Police & Crime Commissioner Warwickshire

Capital Strategy 2025/26

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Equality Analysis	Low

Reduce crime | Support victims | Make communities safer

1. Policy outline

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities (including Police and Crime Commissioners) 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 Warwickshire Police and forms part of the revenue and capital planning process. 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 Warwickshire is used to refer to the activities of both the PCC and the Force. This Capital Strategy includes all capital expenditure and capital investment decisions for Warwickshire. It sets out the long term context in which decisions are made with reference to the life of the projects/assets.

2. 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 Warwickshire 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 expenditure can be in respect of additions, replacements, or enhancements of assets; and this can include spending on assets owned by other bodies. The PCC has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year. The capital programme which is approved as part of the budget report each year is Warwickshire's plan of capital works for future years (over the medium term financial plan period), including details on how the schemes will be financed.

All expenditure is treated as revenue unless it can be proven to meet the criteria to be capital expenditure.

3. Capital vs Treasury Management Investments

Warwickshire PCC produces a separate annual Treasury Management Strategy Statement (TMSS) which is approved each year. 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.

When considering investments the security and liquidity of funds are prioritised above the returns that are achievable from that investment. The management of associated risk is set out in the Annual Treasury Management Strategy Statement.

Cleary some treasury management decisions link closely to the capital strategy in terms of funding and the documents should be read in conjunction with each other.

4. Links to other corporate strategies and plans

To deliver strategic aims laid out by the PCC and Chief Constable there will be a need to invest in and maintain our assets, buildings, vehicles, ICT and plant & equipment. The relevant documents are as follows.

The PCC has recently produced his new Police and Crime Plan – a Safer Warwickshire for all, outlining policing priorities for the period until 2029. it provides a strategic vision for a safer, more resilient county where every individual should feel protected, valued and empowered. the plan includes three pillars – strengthen policing, safeguard people and protect communities. These pillars are supported by foundational themes, including ensuring value for money. The PCC also publishes an annual report at the end of each year to outline the achievements and progress made during the year and reflects on outcomes and progress in delivering the Police and Crime Plan.

The PCC appointed a new Chief Constable in December 2024, and a new policing strategy is in the process of being developed to deliver the priorities outlined in the Police and Crime Plan through effective and efficient policing services. The Chief Constable also produces an annual force management statement which assesses current and future demand against the current status of the workforce and assets and the plans to address any gaps and requirements.

To support these overarching documents several interrelated strategies and plans are in place, including the Budget and financial strategy, Medium Term Financial Plan, Medium Term Capital Programme, reserves strategy, capital strategy and the Treasury Management Strategy.

The operation of all these strategies and plans is underpinned by the Code of Corporate Governance which applies to the force and the PCC and includes the framework document, in addition to the Contract Procedure Rules, the Financial Regulations, and the schemes of delegation for the PCC and Chief Constable. The Corporate Governance framework is also reviewed annually by representatives from the force, PCC and the Joint Audit and Standards Committee, prior to formal approval.

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

5. Developing a Capital Programme – the capital budget setting process

5.1 Introduction

The published Medium Term Financial Plan (MTFP) covers a 5-year period, however, financial modelling over the longer term, (up to the next 10 years for revenue, and for a period equating to the life of capital assets, with MRP being calculated over a 30-year period) has also been undertaken. Whilst this helps to inform financial strategy formal decision-making focuses on the annual budget process, including the 5-year MTFP and capital programme.

The 5-year MTFP includes the annual budget for revenue and capital, the medium-term revenue and capital spending projections and details regarding the financing of the capital budget, including the impact on the revenue account.

The annual capital budget and medium-term plans are drawn up, reassessed, and extended annually and, if required, re-prioritised to enable the aims and objectives established in the PCC's Police and Crime Plan and the Chief Constables' Strategic policing plan.

The capital budget also supports national initiatives and commitments for example the emergency services network (radio communications), where timelines and plans are less certain and beyond the Forces control. The capital budget is fully explained within the annual budget report approved by the PCC.

