

OFFICIAL



Police and Crime Commissioner  
**CAMBRIDGESHIRE AND PETERBOROUGH**

**CAMBRIDGESHIRE POLICE AND CRIME COMMISSIONER**

**MEDIUM TERM FINANCIAL STRATEGY**

**2019/20 TO 2022/23**

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## **1 Overview and Purpose of Strategy**

- 1.1 The Medium Term Financial Strategy (MTFS) is Cambridgeshire Police and Crime Commissioner's (the "Commissioner") key financial planning document.
- 1.2 The Commissioner has responsibility for the totality of policing in the Cambridgeshire Constabulary (the "Constabulary") area and has a wider responsibility to promote the effectiveness and efficiency of community safety partnerships and the criminal justice system.
- 1.3 The MTFS aims to draw together the strategic planning priorities, demand and resource forecasts and likely impact of changes in the wider service delivery environment to produce a costed plan which achieves long-term financial sustainability.
- 1.4 The plan sets out how we aim to achieve savings and efficiencies during the period of the plan and use reserves in order to balance the budget in the short term.
- 1.5 The MTFS balances the pace of delivery of the Commissioner's Police and Crime Plan (the "Plan") against constraints in resources. It identifies assumptions and risks and/or opportunities and how these affect the financial plan.
- 1.6 Demand across Public Services is increasing. Without effective partnership working, there is a risk that demand, rather than being dealt with, is shifted between partners, with changes in one organisation having a detrimental impact on another. Effective partnership working aims to transform how we work together, preventing future demand as well as dealing with present issues.

## **2 Police and Crime Plan**

- 2.1 The Plan contains the Commissioner's objectives under four strategic themes, shown at Appendix A.

### **Victims**

- 2.2 The **Victims** Strategic Theme is a significant part of the Commissioner's "and Crime" remit and in the main is for the Constabulary and partners to deliver on the ground. The Commissioner has a duty to promote an 'effective and efficient criminal justice system' and uses this duty to champion the needs of victims within the system.
- 2.3 The Commissioner is responsible for commissioning services for victims and witnesses. He receives a grant from the Ministry of Justice (MoJ) in order to do this. This grant must be used to fund initiatives that seek to deliver key outcomes for Victims. Key local services are:

- The Victim and Witness Hub which provides an end to end service for all victims and witnesses of crime, and;
- A county-wide support service for survivors of sexual violence which is co-commissioned with NHS England and the local authority in a pooled budget arrangement.

2.4 Adverse outcomes following Domestic Abuse remain a key area of concern. Currently Cambridgeshire's Domestic Abuse services are compliant with the National Best Practice Framework. Continued compliance depends on partners' ongoing commitment to resourcing both front line services and existing ways of working. All partners will need to ensure emerging risks are shared and mitigated against together.

### **Offenders**

2.5 The Offenders Strategic Theme's overarching objective is that offenders are brought to justice and are less likely to re-offend. Within this, tackling and investigating crime is a core policing role. Reducing re-offending requires an integrated approach involving a broad range of statutory and voluntary agencies.

2.6 Community Safety Partnerships (CSPs) are key to achieving this. Crime and disorder reduction grants will be awarded to CSPs to support delivery of this and the Communities Strategic Theme. The Commissioner is keen that grants go towards preventative work to help reduce demand and calls for service.

2.7 The Commissioner now chairs the Countywide Community Safety Strategic Board. This board has worked to introduce a system-wide public health approach to reducing crime. This approach embraces:

- Primary prevention to stop problems starting in the first place. Work streams include Health and Safer Schools and Think Communities (work to develop resilience / capacity in communities).
- Secondary Prevention which aims to stop problems escalating. Through innovation funds we were an early adopter of the new approach to conditional cautions and we have done work to strengthen pathways to housing and employment for offenders. We have an active youth offending board, drug and alcohol partnerships and mental health crisis care concordat. Early help hubs are in place led by the local authorities.
- Tertiary prevention, ensuring an effective partnership response to high risk issues such as county lines and serious organised crime.

2.8 Significant changes in the criminal justice system such as prison reform and changes to probation services provide an opportunity to strengthen pathways, but of course also present transitional risks. An area of potential risk, as well as opportunity, for the duration of this MTFS period are the proposed significant changes to the Criminal Justice System. We have seen Criminal Justice services reducing their resources and this is impacting both on the Victim and Witness Hub and other partners. In 2018 the

Commissioner lobbied hard to ensure Cambridge Magistrates' Court remained open. In terms of opportunity, the role of the Commissioner could widen to include a greater role in shaping local rehabilitation and resettlement services (probation) and improving local collaboration

- 2.9 An emerging criminal justice national initiative is the implementation of virtual courts. This lessens the requirement for a person to sit at Court until called, and enables them to give their evidence from a location elsewhere via a live "video" link. There is a cost for the implementation of the facilities to enable this to happen but it can be an "invest to save" initiative as it can reduce the burden on staff attending court and assist in improving operational efficiencies.
- 2.10 The Plan continues to have a priority action to contribute to national policing needs as set out in the Government's Strategic Policing Requirement. This includes areas such as Counter-Terrorism and serious and organised crime. The Constabulary is part of the Eastern Regional Specialist Operations Unit whose work includes these areas. The Commissioner has to ensure the Chief Constable has the resources and infrastructure it requires often working regionally to provide resilience in this area.

