

CAMBRIDGESHIRE POLICE AND CRIME PANEL	Agenda Item No. 7
2 FEBRUARY 2022	Public Report

Report of Cambridgeshire Police and Crime Commissioner

Contact Officer – Matthew Warren

Contact Details – cambs-pcc@cambs.pnn.police.uk 0300 333 3456

PRECEPT REPORT 2022/23

1. PURPOSE

- 1.1 To notify the Cambridgeshire Police and Crime Panel (the “Panel”) of the Police and Crime Commissioner’s (the “Commissioner”) proposed Net Budget Requirement (NBR) and precept for 2022/23 and to enable the Panel to review the proposed precept.

2. RECOMMENDATION

- 2.1 The Panel is recommended to review and make a report to the Commissioner on the proposed policing precept element of the Council Tax precept for 2022/23. The proposed Council Tax is an increase of £0.83p per month bringing the policing element of Council Tax (Band D equivalent) to £257.58 (an increase of £9.99 per year compared to 2021/22).

3. TERMS OF REFERENCE

- 3.1 Item 5 - to review and make a report and recommendation (as necessary) on the proposed precept.

4. BACKGROUND

- 4.1 Under the Police Reform and Social Responsibility Act 2011 (the “Act”) it is the Commissioner’s responsibility to decide the budget, allocating assets and funds to the Chief Constable, and set the precept for the force area. It is for the Chief Constable to have day to day responsibility for financial management of Cambridgeshire Constabulary (the “Constabulary”) and to decide on the configuration and organisation of policing resources.
- 4.2 Under both the Act and the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012, the Commissioner must notify the Panel of the precept which the Commissioner is proposing to issue for the financial year by 1st February. The Panel must review the proposed precept notified to it by 8th February, and make a report, including recommendations.
- 4.3 Local Government Association (LGA) Guidance for Panels states that ‘*Although Panels do not have a role in setting the budget, their scrutiny of the precept will need some awareness of the budget and a report will inevitably accompany the precept proposals to give background*’.

5. KEY ISSUES

- 5.1 The Government announced the provisional funding settlement for policing on 16th December 2021. The Minister of State for Crime and Policing stated: “*Overall funding for policing will rise by up to £1.1 billion compared to the 2021/22 funding settlement, bringing the total up to £16.9 billion. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £796 million, assuming full take-up of precept flexibility.*”

- 5.2 The provisional settlement notification received from the Government was a £4.8m increase in central government funding for Cambridgeshire. The government announced total additional funding for Cambridgeshire of £8.7m, this assumes that the Commissioner would increase the precept by the full £10 on Band D properties, which combined with the expected growth in housing subject to council tax, would raise the remaining funds to total £8.7m.

The settlement provides forces with enough resource to fund the increase in employer NI contributions and includes a £1.4m pension grant. During 2018 there were changes to the way police pensions were calculated which saw a sharp increase in costs. During the 2019/20 Police Settlement, central Government provided Commissioner's with an additional pension grant to go towards the additional pension costs.

- 5.3 The funding settlement also included details of Year 3 of the Uplift Programme resulting in the Constabulary being able to recruit a further 82 officers. This will increase the number of officers to 1,714 by the end of the Uplift Programme in March 2023. This will result in the highest number of officers the county has ever had.

6. APPROACH TO PRECEPT SETTING

- 6.1 During early 2021, the Constabulary undertook their Strategic Threat and Risk Assessment (STRA) process to determine the future operational requirements of the Constabulary. This process identified pressures against the current capacity and capability of the force to manage the expected future demand and risk. Consequently, the STRA has developed informed thinking to managing the 2022/23 budget, consideration of options to close the current budget gap, understanding of future cost pressures and to provide a longer-term strategy for financial planning. The Constabulary's Corporate Plan and the Commissioner's (then) emerging Police and Crime Plan have also informed the STRA business planning model in determining what services are required for the future of Cambridgeshire communities. This assurance in business planning means that both efficiency and effectiveness, as well as future proofing of the Constabulary has been paramount.
- 6.2 Throughout this STRA process and since the May 2021 election, the Commissioner has had a series of meetings with the Chief Constable and the Constabulary's Director of Finance & Resources to discuss the budget requirement for the Constabulary.
- 6.3 Savings of £5.1m were identified in 2021/22 and a further £2.5m have been identified for 2022/23, these are detailed in the MTFs at Appendix 1.
- 6.4 The investment decisions (i.e. those excluding pay awards, other pay costs and unavoidable cost pressures such as inflation) included in the 2022/23 budget that will improve the efficiency and effectiveness of the Constabulary in delivering service to the public total £7.3m. A summary of those costs are detailed below:

National Uplift Programme (*Recruitment of 20,000 additional officers*)

- **Recruitment and training of an additional 82 officers** for 2022/23 which is on top of the Constabulary's anticipated recruitment target to maintain workforce numbers. This brings the total number of officers in the county to 1,714 by March 2023. It must be stressed that these officers and those that have recently joined need considerable support, supervision and training for them to be able to add real value to our communities.
- **Support for our police officers** – as a result of the overall increase in officers, investment is needed to support and sustain the entire workforce. This includes areas such as HR, ICT, Professional Standards and incorporates both an investment in police officer and police staff roles. Specifically, support within Occupational Health, the Recruitment Team, Operational Training, Resource Management, Call Taking and importantly ensuring an inclusive approach from a workforce that is representative of the communities it serves.

New Investment

- **Digital Investigative Support** - to provide expert digital evidence and support to robustly enforce against those who blight our communities through county lines, serious and organised crime, drug supply and those who exploit the online space to cause serious harm.
- **Additional cyber investigators** - the growing prevalence of cybercrime causes untold financial and emotional harm to businesses and individuals alike. This investment will enhance our response to the threat through specialist investigators.
- **Young Person Early Intervention Officers** - supporting the Constabulary's response to vulnerability, the continuation of this innovative pilot provides early intervention to young people following their initial missing from home episodes, engaging with those who are most vulnerable to exploitation, providing personalised interventions and preventative measures to protect them from further future harm and causing harm to others.
- **Violence against Women and Girls** – increased investment in resources, such as a vulnerability analyst to identify and support the Constabulary to tackle those who perpetrate violence in our communities – a national priority for all forces as well as here. We want to ensure people feel safe on our streets.
- **Digital Innovation** – following the Government's announcement that funding is being provided to increase productivity using enhanced technology and investigative tools, we will further invest in Digital Innovation to enable such opportunities to be identified and realised.

Maintaining Business as Usual

- Increased business costs cannot be ignored - for example, projected pay costs (pay award/increments and national insurance), utility costs and fuel expenditure, building maintenance and capital investment, ICT systems costs, inflation and uncertainty about pensions. In addition, the Constabulary's contributions to national programmes and on-going collaborations need to be met.

6.5 On behalf of the Commissioner, the Office of the Police and Crime Commissioner (OPCC) launched a survey on 6th January 2022 seeking the views of members of the public with regards to funding the Constabulary. The survey was made available online (in accordance with current Government social distancing restrictions) and was launched through a media release and signposting to the survey. Distribution was to local media outlets, MPs, the Panel, Community Safety Partnerships, Speedwatch, and representative groups. It was also launched via Facebook, Twitter and via Ecops (the Commissioner's Neighbourhood Alert channel) to around 20,000 subscribers. There was also targeted communications with seldom heard groups. Social media posts continued to be undertaken throughout the survey reminding the public of timescales, until it closed on the 20th January 2022.

6.6 The survey provided the narrative to communities about cost pressures facing the Constabulary and explored the public expectations with respect to policing. The survey asked the public:

- How safe they felt on a scale of 1 – 10 with 1 being very unsafe and 10 being very safe;
- How effective they think the police are dealing with anti-social behaviour and crime on a scale of 1 to 10, 1 being very in-effective, 10 being very effective;
- To rank issues according to how they believe the Constabulary and partners should prioritise those issues;
- Do they agree that 83p per month (on a Band D property) is value for money for policing Cambridgeshire & Peterborough?

The full survey can be seen in Appendix 3.

- 6.7 Daily analysis of the survey responses took place in order that on-going consideration could be given to the responses to gauge the views of the public in respect of support, or otherwise, for an increase of £9.99 and their priorities for policing and crime.
- 6.8 The survey closed at 5pm on 20 January 2022. The survey included quantitative data and qualitative responses. In total 1,566 responses were received. In response to the question, 'Do you agree that an additional 83p per month (based on a Band D property) is value for money when it comes to policing Cambridgeshire and Peterborough?' 1,002 (64%) respondees said 'Yes' they agreed.
- 6.9 At the Business Co-ordination Board on 20th January 2022, the Commissioner discussed the views from the survey and the financial position based on the draft MTFs. This enabled the Commissioner to decide on what precept level was required in order to deliver efficient and effective policing in Cambridgeshire, and then propose this to the Panel for consideration.

