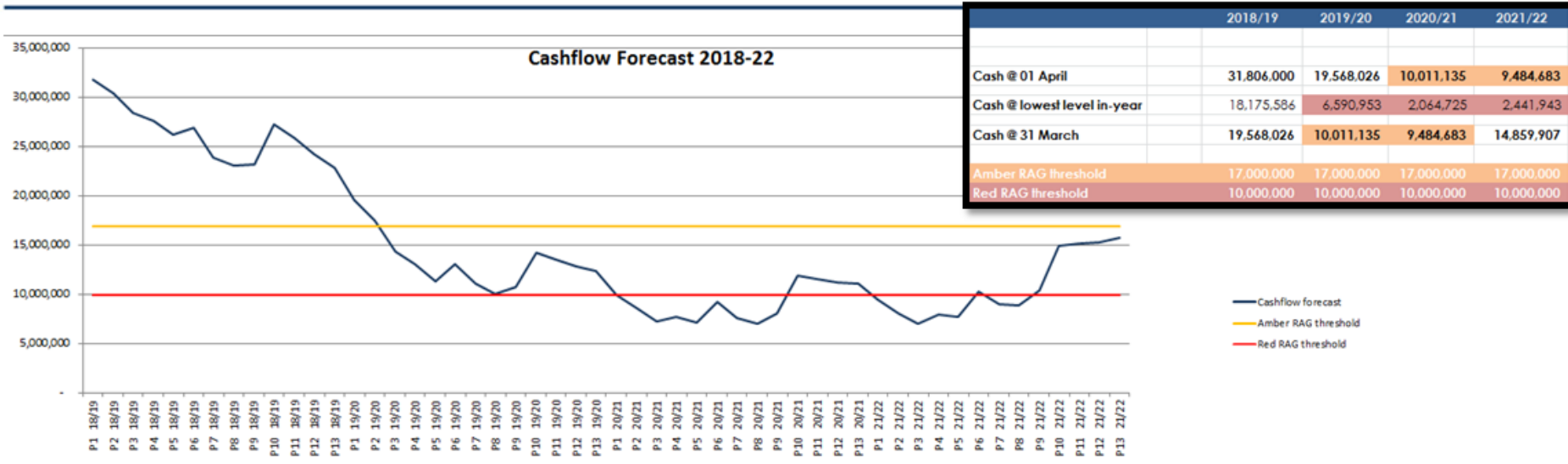


# Strategy & Planning Committee

## MTFP Funding Recommendations

23 Nov 2017

# CASHFLOW IMPACT - SUMMARY



- The above graph sets out the forecast cash balances at the beginning of each period to the end of 2022.
- The table highlights the lowest weekly cash balance in each financial year.

## General assumptions:

- Weekly peaks and troughs based on 17/18 updated cashflow forecast
- Income and expenditure figures based on MTFP figures in this pack
- Capital and revenue spend per MTFP workings in this pack
- 3 month time delay between capital/revenue project spend and cash outflow

# Cash reserve level, a survey was conducted by PACCTS Technical Support Team 11 October 2017



- HMIC inspection of BTP highlighted high monetary value.
- In the absence of any formal or statutory guidance the survey began by asking what level of general reserves the PCC maintains.
- Of those that provided specific figures, the majority (20 out of 35) reported a policy of holding **minimum general reserves at 3% of net revenue expenditure or less.**
- Responses indicated a high level of mindfulness that reserves must not keep money away from front-line policing.
- Applying to BTP reserve this will lead to an average of c.£10m, which is in line with our RAG.

# Funding Assumptions and Risks

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Brought Forwards reserve</b>	<b>60,063</b>	<b>56,959</b>	<b>48,064</b>	<b>37,295</b>	<b>31,956</b>
<b>In year I/E:</b>					
Income	295,814	306,497	291,738	299,026	308,580
Approved transfer from Reserves	1,120				
BTP costs	(295,097)	(310,451)	(298,006)	(300,380)	(303,684)
BTPA costs	(2,472)	(2,551)	(2,341)	(2,305)	(2,379)
<b>Net income/(costs) after pressures</b>	<b>(634)</b>	<b>(6,505)</b>	<b>(8,609)</b>	<b>(3,659)</b>	<b>2,517</b>
<b>External depreciation</b>	<b>(2,470)</b>	<b>(2,390)</b>	<b>(2,160)</b>	<b>(1,680)</b>	<b>(600)</b>
<b>YE reserve</b>	<b>56,959</b>	<b>48,064</b>	<b>37,295</b>	<b>31,956</b>	<b>33,873</b>

## Funding assumptions in MTFP -

- Charge to PSA Holders is based on 3.2% RPI increase
- Charge to TfL in based on 3.2% RPI increase, (TfL are expected to seek to reduce funding contributions. Discussions have commenced with TfL to set out what correlating reduction in services (possibly via EPSAs) would be requested. )

## Key cash flow related assumptions:

- All PSA holders pay on time
- Capital and project expenditure is weighted towards the end of 2018/19.

# Strategy Committee

## Recommendations are:

- PSA holders charges for 2018/19 will be capped at 3.2% RPI.
- Fully fund the revenue and capital shortfall from cash reserves.
- Authority executive and DfT should reach agreement regarding a Capital Grant to cover the capital spend relating to CT & ESN.

Cash	2017/18	2018/19	2019/20	2020/21	2021/22
Cash @ 31 March	31,806	19,568	10,011	9,485	14,860
DFT capital grant		9,000			
<b>Revised cash position</b>	<b>31,806</b>	<b>28,568</b>	<b>19,011</b>	<b>18,485</b>	<b>23,860</b>

- Actively manage cash flow (including payments and receivable) and report on risks to the Performance and delivery committee as well as the Audit and Risk Committee for dipping below the £10m cash RAG threshold.
- Before the end of the current financial year (2017/18), the Authority executive must secure underwriting for salary coverage from DfT.
- If the forecasted cash holding during 2019/20 will be forecasted to dip below the £10m cash RAG threshold, a proposal to increase charges to industry for 2019/20 (RPI+) will be brought to the Authority in Q3 2018/19.