### **Communities**

- 2.11 The **Communities** Strategic Theme recognises all public service organisations are facing challenges as budgets reduce and it is often the same people with multiple and complex needs that all agencies come into contact with.
- 2.12 A new **Think Communities** approach has been launched across Cambridgeshire with the aim of managing, delaying and preventing demand. This initiative is aiming to strengthen partnership work to build resilient communities where people feel safe, connected and able to help themselves and each other.
- 2.13 The Constabulary Local Policing Review (LPR) is embedding having been implemented in 2018/19. It supports delivery of the Plan and enables the Constabulary to provide a victim-focussed and demand-led service to the public while supporting the Constabulary to be more sustainable and efficient.
- 2.14 A key risk, both operationally and financially, is the recruitment and retention of police officers. The Constabulary must ensure it retains existing officers, effectively recruits new officers and improves the diversity of the workforce so that it is representative of the community it serves. The College of Policing is introducing a graduate scheme and an apprentice scheme, which should help manage this risk, but the full details and cost implications are not fully known/understood at this time. It is anticipated that the need for officers to gain graduate qualifications will initially impact upon availability of frontline officers.

## **Transformation**

- 2.15 In the face of complex economic and social pressures, we must think and act differently and transform the way we work through collaboration and new technology. In order to achieve this the **Transformation** Strategic Theme brings these strands together.
- 2.16 Approximately 30% of the Constabulary's Net Revenue Expenditure (NRE) is spent on collaborated functions (national, regional, and local). The Constabulary could not provide the full range of policing functions in isolation as they are becoming more complex and specialised - this brings cost. The benefits of collaboration are scale and "sweating" of specialist assets.
- 2.17 Closer linking of the MTFS with the HMICFRS Force Management Statement<sup>1</sup> (FMS) process will enable the potential benefits of collaboration to be more apparent as demand and business needs will be more evident. This applies to existing and future collaborations.
- 2.18 By a process of ongoing review of the benefits being delivered by existing collaborations and a clearer articulation of the needs of Cambridgeshire for new collaborations (7Force<sup>2</sup>; national) the appropriate mix of local delivery and collaborative delivery can be met.
- 2.19 Over the period of the Plan we will be seeking to realise additional benefits of collaboration, investment in technology, e.g. the new ABLE system which links the finance and HR systems, national digital programmes and workforce productivity. The future governance of the Fire Service will also be determined.
- 2.20 The MTFS makes the link between this transformation agenda to deliver policing and community safety and the funding required to support it.

## **3 Demand**

- 3.1 The pressures on policing have been widely discussed in the national media. There has been a shift in the type of demand from dealing with:
- Current crime to dealing with current and historic crime
  - Public crime to dealing with public and private/hidden crime (a much greater focus on domestic abuse, child sexual exploitation, modern day slavery).
  - Physical crime to physical and online crime

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<sup>1</sup> FMS is the Chief Constable's statement and explanation of future demand matched to resources, efficiency and viability

<sup>2</sup> 7Force consists of Norfolk, Suffolk, Bedfordshire, Cambridgeshire, Hertfordshire, Essex and Kent

