



Police and Crime Commissioner
CAMBRIDGESHIRE AND PETERBOROUGH

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POLICE AND CRIME COMMISSIONER

DRAFT MEDIUM TERM FINANCIAL STRATEGY

2021/22 TO 2024/25

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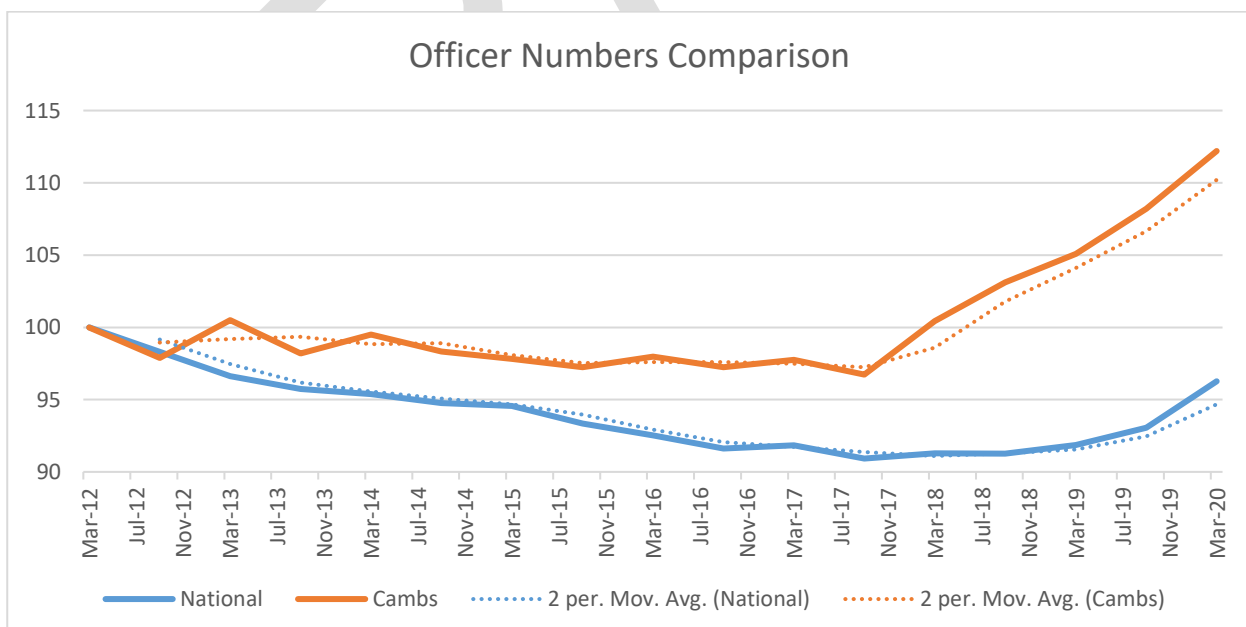
1 Overview and Purpose of the Strategy

- 1.1 The Medium Term Financial Strategy (MTFS) is the Acting Cambridgeshire Police and Crime Commissioner's (the "Acting Commissioner") key financial planning document for the next four years but which is refreshed annually. An underlying challenge remains for the Acting Commissioner and the Constabulary in that single year settlements have become the norm making sustainable medium term financial planning more difficult.
- 1.2 The Acting 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. At the time of drafting this document, the Government is due to report on the first stage of its review of the role of PCCs focusing on raising standards and improving accountability. The second stage will take place following the PCC elections in May 2021 and consider longer term reform, including what extra powers PCCs need to better fight crime in their areas.
- 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 defines the work which needs to be undertaken to achieve long-term financial sustainability.
- 1.4 If agreed a precept rise of £14.94 per annum for a Band D property would equate to total precept funding of £72.3m based on local Council Tax base estimates (this differs to the Home Office funding settlement figure of £71.7m which uses Office for Budget Responsibility forecast tax base increases). In addition to the precept, revenue grant funding from government totalling £92.7m is confirmed resulting in total funding for 2021/22 of £165.0m, a £9.0m increase in available funds for Cambridgeshire. The funding settlement was again a one year settlement providing no indication of future year funding therefore maintaining the funding uncertainty for the Constabulary in future years.
- 1.5 Against this background the strategy sets out how the Acting Commissioner aims to ensure the Chief Constable has the resources needed and how the Chief Constable aims to achieve the investment, savings and efficiencies required during the period of the plan to balance the budget, while ensuring reserves are sufficient to provide for future financial resilience.
- 1.6 The strategy forms a pivotal link to translate the organisation's ambitions and constraints into deliverable options.
- 1.7 The MTFS balances the pace of delivery of the Police and Crime Plan (the "Plan") against demand for resources. It identifies assumptions, risks, opportunities and investment requirements both locally and nationally and the impact these have on the financial plan.

2 Operational Context

- 2.1 Cambridgeshire is one of the lowest funded forces per head in the country. In recent years the Home Office’s policing grant allocation has not taken into account population growth and the county has suffered from under investment.
- 2.2 The significant economic growth planned for Cambridgeshire and Peterborough will not be sustainable unless public services are resourced adequately to support the new communities and households being created and to mitigate the impact on existing communities in absorbing that growth. This includes its policing services.
- 2.3 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.
- 2.4 Significant work has been undertaken within the Constabulary through it’s business planning process to ensure the policing budget is focused on the front line with sufficient back office infrastructure to meet the growing demands on the Constabulary. The chart below shows Cambridgeshire at 1,377 officers at March 2012 and the increase to this against this baseline up to March 2020, compared to the national picture of decline during austerity.

Cambridgeshire % Increase in Officer Numbers Compared to National Trend

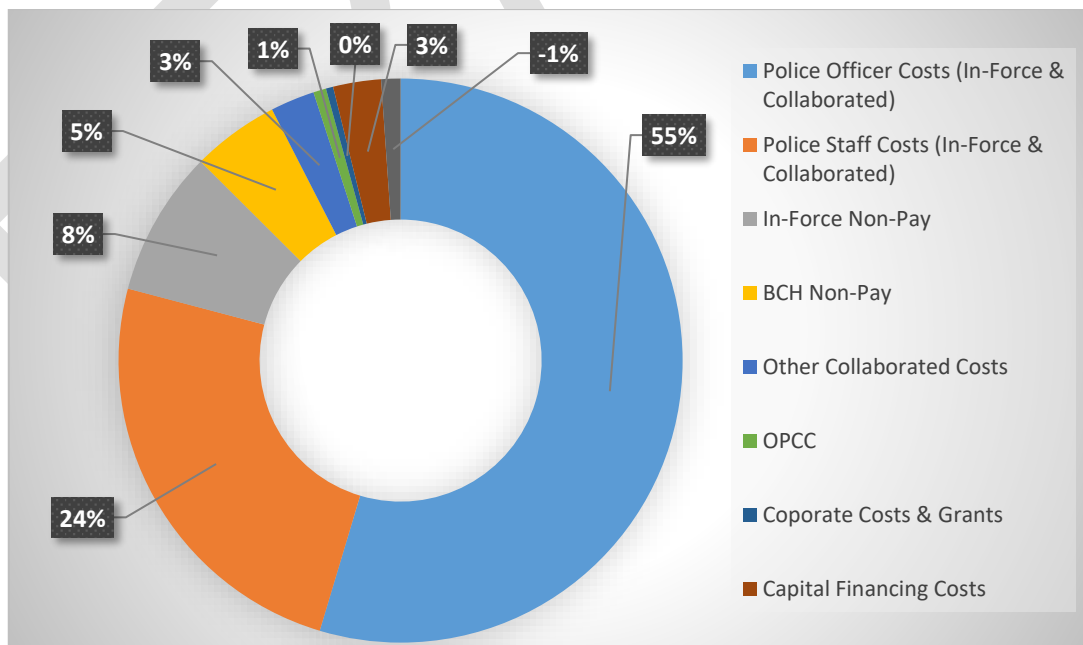


- 2.5 In the last year due to the Government’s Uplift programme, Cambridgeshire was allocated 62 new officers which takes the force to an establishment of 1,559 full time equivalent officers with the overall national trend on an upward trajectory. Over the

remaining two years of the Government’s Uplift Programme 6,000 and 8,000 more officers will be recruited into policing in 2021/22 and 2022/23 respectively. Cambridgeshire’s share of these officers is a further 61 officers in 2021/22 and is expected to be 82 in 2022/23. This would increase the number of Officers (full time equivalent) to 1,702 by the end of the Uplift Programme. Of the 61 additional officers for Cambridgeshire in 2021/22 an allocation of three officers will be assigned to the Regional Organised Crime Unit (ROCU) increasing capacity to tackle such crime.

2.6 The Uplift programme allocated additional officers based upon the outdated funding formula. Cambridgeshire throughout austerity protected the frontline and retained far more officers than the national average by difficult decisions being made in other areas, such as estates. The unintended consequence of the allocation of Uplift officers is that Cambridgeshire now has many more officers than at the start of austerity, which is welcome, but places more constraints on how the overall budget can be used compared to other forces.

2.7 The additional officers for Cambridgeshire are very welcome and will be used to further support policing. The Government funding for the Uplift Programme is conditional on existing officer numbers being maintained. As a result the percentage of the annual budget, which is used to meet police officer pay and oncosts, cannot be reduced. The impact being that there is a much reduced proportion of the budget available that can be controlled to make savings and balance the MTFP. This is demonstrated in the chart below with 55% of the total budget for 2021 required to meet Police Officer costs, which cannot be reduced and will increase again in future years as the Uplift Programme targets are delivered.



2.8 Policing is undertaken in a number of ways. Some policing roles are the traditional uniformed officer seen patrolling the streets – the Neighbourhood Policing Teams and response officers. However, there is much more crime that occurs unseen to the

public and which is increasing in complexity. Many officers therefore undertake roles working in areas such as cybercrime, protecting vulnerable people from domestic violence and sexual assaults and in collaborated units providing a service across Bedfordshire, Cambridgeshire and Hertfordshire (BCH) covering major crime, armed policing, dog handlers, scientific services and roads policing.

- 2.9 The Government are currently reviewing the Strategic Policing Requirement (SPR) and the results are expected before the PCC elections in May 2021. The SPR highlights national threats where forces need to contribute to support challenges that go beyond county boundaries. The scope of the review is to strengthen the overall purpose and provide more detail about the response needed from forces along with strengthening accountability and governance in respect of the SPR.
- 2.10 There is the clearest of steers from the Government funding announcement that a return on investment is required by way of measurable outcomes, which is likely to include an overall reduction in crime.
- 2.11 The operational priorities set by Cambridgeshire Constabulary will complement the existing objectives within the Police and Crime plan set out in Appendix A. The priorities are based upon partnership assessments and the Constabulary Strategic Intelligence assessment as such the new Police and Crime Plan that will be issued following the election of a new Police and Crime Commissioner in May 2021 will be informed by these.
- 2.12 The final key point to note regarding the operational context of the Constabulary is the extent to which national programmes are undertaken for the whole of policing where appropriate to do so. The Uplift Programme outlined above is one such example and other initiatives include:
- The **National Enabling Programme (NEP)** aimed at modernising and bringing a more common standard of information technology across police forces including the role out of O365;
 - The **National Police Air Service (NPAS)** provided through a single air service to police forces across England and Wales;
 - The **Emergency Services Mobile Communications Programme (ESMCP)** which is a replacement for the Emergency Services Network covering Police, Fire and Ambulance services;
 - **Transforming Forensics** which is a national programme to develop the Forensic Capability Network (FCN) across the country with the aim being to deliver a single national approach, increase quality, improve efficiency and speed of investigations, support rapid criminal justice outcomes, improve intelligence across forces and to create a sustainable service into the future; and

- **Police Education Qualification Framework (PEQF)** – a national requirement to put in place a framework across the country for education and training of new police officers covering both degree and non-degree entry routes. The PEQF is delivered with education providers locally and Cambridgeshire is working with Anglia Ruskin University as the successful contractor across the Eastern Region.

2.13 Furtherstill the Policing Vision 2030, with the newly built National Policing Board and the drive for Central Government to work closer with police forces across the UK will develop further the inter-relationship between national and local initiatives. There are four commitments within the Policing Vision 2020: 1) keeping our communities safe; 2) cutting crime and criminality; 3) evolving the workforce and culture; and 4) strengthen and develop our partnerships. With these commitments and the closer working with government, there could be future unknown investments that mature with the thinking of the Vision.

2.14 The national programmes that are put in place direct how the Constabulary has to work in these areas. To deliver national programmes local flexibility is further reduced with the impact being unavoidable cost pressures and investment requirements. The detail for financial planning behind some of these programmes is still being formed and does have the potential for significant cost implications creating financial pressure in the MTFs, which has to be absorbed.

3 Future Demand and Resources

3.1 The Constabulary's priorities as set out in the Corporate Plan cover both Operational and Organisational priorities as follows:

Constabulary **Operational priorities:**

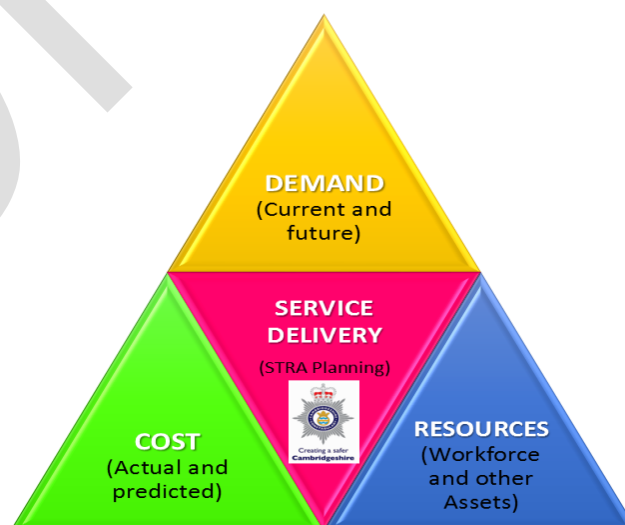
- **Safeguarding the vulnerable** – focussing on domestic abuse (repeat victims and offenders), child sexual abuse and exploitation, modern slavery and human trafficking, fraud (repeat victims and emerging trends) and serious sex offenders.
- **Combatting acquisitive crime** – focussing on burglary and vehicle crime.
- **Reducing harm to communities** – focussing on youth gangs, knife crime, drugs (disrupting county lines and street dealers) and hate crime (repeat offenders).
- **Tackling serious and organised crime** – focussing on disruption of crime gangs as the impact is felt across a wide range of their criminal activity and causes harm to our communities.
- **Increasing public satisfaction** – focussing on improving public confidence, maintaining call handling times, the timeliness of our initial response and improving communication with victims.

Constabulary **Organisational priorities:**

- **People** – developing our workforce; building trust and confidence in our communities; sustaining and improving public approval.
- **Partnership** – developing and enhancing our existing partnerships; working with partners to explore long term sustainable solutions to future demand; developing supportive partnership approaches to problem solving and identifying opportunities to reduce harm.
- **Resources** – using our resources efficiently and effectively; managing resources to invest in priority areas and integrate new technologies to improve policing.
- **Transformation** – encouraging innovative and entrepreneurial approaches to service design; establishing a business planning approach to support identification of innovative solutions; identifying areas where improvements can be made to the efficiency or effectiveness of investigations by working with our workforce and partners.

3.2 In 2019, the Constabulary introduced the Strategic Threat and Risk Assessment (STRA) process that identifies the current and anticipated operational pressures in meeting the Constabulary’s priorities. This model assesses the identified pressures against the current capacity and capability of the force to manage the expected future demand and risk. The STRA is one element of the Constabulary business planning and is shown diagrammatically below as to how the process combines demand, resources and cost associated with service delivery.

The STRA triangle is central to the Constabulary’s business planning approach



- 3.3 Given the financial outlook and budget challenges forecast in the MTFP, the STRA undertaken in 2020 for the 2021/22 financial year was brought forward and undertaken in February and March 2020. The 2020 STRA incorporated a greater emphasis on savings and efficiencies in order to identify opportunities to balance the MTFP. Income generation was included alongside any growth requirements for business units as part of the Uplift programme. The key benefit in financial planning terms has been the early development of savings proposals and efficiencies enabling due diligence and planning in order to deliver savings from 1 April 2021.
- 3.4 A precept increase of 6.42% (£14.94 per annum) would enable an increase in Constabulary resources in line with the Strategic Risk Assessment process, recommendations from the Constabulary's Force Management Statement, areas for improvement from the 2019/20 PEEL Inspection and enhance the Constabulary's target operating model going live on 1st April 2021. The investment in resource is in line with the Strategic Workforce Plan, future service provision as outlined locally through the STRA and in line with the Future Operating Model 2040 commissioned by the College of Policing. In short, it allows a re-shaping of the Constabulary in line with both operational and financial pressures and complements the recent announcements to changes within local policing. Appendix B provides an overview of the STRA project benefits.
- 3.5 The Cambridgeshire Corporate Plan has provided the direction and ambition for the Force to ensure the confidence and safety of the communities that the Constabulary police. In essence, with five operational priorities and four organisational priorities enshrined with the organisational values, has led the STRA business planning model in what services are required for the future of Cambridgeshire communities. By doing this, the evidence brought to the fore articulates the requirements for investment which are set out in the remainder of this section. This assurance in business planning means that both efficiency and effectiveness, as well as future proofing of the Constabulary has been paramount.
- 3.6 The remainder of this section sets out the key areas of additional investment that are available if an increase in precept of £14.94 is approved. If any lower level is approved then these areas of investment will need to be scaled back accordingly.
- Vulnerability Support Team**
- 3.7 This would directly support one of the Operational Priority Areas of the Constabulary's Corporate Plan and in addition link to the current Police and Crime Plan objectives. A significant increase in demand has been seen over recent years across the vulnerability agenda. This includes areas such as Domestic Abuse, Mental Health, Child Sexual Exploitation, Modern Day Slavery, Concern for Safety calls for service and Missing from Home reports. Vulnerability exists across the county and this has been heightened through exploitation linked to such issues as County Lines.
- 3.8 The public rightly expect the police service to protect them from such hidden crime and more so where the victim is vulnerable through age or other characteristics. Early identification of vulnerability from the initial call for service has proven to be vital in

assessing risk, together with the effective response and supervision of each incident. With an ever-increasing profile of young in-service frontline officers, the support required from specialists across this complex agenda has never been more pressing.

- 3.9 A Vulnerability Support Team would be located across the County and within the Demand Hub, assisting in identifying risk right from the initial call, and additionally to support and guide officers and staff throughout the investigation. They would enhance the prevention agenda in having knowledge of civil and criminal powers for example, to protect vulnerable victims. This would be an innovative concept and the success would be achieved by measuring victim satisfaction, disengagement rates, successful criminal outcomes and diversion activity, as well as the use of civil powers for example.

People and Workforce Development

- 3.10 The Government's uplift programme has been extremely positive in bringing new officers into the Force. However, an unintended consequence of the programme as referred to previously is the change in the workforce profile with an increasing number of officers with less than 2-3 years experience. This brings with it additional supervisory demands within the response teams as well as ongoing coaching requirements. It also creates a requirement for the force to ensure the operating model is future proofed and leads to modelling of where more experienced officers and police staff professionals are placed within the Constabulary to support the growing young in service workforce.
- 3.11 In response to the changing workforce implications the Constabulary is enhancing its establishment with a Chief Superintendent that will focus on the people and workforce development. In addition, a Chief Inspector in each of the North and South Local Policing teams to enhance supervisory capacity in support of new officers and to ease demand on existing supervisory ranks.

- 3.12 These roles are also supplemented by the Diversity Coordinator explained below.

Diversity Coordinator

- 3.13 A workforce reflecting the communities the Constabulary serves, has been high on the agenda for several years. Nationally we have seen diversity, equality and inclusion become front and centre of the National Police Chief's Council's work and although the diverse representation of the Constabulary has increased, more is still to be done. In order to deliver on this important agenda, it is proposed to recruit a dedicated Diversity Coordinator. This resource will work alongside the Positive Action Team and within the county's communities to build trust and confidence to encourage and support applications from minority, under-representative communities. In addition, the resource will work internally, to support officers and staff alongside the existing staff support networks, to ensure those recruited are supported and encouraged to progress within the Constabulary.

Enhancing the Demand Hub

- 3.14 The Demand Hub (Force control room) is critical in the response to and management of initial contact from the public, other agencies and from internal enquiries from within the Constabulary itself. The Demand Hub deals with calls assessing the criticality of incidents and in addition, handles a wide range of other communications entering the Constabulary such as Web Chats, e mails and social media enquiries. The Demand Hub is effectively the gateway into the Constabulary and a forms a vital role in building the trust and confidence of the public and wider community.
- 3.15 There has also been an change in the type of call received by the Demand Hub with an increasing number of calls relating to vulnerable people being received. For example, this can relate to mental health incidents, self-harm, domestic abuse or missing persons. A large percentage of our calls from the public do not relate to crime but reflect the ever increasing demand of concerns for safety.
- 3.16 In response to these risks and hidden demands the Constabulary is investing in additional call handlers alongside developing technology to assist in providing more efficient and innovative ways to allow contact to be made.

