



To: Business Co-ordination Board

From: Chief Executive

Date: 13 November 2014

MEDIUM TERM FINANCIAL PLAN AND 2015/16 BUDGET UPDATE

1. Purpose

1.1 To provide the Business Coordination Board (“the Board”) with an update on the Medium Term Financial Plan (MTFP) and the development of the 2015/16 Budget.

2. Recommendation

2.1 The Board note the contents of the report.

3. Background

3.1 In January 2014, the Police and Crime Commissioner (“the Commissioner”) approved a budget of £131m for 2014/15 financial year. This was presented to the Cambridgeshire Police and Crime Panel (“the Panel”) along with a proposal to increase the precept by 1.92%, which the Panel subsequently approved. At the time the MTFP was presented which show a gap of £4.1m in 2015/16 and a cumulative gap of £12.1m up to 2017/18.

3.2 The Commissioner and Cambridgeshire Constabulary (“the Constabulary”) were developing a number of strategies to address the identified gap and including pursuing collaboration opportunities with Bedfordshire Police and Hertfordshire Constabulary and their respective Police and Crime Commissioners.

4. Update on Medium Term Financial Plan

4.1 The MTFP has been updated throughout the current financial year as known factors have been identified and the Plan has been established on the following assumptions for the 2015/16 budget:

- 1.5% Council Tax Base increase.
 - 4.7% Reduction in Grants. This includes an assumption that the Policing Grant will also be top sliced.
 - 1% pay award for Police Officers and Police Staff. It should be noted that the staff pay award for 2014/15, at the time of this report has not been agreed, which may impact on this assumption.
 - 1% increment.
 - 1.8% General Inflation.
 - 4% Fuel and Energy Inflation.
- 4.2 During the course of the year we have noted a series of absolute, probable and possible uncertainties in setting the overall budget for 2015/16 and beyond, that are in excess of our original projections. These have very significantly been negative with relatively few positive variations. For example, insurance costs have increased by £200k.
- 4.3 We have set out below the implications of these cost pressures. For planning purposes we have tended toward using the upper levels of risk in the preparation of these figures.
- 4.4 The table below sets out the budget gaps for the next four years.

	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000
Net Revenue	134,812	139,727	143,430	146,700
Expenditure				
Financing	128,826	126,749	125,677	124,740
Gap	5,986	12,978	17,753	21,960

- 4.5 Nevertheless, during the course of the financial year the Constabulary have identified significant savings from the current budgets which will contribute to reducing the gap above. These savings have been identified as part of the in-year budget monitoring and budget review.

5. The next stages

- 5.1 The Constabulary's Finance Team are currently reviewing the budget requirements with budget holders for the next financial year. This exercise will be completed by the end of November and will draw out further savings from service areas.

5.2 The Deputy Police and Crime Commissioner, the Commissioner’s Interim Chief Finance Officer and the Constabulary’s Chief Finance Officer are currently working to identifying options and strategies to present to the Commissioner, to achieve a balanced budget for 2015/16.

5.3 The draft budget proposals and draft MTFP will be presented to the Board at their meeting on the 17th December 2014. It should be noted that this date is currently anticipated to be the date of the Home Office funding settlement announcement.

6. Recommendation

6.1 The Board note the contents of the report

Source Document(s)	
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