

**2022/23 to 2025/26**

**Medium Term Financial Strategy**

21 January 2022

# Operational Context

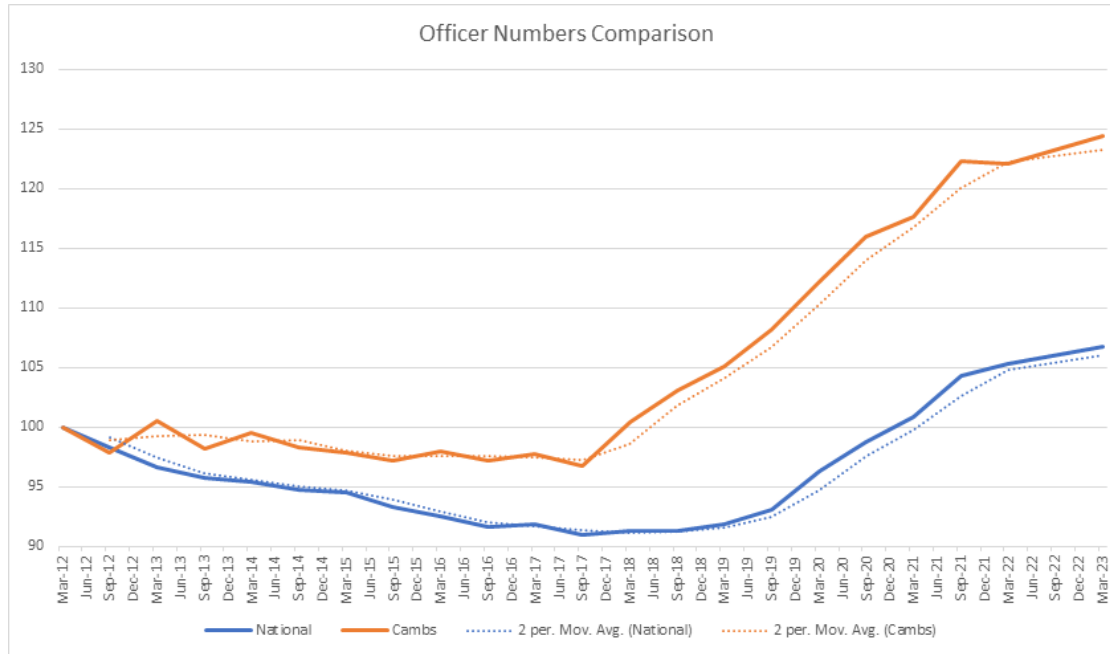
## National Performance Measures

- Reduce Murder and Other homicide
- Reduce Serious Violence
- Disrupt drugs supply and County lines
- Reduce neighbourhood crime
- Improve satisfaction among victims, with a particular focus on victims of domestic abuse
- Tackle Cyber Crime

## Local Context

- 66.5% of people surveyed in the last 12 months agreed that the Constabulary was dealing with the things that matter to people in their local community
- 81.5% of victims of crime surveyed in December were at least fairly satisfied with overall service delivery

# Operational Context



Cambridgeshire Officers:

1,377 at March 2012

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1,714 forecast at March 2023



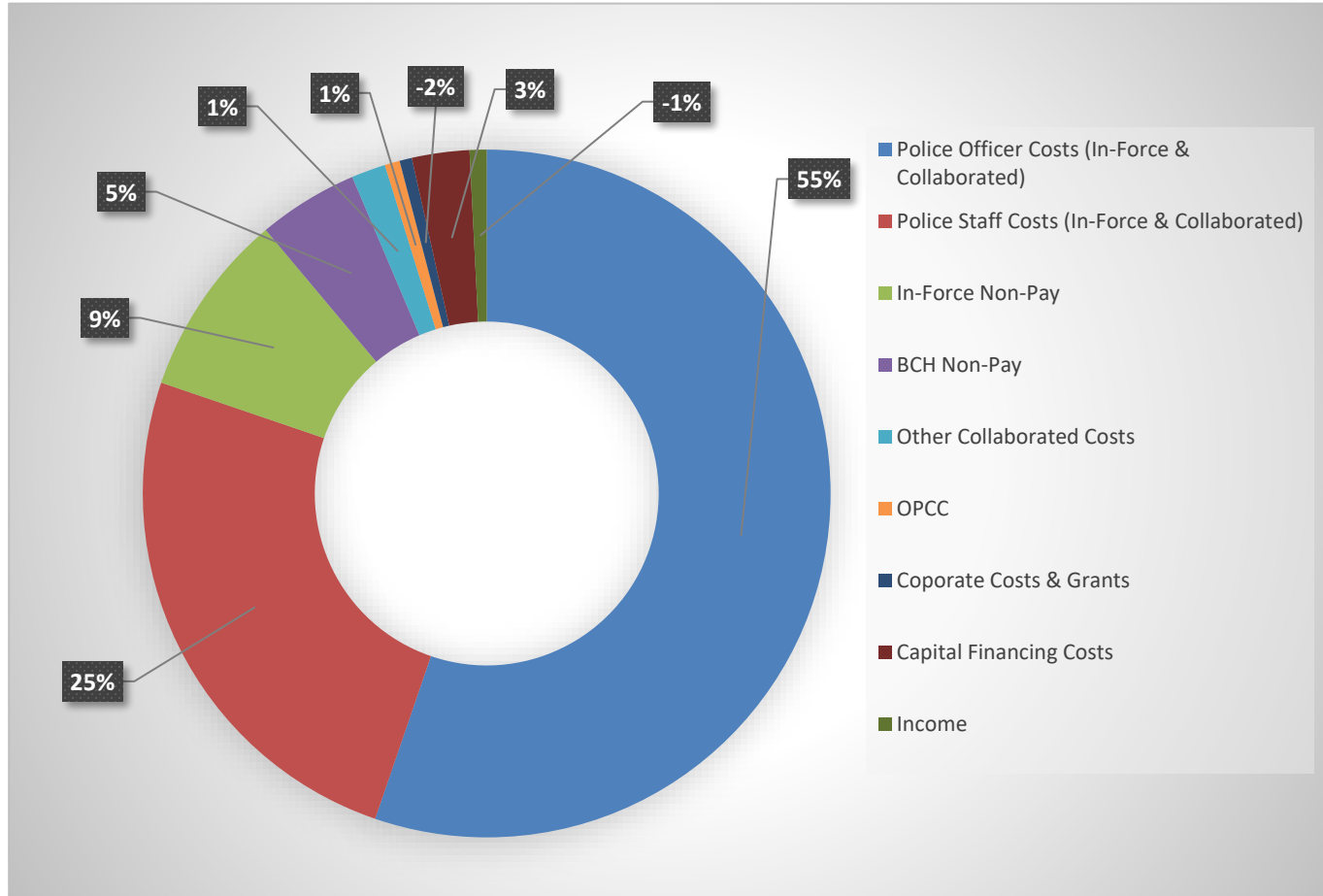
Police and Crime Commissioner  
CAMBRIDGESHIRE AND PETERBOROUGH

