

POLICE AND CRIME COMMISSIONER FOR THAMES VALLEY

BUDGET BOOK 2026/27

CONTENTS	
	PAGE
Recommendation & Strategy	2
Medium Term Financial Plan	7
Medium Term Financial Plan – Addendum	27
App 1 – Budget Summary	31
App 2 – Precept Comparison	32
App 3 – Four year Plan	33
App 4 – Public Benefits Letter, CC to PCC	37
App 5 – Detailed I&P Reserve Transactions	46
App 5A – Detail of Growth Items Funded from Reserves	47
App 6 – Summary of All Reserves	48
Capital Strategy	49
Medium Term Capital Plan	67
App 1 – Rephasing	83
App 2 & 3 – Borrowing & Reserves	85
Treasury Management Strategy Statement	86



FINANCIAL PLANS RECOMMENDATION & STRATEGY 2026/27



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 £15 (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 budget prioritises maintaining a strong front line service and generating efficiencies in the context of considerable funding uncertainty.

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. 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 has been detailed review of savings programmes.

Risks

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

1. The funding settlement was £9m lower than expectations for 2026/27, and has a higher level of risk for future years: the Home Office has indicated that they would not provide additional grant for pay awards in the future. There is still considerable uncertainty at the time of setting the budget. The level of funding and conditions attached to Neighbourhood Policing Guarantee are unknown. Despite the three year Comprehensive Spending Review announced in the summer, there is little clarity on funding from 2027/28 onwards. The approach taken in setting medium term plans has therefore been a balanced budget with realistic (neither unduly optimistic nor pessimistic) assumptions – for example the plan includes some demand growth, assumes below inflation funding growth and incorporates deliverable savings targets.
2. The budget includes a challenging efficiency target, with ongoing savings required in each year of the plan. Savings of £15m are being successfully delivered during 2025/26. The force is committed to further savings of £15m over the next four years. To ensure long term sustainability, the PCC is allocating more than £8m of reserves for digital and process improvements, and the capital plan includes £5m for projects which have both an environmental and cash benefit. Plans are being scrutinised closely by the PCC and his office.
3. Estates capital requirements are estimated to require borrowing of £80m by 2028/29, growing to £150m over the longer 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.

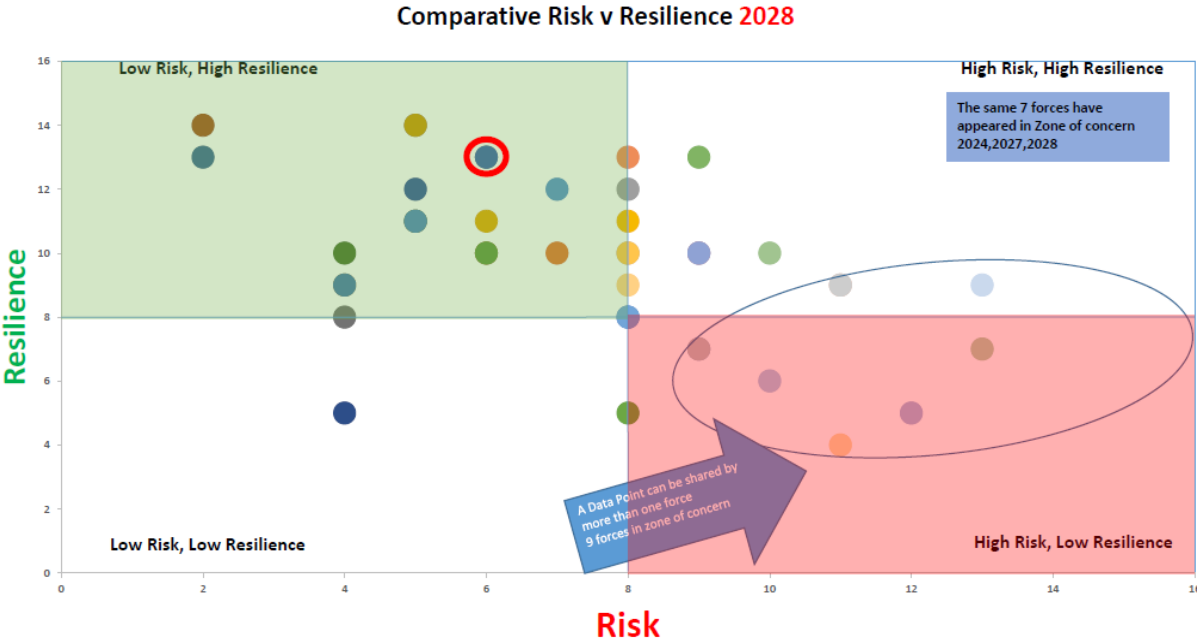
Appropriate Level of Reserves

General balances are expected to continue at least 2.5% 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 deliver front line services. The plan shows a drawdown of reserves in the

early years to support investment. As further efficiency savings are delivered during later years, funds are allocated to earmarked reserves to fund expected capital expenditure in the long term. However, the reserves position is becoming tighter over the medium term plan, and after 2026/27 there is likely to be limited scope to cover one-off demands from reserves.

Reasonable Financial Risk and Resilience

NPCC benchmarking of Forces was updated during 2025, providing a forward look at 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:



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 balance the need for long term sustainable finances with the need to deliver front line policing today. 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 Police and Crime 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;
- 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 2.5% of annual net revenue expenditure budget. 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 2026



Report for Decision Performance and Accountability Meeting on 22nd January 2026

Title: Four Year Medium Term Financial Plan for 2026/27 to 2029/30

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 2026/27 be set at £298,087,209.
- 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 2026/27 as set out in Appendix 1.
- 2.5 That the police element of the council tax for 2026/27 be set at £298.28 for properties in Band D (an annual increase of £15; 5.3%), with the charge for other bands as set out in Table 1, for comparison Appendix 2 shows the comparison band D precept across all English Forces.

Table 1 – Council Tax 2026/27

Property Band	Relevant Proportion	PCC Element of the Council Tax
A	6/9	£198.85
B	7/9	£232.00
C	8/9	£265.14
D	9/9	£298.28
E	11/9	£364.56
F	13/9	£430.85
G	15/9	£497.13
H	18/9	£596.56

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

3 Background

- 3.1 Following the CSR in the summer, the expectation was that we would receive a 3-year settlement with funding and a requirement to continue to support the government's manifesto commitment to increase NHP by 13,000 officers PCSO's and specials. At this point in time, we do not have details for anything other than next year's baseline settlement. The gap between the CSR figures and the settlement received just before Christmas is significant. Pressures on the policing budget continue with a clear message from the government that future pay reviews will not attract any more funding regardless of the award – this poses a real risk for future budgets.
- 3.2 The Police Reform White Paper was anticipated in early 2025 and is now expected by the end of January 2026. It is hoped that this long-awaited paper will provide more details to help forces plan their finances to provide for future demand and expectation supported by commitments to funding.
- 3.3 In July 2025, the Government announced a pay increase of 4.2% for Police Officers, which TVP matched for Police Staff, and although the excess above 2.8% was primarily funded by the Home Office, this has again added significant committed financial pressure to 2026/27 budget setting and the potential for future pay increases beyond 3.0%.
- 3.4 As part of the NHP Grant, we received additional funding for 68 FTE officers in 2025/26, which we attained in full in September 2025. Additionally, to this we bid for an additional 40 FTE officers as part of the central grant surplus reallocation and received an additional 4 FTE in December 2025. Any future growth or funding in respect of NHP Officers is currently unknown.

- 3.5 The December 2025 settlement also gave PCCs in England the flexibility to increase their precept income by £15 (for a Band D household), an increase to the previously assumed cap of £14. At this stage it is unclear as to whether this is a one-off increase or will continue into the new CSR. For the purpose of planning, Thames Valley have assumed this to be a one-off increase with the cap returning to £14 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 Digital ambitions, 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 2026/27 budget includes £4.9m of savings to balance the budget, with a further £10m 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 on-going 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.
- 4.4 The force expects to end the year with circa 80 officers above its current target Establishment, including the additional 68 FTE NHP funded posts. It is expected that additional officers will be required through the new NHP Grant for 2026/27 to support the governments ambition to increase NHP

resourcing, so we will be in a good position to deliver on this requirement. The risk is that at this time we had had no indication of the level of funding available and hence the number of officers we could be looking for. If these details are not provided soon, we will have to adjust our recruitment plans to avoid the financial risk of being over establishment.

- 4.5 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; this is being done through 3 strands of work;

The Savings Delivery Board – looking at force wide budgets and spend to reduce where possible through enhancing polices and processes;

Business Enablers project – looking specifically at HR, Finance, Training and Duties - processes, data & technology to improve services and deliver savings and;

Efficiencies Board – target specific departments to identify ways of reducing resourcing requirements to release savings.

- 4.6 For 2026/27 the Savings Delivery Board has targeted a number of specific spend areas within the business, which identified £1.8m of budget reductions. These budget reductions were augmented by further savings delivered by the Efficiencies project providing another £2.8m of cuts from vacancies and staffing, and £0.3m being identified from invest to save initiatives; giving a total of £4.9m to support the budget next year.

- 4.7 The Police service, both nationally and locally, is going through a period of reform to adjust to the financial challenges created by restricted finances and increasing direction / restrictions from government, together with 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. Investment in technology will improve services and deliver future efficiency savings / productivity increases. No additional funding is forthcoming from the Government for this vital investment so this only increases the financial pressures and needs to be carefully managed by the force.

- 4.8 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.

- 4.9 The force will continue to look ahead for further savings, and these will be specially targeted in the digital space, where technology can be used to support and enhance processes and data management.
- 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 NHP Uplift. 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 2026/27 £'000	Estimated Budget 2027/28 £'000	Estimated Budget 2028/29 £'000	Estimated Budget 2029/30 £'000
<u>Expenditure</u>				
Opening Budget	594,167	622,159	646,553	669,265
Inflation				
General	1,613	1,225	1,248	1,276
Pay	25,816	15,781	17,201	12,568
Specific	2,529	2,923	3,013	2,616
Productivity Savings	-4,911	-4,259	-3,617	-2,018
Growth	3,512	425	1,867	3,307
Reserve Funding	-568	8,300	3,000	2,000
Revised Budget Requirement	622,159	646,553	669,265	689,015
<u>Funded By</u>				
Opening Budget	-594,167	-622,159	-644,435	-667,244
Council Tax	-19,201	-18,703	-19,200	-19,708
Government Grants	-8,790	-3,573	-3,609	-3,645
Revised Funding	-622,159	-644,435	-667,244	-690,597
Annual Shortfall / (Surplus)	0	2,118	-97	-3,603
Cumulative Shortfall / (Surplus)	0	2,118	2,020	-1,582

5.2 As can be seen from the above, based on current assumptions, the plan is balanced in 2026/27 with the delivery of identified savings of £4.9m. The following years are not balanced currently due to uncertainty over funding with an assumption of a 1% annual increase in main grants; should this vary then the position could change significantly. Until further information is provided the force will start to plan for additional savings requirements beyond 2026/27.

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 no information on whether we may get a longer-term view before the next funding announcement in December 2026. This could be detrimental or advantageous to the plans set out here.
- 5.5 The Revenue budget summary for 2026/27 by spend group is summarised below with full details being shown in Appendix 1

Table 3 - Revenue Budget Summary 2026/27

	2025/26	2026/27	%
	£'000	£'000	Increase
PCC Controlled Expenditure	6,318	6,525	3.27%
TVP Operational Budget			
Employees	531,878	562,349	5.73%
Premises	20,446	23,083	12.90%
Transport	12,343	11,708	-5.14%
Supplies & Services	85,664	79,194	-7.55%
Third Party Payments	27,994	29,449	5.20%
Force Income	-48,279	-49,382	2.29%
Specific Grants	-44,376	-50,469	13.73%
Capital Financing	11,690	10,002	-14.44%
Reserve Appropriations	-9,511	-300	-96.85%
Cost Of Services	594,167	622,159	4.71%
Funded By			
Council Tax	-281,636	-300,837	6.82%
Government Police Grants	-312,532	-321,322	2.81%
Total Funding	-594,167	-622,159	4.71%

- 5.6 It should be noted that the key changes from year to year are the increase in pay inflation and costs for Employees, an increase in premises and utility costs (£2.6m) and a decrease in funding from 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	2026/27	2027/28	2028/29	2029/30
General Inflation	2.50%	2.00%	2.00%	2.00%
Pay Inflation	3.00%	2.50%	2.50%	2.00%
Specific Inflation	Led by Specific Sector Rates and Factors			
Staff / PCSO Vacancy Factor	2.62%	2.62%	2.62%	2.62%
Council Tax Precept	£15.00	£14.00	£14.00	£14.00
Council Tax Billing Base	1.51%	1.51%	1.51%	1.51%
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 £5.6m and £0.8m 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 £12.3m, this increases to £15.3m during the MTFP period to reflect the increasing cost of EV vehicles.
- 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.
- 5.11 Provision has also been made for Strategic Efficiency and Improvement reserves to support our non-Estate future infrastructure. This will fund future initiatives like the Digital Strategy and Business Enablers which will improve performance and deliver long term savings. The creation of a reserve will help smooth the financial impacts of these initiatives.

