

Committee	Dated:
Police Committee	24 May 2018
Subject: Refresh of Draft Medium Term Financial Plan up to 2022/23	Public
Report of: The Chamberlain and the Commissioner of Police Pol 47-18	For Information
Report author: Ian Dyson, Commissioner of Police	

Summary

This report provides an update on the Medium Term Financial Plan presented to Police Committee and Finance Committee in December 2017. The revised MTFP position is summarised in Table 2.

Since the presentation of the Q3 budget monitoring position paper to your March 2018 Committee which reported a balanced position, there has been a revision of the predicted 2017/18 outturn that now indicates an underspend of £3.45m for the end of this financial year. The consequent increase in the reserves balance will reduce the financing gap in 2019/20. This is summarised in the table below.

	2017/18 Draft Outturn £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
(Deficit) Surplus	3.5	(3.5)	(4.2)	(4.1)	(4.8)	(5.3)
Total Expected (Use of) Contribution to Reserves	3.5	(3.5)	(3.5)	0.0	0.0	0.0
Financing Gap - (Deficit) Surplus	0.0	0.0	(0.7)	(4.1)	(4.8)	(5.3)

The Chamberlain and Commissioner require more assurance about the robustness of the assumptions underpinning the future plans. A joint task group led by the Deputy Chamberlain, will be established to review the key assumptions and establish the quantum of the underlying budget deficit with an initial report by the summer recess followed by a rebasing of the MTFP during Autumn 2018.

Recommendations

Members are asked to:

- 1) Note the latest forecast outturn of an underspend financial position for 2017/18 of £3.5m increasing the balance on the Police Reserve to £7.0m.
- 2) Note the reduction in forecast budget deficit reducing in 2018/19 to £3.5m, with deficits forecast in subsequent years of £4.2m in 2019/20, £4.1m in 2020/21, £4.8m in 2021/22 and £5.3m in 2022/23.
- 3) Note the forecast drawdown of the Police Reserve in 2018/19 and 2019/20, leaving a small financing gap on current assumptions in 2019/20 with a significant financing gap from 2020/21 onwards.
- 4) Note the indicative capital programme funding requirement of £17m over the next 5 years to 2022/23, to be funded from City Fund resources. It is anticipated that a further request for funding the Force IT will be in the region of £15m. The total capital shortfall to be funded by the City Fund will increase to £32m over the period to 2022/23.
- 5) Note the establishment of a task and finish group, to be chaired by the Deputy Chamberlain, to review the assumptions made in the 2018/19 budget and future years of the MTFP including efficiencies and income forecasts. The MTFP will also be informed by early outputs from the work of the Transformation Board as it builds the new operating model. An initial report will be produced reviewing the key assumptions made in the MTFP by the summer recess followed by a rebasing of the MTFP during Autumn 2018.

Main Report

Background

1. This report provides your Committee with an update to the draft medium term financial plan up to 2022/23. The changes in outturn for 2017/18 since the last report are set out in Table 1 and outline the changes in assumptions since the report in December 2017 to 2019/20 resulting in a decrease in the deficit of £4.3m across the three financial years from £8.5m to £4.2m.
2. The main areas contributing to the forecast underspend are as follows, pending year end procedures where further accounting adjustments are likely to adjust the final position:
 - a. The Supplies and Services budget is underspent by £0.7m, mainly as a result of the savings target achievement.
 - b. The Third Party payments budget is underspent by £2.6m. Most of this underspend relates to Action Fraud contract costs which are the subject of ongoing negotiation with regard to the extended 'go live' date for the new service.

