



CAMBRIDGESHIRE POLICE AND CRIME COMMISSIONER

MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2020/21

MEDIUM TERM FINANCIAL REPORT 2017/18

1. Purpose of the Report

- 1.1 The purpose of this report is to enable the Cambridgeshire Police and Crime Panel (“the Panel”) to approve the precept proposal set out by the Cambridgeshire Police and Crime Commissioner (“the Commissioner”). The appendices to this report provide background information to inform the precept recommendation and include the latest Medium Term Financial Plan (“MTFP”).

2. Police and Crime Plan

- 2.1 The budget enables delivery of the Commissioner’s Police and Crime Plan (“the Plan”). A Police and Crime Commissioner is required to issue a Plan as soon as practicable after taking office - specifically before the end of the financial year which they are elected (i.e. by 31 March 2017). The Plan must determine, direct and communicate the Commissioner’s priorities during their period in office and set out for the period of issue:

- the Commissioner’s **police and crime objectives** for the area
- the policing of the area which the Chief Constable is to provide
- the financial and other resources which the Commissioner is to provide the Chief Constable
- the means by which the Chief Constable will report to the Commissioner on the provision of policing
- the means by which the Chief Constable’s performance in providing policing will be measured
- the services which the Commissioner is to provide or arrange to support crime and disorder reduction or help victims of witness of crime and anti-social behaviour (**crime and disorder reduction and victims’ service grants**).
- any grants which the Commissioner is to make and the conditions if any of those grants.

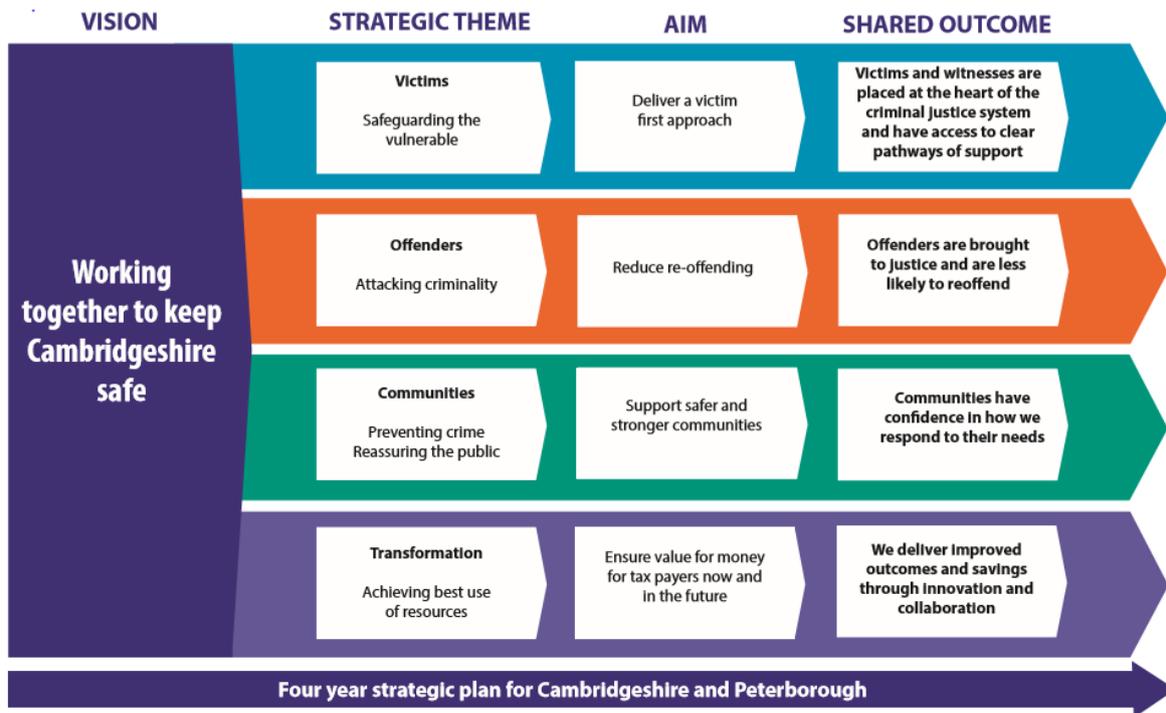
- 2.2 In preparing the Plan the Commissioner must ‘have regard to the relevant priorities of each responsible authority’ – the authorities have a duty to co-operate with the Commissioner for the purpose of formulating the Plan. The Commissioner must also make arrangements to obtain the views of the community (including victims of crime) on policing and ensure an efficient and effective criminal justice system.

- 2.3 The Plan must achieve value for money, ensure the Chief Constable fulfils their duties relating to equality and diversity and have regard: to the need to safeguard and promote the welfare of children, the Strategic Policing Requirement and guidance or codes of practice issued by the Secretary of State. Commissioners must consult Chief Constables on their draft Plans before they are sent to the Panel for consideration. Commissioners must have regard to the crime and disorder reduction priorities set by

partners, the strategic direction of the criminal justice system and the national Strategic Policing Requirement.

- 2.4 The Plan incorporates the Commissioner’s objectives for ensuring efficiency and effectiveness in policing and tackling crime, based on the issues the public tells the Commissioner they are concerned about (e.g. fighting anti-social behaviour, burglary and timely response to telephone calls).