- Simple to simple and complex (the huge increase in data associated with investigations and the disclosure burden)
  - Crime to crime and social care (tackling vulnerability such as mental health issues compounded by demand being shunted to policing by other agencies)
- 3.2 The demands the police deal with are changing, with emerging crime types like cyber-crime, and a focus on hidden crime types that involve the vulnerable, such as modern day slavery and child sexual exploitation. These require a more specialist response, are costly and time consuming to investigate, and cross traditional policing boundaries, requiring joined up working between police forces.
- 3.3 Some pressures are caused by short term demands, such as seasonal fluctuations in calls for service and responses to incidents of national significance (such as terrorist attacks), others are the result of longer term changes.
- 3.4 The Constabulary undertakes a Strategic Demand Assessment (SDA) that compares demands at a strategic level across the full range of the Constabulary's operational services. Its purpose is to identify the demand risks faced by all functions, informing decisions on where to review and allocate resources to meet current and future resource gaps. The SDA uses a demand framework based on the taxonomy of demand developed for HMICFRS's FMS, which divides all external demands into seven demand types. This approach builds a strategic picture of demands and management of demands across all operational functions.
- 3.5 The Constabulary is making strong progress in its understanding of demand, both current and future through the FMS planning process. As this process develops and embeds the Commissioner and Chief Constable will be able to base their respective resourcing decisions upon evidence based planning processes.
- 3.6 The policing reality is that demand can always outstrip supply of resources to deal with it. Early intervention/preventative work in partnership is critical if the Constabulary and its partners are to meet people's expectation as to how we respond to demand in the future.
- 3.7 The new Local Policing model supports delivery of the Plan and enables the Constabulary to respond effectively to increases in demand including an enhanced approach to neighbourhood policing, with a focus on problem solving. This will help prevent more crime in Cambridgeshire, and will support more effective working with partners and volunteers in local communities.
- 3.8 The Constabulary's new website which facilitates online reporting and provides guidance on and access to services online has seen a significant shift in the way the public communicate with the police. During Q1 2016, 72 uses were recorded; in Q1 2017 this increased to 1,267 and for Q1 2018 this was 7,366 digital transactions; broken down into the following headings - Online crime 38.2%, Online intelligence

22.1%, Online anti-social driving 12.2%, Online road traffic collision 19.8%, Camera Tickets and collision report 5.5%, CTC Collision report requests 2.2%.

- 3.9 Cambridgeshire continues to be one of the fastest growing counties in terms of population with a forecast oncrease of 20% by 2031. Increases in central funding are not currently linked to population growth, hence this will be a significant demand pressure.
- 3.10 Public sector partners are also facing increasing demands on their services alongside reductions in budgets. In some areas of work we are seeing partners shrinking and policing seeing an increase in demand as it becomes the service of last resort. Top tier organisations in the county have signalled their budget pressures and are reviewing which services they can further cut or cease. In particular, the Commissioner is working with partners to understand the future funding landscape for domestic abuse support services which they currently fund.
- 3.11 Increasingly, national initiatives are being cascaded at a force level to implement and fund. Examples include the Airwave replacement programme, the College of Policing professionalisation programme, and complaints reform.

#### **4 Productivity**

- 4.1 It is essential for any organisation to ensure it is as productive as it can be, in order to ensure that the resources it uses to provide a service are being used as efficiently and effectively as possible. This is true for all types of resource, whether they be staff, buildings, or equipment.
- 4.2 Throughout the period of the MTFs, the Commissioner and Chief Constable will be looking to improve the operational and organisational productivity of the Constabulary through the creation of a Productivity Strategy. This will need to consider the following:
- **Human Resources** – ensuring that the Constabulary has the right people with the rights skills in the right places, and that their wellbeing is supported. The introduction of ABLE a new Enterprise Resource Platform (ERP) system within BCH will enable efficiencies savings to be driven out of our HR services.
  - **Policing Education Qualifications Framework (PEQF)** - it is a key deliverable of workforce transformation that those who work in policing should see themselves as members of a profession and adhere to the disciplines of professional practice. Modern policing places on officers, a requirement to operate with a high degree of autonomy, solve complex problems and apply their skills to a wide range of situations – and the level six skills qualifications that equip them to meet these challenges. PEQF is a national framework setting professionally-related qualification levels for the police service, by rank or organisational level of responsibility. The ability to gain accreditation from training is a key step in the professionalising of the force agenda and the benefits that will accrue in years to come.

- **Digitisation** - has the potential to transform the way policing is delivered – taking police officers away from police stations and bringing them closer to communities and crime spots. In realising the potential of digital technologies, police forces can learn from private sector organisations that share similar characteristics and challenges: a mobile workforce; the need to process and analyse vast amounts of data to make decisions, and operationalise those decisions quickly; the need to engage with customers via multiple channels; the ability to respond to customers’ desire for self-service. Significant investment is being made in respect of digital policing, mobile working and our workforce. These will significantly improve productivity and will lead to both cash and non-cash savings in the future. The benefit from such investment will be key in enhancing the effectiveness of the force to deliver successful outcomes in the more complex policing landscape that now exists.
- **Fixed Assets** – the Commissioner has a clear programme for asset rationalisation, to ensure the effective and efficient use of buildings, working with partners and disposing of redundant buildings.
- **Continuous Improvement** – ensuring that the Constabulary has an ongoing programme of continuous improvement activity to achieve marginal gains that together represent substantial productivity improvements for the force, both for the frontline and support functions.

4.3 Whilst improvements in productivity do not always bring about cashable savings, they are essential to ensuring an efficient and effective organisation that makes best use of public money, and are a key opportunity when managing the increasing pressures of rising demand. This vision drives the rationale to budget for the short term impact in order to gain the long term benefit.

