

**Police and Crime Commissioner for North Wales
and North Wales Police Force**

Medium Term Financial Plan

2013-14 to 2016-17



1. Introduction

1.1 The Medium Term Financial Plan (MTFP) links the Policing Plan 2013-2016 and the Policing Priorities agreed by the Police and Crime Commissioner and the Force with the Financial Strategy (Appendix A) and the Resources available.

1.2 Aim

The aim of this paper is to give details of how the budget has been balanced to date and the plans for balancing future years whilst maintaining performance and ensuring local and national priorities are achieved.

1.2 The budgets for 2012-13 and planned budgets for 2013-14 to 2015-16 were set in the Police Authority meetings on the 17th of February 2011 and the 9th of March 2011. The Authority set a Council Tax at a 2.5% increase for 2012-13 and set a planning assumption of 4% going forward. Based on the assumptions set out in the Medium Term Financial Plan in February and March 2012 the required cuts were identified as shown in the table below. This new revised Plan will update these figures as part of the current Medium Term Financial Plan and provide the details underpinning these changes.

Year	2011-12	2012-13	2013-14	2014-15	2015-16
	£M	£M	£M	£M	£M
Cuts required	4.678	6.897	2.767	2.490	1.785

2. Planning Process

2.1 A number of reviews were carried out during 2010-11 in anticipation of the budgetary reductions (Phases 1 and 2); these were governed by the 2011+ Programme Board and resulted in the reorganisation of the Operational Delivery Model and the back Office Support which was implemented on May the 4th 2011. These delivery model were reviewed during 2012-13 and amendments made within the budgets allocated in each area. Further reviews were conducted during 2012-13, with Phase 3 Level 2 Policing being implemented and Phase 4 Criminal Justice administration also being implemented. The budgets going forward are based on the structures agreed through these process.

2.2 In developing the MTFP the following were also taken into account

- The Strategic Planning Process
- Other Force Strategies
- Current Economic Climate
- Estimates Resources available to fund the Medium Term Financial Plan
- Budget Forecasts for the period including pay awards
- The current financial position.

- The Capital Programme, Prudential Code and effect on the Revenue Budget
- Reserves and Balances
- Income Generation, Trading activities and Grants
- Collaboration
- Managing financial resources

2.3 A draft set of budgets were discussed in detail by the Chief Officer Team and Service leads on the 12th of November. On the 21st of November the Police and Crime Commissioner for North Wales took Office (PCC). The PCC was briefed on financial matters including background, current position, proposals going forward and assumptions used. The Police and Crime Panel (PCP) were given a presentation on the 19th of December updating them on the current proposals and projections prior to the funding announcements made later that day.

2.4 The following sections will detail all developments since the previous MTFP giving the updated position for Revenue, Capital and Reserves.

3. 2012-13 Budget

3.1 Substantial reductions were expected well in advance of the Government announcing the final funding cuts, and in anticipation of this Project 2011+ was set up to identify long term savings. At the same time tight expenditure controls were put in place during 2010-12 and going into 2011-12, including a freeze on all recruiting, to reduce expenditure. The first step in this process was to take the £4.679m required reduction out of the base budget for 2011-12, the following table identifies where this initial cut has been made. These cuts were successfully implemented.

2012-13 Budget cuts

	£M
Police Pay	£1.099
Support Staff Pay	£1.991
IT Replacement Programme	£1.453
Other Non-Staff	£0.136
Total	£4.679

3.3 The next step was to implement the required cuts in 2012-13. The cuts were implemented as set out in the original MTFP2012 amounting to £6.016m, with the additional amount of £0.881m as a result of setting a council tax increase of 2.5% rather than the planned 4% to be funded from reserves. The following cuts have been successfully implemented

2012-13 Budget cuts

	£M
Police Pay (2011+ Reviews)	-2.965
Pensions	-0.242
Training	-0.200
Premises	-0.454
Air Support	-0.342
Supplies and Services	-0.387
IT	-0.636
Major Incident Contingency	-0.207
All Wales Contribution and Contingency	-0.438
Tax Band Increase	<u>-0.145</u>

Total **-6.016**

- 3.2 Budgets have been tightly controlled during 2012-13; this together with savings identified for 2013-14 being taken early and the effect of Officers retiring as soon as they can has resulted in a projected contribution to balances of £3.5m at the end of the year. It is intended to allocate any additional balances to the Probationer Recruitment reserve in order to recruit Officers earlier than would happen otherwise.

