

To: Finance and Resources Committee
From: Chief Constable and Treasurer
Date: 20th October 2009

MEDIUM TERM FINANCIAL PLAN 2010/11 to 2012/13

1. Introduction

1.1 This report presents the Medium Term Financial Plan (MTFP) for the three year period 2010/11 to 2012/13. The Capital Strategy and Asset Management Plan, which were previously part of this document, are now incorporated into a separate plan to be considered along side the Medium Term Financial Plan.

2. Background

2.1 This is a comprehensive strategic document which considers the financial future for the Police Authority and the Constabulary.

2.2 The plan identifies the revenue budget required for the next three years and considers how the Constabulary might address the predicted difficult budget settlements in the next few years while still being mindful of the need for more front-line Officers. All areas of expenditure and funding are explored in the strategy with risks for the future identified.

2.3 The budget "gap" is identified based on a number of assumptions outlined in the Plan and Section 3 below considers the sensitivity of those assumptions and identifies how changes to assumptions could affect the budget gap in future years.

2.4 Other areas covered by the Plan include Treasury Management, level of reserves and financial risk.

3. Sensitivity Analysis

3.1 There are various scenarios set out in Appendix 1. Any reductions in the council tax increase assumptions or the year 2 and 3 grant increase assumptions will have a dramatic effect in future years as funding will be lost in perpetuity (assuming capping continues).

Key sensitivities to note are:-

3.2 1% on/off the current Band D council tax raises/loses around £0.5m in year 1.

- 3.3 Based on the current year a 1% loss of general grant would be £0.8m. A cut in grant over the next 3 years of 30% with a standstill council tax, a scenario that is being considered by some of our partners, would see a budget reduction of around £30m, or to put it into perspective, 800 front line officers.
- 3.4 The 3 year pay deal ends in 2010/11. Years 2 and 3 assume a similar level of increase (2.55%) as a 'worst case' scenario. 1% on the pay bill adds £1m check.

4. Recommendations

- 4.1 The Committee is asked to approve the attached plan as a basis for the detailed budget preparation process for year 1 (2010/11), and
- 4.2 Discuss the assumptions contained within the MTFP for years 2 and 3 and agree how these should be taken forward.

BIBLIOGRAPHY

Source Document (s)	Contact Officer	Location
<p>Migration Impact Assessment</p> <p>FEB reports and Police Authority reports with financial implications for future years.</p>	<p>Niki Howard Director of Finance & Resources T. (01480) 425049 F. (01480) 425005 E. niki.howard@cambs.pnn.police.uk</p> <p>John Hummersone Treasurer T. (01638) 667090 E. john@hummersoneconsulting.co.uk</p>	<p>Cambridgeshire Police Headquarters, Hinchingbrooke Park, Huntingdon, Cambridgeshire, PE29 6NP .</p>
<p>Originating Officer: Niki Howard</p> <p>Is it considered that this report contains 'exempt information' and should be considered in private? No</p> <p>If the answer is "YES", please state the nature of the exempt information <u>and the relevant clause(s)</u> paragraph(s) in Part 1 of revised Schedule 12 to the Local Government Act 1972</p> <p>Sections 8 & 9 of the Estate Review 2007.</p> <p>The attached report has been cleared with the undermentioned officers: (delete as appropriate)</p> <p>Chief Executive/Chief Constable/Treasurer</p> <p>Others</p> <p>Submitted on13th October 2009.....</p> <p>A report will not be sent to the Authority unless this box has been satisfactorily completed and all necessary consultation carried out - the responsibility for which rests with the originator (except for consultation with the Chairman and this will be undertaken by the Chief Executive).</p>		

Medium Term Financial Plan 2010/11 to 2012/13

Sensitivity Analysis

	Forecast 2010/11 £'000	Forecast 2011/12 £'000	Forecast 2012/13 £'000
Budget Gap - originally stated (Council Tax at 3% Grant at 100%)	-1,101	-4,757	-7,724

Council Tax Increase at:

2%	adds	-446	-920	-1,422
1%	adds	-893	-1,832	-2,817
0%	adds	-1,340	-2,735	-4,185

Formula Grant at

98%	adds		-1,670	-1,670
95%	adds		-4,175	-4,175
90%	adds		-8,350	-8,350
90% Yr 1 80% Yr 2	adds		-8,350	-16,700