- c. The force was provided with an additional £1.1m in IT funding from City Fund resources which was not spent.
- d. The Force was reimbursed for costs relating to Counter Terrorism incidents for which it provided a response at London Bridge, Westminster, Manchester Arena and Parson's Green Tube.
- e. There was not an increase in ill health cases during the current year, and therefore the budget agreed is adequate.
- f. Payments and liabilities relating to current arrangements for concessionary travel are within budget and will not exert additional budgetary strain.
- g. The underspends are offset by income under-recovery of £1.9m where budgeted income has not been received. Further details are provided at paragraph 14.
- h. The Employee Pay Budget was expected to be underspent due to Police Officer and Police Staff Vacancies. This has not materialised and the employee pay budget is balanced. Accurate workforce forecasting remains a challenge given resource constraints within the Finance Department that are now being addressed, along with the unpredictability of staff turnover and the ability to rapidly fill vacancies. The Force, as of April 2018, has addressed the significant vacancies of 2017 and is now broadly at full establishment strength.

Table 1: Forecast Budget Variations

Budget changes since December 2017	2017/18 Latest Outturn £m	2017/18 Changes £m	Total £m	2018/19 Estimate £m	2019/20 Estimate £m	Total £m
Budget (deficit)/surplus reported in December 2017	-	-	-	(4.3)	(4.2)	(8.5)
Negative Police Settlement	(0.7)	-	(0.7)	-	-	(0.7)
City contribution to capital	1.4	-	1.4	1.0	-	2.4
City Fund: budget gap	0.9	(0.9)	-	-	-	-
Direct Employee Costs	1.2	(1.0)	0.2	0.5	0.5	1.2
Indirect Employee Pay	(0.5)	0.3	(0.2)	-	-	(0.2)
Premises	-	(0.9)	(0.9)	(0.9)	-	(1.8)
Supplies & Services	-	0.7	0.7	-	-	0.7
Third Party Payments	-	2.6	2.6	-	1.1	3.7
Contingencies	-	0.3	0.3	-	-	0.3
Government Grants	-	0.7	0.7	-	-	0.7
Recharges to Capital Projects	-	0.5	0.5	-	-	0.5
Increase in IT budget funding	-	1.1	1.1	-	-	1.1
Transfers from Reserves	-	(0.4)	(0.4)	-	-	(0.4)
Recharges across Funds	-	0.3	0.3	-	-	0.3
Probationer Intake 2017 Scale Differentials	0.2	(0.2)	-	0.2	0.2	0.4
Forecasted Probationer Intake Differentials	-	-	-	0.3	0.5	0.8
Police Officer Bonus Calculation	-	-	-	(0.4)	-	(0.4)
Police Officer and Police Staff Pay Award	(0.4)	0.4	-	-	-	-
Increased Rail Contributions: Police Officers	-	-	-	0.2	0.2	0.4
Police Staff Efficiencies	0.2	(0.2)	-	0.5	0.5	0.9
2015 Business Support Service Review	-	-	-	0.2	0.3	0.5
Police Officer Overtime (Bear Scotland)	-	-	-	(0.1)	(0.1)	(0.2)
PAYE Settlement (ATOC Tax Charge)	(0.1)	0.1	-	-	-	-
Legal costs	(0.2)	-	(0.2)	-	-	(0.2)
Non Pay Efficiencies and Reductions	(0.5)	0.5	-	(1.3)	(1.3)	(2.6)
Non Pay Inflationary Provision	-	-	-	(0.3)	(0.3)	(0.6)
Additional Fees	(0.2)	0.2	-	-	-	-
Armed uplift Income	-	-	-	0.3	0.3	0.6
Funding from Sponsorship Agreement	-	-	-	0.5	0.5	1.0
Revised Assumptions: Police Grant Settlement	-	-	-	(0.7)	(2.0)	(2.7)
Benefits Realisation: Niche/Mobile	-	-	-	0.2	0.6	0.8
Transformation savings: Deloitte	0.3	(0.3)	-	1.0	1.0	2.0
Unfunded Pensions Costs	-	-	-	(0.4)	(2.1)	(2.5)
Business Rate Premium Adjustment	-	-	-	-	0.1	0.1
Income Underrecovery	-	(1.9)	(1.9)	-	-	(1.9)
Budget (deficit)/surplus as reported in Mar 2018	1.6	1.9	3.5	(3.5)	(4.2)	(4.2)

Pay efficiencies arising from the Demand and Vfm 'quick wins' have been reinvested to fund the development of the transformation team.