# PCC 20,000 Officer Uplift Programme

- Excellent progress and achievement to date – the Constabulary will have delivered above target by the 31 March 2022 by +33 on headcount and +20 on FTE (full time equivalent)
- The Uplift programme brings additional indirect costs that have to be met (e.g. uniform, ICT kit, training capacity, fleet)...
- ...and importantly the infrastructure in supporting services, both to deliver the injection of officers and to sustain the increase in the workforce moving forward.
- Unintended budget inflexibility – officer numbers are locked (55% of whole budget) – direct support functions (intelligence analysts, training, vetting etc) are required to support the increase in officers.
- A smaller proportion of the budget therefore remains to make any required savings to meet investment, inflation and other unavoidable cost pressures.

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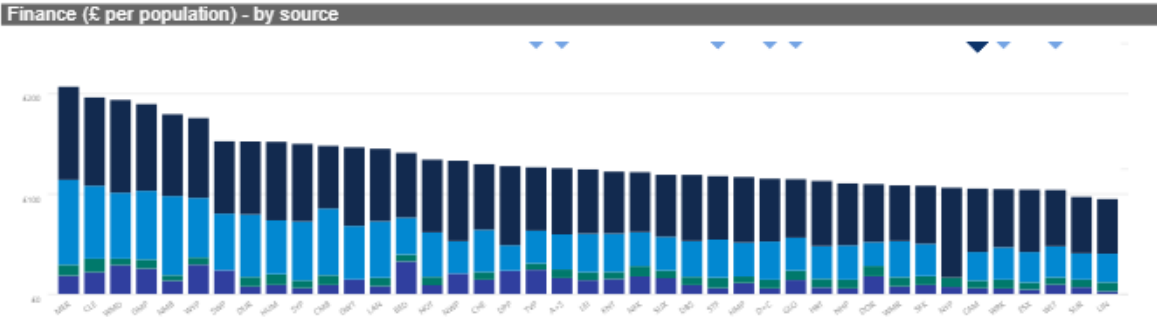
# Categories of Expenditure



