



To: Business Co-ordination Board

From: Deputy Police and Crime Commissioner

Date: 25 February 2015

POLICE AND CRIME PLAN APPENDIX 1 – FINANCES UPDATE

1. Purpose

1.1 The purpose of the report is to provide the Business Co-ordination Board (“the Board”) with an update of the Police and Crime Commissioner’s (“the Commissioner”) Police and Crime Plan (“the Plan”) Appendix 1 – Finances. Also the report provides supporting information for review by the Police and Crime Panel (“the Panel”).

2. Recommendations

2.1 The Board to:

- Note the contents of the report
- Approve the update of the Plan – Appendix 1 for the Panel to subsequently review.

3. Background

3.1 The Commissioner presented the proposed precept and budget to the Board at their meeting on the 20th January 2015 for their consideration. The Commissioner notified the panel of his proposal to freeze the precept for the financial year 2015/16. The Panel endorsed this recommendation at their meeting.

3.2 When establishing, considering and scrutinising the budget The Policing Protocol Order 2011 should be kept in mind, which sets out some key guiding principles relating to the financing of Policing as follows:

- The Commissioner is the recipient of all funding..., related to policing and crime reduction and all funding for the Constabulary must come via the Commissioner. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable... The Chief Constable will provide professional advice and recommendations.
- The Commissioner must not fetter the operational independence of the police force and the Chief Constable who leads it.

- The Chief Constable is responsible to the public and accountable to the Commissioner for ... having day to day responsibility for financial management of the Constabulary within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner.
- In order to respond to the strategic objectives set by the Commissioner and the wide variety of challenges faced by the police every day, the Chief Constable is charged with the direction and control of the Constabulary and day-to-day management of such force assets as agreed by the Commissioner.
- The Commissioner is ultimately accountable to the public for the management of the police fund. The Commissioner and Chief Constable share a responsibility to provide effective management of the policing budget and to secure value for money on behalf of the public that they both serve.
- The Chief Constable has day to day responsibility for managing their allocated budgets after they have been approved by the Commissioner. The Chief Constable must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the Commissioner and those set within his Police and Crime Plan ("the Plan").

4. Revenue Budget 2015/16 build process:

- 4.1 The process of setting the budget for the 2015/16 financial year commences on the first of April the previous year, through the adoption of the policy to identify savings throughout the preceding financial year which contribute to the 2015/16 financial position. This is monitored, via budget monitoring which is reported monthly to the finance sub-group, Chaired by the Deputy Police and Crime Commissioner, whose minutes are reported to the Board.
- 4.2 The budget setting process commenced in earnest in September, with the known factors including contractual commitments, costs, pressures and savings identified during the current financial year, alongside assumptions relating to central government funding setting the financial landscape for the coming year. The Constabulary's Budget Managers were tasked with reviewing their budgets and recommending savings to initially the Constabulary's Director of Finance and Resources. This work was undertaken closely with the Finance Team.
- 4.3 In December 2014 the Home Office issued their provisional Police finance settlement. This showed a funding reduction of 5.1% in the main Police Grant, equating to just under £4m reduction for the Commissioner. At the time other funding announcements relating to Victims Grant, Capital Grant and top slicing for National Information Communications and Technology (ICT) Infrastructure were not made. Thereby, creating uncertainty around these funding streams. As a result of the funding settlement, the revenue budget was updated and showed a funding gap of £5.1m.

- 4.4 Due to the timing of the Provisional Settlement being announced a verbal update was given to the Board (BCB) at its meeting held on 17th December 2014, highlighting that the funding reduction was larger than the 4.7% which had been anticipated. This resulted in the gap increasing by £300k. The Medium Term Financial Plan was presented to the Board at its meeting on 8th January 2015 for consideration. This proposed a balanced budget for 2015. The Commissioner also announced his proposal to freeze the precept for the 2015/16 financial year.
- 4.5 At the Board meeting on 20th January 2015, the Precept Report was presented for approval. This covered both the Budget for 2015/16 and the Commissioners proposal to freeze the precept.

5. Revenue Budget Assumptions

5.1 As with all budgets, there were a number of assumptions made at the time of presenting the budget and precept to both the Board and the Panel. This would have been due to information received from Central Government being provisional, information awaited from partners and making forecasts of what is likely to happen during the financial year. The main assumptions are:

- Policing Grant reduction of 5.1%. This is now confirmed in the Home Office Final settlement issued on 4th February 2015.
- Figures for the Council Tax Base and Collection Fund were previously awaited. All information has been received from Local Authorities and is built into the budget.
- Police Staff pay awards was previously at assumed 1%. Notification has now been received that the Pay award will be 2.2% commencing in March 2015 and covering the period up to September 2016. This is an increase of £171k.
- Victims Grant provisional notification was £875k. Final notification was received in February 2015 allocating funding of £910k. This is an increase of £35k which has been built into the budget. However, there is no net impact on the budget as the grant expenditure has been increased accordingly.
- Police Officer pay award – 1% - Maintained at this level as negotiations have yet to commence on the pay award for September 2015
- General Inflation and Fuel Inflation – 1.40%
- Energy Inflation – 3.5%.

5.2 All final funding notifications (Police Grant and Victims Grant) have now been received. As can be seen from the above the main area waiting confirmation is the Police pay award.

6. Pressures and Growth

6.1 The budget gap which was identified for 2015/16 resulted from a combination of a reduction in funding and identified pressures. The pressures will have either been identified during the prior financial year or are an anticipation of increased costs in the 2015/16 financial year.

6.2 The main pressures impacting on the 2015/16 budget are:

- Pay awards and increments
- Inflation
- Contractual Commitments
- Known factors such as insurance premiums and software licence etc.

7. Savings

7.1 As referred to in para 4.1, savings contributing to the budget gap are identified throughout the preceding financial year. All budget managers were charged with addressing savings in their area of business and those savings were then challenged by their peers to produce a robust list of savings.