Police and Crime Plan – Community Safety and Criminal Justice



- 2.5 In preparing the Plan the Commissioner was keen to understand the views of the public. Since his election in May 2016 he has spent a considerable amount of time talking to members of the public at police contact points, surgeries, community meetings and while on patrol with officers. In addition the Commissioner undertook a survey to ask the public what was important to them regarding crime and policing. Over 3,500 people responded and these views have been used to help shape the priorities. Further information on public engagement is provided in section 3 below.
- 2.6 The Commissioner’s Business Co-ordination Board approved the Plan on 16 December 2016; the final version of the Plan will be submitted to the Panel for their review on 1 February 2017.
- 2.7 Transformation is crucial to allow the police and partners to deliver the objectives in the Plan. A continual process is in place to look forward to find different ways of working which are more effective and efficient and in this way balance the budget and protect frontline policing. This is coupled with a need to have a comprehensive understanding of demand and ways of working with partners to reduce these demand.

3. Public engagement

- 3.1 Public engagement between the Commissioner and the public is continuous, using a range of methods all of which inform the decisions of the Commissioner.
- 3.2 Public opinion is fed back directly to the Commissioner through the correspondence received, typically in excess of 120 pieces per month. Communication by phone, post, e-mail, website and via social media are all utilised by the public. The Commissioner also visits different towns and cities and meets the public on the street listening to the views and concerns of the community. One-to-one appointments are offered to any member of the public wishing to discuss particular issues with the Commissioner at one of his “surgeries”. In the monthly newsletter financial issues are regularly raised and people are invited to comment on what they read. The Commissioner has made engagement a priority in his first year of office, spending 1-2 days per week meeting the public, police staff, police officers and partner agencies.
- 3.3 Extensive engagement is also achieved through various meetings with elected representatives, such as councillors and MPs, through attendance at, and feedback from, neighbourhood meetings, parish council meetings, Community Safety Partnership meetings and Neighbourhood Watch.
- 3.4 Further information on public engagement on the proposed precept is detailed in paragraph 6.6 below.

4. Budget and Medium Term Financial Strategy Development

- 4.1 During the autumn the Commissioner oversaw work to update the MTFP. The Provisional 2017/18 Police Grant Settlement was announced on 15 December 2016, stating a flat cash settlement provided that precepts are maximised, however top-slicing and reallocations of the grant for national initiatives such as the Police Transformation Fund and the Emergency Services Network have increased by 42% on 2016/17. Once legacy council tax grants are taken into account, the settlement is equivalent to a £1,020k cash reduction (1.28%) in overall policing grant for Cambridgeshire. The Provisional Settlement covers 2017/18 only. A prudent assumption has been made that the grant will be reduced by 1.28% per annum for the remainder of the MTFP period.
- 4.2 Appendix 1 sets out the updated 2017/18 to 2020/21 MTFP including the 2017/18 budget which is based on detailed budget work undertaken by the Constabulary over the past few months. The 2016/17 budget showed a section of functions ‘To Be Collaborated’; this has now been moved to a ‘New Collaboration’ section which splits these functions into their constituent departments for clarity, rather than the expenditure types. With the decision to delay implementation of the collaboration of Public Contact until after Athena (a ‘one-stop’ IT system which will help police to identify criminals more quickly and increase the potential to catch criminals) is implemented, and only collaborate the Senior Leadership Team at this stage, this function has been split from 2017/18 between ‘New Collaboration’ for the Senior Leadership Team and ‘Local Policing’ for all other staff and officers.
- 4.3 Appendix 2 sets out the assumptions underpinning the budget and MTFP and also the estimates of the following which are yet to be determined but will be finalised in the budget-setting report that will be presented to the Commissioner’s Business Co-ordination Board on 6 February 2017 and to the Panel on 15 March 2017:

- The Provisional Grant Settlement 2017/18 was received on 15 December 2016 and final figures are expected to be received in February 2017
- Provisional notification of Cambridgeshire's allocation of the capital grant has been received and equates to a £90k reduction in grant to £506k (a 15% fall compared to 2016/17); final figures will not be received from the Home Office until February 2017.
- Figures for the increase in the number of Band D equivalent properties in Cambridgeshire (known as the Council Tax base) will not be finalised until late January 2017.
- The cost of the police helicopter under the National Police Air Service contract and the cost of the custody suite at Kings Lynn will not be finalised until February 2017.
- The budgets for services within the collaborated functions of Joint Protective Services (JPS), Operational Support and Organisational Support are in the process of being finalised and this is due to be completed in January 2017.

4.4 Appendix 3 sets out the details of the Provisional Police Grant Settlement for 2017/18.

4.5 Table 1 below sets out in broad terms how the budget has been balanced and Table 2 shows a high level analysis of the total budget.

