

**WEST MERCIA POLICE AND CRIME PANEL
7 FEBRUARY 2017****WEST MERCIA BUDGET 2017/18 AND THE MEDIUM TERM
FINANCIAL PLAN 2017/18 – 2020/21**

Report of the Budget Task Group

1. The Task Group of Paul Middlebrough, Sebastian Bowen, Stephen Reynolds, Carole Clive and Roger Evans, supported by Tim Rice, Kate Griffiths and Sean Pearce (Worcestershire County Council's Chief Financial Officer) met with the Police and Crime Commissioner, his Chief Finance Officer and the Chief Executive.
2. The Task Group were mindful that our main role was to review the precept proposals and to report to the Police and Crime panel on our findings. The group examined the financial strategy in the proposals budget for 2017 / 2018 and the Medium Term Financial Plan through to 2020/2021 in the context of the Policing Plan and the Commissioner's election promises.
3. The Commissioner explained how the draft budget reflected his proposals to modernise the force, continue investment in technology, make efficiencies in the use of premises, create a visible police force, provide support for victims of crime and protection of the most vulnerable in society. The group heard about the consultation process with the public and his wish to revamp the budget making process within the force during the year.
4. The Commissioner's Chief Finance Officer outlined the financial risks and the reserves strategy. Balances will reduce from £50.6 million at 1st April 2017 to £19.8million at 31st of March 2021. The minimum level of balances is recommended as £14.5million. The income foregone from not increasing the precept in 2017/2018 is £1.5million per year. The Medium Term Financial Plan assumes future annual increases in the precept.
5. Four main financial themes were explored:
 - 1) The opportunity that may be foregone from not raising the precept in 2017/18 in line with the increases that have been levied in previous financial years;
 - 2) The deliverability of the budget in the context of a significant savings requirement in 2017/18 based on the budget pressures and savings set out in Section 5 including those that are intended to be delivered through invest to save schemes such as the PCC's Digital Strategy;
 - 3) The Medium Term risk presented by the Home Office review of Police Funding and the reserves carried for the future impact from any changes to funding methodologies; and

- 4) The extent to which future increases in interest rates may increase the costs of borrowing that need to be undertaken to deliver significant capital investment over the Medium Term Financial Plan.
6. During the discussion the Commissioner addressed issues arising from questions about investment in premises, in Shrewsbury and Telford, rural policing, mental health, communication blackspots and balancing policing resources as some parts of West Mercia see greater demographic growth than other areas.
7. The question facing the Panel today is:
8. **Will the Policing Plan supported by an ambitious transformation program be deliverable within the resources for the coming year and the expectations of the Medium Term Financial Plan?**
9. The Task Group would like to thank the Commissioner and his staff for the clarity of their written and oral presentation. We also thank the support from Worcestershire County Council's team at the meeting.

Recommendation

10. **The Police and Crime Panel is recommended to:**
 - a) **consider the information provided by the Budget Task Group and approve the precept recommendation for 2017/18, and**
 - b) **to consider and comment on the medium term financial plan.**

Appendix

- Guidance related to the scrutiny of the precept by Police and Crime Panels.