Digital and Social Media Contact Desk

- 3.17 New legislation comes into being in 2021 whereby the Constabulary are required to monitor and respond to on-line contact with the Constabulary via such digital channels as social media. It has been seen throughout the pandemic that the channel shift to webchat, on line reporting of crime and intelligence, seeking advice and guidance from the police service, have all increased. Demand in respect of calls for service both 999 and non-emergency calls has increased and an innovative way of connecting with our communities is required.
- 3.18 Ahead of the new legislation we are trialling a digital desk within the Demand Hub and the proposal is to expand this concept into an all-encompassing digital contact desk. This service will not only monitor and respond to on-line correspondence but will also be able to pro-actively issue messages regarding incidents, demand surges, information and guidance and preventative messages to reduce demand and importantly increase public confidence and satisfaction with our service. By encouraging demand into the digital space, we will be able to respond to public concerns more effectively and thus increase visibility of frontline resources. The digital space allows us to 'target' messages more effectively and responsively to areas of the county, instead of a blanket type approach thus increasing public satisfaction with our service and improving two-way communication. In addition, national first contact work highlights the need to be more flexible and accessible as an organisation due to public use of digital contact. This approach would enhance accessibility to young people in particular.
- 3.19 This proposed Desk will also support the transition to the national Single On-Line Home platform due to be implemented in late 2021.

HR Consultants within the Continuous Professional Development Units (CPDUs)

- 3.20 The latter part of 2020 saw the reconfiguration of resources to implement two CPDUs within the North and South Policing Districts. Already the benefits of the units have been evident with direct support being given to inexperienced frontline officers, coordination of training days and professional inputs across a wide range of priority topics. An increasing proportion of response officers are within their first two years of service and thus in their probationary period. This puts huge pressure on supervisory ranks and tutor constables to support officers throughout their early years. The CPDUs have been developed to provide such support from within existing resources and in addition future proof the organisation as the new police entry routes within Cambridgeshire commence in October 2021 (Police Educational Qualification Framework – PEQF). The PEQF will also result in officers being on probation for three years in the future, rather than the current two year period, therefore compounding the pressure on supervisory ranks and tutor constables further.
- 3.21 The business and operational gap within the CPDUs is HR support. HR support in the form of two HR Consultants will greatly enhance the operating model of the CPDUs. The investment from the Uplift Programme on top of projected recruitment is a once in a generation opportunity to maximise police officer recruitment.
- 3.22 In order to minimise abstraction, reduce attrition rates and improve support for student officers an early intervention type approach is required for any officer requiring such additional support. The HR expertise, case file experience and guidance through a complex set of regulations will reduce the burden on already over stretched tutors and supervisors, thus increasing their ability to manage incidents and staff out on the streets rather than be tied up completing a multitude of reports. The advantage of HR consultants within the CPDU's cannot be under-estimated in terms of the longer-term investment within our people, more especially across student officers. The HR consultants will be ring-fenced to Cambridgeshire and report to the Senior Leadership Teams of the two Districts; the BCH collaborated HR Department will oversee their professional accreditation and development.

Digital Media Investigators (DMI's)

- 3.23 Nearly 90% of all investigations have some form of digital footprint. The complexity of crime and the ever-increasing advances of digital technology place an ever-increasing demand on officers, not only within the specialist areas of investigation, but right across the policing service. The Constabulary has seen cyber and on-line crime increase and during the pandemic the exploitation of vulnerable people has been difficult to combat. As with any investigative digital case, ensuring that the procedures to capture digital evidence are completed in accordance with regulation and guidance is vital.
- 3.24 The Constabulary has aligned all of our DMI's under a new Cyber Crime Directorate to provide support to frontline investigators and reduce time spent on analysing digital devices in order that they can concentrate on providing support to victims and resolve cases in a timely manner. By professionalising our DMI's we have also ensured they are fully accredited and are kept up to date with the latest advancements in

investigative techniques. Huge successes have been achieved in securing prosecutions and long custodial sentences within for example the County Line arena and across the vulnerability agenda, including exploitation and high-risk domestic abuse cases. In some cases, the overwhelming digital evidence presented, with the assistance of our DMI's, have prevented long court trials and the need for victims to attend court.

- 3.25 The investment of four further DMI's will enhance the Constabulary's ability to deal effectivity with these types of investigation and importantly free up officer's time to support victims.

Cyber and On-Line Prevention Officers

- 3.26 The local policing changes recently announced removes six Community Support Officers from the organisation. With the potential that the policing settlement presents and in line with re-shaping the prevention agenda, an opportunity exists to invest in Cyber and On-Line Prevention Officers. This accords with our Operational Priorities and directly supports wider prevention against scams work, that the OPCC have been undertaking. The roles will work under the Partnership Department with a direct link to the OPCC. Scams, on-line fraud, vulnerable people being duped into handing over large sums of money, often hard to recover, are on the increase. Again, the pandemic and future projections indicate that this type of crime is on the rise. The work through Operation Signature has been a huge success and these roles will enhance this provision and provide a key support role across a wide spectrum of our community. They will support Neighbourhood Officers and Staff, link into the Cyber Crime Directorate and provide a liaison point for third sector organisations to work together to combat this type of crime. The role will conduct a 21st century approach to prevention against today's crime types such as Cyber, County lines and youth violence.

Covert Authorities Bureau

- 3.27 An additional post in this area of policing which is unsighted to the general public. The staff within this Bureau have a direct impact on every type of crime type that we deal with, from Serious and Organised criminality to providing support to Neighbourhood Teams to deal with such quality of life issues such as Anti-Social Behaviour. They provide expert advice to officers and staff in guiding them through and authorising certain 'behind the scenes' tactics that really do enhance an investigator's capability to detect crime. Without this team it would be impossible to comply with legislation and secure the deployment of devices and techniques that secure convictions. Additional demand due to the success of the team and enhanced regulatory procedure requires investment of a further post.

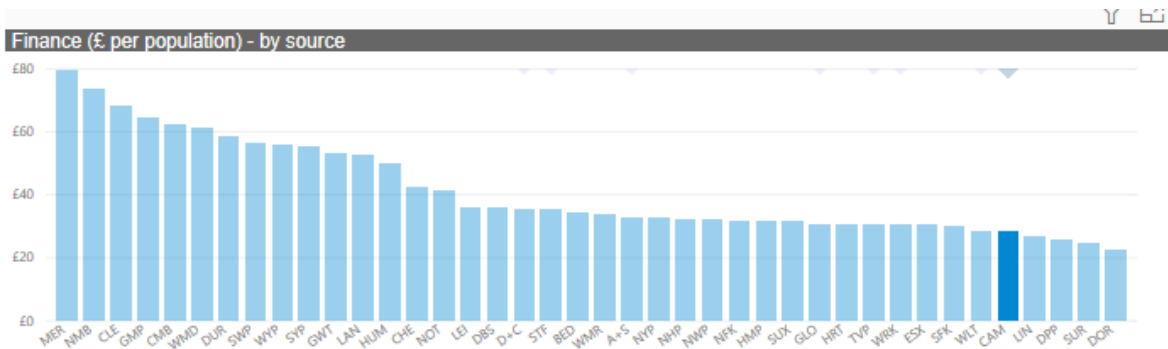
4 Medium Term Financial Strategy – Key Principles

- 4.1 This MTFs seeks to establish principles that both the Acting Commissioner and Chief Constable adopt in delivering a balanced budget, whilst providing a sustainable service for the future.

4.2 Funding Context

- 4.2.1 March 2020 saw the country go into a lockdown due to the Covid-19 Pandemic. This has created an unprecedent challenge to the UK economy. Many businesses had to close and the Government implemented schemes to help businesses and their employees. Many office workers moved to working from home where possible. A second lockdown in the Autumn has compounded the issues and at the time of drafting this MTFS the restrictions remain with the tier system being introduced and variant strains of the virus emerging. The outlook for the economy continues to be subdued as a result.
- 4.2.2 Locally, the pandemic has created additional costs for equipment such as Personal Protective Equipment (PPE), and provision of laptops so staff could work from home. Income streams for the police have also been affected where sporting events have been shut down and income relating to armed policing at Luton Airport through the BCH collaboration has been reduced. The Government has provided additional funding to help police forces meet these additional costs and lost income meaning the impact to the Constabulary's budget in 2020/21 has been relatively minor compared to other parts of the public sector.
- 4.2.3 A further area of concern prior to the funding settlement was the impact that the pandemic would have on Council Tax Collection Funds across Cambridgeshire. Initial estimates at the start of the first lockdown were severe which was factored into the financial planning for 2021/22 and beyond. Updated estimates from the collection authorities across Cambridgeshire are not as severe as initially thought, although a number have included deficits in 2020/21. The position has been helped further by Government with further grant funding support and the ability to spread any deficits over a period of three years means that the significant risk posed to the Collections Funds is largely mitigated.
- 4.2.4 As stated at 2.1, Cambridgeshire is one of the lowest funded police forces in the country. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) publishes benchmark data as part of its Value for Money Profiles¹, the chart below shows Cambridgeshire as 5th lowest in terms of formula funding per head of population, excluding the Metropolitan Police Service. The review of the police funding formula has not progressed to date with no indication if and when it will be undertaken.

¹ <https://www.justiceinspectorates.gov.uk/hmicfrs/our-work/article/value-for-money-inspections/value-for-money-profiles/value-for-money-dashboards/>



- 4.2.5 The Government's Comprehensive Spending Review (CSR) was expected to provide a three year settlement, but during the pandemic, it was announced that it would be a one-year settlement. This continues to make developing the budget for future years more challenging and uncertain.
- 4.2.6 The CSR was announced on 25 November and the Chancellor was clear about the fiscal emergency that Covid-19 had placed upon the economy. The Office for Budget Responsibility (OBR) forecast is for a contraction of the economy by 11.3% for 2020. Government borrowing is forecast to reach £394 billion in 2020, this is the equivalent of 19% of Gross Domestic Product (GDP).
- 4.2.7 The Chancellor also stated that there would be a pay freeze for public sector workers unless they were on a lower wage of £24,000. These workers would receive an increase of at least £250.
- 4.2.8 The Chancellor also confirmed the Uplift Programme would continue with an additional 6,000 officers to be recruited by the end of 2022. These 6,000 officers would be backed by £415m of funding for the programme in 2021/22. £100m of this funding is ringfenced and allocated based on funding formula shares (equating to £1.0m for Cambridgeshire) and will be paid based on the recruitment progress to achieving the targeted 61 officers for Cambridgeshire.
- 4.2.9 In recent years, the Police Settlement Grant has been a flat cash settlement with 2020/21 being an exception with additional grant being provided to meet the costs of the Uplift Programme. For 2021/22 the Police Grant is flat cash, which in effect creates a real terms reduction in grant due to the inflationary impact. However, the Constabulary has seen an increase in its grant funding as a result of the £415m, referred to at 4.2.7, being allocated as part of the formula.
- 4.2.10 The government has also in recent years allowed police forces to increase the precept above 2%. In 2020/21 an increase of up to £10 was allowed on a band D property, the Acting Commissioner increased the precept by £9.99 (4.49%). The CSR announced that PCCs could increase the band D precept by up to £15 for 2021/22. If all PCCs raised their precept by £15 this would equate to an additional £288m nationally.