The key strategic focus reflects the ambitions for Warwickshire to become an outstanding force through improvements in operational policing. The vision is for a more public focused and engaging police service, with a refocus of effort to deliver performance improvements, by drawing on a workforce that will be well trained, well equipped and able to operate efficiently and effectively. The programme of works will prioritise:

- To update the estate in line with policing requirements and ensure it is fit for purpose, and opportunities are maximised to utilise the freehold estate by embracing new technologies and support agile working.
- To adapt the estate and vehicle fleet to ensure Warwickshire is fit for a sustainable future.
- To ensure that investment in ICT continues to support more efficient and effective working and to ensure systems and infrastructure are fit for

purpose and avoid the future accumulation of technical debt, which is created when ICT deteriorates and manifests in poor performance and weak levels of security.

- Investment in ICT will ensure that Warwickshire sustains the current compliant platform and designs contemporary applications that offers opportunity for greater efficiency and productivity and delivers value for money.
- The maintenance, development, and replacement of other core assets (e.g. equipment and communication infrastructure) to maximise the advantage of new technology and reflect legislative changes.
- To ensure that fleet replacement programmes continue to meet the needs of the new policing model and operational requirements.

5.2 Collaboration and partnership working:

A focal point of the Warwickshire capital strategy is the continued support for the national and local drivers that encourage collaborative working and engagement across the sector. Warwickshire recognises the benefits of partnership working and will consider opportunities for collaborative working where there are clear benefits, it delivers value for money and the associated risks are acceptable. Forensics services in Warwickshire are currently delivered through a collaboration agreement with West Midlands police, however, Warwickshire also works collaboratively regionally, nationally and with local partners including community safety partnerships to deliver improved services that provide greater value for money.

5.3 Capital budget setting and timelines

The timeline for preparing the capital budget commences in the late summer/early autumn as part of the annual budget setting process. The capital programme and budget are kept under constant review during the year through the regular budget monitoring process and reports to the PCC, which are discussed formally at the governance and Scrutiny board meetings, and more informally at meetings between the Chief Finance Officer and the Director of finance, and/or their representatives. The Police and Crime Plan identifies the key strategic priorities, and these are reflected and supported through the revenue and capital budget. The high level capital budget is included in the main budget report and is supported in the appendices by a more detailed breakdown of specific projects.

Key criteria include:

- Ability to provide improved service delivery which will keep communities safe.
- Ability to provide the equipment and infrastructure necessary to provide efficient and effective services and drive out more efficient work and increased productivity from the recent and sustained investments in ICT.

- Achievement of high level agreed PCC, Force, Regional and/or National outcomes.
- The ongoing development of improved Force wide capability.
- Redevelopment and improvement of estates, fleet, and equipment, including health and safety and increasingly addresses environmental issues to improve services.

5.4 Capital projects identification and business case prioritisation

The business planning process is the mechanism to facilitate service improvements through the annual business plans produced for teams and departments across the Force. These will include areas for development and investment for consideration by the Chief Officer team, in making a budget proposal to the PCC. All projects to change the business will be subject to a business case and scrutiny via the Force Boards prior to ultimate sign off. This demonstrates proof of concept, identifies quantifiable benefits, quality improvements as well as risks, adverse implications, and the cost information to be fully understood.

Business planning is integrated with the financial planning process, and this process is led by the Force Analysis and Service Improvement department working in conjunction with senior officers across the force and also includes OPCC representation.

The sole purpose of Business Plans or Business cases is not to seek additional funding and grow the budget. They should articulate how the aims and objectives of the Police & Crime Plan and Chief Constable will be better achieved over the medium term, explaining how the business will evolve and the associate risks and mitigations that may need to be addressed or put into place. There is a requirement that business growth is primarily financed through efficiencies and savings from within the business.

Business Plans should also explain any areas of business that are no longer appropriate, the process of transitioning out of these and identify the potential for greater efficiency and effectiveness to achieve continued improvements in service delivery. Ultimately explaining how we will get the most cost effective policing performance from the resources at our disposal.

