




## Settlement & Medium Term Financial Plan (MTFP) Update

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Cambridgeshire Constabulary

6th February 2020

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## Funding Context




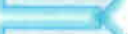

- The Government has just announced the largest funding package for the policing system in a decade assuming precept rises of £10.
- Measurable outcomes are expected from this settlement.
- Cambridgeshire Constabulary is a growing organisation, thanks to the precept last year (50 officers) and the national uplift (62 by March 2021). Cambs will have highest number of officers in history – 1,559 at end March 2021.
- Cambridgeshire as a whole suffers from under-investment, with key public authorities suffering reduced funding despite high population growth
- Backdrop of continual budget pressures on Constabulary and need to reduce reliance on reserves

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## Operational Context

- The Strategic Threat and Risk Assessment (STRA) process identified 999 calls, domestic abuse cases, mental health incidents, concerns for safety of the vulnerable and sexual offence reporting all likely to increase.
- Funding reductions in other public services may impact on policing and capital infrastructure also needs investment
- Trends in *changing demand profile* means shifting demand profile with:
  - Current crime  **current & non-recent crime**
  - Public crime  **public and private/hidden crime**
  - Physical crime  **physical and online crime**
  - Simple  **simple and complex**
  - Crime  **crime and social care**

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## 20,000 Uplift Context

- There is the clearest of steers from Government that a “return on investment” is required
- Consistent themes centre on Reducing Crime and Harm within our communities, specifically: County Lines, Neighbourhood Crimes and Serious Violence.
- ‘Prevention’ also being key in their expectations
- The Uplift programme whilst funding direct costs of additional officers brings additional indirect costs.
- No guarantee given of funding in years 3 and 4 (although we have assumed it will be forthcoming)
- It brings significant budget inflexibility – officer numbers are locked (60%+ of whole budget) – direct support functions (intelligence analysts, training etc) are consequently similarly locked

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## Future Year Considerations

- Assuming today's recommendations are accepted and based on Home Office Core Grant being flat cash and 2% precept increase from 21/22 onwards, future year funding gaps remain within the Medium Term Financial Plan (MTFP): £2.8m 21/22, £2.9m 22/23 and £2.1m 23/24 The 2020/21 settlement is positive but it is important to gain resilience for future years uncertainties and forecast deficits.
- Borrowing and interest costs due to capital investment. The operational needs required in the capital programme creates pressure on revenue budgets with increases in the cost of borrowing
- Uplift funding – recurrent v non-recurrent? No commitments have been made in respect of a 3 year settlement and confirmation of uplift funding in future years although the fact that this is included in the core grant provides some comfort. The risk of a potential cliff edge remains until funding is confirmed in a multi year settlement. Plus there is a need to ensure the infrastructure is in place to deliver the Uplift; additional unplanned costs could arise in future years.
- Pension liabilities – recent case law; centrally funded?

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## Future Year Considerations

- Central Government initiatives and direction of travel
  - Helicopter costs
  - National Law Enforcement Data Service (NLEDS - HO programme and will require investment)
  - Emergency Services Network (ESN) - on pause, but still will need investment)
  - National Police Air Service (NPAS)
  - 7Force programmes requiring investment to deliver technological change
  - Specialist Capabilities (14 strands to create a UK Policing network)
  - National Enabling Programme (NEP) and National Management Centre (NMC)
  - Digital First / Digital Contact / Digital Intel and Info
  - New Police Conduct regs will see a rise in the Professional Standards services and supports need for front line supvs
  - Forensics and digital forensics
  - Officer Safety National Police Chiefs' Council (NPCC) review (will need investment)
  - Historical child abuse cases (currently topical in Gtr Manchester)
  - Cyber crime rise, for instance, is 10% year on year
  - Serious and Org Crime review, will affect the spending review. Due February


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## Building the Medium Term Financial Strategy (MTFS)

- The MTFS covers the period 2020/21 to 2023/24
- Sets out the overall strategy in which the financial planning of the Constabulary can operate
- Supports the financial plan required to deliver the objectives and outcomes of the Police and Crime Plan.
- Greater focus on financial prudence/caution given the increased budget inflexibility, depletion of reserves, and the more uncertain funding environment.

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## MTFS Strands

Objective of MTFS is to achieve financial sustainability in a period of budget inflexibility-

- Collaboration
- Reducing costs
- Minimise borrowing for capital projects
- Income generation
- Prevention

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2020 /21

## Net Budget Requirement (NBR)

- Force priorities are based upon detailed analysis:
  - Safeguarding the Vulnerable
  - Combatting Acquisitive Crime
  - Reducing Harm to Communities
- Organisational areas of focus are:
  - Improving Investigation Standards
  - Enhancing Data Quality
- Operational requirements are identified using an innovative planning process known as the Strategic Threat and Risk Assessment (STRA).