7. **Significant factors for consideration**

- 7.1 The proposed additional precept enables the Chief Constable to recruit an additional 82 officers. This will see Cambridgeshire and Peterborough with the highest number of officers in history and will make a real difference to police visibility in our communities.
- 7.2 The officers that have recently joined need support, supervision and continued training for them to be able to add value to our communities. Investment in areas such as HR, ICT, Professional Standards and Crime Standards and Assurance are all required to support all staff and officers and ensure our legitimacy within our communities is improved.
- 7.3 The Uplift Programme has left very little/limited flexibility in the overall budget. Of the overall constabulary budget 55% is for officer pay and pension costs, and a substantial proportion of the rest of the budget funds staff and services that directly support officers. This leaves very little scope for savings that will not impact on the effectiveness of officers.
- 7.4 Cambridgeshire has always argued that it is one of the lowest funded forces per head of population. The Commissioner will continue to lobby for fairer funding; however, it must be recognised that nationally the overall increase to police funding is 5.8% and to Cambridgeshire it is 5.3%. Those figures assume universal precept rises of £10, should Cambridgeshire raise by less than £10, the funding difference between Cambridgeshire and other forces will grow.
- 7.5 The Commissioner is acutely aware of the rising cost of living and the financial pressures being faced in many communities. However, the funding make-up for Cambridgeshire Constabulary for 2022/23 will be 56% from Police Grant and 44% from local Precept. This means that the impact of the precept is as important as the Police Grant received.
- 7.6 In proposing a precept, the Commissioner is required to consider the immediate funding required for 2022/23 and the context of longer-term financial sustainability and risks. To assist with this, the MTFs has been refreshed (and as such still a working draft) detailing how this will be managed and a Medium-Term Financial Plan (MTFP) developed that contains the detailed forecasts.
- 7.7 A key local consideration in respect of the future funding requirements relates to police estates. There are significant borrowing requirements for planned, operationally essential developments, including the necessary replacement of Parkside police station in Cambridge with a new police station at Milton, a police facility in Cambridge City Centre, as well as replacement training facilities for public order units. The costs of the borrowing that is required will have to be borne by the revenue budget. This increased cost of borrowing will increase future budget requirements, and a risk in this relates to future interest rate changes.
- 7.8 The Commissioner receives external assurance in how the Constabulary is being managed to ensure that any additional funds are well used.

The latest External Audit opinion for 2019/20 accounts was unqualified. The 2020/21 accounts are

similarly expected to receive an unqualified opinion, although the audit has not yet concluded. An unqualified opinion 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 latest HMICFRS PEEL (Police effectiveness, efficiency and legitimacy) assessment judged Cambridgeshire Constabulary as Good in all three categories; effectiveness at reducing crime and keeping people safe; extent to which the force operates efficiently and sustainably; and the extent to which the force treats the public and its workforce legitimately.

Internal Audit have undertaken audits throughout the year and those audits concerned with budgetary management have all received a positive assurance. The Commissioner and Constabulary can, therefore, take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective.

- 7.9 A further consideration is the expectation of future growth in demand. A number of factors relate to this 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.
- 7.10 In addition, a number of national policing programmes are outlined in the draft MTFs that create additional cost pressures and investment requirements that reduce the flexibility for Cambridgeshire's budget planning.
- 7.11 There are many other factors and risks to be considered concerning medium term financial sustainability.

8. PRECEPT PROPOSAL

- 8.1 The Commissioner's Board meeting on the 20th January 2022 further considered the approach to the draft MTFs and identified pressures against capacity and capability of the Constabulary to manage expected future demand and risk.
- 8.2 At its meeting on the 20th January 2022 the Board considered the precept survey results (as follows) which strongly supported an increase in precept:
 - 1,566 people completed the survey with 64% agreeing that an additional £0.83p a month (on a Band D property) towards policing Cambridgeshire represented value for money.

Appendix 3 provides more detail on the survey and results. It is worth noting, that 1,270 people completed the precept survey for 2021/22.

