POLICE AND CRIME COMMISSIONER FOR THAMES VALLEY

BUDGET BOOK 2025/26

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

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

1. APPROVAL REQUESTED

The PCC is requested to approve the following papers:

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

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

2. RECOMMENDATION

Strategic Alignment

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

Process

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

Risks

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

1. Efficiency Programme and Force Review. The budget includes a challenging efficiency target, and ongoing savings required in each year of the plan. Savings in 2025/26 are delivered by the Force Review which will conclude during the year. Savings in future year are supported by the Enabling Services consultancy work which has been undertaken during 2024/25. The force is committed to translating the outputs into deliverable saving actions with savings from 2026/27. Systems are a limiting factor on productivity improvements, but require resource to improve. Plans are being scrutinised closely by the PCC and his office. The PCC has retained the allocation of £1m of his directly controlled reserves to fund projects delivering cashable savings in the short term, and set aside a further £3m to support enabling infrastructure required to underpin longer-term efficiency.

2. Estates capital requirements are estimated to require borrowing of £80m during the next four years, growing to £160m over the long term. There is a risk that the revenue impact is not affordable in the long term. Whilst many individual schemes are indicative at present, roadmaps for Custody and Central Oxfordshire have been agreed based on operational necessity and whole life cost: failing to invest will result in operating cost inefficiencies. Although much of this spend is likely to be beyond the medium term planning horizon, the MTFP supports the capital requirements by ensuring reserves are built up and the revenue plan includes funding for long term capital. This avoids the "cliff edge" scenario where revenue cost of capital (through the Minimum Revenue Provision) and interest costs make capital investment unaffordable in the long term.

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

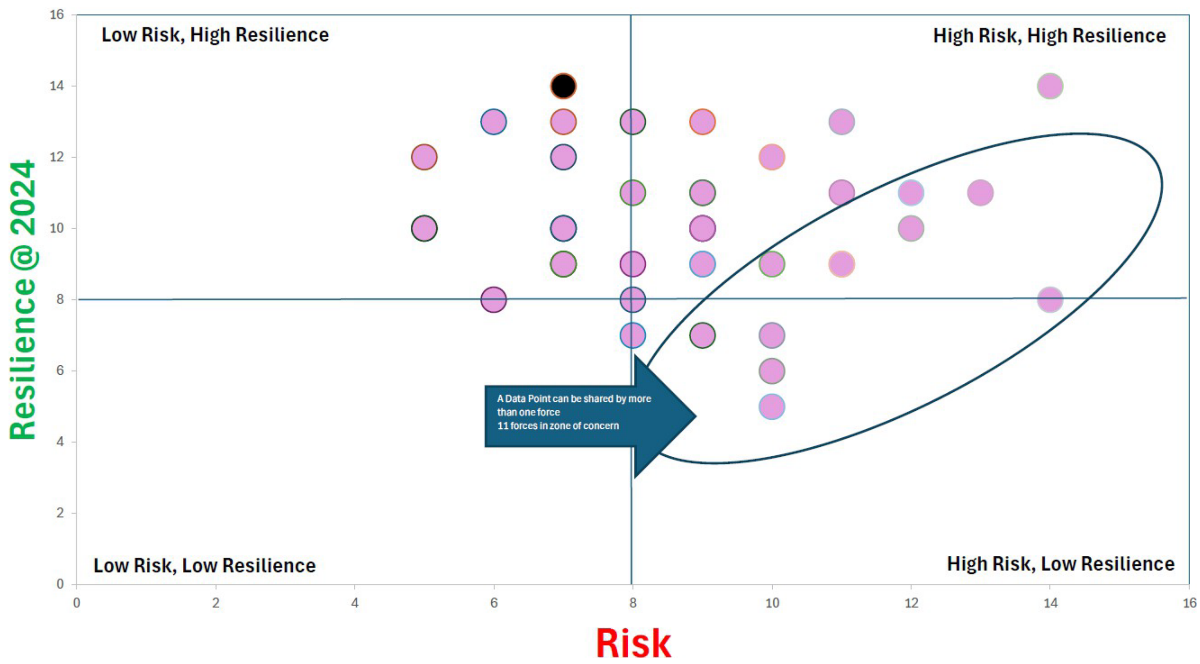
Appropriate Level of Reserves

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

Reasonable Financial Risk and Resilience

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

Comparative Risk v Resilience



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

Recommendation

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

3. FINANCIAL STRATEGY

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

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

Prioritised

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

Efficient

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

Realistic

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

Sustainable

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

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

Reserves

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

Financial Management

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

Reference Documents

Implementation of the financial strategy is underpinned by:

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

Related strategy documents:

- Capital Management Strategy
- Treasury Management Strategy

Martin Thornley
Chief Finance Officer
January 2025

Summary Of General and Useable Reserves

Reserve	2024/25	2025/26	2026/27	2027/28	2028/29
	Predicted Closing Balances By Year				
General Reserve	£15,787,100	£15,787,100	£16,341,403	£15,776,014	£16,064,363
% of NRE	2.72%	2.70%	2.71%	2.54%	2.52%

I&P	£13,944,513	£6,211,375	£5,674,392	£5,674,392	£5,674,392
CCTV	£635,000	£635,000	£635,000	£635,000	£635,000
Estates & Custody	£12,841,084	£10,591,084	£523,084	£368,084	£3,193,084
PCC Efficiency	£1,000,000	£1,000,000	£1,000,000	£1,000,000	£1,000,000
PCC Enabling Infrastructure	£3,000,000	£3,000,000	£3,000,000	£3,000,000	£3,000,000
	£31,420,597	***£21,437,459***	***£10,832,476***	***£10,677,476***	***£13,502,476***

Totals	**£47,207,698**	**£37,224,560**	**£27,173,880**	**£26,453,491**	**£29,566,840**

Other Reserves

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

Totals	**£18,388,720**	**£21,201,102**	**£21,201,102**	**£21,201,102**	**£21,201,102**

* SEROCU - 67% Held on Behalf of Other Forces

Capital Reserves

Reserve	2024/25	2025/26	2026/27	2027/28	2028/29
	Predicted Closing Balances By Year				
Capital	£14,862,000	£8,173,000	£10,838,000	£10,675,000	£11,350,000

Total of All Funds Held	**£80,458,418**	**£66,598,662**	**£59,212,982**	**£58,329,593**	**£62,117,942**

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

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

1 Purpose of Report

1.1 To inform the PCC of the key issues affecting the finances of Thames Valley Police over the next four years.

1.2 This report recommends a revenue budget and council tax precept for the Police and Crime Commissioner (PCC) to approve, subject to final notifications on the council tax base from local authorities.

2 Decisions Required

2.1 The PCC is asked to notify the Police and Crime Panel:

2.2 That, subject to final tax base notifications, the council tax requirement for 2025/26 be set at £279,660,972.

2.3 That any variation in the final amount of council tax income be appropriated to or from the Improvement & Performance Reserve.

2.4 The revenue estimates for 2025/26 as set out in Appendix 1.

2.5 That the police element of the council tax for 2025/26 be set at £283.28 for properties in Band D (an annual increase of £14), with the charge for other bands as set out in Table 1, for comparison Appendix 2 shows the comparison band D precept across all forces.

Table 1 – Council Tax 2025/26

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

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

3 Background

3.1 This budget is prepared on the back of significantly unsettled financial and commercial world markets, which have led to significant and variable inflationary pressures on goods and services, which continue into the preparation of this MTFP thus making forecasts and the preparation of budgets very demanding.

3.2 In July 2024, the Government announced a pay increase of 4.75% for Police Officers, for which TVP matched for Police Staff, and although this was partly funded by the Home Office, this has again added significant committed financial pressure to 2025/26 budget setting and the potential for future pay increases beyond 2.0%.

3.3 In December 2024, the annual funding announcements were made with a number of changes resulting in a reduction in core grants of £2.4m, and the creation of a new one-year funded Neighborhood Policing (NHP) Grant of £3m. A full longer term CSR review is due to be announced in 2025, until then the future guarantee of funding at or above current levels is very uncertain.

3.4 As part of the new NHP Grant, there is an expectation that TVP will need approximately an additional 50 Officers/Staff, this brings financial risks as the funding is currently only for one year. In addition, there are significant financial risks around future pay awards and the on-going staffing costs, alongside the expectations which may come out of the Home Office CECP (Commercial Efficiencies & Collaboration Programme).

3.5 The December 2024 settlement also gave PCCs in England the flexibility to increase their precept income by £14 (for a Band D household), an increase to the previously assumed cap of £10. At this stage it is unclear as to whether this is a one-off increase or will continue into the new CSR. For the purposes of planning, Thames Valley have assumed this to be a one-off increase with the cap returning to £10 in future years.

4 Overview of the Medium Term Financial Plan

4.1 The review and development of the revenue budget is an annual exercise with each year's budget and associated council tax precept considered and approved in isolation. However, decisions taken in the course of approving the revenue budget will often have longer-term consequences, as will those in approving the capital programme. The four-year MTFP and MTCP brings together these medium-term consequences and allows a more comprehensive view to be taken of the PCC's overall financial position. It is imperative that the PCC knows the full extent of the financial consequences he will be committing to in future years when he considers and determines the annual budget, especially as future borrowing and capital investment needs to be supported through the revenue budget.

4.2 The MTFP is formulated to provide financial stability, as far as we can, on the best estimates we can make at this time with the information and knowledge we have. The focus for this year has been two-fold; ensuring (as far as we can) the long-term financial viability of our plans, particularly our Estates strategy, and responding to the current and future expectations for financial constraint with an extremely rigorous approach to new growth. Even with this focus on ensuring growth is addressed by re-prioritising resources, the 2025/26 budget includes £15.4m of savings to balance the budget, with a further £11.7m over the following 3 years.

4.3 The current and expected financial climate, the degree of financial uncertainties and the lack of information including, a one-year settlement, the new NHP Fund conditions, future pay awards, on-going staffing costs and the outcomes of the Home Office Commercial Efficiency & Collaboration Programme, all dictate a cautious approach until we have further information. Due to the uncertainty around future funding, we have delayed committing to additional officers until we are in a more informed position.

4.4 The force expects to end the year with circa 16.0 FTE officers above its current target Establishment, including all PUP funded posts. The current PUP targets are now included in the Core and Special grants, and it is expected that additional officers will be required through the new NHP Grant for 2025/26, although beyond this the funding is not clear.

4.5 In response to the competing financial pressures, the increasingly complex and challenging demands and to ensure a return on current and future investments, including the Police Uplift Programme, the force undertook a Force wide Review. This review is transforming our police service by redistributing resources and delivering efficiencies allowing us to continue to provide value for public money and protect our communities, now and into the future and contribute to the force's savings target. This will ensure we are in the best position possible to deal with the demands of modern-day policing and the challenges put forward from changes in policing and in society. A key element is identifying the financial savings and delivering productivity, with a total of £15.4m identified savings in the 2025/26 budget, of which £11m is directly attributable to the Force Review, making a total of £16.1m of savings from the Force Review in 24/25 & 25/26.

4.6 The impact of the Force Review is delivery of an additional 150 Neighbourhood Officers, the move to a five-area command model, Local Command Units (LCU) and the full embedding of the Assessment Investigation Units (AIUs) to relieve pressure on frontline response officers and maximise operational delivery.

4.7 In addition to the force review the force has continued the drive for savings and cost cutting measures to ensure our resources are focused on our priority areas and we can deliver a balanced budget. To drive the efficiency agenda a force wide ZBB review was undertaken with the business and identified £2.8m of budget reductions. These budget reductions were augmented by a further push for budget reductions providing another £1.1m of cuts giving a total of £15.4m to support the budget next year.

4.8 The Police service, both nationally and locally, is going through a period of reform to adjust to the financial challenges created by fluctuating inflation and respond to the increasing complexity and quantum of crime. This reform requires investment in well-trained officers and staff, as well as the new technologies that will facilitate the change in the way policing services are delivered. This investment increases the financial pressures and needs to be carefully managed by the force.

4.9 A further financial pressure that will continue to increase is the investment required to maintain and develop the ageing estate portfolio of the force. An ambitious long term estates strategy will require significant borrowing, which in turn will require increased revenue provision to service the debt and ultimately repay the borrowing required. This MTFP sets out provisions for these, increasing over the period to ensure that the force is in a stable financial position to service the debts as they increase in the long term.

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

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

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

- Protecting Communities
- Protecting People
- Protecting Property

4.13 and force priorities:

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

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

5 Medium Term Financial Plan

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

Table 2 – Current 4 Year MTFP Summary

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

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

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

5.4 It should also be noted that whilst we have provided a four-year plan, the current funding announcements only cover the first year, with an expected longer term CSR to be announced in 2025 for the remaining period of the current Parliament. This could be detrimental or advantageous to the plans set out here.

5.5 The Revenue budget summary for 2025/26 by spend group is summarised below with full details being shown in Appendix 1

Table 3 - Revenue Budget Summary 2025/26

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

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

MTFP Assumptions

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

Table 4 – Statistical Assumptions

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

5.8 The MTFP also relies on the use of reserves to support the funding of one-off short-term growth and investment items. The total identified revenue spend for the next two years is £3.6m and £0.5m respectively, this is further explained later in the report.

5.9 Given the Police do not receive any capital grant all financial pressures have to be absorbed by the revenue budget, hence the MTFP continues to reflect the increasing demand for investment in technology and the estates strategy. The provision within the MTFP for the direct funding of capital for the annual replacement of vehicles and End User devices has been maintained to provide an annual fund of £13m.

5.10 In addition to the capital provision above, provision has been made for a specific Estates reserve to fund intermediate Estates schemes and ultimately to fund longer term borrowing and interest payments given the significant financial requirements that have been identified. This is a responsible approach to maintain and secure future financial sustainability and is covered in the separate Medium Term Capital Plan papers.