4.2.11 Further details are provided on the settlement for 2021/22 and the funding assumptions for future years in Section 6 of this MTFS.

4.3 Collaboration

4.3.1 Collaboration has been and will continue to be entered into where there are clear benefits to be gained. Collaboration can be a powerful mechanism for enhancing the quality of service provision and improving resilience. The benefits need to be clearly articulated, agreed, tracked and delivered.

4.3.2 It is recognised that the approach to commissioning of services from the Bedfordshire Cambridgeshire and Hertfordshire (BCH) collaboration can be strengthened. More work is being undertaken to ensure that the services delivered through BCH are constantly reviewed and are affordable to the Force within the context of the STRA process.

4.3.3 Work has progressed as part of this MTFS to align the financial planning cycle for BCH with the Constabulary's own cycle, which has provided much earlier budget planning information to inform 2021/22. The planning cycle and the financial cycle of BCH into individual forces will continue to be a focus during the next financial year including a focus on moving to a MTFS for BCH instead of the single year budget approach which is currently in place. A focus on savings from BCH to help towards the Constabulary's budget position will also continue to be a focus. However, it should be noted that for 2021/22 BCH have identified total savings of £4.73m across all portfolios, which is mitigating growth and unavoidable cost pressures. The impact for Cambridgeshire is BCH budget growth of £0.6m for 2021/22.

4.3.4 The immediate opportunities for collaboration continue to be with:

- the tri-force collaboration of Bedfordshire, Cambridgeshire and Hertfordshire (BCH) forces;
- at a seven force level (7F), with 7F Procurement, that includes BCH, Norfolk, Suffolk, Essex and Kent;
- with Cambridgeshire Fire and Rescue Service; and
- National policing programmes and initiatives.

4.4 Reducing costs and driving efficiency and decreasing reliance on reserves

4.4.1 The OPCC built up a budget assistance reserve to allow time for policing to adjust to historical changes in central funding by smoothing the impact of funding gaps. This was an arrangement with the budget requirement needing to be fully met by government grant and precept. During 2020/21 and throughout the MTFS presented for 2021/22 onwards there are currently no plans to meet the budget requirement from use of the budget assistance reserve.

- 4.4.2 The Uplift Programme, whilst welcomed, does introduce some constraints as pay lines relating directly to officers and many of the police staff that support them will have to be maintained at an agreed level before funding for the new officers is released. This locking in of officer numbers is occurring at a time when the budget has been supported by use of reserves.
- 4.4.3 Organisational reviews, particularly the recurring STRA process, will examine where the potential for efficiencies can be generated, as follows:
- The removal of duplication, or tackling demand caused by inefficient processes elsewhere within the system. This is also linked to the commissioning of BCH services.
 - The benefits of efficiencies from investment in technology being monitored to ensure that resourcing levels remain correctly balanced. Procurement of technology will be taken forward at a 7F level where appropriate.
 - Non-pay elements of the budget scrutinised to establish whether savings can be made from them, for instance areas that have historically been seen as largely ringfenced in terms of ability to control costs.
 - Further non-collaborated savings explored in order to ensure that operational funding requirements are met.

4.5 Minimise borrowing levels for capital projects

- 4.5.1 The funding strategy for the capital programme currently assumes high levels of borrowing with associated interest and capital repayment costs impacting revenue budgets. Given the level of capital funding for the Constabulary from central government is only £0.1m there will be the need to continue the levels of borrowing sustained and increased. In order to mitigate the levels of borrowing, in particular with regard to short life assets such as ICT, additional revenue contributions to capital are included within the budget to offset the lack of capital grant. The fact that the property estates of the Acting Commissioner is ageing compounds these issues further as capital investment and maintenance needs are increasing. More detail is provided in the Capital Strategy which accompanies this MTFs.
- 4.5.2 The OPCC and Constabulary, through its Treasury Management Strategy, will aim to minimise these costs through internal rather than external borrowing when cash balances enable this. This has the effect of avoiding interest costs which typically exceed the returns on investment funds in the ongoing low interest rate environment.
- 4.5.3 The major capital project to build the Cambridgeshire Southern Police Station will seek to minimise the long-term borrowing requirement by maximising the value of the current site within Cambridge.

- 4.5.4 The requirement for a BCH Operational Support Unit training facility and new Firing Range are included in the new Capital Programme. The Firing Range is dependent on the final proposal and may become revenue costs rather than capital.
- 4.5.5 The proposed capital programme is at significant cost and work has been undertaken to ensure the affordability of the programme in both the MTFs and the CIPFA Prudential Indicators.

4.6 Income generation

- 4.6.1 The Constabulary will continue the use of its assets with the aim of rationalising where appropriate. The focus will be on generating the greatest level of return which could be in the form of a capital receipt or regular revenue income stream. Each asset will be evaluated to ensure the return is maximised.
- 4.6.2 The OPCC/Constabulary will continue to pursue available external grant funding through strong partnership arrangements. In addition, if capital grants are available for specific capital projects, these will be explored.
- 4.6.3 The Constabulary have developed an Enterprise Strategy linking to their Corporate Plan and which will focus in the 2021/22 STRA process. The strategy consists of four pillars: Innovation, Income Generation, Savings & Efficiencies and Funding. Each of the pillars has a thematic lead and formal updates are provided to the Constabulary Change Board and Force Executive Board on a quarterly basis.

4.7 Prevention

- 4.7.1 A number of factors relate to the expectation of future growth in demand, including significant population growth in Cambridgeshire, the impact of service pressures in other key public services leading to increased police demand (80% of police demand is not crime related), and the changing nature of demand. Current demand must be met, but investment in prevention, and therefore crime reduction, is also required.
- 4.7.2 Investment from the PCC, and the securing of external grants, has been used to promote “industrialisation” of prevention processes and simplification of pathways of support for vulnerable people across Cambridgeshire and Peterborough. Successes include creation of a Victim and Witness Hub providing a seamless pathway of support for victims of crime – which also enables the Acting Commissioner to fulfil his statutory role to support victims of crime to cope and recover. The MTFs protect funding for prevention for 2021/22 and 2022/23 in the base budget to support work to support crime reduction projects, reduce demand on policing in the future and improve outcomes in the future. From 2023/24 the strategy for crime reduction projects is to remove the budget from revenue helping to close the budget gap in that year and instead create a revolving earmarked reserve of £0.5m for such projects reflecting their one off / start up nature.

5 Monitoring Budget Performance

- 5.1 The review of the effectiveness of the financial strategies for the organisation are managed through various stakeholder boards.
- 5.2 Revenue and Capital monitoring reports are produced for submissions to the Force Executive Board and the PCC Business Co-ordination Board. Commentary is provided to explain variances in the performance against budget for the Constabulary (including Collaboration), PCC, Grants and Corporate costs and a forecast outturn is also provided for each. Additional information is also provided in respect of the reserves forecasts and key performance indicators for cash flow, prompt payment and aged debt.
- 5.3 The tri-force collaboration budget monitoring reports are presented quarterly to the Joint Chief Officers Board (JCOB). The budget monitoring reports on each of the portfolios: Joint Protective Services (led by Bedfordshire), Operational Support (led by Hertfordshire) and Organisational Support (led by Cambridgeshire).
- 5.4 A Resources Group was formed in January 2020 to enable strategic discussions to take place concerning the resourcing requirements for the delivery of the Police and Crime Plan. Senior personnel from the OPCC and Constabulary including Estates, IT, Human Resources & Learning and Development meet monthly to consider commitments to large projects and the resource implications of the capital programme and revenue budget. The Resources Group will review proposed business cases and track associated benefits.

6 Assumptions used within the MTFS

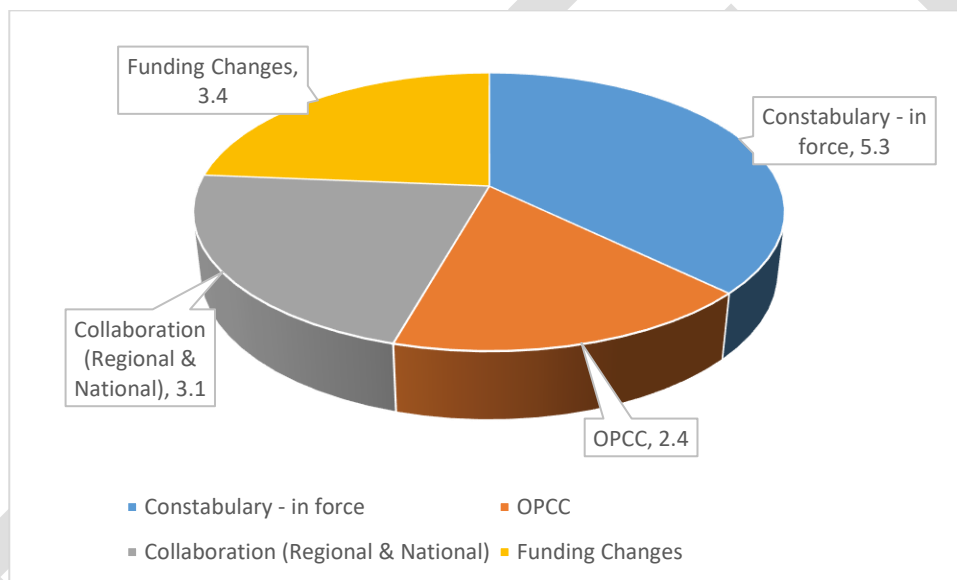
2021/22 assumptions

6.1 Expenditure

- 6.1.1 Following the Spending Review Pay inflation is zero for 2021/22, however this takes effect from September 2021 to August 2022. Therefore a part year impact exists from the previous September 2020 pay award through to August 2021. The combination of the part year pay award from September 2020 and the pay freeze from September 2021 provides weighted pay inflation of 1.04% for 2021/22.
- 6.1.2 Pay inflation for lower earners has been estimated in the budget and salary increments for non-collaborated police officers and staff has been budgeted. Overtime budgets have been invested in to reflect the level of overspend experienced in recent years.
- 6.1.3 The equivalent budget increase for collaborated units for Cambridgeshire's share of weighted pay inflation and salary increments is budgeted.

