

PFCC Decision Report

Report reference number: 143-23

Classification: Official

Title of report: Medium Term Financial Strategy (MTFS) – June 2023

Area of county / stakeholders affected: Countywide

Report by: Annette Chan – Head of Finance

Chief Officer: DCC Prophet

Date of report: 30th August 2023

Enquiries to: Annette Chan – Head of Finance

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 an updated position considered by the PFCC following a refresh of the assumptions on which the financial forecast is based.

The MTFS presented to the February panel had a balanced revenue forecast for 2024/25 (this position assumed that £3m of recurring and £2.7m of one-off savings would be identified) with a £10.5m shortfall over the coming five-year period. The capital expenditure was forecast to be £14m in 2023/24 and £26m in 2024/25. Revenue reserves were 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.

Following an update of assumptions, the latest revenue forecast for 2024/25 is a deficit of £6.8m. This position assumes that a £3m annual recurring savings target will be achieved and one-off savings of £2.1m will be delivered to meet one-off cost pressures. The General Reserve is now forecast to be at 2.8% by 31st March 2024 and 31st March 2025, increasing to 3% by 31st March 2026.

2. Recommendations

That the PFCC approves the current Medium Term Financial Strategy (MTFS) position with updated assumptions since the MTFS was last approved as part of preparing the 2023/24 budget report to the Police, Fire and Crime Panel.

3. Background to the Proposal

The MTFS is a service planning and performance management framework which aims to ensure that resources are directed towards 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. 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).

The latest revenue forecast for 2024/25 is a deficit of £6.8m. This position assumes that a £3m annual recurring savings target will be achieved and also that one-off savings of £2.1m will be delivered to meet one-off cost pressures. An update to the forward look on the capital programme will be provided for the September Strategic Board. The General Reserve is now forecast to be at 2.8% by 31st March 2024 and 31st March 2025, increasing to 3% by 31st March 2026. Further details are provided within the background paper provided in section 16.

4. Proposal and Associated Benefits

This report provides an overview of the Essex Police MTFS and forecast reserve balances.

5. Options Analysis

The approved MTFS reflects the position reported to the Police, Fire and Crime Panel on 7th February 2023. Assumptions have been updated to reflect known pressures.

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 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 each year for the following year.

11. Staffing implications

There are no staffing implications arising from this report.

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

The MTFS continues to be refined as assumptions are updated and reported through the PFCC's Strategic Board, with the next approved MTFS to be presented to the February 2024 Police, Fire and Crime Panel.

15. Links to Future Plans

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

16. Background Papers and Appendices

Medium Term Financial Strategy (June 2023 Update)



MTFS%20June%2023%20Update.docx

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: 15 September 2023

Chief Finance Officer

Sign: 

Print: Janet Perry

Date: 21 September 2023

Publication

Is the report for publication?

YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

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

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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	<input type="checkbox"/>	2. Of Appendix?	YES	<input type="checkbox"/>
	NO	<input type="checkbox"/>		NO	<input type="checkbox"/>

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

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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

PFCC/Deputy PFCC

Date signed: 22/09/2023

I do not agree the recommendations to this report because:

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Sign:

Print:

PFCC/Deputy PFCC

Date signed: