

ORIGINATOR: JOINT PCC and CC CFO

DECISION NO. 1 - 2018

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE AND CRIME COMMISSIONER

SUBJECT: MEDIUM TERM FINANCIAL PLAN 2018-19 to 2021-22

SUMMARY:

1. The Medium Term Financial Plan (MTFP) sets out the key financial issues facing the PCC and Constabulary over the period 2018-19 to 2021-22.
2. It also includes information and recommendations relating to the revenue budget, capital programme and associated financing issues, together with a financial appraisal of two precept options.

RECOMMENDATION:

It is recommended that:

1. The PCC considers the draft Medium Term Financial Plan 2018-19 to 2021-22 attached as Appendix 1, and approves the recommendations contained therein.
2. When setting the precept level and council tax requirement, consideration is given by the PCC to the medium-term financial implications of Options 1 and 2, the assessment of financial risks detailed within the MTFP, and the Chief Constable's commentary on the financial position.

APPROVAL BY: PCC

The recommendations above are approved.

Signature

Twin Pannore

Date

*16th January
2018*

DETAIL OF THE SUBMISSION

1. KEY ISSUES FOR CONSIDERATION

- 1.1 The requirement to develop a Medium Term Financial Strategy is articulated in both the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the PCC and the CFO of the Chief Constable (CC) (July 2012), and the Home Office Financial Management Code of Practice for the Police Forces of England and Wales (October 2013).
- 1.2 The attached Draft Medium Term Financial Plan (MTFP) 2018-19 to 2021-22 provides information relating to the proposed revenue budget (including planned revenue changes and savings plans), capital programme, alternative precept levels and council tax requirement, together with associated financing issues.
- 1.3 The report contains a number of recommendations relating to the MTFP, which are summarised below:
- Known changes to the Constabulary's 2017-18 base revenue budget (**Appendices B(i) and B(ii)**);
 - Planned savings proposals (**Appendix C**);
 - Proposed capital expenditure plans (**Appendix D**);
 - Use and transfer of reserve balances (**Appendices F(i) and F(ii)**);
 - Treasury management strategy and associated financial limits/indicators (**Appendices H(i), H(ii) and I**);
- 1.4 The report also asks the PCC to considers the medium term financial impact of:
- **Option 1**- increase council tax by just less than 2% in each year of the MTFP
 - **Option 2**- increase council tax by 6.8% in 2018-19, and assumes a council tax increase of 6.3% in 2019-20 and 2% in each of the two remaining years of the MTFP.

2. FINANCIAL IMPLICATIONS

- 2.1 The purpose of the MTFP is to provide the PCC sufficient financial information in the main report, supported by detailed appendices, to enable informed decisions to be taken with regard to the revenue and capital plans, associated financial issues, precept level and council tax requirement.
- Option 1**
- 2.2 Based on the planning assumptions set out in this report, further savings of £7.663m are required to be made in the period 2018-19 to 2021-22, in order to achieve a balanced budget over the period of the MTFP.
- Option 2**
- 2.3 Based on the planning assumptions set out in this report, further savings of £3.198m are required to be made in the period 2020-21 to 2021-22, in order to achieve a balanced budget over the period of the MTFP.
- 2.4 The two alternative budget options are proposed to the PCC for consideration, the financial consequences of which are summarised in **Appendices A(i), A(ii) and G**.

3. OTHER IMPLICATIONS

Equality and Diversity

- 3.1 An Equality Analysis has been undertaken in the development of the MTFP and there are no factors of direct material significance in terms of the process of preparing the MTFP. However, an important consideration in the development and implementation of the Constabulary's savings plans is to ensure compliance with Equality and Diversity legislation.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
Has the PCC's Chief Finance Officer been consulted?	The joint PCC CFO and CC CFO is the author of the report
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes- see paragraph 3.1
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes- see paragraphs 1.20 to 1.21 of the MTFP
Has communications advice been sought on areas of likely media interest and how they might be managed?	Yes
Have all relevant ethical factors been taken into consideration in developing this submission	Yes

APPROVAL TO SUBMIT TO THE DECISION-MAKER

Chief Executive

I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the PCC.

Signature:



Date 16 January 2018