To ensure that business plans fully articulate and identify future changes that will impact on demand for example changes in legislation and outline how we will respond to that change, the strategic business planning team and Finance Business partners will work with business leads to develop their business plans, which will ultimately be considered by Chief Officers and the PCC.

To support those preparing business cases and in addition to the support of Finance Business Partners, financial training and support is provided, including training in the production and/or completion of business cases.

The Annual Business Planning Cycle co-ordinates all our strategic activity to ensure that it is appropriately sequenced to inform our underpinning of the Police and Crime Plan, the Chief Constables strategic policing priorities, associated asset strategies, Financial Planning and decision-making. The precise sequence and timing of projects will be co-ordinated by the Force Change Board. The approach is coordinated fully with other strategic documents and processes, for example the Service improvement team also deliver the Annual Strategic Assessment, Control Strategy and the HMICFRS Force Management Statements.

Whilst the Analysis and Improvement team co-ordinate the business planning process, it is the business case owner of supported projects, who takes ownership of the project from inception to delivery and ensures not only that the service elements of the proposal are delivered but that resources are available, and funding / finances can be found for all costs arising from the decision. It may be that a degree of up front financing is required, however this should be cognisant of the financial parameters set and any benefits being clearly articulated in the business case. Change Board will monitor delivery of benefits and appropriate post implementation reviews will be undertaken.

Budget Holders should also identify and ensure the support required from professional services such as ICT, finance estates or project management support can be provided both technically and from existing capacity. To support this activity a change governance process exists to complement business planning where any in year investment decisions are passed through a number of review gateways before a decision is made on the change. Depending on the scale of the project, Analysis and Improvement will guide its governance with major projects governed through an established programme and project methodology. Finance staff will work closely with Budget Holders, to understand the business proposal and to achieve better outcomes from the available resources. The forces Change Board will review proposals and approve decisions. The Change Board is attended by the OPCC Chief Executive in an oversight role.

At appropriate times, business plans and their budget implications are discussed with the PCC at the weekly holding to account meetings, or monthly governance and scrutiny board meetings to gain a fuller understanding and seek agreement on projects that will need to be included within the budget for the coming year, and more widely over the MTFP period. Any requiring a PCC decision or that have budgetary implications will be discussed at the holding to account/governance board meeting and will also pass through the PCC's governance processes, before being formally approved.

5.5 Affordability and financial planning

The PCC and Chief Constable's aim is for the Force to be affordable, sustainable and financially resilient, delivering the most cost-effective policing from the available resources.

The overall financial position of Warwickshire 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 interdependent in several ways. This may be in terms of the method of financing (borrowing will have revenue implications) in addition, increasingly direct revenue financing is being used to finance short term capital investments and also the implications of some capital investments also need to include reference to the ongoing costs that will have an impact on revenue budgets.

The Medium Term Financial Plan identifies the anticipated financial position for the next five years and informed as set out earlier. The assumptions are regarded to be robust having been arrived at through research and tested in various scenarios and through networks. This is key to a Good Budget.

The extent to which the annual revenue budget, through the five year forecast can support the capital programme is a key factor to overall financial planning. The revenue and capital budget for 2025/26 has been approved by the PCC. All projects must be delivered within the existing budget cost envelope, and any areas of anticipated additional cost will need to be financed from other corresponding underspends. £2.2m of revenue savings are required as part of the 2025/26 budget, of which £1.2m has been removed from the budget, leaving a remaining savings target of £1m, to be found in year. Based on the medium term financial plan, further savings of circa £2.5m are required.

Capital financing decisions will always be taken in the most cost effective and efficient way based on information available at the time, however the removal of all capital grants and an increased need for capital investment means that an alternative source of sustainable capital financing must be identified over the medium term. The 2025/26 budget report outlines the planned changes across the medium term to financing of the capital programme to ensure that capital investment remains affordable and is sustainable. The ambition remains to move to a position where around half of the financing for the capital programme is from revenue or other sources, including S.106 planning monies and the remainder from borrowing. This ensures that borrowing costs are kept lower and smoothed over the medium term where possible to manage the capital financing costs and burden on the revenue budget. This is only achievable if as included in the MTFP an increasing contribution of vetting service income is redirected towards financing capital expenditure from 2025/26 onwards. Such a strategy will help deliver revenue savings in the medium term, by reducing the requirement to borrow.

