Chief Finance Officer's Budget Statement

Preamble

It is a statutory requirement that the designated Chief Finance officer must issue a professional statement on the adequacy of reserves, robustness of estimates and overall effectiveness of the systems of financial control and risk management general. The following fulfils that requirement.

Context

The Kent police Service, as with all public services, is facing major grant reductions as a result of the broader deficit reduction priority of the coalition government. Along with the remaining two years of the existing CSR, which runs to 2014/15, and the strong possibility that a similar rate of reduction will be imposed for 2015/16 and 2016/17, set a funding backdrop over 20% grant reduction over the four life the Commissioner's plan. Thanks to the strong work put in place by the Force and the old Police Authority in the past, sound plans are in place to deliver necessary savings through to 2014/15. However, the possible funding reductions in 2015/16 onwards will require a further fundamental review of the police model nationally and locally. Even in this challenging context there are the added uncertainties of likely changes in how the national pot of available grant is allocated between police services, over the medium term. The new Commissioner also becomes responsible for existing or new funding streams in support of the broader criminal justice landscape in Kent. They will also be subject to probable grant reductions over that period.

Notwithstanding the above, the most significant contextual point must be that we are dealing with a completely new model of police governance locally and not least in the person of a directly elected Police and Crime Commissioner.

Key statements

I am satisfied that the estimates have been drawn up in robust way, recognising that medium term forecasts beyond 2013/14 will inevitably carry more uncertainty. We have assumed pay awards have been capped at 1% for 2013/14 and at 2.5% thereafter. For non-pay we are assuming general inflation at 2.5% for all four years but with a 15% hike in 2013/4 for energy. Beyond that any known and quantifiable pressures have been included over the medium term. The key assumption on grant resources is covered above and our current plans also assume 2% increases in precept every year over the four years of the plan. Taken together with inflationary pressures, results in a requirement to find some £53m of savings over the next four years with existing plans in place covering the £20m required over the first two years.

I have reviewed reserves and have designated them into three categories; costs of change, necessary risk management and available to support manifesto commitments. The Commissioner has accepted my advice on designations and levels in each case. I am satisfied that they remain prudent and appropriate. I am also satisfied that the operation of Internal and external audit and the operation of financial controls is sound. However, the level of savings required and the dependency and thus exposure to government decisions on grants, means that regular monitor and review of delivery plans and active risk management remain vital parts of the local governance arrangements.