Table 1 – Budget changes 2016/17 to 2017/18

	£m
Budget 2016/17	130.5
Funding Changes	
Reduction in Formula Grant	-1.0
Increase in Precept receipts	1.7
Change to Collection Fund Surplus	-0.2
Net Budget Requirement 2017/18	131.0
Net Revenue Expenditure Changes	
Inflation and budgetary pressures	0.7
Decreased requirement for capital funding from revenue	-1.2
Savings:	
Collaboration savings	-0.6
Supplies and services	-0.3
Estates	-0.1
Total Savings Identified	-1.0
Change in Use of Reserves – none to be used in 2017/18	2.0
	131.0

Table 2 – High Level Budget Analysis

	£m
Policing Budget – delegated to the Chief Constable	126.4
Office of the Police and Crime Commissioner	1.1
Victim, restorative justice, and crime and disorder grants	2.3
Capital Financing and Reserves	1.2
Net Budget Requirement	131.0

5. Council Tax Base and Collection Funds

- 5.1 Final council tax base figures and details of estimated losses/surpluses on collection funds as at 31 March 2017 are currently being awaited. The tax base figures within the budget are based on estimates received from the individual councils. Net losses or

surpluses on collection funds can either contribute to or be financed from the General Reserve. Compared to 2016/17 the council tax base for 2017/18 is estimated to have increased by 1.4%. The impact of greater funding for housebuilding as a result of devolution has been factored into the assumptions, with the council taxbase rising by 2.3% in 2020/21 as a result.

6. Precept 2017/18

- 6.1 Since taking office in May 2016, the Commissioner has been ensuring that, in the face of complex economic and social pressures, the Commissioner and Constabulary think and act differently and continue to transform the way they work through collaboration and new technology: the police never work in isolation.
- 6.2 Transformation of the way in which the Commissioner and Constabulary deliver public services in the county is key to providing the savings required to deliver the Plan. This work is not limited to collaboration with other police forces, through tri-force or seven-force alliances, but is now looking much more widely. The Policing and Crime Bill (the “Bill”) provides a framework for joint working with the Fire and Rescue Service and in Cambridgeshire this has already begun with a review of estates. This builds on the existing work maximising the use and value of the £35m police estate. The creation of a combined authority for Cambridgeshire and Peterborough along with the devolution of powers also provides an opportunity to work more closely to improve community safety.
- 6.3 When considering the precept, the Commissioner has ensured all efficiencies are identified, performance is protected, and that the reserve levels are at an appropriate level to meet the needs of policing. The Commissioner’s guiding principle in setting the precept is to achieve value for money policing and he stated during his election campaign in early 2016 that he would ensure frontline services continue to be protected.
- 6.4 The Provisional Police Grant Settlement announced that no Police and Crime Commissioner would face a cash reduction in Formula Funding, plus legacy council tax grants, plus precept income, as long as they maximise their precept.
- 6.5 For the above reasons, and also due to projects currently in place to deliver future efficiencies, the Commissioner will be recommending to the Panel an increase of 1.97% in council tax for 2017/18. This would see the policing element of a 2017/18 Band D council tax increasing from £183.15 to £186.75 per annum, an increase of 7p per week.
- 6.6 As well as the Commissioner’s extensive public engagement via meetings, surgeries and his newsletter, a Survey Monkey survey was made available from November 2016 to January 2017 with a link to the survey being available on the Commissioner’s website as well as being flagged in the monthly newsletter which is sent to 16,000 email addresses each month. News of the Commissioner’s proposal was also covered by the media across Cambridgeshire and on social media. Around 1,500 survey responses were received with 86% of respondents in agreement with a precept increase.
- 6.7 Details of the precepts due from each collection authority net of any loss or surplus on the collection funds are set out at Appendix 4.

7. Collaboration

7.1 Work to balance the budget for the period 2018/19 to 2020/21 continues to focus on collaboration initiatives as part of Cambridgeshire Constabulary's three-way Strategic Alliance with Bedfordshire Police and Hertfordshire Constabulary (BCH). Collaboration is delivering a significant contribution to the overall goal of the three forces to scale back office costs by up to £20m each year from a baseline of £120m. The Strategic Alliance enables the three forces to develop plans to collaborate on a range of operational support and organisational support functions. Latest projections (as at January 2017) indicate that the following collaborated functions will create savings of £3.3m for Cambridgeshire across the MTFP period:

- Human Resources and Learning and Development: a single organisational support function covering recruitment, knowledge and skills building, managing change programmes, health and safety, and application of regulations, terms and conditions in a unified way.
- Information Management and ICT: the Information Management Department ("IMD") business case transformation seeks to unify the Information Management functions of BCH police services into a single operational support function. As a key initiative of the BCH Strategic Alliance, the transformation is being delivered to provide effective and efficient organisational support at a reduced cost whilst sufficiently enabling local policing in each force/constabulary. The purpose for creating a three force single ICT Department is to provide a consistent approach to ICT service delivery enabling day-to-day delivery of policing services, a converged infrastructure which brings standardisation and consistency to service users, better cost control and contract management, delivery of enabling solutions to standardise, simplify, self-serve, automate and mobilise value-adding operational and business processes, and cost savings.
- Criminal Justice: a collaborated Criminal Justice ("CJ") function across BCH to make significant progress in bringing offenders to justice as effectively and as expeditiously as possible by ensuring evidence is available and prepared in line with statutory obligations and within nationally agreed Criminal Justice Service ("CJS") timescales, by introducing efficient common business processes, deliver savings and ensure that the use of technology and IT solutions have been maximised across the CJ functions within BCH and the wider CJS.
- Finance: further to the implementation of a common finance and Human Resources Enterprise Resource Planning system across the three forces, collaboration of the finance function will be considered.
- JPS and Eastern Regions Special Operations Unit: it is predicted that the ongoing collaboration of these functions will continue to realise savings over the MTFP period.

