



ORIGINATOR: JOINT PCC and CC CFO

DECISION NO. 3-2016

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE AND CRIME COMMISSIONER

SUBJECT: MEDIUM TERM FINANCIAL PLAN 2016-17 TO 2019-20

SUMMARY:

1. The Medium Term Financial Plan (MTFP) sets out the key financial issues facing the PCC and Constabulary over the period 2016-17 to 2019-20.
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 2016-17 to 2019-20 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 response to the Spending Review 2015.

APPROVAL BY: PCC

The recommendations above are approved.

Signature *Tim Parry* Date *18th January 2016.*

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 Medium Term Financial Plan (MTFP) 2015-16 to 2019-20 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 2014-15 base revenue budget;
 - Planned savings proposals;
 - Proposed capital expenditure plans;
 - Treasury management strategy and associated financial limits/indicators;
 - Use and transfer of reserve balances.
- 1.4 The report also asks the PCC to consider the medium term financial impact of:
 - **Option 1**- increase council tax by 1.958% in 2016-17, and assumes a council tax increase in each of the remaining years of the medium term plan of nearly 2%;
 - **Option 2**- no increase in council tax over the period 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.
- 2.2 Under both options, whilst it is planned to provide a balanced budget in 2016-17, it will be necessary to consider the operational, staffing and financial implications of the emerging plans which will not only address the remaining savings requirement, but will also provide funding for further investment in policing priority areas over the period of the MTFP.
- 2.3 The two alternative budget options are proposed to the PCC for consideration, the financial consequences of which are contained in **Appendices A (i), A(ii) and G**, and summarised below:
- 2.4 As a consequence of delivering the planned savings of £5.035m in 2016-17, both options provide funding of £939k for additional police officers and staff in priority areas.
Option 1
- 2.5 Based on the planning assumptions set out in this report, further savings of £1.231m are required to be made in the period 2017-18 to 2019-20, in order to achieve a balanced budget over the period of the MTFP. In addition, Option 1 would secure additional recurring income of £830k from the precept increase, which would be invested in 20 additional police officers and 3 PCSOs.

Option 2

2.6 Based on the planning assumptions set out in this report, further savings of £3.909m are required to be made in the period 2017-18 to 2019-20, in order to achieve a balanced budget over the period of the MTFP.

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.

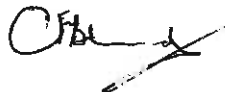
ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
Has the PCC's Chief Finance Officer been consulted?	The joint PCC CFO and CC CFO is the author of the report
Have equality, diversity and human rights implications been considered 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 1.6 and 1.7 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 (this approval is required only for submissions to the PCC).

PCC Chief Finance Officer

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 18 January 2016

