



Charlotte Roberts
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Date: 13 January 2025
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Dear Chief Constable

Performance & Accountability Meeting (PAM)

You are requested to attend a PAM meeting on Thursday 16 January 2025 at 10:30-11:30hrs in the CCMT Meeting Room and via MS Teams for those unable to attend in person.

Microsoft Teams meeting
[Click here to join the meeting](#)
Meeting ID: 359 500 419 33
Passcode: VKyHgR

Yours sincerely

A handwritten signature in black ink that reads 'Gillian Ormston'. The signature is written in a cursive style and is placed on a light grey rectangular background.

Gillian Ormston
Chief Executive (OPCC)

<u>Agenda Item</u>	<u>Page No.</u>	<u>Timings</u>
1. Apologies - none (PCC)	-	10:30-10:35
2. Budget Papers (Martin Thornley/Linda Waters)		10:35-11:30
Presentation	2	
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Date of next PAM meeting: Thursday 30 January 2025 at 10:00-12:00hrs CCMT Meeting Room/MS Teams.



Thames Valley Police

January 2025

Medium Term Financial Plans

ACO Linda Waters – Director of Finance



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- Current Revenue Position
- Productivity Plan
- Council Tax Increase
- Force Establishments
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- Financing the Capital Programme
- MTCP Risks
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APPROVALS

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The PCC is asked to approve:

- Increase in Council Tax precept of £14 per Band D property to £283.28, Council Tax requirement of £279.7m subject to the final tax base notifications.
- The 2025/26 Revenue Estimates (MTFP) of £594.9m.
- The utilisation of reserves in 2025/26 of £3.6m and £0.5m in 2026/27 to support the revenue budget.
- Capital slippage of £27.228m from 24/25 to 25/26.
- The 25/26 Capital Budget (MTCP) is set at £52.646m for planning purposes of which only £40.797m is requested for budgetary approval now with the following schemes subject to full business case and full scheme approval at a later date: Taplow, Windsor, Custody 2030, Cowley, MK Contact Management and COES work on HQS and HQN.
- The overall 4-year Medium Term Capital plan (2025/26 to 2028/29) at £262.173m for planning purposes and note the associated expenditure of £129.790m (2029/30 to 2034/35).
- The financing from reserves and revenue funds of £17.842m and borrowing of £26.638m for Forensic new build. Approval of further borrowing and drawdown of the estates reserve will be part of the business case.
- Note the proposed financing of the overall MTCP with £273.522m (details on slide 14).

REVENUE OVERVIEW 2025/26 to 2028/29

	Estimated Budget 2025/26 £'000	Estimated Budget 2026/27 £'000	Estimated Budget 2027/28 £'000	Estimated Budget 2028/29 £'000
Expenditure				
Opening Budget	556,518	594,943	612,808.854	631,152
Inflation				
General	1,855	820	519	522
Pay	26,736	10,940	11,375	13,813
Specific	1,271	2,880	2,980	3,086
Productivity Savings	-15,400	-4,231	-3,866	-3,589
Growth	17,754	2,257	2,336	2,000
Reserve Funding	6,209	5,200	5,000	3,000
Revised Budget Requirement	594,943	612,809	631,152	649,985
Funded By				
Opening Budget	-556,518	-594,943	-612,809	-631,152
Council Tax	-19,513	-15,055	-15,504	-15,965
Government Grants	-18,911	-2,811	-2,839	-2,868
Revised Funding	-594,943	-612,809	-631,152	-649,985
Annual Shortfall / (Surplus)	0	0	0	0
Cumulative Shortfall / (Surplus)	0	0	0	0

CURRENT REVENUE POSITION

- Council Tax increase of £14 for 2025/26 and thereafter an assumed £10.
- Pay inflation has been included at 2.00% for the MTFP period. Any unfunded increase above these rates would need to be funded from reserves in the first year.
- Non-Pay Inflation has been reviewed against specific market pressures and supply issues, but this remains a volatile area which could cause financial pressures.
- Due to the lack of financial information and uncertainty, we have created a provision of £2.2m in the I&P reserve. Our intention is to use this reserve for increased officer numbers and frontline services, but we will hold this amount back until the funding position becomes clear during the year.
- The ringfenced grant for NHP c£3m is not included as the detail of this has yet to be released. It is hoped this will allow the recruitment of approximately 50 officers/staff.
- As the Police do not receive any capital grant Revenue funding continues to fund Capital expenditure both through DRF for annual replacements and the Estates reserve for capital infrastructure.
- Reserves have been utilised to cover a few new one-off expenditure items, - £2.1m over the next two financial years. This reduces balances significantly but allows for investment in our fundamental structures to enable future savings and efficiencies.

PRODUCTIVITY PLAN 7

- The Force's productivity plan is delivering £15.4m of savings in the next financial year, primarily through the Force Review.
- The Force Review has put us into a good position to build future efficiencies and drive further savings.
- Funding for future years will be an issue, so a new saving programme will need to be initiated for 2026/27 and beyond, which will include the Business Enablers workstreams.
- The PCC has created an Enabling Infrastructure Fund which will help to support the delivery of the Future Savings Target.

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Force Review Savings					
Force Review - Staff Savings	£7,693	£0	£0	£0	£7,693
Force Review - Non-Pay Savings	£3,010	£0	£0	£0	£3,010
	£10,703	£0	£0	£0	£10,703
Central Initiatives					
Estates Rationalisation	£315	£0	£0	£0	£315
ZBB Reviews	£2,802	£0	£0	£0	£2,802
In Year Additional Savings	£1,121	£0	£0	£0	£1,121
	£4,237	£0	£0	£0	£4,237
Local Initiatives					
RPA Savings from Overtime	£52	£0	£0	£0	£52
ICT CMP Re-Platform	£138	£0	£0	£0	£138
ICT Invest to Save Business Case	£270	£0	£0	£0	£270
	£460	£0	£0	£0	£460
Future Savings Provisions					
Future Savings Requirements	£0	£4,231	£3,866	£3,589	£11,686
	£0	£4,231	£3,866	£3,589	£11,686
Total Productivity Savings	£15,401	£4,231	£3,866	£3,589	£27,087

COUNCIL TAX INCREASE⁸

This year's council tax increase is premised on the government's funding of police forces where their expectation is that the Council Tax precept will increase by £14 to help support forces finance the growing cost of inflation as well as other demands. The increase in government grant of £10.9m (excluding NI) still leaves a £19m shortfall on the £29.9m inflation increase.

- The Council tax increase has been budgeted at £14 in 2025/26.
- This has allowed the force to increase budgets to Strengthen Local Policing, support Public Contact and Prevent Crime as well as cover inflationary pressures and a reduction in main grants.
- The budget now includes the following growth afforded by the increase in Council Tax:
 - Permanently embedding foundation trainers to support officer training & development - £0.5m
 - Investing in our Drones strategy to support front line policing- £0.3m.
 - Investment in Occupational Health to support Officer & Staff welfare - £0.3m.
 - Investment in technology and end user devices - £0.4m.
 - Other smaller investments to support Public Protection, PSD and Forensics - £0.3m.

POLICE ESTABLISHMENTS

	HeadCount			Budgeted FTE		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Agreed Baseline	4,250	4,997	4,978	3,835	4,531	4,563
PUP Initial Target Allocation	609			609		
PUP Additional Phase I	87			87		
PUP Additional Phase II	51	-19			32	
PUP Grant Target	4,997	4,978	4,978	4,531	4,563	4,563
PCC Growth	80	80	80	80	80	80
FR PCSO Conversion	46	46	46	46	46	46
Force Review		-27	-118		-27	-118
Force Review	46	19	-72	46	19	-72
Other Changes **	-3	9	9	-3	9	9
Total Force Target	5,120	5,086	4,995	4,654	4,671	4,580

**** Other changes** include 3 civilianisation's and an uplift of Protection Officers of 11.60 FTE

POLICE ESTABLISHMENTS ¹⁰

The previous table does not include any additional growth from the Ringfenced £3m Neighbourhood Policing Grant as we do not have information about its utilisation, but potentially it could fund approximately 50 Officers/staff.

In addition to this our intention will be to recruit more officers if our financial circumstances will support their continued retention, after the CSR announcements.

The impact on Police Establishments could be:

	Head Count			Budgeted FTE		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Total Force Target (from Above)	5,120	5,086	4,995	4,654	4,671	4,580
NHP Grant Potential Growth			50			50
Potential In Year Growth			50			50
Potential Revised Targets	5,120	5,086	5,095	4,654	4,671	4,680

POLICE STAFF & PCSO¹¹ ESTABLISHMENTS

- The current **budgeted establishment** for 2025/26 is:

	Police Staff FTE	PCSOs FTE
Opening Establishment	3,105	263
Force Review Savings	-25	
2025/26 Revised Establishment	3,080	263

- The current **Vacancy Factors** applied to the budget are

	Police Staff FTE	PCSOs FTE
Current Gross Vacancies	180	8
Temps in Permanent Positions	-67	0
Net Vacancies	113	8
Vacancy Factor Rate	3.50%	2.28%
Vacancy Factor FTE	108	6
Vacancy Factor £	-£5,200,000	-£234,000

RISKS

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- Future financial resources will remain tight, and internal savings will continue to be required to fund the overall MTFP.
- The delivery of those savings targets remain challenging and will need careful management to ensure delivery without compromising operational delivery.
- We have only received a one-year funding settlement.
- The budget includes provision for a 2.0% pay award, any unfunded increase above this would require reserve funding in year 1.
- Inflation and supply chains still provide a financial risk, especially with the geo-political instability impacting global supply chains.
- Impact of future Estates Strategy on financing the plans through interest and borrowing repayments could be significant.
- Reserves are at an all time low and will not be able to support continued growth going forward.

CAPITAL OVERVIEW

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- The MTCP presented today shows the full financial costs to deliver those schemes we have identified as our intended direction of travel. This includes Custody 2030 and COES plus the transformation of our fleet to alternatively powered vehicles.
- All capital schemes are subject to a stage gate approval process by CCMT before progress. There are several stages to the approval process including a full business case and ratification by the appropriate board (SEG for Property, JCG for JICT and JOU, CoG for everything else). Funding will be released at separate stage gates of the scheme e.g. RIBA stages for property.
- Affordability and robust funding decisions will be considered holistically and by scheme and linked through to the impact on revenue budget position.
- Long Term planning is critical to make sure that we have financial resources available to deliver our long-term plans and aspirations. All financial requirements within the MTCP are provided for within our MTFP.

CURRENT CAPITAL EXPENDITURE 2024/25 to 2028/29

Capital Expenditure Forecast Summary

	Revised Budget 2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total 2024/25 to 2028/29 £000s	Later Years
Property	34,546	39,299	26,458	31,094	40,105	171,501	31,798
Tecnology & Business Change	5,783	5,805	3,858	20,054	4,067	39,566	25,502
Vehicles	5,515	5,913	7,095	8,088	9,059	35,670	71,290
Grants	11,363	0	0	0	0	11,363	0
Equipment	712	1,629	1,051	373	306	4,072	1,200
Capitla Project Total to be Financed	57,919	52,646	38,462	59,609	53,537	262,173	129,790
Financing Available	72,781	18,093	32,353	40,290	26,299	189,817	106,371
Proposed Borrowing	0	27,863	8,773	19,156	27,913	83,705	11,278
Cumulative Funding Possition (Existing Programme)	14,862	8,173	10,838	10,675	11,350		

- Over the MTCP (including 24/25) it is anticipated that capex spend will be approximately £262.2m and this is matched with funding of £273.5m (including proposed borrowing of £83.71m) giving a surplus of £11.3m.
- The programme now includes Custody 2030 and COES which were previously shown separately. These programmes impact both the medium and longer term, driving the financing strategy including borrowing levels. The implications of which are reflected in the revenue budget.

FUTURE SCHEMES

Table 2a - Future Schemes

Programme	Total Project Budget
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Later Years phasing

Future Years					
2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000	2034/35 £'000

Capital Projects - Potential Future Schemes (not approved)

Custody 2030 - Refurbish Milton Keynes	11,561	-	8,574	2,987	-	-	-
Custody 2030 - Oxfordshire	44,178	3,077	2,298	1,973	23,609	12,644	577
Custody 2030	55,739	3,077	10,872	4,960	23,609	12,644	577
Central Oxford Estates Strategy	24,131	8,428	-	2,504	10,465	2,734	-
Future Schemes Total	79,870	11,505	10,872	7,464	34,074	15,378	577
Financing Available			8,574	2,987			
New Proposed Borrowing		11,505	2,298	4,477	34,074	15,378	577

- Future Schemes are not presented for approval at this time but are included to indicate the level of funding required if they are approved.
- These Strategic Schemes are agreed as the direction of travel the organisation needs to follow, however further work needs to be done to assess VFM and affordability.
- The funding proposed is the utilisation of the Estates reserve and proposed borrowing coupled with associated capital receipts.

RESOURCES REQUIRED TO FINANCE THE CAPITAL PROGRAMME ¹⁶

	Revised Budget 2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total 2024/25 to 2028/29 £000s
Surplus Funds Carried Forward	32,609					32,609
Predicted Capital underspend 24/25	255					255
Capital Receipts from Finite Asset sales	3,446	943	3,386	15,852	807	24,434
Direct Revenue Financing	13,493	13,200	13,200	13,400	13,400	66,693
Western Hub	8,666	-	-	-	-	8,666
Specific Grant & 3rd Party Contributions	11,681	100	100	2,383	4,817	19,081
Earmarked Reserves	365	-	-	-	-	365
Estates Reserve	2,266	3,850	15,668	8,655	7,275	37,714
Proposed Borrowing	-	27,863	8,773	19,156	27,913	83,705
Total	72,781	45,956	41,126	59,446	54,212	273,522

- The B/f and capital receipts are fully committed within the current programme and the future is challenging with limited future finite asset sales and no Home Office Capital Grant.
- Direct Revenue Financing annual contribution funds the refresh and replacement cycles e.g. computers and vehicles.
- The Estates Reserve will be managed to fund specific Property schemes and financing the cost of borrowing including interest and MRP.
- Proposed Borrowing will only be for long term life assets, over a maximum of 25 years.

MTCP RISKS

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Construction and inflationary risks in the Property Market have been extensive and hence the future programme budgets could be understated e.g. Custody Programme.

ICT requirements over and above EUD replacements are not included, opportunities over the next 10 years need to be scoped.

ESMCP (Airwave): National Plans are being formalised, but we do not have the detail yet.

Vehicles – transition to alternative powered vehicles and associated infrastructure. Consultants have prepared a report for CTC which has informed our initial estimates. There are associated risks with achievability and affordability.

Decarbonising buildings by 2050 (TBC): Pending surveys, we do not have any estimates, nor do we have any indication of financial support from the government.

Finite asset sales cannot continue to support these programmes into the future. The MTCP programme includes £24m utilisation of the finite asset sales. However, the hardening of the market could reduce the amount receivable plus the timing could influence the borrowing requirements.

Borrowing levels will need to increase significantly to fund the Strategic ambitions.



FINANCIAL PLANS RECOMMENDATION & STRATEGY 2025/26 – 2028/29

This paper recommends that the Financial Plans are approved, highlighting the most significant risks. It incorporates the financial strategy under which the plans have been developed.

1. APPROVAL REQUESTED

The PCC is requested to approve the following papers:

- This paper
- Capital Strategy
- Revenue Budget and Medium Term Financial Plan
- Capital Budget and Medium Term Capital Plan
- Summary of Reserves, as shown in the Appendix A to this paper

The PCC is requested to propose the Council Tax Precept increase of £14 (Band D) to the Police and Crime Panel.

2. RECOMMENDATION

Strategic Alignment

The budget supports the PCC's Police & Crime Plan and the Force Strategic Plan. The PCC's intention is to fund 100 additional officers through this budget, delivering a strong front line service to protect communities, people and property. There continues to be uncertainty around future funding, including the operation of the Neighbourhood Policing Fund. The PCC will continue to hold the Force to account for delivering officer numbers subject to funding constraints.

Process

The medium term plans are presented by the Chief Constable (CC) for the PCC to approve. The force has undertaken a challenging process to shape plans to meet funding constraints, with significant time at the Chief Constable's Management Team (CCMT) spent reviewing individual bids, savings plans and the overall budget. A zero-based budgeting approach has been adopted. The budget has been consulted during development through meetings between PCC's CFO and CC's FD and further discussions including the PCC and CC. This has given opportunity for challenge of assumptions, review of options, proposal of changes and agreement on direction through the process. There have been detailed review of savings plans.

