



To: Business Co-ordination Board

From: Chief Finance Officers

Date: 26 November 2020

MEDIUM TERM FINANCIAL STRATEGY 2021/22 – DRAFT UPDATE

1. Purpose

1.1 The purpose of this report is to provide an update to the Business Coordination Board (the “Board”) on the development of the draft Medium-Term Financial Strategy (MTFS) 2021/22.

2. Recommendation

2.1 The Board is asked to note the update.

3. Background

3.1 The budget build process is an iterative process throughout the year. There are still a number of assumptions that cannot be confirmed at this stage of the development of the MTFS. Examples include the funding settlement, impact of Covid-19 on council tax collection funds and charges from national policing initiatives and programmes.

3.2 The Comprehensive Spending Review is due to conclude on 25 November 2020 and it is likely that this will be a one-year settlement due to the Covid-19 pandemic. It is hoped that the Police Grant settlement will be announced in December 2020.

3.3 The Government’s review of the Funding Formula has been delayed which leaves Cambridgeshire as one of the lowest funded forces nationally.

3.4 Ongoing national initiatives such as the Uplift Police Officer Recruitment Programme, whilst welcomed place pressures on the budget as funding is conditional on officer numbers. There are also national ICT programmes that have an element of spend to save, so pressures on costs for future savings.

3.5 The Bedfordshire, Cambridgeshire and Hertfordshire (BCH) collaboration financial planning cycle has been better aligned to report to individual forces to link into the

budget setting process, and this is welcomed. Proposed budgets were presented to the Strategic Alliance Summit meeting of BCH on 17 November which will again provide greater certainty in order to set the budget for 2021/22. There are further improvements to be made to shape BCH budgets over the medium term rather than the current approach of budgeting from year to year.

- 3.6 The Council Tax Collection Fund is expected to be in a deficit position from the precepting authorities due to Covid-19 pandemic. The full extent of the deficit will not be known until the collecting authorities finalise their collection fund estimates for 2020/21. To aid financial planning and recovery the Government requires the deficit to be spread over the next three years where one exists relating to Covid-19. The current planning assumption is that the deficit will be funded through the use of reserves to fund the budget gap that this will create.
- 3.7 The Constabulary held their Strategic Threat and Risk Assessment (STRA) process in the spring. The process for 2021/22 incorporated the financial planning context for the first time and required the strategic leads to identify savings and pressures for 2021/22 financial year and beyond. This has had the benefit of providing early sight of the investments and savings options for consideration by Chief Officers which have been assessed and where appropriate are factored into the MTFS planning process and detailed budget build.
- 3.8 The draft Capital Programme was discussed at the joint Constabulary and OPCC Resource Group on 12 November 2020 where the Constabulary have identified a number of significant projects that are required and which the OPCC is considering for inclusion in the programme. The most significant project remains the Cambridge Southern Police Station with new schemes coming forward in the BCH collaboration for new operational training facilities and firing range facilities. Work is ongoing to assess the revenue impact of the proposed programme and the forecast timing of the schemes. The Capital Programme will be presented as part of the overall MTFS for 2021/22 to 2024/25.
- 3.9 The Resource Group also discussed a realignment of Reserves which will come into effect from 1 April 2021. The realignment combines some reserves together and clarifies the purpose of the reserve. This work has been undertaken to ensure that the reserves held by the OPCC are current in the context of the risks and issues facing the Constabulary.
- 3.10 A draft MTFS document will be presented to the Board following the funding settlement and conformation of the final MTFS position for the period 2021/22 to 2024/25.

4. Recommendation

- 4.1 The Board is asked to note the update.

BIBLIOGRAPHY

Source Document	Medium Term Financial Strategy 2020/2021
Contact Officers	Matthew Warren, Chief Finance Officer, Office of Cambridgeshire Police and Crime Commissioner Jon Lee, Director of Finance and Resources, Cambridgeshire Constabulary