2025/26 Budget Detail

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

Table 5 - Summary of Revenue Budget Changes 2025/26

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

Grant Funding

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

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

Productivity Savings

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

Table 6 - Summary of Force Productivity Plan

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

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

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

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

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

Committed Funding

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

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

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

5.22 Other main committed costs include:

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

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

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

Funding To/From Reserves

5.23 Due to the uncertainty around future funding, the new NHP Fund conditions, future pay awards, on-going staffing costs and the outcomes of the Home Office Commercial Efficiency & Collaboration Programme, we have delayed committing to additional officers until we are in a slightly more informed position. The financial position has meant that in order to deliver a balanced budget we have had to remove or pause a number of growth bids. We have therefore set aside £2.2m in the I&P Reserve for officer numbers if our other financial commitments allow this.

5.24 In addition, the late adjustment we had to make in the 2024/25 budget for council tax receipts means that we must reverse the reserve funded element at £1m.

5.25 As the capital programme is developed and the estates strategy starts up, there will be a requirement for further borrowing and associated interest charges. In order to provide for this we have a contribution into the Estates Reserve, increasing on an annual basis, to cover these future costs and debt repayments.

Council Tax

5.26 The council tax precept has been set at the maximum increase permitted to the PCC at £14 for a Band D Household, which supports the presented MTFP to a balanced position for 2025/26.

5.27 The increase in the estimated number of households paying Council Tax has been set at 1.79%, this will be confirmed once all the individual councils have their final estimate figures.

Committed Growth from Prior Years

5.28 The committed growth from prior years covers ongoing growth to multiyear programmes of work on the Contact Centre Digital Strategy (£0.6m), DEVA Phase II under the Forensics Programme (£0.7m), and the Data and Systems Roadmap work within ICT (£0.2m)

5.29 The remaining growth is for committed contracts whereby part year funding was only required in the first year, and mainly covers system upgrades.

New Proposed Growth

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

5.31 The growth items are shown in the below Table:

Table 7 - Summary of New Revenue Growth

Strengthening Community Policing

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

Protecting Vulnerable People

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

Legitimacy & Public Value

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

Infrastructure & Investing for Future Delivery

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

Total New Revenue Growth Items £1,926

5.32 In addition to the above we have also included one-off growth funding from the I&P Reserve for the following:

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

Use of Reserves

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

Table 7 – Summary of General & Usable Reserves

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

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

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

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

Table 9 - Summary of I&P Reserve

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

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

5.38 The CCTV reserve has a small amount left in it and has been specifically earmarked to support the development of CCTV within the Thames Valley and will be drawn on as and when necessary to support agreed initiatives.

5.39 The Estates Reserve is used to fund major property investments and new builds under the Estates strategy. Part of this fund is building a revenue contribution flow which will ultimately be used for funding the repayments against future capital borrowing, ensuring that our future Estates strategy is affordable.

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

Table 10 - Summary of Estates Reserve

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

Recommendation:

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

6 Establishment Changes

6.1 The Police Uplift Programme (PUP) over the last 4 years has seen TVP receive increased funding for an additional 728 officers from the original allocation of the national Increase of 20,000 officers, which reflects the excellent work that has been directed to increasing officer numbers from all areas of the force.

6.2 Part of the funding for PUP uplift officers still comes with funding caveats which mean that we cannot drop below the designated increases without suffering financial penalties. Whilst the force generally manages its establishment on an FTE basis, the PUP management is based on a headcount basis. The difference being that 2 officers working 20 hours a week, would equate to 1 FTE (based on a standard 40 hour week), but would count as 2 officers when measuring headcount. We therefore need to be very clear on the target number we are working to – the FTE Establishment and minimum Headcount figures for full PUP funding are shown in the below:

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

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

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

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

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

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

7 OPCC Budgets

7.1 The budget directly controlled within the OPCC is planned to increase by £0.4m (net of direct external funding). This includes £0.1m due to additional costs for police officer misconduct hearing panels following legislative changes and increased volumes; £0.1m for additional posts as part of the OPCC restructure; and £0.2m for payroll increases. The restructure is designed to support achievement of the PCC's Police & Crime Plan through improved monitoring of Force and OPCC performance, better engagement with partners, and enhanced delivery of strategic projects.

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

8 Budget Risk & Uncertainties

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

National

8.2 We have only received a one-year funding settlement so grant figures beyond 2025/26 are only estimates.

8.3 The current Government has said it will deliver a multi-year CSR in 2025, at this stage we do not know what impact this will have on both Police Funding Nationally, and specifically funding allocation to Thames Valley.

8.4 The Home Office is undertaking an efficiency review of forces commercial activities (CECP) the outcomes of this review and the implications for future funding settlements are unknown.

8.5 A large part of the Uplift funding is currently directly linked with maintaining Officer numbers throughout the financial period, should this continue into future years then a holistic approach to savings opportunities could lead to reverse civilianisation's.

8.6 Given the current economic conditions Pay Inflation could be significantly higher than the 2.0% budget provision. A 1% increase would add an additional £3.8m (fye) to the overall pay budget and create a deficit from year 1. Increases above the 2.0% which were not funded by government would have to be funded from reserves in the short term with the potential for additional savings in the longer term.

8.7 The impact of inflation and restricted supply chains continues to have a real impact on the prices and availability of goods and services, which is adding additional pressures to the budget. Inflation remains stubbornly higher than expected in areas where TVP have large 3rd party spend. Ongoing geo-political instability continues to adversely impact global supply chains.

8.8 A review of the National Funding Formula is still in progress, but no indicative timeline is available. The impact on TVP could be positive or negative but we would expect some transitional arrangements to mitigate significant grant changes.

8.9 The current low strength of the £GB could lead to increased costs, especially around USD priced goods or services such as software licences.

Local

8.10 Dependent on the NHP Grant requirements, recruitment of specific staff groups could be challenging, especially if the requirement is to increase PCSOs. Officer recruitment is currently based on maintenance of establishments, however retention of Officers is always challenging, especially if neighbouring forces are also looking to grow in Officer numbers.

8.11 With the high level of recruitment over the last 3 years, the average length of experience of our officers is reducing, depleting the overall level of skills and knowledge within the organisation.

8.12 Additional savings programmes will need to be initiated to ensure the financial stability of the force over the coming years, whilst striking a balance between service delivery and cost of delivery.

8.13 There will need to be careful consideration of the savings targets in conjunction with the increased level of vacancies factored into the early years of the budget. This will be carefully managed by the Finance team to avoid any double counting of savings/vacancies.

8.14 Unquantified demand, whether new operational demand or investment requirements, for example to utilise a national technology initiative may impact on the estimates presented today.

8.15 The impact of the future Estates Strategy on financing the plans through interest and borrowing repayments could be significant and needs to be provided for in full in future years to ensure financial governance and stability.

9 Report Conclusions and Recommendations

9.1 The MTFP is based on a set of realistic assumptions and provides our best judgement of the financial position as it currently stands. The proposals within the MTFP ensure that resources are targeted towards priority business areas that support the delivery of key strategic objectives, or are necessary for the effective management of policing risk.

9.2 Given the current economic conditions information is changing very rapidly, for example interest rate forecasts, and there are a number of significant uncertainties and risks over information which is currently unavailable and outside of the control of the force. The most significant relates to the level of 2025 pay awards which will not be known until the middle of the year and the fact that we have only received a one-year settlement.

9.3 We still face considerable capacity and financial challenges so improving future productivity and efficiency is going to be key. For example, investing in our Forensic technical services will increase our capability and capacity in this vital area, whereas the continued investment in our technological estate to facilitate remote working is enabling us to strategically re-think our physical estate requirements with significant savings now realistically achievable in the future.

9.4 Our continued focus on the productivity strategy, based on the foundations of the Force Review, will require additional savings programmes, not only meet the HO requirements, but to ensure we continue to focus the maximum level of resources on our priorities.

9.5 The recommendation today is therefore to support the future strategic objectives of the PCC and TVP by increasing Band D council tax by the full £14 for 2025/26, together with the utilisation of the force reserves as stated.

List of Appendices:

Appendix 1 – Summary of 2025/26 Budget

Appendix 2 – Comparison of Council Tax Band D Values

Appendix 3 – 4 Year MTFP

Appendix 4 – Letter from CC to PCC re Public Benefits

Appendix 5 – Detailed View Of I&P Reserve Transactions

Appendix 5A – Summary of Reserve Funded Growth

Post Approval Addendum to:

Report for Decision Performance and Accountability Meeting on 16th January 2024

Further to Approval of the 2025/26 Medium Term Financial Plan at the Performance and Accountability meeting on the 16th January 2024, a number of external decisions have been communicated which impact on the budget presented in the aforesaid meeting.

The changes are described below, together with the financial impacts, which have not been updated in the original approval report but have been updated in the detailed Appendices and elsewhere in this budget book.

Council Tax Receipts

The estimated council tax receipts are always subject to final notifications from each of the 13 councils within the TVP area. These were received in February 2025 and analysis of the figures mean that our original estimate for council tax receipts were higher than the actual receipts to the level of £0.78m.

To rectify this income shortfall, we have applied additional funding to meet the shortfall from the Improvement & Performance Reserve for 2025/26, and we have also reduced our forecast growth in 2026/27 by £0.78m to support this on-going reduction.

Home Office Funding for Additional Neighbourhood Officers

As part of the Neighbourhood Uplift programme to deliver and maintain an additional 13,000 neighbourhood officers nationally, TVP put in a bid for an additional 68 officers over and above our core grant allocation, this bid was submitted in February 2025.

In March 2025, we received notification from the Home Office that we have had our bid accepted and we are awaiting a formal grant offer for £6.1m.

The implementation of these additional officers is being worked through, and the additional funding will be added into the budget in year, once the formal agreement has been received and approved.

Appendix 1

Revenue Budget Summary 2025/26

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
PCC Controlled Expenditure						
Commissioned Services	£3,634,000	£208,840	0	0	-206,840	£3,636,000
Democratic Representation	£144,380	£5,865	0	0	49,932	£200,177
OPCC	£1,819,942	£78,126	0	188	203,537	£2,101,793
Other Costs	£316,200	£4,882	0	0	59,318	£380,400
	£5,914,522	***£297,713***	***0***	***188***	***105,947***	***£6,318,370***
TVP Operational Budget - Direction and Control of Chief Constable:						
Employees	£495,444,557	£26,841,626	-9,384,924	1,939,561	11,058,131	£525,898,951
Premises	£22,711,616	£173,306	-1,816,282	32,040	-520,000	£20,580,680
Transport	£12,031,996	£420,989	-861,559	421,396	2	£12,012,824
Supplies & Services	£78,643,423	£907,517	-1,016,960	-660,359	-1,420,225	£76,453,396
Third Party Payments	£27,242,787	£1,309,675	-404,445	46,236	121,795	£28,316,048
Force Income	-£42,983,483	-£88,826	-1,683,386	-17,667	542,132	-£44,231,230
Specific Grant	-£44,946,056	£0	0	-1,929,502	3,344,421	-£43,531,137
	£548,144,840	***£29,564,287***	***-15,167,556***	***-168,295***	***13,126,256***	***£575,499,532***
Net Capital Financing Costs:						
Capital Financing	£16,923,037	£0	-232,769	100,000	-100,000	£16,690,268
Interest on Balances	-£4,600,000	£0	0	0	-400,000	-£5,000,000
	£12,323,037	***£0***	***-232,769***	***100,000***	***-500,000***	***£11,690,268***
Appropriations to/from Balances:						
Appropriations	-£9,864,157	£0	-1	68,107	10,455,345	£659,294
	-£9,864,157	***£0***	***-1***	***68,107***	***10,455,345***	***£659,294***
Cost of Services	***£556,518,242***	***£29,862,000***	***-15,400,326***	***0***	***23,187,548***	***£594,167,464***
Funded By:						
Council Tax - Surplus on Collection	-£1,732,605	£0	0	0	-1,017,395	-£2,750,000
Council Tax Precept Income	-£261,164,975	£0	0	0	-17,720,754	-£278,885,729
Formula Grant	-£88,739,524	£0	0	0	-5,178,538	-£93,918,062
Legacy Council Tax Grants	-£15,278,329	£0	0	0	0	-£15,278,329
Police Current Grant	-£189,602,809	£0	0	0	-13,732,535	-£203,335,344
	-£556,518,242	***£0***	***0***	***0***	***-37,649,222***	***-£594,167,464***
Total Funding	***-£556,518,242***	***£0***	***0***	***0***	***-37,649,222***	***-£594,167,464***