4.4 Part of the benefits realisation in respect of all investment activity will be to ensure that productivity improvements are identified and tracked to demonstrate value for money of the investments. Improvements to officer efficiency will have the same effect as increased officer numbers, it is important that we track these improvements.

## 5 Partnership Working

5.1 The Commissioner has a Commissioning and Grants Strategy which sets out the approach taken to provide funding for local interventions, innovation, and victim support services to deliver the shared outcomes of the Police and Crime Plan.

5.2 Section 2 of this MTFS sets out how the Commissioner is working in partnership to deliver his Plan.

5.3 Future crime and disorder reduction grants will be made in line with the Grants and Commissioning Strategy. This includes provision which is: evidence-based, equitable across the county (building on the theme of industrialisation) and co-commissioned.

- 5.4 The Commissioner wants grant funding to support mainstream organisations to work together to reduce demand and collectively manage community safety risks. Therefore, the Commissioner will not be awarding annual funding for small unsustainable project work. It is clear resources need to be used where they have the most impact and priority will be given to investment in work to tackle cross cutting themes.
- 5.5 The Ministry of Justice (MoJ) transferred responsibility for commissioning support services for victims of crime to Police and Crime Commissioners in 2014. These services are provided using a mixture of grants and commissioning. In 2019/20 Cambridgeshire will also be one of five pilot areas nationally to have a devolved rape support fund from the MoJ.
- 5.6 The Commissioner awards grants to deliver casualty reduction and support in the county.
- 5.7 The Commissioner commenced a Youth and Community Fund during 2017/18 and this will continue to support youth and community groups to deliver activities to divert young people away from offending and reduce the vulnerability of young people. Details of the fund can be found on the Commissioner's website.

## **6. Police Funding**

- 6.1 There are two principle sources of funding available to the Police and Crime Commissioner for the delivery of his duties: Government Formula Grant and Council Tax. The draft financial settlement that was issued by the Home Office in December 2018 provided details on the Police Grant and Council Tax, both of which are discussed below.
- 6.2 The Government is preparing the Comprehensive Spending Review which is due to be finalised in 2019. There is also ongoing work nationally to review the police funding formula allocation process. The assumption within this MTF5 is that there will not be any significant changes to Cambridgeshire funding as a result of either. This is not to say that there won't be changes but to try to factor in what they may be, would be wild speculation. The Constabulary is already one of the lowest funded forces currently, so a reasonable assumption would be that any change would be neutral or positive in its impact.
- 6.3 Against this background, the Constabulary continues to be one of the lowest funded police forces in the country in terms of funding per head of population, resulting in a constant risk of under resourced policing services. (42p per day per head compared to 51p national average).

## **Government Formula Grant**

- 6.4 In 2018/19, 54% of the funding for the Commissioner came from the Police Grant, paid by the Home Office. In the last financial year, the Police Grant was set at a below inflation increase to £79.9 million. This grant allocation will have a significant impact on the 2019/20 budget, as even a small increase will greatly assist in achieving a balanced budget.

## **Council Tax**

- 6.5 The Council Tax is driven by two elements, the Band D equivalent rate and the Council Tax base. The current 2018/19 Band D rate in Cambridgeshire is £198.72. The draft Government financial settlement included a provision that allows Police and Crime Commissioners to increase their share of the Council Tax by up to £24. The MTFS is based on this increase in 2019/20 (exact figure £23.94) and then reverting to a 2% increase per annum thereafter. This will increase the Council Tax in 2019/20 to £222.66 for Band D.
- 6.6 The second element of Council Tax is the council tax base, which is the total number of Band D equivalent properties in the area. This is calculated by District Councils and is driven by house building in the area. The council tax base for 2019/20 is anticipated to increase by an estimated 1.5%.

## **7 Budget Considerations for 2019/20**

- 7.1 The total budget requirement has increased by approx £11m for 19/20; mainly driven by cost pressures; increases in pay and pension of £4.6m, collaboration costs of £3.5m and a decrease in income of £0.2m, as well as £2.5m from a planned increase of officers in 19/20. Further detail is listed below.
- 7.2 Employer contributions for pensions have been reviewed by government actuaries which has increased the annual cost of employer contributions by £3.6m thereby increasing the baseline for 19/20. The settlement in December 2018 provided £1.4m of additional grant for 19/20 to cover part of this increase to approx £2m. The increase is outside local control.
- 7.3 The Insurance Premium for policing increased on renewal in September 2018 giving a pressure of £550k. In the short term this cannot be reduced.
- 7.4 The National Police Air Service (NPAS) is consulting on different working models currently. However, there has been a requirement to increase the amount budgeted by £186k taking the total cost to £700k for this service. As a national mandated service the cost of running the function is outside local control.
- 7.5 As a result of issues within the forensic market, the Forensic cost has increased in 19/20 with the budget now at £765k. Again, the cost of this service is outside of local control.