Revenue Position

- The City of London Police draft medium-term financial plan (MTFP) is outlined in Table 2. This covers both core budget and funded programmes.

Table 2 Medium Term Financial Plan – 2018/19 to 2022/23

Police Medium Term Financial Plan Updated 2018	2017/18 Updated Draft Outturn £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Employees	(91.7)	(92.7)	(92.2)	(93.1)	(94.0)	(95.0)
Police Officer Probationary Intake Saving	0.2	0.2	0.2	0.2	0.2	0.2
Projected Probationer Intake	0.0	0.3	0.5	0.8	1.0	1.0
Police Staff Pay Efficiencies	0.3	0.5	0.5	0.5	0.5	0.5
Non Pay Expenditure	(40.7)	(27.8)	(28.4)	(28.0)	(27.5)	(27.0)
2015 Business Support Services Review	0.0	0.2	0.3	0.3	0.3	0.3
Transformational Savings	0.3	1.2	1.6	1.7	1.7	1.7
Increased Rail Contribution from Officers	0.0	0.2	0.2	0.2	0.2	0.2
Less savings achieved	0.9	0.0	0.0	0.0	0.0	0.0
Non Pay Inflationary Provision	0.0	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Vacancy factor		0.5	0.5	0.5	0.5	0.5
Expenditure	(130.7)	(117.9)	(117.2)	(117.3)	(117.4)	(117.9)
Specific Government Grants	43.7	34.6	38.5	38.9	38.9	38.9
Partnership Income	10.3	13.2	13.2	12.9	12.4	12.4
Fees and Charges	3.2	1.1	1.1	1.1	1.1	1.1
Other						
Income	57.3	48.8	52.8	52.9	52.4	52.4
Allocation of POCA Funding	1.1	0.0	0.0	0.0	0.0	0.0
Total Net Expenditure	(72.4)	(69.1)	(64.4)	(64.4)	(65.1)	(65.5)
Funded by:						
Core Grant	54.6	56.8	51.4	51.5	51.4	51.4
Business Rates Premium	8.8	8.8	8.8	8.8	8.8	8.8
Contribution to Capital	1.2	1.0	0.0	0.0	0.0	0.0
Contribution to SRP	4.9	0.0	0.0	0.0	0.0	0.0
Contribution to IT	1.1	1.1	0.0	0.0	0.0	0.0
Contribution to Action Fraud	5.2	(2.1)	0.0	0.0	0.0	0.0
Resources Cash Limit	75.9	65.6	60.2	60.3	60.2	60.2
(Deficit) Surplus	3.5	(3.5)	(4.2)	(4.1)	(4.8)	(5.3)
General Reserves						
Opening Balance at 1 April	3.5	7.0	3.5	0.0	0.0	0.0
Total Expected (Use of) Contribution to Reserves	3.5	(3.5)	(3.5)	0.0	0.0	0.0
General Reserves In-Hand Overdrawn at 31 March	7.0	3.5	0.0	0.0	0.0	0.0
Financing Gap - (Deficit) Surplus	0.0	0.0	(0.7)	(4.1)	(4.8)	(5.3)

Pay Expenditure

- The employee pay budgets increased over the medium term since ambitions for police staff efficiencies were not achieved. Cost of living increases and police pay awards have been included at 2% for 2018/19 and 1% thereafter. This is unlikely to be sufficient to meet the cost of future pay awards and non-pay cost inflation and will need to be revisited in the next iteration. Police bonuses introduced this year have also been included in the 2018/19 budget at 1%. Table 3 below shows the current Force establishment, movements and current strength.

Table 3 Planned Force Establishment 2018/19 to 2022/23

Force Establishment at December 2017	Police Officers FTE	Police Staff FTE
Opening Establishment	710	410
Efficiency Target Reversed and armed uplift	25	39
New posts since April 2018	20*	16
Efficiencies (Core Posts)	0	(11)
Reduction in Funded posts (OACU)	0	3
Closing MTFP Establishment	755	451
of which:		
Funded Posts	123	105
Core Posts	632	346
Post currently in Use	N/A	426**

* Growth in Police Officer posts approved at January 2018 Police Committee to address STRA vulnerabilities

**This figure excludes agency staff who have been brought in temporarily to fill funded post vacancies to ensure full cost recovery. There are currently 6 such agency staff.