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

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

		2025/26	2026/27	2027/28	2028/29
Annual Opening Budget		£556,518,242	£594,167,464	£612,808,854	£631,152,473
Inflation					
General Inflation		£1,855,243	£819,776	£519,026	£521,712
Police Pay Inflation		£19,260,865	£7,211,261	£7,583,208	£9,952,793
Police Staff Inflation		£7,475,258	£3,728,803	£3,791,681	£3,860,388
Specific Inflation		£1,270,634	£2,880,387	£2,980,017	£3,086,293
Total Inflation		**£29,862,000**	**£14,640,227**	**£14,873,932**	**£17,421,186**
Productivity Plan Savings					
Central Initiatives		-£14,940,526	-£4,230,961	-£3,866,488	-£3,588,551
E&E Initiatives		-£137,800	£0	£0	£0
Local Initiatives		-£322,000	£0	£0	£0
Total Productivity Savings		**-£15,400,326**	**-£4,230,961**	**-£3,866,488**	**-£3,588,551**
Prior Years Growth					
Reduction/Removal of Prior Growth					
164	Smarter Ways of Working	-£250,000	£0	£0	£0
167	Taser Refresh and Uplift Programme	-£108,919	£0	£0	£0
176	Growth for Increase in Police Bonus Payments	-£1,000,000	£0	£0	£0
186	ICT - System Upgrades and Development Programme 2023/24	-£98,114	-£46,250	£0	£0
190	POLIT Staffing Uplift	-£18,750	£0	£0	£0
209	McCloud Remedy Costs - Phases 3&4	-£51,205	-£256,021	£0	£0
211	Resourcing for Overtime Governance	-£40,113	£0	£0	£0
216	Accommodation, Travel and Subsistence Costs of Increased Student Numbers Over Split Sites	-£125,000	£0	£0	£0
245	Uplift to MASH Staffing	-£57,000	£0	£0	£0
258	Removal of Temporary Comms Support Assistant Post	-£30,000	£0	£0	£0
Operational Delivery					
162	Data Quality Development	£8,406	£8,406	£0	£0
165	Forensics Improvement Programme	-£227,589	£11,679	£0	£0
215	Funding for NPCC Digital Fingerprints Capability	£96,040	£0	£0	£0
226	Contact Centre Digital Strategy & RPA Platform - Move to Base Funding From Reserves	£548,491	£0	£0	£0
251	DEVA Phase 2	£714,962	£0	£0	£0
Technology Investment					
242	NICHE RMS Upgrade - On-going Revenue Costs	£28,600	£0	£0	£0
256	Data & Systems Roadmap Implementation	£172,556	-£60,933	-£163,825	£0

	Support & Infrastructure				
252	Trakka Cabinet Refresh	£6,000	£0	£0	£0
	Prior Years Growth	**-£431,635**	**-£343,119**	**-£163,825**	**£0**
	Committed & Statutory Growth				
	Pay & Allowance Adjustments				
128	Uplift in the Staff Pension Scheme Employer Contributions	£980,000	£0	£0	£0
178	Recognition of Police Staff & PCSO Vacancy Levels	£2,400,000	£100,000	£100,000	£0
214	Review of the Apprenticeship Levy Income from Apprenticeship Roles	£200,000	£0	£0	£0
298	Changes to PUP Specific grant Allocations	£1,727,263	£0	£0	£0
299	Reduction in Pensions Grant	£1,616,792	£0	£0	£0
	In-Year Approved Growth				
280	Make the Mental Health Service Delivery Position Permanent	£57,534	£0	£0	£0
281	Conditional Cautioning in DA Cases	£143,000	£0	£0	£0
282	Surveillance Situational Awareness Systems (SSAS) Project	£166,000	£0	£0	£0
	Service Delivery & Compliance				
76	Review of Debt Charges	£0	£0	£0	£0
77	Review Of Budgets for the OPCC	£0	£0	£0	£0
93	Changes to Loan Charges Grant	£366	£0	£0	£0
103	Property Maintenance - Provision for Future Years	£1,000,000	£0	£0	£0
180	Review of Interest Receipts	-£400,000	£500,000	£200,000	£0
184	Review and Alignment of Budgets Following Detailed Spend Analysis and Forecasts	£0	£0	£200,000	£0
286	Increase in Costs Relating to Kennelling of Dangerous Dogs	£650,000	£0	£0	£0
290	Increase in National Insurance Rates announced In October 2024 Budget Statement	£8,019,265	£0	£0	£0
300	Increase in Custody Income	-£300,000	£0	£0	£0
	Committed & Statutory Growth	**£16,260,220**	**£600,000**	**£500,000**	**£0**
	New Proposed Revenue Growth				
	Strengthening Community Policing				
294	Re-Establish Joint Drone & Marine Inspector Position	£47,650	£0	£0	£0
302	Increase in Foundation Trainers	£447,300	£0	£0	£0
305	Local Policing GRIP/Hotspots	£9,800	£0	£0	£0
308	Drones Investment	£335,000	£0	£0	£0
	Protecting Vulnerable People				
304	Public Protection	£88,962	£0	£0	£0
	Legitimacy & Public Value				
303	Increase in PSD Resources	£95,144	£0	£0	£0

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

Growth Funded From Reserves

	Growth Funded From I&P Reserve				
189	Contact Centre Digital Strategy & RPA Platform	-£548,491	£0	£0	£0
195	Force Review	-£2,706,453	£0	£0	£0
196	Refurbishment of Showers for Imbert Court	-£500,000	£0	£0	£0
220	Contact Management Retention Bonus Scheme	-£200,000	-£300,000	£0	£0
222	Reduction in Reserve Funding for Energy Cap Price Increases	-£1,520,000	£0	£0	£0
240	Reduction in Police Pensions Specific Grant	£1,313,021	£0	£0	£0
261	Growth Items Funded from Reserves	-£3,064,468	-£951,184	-£276,983	£0
276	Funding for Two Additional SOLO Staff Members	-£46,100	-£46,100	£0	£0
283	Operation Olympus - National Investigation regarding the Post Office	£260,000	£0	-£260,000	£0
288	Funding for Implementation of Temperature Sensors for Evidence Freezers	£50,000	-£50,000	£0	£0
292	Windows 11 Upgrade	£1,099,860	-£1,099,860	£0	£0
293	MOPI RRD	£450,835	-£450,835	£0	£0
295	One Year Funding for a Strategic Analyst	£30,000	-£30,000	£0	£0
296	WPN Outsourced Support	£47,500	-£47,500	£0	£0
297	Pronto Printers	£53,000	-£53,000	£0	£0
	Growth Funded From General Reserves				
74	Police Officer Reserve Funding for Bank Holidays	£220,764	£471,747	-£952,930	£726,586
75	Police Staff Reserve Funding for Bank Holidays	£38,633	£82,556	-£166,763	£127,152
	Appropriations From Reserves				
84	Appropriations to/from the I&P Reserve	£5,281,296	£3,028,479	£536,983	£0
85	Appropriations to/from General Balances	-£259,397	-£554,303	£1,119,693	-£853,738
	Growth Funded From Reserves	**£0**	**£0**	**£0**	**£0**

Other Reserve Movements

	I&P Reserve Funded				
271	Contribution to Inflation Contingency in I&P Reserve	£2,200,000	£800,000	£0	£0

277	Reverse Transfer of Balance from SDCM Reserve	-£2,361,764	£0	£0	£0
278	Reverse Final Council Tax taxbase Adjustment	£1,396,940	£0	£0	£0
279	Reverse Reprofile of ICT Roadmap Input to Reserve	-£388,251	£0	£0	£0
313	Appropriation for Final Council Tax Shortfall	-£775,243	£775,243	£0	£0
	Estates Strategy Funded				
274	Estates Borrowing and Interest Provision	£3,000,000	£4,400,000	£5,000,000	£3,000,000
	SDCM Reserve Funded				
267	Reverse Transfer of Balance from SDCM Reserve	£2,361,764	£0	£0	£0
	Other Reserve Movements	**£5,433,446**	**£5,975,243**	**£5,000,000**	**£3,000,000**

Annual Net Budget Requirement	**£594,167,464**	**£612,808,854**	**£631,152,473**	**£649,985,108**
Annual Cash Budget Increase	**£37,649,222**	**£18,641,390**	**£18,343,619**	**£18,832,635**
Annual Percentage Budget Increase	**6.77%**	**3.14%**	**2.99%**	**2.98%**

Funding Changes

	Annual Opening Funding	**-£556,518,242**	**-£594,167,464**	**-£612,808,854**	**-£631,152,473**
	Police Grants				
69	Police Grant Funding Changes	-£5,240,770	-£1,914,988	-£1,934,138	-£1,953,480
70	Formula Grant Funding Changes	£3,281,025	-£896,269	-£905,232	-£914,284
284	Grant for Increase in 2024 Pay Awards	-£8,459,563	£0	£0	£0
291	Funding for Additional NI Rate Increases	-£8,491,765	£0	£0	£0
	Total Police Grants	*-£18,911,073*	*-£2,811,257*	*-£2,839,370*	*-£2,867,764*
	Council Tax				
71	Council Tax Precept Changes	-£13,821,144	-£10,048,959	-£10,228,835	-£10,411,931
72	Council Tax Surplus on Collection Changes	-£1,017,395	£0	£0	£0
73	Council Tax Base Changes	-£3,899,610	-£5,781,174	-£5,275,414	-£5,552,940
	Total Council Tax	*-£18,738,149*	*-£15,830,133*	*-£15,504,249*	*-£15,964,871*
	Total Change in Funding	*-£37,649,222*	*-£18,641,390*	*-£18,343,619*	*-£18,832,635*
	Total Annual Funding	**-£594,167,464**	**-£612,808,854**	**-£631,152,473**	**-£649,985,108**

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

Appendix 4

January 2025

Thames Valley Police Public Benefits Realisation

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

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

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

1. Protecting Communities

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

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

2. Protecting People

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

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

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

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

3. Protecting Property

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

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

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

4. ICT Infrastructure Improvements

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

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

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

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

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

January 2025

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

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

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

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

5. Key Enablers

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

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

6. Other

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

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

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

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

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

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

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

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

7. Future Funding and Investment

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

Foundation Training

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

Professional Standards Department Resources

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

Local Policing – GRIP/Hotspot (Op Rasure) Work

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

Public Protection, Working Together Partnerships.

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

Strategic Analyst

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

Drone Capability

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

Occupational Health Unit

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

Forensics Pay Uplift

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

ICT Infrastructure Improvements and Critical Equipment Refresh

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

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

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

8. Compliance and Critical Equipment Refresh

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

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

9. Risk Factors

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

Appendix 5

Improvement & Performance Reserve

Type	Improvement & Performance Reserve	Budget Book Ref	2025/26 Requirement	2026/27 Requirement	2027/28 Requirement
	Opening Balance		**£13,944,513**	**£6,211,375**	**£5,674,392**
Funding Into Reserve:					
Rev	Police Pension Administration Costs	241	£0	£0	£0
Rev	Transfer of Funds From SDCM Reserve	228	£0	£0	£0
Rev	Reprofiling of Data & Systems Roadmap	256	£0	£0	£0
Rev	Inflation Contingency Funding	271	£2,200,000	£3,000,000	£3,000,000
Rev	Transfer of Airwave Savings	In Year	£1,200,000		
			£3,400,000	***£3,000,000***	***£3,000,000***
Spending From Reserve:					
Rev	CM Retention Bonus	220	-£300,000	£0	£0
Rev	Leadership Academy	261	-£177,000	£0	£0
Rev	NICH RMS Upgrade	261	-£366,084	£0	£0
Rev	Network Modernisation / BT Transform	261	-£121,000	£0	£0
Rev	EBM Strategy / Replacement	261	-£276,983	-£276,983	£0
Rev	DEVA Phase 2	261	-£287,100	£0	£0
Rev	Solo Project	276	-£46,100	£0	£0
Rev	Funding for Op Olympus	283	-£260,000	-£260,000	£0
Rev	Funding for Freezer Temperature Monitors	288	-£50,000	£0	£0
Rev	Windows 11 Upgrade	292	-£1,099,860	£0	£0
Rev	MOPI RRD	293	-£450,835	£0	£0
Rev	One Year Funding for Strategic Analyst	295	-£30,000	£0	£0
Rev	WPN Outsourced Support	296	-£47,500	£0	£0
Rev	Pronto Printers	297	-£53,000	£0	£0
Rev	Final Council Tax Amendment	In Year	-£775,243	£0	£0
Rev	Utilisation of Inflation Contingency	In Year	-£2,200,000	-£3,000,000	-£3,000,000
			-£6,790,705	***-£3,536,983***	***-£3,000,000***
	Sum of Revenue Contributions		***-£3,390,705***	***-£536,983***	***£0***
Proj	Project Spend Brought Forward	In Year	-£4,342,433	£0	£0
	Sum of Capital and Project Contributions		***-£4,342,433***	***£0***	***£0***
	Closing Balance		**£6,211,375**	**£5,674,392**	**£5,674,392**

Appendix 5A

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

Initiative	Budget Book Ref	Cost	Description
CM Retention Bonus	220	£300,000	2 year funding of bonus payments within Contact Management to support retention
Leadership Academy	261	£177,000	2 year funding to support a Leadership Academy pilot to develop leaders within the force
NICH RMS Upgrade	261	£366,084	One-off upgrade to the NICH RMS Systems
Network Modernisation / BT Transform	261	£121,000	One-off upgrade for the ICT Networks
EBM Strategy / Replacement	261	£276,983	2 year programme to replace and network the Electronic Breathalyser Machines
DEVA Phase 2	261	£287,100	Implementation costs for the upgraded Digital Forensics tools.
Solo Project	In Year	£46,100	2 year funding to support additional resources in the SOLO project in dealing with backlogs and resetting workloads.
Prior Year Approved Funding		***£1,574,267***	
Funding for Op Olympus	283	£260,000	Funding to support the National Post Office Enquiry
Funding for Freezer Temperature Monitors	288	£50,000	Enable networked temperature monitoring for evidential freezers
Windows 11 Upgrade	292	£1,099,860	Upgrade force computers to Windows 11 platform
MOPI RRD	293	£450,835	To ensure proper data classification and security compliance
Strategic Analyst	295	£30,000	To support the Strategic Intelligence analysis work
WPN Outsourced Support	296	£47,500	Support to help the People Services delivery review
Pronto Printers	297	£53,000	Implementation of specific printer for the Pronto App
New Prioritised Funding		***£1,991,195***	
Total I&P Reserve Funding		**£3,565,462**	