Risks

It is important that the main financial risks are identified and adequately addressed through the plan. Risks of particular note are:

1. Efficiency Programme and Force Review. The budget includes a challenging efficiency target, and ongoing savings required in each year of the plan. Savings in 2025/26 are delivered by the Force Review which will conclude during the year. Savings in future year are supported by the Enabling Services consultancy work which has been undertaken during 2024/25. The force is committed to translating the outputs into deliverable saving actions with savings from 2026/27. Systems are a limiting factor on productivity improvements, but require resource to improve. Plans are being scrutinised closely by the PCC and his office. The PCC has retained the allocation of £1m of his directly controlled reserves to fund projects delivering cashable savings in the short term, and set aside a further £3m to support enabling infrastructure required to underpin longer-term efficiency.
2. Estates capital requirements are estimated to require borrowing of £80m during the next four years, growing to £160m over the long term. There is a risk that the revenue impact is not affordable in the long term. Whilst many individual schemes are indicative at present, roadmaps for Custody and Central Oxfordshire have been agreed based on operational necessity and whole life cost: failing to invest will result in operating cost inefficiencies. Although much of this spend is likely to be beyond the medium term planning horizon, the MTFP supports the capital requirements by ensuring reserves are built up and the revenue plan includes funding for long term capital. This avoids the "cliff edge" scenario where revenue cost of capital (through the Minimum Revenue Provision) and interest costs make capital investment unaffordable in the long term.

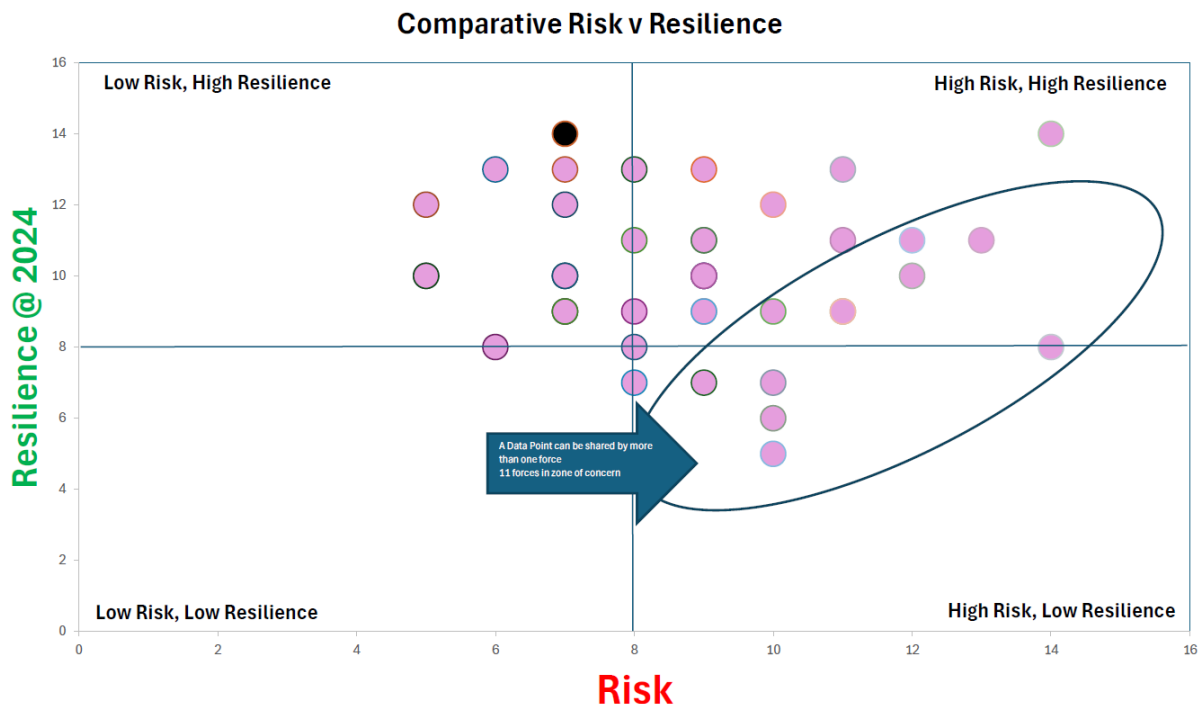
3. The constrained public spending environment and considerable uncertainty gives rise to the risk that future funding does not cover increasing demand and higher inflation and interest rates. The plan targets a balanced budget with realistic (neither unduly optimistic nor pessimistic) assumptions – for example the plan includes some demand growth, below inflation funding growth and deliverable savings targets.

Appropriate Level of Reserves

General balances are expected to continue between 2.5 and 3% during the life of the plan, providing cover to manage funding pressures in the last resort, but without tying up resources which could be used to protect communities, people and property. The plan shows a drawdown of reserves in the early years to support investment and meet inflationary pressures. As further efficiency savings are delivered during later years, funds are allocated to earmarked reserves to fund expected capital expenditure in the long term.

Reasonable Financial Risk and Resilience

The NPCC and APCC undertook benchmarking of Forces in the summer of 2024 to compare the risk profile and financial resilience of forces based on factors including reserves and borrowing levels, budget gaps, and affordability of capital financing. TVP's profile shows a lower level of financial risk and higher level of resilience when compared to other forces (black point is TVP, other forces in pink, higher risk forces circled):



As funding tightens, all forces are facing greater risk and more challenges to financial resilience. However, this benchmarking does provide a source of reassurance that TVP's financial resilience is reasonable, and risks can be effectively managed.

Recommendation

The proposed plans support long terms sustainable finances which recognise the challenges ahead. They are a suitable basis for financial planning, and this plan is recommended for PCC approval.

3. FINANCIAL STRATEGY

This section states the principles under which the medium term plans have been developed.

Financial planning is undertaken to secure TVP's long-term financial position; and make the best use of available funds to support the delivery of priority services, in particular the PCC's four year Police and Criminal Justice Plan and the Force Strategic Plan. Our approach to creation of the financial plans is that they are:

Prioritised

- Make the best use of limited resources, striving to improve resource allocation
- Rigorous review of growth bids to ensure alignment with priorities

Efficient

- Maintain the focus on efficiencies and productivity through the Force Productivity Strategy and the Force Review;
- Effective procurement and commissioning of goods and services;
- Analyse and challenge all areas of the force to deliver VFM;
- Work with all partners (incl other forces) to deliver savings, resilience and performance;
- Optimise size and utilisation of our asset portfolio.

Realistic

- Careful consideration of external influences including economic context, government funding decisions and changes in demand;
- Continuation of TVP's strong track record of good financial management during times of financial constraints supporting the credibility of savings plans;
- Consideration of the balance of risk and opportunity in plans, maintaining financial sustainability whilst avoiding unnecessary cuts to services.

Sustainable

- Facilitate strategic investment for new technology, infrastructure and business change;
- Understand impact of environmental sustainability strategy and maximise opportunities;

- Consider long term sustainability including investments required beyond the four years of the plan.

Reserves

Our policy is to maintain general balances around a guideline level of 3% of annual net revenue expenditure budget, with an absolute minimum level of 2.5%. General balances are used as a last resort to manage and fund demand-led spending pressures. Earmarked reserves are created to fund specific initiatives or meet areas of anticipated future spending (including beyond the four years of the plan). Appropriations are made to and from these reserves as required.

Financial Management

TVP applies the standards in the CIPFA Financial Management Code of Practice to deliver the financial strategy. The Code emphasises that a high-quality long-term financial strategy will not itself promote financial sustainability. It will be dependent on contextual factors (leadership and governance) and the effectiveness of the whole financial management cycle (including budget setting, stakeholder engagement, use of business cases and performance monitoring).

Reference Documents

Implementation of the financial strategy is underpinned by:

- Joint Corporate Governance Framework
- Financial Regulations (and Chief Constable's Financial Instructions)

Related strategy documents:

- Capital Management Strategy
- Treasury Management Strategy

Martin Thornley

Chief Finance Officer

January 2025

Summary Of General and Useable Reserves

Reserve	Predicted Closing Balances By Year				
	2024/25	2025/26	2026/27	2027/28	2028/29
General Reserve	£15,787,100	£15,787,100	£16,341,403	£15,776,014	£16,064,363
% of NRE	2.72%	2.70%	2.71%	2.54%	2.52%
I&P	£7,902,080	£4,336,618	£3,799,635	£3,799,635	£3,799,635
CCTV	£635,000	£635,000	£635,000	£635,000	£635,000
Estates & Custody	£12,841,084	£10,591,084	£523,084	£368,084	£3,193,084
PCC Efficiency	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
PCC Enabling Infrastructure	£3,000,000	£3,000,000	£3,000,000	£3,000,000	£3,000,000
	£25,378,164	£19,562,702	£8,957,719	£8,802,719	£11,627,719
Totals	£41,165,265	£35,349,803	£25,299,123	£24,578,734	£27,692,083

Other Reserves

Reserve	Predicted Closing Balances By Year				
	2024/25	2025/26	2026/27	2027/28	2028/29
Conditional Funding	£4,041,323	£4,283,745	£4,283,745	£4,283,745	£4,283,745
Transport Reserve	£1,282,221	£1,370,886	£1,370,886	£1,370,886	£1,370,886
Insurance Reserve	£5,294,200	£5,599,000	£5,599,000	£5,599,000	£5,599,000
SEROUCU*	£4,206,000	£6,947,471	£6,947,471	£6,947,471	£6,947,471
Crime Prevention Reserve	£3,564,977	£3,000,000	£3,000,000	£3,000,000	£3,000,000
Totals	£18,388,720	£21,201,102	£21,201,102	£21,201,102	£21,201,102

* SEROCU - 67% Held on Behalf of Other Forces

Capital Reserves

Reserve	Predicted Closing Balances By Year				
	2024/25	2025/26	2026/27	2027/28	2028/29
Capital	£14,862,000	£8,173,000	£10,838,000	£10,675,000	£11,350,000
Total of All Funds Held	£74,415,985	£64,723,905	£57,338,225	£56,454,836	£60,243,185



Report for Decision Performance and Accountability Meeting on 16th January 2025

Title: Four Year Medium Term Financial for 2025/26 to 2028/29

1 Purpose of Report

- 1.1 To inform the PCC of the key issues affecting the finances of Thames Valley Police over the next four years.
- 1.2 This report recommends a revenue budget and council tax precept for the Police and Crime Commissioner (PCC) to approve, subject to final notifications on the council tax base from local authorities.

2 Decisions Required

- 2.1 The PCC is asked to notify the Police and Crime Panel:
- 2.2 That, subject to final tax base notifications, the council tax requirement for 2025/26 be set at £279,660,972.
- 2.3 That any variation in the final amount of council tax income be appropriated to or from the Improvement & Performance Reserve.
- 2.4 The revenue estimates for 2025/26 as set out in Appendix 1.
- 2.5 That the police element of the council tax for 2025/26 be set at £283.28 for properties in Band D (an annual increase of £14), with the charge for other bands as set out in Table 1, for comparison Appendix 2 shows the comparison band D precept across all forces.

Table 1 – Council Tax 2025/26

Property Band	Relevant Proportion	PCC Element of the Council Tax
A	^{6/9}	£188.85
B	^{7/9}	£220.33
C	^{8/9}	£251.80
D	^{9/9}	£283.28
E	^{11/9}	£346.23
F	^{13/9}	£409.18
G	^{15/9}	£472.13
H	^{18/9}	£566.56

2.6 That the use of Reserves to fund the specified initiatives is approved.

3 Background

- 3.1 This budget is prepared on the back of significantly unsettled financial and commercial world markets, which have led to significant and variable inflationary pressures on goods and services, which continue into the preparation of this MTFP thus making forecasts and the preparation of budgets very demanding.
- 3.2 In July 2024, the Government announced a pay increase of 4.75% for Police Officers, for which TVP matched for Police Staff, and although this was partly funded by the Home Office, this has again added significant committed financial pressure to 2025/26 budget setting and the potential for future pay increases beyond 2.0%.
- 3.3 In December 2024, the annual funding announcements were made with a number of changes resulting in a reduction in core grants of £2.4m, and the creation of a new one-year funded Neighborhood Policing (NHP) Grant of £3m. A full longer term CSR review is due to be announced in 2025, until then the future guarantee of funding at or above current levels is very uncertain.
- 3.4 As part of the new NHP Grant, there is an expectation that TVP will need approximately an additional 50 Officers/Staff, this brings financial risks as the funding is currently only for one year. In addition, there are significant financial risks around future pay awards and the on-going staffing costs, alongside the expectations which may come out of the Home Office CECP (Commercial Efficiencies & Collaboration Programme).
- 3.5 The December 2024 settlement also gave PCCs in England the flexibility to increase their precept income by £14 (for a Band D household), an increase to the previously assumed cap of £10. At this stage it is unclear as to whether this is a one-off increase or will continue into the new CSR. For the

purposes of planning, Thames Valley have assumed this to be a one-off increase with the cap returning to £10 in future years.

4 Overview of the Medium Term Financial Plan

- 4.1 The review and development of the revenue budget is an annual exercise with each year's budget and associated council tax precept considered and approved in isolation. However, decisions taken in the course of approving the revenue budget will often have longer-term consequences, as will those in approving the capital programme. The four-year MTFP and MTCP brings together these medium-term consequences and allows a more comprehensive view to be taken of the PCC's overall financial position. It is imperative that the PCC knows the full extent of the financial consequences he will be committing to in future years when he considers and determines the annual budget, especially as future borrowing and capital investment needs to be supported through the revenue budget.
- 4.2 The MTFP is formulated to provide financial stability, as far as we can, on the best estimates we can make at this time with the information and knowledge we have. The focus for this year has been two-fold; ensuring (as far as we can) the long-term financial viability of our plans, particularly our Estates strategy, and responding to the current and future expectations for financial constraint with an extremely rigorous approach to new growth. Even with this focus on ensuring growth is addressed by re-prioritising resources, the 2025/26 budget includes £15.4m of savings to balance the budget, with a further £11.7m over the following 3 years.
- 4.3 The current and expected financial climate, the degree of financial uncertainties and the lack of information including, a one-year settlement, the new NHP Fund conditions, future pay awards, on-going staffing costs and the outcomes of the Home Office Commercial Efficiency & Collaboration Programme, all dictate a cautious approach until we have further information. Due to the uncertainty around future funding, we have delayed committing to additional officers until we are in a more informed position.
- 4.4 The force expects to end the year with circa 16.0 FTE officers above its current target Establishment, including all PUP funded posts. The current PUP targets are now included in the Core and Special grants, and it is expected that additional officers will be required through the new NHP Grant for 2025/26, although beyond this the funding is not clear.

- 4.5 In response to the competing financial pressures, the increasingly complex and challenging demands and to ensure a return on current and future investments, including the Police Uplift Programme, the force undertook a Force wide Review. This review is transforming our police service by redistributing resources and delivering efficiencies allowing us to continue to provide value for public money and protect our communities, now and into the future and contribute to the force's savings target. This will ensure we are in the best position possible to deal with the demands of modern-day policing and the challenges put forward from changes in policing and in society. A key element is identifying the financial savings and delivering productivity, with a total of £15.4m identified savings in the 2025/26 budget, of which £11m is directly attributable to the Force Review, making a total of £16.1m of savings from the Force Review in 24/25 & 25/26.
- 4.6 The impact of the Force Review is delivery of an additional 150 Neighbourhood Officers, the move to a five-area command model, Local Command Units (LCU) and the full embedding of the Assessment Investigation Units (AIUs) to relieve pressure on frontline response officers and maximise operational delivery.
- 4.7 In addition to the force review the force has continued the drive for savings and cost cutting measures to ensure our resources are focused on our priority areas and we can deliver a balanced budget. To drive the efficiency agenda a force wide ZBB review was undertaken with the business and identified £2.8m of budget reductions. These budget reductions were augmented by a further push for budget reductions providing another £1.1m of cuts giving a total of £15.4m to support the budget next year.
- 4.8 The Police service, both nationally and locally, is going through a period of reform to adjust to the financial challenges created by fluctuating inflation and respond to the increasing complexity and quantum of crime. This reform requires investment in well-trained officers and staff, as well as the new technologies that will facilitate the change in the way policing services are delivered. This investment increases the financial pressures and needs to be carefully managed by the force.
- 4.9 A further financial pressure that will continue to increase is the investment required to maintain and develop the ageing estate portfolio of the force. An ambitious long term estates strategy will require significant borrowing, which in turn will require increased revenue provision to service the debt and ultimately repay the borrowing required. This MTFP sets out provisions for these, increasing over the period to ensure that the force is in a stable financial position to service the debts as they increase in the

long term.

4.10 The MTFP presented today attempts to address the immediate and longer-term requirements for policing to maintain and improve the service and performance delivered in the increasingly complex policing environment. The MTFP sets out the level of police service which is affordable based on the current funding assumptions and potential for Council Tax increases. It includes the financial outcomes and requirements identified from significant internal work carried out over the 12 months by the force, alongside the financial impacts of external influences.

4.11 Management of future financial challenges will require further programmes of savings and efficiencies to release funds to reinvest into new and changing policing priorities.

4.12 The budget options presented today aim to support the priorities in the PCC's Police and Crime Plan:

- Protecting Communities
- Protecting People
- Protecting Property

4.13 and force priorities:

- Serving Victims
- Building Trust
- Fighting Crime
- Valuing Our People

4.14 Recruitment and retention, of not only Police Officers, but also Police Staff, remains a potential issue especially with the unknown application of the £3m NHP Grant. Any variation against the plans can have a significant impact on the forces budgets and financial projections going forward.