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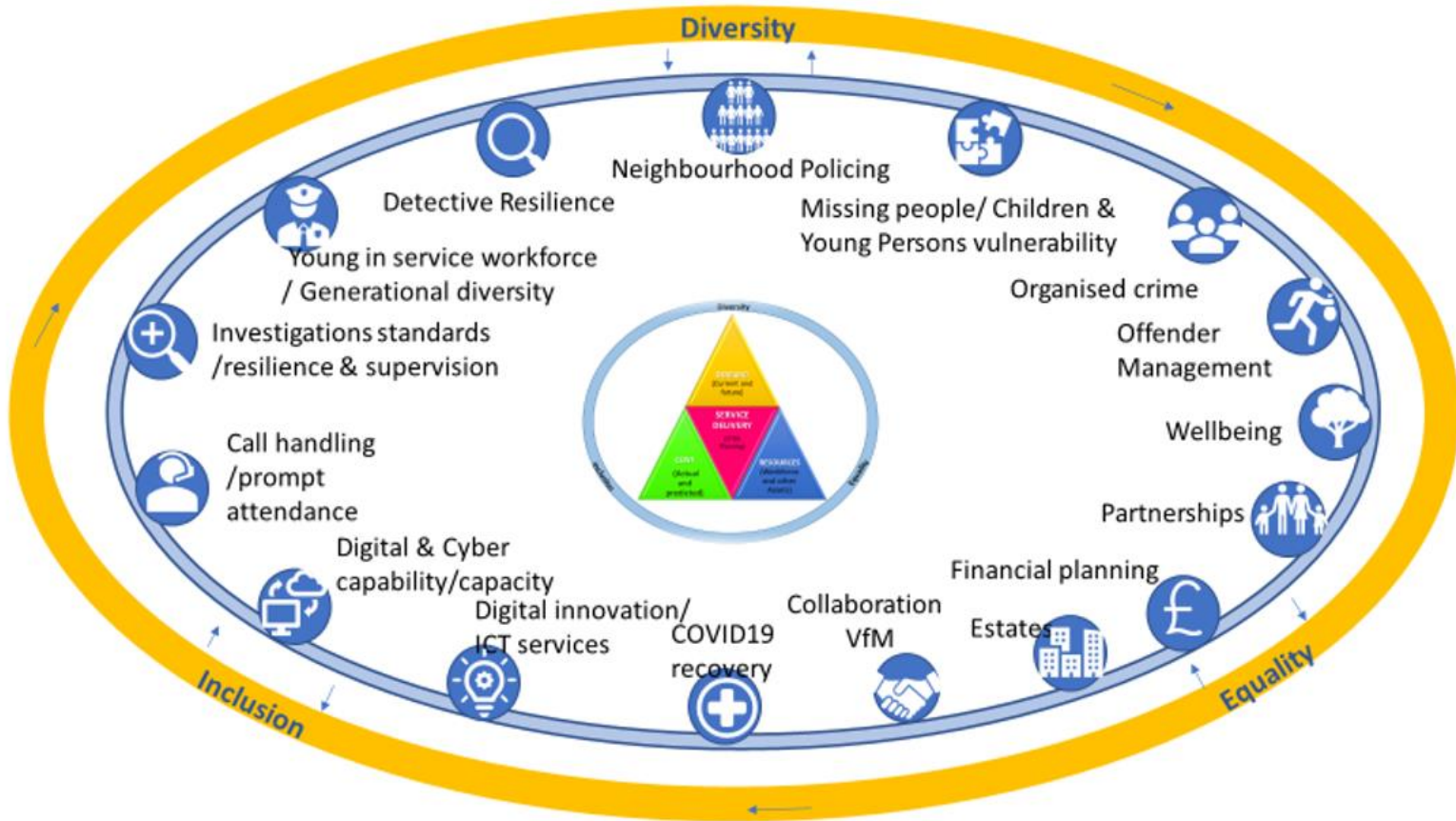
# Operational Context

- Cambridgeshire Constabulary is the 5<sup>th</sup> lowest funded force for formula grant funding per head of population, and 6<sup>th</sup> lowest based on all government funding.



- A funding formula review has been committed to by government and is underway.

# Operational Context – STRA 2021 Headline Findings



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# Building the MTFS

- Medium Term Financial Strategy – covers period 2022/23 to 2025/26
- Sets out the overall strategy in which the financial planning of the Constabulary can operate
- Supports the financial plan required to deliver the objectives and outcomes of the Police and Crime Plan and the Chief Constable’s Corporate Plan.
- Greater focus on financial sustainability given:
  - increased budget inflexibility,
  - future investment requirements linked to national programmes,
  - the increased capital requirements; and
  - the government expectation for the delivery of efficiencies.

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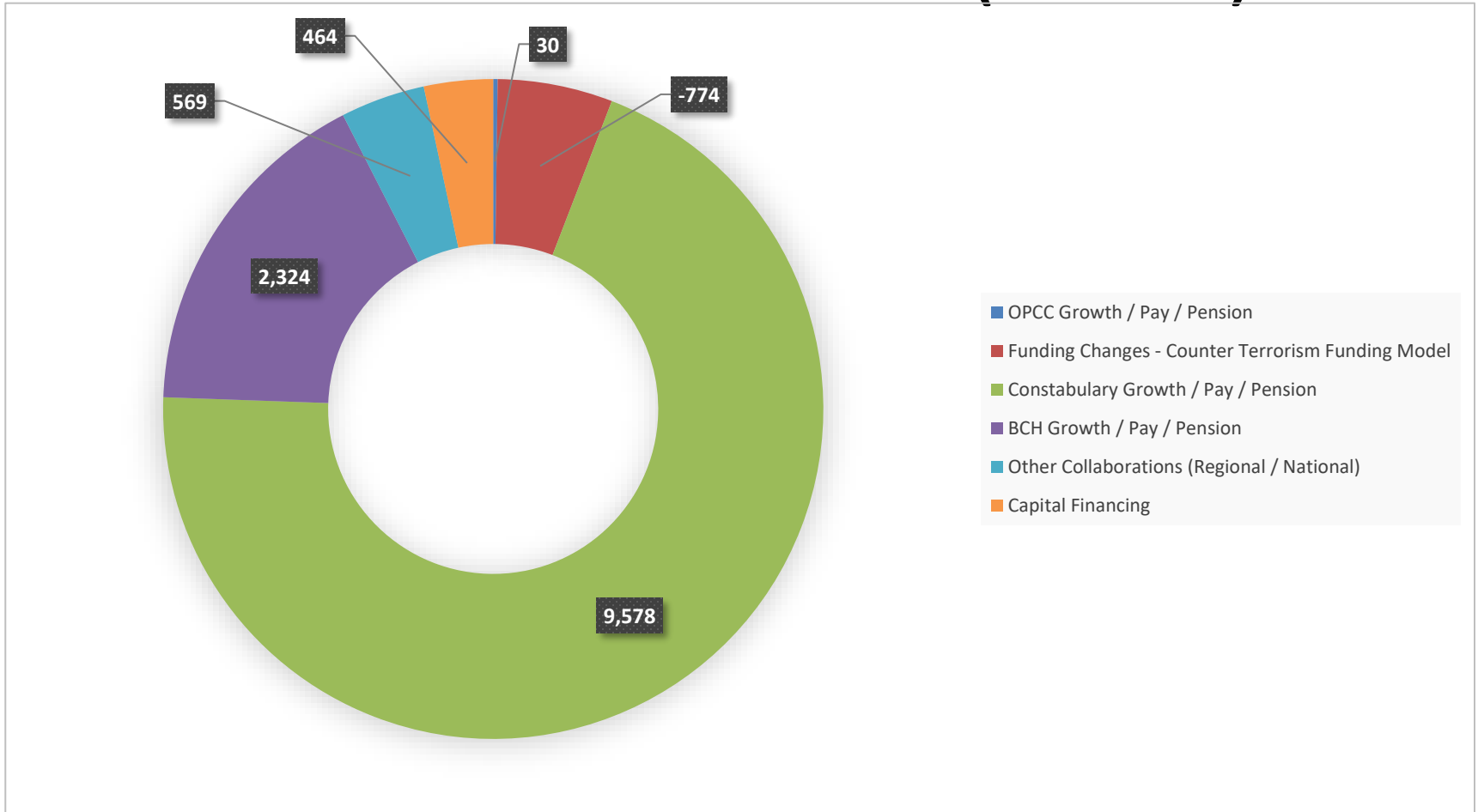
# Building the MTFS