4. Funding Allocations

- 4.1 No Provisional Government Funding Allocations for 2013-14 had been given as part of the 2012-13 settlement, indicative % cuts of -2% for 2013-14 and -1% for 2014-15 had been given as part of the 2011-12 settlement figures. The final settlement for 2012-13 by the Home Office resulted in no change from the figures announced as part of the Comprehensive Spending Review 2010 (CSR2010) in October 2010. This confirmed a grant cut of £5.571m or -6.7% for 2012-13, this following a cut of £4.503m or -5.14% in 2011-12. On this basis a cut of -2% in Government Grants was originally assumed for 2013-14.
- 4.2 The Chancellor announced in the 2011 Autumn Statement that there would be a cap on public sector pay increases of 1% from 2013-14, this following on from the two year pay freeze already in place. As part of the 2012-13 settlement the Home Office stated that they would be taking the benefit of the pay freeze as a saving centrally. North Wales Police had a planning assumption of a 2.5% pay increase from September 2013, as a result of the Chancellor announcement this could be reduced to 1% but with an expected compensating additional cut in grants. The expected result of this was a total grant reduction of -3.78%. As part of the 2012 Autumn Statement on the 5th of December 2012 the Chancellor announced that Government Departments would have an additional reduction of -1% in 2013-14 and -2% in 2014-15.
- 4.3 No announcement on the 'dampening levels', that is the adjustment to the Grant Allocation Formula made to ensure that all Forces receive the same % cut in their main grant – known as the Floor Grant, had been made prior to the

2012 Grant announcement. North Wales Police will receive a Floor Grant of £10.5m in 2012-13.

- 4.4 The Neighbourhood Policing Grant provides funding for 75% of 157 PCSO's for North Wales Police. The Neighbourhood Policing Grant will be rolled into the main grant from 2013-14 onwards. The base General Grant for comparison and cuts has been adjusted by the value of this grant (£3.338m).
- 4.5 The provisional Grant announcements were made by the Home Office and the Welsh Government on the 19th of December 2012. The main decisions were
- Not to pass on the additional 1% cut from the 2012 Autumn Statement
 - Not to take the saving from the 1% pay increase cap centrally
 - To apply damping so that all Forces face the same grant reduction of -1.6%

The relevant paragraphs from the Minister of Policing and Criminal Justice is given below (full copy Appendix B)

'Earlier this month, the Chancellor announced further reductions to Departmental budgets for 2013/14 and 2014/15 in his Autumn Statement. However I have protected the police from these reductions in 2013/14. In addition, in 2013/14, I have also protected the police from reductions announced by the Chancellor in November 2011 relating to public sector pay restraint. Without this protection on pay restraint, central Government funding for the police would have been reduced by £66m in 2013/14. As a result of both these decisions, the police will receive the same amount of total Government funding in 2013/14 that was agreed at the October 2010 Spending Review.'

I have decided to apply damping so that every police force area in 2013/14 will face the same percentage reduction in core central Government funding (1.6 per cent cash).'

- 4.6 No announcement has been made on funding from 2014-15 onwards; although the Statement does say that damping will be applied in a similar way (that Forces get the same reduction) in 2014-15 prior to a fundamental review of the Police Funding Formula. Based on the figures available and that the Government have indicated strongly that the austerity drive will continue beyond 2016-17 it has been assumed that there will be a -3% grant reduction from 2014-15 onwards.