5 Medium Term Financial Plan

5.1 The summary of the 4-year plan currently stands as:

Table 2 – Current 4 Year MTFP Summary

	Estimated Budget 2025/26 £'000	Estimated Budget 2026/27 £'000	Estimated Budget 2027/28 £'000	Estimated Budget 2028/29 £'000
<u>Expenditure</u>				
Opening Budget	556,518	594,943	612,808.854	631,152
Inflation				
General	1,855	820	519	522
Pay	26,736	10,940	11,375	13,813
Specific	1,271	2,880	2,980	3,086
Productivity Savings	-15,400	-4,231	-3,866	-3,589
Growth	17,754	2,257	2,336	2,000
Reserve Funding	6,209	5,200	5,000	3,000
Revised Budget Requirement	594,943	612,809	631,152	649,985
<u>Funded By</u>				
Opening Budget	-556,518	-594,943	-612,809	-631,152
Council Tax	-19,513	-15,055	-15,504	-15,965
Government Grants	-18,911	-2,811	-2,839	-2,868
Revised Funding	-594,943	-612,809	-631,152	-649,985
Annual Shortfall / (Surplus)	0	0	0	0
Cumulative Shortfall / (Surplus)	0	0	0	0

5.2 As can be seen from the above, based on current assumptions, the plan is balanced in 2025/26 with the delivery of identified savings of £15.4m. The following years are balanced with target productivity savings totalling £11.7m over the remaining period of the MTFP, these savings have yet to be identified and will be the focus moving forward.

5.3 The full 4 Year MTFP is shown at Appendix 3.

- 5.4 It should also be noted that whilst we have provided a four-year plan, the current funding announcements only cover the first year, with an expected longer term CSR to be announced in 2025 for the remaining period of the current Parliament. This could be detrimental or advantageous to the plans set out here.
- 5.5 The Revenue budget summary for 2025/26 by spend group is summarised below with full details being shown in Appendix 1

**Table 3 - Revenue Budget Summary
2025/26**

	2024/25 £'000	2025/26 £'000
PCC Controlled Expenditure	5,915	6,012
TVP Operational Budget		
Employees	495,445	526,005
Premises	22,712	20,581
Transport	12,032	12,013
Supplies & Services	78,643	76,453
Third Party Payments	27,243	28,316
Force Income	-42,983	-44,231
Specific Grants	-44,946	-43,531
Capital Financing	12,323	11,690
Reserve Appropriations	-9,864	1,635
Cost Of Services	556,518	594,943
Funded By		
Council Tax	-262,898	-282,411
Government Police Grants	-293,621	-312,532
Total Funding	-556,518	-594,943

- 5.6 It should be noted that the key changes from year to year are the increase in pay inflation and costs for Employees, a reduction in premises and utility costs (-£2m) and an increase in funding to reserves to support future capital borrowing and investment.

MTFP Assumptions

- 5.7 In compiling the MTFP, the following assumptions have been used as the basis of the plan for the next 4 years:

Table 4 - Statistical Assumptions

Area	2025/26	2026/27	2027/28	2028/29
General Inflation	2.00%	1.00%	1.00%	1.00%
Pay Inflation	2.00%	2.00%	2.00%	2.00%
Specific Inflation	Led by Specific Sector Rates and Factors			
Staff Vacancy Factor	3.50%	3.50%	3.50%	3.50%
PCSO Vacancy Factor	2.28%	2.00%	2.00%	2.00%
Council Tax Precept	£14.00	£10.00	£10.00	£10.00
Council Tax Billing Base	1.79%	1.79%	1.79%	1.79%
Main Government Grants	Actuals	1.00%	1.00%	1.00%

- 5.8 The MTFP also relies on the use of reserves to support the funding of one-off short-term growth and investment items. The total identified revenue spend for the next two years is £3.6m and £0.5m respectively, this is further explained later in the report.
- 5.9 Given the Police do not receive any capital grant all financial pressures have to be absorbed by the revenue budget, hence the MTFP continues to reflect the increasing demand for investment in technology and the estates strategy. The provision within the MTFP for the direct funding of capital for the annual replacement of vehicles and End User devices has been maintained to provide an annual fund of £13m.
- 5.10 In addition to the capital provision above, provision has been made for a specific Estates reserve to fund intermediate Estates schemes and ultimately to fund longer term borrowing and interest payments given the significant financial requirements that have been identified. This is a responsible approach to maintain and secure future financial sustainability and is covered in the separate Medium Term Capital Plan papers.

2025/26 Budget Detail

5.11 Table 5 below shows a summary of the main changes applied to build the 2025/26 Revenue Budget. The following paragraphs will provide further explanation of the changes made:

Table 5 - Summary of Revenue Budget Changes 2025/26

Increases in Grant Funding	£'000	Funding to/From Reserves	£'000
General Grant	-£1,960	I&P Reserve	£3,209
Pay Award Grant	-£8,460	Estates Reserve	£3,000
NI Increase Grant	-£8,492		£6,209
	-£18,911		
Productivity Savings		Shortfall Before Increase in Council Tax	£16,012
Force Review	-£10,703	Council Tax	
Finance ZBB Review	-£2,802	Increase in Precept	-£13,821
Proposed In-Year Savings	-£1,121	Increase in Base Collection Number	-£4,675
Estates Rationalisation	-£315	Increase in Surplus on Collection	-£1,017
CMP Replatforming	-£138		-£19,513
RPA Overtime Savings	-£52	Committed Growth from Prior Years	
ICT - Invest to Save Business Case	-£270	Contact Centre Digital Strategy	£548
	-£15,400	DEVA Phase 2	£715
Committed Funding		Data & Systems Roadmap	£173
Pay Inflation	£26,736	Other Smaller Growth Commitments	£139
Non Pay Inflation	£3,126		£1,575
	£29,862	New Proposed Growth Items	
Removal Of Prior Year One Off Funding	-£2,007	Drones Investment	£335
Uplift in Staff Pension Contributions	£980	Public Protection	£89
Recognition of Staff & PCSO Vacancy Levels	£2,400	PSD Resources	£95
Changes to PUP Specific Grant Allocations	£1,727	FOI & Data Protection Compliance	£87
Reduction in Pensions Grant	£1,617	In Year Equipment Replacement Provision	£100
Provision for Property Maintenance	£1,000	Increase in Foundation Trainers	£447
Increase in Kennelling Costs	£650	Forensics Renumeration Review	£136
Increase in NI Costs	£8,019	Increase in Occupational Health Resources	£319
Increase in Interest Receipts	-£400	EUD Services	£363
Increase in Custody Income	-£300	Blue Prism Intelligence	£59
Other Smaller Comitted Funding	£567	ICT/Azure Licences	£59
	£14,253	Increase in POCA Related Inocme	-£221
		Other Smaller Investments	£57
			£1,926
		Overall Budget Shortfall /(Surplus)	-£0

Grant Funding

5.12 General grant has increased by £18.9m which covers the committed grant the Government announced in 2024/25 for the funding of the increased pay awards at 4.75% paid in September 2024 (£8.5m), together with an increase to cover the changes in Employers NI Contributions (£8.5m), leaving only £2.0m increase for the base pay awards and general inflation.

5.13 The above does not include the new NHP Grant of £3m, for which we are still awaiting details of the eligibility criteria.

Productivity Savings

5.14 The current 4-year productivity plan is shown below in Table 6:

Table 6 - Summary of Force Productivity Plan

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Force Review Savings					
Force Review - Staff Savings	£7,693	£0	£0	£0	£7,693
Force Review - Non-Pay Savings	£3,010	£0	£0	£0	£3,010
	£10,703	£0	£0	£0	£10,703
Central Initiatives					
Estates Rationalisation	£315	£0	£0	£0	£315
ZBB Reviews	£2,802	£0	£0	£0	£2,802
In Year Additional Savings	£1,121	£0	£0	£0	£1,121
	£4,237	£0	£0	£0	£4,237
Local Initiatives					
RPA Savings from Overtime	£52	£0	£0	£0	£52
ICT CMP Re-Platform	£138	£0	£0	£0	£138
ICT Invest to Save Business Case	£270	£0	£0	£0	£270
	£460	£0	£0	£0	£460
Future Savings Provisions					
Future Savings Requirements	£0	£4,231	£3,866	£3,589	£11,686
	£0	£4,231	£3,866	£3,589	£11,686
Total Productivity Savings	£15,401	£4,231	£3,866	£3,589	£27,087

5.15 The bulk of the identified savings are coming through the Force Review implementation, which is due to be completed by the end of the 1st quarter of 2025/26, with all savings identified.

5.16 The ZBB review of non-pay budgets focused on prioritising spend for operational performance and has delivered additional budget reductions of £2.8m. The additional ZBB savings have been identified and applied to the budgets, whereas the in-year savings have been identified but still require some further work to embed and deliver in full.

5.17 The non-central savings have been identified during the year and have all been applied to specific budget lines.

5.18 The plan also includes future savings targets to balance the budget in future years. This is against the basis of a very uncertain funding position and a very high likelihood of additional demands, as yet not quantified. These new savings targets will require significant work to reduce the budget even further whilst minimising impact on service delivery. A new programme of savings initiatives will be formalised to address these shortfalls. A major component of this programme will be the Enabling Services review outcomes. The new Enabling Infrastructure Fund the PCC has provided will support the delivery of further efficiencies.

Committed Funding

5.19 The largest committed cost is the pay inflation at £27m, which covers Officers, Staff and PCSOs plus all the associated on-costs, for the full year effect of the 4.75% pay award in 2024 and the budgeted for award of 2.0% in 2025.

5.20 Pay inflation also takes into account the significant increase in officer increments that are now coming through as a result of the uplift in officer numbers from PUP. Officer increments for PC's range between 4-17% of salary depending on length of service.

5.21 Non-pay inflation adds a further £3m based on market estimates and specific indices for specialist items. The total inflation bill adds £30m to the overall cost of the force, which equates to an increase on the base revenue requirement of 5.4%.

5.22 Other main committed costs include:

- The removal of prior year one off funded items, -£2m.
- The Staff pension scheme has increased as part of a 2-year actuarial review of the fund implemented in 2024/25, this is at an annual cost of £1m.
- Due to the force review, a number of vacant positions have been removed as part of the long term savings plans, which has meant the previously assumed vacancy factors have had to be reduced to maintain realistic levels going into 2025/26. This has added a further

£2.4m to the budget. A positive impact of this is also a reduction in the number of vacancies to be filled.

- Reduction in the PUP specific grant and Pensions Grant has added a further £3.3m to the base budget.
- The increase in Employers NI contributions will increase by an estimated £8m, which has been funded by specific grant.

Funding To/From Reserves

- 5.23 Due to the uncertainty around future funding, the new NHP Fund conditions, future pay awards, on-going staffing costs and the outcomes of the Home Office Commercial Efficiency & Collaboration Programme, we have delayed committing to additional officers until we are in a slightly more informed position. The financial position has meant that in order to deliver a balanced budget we have had to remove or pause a number of growth bids. We have therefore set aside £2.2m in the I&P Reserve for officer numbers if our other financial commitments allow this.
- 5.24 In addition, the late adjustment we had to make in the 2024/25 budget for council tax receipts means that we must reverse the reserve funded element at £1m.
- 5.25 As the capital programme is developed and the estates strategy starts up, there will be a requirement for further borrowing and associated interest charges. In order to provide for this we have a contribution into the Estates Reserve, increasing on an annual basis, to cover these future costs and debt repayments.

Council Tax

- 5.26 The council tax precept has been set at the maximum increase permitted to the PCC at £14 for a Band D Household, which supports the presented MTFP to a balanced position for 2025/26.
- 5.27 The increase in the estimated number of households paying Council Tax has been set at 1.79%, this will be confirmed once all the individual councils have their final estimate figures.

Committed Growth from Prior Years

- 5.28 The committed growth from prior years covers ongoing growth to multiyear programmes of work on the Contact Centre Digital Strategy (£0.6m), DEVA Phase II under the Forensics Programme (£0.7m), and the Data and Systems Roadmap work within ICT (£0.2m)
- 5.29 The remaining growth is for committed contracts whereby part year funding was only required in the first year, and mainly covers system upgrades.

New Proposed Growth

- 5.30 As part of the increase in Council Tax Precept, a number of new growth items have been included in the base budget which will support the strategic and operational priorities of the organisation as well as bringing benefits to the public, as outlined in an open letter from the Chief Constable to the Police and Crime Commissioner, attached at Appendix 4. Where the investment requires one off funding the I&P reserve is utilised.

- 5.31 The growth items are shown in the below Table:

Table 7 - Summary of New Revenue Growth

Strengthening Community Policing

Joint Drone & Marine Inspector	£48k	Increase supervision capacity to meet demands
Foundation Trainers	£447k	Increase capacity for training new recruits and developing NHP skills
Local Policing Hotspots	£10k	Targeted intervention in hotspot areas
Drones Investment	£335k	To increase drones capacity to support local policing and investigations

Protecting Vulnerable People

Public Protection	£89k	Increase in Staff posts to support Public Protection activities
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Legitimacy & Public Value

Increase in PSD Resources	£95k	To bolster internal investigations and maintain policing standards
FOI & Data Protection Compliance	£87k	To ensure we are maintaining and meeting all existing and new data compliance measures

Infrastructure & Investing for Future Delivery

Increase in Income Received through the Proceeds of Crime Act	-£221k	Claim additional funding where applicable through the courts via the Proceeds of Crime Act (POCA)
Compliance and critical Equipment Replacements	£100k	A provision to replace ageing and failing equipment during the year, which is not part of a specific contract or replacement programme
Forensics Remuneration	£136k	To recognise the skills and professional qualifications of our forensics staff
Increase in Occupational Health Resources	£319k	To bolster the occupational health services to maintain the health and wellbeing of our officers and staff
EUD Devices	£363k	To increase resource for the delivery of End User Devices as the force grows and develops its use of technology
Blue Prism Intelligence	£59k	To review processes and procedures to ensure maximum efficiencies are gained
ICT/Azure Licences	£59	Increase in licences to support digital storage and management

Total New Revenue Growth Items	£1,926
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5.32 In addition to the above we have also included one-off growth funding from the I&P Reserve for the following:

- Op Olympus – National Post Office Investigation, £0.3m
- Windows 11 Upgrade, £1.1m
- MOPI – ensure proper data classification, £0.5m
- Other Smaller One off items, £0.1m

Use of Reserves

5.33 The use of reserves continues to be a feature of the MTFP and Table 7 below shows the current and predicted balance on the various specific useable reserves:

Table 7 – Summary of General & Usable Reserves

Reserve	Predicted Closing Balances By Year				
	2024/25	2025/26	2026/27	2027/28	2028/29
General Reserve	£15,787,100	£15,787,100	£16,341,403	£15,776,014	£16,064,363
<i>% of NRE</i>	2.72%	2.70%	2.71%	2.54%	2.52%
I&P	£7,902,080	£4,336,618	£3,799,635	£3,799,635	£3,799,635
CCTV	£635,000	£635,000	£635,000	£635,000	£635,000
Estates & Custody	£12,841,084	£10,591,084	£523,084	£368,084	£3,193,084
PCC Efficiency	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
PCC Enabling Infrastructure	£3,000,000	£3,000,000	£3,000,000	£3,000,000	£3,000,000
	£25,378,164	£19,562,702	£8,957,719	£8,802,719	£11,627,719
Totals	£41,165,265	£35,349,803	£25,299,123	£24,578,734	£27,692,083

5.34 General Reserves are being maintained at the recommended levels of between 2.5-3.0% of Net Revenue Expenditure (NRE) for the period of the MTFP.

5.35 The I&P Reserve is the main reserve used to fund one-off initiatives and investments, and as such we have revenue investments of £3.6m in 2025/26, of which £1.6m was approved as part of the previous budget process.

5.36 A high-level summary of the I&P Reserve is shown below with the full analysis of spend shown in Appendix 5 & 5A.

Table 9 - Summary of I&P Reserve

	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000
Opening Balance	7,902	4,337	3,800	3,800
Funding for Inflation Contingency	2,200	3,000	3,000	3,000
Earmarked New Revenue Spend	-1,991	-260	0	0
Existing Projects Spend Brought Forward	-1,574	-277		
Assumed Inflation Contingency Spend	-2,200	-3,000	-3,000	-3,000
Closing Balance	4,337	3,800	3,800	3,800

5.37 As can be seen from the above summary, the reserve has shrunk

significantly and utilisation must be prioritised to ensure we are investing to save in the future, so that the force and its structures are in a position to respond to future demands both flexibly and efficiently, driving savings from processes and demand as they arise.

- 5.38 The CCTV reserve has a small amount left in it and has been specifically earmarked to support the development of CCTV within the Thames Valley and will be drawn on as and when necessary to support agreed initiatives.
- 5.39 The Estates Reserve is used to fund major property investments and new builds under the Estates strategy. Part of this fund is building a revenue contribution flow which will ultimately be used for funding the repayments against future capital borrowing, ensuring that our future Estates strategy is affordable.