- **National Uplift Programme (Recruitment of 20,000 additional officers)**
  - Recruitment and training of another additional 82 officers in 2022/23; plus the normal recruitment profile to maintain our workforce; bringing the total number of officers to 1,714 in March 2023.
  - Support for our police officers – the overall increase in officers requires investment to support and sustain the entire workforce.
- **New Investment**
  - Digital Investigative Support
  - Additional cyber investigators
  - Young Person Early Intervention Officers
  - Violence against Women and Girls
  - Digital Innovation

# Building the MTFS

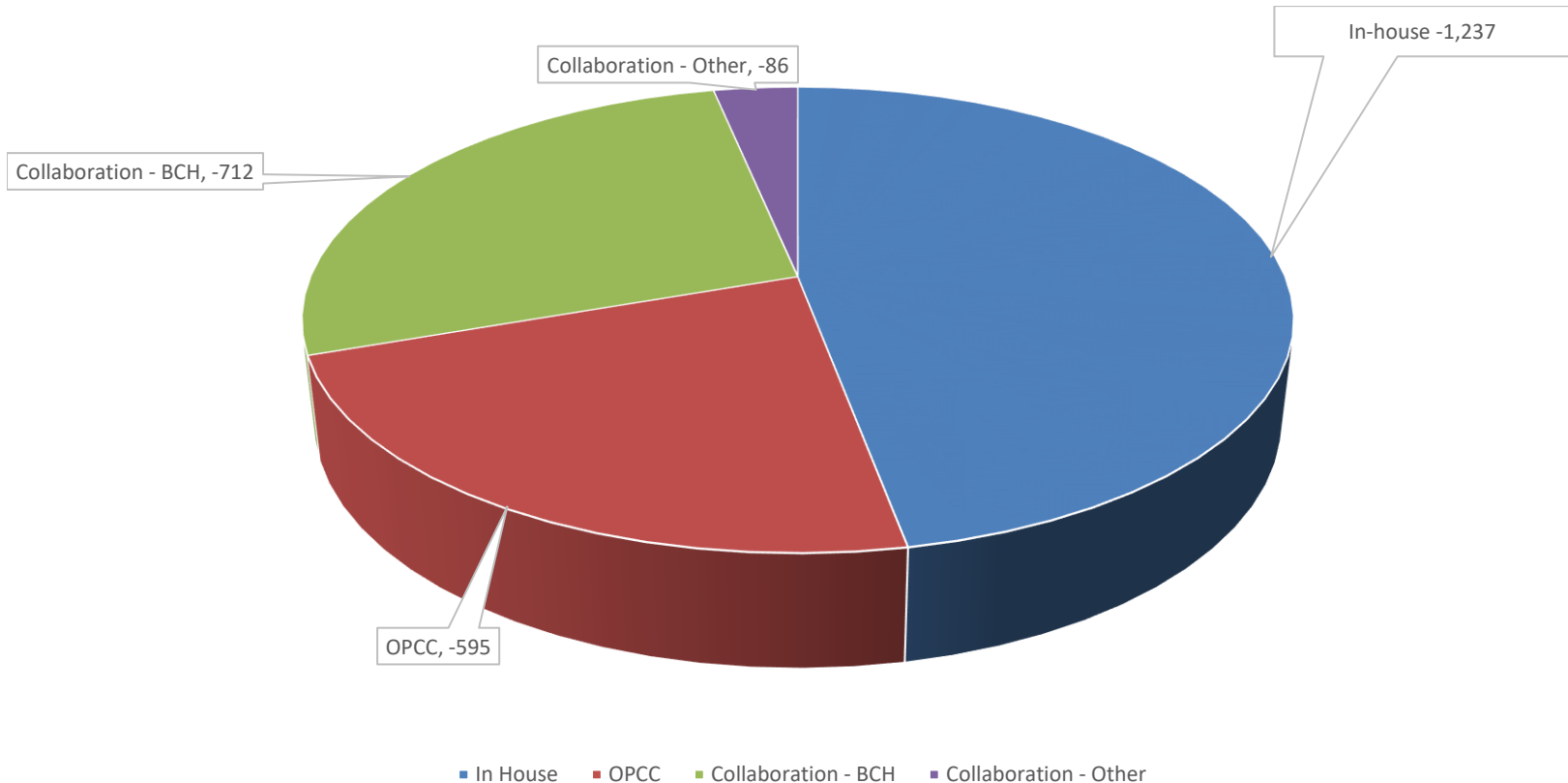
- **Maintaining Business as Usual & Increased Business Costs** including:
  - pay costs (pay award/increments and national insurance),
  - utility costs and fuel expenditure,
  - building maintenance and capital investment,
  - ICT systems costs,
  - inflation
  - uncertainty surrounding the pension remedy,
  - contributions to national programmes; and
  - on-going collaborations.