PCC Controlled Expenditure

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
PCC Controlled Expenditure						
Commissioned Services						
Police Staff Pay	0	0	0	0	-206,840	-206,840
Police Staff NI	0	0	0	0	0	0
Police Staff Pension	0	0	0	0	0	0
Training & Conference expenses	0	0	0	0	0	0
Rent & Rates	0	0	0	0	0	0
Car Allowances & Travel Expenses	0	0	0	0	0	0
Office Equipment, Furniture & Materials	0	0	0	0	0	0
Communications & Computing	0	0	0	0	0	0
Other Supplies & Services	0	0	0	0	0	0
Commissioning Services	10,592,000	208,840	0	-150,000	0	10,650,840
Other Third Party Payments	0	0	0	0	0	0
HO Special Grant	-2,458,000	0	0	150,000	0	-2,308,000
MoJ - Commisioning of Victims Services	-4,500,000	0	0	0	0	-4,500,000
	3,634,000	***208,840***	***0***	***0***	***-206,840***	***3,636,000***
Democratic Representation						
Police Staff Pay	88,600	3,952	0	0	49,932	142,484
Police Staff NI	10,972	489	0	0	0	11,461
Police Staff Pension	14,708	656	0	0	0	15,364
Training & Conference expenses	500	6	0	0	0	506
Vehicle Fuel	0	0	0	0	0	0
Hire & Fleet Vehicles	0	0	0	0	0	0
Car Allowances & Travel Expenses	9,100	344	0	0	0	9,444
Allowances	0	0	0	0	0	0
Other Supplies & Services	20,500	418	0	0	0	20,918
	144,380	***5,865***	***0***	***0***	***49,932***	***200,177***
OPCC						
Police Staff Pay	1,373,464	61,258	0	0	203,537	1,638,259
Police Staff NI	133,115	5,937	0	0	0	139,052
Police Staff Pension	194,454	8,673	0	0	0	203,127
Police Staff Allowances	8,000	0	0	0	0	8,000
Police Staff Overtime	9,000	401	0	0	0	9,401
Staff Welfare	409	11	0	188	0	608
Training & Conference expenses	50,000	640	0	0	0	50,640
Car Allowances & Travel Expenses	12,000	453	0	0	0	12,453
Office Equipment, Furniture & Materials	3,000	78	0	0	0	3,078
Forensic Costs	0	0	0	0	0	0
Other Supplies & Services	36,500	675	0	0	0	37,175
	1,819,942	***78,126***	***0***	***188***	***203,537***	***2,101,793***
Other Costs						
Police Staff Pay	0	0	0	0	59,318	59,318
Office Equipment, Furniture & Materials	1,500	30	0	0	0	1,530
Custody Costs	10,000	366	0	0	0	10,366
Allowances	75,000	1,500	0	0	0	76,500
Other Supplies & Services	229,700	2,986	0	0	0	232,686
	316,200	***4,882***	***0***	***0***	***59,318***	***380,400***

PCC Controlled Expenditure

PCC Controlled Expenditure	**5,914,522**	**297,713**	**0**	**188**	**105,947**	**6,318,370**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Employees						
Police Officer Pay						
Police Officer Pay	195,159,154	14,406,692	-6,476,276	143,379	1,405,869	204,638,818
Police Officer NI	23,633,307	1,112,983	0	1,321,538	5,021,958	31,089,786
Police Officer Pension	65,762,426	2,918,218	-25,078	-215,533	-215,913	68,224,120
Police Officer Allowances	20,922,372	88,671	103,776	-435,303	-1,000,000	19,679,516
	305,477,259	***18,526,564***	***-6,397,578***	***814,081***	***5,211,914***	***323,632,240***
Police Officer Overtime						
Police Officer Overtime	11,886,905	527,048	0	-69,929	220,764	12,564,788
	11,886,905	***527,048***	***0***	***-69,929***	***220,764***	***12,564,788***
PCSO Pay						
PCSO Pay	7,859,985	360,579	193,954	-954,611	1,425,170	8,885,077
PCSO NI	748,097	29,630	0	-83,751	542,227	1,236,203
PCSO Pension	1,548,293	61,489	0	-169,673	50,991	1,491,100
PCSO Allowances	11,601	429	1,798	0	0	13,828
	10,167,976	***452,127***	***195,752***	***-1,208,035***	***2,018,388***	***11,626,208***
PCSO Overtime						
PCSO Overtime	3,277	747	0	13,504	0	17,528
	3,277	***747***	***0***	***13,504***	***0***	***17,528***
Police Staff Costs						
Police Staff Pay	119,301,485	5,407,463	-2,620,987	332,773	607,506	123,028,240
Police Staff NI	11,082,151	535,772	0	930,508	4,401,734	16,950,165
Police Staff Pension	19,791,350	875,019	-4,869	99,292	-393,405	20,367,387
Police Staff Allowances	3,102,600	21,926	115,876	-209,645	-490,775	2,539,982
	153,277,586	***6,840,180***	***-2,509,980***	***1,152,928***	***4,125,060***	***162,885,774***
Police Staff Overtime						
Police Staff Overtime	2,432,509	108,913	-52,000	61,504	38,633	2,589,559
	2,432,509	***108,913***	***-52,000***	***61,504***	***38,633***	***2,589,559***
Temporary or Agency Staff						
Temporary or Agency Staff	295,007	28,975	893,981	1,421,349	-556,628	2,082,684
	295,007	***28,975***	***893,981***	***1,421,349***	***-556,628***	***2,082,684***
Police Officer Injury/Ill health/Death Pensions						
Police Officer Injury/Ill health/Death Pensions	4,679,845	209,929	141,439	-188,000	0	4,843,213
	4,679,845	***209,929***	***141,439***	***-188,000***	***0***	***4,843,213***
Other Employee Expenses						
Staff & Officer Recruitment Costs	1,205,155	9,892	-579,459	0	0	635,588
Staff Welfare	1,361,460	23,567	-17,486	-528	0	1,367,013
Employee Insurance	2,133,388	95,789	0	0	0	2,229,177
	4,700,003	***129,248***	***-596,945***	***-528***	***0***	***4,231,778***
Restructure, Training & Conference Costs						
Restructure Costs	1,379	0	-1,379	0	0	0
Pension Strain	3,799	0	-3,799	0	0	0
Training & Conference expenses	2,519,012	17,895	-1,054,415	-57,313	0	1,425,179
	2,524,190	***17,895***	***-1,059,593***	***-57,313***	***0***	***1,425,179***
Employees	**495,444,557**	**26,841,626**	**-9,384,924**	**1,939,561**	**11,058,131**	**525,898,951**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Premises						
Premises Related Expenditure						
Repairs & Maintenance	7,231,491	64,588	-961,682	57,860	1,000,000	7,392,257
Utilities	7,019,770	19,646	-480,000	-9,900	-1,520,000	5,029,516
Rent & Rates	6,208,536	49,116	-374,600	-31,267	0	5,851,785
Cleaning & Domestic Supplies	1,835,034	30,295	0	15,347	0	1,880,676
Other Premises Costs	253,711	2,339	0	0	0	256,050
Property Insurance	163,074	7,322	0	0	0	170,396
	22,711,616	***173,306***	***-1,816,282***	***32,040***	***-520,000***	***20,580,680***
Premises	**22,711,616**	**173,306**	**-1,816,282**	**32,040**	**-520,000**	**20,580,680**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Transport						
Transport Related Expenditure						
Vehicle Fuel	3,117,449	118,065	-205,653	31,380	0	3,061,241
Hire & Fleet Vehicles	7,406,619	312,582	-49,686	202,263	2	7,871,780
Car Allowances & Travel Expenses	1,750,409	76,230	74,329	195,680	0	2,096,648
Transport Insurance	2,944,265	131,841	0	-7,927	0	3,068,179
Transport - Other	-3,186,746	-217,729	-680,549	0	0	-4,085,024
	12,031,996	***420,989***	***-861,559***	***421,396***	***2***	***12,012,824***
Transport	**12,031,996**	**420,989**	**-861,559**	**421,396**	**2**	**12,012,824**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Supplies & Services						
Supplies & Services						
Office Equipment, Furniture & Materials	8,575,658	26,229	-613,386	1,369,510	-1,520,629	7,837,382
Catering Contracts	607,814	25,145	-55,477	7,313	0	584,795
Clothing, Uniforms & Laundry	1,584,569	30,011	71,883	2,536	0	1,688,999
Custody Costs	3,462,939	60,793	-49,662	0	0	3,474,070
Forensic Costs	5,859,078	376,000	-114,889	94,321	0	6,214,510
Investigative Expenses	2,009,867	36,946	-73,368	30,915	0	2,004,360
Police Doctors & Surgeons	826,497	14,066	140,917	66,998	0	1,048,478
Interpreters & Translators	836,339	12,034	74,451	14,867	0	937,691
Communications & Computing	42,642,882	18,708	-801,569	-2,609,331	-323,926	38,926,764
Other Supplies & Services	12,237,780	307,585	404,140	362,512	424,330	13,736,347
	78,643,423	***907,517***	***-1,016,960***	***-660,359***	***-1,420,225***	***76,453,396***
Supplies & Services	**78,643,423**	**907,517**	**-1,016,960**	**-660,359**	**-1,420,225**	**76,453,396**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Third Party Payments						
Third Party Payments						
Commissioning Services	1,298,388	14,281	-460,178	-60,849	403,000	1,194,642
Joint working Initiatives	737,082	9,582	0	0	-51,205	695,459
Collaboration Payments	19,837,000	785,812	426,050	107,085	-1,980,000	19,175,947
Other Third Party Payments	5,370,317	500,000	-370,317	0	1,750,000	7,250,000
	27,242,787	***1,309,675***	***-404,445***	***46,236***	***121,795***	***28,316,048***
Third Party Payments	**27,242,787**	**1,309,675**	**-404,445**	**46,236**	**121,795**	**28,316,048**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Force Income						
Local Government Specific / Partnership Funding						
Local Govenrment Funding - Specific/Partnership	-761,327	-1,753	21,552	147,467	0	-594,061
	-761,327	***-1,753***	***21,552***	***147,467***	***0***	***-594,061***
Sales, Fees, Charges & Rents						
Sale of Assets & Goods	-149,284	-1,818	32,791	0	0	-118,311
Fees & Charges - Public Fees	-944,332	-7,279	-5,399	-27,118	0	-984,128
Fees & Charges - Rental & Hire Charges	-680,074	-795	-19,000	0	0	-699,869
Fees & Charges - General	-9,153,519	-42,379	-1,814,843	-857,580	200,000	-11,668,321
	-10,927,209	***-52,271***	***-1,806,451***	***-884,698***	***200,000***	***-13,470,629***
Special Police Services						
Fees & Charges - Private Hire - Single Events	-939,217	-18,784	0	0	0	-958,001
	-939,217	***-18,784***	***0***	***0***	***0***	***-958,001***
Reimbursed Services - Other Police Forces						
Inter Force Reimbursements - Collaboration	-28,494,784	-2,880	164,701	794,189	863,132	-26,675,642
	-28,494,784	***-2,880***	***164,701***	***794,189***	***863,132***	***-26,675,642***
Reimbursed Services - Other Public Bodies						
Non Inter Force/Local Gov, but Public Body Contributions	-765,375	-2,000	-62,855	-74,625	-300,000	-1,204,855
	-765,375	***-2,000***	***-62,855***	***-74,625***	***-300,000***	***-1,204,855***
Reimbursed Services - Other						
Proceeds of Crime	-528,667	0	-333	0	-221,000	-750,000
Refunds	-10,000	0	0	0	0	-10,000
	-538,667	***0***	***-333***	***0***	***-221,000***	***-760,000***
Reimbursed Services - Sources of Income from Other Forces						
Sources of Income from Other Forces	-556,904	-11,138	0	0	0	-568,042
	-556,904	***-11,138***	***0***	***0***	***0***	***-568,042***
Force Income	**-42,983,483**	**-88,826**	**-1,683,386**	**-17,667**	**542,132**	**-44,231,230**

TVP Operational Budget - Direction and Control of Chief Constable:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Specific Grant						
Government & Overseas Funding						
Loan Charges Specfic Grant	-22,726	0	0	0	366	-22,360
Security Grant	-8,572,998	0	0	-1,782,075	0	-10,355,073
MoJ - Commisioning of Victims Services	0	0	0	0	0	0
HO Special Grant	-33,252,947	0	0	0	3,344,055	-29,908,892
CRB Grant	-2,065,493	0	0	-147,427	0	-2,212,920
PFI Grant	-1,031,892	0	0	0	0	-1,031,892
	-44,946,056	***0***	***0***	***-1,929,502***	***3,344,421***	***-43,531,137***
Specific Grant	**-44,946,056**	**0**	**0**	**-1,929,502**	**3,344,421**	**-43,531,137**

Net Capital Financing Costs:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Net Capital Financing Costs:						
Capital financing and contributions						
Debt Charges	3,265,197	0	-232,769	0	-38,231	2,994,197
Capital Expenditure Funded from Revenue	13,200,000	0	0	100,000	-100,000	13,200,000
Finance Leases	457,840	0	0	0	38,231	496,071
	16,923,037	***0***	***-232,769***	***100,000***	***-100,000***	***16,690,268***
Interest / Investment Income						
Interest / Investment Income	-4,600,000	0	0	0	-400,000	-5,000,000
	-4,600,000	***0***	***0***	***0***	***-400,000***	***-5,000,000***
Net Capital Financing Costs:	**12,323,037**	**0**	**-232,769**	**100,000**	**-500,000**	**11,690,268**