- 7.6 The anticipated investment in the National Enabling Programme (NEP) has an agreed uplift in 19/20 of approx £300k. This initiative underpins the delivery of several outcomes of the Policing Vision 2025 and will provide a modern technology environment that is fundamental to transforming ways of working across policing in the UK. Whilst a cost, this will bring improvement and efficiency with such investment.
- 7.7 The collaborated HR function has identified additional costs due to Occupational Health recruitment and other changes totalling £543k.
- 7.8 Income generation has fallen by some £200k – partly due to a change in the charging mechanism but also a reduced number of events within the Cambridgeshire area.
- 7.9 Other collaborated activities including custody are seeing an additional £300k added to the 19/20 budget.

## 8 Inflation

- 8.1 Current inflation rates are contained within the MTFP (Appendix B) but there is currently a period of growing inflation, which brings about pressure and risks to the budget. Some areas (e.g. Insurance) have significantly higher rates of increase.

## 9 Savings

- 9.1 The current MTFP contains a savings plan in order to bridge the current funding gap over the four-year period. The savings plan comes under three primary headings:
- **Local Policing** – this covers savings for those budgets directly under the sole control of the Chief Constable. Savings here include the LPR, the primary savings target, plus supplies and services and transport.
  - **Estates Strategy** – The Commissioner has a clear Estates Strategy that is looking to dispose of properties no longer required, collaborate with partners, particularly Cambridgeshire Fire and Rescue Service, for joint occupation of buildings and uses the estate for income generation through regeneration.
  - **Collaboration** - as discussed in the transformation section of the Police and Crime Plan, collaboration both across the BCH partnership and 7Forces is key to finding efficiencies across the organisation. 7F procurement is a tangible example of this.

## 10 Workforce

- 10.1 Despite ongoing budget pressures, the total number of police officer posts in the Constabulary is budgeted to increase to an establishment of 1,496. The increase in local policing from 19/20 of 75 local officers is made up of an additional 50 warranted

officers, funded from the 19/20 increased precept, and 25 from the Local Policing Review in 2018.

- 10.2 Police Community Support Officer (PCSO) establishment numbers are budgeted at 80.
- 10.3 The Constabulary is already collaborating in several areas. This has enabled each Force/Constabulary to have access to a greater number of resources.

**Table 1 –Workforce projections (establishment)**

	<b>2018/19</b>	<b>2019/20</b>
<b>Police Officers:</b>		
Local Policing	1,175	1,250
Other Policing	250	246
<b>Total Officers</b>	<b>1,425</b>	<b>1,496</b>
<b>Police Staff:</b>		
Police Staff	873	873
PCSOs	126	80
<b>Total</b>	<b>999</b>	<b>953</b>

## **11 Budget assumptions beyond 2019/20**

- 11.1 Assumptions in the budget associated with this MTFs are discussed throughout the document but maybe summarised under the following categories:
  - Funding – a lack of growth in direct grant has been assumed although additional pension funding received as part the December 2018 settlement is factored into the next 3 years. Council Tax funding has been included at a rate to reflect the assumed increase in population in the Cambridgeshire area. The budget assumes no additional associated funding in taking on more responsibilities arising from legislative changes.
  - Cost pressures – general and energy inflation has been included at rates which are reviewed annually. It is accepted that there is risk over items of expenditure where there is no ability to exercise short term control; current examples being the increase in pension contributions and provision of insurance and forensic services. In these cases there there no alternative provider although long term solutions are under review.
  - Opportunities – some scope exists to control expenditure that either falls to be included as an investment to future efficiencies, as with the Digital Efficiency Programme describe above, or with collaborative activities, where savings are not forthcoming.
  - Demand – although it is accepted that there is an increase in demand, both short and long term, as well as an increase in the level of complexity, with increased

sophistication of crime requiring additional resources, the budget has been prepared on an ongoing basis to absorb any increases in associated costs arising.

- Changes elsewhere in the public sector – the budget is prepared assuming no specific additional cost to absorb the demand shift from other agencies onto the police.
- Impact of Brexit – estimates for the effect of Brexit on costs and revenue remain uncertain and are not included within the budget.

