	178,167	178,167	178,167	178,167
Council Tax Funding	97,908	97,908	97,908	97,908	97,908
TOTAL Funding	276,075	276,075	276,075	276,075	276,075
Forecast increase/(decrease) to 2016/17 Base Funding					
Grant Funding	(2,253)	(4,642)	(6,995)	(9,313)	(11,595)
Council Tax Funding	3,730	6,129	9,764	13,528	17,424
TOTAL Funding	1,476	1,487	2,769	4,215	5,828
Forecast Funding					
Grant Funding	175,914	173,525	171,172	168,854	166,572
Council Tax Funding	101,638	104,037	107,672	111,436	115,332
TOTAL Funding	277,552	277,562	278,845	280,290	281,904
BUDGET REQUIREMENT					
<i>2016/17 Base Budget</i>					
Office of the Police and Crime Commissioner	1,354	1,354	1,354	1,354	1,354
Commissioning	3,430	3,430	3,430	3,430	3,430
Constabulary	271,290	271,290	271,290	271,290	271,290
TOTAL 2016/17 Base Budget	276,075	276,075	276,075	276,075	276,075
Adjustments to Budgets Required/Planned (not including Savings)					
Office of the Police and Crime Commissioner	0	15	35	60	90
Commissioning	57	57	57	57	57
Constabulary	10,316	15,429	18,980	22,507	26,329
TOTAL Adjustments to Budgets Required/Planned	10,373	15,501	19,072	22,625	26,476
Budget Requirement					
Office of the Police and Crime Commissioner	1,354	1,369	1,389	1,414	1,444
Commissioning	3,488	3,488	3,488	3,488	3,488
Constabulary	281,606	286,719	290,270	293,798	297,619
TOTAL Budget Requirement	286,448	291,576	295,147	298,700	302,551
DEFICIT BEFORE SAVINGS	8,896	14,014	16,302	18,409	20,648
Savings Identified through Estimates Process	(471)	(471)	(471)	(471)	(471)
Savings targetted through PBR Process over operational budgets	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Savings targetted through Enabling Services	(1,500)	(5,000)	(9,500)	(9,500)	(9,500)
Savings targetted through existing collaborations	(500)	(500)	(500)	(500)	(500)
(SURPLUS)/DEFICIT AFTER CURRENT SAVINGS	1,426	3,043	831	2,938	5,177
Further Savings Requiring Development	(1,426)	(3,043)	(831)	(2,938)	(5,177)
(SURPLUS)/DEFICIT AFTER ALL SAVINGS	Balanced	Balanced	Balanced	Balanced	Balanced

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Appendix C – Funding Forecasts

	16/17	17/18	18/19	19/20	20/21	21/22
	£'000	£'000	£'000	£'000	£'000	£'000
GRANT FUNDING						
Main Grants	161,513	159,254	156,865	154,512	152,195	149,912
Neighbourhood Policing	0	0	0	0	0	
Crime Fighting Fund	0	0	0	0	0	
Additional Rules 2	0	0	0	0	0	
Community Safety	0	0	0	0	0	
Victims Commissioning	1,945	1,951	1,951	1,951	1,951	1,951
Council Tax Freeze	3,331	3,331	3,331	3,331	3,331	3,331
Council Tax Support	11,378	11,378	11,378	11,378	11,378	11,378
TOTAL GRANT FUNDING	178,167	175,914	173,525	171,172	168,854	166,572
Annual Change (£'000)	-718	-2,253	-2,389	-2,353	-2,318	-2,283
Annual Change (%)	-0.4%	-1.3%	-1.4%	-1.4%	-1.4%	-1.4%
Cumulative Change (£'000)	-26,047	-28,300	-30,689	-33,042	-35,360	-37,642
Cumulative Change (%)	-12.8%	-13.9%	-15.0%	-16.2%	-17.3%	-18.4%
COUNCIL TAX FUNDING						
Council Tax Precept	95,873	99,775	103,287	106,922	110,686	114,582
Collection Fund Surplus	2,035	1,863	750	750	750	750
TOTAL COUNCIL TAX FUNDING	97,908	101,638	104,037	107,672	111,436	115,332
Annual Change (£'000)	3,818	3,730	2,399	3,636	3,764	3,896
Annual Change (%)	4.1%	3.8%	2.4%	3.5%	3.5%	3.5%
Cumulative Change (£'000)	3,253	6,983	9,382	13,018	16,781	20,677
Cumulative Change (%)	3.4%	7.4%	9.9%	13.8%	17.7%	21.8%
TOTAL FUNDING	276,075	277,552	277,562	278,845	280,290	281,904
Annual Change (£'000)	3,100	1,476	10	1,283	1,446	1,613
Annual Change (%)	1.1%	0.5%	0.0%	0.5%	0.5%	0.6%
Cumulative Change (£'000)	-22,794	-21,317	-21,307	-20,024	-18,578	-16,965
Cumulative Change (%)	-7.6%	-7.1%	-7.1%	-6.7%	-6.2%	-5.7%
Grant Funding	64.5%	63.4%	62.5%	61.4%	60.2%	59.1%
Council Tax Funding	35.5%	36.6%	37.5%	38.6%	39.8%	40.9%
TOTAL Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Band D Council Tax	£178.26p	£181.81p	£185.42p	£189.11p	£192.88p	£196.72p
Annual Change (£p)	£3.48	£3.55	£3.62	£3.69	£3.76	£3.84
Annual Change (%)	1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Cumulative Change (£p)	£10.23	£13.78	£17.39	£21.08	£24.85	£28.69
Cumulative Change (%)	6.1%	8.2%	10.4%	12.5%	14.8%	17.1%
Council Tax Base	537,833	548,800	557,032	565,388	573,868	582,476
Annual Change (No. of Properties)	10,698	10,967	8,232	8,355	8,481	8,608
Annual Change (%)	2.03%	2.03908%	1.50%	1.50%	1.50%	1.50%
Cumulative Change (No.)	-22,955	-11,988	-3,756	4,600	13,080	21,688
Cumulative Change (%)	-4.1%	-2.1%	-0.7%	0.8%	2.3%	3.9%

