



To: Joint Audit Committee
From: Chief Finance Officer, OPCC
Date: 24 September 2015

STRATEGIC AND ENVIRONMENTAL UPDATE

1. Purpose

1.1 This report updates the Joint Audit Committee (“the Committee”) on emerging strategic and environmental issues both within Cambridgeshire and nationally.

2. Recommendation

2.1 The Committee is invited to note the report.

3. Introduction

3.1 Cambridgeshire is in a period of transition, with the following recent and forthcoming areas of focus:

- Appointment of a new Chief Constable
- Devolution for Cambridgeshire gathering pace
- Increasing pace of collaboration, both within Bedfordshire, Cambridgeshire and Hertfordshire and also regionally

3.2 In addition to this, national challenges and opportunities impacting on Cambridgeshire comprise:

- PCC election and extension of the role of PCCs
- Austerity
- Comprehensive Saving Review (“CSR”)
- Future Police funding formula

3.3 This paper provides a briefing and commentary on the above issues.

4. New Chief Constable

4.1 Following the announcement on 16 June 2015 that Simon Parr, then Chief Constable of Cambridgeshire Constabulary, was to retire the Commissioner has completed a recruitment exercise for the appointment of a new Chief Constable.

4.2 The Commissioner led a fair and open selection and assessment process. The Commissioner, the Deputy Commissioner and the Monitoring Officer were fully engaged with the process, with technical and expert support throughout from the College of Policing.

4.3 The Commissioner's recruitment process adhered to the legislative requirements under Schedule 8 to the Police Reform and Social Responsibility Act 2011 ("the Act"), and the Home Office Circular 20/2012 (as amended) ("the Circular"). The process was developed in accordance with the College of Policing's 'Guidance for the Appointment of Chief Officers', November 2012 ("the Guidance"), and the College of Policing's 'Toolkit for the Selection of Chief Officers', April 2015 ("the Toolkit"). The use of the Guidance and Toolkit is discretionary. In accordance with the Guidance and the Circular, the Commissioner actively involved an Independent Panel member in the recruitment process. The Independent Member, Carolyn Dhanraj MBE, produced a report of the assessment process.

4.4 The candidate, Alec Wood, met the selection criteria. The selection process consisted of personality profiling, the taking up of references, and an assessment panel comprising a presentation by the candidate and a competency-based interview.

4.5 The outcome of the assessment process was that the Assessment Panel unanimously recommended that Alec Wood was the candidate the Commissioner notified to the Panel as the person he proposed to appoint as the Chief Constable of Cambridgeshire Constabulary. Alec Wood proved himself to be well qualified and experienced for the role of Chief Constable, whose drive will be key to meeting the challenges the future brings for policing in Cambridgeshire.

4.6 Alec Wood was confirmed in post as the new Chief Constable at the Police and Crime Panel's confirmation hearing on 16 September 2015.

5. Devolution for Cambridgeshire

5.1 Cambridgeshire is in discussion with Government on devolving more powers locally as well as exploring how the area could benefit financially and join up social care, health and public safety across authorities. Cambridgeshire's growth brings challenges. The county needs to provide the transport as well as the housing supply to make the housing market function better, and open up opportunities for those living in the more rural areas particularly to the north of the county. Public services infrastructure – schools, hospitals, community safety and other services – needs to be provided for a

rapidly growing population, and the county needs to make sure that the pattern of development preserves what makes the area so attractive to business and people.

- 5.2 Devolution will allow Cambridgeshire to deliver planned growth and more, and to be better able to manage the consequences of growth ourselves, reducing the call on the Exchequer. Freedoms on planning, development and housing will allow the delivery of higher growth, and speed up delivery of new housing. Certainty over budgets and greater fiscal freedom will allow better planning to build the infrastructure. Sharpened governance, closer working with business and clearer accountability will help strengthen local support for, and ownership of, plans for growth. Devolution should extend also to public services, and in particular health and social care, and public safety.
- 5.3 Devolution will enable Cambridgeshire to achieve more with less – ensuring the increasingly complex needs of Cambridgeshire’s growing population are met using a shrinking public sector budget.
- 5.4 The Chief Executive of the PCC is leading Cambridgeshire’s community safety devolution offering; the Chief Finance Officer of the PCC is in discussion with other CFOs on fiscal devolution and dealing with public assets in a more joined-up way, building on the work already in train with the Making Assets Count initiative.

6. Collaboration

- 6.1 In order to increase Cambridgeshire’s operational resilience and achieve the necessary savings targets, working with local forces and local authorities is the obvious way forward. Local people benefit from an improved, more effective and efficient service, while the savings generated help to protect local services. Bedfordshire, Cambridgeshire and Hertfordshire (BCH) are in a Strategic Alliance which is focusing on collaboration as an effective way of protecting frontline policing while helping to meet a predicted funding shortfall of £62m across BCH between now and 2019/20.
- 6.2 Collaboration is delivering a significant contribution to the overall goal of the three forces to scale back office costs by up to £20m each year. The Strategic Alliance enables the three forces to develop plans to collaborate on a range of operational support and organisational support functions. The three are already collaborating on a number of areas including Armed Policing, Procurement, Professional Standards Department and Roads Policing. The alliance recently announced plans to progress with the collaboration of Human Resources and Learning and Development as well as Firearms and Explosives Licensing and Public Contact.
- 6.3 As well as the tri-force collaboration initiative, early phases of extending the range and pace of new regional collaboration are being explored. Plans will be progressed at the forthcoming Regional meeting in late October 2015.