4.7 The Table below summarises actual and projected Government Funding from 2012-13 to 2016-17.

12-13	13-14	13-14	13-14	14-15	14-15	14-15	15-16	15-16	15-16	15-16	16-17	16-17	16-17
Grant	Cut	Cut	Grant										
£m	%	£m	£m										
80.868	1.6	-1.287	79.581	3.0	-2.388	77.193	3.0	-2.316	74.877	3.0	-2.246	72.631	

5. Council Tax and Precept

5.1 There are two elements to the total net Police Budget, the total of the Police Grants and the Precept. The proportion of these two funding streams for North Wales Police is as follows

2012-13		
	£m	%
Total Government Grants	80.868	57%
Total Precepts	60.834	43%
Total Budget Requirement	141.702	

5.2 Council Tax is calculated by dividing the total precept requirement by the tax base, the tax base being the number equivalent Band D properties in each Force area. The table in Appendix C shows the relative position of the 42 Police Areas that set a Precept if the total budget were to be funded by Council Tax. North Wales Police is 20th highest for the total budget, 28th in terms of Grant per tax band and 2nd in terms of Council Tax. This is as a result of the strategy over the years to maintain total funding at a level similar to Forces who receive a higher Grant.

5.3 The Police Authority increased the Council Tax by 2.5% for 2012-13 and set a planning assumption of a 4% increase for the following 3 years. The capping rules for England and Wales were different for 2013-14. English Police Areas have access to a separate grant equivalent to a 1% Council Tax increase, no capping limit been set in Wales and no additional Grant scheme was in place.

5.5 The Budget projections later in the report are based on a Council Tax increase of 4% for 2013-14 and a planning assumption of a 4% Council Tax increase from 2014-15 onwards. The basis for the 4% increase in 2013-14 is detailed in

Section 6, the planning assumption going forward is linked to the expectation of a -3% reduction in Grants going forward. Changes in the Council Tax have a disproportionate affect on the total funding, a 1% change in the Council Tax equates to a £2.14 change in the Band D Council Tax but equates to a £0.595m change in the total funding in 2013-14.

- 5.6 Changes emanating from the Welfare Reform Act 2012 in the way Housing Benefits are paid are expected to affect the Council Tax collection rate. This rate is used to calculate the tax base for Council Tax setting and had been widely anticipated to reduce the tax base by between -1% and -3%. Final tax bases provided by the six Local Authorities in North Wales resulted in an overall reduction of -0.49%. Based on the planning assumption of a 4% Council Tax increase this would have reduced the precept total by £0.308m.

6. Budget Forecast and Planned Reductions 2013-14

- 6.1 A summary of the Budget Forecast and changes for 2013-14 and future years are shown in Appendix D.

- 6.2 Budget Projections have been updated based on the revised Force design and changes to the base assumptions as listed below. Inflation and increased costs in some areas, such as fuel and forensics, and reduction in grants and income and budgeted use of reserves increased the total cuts required to £4.672m when the budget was agreed by Chief Officers in November 2012, this increase has been compensated by additional savings with £4.634m being identified. The following are the main changes and assumptions from the base presented to the Police Authority in the February 2012 MTFP.

- Reduced Contingencies transferring risk to the balance sheet
- Pay Inflationary 1% from September 2013
- General Inflation 2%
- Budget based on new design of the Force, 1418 Police Officers 910 Police PCSO's 258
- Civilianisation of 41 posts since April 2010

The proposed budget based on the provisional grant funding and the assumptions above is set out as follows

Budget setting position (November 2012)

Breakdown of estimated 2013-14 budget

	£m
Budget 2012-13	<u>140.908</u>
Pay Inflation	0.861
Non pay Inflation	1.305
New Requirements and Grant Funded	0.380
Budgeted use of reserves	1.108
Revised Budget Requirement	<u>144.562</u>

Estimated total funding	<u>139.891</u>
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Cut required	<u>4.671</u>
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Cuts agreed