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Appendix D – Cost Forecasts

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
OFFICE OF THE POLICE AND CRIME COMMISSIONER (OPCC)					
OPCC 2016/17 Budget	1,354	1,354	1,354	1,354	1,354
Provision for inflation	0	15	35	60	90
Growth	0	0	0	0	0
Savings	0	0	0	0	0
OPCC Budget Requirement	1,354	1,369	1,389	1,414	1,444
COMMISSIONING					
OPCC 2016/17 Budget	3,430	3,430	3,430	3,430	3,430
Provision for inflation	0	0	0	0	0
Growth	57	57	57	57	57
Savings	0	0	0	0	0
Commissioning Budget Requirement	3,488	3,488	3,488	3,488	3,488
OFFICE OF THE CHIEF CONSTABLE (THE CONSTABULARY)					
Constabulary 2016/17 Budget	271,290	271,290	271,290	271,290	271,290
Police Officer Pay Awards	1,473	2,847	4,232	5,632	7,047
Police Staff/PCSO Pay Awards	713	1,437	2,138	2,846	3,561
Incremental Pay Progression	(364)	136	636	1,136	1,636
Adjustment to vacancy factor	508	1,093	1,093	1,093	1,093
Pension adjustments	47	94	142	190	238
Increase in LGPS Employer Contribution	1,034	1,044	1,054	1,065	1,076
Adjustment to Pension Deficit Lump-Sum	(72)	(5)	64	134	252
Overtime adjustments	174	(179)	(2)	174	351
Housing allowance and compensatory grant adjustments	(221)	(432)	(678)	(873)	(1,103)
Apprenticeship Levy	803	803	803	803	803
Pay and Staffing adjustments	4,095	6,838	9,482	12,200	14,954
General Non-Pay Inflationary adjustments	605	857	1,111	1,369	1,629
Utilities Inflationary adjustments	54	108	163	219	277
Fuel Inflationary adjustments	50	103	157	213	270
Southwest One - contractual indexation adjustments	(96)	121	243	366	490
Interest receivable adjustments	385	398	350	285	210
Non-Pay Inflationary adjustments	997	1,586	2,025	2,452	2,875
Revenue costs of the capital programme	722	699	731	753	753
Minimum Revenue Provision (MRP) adjustments	112	(433)	(233)	(233)	(233)
Interest payable adjustments	205	616	1,026	1,026	1,026
Revenue Funding of Capital - End of 2 year holiday	0	740	740	740	740
Additional Direct Revenue Funding of Capital	0	760	1,010	1,260	1,760
Cost of Capital adjustments	1,039	2,382	3,274	3,546	4,046
New growth and investments	388	388	388	388	388
Unavoidable commitments and adjustments	3,287	3,034	3,049	3,064	3,079
Glastonbury Festival - Fallow Year	0	600	0	0	0
Building Maintenance Reserve - Funding in advance of savings	0	47	163	211	292
PFI Costs	509	554	600	646	694
Growth and commitment adjustments	4,184	4,623	4,199	4,309	4,453
Constabulary Budget Requirement	281,606	286,719	290,270	293,798	297,619
TOTAL BUDGET REQUIREMENT					
Office of the Police and Crime Commissioner	1,354	1,369	1,389	1,414	1,444
Commissioning	3,488	3,488	3,488	3,488	3,488
Constabulary	281,606	286,719	290,270	293,798	297,619
TOTAL Budget Requirement	286,448	291,576	295,147	298,700	302,551