2026/27 Budget Detail

- 5.12 Table 5 below shows a summary of the main changes applied to build the 2026/27 Revenue Budget. The following paragraphs will provide further explanation of the changes made:

Table 5 - Summary of Revenue Budget Changes 2026/27

	£'000		£'000
Increases in Grant Funding		Funding to/From Reserves	
General Grant	-£5,979	I&P Reserve	-£7,289
	<u>-£5,979</u>	Estates Reserve	-£2,320
Productivity Savings			<u>-£9,609</u>
Efficiencies Board	-£714		
Savings Delivery Board	-£216	Shortfall / Surplus Before Increase in Council Tax	-£117
Enabling Services	£500		
Invest to Save	-£250	Council Tax	
	<u>-£680</u>	Increase in Precept	-£4,941
Committed Funding		Reduction in Base Collection Number	£1,570
Pay Inflation	£14,876		<u>-£3,371</u>
Non Pay Inflation	£442	New Proposed Growth Items	
	<u>£15,318</u>	Reserve Funded EBM Replacement	£277
Removal Of Prior Year One Off Funding	-£912	Reserve Funded Property Costs	£196
Increase for CM Pay Review	£1,100	Reserve Funded ICT Telent Costs	£897
Increase in Police Maternity Pay	£1,219	Reserve Funded - Sulhamstead Repairs	£1,696
Increase in Legal Costs	£411	Remove Provision for Future Growth	-£2,000
Increase in Employee Insurance Fund	£500	NICHE DCF	£225
Funding for Loan Interest Increases	£243	CM Mapping / ESRI	£868
Recognition of Interest Receipts	-£1,000	Protective Monitoring	£178
ZBB Review	£320	Agentic AI	£105
H&S Growth	£100	CM Futures	£644
TASER Refresh	£186	Vigilant +	£225
Staff Pension Actuarial review	-£1,335	Other Smaller Growth Items	£179
	<u>£832</u>		<u>£3,489</u>
		Overall Budget Shortfall /(Surplus)	£0

Grant Funding

5.13 In last year's MTFP we had estimated an increase in grant of £2.8m. Further to the CSR in early 2025 we were advised that this could be significantly higher and were working on a £17.6m increase in line with the CSR. Following the recent funding announcement the actual increase is £8.8m, which is £6m over last year forecasts, but £8.8m less that we were led to believe in the CSR. To date no detail has been published on the full makeup of the grant allocations and so at this stage we are still working on a few assumptions of what is or isn't covered by the above increase.

5.14 We are assuming that the funding settlement does include the 2025/26 NHP Grant funding (£6m) but does not include any further funding for future increases. More details are expected in late January as part of the Government's White Paper.

Productivity Savings

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

Table 6 - Summary of Force Productivity Plan

	2026/27	2027/28	2028/29	2029/30	Total
Efficiency Board Savings					
Provisional Savings	£2,700	£2,400	£2,100	£0	£7,200
Contingency	£145	£0	£0	£0	£145
Unidentified Savings	£0	£0	£0	£0	£0
	£2,845	£2,400	£2,100	£0	£7,345
Enabling Services					
Provisional Savings	£0	£500	£250	£0	£750
Unidentified Savings	£0	£0	£250	£500	£750
	£0	£500	£500	£500	£1,500
Savings Delivery Board					
Motor Insurance Premium	£505	£0	£0	£0	£505
Transport Savings (EU, Hire, Fuel, Fleet)	£544	£0	£0	£0	£544
Bonus Payments	£367	£0	£0	£0	£367
Your Reward	£200	£0	£0	£0	£200
Other Contingency	£200	£0	£0	£0	£200
Unidentified Savings	£0	£1,000	£1,000	£1,500	£3,500
	£1,816	£1,000	£1,000	£1,500	£5,316
Other Savings					
Invest to Save - CM Mapping	£79	£0	£0	£0	£79
Invest to Save - Agentic AI	£42	£42	£0	£0	£84
Invest to Save - Protective Monitoring	£129	£16	£17	£18	£180
Invest to Save - CM Futures	£0	£302	£0	£0	£302
	£250	£359	£17	£18	£644
Savings Identified	£4,911	£2,958	£2,367	£18	£10,253
Unidentified Savings	£0	£1,302	£1,250	£2,000	£4,552
Total Savings	£4,911	£4,259	£3,617	£2,018	£14,805

5.16 The Efficiency Board savings make up the majority of savings for the next 4 years, which will be derived from targeted savings across the force looking at how resources are used and primarily removing vacancies which can be released with minimal impact on service delivery. Each area of the force will present options for savings which will be scrutinised and agreed by Chief Officers before being delivered.

5.17 The Enabling Services programme, focussing on the delivery model for People Services, Finance, Procurement, Learning & Development and Duties Management, is in the development stage.

5.18 The Savings Delivery Board will continue to scrutinise force wide expenditure with a view to review policies, where applicable, and reduce expenditure through greater controls and scrutiny.

- 5.19 The drive for savings has been supported by the PCC who set aside £1m in the 2025/26 budget to financially support Invest to Save initiatives. To date, circa £0.64m has been approved for investment across a wide scope of schemes from investment in robotic automation, to increases in staff to increase our proceeds from crime, which should deliver £1.14m of savings over the period of the MTFP. The savings delivered from these initiatives are included within table 6.
- 5.20 To date £0.12m has been invested in five initiatives across a wide scope of schemes from investment in robotic automation, to increases in staff to increase our proceeds from crime, which should deliver £1.1m of savings over the period of the MTFP. The savings delivered from these initiatives are included within table 6.
- 5.21 As we continue to invest in modern and updated IT solutions, these should lead to further reductions in the old cost base, giving further Invest to Save savings as we move forward through the MTFP period and beyond.

Committed Funding

- 5.22 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 4.20% pay award in 2025 and the budgeted award of 3.0% in 2026.
- 5.23 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.
- 5.24 Non-pay inflation adds a further £4m 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 5.0%.
- 5.25 Other main committed costs include:
- The removal of prior year one off funded items; -£1m.
 - Increase in pay following a department wide grade review in Contact Management; £1m
 - An increase in Maternity Pay for Police Officers; £1.2m

- An increase in Legal Costs for litigation and cases; £0.4m
- An increase to the Employees Liability Insurance Fund; £0.5m
- Recognition of additional interest receipts; -£1m
- Police Staff pension scheme actuarial review has decreased employer contributions; -£1.3m

National Contributions

5.26 There are a number of budgets where we are obliged to make contributions to National initiatives and contracts which are managed and negotiated outside of TVP, hence we have very little or no influence on the values of the contributions we have to make.

5.27 These contributions are sizeable in value, circa £7m, and often put additional pressures on our local budgets and the requirement to make additional savings in order to meet the contributions and uplifts which are passed down to us.

Funding To/From Reserves

5.28 Reserves continue to play a vital role in maintaining the financial stability of the force, in line with our agreed use of reserves, with a number of one-off growth items being funded from the reserves for 2026/27.

5.29 In addition, the late adjustment we had to make in the 2025/26 budget for council tax receipts means that we must reverse the reserve funded element at £0.8m.

5.30 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

5.31 The council tax precept has been set at the maximum increase permitted to the PCC at £15 (5.3%) for a Band D Household, which supports the presented MTFP to a balanced position for 2026/27.

5.32 The increase in the estimated number of households paying Council Tax has been set at 1.51%, this will be confirmed once all the individual councils

have their final estimate figures.

New Proposed Growth

5.33 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.

5.34 The growth items are shown in the below Table:

Table 7 - Summary of New Revenue Growth

EBM Replacement	£277	Replace ageing equipment for Electronic Breathalyser Machines and connect to network
Property Costs	£196	Increase in identified property works and maintenance for 2026/27
ICT Network move from BT	£897	Transition costs for dual running whilst we migrate networks from BT to Telent
Sulhamstead Repairs	£1,696	Investment to repair and maintain the Sulhamstead training facility estate.
Remove Provision for Future Growth	-£2,000	Remove the prior provision allowed for growth in 2026/27
NICHE DCF	£225	Upgrade to the NICHE Crime database
CM Mapping / ESRI	£868	Upgrade and rationalise the electronic mapping systems used through the force and in Control Rooms
Protective Monitoring	£178	Upgrade of our monitoring systems to be compliant with HMICFR guidelines and protect against corruption
Agentic AI	£105	Investment in AI technology to gain the most from our existing systems
CM Futures	£644	Development and improvement of our Contact Management platforms to enable greater efficiency.
Vigilant +	£225	Funding to cover the cessation of previous Home Office Funding - this has yet to be confirmed
Family Matters	£50	Funding to cover previously funded victims support from the OPCC
OCR/SOH	£40	Funding to upgrade and streamline links to National Databases
ESMCP	£89	Initial costs to support the development of the new ESMCP network and dital radios

Total New Revenue Growth Items	£3,490
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Use of Reserves

5.35 The use of reserves continues to be a feature of the MTFP and Table 8 below shows the current and predicted balance on the various specific useable reserves:

Table 8 - Summary of General & Useable Reserves

Reserve	Predicted Closing Balances By Year			
	2025/26	2026/27	2027/28	2028/29
General Reserve	£15,787,100	£16,341,403	£15,776,014	£16,064,363
% of NRE	2.70%	2.71%	2.54%	2.52%
I&P	£12,685,238	£2,859,727	£2,104,727	£2,104,727
CCTV	£615,234	£615,234	£615,234	£615,234
Estates & Custody	£17,079,993	£4,495,931	£-1,459,869	£2,724,788
Strategic Efficiency and Improvement	£0	£5,000,000	£5,000,000	£5,000,000
PCC Efficiency Reserve	£881,732	£534,623	£362,688	£362,688
PCC Enabling Infrastructure	£3,000,000	£3,000,000	£3,000,000	£3,000,000
	£34,262,198	£16,505,516	£9,622,781	£13,807,438
Totals	£50,049,298	£32,846,919	£25,398,795	£29,871,801

5.36 The I&P Reserve is the main reserve used to fund one-off initiatives and investments, and as such we have one-off revenue expenditure of £5.7m in 2026/27, of which £0.8m was approved as part of the previous budget process.

5.37 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

	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000
Opening Balance	12,685	2,860	2,105	2,105
Funding for NHP Future Costs	830	0	0	0
Existing Projects Spend Brought Forward	-814	0	0	0
Earmarked New Revenue Spend	-4,842	-755	0	0
Transfer to Strategic Efficiencies Reserve	-5,000			
Closing Balance	2,860	2,105	2,105	2,105

5.38 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.

5.39 To prioritise future Strategic Efficiency initiatives we have transferred £5m to our new Strategic Efficiency and Improvement Reserve. The creation of this reserve does not influence the question and decisions around value for money and strategic alignment but indicates our intention to prioritise investing in those innovative initiatives which will deliver future step change improvements in our processes and performance.

5.40 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.

5.41 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 and in doing so ensuring that our future Estates strategy is affordable.

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

Table 10 - Summary of Estates Reserve

	2026/27	2027/28	2028/29	2029/30
	£'000	£'000	£'000	£'000
Opening Balance	17,080	4,496	-1,460	2,725
Revenue Contribution for Long Term Borrowing	5,080	12,157	15,157	17,157
Estimated Borrowing and Interest Costs	-1,830	-3,248	-3,590	-6,104
Capital Investment Spending:				
Custody Lodden Valley	-2,743	-7,076	-110	0
Windsor	-2,775	-2,075	0	0
EV Charging	0	0	-700	-700
MK Contact Centre	-7,470	-2,136	-129	0
HQ South	-2,846	-3,578	-5,268	-2,743
HQ North	0	0	-1,175	-646
Closing Balance	4,496	-1,460	2,725	9,689

5.43 Whilst the specific reserve may go negative in 2027/28 based on the current projections, the overall cash levels for all the usable reserve still remains positive, and it is likely that some of the projected spend will slip in the next two years.

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 establishment was uplifted in 2025/26 for an additional 68FTE officers as part of the NHP Uplift initiative. It was expected that additional posts will be required in 2026/27 and beyond as part of the governments election mandate to increase police officer, PCSO and Specials by 20,000. However, at this stage we do not have any details as to what the requirements are likely to be or how the posts will be funded and so at this time we cannot plan to increase our numbers.
- 6.2 We are currently estimating to be circa 80 Officers over establishment at the end of 2025/26, we have not reflected these in our forecast establishments as we do not know what the NHP requirements will be from Government. Should funding and growth be a requirement of the NHP Fund, then we will be in a strong position with our over establishment to meet the demand and will adjust our establishments as appropriate. Likewise, if there is no additional funding or requirement, we will be able to react in early 2026/27 to reduce our actual numbers back to the target establishment levels set out below.
- 6.3 The forecast establishment levels are therefore static at this stage for the period of the MTFP:

	Head Count				Budgeted FTE			
	2025/26	2026/27	2027/28	2028/29	2025/26	2026/27	2027/28	2028/29
Agreed Baseline (PUP)	4,978	4,978	4,978	4,978	4,563	4,563	4,563	4,563
NHP Grant Estimates	68	68	68	68	68	68	68	68
<i>Revised HO Targets</i>	<i>5,046</i>	<i>5,046</i>	<i>5,046</i>	<i>5,046</i>	<i>4,631</i>	<i>4,631</i>	<i>4,631</i>	<i>4,631</i>
Agreed Additionality	31	31	31	31	31	31	31	31
Force Targets	5,077	5,077	5,077	5,077	4,662	4,662	4,662	4,662

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 2026/27.

	Police Staff FTE	PCSOs FTE
Opening Establishment	3,120	263
Efficiency Savings	-55.33	
2026/27 Revised Establishment	3,065	263

	Police Staff FTE	PCSOs FTE
Current Gross Vacancies	147	9
Temps in Permanent Positions	-52	0
Vacancy Posts Taken as Efficiencies	-17	
Net Vacancies	78	9
Combined Vacancy Factor Rate	2.62%	
Vacancy Factor FTE	87	
Vacancy Factor £	-£4,750,000	

7 OPCC Budgets

7.1 The budget directly controlled within the OPCC is planned to increase by £0.2m (net of direct external funding). This includes £0.05m due to additional costs for police officer misconduct hearing panels following legislative changes and increased volumes; £0.09m for payroll increases due to annual pay rises and £0.03 for external audit costs

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 2026/27 are only estimates. The MTFP is based on a 1% cash uplift

in grant for future years; this equates to circa £3.5m per year. As the 2026/27 settle was vastly different to that expected from the CSR, we have taken a cautious approach to future years funding to reflect the uncertainty that is surrounding funding and hence the option of only 1% per annum.

- 8.3 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.
- 8.4 There is still a drive through Government to uplift Officer numbers, with specific grant funding being attached to those uplifts, should this continue into future years then a holistic approach to savings opportunities could lead to reverse civilianisation's.
- 8.5 Given the current economic conditions Pay Inflation could be significantly higher than the 3.0% budget provision. A 1% increase would add an additional circa £5.4m (fye) to the overall pay budget and create a deficit from year 1. Following the CSR the government has made it clear that there will not be any additional funding for pay awards in excess of budgeted / affordable levels (as we have received in previous years) so any increase above the 3% we have budgeted for would have to be funded from reserves in the short term with additional savings/cuts in the longer term.
- 8.6 A review of the National Funding Formula is still required and was 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.
- 8.7 The current low value of the £GB could lead to increased costs, especially around USD priced goods or services such as software licences.
- 8.8 The Impact of Government decisions on the demand for policing is not factored within our growth estimates. For example, the Sentencing Act will increase the local policing requirement, an initial very high-level estimate puts this at a cost of £400m for the service.