5. The table above shows there are 346 core police staff posts in the establishment and this is where the Force is targeting reductions.
6. The Force committed to a plan of reducing Police Staff establishment in January 2016, from a baseline of 450 to 410 full time equivalent posts. This was not achieved for a number of reasons some of which were delays in IT dependent process change, which meant that the Force remained at approximately 450.
7. Since January 2016, the Force has also reviewed the number of supernumerary posts, which were considered to be longer term posts, for example, the programme team delivering the new Action Fraud system which has overrun. This led to an additional 16 posts being added to the Force Establishment during 2016. This was reported to Police Committee in January 2017.
8. In late 2017 the Force reviewed all posts to realise efficiencies where appropriate. This process released 11 police staff posts that have been shown as an efficiency saving above, and 11 police officer posts for redeployment to address growing threat and risk. Further staff efficiencies will be achieved through the CoLP Transform Programme, reported on separately.

Non Pay Expenditure

9. Non Pay expenditure is modelled on the 2015/16 baseline of £29.3m and reduced in future years in line with savings achieved in 2017/18. This baseline assumption will need to be tested for accuracy in order to refine the forecast for future years beyond 2018/19.

Income

10. Some income streams have been subject to changes which are explained below.
11. Historically, many of the secondments of staff from the force have involved reclamation of salary costs from the host. This income has been included in the budget but has not been reduced as the number of staff on secondment have fallen. The estimated £0.9m reduction in recovered costs has been absorbed within the force pay budget.
12. Risks have been identified with the performance of the Economic Crime Academy which is anticipated to under recover income, as the agreed improvement plan has not fully realised the financial benefits in this year. This will be reported to Members when the final position is agreed.
13. The Chamberlain and Commissioner have identified that income assumptions require further analysis; in particular, ambitions on the Economic Crime Academy and the domestic/ international training opportunities.

Efficiency Strategies and Mitigations

14. The Force has already adopted a number of initiatives to address the budget deficit which are summarised below.
 - a. Renegotiation of contracts in 2017/18.
 - b. 11 police staff posts have been realised as a saving and have been reflected in the MTFP. It is anticipated that further such posts will be identified during the course of 2018/19 and 2019/20.
 - c. The Demand and Value for Money (VfM) Review work commenced with the CoLP Transform Programme launch in January 2018. Indicative savings of £1.7m forecast from the Demand and VfM Review and other major programmes such as NICHE have been factored into the MTFF from 2018/19 and subsequent years, however the team will seek to identify further savings of greater magnitude when this work commences and progress will be reported during 2018.
15. In support of managing demand the Force has established a Resolution Centre, which went live at the end of November 2017, to channel, process and reduce demand across the Force.

Capital and Major Revenue Projects

16. The provisional capital programme for 2018/19 to 2022/23 shown in Appendix A has been updated. In accordance with Members' approval in December 2016, the financing of the Force capital programmes from City Fund resources is subject to scrutiny and approval for financing by Finance Committee.

17. The 2017 capital outturn is £6.03m and was funded through a combination of Grants, earmarked funds and revenue financing from Police and City Fund budgets. These programmes are outlined at Appendix A. The Force has a number of programmes which are at various stages within the project gateway process and are therefore pipeline projects. These programmes are unfunded, with the overall capital funding shortfall estimated at £17m, also detailed within Appendix A.
18. A key driver of the expenditure within the pipeline programmes is the Emergency Security Network (ESN) Home Office programme. This has significantly more risk and uncertainty than any other Force programme due to scope uncertainty, programme value, timing and level of Home Office funding contribution. It is anticipated that resources over and above the earmarked allocation may be required to deliver ESN.
19. A further request for additional funding to implement the Force IT Strategy will be forthcoming. It is anticipated that the request for funding will be in the region of £15m. The total capital shortfall to be funded by the City Fund will increase to £32m over the period to 2022/23.
20. As advised to Members in the December 2016 report, the Force continues to require capital investment support from the Corporation to modernise the Force and support the development of invest to save initiatives. This ongoing support needs to be part of the overall debate on the sustainability of the MTFP.