Cuts taken in 2013-14 budget

	£m
Reviews 2012-13	-0.578
Review previous years	-1.456
Civilianisation	-0.565
Increment Freeze	-0.411
Allowances	-0.391
Training	-0.125
Energy Budget	-0.090
Body Armour	-0.100
Contracts	-0.252
Air Support	-0.285
Special situation contingency	-0.093
General Contingency	-0.250
Interest on Balances	-0.038

Total	<u>-4.634</u>
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Balance	<u>0.037</u>
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Total funding was based on a 4% council tax and a -3.78% cut in grants and a 1% reduction in tax base

	£m
Grants @ -3.78% cut	77.814
Precept @ 4% council tax increase	62.077
Total	139.891

Funding announcement 19th December 2012

- Additional cut for pay freeze not passed on
- Additional 1% cut from the Chancellor not passed on
- Damping applied so that all Forces get the same cut and set at -1.6%
- Tax base reduced by -0.49%

Revised Funding Figures

	£m
Grants @ -1.6% cut	79.581
Precept @ 4% council tax increase (3.98% rounded)	62.124
Total	141.705
Savings that can be re invested	1.777

A proportion of the savings identified of £4.634m could now be used to re-invest in front line Officers. An additional 51 officers could be funded from the savings available of £1.777m for a full year based on the second point of the pay scale. Additional Officers above the establishment have already been recruited as part of the strategy to recruit Probationers early funded from reserves, the establishment can be increased by 51 Officers and the strategy of recruiting Officers early can remain in place for a longer period.

Council Tax 2012-13 £214.56 increased by 3.98% gives £223.11, multiplied by tax base of 278446.12 gives £62.124m

This gives a revised position with a grant reduction of -1.6% and a council tax increase of 3.98% of

Revised budget proposal

Breakdown of 2013-14 budgets

	£m
Budget 2012-13	140.908
Pay Inflation	0.861
Non pay Inflation	1.305
New Requirements and Grant Funded	0.380
Budgeted use of reserves	1.108
Revised Budget Requirement	144.562
Grants @ -1.6% cut	79.581
Precept @ 3.5% council tax increase	62.124
Total Funding	141.705
Cuts required	2.857
Cut identified	4.634

Re invested in 51 additional officers 1.777

7. Budget Forecast 2014-15 to 2016-17

7.1 The revised base and change of assumption has also had some affect on future years, these have now been included in the projections, the overall affect is as follows with details shown in Appendix D

	2014-15	2015-16	2016-17
	£m	£m	£m
Deficit as per Feb 2012 MTFP	2.490	1.785	1.800
Overall effect of revisions	-0.167	0.342	0.119
Revised Deficits	2.323	2.127	1.919

7.2 The overall position can be broken down as follows

	2014-15	2015-16	2016-17
	£m	£m	£m
Inflationary Increases	2.420 (1.71%)	2.396 (1.66%)	2.361 (1.61%)
Reduction in Grant	2.388 (-3.0%)	2.316 (-3.0%)	2.246 (-3.0%)
Additional funding from 4% increase in Council Tax	-2.485	-2.585	-2.688
Revised Deficit	2.323	2.127	1.919

7.3 A plan was put in place to achieve a balanced budget over the CSR period, this was discussed and the detail presented to the HMIC in March 2011 and subsequently in November 2011. The plan has now been updated as shown for 2011-12 to 2013-14 above, with the current proposals for 2014-15 shown below and has been scrutinised within the Force, by the HMIC and others. It had been expected that a stronger indication would be made of future funding, but based on the figures available the plan for 2014-15 will be revised and a plan for 2015-16 to 2016-17 set out based on the assumptions set out above.

	2014-15
	£ m
Estimates cuts required	2.323
2011+ Reviews	-0.385
Premises	-0.583
Fleet	-0.378
Collaboration	-0.200
Winsor Review	-0.908
Balance	-0.131

Any other areas of the Force that have not been reviewed will be looked at, any savings identified will either be required for potential cuts in 2015-16 or can be re-invested in front line services.