# £12.2m Growth and Investment (Gross)



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# £2.6m Savings and Efficiencies

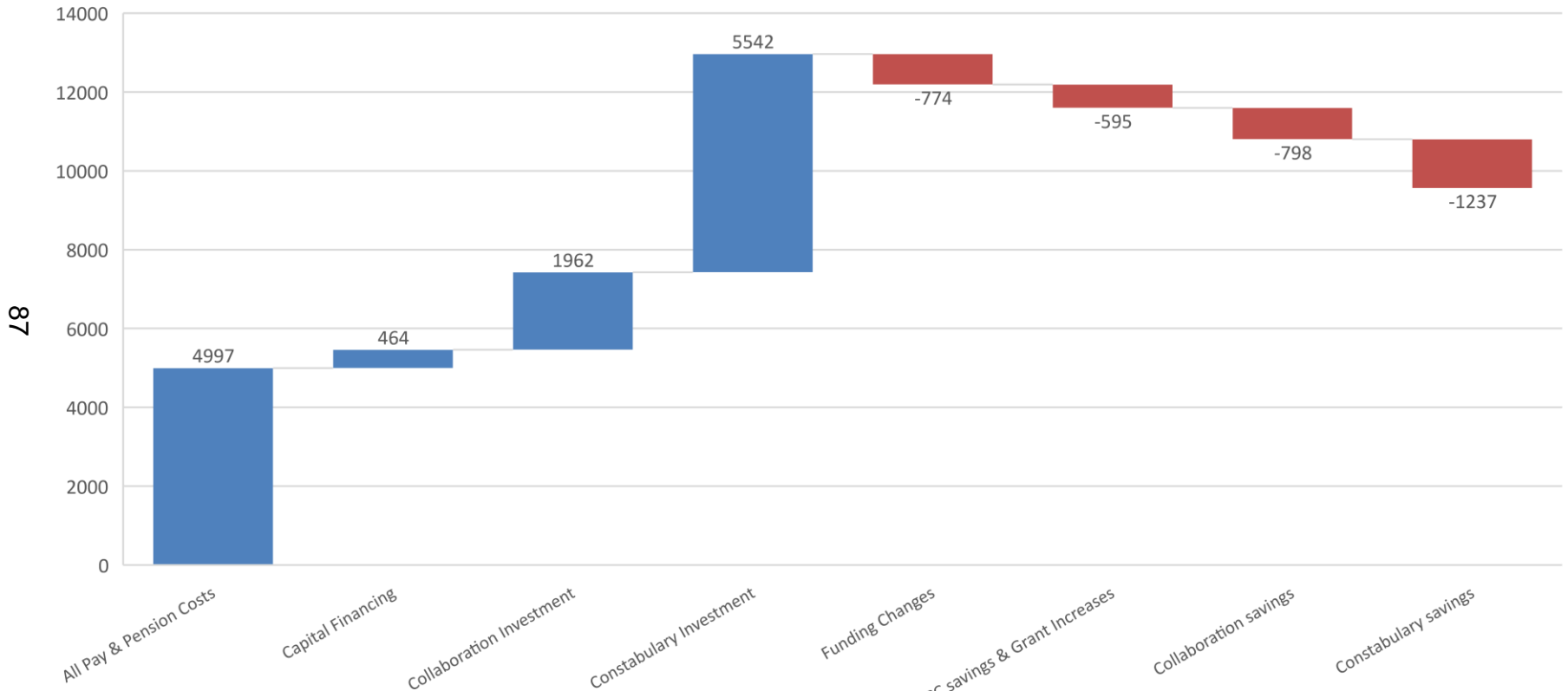


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■ Increase ■ Decrease ■ Total



# Change in the 2022/23 Net Budget Requirement (NBR) £9.6m



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**2022/23**  
**NBR**  
**£171.2m**