Conclusion

21. A single solution is unlikely to be sufficiently significant to mitigate the ongoing deficit and a combination of measures will need to be considered, to include:
 - a. scrutiny and delivery of the efficiencies recommended by Deloitte;
 - b. management and delivery of the 2% savings target to be agreed with the Corporation, noting that the Force has not received the 2% inflation uplift in local risk budgets as have other departments;
 - c. rationalisation of the workforce following implementation of the Target Operating Model; and
 - d. continued support from the Corporation for capital investment priorities, and contribution to core budget.
22. The Chamberlain and Commissioner require more assurance about the robustness of the assumptions underpinning the revised MTFP. An officer task and finish group, chaired by the Deputy Chamberlain, will therefore be established to review the assumptions made in both the 2018/19 budget and in future years of the MTFP including efficiencies and income forecasts. The MTFP

will also be informed by early outputs from the work of the Transformation Board as it builds the new operating model. An initial report will present a review of key assumptions before the summer recess followed by a rebasing of the MTFP during Autumn 2018.

Appendices

- Appendix A – Capital Programme: 2017/18 Outturn and Indicative 2018/19 – 2022/23
- Appendix B - Revenue Income Funded Units 2018/19 – 2022/23
- Appendix C – Revenue Income Core Units 2018/19 – 2022/23
- Appendix D – Planning Assumptions

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Capital Programme: 2017/18 Outturn and Indicative 2018/19 to 2022/23

Appendix A

Table 1: Approved Capital and Supplementary Revenue Projects				Table 1: Approved Capital and Supplementary Revenue Projects			
	Forecast Outturn 2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Approved Projects							
<u>Pre-implementation</u>							
Unified Comms		(18)					(18)
<u>Authority to start work granted</u>							
Body Worn Video TFG	(63)						(63)
ICT Support to CCCI Functions	(2,569)	(540)					(3,109)
Joint Network Refresh							0
LAN		(216)					(216)
WAN	(1,436)						(1,436)
Payroll and Duty Management System - HR Integrated	(236)	(200)					(436)
ESMCP - Integrated Command	(836)						(836)
ROS - IMS/DRS (back office)	(765)	(1,221)					(1,986)
ROS - ANPR Cameras (excluding PAS elements)	(76)						(76)
Vehicle Purchases	(48)						(48)
Sub-total forecast expenditure on approved projects	(6,029)	(2,195)	0	0	0	0	(8,224)
Funding for Approved Projects							
General Support							
Home Office Capital Grant	959	400	400	400	400	400	2959
Police Revenue Contribution	1378						1378
Earmarked Funding							
Proceeds of Crime Funds - CCCI	951						951
Proceeds of Crime Funds - Body Worn Video	63						63
S31 Police Control Room Upgrade Grant - ESN	501	340					841
Bridge House Estates contribution to ROS - River							
Cameras(IMS/DRS)	114						114
On-Street Parking Reserve contribution to ROS - IMS/DRS	175						175
Additional Proceeds of Crime Funds - CCCI							0
Proceeds from sale of vehicles			48				48
Additional City Funding	1888	2195					4083
Sub-total funding for approved projects	6,029	2,935	448	400	400	400	10,612
Net Funding Carry forward Surplus/(Shortfall) after Additional City Funding	0	740	448	400	400	400	2,388