## 12 Reserves

- 12.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (CFO) to report on the adequacy of the proposed financial reserves as part of budget setting considerations.
- 12.2 The **General Reserve**, which is a statutory contingency reserve to fund unplanned and emergency expenditure, for example a major operational investigation, is budgeted at £7.198m (5.25% of the Net Budget Requirement, in line with the recommended 5% generally considered prudent).
- 12.3 The Commissioner is required to clearly set out how he intends to use all allocated reserves over the MTFS period, including specific spend categories as required by the Home Office. **Appendix D** sets out the balances of the reserves as at 31 March 2019.
- 12.4 The **Drug Forfeiture Reserve** contains funds received from HM Courts and is earmarked for operational activity to disrupt criminal activity involving drug crime. Funds are applied from this fund as operational need requires.
- 12.5 The **Road Casualty Reduction and Support Fund** contains funds to be used on road casualty reduction activities. The Commissioner is drafting a Strategy which will inform use of this reserve for the remainder of this MTFS and also going forward. This fund will be utilised over the MTFS period but the spend profile is to be determined.
- 12.6 The **Collaboration and Commissioning Reserve** is for the Commissioner to fund activities under the Transformation theme of his Police and Crime Plan. During 2018/19 funds were applied to pay the salary of a Watch Co-ordinator in the Constabulary.
- 12.7 The **ICT Development Reserve** is to be used for major ICT programmes that are being implemented nationally through the Police ICT Company. It is anticipated this reserve will be used in the life of this MTFS. During 2018/19 this was used to fund parts of the Athena implementation.
- 12.8 The **Estate Development Reserve** is used for estates issues that were unknown when setting the Capital Programme. It is anticipated this reserve will be used by the end of this MTFS and will be used for future estate upgrades.

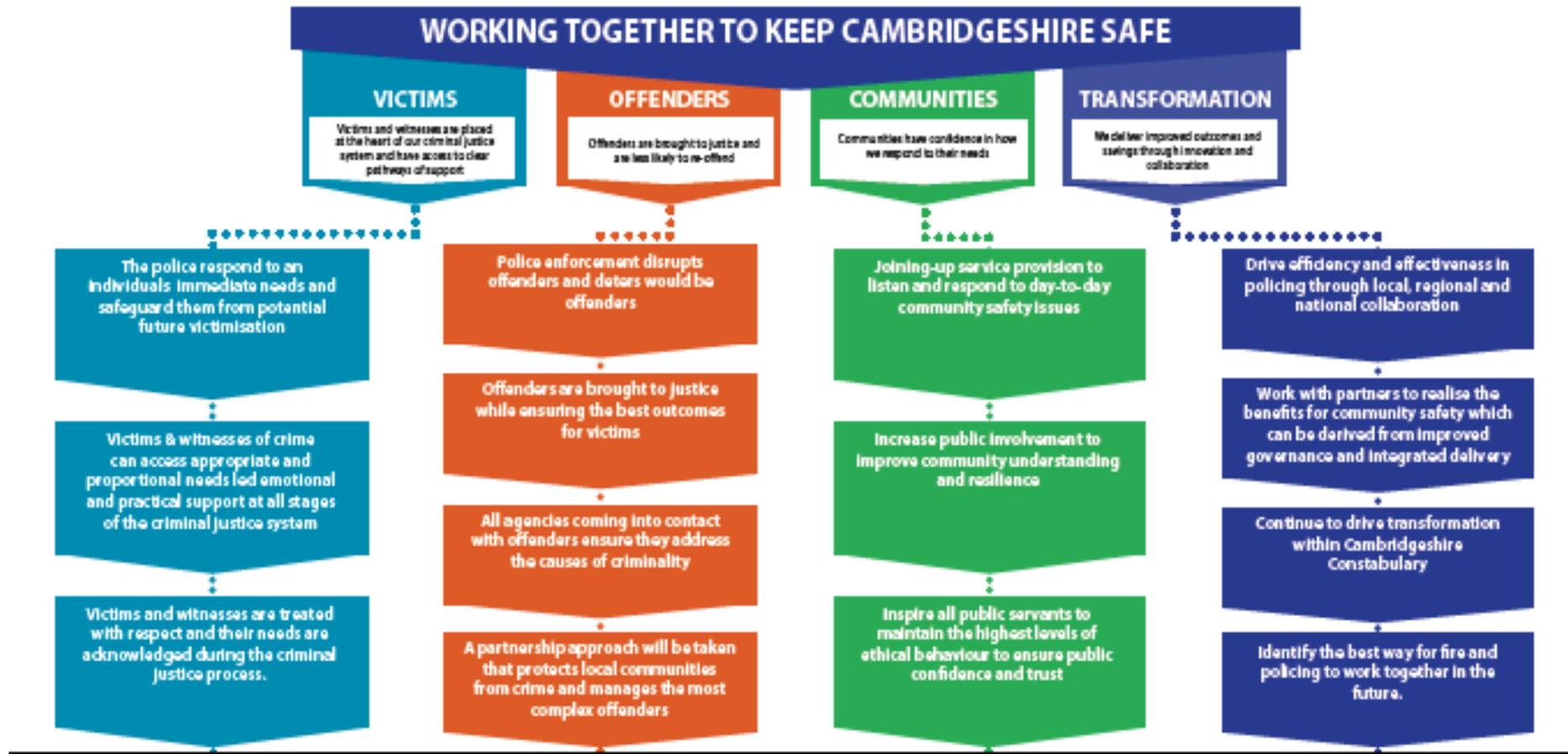
- 12.9 **Contingency Reserves** are held for Insurance and Ill-Health retirement. The amount held for insurance is based on the annual actuary report. The ill-health reserve is a contingency set at five retirees averaged at £79.6k per pensioner.
- 12.10 The **Capital Reserve** is to be used for the Capital Programme and will be used during the life of this MTFs.
- 12.11 The **Capital Receipts** Reserve is made up from receipts from buildings the Commissioner has disposed of as they are no longer required for operational policing. This reserve will be used to help fund the building of a new operational police station in the southern part of the county.