8. Recruitment

- 8.1 A recruitment freeze has been in place during 2011-12 for Police Officers and Police Support Staff as the Force was re-designed. A strategy was implemented during 2012-13 to bring in Probationers above the Force establishment in order to have trained Officers to replace Officers retiring. During 2012-13 it became apparent that Officers are retiring as soon as they can, in response to this additional Probationer Officers were recruited.
- 8.2 The total to be recruited during the year is now expected to be 89 compared the original 72. This would initially result in having 76 Officers over establishment at the 1st of April which would then taper down over the year. Adding an additional 51 permanent posts to the establishment would bring this figure down, but would enable the strategy of recruiting early to be continued for another year. The original Recruitment Plan for 2013-14 was for 10 recruits in the first quarter, setting the proposed budget would allow recruitment of up to 72 Probationers (18 each quarter) during 2013-14. The final number will depend on the rate of retirement and other leavers.

9. Risks

- 9.1 The level on uncertainty in setting 2013-14 budgets has been greater than for 2012-13 as the grant funding was not known until the 19th of December. As no grant figures have been announced the level of uncertainty for 2014-15 onwards is high.
- 9.2 The plans for the savings in 2013-14 are in place and are being implemented; however the potential savings in 2014-15 have to be tested. Not all the savings are under the Force's control, the Collaboration savings will depend on other Forces, and the savings on the Winsor Review into Police Officer and Police Support Staff pay will depend on final national agreement.

- 9.3 The estimated cuts required are based on the planning assumption of a 4% increase in Council Tax. If this were to be reduced each reduction of 1% would mean an additional £0.595m cut in the 2013-14 budgets. The final decision on the Council Tax will depend on the updated information for 2014-15 and any capping regulations that may be set.
- 9.4 There could be a further reduction in the tax base as the full effect of the changes from the Welfare Reform Act will not be known until actual Council Tax collection figures are available for 2013-14.
- 9.5 The current Police Funding Formula has not being fully applied as the swings in funding have been considered to be too large. The correction is made through the Floor Grant; the grant announcement stated that the Floor Grant would be continued in 2014-15. A full review of the Police Allocation Formula is to be undertaken by the Home Office once the PCC's are established in their posts. A future review of the formula likely to benefit larger Forces and could result in reduced funding for North Wales.
- 9.6 Further cuts could be applied in the next CSR period. Each additional 1% cut to the General Grant Funding is a cash reduction of over £0.796m.
- 9.7 As 80% of the net budget is spent on pay any small changes in pay increase, pension contribution or National Insurance contributions can have a disproportionate affect of the budget.
- 9.8 A sum of over £1m is dependant on the implementation of the Estates Review, but there is also a larger element of cost avoidance within the review, currently estimated at £7.1m.
- 9.9 The table below highlights the sensitivity of the main assumptions

Sensitivity main variables	£m
1% less Council Tax increase	0.595
1% reduction in grant	0.796
1% reduction in tax base	0.625
A 1% increase in pay or employer pensions or national insurance contribution	0.860
1% increase in inflation	0.300

10. Reserves and Balances

- 10.1 The Authority has a duty to ensure that it holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Authority needs to cater for expenditure risk (spending over budget), and costly major incidents, natural disasters or other unforeseen events. An

element of this risk has been managed through the in year budgets through the contingency budgets. These are being reduced and greater proportion of that risk being transferred to Reserves and Balances.