Net increase in budget requirement on 16/17 Base 10,373 15,501 19,072 22,625 26,476

Inclusive of New Investment of... 1,558 3,070 3,962 4,234 4,734

Appendix E – Draft Capital Programme

	Forecast	DRAFT Plan				
	2016/17 £'000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
CAPITAL EXPENDITURE						
INFORMATION AND COMMUNICATIONS SYSTEMS						
Rolling Replacement and renewal programme (inc contingency)	408	2,496	1,600	1,561	2,910	1,917
Projects - Corporate Systems	1,994	1,929	625	0	0	0
Projects - National Systems	4	289	4,828	2,436	0	0
Projects - Regional Systems	-25	173	0	0	0	0
Projects - Mobile and Fixed Line Telephony/Data	559	775	0	0	0	0
Projects - Custody Technology	10	0	0	0	0	0
Projects - Digital Mobilisation	913	5,903	3,032	1,247	0	0
Projects - Digital Evidence (DEMS)	1,153	1,103	750	0	0	0
Projects - Others	253	68	0	0	0	0
TOTAL INFORMATION & COMMUNICATION SYSTEMS TOTAL	5,269	12,736	10,835	5,244	2,910	1,917
ESTATES						
Rolling replacement and renewal programme	359	400	400	400	400	400
Projects - HQ Site refurbishment and projects	2,771	6,771	0	0	0	0
Projects - Estate rationalisation programme	4,240	3,913	6,559	3,008	2,045	0
Projects Other	164	58	0	0	0	0
ESTATES TOTAL	7,534	11,142	6,959	3,408	2,445	400
FLEET						
Rolling replacement and renewal programme	4,033	5,042	3,113	2,147	2,282	2,580
PROJECTS - Vehicle Telematics	92	0	0	0	0	0
PROJECTS - Community resilience Task Force	0	0	0	0	0	0
Contingency	0	250	250	250	250	250
PROJECTS - Pool Car Infrastructure	13	0	0	0	0	0
PROJECTS - Detainee Transport Solutions	0	0	0	0	0	0
FLEET TOTAL	4,138	5,292	3,363	2,397	2,532	2,830
PLANT, MACHINERY AND EQUIPMENT						
Replacement - ANPR	189	208	208	208	208	208
Replacement - Other	153	305	100	100	100	100
PLANT, MACHINERY AND EQUIPMENT TOTAL	342	513	308	308	308	308
TOTAL DRAFT CAPITAL PROGRAMME	17,283	29,683	21,465	11,357	8,195	5,455
CUMULATIVE CAPITAL PROGRAMME	17,283	46,966	68,431	79,788	87,983	93,438
CUMULATIVE CAPITAL FUNDING						
Home Office Capital Grant	1,184	2,189	3,194	4,199	5,204	6,209
Revenue Contributions	0	0	1,500	3,250	5,250	7,750
General Capital Reserve	1,973	1,973	1,973	1,973	1,973	1,973
Earmarked Capital Reserve	123	123	123	123	123	123
Capital Receipts - Vehicle Sales	100	200	300	400	500	600
Capital Receipts - Property	14,174	21,393	24,148	25,319	28,079	28,079
Contributions from Partners	874	874	874	874	874	874
Other Funding (e.g. specific grants)	719	719	719	719	719	719
Unapplied borrowing (B/Fwd from 15/16)	2,232	2,232	2,232	2,232	2,232	2,232
New Borrowing	5,000	15,000	25,000	25,000	25,000	25,000
TOTAL FUNDING AVAILABLE	26,379	44,703	60,063	64,089	69,954	73,559
CUMULATIVE (SURPLUS)/DEFICIT IN CAPITAL FUNDING	(9,096)	2,263	8,368	15,699	18,029	19,879