8. Workforce

8.1 Despite ongoing budget pressures, the total number of police officer posts in the Constabulary establishment is budgeted to remain almost level at 1,349 in 2017/18.

8.2 PCSO establishment numbers are budgeted to remain at 150.

- 8.3 Police Staff budgeted numbers are estimated to remain steady at 803.
- 8.4 The target for Special Constabulary numbers continues to be 300.
- 8.5 As referred to in para 7.1, the Constabulary is already collaborating in several areas. This has enabled each Force/Constabulary to have access to a greater number of resources. It is anticipated the total number of resources the Constabulary will have access to will increase as collaboration continues to develop.

Table 3 – Workforce projections (establishment)

	2016/17	2017/18
Police Officers:		
Local Policing	1,047	1,047
Other Policing	212	212
To be collaborated	93	90
Total Officers	1,352	1,349
Police Staff:		
Police Staff	803	803
PCSOs	150	150
Total	953	953

9. Capital Financing

- 9.1 The replacement for Parkside Custody in Cambridge City is now underway, with searches for suitable sites progressing. Detail project plans are in the process of being drawn up.
- 9.2 Other than the Parkside replacement project, other Capital Programme expenditure for 2017/18 to 2020/21 will be financed without the need for external borrowing. Financing of the programme will be through a number of different sources which include Capital Grant from Government, Capital Receipts and the use of Capital Reserves and the Budget Assistance Reserve.
- 9.3 The Capital Programme’s 2017/18 to 2020/21 revenue effects are included in the budget and the MTFP.

10. Specific Grants

- 10.1 The Commissioner has allocated £2.26m in 2017/18 of grants to fund work to reduce crime and disorder and support victims of crime to cope and recover from their experience. 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 Police and Crime Commissioners the powers to make crime and disorder reduction grants. During 2014/15 the Commissioner took over grants previously issued by the Constabulary and integrated them with the Community Safety and Crime and Disorder Reduction Grants. The Commissioner made grants of £1,300k in 2016/17 and will be making grants of £1,276k in 2017/18. Community Safety Partnerships are being asked to submit spending plans for approval before funds are released by the Commissioner for 2017/18.
- The Commissioner received £981k during 2016/17 from the Ministry of Justice to put in place support services for victims of crime and will receive £986k for this purpose in 2017/18. This funding is allocated to enable all Police and Crime Commissioners 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 unringfenced).

10.2 The move from national to local commissioning of victim support services has enabled the Commissioner to integrate and enhance the provision of evidence based support services for victims of crime in the county. A mixed model of funding services has been used in line with the Commissioning and Grants Strategy.

10.3 A police-led locally-based Victim and Witness Hub is staffed by local people who understand local crime trends and the local support services available. It is also available to vulnerable victims of anti-social behaviour. The services to support witnesses and those to support victims were brought together in June 2016. This provides a more streamlined service for both victims and witnesses and where possible a single point of contact.

10.4 A range of specialist services have been commissioned by the Commissioner to enable victims of crime to cope and recover and move on from their experience. This ranges from a dedicated post to support migrant victims of exploitation to another who supports young victims of crime and their families. A team of Mental Health Pathfinders (Community Psychiatric Nurses) provide a range of services from providing self-help techniques on relaxation, stress and anxiety management along with personal face to face visits and pathfinding victims to the most appropriate primary care services.

10.5 **Domestic and Sexual Violence Support Services:** The Victim and Witness Care Co-ordinators within the Victim and Witness Hub provide support to standard and medium risk victims of domestic violence where a specialist support service is not assigned and they work closely with the Public Protection Department and Independent Domestic Violence Advisers across the county. A Young Person

Independent Domestic Violence Adviser is also funded to sit within the force's Multi-Agency Safeguarding Hub. The Commissioner's office has recently led work to pool funding for support services of victims of sexual violence and has commissioned a single end-to-end countywide service from April 2017.

- 10.6 **Home Security for elderly victims of crime:** A charity is commissioned to provide practical support to elderly victims of crime to secure their homes make them feel safe and reduce repeat victimisation.
- 10.7 **Road Traffic Victims:** The bereaved families of those killed on the county's roads in fatal road traffic collisions are being supported by a local charity. The work of the charity's volunteers professionalises the support offered to families in what are often traumatic circumstances and saves officer time.
- 10.8 The Office of the Police and Crime Commissioner (OPCC) has stayed true to the 'Understand, Plan, Do and Review' methodology in line with the Commissioning and Grant Strategy. This has ensured all commissioned services are evidence-based and regularly evaluated to ensure they are meeting the needs of the people of Cambridgeshire.

11. Office of the Police and Crime Commissioner

- 11.1 The OPCC budget for 2017/18 is £1,114k, a decrease of 9% (£115k) on 2016/17.
- 11.2 Staffing changes are the primary cause of the decrease in budget:
- During 2016/17 the Outreach Worker Posts both became vacant. The North Outreach Worker post has been refocussed to a countywide role and renamed Engagements Officer to enable the office to achieve the Commissioner's objectives from the new Plan. The South Outreach Worker post became vacant in April 2016 and is being held vacant and under review.
 - The Volunteer Co-ordinator post became vacant in mid-2016 and has been remodelled as a Partnerships and Communities Officer.
 - Additionally, the Director of Estates post moved back to the Constabulary as of 1 October 2016 to address strategic requirements within the Constabulary's Estates Team. The budget moved to the Constabulary with the role from that date and therefore does not form part of the OPCC staffing budget for 2017/18.
- 11.3 Taking account of the changes above results in a staffing budget for 2017/18 of £893k (2016/17 budget: £977k).
- 11.4 The office of the OPCC moved from South Cambridgeshire District Council offices to Police Headquarters in Hinchingsbrooke in July 2016, therefore the rents and leases budget has fallen to zero for 2017/18 (2016/17 budget: £28k).
- 11.5 The detailed budget for the OPCC is shown at Appendix 5.