- 10.2 General Reserves are currently £7.189m which is 5.08% of the estimated 2013-14 net budget. The prudent range is considered to be 3% to 5% of net budget and it's sensible to be at the higher point in the current climate, and bearing in mind that contingencies have been reduced in the revenue budget.
- 10.3 Earmarked Reserves have also increased over recent years. This is as a result of expenditure controls being put in place early in anticipation of major cuts. In the early part of 2010-11 indications suggested that the cuts required over the CSR2010 period would be in the region of £25m, cuts at this level would have required substantial redundancy costs to be funded from reserves. Any firmly uncommitted Reserves were initially put into a 'Redundancy Costs Reserve'. However, the current level of cuts enable these reserves to be put to more positive use that will benefit the service and help reduce revenue pressure in the future. The additional reserves have also enabled risk to be transferred from the revenue budget to the reserves. As Officers only have to give 30 days notice of retirement is always difficult to project exactly how many recruits are required, having reserves in place enables the Force to undertake the Recruitment Strategy set out in section 8 in a controlled manner. It has transpired in 2012-13 that Officers are retiring as soon as they can which has not been the case historically.
- 10.4 The use of the reserves will depend on the final decisions on Capital Expenditure and the final revenue settlements, therefore the below profile is the current plan on how the earmarked reserves may be used best used to support service provision and reduce the pressure on the revenue budget. The use of the Reserves will be reviewed on a regular basis. The table below details the known projected use of reserves, where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown.

Details of the Reserve position at the end of each year are given below the table.

Reserve Position

<i>Usable Reserves at</i>	31.3.12	31.3.13	31.3.14	31.3.15	31.3.16	
	£m	£m	£m	£m	£m	
Capital Receipts Reserve	2.228	0.500	0.000	0.000	0.000	Can only be used for capital, planned additional sales are included in the capital funding
Capital Grants Unapplied	1.582	0.000	0.000	0.000	0.000	Can only be used for capital
General Fund Balance	7.189	7.189	7.189	7.189	7.189	At the required 5% of net budget
Earmarked General Fund Reserves	29.043	27.139	16.978	11.779	9.240	Detailed below
Total Usable Reserves	40.042	34.828	24.167	18.968	16.429	

A breakdown of estimated Earmark Reserves at the end of each financial year is given below

Description	31.3.12 £m	31.3.13 £m	31.3.14 £m	31.3.15 £m	31.3.16 £m
Capital Investment	18.113	12.519	3.185	0.135	0
Major Incident	2.04	2.04	2.04	2.04	2.04
PFI Reserve	2.097	2.567	2.978	3.329	3.625
Pension Ill Health Reserve	0.881	0.881	0.881	0.881	0.881
Insurance Reserve	1.259	1.259	1.259	1.259	1.259
Probationer Reserve	1.346	4.866	4.366	2.366	0.366
Revenue and Project Costs	1.949	1.949	1.7	1.2	0.5
Helicopter Maintenance	0.317	0.317	0.317	0.317	0.317
Partnerships Reserve	0.789	0.489	0	0	0
Office of the PCC and PCC Transition	0.252	0.252	0.252	0.252	0.252
Total	29.043	27.139	16.978	11.779	9.24

10.5 Capital Investment Fund – To be used to invest in the assets and infrastructure of the Force to improve service provision and reduce revenue expenditure.

Major Incident Reserve – To be used in the event of a Major Incident requiring additional resources beyond those available within the annual budget. This reserve has enabled the Major Incident Contingency budget to be reduced.

PFI Reserve – This is required as the funding for PFI from the Government reduced annually, the fund will eventually reduce over the life of the PFI contract.

Pension Ill Health Reserve – The Authority has to pay a one off sum equivalent to x2 of an Officers pay for each Ill Health Retirement. Holding the Reserve has again enabled the budget to be reduced.

Insurance- This relates to the Municipal Mutual Insurance Limited scheme of Arrangement, which could result in a final payment of an estimated £0.432m and for unknown emerging claims.

Probationer Reserve – To be used to fund over establishment due to early recruiting.

Revenue and Project Costs – To be used to fund the cost of change.

Helicopter Maintenance Fund – Required in case of major repair requirements on the Helicopter prior to transfer to National Unit.