Appendix F – Useable Reserves Forecast

	Bal as at 31st March 2016 £'000	Bal as at 31st March 2017 £'000	Bal as at 31st March 2018 £'000	Bal as at 31st March 2019 £'000	Bal as at 31st March 2020 £'000	Bal as at 31st March 2021 £'000
Carry Forwards	474	100	100	100	100	100
Neighbourhood Policing reserve	250	212	197	182	167	152
Operations reserve	1,500	1,500	1,500	1,500	1,500	1,500
Overtime - liability for AURORA Switch on	1,200	1,200	0	0	0	0
Undercover	0	2,200	1,100	0	0	0
Buildings and sustainability	1,499	1,014	651	378	300	250
Transformation reserve	7,473	5,710	3,110	1,110	110	110
DISCRETIONARY RESERVES	12,396	11,936	6,658	3,270	2,177	2,112
Insurance reserve	1,948	2,222	2,222	2,222	2,222	2,222
Other Non-Discretionary Reserves	6,044	4,797	4,311	3,936	3,936	3,936
NON-DISCRETIONARY RESERVES	7,991	7,019	6,533	6,158	6,158	6,158
Capital Financing reserve	1,973	1,973	0	0	0	0
Capital earmarked reserves	90	208	290	576	576	576
PFI Change Reserve	558	519	519	519	519	519
PFI Interest Smoothing Account	2,820	2,710	2,590	2,462	2,327	2,185
PFI Sinking Fund Reserve	3,512	3,826	4,114	4,375	4,605	4,804
Capital Receipts Reserve	11,577	4,905	0	0	0	0
CAPITAL AND PFI RESERVES	20,529	14,141	7,514	7,932	8,027	8,084
General Fund	10,400	10,400	10,400	10,400	10,400	10,400
TOTAL Useable Reserves	51,317	43,496	31,105	27,760	26,762	26,754

Appendix G – Risks and Issues

Risk	Potential scale	Mitigation
Grant Funding – the value of future grant levels is higher or lower than currently forecast owing to decisions made by the Government about the overall funding available to provide to PCC's.	1.0% of total grant funding is £1.8m p.a.	Review of detailed grant settlement (expected mid Dec) and associated announcements. Benchmarking against other forces.
Grant Funding – the value of future grant levels is higher or lower than current forecast owing to decisions made by the Government about how to distribute overall funding available to PCC's.	1.0% of formula grant funding is £1.6m p.a.	Engage with and monitor the work of the Home Office as they consult on proposals to change the current formula for distribution.
Council Tax Base – the increase in council tax base currently forecast is higher or lower than currently forecast (1.5% growth p.a. from 18/19 onwards).	1.0% of council tax income is £0.96m p.a.	Ensure our forecasts for council tax base increases materially reflect those being made by local authorities themselves.
Council Tax Precept – the increase in council tax precept current forecast (1.99% p.a.) is not supported and/or not possible without incurring cost and risk of a local referendum.	1.0% of council tax income is £0.96m p.a.	Continue to seek confirmation from PCC about appropriateness of this assumption, and monitor Government information about referendum capping principles.
Pay Inflation – the increase in pay is higher or lower than currently forecast (1.0% increase p.a.).	1.0% of officer and staff pay is £2.1m p.a.	Benchmarking of our assumptions for future pay awards against other forces to ensure not outlier. Monitor Government statements regarding future public sector pay.
Pensions – the MTFP currently assumes growth in employer contribution over the next three years in accordance with LGPS actuarial valuation. Depending on the outcome of officer pension scheme valuations, and future LGPS valuations we may be required to make provision to increase contributions further.	Additional 1.0% contribution is:- Staff = £0.52m p.a. Officer = £1.0m p.a.	Monitor the ongoing position of actuarial reviews, engaging where appropriate with national intelligence (new national support for police pensions through NPCC Finance and Resources).
Inflation – the UK economic position carries a lot of uncertainty and risk at present which could lead to higher inflation. This has already started to be seen with the falling value of the pound. As such our assumptions that 1.0% inflationary provision for non-pay, and 2.5% provision for utilities and fuel costs, might not be appropriate to keep pace with increases in price. This could be exacerbated by our decision to not apply any inflationary adjustment to non-pay budgets (exc fuel and utilities) in 16/17.	Additional 1.0% on non-pay budgets is £0.3m p.a.	Continue to monitor emerging picture and determine if any adjustment needs to be made above the 1.0% p.a. already factored in across the MTFP.
Cost of Change – The Constabulary and PCC have ambitious programmes which will require both capital and revenue investment. Funding these will require us to utilise our reserves, as well as undertake further borrowing. However, as identified there remains a need to ensure that our investments remain within a level of affordability, and if we are unable to achieve this through some prioritisation of current plans then there is a risk that the MTFP does not adequately provide for the cost of these investments. Making further provision for these costs will increase the revenue budget requirement, and in turn increase the size of the savings needed.	Depends on the scale of ambition and the value of the investment decisions yet to be made. Currently capital ambition is nearly £20m greater than our funding.	Identify and support activity to review current capital plans to enable the cost of these to be reduced from current forecast levels.