

CAMBRIDGESHIRE POLICE AND CRIME PANEL	Agenda Item No. 7
14th November 2018	Public Report

Report of Cambridgeshire Police and Crime Commissioner

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MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2022/23

1. PURPOSE

- 1.1 The purpose of this report is to update the Police and Crime Panel (the “Panel”) on the Police and Crime Commissioner’s (the “Commissioner”) approach to setting the Medium Term Financial Strategy 2019/20 to 2022/23 (MTFS).

2. RECOMMENDATIONS

- 2.1 The Panel is recommended to note the report and the MTFS as given at Appendix 1.

3. TERMS OF REFERENCE

- 3.1 Item 6 – To review or scrutinise decisions made, or other action taken, by the Police and Crime Commissioner in connection with the discharge of the Commissioner’s functions.
- Item 8 – To support the effective exercise of the functions of the Police and Crime Commissioner.

4. BACKGROUND

- 4.1 Under the Police Reform and Social Responsibility Act 2011 and the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012, the Commissioner must notify the Panel of the precept which the Commissioner is proposing to issue for the financial year by 1 February.
- 4.2 As part of the process to arrive at the precept for 2019/20 the Commissioner needs to agree a MTFS covering the four years from 2019/20 to 2022/23. This report sets out the risks and issues that the Commissioner is considering in agreeing the MTFS.

5. RISKS AND ISSUES

- 5.1 The MTFS for the period 2019/20 to 2022/23 represents the financial plan required to deliver the objectives and outcomes of the Commissioner as set out in the Police and Crime Plan (the “Plan”).
- 5.2 The Plan has four key themes to its delivery: Offenders, Victims, Community and Transformation, each with a number of objectives and priorities for action. The fundamentals of the Plan is underpinned by the delivery of a transformation programme that will enable the Commissioner and Cambridgeshire Constabulary (the “Constabulary”) to better manage the demands on the service whilst improving the quality of service for victims and the wider community.

- 5.3 There is significant uncertainty around the settlement figures for the next financial year and the planned spending review period. In addition, the uncertainty around the UK's exit from the European Union is creating broader economic uncertainty, which could lead to delays in the final settlement. The MTFS will have to provide flexibility to respond to any variations that may present themselves in future financial years.
- 5.4 At this stage of the process many figures are still unknown but we are aware of some significant challenges to the 2019/20 budget. Therefore, it is highly likely that there will be a requirement to use reserves to achieve a balanced budget.
- 5.5 The Government usually announce police funding in December. However, there is speculation that this may slip into January 2019 which will make finalising the MTFS challenging. If the funding does not follow inflation the impact on Cambridgeshire will be significant.
- 5.6 The key challenges for 2019/20 are pensions, Policing Education Qualification Framework (PEQF), digitisation of policing and insurance.
- 5.7 The valuation of the unfunded Police pension scheme was completed in 2016. The outcomes of this review have been recently communicated to all affected parties. The result of a technical change to the way the scheme is valued will result in an increase to employers' contributions for Cambridgeshire. At this stage the gap is expected to be approximately £4.3m which is the equivalent of about 120 officers. However, the projected gap is after applying treasury funding, which is still to be confirmed.
- 5.8 PEQF costs are currently unknown but we anticipate an impact on deployment and effectiveness for at least three years whilst Police Officers undertake their University training.
- 5.9 Digitisation of policing relates to national programmes that are being delivered over the term of the MTFS. At this stage the funding arrangements around the programme is unclear but we have to absorb the costs of implementation whilst not necessarily gaining the benefits or savings from this technology immediately.
- 5.10 Cambridgeshire Constabulary's insurance is procured through a collaborative arrangement with a number of other police forces. The most recent tendering exercise has resulted in the premium increasing significantly. This is related to motor insurance where the competition is limited. This increase is expected in 2019/20 and will cost the Constabulary an additional £0.5m.
- 5.11 The Commissioner has committed to supporting frontline officers and therefore savings will have to come from other areas of the business. Cambridgeshire have already made savings of £28.65m since 2010 and therefore some tough decisions will have to be made in order to achieve a balanced budget.

6. NEXT STEPS

- 6.1 Detailed work on the MTFS will take place during the autumn in particular to refine the Net Budget Requirement and funding scenarios. The Police Settlement is anticipated to be in early December 2018 which will enable us to finalise our budget.
- 6.2 The Precept Report 2019/20 will be presented to the Panel at its meeting on 30th January 2019 and it is proposed that a budget briefing session is held for the Panel in January 2019.

7. APPENDIX

- 7.1 Appendix 1 – 'Cambridgeshire Police and Crime Commissioner's Medium Term Financial Strategy 2019/20 to 2022/23'