Local

- 8.9 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.

- 8.10 With the high level of recruitment over the last few years, the average length of experience had reduced but is now stabilising with retention having improved and recruitment levels slowing down. Currently the average length of service for Neighbourhood Police Constables is 8 years 10 months.
- 8.11 Depending on future years settlements 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.
- 8.12 Unquantified demand, whether new operational demand or investment requirements, for example to utilise a national technology initiative, may impact on the estimates presented today.

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 2026 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 Digital Strategy and our Enabling services will be vital to improving our services to the public as well as reducing our underlying costs. 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.
- 9.4 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 £15 for 2026/27, together with the utilisation of the force reserves as stated.

10 Legal comments

10.1 The MTFP 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

11.1 No specific implications arising from this report.

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

Appendix 6 – Summary of General and Useable Reserves



**Post Approval Addendum to:
Report for Decision Performance and Accountability Meeting on 22nd January 2026**

Following the approval of the 4-year Medium Term Financial Plan (2026/27 to 2029/30) at the Performance and Accountability Meeting on 22 January 2026, several external developments have since been confirmed which impact the budget presented at that meeting.

These changes, along with their financial implications, are outlined below. While the original approval report has not been amended, the updates have been reflected in the detailed appendices and throughout this budget book.

Council Tax Receipts

Final council tax notifications from the 13 councils within the TVP area were received in March 2026. Analysis of these returns indicates that the original estimate for council tax income was overstated by £1.24m. To address this shortfall, additional funding of £1.24m has been drawn from the Improvement & Performance Reserve for 2026/27. In addition, forecast growth for 2027/28 has been reduced by the same amount to reflect the ongoing reduction in income.

Home Office Funding for Additional Neighbourhood Officers

Under the Neighbourhood Uplift programme, aimed at delivering and sustaining 13,000 additional neighbourhood officers nationally, TVP has been awarded £11m, an increase of £5m compared with the previous year. As a result, the target number of NHP officers has increased from 68 in 2025/26 to 121 in 2026/27.

Notification of this funding was received in January 2026, alongside a revised total Home Office funding figure of £358.78m. Despite the £5m uplift for neighbourhood policing, the overall increase in funding from the December 2025 position is only £1.5m. This is due to a £3.7m reduction arising from the consolidation of the PUP grant into the Core grant.

Work is ongoing to integrate both the additional officers and the reduction in overall funding. The additional funding has been shown under employees for now (*see tables below*) and will be adjusted once the grant funding is finalised.

Income and Grant classification

Revised NPCC guidance has clarified which funding streams should be categorised as Grants and which should be recorded as Income. Although this reclassification does not alter the overall funding position it does increase the Net Revenue Expenditure Line by moving Income to Grant Funding, the following adjustments have been made:

Income

- Special Grants reduced by £24.8m
- Grant Funding Increased by £24.8m

Increase in NHP grant

- £5.1m Neighbourhood Policing (total £11.1m)

Reclassified as Grant Funding (previously reported as Income):

- £13.0m Pension Income
- £16.m PUP now consolidated in core grant (reduction of £3.7m)

Overall impact of the above 3 items:

Reduction in Council Tax Receipts	-£1.2m
Net Increase in NHP / PUP grant	£1.4m
Overall Increase to funding	£0.2m
Reallocation of Income to Grant	£24.9m
Net Impact to NRE	£25.1m

Table 3 - Revenue Budget Summary 2026/27 - BUDGET BOOK

	2025/26 £'000	2026/27 £'000	% Increase
PCC Controlled Expenditure	6,318	6,525	3.27%
TVP Operational Budget			
Employees	531,878	562,349	5.73%
Premises	20,446	23,083	12.90%
Transport	12,343	11,708	-5.14%
Supplies & Services	85,664	79,194	-7.55%
Third Party Payments	27,994	29,449	5.20%
Force Income	-48,279	-49,382	2.29%
Specific Grants	-44,376	-50,469	13.73%
Capital Financing	11,690	10,002	-14.44%
Reserve Appropriations	-9,511	-300	-96.85%
Cost Of Services	594,167	622,159	4.71%
Funded By			
Council Tax	-281,636	-300,837	6.82%
Government Police Grants	-312,532	-321,322	2.81%
Total Funding	-594,167	-622,159	4.71%

Table 3 - Revenue Budget Summary 2026/27 - REVISED

	2025/26 £'000	2026/27 £'000	% Increase
PCC Controlled Expenditure	6,318	6,525	3.27%
TVP Operational Budget			
Employees	531,878	562,349	5.73%
Premises	20,446	23,083	12.90%
Transport	12,343	11,708	-5.14%
Supplies & Services	85,664	80,647	-5.86%
Third Party Payments	27,994	29,449	5.20%
Force Income	-48,279	-49,382	2.29%
Specific Grants	-14,467	-25,610	77.02%
Capital Financing	11,690	10,002	-14.44%
Reserve Appropriations	-9,511	-1,537	-83.84%
Cost Of Services	624,076	647,234	3.71%
Funded By			
Council Tax	-281,636	-299,600	6.38%
Government Police Grants	-342,441	-347,634	1.52%
Total Funding	-624,076	-647,234	3.71%

Table 3 - Revenue Budget Summary 2026/27 - CHANGES

	2025/26 £'000	2026/27 £'000
PCC Controlled Expenditure	0	0
TVP Operational Budget		
Employees	0	1,453
Premises	0	0
Transport	0	0
Supplies & Services	0	0
Third Party Payments	0	0
Force Income	0	0
Specific Grants	29,909	24,859
Capital Financing	0	0
Reserve Appropriations	0	-1,237
Cost Of Services	29,909	25,075
Funded By		
Council Tax	0	1,237
Government Police Grants	-29,909	-26,312
Total Funding	-29,909	-25,075

SUMMARY OF USABLE RESERVES – REVISED POSITION

Reserve	Predicted Closing Balances By Year			
	2025/26	2026/27	2027/28	2028/29
General Reserve	£15,787,100	£16,341,403	£15,776,014	£16,064,363
% of NRE	2.70%	2.71%	2.54%	2.52%
I&P	£12,685,238	£1,487,563	£597,563	£597,563
CCTV	£615,234	£615,234	£615,234	£615,234
Estates & Custody	£17,079,993	£4,495,931	-£1,459,869	£2,724,788
Strategic Efficiency and Improvement	£0	£5,000,000	£5,000,000	£5,000,000
PCC Efficiency Reserve	£881,732	£534,623	£362,688	£362,688
PCC Enabling Infrastructure	£3,000,000	£3,000,000	£3,000,000	£3,000,000
	£34,262,198	£15,133,352	£8,115,617	£12,300,274
Totals	£50,049,298	£31,474,755	£23,891,631	£28,364,637

Revenue Budget Summary 2026/27

	2025/26 Budget	Inflation	Savings	Virements	Growth	2026/27 Budget
PCC Controlled Expenditure						
Commissioned Services	£3,636,000	£271,692	0	0	-271,692	£3,636,000
Democratic Representation	£200,177	£7,702	0	0	621	£208,500
OPCC	£2,101,793	£98,316	0	0	-4,609	£2,195,500
Other Costs	£380,400	£9,510	0	0	95,090	£485,000
	£6,318,370	£387,220	0	0	-180,590	£6,525,000
TVP Operational Budget - Direction and Control of Chief Constable:						
Employees	£531,878,195	£25,862,039	-2,266,699	0	6,875,076	£562,348,611
Premises	£20,445,727	£762,589	0	0	1,875,090	£23,083,406
Transport	£12,343,060	£432,052	0	0	-1,066,806	£11,708,306
Supplies & Services	£85,663,845	£1,774,502	-2,627,446	0	-5,616,717	£79,194,184
Third Party Payments	£27,993,636	£873,134	0	0	581,837	£29,448,607
Force Income	£-48,278,543	£-133,170	-17,196	0	-953,481	£-49,382,390
Specific Grant	£-44,376,066	£0	0	0	-6,093,042	£-50,469,108
	£585,669,854	£29,571,146	-4,911,341	0	-4,398,043	£605,931,616
Net Capital Financing Costs:						
Capital Financing	£16,690,268	£0	0	0	-687,911	£16,002,357
Interest on Balances	£-5,000,000	£0	0	0	-1,000,000	£-6,000,000
	£11,690,268	£0	0	0	-1,687,911	£10,002,357
Appropriations to/from Balances:						
Appropriations	£-9,511,028	£0	0	0	9,210,999	£-300,029
	£-9,511,028	£0	0	0	9,210,999	£-300,029
Cost of Services	£594,167,464	£29,958,366	-4,911,341	0	2,944,455	£622,158,944
Funded By:						
Council Tax - Surplus on Collection	£-2,750,000	£0	0	0	0	£-2,750,000
Council Tax Precept Income	£-278,885,729	£0	0	0	-19,201,480	£-298,087,209
Formula Grant	£-93,918,062	£0	0	0	-6,875,012	£-100,793,074
Legacy Council Tax Grants	£-15,278,329	£0	0	0	0	£-15,278,329
Police Current Grant	£-203,335,344	£0	0	0	-1,914,988	£-205,250,332
	£-594,167,464	£0	0	0	-27,991,480	£-622,158,944
Total Funding	£-594,167,464	£0	0	0	-27,991,480	£-622,158,944

Appendix 2 - England Police Precept (Band D) and Income by Source

	Precept		Precept Income (£m)	Total Income (£m)	Precept/Total
	2024/25	2025/26	2025/26	2025/26	2025/26
Avon & Somerset	£279.20	£293.20	177.6	439.7	40%
Bedfordshire	£265.09	£279.09	66.2	168.3	39%
Cambridgeshire	£285.48	£299.43	93.0	209.9	44%
Cheshire	£262.94	£276.94	111.9	282.9	40%
City of London			-	92.9	0%
Cleveland	£303.73	£317.73	52.7	189.3	28%
Cumbria	£310.05	£324.00	61.5	158.0	39%
Derbyshire	£279.60	£293.60	100.5	261.5	38%
Devon & Cornwall	£274.50	£288.20	192.2	464.1	41%
Dorset	£293.58	£307.58	96.1	194.8	49%
Durham	£268.24	£282.24	52.1	178.3	29%
Essex	£246.42	£260.37	176.9	434.1	41%
Gloucestershire	£308.08	£322.08	79.6	169.3	47%
Greater Manchester	£256.30	£270.30	222.2	871.2	26%
Hampshire	£261.46	£275.46	200.7	493.6	41%
Hertfordshire	£251.00	£265.00	124.4	299.7	42%
Humberside	£281.18	£295.17	86.9	270.5	32%
Kent	£256.15	£270.15	183.7	459.8	40%
Lancashire	£263.40	£277.40	130.9	417.4	31%
Leicestershire	£286.23	£300.23	105.1	272.9	39%
Lincolnshire	£304.20	£318.15	78.9	174.5	45%
Merseyside	£264.97	£278.97	111.3	482.7	23%
Metropolitan Police	£305.13	£319.13	1,028.4	3,807.1	27%
Norfolk	£315.90	£329.85	106.9	239.2	45%
North Yorkshire	£306.86	£320.86	104.0	218.4	48%
Northamptonshire	£306.04	£320.04	84.4	194.3	43%
Northumbria	£181.84	£195.84	82.9	422.2	20%
Nottinghamshire	£282.15	£296.10	101.0	301.6	33%
South Yorkshire	£251.04	£265.04	100.1	378.7	26%
Staffordshire	£273.57	£287.57	106.3	280.9	38%
Suffolk	£275.58	£289.53	79.8	184.3	43%
Surrey	£323.57	£337.57	177.8	328.3	54%
Sussex	£252.91	£266.91	177.3	423.0	42%
Thames Valley	£269.28	£283.28	278.9	627.4	44%
Warwickshire	£289.71	£303.71	68.9	149.0	46%
West Mercia	£277.50	£291.50	138.0	318.9	43%
West Midlands	£215.55	£229.50	175.4	846.9	21%
West Yorkshire	£249.28	£263.28	182.6	659.6	28%
Wiltshire	£269.27	£283.27	77.6	171.6	45%
Average (weighted)	£277.07	£291.05			34%

Income: Home Office Government Grant Data

**Thames Valley Police
Medium Term Financial Plan**

Appendix 3

	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>
Annual Opening Budget	£594,167,464	£622,158,944	£646,552,909	£669,264,686
Inflation				
General Inflation	£1,613,263	£1,224,853	£1,247,868	£1,276,364
Police Pay Inflation	£16,290,087	£10,348,322	£12,082,818	£8,092,983
Police Staff Inflation	£9,525,921	£5,432,954	£5,118,083	£4,474,847
Specific Inflation	£2,529,095	£2,922,545	£3,013,207	£2,616,460
Total Inflation	£29,958,366	£19,928,674	£21,461,976	£16,460,654

Productivity Plan Savings

Efficiencies Board	-£2,845,330	-£2,400,000	-£2,100,000	£0
Enabling Services	£0	-£500,000	-£500,000	-£500,000
Other Savings	-£250,082	-£359,302	-£16,764	-£17,750
Savings Delivery Board	-£1,815,929	-£1,000,000	-£1,000,000	-£1,500,000
Total Productivity Savings	-£4,911,341	-£4,259,302	-£3,616,764	-£2,017,750

Prior Years Growth

Reduction/Removal of Prior Growth					
186	ICT - System Upgrades and Development Programme 2023/24	-£46,250	£0	£0	£0
209	McCloud Remedy Costs - Phases 3&4	-£256,021	£0	£0	£0
Operational Delivery					
162	Data Quality Development	£8,406	£0	£0	£0
165	Forensics Improvement Programme	-£70,301	£0	£0	£0
314	NHP Grant - Year 1 Continued	-£6,093,042	£0	£0	£0
315	NHP - Increase of 68 Officers Year 1	£5,262,596	£0	£0	£0
Technology Investment					
256	Data & Systems Roadmap Implementation	-£60,933	-£163,825	£0	£0
Prior Years Growth		-£1,255,545	-£163,825	£0	£0