12. Robustness of estimates

- 12.1 Under Section 25 of the Local Government Act 2003, the Commissioner's Chief Financial Officer (CFO) is required to report on the robustness of the estimates made for the purposes of the budget calculations.

- 12.2 Work on the 2017/18 budget gap started at the beginning of 2016/17, as the Constabulary identified savings during the financial year which contribute 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.
- 12.3 A sound financial strategy is the key enabler to the achievement of the pledges in the Plan, the objectives of the operational policing strategy and the protection of front-line policing. One of the best ways to keep people safe and maintain police resources and people's confidence in the police is to place an emphasis on long-term financial and strategic management as a whole. The Commissioner and Constabulary never look at expenditure numbers in isolation.
- 12.4 Analysing and setting the Commissioner's and Constabulary's budgets is an iterative and ongoing process. Initial drafts of the following year's budget are prepared throughout the current year. The budget setting process continues in earnest in September. The known factors including contractual commitments, cost pressures and savings identified during the current financial year, alongside assumptions relating to central government funding. These factors set the financial landscape for the coming year. The Constabulary's Budget Managers are tasked with reviewing their budgets and recommending savings. This work is undertaken in close co-operation with the Constabulary's Finance Team.
- 12.5 The Commissioner's CFO and Constabulary Director of Finance and Resources meet regularly from September to consider the draft budget and MTFP, challenging assumptions and analysing savings in order to improve a realistic and sustainable financial plan that enables the Constabulary to bring the operational policing strategy to fruition.

13. Use of Reserves

- 13.1 Section 25 of the Local Government Act 2003 requires the CFO to report on the adequacy of the proposed financial reserves as part of budget setting considerations.
- 13.2 Appendix 6 sets out the Commissioner's reserves including estimated movements in 2016/17 and 2017/18.
- 13.3 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. An ICT Development Reserve was created in 2015/16 to ensure that the necessary resources are available for the replacement of the Airwaves police communications system by the Emergency Services Network; the balance on this reserve currently stands at £458k. The Budget Assistance reserve, which stood at £9.8m as at 31 March 2016, will also be used to assist with the financing of capital projects.
- 13.4 The Commissioner holds a General Reserve, primarily as a contingency for the cost of major police operations. This reserve currently totals £7.2m or 5.5% of the Net Budget

Requirement for 2017/18 which is considered a prudent percentage of the total budget to hold as a general reserve for operational contingencies.

14. The Medium Term Outlook

- 14.1 As set out in Appendix 1 the projected budget gap in the three years 2018/19 to 2020/21 is a further £8.8m. The Chancellor's Autumn Statement only announced a one year funding settlement, with no firm future commitments. This has made financial planning more challenging.
- 14.2 Work to balance the budget for the period 2018/19 to 2020/21 continues to focus on collaboration initiatives as part of Cambridgeshire Constabulary's three-way Strategic Alliance with Bedfordshire Police and Hertfordshire Constabulary. This collaboration, coupled with the embedding of Metis (the IT streamlining of processes to deliver information directly to the front-line) and further local savings in areas such as procurement and strategic use of estates, are projected to deal with the funding gap in the medium term.
- 14.3 The Bill, once enacted will require the police, fire and rescue, and ambulance services to collaborate with one another, where it would be in the interests of their efficiency or effectiveness to do so. These are locally enabling and recognise local leaders are most informed to determine the collaboration which best meet the needs of their communities. The Commissioner and Cambridgeshire Fire Authority are exploring the best way to progress the opportunities presented by the Bill. In recognition of the impending enactment of the Bill, the Commissioner's Business Co-ordination Board, at its meeting on 21 September 2016, agreed that the Commissioner should seek to initiate joint work with the Fire Authority, and the East of England Ambulance Service NHS Trust, to develop business cases to determine the:
- most appropriate future governance model for police and fire; and
 - best use of the emergency service land and buildings in Huntingdon
- 14.4 Meetings of the Huntingdon Accommodation Review Board took place on 3 November and 6 December 2016. The terms of reference of the group have been agreed and the status of existing Blue Light estates in Huntingdon and the vicinity has been considered; further work is in progress.
- 14.5 A Police and Fire Business Case Strategic Governance Group has been established to launch joint work to complete a business case to identify the opportunities presented by the Bill.
- 14.6 Eastern Region collaboration (being Bedfordshire, Cambridgeshire, Hertfordshire, Norfolk, Suffolk, Essex and Kent) is in its relatively early stages and already significant opportunities have been identified in areas such as regionalising procurement.
- 14.7 Cambridgeshire and Peterborough Councils and Local Enterprise Partnership leaders have all agreed to enter into a devolution deal for Cambridgeshire and Peterborough to form a Combined Authority. The potential benefits for community safety are significant and the Commissioner is working with local public sector bodies to ensure that these benefits are fully realised.