5.40 A summary of the Estates Reserve is shown in the table below:

Table 10 - Summary of Estates Reserve

	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000
Opening Balance	12,841	10,591	523	368
Revenue Contribution for Long Term				
Borrowing	3,000	7,400	12,400	15,400
Estimated Borrowing and Interest Costs	-1,400	-1,800	-3,900	-5,300
Capital Investment Spending:				
Custody Lodden Valley	-1,455	-7,542	-1,272	-132
Windsor	-1,200	-1,875		
EV Charging			-700	-700
MK Contact Centre	-1,195	-5,728	-3,124	
HQ South		-523	-3,559	-5,268
HQ North				-1,175
Closing Balance	10,591	523	368	3,193

Recommendation:

We recommend that the transactions and movements through the above reserves, as laid out above and in Appendix 5, to support future service delivery and infrastructure are approved by the PCC as part of the overall MTFP delivery.

6 Establishment Changes

- 6.1 The Police Uplift Programme (PUP) over the last 4 years has seen TVP receive increased funding for an additional 728 officers from the original allocation of the national Increase of 20,000 officers, which reflects the excellent work that has been directed to increasing officer numbers from all areas of the force.
- 6.2 Part of the funding for PUP uplift officers still comes with funding caveats which mean that we cannot drop below the designated increases without suffering financial penalties. Whilst the force generally manages its establishment on an FTE basis, the PUP management is based on a headcount basis. The difference being that 2 officers working 20 hours a week, would equate to 1 FTE (based on a standard 40 hour week), but would count as 2 officers when measuring headcount. We therefore need to be very clear on the target number we are working to – the FTE Establishment and minimum Headcount figures for full PUP funding are shown in the below:

	Head Count			Budgeted FTE		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Agreed Baseline	4,250	4,997	4,978	3,835	4,531	4,563
PUP Initial Target Allocation	609			609		
PUP Additional Phase I	87			87		
PUP Additional Phase II	51	-19			32	
<i>PUP Grant Target</i>	<i>4,997</i>	<i>4,978</i>	<i>4,978</i>	<i>4,531</i>	<i>4,563</i>	<i>4,563</i>
PCC Growth	80	80	80	80	80	80
Force Review	46	19	-72	46	19	-72
Other Changes **	-3	9	9	-3	9	9
Total Force Target	5,120	5,086	4,995	4,654	4,671	4,580

- 6.3 Whilst the above is our current estimate of the establishments by FTE and Headcount, the application of the new NHP Grant (£3m) could provide for additional officers which are currently not included in the above table, potentially 50 FTE, and depending on funding requirements during the year, there is the possibility of additional growth of up to another 50 FTE.

	Head Count			Budgeted FTE		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Total Force Target (from Above)	5,120	5,086	4,995	4,654	4,671	4,580
NHP Grant Potential Growth			50			50
Potential In Year Growth			50			50
<i>Potential Revised Targets</i>	<i>5,120</i>	<i>5,086</i>	<i>5,095</i>	<i>4,654</i>	<i>4,671</i>	<i>4,680</i>

6.4 The current Police Staff and PCSO establishments (FTE) are shown below, together with the applied vacancy factors that have been factored into the financial budgets for 2025/26.

	Police Staff FTE	PCSOs FTE
Opening Establishment	3,105	263
Force Review Savings	-25	
2025/26 Revised Establishment	3,080	263

	Police Staff FTE	PCSOs FTE
Current Gross Vacancies	180	8
Temps in Permanent Positions	-67	0
Net Vacancies	113	8
Vacancy Factor Rate	3.50%	2.28%
Vacancy Factor FTE	108	6
Vacancy Factor £	-£5,200,000	-£234,000

7 OPCC Budgets

7.1 The budget directly controlled within the OPCC is planned to increase by £0.4m (net of direct external funding). This includes £0.1m due to additional costs for police officer misconduct hearing panels following legislative changes and increased volumes; £0.1m for additional posts as part of the OPCC restructure; and £0.2m for payroll increases. The

restructure is designed to support achievement of the PCC's Police & Crime Plan through improved monitoring of Force and OPCC performance, better engagement with partners, and enhanced delivery of strategic projects.

- 7.2 The PCC has allocated £7m of reserves to support delivery of the Police & Crime Plan. The new PCC Infrastructure Enabling Fund of £3m is available for significant projects which will improve long term productivity, minimising the impact on front line policing of tight funding in future years. This is in addition to the £1m PCC Efficiency Fund, which is available for smaller spend-to-save schemes which deliver rapid cashable savings. The PCC's Crime Prevention Fund retains £3m to be spent through the OPCC to fund projects which enable delivery of the PCC's strategy.

8 Budget Risk & Uncertainties

- 8.1 As with all planning and assumptions, there are a number of risks and issues which have yet to, or cannot be, quantified. These are highlighted and explained below in the National and Local subsections:

National

- 8.2 We have only received a one-year funding settlement so grant figures beyond 2025/26 are only estimates.
- 8.3 The current Government has said it will deliver a multi-year CSR in 2025, at this stage we do not know what impact this will have on both Police Funding Nationally, and specifically funding allocation to Thames Valley.
- 8.4 The Home Office is undertaking an efficiency review of forces commercial activities (CECP) the outcomes of this review and the implications for future funding settlements are unknown.
- 8.5 A large part of the Uplift funding is currently directly linked with maintaining Officer numbers throughout the financial period, should this continue into future years then a holistic approach to savings opportunities could lead to reverse civilianisation's.
- 8.6 Given the current economic conditions Pay Inflation could be significantly higher than the 2.0% budget provision. A 1% increase would add an additional £3.8m (fye) to the overall pay budget and create a deficit from year 1. Increases above the 2.0% which were not funded by government would have to be funded from reserves in the short term with the potential for additional savings in the longer term.

- 8.7 The impact of inflation and restricted supply chains continues to have a real impact on the prices and availability of goods and services, which is adding additional pressures to the budget. Inflation remains stubbornly higher than expected in areas where TVP have large 3rd party spend. Ongoing geo-political instability continues to adversely impact global supply chains.
- 8.8 A review of the National Funding Formula is still in progress, but no indicative timeline is available. The impact on TVP could be positive or negative but we would expect some transitional arrangements to mitigate significant grant changes.
- 8.9 The current low strength of the £GB could lead to increased costs, especially around USD priced goods or services such as software licences.

Local

- 8.10 Dependent on the NHP Grant requirements, recruitment of specific staff groups could be challenging, especially if the requirement is to increase PCSOs. Officer recruitment is currently based on maintenance of establishments, however retention of Officers is always challenging, especially if neighbouring forces are also looking to grow in Officer numbers.
- 8.11 With the high level of recruitment over the last 3 years, the average length of experience of our officers is reducing, depleting the overall level of skills and knowledge within the organisation.
- 8.12 Additional savings programmes will need to be initiated to ensure the financial stability of the force over the coming years, whilst striking a balance between service delivery and cost of delivery.
- 8.13 There will need to be careful consideration of the savings targets in conjunction with the increased level of vacancies factored into the early years of the budget. This will be carefully managed by the Finance team to avoid any double counting of savings/vacancies.
- 8.14 Unquantified demand, whether new operational demand or investment requirements, for example to utilise a national technology initiative may impact on the estimates presented today.
- 8.15 The impact of the future Estates Strategy on financing the plans through interest and borrowing repayments could be significant and needs to be provided for in full in future years to ensure financial governance and stability.

9 Report Conclusions and Recommendations

- 9.1 The MTFP is based on a set of realistic assumptions and provides our best judgement of the financial position as it currently stands. The proposals within the MTFP ensure that resources are targeted towards priority business areas that support the delivery of key strategic objectives, or are necessary for the effective management of policing risk.
- 9.2 Given the current economic conditions information is changing very rapidly, for example interest rate forecasts, and there are a number of significant uncertainties and risks over information which is currently unavailable and outside of the control of the force. The most significant relates to the level of 2025 pay awards which will not be known until the middle of the year and the fact that we have only received a one-year settlement.
- 9.3 We still face considerable capacity and financial challenges so improving future productivity and efficiency is going to be key. For example, investing in our Forensic technical services will increase our capability and capacity in this vital area, whereas the continued investment in our technological estate to facilitate remote working is enabling us to strategically re-think our physical estate requirements with significant savings now realistically achievable in the future.
- 9.4 Our continued focus on the productivity strategy, based on the foundations of the Force Review, will require additional savings programmes, not only meet the HO requirements, but to ensure we continue to focus the maximum level of resources on our priorities.
- 9.5 The recommendation today is therefore to support the future strategic objectives of the PCC and TVP by increasing Band D council tax by the full £14 for 2025/26, together with the utilisation of the force reserves as stated.

List of Appendices:

Appendix 1 – Summary of 2025/26 Budget

Appendix 2 – Comparison of Council Tax Band D Values

Appendix 3 – 4 Year MTFP

Appendix 4 – Letter from CC to PCC re Public Benefits

Appendix 5 – Detailed View Of I&P Reserve Transactions

Appendix 5A – Summary of Reserve Funded Growth

Revenue Budget Summary 2025/26

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
<i>PCC Controlled Expenditure</i>						
Commissioned Services	£3,634,000	£208,840	0	0	-206,840	£3,636,000
Democratic Representation	£144,380	£5,865	0	0	49,932	£200,177
OPCC	£1,819,942	£78,126	0	188	203,537	£2,101,793
Other Costs	£316,200	£4,882	0	0	59,318	£380,400
	£5,914,522	£297,713	0	188	105,947	£6,318,370
<i>TVP Operational Budget - Direction and Control of Chief Constable:</i>						
Employees	£495,444,557	£26,841,626	-9,384,924	1,939,561	11,058,131	£525,898,951
Premises	£22,711,616	£173,306	-1,816,282	32,040	-520,000	£20,580,680
Transport	£12,031,996	£420,989	-861,559	421,396	2	£12,012,824
Supplies & Services	£78,643,423	£907,517	-1,016,960	-660,359	-1,420,225	£76,453,396
Third Party Payments	£27,242,787	£1,309,675	-404,445	46,236	121,795	£28,316,048
Force Income	£-42,983,483	£-88,826	-1,683,386	-17,667	542,132	£-44,231,230
Specific Grant	£-44,946,056	£0	0	-1,929,502	3,344,421	£-43,531,137
	£548,144,840	£29,564,287	-15,167,556	-168,295	13,126,256	£575,499,532
<i>Net Capital Financing Costs:</i>						
Capital Financing	£16,923,037	£0	-232,769	100,000	-100,000	£16,690,268
Interest on Balances	£-4,600,000	£0	0	0	-400,000	£-5,000,000
	£12,323,037	£0	-232,769	100,000	-500,000	£11,690,268
<i>Appropriations to/from Balances:</i>						
Appropriations	£-9,864,157	£0	-1	68,107	11,230,588	£1,434,537
	£-9,864,157	£0	-1	68,107	11,230,588	£1,434,537
Cost of Services	£556,518,242	£29,862,000	-15,400,326	0	23,962,791	£594,942,707
<i>Funded By:</i>						
Council Tax - Surplus on Collection	£-1,732,605	£0	0	0	-1,017,395	£-2,750,000
Council Tax Precept Income	£-261,164,975	£0	0	0	-18,495,997	£-279,660,972
Formula Grant	£-88,739,524	£0	0	0	-5,178,538	£-93,918,062
Legacy Council Tax Grants	£-15,278,329	£0	0	0	0	£-15,278,329
Police Current Grant	£-189,602,809	£0	0	0	-13,732,535	£-203,335,344
	£-556,518,242	£0	0	0	-38,424,465	£-594,942,707
Total Funding	£-556,518,242	£0	0	0	-38,424,465	£-594,942,707

Appendix 2	2023-24 Precept £	2024-25 Precept £	Precept Income 24-25 £m	Total Income 24-25 £m	Precept/Total
Avon & Somerset	266.20	279.20	166.58	411.32	40%
Bedfordshire	252.09	265.09	61.88	157.37	39%
Cambridgeshire	272.52	285.48	87.60	197.46	44%
Cheshire	250.44	262.94	104.48	264.18	40%
City of London				85.60	0%
Cleveland	290.73	303.73	49.41	177.51	28%
Cumbria	297.09	310.05	55.66	145.90	38%
Derbyshire	266.60	279.60	94.02	245.28	38%
Devon & Cornwall	261.56	274.50	174.97	429.38	41%
Dorset	280.58	293.58	88.13	180.09	49%
Durham	255.24	268.24	48.81	167.08	29%
Dyfed-Powys	312.65	332.03	79.36	151.46	52%
Essex	233.46	246.42	165.32	406.20	41%
Gloucestershire	295.08	308.08	74.49	158.04	47%
Greater Manchester	243.30	256.30	206.92	815.57	25%
Gwent	324.52	349.52	79.16	182.71	43%
Hampshire	251.46	261.46	187.90	461.92	41%
Hertfordshire	238.00	251.00	117.25	281.25	42%
Humberside	268.19	281.18	81.32	253.33	32%
Kent	243.15	256.15	172.08	431.53	40%
Lancashire	251.45	263.40	122.29	390.42	31%
Leicestershire	273.23	286.23	98.54	255.95	39%
Lincolnshire	291.24	304.20	74.43	164.25	45%
Merseyside	251.97	264.97	103.29	452.03	23%
MOPAC	292.13	305.13	963.70	3,545.00	27%
Norfolk	302.94	315.90	99.08	222.64	45%
North Wales	333.09	349.65	106.27	210.21	51%
North Yorkshire	295.09	306.86	96.69	203.39	48%
Northamptonshire	293.04	306.04	79.11	181.71	44%
Northumbria	168.84	181.84	75.31	393.46	19%
Nottinghamshire	269.19	282.15	94.83	283.63	33%
South Wales	324.47	352.67	180.39	409.11	44%
South Yorkshire	238.04	251.04	93.73	355.27	26%
Staffordshire	260.57	273.57	100.09	263.57	38%
Suffolk	262.62	275.58	73.38	171.47	43%
Surrey	310.57	323.57	168.34	308.60	55%
Sussex	239.91	252.91	164.94	394.59	42%
Thames Valley	256.28	269.28	261.16	586.60	45%
Warwickshire	276.71	289.71	64.58	139.42	46%
West Mercia	264.50	277.50	129.30	298.29	43%
West Midlands	202.55	215.55	161.14	790.37	20%
West Yorkshire	236.28	249.28	170.57	616.59	28%
Wiltshire	256.27	269.27	73.45	160.95	46%
Weighted Ave	265.39	278.87			34%

*Total Income defined as Govt formula, NICC, ringfenced PUP, and Council Tax incl legacy & precept grants

Thames Valley Police
Medium Term Financial Plan

Appendix 3

	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>
Annual Opening Budget	£556,518,242	£594,942,707	£612,808,854	£631,152,473
Inflation				
General Inflation	£1,855,243	£819,776	£519,026	£521,712
Police Pay Inflation	£19,260,865	£7,211,261	£7,583,208	£9,952,793
Police Staff Inflation	£7,475,258	£3,728,803	£3,791,681	£3,860,388
Specific Inflation	£1,270,634	£2,880,387	£2,980,017	£3,086,293
Total Inflation	£29,862,000	£14,640,227	£14,873,932	£17,421,186
Productivity Plan Savings				
Central Initiatives	-£14,940,526	-£4,230,961	-£3,866,488	-£3,588,551
E&E Initiatives	-£137,800	£0	£0	£0
Local Initiatives	-£322,000	£0	£0	£0
Total Productivity Savings	-£15,400,326	-£4,230,961	-£3,866,488	-£3,588,551
Prior Years Growth				
Reduction/Removal of Prior Growth				
164 Smarter Ways of Working	-£250,000	£0	£0	£0
167 Taser Refresh and Uplift Programme	-£108,919	£0	£0	£0
176 Growth for Increase in Police Bonus Payments	-£1,000,000	£0	£0	£0
186 ICT - System Upgrades and Development Programme 2023/24	-£98,114	-£46,250	£0	£0
190 POLIT Staffing Uplift	-£18,750	£0	£0	£0
209 McCloud Remedy Costs - Phases 3&4	-£51,205	-£256,021	£0	£0
211 Resourcing for Overtime Governance	-£40,113	£0	£0	£0
216 Accommodation, Travel and Subsistence Costs of Increased Student Numbers Over Split Sites	-£125,000	£0	£0	£0
245 Uplift to MASH Staffing	-£57,000	£0	£0	£0
258 Removal of Temporary Comms Support Assistant Post	-£30,000	£0	£0	£0
Operational Delivery				
162 Data Quality Development	£8,406	£8,406	£0	£0
165 Forensics Improvement Programme	-£227,589	£11,679	£0	£0
215 Funding for NPCC Digital Fingerprints Capability	£96,040	£0	£0	£0
226 Contact Centre Digital Strategy & RPA Platform - Move to Base Funding From Reserves	£548,491	£0	£0	£0
251 DEVA Phase 2	£714,962	£0	£0	£0
Technology Investment				
242 NICHE RMS Upgrade - On-going Revenue Costs	£28,600	£0	£0	£0
256 Data & Systems Roadmap Implementation	£172,556	-£60,933	-£163,825	£0