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## Net Budget Requirement (NBR)

The NBR for 2019/20 was £148.2m

The NBR for 2020/2021 is £156.5m

... a net increase in NBR of **£8.3m**

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## Investments & Cost Pressures

- Additional **GROSS NBR** of **£10.67m**

Cost Pressure / Investment	£m
Police Officer / Police Staff Pay and Pension Costs	4.12
Non-pay Inflation (premises / utilities)	0.37
20,000 Officer Uplift Pay and Pension Costs	1.71
20,000 Officer Uplift Pay and Pension – Management Costs & On Costs (Uniform / Vehicles / Equipment); and Uplift team	1.04
Investments and Cost Pressures – covered on next slide	2.04
Revenue Contribution to Capital	1.00
Technical Budget Adjustments	0.39
<b>Total GROSS NBR Increase</b>	<b>10.67</b>

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## Investments & Cost Pressures

- Further info on Non-Uplift Investments and Cost Pressures

Cost Pressure / Investment	£m
National Helicopter Costs	0.28
BCH – Professional Standards Dept	0.16
BCH – ICT change in provision to cloud based solutions	0.29
BCH – Learning & Development (L&D) additional trainers to meet increase in workforce and extension of IPLDP* (20/21 only)	0.23
Crime Reduction	0.50
Additional budget items including crime stoppers and National ICT charges	0.41
Smaller cost pressures on individual budget lines (<£100k)	0.17
<b>Total Non-Uplift Investments and Cost Pressures</b>	<b>2.04</b>

\*Initial Police Learning and Development Programme (IPLDP)

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## Savings & Cost Reductions

Less savings and cost reductions identified of **£2.36m**

Savings / Cost Reductions	£m
Non-collaborated	0.88
Collaborated	0.93
Additional Income from funded and seconded posts	0.27
Other (including Minimum Revenue Provision and interest reductions)	0.28
<b>Total Savings / Cost Reductions</b>	<b>2.36</b>

Overall NET NBR increase of £8.3m

The removal of the use of reserves is £1.8m

The reduction in funding due to Council Tax Collection Deficits is £0.8m

**The total funding requirement is therefore £10.9m**

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## Capital Requirements

- Operational requirements necessitate capital investment
- But capital funding reduced to only £0.1m for 2020/21**
- This creates additional revenue pressure through increased borrowing cost or lease rental costs – current estimate is £1.78m over the MTFP and will grow beyond that
- Significant schemes under consideration:
  - Cambridge Southern Police Station
  - Pressing need for BCH training facilities that will require funding
  - ICT – continued development of ICT infrastructure locally, regionally and nationally

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## 2020-21 Funding Settlement

A positive settlement albeit still 1 year only

Core grant funding has increased and an additional ring-fenced grant has been introduced for delivery the Officer Uplift. However capital grant funding has been reduced to just £0.1m.

All in £m (*differences due to rounding)	2019/20	2020/21	Change	
Core Grant	73.4	78.9	5.5	7.5%
Uplift Grant – ring-fenced	0.0	1.7	1.7	100%
Capital Grant	0.5	0.1	(0.4)	(80%)
<b>Sub-Total (HO Table 7)</b>	<b>73.9</b>	<b>80.8*</b>	<b>6.8</b>	<b>9.2%</b>
Legacy Council Tax Grant and Pensions Grant	7.9	7.9	0.0	0%
<b>Total Grant Funding</b>	<b>81.8</b>	<b>88.7*</b>	<b>6.8</b>	<b>8.3%</b>

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## 2020-21 Funding Settlement

In addition ability to raise precept by up to £10 on an average band D property, modelled in the Home Office Settlement.


For Cambridgeshire a precept increase of £9.99 equates to 4.49%, a band D precept of £232.65 and a precept value of £67.5m.

Note the precept value is slightly greater than calculated as it reflects actual Council Tax Base growth rather than estimated which the Home Office has applied.

All in £m (*differences due to rounding)	2019/20	2020/21	Change	
Total Grant Funding	81.8	88.7	6.8	8.3%
Precept in line with Home Office calcs	63.4	67.5	4.1	4.5%
<b>Total Funding</b>	<b>145.2</b>	<b>156.2</b>	<b>10.9</b>	<b>7.5%</b>


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## 2020/21 Draft Budget

	2019/20	2020/21	Change	The draft budget is balanced for 2020/21 using the Home Grant and precept calculations
	£'000	£'000	£'000	
<b>Total In-House Expenditure</b>	88,422	96,139	7,717	
<b>Net Cost of Police Pensions</b>	15,040	16,128	1,088	
<b>Total BCH Collaboration</b>	35,860	33,721	-2,139	
<b>Total Other Collaborations</b>	5,240	5,738	498	
<b>Total Income</b>	-1,153	-1,473	-320	
<b>Total Constabulary Budget</b>	143,409	150,253	6,844	
<b>OPCC Office Running Costs</b>	1,215	1,210	-5	
<b>Corporate Costs and Grants</b>	2,196	2,716	520	
<b>Capital Financing Costs</b>	1,341	2,290	949	
<b>NET BUDGET REQUIREMENT (NBR)</b>	148,161	156,469	8,308	
<b>Financed by:</b>				
Central Grants	82,297	89,543	7,246	
Precept and Collection Funds	64,114	66,926	2,812	
Contribution (-)to / from Reserves	1,750	-	-1,750	
<b>TOTAL FINANCING</b>	148,161	156,469	8,308	
<b>BUDGET GAP</b>	0	0	0	

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## OPCC Precept Survey Results January 2020

Total no of respondents	1,197
<b>% of respondents selecting 'strongly agree' to the 3 questions:</b>	
Q.1 Importance of Police visibility	72.96%
Q.2 Importance of equipment and training	83.54%
Q.3 Importance of maintaining police staff levels	76.21%
Total no of additional comments	259

The survey reinforces that policing is important to our local communities and their expectation is that officers are adequately supported to carry out their duties.

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## 2020/21 Precept Recommendation

Based on the work undertaken to calculate the budget requirement to meet operational requirements and deliver the 20k Officer Uplift Programme, whilst managing risks to the Force.....

**.....it is proposed that a £9.99 increase (4.49%) in precept for a band D property is made for 2020/21.**

(note a figure of £9.99 is used to avoid any rounding issues when local councils calculate Council Tax bills)

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