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Total In-House Expenditure</b>	100,246	108,123	112,890	116,049	119,019
<b>Net Cost of Police Pensions</b>	17,077	17,572	18,115	19,380	19,883
<b>Total BCH Collaboration</b>	34,484	36,074	37,151	37,997	38,860
<b>Total Other Collaborations &amp; Partnership</b>	6,143	5,874	5,829	5,891	5,996
<b>Constabulary Expenditure</b>	157,950	167,643	173,986	179,317	183,759
<b>Total Income</b>	-1,376	-1,407	-1,407	-1,407	-1,407
<b>Total Constabulary Budget</b>	156,574	166,237	172,579	177,910	182,352
<b>Total OPCC Office Expenditure</b>	1,215	1,245	1,282	1,313	1,344
<b>Total Corporate Costs and Grants</b>	-685	-1,021	-121	-751	-751
<b>Total Capital Financing Costs</b>	4,549	4,754	4,326	5,340	5,741
<b>Budget Gap - Savings In Progress</b>	0	0	0	0	-972
<b>NET BUDGET REQUIREMENT (NBR)</b>	161,654	171,216	178,065	183,812	187,714
Budget -Decrease / +Increase Year on Year	9,186	9,562	6,850	5,747	3,902
<b>Financed by:</b>					
Formula Grant	90,387	95,100	96,140	97,700	98,677
Uplift Grant (baseline of ringfenced grant)	-	-	1,400	1,400	1,414
Precept	72,060	76,379	80,564	84,725	87,623
Local Council Tax Grant	1,000	-	-	-	-
Local Council Tax Earmarked Reserve	-955	440	515	-	-
Contribution (to)/from Reserves	-812	-549	-59	-13	-
Collection Fund - (Deficit) / +Surplus	25	-154	-495	-	-
<b>TOTAL FINANCING</b>	161,704	171,216	178,066	183,812	187,714
Funding - (decrease) / + increase	9,237	9,511	6,850	5,746	3,902
<b>BUDGET GAP</b>	51	0	0	0	0
	51	0	0	0	0
Band D Council Tax £	247.59	£257.58	£267.57	£277.56	£283.11
Increase	15	£9.99	£9.99	£9.99	£5.55

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# Capital Requirements

- Operational requirements necessitate capital investment
- Capital grant funding now removed (was only £0.1m in 2021/20)
- Additional revenue consequence through increased borrowing costs (interest and Minimum Revenue Provision) forecast to increase by £1.2m over the MTFS period to meet significant capital schemes with revenue contribution to capital at c2% of the budget:
  - Cambridge Southern Police Station – progressed to land purchase and archaeological work
  - BCH operational support unit training facilities – at FBC stage
  - Investment in a BCH Armed Policing Unit firing range – working towards FBC
  - ICT – continued development of ICT infrastructure
  - Emergency Services Network (ESMCP) – national programme
  - Sustainability Agenda – estate and fleet

# Capital Requirements

Description of Bid	Budget Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
Athena	23,000	2,300	0	0
Estate Programme	5,085,093	17,293,185	22,597,074	11,057,682
Fleet Programme	1,568,387	2,615,439	3,663,902	1,713,819
ICT Enabling Programme	2,548,203	5,657,303	3,611,186	1,200,518
Operational Programme	496,968	495,000	495,000	495,000
<b>Totals for All Schemes</b>	<b>9,721,651</b>	<b>26,063,227</b>	<b>30,367,161</b>	<b>14,467,019</b>

## Funding Proposal

Capital Financing	2022/23	2023/24	2024/25	2025/26
Capital Grants				
RCCO	3,400,000	3,000,000	3,000,000	3,000,000
RCCO (from Colloboration Vehicle recharges)	440,000	440,000	440,000	440,000
Capital Receipts	4,024,980	3,275,020		11,027,019
Unapplied Capital Receipts Reserve	186,600			
Existing Borrowing Loan 6	889,439			
Borrowing	780,632	19,348,207	26,927,161	
<b>Total Financing</b>	<b>9,721,651</b>	<b>26,063,227</b>	<b>30,367,161</b>	<b>14,467,019</b>



# 2022/23 Funding Settlement

- A positive multi year settlement at macro level
- Still only a detailed one year settlement for forces
- Core grant funding has increased to reflect Officer Uplift with an amount attached to the ring-fenced grant for delivery.
- Other specific grants remain at 2021/22 levels.
- Capital grant funding has been removed.
- Ability to raise precept by up to £10 per annum on an average band D property for each of the next 3 years.

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# 2022/23 Funding Settlement

Funding Stream	2021/22	2022/23	Change	Notes
<b>Total Formula Grant</b>	90.3	95.1	4.8	Includes legacy Council Tax Freeze grants See also note on total funding row
<b>Pension Grant</b>	1.4	1.4	-	
<b>Uplift Ringfenced grant</b>	1.0	1.4	0.4	Dependent on delivery of the year 3 uplift target of 82 officers
<b>Capital Grant</b>	0.1	-	(0.1)	
<b>Total Settlement Grant Funding</b>	92.8	97.9	5.1	Increase across HO, MHCLG and Uplift ringfence grant represents Cambs formula percentage i.e. 1.02% of £135m

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# Grant Funding Forecast

Funding Stream	2022/23	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Total Formula Grant	95.1	96.1	97.7	98.7
Pension Grant	1.4	1.4	2.0	2.0
Uplift Ringfenced grant	1.4	1.4	1.4	1.4
Capital Grant	-	-	-	-
<b>Total Settlement Grant Funding</b>	<b>97.9</b>	<b>98.9</b>	<b>101.1</b>	<b>102.1</b>

# 2022/23 Total Funding

Funding Stream (£ million)	2021/22	2022/23	Change
Total Precept Funding and Collection Fund Balance*	72.1	76.2	4.1
Total Revenue Grant Funding	92.7	97.9	5.2
<b>Total Revenue Funding **</b>	<b>164.8</b>	<b>174.1</b>	<b>9.3</b>
Total Capital Grant Funding	0.1	-	(0.1)

\*subject to approval of precept level (refer to later slides)

\*\*total revenue funding of £174.1m includes the ringfence uplift grant (£1.4m), pension grant (£1.4m)