Committed & Statutory Growth

Pay & Allowance Adjustments					
178	PCSO Vacancy Levels	£0	£0	£0	£0
317	Increase for CM Pay Review	£1,100,000	£0	£0	£0
318	Provision for Increase in Police Maternity Pay Spend	£1,218,675	£0	£0	£0
327	Police Staff Pension Actuarial Review	-£1,335,063	-£1,335,465	-£1,336,399	£0
Service Delivery & Compliance					
180	Review of Interest Receipts	-£1,000,000	£1,000,000	£0	£0

184	Review and Alignment of Budgets Following Detailed Spend Analysis and Forecasts	£920,391	£200,000	£0	£0
319	Increase in Legal Costs Associated with Volume of Cases	£411,050	£0	£0	£0
321	Growth for Increase in Employee Insurance Fund Contributions	£500,000	£0	£0	£0
323	Increase in MRP And Loan Interest Funded through Estates Reserve Adjustment	£243,168	£0	£0	£0
325	Funding for Health and Safety Equipment	£100,000	£0	£0	£0
326	TASER Refresh Programme - Rephasing of Spend	£186,309	£200,617	£200,617	-£694,872
Committed & Statutory Growth		£2,344,530	£65,152	-£1,135,782	-£694,872

New Proposed Revenue Growth

Improving Victim Services

340	Funding for Vigilant + and Family Matters	£275,000	£0	£0	£0
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Infrastructure & Investing for Future Delivery

260	Provision for Future Essential Growth	£0	£2,000,000	£2,000,000	£2,000,000
328	OCR / SOH	£39,563	-£39,563	£0	£0
329	NICHE DCF	£225,000	-£225,000	£0	£0
330	CM Mapping / ESRI	£867,593	-£725,099	£0	£0
331	Agentic AI	£104,719	-£77,338	£0	£0
332	Protective Monitoring	£178,145	-£49,917	£2,347	£1,972
333	ESMCP	£89,240	-£50,962	£0	£0
334	CM Futures	£643,738	-£308,458	£0	£0
342	Increase in DRF for move to EV Vehicles	£0	£0	£1,000,000	£2,000,000

New Proposed Revenue Growth		£2,422,998	£523,663	£3,002,347	£4,001,972
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Growth Funded From Reserves

Growth Funded From I&P Reserve

220	Contact Management Retention Bonus Scheme	-£300,000	£0	£0	£0
261	Growth Items Funded from Reserves	-£674,201	-£553,966	£0	£0
276	Funding for Two Additional SOLO Staff Members	-£46,100	£0	£0	£0
283	Operation Olympus - National Investigation regarding the Post Office	£0	-£260,000	£0	£0
288	Funding for Implementation of Temperature Sensors for Evidence Freezers	-£50,000	£0	£0	£0
292	Windows 11 Upgrade	-£1,099,860	£0	£0	£0
293	MOPI RRD	-£450,835	£0	£0	£0
295	One Year Funding for a Strategic Analyst	-£30,000	£0	£0	£0
296	WPN Outsourced Support	-£47,500	£0	£0	£0
297	Pronto Printers	-£53,000	£0	£0	£0
320	One off Property Costs to be Funded From Reserves	£196,231	-£196,231	£0	£0
324	Funding for One Year Costs in Relation to ICT Moving From BT to Telent	£897,258	-£897,258	£0	£0
338	Repairs and Maintenance Growth - Sulhamstead	£1,695,500	-£940,500	-£755,000	£0

Growth Funded From General Reserves

74	Police Officer Reserve Funding for Bank Holidays	£471,747	-£952,930	£726,586	£0
75	Police Staff Reserve Funding for Bank Holidays	£82,556	-£166,763	£127,152	£0
Appropriations From Reserves					
84	Appropriations to/from the I&P Reserve	-£37,493	£2,847,955	£755,000	£0
85	Appropriations to/from General Balances	-£554,303	£1,119,693	-£853,738	£0
Growth Funded From Reserves		£0	£0	£0	£0

Other Reserve Movements

I&P Reserve Funded

271	Contribution to Inflation Contingency in I&P Reserve	-£2,200,000	£0	£0	£0
313	Appropriation for Final Council Tax Shortfall	£775,243	£0	£0	£0
316	NHP Grant Appropriation to I&P Reserve	£830,446	-£830,446	£0	£0
339	Reserve Funding for Growth Projects in 2026/27	-£2,053,002	£2,053,002	£0	£0

Estates Strategy Funded

274	Estates Borrowing and Interest Provision	£4,156,832	£5,000,000	£3,000,000	£2,000,000
341	Reduction in Financing Provision due to Capital Programme Delays	-£2,077,047	£2,077,047	£0	£0

Other Reserve Movements		-£567,528	£8,299,603	£3,000,000	£2,000,000
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Annual Net Budget Requirement	£622,158,944	£646,552,909	£669,264,686	£689,014,690
Annual Cash Budget Increase	£27,991,480	£24,393,965	£22,711,777	£19,750,004
Annual Percentage Budget Increase	4.71%	3.92%	3.51%	2.95%

Funding Changes

Annual Opening Funding	-£594,167,464	-£622,158,944	-£644,435,276	-£667,244,211
Police Grants				
69 Police Grant Funding Changes	-£1,914,988	-£1,934,138	-£1,953,480	£0
70 Formula Grant Funding Changes	-£6,875,012	-£1,638,862	-£1,655,250	-£3,644,817
<i>Total Police Grants</i>	<i>-£8,790,000</i>	<i>-£3,573,000</i>	<i>-£3,608,730</i>	<i>-£3,644,817</i>
Council Tax				
71 Council Tax Precept Changes	-£14,990,305	-£14,202,215	-£14,416,668	-£14,634,360
73 Council Tax Base Changes	-£4,211,175	-£4,501,117	-£4,783,537	-£5,073,460
<i>Total Council Tax</i>	<i>-£19,201,480</i>	<i>-£18,703,332</i>	<i>-£19,200,205</i>	<i>-£19,707,820</i>
<i>Total Change in Funding</i>	<i>-£27,991,480</i>	<i>-£22,276,332</i>	<i>-£22,808,935</i>	<i>-£23,352,637</i>
Total Annual Funding	-£622,158,944	-£644,435,276	-£667,244,211	-£690,596,848

Annual Shortfall / (Surplus)	£0	£2,117,633	-£97,158	-£3,602,633
Cumulative Shortfall / (Surplus)	£0	£2,117,633	£2,020,475	-£1,582,158

January 2026

Thames Valley Police Public Benefits Realisation

Change has remained a constant for Thames Valley Police, with the last year continuing the momentum established in the preceding 12 months. The Local Command Units (LCU) are now live and we continue to embed the changes across the force, including the uplift of PCs in Neighbourhood Teams, the introduction and staffing of Harm Reduction Units (HRU), alignment of Domestic Abuse Investigation Units (DAIU) to the LCU model and alignment of the Criminal Investigation Department (CID) and Priority Crime Team (PCT) shift patterns. While implementing these changes and delivering in key areas across the force, we have had to effectively prioritise limited funding to critical areas to meet operational and organisational priorities and to ensure protecting our communities remains at the heart of our strategic decision making.

There has also been significant focus on several areas for improvement, as identified in previous HMICFRS thematic and PEEL inspections, as we welcome HMICFRS inspectors into the force in the run up to our next PEEL inspection in March. 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 support the PCC's Crime Fighting Plan 2024-2029, prioritising protecting communities, protecting people and protecting property.

1. Protecting Communities

1.1 Through a combination of investment and reassignment of resources, significant improvements have been made by our Local Policing teams to strengthen our GRIP/Hotspot (Op Rasure) initiative.

- The Geographic Information System (GIS) Lead and Violence Reduction Development Officer (VRDO) roles are now part of the establishment, previously only existing through Home Office funding. This has enabled neighbourhood officers to focus efforts accurately where there is most likely impact on reducing crime, by mapping out hotspot areas using crime data analysis. Thames Valley Police are recognised as one of the best performing forces in hotspot policing delivery by the Home Office, exceeding Home Office targets this year.
- An Op Rasure/Op Purchase Sergeant post has also been introduced through restructuring the team as a direct result of this investment. The Community Policing post plays a vital part in strengthening and supporting several key areas of focus for Thames Valley Police and the PCC's Crime Fighting Plan, including:
 - Overseeing the knife surrender campaigns, Op Sceptre and Op Deter, with a further reduction in knife crime of 9% this year.
 - Supporting force wide delivery of other serious violence initiatives.
 - Coordinating delivery of Op Purchase and periods of action across TVP.



January 2026

The changes have enabled delivery to continue without impacting overall performance and the Home Office is currently looking at Op Deter as a potential model to roll out nationally.

- Youth Early Intervention & Prevention Sergeant and PC roles are enabling work previously funded within the Violence Prevention Partnership, primarily focussing on the delivery of Op Paramount (identification and support for children with a parent in prison). Op Paramount has been identified as good practice by the Home Office who are keen to fund a national roll out. These roles:
 - Hold wider responsibility within Community Policing for early youth intervention and prevention work.
 - Play a key part in reviewing how we use our schools' officers in TVP, reviewing the Safer Schools Partnership offer, ensuring we are working to national best practice and in support of the OPCC Education Strategy.
 - Have supported early intervention work such as Tall Ships.

The investment has enabled key areas of work to continue by permanently funded resource and several of the areas of work have been identified as good practice with potential for national rollout.

1.2 Investment was secured for a BB4 police staff (Inspector equivalent) Strategic Intelligence Analyst post to ensure the force has the capability of providing an evidence-based picture of the key threats and risks that the force may face in the future. The Strategic Analyst post has been invaluable to Crime and Intelligence in a number of areas:

- Delivering the Force Strategic Assessment (FSA), Control Strategy and Intelligence Requirement.
- The Control Strategy and plan will drive tactical and strategic tasking, set force priorities for the year, provide an accurate intelligence picture of threat, harm and risk to inform strategic objectives and enable benchmarking against regional and national trends.
- The analyst has produced profiles such as the Serious Organised Acquisitive Crime Profile which supports the FSA development and has strategically assessed thematic risk by applying MoRiLE (Managing of Risk in Law enforcement) scoring to crimes.

The overarching picture of threat harm and risk is now clearer for Thames Valley Police which is essential for operational planning, given our limited resources, to ensure our efforts are directed effectively and efficiently to maximise outcomes and bring offenders to justice.

2. Protecting People

2.1 Investment was secured to supplement a Home Office grant for a Detective Inspector and two Detective Sergeants, to compliment an established Domestic



January 2026

Abuse (DA) team. This small but effective team have driven significant improvements in the following areas:

- A number of efficiency savings have been identified and implemented in the approach to the Domestic Violence Disclosure Scheme (DVDS), known as Clare's Law, including:
 - Moving the administration of DVDS applications to the HRU,
 - Utilising Teams for remote appointments in place of travelling to meet face-to-face,
 - The introduction of Robotic Process Automation (RPA) to produce research reports for NICHE information.
- Despite a year-on-year increase in demand, with DVDS applications up by 59%, there has been a 263% increase in the number of disclosures made within 28 days of the application, increasing our compliance:
 - From 31% to 71% for Right to Ask and,
 - From 32% to 53% for Right to Know.
- Development of a DA Blueprint to support local DA investigation which has contributed to a year-to-date increase of 5% in DA positive outcomes.
- Work with the Digital Forensics Unit (DFU) to widen the use of mobile phone kiosks in DA cases, including an uplift in the Domestic Abuse Investigation Unit (DAIU) and HRU officers trained.
- Development and successful implementation of a Conditional Cautioning scheme for standard risk DA perpetrators to address offending behaviour.
- Delivery of Statutory Case Review training to senior leaders in collaboration with the Service Improvement Investigation Review Team (SIIRT).
- Increased the number of Stalking Protection Orders (SPO) issued by 64 since September 2022, providing early, proactive safeguarding for victims and communities.
- Specialist tactical advice surgeries delivered to the Officer in Case (OIC) for stalking investigations.

The additional investment in our Domestic Abuse team has been vital in enabling Thames Valley Police to meet rising demand, improve victim safeguarding, and deliver faster, more effective outcomes. The improvements made not only strengthen our operational capability but also build public trust and confidence, ensuring that protecting vulnerable people remains at the heart of our policing priorities.

2.2 Partial funding was also agreed for an investment to improve our drone capability. This has allowed both Thames Valley Police and Hampshire & the Isle of Wight Constabulary to retain the current model with some minor adjustments that ensure staff welfare, a focus on health and safety and a refocus of secondary skill sets.



January 2026

Refreshing the model has reduced the secondary skill pilot numbers, however the team have seen several advantages to this, including:

- Increase in flight safety by removing some secondary pilots
- Improved capability of remaining pilots
- Any excess drones from departments with a reduced number can be redistributed which has improved servicing timescales.

The enhancement of our drone capability has delivered far-reaching benefits. By improving flight safety, redistributing excess drones, and increasing pilot proficiency, this investment has strengthened our ability to respond more effectively and to more incidents. Drones now play a critical role in supporting a number of operations and provide real-time situational awareness to officers on the ground.

3 **Protecting Property**

3.1 As highlighted in section 1, an additional Sergeant post has been secured as part of the GRIP/Hotspot investment bid. This post plays a pivotal role in supporting the PCC's Crime Retail Strategy and TVP's Retail Crime Delivery Plan 2025-28, coordinating delivery and periods of activity across the force. The strategy will improve TVP's ability to target organised retail crime and accurately target high harm areas. This will also support the development of a standardised toolkit for officers and partners to bolster retail crime prevention capabilities. As reported in November's Force Performance Group meeting, we are already seeing the benefits of this investment, with the year-to-date retail crime positive outcome rate at 27%, up 351 from the same period last year.

4 **ICT Infrastructure Improvements**

4.1 Regular investment in ICT products and services remains 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:

Windows 11 update has now been rolled out across the force as Microsoft no longer provide regular security updates or technical support for Windows 10 devices. The migration has mitigated significant risk to the force's operational security and efficiency. The project delivered 'over the air' upgrades to the estate where possible, with remaining end of lifecycle devices being replaced with new, Windows 11 compatible devices. This investment has delivered tangible cost-avoidance benefits and ensures security risks to the estate are minimized.