Appropriations to/from Balances:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Appropriations to/from Balances:						
Transfers to Revenue and Capital Reserves						
Transfer to earmarked revenue reserves	-10,123,554	0	0	68,107	10,714,742	659,295
Transfer to General Reserve	259,397	0	-1	0	-259,397	-1
	-9,864,157	***0***	***-1***	***68,107***	***10,455,345***	***659,294***
Reconciling items between Management Accounts & Statutory Financial Reporting.						
Depreciation and Impairment Losses	0	0	0	0	0	0
	0	***0***	***0***	***0***	***0***	***0***
Appropriations to/from Balances:	**-9,864,157**	**0**	**-1**	**68,107**	**10,455,345**	**659,294**

Funded By:

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Funded By:						
Government Grants						
Formula Grant	-88,739,524	0	0	0	-5,178,538	-93,918,062
Legacy Council Tax Grants	-15,278,329	0	0	0	0	-15,278,329
Police Current Grant	-189,602,809	0	0	0	-13,732,535	-203,335,344
	-293,620,662	***0***	***0***	***0***	***-18,911,073***	***-312,531,735***
Local Government Precept						
Council Tax Precept Income	-261,164,975	0	0	0	-17,720,754	-278,885,729
Council Tax - Surplus on Collection	-1,732,605	0	0	0	-1,017,395	-2,750,000
	-262,897,580	***0***	***0***	***0***	***-18,738,149***	***-281,635,729***
Funded By:	**-556,518,242**	**0**	**0**	**0**	**-37,649,222**	**-594,167,464**

Holding Account

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Chiltern Transport Consortium						
Pay & Employment Costs						
Police Staff Pay	1,632,016	72,611	0	0	0	1,704,627
Police Staff NI	171,807	7,662	0	0	0	179,469
Police Staff Pension	292,883	13,063	0	0	0	305,946
Police Staff Allowances	59,492	147	0	0	0	59,639
Police Staff Overtime	114,104	5,089	0	0	0	119,193
Temporary or Agency Staff	1,627,075	24,732	0	0	0	1,651,807
Staff Welfare	374	5	0	0	0	379
Training & Conference expenses	30,782	394	0	0	0	31,176
	3,928,533	***123,703***	***0***	***0***	***0***	***4,052,236***
Overheads						
Repairs & Maintenance	6,711	43	0	0	0	6,754
Rent & Rates	509,310	0	0	0	0	509,310
Cleaning & Domestic Supplies	0	103	0	7,904	0	8,007
Other Premises Costs	965	6	0	0	0	971
Vehicle Fuel	85,464	3,432	0	0	0	88,896
Hire & Fleet Vehicles	149,569	3,175	0	0	0	152,744
Car Allowances & Travel Expenses	6,084	230	0	0	0	6,314
Transport - Other	17,331,821	813,313	0	0	0	18,145,134
Office Equipment, Furniture & Materials	25,150	600	0	0	0	25,750
Clothing, Uniforms & Laundry	5,418	97	0	0	0	5,515
Communications & Computing	305,110	6,047	0	0	0	311,157
Other Supplies & Services	133,876	2,431	0	0	0	136,307
Collaboration Payments	65,000	1,300	0	0	0	66,300
	18,624,478	***830,777***	***0***	***7,904***	***0***	***19,463,159***
Financing Adjustments						
Depreciation and Impairment Losses	19,082	382	0	0	0	19,464
Asset Disposal	-549,205	-10,984	0	0	0	-560,189
	-530,123	***-10,602***	***0***	***0***	***0***	***-540,725***
Grant, Trading & Reimbursements						
Fees & Charges - General	-95,146	-833	0	0	0	-95,979
Inter Force Reimbursements - Collaboration	-21,969,142	-944,720	0	0	0	-22,913,862
	-22,064,288	***-945,553***	***0***	***0***	***0***	***-23,009,841***
Not Mapped						
Not Mapped	41,400	1,675	0	-7,904	0	35,171
	41,400	***1,675***	***0***	***-7,904***	***0***	***35,171***
Chiltern Transport Consortium	**0**	**0**	**0**	**0**	**0**	**0**

Holding Account

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
CTPSE						
Pay & Employment Costs						
Police Officer Pay	12,966,339	578,301	0	0	0	13,544,640
Police Officer NI	1,795,384	80,074	0	0	0	1,875,458
Police Officer Pension	3,894,951	173,715	0	0	0	4,068,666
Police Officer Allowances	1,127,906	7,735	0	0	0	1,135,641
Police Officer Overtime	2,075,850	92,583	0	0	0	2,168,433
Police Staff Pay	10,014,520	432,558	0	0	0	10,447,078
Police Staff NI	1,086,872	48,475	0	0	0	1,135,347
Police Staff Pension	1,718,086	76,627	0	0	0	1,794,713
Police Staff Allowances	259,731	1,481	0	0	0	261,212
Police Staff Overtime	267,950	11,950	0	0	0	279,900
Temporary or Agency Staff	158,323	2,407	0	0	0	160,730
Police Officer Injury/Ill health/Death Pensions	161,337	4,840	0	0	0	166,177
Staff & Officer Recruitment Costs	286,989	4,362	0	0	0	291,351
Staff Welfare	20,879	372	0	0	0	21,251
Pension Strain	220	4	0	0	0	224
Training & Conference expenses	225,364	2,885	0	0	0	228,249
	36,060,701	***1,518,369***	***0***	***0***	***0***	***37,579,070***
Overheads						
Repairs & Maintenance	344,658	4,506	0	0	0	349,164
Utilities	813,046	1,184	0	0	0	814,230
Rent & Rates	286,651	0	0	0	0	286,651
Cleaning & Domestic Supplies	70,150	1,182	0	0	0	71,332
Other Premises Costs	199,694	1,278	0	0	0	200,972
Vehicle Fuel	335,987	13,493	0	0	0	349,480
Hire & Fleet Vehicles	339,024	19,716	0	0	0	358,740
Car Allowances & Travel Expenses	235,804	8,724	0	0	0	244,528
Transport Insurance	430,641	19,335	0	0	0	449,976
Transport - Other	459,759	16,908	0	0	0	476,667
Office Equipment, Furniture & Materials	57,602	1,388	0	0	0	58,990
Catering Contracts	11,836	532	0	0	0	12,368
Clothing, Uniforms & Laundry	37,840	685	0	0	0	38,525
Forensic Costs	51,590	3,322	0	0	0	54,912
Investigative Expenses	743,638	17,808	0	0	0	761,446
Police Doctors & Surgeons	12,934	176	0	0	0	13,110
Interpreters & Translators	34,386	447	0	0	0	34,833
Communications & Computing	206,903	4,070	0	2,144	0	213,117
Other Supplies & Services	1,236,123	26,024	0	0	0	1,262,147
Collaboration Payments	1,038,199	20,764	0	0	0	1,058,963
	6,946,465	***161,542***	***0***	***2,144***	***0***	***7,110,151***
Financing Adjustments						
Asset Disposal	-147,000	-2,940	0	0	0	-149,940
	-147,000	***-2,940***	***0***	***0***	***0***	***-149,940***
Grant, Trading & Reimbursements						

Holding Account

Specific Grants	-42,652,134	-1,676,971	0	0	0	-44,329,105
Fees & Charges - Rental & Hire Charges	-81,234	0	0	0	0	-81,234
Inter Force Reimbursements - Collaboration	-128,942	0	0	0	0	-128,942
	-42,862,310	***-1,676,971***	***0***	***0***	***0***	***-44,539,281***
Not Mapped						
Not Mapped	2,144	0	0	-2,144	0	0
	2,144	***0***	***0***	***-2,144***	***0***	***0***
CTPSE	**0**	**0**	**0**	**0**	**0**	**0**

Holding Account

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
Regional Specialist Firearms						
Pay & Employment Costs						
Police Officer Pay	1,418,676	128,216	0	1,456,106	0	3,002,998
Police Officer NI	224,367	20,242	0	229,490	0	474,099
Police Officer Pension	440,789	41,036	0	479,293	0	961,118
Police Officer Allowances	253,450	6,297	0	243,545	0	503,292
Police Officer Overtime	376,086	33,189	0	368,058	0	777,333
Police Staff Pay	10,048	533	0	7,733	0	18,314
Training & Conference expenses	243,286	6,307	0	249,474	0	499,067
	2,966,702	***235,820***	***0***	***3,033,699***	***0***	***6,236,221***
Overheads						
Vehicle Fuel	165,918	13,527	0	170,915	0	350,360
Hire & Fleet Vehicles	191,688	15,901	0	191,298	0	398,887
Car Allowances & Travel Expenses	4,442	1,425	0	34,292	0	40,159
Transport Insurance	95,534	8,642	0	96,924	0	201,100
Transport - Other	0	0	0	0	0	0
Office Equipment, Furniture & Materials	0	0	0	0	0	0
Clothing, Uniforms & Laundry	67,531	2,491	0	70,096	0	140,118
Investigative Expenses	20,286	628	0	21,000	0	41,914
Police Doctors & Surgeons	12,604	345	0	12,798	0	25,747
Communications & Computing	520	20	0	500	0	1,040
Other Supplies & Services	592,566	27,022	0	625,640	0	1,245,228
Collaboration Payments	709,615	32,188	0	899,777	0	1,641,580
	1,860,704	***102,189***	***0***	***2,123,240***	***0***	***4,086,133***
Grant, Trading & Reimbursements						
Specific Grants	-2,956,529	0	0	-3,553,017	0	-6,509,546
Fees & Charges - General	-93,177	-3,791	0	-96,390	0	-193,358
Inter Force Reimbursements - Collaboration	-1,772,132	-333,991	0	-1,501,772	0	-3,607,895
Sources of Income from Other Forces	-5,568	-227	0	-5,760	0	-11,555
	-4,827,406	***-338,009***	***0***	***-5,156,939***	***0***	***-10,322,354***
Not Mapped						
Not Mapped	0	0	0	0	0	0
	0	***0***	***0***	***0***	***0***	***0***
Regional Specialist Firearms	**0**	**0**	**0**	**0**	**0**	**0**

Holding Account

	2024/25 Budget	Inflation	Savings	Virements	Growth	2025/26 Budget
SEROCU						
Pay & Employment Costs						
Police Officer Pay	10,740,094	479,432	0	9,601	0	11,229,127
Police Officer NI	1,117,753	49,809	0	-938	0	1,166,624
Police Officer Pension	3,575,133	160,110	0	14,808	0	3,750,051
Police Officer Allowances	733,460	1,153	0	919	0	735,532
Police Officer Overtime	488,667	21,752	0	-1,000	0	509,419
Police Staff Pay	6,925,131	356,688	0	130,811	0	7,412,630
Police Staff NI	698,007	31,471	0	7,610	0	737,088
Police Staff Pension	1,284,044	57,906	0	14,240	0	1,356,190
Police Staff Allowances	92,493	7	0	0	0	92,500
Police Staff Overtime	148,448	6,620	0	0	0	155,068
Staff & Officer Recruitment Costs	0	0	0	0	0	0
Training & Conference expenses	319,824	4,134	0	3,000	0	326,958
	26,123,054	***1,169,082***	***0***	***179,051***	***0***	***27,471,187***
Overheads						
Repairs & Maintenance	36,825	235	0	0	0	37,060
Utilities	148,935	147	0	0	0	149,082
Rent & Rates	667,772	0	0	0	0	667,772
Cleaning & Domestic Supplies	48,915	708	0	0	0	49,623
Property Insurance	2,110	95	0	0	0	2,205
Vehicle Fuel	227,906	9,149	0	0	0	237,055
Hire & Fleet Vehicles	745,953	30,767	0	5,500	0	782,220
Car Allowances & Travel Expenses	152,025	5,823	0	4,248	0	162,096
Transport Insurance	191,002	8,577	0	0	0	199,579
Office Equipment, Furniture & Materials	18,417	439	0	0	0	18,856
Catering Contracts	1,094	50	0	0	0	1,144
Clothing, Uniforms & Laundry	8,386	170	0	1,000	0	9,556
Forensic Costs	53,548	3,448	0	0	0	56,996
Investigative Expenses	720,516	19,262	0	-11,301	0	728,477
Police Doctors & Surgeons	5,000	68	0	0	0	5,068
Communications & Computing	297,880	5,610	0	8,827	0	312,317
Other Supplies & Services	821,128	21,088	0	8,478	0	850,694
Collaboration Payments	1,375,732	114,851	0	0	0	1,490,583
	5,523,144	***220,487***	***0***	***16,752***	***0***	***5,760,383***
Grant, Trading & Reimbursements						
Specific Grants	-3,675,045	0	0	-379,824	0	-4,054,869
Fees & Charges - General	-4,594,761	0	0	261,610	0	-4,333,151
Inter Force Reimbursements - Collaboration	-23,179,029	-1,389,300	0	-69,584	0	-24,637,913
Proceeds of Crime	-200,000	0	0	0	0	-200,000
	-31,648,835	***-1,389,300***	***0***	***-187,798***	***0***	***-33,225,933***
Not Mapped						
Not Mapped	2,637	-269	0	-8,005	0	-5,637
	2,637	***-269***	***0***	***-8,005***	***0***	***-5,637***

Holding Account

SEROCU	**0**	**0**	**0**	**0**	**0**	**0**

Capital Strategy

2025/26 – 2028/29

January 2025

Contents

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 is 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.

Item 8A

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

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

1 Purpose

1.1 Present to the PCC the updated Medium Term Capital Plan (MTCP) for 2024/25 through to 2028/29.

1.2 This report forms part of the medium-term financial planning which includes the medium-term revenue forecasts and the movement of reserves.

2 Executive Summary

2.1 The aim of the MTCP is to support service delivery of the PCC's Police and Criminal Justice Plan and the Force Strategic Plan. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing with a lower resource profile. The MTCP is presented as a 4-year forecast in line with the MTFP (Revenue Forecast).