# Ongoing Developments and Risks

- Central Government initiatives and direction of travel:
  - Final pay award given the level of cost associated with officer and staff pay in the budget
  - Pension liabilities – pension remedy ongoing; centrally funded
  - Continued capital requirements impacting the revenue budget
  - National Police Air Support (Helicopter) costs have reduced in recent years but ongoing discussions regarding the future strategy
  - Emergency Services Network – significant capital requirement
  - NLEDS (HO programme to replace PNC and will require investment)
  - NEP and NMC (National enabling programme is a range of digital solutions)
  - Transforming Forensics
  - Increasing Cyber Crime

# Reserves Position

- In response to the risks outlined the Constabulary needs to effectively plan for and manage these for the MTFP period, especially given the material nature of some of the risks.
- The budget for 2022/23 does not utilise reserves to balance the budget as has been the case in the last 2 years.
- For future years the only planned use of reserves is the draw down of the Local Council Tax Support grant to meet the deficit on the Collection Fund due to Covid.
- The General Fund is planned to be increased in order to maintain the fund at the accepted level of 5% of the net budget requirement by the end of the MTFS, largely by transfer from the budget assistance reserve.
- Earmarked reserves continue to be held for known risks and resourcing requirements

# 2022/23 Precept Recommendation

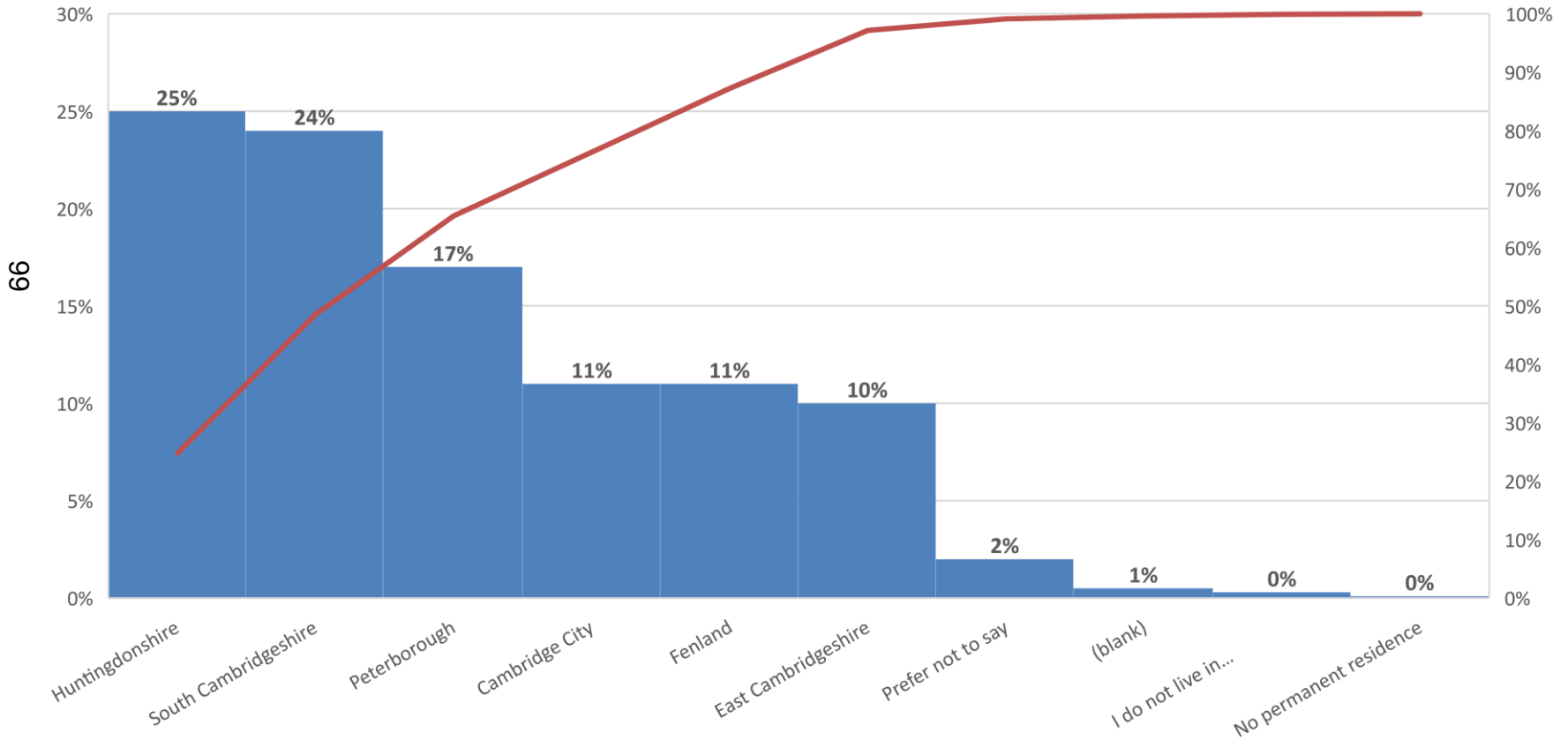
# Precept Survey

- Settlement 16<sup>th</sup> December – consideration of implications and government expectation
- 6<sup>th</sup> to 20<sup>th</sup> January survey was open
- Extensive circulation and media coverage:  
Press release, Panel, ecops, hard to reach groups, social media, partnership network.
- In total 1,566 responses (1,270 last year)
- Headline: 64% agreed that an additional £0.83 per month (for Band D) was value for money.