Partnerships Reserve – Balances held for specific Partnerships which will either be used or are held in the event of funding being withdrawn resulting in additional costs.

Office of the PCC and PCC Transition – OPCC reserved and amount earmarked for any transition costs.

10. Capital

10.1 As part of the cost cutting exercise the Capital Programme was suspended with only committed Projects proceeding in 2011-12. A full review of Capital requirements, with a focus on ‘invest to save’ projects was conducted in the main Capital spend areas of Estates, Fleet and IT. Details of these are included in the Capital Programme 2012-2017 (Appendix E) and are summarised below.

10.2 Capital Programme 2011-12 to 2015-16

Expenditure	£m	£M
	Feb 2012	Nov 2012
Estates	24.813	23.420
Vehicles and Equipment	8.742	9.381
IT Replacement Programme	6.942	6.560
Criminal Justice Digitalisation	1.950	0.975
IT Developments	<u>4.050</u>	<u>4.222</u>
Total	46.497	44.558
Funding		
Grants	5.400	5.507
Revenue Contribution	4.869	5.064
Reserves	18.115	18.115
Capital Receipts	7.726	7.676
Borrowing	<u>10.387</u>	<u>8.196</u>
Total	46.497	44.558

11 Summary

11.1 The Medium Term Financial Plan brings together the details from the re design of the Force, future income and expenditure projections and plans to meet future cuts. The assumptions, risks and sensitivities behind the forecasts are given. The Operational and Structural Plans are based on the Strategies and Plans agreed by the Force and the PCC and the Priorities agreed as part of the Three Year Plan, the MTFP allocates the resources to achieve the priorities set within a balanced budget.

Implications of this report

Diversity -

None

Financial -

These are explained in the report

Legal -

None

Risk-

This is outlined in the report

Welsh Language -

None

Appendix A

The Financial Strategy

Financial Strategic Objectives:

- Prioritise resources to align spending plans with the PCC's and CC's vision and strategic objectives as set out in the 3 year Strategic Plan
- Maintain a balanced budget position and to set a medium term financial plan that supports the service through the period of reduced funding
- Deliver value for money for local taxpayers
- Exercise probity, prudence and strong financial control
- Provide a robust framework to assist the decision making process
- Manage risk, including maintaining reserves at a suitable level whilst only incurring a sustainable level of debt
- Continually review budgets to ensure that resources are targeted on key objectives

To achieve the Strategy Objectives Planning is undertaken in the following areas:

Corporate and Business Planning

- To integrate operational and financial planning to ensure that resources are directed to support the priorities set out in the Strategic Plan and to match resources with corporate objectives
- To produce a financial plan for the next 4 years which will incorporate the Force's major capital and revenue projects and the IT and Estates strategies and provide sustainable funding over the short and medium term
- To produce a detailed annual revenue and capital budget which supports the most effective deployment of resources

Risk Management - Reserves and Provisions

- To maintain adequate reserves and provisions to ensure that the medium term policy programme is sustainable and can be delivered
- To aim to balance the revenue budget over the medium term without reliance on the use of general reserves
- To maintain the 3 levels of resilience by use of reserves and provisions:
 1. Annual Budget Management
 2. Earmarked Reserves including the Major Incident Reserve
 3. A General Reserve at between 3% and 5% of net revenue expenditure

Risk Management - Financial Control Framework

- To maintain a financial control framework which is key to maintaining effective standards of financial administration and stewardship. This will be achieved through the following

Adherence to Statutory Rules and Regulations

Code of Corporate Governance

Force Policies and Procedure notes

Financial Regulations and Standing Orders

Treasury Management Policy and adherence to Prudential Code

Implementation of Internal and External Audit recommendations

Management of Risk

Codes of Professional Conduct

- To maintain and develop adequate financial systems to record and control resources and move towards full electronic processing
- To align financial responsibility at the operational level with the appropriate management control or influence
- To ensure that accurate, up to date financial information is available to enable users to apply it effectively in decision making.