2.2 The MTCP presented today shows the full financial costs to deliver the schemes we have identified as our intended direction of travel. Recommended for approval today the MTCP comprises schemes costing of **£57.919m in 2024/25** and **£52.646m in 2025/26**, with the **final 3 years** of the plan totalling **£151.608m**. All schemes have several stages within the approval process before final sign off to progress, to ensure VFM and overall affordability.

2.3 Long term planning is critical to make sure that we have the financial resources available to deliver on our long-term plans and aspirations.

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

2.4 Our Estate is ageing and does not in all cases meet our operational requirements. Over the last couple of years, the Strategic Estates Group (SEG) have assessed the opportunities and risks facing the organisation across the entire Estates portfolio to future proof our infrastructure for the future demands and financial restrictions. The key linked schemes that have emerged are the full Custody 2030 Programme and the Central Oxford Estates Strategy. These Strategic schemes are agreed as the direction of travel the organisation needs to follow. As we progress each scheme will be considered in detail to ensure value for money and affordability. In recognition of approved in principle, the schemes falling within the next 4 years have been incorporated within the MTCP, however the delivery timeframes extend beyond the MTCP timeframe.

2.5 The Custody 2030 programme, a TVP strategic programme to rationalise and renew the TVP Custody estate. Oxfordshire and refurbish Milton Keynes, are outside the MTCP timeframe and have additional scheme costs of £55.7m (see Table 2a).

2.6 The key drivers for the Central Oxford Estates Strategy are the deteriorating conditions of the aging estate, changing operational requirements, the expiring PFI agreement (Abingdon Police Station) and the post Covid working smart strategy. A further £24.1m (see Table 2a) scheme costs for activities starting after the current MTCP are anticipated currently.

Future Years (current to 5 years 2028/29)

2.7 All schemes have been reviewed and refreshed for inflation. The current market conditions are creating significant pressures on the programmes, especially within the construction industry.

2.8 The MTCP includes approved schemes in progress i.e. work has been contracted and there is relative certainty on estimates and, approved plans not yet contracted where estimates could be more volatile to change until contracts are formalised.

2.9 SEG have continued to work with the force to establish operational requirements and property opportunities across the organisation and the Strategic direction of travel. Hence the schemes where funding has been approved in principle have been included within the programme. However, the schemes will not have approval to progress until a full business case is collated and approval is provided through the appropriate boards (SEG for Property, JCG for JICT and JOU and CoG for everything else).

2.10 The ICT programmes have been uplifted to incorporate the Refresh budgets (computer replacement cycle, body worn videos and phones) plus retaining funds for the eventual ESMCP radio replacement.

2.11 An external review has been received by Chiltern Transport Consortium governance group to identify options to transform our Fleet to Alternative Powered Vehicles (APV's).

2.12 The proposed overall financing of the programme is a combination of direct revenue financing, utilisation of reserves, borrowing for significant property projects which create a long-term asset and the use of Capital receipts. Please note that by the end of the programme we anticipate limited further availability of capital receipts from our finite asset plus substantial ongoing borrowing costs which are being provided for in the Estates Reserve within the MTFP plans. The use of borrowing and revenue contributions is our only option as we do not receive Capital Grant.

2.13 The available closing balance in 2028/29 after the activity within the MTCP timeframe is funding of £11.350m plus the Estates Reserve of £3.193m. The later years activity funding sources have also been considered and with a combination of DRF/ Estate Reserve Contribution/ Borrowing and utilisation of finite assets are presented as a balanced programme.

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

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

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

3.2 The Forces current and future construction programmes are experiencing significant inflationary pressures. The overall property portfolio reflects substantial increases in Forensic New Build/Atlantic House/Loddon Valley budgets. In addition to these bespoke programmes, a 3.3% inflation rise in the construction industry and 4.5% in future years (compounded) and 2% vehicle purchase is anticipated for 2025/26 and in future years. Technology has been inflated at 3.68% for specific schemes such as Device refresh 2025/26 and 3% in future years.

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

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

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

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

3.5 The key risks within MTCP include:

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

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

4 Current Year 2024/25

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

Table 1 - Current Year 2024/25

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

In Year Budget Changes

4.2 The Property budget changes include the extra £2m for Atlantic House, plus the approval of £0.1 for demolition of the cottage at Aylesbury and £0.2m for the RIBA 1 work in relation to Milton Keynes Contact Management.

4.3 CTPSE Grant is always awarded post budget approval and is currently £11.4m actual receivable grant and will be based on activity levels.

Re-phasing

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

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

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

5 Future Years (current to 5 years)

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

Table 2 - MTCP Budget Summary

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

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

6 Annual Planning

6.1 All new business bids are prioritised as part of the annual planning process against the same matrix, taking account of benefits and cost. The highest priority projects are detailed in the MTFP for funding consideration. It is assumed all new bids will be funded from DRF, those which are capital in nature will be included in the MTCP when approved.

6.2 The MTCP has been updated for the inflationary effects on existing schemes and the addition of the final year plus key strategic projects.

6.3 The MTCP is designed to help us plan for our future infrastructure works, financially, resources and operationally. We need to ensure we can afford our ambitions whilst ensuring value for money considerations on all options. To ensure we have visibility of the planning timeframe, the scale and the significant financial outlay, approved in principal schemes and their indicative future spend requirements are now incorporated into the MTCP. The Programme is a combination of linked and standalone schemes where the individual business cases will be presented at SEG and ratified by PCC, as appropriate. At this time the business cases for these schemes have not been completed and hence the final budgets and decision/ recommendation to proceed with these schemes have not been made at this time.

6.4 To ensure affordability, the MTFP includes revenue funding for the capital programme including the cost of borrowing for the expenditure expected within the next 4 – 5 years. By 2027/28, the Revenue budget includes £12.4m for interest and borrowing repayments (see section 8.12).

Property

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

6.6 The Force's current and future construction programmes are experiencing significant inflationary pressures. The three main building projects in progress are now fully contracted with anticipated completion dates.

6.7 **Western Hub**: the Regional PCC's and CC's approved the budget which is included as a whole regional programme with completion expected this year.

6.8 **Atlantic House**: a budget uplift of £2m was ratified during 2024/25 in recognition of design changes (regulations) and some delays on site. Completion is now expected early 2025/26.

6.9 **Forensics new build**: improving Forensic Performance is a strategic priority for the Force hence the creation of a new Forensic facility. The new build will offer additional space to cope with demand increase and aims to develop regional capacity. A significant number of the packages have been awarded and have fixed prices and challenge for best value is undertaken at each step. However, an increase of £3.7m of the programme budget has been required due to increased build costs. An issue remains in relation to the permanent power supply with a gas generator being the interim solution. Construction works are now under way with full occupation anticipated in 2026.

6.10 **Windsor**: replacement has been re-phased due to workload prioritisation. The detailed survey and design work will occur this year along with enabling works at **Taplow.** This will allow the final budget and timescale to be agreed.

Custody 2030

6.11 The Custody 2030 programme is a TVP strategic programme to rationalise and renew the TVP Custody estate. Criminal Justice reviewed the current Custody provisions and identified requirements to enable TVP to operate and manage an efficient, compliant and fit for purpose Custody estate. The programme has been agreed and approved in principal, i.e. the business cases for the individual elements need to be compiled and approved by SEG and PCC before commencement.

6.12 The MTCP now includes all the elements of the Custody 2030 which are anticipated to fall within the timeframe including the **refurbishment of Loddon Valley** which is a pre-requisite to enable opportunities in the Berkshire area plus compliance with the current **custody integrated**

security management systems. Rollout will be managed across the programme. Estates aspects of the Programme encompass three major work streams, these are: **New Custody Suite Berkshire** (preferred option is a new build at Maidenhead); **Refurbishment** of the retained sites circa £23m (with only the work at Loddon Valley £10.7m within the MTCP timeframe) plus a potential **New Custody Suite Oxfordshire** circa £44m. In addition, a **project management and design team** are needed to manage this significant programme.

6.13 **Electronic Vehicle Charging**: this is a key part of the overall CTC Strategic Review and TVP Carbon Reduction programme. The programme will develop EV charging capacity & infrastructure across the majority of TVP sites. It may mean that the power capacity to individual buildings/sites will need to be increased through the installation of new electrical sub-stations as well as replacement of items such as cabling and distribution boards. Any infrastructure installed will need to be flexible and allow for additional charging to be installed without the need for further major work.

6.14 **Fire Compartmentation**: additional work needs to be undertaken on TVP estate to ensure we comply with the statutory fire regulations. The first site is Sulhamstead Imbert Court with further scoping in progress.

6.15 **HQ South and Data centre**: storage is linked to Central Oxfordshire Estates Strategy. ICT are reviewing the long-term physical data centre storage capacity required as we move to more cloud storage plus optimal location. These future needs will be captured as part of the ongoing work on COES see 7.2.

6.16 **Upper Heyford**: provides training facilities and there are 2 programmes of work planned for infrastructure improvements in relation to the roofing and heating plus capacity for a Taser Training facility.

6.17 A new scheme in relation to **Milton Keynes Police station heating** has been included at £0.550m. The scheme will only proceed if we get the offer of the grant and the business case is accepted.

Central Oxfordshire Estates Strategy (COES)

6.18 The COES is a complex inter- dependant mix of multiple estate projects that deliver a more efficient estate aligned to service delivery outcomes over the next 10+ years. The focus is on central Oxfordshire in view of the PFI expiry at Abingdon in 2030, the recognised post- Covid need to consolidate the **two HQ sites**, addressing the **Oxford LCU estate**, to support delivery of element of the Custody 2030 programme and the **Contact Management hub**.

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

ICT/Business Change revenue funded projects

6.20 The ICT programmes have been uplifted to incorporate the Refresh budgets including **computers, body warn video and mobile phones** for 2028/29 of £4m.

6.21 The end user replacement programme continues to be actively reviewed by ICT and the business. The body worn video project board have undertaken extensive work over the last year to understand the opportunities following a retender of the contract with the proposed replacement programme encompassed in the MTCP. Mobile phones are an important tool within policing enabling timely access to key applications plus communication with victims. Over the last few years we have leased Mobile Phones, however following a value for money exercise direct purchase was the preferred option and in December 2023 a contract was awarded.

6.22 **ESMCP Airwaves Replacement** is a national programme which will require the replacement of all of our radios, timescales are still to be finalised but to ensure the funds are available we have earmarked a £12m ESMCP Budget.

6.23 The **Contact Management** focus group has identified the minimum digital strategy to alleviate the pressure in the control rooms call handling.

6.24 **WIFI** capacity is essential across our estates. A programme of work to rollout across locations has been initiated and is ongoing.

6.25 The **Digital First programme** including Digital Interview Recording has been rolled out and work on RMS Niche Property module is ongoing being a pre-requisite to the Digital case files go live date is now anticipated to be in 2025 at the earliest.

6.26 The PCC has set out a strategic vision for the **Thames Valley CCTV** partnership where the Force will own the systems and equipment for public space CCTV and will manage the provision through the creation and investment in Hubs. The current budget is in relation to the Milton

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

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

Vehicles

6.28 An external review was commissioned by the Chiltern Transport Consortium to identify options to transform our Fleet to Alternative Powered Vehicles (APV). The outcome of this review has been used to inform the forces roadmap to APV's and the financials included in the MTCP have incorporated the report findings.

6.29 The purchase of alternative powered vehicles is expected over the next 15 years, but the exact phasing is not currently known. The vehicle replacement programme reflects the additional year within the MTCP plus the initial estimates of expenditure requirements and associated costs as we move to an electric fleet, including an estimate on price differentials. The estates infrastructure includes indicative costs; however, risks have emerged around connectivity to power supplies.

6.30 **Dashcams** will be installed in all TVP fleet vehicles, procurement is underway with delivery in 2025/26.

Equipment

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

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

7 Potential Future Programmes

7.1 In addition to the Custody 2030 and Central Oxford Estates programmes now included in the MTCP, some schemes start outside the timeframe. These additional programmes are anticipated to cost £79.8m

Table 2a - Future Schemes		Later Years phasing					
		Future Years					
Programme	Total	2029/30 £'000	2030/31 £'000	2031/32 £'000	2032/33 £'000	2033/34 £'000	2034/35 £'000
Capital Projects - Potential Future Schemes (not approved)							
Custody 2030 - Refurbish Milton Keynes	11,561	-	8,574	2,987	-	-	-
Custody 2030 - Oxfordshire	44,178	3,077	2,298	1,973	23,609	12,644	577
Custody 2030	**55,739**	**3,077**	**10,872**	**4,960**	**23,609**	**12,644**	**577**
Central Oxford Estates Strategy	**24,131**	**8,428**	**-**	**2,504**	**10,465**	**2,734**	**-**
Future Schemes Total	**79,870**	**11,505**	**10,872**	**7,464**	**34,074**	**15,378**	**577**

Other Strategic Considerations

7.2 JICT Data Centre: the current MTCP includes a discovery stage with a plan to modernise existing data centres into smaller and compliant facilities. Work to migrate to Cloud storage will influence the size of the bid for inclusion.

7.3 Estates Decarbonisation within the MTCP only includes the initial survey. This is a long- term programme of work that will seek to substantially reduce the carbon footprint of the TVP estate through use of low and zero carbon technology and other methods to reduce energy usage. The indicative investment for these schemes will be included once known and the funding requirements will be determined by the Governments direction of travel and financial support.

7.4 ICT and technology requirements and opportunities, over and above EUD replacements, have not yet been identified / quantified and hence are not included.

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

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

Table 3 - Resources Required to Finance the Capital Programme

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

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

Capital Outturn 2024/25

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

Asset Sales

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

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

Direct Revenue Financing

8.6 Direct Revenue Financing (DRF) is included at a minimum of £13m per annum to maintain core equipment levels in terms of computer equipment, BWV, Mobile Phones, Vehicles and other equipment.