January 2026

End User Device Services

The investment has significantly enhanced Thames Valley Police's operational efficiency and technological resilience. By stabilising the workforce, modernising device infrastructure and introducing innovative lifecycle management strategies, the force has improved reliability, reduced costs, and ensured alignment with future priorities. These changes deliver tangible benefits for both frontline and back-office operations, supporting a cost-effective and high-performing environment. Key benefits include:

- Workforce Stabilisation and Cost Reduction
 - Converted six temporary staff to permanent roles, reducing recruitment and onboarding costs.
 - Progressed seven of fifteen roles, including a Transform Lead, to streamline service delivery.
- Technology Enablement
 - Improved device reliability and performance, reducing faults and enhancing user experience.
 - Collaboration across teams ensures device refresh aligns with force priorities.
- Revenue generation through a partnership with a new disposal supplier to increase revenue from decommissioned equipment.
- Lifecycle Management Innovations
 - Ongoing refresh programme for the next three years.
 - Development of a revised five-year refresh forecast incorporating cloud-based devices for lower cost and greater flexibility and AI-driven self-healing capabilities to extend hardware lifespan and reduce failures.

5 Key Enablers

5.1 After funding was secured, it was agreed that a restructure of the Occupational Health (OH) and Welfare Services Unit would take place to ensure that it meets the needs of the organisation, adds value and has the necessary service provision in place to support the growing demands the department has seen in recent years. The restructure led to additional Welfare, Advisor and Admin roles being introduced; the re-evaluation of clinical roles and a refresh of other roles in the unit to ensure that they reflect the responsibilities and expertise required.

With the new structure being implemented, the team are working towards a number of key priorities, including:

- Improving standards and compliance with the aim of achieving Oscar Kilo Occupational Health foundation standards by March 2026.



January 2026

- Strengthening governance and quality assurance by introducing clinical and administrative line manager audits and peer reviews.
- Encouraging workforce development, ensuring regular and effective CPD for clinical teams through senior clinician oversight and expanded psychological screening to strengthen wellbeing support.
- Improving process and technology with the launch of the Cority (OH system) with manager referral module and individual access that will reduce admin tasks.
- Enhancing Performance data and monitor through Force Performance Group.

Thanks to the additional funding, 66% of this work is complete with the aim for 100% completion by end of March 2026. This will significantly improve the force's ability to ensure our people are fit, well and ready to serve and protect our communities.

5.2 Further investment in Thames Valley Police's Foundation Training resources confirmed funding for nine police staff (sergeant equivalent) trainer posts (previously funded through uplift). The posts support compliance in quality standards and national directed curriculums, set by the college of policing, and provide the bedrock in ensuring professional policing skills are delivered at the highest standards. This has driven improvements in many areas, including and in addition to the benefit predicted last year:

- Increased the professional skills and knowledge of our officers and staff, to better support the protection of our communities.
- Quality delivery of Learning and Development (L&D) in Thames Valley Police, recognised through Ofsted reporting, Shrievalty recognition and Apprenticeship deliveries in the UK.
- Effectiveness in recognising and building upon the force Diversity and Inclusion work, delivering tangible confidence to the public of our drive within policing to recognise diversity.

6 Other

6.1 Investment in the Professional Standards Department (PSD) has allowed for a small increase in resources for the team. A Counter Corruption Unit (CCU) Detective and a BB4 police staff Conduct Proceedings Manager. The increase in resources has led to:

- The wait time for misconduct meetings reducing by nearly 50% compared to the same period last year, enabling the force to complete more meetings so far this financial year than in the whole of 2024/25.
- The backlog of misconduct hearings and meetings reducing significantly due to a more evenly distributed workload.



January 2026

- An improvement in staff morale, with the confidence that this will improve even further once the new team members are operating effectively.

The investment also allowed the department to revise the spend to increase the two current PSD Support Managers to full time posts. This has also helped significantly with workloads and backlogs across the department. As the structural changes take effect, clear and measurable benefits are anticipated in the months ahead. The outlook is positive and will further strengthen the force's ability to maintain a workforce that meets the highest standards of professional and ethical conduct.

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:

Fire Safety Improvement and First Aid

- Training costs for CCMT and Senior leaders in relation to their responsibilities for fire safety.
- Maintenance remediation costs and additional security guard cover at Sulhamstead.
- Additional training for the H&S Manager and H&S Assurance and Incident Officer to ensure sufficient competence to support the diverse estate in relation to fire safety.

AIU next steps project to specialise in remote video response (RVR) investigation

- GoodSam (RVR) licenses will be secured to fully standardise and significantly improve response and investigation processes.
- Optimal estate usage which will reduce physical office space by enabling effective remote working and investigation, delivering cost savings and operational flexibility.
- Enhanced supervisory capacity as resources are freed to focus on performance and leadership oversight.
- Improved working environment to create practical, welfare-orientated spaces to support wellbeing and productivity.
- Delivery of a new investigation system that provides better continuity to victims while improving statement taking, evidence capture and secondary research, resulting in better outcomes.
- Integration of Crime Data Accuracy Team to improve crime management and Niche compliance for the Force.
- The expectation is that these changes will significantly improve force performance in a number of areas (including response times, victim satisfaction and outcome performance).



January 2026

Agentic AI

- This investment will allow the Tier 1 Digital Support Desk to automate the 6000 simple ICT requests received annually to deliver a substantial annual saving and also provide a better, 24/7 service to officers and staff across the organisation.
- There is also the potential to expand further by other products such as CMP, PRONTO, ESRI, BWV and DEMS as well as our main ICT service desk.

Family Matters

- The program will protect officer wellbeing by removing the emotional burden of supporting distressed families after arrests.
- It will enable support for 100+ families annually and will ensure continuity of service beyond March 2025.
- Specialist family support will be provided, that is currently unavailable through any other statutory service which will reduce trauma and long-term harm to children.
- The program has gained national recognition and funding will maintain Thames Valley Police's pioneering approach to safeguarding and staff resilience in high-trauma roles.

CM Futures – Phase 1 (Discovery)

- The programme will deliver a better routing experience for the public, increasing their ability to self-serve and will achieve higher first-time resolution rates while reducing wait times for 101 and online services.
- It will improve the user experience for call handlers by automating high-volume, low-complexity calls, allowing them to focus on more meaningful interactions.
- Contact handlers will be able to concentrate on listening to callers rather than data entry, which will enhance professional curiosity, questioning, and listening skills.
- The quality of information obtained will improve, leading to better outcomes for both the public and the organisation.
- Reduced handling time for 999, 101, and online submissions is expected to release up to 43,760 operational hours, equivalent to 32.7 full-time employees, creating significant efficiency gains.
- The discovery phase will ensure services remain supported, improve system stability, and explore potential new capabilities to future-proof operations.

Vigilant+

Thames Valley Police remain committed to ensuring the continuity of Vigilant+ and are currently awaiting confirmation of Home Officer funding, which will confirm how we are able to secure its future.

ICT Infrastructure Improvements and Critical Equipment Refresh



January 2026

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:

- Contact Management ESRI Mapping
- Legacy LAN Wifi
- Niche DCF Upgrade
- OCR iHub (Single Online Home) Upgrade
- Protective Monitoring (VPro) Upgrade
- ICT Network move from BT
- ESMCP

Improvement & Performance Reserve

Type	Improvement & Performance Reserve	Budget Book Ref	2026/27 Requirement	2027/28 Requirement	2028/29 Requirement	2028/29 Requirement
	Opening Balance		£12,685,238	£2,859,727	£2,104,727	£2,104,727
	Funding Into Reserve:					
Rev	Transfer to Strategic Efficiency Improvement		-£5,000,000	£0	£0	£0
Rev	NHP Grant - Surplus Year 2	316	£830,446	£0	£0	£0
			-£4,169,554	£0	£0	£0
	Spending From Reserve:					
Rev	EBM Strategy / Replacement	261	-£553,966	£0	£0	£0
Rev	Funding for Op Olympus	283	-£260,000	£0	£0	£0
Rev	ICT Telent One off Costs	324	-£897,258	£0	£0	£0
Rev	Property One Off Costs	320	-£196,231	£0	£0	£0
Rev	OCR/SOH	328	-£39,563	£0	£0	£0
Rev	NICHE DCF	329	-£225,000	£0	£0	£0
Rev	CM Mapping / ESRI	330	-£772,597	£0	£0	£0
Rev	Agentic AI	331	-£104,719	£0	£0	£0
Rev	Protective Monitoring	332	-£178,145	£0	£0	£0
Rev	ESMSP	333	-£89,240	£0	£0	£0
Rev	CM Futures	334	-£643,738	£0	£0	£0
Rev	Sulhamstead Works		-£1,695,500	-£755,000	£0	£0
			-£5,655,957	-£755,000	£0	£0
	Sum of Revenue Contributions		-£9,825,511	-£755,000	£0	£0
Proj	Project Spend Brought Forward	In Year	£0	£0	£0	£0
Proj	Project - Change of ICT Recharge	In Year		£0		
Proj	Property Projects	In Year	£0	£0	£0	£0
	Sum of Capital and Project Contributions		£0	£0	£0	£0
	Closing Balance		£2,859,727	£2,104,727	£2,104,727	£2,104,727

Appendix 5A - Summary of Reserve Funded Growth Items 2026/27

Initiative	Budget Book Ref	Cost	Description
EBM Strategy / Replacement	261	£553,966	2 year programme to replace and network the Electronic Breathalyser Machines
Funding for Op Olympus	283	£260,000	Funding to support the National Post Office Enquiry
Prior Year Approved Funding		£813,966	

Property Costs	320	£196,231	Increase in identified property works and maintenance for 2026/27
ICT Network move from BT	324	£897,258	Transition costs for dual running whilst we migrate networks from BT to Telent
OCR/SOH	328	£39,563	Funding to upgrade and streamline links to National Databases
NICHE DCF	329	£225,000	Upgrade to the NICHE Crime database
CM Mapping / ESRI	330	£772,597	Upgrade and rationalise the electronic mapping systems used through the force and in Control Rooms
Agentic AI	331	£104,719	Investment in AI technology to gain the most from our existing systems
Protective Monitoring	332	£178,145	Upgrade of our monitoring systems to be compliant with HMICFR guidelines and protect against corruption
ESMCP	333	£89,240	Initial costs to support the development of the new ESMCP network and digital radios
CM Futures	334	£643,738	Development and improvement of our Contact Management platforms to enable greater efficiency.
Sulhamstead Repairs	338	£1,695,500	Investment to repair and maintain the Sulhamstead training facility estate.
New Prioritised Funding		£4,841,991	

Total I&P Reserve Funding	£5,655,957
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Summary Of General and Useable Reserves

Reserve	Predicted Closing Balances By Year			
	2025/26	2026/27	2027/28	2028/29
General Reserve	£15,787,100	£16,341,403	£15,776,014	£16,064,363
% of NRE	2.70%	2.71%	2.54%	2.52%
I&P	£12,685,238	£2,859,727	£2,104,727	£2,104,727
CCTV	£615,234	£615,234	£615,234	£615,234
Estates & Custody	£17,079,993	£4,495,931	-£1,459,869	£2,724,788
Strategic Efficiency and Improvement	£0	£5,000,000	£5,000,000	£5,000,000
PCC Efficiency Reserve	£881,732	£534,623	£362,688	£362,688
PCC Enabling Infrastructure	£3,000,000	£3,000,000	£3,000,000	£3,000,000
	£34,262,198	£16,505,516	£9,622,781	£13,807,438
Totals	£50,049,298	£32,846,919	£25,398,795	£29,871,801

* New from 26/27

Other Reserves

Reserve	Predicted Closing Balances By Year			
	2025/26	2026/27	2027/28	2028/29
Conditional Funding	£4,210,139	£4,210,139	£4,210,139	£4,210,139
Transport Reserve	£1,940,168	£1,940,168	£1,940,168	£1,940,168
Insurance Reserve	£7,176,400	£7,176,400	£7,176,400	£7,176,400
SEROCU*	£7,593,934	£7,593,934	£7,593,934	£7,593,934
Crime Prevention Reserve	£2,702,377	£2,702,377	£2,702,377	£2,702,377
Totals	£23,623,018	£23,623,018	£23,623,018	£23,623,018

* SEROCU - 67% Held on Behalf of Other Forces

Capital Reserves

Reserve	Predicted Closing Balances By Year			
	2025/26	2026/27	2027/28	2028/29
Capital	£8,173,000	£10,838,000	£10,675,000	£11,350,000
Total of All Funds Held	£81,845,316	£67,307,937	£59,696,813	£64,844,819



Capital Strategy

2025/26 – 2028/29

January 2026

Contents

1. Purpose
2. Scope
3. Capital Expenditure - Definition
4. Capital vs. Treasury Management Investments
5. Links to other corporate strategies and plans
6. The Capital Budget Setting Process
 - 6.1 Introduction
 - 6.2 Force collaboration and wider sector engagement
 - 6.3 Capital budget setting process and timetable overview
 - 6.4 Affordability and financial planning
 - 6.5 Capital sustainability
 - 6.6 Formal MTCP approval process
7. Individual project management
8. Project funding
9. Monitoring of the Capital Programme
10. Performance Management
11. Funding Strategy and Capital Policies
 - 11.1 Government grant
 - 11.2 Capital Receipts
 - 11.3 Revenue Funding
 - 11.4 Prudential Borrowing
 - 11.5 Reserves and balances
 - 11.6 Third party capital contributions
 - 11.7 Leasing
12. Procurement and Value for Money
13. Partnerships and Relationships with other Organisations
14. Management Framework
15. Risk Management
 - 15.1 Funding Capacity Risk

- 15.2 Credit Risk
- 15.3 Liquidity Risk
- 15.4 Interest Rate Risk
- 15.5 Exchange Rate Risk
- 15.6 Inflation Risk
- 15.7 Legal and Regulatory Risk
- 15.8 Fraud, Error and Corruption

16. Other Considerations

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.



Report for Decision to the Performance and Accountability Public Meeting on 22nd January 2026

Title: Four-Year Medium-Term Capital Plan 2025/26 to 2029/30

1 Purpose

- 1.1 Present to the PCC the updated Medium Term Capital Plan (MTCP) for 2025/26 through to 2029/30
- 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 **£92.821m in 2025/26** and **£39.384m in 2026/27**, with the **final 3 years** of the plan totalling **£139.921m**. 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 **£233.628m** years 6 to 11.

