

PFCC Decision Report

Report reference number: 037-23

Classification: Official

Title of report: Medium Term Financial Strategy (MTFS)

Area of county / stakeholders affected: Countywide

Report by: Annette Chan – Chief Accountant

Chief Officer: DCC Prophet

Date of report: 20th February 2023

Enquiries to: Annette Chan – Chief Accountant

1. Executive Summary

The 2023/24 Medium Term Financial Strategy (MTFS) was presented on 7th February as part of the 2023/24 budget report to the Police, Fire and Crime Panel. This decision report sets out the approved revenue position (a balanced revenue forecast for 2024/25 with a £10.5m shortfall over the coming five-year period) as well as the forecast on the Capital Programme (capital expenditure forecast to be £14m in 2023/24 and £26m in 2024/25) and Reserves (revenue reserves forecast to be 3.9% of net revenue expenditure at 31st March 2023 and then levelling out and being maintained at 3% over the medium term).

2. Recommendations

To consider the assumptions contained within this report and endorse and approve the current 2023/24 MTFS position as approved by the PFCC and reported to the Police, Fire and Crime Panel on 7th February 2023.

3. Background to the Proposal

The MTFS is a service planning and performance management framework which aims to ensure that resources are directed towards achieving delivery of the vision for the next five years and the Police and Crime Plan.

At the February 2023 Police, Fire and Crime Panel, the MTFS presented alongside the 2023/24 budget was forecasting a balanced position for 2024/25 and a total shortfall of £10.5m over the four-year period up to 2027/28. The forecast was built on various assumptions including a 2.5% council tax precept increase each year.

Capital expenditure was forecast to be £14m in 2023/24 and a further £25.9m in 2024/25 and £26.3m in 2025/26. The Capital Financing Requirement (CFR) represents capital expenditure incurred and forecast to be incurred that has not been financed by cash resources and is an indicator of our underlying need to borrow to fund the investment programme. Actual borrowing will be a combination of internal and external borrowing. The CFR is forecast to reach £73.8m by 2027/28 with the annual revenue cost of prudential borrowing (MRP and interest) reaching £5.3m by 2027/28, representing the revenue costs from our capital investment plans over the medium term (contains investment plans approved and still subject to approval).

Revenue reserves were forecast to be £22.2m (3.9% of net revenue expenditure) as at 31st March 2023 and £18.2m by 31st March 2027 (3% of net revenue expenditure).

4. Proposal and Associated Benefits

This report provides:

- An overview of the Essex Police MTFS;
- Latest forecasts on the capital investment programme over the medium term and how it will be financed; and
- Forecast reserve balances

5. Options Analysis

The MTFS attached at Appendix 1 reflects the position reported to the Police, Fire and Crime Panel on 7th February 2023. Options for developing the MTFS will be considered in future iterations.

6. Consultation and Engagement

Ongoing consultation takes place between the Chief Constable's Office and the Police, Fire and Crime Commissioner's Office in constructing the MTFS and the assumptions contained within.

7. Strategic Links

This paper concerns the management of the PFCC's and Chief Constable's revenue and capital resources and therefore underwrites all of the priorities and workstreams identified within the Police and Crime Plan.

8. Police operational implications

Operational policing requirements are considered throughout the budget setting and MTFS review process.

9. Financial implications

The financial implications are covered within section 3 of this paper.

10. Legal implications

Provisions of the Local Government Finance Act 1992 set out what the force has to base its budget calculations upon and require the force to set a balanced budget by no later than 11th March for the following financial year.

11. Staffing implications

There are no staffing implications.

12. Equality, Diversity and Inclusion implications

There are no equality or diversity implications of this decision report.

13. Risks and Mitigations

Financial risks that impact on the MTFS and Capital Programme are the availability of future revenue funding and short and long term capital financing resources. Both of these are addressed in the report.

14. Governance Boards

Presented and agreed at the Strategic Board on 1st March 2023.

15. Links to Future Plans

This paper concerns the management of the PFCC's and Chief Constable's revenue and capital resources and therefore underwrites all of the priorities and workstreams identified within the Police and Crime Plan and the Capital Strategy.

16. Background Papers and Appendices

Strategic Board Paper - Medium Term Financial Strategy, from 1st March 2023.



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Report Approval

The report will be signed off by the PFCC's Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O. Sign: 

Print: P. Brent-Isherwood

Date: 28 February 2023

Chief Financial Officer Sign: 

Print: Janet Perry

Date: 03 March 2023

Publication

Is the report for publication? YES NO

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable)

None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

Redaction

If the report is for publication, is redaction required:

1. Of Decision Sheet? YES NO 2. Of Appendix? YES NO

If 'YES', please provide details of required redaction:

N/A

Date redaction carried out:

Chief Finance Officer / Chief Executive Sign Off – for Redactions only

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

Sign:

Print:

Chief Executive / Chief Finance Officer

Decision and Final Sign Off

I agree the recommendations to this report:



Sign:

Print: Roger Hirst

PFCC/~~Deputy~~ PFCC

Date signed: 14th March 2023

I do not agree the recommendations to this report because:

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Sign:

Print: