

Issue	Panel Update	Actions/Recommendations
Monthly Financial Monitoring	<p>The Panel received summary financial and capital expenditure performance reports for period 4. The report shows an indicative forecast overspend in 2018/19. The Panel took the opportunity to examine budget v actual performance in some detail and the emerging risks and opportunities to the current financial forecasts.</p> <p>The Panel again expressed concern about the potential impact of</p> <ul style="list-style-type: none"> - A possible overspend in 2018/19 - The relatively low level of general reserves - The size of the capital programme - The scale of borrowing relative to prudential debt limits <p>The Panel was given assurance that there was a plan owned by the Strategic Governance Board to address the budget position and re-examine capital spending. The Panel also noted that this plan would be shared with the Police and Crime Panel as well as being examined at the next Finance Panel. The need to reflect the impact of these plans on the Medium Term Financial Strategy (MTFS) was also noted.</p>	<p>The Panel will continue to closely monitor the revenue reserves position and the development of revised 2018/19 capital and revenue plans.</p>
Treasury Management review	<p>The Panel received a six monthly update on treasury management. This report included some insightful analysis prepared by the treasury management advisor Arling Close. This compared Staffordshire's borrowing to other similar organisations. As a result, the advisors had recommended a revised prudential borrowing limit. The advisors had also reviewed the approach to Minimum Revenue Provision (MRP) applied in the organisation's revenue accounts and offered a range of options for consideration.</p> <p>The Panel discussed the options for the prudential borrowing limits and MRP recognising the impact they would have on the emerging MTFS.</p>	<p>The Panel will review the prudential borrowing limits and MRP as part of the 2019 MTFS.</p>
Reserves Strategy	<p>The Panel received a draft revised reserves strategy. The objectives of the strategy are that the PFCC maintains reserves to protect against risk, ensure contingencies are in place and to support investment in future projects. The revised strategy was to hold 2% of the budget in general reserve compared to the previous strategy of 3%. This is in addition to other specific reserve provisions.</p>	<p>The Panel will review the reserves position as part of the 2019 MTFS.</p>

	<p>The Panel debated the scale of appropriate general and specific reserves noting the impact major incidents can have on spending. The Panel also noted the 2017/18 year end position showed general reserves equivalent to 1.56% of the budget and the scale of improvement in the current financial position needed to achieve the strategic objective in the current year.</p>	
<p>Finance structure, systems and processes</p>	<p>The Panel received updates on progress with a new structure for the Force finance and commercial functions together with progress and risk reports on finance systems developments.</p> <p>The Panel was concerned about delays to the finance systems upgrade. It also noted the potential for a possible collaboration project given that Fire and Rescue have recently installed a new finance system.</p> <p>The Panel also expressed some concern about the pace of recruiting to the new financial management structure.</p>	<p>The Panel will continue to monitor plans to strengthen financial and commercial management and systems.</p>

Alan Edwards
ETAP Finance Panel Chair