14.8 Due to the emerging nature of collaboration between the Eastern Region, police and fire and the implementation of the devolution deal, no savings are yet assumed from these areas in the MTFP period at this point.

14.9 The Commissioner's Finance Sub Group is being remodelled and refocused to drive forward the transformation objectives contained in the Commissioner's Plan and ensure that savings from transformation are realised within the MTFP period.

15. Conclusion

15.1 Robust plans are in place for maintaining police performance, protecting frontline policing, and continuing to work with partners to reduce offending and improve support for victims.

15.2 The Commissioner has sought to ensure that the Constabulary are delivering policing effectively and efficiently. The adoption of new technology and working in collaboration with other forces will continue to deliver further efficiencies in future years to ensure that the front line is protected, without having to burden the people of Cambridgeshire through increases in council tax.

16. Recommendation

16.1 Taking into account all the information contained in the report the Commissioner is asking the Panel to endorse his recommendation to increase the policing element of council tax by 1.97%; this will increase the policing element of Band D council tax from £183.15p in 2016/17 to £186.75 per annum, an increase of 7p per week.

DRAFT Medium Term Financial Strategy 2017/18 to 2020/21					Appendix 1
	Budget	Forecast	Forecast	Forecast	Forecast
	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Local Policing Expenditure					
Police Officer Pay	41,650	44,395	45,105	45,827	46,560
Police Officer Overtime	1,819	1,862	1,900	1,900	1,900
Police Pensions	8,671	8,965	9,109	10,169	10,332
Police Staff	5,058	12,943	13,150	13,624	14,114
Police Staff Overtime	55	151	152	157	162
PCSO Pay & Allowances	4,968	4,965	5,045	5,226	5,414
Total Local Policing Expenditure	62,222	73,282	74,461	76,903	78,482
Business Support Expenditure					
Police Officer Pay	1,377	1,042	1,723	1,757	1,792
Police Officer Overtime	0	0	0	0	0
Police Pensions	2,757	2,681	2,724	2,767	2,812
Police Staff	3,006	2,216	3,665	3,812	3,964
Police Staff Overtime	0	0	0	0	0
Training	0	0	0	0	0
Other Employee Expenses	4	4	4	5	5
Premises Costs	3,750	3,752	3,865	3,981	4,100
Transport Costs	1,026	941	969	998	1,028
Supplies & Services	4,324	4,792	4,850	4,947	5,046
Agency & Hosted Services	1,115	1,246	1,271	1,296	1,322
Total Business Support Expenditure	17,359	16,675	19,851	20,193	20,699
Collaboration Expenditure					
Regional Change team	171	75	76	77	78
Business Support	94	282	287	291	296
Athena - Athena Management Office (AMO)	425	130	133	135	137
Collaboration Team - Change	1,358	1,178	800	600	600
Collaboration Team - Athena	292	270	274	279	283
Armed Policing	2,410	2,357	2,395	2,433	2,472
Cameras, Tickets and Collisions (CTC)	0	0	0	0	0
Dogs Unit	752	736	747	759	771
Major Crime	3,131	3,062	3,111	3,161	3,211
Operational Planning	296	320	326	331	336
Procurement	268	290	295	300	304
PS Command	198	194	197	200	203
Professional Standards Department (PSD)	944	946	961	977	992
Roads Policing Unit	4,706	4,602	4,675	4,750	4,826
Scientific Services	2,563	2,416	2,454	2,494	2,534
Country Terrorism (CT) and Domestic Extremism (DE)	630	632	642	653	663
Eastern Regions Special Operations Unit (ERSOU)	2,359	2,297	2,334	2,371	2,409
Helicopter	489	437	446	455	464
Kings Lynn Police Investigation Centre (PIC)	913	922	940	959	978
Total Collaboration Expenditure	21,998	21,147	21,094	21,224	21,560
New Collaboration					
Information Management Department (IMD)		783	795	808	821
ICT		7,210	7,325	7,442	7,561
HR/L&D		4,057	4,122	4,188	4,255
Force Resilience		121	123	125	127
Firearms Licensing		192	195	198	202
Criminal Justice		915	930	945	960
Custody		3,161	3,212	3,263	3,315
Cambs Criminal Justice Board (CCJB)		34	34	35	36
Information Assurance		66	67	68	69
Public Contact		117	119	120	122
Total New Collaboration		16,655	16,922	17,192	17,467
To be collaborated					
Police Officer Pay	4,464				
Police Officer Overtime	61				
Police Pensions	949				
Police Staff	15,129				
Police Staff Overtime	126				
Training	500				
Other Employee Expenses	27				
Premises Costs	91				
Transport Costs	96				
Supplies & Services	5,176				
Agency & Hosted Services	296				
Other Income	-635				
Total To Be Collaborated	26,278	0	0	0	0