Borrowing does remain an important and affordable part of our capital funding strategy, and levels are comfortably within the prudential indicators. Borrowing generates revenue costs through the workings of the Minimum Revenue Provision (MRP), whereby MRP is the statutory mechanism for providing assurance that adequate revenue is set aside to repay borrowing when it falls due. This strategy will reduce these revenue implications.

Assumptions in the MTFP are based on a £6m to £7m annual capital spend and an ambition to match new borrowing with investment in long term assets. This will keep borrowing within the TMSS Prudential Indicators.

5.6 Capital sustainability

The size of the Capital Programme and the use of revenue and borrowing as set out in the previous section achieves a balance and an affordable revenue position in terms of Direct Revenue Financing (DRF) and borrowing through MTFP and interest. The aim is to achieve a stable predictable and smooth capital financing profile, which matches our basis of financing through core grant and precept.

Expert external Treasury advisers have been consulted on the most cost effective use of borrowing, and other sources of capital financing to ensure that plans are robust, affordable and are cost effective, and that the minimum revenue provision policy and calculations are robust and accurate. Their recommendations will continue to be considered fully when determining and allocating capital funding and in taking financing decisions.

The capital strategy remains to invest in core infrastructure that will not only offer overall service improvements to the public, but also to maximise revenue savings into the future through more efficient working, including the use of automation to streamline and drive improved productivity in areas of large volume transactional process. Force business planning and change management methodology will govern and oversee this process, which aligns with the priorities set out in the PCC's police and crime plan and the force's fit for the future strategy. The aim is to reach capacity in terms of the numbers of officers, PCSOs and police staff, and achieve an increase in capacity as officers become more experienced and they are better supported in their jobs through investment in our assets, especially ICT.

Warwickshire's investment strategy will also continue to be influenced by, and take account of national visions for policing, as well as regional and local priorities, and the capital programme over the medium term provides for some of the anticipated costs of doing so.

5.7 Approval process

The final version of the Budget & MTFP including the Capital Programme is presented to the PCC in late January each year for inclusion with the main budget report and subsequent approval, reflecting the governments published policing funding position and the PCC's proposed precept. The formal PCC approval process involves the agreement of the capital budget for the following year, and an acknowledgement of the intention, for planning purposes, of the remaining years of the Medium Term Financial Plan. Where a project has been included in the budget based on a high level business case as part of the business planning process, further more detailed work will usually be required in the form of a more comprehensive business case to seek formal approval, often via a decision notice by the PCC. The Infrastructure Board will be the mechanism for managing this information flow and any required approval process, for the reallocation of funds between capital schemes, and for exchanging details regarding specific projects for the onward communication and any relevant decision making by the PCC. Details of the PCC's capital programme is included in the 2025/26 budget and medium term financial plan report, which is published on the PCC website and has been approved via a decision notice.

6. Governance

6.1 Funding Strategy and Capital Policies

All capital expenditure must be financed, either from external sources (government grants and other contributions), the PCC's own resources (revenue, reserves, and capital receipts) or debt (borrowing and/or leasing). This section sets out Warwickshire's policies and priorities in relation to funding capital expenditure and investment.

6.2 Government Grant

The Commissioner no longer receives any general capital grant from Government. This ceased at the end of 2021/22, following a prolonged period of reductions and only specific capital grants now exist. Capital spending is funded locally, and it is essential that a sustainable capital financing strategy is identified over the medium term, which is both realistic, affordable, and achievable to meet capital spending plans.

Specific capital grants may continue to be received for agreed capital works, but these are relatively uncommon and generally small in value in Warwickshire. Both sources of funding would be utilised as a priority for funding capital expenditure, where grant conditions are satisfied.

6.3 Capital Receipts

A capital receipt is an amount of money which is received from the sale of an item on the fixed asset register, often estates related, and it cannot be spent on revenue items. When a capital asset is no longer needed or is surplus to requirements, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.