Support & Infrastructure

252	Trakka Cabinet Refresh	£6,000	£0	£0	£0
Prior Years Growth		-£431,635	-£343,119	-£163,825	£0

Committed & Statutory Growth

Pay & Allowance Adjustments

128	Uplift in the Staff Pension Scheme Employer Contributions	£980,000	£0	£0	£0
178	Recognition of Police Staff & PCSO Vacancy Levels	£2,400,000	£100,000	£100,000	£0
214	Review of the Apprenticeship Levy Income from Apprenticeship Roles	£200,000	£0	£0	£0
298	Changes to PUP Specific grant Allocations	£1,727,263	£0	£0	£0
299	Reduction in Pensions Grant	£1,616,792	£0	£0	£0

In-Year Approved Growth

280	Make the Mental Health Service Delivery Position Permanent	£57,534	£0	£0	£0
281	Conditional Cautioning in DA Cases	£143,000	£0	£0	£0
282	Surveillance Situational Awareness Systems (SSAS) Project	£166,000	£0	£0	£0

Service Delivery & Compliance

76	Review of Debt Charges	£0	£0	£0	£0
77	Review Of Budgets for the OPCC	£0	£0	£0	£0
93	Changes to Loan Charges Grant	£366	£0	£0	£0
103	Property Maintenance - Provision for Future Years	£1,000,000	£0	£0	£0
180	Review of Interest Receipts	-£400,000	£500,000	£200,000	£0
184	Review and Alignment of Budgets Following Detailed Spend Analysis and Forecasts	£0	£0	£200,000	£0
286	Increase in Costs Relating to Kennelling of Dangerous Dogs	£650,000	£0	£0	£0
290	Increase in National Insurance Rates announced In October 2024 Budget Statement	£8,019,265	£0	£0	£0
300	Increase in Custody Income	-£300,000	£0	£0	£0

Committed & Statutory Growth		£16,260,220	£600,000	£500,000	£0
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New Proposed Revenue Growth

Strengthening Community Policing

294	Re-Establish Joint Drone & Marine Inspector Position	£47,650	£0	£0	£0
302	Increase in Foundation Trainers	£447,300	£0	£0	£0
305	Local Policing GRIP/Hotspots	£9,800	£0	£0	£0
308	Drones Investment	£335,000	£0	£0	£0

Protecting Vulnerable People

304	Public Protection	£88,962	£0	£0	£0
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Legitimacy & Public Value

303	Increase in PSD Resources	£95,144	£0	£0	£0
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309	FOI & Data Protection Compliance	50 £86,516	£0	£0	£0
Infrastructure & Investing for Future Delivery					
260	Provision for Future Essential Growth	£0	£2,000,000	£2,000,000	£2,000,000
287	Increase in Income Received through Proceeds of Crime (POCA)	-£221,000	£0	£0	£0
289	Provision for In-Year Equipment Replacement Purchases	£100,000	£0	£0	£0
306	Forensics Remuneration Review	£135,584	£0	£0	£0
307	Increase in Occupational Health Resources	£319,146	£0	£0	£0
310	EUD Services	£362,615	£0	£0	£0
311	Blue Prism Process Intelligence	£59,400	£0	£0	£0
312	ICT / Azure Licences	£59,400	£0	£0	£0
New Proposed Revenue Growth		£1,925,517	£2,000,000	£2,000,000	£2,000,000

Growth Funded From Reserves

Growth Funded From I&P Reserve

189	Contact Centre Digital Strategy & RPA Platform	-£548,491	£0	£0	£0
195	Force Review	-£2,706,453	£0	£0	£0
196	Refurbishment of Showers for Imbert Court	-£500,000	£0	£0	£0
220	Contact Management Retention Bonus Scheme	-£200,000	-£300,000	£0	£0
222	Reduction in Reserve Funding for Energy Cap Price Increases	-£1,520,000	£0	£0	£0
240	Reduction in Police Pensions Specific Grant	£1,313,021	£0	£0	£0
261	Growth Items Funded from Reserves	-£3,064,468	-£951,184	-£276,983	£0
276	Funding for Two Additional SOLO Staff Members	-£46,100	-£46,100	£0	£0
283	Operation Olympus - National Investigation regarding the Post Office	£260,000	£0	-£260,000	£0
288	Funding for Implementation of Temperature Sensors for Evidence Freezers	£50,000	-£50,000	£0	£0
292	Windows 11 Upgrade	£1,099,860	-£1,099,860	£0	£0
293	MOPI RRD	£450,835	-£450,835	£0	£0
295	One Year Funding for a Strategic Analyst	£30,000	-£30,000	£0	£0
296	WPN Outsourced Support	£47,500	-£47,500	£0	£0
297	Pronto Printers	£53,000	-£53,000	£0	£0

Growth Funded From General Reserves

74	Police Officer Reserve Funding for Bank Holidays	£220,764	£471,747	-£952,930	£726,586
75	Police Staff Reserve Funding for Bank Holidays	£38,633	£82,556	-£166,763	£127,152

Appropriations From Reserves

84	Appropriations to/from the I&P Reserve	£5,281,296	£3,028,479	£536,983	£0
85	Appropriations to/from General Balances	-£259,397	-£554,303	£1,119,693	-£853,738

Growth Funded From Reserves		£0	£0	£0	£0
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Other Reserve Movements

I&P Reserve Funded

271	Contribution to Inflation Contingency in I&P Reserve	£2,200,000	£800,000	£0	£0
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277	Reverse Transfer of Balance from SDCM Reserve	512,361,764	£0	£0	£0
278	Reverse Final Council Tax taxbase Adjustment	£1,396,940	£0	£0	£0
279	Reverse Reprofile of ICT Roadmap Input to Reserve	-£388,251	£0	£0	£0
Estates Strategy Funded					
274	Estates Borrowing and Interest Provision	£3,000,000	£4,400,000	£5,000,000	£3,000,000
SDCM Reserve Funded					
267	Reverse Transfer of Balance from SDCM Reserve	£2,361,764	£0	£0	£0
Other Reserve Movements		£6,208,689	£5,200,000	£5,000,000	£3,000,000

Annual Net Budget Requirement	£594,942,707	£612,808,854	£631,152,473	£649,985,108
Annual Cash Budget Increase	£38,424,465	£17,866,147	£18,343,619	£18,832,635
Annual Percentage Budget Increase	6.90%	3.00%	2.99%	2.98%

Funding Changes

Annual Opening Funding -£556,518,242 -£594,942,707 -£612,808,854 -£631,152,473

Police Grants

69	Police Grant Funding Changes	-£5,240,770	-£1,914,988	-£1,934,138	-£1,953,480
70	Formula Grant Funding Changes	£3,281,025	-£896,269	-£905,232	-£914,284
284	Grant for Increase in 2024 Pay Awards	-£8,459,563	£0	£0	£0
291	Funding for Additional NI Rate Increases	-£8,491,765	£0	£0	£0

Total Police Grants -£18,911,073 -£2,811,257 -£2,839,370 -£2,867,764

Council Tax

71	Council Tax Precept Changes	-£13,821,144	-£10,048,959	-£10,228,835	-£10,411,931
72	Council Tax Surplus on Collection Changes	-£1,017,395	£0	£0	£0
73	Council Tax Base Changes	-£4,674,853	-£5,005,931	-£5,275,414	-£5,552,940

Total Council Tax -£19,513,392 -£15,054,890 -£15,504,249 -£15,964,871

Total Change in Funding -£38,424,465 -£17,866,147 -£18,343,619 -£18,832,635

Total Annual Funding -£594,942,707 -£612,808,854 -£631,152,473 -£649,985,108

Annual Shortfall / (Surplus)	£0	£0	£0	£0
Cumulative Shortfall / (Surplus)	£0	£0	£0	£0

Thames Valley Police Public Benefits Realisation

The last year has been one of change for Thames Valley Police. The Force Review programme has transformed the service by redistributing resources and delivering efficiencies that have contributed to the force's overall £20 million savings target. While delivering these savings, we have had to effectively prioritise limited funding to critical areas in the force to meet operational and organisational priorities and to ensure protecting our communities remains at the heart of our strategic decision making. To enable a more agile response to new and emerging prioritisation requirements, TVP introduced a new quarterly investment process in June last year. Details of future investments plans as a result of this process can be found towards the end of this document.

Throughout 2023-2024 Thames Valley Police have had a number of HMICFRS thematic inspections and a PEEL re-inspection, where several areas for improvement have been identified. Investment in the below areas will continue to help us mitigate some of the critical risks so that protecting our communities continues to be at the heart of everything that we do.

The below areas of investment also support the PCC's Crime Fighting Plan 2024-2029, prioritising protecting communities, protecting people and protecting property.

1. Protecting Communities

1.1 Due to the success of the Assessment Investigation Unit (AIU) following temporary funding in 2022, permanent funding was granted last year. The impact this has had has been:

- Triaging crime within 24 hours, which has increased victim satisfaction on the triage process to an average of 70% across the three counties.
- Improved proportion of investigations graded 'good' or above, currently sitting at 66%.
- Triaging and investigating approximately 45% of the force's crime, with 3% of the resources.
- Month on month improvements in outcome performance, including charge rates.
- Retaining investigative ownership of approximately 35% of all AIU triaged crime, which has created capacity for Community Policing resources and reduced workloads on Incident and Crime Response (ICR) units.

2. Protecting People

2.1 Last year, funding was approved for one BB4 (Inspector equivalent) staff post and five BB3 (Sergeant equivalent) staff posts to establish the Exploitation Team. This has undoubtedly strengthened our ability to meet the ever growing demands on resources. The Force Performance Group also tracks our ability to actively manage children at risk of exploitation in order to reduce harm. Among the benefits of this investment are:

- Children at risk of harm now receive a consistent and reliable response from TVP and the team are fully equipped to identify children at high risk of extra-familial harm, exposure to Domestic Violence and those vulnerable to exploitation following contact or incidents relating to sexual assault, robbery and possession with intent to supply.
- Improved timeliness, with MASH overwhelmingly processing internal grade high and medium risk referrals within 24 hours, despite the data showing a general upward trajectory of all referrals in the last 12 months.
- The introduction of the Harm Reduction Units (HRU) has resulted in month on month improvements (as reported to the Operational Force Performance Group) in the average crime harm score for young people in the top 3% at the highest risk.
- In anticipation of the Working Together to Safeguard Children legislation, TVP are now positioned to proactively prepare our teams for collaborative efforts with partners to address risks and vulnerabilities effectively.

2.2 The re-distribution of officers to strengthen our Child Abuse Investigation Units has also helped us to meet the demand and ensured that we continue to prioritise protecting those most vulnerable in our communities:

- Month on month improvements in capturing the voice of the child.
- Month on month improvements in charge rates and positive outcomes.

3. Protecting Property

3.1 Investment in TVP's Foundation Training resources secured a two year extension of a BB4 trainer and one BB2 (PC equivalent) administrator. This, along with re-prioritised police officer resources to the department, has driven improvements in many areas, including and in addition to the benefits predicted last year:

- The ability to meet the increased demand created by the surge in recruitment activity as a result of uplift.
- As reported monthly to the Operational Force Performance Group, we have been able to increase charges by 24%.
- Increased positive outcomes achieved in neighbourhood crime, including residential burglary, by over 7%.

- Reduced neighbourhood crime levels overall by 6%, which highlights our ability to effectively tackle the issues that are important to the public.
- Improved public trust & confidence as reinforced by the recent MARU survey, with 9 out of 10 TVP residents reporting they feel safe when asked about their own perceptions of crime and safety.
- Building on the PCC's 2023 Crime Fighters Strategy, bolstering numbers of PCs and PCSOs, to ensure the police are more visible and accessible to the public.

4. **ICT Infrastructure Improvements**

4.1 Regular investment in ICT products and services remain a priority when considering the maintenance of current systems, upgrading requirements for those at the end of life and areas we are seeking to improve. In particular, the critical activity required to stabilise systems or applications to reduce delays to the public, to maintain services and to reduce the risk of cyber or ransomware attacks. A number of ICT projects have been implemented this year:

CM101 Victims Journey went live in September 2023 and created a portal and automated messaging service that integrated with Niche and CMP, to keep victims informed and in contact with those dealing with their report at every stage of the process. In addition, two-way messaging was then introduced in February 2024. Since September 2023:

- 8,311 victims have created an account with the secure portal and the portal has received 26,170 views by these victims.
- 4,070 messages have been exchanged between officers and victims on the platform.
- According to GovMetric survey results, there has been a 15% improvement in Victim Satisfaction for those now using the portal.
- A reduction of 76,866 (year on year) in contacts into Contact Management, which has a direct positive impact on the average speed to answer 101 calls.

Traka Cabinet refresh – New Traka cabinets for vehicle key storage and management are being rolled out across the force. A number of improvements and efficiencies have been made as a result, including:

- Reclassification of 65 vehicles across the three pilot sites.
- Enhanced vehicle utilisation by 75 days and increased mileage by over 3,400 over the pilot sites.
- Frontline staff now collect keys/kit from their nearest location which minimises travel time so improves our response times to the public.
- Improved the recording of vehicle checks, reducing bottlenecks in the workshops, minimised vehicle downtime and ensured our vehicles are serviced in a timeline and compliant way.

Auto redaction tool – DocDefender is an intuitive web-based redaction tool powered by AI and was implemented this year. The tool has decreased the force's redaction times by identifying specific types of personal data and marking them for redaction. This has allowed officers to be able to spend more time on their frontline duties and be a visible presence in the communities, rather than be bound to a desk and office-type work.

DEVA phase 2 went live in April 2024 and builds on the foundational elements for Digital Forensics' use of cloud technology laid by phase 1. Phase 2 has delivered the technology required to drive the efficiencies essential to continual improvement in TVP's ability to protect the public and therefore will improve timelines for evidence and victims service.

Embedding the project is ongoing. The following outcomes are expected when we move to BAU:

- Grow the use of cloud technology for Digital Forensics.
- Provide frontline units with the capability to carry out automated examinations of devices.
- Mitigate Digital Forensics storage risks.
- Reduce the need for, and cost of, utilising 3rd party Forensics Service Providers.
- Faster access to data, enabling quicker intelligence and evidence gathering in the early stages of investigations.
- Ensure compliance with the FSR Statutory Code of Practice.
- Support delivering HMICFRS, Home Office and Op Soteria recommendations.

5. **Key Enablers**

5.1 In April 2024 the Leadership Academy was launched. The investment for this initiative has allowed TVP to focus on leadership across the ranks for both officers and staff, improving personal and team performance across the organisation which ultimately will improve the service we provide to the public. Successes of the initiative to date include:

- Improved visibility of learning opportunities with an overview easily accessible for each rank/grade.
- Increased coaching and mentoring at all ranks/grades with a dedicated coaching and mentoring dashboard.
- Resources for line managers to help individual team development and team building.

6. **Other**

6.1 Investment in the Force Restructure Programme allowed for the extension of one Superintendent post, two Inspector posts and one BB4 staff post. The posts have been extended to 2025.

This enabled the implementation of the new LCU (Local Command Unit) structure to Local Policing, with the first LCU (Buckinghamshire) going live in May 2024, Milton Keynes in September and Oxfordshire LCU in November. Work is progressing as planned for Berkshire East and Berkshire West LCUs to go live in May 2025.

Early indicators from the first LCUs shows improvements in the following areas, and will be used to streamline the implementation as we progress with the programme:

- Enhanced ability to support the MASH teams with the introduction of Harm Reduction Units has improved the support to the most vulnerable and working with partners on safeguarding and harm reduction. This includes:
 - Increasing use of Domestic Violence Prevention Notices/Orders to protect victims.
 - Taking responsibility for Right to Ask and Right to Know applications under the Domestic Violence Disclosure Scheme.
 - Setting up a Stalking Panel to increase use of Stalking Prevention Orders and manage enforcement.
 - Leading on Op Yeomanry to manage serial sex offenders.
 - Increasing the use of Serious Violence Reduction Orders.
 - Working with Children's Social Care on joint interventions for children at risk of exploitation.
- Milton Keynes has benefitted from the change with a larger senior management team that has allowed more capacity and consistent leadership on performance, as well as strong working relationships with partners.
- In some areas, the model includes 25 additional Sergeants for ICR which has increased capacity for supervision.
- The Force Review Programme is transforming our police service by redistributing resources and delivering efficiencies, allowing us to continue to provide value for public money and protect our communities, now and into the future.

6.2 An invest to save bid was confirmed to fund a Fleet Support Manager and the successful applicant joined TVP in July 2024. The efficiency savings are already apparent and, after a Fleet & Hire Vehicle Utilisation Review was carried out, a number of initiatives are being rolled out, or planned to be imminently, across the force. These include:

- Improvements across the force with the use a Traka cabinet system for standardised access and management of vehicles. This has reduced the force's dependency on hire cars by optimising use of the existing fleet.

- Improved key management has ensured the accurate recording of vehicle mileage and faults which has reduced bottlenecks in the workshops, minimised vehicle downtime and ensured our vehicles are serviced in a timely and compliant way. This has supported mitigation in relation to a force level H&S issue relating to vehicle maintenance.
- Planned improvements to vehicle (POWDEERSS) checks are underway, with preparations being made to digitise TVP's processes. Discussions are underway with the Digital Change Team to develop an app to streamline these checks and remove the requirements for blue log books.