DRAFT Medium Term Financial Strategy 2017/18 to 2020/21					Appendix 1
	Budget 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000
OPCC					
Police Staff & Commissioner	977	893	907	922	937
Other Employee Expenses	2	1	1	1	1
Premises Costs	28	0	0	0	0
Transport Costs	25	24	24	25	25
Supplies & Services	196	196	199	202	204
Total OPCC Expenditure	1,229	1,114	1,131	1,149	1,167
Police National ICT Company Subscription	60	60	60	60	60
Community Safety / Crime Reduction Grants	1,300	1,276	1,276	1,276	1,276
MoJ Victims Grant	981	986	986	986	986
Capital Financing Costs					
Revenue Contribution to Capital	1,212	0	0	1,500	1,500
Interest	434	413	684	684	684
MRP	774	774	1,077	1,048	1,020
Total Capital Financing Costs	2,420	1,187	1,761	3,232	3,204
GROSS REVENUE EXPENDITURE	133,847	132,381	137,542	142,215	144,901
Total Income	-1,376	-1,421	-1,421	-1,421	-1,421
NET REVENUE EXPENDITURE	132,471	130,960	136,121	140,794	143,480
Contributions +To /- From Reserves	-1,967	0	0	0	0
NET BUDGET REQUIREMENT (NBR)	130,504	130,960	136,121	140,794	143,480
Budget -Decrease / +Increase Year on Year	1.0%	0.3%	3.9%	3.4%	1.9%
Financed by:					
Formula Grant	79,431	78,411	77,408	76,417	75,439
Actual Grant Reductions	-0.52%	-1.28%	-1.28%	-1.28%	-1.28%
MoJ Victims Grant	981	986	986	986	986
Precept	49,682	51,388	53,459	55,613	58,024
Legacy Council Tax Grants		0	0	0	0
Council Tax Freeze Grant New					
Council Tax Support Grant					
Collection Fund - Deficit / +Surplus	410	174	200	200	200
TOTAL FINANCING	130,504	130,960	132,052	133,216	134,649
	1.02%				
BUDGET GAP	0	0	-4,069	-7,578	-8,831
	0	0	-4,069	-3,510	-1,253
Band D Council Tax £	£183.15	£186.75	£190.47	£194.26	£198.13
KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE					
Council Tax base increases					
Actual	1.98%				
Forecast		1.44%	2.00%	2.00%	2.30%
Council Tax	0.99%	1.97%	1.99%	1.99%	1.99%
Tax base	271,265	275,165	280,668	286,282	292,866
Grant increase / Decrease (-)	-0.52%	-1.28%	-1.28%	-1.28%	-1.28%
Police officer pay rise (w.e.f 01/09)	1.00%	1.00%	1.00%	1.00%	1.00%
Police staff pay rise	0.58%	1.00%	1.00%	1.00%	1.00%
Increment increase		0.60%	0.60%	0.60%	0.60%
Staff Pension Increase	0.60%	0.00%	0.00%	2.00%	2.00%
General Inflation	1.00%	1.00%	2.00%	2.00%	2.00%
Energy Inflation	1.50%	3.00%	3.00%	3.00%	3.00%
Figures may not cast exactly due to rounding					

DRAFT Budget Assumptions and Main Risks and Uncertainties

1. The following assumptions (some now confirmed) underpin the estimates/forecasts:
 - Pay awards – 1.0% for both Police Officers and Police Staff from 2017/18 onwards
 - General (price) inflation is now projected at 1.0% in 2017/18 and 2.0% thereafter
 - Energy and fuel inflation assumption 3.0% for the whole MTFP period
 - A precept increase of 1.97% for 2017/18 and 1.99% for the remainder of the MTFP period
 - A formula grant reduction of 1.28% from 2018/19 onwards
2. The main risks and uncertainties in the MTFP comprise:
 - Pay awards and increments and pension costs
 - Inflationary pressures
 - Energy costs – predicting whether and to what extent the current low energy costs will continue and the impact of increasing import prices due to the weakness of Sterling
 - The exact Police share of the £1bn for the Emergency Services Network system (the replacement for Airwaves) is not yet known and costs will become clearer as the year progresses
 - The future costs of the Athena system (a 'one-stop' IT system which will help police to identify criminals more quickly and increase the potential to catch criminals) can only be estimated at this stage as the project is in development.
 - In his Autumn Statement, the Chancellor confirmed that the departmental spending plans announced in last year's Spending Review would remain in place, and efficiency savings worth £3.5bn would be found by 2019/20. The police funding settlement for 2017/18 covered one year only.
 - In October 2016, a project was launched by the Home Office to develop a new police funding formula and this will probably now come into force in 2018/19. Transitional arrangements will mean that implementation is likely to be very slow.
 - Overtime claims for undercover officers – the claim is passing through the courts at present and the outcome remains uncertain

DRAFT Details of the Provisional Grant Settlement 2017/18

1. Formula Grant

- 1.1 The Provisional 2017/18 Police Grant Settlement represents a flat cash settlement provided that precepts are maximised, however top-slicing and reallocations of the grant for national initiatives such as the Police Transformation Fund and the Emergency Services Network have increased by 42% on 2016/17. Once legacy council tax grants are taken into account, the settlement is equivalent to a £1,020k cash reduction (1.28%) in overall policing grant for Cambridgeshire.
- 1.2 The Provisional Settlement covers 2017/18 only.
- 1.3 The final grant settlement is expected to be received in early February 2017.

2. Victim and Restorative Justice Grant

- 2.1 The Ministry of Justice has announced a grant of £986k to fund victims' services in 2017/18.

3 Council Tax

- 3.1 Under the Localism Act 2011, the Government sets a limit (the excessive amount) on council tax increases. The 15 December 2016 Police Finance Settlement Written Ministerial Statement set a limit of 2% for 2017/18 for policing except for the ten lowest-charging police forces for which a limit of £5 was set; therefore the limit for Cambridgeshire is 2%.