8.7 The level of DRF will be kept under review each year as the direction of travel for technology items is revenue style contracts rather than capital investment and the vehicle replacement requirements.

Western Hub

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

Specific Grant and 3rd Party Contributions

8.9 CTPSE is fully grant funded plus anticipating S106 funding.

Earmarked Reserves

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

Proposed Borrowing

8.11 Borrowing is only recommended to fund significant Property developments where there is a long-term benefit to the force. Details of proposed schemes to borrow for are included in **Appendix 3**.

8.12 The MTFP includes growth to the estates reserve (see section 5.40 in the MTFP) to cover the repayment of the borrowing (MRP payments) over 25 years and the annual interest repayments, by 2033/34 this total is £13m. These amounts are intended to cover the planned potential borrowing of up to c£163m.

8.13 However, in the initial years this funding into the Estates Reserve will enable the expenditure on property schemes which are essential however outside our recommended criteria for borrowing.

9 Recommendations

The PCC is asked to note/approve:

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

10 Legal comments

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

11 Equality comments

No specific implications arising from this report

Appendix 1 8b

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

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

Appendix 2 &3 (8c)

Appendix 2 - Reserve Utliisation

	24/25	25/26	26/27	27/28	28/29	Total	Future Years
Improvement and Performance							
CM101	185					-	
Total MTCP	**185**	**-**	**-**	**-**	**-**	**185**	**-**
CCTV Reserve	**180**	**-**	**-**	**-**		**180**	**-**
Estates Reserve							
TVP Western Hub	**1,606**	**-**	**-**	**-**	**-**	1,606	
Custody Loddon Valley refurbish	**335**	**1,455**	**7,542**	**1,272**	**132**	10,736	
Windsor	**325**	**1,200**	**1,875**	**-**	**-**	3,400	
EV Charging Infrastructure			**-**	**700**	**700**	1,400	4,200
MK Contact Centre	**-**	**1,195**	**5,728**	**3,124**	**-**	10,048	
HQS - COES	**-**	**-**	**523**	**3,559**	**5,268**	9,350	2,767
HQN - COES	**-**	**- 0**	**- 0**	**- 0**	**1,175**	1,174	13,353
Total MTCP	**2,266**	**3,850**	**15,668**	**8,655**	**7,275**	**37,714**	**20,320**
Custody 2030 - Refurbishments							11,561
Total Future Schemes	**-**	**-**	**-**	**-**	**-**	**-**	**11,561**
Total Reserve Utlisation	**2,630**	**3,850**	**15,668**	**8,655**	**7,275**	**38,079**	**31,881**
Grand Total							**69,960**

Appendix 3 - Borrowing Projections

Borrowing £m	25/26	26/27	27/28	28/29	Total	Future Years
Forensics New Build	22,955	3,683	-	-	26,638	
Custody 2030 - Maidenhead	4,594	2,795	13,696	23,634	44,719	11,278
Cowley (New)	315	2,295	5,460	4,279	12,349	-
Total MTCP	**27,863**	**8,773**	**19,156**	**27,913**	**83,705**	**11,278**
Custody 2030 - Oxfordshire	-	-	-		-	44,178
Central Oxford Estates Strategy	-	-	0		0	24,131
Total Future Schemes	**-**	**-**	**0**	**-**	**0**	**68,309**
Total Potential Borrowing	**27,863**	**8,773**	**19,156**	**27,913**	**83,705**	**79,587**
Grand Total						**163,292**

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2025/26

INDEX

1 INTRODUCTION

1.1 Background

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.

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 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."*

1.2 Reporting requirements

1.2.1 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.

1.2.2 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 and the Annual Report is also provided to the Joint Independent Audit Committee for scrutiny.

1.3 Treasury Management Strategy for 2025/26

The strategy for 2025/26 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 (now MHCLG) MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 **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.

1.5 **Treasury management consultants**

The Office of the PCC uses MUFG Pensions & Market Services (previously named Link Treasury Services) 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.

2 THE CAPITAL PRUDENTIAL INDICATORS 2024/25 – 2027/28

The PCC's capital expenditure plans are the key driver of treasury management activity. The output from the capital expenditure plan is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital expenditure and financing

The PCC is asked to approve the summary capital expenditure and financing projections. Any shortfall in resources results in a funding borrowing need. This forms the first prudential indicator.

Table 1	2024/25 Revised Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Capital Expenditure	**57,919**	**52,646**	**38,462**	**59,609**	**53,537**
Financed by:					
Surplus Funds carried forward	32,609	14,862	8,172	10,837	10,674
Predicted underspend 24/25	255				
Capital receipts	3,446	943	3,386	15,852	807
Capital grants incl 3rd party contributions	11,681	100	100	2,383	4,817
Revenue contributions	13,493	13,200	13,200	13,400	13,400
Borrowing	0	27,863	8,773	19,156	27,913
Western Hub	8,666	0	0	0	0
Earmarked Reserves	2,631	3,850	15,668	8,655	7,275
TOTAL	**72,781**	**60,818**	**49,299**	**70,283**	**64,886**
Net surplus/shortfall	**14,862**	**8,172**	**10,837**	**10,674**	**11,349**

In addition, the Medium Term Capital Plan (MTCP) highlights potential future schemes totalling £79.780m, for years 2029/30 to 2034/35. These schemes are not in the formal plan as they have not been approved and they carry significant overall affordability risk. They would require additional borrowing and asset sales to fund.

2.2 The PCC's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the PCC's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the PCC's underlying borrowing need. Any capital expenditure included in the table above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The CFR includes other long-term liabilities such as PFI schemes and finance leases. Whilst these increase the CFR, and therefore the borrowing requirement, these types of scheme include a borrowing facility and so the PCC is not required to borrow separately for these schemes. The PCC currently has £5m of such schemes within the CFR.

The PCC is asked to approve the following CFR projections.

Table 2	2023/24 Actual £m	2024/25 Revised Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Opening CFR	62.791	59.890	57.524	84.155	91.676	109.580
Net financing need/borrowing for the year as per Table 1			27.863	8.773	19.156	27.913
Less MRP & VRP debt charged to accounts	(1.242)	(0.787)	(0.796)	(0.805)	(0.805)	(0.805)
Less Finance Lease Liability repayment	(1.659)	(1.700)	(0.500)	(0.500)	(0.500)	(0.500)
Movement in CFR	(2.901)	(2.487)	26.567	7.468	17.851	26.608
Closing CFR	59.890	57.403	83.971	91.439	109.290	135.899

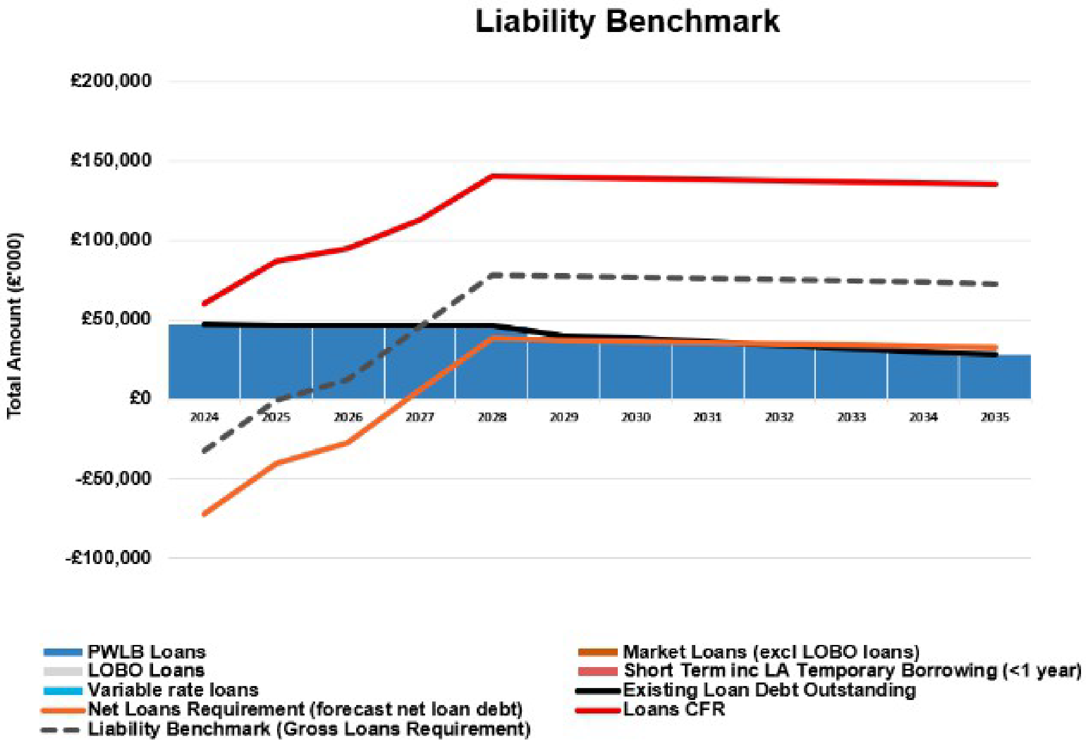
2.3 Liability Benchmark

The third prudential indicator is the Liability Benchmark (LB). The PCC is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on planned prudential borrowing and MRP.
3. **Net loans requirement**: gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on planned prudential borrowing, MRP and any other major cash flows.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance

Chart 3 below shows the LB components over ten years. This shows that there may be the need for short term borrowing from around 2026/27, but long term borrowing is not expected to be required 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. Since PCC treasury investments are short term, there is flexibility to amend the plan as capital investment projects are approved.



2.4 Core funds and expected investment balances

Investments will be made with reference to the core balances, future cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Table 4 below provides an estimate of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table 4 **Year End Resources**	**2023/24** **Actual £m**	**2024/25 Revised Estimate £m**	**2025/26** **Estimate £m**	**2026/27** **Estimate £m**	**2027/28** **Estimate £m**	**2028/29** **Estimate £m**
General balances	15.313	15.787	15.787	16.341	15.776	16.064
Earmarked revenue reserves	68.812	43.767	40.764	30.159	30.004	32.827
Capital grants and reserves	36.867	29.989	9.216	14.324	28.910	16.974
Insurance provision	9.067	8.000	8.000	8.000	8.000	8.000
Total core funds	**130.059**	**97.543**	**73.767**	**68.824**	**82.690**	**73.867**
Working capital*	19.400	19.400	19.400	19.400	19.400	19.400
Expected resources	**149.459**	**116.943**	**93.167**	**88.224**	**102.090**	**93.267**

* The working capital balance is the average difference between cash investments and core cash balances from the last 5 financial years. The actual figure will obviously vary from day to day according to circumstances.

2.5 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 2024 the total VRP overpayments were £0m.

This MRP policy will also be applied to the current financial year (2024/25).

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activities of the PCC. The treasury management function ensures that the PCC's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the annual investment strategy.

3.1 Current portfolio position

The PCC's borrowing portfolio position at 31 March 2024, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement or CFR), highlighting any over or under borrowing. This table assumes all borrowing is funded by external debt, but note that internal borrowing may be used.

Table 5 PCC Borrowing Portfolio	2023/24 Actual £m	2024/25 Revised Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
External Debt						
Debt at 1 April	47.178	46.423	46.423	74.286	83.059	102.215
Expected change in Debt	0	0	27.863	8.773	19.156	27.913
Other long-term liabilities (OLTL) at 1st April	5.054	5.000	5.000	5.000	5.000	5.000
Expected change in OLTL	(0.052)	0	0	0	0	0
Actual gross debt at 31 March	52.178	51.423	79.286	88.059	107.205	135.128
The CFR	59.890	57.403	83.971	91.439	109.290	135.899
Under / (over) borrowing	7.712	5.980	4.685	3.380	2.075	0.771

Within the prudential indicators there are a number of key indicators to ensure that the PCC operates their activities within well-defined limits. One of these is that the PCC needs to ensure that gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.

The Chief Finance Officer reports that the PCC has complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The **operational boundary** for external debt is based on 'probable' debt during the year and is a benchmark guide, not a limit. Actual debt could vary around this boundary for short periods during the year. It should act as a monitoring indicator to initiate timely action to ensure the statutory mandatory indicator (the 'Authorised Limit', per Table 7 below) is not breached inadvertently.

Table 6 Operational boundary	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Debt	47.178	74.286	83.059	102.215	130.128
Other long term liabilities	5.000	5.000	5.000	5.000	5.000
Short Term liabilities	20.000	20.000	20.000	20.000	20.000
Total	**72.178**	**99.286**	**108.059**	**127.215**	**155.128**

The **authorised limit** for external debt is a key prudential indicator which provides control on the overall level of affordable borrowing. It represents a limit beyond which external debt is prohibited and needs to be set and/or revised by the PCC. It reflects the level of external debt which, whilst not necessarily desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority (or PCC), although this power has not yet been exercised.

The PCC is asked to approve the following authorised limit:

Table 7 Authorised limit	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Debt	47.178	74.286	83.059	102.215	130.128
Other long term liabilities	40.000	40.000	40.000	40.000	40.000
Short Term liabilities	5.000	5.000	5.000	5.000	5.000
Total	**92.178**	**119.286**	**128.059**	**147.215**	**175.129**

3.3 Prospects for interest rates

The PCC has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 10 February 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps

Table 8	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
	%	%	%	%
Mar 2025	4.50	5.00	5.80	5.50
Jun 2025	4.25	4.90	5.70	5.40
Sep 2025	4.25	4.80	5.60	5.30
Dec 2025	4.00	4.70	5.50	5.20
Mar 2026	3.75	4.60	5.40	5.10
Jun 2026	3.75	4.50	5.30	5.00
Sep 2026	3.75	4.40	5.20	4.90
Dec 2026	3.50	4.40	5.10	4.80
Mar 2027	3.50	4.30	5.00	4.70
Jun 2027	3.50	4.20	5.00	4.70
Sep 2027	3.50	4.20	4.90	4.60
Dec 2027	3.50	4.10	4.90	4.60
Mar 2028	3.50	4.10	4.80	4.50

- Our last interest rate forecast update was undertaken on 11 November, in the wake of the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November.