6.3 Funding was confirmed for a permanent Legitimacy and Public Value Assistant Chief Constable (ACC) role last year. The portfolio includes the above two areas and also Internal and External Trust & Confidence for the force. The expected benefits of effective planning and organisational agility in relation to the Force Restructure have been achieved, as well as fleet efficiency savings and a clear strategy and implementation plan to improve trust & confidence in our force.

7. Future Funding and Investment

7.1 This year Thames Valley Police face a challenging savings plan and minimal growth. Having carried out rigorous demand prioritisation exercises, we are seeking investment in the areas below:

Foundation Training

- Nine BB3 police staff trainer posts, previously funded through uplift.
- The posts will directly support the four main entry pathways into Thames Valley Police, including the new 24 week PCEP course, year 2 requirements for PCEP, the new Neighbourhood Policing Programme and further enhanced ISO and PSI courses from the College.
- The training function will ensure there are sufficient numbers of proficiently trained officers visible and protecting our communities and is critical for continued service delivery.

Professional Standards Department Resources

- One additional BB4 police staff misconduct manager and one BB3 police staff supervisor.
- Investment in PSD resources will complement the planned changes to our complaint system, provide sufficient resource within the department to effectively respond to misconduct allegations and deliver timely and proportionate outcomes.
- Ensuring a robust complaints and misconduct system in TVP will build on the ongoing efforts to improve the public's trust and confidence in the service we deliver.

Local Policing – GRIP/Hotspot (Op Rasure) Work

- Growth of permanent establishment, as well as re-prioritisation of current command resources.
- This investment will enable neighbourhood officers to focus efforts where there is the most likely impact on reducing crime.
- Our policing will be intelligence led, focusing on known hotspots and known offenders.

Public Protection, Working Together Partnerships.

- One BB5 police staff manager role and re-prioritisation of other resources within the command.
- Investment will strengthen our Public Protection & Safeguarding capabilities which were identified as an area for improvement by HMICFRS PEEL.

Strategic Analyst

- One BB4 police staff Strategic Analyst.
- A fundamental analytical product to inform the force strategic plan is the Force Strategic Assessment, which provides an evidenced based picture of the key threats and risks that the force may face in the future.
- This product will assist with identifying force priorities, determining resource allocation and supporting business and financial planning, ultimately improving the force's service delivery.

Drone Capability

- A small investment to continue to maintain the drone capability and the team of three officers.
- Investment will enable TVP to support operational demand, alongside the training and safety management currently undertaken by the team.

Occupational Health Unit

- Permanent growth to fund additional OHU resources.
- In light of a significant increase in demand, investment will enable the department to manage and action OHU referrals safely and efficiently, mitigating a strategic risk due to non-compliance in this area.

Forensics Pay Uplift

- Funding to uplift the pay of the police staff fingerprint team.
- Retention in this area has proved difficult, often in light of the salaries offered in the private sector.
- Investment will bring the pay offer closer in line to those of the private sector, with the aim of improving retention in the department.

ICT Infrastructure Improvements and Critical Equipment Refresh

As highlighted above, regular investment in ICT products and services remain a priority. This year's planned ICT digital tools and infrastructure improvements to support areas of the force strategic plan and the PCC's Crime Fighting Plan are:

- Windows 11 update
- Freedom of Information & Data Protection Compliance

- End User Device Services
- Management of Police Information, Review Retention Disposal
- Blue Prism Process Intelligence
- ICT/Azure Licences

8. Compliance and Critical Equipment Refresh

8.1 Investment is required to allow Thames Valley to develop a programme of renewal on a long term basis for equipment replacement reaching end of life or upgrades to meet changing legislation requirements.

(Bids include: ICT/Azure Licences, ESRI, Windows 11, MoPI RRD, IPCO and security compliance)

9. Risk Factors

9.1 It is important to note a caveat across a number of these bids has been and will continue to be that recruitment and retention are strategic risks which has had some impact across the force.

Improvement & Performance Reserve

Type	Improvement & Performance Reserve	Budget Book Ref	2025/26 Requirement	2026/27 Requirement	2027/28 Requirement
	Opening Balance		£7,902,080	£4,336,618	£3,799,635
	Funding Into Reserve:				
Rev	Inflation Contingency Funding	271	£2,200,000	£3,000,000	£3,000,000
			£2,200,000	£3,000,000	£3,000,000
	Spending From Reserve:				
Rev	CM Retention Bonus	220	-£300,000	£0	£0
Rev	Leadership Academy	261	-£177,000	£0	£0
Rev	NICH RMS Upgrade	261	-£366,084	£0	£0
Rev	Network Modernisation / BT Transform	261	-£121,000	£0	£0
Rev	EBM Strategy / Replacement	261	-£276,983	-£276,983	£0
Rev	DEVA Phase 2	261	-£287,100	£0	£0
Rev	Solo Project	276	-£46,100	£0	£0
Rev	Funding for Op Olympus	283	-£260,000	-£260,000	£0
Rev	Funding for Freezer Temperature Monitors	288	-£50,000	£0	£0
Rev	Windows 11 Upgrade	292	-£1,099,860	£0	£0
Rev	MOPI RRD	293	-£450,835	£0	£0
Rev	One Year Funding for Strategic Analyst	295	-£30,000	£0	£0
Rev	WPN Outsourced Support	296	-£47,500	£0	£0
Rev	Pronto Printers	297	-£53,000	£0	£0
Rev	Utilisation of Inflation Contingency	In Year	-£2,200,000	-£3,000,000	-£3,000,000
			-£5,765,462	-£3,536,983	-£3,000,000
	Sum of Revenue Contributions		-£3,565,462	-£536,983	£0
Proj	Project Spend Brought Forward	In Year	£0	£0	£0
	Sum of Capital and Project Contributions		£0	£0	£0
	Closing Balance		£4,336,618	£3,799,635	£3,799,635

Appendix 5A - Summary of Reserve Funded Growth Items 2025/26

Initiative	Budget Book Ref	Cost	Description
CM Retention Bonus	220	£300,000	2 year funding of bonus payments within Contact Management to support retention
Leadership Academy	261	£177,000	2 year funding to support a Leadership Academy pilot to develop leaders within the force
NICH RMS Upgrade	261	£366,084	One-off upgrade to the NICH RMS Systems
Network Modernisation / BT Transform	261	£121,000	One-off upgrade for the ICT Networks
EBM Strategy / Replacement	261	£276,983	2 year programme to replace and network the Electronic Breathalyser Machines
DEVA Phase 2	261	£287,100	Implementation costs for the upgraded Digital Forensics tools.
Solo Project	In Year	£46,100	2 year funding to support additional resources in the SOLO project in dealing with backlogs and resetting workloads.

Prior Year Approved Funding **£1,574,267**

Funding for Op Olympus	283	£260,000	Funding to support the National Post Office Enquiry
Funding for Freezer Temperature Monitors	288	£50,000	Enable networked temperature monitoring for evidential freezers
Windows 11 Upgrade	292	£1,099,860	Upgrade force computers to Windows 11 platform
MOPI RRD	293	£450,835	To ensure proper data classification and security compliance
Strategic Analyst	295	£30,000	To support the Strategic Intelligence analysis work
WPN Outsourced Support	296	£47,500	Support to help the People Services delivery review
Pronto Printers	297	£53,000	Implementation of specific printer for the Pronto App

New Prioritised Funding **£1,991,195**

Total I&P Reserve Funding **£3,565,462**



Report for Decision to the Performance and Accountability Public Meeting on 16th January 2025

Title: Four Year Medium Term Capital Plan 2024/25 to 2028/29

1 Purpose

- 1.1 Present to the PCC the updated Medium Term Capital Plan (MTCP) for 2024/25 through to 2028/29.
- 1.2 This report forms part of the medium-term financial planning which includes the medium-term revenue forecasts and the movement of reserves.

2 Executive Summary

- 2.1 The aim of the MTCP is to support service delivery of the PCC's Police and Criminal Justice Plan and the Force Strategic Plan. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing with a lower resource profile. The MTCP is presented as a 4-year forecast in line with the MTFP (Revenue Forecast).
- 2.2 The MTCP presented today shows the full financial costs to deliver the schemes we have identified as our intended direction of travel. Recommended for approval today the MTCP comprises schemes costing of **£57.919m in 2024/25** and **£52.646m in 2025/26**, with the **final 3 years** of the plan totalling **£151.608m**. All schemes have several stages within the approval process before final sign off to progress, to ensure VFM and overall affordability.
- 2.3 Long term planning is critical to make sure that we have the financial resources available to deliver on our long-term plans and aspirations.

All financial requirements identified within the capital plan are provided for within our Revenue forecast. A number of the schemes identified within the MTCP timeframe have indicative costs in later years, currently estimated at £129.790m years 6 to 10.

- 2.4 Our Estate is ageing and does not in all cases meet our operational requirements. Over the last couple of years, the Strategic Estates Group (SEG) have assessed the opportunities and risks facing the organisation across the entire Estates portfolio to future proof our infrastructure for the future demands and financial restrictions. The key linked schemes that have emerged are the full Custody 2030 Programme and the Central Oxford Estates Strategy. These Strategic schemes are agreed as the direction of travel the organisation needs to follow. As we progress each scheme will be considered in detail to ensure value for money and affordability. In recognition of approved in principle, the schemes falling within the next 4 years have been incorporated within the MTCP, however the delivery timeframes extend beyond the MTCP timeframe.
- 2.5 The Custody 2030 programme, a TVP strategic programme to rationalise and renew the TVP Custody estate. Oxfordshire and refurbish Milton Keynes, are outside the MTCP timeframe and have additional scheme costs of £55.7m (see Table 2a).
- 2.6 The key drivers for the Central Oxford Estates Strategy are the deteriorating conditions of the aging estate, changing operational requirements, the expiring PFI agreement (Abingdon Police Station) and the post Covid working smart strategy. A further £24.1m (see Table 2a) scheme costs for activities starting after the current MTCP are anticipated currently.

Future Years (current to 5 years 2028/29)

- 2.7 All schemes have been reviewed and refreshed for inflation. The current market conditions are creating significant pressures on the programmes, especially within the construction industry.
- 2.8 The MTCP includes approved schemes in progress i.e. work has been contracted and there is relative certainty on estimates and, approved plans not yet contracted where estimates could be more volatile to change until contracts are formalised.
- 2.9 SEG have continued to work with the force to establish operational requirements and property opportunities across the organisation and

- the Strategic direction of travel. Hence the schemes where funding has been approved in principle have been included within the programme. However, the schemes will not have approval to progress until a full business case is collated and approval is provided through the appropriate boards (SEG for Property, JCG for JICT and JOU and CoG for everything else).
- 2.10 The ICT programmes have been uplifted to incorporate the Refresh budgets (computer replacement cycle, body worn videos and phones) plus retaining funds for the eventual ESMCP radio replacement.
- 2.11 An external review has been received by Chiltern Transport Consortium governance group to identify options to transform our Fleet to Alternative Powered Vehicles (APV's).
- 2.12 The proposed overall financing of the programme is a combination of direct revenue financing, utilisation of reserves, borrowing for significant property projects which create a long-term asset and the use of Capital receipts. Please note that by the end of the programme we anticipate limited further availability of capital receipts from our finite asset plus substantial ongoing borrowing costs which are being provided for in the Estates Reserve within the MTFP plans. The use of borrowing and revenue contributions is our only option as we do not receive Capital Grant.
- 2.13 The available closing balance in 2028/29 after the activity within the MTCP timeframe is funding of £11.350m plus the Estates Reserve of £3.193m. The later years activity funding sources have also been considered and with a combination of DRF/ Estate Reserve Contribution/ Borrowing and utilisation of finite assets are presented as a balanced programme.

Recommendation:**The PCC is asked to:**

- **Approve the overall 4-year Medium Term Capital plan (2025/26 to 2028/29) at £262.173m for planning purposes and note the associated expenditure of £129.790m (2029/30 to 2034/35) (set out in Table 2).**
- **Approve the slippage of £27.2m from 2024/25 to 2025/26.**
- **Note the capital programme for 2024/25, in the sum of £57.919m as (set out in Table 1).**
- **Approve the annual budget of £52.646m for 2025/26 for planning purposes (as set out in Table 2) of which only £40.797m is requested for budgetary approval now with the following schemes subject to full business case and full scheme approval at a later date Taplow, Windsor, Custody 2030, Cowley, MK Contract Management and COES work on HQS and HQN**
- **Approve borrowing for the Forensic new build in 2025/26 and £2026/27 £26.638m**
- **Approve the proposed financing of the capital expenditure as set out in Table 3.**
- **Note the future schemes starting outside the MTCP timeframe Table 2a totalling £79.870m.**

Police and Crime Commissioner

I hereby approve the recommendation above.

3 The Medium Term Capital Plan 2024/25 – 2028/29

3.1 The MTCP builds on the existing capital plan 2024/25 budget of £57.919m (original plan £64.448m). The revised total, including 2024/25, to 2028/29 is £262.173m.

3.2 The Forces current and future construction programmes are experiencing significant inflationary pressures. The overall property portfolio reflects substantial increases in Forensic New Build/Atlantic House/Loddon Valley budgets. In addition to these bespoke

programmes, a 3.3% inflation rise in the construction industry and 4.5% in future years (compounded) and 2% vehicle purchase is anticipated for 2025/26 and in future years. Technology has been inflated at 3.68% for specific schemes such as Device refresh 2025/26 and 3% in future years.

3.3 The MTCP presented today includes all schemes which have been agreed as our strategic direction of travel, i.e. the Property programme now includes Custody 2030 and the Central Oxfordshire Estate schemes. The sign off and approval to progress individual schemes is subject to CCMT and the OPCC approval and after completion of the stage gates which includes the creation of a business case, identifying value for money and affordability plus the ratification by appropriate boards e.g. SEG.

3.4 The funding of these capital schemes will be based on the following principals:

- Annual DRF funds will be set aside to fund the replacement and refresh cycles e.g. EUD's and vehicles.
- The Estates reserve will be used to fund significant property schemes which are outside our criteria for borrowing.
- Borrowing will only be undertaken for Property schemes which provide a long-term asset, and it is assumed it will be over 25 years with interest at 4.99%.

In relation to borrowing the assumption is that the proceeds from sales of property will be used to offset capital spend and the repayment of loans.

3.5 The key risks within MTCP include:

- The ambitious Estates strategy and the inherent complexities with schemes of this size.
- The transition to alternative powered vehicles and the associated infrastructure. This has been reviewed by consultants and the replacement cycle is based on their recommendations however this will need an annual review to reflect the rapid changes in technology and national infrastructure and there is a risk of achievability and affordability.

- ICT and technology requirements and opportunities, over and above EUD replacements have not yet been identified / quantified and hence are not included.
- Decarbonising our buildings by 2050 (TBC) is a government requirement and we will be undertaking surveys to gain an understanding of the financial implications. At this time there is no indication of government funding to support but this will be essential if we are to achieve the ambition.

4 Current Year 2024/25

4.1 The revised annual Capital budget for 24/25 is £57.919m.

Table 1 - Current Year 2024/25

	Approved MTCP (Jan 2024) £000s	Slippage 23/24 £000s	Budget Changes 2024/25 £000s	Rephasing 24/25 £000s	Revised Budget 2024/25 £000s
Property	51,316	3,450	2,325	-22,545	34,546
Technology & Business Change	5,866	3,680	6	-3,770	5,783
Vehicles	6,010	-495	0	0	5,515
Grants	0	-30	11,393	0	11,363
Equipment	1,256	369	0	-913	712
Total	64,448	6,975	13,724	-27,228	57,919

In Year Budget Changes

- 4.2 The Property budget changes include the extra £2m for Atlantic House, plus the approval of £0.1 for demolition of the cottage at Aylesbury and £0.2m for the RIBA 1 work in relation to Milton Keynes Contact Management.
- 4.3 CTPSE Grant is always awarded post budget approval and is currently £11.4m actual receivable grant and will be based on activity levels.

Re-phasing

- 4.4 The complexities in the property and ICT schemes have led to the need for additional negotiations prior to signing the contracts and hence the need to re-phase some of these scheme expenditure into future years.

The PCC is asked to approve the slippage of £27.2m (see **Appendix 1**) into future years.

- 4.5 Further slippage may occur which will be managed as part of the year end close.

5 **Future Years (current to 5 years)**

- 5.1 The planned gross expenditure within the 2024/25 to 2028/29 MTCP totals £262.173m (including £57.9m in 2024/25). The current proposed programme is fully funded including utilisation of proposed borrowing of £83.7m. The updated Capital Plan is summarised in the schedule below.

