

This document is an extract from:

[2019-20 Budget and Capital Revenue Development Programme and MTFP to 2022-23](#)

4 Robustness of Estimates and Adequacy of Financial Reserves Advice

- 4.1 As CFO to the PFCC it is my duty to specifically comment on the robustness of the estimates put forward for the PFCC's consideration. For the reasons set out in this report and from my own review of the estimates process I am satisfied that the proposed spending plan for 2019/20 is sound and robust.
- 4.2 There are however a number of areas of savings that will need to be delivered from a revenue perspective in 2019/20 to deliver a balanced financial position. The key to most of these is the delivery of the Transformation Programme that has been discussed within this report.
- 4.3 The likely risk from a financial perspective, however, in terms of revenue spending is likely to be similar to 2018/19 where the biggest risks will be in relation to the levels of Police Officers that are employed within the year. Of key concern will be the ability of the Force to deliver the recruitment and training of additional Police Officers in line with the plans set out within this report.
- 4.4 The main risk in terms of higher than forecast spend will come from any pay awards agreed during the year.
- 4.5 It will be vital to continue to closely monitor the financial position throughout 2019/20 to ensure that the finances support the delivery and achievement of the Police and Crime Plan objectives.
- 4.6 The funding available to deliver the Capital plans of the organisation are robust and the focus will continue to be on delivering the schemes and the benefits that are expected from those scheme.
- 4.7 A review has been undertaken of the PCC's reserves and general balances. The PCC's general balances and reserves are an important part of the PCC's risk management strategy giving the financial flexibility to deal with unforeseen costs or liabilities. Assuming the approval of the plan set out in the budget report, I am satisfied that the PCC would have adequate levels of financial reserves and general balances throughout the MTFP provided that service restructuring is delivered and future growth, if any, is managed and funded from sustainable savings.

- 4.8 In overall terms the capacity to increase precept has reduced the overall risk that the organisation faces in terms of Funding in the short term. Both the next Comprehensive Spending Review and the subsequent Funding Formula review could however change this position significantly.
- 4.9 The MTFP forecasts that General Reserves will be maintain at nearly £6m across the MTFP which assumes a £1m underspend in 2018/19 is added to the general fund. This will provide a General Reserve of just under 4% of the Net Budget Requirement in 2019/20 and I believe this to be a reasonable level given the overall challenges and risks faced by the organisation.