



To: Business Coordination Board

From: Chief Finance Officer

Date: 16 May 2019

PREPARATION FOR MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2023/24

1. Purpose

1.1 The purpose of this report is to consider the process for creating the 2020 - 24's Medium Term Financial Strategy (MTFS) and outline key dates which will ensure an updated MTFS is in place to inform the production of the MTFP.

2. Recommendation

2.1 The Board is recommended to agree the process for developing the MTFS and the timetable as set out in Appendix 1.

3. Background

3.1 The 2020 - 24's MTFS will be developed against a background of uncertainty.

3.2 The current MTFP identifies a £4.2m gap in funding for 2020/21. Approx. £1.8m remains within the budget assistance reserve. Building on BCH collaboration, 7F collaboration and other initiatives, significant additional cash releasing savings have been identified for 2020/21.

3.3 However, approximately 30% of Cambridgeshire's budget now sit within collaborated activities. Historically, collaborated units have notified cost-pressures late in the budget setting cycle. The 2019/20 review of how collaboration costs are apportioned must be well managed to ensure this does not create any additional delays.

3.4 Work through the Public Service Board and Countywide Community Safety Strategic Board has identified NHS and Local Authority Partners are transforming services in response to pressure on their budgets. There is the potential for changes in services to lead to changes to demand on or costs to policing. In response to this work, is moving forward on partnership work and prevention programmes and these may need investment.

- 3.5 Police Transformation funded projects are seeing their national funding come to an end in 20/21. Examples include the single online home programme, transforming forensics and national enablers. These programmes are seeking recurrent funding from individual forces and the exact costs of these are uncertain.
- 3.6 Cambridgeshire Constabulary continues to grow and develop in order to take forward the Police and Crime Plan and respond to need. The Force Management Statement considers current and future demand and shifting priorities, potentially requiring changes to budgets and investment.
- 3.7 Estate needs are changing and some buildings are reaching the end of their life. There is a requirement for significant investment in the new Cambridgeshire Southern Police Station. Financing this building will curtail the ability to borrow for any other initiatives, increasing the importance of robust capital planning.
- 3.8 In terms of funding, currently it is not clear whether the planned three year Comprehensive Spending Review will take place. For 2018/19 Central Government allowed Police and Crime Commissioners to raise the policing element of Council Tax by a maximum of £2 per month; a 12% increase that generated an additional £7.6m. The current budget for 20/21 assumes a 1.99% increase in Precept which equates to approx. £2.5m. The announcement of the funding settlement for 20/21 is likely to be mid-December.
- 3.9 Against this background this report considers the process for the creating 2020 - 24's Medium Term Financial Strategy (MTFS) and outline key dates which will ensure we the updated MTFS is in place to inform the timely finalisation of the MTFP.

4. Work streams which under pin the production of the MTFS

- 4.1 The MTFS is the document which brings together the aspirations of the Police and Crime Plan and links these to the resources available. It must also embrace the financing required to take forward Constabulary operational strategies.
- 4.2 The BCB on 4 April received an update on how the Constabulary were to deliver the Police and Crime Plan in 2019/20. The transformation section of the Police and Crime Plan focused on many of the work streams which will provide the information required to update the MTFS.
- 4.2 Key work streams being led by the Constabulary include:
- a. Closer linking of the MTFS and FMS increasing the ability of the Commissioner and Chief Constable to base resourcing decisions on an understanding of true demand.
 - b. Ongoing review of the benefits delivered to Cambridgeshire of existing and future collaborations.
 - c. Monitoring of the Constabulary's saving plan covering local policing, estates and collaboration.
 - d. Seek opportunities for alignment & collaboration within BCH & 7 forces programme.

- e. Further develop constabulary and countywide community safety planning to inform priorities & objectives and work with partners to more effectively deliver community safety. This links with work of the OPCC set out in section 3.4.
 - f. Identify and share with partners thorough collaborative working best practice / training tools.
 - g. Develop the workforce with the right skills and demographics to react to the challenges of the future
 - h. Exploring technology and research to continue to reduce demand on services – for example, understanding the investment needed to achieve this and the benefits which can be derived locally from national investment, see section 3.5.
- 4.3 The OPCC has responsibility for drawing together the MTFs and the BCB on 4 April set out the following specific streams of work which will feed into this process:
- a. Ensure emerging risks associated with changes in partners' planning are understood, mitigated and appropriately linked to the Commissioner's Grant strategy. This links with 4.2e above
 - b. Pursue transfer of fire governance
 - c. Update Estates strategy – this will require working with the constabulary to understand their accommodation needs and the impact of prudential borrowing limits.
 - d. Monitor and where appropriate influence emerging national streams of work such as the National Commercial Board. This action links with section 3.5 and 4.2h above.
- 4.4 The April Strategic Alliance Summit received a review of BCH collaboration which had been undertaken by the OPCC Chief Executives. This sets out the need to:
- a. Implement previously agreed financial principles relating to apportionment of BCH collaboration costs;
 - b. Benchmark collaborated units' costs against other police services to identify areas for saving; and
 - c. Ensure that BCH business planning links into constabularies' FMSs and Commissioners' MTFs in a timely way.

5. Conclusions

- 5.1 The current MTFP identifies a £4.2m gap in funding for 2020/21. Approx. £1.8m remains within the budget assistance reserve. Although building on BCH collaboration, 7F collaboration and other initiatives, significant additional cash releasing savings have been identified for 2020/21, there are many uncertainties and risks. Robust and early production of the MTFs can help mitigate these risks.

6. Recommendation

6.1 It is therefore recommended that the board agrees that:

- a. Work to refresh the MTFS is commenced earlier in the financial year and the draft timetable below is refined over the coming weeks to ensure its timely completion.
- b. The MTFS is likely to create a wide range of potential MTFP scenarios to deal with modelling of best and to worst outcomes in order to address each scenario.
- c. The Constabulary and OPCC have committed to significant transformation work as laid out in section 4. The Finance Working Group (FWG) will be a forum for the OPCC and constabulary, in addition to monthly budget monitoring, to review progress and integrate these work streams.

BIBLIOGRAPHY

Source Document(s)	
Contact Officer(s)	Matthew Warren, Chief Finance Officer, OPCC

Appendix 1

Paper Title/Event	Notes	BCB DATE
Preparation for MTFS 20/21 -24/25 begins		16 May 2019
FMS		
	Regular Finance Working Group meeting	May – Oct 2019
	Deadline for cost pressure from Constabulary and Collaborated Units	9 October 2019
Draft MTFS 20/21 – 24/25	For Police & Crime Panel update in 13 November 2019	31 October 2019
MTFS 20/21 to 24/25		13 December 2019
Police Settlement Announcement		Mid-December 2019
Precept consultation		Early January 2020
MTFS 20/21 to 24/25 including Precept Report	Police and Crime Panel meeting 29 January 2020 TBC	Early / mid-January 2020