- 2.4 The Strategic Estates Group (SEG), in conjunction with and supported by the Estates Portfolio Board (EPB), continue to assess the opportunities and risks facing the organisation across the entire Estates portfolio to future proof our infrastructure for the future demands and financial restrictions. Work continues to review options and assess realistic financial projections for the key linked schemes underpinning our Estates Strategy - the Custody Futures Programme and the Oxfordshire Estates Strategy. These Strategic schemes are agreed as the direction of travel the organisation needs to follow. As we progress, each scheme is 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 Futures Programme, a TVP strategic programme to rationalise and renew the TVP Custody estate. Oxfordshire and Milton Keynes (refurbishment) are outside the MTCP timeframe and have scheme costs of £56.8m (see Table 2a).
- 2.6 The key drivers for the Oxfordshire Estates Strategy are the deteriorating conditions of the aging estate, changing operational/legislative requirements, the expiring PFI agreement (Abingdon Police Station) and the post Covid working smart strategy. Scheme costs of £21.956m (see Table 2a) for activities starting after the current MTCP are anticipated currently.

Future Years (current to 5 years 2029/30)

- 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 EPB 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 (EPB for Property, JCG for JICT and JOU and CoG for everything else). Governance has been strengthened by establishing a group of local boards to provide greater support/scrutiny to individual projects, reporting up to EPB for final approvals.

- 2.10 The ICT programmes include updated 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). Estate infrastructure readiness has meant re-phasing anticipated ICE to APV fleet transition costs towards the latter half of the MTCP.
- 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 2029/30 after the activity within the MTCP timeframe is funding of £9.661m plus the Estates Reserve of £9.689m. 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 (2026/27 to 2029/30) at £272.126m for planning purposes and note the associated expenditure of £233.628m (2030/31 to 2035/36) (set out in Table 2).
- Approve the slippage of £26.759m from 2025/26 to 2026/27.
- Note the capital programme for 2025/26, in the sum of £92.821m as (set out in Table 1).
- Approve the annual budget of £38.886m for 2026/27 for planning purposes (as set out in Table 2)
- Approve the proposed financing of the capital expenditure as set out in Table 3.

Police and Crime Commissioner

I hereby approve the recommendation above.

3 The Medium-Term Capital Plan 2025/26 – 2029/30

- 3.1 The MTCP builds on the existing capital plan 2025/26 budget of £92.821m (original plan £52.646m). The revised total, including 2025/26, to 2029/30 is £272.126m.
- 3.2 The Force's 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, as well as the cost of delays to future projects such as the new build Maidenhead Custody site. In addition to these bespoke programmes, a 3.0% inflation rise in the construction industry and 4.5% in future years (compounded) and 5.9% vehicle purchase is anticipated for 2026/27 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 includes Custody Futures and the Oxfordshire Estates Strategy. The sign off and approval to progress individual schemes is subject to CCMT

and the OPCC approval after completion of each stage gate, which includes the creation of a business case, identifying value for money and affordability plus the ratification by appropriate boards e.g. EPB.

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

- 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 5.50%.

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.
- Construction and inflationary risks in the Property Market are extensive and hence the programmes could be understated e.g. Custody Programmes.
- Finite asset sales cannot continue to support these programmes into the future. The long-term programme includes £43.7m utilisation of the finite asset sales. However, the hardening in the market could reduce the total receivable plus the timing could influence the borrowing requirements.
- 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 included. The ICT Digital Strategy for the next 4 years includes potential opportunities/schemes currently unfunded that amount to £21m (using very broad-brush estimate of costs at this stage). However, some of these schemes may deliver financial savings or

replace existing budgets. If any of these schemes are approved in the future, they will be funded from revenue contributions or the new Strategic Efficiency and Improvement Reserve.

4 Current Year 2025/26

4.1 The revised annual Capital budget for 25/26 is £92.821m.

Table 1 - Current Year 2025/26

	Approved MTCP (Jan 2025) £000s	Slippage 24/25 £000s	Budget Changes 2025/26 £000s	Rephasing 25/26 £000s	Revised Budget 2025/26 £000s	Post MTCP Revisions
Property	39,299	638	15,103	-22,811	32,228	
Technology & Business Change	5,805	3,163	-240	-1,491	7,237	
Vehicles	5,913	0	0	0	5,913	
Grants	0	0	45,450	0	45,450	
Equipment	1,629	253	-103	-540	1,239	
	52,646	4,053	60,211	-24,842	92,068	0
Future Schemes	766	321	1,584	-1,917	753	
Total	53,411	4,374	61,795	-26,759	92,821	0

In Year Budget Changes

4.2 The Property budget changes include a new £8m cost estimate for the Data Centre conversion, £5m additional costs for Maidenhead, plus the approval of £0.98m for further fire compartmentation works, and £0.8m increase from updated forecasts for HQ South development.

- CTPSE Grant is always awarded post budget approval and is currently £45.7m actual receivable grant. All spend is fully funded and will be based on activity levels.

Re-phasing

4.3 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 £26.759m (see **Appendix 1**) into future years.

4.4 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 2025/26 to 2029/30 MTCP totals £272.126m (including £92.821m in 2025/26). The current proposed programme is fully funded including utilisation of proposed borrowing of £83.302m. The updated Capital Plan is summarised in the schedule below.

Table 2 - MTCP Budget Summary

Programme	Total Project Budget	2025/26 £'000	Future Years				Total 2025/26 to 2029/30 £'000	Later Years	Scheme Total
			2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000			
Property -									
Western Hub - TVP	7,017	-	-	-	-	-	-	-	-
Western Hub - Other Forces	12,160	38	-	-	-	38	-	38	
Western Hub - Grants/ Reserves	113	113	-	-	-	113	-	113	
	19,290	151	-	-	-	151	-	151	
Atlantic House	30,278	2,633	500	-	-	3,133	-	3,133	
Forensics New Build	41,929	24,220	2,683	-	-	26,903	-	26,903	
Taplow	869	(0)	856	13	-	869	-	869	
Windsor Station	4,961	111	2,775	2,075	-	4,961	-	4,961	
Custody Futures - Loddon Valley	10,971	1,019	2,743	7,076	110	10,949	-	10,949	
Custody Futures - Design	371	371	-	-	-	371	-	371	
Custody Futures - Maidenhead	67,942	200	2,202	2,500	3,700	40,142	27,798	67,940	
Custody - Integrated Security Management	1,255	0	-	-	165	365	-	365	
EV Charging	6,644	4	700	700	700	2,803	3,800	6,603	
Fire Compartmentation	3,650	1,185	1,000	914	-	3,099	-	3,099	
Estates Decarbonisation - survey	189	189	-	-	-	189	-	189	
Data Centre conversion (TBC)	8,492	280	2,070	3,000	3,000	8,350	-	8,350	
Upper Heyford Building	340	40	300	-	-	340	-	340	
Taser Training	909	697	126	-	-	823	-	823	
Carbon Reduction	5,000	-	500	1,500	1,500	5,000	-	5,000	
Milton Keynes Infrastructure works	48	48	-	-	-	48	-	48	
Aylesbury Demolition	90	48	2	40	-	90	-	90	
MK Station Heating	-	-	-	-	-	-	-	-	
Cowley	12,605	134	1,413	1,319	5,460	12,605	-	12,605	
MK Contract Centre - RIBA	235	-	235	-	-	235	-	235	
MK Contact Management	10,104	385	7,470	2,136	129	10,071	-	10,071	
HQS - Oxfordshire Estates Strategy	15,240	230	3,121	3,853	5,268	15,216	24	15,240	
HQN - Oxfordshire estates Strategy	14,860	332	-	0	1,175	2,153	12,707	14,860	
TOTAL		32,228	28,695	25,126	21,207	41,608	148,865	44,329	193,194

Technology & Business Change -								
Computer Replacement	2,633	2,366	1,755	967	892	8,612	9,903	18,514
Body Worn Video Replacement	2,394	46	46	46	46	2,518	3,940	6,458
Mobile Phone Replacement	13	13	1,676	1,047	17	2,766	5,556	8,322
ESMCP	-	-	12,000	-	-	12,000	8,000	20,000
CMP 101	100	645	-	-	-	745	-	745
WiFi	491	31	-	-	-	522	-	522
Digital First	413	-	-	-	-	413	-	413
Forensics Improvement Program	901	-	-	-	-	901	-	901
CCTV	50	39	-	-	-	89	-	89
CMP Replatform	-	-	-	-	-	-	-	-
Midam	3	-	-	-	-	3	-	3
Windows 10 Non-Compatible Apps	-	116	-	-	-	116	-	116
ICT Infrastructure	299	1,013	364	375	386	2,435	2,570	5,005
Other Projects	-	-	-	-	-	-	-	-
TOTAL	7,237	4,268	15,841	2,434	1,340	31,120	29,969	61,089
Other Capital								
Vehicles	5,913	4,332	4,591	6,428	9,963	31,226	80,471	111,697
Grant Funded	45,450	-	-	-	-	45,450	-	45,450
Safer Roads	684	371	-	-	-	1,055	-	1,055
ANPR	210	191	191	197	200	989	1,200	2,189
Dashcams	-	506	-	-	-	506	-	506
Equipment (inc Vehicle Radios)	346	523	182	109	-	1,160	-	1,160
TOTAL	52,602	5,923	4,964	6,734	10,163	80,386	81,671	162,057
GRAND TOTAL	92,068	38,886	45,931	30,375	53,111	260,371	155,969	416,340
Financing Available	82,377	27,963	36,680	27,064	24,094	198,178	158,666	356,843
Proposed Borrowing	9,883	13,253	14,119	6,228	31,141	74,624	28,208	102,832
Cumulative Funding Position (Existing Programme)	193	2,524	7,391	10,308	12,431	-	-	-

5.2 A number of the Custody Futures and Oxfordshire Estates projects start outside the MTCP timeframe. In total, these 2 programmes cost £89.464m, of which £77.659m falls outside the MTCP timeframe.

Capital Projects - Potential Future Schemes (not approved)

Custody Futures	56,770	407	250	-	-	0	657	56,063	56,720
Oxfordshire Estates Strategy	32,694	346	248	(0)	502	10,002	11,098	21,596	32,694
Future Schemes Total	89,464	753	498	(0)	502	10,002	11,756	77,659	89,415
Grand Total Expenditure	92,821	39,384	45,931	30,877	63,113	272,126	233,628	505,754	

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 relevant portfolio boards, and ratified by SEG and 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 yet.

- 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 2029/30, the Revenue budget includes £14.156m for interest and borrowing repayments (see section 8.1).

Property

The Strategic Estates Group ensure that the aging property estate remains fit for purpose, identifies opportunities to streamline assets and develop the estate infrastructure, maintain core sites and actively progress the Asset Management Plan. Governance has been strengthened by the inception of the Estates Portfolio Board, providing an extra layer of oversight for more detailed discussions, to inform SEG of key risks and decisions. The Force's current and future construction programmes are experiencing significant inflationary pressures. The main building projects in progress are now approaching completion, with the next phase of construction/refurbishment sites set to move into contracted stages in 2026/27.

- 6.5 **Western Hub:** All works substantially completed in 2025/26.
- 6.6 **Atlantic House:** Site now operational, with majority of staff moved in and official opening in December 2025. Focus on relocating remaining teams from the old Reading building to enable disposal.
- 6.7 **Forensics new build:** Project impacted by further slippage and increasing build costs, with materials issues and supplier claims a major factor, and budget increased in response. Progress has been made in relation to the permanent power supply delays. External building works

now virtually complete and significant progress being made on internal fit-out. Construction works completion and full occupation anticipated in 2026.

- 6.8 **Windsor:** Replacement has been further re-phased due to workload prioritisation and rescoping. 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. Modular design may result in savings against budget.

Custody Futures

- 6.9 The Custody Futures 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 approved in principle i.e. the business cases for the individual elements need to be compiled and approved by SEG and PCC before commencement.
- 6.10 The MTCP now includes all elements of the Custody Futures which are anticipated to fall within the timeframe, including the **refurbishment of Loddon Valley** (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** (initial funding released to tender design for new build at Maidenhead); **Refurbishment** of the retained sites circa £23m (with only the work at Loddon Valley £10.9m within the MTCP timeframe, now at design stage with funding released) plus a potential **New Custody Suite Oxfordshire** circa £44m. In addition, a **project management and design team** are needed to manage this significant programme.
- 6.11 **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.

- 6.12 **Fire Compartmentation** works ongoing to ensure TVP estate is compliant with the statutory fire regulations. Significant works undertaken at Sulhamstead Imbert Court with ongoing scheme of scoping and works across remaining sites.
- 6.13 **HQ South and Data centre:** storage is linked to Oxfordshire Estates Strategy, with changes to the long-term physical data centre storage capacity required as we move to more cloud storage. ICT working directly with Property to scope physical and technical requirements, and a joint budget has been produced. These future needs will be captured as part of the ongoing work on OES, see 7.2.
- 6.14 **Upper Heyford:** provides training facilities and there are 2 approved programmes of work now under way for infrastructure improvements in relation to the roofing and heating, plus capacity for a Taser Training facility.

Oxfordshire Estates Strategy (OES)

- 6.15 The OES 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 Futures programme and the **Contact Management hub**.
- 6.16 MK Contact Management centre has passed stage gate with further approval of £0.57m for RIBA stage 3 works. Budget has been increased for additional ICT works.

ICT/Business Change revenue funded projects

- 6.17 The ICT programmes have been updated to incorporate savings against the Refresh budgets including **computers, body worn video and mobile phones** of £5.5m over the next 5 years. This is planned to be achieved through moving to cloud-based laptops and stretching the useful lifespan of our computers. Our new body worn video cameras have been rolled out throughout this year with an enhanced expected lifespan of 5 years before replacement is required.
- 6.18 **ESMCP Airwaves Replacement** is a national programme which will require the replacement of all of our radios. Timescales are still to be finalised, but we continue to retain earmarked a £12m ESMCP Budget

with implementation expected ahead of the planned shutdown of Airwave by the end of 2029. It is estimated ESMCP devices will last approximately 5 years before they need replacement so there will be a requirement to refresh in future years, and the working assumption is that these will need to be funded by revenue contributions.