Table 2 - MTCP Budget Summary

Programme	Total Project Budget	2024/25 £'000	Future Years				Total 2024/25 to 2028/29 £'000	Later Years	Scheme Total
			2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000			
Property -									
Western Hub -TVP	6,319	318	-	-	-	-	318	-	318
Western Hub - Other Forces	12,907	813	38	-	-	-	851	-	851
Western Hub - Grants/ Reserves	8,691	8,578	113	-	-	-	8,691	-	8,691
	27,917	9,708	151	-	-	-	9,859	-	9,859
Atlantic House	30,278	15,249	1,202	-	-	-	16,452	-	16,452
Forensics New Build	41,901	7,433	22,955	3,683	-	-	34,071	-	34,071
Taplow	869	-	856	13	-	-	869	-	869
Windsor Station	3,400	325	1,200	1,875	-	-	3,400	-	3,400
Custody 2030 - Loddon Valley	10,757	335	1,455	7,542	1,272	132	10,736	-	10,736
Custody 2030 - Design	371	371	-	-	-	-	371	-	371
Custody 2030 - Maidenhead	62,997	-	4,594	2,795	15,979	28,351	51,719	11,278	62,997
Custody - Integrated Security Management	1,265	(43)	161	-	228	200	546	200	746
EV Charging	7,434	73	1,062	700	700	700	3,234	4,200	7,434
Fire Compartmentation	2,662	153	983	1,029	497	-	2,662	-	2,662
Estates Decarbonisation - survey	189	189	-	-	-	-	189	-	189
Data Centre conversion (TBC)	418	86	200	-	-	-	286	-	286
Upper Heyford Building	340	40	300	-	-	-	340	-	340
Taser Training	613	161	436	-	-	-	597	-	597
Milton Keynes Infrastructure works	48	48	-	-	-	-	48	-	48
Aylesbury Demolition	90	90	-	-	-	-	90	-	90
MK Station Heating	550	-	-	275	275	-	550	-	550
Cowley	12,349	-	315	2,295	5,460	4,279	12,349	-	12,349
MK Contract Centre - RIBA	235	235	-	-	-	-	235	-	235
MK Contact Management	10,048	-	1,195	5,728	3,124	-	10,048	-	10,048
HQS - COES	14,445	94	2,234	523	3,559	5,268	11,678	2,767	14,445
HQN - COES	14,527	-	0	0	(0)	1,175	1,174	13,353	14,527
TOTAL		34,546	39,299	26,458	31,094	40,105	171,501	31,798	203,299
Technology & Business Change -									
Computer Replacement	2,557		1,661	3,484	2,232	2,511	12,444	17,387	29,831
Body Warn Video Replacement	370		2,709	9	1,610	-	4,698	1,834	6,533
Mobile Phone Replacement	-		13	13	3,848	1,182	5,056	3,324	8,380
ESMCP	-		-	-	12,000	-	12,000	-	12,000
CMP 101	245		100	-	-	-	345	-	345
WIFI	470		147	-	-	-	617	-	617
Digital First	300		402	-	-	-	702	-	702
Forensics Improvement Program	401		-	-	-	-	401	-	401
CCTV	642		106	-	-	-	748	-	748
CMP Replatform	128		-	-	-	-	128	-	128
Midam	225		129	-	-	-	354	-	354
Windows 10 Non-Compatible Apps	(0)		186	-	-	-	186	-	186
ICT Infrastructure	374		353	353	364	375	1,817	2,956	4,773
Other Projects	70		-	-	-	-	70	-	70
TOTAL		5,783	5,805	3,858	20,054	4,067	39,566	25,502	65,068
Other Capital									
Vehicles	5,515		5,913	7,095	8,088	9,059	35,670	71,290	106,961
Grant Funded	11,363		-	-	-	-	11,363	-	11,363
Safer Roads	223		459	373	-	-	1,055	-	1,055
ANPR	193		191	191	191	197	963	1,200	2,163
Dashcams	(0)		506	-	-	-	506	-	506
Equipment (inc Vehicle Radios)	297		473	487	182	109	1,549	-	1,549
TOTAL		17,590	7,542	8,146	8,461	9,365	51,105	72,490	123,595
GRAND TOTAL		57,919	52,646	38,462	59,609	53,537	262,173	129,790	391,963
Financing Available		72,781	18,093	32,353	40,290	26,299	189,817	106,371	296,188
Proposed Borrowing			27,863	8,773	19,156	27,913	83,705	11,278	94,983
Cumulative Funding Position (Existing Programme)		14,862	8,173	10,838	10,675	11,350			

Note - The shaded schemes are subject to business cases for the full programme approval at a later date.

6 Annual Planning

- 6.1 All new business bids are prioritised as part of the annual planning process against the same matrix, taking account of benefits and cost. The highest priority projects are detailed in the MTFP for funding consideration. It is assumed all new bids will be funded from DRF, those which are capital in nature will be included in the MTCP when approved.
- 6.2 The MTCP has been updated for the inflationary effects on existing schemes and the addition of the final year plus key strategic projects.
- 6.3 The MTCP is designed to help us plan for our future infrastructure works, financially, resources and operationally. We need to ensure we can afford our ambitions whilst ensuring value for money considerations on all options. To ensure we have visibility of the planning timeframe, the scale and the significant financial outlay, approved in principal schemes and their indicative future spend requirements are now incorporated into the MTCP. The Programme is a combination of linked and standalone schemes where the individual business cases will be presented at SEG and ratified by PCC, as appropriate. At this time the business cases for these schemes have not been completed and hence the final budgets and decision/ recommendation to proceed with these schemes have not been made at this time.
- 6.4 To ensure affordability, the MTFP includes revenue funding for the capital programme including the cost of borrowing for the expenditure expected within the next 4 – 5 years. By 2027/28, the Revenue budget includes £12.4m for interest and borrowing repayments (see section 8.12).

Property

- 6.5 The Strategic Estates Group ensure that the aging property estate remains fit for purpose, identify opportunities to streamline assets and develop the estate infrastructure, maintain core sites and actively progress the Asset Management Plan. The expenditure under this heading is therefore related to the timing of the disposal of assets and the level of capital receipts.

- 6.6 The Force's current and future construction programmes are experiencing significant inflationary pressures. The three main building projects in progress are now fully contracted with anticipated completion dates.
- 6.7 **Western Hub:** the Regional PCC's and CC's approved the budget which is included as a whole regional programme with completion expected this year.
- 6.8 **Atlantic House:** a budget uplift of £2m was ratified during 2024/25 in recognition of design changes (regulations) and some delays on site. Completion is now expected early 2025/26.
- 6.9 **Forensics new build:** improving Forensic Performance is a strategic priority for the Force hence the creation of a new Forensic facility. The new build will offer additional space to cope with demand increase and aims to develop regional capacity. A significant number of the packages have been awarded and have fixed prices and challenge for best value is undertaken at each step. However, an increase of £3.7m of the programme budget has been required due to increased build costs. An issue remains in relation to the permanent power supply with a gas generator being the interim solution. Construction works are now under way with full occupation anticipated in 2026.
- 6.10 **Windsor:** replacement has been re-phased due to workload prioritisation. The detailed survey and design work will occur this year along with enabling works at **Taplow**. This will allow the final budget and timescale to be agreed.

Custody 2030

- 6.11 The Custody 2030 programme is a TVP strategic programme to rationalise and renew the TVP Custody estate. Criminal Justice reviewed the current Custody provisions and identified requirements to enable TVP to operate and manage an efficient, compliant and fit for purpose Custody estate. The programme has been agreed and approved in principal, i.e. the business cases for the individual elements need to be compiled and approved by SEG and PCC before commencement.
- 6.12 The MTCP now includes all the elements of the Custody 2030 which are anticipated to fall within the timeframe including the **refurbishment of Loddon Valley** which is a pre-requisite to enable opportunities in the Berkshire area plus compliance with the current **custody integrated**

- security management systems.** Rollout will be managed across the programme. Estates aspects of the Programme encompass three major work streams, these are: **New Custody Suite Berkshire** (preferred option is a new build at Maidenhead); **Refurbishment** of the retained sites circa £23m (with only the work at Loddon Valley £10.7m within the MTCP timeframe) plus a potential **New Custody Suite Oxfordshire** circa £44m. In addition, a **project management and design team** are needed to manage this significant programme.
- 6.13 **Electronic Vehicle Charging:** this is a key part of the overall CTC Strategic Review and TVP Carbon Reduction programme. The programme will develop EV charging capacity & infrastructure across the majority of TVP sites. It may mean that the power capacity to individual buildings/sites will need to be increased through the installation of new electrical sub-stations as well as replacement of items such as cabling and distribution boards. Any infrastructure installed will need to be flexible and allow for additional charging to be installed without the need for further major work.
- 6.14 **Fire Compartmentation:** additional work needs to be undertaken on TVP estate to ensure we comply with the statutory fire regulations. The first site is Sulhamstead Imbert Court with further scoping in progress.
- 6.15 **HQ South and Data centre:** storage is linked to Central Oxfordshire Estates Strategy. ICT are reviewing the long-term physical data centre storage capacity required as we move to more cloud storage plus optimal location. These future needs will be captured as part of the ongoing work on COES see 7.2.
- 6.16 **Upper Heyford:** provides training facilities and there are 2 programmes of work planned for infrastructure improvements in relation to the roofing and heating plus capacity for a Taser Training facility.
- 6.17 A new scheme in relation to **Milton Keynes Police station heating** has been included at £0.550m. The scheme will only proceed if we get the offer of the grant and the business case is accepted.

Central Oxfordshire Estates Strategy (COES)

- 6.18 The COES is a complex inter- dependant mix of multiple estate projects that deliver a more efficient estate aligned to service delivery outcomes over the next 10+ years. The focus is on central Oxfordshire in view of the PFI expiry at Abingdon in 2030, the recognised post- Covid need to

consolidate the **two HQ sites**, addressing the **Oxford LCU estate**, to support delivery of element of the Custody 2030 programme and the **Contact Management hub**.

- 6.19 In year approval of £0.235 has been awarded for the RIBA stage 1 element of the MK Contact Management centre.

ICT/Business Change revenue funded projects

- 6.20 The ICT programmes have been uplifted to incorporate the Refresh budgets including **computers, body worn video and mobile phones** for 2028/29 of £4m.
- 6.21 The end user replacement programme continues to be actively reviewed by ICT and the business. The body worn video project board have undertaken extensive work over the last year to understand the opportunities following a retender of the contract with the proposed replacement programme encompassed in the MTCP. Mobile phones are an important tool within policing enabling timely access to key applications plus communication with victims. Over the last few years we have leased Mobile Phones, however following a value for money exercise direct purchase was the preferred option and in December 2023 a contract was awarded.
- 6.22 **ESMCP Airwaves Replacement** is a national programme which will require the replacement of all of our radios, timescales are still to be finalised but to ensure the funds are available we have earmarked a £12m ESMCP Budget.
- 6.23 The **Contact Management** focus group has identified the minimum digital strategy to alleviate the pressure in the control rooms call handling.
- 6.24 **WIFI** capacity is essential across our estates. A programme of work to rollout across locations has been initiated and is ongoing.
- 6.25 The **Digital First programme** including Digital Interview Recording has been rolled out and work on RMS Niche Property module is ongoing being a pre-requisite to the Digital case files go live date is now anticipated to be in 2025 at the earliest.
- 6.26 The PCC has set out a strategic vision for the **Thames Valley CCTV** partnership where the Force will own the systems and equipment for public space CCTV and will manage the provision through the creation and investment in Hubs. The current budget is in relation to the Milton

Keynes and Slough Hub with an element of funds being drawn down for the CCTV reserve as approved by the PCC and directly awarded Section 106 funding.

- 6.27 In addition, there are a number of small technology projects planned including the adoption of Home Office National systems such as Midam.

Vehicles

- 6.28 An external review was commissioned by the Chiltern Transport Consortium to identify options to transform our Fleet to Alternative Powered Vehicles (APV). The outcome of this review has been used to inform the forces roadmap to APV's and the financials included in the MTCP have incorporated the report findings.
- 6.29 The purchase of alternative powered vehicles is expected over the next 15 years, but the exact phasing is not currently known. The vehicle replacement programme reflects the additional year within the MTCP plus the initial estimates of expenditure requirements and associated costs as we move to an electric fleet, including an estimate on price differentials. The estates infrastructure includes indicative costs; however, risks have emerged around connectivity to power supplies.
- 6.30 **Dashcams** will be installed in all TVP fleet vehicles, procurement is underway with delivery in 2025/26.

Equipment

- 6.31 This includes funds in relation to **ANPR** and **Safer Road Cameras**.
- 6.32 The delays in the delivery of the Emergency Services Network replacement for Airwaves has led to a potential issue with new vehicles and our **vehicle radios**. A provision of £0.8m has now be included over the next 2/3 years.

7 Potential Future Programmes

- 7.1 In addition to the Custody 2030 and Central Oxford Estates programmes now included in the MTCP, some schemes start outside

the timeframe. These additional programmes are anticipated to cost £79.8m

Table 2a - Future Schemes

Programme	Total	Later Years phasing					
		Future Years					
		2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000	2034/35 £'000

Capital Projects - Potential Future Schemes (not approved)

Custody 2030 - Refurbish Milton Keynes	11,561	-	8,574	2,987	-	-	-
Custody 2030 - Oxfordshire	44,178	3,077	2,298	1,973	23,609	12,644	577
Custody 2030	55,739	3,077	10,872	4,960	23,609	12,644	577
Central Oxford Estates Strategy	24,131	8,428	-	2,504	10,465	2,734	-
Future Schemes Total	79,870	11,505	10,872	7,464	34,074	15,378	577

Other Strategic Considerations

- 7.2 JICT Data Centre: the current MTCP includes a discovery stage with a plan to modernise existing data centres into smaller and compliant facilities. Work to migrate to Cloud storage will influence the size of the bid for inclusion.
- 7.3 Estates Decarbonisation within the MTCP only includes the initial survey. This is a long- term programme of work that will seek to substantially reduce the carbon footprint of the TVP estate through use of low and zero carbon technology and other methods to reduce energy usage. The indicative investment for these schemes will be included once known and the funding requirements will be determined by the Governments direction of travel and financial support.
- 7.4 ICT and technology requirements and opportunities, over and above EUD replacements, have not yet been identified / quantified and hence are not included.

8 Funding of the Medium Term Capital Plan 2024/25 to 2028/29

- 8.1 Resources required to fund the capital programme are identified below.

Table 3 - Resources Required to Finance the Capital Programme

	Revised Budget 2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total 2024/25 to 2028/29 £000s
Surplus Funds Carried Forward	32,609					32,609
Predicted Capital underspend 24/25	255					255
Capital Receipts from Finite Asset sales	3,446	943	3,386	15,852	807	24,434
Direct Revenue Financing	13,493	13,200	13,200	13,400	13,400	66,693
Western Hub	8,666	-	-	-	-	8,666
Specific Grant & 3rd Party Contributions	11,681	100	100	2,383	4,817	19,081
Earmarked Reserves	365	-	-	-	-	365
Estates Reserve	2,266	3,850	15,668	8,655	7,275	37,714
Proposed Borrowing	-	27,863	8,773	19,156	27,913	83,705
Total	72,781	45,956	41,126	59,446	54,212	273,522

8.2 Available funding of £11.3m exists at the end of the 5-year period plus the estates reverse has a further £3.1m.

Capital Outturn 2024/25

8.3 Current monitoring anticipates a £0.3m underspend of the current proposed programme.

Asset Sales

8.4 The value of asset sales over the MTCP period has been updated to reflect the expected timing of non-residential sales. Overall, £21.4m of the £24.4m asset sales relate to police buildings and houses.

8.5 It is worth reiterating that towards the end of the programme these one-off asset sales tail off and cannot support the programme beyond 2027/28.

Direct Revenue Financing

- 8.6 Direct Revenue Financing (DRF) is included at a minimum of £13m per annum to maintain core equipment levels in terms of computer equipment, BWV, Mobile Phones, Vehicles and other equipment.
- 8.7 The level of DRF will be kept under review each year as the direction of travel for technology items is revenue style contracts rather than capital investment and the vehicle replacement requirements.

Western Hub

- 8.8 Western Hub is projected to cost £27.9m of which TVP committed to contribute £6.3m. £1.6m of the TVP amount remains and will come from Estates reserve. The remainder is coming from our Partners and Specific Grant Funding.

Specific Grant and 3rd Party Contributions

- 8.9 CTPSE is fully grant funded plus anticipating S106 funding.

Earmarked Reserves

- 8.10 The current programme reflects the proposed draw down from three reserves utilising £38.079m (2024/25 - 2028/29). Details in **Appendix 2**.

Proposed Borrowing

- 8.11 Borrowing is only recommended to fund significant Property developments where there is a long-term benefit to the force. Details of proposed schemes to borrow for are included in **Appendix 3**.
- 8.12 The MTFP includes growth to the estates reserve (see section 5.40 in the MTFP) to cover the repayment of the borrowing (MRP payments) over 25 years and the annual interest repayments, by 2033/34 this total is £13m. These amounts are intended to cover the planned potential borrowing of up to c£163m.
- 8.13 However, in the initial years this funding into the Estates Reserve will enable the expenditure on property schemes which are essential however outside our recommended criteria for borrowing.