- 6.1.4 Non-pay inflation and contract indexation is included on a line by line basis where unavoidable for Cambridgeshire functions at 2% and 1% for BCH collaborated functions.
- 6.1.5 Unavoidable national, regional and local spending pressures plus investment required to transform the Constabulary's target operating model to meet the strategic threats and risks set out in Section 3 are factored into the 2021/22 budget.
- 6.1.6 The overall impact of expenditure assumptions for 2021/22, including pay costs, pension costs, non-pay inflation, unavoidable spending pressures and strategic investments consisting of any capital financing costs and revenue contributions to capital in the absence of any capital grant, results in gross budget growth of £14.2m with the breakdown by area provided below.

Gross budget growth of £14.2m (i.e. before savings) for 2021/22 compared to 2020/21 by expenditure area (£ million)

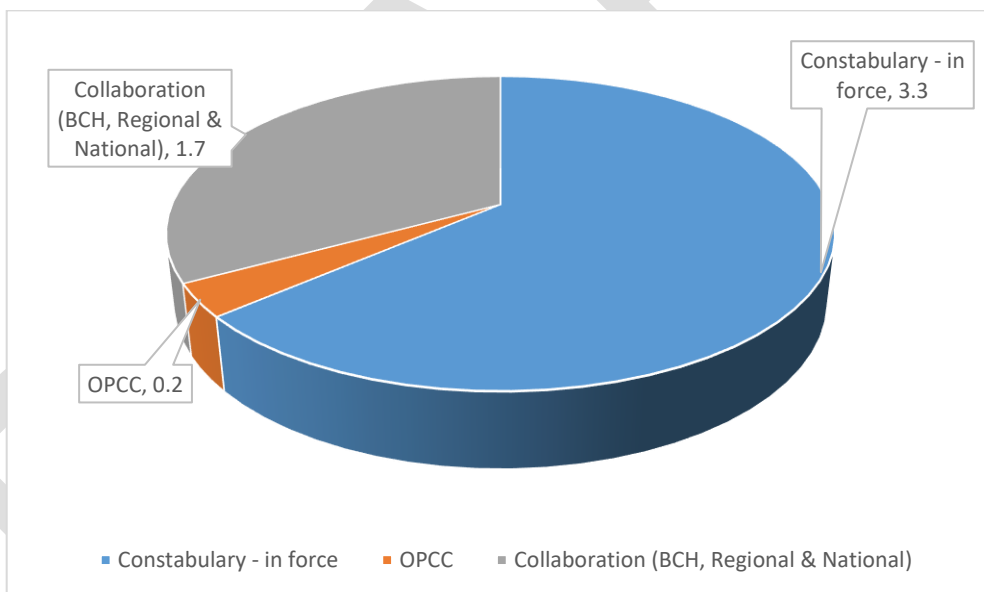


- 6.1.7 The total budget growth is reduced by savings and efficiencies identified for 2021/22. Savings and efficiencies have been identified in-force within the Constabulary, within collaborated areas (both regional and national) and within the Corporate functions of the OPCC in respect of minimum revenue provision and interest cost savings. In total savings and efficiencies total £5.1m.
- 6.1.8 The main savings and efficiency initiatives included within the 2021/22 budget include:
 - a) Change in the Local Policing operating model delivering £1.67m in total with £1.39m in 2021/22;
 - b) BCH savings and efficiencies totalling £1.06m across all portfolios although predominantly in ICT and Human Resources;

- c) £0.45m savings from the tighter control in managing the Constabulary’s use of the NPAS coupled with a move to a direct cost charging model by NPAS region;
- d) MRP and interest cost savings totalling £0.18m;
- e) Contract savings of £0.16m;
- f) A review of all budgets by Superintendents delivering £0.25m of efficiencies;
- g) Other efficiencies of £0.65m with an in-sourcing of the Constabulary’s legal services (£0.14m), the natural cessation of relocation expenses (£0.15m), STRA savings (£0.18m) and 7 Force regional savings (£0.18m); and
- h) A £0.71m technical adjustment relating to the year 1 uplift programme budget forecasts.

6.1.9 The share of the £5.1m of savings by area of Constabulary expenditure is provided in the chart below

Savings and efficiencies for 2021/22 of £5.1m by expenditure area (£ million)



6.2 Funding

6.2.1 The total grant funding for 2021/22 from the settlement is set out in the following table.

2020/21 and 2021/22 Government Grant Funding (£ millions)

Funding Stream	2020/21	2021/22	Change	Notes
Total Formula Grant	85.4	90.3	4.9	Includes legacy Council Tax Freeze grants See also note on total funding row
Pension Grant	1.4	1.4	-	
Uplift Ringfenced grant	1.7	1.0	(0.7)	Dependent on delivery of the year 2 uplift target
Capital Grant	0.1	0.1	-	
Total Settlement Grant Funding	88.6	92.8	4.2	Increase across HO, MHCLG and Uplift ringfence grant represents Cambs formula percentage i.e. 1.03% of £415m

- 6.2.2 The remaining income for the Acting PCC is raised locally through Council Tax precept. During Covid, many people were unable to work and supportive measures were available from councils. One of these measures was to support vulnerable households with the collection of council tax to assist residents financially. However, this has led to a deficit position for some councils which the Ministry of Housing, Communities and Local Government (MHCLG) implemented a scheme where the deficit could be phased over a three-year period to reduce the immediate impact on budgets.
- 6.2.3 As referenced at 1.4 and within the allowable increase set by the Home Office, a precept rise of £14.94 per annum for a Band D property would equate to a total precept funding for 2021/22 of £72.3m based on local Council Tax base estimates (this differs to the Home Office funding settlement figure of £71.7m which uses Office for Budget Responsibility forecast tax base increases). As a result the change in the precept funding is set out in the table below.
- 6.2.4 The total of Precept and Collection funds, including the Collection Fund net surplus of £0.15m is £72.4m. Council Tax base growth is included based on estimates provided by the billing authorities of increased band D properties subject to council tax and equates to growth of 0.6%.

2021/22 Precept Funding Compared to 2020/21

	2020/21	2021/22	Notes
Band D Precept per annum	£232.66	£247.59	
Band D Increase versus prior year	£9.99	£14.94	Equates to £1.25 per month

Percentage Increase versus prior year	4.49%	6.42%	
Council Tax Base (band D properties)	290,021	291,873	2021/22 based on estimates from billing authorities – 0.6% increase
Total Precept Funding	£67.5m	£72.3m	
Collection Fund Net Deficit (-) or Surplus (+)	-£0.4m	£0.1m	
Total Precept Funding and Collection Fund Balance	£67.1m	£72.4m	
Increase in Precept Funding versus prior year		£5.3m	

6.2.5 It is important to note that the Constabulary, even with a maximum precept rise for 2021/22, still has a financial deficit predicted in 2023/24 and 2024/25 due to further pay inflation forecasts and employer pension contribution increases and based on future year precept increases at 2%. However, the precept rise in 2021/22 does help to mitigate a proportion of these pressures, many of which are outside of the control of the police service.

6.2.6 The total funding available for the Acting Commissioner for revenue and capital purposes in 2021/22 from the settlement, precept increase and collection net surplus is confirmed below and compared to 2020/21 funding levels.

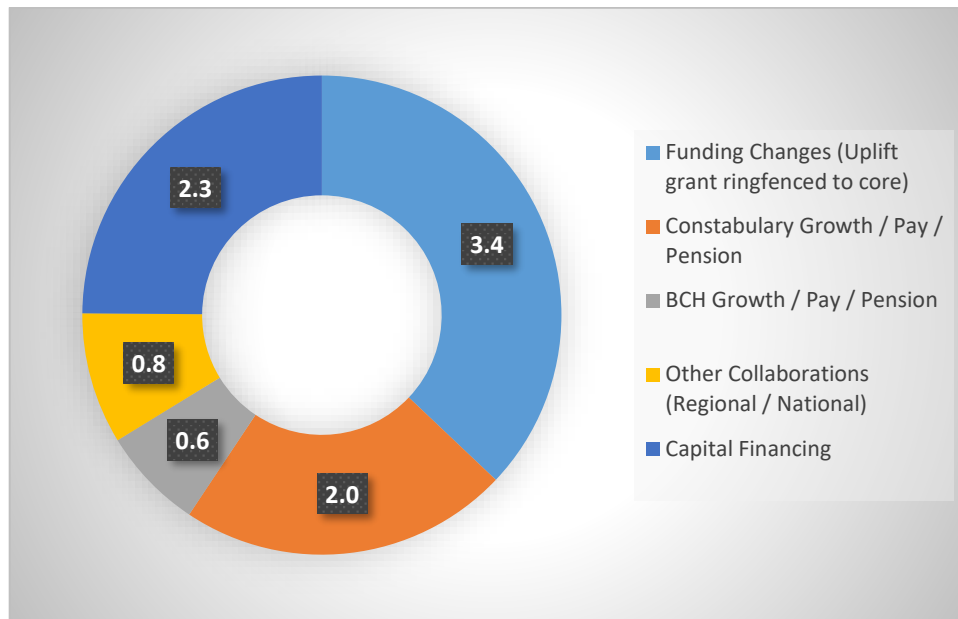
Total Settlement Funding Available

Funding Stream (£ million)	2020/21	2021/22	Change
Total Precept Funding and Collection Fund Balance	67.1	72.4	5.3
Total Revenue Grant Funding	88.5	92.7	4.2
Total Revenue Funding	155.6	165.1	9.5
Total Capital Grant Funding	0.1	0.1	-

