

BUDGET SETTING PROCESS 2018/19

REPORT OF THE POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA

1. PURPOSE OF THE REPORT

- 1.1 The report sets out the budget setting process for 2017/18.

2. BACKGROUND

- 2.1 In February 2017 the Police and Crime Commissioner agreed the 2017/18 Revenue and Capital Budgets and the Medium Term Financial Strategy (MTFS). The MTFS sets out the key financial issues facing the Police and Crime Commissioner over the period 2017/18 to 2020/21, and provides options for delivering a sustainable budget and capital programme over the medium term including resources for the Chief Constable to deliver the priorities in The Police and Crime Plan.
- 2.2 Work is currently underway in force to review the assumptions which underpin the Budget and MTFS estimates in relation to central government funding for police forces, future budget pressures and inflationary increases, and the priorities for capital investment over the medium term.
- 2.3 Since the MTFS was agreed in February 2017 the political environment has seen changes. There has been a general election, plus continued political and economic uncertainty following the Brexit vote, adding to concerns of future budget pressures on Government Departments. UK economic growth estimates (OBR October 2017) have slowed against those set out in the 2016 Autumn Statement, primarily due to higher than expected inflation figures. Also, the lifting of the public sector pay cap for Police officers, with effect from 01 September 2017.
- 2.4 During 2016/17 the Home Office initiated a review of the Police funding formula, which determines how overall Police funding is allocated between forces in England. The intention was to implement the revised formula for the 2018/19 financial year. However, work has been suspended on the new funding formula and although not confirmed, the expectation is that this will not now be implemented.
- 2.5 This report sets out the process and timetable we will follow to set the revenue and capital budgets for 2018/19 and complete the revision of the MTFS. The timetable also highlights the key dates when we expect to find out how much grant we will receive for 2018/19 and beyond.

3 REVISION PROCESS

3.1 The budget and MTFS revision process will include the following:

- A comprehensive review of the Commissioner's current financial position.
- A comprehensive update to the assumptions and risks about future budget pressures, funding cuts and changes to police resource allocation which the Commissioner will face over the period of the strategy.
- A review of any changes to the financial context in which the Commissioner operates.
- Progress against budget savings targets.
- The extension of the MTFS period.
- The Commissioner's capital programme; and
- Reserves policy.

4. KEY DATES

4.1 The process to set the revenue and capital budgets for 2018/19 and to revise the MTFS as mentioned above, has already started alongside the preparation of the quarter 2 monitoring.

4.2 The key dates for information sharing and decisions are as follows:

Event	Date	Note
Police and Crime Panel Meeting	24 October 2017	Information regarding this year's process.
Autumn Budget	22 November 2017	Government discloses high level funding assumptions and plans.
Provisional Police Funding Settlement Announced	Around 15 December 2017	Grant resources for 2018/19 - provisional settlement figures issued.
Final Settlement Announced	Mid-January 2018	Update resources with final settlement figures.
Police and Crime Panel Meeting	16 January 2018	High level briefing on the MTFS and 2018/19 draft budget.
Police and Crime Panel Meeting	6 February 2018	Presentation of MTFS. Budget papers for 2018/19 including the proposal for precept.

5 RISK MANAGEMENT IMPLICATIONS

- 5.1 The MTFS identifies a number of significant financial risks and suggests ways to mitigate those. The refresh will consider if any of those risks have changed.

6 FINANCIAL IMPLICATIONS

- 6.1 All financial implications are covered in the report and there are no additional financial implications arising from the report.

7 RECOMMENDATION

- 7.1 To note the process and timetable that will be followed to complete the budget setting process 2018/19.