Table 2: Compliance and Pipeline Capital and Supplementary Revenue Projects				Table 2: Compliance and Pipeline Capital and Supplementary Revenue Projects			
	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Compliance and Pipeline Projects							
<u>Indicative implementation costs for projects which have not yet received authority to start work</u>							
ESN ESMCP implementation (pipeline)		(4,000)	(4,000)				(8,000)
Telephony		(175)					(175)
Infrastructure Refresh		(150)					(150)
Digital Recorders		(250)					(250)
Secure City Programme (ex ROS)		(2,690)	(4,000)				(6,690)
Intranet upgrade		(100)					(100)
Sub-total indicative implementation costs for pipeline projects	0	(7,365)	(8,000)	0	0	0	(15,365)
Net Funding Surplus/(Shortfall) for compliance and pipeline projects	0	(6,625)	(7,552)	400	400	400	(12,977)
Overall Funding Surplus/(Shortfall) - approved and compliance/pipeline projects	(1,888)	(8,820)	(7,552)	400	400	400	(17,060)

Force Revenue Income – Funded Programmes

Income Analysis	Current RAG Status	Risk of Reduction %	Forecast Budget 2018/19 £'000	Forecast Budget 2019/20 £'000	Forecast Budget 2020/21 £'000	Forecast Budget 2021/22 £'000	Forecast Budget 2022/23 £'000
National Fraud Intelligence Bureau - NCSP	unconfirmed	1-5%	4,801	4,801	4,801	4,801	4,801
National Fraud Intelligence Bureau - Home Office	unconfirmed	1-5%	2,100	2,100	2,100	2,100	2,100
NLF - Home Office	unconfirmed	1-5%	2,500	2,100	2,500	2,500	2,500
Police Innovation Fund	confirmed		182	0	0	0	0
Government Grants Total			9,583	9,001	9,401	9,401	9,401
PIPCU - IPO	unconfirmed	1-5%	1,613	1,613	1,613	1,613	1,613
DCPCU - FFA UK	unconfirmed	1-5%	2,440	2,440	2,440	2,440	2,440
IFED - ABI	confirmed		3,880	3,880	3,880	3,880	3,880
ECVCU - MOPAC	unconfirmed		210	210	210	210	210
Partnership Income Total			8,143	8,143	8,143	8,143	8,143
Sales, Fees, Charges & Rents Total			0	0	0	0	0
Grand Total			17,726	17,144	17,544	17,544	17,544

Funded programmes are resource intensive and therefore Sponsorship Agreements and Grant Agreements should increase year on year in line with pay awards. A review of all funding arrangements is underway.

Appendix C

Force Revenue Income – Core Budget

Income Analysis	Certainty & RAG Status	Risk of Reduction %	Forecast Budget 2018/19 £'000	Forecast Budget 2019/20 £'000	Forecast Budget 2020/21 £'000	Forecast Budget 2021/22 £'000	Forecast Budget 2022/23 £'000
Counter Terrorism: Prevent - Home Office	unconfirmed	1-5%	103	103	103	103	103
National International Capital City - Home Office	unconfirmed	1-5%	4,529	4,529	4,529	4,529	4,529
Counter Terrorism: Critical National Infrastructure - Home Office	unconfirmed	1-5%	1,021	1,021	1,021	1,021	1,021
Counter Terrorism: Dedicated Security Posts - Home Office	confirmed	1-5%	3,736	3,736	3,736	3,736	3,736
Counter Terrorism Security Advisors - Home Office	unconfirmed	1-5%	140	140	140	140	140
Explosive Ordinance Devices - Home Office	confirmed	No Change	360	360	360	360	360
Pension Grant - Home Office	unconfirmed	1-5%	19,600	19,600	19,600	19,600	19,600
Loan Charge Grant - Home Office	confirmed	No Change	33	33	33	33	33
Government Grants Total			29,522	29,522	29,522	29,522	29,522
Safer Transport Team - TfL	unconfirmed	5-10%	1,338	1,338	1,338	1,338	1,338
Commercial Vehicle Unit - TfL	unconfirmed	5-10%	309	309	309	309	309
Firearms Uplift	confirmed	No Change	284	284	0	0	0
Late Night Levy - CoL	confirmed	No Change	310	310	310	310	310
Policing the Bridges - CoL	confirmed	No Change	214	214	214	214	214
Tower Bridge - CoL	confirmed	No Change	92	92	92	92	92
Disclosure and Barring Services	unconfirmed	1-5%	98	98	98	98	98
London Safety Camera Partnership - TfL	confirmed	No Change	200	200	200	200	200
POCA	unconfirmed	5-10%	500	500	500	500	500
Seconded Officers	confirmed	No Change	365	365	365	365	365
Sponsorship Agreement	confirmed	No Change	500	500	500	0	0
Servator	unconfirmed		0	0	0	0	0
Firearms Support - Bank of England	confirmed	No Change	800	800	800	800	800
Partnership Income Total			5,010	5,010	4,726	4,226	4,226
Car Pound Income	unconfirmed	1-5%	43	43	43	43	43
Fraud Academy	unconfirmed	5-10%	1,000	1,000	1,000	1,000	1,000
Bishopsgate Rent/Service Charges	unconfirmed	1-5%	39	39	39	39	39
Sales, Fees, Charges & Rents Total			1,082	1,082	1,082	1,082	1,082
Grand Total			35,614	35,614	35,330	34,830	34,830