7.2 £4.7m of savings have been identified which has enabled the budget to be balanced for 2015/16. These have been considered, discussed and challenged at:

- Force Executive Meetings
- Chief Constable's Governance Board
- Financial Planning Days
- Change Management Board which oversees the capital programme
- Joint reviews by heads of service and finance team

They also underwent further scrutiny and challenge by the Commissioner as part of the budget build process at

- Finance Sub Group
- Business Coordination Board

7.3 The Precept report presented to Police and Crime Panel on 28th January 2015 highlighted the savings which have been identified. These included:

- Police Staff
- PCSO turnover and recruitment
- Transport costs
- Supplies and Services costs
- Increase in anticipated non discretionary income.

8. 2015/16 Revenue Budget

8.1 The 2014/15 budget represented the final year of the 2010 Spending Round which set out a 20% real terms reduction in grant funding for the Police Service for the period 2011/12 – 2014/15. 2015/16 is the first financial year not covered by a multi-year spending review.

- 8.2 The 2014/15 budget net revenue expenditure requirement was £130.9m. The net revenue expenditure requirement in 2015/16 will reduce to £129.6m. Table 2 below sets out a high level summary of the budget and shows that gross expenditure will decrease by £1.3m. Appendix A gives a further summary of 2015/16 budget and Appendix B sets out the budget on a subjective basis.

	2014/15 Budget £'m	2015/16 budget £'m
Local Policing	62.2*	72.4*
Operational Support	45.8*	32.3*
Collaboration	19.5	21.7
Office of the Police and Crime Commissioner	1.2	1.2
Community Safety / Crime Reduction Grants	1.3	1.3
Victims and restorative Justice Grants	0.4	0.9
Capital Financing Costs	2.2	1.8
Income	-1.7	-2.1
Net Revenue expenditure requirement	130.9	129.5

* As part of the collaboration outlined in section 10 the balance of support costs applicable to local policing are more directly applied

- 8.3 During 2014/15 the Constabulary have been able to deliver significant in year savings, which have contributed towards the budget gap which was identified for 2015/16. At the time of writing the underspend for 2014/15 is projected to be £3.8m

9. Precept and Council Tax Freeze Grant

- 9.1 Since taking Office in November 2012, the Commissioner has been ensuring that the Constabulary is delivering an effective and efficient policing service to the people of Cambridgeshire, which is sustainable in the future. To ensure that this can be achieved the Commissioner is overseeing (in conjunction with the Constabulary) the delivery of Programme Metis (provision of mobile technology) and Collaboration with Bedfordshire Police and Crime Commissioner/Police together with Hertfordshire Police and Crime Commissioner/Constabulary.

- 9.2 When considering the council tax, the Commissioner has ensured all efficiencies are identified and that the reserve levels are at an appropriate level to meet the needs of policing. The Commissioner is also mindful that during the previous four years the Government has offered a council tax freeze grant to any Policing bodies, who did not increase the level of council tax. These have been rolled into baselines and this will continue for 2015/16. The Department for Communities and Local Government has set this at 1% of the council tax. For Cambridgeshire this is worth £472k and has been assumed to continue for one further year only (2016/17) in the MTFP.
- 9.3 During the Election campaign the Commissioner had stated he would ensure value for money policing with no extra burden on the council taxpayer. The current rate of inflation, as at January 2015, is 0.3% which is lower than the council tax freeze grant on offer.
- 9.4 For the above reasons and also due to projects currently in place to deliver future efficiencies, the Commissioner will be freezing council tax for 2015/16 and will apply for the expected council tax freeze grant from the government. This means that the Band D council tax rate will remain at £181.35p for the 2015/16 financial year. This equates to £3.48 per week and 50p per day. The table below shows the 2015/16 council tax rate for each banding.

Council Tax Band	£
A	120.90
B	141.05
C	161.20
D	181.35
E	221.65
F	261.95
G	302.25
H	362.70

- 9.5 The Commissioner has now received notices from each local authority confirming the council tax base for 2015-16 and the collection fund surplus/deficit. The table below shows the total income to be collected from the authorities in 2015/16, which is based

on the information from the authorities and the council tax bands which have been set by the Commissioner.

	15-16 Council Tax Base	Total Precept	Collection fund surplus / (deficit)	Total Precept adjusted for collection fund
Cambridge City	39,946.20	7,244,243.37	-63,138.32	7,181,105.05
East Cambridgeshire District Council	28,263.00	5,125,495.05	17,678.00	5,143,173.05
Fenland District Council	27,368.00	4,963,186.80	63,150.00	5,026,336.80
Huntingdon District Council	58,329.00	10,577,964.15	69,068.00	10,647,032.15
South Cambridgeshire District Council	59,680.40	10,823,040.54	130,130.00	10,953,170.54
Peterborough City Council	52,305.00	9,485,511.75	0.00	9,485,511.75
Total	265,891.60	48,219,441.66	216,887.68	48,436,329.34

10.0 Medium Term Financial Plan

- 10.1 The Medium Term Financial Plan ("The Plan") is a projection of the likely resource requirements over the next four years (up to 2018/19), based on both known events and assumptions of likely occurrences (such as inflation). This is a live document which will be continually updated as and when new information is received.
- 10.2 The Financial Plan pulls together forecasts for expenditure, funding, precept, reserves and investments over the next four years, which then estimates the funding gap required to be addressed. This is a base tool for future planning, but it is important to stress that it is not the only tool used in future planning.
- 10.3 Whilst the Government has announced its funding intentions for 2015/16, it did not give indications to funding levels beyond this period. This has created a level of uncertainty as to future funding and the size of the budget gap over the next four years. The Commissioner and Constabulary have taken a prudent approach in estimating fund reductions within the Financial Plan, which are based on a number of factors including past funding reductions together with consideration of publications and reports in the public arena (i.e. Central Government forecasts of future departmental reductions).
- 10.4 The Financial Plan, Appendix B shows the key assumptions that have been made when predicting future resource requirements and funding levels. This shows the cumulative gap over the next four years is currently anticipated to be £17.3m.
- 10.5 The certainty within the Financial Plan is that the pressures are unavoidable. However, when the Commissioner came into office in November 2012, there was a realisation

(with the Chief Constable) that plans needed to be developed then to address the issues that would be faced in the years ahead. From this Programme Metis and Collaboration were borne:

Programme Metis:

- 10.6 Programme Metis is a technology enabled project aimed at freeing up front line police officer time through the use of the most up to date hardware and software which will bring together 27 different databases and all day to day policing reports, to be accessed by individual police officers computer, tablet or mobile phone whilst out and about in the community.
- 10.7 The benefits of this programme are starting to be realised as an increasing number of front line officers are accessing real time information (through the use of an application known as TuServ) at anytime and anywhere within the county. This means that an officer will know what issues there either are or have been within their vicinity and can respond without the need to always travel back to base. Over the coming year the system should be fully operational and the full benefit should begin to be realised. These benefits have already been demonstrated to be substantial and enable front line police to spend much more time in the communities they serve rather than “behind a desk”.
- 10.8 During 2013 extensive investigations were carried out within back office functions of the constabulary and how these might change with the development of TuServe and similar transformational changes in processes. A total of 29 areas of business, incorporating 68 cost centres, and based upon the business user requirements together with 1400 story cards were produced. These indicate significant potential savings in back office costs and it is expected that these will become increasingly available to support the budget over the coming three to four years.

Collaboration

- 10.9. The Commissioner and the Constabulary also identified that major opportunities could potentially be realised through collaboration. There are currently collaboration initiatives undertaken with Bedfordshire, Hertfordshire and Cambridgeshire (BCH) and the Eastern Region Special Operations Unit.

Bedfordshire, Cambridgeshire and Hertfordshire Collaboration

- 10.10 Building on the existing programme to collaborate the areas of operational policing described within Joint Protective Services, the Commissioners and Chief Constables of Bedfordshire, Cambridgeshire and Hertfordshire signed a memorandum of understanding in December 2013 to widen areas of collaboration. This established lead forces for the following functions:

- Joint Protective Services – Bedfordshire is the lead force and includes:
 - Armed Policing Unit
 - Automated Number Plate Recognition
 - Central Ticket and Collisions Administration
 - Counter Terrorism and Domestic Extremism
 - Delegation of Authority (on call arrangements)
 - Dogs Section
 - Major Crime Unit
 - Operational Planning and Support Unit
 - Road Policing Unit
 - Scientific Services Unit

- Organisational Support – Cambridgeshire is the lead force and includes:
 - Finance
 - Procurement
 - Human Resources
 - Training
 - Professional Standards
 - Information, Communications and Technology (ICT)
 - Information Management
 - Performance

- Operational Support – Hertfordshire is the lead force and includes:
 - Public Contact
 - Command and Control
 - Crime Recording
 - Criminal Justice
 - Custody
 - Firearms Licensing
 - Resource Management

10.11 The Collaboration is overseen by the Collaboration Support and Change Management function. The total 2015/16 budget for collaboration of services and support, which has been built into the Financial Plan is £17.5m. This is the cost of the services that have currently transferred into the collaboration and a contribution to the collaboration support team.

10.12 The potential savings from collaboration will be phased over a number of years. Building on Cambridgeshire principles of only including savings which have been realised, the budget includes £500k savings from Joint protective services and £600k from ICT. During 2015/16 full business cases are expected to be agreed and as defined savings begin to become a reality they will be included within the budgetary process.

10.13 Business Cases for other areas of Collaboration are anticipated to be presented during the financial year for approval to proceed. It is anticipated that these will commence realising savings during the year, which will contribute towards the funding gap in future years. The savings from these will only be taken (and the Financial Plan updated), when the full business cases are produced validating them and when they start to materialise. The main business cases anticipated during the financial year are:

- HR and Learning & Development - The Project Outline Document has been agreed and the Outline Business Case was accepted in February 2015. Initial savings are expected through the brigading of senior manager roles followed by work to operate common policies and procedures.
- Public Contact - An Outline Business Case for collaborating across Public Contact has been completed and is work is on-going to determine the optimum configuration for delivering Public Contact across the three counties taking into account the crucial role the service provides in the effective delivery of policing, the scope to use new technology to enable the public to contact the police and the scope to introduce more efficient processes.
- Information Communication and Technology (ICT) - Joint ICT work between the three forces has been undertaken over the last four years and there is a high level of alignment in future ICT plans in key areas such as 'back-office' systems, control room, mobile technology and our key crime systems, particularly Athena. A tri-force Director of ICT has been appointed and is in post. The Strategic Outline business case has been agreed and work is underway on the Full Business cases.
- The full business case for Fire Arms Licensing was agreed in February and other Business cases anticipated include Criminal Justice and Information Management.

ERSOU:

10.14 ERSOU was established in 2010 to deliver an increased response to tackling the threat of organised crime across the six police forces/police and crime commissioners (Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk) in the Eastern Region of the United Kingdom and to provide specialist covert policing capability to law enforcement. The Collaboration includes the Eastern Region Intelligence Unit, Regional Asset Recovery Team, Asset Confiscation Enforcement and the Cyber Crime Unit.

10.15 The budget includes a £2.1m contribution to this collaboration, which reflects the cost of the services that have been transferred to ERSOU.

Other Joint Arrangements

10.16 The Commissioner is also engaged in a national arrangement for the provision of air support for the Cambridgeshire through the National Police Air Service (NPAS) and ensuring custody capacity through an arrangement with Norfolk Police to share the use of King's Lynn Police Investigation Centre.

11. Specific Grants

11.1 The Commissioner has allocated £2.25m of grant funding to use towards various community safety and victim led initiatives/services. These specific grants have controls in place and recipients must demonstrate that the money has been used for the correct purpose. This is outlined below:

- The Police Reform and Social Responsibility Act 2011 gave Commissioners the powers to make crime and disorder reduction grants. In 2013/14 the Commissioner received a Community Safety Grant, which in subsequent years has been rolled into the main Policing Grant to be used at the Commissioners' discretion. As within 2014/15, the Commissioner has decided to maintain this grant (albeit at a level which is representative of the Policing Grant reduction received from the Home Office), which means, when combined with the grants that the Commissioner took over from the Constabulary, he is able to allocate £1.3m of grants towards community safety and crime reduction.
- The Commissioner received £455k during 2014/15 from the Ministry of Justice to commission services for victims. For 2015/16 a full years (£910k) funding allocation will be received. This funding is to enable the Commissioner to provide:
 - (i) services for victims of crime and particularly victims in the priority categories outlined in the Victims' Code: victims of the most serious crime, persistently targeted victims, and vulnerable or intimidated victims, to help them cope with the immediate impacts of crime and, as far as possible, recover from the harm they have experienced
 - (ii) services for victims of sexual and/or domestic violence;
 - (iii) support services for family members;
 - (iv) Capacity and capability building for restorative justice services (this element of the grant is not ringfenced).