- In the interim period, there has been some general concern over the robustness of the Chancellor's spending policies, the impact of the various tariff policies of President Trump on global inflation, whilst in February the Bank of England has provided forecasts for the CPI measure of inflation to jump to 3.7% in Q3 2025 before falling below the 2% inflation target – albeit only in three years' time.

- Also in February, the Bank of England's Monetary Policy Committee voted 7-2 to cut Bank Rate from 4.75% to 4.5%. The vote was a split vote, with seven members voting for the 25bps cut, but Dhingra and Mann voting for a 50bps cut. Governor Bailey confirmed any further easing in monetary policy would reflect a *gradual* and *careful* approach.

- Moreover, the Bank set out a distinctly gloomy backdrop for the economy, with GDP expected to grow only 0.75% in 2025 before improving to 1.5% in 2026 and 2027 respectively.

- Overall, although January proved particularly volatile from a gilt market perspective, our previous forecast has remained resilient. The MPC did cut its Bank Rate to 4.5% as forecast, the 5-year PWLB Certainty Rate is at our previous forecast level for Q1 2025, whilst the 10-, 25- and 50-years' PWLB Certainty Rates are only slightly higher than our previous Q1 2025 forecast.

- Accordingly, we have not felt it necessary to make any material changes to our forecast. Having said that, we acknowledge there may be a presentational problem for the Bank to cut rates in Q3 2025 when inflation is at its peak (based on their forecast), so we anticipate a further rate cut in May but then a pause before further rate cuts are made at the back end of 2025 and in 2026.

- Additionally, with there being a fair degree of uncertainty over how tariff policies will evolve not just in the US, but globally, we have lifted our PWLB forecasts by some 20-30bps in some areas. We will also take note of what the Chancellor says when considering the Office for Budget Responsibility's forecast updates on 26 March, and the budgetary headroom that remains.

- Our revised PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps).

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 10.02.25	Target borrowing rate now	Target borrowing rate previous

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	p.m.	(end of Q4 2026)	(end of Q4 2026)
5 years	4.90%	4.40%	4.20%
10 years	5.28%	4.70%	4.40%
25 years	5.79%	5.10%	4.80%
50 years	5.49%	4.80%	4.60%

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate has been increased to 3.50%. As all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2024/25 (residual)	4.50%	4.60%
2025/26	4.10%	4.10%
2026/27	3.60%	3.70%
2027/28	3.50%	3.50%
2028/29	3.50%	3.50%
Years 6 to 10	3.50%	3.50%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing strategy

The PCC is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the PCC's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2025 even if some rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2025/26 treasury operations. The CFO will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

If it was felt that there was a significant risk of a sharp FALL in borrowing rates, then longer term borrowing will be postponed. If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies the maximum limit for variable interest rates for both borrowing and investments.
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the PCC's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The PCC is asked to approve the following treasury indicators and limits:

Table 9

Indicator	Limit
Variable interest rate debt	No more than 50% of all debt
Debt maturing within 10 years	No more than 50% of all debt

3.5 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.

3.6 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.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

The PCC's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The PCC's investment priorities will be security first, liquidity second, then return. The PCC will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to a year with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To

achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as **“credit default swaps”** and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. The PCC has defined the list of **types of investment instruments** that the treasury management team are authorised to use.

5. **Non-specified and loan investment limits.** The Authority has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of Y%.

6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.

7. **Transaction limits** are set for each type of investment in 4.2.

8. This Authority will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).

9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).

10. This Authority has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Authority in the context of the expected level of cash balances and need for liquidity throughout the year.

11. All investments will be denominated in **sterling**.

12. As a result of the change in accounting standards for 2023/24 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. Subsequently, a further extension to the over-ride to 31.3.25 was agreed by Government, this has now been extended to 01.04.2029 for existing investments already in place. Any new investments taken out from 01.04.2024 will be subject to IFRS 9 compliance.

4.2 Creditworthiness policy

The PCC applies the creditworthiness service provided by Link Treasury Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;

- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the PCC to determine the suggested duration for investments. The PCC will therefore use counterparties within the following durational bands.

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The MUFG Corporate Markets creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Authority uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored. The Authority is alerted to changes to ratings of all three agencies through its use of the MUFG Corporate Markets creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by MUFG Corporate Markets. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information

Creditworthiness.

Significant levels of downgrades to short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG Corporate Markets monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its MUFG Corporate Markets- provided Passport portal

4.3 Country limits

The PCC has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5.3. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
The UK is excluded from any stipulated minimum sovereign rating requirement.

4.4 Investment strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q4 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.
The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to fall to a low of 3.5%.
The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	Now	Previously
2024/25 (residual)	4.50%	4.60%
2025/26	4.10%	4.10%
2026/27	3.60%	3.70%
2027/28	3.50%	3.50%
2028/29	3.50%	3.50%
Years 6 to 10	3.50%	3.50%
Years 10+	3.50%	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Environmental, Social & Governance (ESG) Considerations
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.

Changes in Investment Strategy
There are now several alternative types of investment opportunity which could, potentially, yield greater returns than cash deposits:

- Individual Corporate Bonds
- Multi Asset Funds
- Property Funds
- Equity Funds

However, investing in these types of instruments would be a fundamental change of investment strategy. The PCC wishes to maintain the prudent approach of security of funds in the first instance.

Investment treasury indicator and limit - total principal funds invested for greater than one year. These limits are set with regard to the PCC’s liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. A limit of £20m is recommended in order to provide officers with flexibility to take advantage of time and cash limited offers, which sometimes exceed a year when initially offered, or to place deposits for up to 2 years in order to lock in investments returns whilst continuing to adopt a low risk approach.

The PCC is asked to approve the treasury indicator and limit:

Table 10

Indicator	Limit
Principal sums invested over one year	£20m

4.5 Investment risk benchmarking

The PCC has approved benchmarks for investment Security, Liquidity and Yield.

These benchmarks are simple guideline targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position, and amend the operational strategy depending on any changes.

The proposed benchmarking targets for 2025/26 are set out below:

a) **Security** - the PCC's maximum security risk benchmark for the current portfolio, when compared to historic default tables, is:
   - 0.25% historic risk of default when compared to the whole portfolio.

b) **Liquidity** – in respect of this area the OPCC seeks to maintain:
   - Bank overdraft limit - £0.1m
   - Liquid short-term deposits - including the receipt of government grants, council tax precept income and use of short-term borrowing - of at least £5m available within one week.
   - 'Weighted Average Life' benchmark - 9 months (270 days), with a maximum of 2 years.

c) **Yield** – performance target is to achieve:
   - An average return above SONIA compounded rates (i.e. the bespoke TVP benchmark).

Any breach of the indicators or limits will be reported to the PCC, with supporting reasons, in the quarterly performance monitoring reports. Members of the Joint Independent Audit Committee will also be notified.

4.6 End of year investment report

At the end of the financial year the Chief Finance Officer will report on the investment activity as part of his Annual Treasury Report.

5 Appendices

5.1 Economic background (as provided by MUFG on

19.02.2025) The second half of 2024/25 saw:

- GDP growth growing by only 0.1% in Q4 2024 (October to December) following no growth in the quarter ending September;
- The 3myy rate of average earnings growth reach 6% in December;
- CPI inflation increase to 2.5% in December, and then tick upwards to 3% in January, with the strong prospect of further increases through the first half of 2025;
- The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December, before cutting them again in February, to 4.5%;

- 10-year gilt yields starting October at 3.94% before finishing up at 4.55% at 18 February.

- The 0.1% rise in Q4 2024 was heavily impacted by growth of 0.4%m/m in December. The quarter had not started well with GDP falling in October, the second such decline in a row. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 0.7% (it was initially 1.8% in the immediate wake of the Budget.)

- Moreover, although January's composite Purchasing Manager Index came in above the break-even 50 level, it was still consistent with a 0% rise in real GDP in early 2025. The economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI rose a tad to 48.3, but that is still consistent with manufacturing output falling, a similar story to the latter part of 2024.

- This weakness in the manufacturing sector was offset to a degree by a rebound in the services sector. The services PMI stood at 50.3 in January. A closer inspection of the data suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors.

- After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of 2024. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October suggested that households' concerns about expected tax rises announced in the Budget on 30th October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, of late, retail sales increased 3.6% y/y in December, following a flat reading in November.

- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years. Initially, the Bank of England reacted by forecasting growth of 1.75% in 2025. However, with recent growth tepid at best, now they only forecast 0.75% in 2025, with a pickup to 1.5% in 2026 and 2027.

- December's wage growth figures were a touch stronger than what most forecasters had expected, but they were a bit weaker than the Bank's forecast. The 3myy rate of average earnings growth accelerated from 5.5% in November (revised down from 5.6%) to 6.0% in December. But more important for the Bank was the rise in regular private sector pay growth, from 5.9% (revised down from 6.0%) to 6.2%, which came in a touch below the Bank's Q4 2024 forecast of 6.3%. January's pay data, however, showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The number of job vacancies currently stands at 819,000, the same as the pre-pandemic February 2020 level.

- CPI inflation has started to rise significantly of late, with the annual growth rate increasing from 1.7% in September to 2.5% in December. It then moved higher still in January to 3%. The Bank is forecasting Q3 2025 inflation hitting 3.7%. Core inflation increased to 3.7% in January whilst services inflation hit 5%.

- Throughout the latter months of 2024 gilt yields rose. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (currently 4.55%). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 finished 2024 at 8,121 and somewhat in the shadow of the US S&P500, which rose 24% in 2024. However, the FTSE 100 has proven attractive to investors in 2025 to date, moving up to 8,775 by 18 February. The £ has also proved resilient to date and stands at $1.2612.

5.2 Credit and Counterparty Risk Management

Specified and Non-Specified Investments and Limits

Specified Investments

'Specified' investments are sterling investments of not more than one-year maturity made with any institution meeting the minimum 'high' quality criteria where applicable.

Non-Specified Investments

These are any investments which do not meet the specified investment criteria which may include more complex instruments which require greater consideration before being authorised for use. A maximum of 50% will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

Investments of up to 2 years will continue to be allowed with the Royal Bank of Scotland (RBS) Group, since no material change in Government ownership is expected during that period. This policy will potentially enable the PCC to lock in investment returns whilst continuing to adopt a low risk approach.

The proposed criteria for (a) Specified and (b) Non-Specified investments are presented below for approval.

a) Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the PCC has the right to be repaid within 12 months if it wishes.

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	Minimum credit criteria / colour band	Maximum investment per institution	Maximum maturity period

The PCC's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.		Minimal	
DMADF – UK Government	N/A	No limit	6 months
Money Market Funds (MMF) – (Low Volatility Net Asset Value) & (Constant Net Asset Value)	AAA rating and minimum asset base of £500m	£25m or 1% of total asset base per fund whichever is the lower figure	Liquid (instant access)
Money Market Funds (MMF) – (Variable Net Asset Value)	AA- rating and minimum asset base of £500m	£10m or 1% of total asset base per fund whichever is the lower figure	Repayment within 1 year
Ultra- and Short-Dated Bond Funds (Variable Net Asset Value)	AA- rating and minimum asset base of £500m	£10m or 1% of total asset base per fund whichever is the lower figure	Repayment within 1 year
Local authorities	N/A	£20m	1 year
Term deposits with banks and building societies	Blue Orange Red Green	£20m £20m £20m £15m	Up to 1 year Up to 1 year Up to 6 months Up to 100 days
CDs or corporate bonds with banks and building societies	Blue Orange Red Green	£20m £20m £20m £15m	Up to 1 year Up to 1 year Up to 6 months Up to 100 days
Housing Associations	A-	£5m	Up to 1 year

b) Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as 'specified' above). The identification and rationale supporting the selection of these other investments, and the maximum limits to be applied, are set out below.

Non-specified investments would include any sterling investments with:

	Minimum credit criteria / colour band	Maximum investment per institution	Maximum maturity period
Local authorities	N/A	£20m	5 years
Term deposits with banks and building societies	Purple Blue (RBS)	£20m £20m	Up to 2 years Up to 2 years
CDs or corporate bonds with banks and building societies	Purple Blue (RBS)	£20m £20m	Up to 2 years Up to 2 years
Housing Association	A-	£5m	Up to 2 years

Investments of up to 370 days will be treated as 1 year investments. This simplifies investment timings, for example where the maturity date is over a long weekend.

5.3 Approved Countries for investments

MUFG show the lowest rating from Fitch, Moody's and S&P (the 3 main ratings agencies) including banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

AAA
- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+
- Canada
- Finland
- U.S.A.

AA
- Abu Dhabi (UAE)
- Qatar

AA-
- Belgium
- France
- **U.K.**

5.4 Treasury Management Scheme of Delegation

(i) Full board/council (JIAC)

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Boards/committees/council/responsible body (PAM)

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Body/person(s) with responsibility for scrutiny (PCC)

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

5.5 The Treasury Management Role of the Section 151 Officer

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe *(say 20+ years – to be determined in accordance with local priorities.)*
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Authority does not undertake a level of investing which exposes the Authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Authority
- ensuring that the Authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following -
    - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
    - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

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- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*

- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*