7. National challenges and horizon scanning

- 7.1 The PCC's office maintains a careful, proactive and prompt review of new Government policy as it emerges and punches above its weight in influencing new policies and initiatives. The emerging devolution offering (section 5) and the response to the proposed police funding formula consultation (discussed in section 9 below) are two recent examples. Another example is the consultation on the merger of other emergency services under the PCC role that was announced in mid-September 2015; Cambridgeshire PCC has already been in dialogue with the Fire Authority over the potential for blue light collaboration for several months.
- 7.2 The Cambridgeshire team remain well-placed to have early sight of and input into emerging issues in the policing arena:
- The Chief Executive is Vice Chair of the Association of Policing & Crime Chief Executives (APACE) and sits on the Home Office Board for collaboration
 - The Constabulary CFO is on the Home Office's national finance coordination committee and is their representative on the HMIC Reference Group
 - The PCC CFO is a regular contributor to the Police and Crime Commissioners' Treasurers' Society (PACCTS)

8. PCC election and proposals to extend the role of PCCs

- 8.1 The election of the Police and Crime Commissioner is planned to take place in May 2016. Six days elapse between the date of the PCC election and the actual transition of power to the elected Commissioner.
- 8.2 The Government is considering extending the role of PCCs to strengthen their role in ensuring an efficient and effective Criminal Justice System. In mid-September 2015 it also announced proposals for merging emergency services under the PCC role.
- 8.3 The PCC's office is well-versed in managing transition, with three of the existing Senior Management Team having led the transition from the Police Authority to the PCC in November 2012. The office also led the transition to victims' services being delivered by the Victims' Hub. Plans will be developed to ensure necessary preparations for the next Police and Crime Commissioner elections and any further transfer of responsibilities to PCCs.
- 8.4 Transparency and accountability processes are well bedded-in, for example the performance framework, financial regulations, decision making and the operation of the audit committee. Continuing to balance the Medium Term Financial Plan and achieve the required savings as a result of the forthcoming Comprehensive Spending Review is a key responsibility of the Commissioner, supported by the Chief Finance Officers of the PCC and Constabulary. Continuing to build upon strong and effective relationships with local partners and ensuring responsiveness to public and community concerns will remain a priority.

8.5 A new Police and Crime Plan will be due by March 2017. The plan is a public document that articulates the PCCs' priorities and sets out their objectives for the policing of the force area; crime and disorder reduction in the force area and discharging the police force's national and international functions. The plan sets out the commitments to which the PCC is held to account by the public and the Police and Crime Panel.

9. Austerity, Comprehensive Spending Review and Future Funding Formula

9.1 The Comprehensive Spending Review 2015 was launched in July 2015 in the paper 'Spending Review 2015 – a country that lives within its means', to identify the further savings required to eliminate the deficit by 2019/20. The Summer Budget 2015 set out savings from welfare and from addressing avoidance, evasion and imbalances in the tax system. Together, this will deliver around half of the consolidation needed to eliminate the deficit. Government departments have therefore been asked to draw up plans to help to deliver the remaining £20 billion of consolidation required overall, over the next 4 years. The Spending Review will prioritise investment in the NHS and in our national security; non-protected departments have been asked to model savings 25% and 40%.

9.2 Cambridgeshire Constabulary and PCC have already achieved £13.3m of savings in the years 2013/14 to 2015/16. As a result of the spending review, £19.3m of savings are likely to need to be found in the years to 2019/20 and the Deputy Police and Crime Commissioner and the Chief Finance Officers of the PCC and Constabulary are working together to identify these further savings, recognising that they cannot be achieved through collaboration alone.

9.3 In July 2015 the Home Office issued its consultation on reform of police funding arrangements in England and Wales, with a view of replacing the current opaque and out-of-date police funding formula with a new simplified formula. The PCC CFO and Strategic Accountant performed detailed analysis of the implications of the new formula for Cambridgeshire, and the PCC CFO gained further information from meetings with the Home Office's statistical team and PACCTS. Whilst the proposals could mean considerable additional funding for Cambridgeshire, non-crime data has not been included in the Home Office's proposed formula. The PCC CFO and Constabulary CFO have issued a joint response to the consultation that is broadly positive but highlights the concerns with the formula as it currently stands.

10. Recommendations

10.1 The Committee is invited to note the report.

BIBLIOGRAPHY

Source documents	Police Reform and Social Responsibility Act 2011 The Police Regulations 2003
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	<p>The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 http://www.legislation.gov.uk/</p> <p>Home Office Circular 20/2012 https://www.gov.uk/government/publications/selection-and-appointment-of-chief-officers-from-22-november-2012</p> <p>‘Guidance for the Appointment of Chief Officers’, College of Policing, 2012 ‘Toolkit for the Selection of Chief Officers’, College of Policing, 2015 http://www.college.police.uk/What-we-do/Support/Recruitment/Chief-officers/Pages/default.aspx</p> <p>Spending Review 2015: A country that lives within its means https://www.gov.uk/government/publications/spending-review-2015-a-country-that-lives-within-its-means</p> <p>Home Office Consultation on reform of police funding arrangements in England and Wales https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447083/2015_07_20_Police_funding_consultation_doc.pdf</p>
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