### **13 Robustness of estimates**

- 13.1 Under Section 25 of the Local Government Act 2003, the Commissioner's CFO is required to report on the robustness of the estimates made for the purposes of the budget calculations.
- 13.2 Work on the 2019/20 budget gap started early in 2018/19, 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.
- 13.3 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.
- 13.4 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 include 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.
- 13.5 The Commissioner's CFO and the Constabulary's Director of Finance and Resources meet regularly 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.

## **14 Capital Programme**

- 14.1 The Capital Programme consists of the major infrastructure works that are due to be carried out over the next four years. It also contains forecast spend for vehicles and ICT programmes.
- 14.2 Other than the Parkside replacement project, other Capital Programme expenditure for 2019/20 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.
- 14.3 From 2020/21, the primary source of capital financing will be borrowing as Capital Receipts Reserve will have been fully utilised by this point and it is anticipated that the current low level of Capital grants received from central government will continue. This will have ongoing revenue consequences due to the need to budget for interest and minimum revenue provision payments.
- 14.4 Appendix C shows the Capital Programme for 2019/20 to 2022/23.



## APPENDIX B – MTFP 2019/20 to 2022/23

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

	Budget 2019/20 £'000	Forecast Budget 2020/21 £'000	Forecast Budget 2021/22 £'000	Forecast Budget 2022/23 £'000
<b>Constabulary Expenditure</b>	144,562	148,642	151,317	154,030
<b>Total Income</b>	-1,356	-1,356	-1,356	-1,356
<b>Total Constabulary Budget</b>	143,206	147,286	149,961	152,674
<b>Office of the Police and Crime Commissioner</b>				
<b>OPCC Office Running Costs</b>				
Police Staff & Commissioner	910	939	968	999
Other Employee Expenses	1	1	1	1
Transport Costs	12	13	13	14
Supplies & Services	292	298	304	310
<b>Total OPCC Office Expenditure</b>	1,215	1,250	1,286	1,323
<b>Corporate Costs and Grants</b>				
Non-Operational Estate Held for Investment	-5	64	64	64
Police National ICT Company Subscription	60	60	60	60
Community Safety / Crime Reduction Grants	1,276	1,276	1,276	1,276
MoJ Victims Grant	979	979	979	979
Investment Interest	-114	-114	-114	-114
<b>Capital Financing Costs</b>				
Revenue Contribution to Capital	0	0	0	450
Interest	627	773	1,135	1,135
MRP	714	714	686	686
<b>Total Capital Financing Costs</b>	1,341	1,487	1,821	2,271
<b>NET BUDGET REQUIREMENT (NBR)</b>	147,958	152,288	155,333	158,533
Budget -Decrease / +Increase Year on Year	7.9%	2.9%	2.0%	2.1%
<b>Financed by:</b>				
<b>Formula Grant</b>	79,921	79,921	79,921	79,921
Actual Grant Reductions	1.93%	0.00%	0.00%	0.00%
MoJ Victims Grant	979	979	979	979
Pension Grant	1,398	1,398	1,398	1,398
<b>Precept</b>	63,383	65,944	68,675	71,520
Contribution to/-from Reserves	1,547	0	0	0
Collection Fund - Deficit / +Surplus	731	0	0	0
<b>TOTAL FINANCING</b>	147,958	148,241	150,973	153,817
<b>BUDGET GAP</b>	0	-4,047	-4,360	-4,716
	0	-4,047	-313	-356
Band D Council Tax £	£222.66	£227.11	£231.65	£236.29
Increase	£23.93	£4.45	£4.54	£4.63
<b>KEY ASSUMPTIONS INCLUDED IN THE FORECASTS ABOVE</b>				
Council Tax base increases				
Actual	1.71%			
Forecast		2.00%	2.10%	2.10%
<b>Council Tax</b>	12.04%	2.00%	2.00%	2.00%
Tax base	284,665	290,358	296,456	302,681
<b>Grant increase / Decrease (-)</b>	1.93%	0.00%	0.00%	0.00%
Police officer pay rise (w.e.f 01/09)	2.00%	2.00%	2.00%	2.00%
Police staff pay rise	2.00%	2.00%	2.00%	2.00%
Increment increase	0.40%	0.40%	0.40%	0.40%
Staff Pension Increase	0.00%	1.00%	1.00%	1.00%
General Inflation	2.50%	2.00%	2.00%	2.00%
Energy Inflation	4.00%	4.00%	4.00%	4.00%