- 8.3 This will generate £76.4m (shown in table below)

Taxbase Calculation	Amount
Estimated number of band D properties 2022/23	296,454
Number of Band D properties – 2021/22	291,046
Increase in tax base properties	5,408
Band D council tax rate	£257.58
Tax base income £	£76.4m

- 8.4 At the Board meeting, the s151 Officer provided assurance under section 25 of the Local Government Act 2003, to the Commissioner. This assurance was that in his review of the draft budget he believed that the budget proposals set out by the Commissioner are robust and sustainable. He further stated that the level of reserves is sufficient to meet the known risks within the budget taking account of the Commissioner's robust financial management framework.

- 8.5 As given in the LGA Guidance for Panels, ‘Panels will need to understand budget material to be able to offer effective challenge and support of the commissioner on the proposed precept... The provision by the commissioner of background information explaining the budget and precept proposals will help the panel to direct its scrutiny effectively’. The Guidance also goes on to state that ‘At a time of unprecedented financial challenge, significant changes in the nature, type, scale and complexity of crime and increasing public expectations of policing, Panels will need to be familiar with the range of challenges and pressures on the Commissioner and the diversity of responses to those by the Commissioner, her/his office and the wider public sector’.
- 8.6 Therefore, in order to assist the Panel in understanding the budget material and to inform the Panel’s consideration of the precept proposal, a Budget Presentation was given to Panel members on the 21 January 2022 detailing the considerations of the Commissioner and Chief Constable in the development of the financial strategy for the medium-term. The presentation that formed the basis of this session is given at Appendix 2.
- 8.7 At this session the Panel members also received reassurance from the Commissioner’s s151 Officer regarding the robustness of the budget setting process (as he had previously given to the Commissioner at the Board meeting on the 20th January 2022).

9. PRECEPT RECOMMENDATION

- 9.1 The precept proposed will ensure a £171.2m budget for policing in Cambridgeshire for 2022/23 and a balanced budget. This would see the policing element of a 2022/23 Band D council tax increasing from £247.59 per annum in 2021/22 to £257.58 per annum, an increase of £0.83p a month.

A precept increase of £9.99 will generate council tax of £76.4m and the resultant bandings are illustrated in the table below:

Band	A	B	C	D	E	F	G	H
Proportion to Band D Charge	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths
2022/23 Charge £	171.72	200.34	228.96	257.58	314.82	372.06	429.30	515.16
2021/22 Charge £	165.06	192.57	220.08	247.59	302.61	357.63	412.65	495.18

- 9.2 The Panel is recommended to review the proposed precept in the context of ensuring continued and sustainable effectiveness and efficiency in policing in Cambridgeshire.
- 9.3 The Panel are asked to note that final MTFs, including the section 25 statement, and the MTFP will be brought to the Panel meeting on 22nd March 2022 once the precept funding is agreed.

10. NEXT STEPS

- 10.1 The Panel must make a report to the Commissioner on the proposed precept.

11. BACKGROUND DOCUMENTS

Police Reform and Social Responsibility Act 2011

<http://www.legislation.gov.uk/ukpga/2011/13/contents>

Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012

<http://www.legislation.gov.uk/uksi/2012/2271/made>

Cambridgeshire Constabulary’s Corporate Plan 2020/21

<https://www.cambs.police.uk/information-and-services/About-us/Transparency/Corporate-Plan/Corporate-Plan-2021-2022>

Provisional Police Grant Report (England and Wales) 2022/23, Home Office, December 2021

[Provisional police grant report: 2022 to 2023 \(England and Wales\) \(accessible\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103112/provisional-police-grant-report-2022-to-2023-england-and-wales-accessible.pdf)

Ministerial statement on provisional settlement

[Written statements - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-only/leisure-and-transport/written-questions-answers-and-statements/written-statements/)

'Policing and fire governance - Guidance for police and crime panels', Local Government Association Guidance, 2019

<https://www.local.gov.uk/sites/default/files/documents/Police%20and%20Crime%20Panel%20Guidance.pdf>

Minutes of the Business Co-ordination Board meeting on 5th January 2022 and 20th January 2022

<https://www.cambridgeshire-pcc.gov.uk/accessing-information/decision-making/business-coordination-board/>

12. APPENDICES

Appendix 1 – Draft Medium Term Financial Strategy 2022-23 to 2025-26

Appendix 2 – Presentation - 2022-23 to 2025-26 Medium Term Financial Strategy

Appendix 3 – Precept Survey Report

This page is intentionally left blank