MEDIUM TERM FINANCIAL STRATEGY 2017/18 to 2019/20

Core Planning Assumptions

Summary of MTFS assumptions	2018/19	2019/20	2020/21	2021/22	2022/23
<i>Pay inflation and pay related matters</i>					
- Provision for pay award	2.0%	1.0%	1.0%	1.0%	1.0%
- Provision for Apprenticeships	0.5%	0.5%	0.5%	0.5%	0.5%
<i>General inflation:</i>					
- Inflation on non-pay expenditure	2.0%	1.0%	1.0%	1.0%	1.0%
- Inflation on income	0.0%	0.0%	0.0%	0.0%	0.0%
- Inflation on rental income	0.0%	0.0%	0.0%	0.0%	0.0%
- Inflation on utility expenditure	0.0%	0.0%	0.0%	0.0%	0.0%
- Inflation on fuel	0.0%	0.0%	0.0%	0.0%	0.0%
- Contract inflation	2%	2%	2%	2%	2%
<i>National Insurance:</i>					
- Employers' NI Increase	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Concessionary Travel:</i>					
- Change in Rail Delivery Group contract	-0.2%	0.0%	0.0%	0.0%	0.0%
- increase in Officer Contributions to flat rate (lower rate)	86%	0.0%	0.0%	0.0%	0.0%
- increase in Officer Contributions to flat rate (higher rate)	30%	0.0%	0.0%	0.0%	0.0%
- increase in PAYE Settlement Agreement	116%	0.0%	0.0%	0.0%	0.0%
Local Government Pension Scheme					
- increase in police staff contributions	3.5%	3.5%	3.5%	3.5%	3.5%
<i>Resources: Change in Settlement Funding Assessment:</i>					
- Change to DCLG Settlement	0.0%	0.0%	0.0%	0.0%	0.0%
- Change to Legacy Council Tax	0.0%	0.0%	0.0%	0.0%	0.0%
- Change to Home Office Police Grant	-2%	-2%	-2%	-2%	-2%
- Change to Home Office Capital Grant	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Business Rates:</i>					
- Business rates inflation uplift	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Proceeds of Crime Act 2002:</i>					
- Forecasted increase/decrease in receipts	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Dedicated Security Posts:</i>					
- decrease in DRR3 posts	-8%	0.0%	0.0%	0.0%	0.0%
<i>Prevent:</i>					
- increase/decrease in Prevent funding	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Counter Terrorism Security Advisors (CTSA):</i>					
- increase/decrease in CTSA funding	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Armed Uplift Funding:</i>					
- decrease in Armed Uplift Income	-47%	0.0%	0.0%	0.0%	0.0%
<i>Policing the bridges Income:</i>					
- increase pay inflation	1.0%	1.0%	1.0%	1.0%	1.0%
Action Fraud Cash flow Adjustments	0	0	0	0	0
Police Officer Posts	735	735	735	735	735
Police Staff Posts	454	454	454	454	454
Force Change Team	7	7	7	7	7

The Force is entering into consultation with the Federation and officers to introduce a flat rate and increase the rate of contribution for free rail travel to £65 per officer per month.