11.2 The move from national to local commissioning of victim support services has enabled the Commissioner to not only integrate the provision of services, but also to enhance

them. In a pioneering move, the Commissioner has opted out of national Victim Support services and created a police-led local Victims' Hub staffed by local people who understand local crime trends and the local support services available. Victim Care Co-ordinators assess victims of crime to determine the level of support they need and then help them in the most appropriate way, bringing in specialist services, commissioned primarily by the Commissioner, as required.

12. Capital Financing

- 12.1 The Capital Programme expenditure for 2015 to 2019 has been financed without the need for external borrowing, which has been the wish of the Commissioner, to continually ensure that available resources are maximised for policing purposes. Financing of the programme will be through a number of different sources which include Capital Grant from Government, Capital Receipts, Revenue Contributions and the use of Capital Reserves for its intended purpose.
- 12.2 The Capital Programme 2015 to 2019 revenue effects are included in the budget and the Financial Plan.

13. Office of the Police and Crime Commissioner (OPCC)

- 13.1 The Plan is a live document which has been updated during the year to reflect the work of the Commissioner and duties of the Office of the Police and Crime Commissioner (OPCC) have changed significantly since the Commissioner came into office. These include taking on the responsibility for the provision of certain victims' services from November 2014 and the continued scrutiny and oversight implications of the large collaboration projects being undertaken to deliver the savings required over the next few years.
- 13.2 From 2014 the Commissioners' Office incorporated the strategic overview and direction of Estates. This is in line with the Commissioners' responsibility for the ownership of all land and property utilised for policing activities.
- 13.3 Despite the increased responsibilities and workload that comes with this, the commissioner is mindful of not wanting to impose additional burden on the tax payer. Therefore he has made the decision to freeze his budget for 2015/16 at the same level as 2014/15 and absorb any pay and cost inflation pressures within this.
- 13.4 The budget of 2015/16 has been reviewed and the £20k increase shown within the overall budget relates to a transfer of the external audit fees from the Constabulary budget. The staffing budget has been increased by £79k to reflect the full cost of staff who came into post during the 2014/15 financial year. These posts reflect the increased responsibility and the widening remit of the Commissioner and include the posts of Volunteer Co-Ordinator, Southern Outreach worker and Director of

Communications, along with increasing the number of hours for Strategic Advisor, who took on the Victims and Restorative Justice programmes. This increase in cost was funded through the review of Legal fee requirements for 2015/16.

- 13.5 It is currently anticipated that the OPCC will underspend on its budget by £100k during 2014/15. It is the intention to hold this in a reserve to be used in 2015/16 to provide and in depth overview for the Commissioner of BCH collaboration and commissioning services.
- 13.6 The OPCC detailed budget is shown at appendix C.

14. Robustness of estimates

- 14.1 Under Section 25 of the Local Government Act 2003, the Commissioner's Chief Financial Officer is required to report on the robustness of the estimates made for the purposes of the budget calculations.
- 14.2 Work on the 2015/16 budget gap started at the beginning of 2014/15, as the Constabulary identified savings during the financial year which contributed towards balancing the budgets for the next financial year. This is the established practice, which ensures that the savings and efficiencies are achievable and the Constabulary continually strives to ensure effective and efficient policing.
- 14.3 All budget managers were charged with addressing savings in their area of business and those savings were then challenged by their peers to produce a robust list of savings. The Constabulary Finance Team then worked with budget managers to secure the savings identified.
- 14.4 As described in para 4.1, over the last few years the Constabulary has been able to deliver savings ahead of schedule. This has slightly eased the pressure on preparation of the 2015/16 budget, however the future remains very challenging as the funding gaps demonstrate.
- 14.5 The Commissioner has built on the Constabulary's tried and tested budget preparation and monitoring arrangements. This includes scrutiny of where and how savings have been achieved and reassurance that, where possible, they have been built into the following year's budget.

15. Use of Reserves

- 15.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves as part of budget setting considerations.
- 15.2 Appendix D sets out the Commissioner's reserves including estimated movements in 2014/15 and 2015/16.

- 15.3 Earmarked Reserves have been built up over the last few years specifically for the financing of capital (via the Capital Reserve). The Capital Reserve has been applied to fund legacy schemes (schemes approved pre 2013) and use of the Capital Reserve in this way reduces the pressure on the revenue costs required to fund the capital programme.
- 15.4 The Commissioner holds a general reserve (7%), primarily as a contingency for major police operations which may come out of the blue and at major cost.

16 Police and Crime Plan Update

- 16.1 Appendix E shows the updated Plan Appendix 1. This sets out the resourcing for the financial year and has been updated for the financial year 2015/16, to reflect the approvals from the Board and the endorsement of the Precept from the Panel. The Financial Plan has been updated for the latest known information and covers the periods 2014/15 to 2018/19.

17 Further information:

- 17.1 The Commissioner routinely publishes financial information on his website, which is available for all to access. This includes the follow (with links the area of the website):
- Financial Information - <http://www.cambridgeshire-pcc.gov.uk/transparency/financial-information>
 - Expenditure over £500 - <http://www.cambridgeshire-pcc.gov.uk/transparency/expenditure-over-500>
 - Contracts over £10k - <http://www.cambridgeshire-pcc.gov.uk/transparency/financial-information>
 - Office of the Police and Crime Commissioner – Staffing - <http://www.cambridgeshire-pcc.gov.uk/transparency/the-office-of-the-police-and-crime-commissioner-staffing>
 - Office of the Police and Crime Commissioner salaries - <http://www.cambridgeshire-pcc.gov.uk/transparency/salaries>
 - Expenses - <http://www.cambridgeshire-pcc.gov.uk/transparency/expenses>
 - Business Co Ordination Board Papers - <http://www.cambridgeshire-pcc.gov.uk/business-coordination-board>

18. Summary

- 18.1 The Commissioner has achieved a balanced budget for 2015/16 through ensuring (in conjunction with the Constabulary), that efficiencies are driven out of all parts of the Organisation, whilst maintaining a commitment to not put additional burden onto the tax payer.