The scope for generating further capital receipts is somewhat limited, but this will be kept under review as part of the development of an estates strategy and asset management plan.

6.4 Prudential Borrowing

Public Authorities, including the PCC, 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 by the Government so the PCC needs to ensure it can fund the repayment costs. Debt is only a temporary source of finance, since loans and leases must be repaid, usually from revenue which is known as minimum revenue provision (MRP). Effectively MRP is a charge to revenue for the repayment of the principal element of borrowing. Finance raised through borrowing will be targeted to longer life assets to minimise the revenue costs. However, any borrowing must always be both prudent and affordable. Further details on prudential borrowing including the prudential indicators are contained within the Treasury management strategy.

6.5 Reserves and balances

A separate reserves strategy exists and is reviewed annually to reflect a changing forecast outturn position in year. With transfers to and from reserves taking place in line with PCC approvals. Although infrastructure reserve funding has been used in the past to finance capital expenditure, the medium term financial plan no longer includes any financing from reserves for capital, and this approach has been replaced by a process of in year direct revenue financing, targeted primarily at short life assets.

6.6 Revenue Funding

Revenue contributions to capital are significant in 2025/26 and are planned to continue and increase where it is affordable to do so, over the medium term. Capital investments are being encouraged where they are likely to generate future efficiencies and help to improve productivity.

A direct link has been made between income receivable from the national contractor vetting service (NCVS) and direct revenue financing. Demand for the accredited contractor vetting services continue to be high, resulting in higher levels of income, which are increasingly being redirected towards capital. This approach is helping to minimise risks associated with the income as it is easier to delay capital expenditure compared to revenue supported services, including the payment of salaries, thus managing the risks associated with funding front line policing activity in any one year.

Any other underspends, that emerge during the year will be contributed to reserves or to increase revenue contributions to fund capital, and all decisions will be subject to PCC approval.

Revenue funding will be targeted primarily against the financing of shorter term assets initially to reduce the impact of the MRP on the revenue account.

6.7 Section 106 receipts

The PCC has been successful in gaining the receipt of Section 106 payments to meet the increased costs of policing following significant housing development across the county. The process is operated and overseen through the Local Authorities. Section 106 agreement are subject to several specific terms and conditions outlined within the individual agreements. These often relate to eligible expenditure and specific timelines for meeting costs. Where capital expenditure meets these terms, Section 106 funding will be used to fund capital works.

7. Procurement and Value for Money

Procurement is the purchase of goods and services. The team in Warwickshire ensures that all contracts, including those of a capital nature, are legally compliant and provide best value for money. It is essential that all procurement activities comply with regulations and best practice as set out in the Code of Corporate Governance framework, which is reviewed annually. The Corporate Governance framework includes the contract and financial regulations, and details on the financial delegations. The overriding aim is for good governance and controls to ensure value for money is achieved from all spending, to optimise the combination of cost and quality.

8. Partnership and relationships with other organisations

Wherever possible and subject to the usual risk assessment process Warwickshire will look to explore opportunities that may arise for increasing the number of capital schemes which are completed on a partnership basis and where there are areas where joint projects can be implemented, especially if it is considered they will deliver improved benefits and value for money.

9. Management Framework – Capital Monitoring, project and performance management

Capital projects are subject to high levels of scrutiny in term of project management, through the internal force governance processes and by those of the PCC.

The Director of Finance produces a regular Money Matters report for the PCC and CC which includes capital monitoring. These reports are based on the most recently available financial information and are discussed in some detail at the monthly governance board meetings, but more detailed work is reported on a quarterly basis.