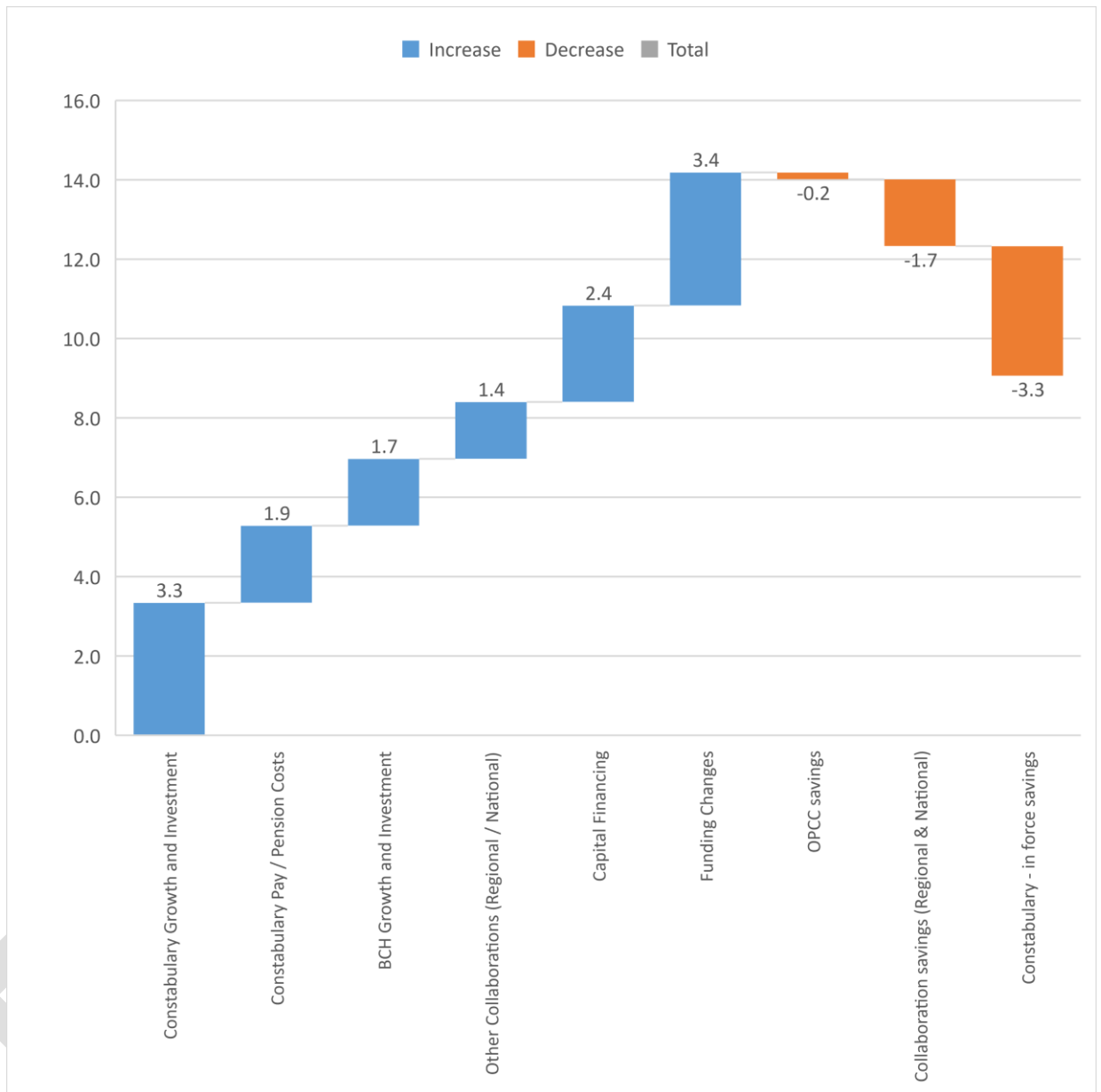
6.2.7 For 2021/22 the Acting Commissioner has been allocated a one off grant from the Ministry of Housing, Communities and Local Government (MHCLG) of £1.0m for a Local Council Tax Support grant. This is an unringfenced grant and is intended to support the additional costs of providing council tax support and other help to economically vulnerable households as a result of the pandemic. The Acting Commissioner plans to transfer this grant to an earmarked reserve to meet the cost of the Council Tax Collection Fund deficits that are estimated in 2022/23 and 2023/24. This would utilise an estimated ££732k of the grant with the remaining £268k intended to be used in partnership with billing authorities to help with any ongoing support to vulnerable households in 2021/22.

6.2.8 Based on the information in this section 6.2 the net budget requirement (gross budget required less savings, efficiencies and specific government grant) of the Constabulary for 2021/22 is £161.6m. This represents growth in the Constabulary's budget of £9.1m for 2021/22 compared to 2020/21. An overview of the medium term financial plan is provided in Appendix C.

Increase in the Net Budget Requirement for 2021/22 by budget area (£ million).



Waterfall chart showing areas of budget growth and savings resulting in the net £9.1m budget growth (£ millions)



6.2.9 The Net Budget Requirement is funded by the remaining core grant funding, the precept funding and the collection fund balance. It should be noted that a contribution to set the General Fund Reserve move the balance on this reserve closer to the 5% target of the Net Budget Requirement by end of the MTFs period is also funded within the overall resource (this is explained further in the Section 10 Usable Reserves).

Assumptions for 2022/23 and beyond

6.3 Expenditure

- 6.3.1 Pay inflation has been included at 2% for Cambridgeshire functions and for the BCH collaborated units from September 2022. As in 2021/22 there is a part year impact for 2022/23 with the pay freeze announced in the CSR. The weighted pay inflation applied to 2022/23 is 1.2%. Thereafter pay inflation is modelled at 2% per annum for officers and staff.
- 6.3.2 Non-pay inflation is included on a line by line basis for Cambridgeshire functions at 2% and 1% for BCH tri-force collaboration functions.
- 6.3.3 Pressures, growth and savings have been factored in where they have been identified, notably the forecast increase in police pension employer contributions due to take effect in 2023/24.
- 6.3.4 Savings and efficiencies identified in future years to date are: 2022/23 £1.0m; 2023/24 £0.8m; and 2024/25 £0.1m.
- 6.3.5 In addition to setting a balanced budget for 2021/22, based on the planning assumptions the 2022/23 forecast budget is also balanced.
- 6.3.6 Further savings are still to be identified for 2023/24 (£3.8m) and 2024/25 (£4.2m). The budget gap in these years is largely due to pay inflation and expected increases in the employer contribution rates for the police pension scheme. The absence of a multi-year funding settlement creates uncertainty regarding the funding levels with precept increases being modelled at 2%. Therefore, the Acting Commissioner continues to hold the budget assistance reserve of £2.1m to support future year budgets and savings requirements if necessary.

6.4 Funding

- 6.4.1 An increase in grant of 1% is assumed in future years to reflect inflationary pressures and based on trends in recent years this is considered prudent.
- 6.4.2 The Council Tax base forecasts include estimates from the billing authorities where provided otherwise 0.5% for 2022/23 with 1.0% increases in 2023/24 and 2024/25. All other grants are assumed to be static.
- 6.4.3 Council Tax rate increase assumed at 2% from 2022/23 onwards.

7 Capital Strategy and Capital Programme

- 7.1 The Acting Commissioner has developed the Capital Strategy which is included at Appendix D. The Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of policing services in Cambridgeshire along with an overview of how associated risk is managed and the implications for future financial sustainability for the period 2021/22 to 2024/25. It has been produced in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) requirements.
- 7.2 The Acting Commissioner has developed the capital strategy in consultation with the Chief Constable and Constabulary, who are the primary users of the capital assets.
- 7.3 The Capital Strategy supports planning and corporate working across the two Corporations Sole (PCC and Chief Constable) helping to ensure that assets are used and managed well. The Capital Strategy shows how the capital programme is prioritised, monitored, delivered and evaluated. It provides an overview of how capital expenditure; capital financing and treasury management activity contribute to the delivery of strategic outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.
- 7.4 The Capital Programme of investment is contained at Appendix 2 within the Capital Strategy. 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 along with the Capital Financing for the Programme.
- 7.5 The risk that the Acting Commissioner faces for future years is how to sustain the funding of the capital programme. The Constabulary currently occupies an older estate with only 7% of the assets constructed post 2000. Many of the properties provide poor working conditions with significant refurbishment required. The portfolio is substantially freehold which has led to a culture of remaining on the same site, and making the best of accommodation, even when the location is less than ideal.
- 7.6 Although a rolling maintenance programme exists, there are a number of capital refurbishment projects that are needed to provide operational resilience. With many of the buildings being obsolescent in terms of design, they are difficult to refurbish due to their method of construction and use of materials, which include asbestos. Where feasible grant funding is sought to offset these costs to the programme, such as the government's decarbonisation grant fund.
- 7.7 The financing of the proposed capital programme will see a necessary shift to high levels of external borrowing (peaking at £41.5m, representing around 58% of the total programme of £71.6m to 2024/25, before falling back down to £29.9m). These are for planned, operationally essential developments, including the relocation of Parkside police station from Cambridge city whilst still maintaining a city centre presence as well as further investment in ICT. The costs of borrowing will have significant impact on revenue budgets with the risk of future interest rate increases.

- 7.8 Other significant schemes under consideration include investment in training facilities for the Joint Protective Services, for public order support units. Also in respect of BCH capital provision has been included for the Constabulary's contribution towards a new Firing Range facility although this is subject to a final business case and could potentially be a revenue cost rather than capital.
- 7.9 The police station at Thorpe Wood is at capacity and with the uplift programme, is likely to be under strain to accommodate future recruits. The use of Copse Court is therefore being considered as part of the accommodation requirements and estates strategy.
- 7.10 Funding options for the capital programme include the benefit of disposal proceeds from a range of assets held by the Acting Commissioner. These are continually under review although the impacts of the covid-19 pandemic may have an impact on the timing of when capital disposals should be undertaken due to the wider economic impacts.

8 Treasury management

- 8.1 The Acting Commissioner operates a balanced budget, which broadly means cash raised during the year will meet cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with temporarily surplus monies being invested in secure low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 8.2 The second main function of the treasury management service is the funding of the Acting Commissioner's capital plans. These capital plans provide a guide to the borrowing need of the Acting Commissioner, essentially the longer term cash flow planning to ensure the Acting Commissioner can meet the capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet the Acting Commissioner's risk or cost objectives.
- 8.3 At the Spending Review, the Chancellor announced a reversal of the Public Works Loan Board (PWLB) increase in rates that was implemented in October 2019. This is welcomed as it means the cost of borrowing will be reduced by 100 basis point (1%). The PWLB had included an additional premium to borrowing rates to disincentivise the use of PWLB loans for commercial investment purposes, which a number of local authorities have undertaken. Changes in the regulations and ability to access PWLB loans includes the requirement to demonstrate that there are no commercial investments in an authority's (or police forces) capital plans. As a consequence the premium to the underlying PWLB interest rates has been removed.

