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| For Information and Decision | |
| Public/Non Public* | Public |
| Report to: | Police & Crime Panel |
| Date of Meeting: | 3rd February 2014 |
| Report of: | Chief Finance Officer |
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| Agenda Item: | 7 |

FINANCIAL REPORTS OF THE COMMISSIONER 2014-15

1. Purpose of the Report

- 1.1 To provide members of the Police & Crime Panel with reports that provide the background to the Precept Report 2014-15, including the Precept report for decision.

2. Recommendations

- 2.1 Members are requested to note the following reports:
- Revenue Budget Report 2014-15
 - Medium Term Financial Plan Report
 - Reserves Strategy
 - 4 Year Capital Programme
 - Treasury Management Strategy
- 2.2 Members are also requested to support the Commissioners decision to increase the precept by up to 1.96% in 2014-15.

3. Reasons for Recommendations

- 3.1 The Police and Crime panels (Precepts and Chief Constable Appointments) Regulations 2012 requires the Police and Crime Commissioner to notify the Panel of the proposed precept by 1st February of the preceding relevant financial year.

4. Summary of Key Points

- 4.1 The papers presented today detail the planned revenue and capital expenditure for 2014-15 and the medium term. The provisional settlement announced on 18th December was broadly in line with our estimations, but this still meant that the previously identified budget gaps required the identification of further efficiencies in order to deliver balanced budget for each of the next four years.

- 4.2 To date £42m of efficiencies has been delivered to balance the budgets since austerity measures were taken by the government. There is an identified need to find on average £10m in savings each year is set to continue. Despite this the Commissioner has made significant progress in increasing the number of Police Officers and PCSO's in line with his election promises. By April 2015 there will be 2142 police officers an increase of 120 since 2012-13 and 375 PCSO's an increase of 75 since 2012-13.
- 4.3 However, in order to continue delivering the required efficiencies the force is developing a programme of significant transformational change, through a Target Operating Model (TOM). This will change the way in which the policing service in Nottinghamshire is provided in the future. The TOM is largely predicated on a different workforce mix of Police Officers and staff. The Commissioner intends to report this work to the Panel when it is completed, giving a timetable for its implementation.
- 4.4 Some steps to transformational change have already been put in place, such as the reduction in the size of the police estate and rationalisation of front counters. The focus will be on maintaining a police presence to support vision of policing for 2020; through more partnership co-location, digitalisation and agile working. The estates business planning currently being developed will look further at what estate is actually needed and alternative ways of working to continue to provide a police presence. Never the less the shape of the estate in the future will be different and smaller.
- 4.5 To achieve the efficiencies increased work in collaboration with our regional police areas and the development of collaboration at a local level with the partners. We all need to reduce services together to ensure burdens are not transferred.
- 4.6 The first 5 reports: Revenue Budget 2014-15, the Medium Term Financial Plan (MTFP), the Reserves Strategy, the 4 Year Capital Programme and the Treasury Management Strategy are provided to support the decision by the Commissioner to increase the precept by up to 1.96% for 2014-15.
- 4.7 The revenue budget report details where expenditure will be incurred and what the pressures exist and what the risks are relating to achieving £12.7m efficiencies within the proposed budget for 2014-15. There remains significant challenges in achieving it.
- 4.8 The MTFP expands further on the revenue budget and provides a background to the pressures building in the future. This is made worse by the fact that the Home Office has yet again only provided one years funding details, making medium term financial planning an estimation process only.
- 4.9 The reserves strategy details the reserves held by the Commissioner and their potential use. The gaps identified in the MTFP may need to utilise reserves to fund programme management costs of collaboration pump prime cost saving

initiatives and to meet any under achievement of the efficiency programme in 2014/15. This strategy also uses the work of DCLG to show how the Commissioners reserves compare nationally with all local authorities and with other policing areas. Whilst healthy the reserves currently held are not excessive.

- 4.10 The Precept Report is the report that the panel need to consider and decide if they are in agreement with the Commissioner for increasing the precept level.

5. Financial Implications and Budget Provision

- 5.1 As detailed within the appended reports.

6. Human Resources Implications

- 6.1 None as a direct result of this report, but workforce planning implications are part of the risk assessment provided in the revenue budget and MTFP.

7. Equality Implications

- 7.1 None as a direct result of this report.

8. Risk Management

- 8.1 Risks relating to achieving the required savings for the 2014-15 budget have been identified within the revenue report. Further risks to funding in future years are identified within the MTFP. The reserves strategy includes a risk assessment on the level of reserves held and the purpose for which they may be required.
- 8.2 At the time of writing this report there is a risk relating to the timing of the announcement for the Referendum limit. To manage this we are asking the panel to support the increase up to a maximum of 1.96%. This allows for any lower rate to be implemented without a further meeting of this Panel.

9. Policy Implications and links to the Police and Crime Plan Priorities

- 9.1 This links to good financial governance and the requirements of the Police Reform and Social Responsibility Act 2011, which requires the Police & Crime Panel to consider the Commissioners decision to increase the precept.

10. Changes in Legislation or other Legal Considerations

- 10.1 None

11. Details of outcome of consultation

11.1 As detailed within the Precept report.

12. Appendices

- 12.1 A - The Revenue Budget Report
- B - The Medium Term Financial Plan
- C - The Reserves Strategy
- D - The 4 Year Capital Programme
- E - The Treasury Management Strategy
- F - The Precept Report

13. Background Papers

13. None