18.2 The Financial Plan shows a gap of over £17m in 2018/19. The commissioner has already set in motion initiatives including Metis and Collaboration to contribute towards addressing the gap and will continue to seek opportunities to maximise the efficiency and effectiveness of the Constabulary as well as his own office.

18.3 It is important for the Board to note that the budget is a forecast of what is expected to happen in the financial year based on known information and assumptions. There is a potential that events during the financial year could necessitate a reallocation of budgets, if differing priorities emerge.

19. Recommendations

- Note the contents of the report
- Approve the update of the Plan – Appendix 1 for the Panel to subsequently review.

Source Document (s)	Contact Officer	Location
	Robert Vickers, Interim Chief Finance Officer, Police and Crime Commissioner Niki Howard, Chief Finance Officer, Constabulary	Cambridgeshire Police & Crime Commissioner, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA

APPENDIX A

Cambridgeshire Office of the Police and Crime Commissioner – Medium Term Financial Forecasts Summary

	Budget 2014/15 £'000	Proposed Budget 2015/16 £'000	Forecast Budget 2016/17 £'000	Forecast Budget 2017/18 £'000	Forecast Budget 2018/19 £'000
Local Policing Expenditure	53,366	63,221	64,495	66,061	67,666
Operational Support Expenditure	42,383	29,395	29,849	30,453	31,070
Net Cost of Police Pensions	12,249	12,121	13,472	13,809	14,154
Total Income	-1,755	-2,126	-2,126	-2,126	-2,126
Collaboration Expenditure	19,446	21,705	22,417	21,956	22,470
Office of the Police and Crime Commissioner	1,224	1,244	1,263	1,291	1,320
Community Safety / Crime Reduction Grants (OPCC)	1,341	1,307	1,307	1,307	1,307
Victim and Restorative justice Grant	454	910	0	0	0
Capital Financing Costs	2,204	1,756	3,080	3,224	2,574
NET REVENUE EXPENDITURE	130,912	129,532	133,757	135,975	138,435
Contributions +To /- From Reserves	163	-395	0	0	0
NET BUDGET REQUIREMENT (NBR)	131,075	129,137	133,757	135,975	138,435
Budget -Decrease / +Increase Year on Year	0	-0	0	0	0
TOTA FINANCING	131,075	129,137	125,558	123,045	121,265
BUDGET GAP	0	0	-8,199	-12,930	-17,170

Band D Council Tax £

£181.35

£181.35

£184.07

£187.38

£190.76

APPENDIX B

Cambridgeshire Office of the Police and Crime Commissioner – Medium Term Financial Forecasts

	Forecast 2014/15 £'000	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000
Employee Costs:					
Police Officer Pay & Allowances	45,953	45,353	46,392	47,552	48,741
Police Officer Overtime	1,880	1,880	1,880	1,880	1,880
Sub-total Police Officers	47,833	47,233	48,272	49,432	50,621
PCSO Pay & Allowances	4,876	4,787	4,863	4,984	5,109
Support Staff Pay	23,298	23,058	23,422	24,008	24,608
Support Staff Overtime	203	183	186	191	195
Sub-total Police Staff	23,500	23,241	23,608	24,198	24,803
Training	700	587	596	607	617
Other Employee Expenses	41	31	31	32	33
Other Employee Costs	741	618	627	639	650
Total Employee Costs	76,950	75,879	77,371	79,253	81,183
Police Pension Costs:					
Notional Employer Contributions	9,787	9,598	11,721	12,036	12,360
Injury Pensions	2,308	2,329	2,364	2,407	2,450
Pension Admin & Comp Grant	155	194	-614	-634	-656
Total Police Pension Costs	12,249	12,121	13,472	13,809	14,154

	Forecast 2014/15 £'000	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000
Premises Costs:					
Building Repairs, Alterations & Maintenance	825	967	982	999	1,017
Utility Costs	1,046	945	978	1,012	1,047
Rent & Rates	1,260	1,571	1,595	1,623	1,652
Other Premises Costs	284	76	44	10	-26
Cleaning Contract	530	522	529	539	549
Total Premises Costs	3,944	4,080	4,127	4,183	4,239
Transport Costs:					
Vehicle Running Costs	1,866	1,679	1,704	1,735	1,766
Hired Transport	12	12	12	12	13
Travel Expenses	565	522	530	539	549
Vehicle Recharges	-733	-733	-744	-757	-771
Total Transport Costs	1,711	1,480	1,502	1,529	1,557
			0	0	0
Supplies & Services:			0	0	0
Catering & Operational Feeding	228	178	181	184	187
Clothing, Uniforms & Laundry	372	372	378	384	391
Communication Costs	2,336	2,366	2,402	2,445	2,489
Computing Costs	2,630	2,291	2,325	2,367	2,410
Conference & Seminar Costs	59	45	46	47	48
Consultancy, Legal & Audit Costs	589	233	236	240	245
Doctors - Medicals and Prisoners	1,000	992	1,007	1,025	1,043
Equipment & Materials	1,097	451	457	465	474
Informants, Identity Parades	160	126	128	130	133
Insurance & Risk Management	586	794	806	820	835
Interpreters	400	380	386	393	400
Mutual Aid	-207	-150	-152	-155	-158
Other Supplies & Services	1,157	972	987	1,005	1,023
Printing, Stationery & General Office Expenses	495	361	366	373	379
Staff Subsistence Expenses	113	107	108	110	112
Subscriptions & Contributions	605	255	258	263	268
Total Supplies & Services	11,620	9,771	9,918	10,096	10,278
Hosted Services	1,524	1,406	1,427	1,453	1,479