## APPENDIX C – CAPITAL PROGRAMME MTFP 2019/20 to 2022/23

Capital Programme 2018/19 to 2022/23						
Capital Programme No.	Description of Bid	Programme 2018/19 £	Programme 2019/20 £	Forecast Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £
<b>Section A</b>	<b>Projects where Funding Approved in Previous years</b>					
1	Athena		247,000			
	<b>Section A Totals</b>	<b>0</b>	<b>247,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Section B</b>	<b>Estate Programme</b>					
2	Cambridgeshire Southern Police Station	0	3,470,000	14,000,000	12,000,000	1,000,000
3	Estates Major Repairs Planned	500,000	500,000	500,000	500,000	500,000
	<b>Section B Totals</b>	<b>500,000</b>	<b>3,970,000</b>	<b>14,500,000</b>	<b>12,500,000</b>	<b>1,500,000</b>
<b>Section C</b>	<b>Fleet Programme</b>					
6	Vehicle Replacement Programme	1,300,000	1,525,000	1,570,750	1,617,873	1,666,409
	<b>Section C Totals</b>	<b>1,300,000</b>	<b>1,525,000</b>	<b>1,570,750</b>	<b>1,617,873</b>	<b>1,666,409</b>
<b>Section D</b>	<b>ICT Enabling Programme</b>					
7	ICT Programme 2018/19	707,000	2,460,000	1,200,000	800,000	500,000
	Rolling replacement	150,000	400,000	400,000	400,000	400,000
11	CRM - In FBC and will go to JCOB	93,580				
14	ESMCP Devices and Fitting (now part of ICT)	213,500				
15	ANPR 3 Year Investment Strategy	140,000				
	<b>Section D Totals</b>	<b>1,304,080</b>	<b>2,860,000</b>	<b>1,600,000</b>	<b>1,200,000</b>	<b>900,000</b>
<b>Section E</b>	<b>Operational Programme</b>					
19	JPS General	95,000	100,000	100,000	100,000	100,000
20	Digital Interview Recording Equipment Refresh					
21	Delegated Chief's Budget	300,000	300,000	300,000	300,000	300,000
	<b>Section E Totals</b>	<b>395,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>
	<b>Totals for All Schemes</b>	<b>3,499,080</b>	<b>9,002,000</b>	<b>18,070,750</b>	<b>15,717,873</b>	<b>4,466,409</b>
<b>Funding Proposal</b>						
<b>Section D</b>	<b>Capital Financing</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	Capital Grants		517,260	517,260	517,260	517,260
	RCCO					900,000
	RCCO (from Colloboration Vehicle recharges)		440,000	440,000	440,000	440,000
	Capital Receipts		2,050,000			2,500,000
	Capital Reserves		669,000	0	0	0
	General		0	2,000,000		
	ICT Development Reserve					
	Ill Health Reserve			398,000		
	Budget Assistance Reserve		38,000			
	Estates Development Reserve		1,817,740	715,490	132,000	
	RCCO from Savings In-Year					
	Use under borrowed cash		3,470,000	6,530,000		
	Borrowing			7,470,000	14,628,613	109,149
	<b>Total Financing</b>	<b>0</b>	<b>9,002,000</b>	<b>18,070,750</b>	<b>15,717,873</b>	<b>4,466,409</b>
* Detailed Funding for the 2018/19 capital programme is provided in the Capital Expenditure Report, made public on a quarterly basis.						

## APPENDIX D – RESERVES

<b><u>Group Usuable Reserves</u></b>	
	<b>Balance 31 March 2019</b>
<b>Description</b>	
	<b>£000</b>
Carry Forward Project Reserve	1,231
Insurance Reserve	862
Ill-Health Retirement Reserve	398
Capital Reserve	669
Drug Forfeiture (Operational) Reserve	146
Budget Assistance Reserve	2,610
Capital Carry Forward Reserve	1,491
Road Casualty Reduction & Support Fund	1,564
Collaboration & Commissioning Reserve	374
ICT Development Reserve	-
Estates Development Reserve	2,665
<b>Total Earmarked Reserves</b>	<b>12,010</b>
General Reserve	7,198
<b>Total General and Earmarked Reserves</b>	<b>19,208</b>
Capital Receipts Reserve	2,641
<b>Total Usable Reserves</b>	<b>21,849</b>