- 6.19 **CM 101** continues to invest in new technology to improve Contact Management response and call handling times with completion of the project expected in 2026.
- 6.20 The Force continues to invest in core **ICT infrastructure** with over £1m budgeted for 26/27 including the Network Modernisation project which will see our network connectivity move to a new provider.
- 6.21 In addition, there are a number of small technology projects planned, many of which are already in progress and should complete in 2026, such as the upgrade of Wi-Fi across various TVP sites.

Vehicles

- 6.22 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 and accounting for slippage due to estate readiness to the latter half of the MTCP.
- 6.23 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.
- 6.24 **Dashcams** will be installed in all TVP fleet vehicles, procurement is underway with delivery in 2026/27.

Equipment

- 6.25 This includes funds in relation to **ANPR** and **Safer Road Cameras**.

Other Strategic Considerations

6.26 Estates Decarbonisation within the MTCP now includes £5m for a program of works 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 costs are indicative at this time, but include rolling out building management systems to better manage energy consumption and maintenance works.

6.27 ICT and technology requirements and opportunities, over and above EUD replacements, have not yet been identified / quantified and hence are not included. There are schemes in the ICT Digital Strategy unfunded at present as highlighted in section 3.5 above, but details of potential costs and benefits are still at an early stage.

7 Funding of the Medium-Term Capital Plan 2025/26 to 2029/30

7.1 Resources required to fund the capital programme are identified below.

Table 3 - Resources Required to Finance the Capital Programme

	Revised Budget 2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s	Total 2025/26 to 2029/30 £000s
Surplus Funds Carried Forward	19,320					19,320
Predicted Capital underspend 24/25	-					-
Capital Receipts from Finite Asset sales	2,131	806	10,356	4,939	829	19,061
Direct Revenue Financing	13,200	11,159	11,359	12,359	14,359	62,436
Western Hub	-	-	-	-	-	-
Specific Grant & 3rd Party Contributions	45,699	165	100	2,383	4,817	53,164
Earmarked Reserves	-	-	-	-	-	-
Estates Reserve	2,027	15,834	14,865	7,382	4,089	44,197
Proposed Borrowing	9,883	13,751	14,119	6,228	39,569	83,550
Total	92,261	41,715	50,798	33,291	63,663	281,728
Total Planned Expenditure (see table 2a)	92,821	39,384	45,931	30,877	63,113	272,126
MTCP Balance	-	560	1,770	6,637	9,052	9,602

7.2 Available funding of £9.6m exists at the end of the 5-year period plus the estates reserve has a further £9.7m.

Asset Sales

- 7.3 The value of asset sales over the MTCP period has been updated to reflect the expected timing of non-residential sales. Overall, £16.132m of the £19.061m asset sales relate to police buildings and houses.
- 7.4 It is worth reiterating that towards the end of the programme these one-off asset sales tail off and cannot support the programme beyond 2028/29.

Direct Revenue Financing

- 7.5 Direct Revenue Financing (DRF) is included at a minimum of £11m per annum to maintain core equipment levels in terms of computer equipment, BWV, Mobile Phones, Vehicles and other equipment. This is a reduction from 25/26 to reflect savings initiatives in this area.
- 7.6 The level of DRF will need to increase in later years beyond the MTCP timeframe to address inflation and the move to Electric Vehicles and the implementation of ESN radio replacement devices which will potentially need replacing every 5 years. We have started planning for this by increasing DRF by £1m in 28/29 and a further £2m in 29/30.

Specific Grant and 3rd Party Contributions

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

Earmarked Reserves

- 7.8 The current programme reflects the proposed draw down from the Estates reserve utilising £44.179m (2025/26 - 2029/30). Details in **Appendix 2**.

Proposed Borrowing

- 7.9 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**.
- 7.10 The MTFP includes growth to the estates reserve (see section 5.36 in the MTFP) to cover the repayment of the borrowing (MRP payments) over 25 years and the annual interest repayments, by 2034/35 this total is £14m. These amounts are intended to cover the planned potential borrowing of up to c£150m.
- 7.11 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.

8 Recommendations

The PCC is asked to note/approve:

- Approve the overall 4-year Medium Term Capital plan (2026/27 to 2029/30) at £272.126m for planning purposes and note the associated expenditure of £233.628m (2030/31 to 2035/36) (set out in Table 2 and 2a).
- Approve the slippage of £26.759m from 2025/26 to 2026/27.
- Note the capital programme for 2025/26, in the sum of £92.821m as (set out in Table 1).
- Approve the annual budget of £39.384m for 2026/27 subject to the normal scheme specific governance arrangements (as set out in Table 2) Approve the proposed financing of the capital expenditure as set out in Table 3.

9 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.

10 Equality comments

No specific implications arising from this report.

Rephasing 25-26

Programme	Rephasing (25/26) £'000
Atlantic House	-500
Forensics New Build	1000
Taplow	-856
Windsor Station	-1075
Custody Futures - Loddon Valley	472
Custody Futures - Maidenhead	-9337
Custody - Integrated Security Management	263
EV Charging	-300
Fire Compartmentation	-388
Data Centre conversion	-8070
Upper Heyford Building	-300
Taser Training	-126
Aylesbury Demolition	-42
Cowley	-437
MK Contact Management	-538
MK Contract Centre - RIBA	-235
HQS - Oxfordshire Estates Strategy	-2342
TOTAL	-22811
 Technology & Business Change -	
CMP 101	-645
WIFI	-31
CCTV	-39
ICT Infrastructure	-660
Windows 10 Non-Compatible Apps	-116
TOTAL	-1491
 Other Capital	
Safer Roads	2
Dashcams	-506
Equipment (including Vehicle Radios)	-36
TOTAL	-540

Future Schemes

Custody Futures - Oxfordshire	-945
HQN - Add new deck car park	-724
Abingdon Police Station	-248

TOTAL -1917

GRAND TOTAL -26759

Appendix 2 &3

Appendix 2 - Reserve Utilisation

	25/26	26/27	27/28	28/29	29/30	Total	Future Years
Estates Reserve							
Custody Loddon Valley refurbishme	1,019	2,743	7,076	110	-	10,948	
Windsor	111	2,775	2,075	-	-	4,961	
EV Charging Infrastructure			-	700	700	1,400	3,500
MK Contact Centre	335	7,470	2,136	129	-	10,070	
HQS - COES	230	2,846	3,578	5,268	2,743	14,665	24
HQN - COES	332	0	0	1,175	646	2,152	12,707
Total MTCP	2,027	15,834	14,865	7,382	4,089	44,197	16,231
Custody 2030 - Refurbishments							11,561
Total Future Schemes	-	-	-	-	-	-	11,561
Total Reserve Utilisation	2,027	15,834	14,865	7,382	4,089	44,197	27,792

Appendix 3 - Borrowing Projections

Borrowing £m	25/26	26/27	27/28	28/29	29/30	Total	Future Years
Forensics New Build	9,883	9,638	10,100	-	-	29,621	
Custody 2030 - Maidenhead	0	2,202	2,700	768	26,862	32,532	28,208
Cowley (New)	-	1,413	1,319	5,460	4,279	12,471	-
Total MTCP		13,253	14,119	6,228	31,141	74,624	28,208
Custody 2030 - Oxfordshire	-	250	-	-	0	250	38,753
Central Oxford Estates Strategy	-	-	-	0	8,428	8,428	
Total Future Schemes		250	-	0	8,428	8,678	38,753
Total Potential Borrowing		13,503	14,119	6,228	39,569	83,302	66,961
Grand Total							150,263



Treasury Management Strategy Statement 2026/27

Minimum Revenue Provision (MRP) Policy Statement and Annual
Investment Strategy

INDEX

1	INTRODUCTION	3
	Background.....	3
	Reporting requirements	4
	Treasury Management Strategy	4
	Training.....	5
	Treasury management consultants	6
2	CAPITAL	6
	Capital Financing Requirement	6
	Liability Benchmark.....	7
	MRP.....	8
3	BORROWING	9
	Borrowing strategy.....	9
	Policy on borrowing in advance of need	10
	Debt rescheduling	10
4	ANNUAL INVESTMENT STRATEGY.....	11
	Investment policy.....	11
	Investment strategy.....	11
	Interest Rate forecast.....	11
	Creditworthiness policy	12
	Prudential indicators.....	15
5	Appendices	17
	Appendix A	17
	External Context.....	19

Introduction

The Police and Crime Commissioner (PCC) is required to operate a balanced budget, which broadly means that cash income raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the PCC's low risk policy and appetite, providing adequate liquidity initially before considering investment return.

Interest rates are expected to reduce slightly in 26/27 and there is still a risk of volatility throughout the year. Predictions are suggesting that rates will drop to 3.25% by June 26 before stabilising.

The second main function of the treasury management service is the funding of the PCC's capital plans. These capital plans provide a guide to the PCC's borrowing need, essentially the longer term cash flow planning to ensure that the PCC can meet his capital spending obligations.

This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the PCC's risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects.

The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

The Chartered Institute of Public Finance and Accountancy (CIPFA) published the updated Treasury Management and Prudential Codes on 20th December 2021 and defines treasury management as: *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

Reporting Requirements

Capital strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that the PCC fully understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement as part of the budget papers.

Treasury management reporting

Treasury management activity is reported quarterly during the year. This will update the PCC with progress on the capital position, amending prudential indicators as necessary, and will indicate whether the treasury operation is meeting the strategy requirements and whether any policies require revision.

The PCC is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

All reports are presented to the PCC at the Performance and Accountability Meeting or Liason meeting and the Annual Report is also provided to the Joint Independent Audit Committee for scrutiny.

Treasury management strategy for 2026/27

This covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the PCC;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC (now MHCLG) Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

The CIPFA Code requires the responsible officer to ensure that members (*sic*) with responsibility for treasury management receive adequate training in treasury management. This especially applies to members (*sic*) responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

Appropriate training will be provided to the PCC and members of the Joint Independent Audit Committee.

As a minimum the PCC should carry out the following to monitor and review knowledge and skills:

- Prepare tailored learning plans for treasury management officers and relevant committee members.
- Require treasury management officers and relevant committee members to undertake self-assessment against the required competencies.

- Have regular communication with officers and relevant committee members, encouraging them to highlight training needs on an ongoing basis.

The training needs of treasury management staff are reviewed periodically.

Treasury management consultants

The Office of the PCC uses Arlingclose as its external treasury management advisors.

The PCC recognises that responsibility for treasury management decisions remain with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

The PCC also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The PCC will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Capital Financing Requirement – (PCC’s borrowing need)

On 31st December 2025, the PCC held £51.5m of short term and long term borrowing and £163.045m of treasury investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Capital financing requirement	67.3	83.9	91.4	109.4	135.8
Less: Other debt liabilities *	10.4	9.4	9.4	8.9	8.4
Loans CFR	56.9	74.0	81.9	100.5	127.4
Less: External borrowing **	(51.5)	(51.5)	(51.5)	(51.5)	(45.1)
Internal (over) borrowing	5.4	22.4	30.4	48.9	82.3
Less: Balance sheet resources	(140.4)	(116.8)	(111.8)	(125.7)	(116.9)
Treasury investments (or New borrowing)	135.0	94.3	81.4	76.7	34.7

* leases and PFI liabilities that form part of the PCC’s total debt

** shows only loans to which the PCC is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The PCC’s current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The PCC's capital expenditure plans imply a need to borrow in the future and investments are forecast to fall to approximately £34.7m in 2028/29.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the PCC's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the PCC expects to comply with this recommendation during 2026/27.

Liability benchmark

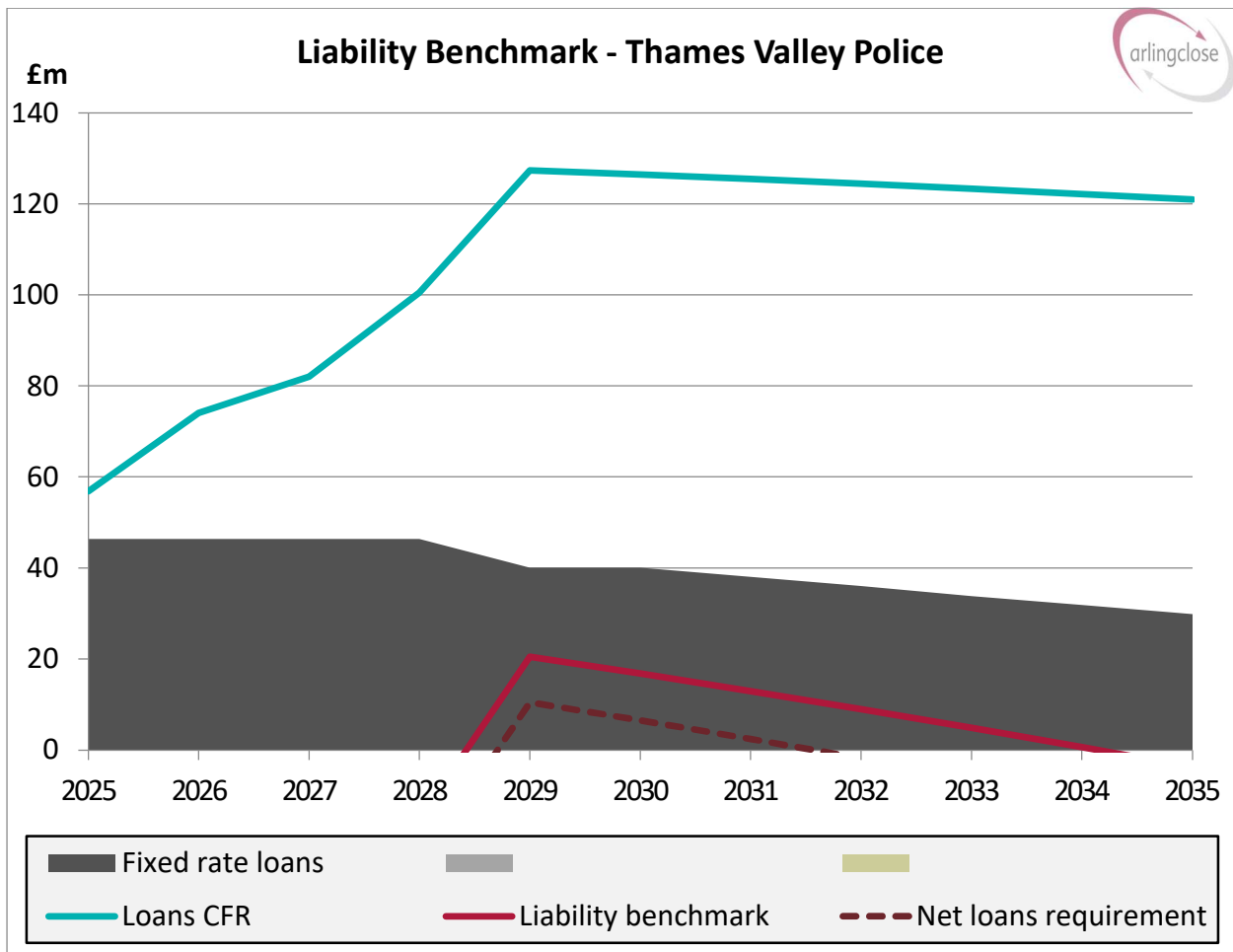
The liability benchmark is a prudential indicator that compares the PCC's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to at least a level of £10 m at each year-end to maintain sufficient liquidity but minimise credit risk.