4. Capital Grant

- 4.1 The current capital plan is based on a best estimate of the Capital Grant. Provisional notification of Cambridgeshire's allocation of the capital grant has been received and equates to a £90k reduction in grant to £506k (a 15% fall compared to 2016/17); final figures will not be received from the Home Office until February 2017.

Appendix 4

DRAFT Estimated Share of Precept to be paid by each District/City Council in 2017/18

	2017/18 Council Tax Estimated Base No	Precept	Collection fund surplus (+) / deficit (-) police share	Estimated Total Payment Due	Comments
Cambridge City	41,977	7,839,242	-32,417	7,806,825	Estimated Base and Collection Fund deficit provided by the Authority
East Cambridgeshire District Council	28,946	5,405,666	8,807	5,414,473	Estimated Base and Collection Fund surplus provided by the Authority
Fenland District Council	28,397	5,303,140	88,014	5,391,154	Estimated Base and Collection Fund surplus provided by the Authority
Huntingdon District Council	60,111	11,225,729	43,000	11,268,729	Estimated Base and Collection Fund surplus provided by the Authority
South Cambridgeshire District Council	60,855	11,364,671	40,009	11,404,680	Estimated Base and Collection Fund surplus provided by the Authority
Peterborough City Council	54,879	10,248,653	27,000	10,275,653	Estimated Base and Collection Fund surplus provided by the Authority
Total	275,165	51,387,101	174,413	51,561,514	

DRAFT Office of the Police and Crime Commissioner (OPCC)

Narrative	PCC	PCC	
	2016/17 Budget £'000	2017/18 Forecast £'000	Movement £'000
Police Staff Pay & Allowances	977.0	893.1	83.9
Training - Support Staff - External	0.3	0.3	0.0
Advertising for Support Staff	2.0	1.0	1.0
Rents & Leases	28.0	0.0	28.0
Support Staff Travel Expenses	10.5	8.0	2.5
Reorganisation Travel	0.0	2.0	-2.0
Car Allowances Staff (staff mileage)	15.7	14.5	1.2
Printing & Stationery - General	7.9	5.0	2.9
Postage & Carriage Costs	0.6	0.6	0.0
Photocopier - Rentals	2.2	2.1	0.1
Photocopier Copy Charges	1.0	3.9	-2.9
Other Office Equipment	0.2	0.2	0.0
Books & Publications etc.	0.1	0.1	0.0
Printed Materials	0.5	0.3	0.2
Casual Hire of Rooms	1.0	0.5	0.5
Consultants - Non-Operational	10.0	10.0	0.0
Legal Fees - Civil	12.0	12.0	0.0
External Audit Fees	46.0	46.0	0.0
Internal Audit	52.0	56.9	-4.9
Advertising - Non Recruitment	2.0	0.0	2.0
Bank Charges	6.0	6.0	0.0
Computer Hardware - Purchase	0.5	0.3	0.2
Computer Software Purchase	0.2	3.0	-2.8
Computer Consumables & Peripherals	0.0	0.0	0.0
Telephone Rental	0.1	0.1	0.0
Support Staff Subsistence Expenses	1.5	0.8	0.7
Conference & Seminar Costs	5.0	5.0	0.0
Hospitality - Internal	1.5	0.6	0.9
Members Attendance Allowance	8.8	8.8	0.0
Members Travel Expenses	3.4	1.0	2.4
Custody Visitor-Expenses	3.6	3.6	0.0
Custody Visitor-Training & Conferences	2.0	2.0	0.0
Subscriptions Corporate	26.0	26.0	0.0
Professional subscriptions	1.1	0.2	0.9
NET REVENUE EXPENDITURE	1,228.7	1,113.9	114.8
Police ICT Subscription	60.0	60.0	0.0

Appendix 6

DRAFT General and Earmarked Reserves - Movements

	Balance	Forecast		Balance	Forecast		Balance
	31 March	2016/17		31 March	2017/18		31 March
	2016			2017			2018
		Added to			Added to		
	£000	Reserve	Applied	£000	Reserve	Applied	£000
	£000	£000	£000	£000	£000	£000	£000
Carry Forward Project Reserve	1,083	750	(1,083)	750	750	(750)	750
Insurance Reserve	860	-	-	860	-	-	860
Ill-Health Retirement Reserve	627	-	-	627	-	-	627
Capital Reserve	3,705	448	(500)	3,653	-	(120)	3,533
Drug Forfeiture (Operational) Reserve	100	-	(28)	72	-	(28)	44
Budget Assistance Reserve	9,797	-	(629)	9,168	-	(2,197)	6,971
Capital Carry Forward Reserve	1,627	500	(1,627)	500	500	(500)	500
Road Casualty Reduction & Support Fund	971	437	(62)	1,346	-	(92)	1,254
Collaboration & Commissioning Reserve	194	-	(14)	180	-	(48)	132
ICT Development Reserve	458	-	-	458	-	(458)	-
Total Earmarked Reserves	19,422	2,135	(3,943)	17,614	1,250	(4,193)	14,671
General Reserve	7,197	-	-	7,197	-	-	7,197
Total General and Earmarked Reserves	26,619	2,135	(3,943)	24,811	1,250	(4,193)	21,868