9 Recommendations

The PCC is asked to note/approve:

- Approve the overall 4-year Medium Term Capital plan (2025/26 to 2028/29) at £262.173m for planning purposes and note the associated expenditure of £129.790m (2029/30 to 2034/35) (set out in Table 2).
- Approve the slippage of £27.2m from 2024/25 to 2025/26.
- Note the capital programme for 2024/25, in the sum of £57.919m as (set out in Table 1).
- Approve the annual budget of £52.646m for 2025/26 for planning purposes (as set out in Table 2) of which only £40.797m is requested for budgetary approval now with the following schemes subject to full business case and full scheme approval at a later date: Taplow, Windsor, Custody 2030, Cowley, MK Contract Management and COES work on HQS and HQN.
- Approve borrowing for the Forensic new build in 2025/26 and £2026/27 £26.638m.
- Approve the proposed financing of the capital expenditure as set out in Table 3.
- Note the future schemes starting outside the MTCP timeframe Table 2a totalling £79.870m.

10 Legal comments

The capital programme is an integral part of the overall budget package which the PCC must consider each year. These reports are presented to the PCC, in compliance with the requirements of the Prudential Code and will demonstrate that capital investment plans are affordable, sustainable and prudent.

11 Equality comments

No specific implications arising from this report

Proposed Re-phasing from 2024/25 to 2025/26

Programme	Rephasing (24/25) £'000
Forensics New Build	-18257
Windsor Station	-1200
Custody 2030 - Loddon Valley	-1800
EV Charging	-362
Data Centre conversion (TBC)	-200
Upper Heyford Building	-300
Taser Training	-426
TOTAL	<u>-22545</u>
 Technology & Business Change -	
Body Warn Video Replacement	-2700
CMP 101	-100
WIFI	-147
Digital First	-402
CCTV	-106
Midam	-129
Windows 10 Non-Compatible Apps	-186
TOTAL	<u>-3770</u>
 Other Capital	
Safer Roads	-407
Dashcams	-506
TOTAL	<u>-913</u>
 GRAND TOTAL	 <u><u>-27228</u></u>



Capital Strategy

2025/26 – 2028/29

January 2025

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THAMES VALLEY POLICE

CAPITAL STRATEGY

1 Purpose

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy is a key document for the Police and Crime Commissioner (PCC) and Thames Valley Police and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

Throughout this document the term TVP is used to refer to the activities of both the PCC and the Force.

2 Scope

This Capital Strategy includes all capital expenditure and capital investment decisions for TVP. It sets out the long term context in which decisions are made with reference to the life of the projects/assets.

3 Capital Expenditure – Definition

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to TVP generally for a period of more than one year, e.g. land and buildings, ICT, business change programmes, equipment and vehicles. This is in contrast to revenue expenditure which is spending on the day to day running costs of services such as employee costs and supplies and services.

The capital programme is TVP's plan of capital works for future years, including details on the funding of the schemes.

4 Capital vs. Treasury Management Investments

Treasury Management investment activity covers those investments which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.

For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Annual Treasury Management Strategy Statement.

The CIPFA Treasury Management Code recognises that some local authorities are entitled to make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments. However, like all police forces in England and Wales, TVP does not have a General Power of Competence, which gives councils the power to do anything an individual can do provided it is not prohibited by other legislation. As such, TVP is prevented from entering into commercial investment activities.

5 Links to other corporate strategies and plans

The PCC produces his Police and Crime Plan every four years. The current version covers the period 2024 – 2029.

The Chief Constable produces a Force Strategic Plan which is updated annually.

To support these overarching documents a number of interrelated strategies and plans are in place, such as the Financial Strategy, Medium Term Financial Plan, Medium Term Capital Plan, Capital Strategy, Asset Management Plan and the Treasury Management and Annual Investment Strategy.

The operation of all these strategies and plans is underpinned by the Code of Corporate Governance which includes Financial Regulations and Contract Procedure Rules.

Capital resources should be directed to those programmes and projects that optimise the achievement of these outcomes. The following processes are designed to ensure this happens.

6 The Capital Budget Setting Process

6.1 Introduction

At any given time TVP is committed to rolling medium term revenue & capital plans that usually extend for 4 years setting out the anticipated level of expenditure and the associated funding. These plans are drawn up, reassessed and extended annually and, if required, re-prioritised to enable TVP to achieve the aims and objectives established in the PCC's Police and Crime Plan, the Force Strategic Plan and to support national drivers.

The Medium Term Capital Plan provides the TVP infrastructure and major assets through capital investment, enabling TVP to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing with a lower resource profile.

Key focuses of the Capital Programme:

- To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management Plan.
- To ensure provision is made for ICT & Business Change Technology to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- The maintenance, development and replacement of other core assets (e.g. vehicles and communication infrastructure) to maximise the advantage of new technology and reflect legislative changes.

The plans acknowledge the constrained financial position of TVP and maximise both the available financial resources and the capacity that TVP has to manage change projects.

Planning also takes into account indicative capital requirements beyond the initial four years to ensure decisions taken in the medium term support long term sustainability.

6.2 Force Collaboration & Wider Sector Engagement.

Although TVP has its own Capital Strategy and Medium Term Capital Plan the national drivers that encourage local and regional forces to collaborate, such as cost and resource sharing, along with structured collaborations and national plans, can have a significant influence on local decision making.

Therefore an important element of the TVP Capital Strategy is to acknowledge regional and national partnership working, both with other forces and in the wider context of engagement with Local Authorities & Councils, other

Emergency Services and the Crown Prosecution Service, to improve overall service to the public.

6.3 The Capital Budget Setting Process & Timetable Overview.

For any particular budget setting year, the process for TVP starts during the summer of the preceding year with the Governance & Service Improvement Department and other key Stakeholder groups for both TVP and other Collaborative Forces agreeing the timetable and communication strategy to be adopted to secure investment requirements and ideas from the stakeholder groups covering the key criteria, such as:

- Achievement of high level agreed PCC, Force, Regional and/or National outcomes;
- Maintenance of the essential infrastructure of the Force;
- Development of improved Force wide capability
- Adjustments to existing prioritised plans / projects.
- Rationalisation & modernisation of estates
- Carbon management & Health and Safety
- Invest to save schemes.

Bids for consideration will be submitted into Force Change teams for both TVP and collaborative Forces in order that a joined up approach is made to capital investment.

Each bid will only progress if supported by the appropriate chief officer. The bids are then scored via the Forces' Prioritisation Matrix, which provides considers key factors in assessing the importance of the bid. The bids will then be presented to and extensively reviewed by the Chief Constables Management Team and Joint Force Chief Officer Groups with an initial view of potential affordability.

Typically a costed draft Medium Term Capital Plan will then be presented to the PCC late autumn, providing views on affordability and potential funding issues and options.

A final version of the Medium Term Capital Plan will be presented to the PCC in the following January for approval, reflecting the known funding position and any further developmental work on the plan.

The formal PCC approval sets the capital budget for the following year, and acknowledges the intention for planning purposes of the remaining years of the Medium Term Plan.

6.4 Affordability and Financial Planning.

The overall financial position of TVP and hence the scope for future capital expenditure must take into consideration the combination of the revenue budget, capital programme as well as the position on reserves. The revenue and capital budget positions are intertwined as achieving the TVP priorities may require revenue expenditure or investment in capital items, depending on what is needed, and one impacts the other.

The revenue Medium Term Financial Plan will identify the potential financial position for TVP for the next four years and will include forecasts on inflation, committed growth requirements, forecast productivity and efficiency savings, assumptions around grant and council tax funding and any other information introduced during the budget process.

The revenue position influences the capital position in terms of potential affordability of support for Direct Revenue Financing (DRF) or debt charges (for external borrowing) whereas the capital bid process influences the revenue position in terms of both revenue consequences of capital programmes and also the requirement to financially support capital investment, either through DRF or external borrowing.

The extent to which the annual revenue budget, through the 4 year forecast, is expected to be able to support the capital programme is a key factor to overall financial planning and is becoming more so as other sources of funding cease to be available.

6.5 Capital Sustainability.

The financial position is changing. For many years TVP has benefitted from substantial capital reserves, supported by the sale of operational buildings and/or police houses or from revenue reserves assigned to capital investment.

As we move forward through the next 4 years and beyond the picture moves away from funding of the capital programme through use of accumulated reserves and into a position of funding through either DRF or external borrowing for specific projects. This is expected to be during a continued period of revenue pressure and uncertainty.

The TVP Strategy is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure, for example, a connected vehicle fleet and building assets.

The TVP investment strategy will also be influenced by and take account of national visions for policing, regional and local priorities.

6.6 The Formal MTCP Approval Process

As indicated, the PCC receives the updated Capital Programme in January each year as part of the overall suite of budget reports.

Once the PCC has approved the capital programme, expenditure can be committed against these approved schemes subject to the stage gate authorisation process and the normal contract procedure rules and the terms and conditions of funding.

Whether capital projects are funded from grant, contributions, capital allocations, borrowing or leasing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.

Following approval by the PCC, capital expenditure is then monitored on a regular basis.

The PCC approves overall borrowing levels as part of the Treasury Management Strategy. The taking of loans, if required, then becomes an operational decision for the PCC's Chief Finance Officer who will decide on the basis of the level of reserves, current and predicted cash flow, and the money market position whether borrowing should be met from internal or external borrowing.

7 Individual Project Management

Capital projects are subject to high levels of scrutiny. The precise scrutiny will vary dependant on the type of project and may be influenced by size or by the makeup of regional involvement. Each project will have a Project Manager and potentially a team to implement the project.

Typically, projects will have a dedicated Project Board which, if part of a larger programme, may sit under a Programme Board. Programme and Project Boards will have a Senior Responsible Officer.

Detailed oversight is further provided through ICT Project Management Office, the Strategic Estates Group and Force Change Boards.

Regional Projects or Programmes may also report into Regional Boards.

8. Project Funding

Once an approved capital project is initiated, proportionate project funds are released to project managers in stages, called Stage Gates, rather than funding being released in full at the start of the project.

Depending on project size the initial limited release of funds will enable a project to be started and relevant project documentation (e.g. a detailed business case) to be completed. Once that has been satisfied further funds will be released in stages at specific project review points or stage gates within existing project management processes, which will be defined and agreed with project managers at the start of the project and linked to observable project progression points.

This enables the Force to link the release of funds to key project milestones or progress points and enable improved visibility of project progress relative to variances.

9 Monitoring of the capital programme

The Director of Finance will submit capital monitoring reports to the PCC on a regular basis throughout the year. These reports will be based on the most recently available financial information. These monitoring reports will show spending to date and compare projected expenditure with the approved capital budget.

Revenue programme costs are monitored alongside capital expenditure in order to measure and monitor the overall cost to TVP of designing and implementing specific capital schemes.

For proposed in-year amendments to the annual capital budget - for new schemes or amendments to existing schemes - the Director of Finance will prepare justification for submission to the PCC for consideration and approval, including details on how the amendment will to be funded.

Monitoring reports are presented to the PCC at his liaison meeting with the Chief Constable.

In addition, for those business change programmes where a formal Board has been established, a detailed scheme monitoring report is presented to each Board meeting.

10 Performance Management

Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, the Chief Constable is required to check that outcomes have been achieved.

Post scheme evaluation reviews should be completed by TVP for all schemes over £0.5 million and for strategic capital projects to measure the realised benefits against the approved business case.

Reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, financing etc. and identify good practice and lessons to be learnt in delivering future projects.

11 Funding Strategy and Capital Policies

This section sets out TVP policies and priorities in relation to funding capital expenditure and investment.

11.1 Government Grant

With effect from 2022/23 general Home Office capital grant has ceased. Specific capital grants may be received for agreed capital works. This applies to TVP as well as the regional policing units for which TVP is the lead force (e.g. Counter-Terrorism Policing and the Regional Organised Crime Unit).

11.2 Capital Receipts

A capital receipt is an amount of money which is received from the sale of an item on the fixed asset register. They cannot be spent on revenue items.

These capital receipts are used to help finance the capital programme. Unfortunately, the pool of assets available for sale is rapidly declining and the financial support these receipts provide is diminishing rapidly.

11.3 Revenue Funding

Recognising that the pool of assets available for sale is declining direct revenue funding (DRF) is seen as a sustainable funding alternative. An appropriate provision for DRF is included in both the annual revenue budget and the medium term financial plan. As TVP moves forward this will become the limiting factor for capital investment as it balances annual revenue funding priorities with long-term capital investment strategies.

11.4 Prudential Borrowing

Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported financially by the Government so TVP needs to ensure it can fund the repayment costs. The TVP Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt.

Due to the ongoing debt charges (i.e. MRP and external interest charges) TVP will currently only consider external borrowing for long-term estate projects.

11.5 Reserves and balances

Unspent capital grant and capital receipt monies can be carried forward in the Balance Sheet until they are required to fund the capital programme.

TVP also uses money held in earmarked revenue reserves to help fund capital expenditure. The Estates reserves will be used to ensure funding is available for the Estates Strategy.

HM Treasury guidance on capital projects recognises that there is a potential for project costs to exceed the initial assessment. This is called Optimism Bias and relates to any project type, although it can have a particularly high impact when relating to the development of complex ICT or business change programmes.

All new capital schemes in the MTCP will need to include an appropriate element for Optimism Bias and funding will be sought appropriately, essentially identifying the Bias as part of the project cost used to influence prioritisation decisions.

11.6 Third party capital contributions

On occasion TVP will receive income from a third party (usually a local authority) who have agreed to contribute towards an asset (e.g. ANPR cameras) that TVP will own.

11.7 Leasing

TVP may enter into finance leasing agreements to fund capital expenditure. However, a full option appraisal and comparison of other funding sources must be made and the Director of Finance and the Chief Finance Officer must both be satisfied that leasing provides the best value for money method of funding the scheme before a recommendation is made to the PCC.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

Items funded through leasing will be included in the MTCP.

12 Procurement and Value for Money

Procurement is the purchase of goods and services. TVP has a Procurement Department that ensures that all contracts, including those of a capital nature, are legally compliant and best value for money.

It is essential that all procurement activities comply with prevailing regulations and best practice as set out in the Code of Corporate Governance, which includes Contract and Financial Regulations. Guidance on this can be sought from the Procurement team.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

13 Partnerships and Relationships with other Organisations

Wherever possible and subject to the usual risk assessment process TVP will look to expand the number of capital schemes which are completed on a partnership basis and continually look for areas where joint projects can be implemented. In support of this initiative:

- TVP has a joint ICT Department with Hampshire Constabulary and a number of ICT and business change programmes are being delivered collaboratively.
- Other capital schemes, most notably new technology programmes, are being delivered across the SE region in support of the SE Regional Information Technology (SERIT) strategy.

Although TVP procures capital items on behalf of other consortium partners only TVP related expenditure which will be included in the fixed asset register will be included in the medium term capital plan and the annual capital budget.

14 Management Framework

The PCC has given legal consent for the Chief Constable to own short life assets, such as ICT, equipment and vehicles.

Although the PCC owns all land and buildings, on a day to day basis, the Head of Property manages the estate on his behalf.

The Director of Finance manages the medium term capital plan and the annual capital budget and provides regular updates to the CCMT who, collectively, maintain oversight of planned expenditure.

The PCCs Chief Finance Officer is responsible for developing and then implementing the Treasury Management Strategy Statement, including the Annual Investment Strategy.

During the budget preparation process the CCMT take a strategic perspective to the use and allocation of TVP capital assets and those within its control in planning capital investment. They receive reports on proposed capital projects and make formal recommendations to the PCC during the development of the capital programme.

Having approved the medium term capital plan and the annual capital budget in January each year the PCC formally holds the Chief Constable to account for delivery of capital projects during his monthly liaison meetings (private) and quarterly public Performance and Accountability meetings.

15 Risk Management

Risk is the threat that an event or action will adversely affect TVP's ability to achieve its desired outcomes and to execute its strategies successfully.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. The corporate risk register sets out the key risks to the successful delivery of TVP's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.

To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in complex and costly business change programmes.

TVP accepts there will be a certain amount of risk inherent in delivering the desired outcomes of the Police and Criminal Justice Plan and will seek to keep the risk of capital projects to a low level whilst making the most of opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, TVP will seek to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register.

The Director of Finance and Chief Finance Officer will report jointly on the deliverability, affordability and risk associated with this Capital Strategy and the associated capital programme. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.

15.1 Funding Capacity Risk

This is the risk that identified project costs are either understated or escalate during the project lifecycle, for example if project scope changes. This risk is mitigated as far as possible by the identified monitoring process and controls. All new capital schemes should include an appropriate allowance for optimism bias.

15.2 Credit Risk

This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot complete the agreed contract. Accordingly, TVP will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

15.3 Liquidity Risk

This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes. Where possible appropriate interventions will occur as early as possible.

15.4 Interest Rate Risk

This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

There is also a risk that external interest rates will rise, after the budget has been set, meaning that actual debt charges are higher than those included in individual business cases and more widely in the revenue budget. This risk will be managed by the Chief Finance Officer who will liaise with external Treasury Management advisors to determine the best time to take new external loans.

15.5 Exchange Rate Risk

This is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

15.6 Inflation Risk

This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

15.7 Legal and Regulatory Risk

This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, TVP will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.

15.8 Fraud, Error and Corruption

This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. TVP has a strong ethical culture which is evidenced through our values, principles and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud, Bribery and Corruption, and Declaration of Interests.

16 Other Considerations

Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.