	Forecast 2014/15 £'000	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000
Collaboration Expenditure:					
Armed Policing	2,413	2,380	2,459	2,520	2,583
Collaboration Support	530	1,895	1,962	1,000	1,000
CTC	214	0	0	0	0
Dogs Unit	850	842	870	892	914
Major Crime	3,227	3,211	3,317	3,400	3,485
Operational Planning	407	367	379	389	398
Procurement	256	268	277	284	291
PS Command	170	201	208	213	218
PSD	866	884	913	936	960
Roads Policing Unit	4,844	4,813	4,973	5,097	5,224
Scientific Services	2,614	2,671	2,760	2,829	2,899
Total BCH Collaboration	16,390	17,532	18,117	17,559	17,973
Other Collaboration Initiatives:					
Counter Terrorism and Domestic Extremism	641	622	643	659	675
ERSOU	1,029	2,121	2,191	2,246	2,302
Helicopter	480	490	502	511	521
Kings Lynn Police Investigation Centre	906	940	964	981	999
Total Other Collaboration Initiatives	3,056	4,173	4,300	4,397	4,497
Total Collaboration Expenditure Office of the Police and Crime Commissioner:	19,446	21,705	22,417	21,956	22,470
Police Staff & Commissioner	874	954	969	994	1,018
Other Employee Expenses	5	4	4	4	4
Premises Costs	36	36	37	37	38
Transport Costs	19	19	20	20	20
Supplies & Services	290	230	233	236	240
Total OPCC Expenditure	1,224	1,244	1,263	1,291	1,320
Community Safety / Crime Reduction Grants	1,341	1,307	1,307	1,307	1,307
Victim and Restorative justice Grant	454	910			
Capital Financing Costs:					
Revenue Contribution to Capital	836	493	1,808	1,983	1,333
Interest	475	455	461	461	461
Minimum Revenue Provision	893	808	811	780	780
Total Capital Financing Costs	2,204	1,756	3,080	3,224	2,574
GROSS REVENUE EXPENDITURE	132,667	131,658	135,883	138,101	140,561

	Forecast 2014/15 £'000	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000
Total Income:					
Sales, Fee & Charges	-887	-1,139	-1,139	-1,139	-1,139
Other Grants and Contributions	-166	-341	-341	-341	-341
Rental Income	-73	-73	-73	-73	-73
Interest on Balances	-50	-70	-70	-70	-70
Private Use of Police	-197	-155	-155	-155	-155
Other Income	-353	-334	-334	-334	-334
Costs Recovered	-30	-15	-15	-15	-15
Total Income Received	-1,755	-2,126	-2,126	-2,126	-2,126
NET REVENUE EXPENDITURE	130,912	129,532	133,757	135,975	138,435
Contributions +To /- From Reserves	163	-395			
NET BUDGET REQUIREMENT (NBR)	131,075	129,137	133,757	135,975	138,435
Budget -Decrease / +Increase Year on Year	-1.5%	-1.5%	3.6%	1.7%	1.8%
Financed by:					
<i>Business Rates less CTFG</i>	25,309				
<i>Police Grant</i>	51,964				
Total Formula Grant	77,273	73,325	69,365	65,619	62,076
Actual Grant Reductions	4.80%	-5.11%	-5.40%	-5.40%	-5.40%
Victim and Restorative Justice Grant	454	910			
Precept	47,190	48,219	49,726	51,431	53,194
Legacy Council Tax Grants	5,995	5,995	5,995	5,995	5,995
Council Tax Freeze Grant New		472	472		
Collection Fund - Deficit / +Surplus	163	217			
TOTAL FINANCING	131,075	129,137	125,558	123,045	121,265
		-1.48%			
BUDGET GAP	0	0	-8,199	-12,930	-17,170
		0	-8,199	-4,731	-4,239
Band D Council Tax £	£181.35	£181.35	£184.07	£187.38	£190.76
Increase	£3.42	£0.00	£2.72	£3.31	£3.37

	Forecast 2014/15 £'000	Forecast 2015/16 £'000	Forecast 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000
KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE					
Council Tax base increases					
Actual	1.50%				
Forecast		2.13%	1.60%	1.60%	1.60%
Council Tax	1.92%	0.00%	1.50%	1.80%	1.80%
Tax base	260,217	265,892	270,146	274,468	278,860
Grant increase / Decrease (-)	-4.80%	-5.11%	-5.40%	-5.40%	-5.40%
Police officer pay rise (w.e.f 01/09)	1.00%	1.00%	1.29%	1.50%	1.50%
Police staff pay rise	1.00%	2.20%	0.58%	1.50%	1.50%
Increment increase	0.70%	1.00%	1.00%	1.00%	1.00%
General & Fuel Inflation	2.00%	1.40%	1.50%	1.80%	1.80%
Energy Inflation	5.00%	3.50%	3.50%	3.50%	3.50%

APPENDIX C

Office of the Police and Crime Commissioner (OPCC)

Subjective	Narrative	PCC	PCC		Comments
		2014/15 Budget	2015/16 Forecast	Movement	
		£'000	£'000	£'000	
030001	Police Staff Pay & Allowances	873.7	960.7	87.0	Increased Capacity for new Functions
081100	Training - Support Staff - External	0.6	0.6	0.0	
	Agency Staff/Seconded Officers		0.0	0.0	
092600	Advertising for Support Staff	4.0	4.0	0.0	
120000	Rents & Leases	36.0	28.0	-8.0	
230200	Support Staff Travel Expenses	3.1	6.1	3.0	
230300	Reorganisation Travel	1.8	1.8	0.0	
250000	Car Allowances Staff (staff mileage)	14.5	14.4	-0.1	
330000	Printing & Stationery - General	7.6	10.6	3.0	
330100	Postage & Carriage Costs	2.0	1.5	-0.5	
331000	Photocopier - Rentals	0.9	0.9	0.0	
331100	Photocopier Copy Charges	1.0	0.5	-0.5	
331300	Other Office Equipment	1.0	1.0	0.0	
332000	Books & Publications etc.	0.1	1.0	0.9	
332100	Printed Materials	5.0	3.0	-2.0	
342200	Casual Hire of Rooms	1.0	2.0	1.0	
343100	Consultants - Non-Operational	16.5	10.0	-6.5	
343200	Legal Fees - Civil	98.0	12.0	-86.0	Review of requirements for 2015/16
346000	External Audit Fees	45.0	65.0	20.0	
346100	Internal Audit	46.0	46.0	0.0	Transfer from constabulary
347100	Advertising - Non Recruitment	2.0	2.0	0.0	
351000	Computer Hardware - Purchase	1.5	1.5	0.0	
351300	Computer Software Purchase	0.2	0.2	0.0	
351600	Computer Consumables & Peripherals	3.0	1.9	-1.1	
356100	Telephone Rental	0.1	0.5	0.4	
360000	Support Staff Subsistence Expenses	1.5	2.0	0.5	
361000	Conference & Seminar Costs	4.0	5.0	1.0	
362100	Hospitality - Internal	0.1	2.1	2.0	
363100	Members Attendance Allowance	7.8	8.8	1.0	
363200	Members Travel Expenses	0.5	3.4	2.9	
365000	Custody Visitor-Expenses	3.5	3.5	0.0	
365200	Custody Visitor-Training & Conferences	2.0	2.1	0.1	
371100	Subscriptions Corporate	40.0	41.9	1.9	
NRE	NET REVENUE EXPENDITURE	1,224.0	1,244.0	20.0	