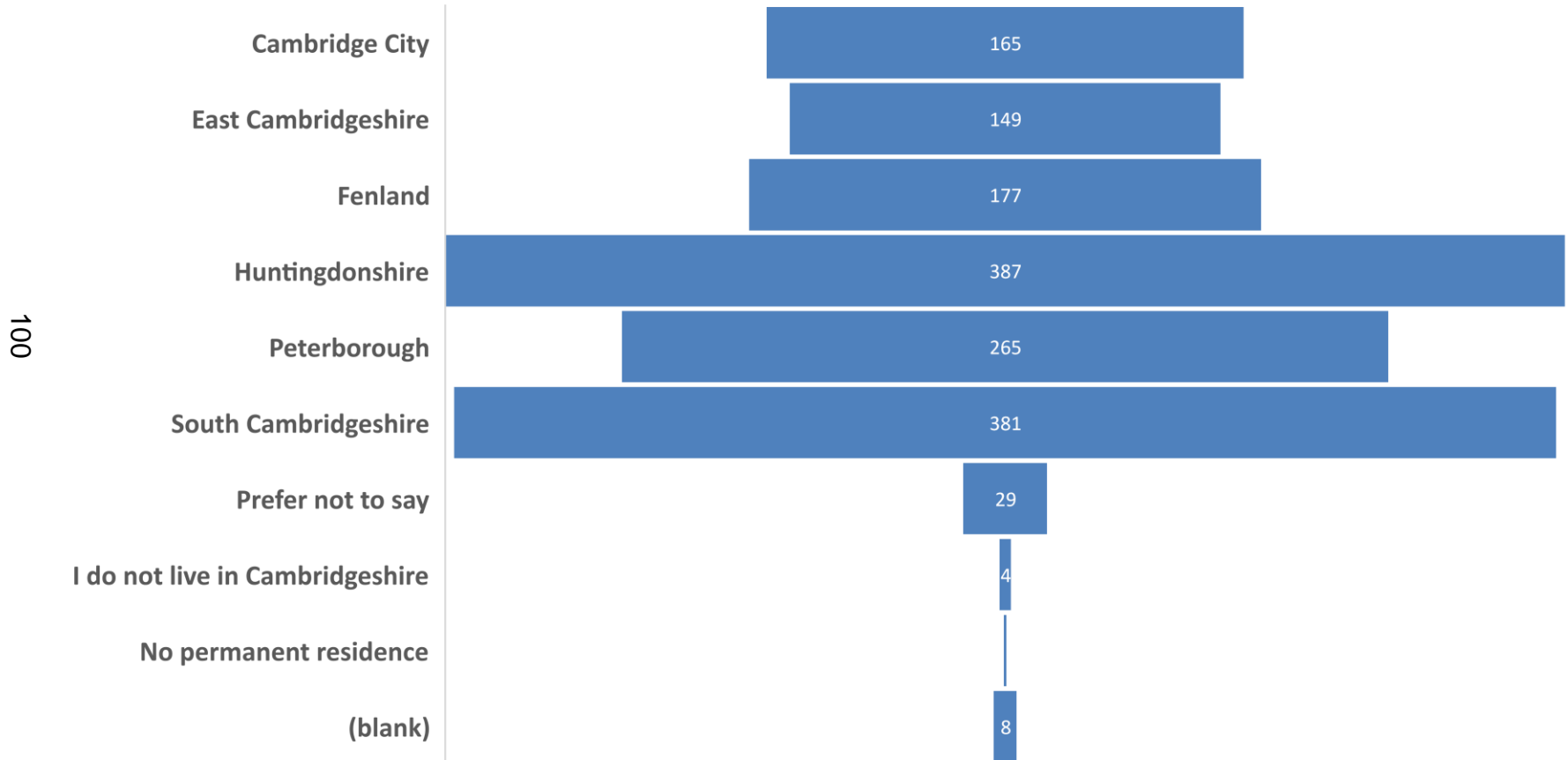
# Precept Responses (%)

Survey Returns % by area.



# Precept Response (Numbers)

Area by Responses (Number of survey returns)



# 2022/23 Precept Recommendation

Based on the outcome of the consultation undertaken and MTFP requirement to meet:

- Operational requirements
- Identified strategic threats and risks
- Continue to deliver the 20k Officer Uplift Programme
- Delivering capital requirements, and
- Enhancing financial sustainable of the Constabulary over the medium term...

**...it is proposed that a £9.99 per annum increase (4.04%) in precept for a band D property is made for 2022/23.**

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

# Precept: 2022/23 v 2021/22

	2021/22	2022/23	Notes
Band D Precept per annum	£247.59	£257.58	
Band D Increase versus prior year	£14.94	£9.99	Equates to £0.83 per m
Percentage Increase versus prior year	6.42%	4.04%	
Council Tax Base (band D properties)	291,046	296,524	2022/23 based on estimate from billing authorities 1.9% increase
<b>Total Precept Funding</b>	<b>£72.1m</b>	<b>£76.4m</b>	
Collection Fund Net Deficit (-) or Surplus (+)	£0.0m	(£0.2m)	
<b>Total Precept Funding and Collection Fund Balance</b>	<b>£72.1m</b>	<b>£76.2m</b>	
<b>Increase in Precept Funding versus prior year</b>		<b>£4.1m</b>	