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

Table 2: Prudential Indicator: Liability benchmark

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
Loans CFR	56.9	74.0	81.9	100.5	127.4
Less: Balance sheet resources	(140.4)	(116.8)	(111.8)	(125.7)	(116.9)
Net loans requirement	(83.5)	(42.8)	(29.8)	(25.2)	10.5
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	(73.5)	(32.8)	(19.8)	(15.2)	20.5

The liability benchmark below shows the components over ten years. This shows the need for long term borrowing is not expected to be required if internal borrowing is used to fund the capital program. However, this analysis shows that there is very limited ability for further capital expenditure beyond that approved in the budget to support the emerging estates strategy without additional external borrowing until 2028/29. Since PCC treasury investments are short term, there is flexibility to amend the plan as capital investment projects are approved.



Minimum revenue provision (MRP) policy statement

The PCC is required to pay off an element of the accumulated capital spend each year (the CFR) and make a statutory charge to revenue for the repayment of debt, known as the minimum revenue provision (MRP). The MRP policy sets out how the PCC will pay for capital assets through revenue each year. The PCC is also allowed to make additional voluntary payments (voluntary revenue provision - VRP).

Regulations have been issued which require the PCC to approve an MRP Statement in advance of each year. A variety of options are provided, so long as there is a prudent provision.

The PCC is recommended to approve the following MRP Statement:

- Supported borrowing - For capital expenditure incurred before 1 April 2008 the Authority will apply the Asset Life Method using an annuity approach and will apply Adjustment A (as calculated under the original regulation 28), which was a means of maintaining broad neutrality between the old and new MRP systems that took effect prior to April 2004. This methodology writes down the debt liability over a much shorter period than the previous regulatory method and is therefore deemed more prudent.
- Unsupported borrowing - For capital expenditure incurred from 1 April 2008, the MRP will be based on the Asset Life Method using an annuity approach, whereby MRP will be based on the estimated life of the assets in accordance with the MRP Guidance.

- The annuity rates to be used in the annuity calculation will be PWLB annuity rates.
- Leases and PFI - MRP in respect of right of use assets acquired under leases or PFI will be charged at an amount equal to the principal element of the annual repayment.
- MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for assets under construction where the MRP will be deferred until the year after the asset becomes operational.
- MRP Overpayments – Under the MRP Guidance, MRP made in excess of the statutory prudent amount can be made, known as voluntary revenue provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2025 the total VRP overpayments were £0.450m.

Financial year	Total supported MRP charge	Total unsupported MRP charge	Total MRP charge	VRP charge	Total MRP & VRP charge
	£	£	£	£	£
2024/25	127,948	204,242	332,190	450,000	782,190
2025/26	134,959	215,414	350,373	0	350,373
2026/27	142,355	227,197	369,552	0	369,552

This MRP policy will also be applied to the current financial year (2026/27).

Borrowing Strategy

The PCC currently holds £46,422m of long term loans, with no change on the previous year, as part of its strategy for funding previous years' capital programmes. Long term borrowing is not expected to be required during the next four years if internal borrowing is used to fund the capital programme. However, this analysis shows that there is very limited ability for further capital expenditure beyond that approved in the budget to support the emerging estates strategy without additional external borrowing. Therefore additional borrowing is likely to be required from 2030 onwards. Since PCC treasury investments are short term, there is flexibility to amend the plan as capital investment projects are approved. The PCC may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £92.178 million.

Objectives: The PCC's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the PCC's long-term plans change is a secondary objective.

Strategy: With the significant cuts to public expenditure, the PCC's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently higher than in the recent past but are expected to fall

in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risks of this approach will be managed by keeping the PCC's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

By doing so, the PCC is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the PCC with this 'cost of carry' and breakeven analysis. Its output may determine whether the PCC borrows additional sums at long-term fixed rates in 2026/27 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The PCC has previously raised much of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

Alternatively, the PCC may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the PCC may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Local Government Pension Scheme)

Policy on borrowing in advance of need

The PCC will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the PCC can ensure the security of such funds.

Debt rescheduling

Rescheduling of current borrowing in our debt portfolio would be considered in the event premature redemption rates providing an opportunity.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Any rescheduling undertaken will be reported formally to the PCC in the next quarterly performance update.

Treasury Investment Strategy

Investment policy

The PCC holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the PCC's treasury investment balance has ranged between £122.6 and £228.6 million, and levels are expected to be reduced in the forthcoming year due to capital expenditure.

Objectives: The CIPFA Code requires the PCC to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The PCC's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the PCC will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The

Strategy: The PCC expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the PCC may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

Interest rate forecast

The PCC's treasury management adviser Arlingclose expects the Bank of England's MPC will continue reducing Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December.

Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of around 4% for fixed investments and 3.75% on money market fund investments.

ESG policy: The CIPFA Treasury Management Code of Practice 1.13 states that “Environmental, social and governance (ESG) issues are increasingly significant for investors and investment managers. This is better developed in equity and bond markets than for short-term cash deposits, and there is a diversity of market approaches to ESG classification and analysis. This means that a consistent and developed approach to ESG for public service organisations is currently difficult. Organisations are therefore recommended to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation’s own relevant policies, such as environmental and climate change policies. It is not expected that the organisation’s ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.”

The PCC invests in short-term cash deposits. In line with the expectations of the Code it is not proposed to include additional ESG criteria at individual investment level. ESG risks are considered primarily for their potential financial impact. The credit and counterparty policies outlined in this document include a proportionate consideration of the ESG risks, since credit rating agencies incorporate ESG considerations into their evaluations. Further restrictions would risk narrowing available counterparties and reducing Yield obtainable without benefitting Security or Liquidity and therefore would be inconsistent with the treasury management principles.

Approved counterparties: The PCC may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
UK Local authorities	5 years	£25m	Unlimited
Other Government Entities	2 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	2 years	£10m	Unlimited
Building societies (unsecured) *	2 years	£10m	Unlimited
Registered providers (unsecured) *	2 years	£5m	Unlimited
Money market funds *	n/a	£25m	Unlimited
Housing Associations *	2 years	£5m	Unlimited

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £20m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

UK Government: Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

UK Local authorities: Loans to UK local authorities are considered extremely low risk. Due to the government's plan for devolution and the local government reorganisation, the counterparty limits applied on investments to local authorities and other government entities will be taken into consideration only at the time the investments are agreed due to the possibility of multiple councils joining were we potentially have individual council investments therefore deeming the PCC to be over the agreed limit.

other government entities: Bonds and bills issued or guaranteed by other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts

of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the PCC will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Operational bank accounts: The PCC may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and operational balances will therefore be kept below £20.0m per bank. This £20m limit is a maximum operational tolerance to support day-to-day cash management and does not represent a target or routine balance level. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the PCC maintaining operational continuity.

The day to day balances actively managed to remain within the authorised overdraft limit of -£100k. We aim to keep positive balances below +£100k to avoid foregoing potential interest income. Changes Implemented by NatWest have resulted in incoming funds being credited later in the evening through faster payment processing. Consequently, higher-than-anticipated balances may temporarily be held in the NatWest holding account overnight, which is outside of our direct control.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the PCC's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The PCC understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the PCC's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects: The PCC is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may

affect its public reputation, and this risk will therefore be considered when making investment decisions. The PCC will not give undue consideration to purely reputational factors but prioritise security, liquidity and yield.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the PCC will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the PCC's cash balances, then the surplus will be deposited with the UK Government or other local authorities. This could cause investment returns to fall but will protect the principal sum invested.

Investment limits: The PCC's revenue reserves available to cover investment losses are forecast to be £15.8 million on 31st March 2026 and £16.3 million on 31st March 2027. In order to manage the level of available reserves which would be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government or UK Local Authorities) will be £10.0 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Liquidity management: The PCC uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the PCC being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the PCC's medium-term financial plan and cash flow forecast.

The PCC currently has four money market fund providers to ensure that liquidity is maintained using the best possible rates available to us.

Treasury Management Prudential Indicators

The PCC measures and manages its exposures to treasury management risks using the following indicators.

Security: The PCC has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A-

Liquidity: The PCC has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£10.0m

Maturity structure of borrowing: This indicator is set to control the PCC’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term treasury management investments: The purpose of this indicator is to control the PCC’s exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	1 Year	2 Year	3 Year
Limit on principal invested beyond 1 year period	£50m	£25m	£20m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts as these are considered short-term.

Related Matters

The CIPFA Code requires the PCC to include the following in its treasury management strategy.

Financial derivatives: In the absence of any explicit legal power to do so, the PCC will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

Markets in Financial Instruments Directive: The PCC has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and

small companies. Given the size and range of the PCC's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Appendix A – Arlingclose Economic & Interest Rate Forecast – 22nd December 2025

Underlying assumptions:

- The Bank of England duly delivered on expectations for a December rate cut, but, despite softer economic data over the past two weeks, the minutes highlighted increased caution surrounding both the inflation outlook and the speed of future easing. With a close vote of 5-4 in favour of a rate reduction, this suggests that the bar for further monetary easing may be higher than previously thought despite the possibility of the CPI rate falling to target in 2026.
- Budget policies and base effects will mechanically reduce the CPI rate in 2026, on top of the downward pressure arising from soft economic growth and the looser labour market. However, many policymakers appear concerned that household and business inflation and pricing expectations are proving sticky following recent bouts of high price and wage growth, which may allow underlying inflationary pressure to remain elevated. While, the Bank's measure of household expectations ticked lower in December, it remains above levels consistent with the 2% target at 3.5%.
- While policymakers hold valid concerns, these appear somewhat out of line with current conditions; CPI inflation fell to 3.2% in November, private sector wage growth continued to ease amid the highest unemployment rate since the pandemic, and the economy contracted in October after barely growing in Q3. Business surveys pointed to marginally stronger activity and pricing intentions in December but also suggested that the pre-Budget malaise was not temporary. These data are the latest in a trend suggesting challenging economic conditions are feeding into price and wage setting.
- Risks to the growth and inflation outlook lie to the downside, which may ultimately deliver lower Bank Rate than our central case. However, the minutes suggest that the bar to further rate cuts beyond 3.25% is higher and the near-term upside risks to our Bank Rate forecast have increased. Having said that, we believe inflation expectations will naturally decline alongside headline inflation rates.
- Investors appear to have given the UK government some breathing space following the Budget, with long-term yields continuing to trade at slightly lower levels than in late summer/early autumn. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

Forecast:

- In line with our long-held forecast, Bank Rate was cut to 3.75% in December.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will continue to be loosened.
- Arlingclose expects Bank Rate to be cut to 3.25% by middle of 2026. However, near-term upside risks to the forecast have increased.

- Medium and long-term gilt yields continue to incorporate premia for UK government credibility, global uncertainty and significant issuance. These issues may not be resolved quickly and we expect yields to remain higher

	Current	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	3.82	3.55	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.35	3.35	3.35
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.96	3.85	3.80	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.80	3.80	3.80
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
10yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.52	4.40	4.35	4.30	4.30	4.30	4.30	4.30	4.30	4.30	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
20yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.16	5.00	4.95	4.90	4.90	4.90	4.90	4.90	4.90	4.90	4.95	4.95	4.95
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
50yr gilt yield													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.74	4.65	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

External Context

Economic background: The most significant impacts on the PCC's treasury management strategy for 2026/27 are expected to include: the influence of the government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.

The Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at 4.00% in November 2025, following a 0.25% cut in August. At the November meeting, five members, including the Governor's deciding vote, supported holding rates steady, while four favoured a further reduction to 3.75%.

The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.

Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

CPI inflation was 3.8% in September 2025, unchanged from the previous two months and below the 4.0% expected. Core CPI eased to 3.5% from 3.6%, contrary to forecasts of a rise to 3.7%. The Bank of England's November Monetary Policy Report projects inflation to fall from this level - expected to mark the peak - to 3.2% by March 2026, before steadily returning to the 2% target by late 2026 or early 2027.

The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to September 2025, the unemployment rate increased to 5.0%, while the employment rate slipped to 75.0% and the inactivity rate held at 21.0%. Pay growth for the same period eased modestly, with total earnings (including bonuses) rising by 4.8% and regular pay up 4.6%. Going forward, the Bank predicts the unemployment rate will increase modestly to around 5.0% by around the end of 2025 before trending downwards at a gradual pace over the rest of the time horizon.

The US Federal Reserve also continued to cut rates, most recently reducing the target range for the Federal Funds Rate by 0.25% at its October 2025 meeting, to 3.75%-4.00%, in line with expectations. Financial markets anticipate a further 0.25% cut in December, although Chair Jerome Powell has cautioned that this is not guaranteed, signalling the Fed may pause before any additional easing. A factor influencing a potential pause is the ongoing government shutdown, which has delayed the publication of several important data releases used to inform monetary policy decisions.

The European Central Bank (ECB) kept its key interest rates unchanged in October for a third consecutive month, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB reiterated that future policy decisions will remain data-dependent, noting that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.

Credit outlook: Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly in October, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.

While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the PCC's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.