Appendix D

General and Earmarked Reserves - Movements

	Balance	Forecast		Balance	Forecast		Balance
	31			31			31
	March	2014/15		March	2015/16		March
2014			2015			2016	
		Added	Applied		Added	Applied	
	to	to	to		to	to	
	Reserve	Reserve	Reserve		Reserve	Reserve	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Innovation Reserve	592	-	-	592	-	-	592
Carry Forward Underspending Reserve	985			985			985
Insurance Reserve	908			908			908
Ill-Health Retirement Reserve	627			627			627
Capital Reserve	5,525	1,500	(615)	6,410		(937)	5,473
Collaboration Initiatives Reserve	2,106			2,106			2,106
Drug Forfeiture (Operational) Reserve	97	31	(3)	125			125
Operational Contingency Reserve	500			500			500
Metis Programme Year 3 and 4 Reserve	2,000			2,000			2,000
Budget Assistance Reserve	2,624	2,300		4,924		(395)	4,529
Capital Carry Forward Reserve	537			537			537
Total Earmarked Reserves	16,502	3,831	(618)	19,715	-	(1,332)	18,383
General Reserve	9,205	-	-	9,205	-	-	9,205
Total Usable Reserves	25,707	3,831	(618)	28,920	-	(1,332)	27,588

APPENDIX E

Police and Crime Plan Appendix 1 – Finances

The Budget

- The total budget the Police and Crime Commissioner is responsible for allocating is £129.1 million for 2015/16.
- Previously ring-fenced Community Safety Funding (CSF) has been incorporated into the main grant.
- Savings of £4.7 million have been found and £0.4m of Budget Assistance reserve have been used to balance the budget for 2015/16. Further reductions in spending of an estimated £8.2 million are needed to balance the budget in 2016/17.
- Careful consideration was given to the advantages and disadvantages of accepting the 2015/16 council tax freeze grant. This led to the decision to accept this grant on the basis that all efficiencies had been identified and reserve levels are at an appropriate level to both meet the needs for policing and contribute towards meeting the anticipated challenges of the future.
- Cambridgeshire is one of the lowest costing forces with one of the highest percentages of officers deployed operationally on the “frontline”. The cost of policing per head of population in Cambridgeshire is less than in most other areas - £160.70 compared to an average of £183.50.
- To ensure a balanced budget the Commissioner has made significant savings and proposed a council tax freeze to the Cambridgeshire Police and Crime Panel. The Panel did agree to the increase, which enables no extra burden being placed on the council tax payer.

The Workforce

- 1,343 Police officers (990 dedicated to local policing)
- 150 Police Community Support Officers
- 816 Police staff (including 15.91 full time equivalent Office of the Police and Crime Commissioner staff)
- 300 Special Constables and still recruiting

Reserves

- General reserves are held in the event of the occurrence of any unforeseen high impact policing operations. The Commissioner will have estimated general reserves of £9.2m (7 per cent of net budget) at the end of 2014/15.

Capital Programme

- The Commissioner has a capital programme (premises and other assets) for 2015/16 of £2.6m which includes historical and new commitments such as:
 - Programme Metis (using technology to release officers' time), other ICT and communications projects to replace current systems with updated and integrated ones
 - Major repairs to buildings
 - Replacement of vehicles
 - Collaborated Unit projects

Community Safety Funding – Police and Crime Reduction Grants

The Police Reform and Social Responsibility Act 2011 gave Commissioners the power to make crime and disorder reduction grants. The Act provides that such a grant 'in the opinion of the elected local policing body, will secure, or contribute to securing, crime and disorder reduction in the body's area'. Grants for Cambridgeshire are made in line with the Police and Crime Objectives and Sir Graham Bright's personal pledges within this Police and Crime Plan.

For 2015/16 the grants will be awarded from the main police grant rather than from a ring-fenced Community Safety Fund. This means they have had to take into account the 5.1% reduction in the overall police grant. Some grants have also faced a slighter higher reduction against 2014/15 funding levels, which has released funding to enable for sustainable projects

	2015/16 Funding (£)
COMMUNITY SAFETY GRANT ALLOCATIONS	
Cambridge City Community Safety Partnership	39,217
Fenland Community Safety Partnership	34,710
Huntingdonshire Community Safety Partnership	22,990
East Cambs Community Safety Partnership	17,580
South Cambs CDRP	15,777
Cambridgeshire Drug & Alcohol Action Team	93,960
Safer Peterborough Partnership	132,339
Cambridgeshire Youth Offending Service	127,296
Peterborough Youth Offending Services	135,506
Drug Intervention Programme Peterborough	166,050
Integrated Offender Management	38,909
Drug Testing in Custody	35,000
Cambridgeshire Criminal Justice Board	23,725
MAPPA	47,450
Cambridgeshire Local Safeguarding Board	48,468
Peterborough Local Safeguarding Board	37,773
Huntingdon Business Against Crime	5,694
Countryside Watch	12,337
Crimestoppers	24,000
Cambridgeshire Safeguarding Adults Board	4,745
Peterborough Safeguarding Adults Board	4,745
Emerging Projects	30,000
Emerging Community Safety Initiatives (one off projects in 2015/16 only)	45,000
Emerging Victims Initiatives (one off projects in 2015/16 only)	33,498
Innovation fund provision	32,632
Police Cadets	14,000
ECINS	75,600
Road Victims Trust	41,000
TOTAL	1,340,000