The monitoring reports show spending to date and compare projected expenditure with the approved capital budget. The Treasurer also meets regularly throughout the year with the force finance team to understand and challenge the position on capital project spending and delivery. The Infrastructure board meets bi-monthly with representatives from the OPCC and Warwickshire Police to discuss the capital programme delivery, progress and associated financial matters. Appropriate details are fed back to the PCC. For proposed in-year amendments to the annual capital budget, to allocate specific areas of funding to projects, or for new schemes not already included in the medium term capital plan, a business case will need to be prepared for submission to the Infrastructure Board and ultimately to Chief Officers and then the PCC for consideration and approval. A high level overview of any changes is included in the quarterly detailed Money Matters report presented and discussed at the monthly governance and scrutiny board meetings between the PCC and Chief Constable.

10. Risk Management

Risk is the threat that an event or action will adversely affect Warwickshire'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. Both the PCC and Chief Constable maintain separate risk registers, which are monitored through the respective boards with oversight by the Joint Audit and Standards Committee.

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 force and the PCC each have separate risk management policies and their risk registers which set out the key risks to the successful delivery of their respective corporate aims and priorities. The risk registers outline the key controls and actions to mitigate and reduce risks or maximise opportunities.

To manage capital risk effectively, the risks associated with each project need to be systematically identified, analysed, influenced, and monitored. It is important to identify the appetite for risk for each scheme and for the capital programme in totality, especially when investing in complex and costly business change programmes. The intention is that the monitoring routines in terms of project, performance and financial management will keep the risk of capital projects to a low level whilst making the most of opportunities for improvement.

Any key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register and will be kept under review by the Director of Finance and the Chief Finance Officer, drawing on the advice of others as necessary to enable them to reach their conclusions. Risks for capital spending and investments may develop in line with some of the following:

Funding Capacity

This is the risk that identified project costs are either understated or escalate during the project lifecycle, for example if the project scope changes or further work is identified. This risk is mitigated as far as possible by the identified project monitoring process and controls and ensuring that key staff are suitably experienced. However, a further key mitigating factor is the management of the general reserves. Further detail is contained within the Treasurers statement on the adequacy of reserves statement in the revenue budget report.

The corporate risk, associated with the MTFP and the threat to affordability and sustainability, is well served by the capital strategy set out here and risk score in both registers have been amended to reflect this.

Staffing and supply chain risk

Ongoing worldwide and national events, have had a continuing impact on the availability and pricing of some products and services. Economic growth in the UK and across the world has been and is forecast to remain sluggish. The availability of materials, high energy costs and the effects of pay inflation and planned national insurance changes are contributing to inflation and have the potential to impact the ability to complete capital works. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes, and the planning and procurement of future works. Where possible appropriate interventions will occur as early as possible and procurement processes, existing contracts and framework agreements will all be utilised to ensure best value for money.

Inflation Risk

This is the risk that higher or rising inflation will increase costs of undertaking capital works and thus the 'buying power' of the capital budget will be reduced, meaning that works do not get completed or undertaken as planned. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes, and the planning and procurement of future works. Where possible appropriate interventions will occur as early as possible and procurement processes, existing contracts and framework agreements will all be utilised to ensure best value for money. Even if inflation stabilises at a low level, the risk remains in part as the capital budget is cash limited, and affordability will be one of the most significant determinants of capital investments.

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 any such adverse effects.

The greater risk is from higher external interest rates on borrowing. This risk will be managed by the PCC Chief Finance Officer and the Director of Finance who will liaise with key staff and external Treasury Management advisors to determine the best time to take new external loans.

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, Warwickshire 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. This risk is minimised through our work with our Independent Treasury Management Advisors and are fully outlined within the Treasury Management Strategy, which is reviewed annually.

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. 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

11. Conclusion

This capital strategy outlines that all capital expenditure and investment decisions in Warwickshire are taken to achieve desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability All our capital schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations and align with the priorities laid out in the Police and Crime Plan, which links in with the force fits for the future strategy. Due diligence and strong governance processes cover capital decision- making and the Commissioner and Chief Constable are kept fully informed on issues affecting capital through regular monitoring and risk management processes.

It is the professional opinion that the capital strategy supports the aim of achieving a financially stable and sustainable force that can deliver contemporary services and keep the public safe.

12. Revision Record

Date of change	Nature of revision
25 February 2025	Updated narrative and 2025/26 budget figures. Risks also reviewed.