9 MTFS Risks

- 9.1 The OPCC and Constabulary have a schedule of Internal Audit and External Audit. The Internal Audit focusses on compliance with corporate objectives, risk profile and risk registers. The programme for internal audit will continue to take a risk based approach to review areas across the business. The majority of the reports for 2020/21 issued at the time of drafting were a positive assurance.
- 9.2 External Audit focusses on the financial records and issues an opinion at the end of the financial year along with the Statement of Accounts. For the latest set of accounts 2019/20, the Audit opinion was unqualified. This means the External Auditor judged that the financial statements are fairly and appropriately presented, without any identified exceptions and in compliance with generally accepted accounting principles. The external auditors also provide an opinion on the arrangements in place to secure value for money which similarly was unqualified for the Constabulary. This includes, amongst other areas, a review of the MTFS, budget setting and going concern assessment of the Constabulary for which no matters of significance were raised.
- 9.3 There are inherent risks in the preparation of this MTFS reflecting the level of various unknown factors, particularly in quantifying cost and uncertainty in future funding levels in the absence of a multi-year settlement.
- 9.4 Borrowing and interest costs relating to the capital programme may increase due to delays in the start of major capital projects resulting in increased indexation costs. In addition, there is the potential for increased borrowing rates and the inability to dispose of surplus assets.
- 9.5 Additional future liabilities may arise with the cost of police pensions, based on the outcome of the McCloud and Sargeant cases. By way of background, two claims were brought, one against the judges' pension scheme (the McCloud case), the other against the firefighters' pension scheme (the Sargeant case) claiming that transitional arrangements were discriminatory on the basis of age, sex and race. The claims were heard together. The impact of the judgements on these cases, if upheld, will be to give the potential for more officers to retire early, resulting in an increase in the cost of pensions to the force. There is uncertainty as to whether the additional liability, once determined, is funded by government. The final position in respect of the remedy for police pension scheme is expected early in 2021.
- 9.6 The current one year settlement while welcome has not removed the uncertainty over future levels of funding. There is a reluctance to participate in invest to save projects and other significant collaboration initiatives until a three year settlement is in place.
- 9.7 There are a significant number of national and government initiatives where costs are borne by individual forces. A number of the following programmes are included within the Net Budget Requirement, but there are others at an early stage which will become a cost pressure. These areas do present a challenge to the MTFS as the implications of these are out of the Constabulary's control.

- National Police Air Service (NPAS). The costs to Cambridgeshire Constabulary have reduced due to more robust triage of calls for service and based on the direct charging model by region and the agreed cost apportionment for the use of NPAS across the forces in the Eastern region. However there remain ongoing discussions around aspects of the arrangements which could lead to additional costs not currently budgeted.
- Single Online Home is an initiative to get all 43 forces to have a single shared platform to offer the public a consistent way of engaging with their local force and accessing police services online.
- Emergency Services Mobile Communications Programme (ESMCP) is the government's chosen option to replace the Airwave system used for communications between control rooms and the police, fire and ambulance services. It is intended to save money by sharing an existing commercial 4G network, unlike Airwave, which is fully dedicated to its users.
- The National Law Enforcement Data Storage (NLEDS) programme is replacing the ageing Police National Computer.
- The National Enabling Programme (NEP) which is designed to strategically align policing nationally under the Policing Vision 2025 and will underpin a national digital secure workplace and generate efficiencies.
- The Transforming Forensics programme, is an agenda to modernise forensics services and to become more efficient and effective, taking advantage of leading edge technology and innovation to respond to present and future demands.

10 Usable Reserves

- 10.1 Under Section 25 of the Local Government Act 2003, the Acting Commissioner's Chief Financial Officer (s151) is required to report on the adequacy of the proposed financial reserves as part of budget setting considerations. The Acting Commissioner is required to clearly set out how he intends to use all allocated reserves over the MTFS period.
- 10.2 Where budget underspends exist, the reserves strategy will be to ensure that the general reserve is held at a level that is considered prudent. Once achieved, the creation of a reserves to manage known risks to the Constabulary and to support capital investment given the low level of capital grant the constabulary now receives from government.
- 10.3 During 2020/21, a review of the reserves was undertaken and a realignment of some reserves will take effect from 1 April 2021 to provide resilience against some significant financial risks such as delivery of the Uplift Programme, pensions costs

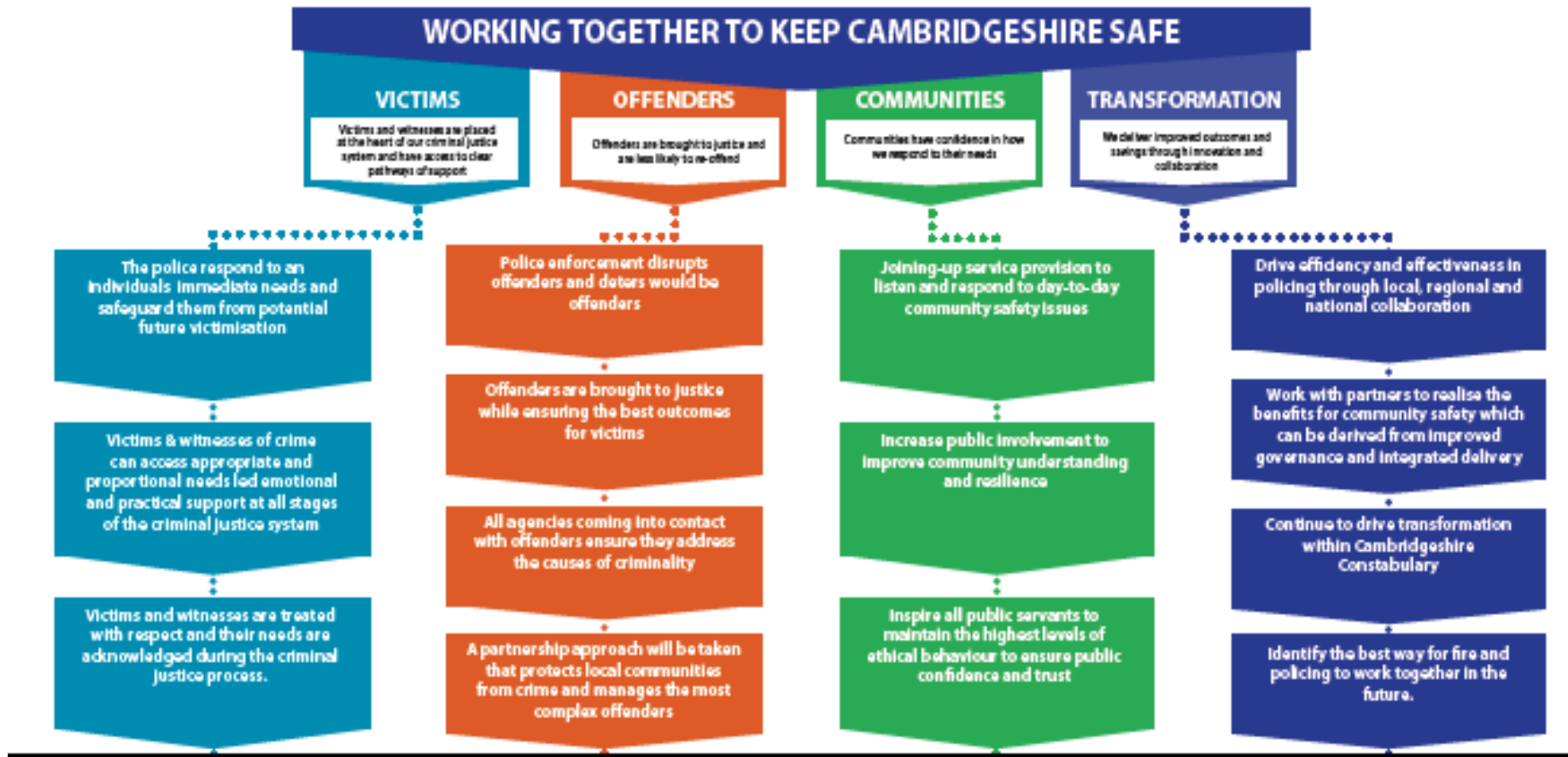
relating to the McCloud remedy and any necessary pension revaluation smoothing and a transformation reserve.

- 10.4 The General Fund Reserve is a statutory reserve to fund unplanned and emergency expenditure, with a forecast balance at 31 March 2021 of £7.5m. This will be 4.5% of the Net Budget Requirement for 2021/22 at the year end, compared to the 5% target generally considered a prudent level. As the Net Budget Requirement continues to increase year on year a contribution to reserves of £0.9m is planned in 2021/22 and £0.2m in 2022/23, which will position the General Fund Reserve at £8.6m which equates to 5% of the 2024/25 MTFs forecast Net Budget Requirement of £172m.
- 10.5 The forecast balance on all earmarked reserves at the 31 March 2021 is provided at Appendix E along with the reserves forecast for the period of the MTFs based on estimated use and the financial planning assumptions. It should be noted that there is no reliance on the budget assistance reserve in the MTFs period to 2024/25, although savings remain to be identified in 2023/24 and 2024/25. Appendix E also provides a description on the purpose of each reserve.

11 Robustness of estimates

- 11.1 Under Section 25 of the Local Government Act 2003, the Acting Commissioner's Chief Financial Officer (s151) is required to report on the robustness of the estimates made for the purposes of the budget calculations.
- 11.2 The Acting Commissioner's Chief Finance Officer has provided assurance to the Acting Commissioner under section 25 of the Local Government Act 2003 in his review of the draft budget under consideration, and believes that the budget proposals set out by the Acting Commissioner are prudent and sustainable. The level of reserves is sufficient to meet the known risks within the budget taking account of the Acting Commissioner's financial management framework.