	2015/16 Funding (£)
VICTIMS SUPPORT GRANT:	
Victims' Hub	446,000
Shrievalty Trust	50,000
Support for parents of sexually abused children - SARC	42,000
Restorative Justice	147,000
Supporting migrant workers who are victims of exploitation	30,000
Cambridgeshire County Council IDVA MARU	40,000
Young Peoples Independent Sexual Violence Advocates	80,000
Mental Health Pathfinder Project	75,000
TOTAL VICTIMS SUPPORT GRANT	910,000
TOTAL OF ALL GRANTS	2,250,000

The Future

Partnership Working

- In the Commissioner's first year much work has been undertaken to influence how partners approach problems which impact on all agencies. Responding to and preventing problems caused by alcohol misuse, working together on mental health, addressing anti-social behaviour and safeguarding vulnerable people remain high on the Commissioner's list of priorities.

Victims

- The Commissioner's role, and the operation he is now running, is completely different to the one he inherited and it is increasing all the time. Responsibility for commissioning support services for victims transferred to the Commissioner in October 2014. The Commissioner wants to put the victim in the driving position, ensuring they receive the necessary help and support to cope, recover and, where possible, return to the life they had before the crime occurred. The Commissioner is also championing work with offenders to prevent people becoming victims in the first place.

Police and Crime Commissioner's Youth Fund

- The Commissioner is making a further £40k available in 2015/16, from Police Property Act monies, to the Cambridgeshire Community Foundation to fund small projects (no more than £2k) to engage youth people in positive community activities. Awards would be prioritised in areas linked to high levels of youth offending and child deprivation.

Cambridgeshire Police and Crime Commissioner - 2015/16 Budget and Medium Term Financial Forecasts

	Budget 2014/15 £'000	Proposed Budget 2015/16 £'000	Forecast Budget 2016/17 £'000	Forecast Budget 2017/18 £'000	Forecast Budget 2018/19 £'000
Local Policing Expenditure					
Police Officer Pay	43,061	44,657	45,638	46,732	47,854
Police Staff	5,429	13,777	13,995	14,345	14,703
PCSO Pay & Allowances	4,876	4,787	4,863	4,984	5,109
Total Local Policing Expenditure	53,366	63,221	64,495	66,061	67,666
Operational Support Expenditure					
Police Officer Pay	4,772	2,576	2,635	2,700	2,767
Police Staff	18,071	9,464	9,614	9,854	10,100
Goods and Services	19,540	17,355	17,601	17,899	18,203
Total Operational Support Expenditure	42,383	29,395	29,849	30,453	31,070
Net Cost of Police Pensions	12,249	12,121	13,472	13,809	14,154
Collaboration Expenditure					
BCH Collaboration	16,390	17,532	18,117	17,559	17,973
CT and DE	641	622	643	659	675
ERSOU	1,029	2,121	2,191	2,246	2,302
Helicopter	480	490	502	511	521
Kings Lynn PIC	906	940	964	981	999
Total Collaboration Expenditure	19,446	21,705	22,417	21,956	22,470
OPCC	1,224	1,244	1,263	1,291	1,320
Community Safety / Crime Reduction Grants (OPCC)	1,341	1,307	1,307	1,307	1,307
Victim and Restorative justice Grant	454	910	0	0	0
Capital Financing Costs	2,204	1,756	3,080	3,224	2,574
GROSS REVENUE EXPENDITURE	132,667	131,658	135,883	138,101	140,561
Total Income	-1,755	-2,126	-2,126	-2,126	-2,126
NET REVENUE EXPENDITURE	130,912	129,532	133,757	135,975	138,435
Contributions +To / - From Reserves	163	-395	0	0	0
NET BUDGET REQUIREMENT (NBR)	131,075	129,137	133,757	135,975	138,435
Budget -Decrease / +Increase Year on Year		-1.5%	3.6%	1.7%	1.8%

	Budget 2014/15 £'000	Proposed Budget 2015/16 £'000	Forecast Budget 2016/17 £'000	Forecast Budget 2017/18 £'000	Forecast Budget 2018/19 £'000
FINANCED BY:					
Formula Grant	77,273	73,325	69,365	65,619	62,076
Victim and Restorative Justice Grant	454	910	0	0	0
Precept	47,190	48,219	49,726	51,431	53,194
Council Tax Freeze Grant - rolled to main grant	5,995	5,995	5,995	5,995	5,995
Council Tax Freeze Grant - New	0	472	472	0	0
Council Tax Support Grant	0	0	0	0	0
Collection Fund - Deficit / +Surplus	163	217	0	0	0
TOTAL FINANCING	131,075	129,137	125,558	123,045	121,265
BUDGET GAP	0	0	-8,199	-12,930	-17,170
			-8,199	-4,731	-4,239
Band D Council Tax £	£181.35	£181.35	£184.07	£187.38	£190.76
KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE					
Council Tax base increases actual	1.50%				
Council Tax base increases estimated	0.00%	2.13%	1.60%	1.60%	1.60%
Council Tax	1.92%	0.00%	1.50%	1.80%	1.80%
Tax base	260,217	265,892	270,146	274,468	278,860
Grant inflation increase / Decrease (-)	-4.80%	-5.11%	-5.40%	-5.40%	-5.40%
Police officer pay rise (w.e.f 01/09)	1.00%	1.00%	1.29%	1.50%	1.50%
Police staff pay rise (w.e.f. 01/9)	1.00%	2.20%	0.58%	1.50%	1.50%
Increment increase	0.70%	1.00%	1.00%	1.00%	1.00%
General Inflation	2.00%	1.40%	1.50%	1.80%	1.80%
Fuel & Energy Inflation	5.00%	3.50%	3.50%	3.50%	3.50%