Appendix A – POLICE AND CRIME PLAN OBJECTIVES



Appendix B – Overview of STRA Project Benefits



Microsoft PowerPoint
Presentation

DRAFT

Appendix C - MTFP 2021/22 to 2024/25

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
In-House Force Expenditure					
Police Officer Pay	55,569	55,659	56,522	61,196	62,649
Police Officer 20,000 uplift		2,555	5,701	5,701	5,701
Police Officer Overtime	2,044	2,538	2,538	2,538	2,538
PCSO Pay & Allowances	2,967	1,786	1,427	1,461	1,496
Police Staff	22,150	23,736	24,030	24,587	25,177
Police Staff Overtime	170	208	206	206	206
Other Employee Expenses	320	355	155	155	155
Premises Costs	4,696	4,717	4,585	4,675	4,768
Transport Costs	2,905	2,848	2,918	2,990	3,064
Supplies & Services	5,739	6,258	6,223	5,962	5,960
Total In-House Expenditure	96,560	100,660	104,305	109,471	111,714
Net Cost of Police Pensions	16,041	16,647	16,868	17,212	17,563
Total BCH Collaboration	33,600	34,225	34,620	36,055	36,608
Other Collaborations & Partnership					
Helicopter	875	430	430	430	430
Regional Change team	303	303	303	303	303
Nation and 7F ICT Projects	0	880	912	912	912
Athena - AMO	135	247	187	187	193
CT and DE	749	758	766	819	834
ERSOU	2,419	2,625	2,655	2,805	2,859
SARC	748	740	762	785	809
Kings Lynn PIC	802	833	858	884	910
Total Other Collaborations & Partnership	6,032	6,816	6,872	7,126	7,250
Constabulary Expenditure	152,233	158,349	162,666	169,863	173,135
Total Income	-1,852	-1,827	-1,827	-1,827	-1,827
Total Constabulary Budget	150,381	156,522	160,839	168,035	171,308
Total OPCC Office Expenditure	1,210	1,215	1,231	1,254	1,278
Corporate Costs and Grants					
Non-Operational Estate Held for Investment	-9	-9	-9	-9	-9
Police National ICT Company Subscription	60	60	60	60	60
Community Safety / Crime Reduction Grants	1,282	1,276	1,276	1,276	1,276
MoJ Victims Grant - Exp	997	1,105	1,105	1,105	1,105
Uplift Grant Year 1	-1,735	-	-	-	-
Uplift Grant Year 2 & 3	-	-1,000	-3,470	-3,470	-3,470
MoJ Victims Grant - Income	-997	-1,105	-1,105	-1,105	-1,105
Pension Grant	-1,398	-1,398	-1,398	-1,398	-1,398
Investment Interest	-114	-114	-114	-114	-114
Crime Reduction Projects	500	500	500	-	-
Total Corporate Costs and Grants	-1,413	-685	-3,155	-3,655	-3,655
Total Capital Financing Costs	2,290	4,544	5,963	6,887	7,350
Savings to be Identified	0	0	0	-3,784	-4,174
NET BUDGET REQUIREMENT (NBR)	152,467	161,597	164,879	168,738	172,108
Budget -Decrease / +Increase Year on Year		9,130	3,282	3,859	3,370
Financed by:					
Formula Grant	85,414	90,363	91,267	92,179	93,101
Precept	67,472	72,265	74,327	76,559	79,007
Local Council Tax Grant	-	1,000	-	-	-
Local Council Tax Earmarked Reserve	-	-1,000	366	366	-
Contribution -to/from Reserves	-	-1,179	-714	0	-
Collection Fund - Deficit / +Surplus	-419	148	-366	-366	-
TOTAL FINANCING	152,467	161,597	164,879	168,738	172,108

Appendix D - Capital Strategy and Capital Programme

The Capital Strategy for the OPCC is provided below, which includes the Capital Programme at Appendix 2 within the document.



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Appendix E – Forecast Reserves Position as at 30 November 2020

	31-Mar-21	Contributions to (+) or from (-) reserves	31-Mar-22	Contributions to (+) or from (-) reserves	31-Mar-23	Contributions to (+) or from (-) reserves	31-Mar-24	Contributions to (+) or from (-) reserves	31-Mar-25	Notes
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Assistance Reserve	1,887		1,887	690	2,577	-500	2,077		2,077	£500k in 2023/24 used to create the Crime Reduction and Prevention Reserve revolving reserve in support of the revenue budget saving planned Balance on the BR is held in the event that the revenue account cannot be balanced in a particular year
Capital Carry Forward Reserve	1,464	-1,464	0		0		0		0	Expectation that carry forward projects are completed in the following year
Carry Forward Project Reserve	1,075	-1,075	0		0		0		0	Expectation that carry forward projects are completed in the following year
Insurance Reserve	976		976		976		976		976	
Ill-Health Retirement Reserve	398		398		398		398		398	
Drug Forfeiture (Operational) Reserve	331		331		331		331		331	
Asset Incentivisation Reserve (created 2019/20)	459		459		459		459		459	
Road Casualty Reduction & Support Reserve	714		714		714		714		714	
Collaboration & Commissioning Reserve	251		251		251		251		251	
Major Crime Incident Victim Support (created 2020/21)	25		25		25		25		25	
Crime Reduction and Prevention Reserve	0		0		0	500	500		500	Conversion of Crime Reductions Budget to Revolving Crime Reductions & Prevention Reserve
Uplift Reserve	200		200	-200	0		0		0	No planned use currently; if not used reserve will be converted to the General Fund reserve to meet the 5% target of the Net Budget Requirement
ESMCP Reserve	0	300	300		300		300		300	Creation of reserve to meet any early ESMCP costs necessary for the mobilisation of the programme within Cambs
Pension Reserve (McCloud & Revaluation Smoothing)	500		500		500		500		500	
Transformation Reserve	500		500		500		500		500	
Local Council Tax Support Reserve	0	732	732	-366	366	-366	0		0	Allocation of national £670m to be used to meet 2020/21 deficits spread over 3 years to 2023/24 with the remainder being used in 2021/22 to support CT Support Schemes in D&B areas.
General Reserve	7,486	879	8,365	224	8,589		8,589		8,589	Planned top up from the Uplift Programme Reserve if the balance on the that reserve is not used to meet the 5% target of Net Budget Requirement
Capital Receipts Reserve	0		0		0		0		0	Capital receipts from disposals assumed to meet in year capital expenditure therefore forecast to run at a nil balance
Unapplied Capital Receipts Reserve (created 2019/20)	189	-189	0		0		0		0	Reserve expected to be used to meet capital expenditure in 2021/22
Total Usable Reserves	16,455	-817	15,638	348	15,986	-366	15,620	0	15,620	

Description of Reserve Purpose

Estates Development Reserve is used for estate issues that were unknown when setting the Capital Programme. It is anticipated this reserve will be fully used by 31 March 2021 and therefore not presented in the forecast above.

Budget Assistance Reserve is available to fund the shortfall between funding and budget requirement in forthcoming budget planning on a one off basis. Current plans are for this reserve to be used during the MTFs period to mitigate the impact of Council Tax Collection Fund deficits due to Covid-19.

Capital Carry Forward Reserve is a reserve to transfer underspends in the capital programme from one year to another.

Carry Forward Project Reserve this reflects the timing differences in committed revenue expenditure from one year to another for specific projects.

Insurance Reserve is a contingency reserve based on the actuary report.

Ill-Health Retirement Reserve is a contingency reserve set at five retirees averaged at £79.6k per pensioner.

Drug Forfeiture Reserve renamed the Prevention and Early Intervention Reserve contains funds received from HM Courts and is earmarked for operational activity to fund initiatives to reduce and prevent crime. Funds are applied from this fund as operational need requires.

Asset Incentivisation Reserve contains funding received following successful investigations by ERSOU. The Assistant Chief Constable manages bids to this fund.

Road Casualty Reduction and Support Fund contains funds to be used on road casualty reduction activities. The Road Safety Partnership have a newly developed strategy and action plan which will inform the spending.

Collaboration & Commissioning Reserve is for the Acting Commissioner to fund activities under the Transformation theme of their Police and Crime Plan.

Major Crime Incident Victim Support is a new reserve set up following changes to the Commissioner's grant agreement with the Ministry of Justice which covers the statutory duty to provide support for victims of crime. This agreement now devolves a responsibility to Police and Crime Commissioners to provide all victims of major crime incidents (such as terrorism or large scale enquiries) in the county access to victim support services.

Crime Reduction and Prevention Reserve is a new reserve that is planned to be established in 2023/24 when the £0.5m revenue budget is planned to be removed due to the budget gap in that year with an equivalent revolving earmarked reserve to be created which reflects the one off type projects and pilots funded in respect of crime reduction and prevention.

Uplift Programme Reserve is a reserve to support the full 3 year Police Officer Uplift Programme and any future costs to the programme not yet known, such as additional infrastructure requirements. In addition the reserve will provide some resilience in the event that officer numbers in future years are not achieved and therefore any shortfall in the ringfenced grant funding.

Emergency Services Mobile Communications Programme – a reserve to meet any unknown early mobilisation costs relating to the national programme not budgeted for.

Pension Reserve has been created to mitigate the risks associated with pension claims (McCloud) and to support the smoothing of triennial pension valuation impacts.

Transformation Reserve has been created for short term costs in relation to transformation projects and mid term Emergency Services Mobile Communication Programme (ESMCP) costs which are to be confirmed.

Local Council Tax Support Reserve is a new reserve being created from a one off grant from the Ministry of Housing, Communities and Local Government in recognition of the increased cost of providing local council tax support. The reserve is planned to meet the Council Tax Collection Fund deficits forecast in 2022/23 and 2023/24 as a result of the Covid pandemic with an amount planned to be used in 2021/22 to help economically vulnerable households.

General Fund Reserve is a statutory reserve to fund unplanned and emergency expenditure, the MTFS aims to maintain this balance at 5% of the net budget requirement over the life of the MTFS. This equates to £8.6m based on the forecast net budget requirement in 2024/25.

Capital Receipts Reserve is made up from receipts from buildings the Acting Commissioner has disposed of as they are no longer required for operational policing. This reserve will be used to help fund the building of new assets and can only be applied to capital expenditure.

Unapplied Capital Receipts Reserve is a reserve to transfer unspent capital receipts from one year to another.

Appendix F – Acronymns listing

7F	The seven forces of Bedfordshire, Cambridgeshire, Hertfordshire, Essex, Kent, Norfolk and Suffolk
BCH	The Triforce of Bedfordshire, Cambridgeshire and Hertfordshire
CFO	Chief Finance Officer
The Commissioner	Cambridgeshire Police and Crime Commissioner
The Constabulary	Cambridgeshire Constabulary
CPDU	Continuous Professional Development Unit
CSR	Comprehensive Spending Review
DMI	Digital Media Investigator
ERSOU	Eastern Region Special Operations Unit
ESMCP	Emergency Services Mobile Communications Programme
FBC	Full Business Case
FCN	Forensic Capability Network
GDP	Gross Domestic Product
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HR	Human Resources
ICT	Information and Communications Technology
JCOB	Joint Chief Officer Board
JPS	Joint Protective Services (BCH)
MHCLG	Ministry of Housing, Communities and Local Government
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
MTFS	Medium Term Financial Strategy
NEP	National Enabling Programme
NLEDS	National Law Enforcement Data Storage
NPAS	National Police Air Service
O365	Office 365
OBR	Office for Budgetary Responsibility
OPCC	Office of the Police and Crime Commissioner
PCC	Police and Crime Commissioner
PEQF	Police Education Qualification Framework
PPE	Personal Protective Equipment
PWLB	Public Works Loan Board
The Plan	Commissioner's Police and Crime Plan
RCCO	Revenue Contributions to Capital Outlay
ROCA	Regional Organised Crime Unit
SPR	Strategic Policing Requirement
STRA	Strategic Threat and Risk Assessment

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