



To: Business Coordination Board

From: Chief Finance Officer

Date: 16 March 2021

MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2021/22 TO 2024/25

1. Purpose

1.1 The purpose of this report is to present the Business Coordination Board (the “Board”) with the final 2021/22 to 2024/15 Medium Term Financial Strategy (MTFS) and report on the adjustments required since the draft MTFS.

2. Recommendation

2.1 The Board is recommended to approve and adopt the MTFS 2021/22 to 2024/25 and the Treasury Management Strategy Statement for 2021/22.

3. Overview

3.1 The draft MTFS was presented to the Board on 6 January 2021 for discussion.

3.2 The draft MTFS with the Precept report was presented to the Board on 20 January 2021 prior to submission to the Cambridgeshire and Peterborough Police and Crime Panel (the “Panel”).

3.3 The Panel met on 3 February 2021 to consider the Acting Police and Crime Commissioner’s (the “Acting Commissioner”) precept and the Panel supported the proposal to raise the precept by £14.94 (6.42%) to £247.59 for a band D property.

3.4 Since the draft MTFS was presented to the Board and the Panel there are some necessary adjustments that have been required to reflect updated information in the MTFS and in particular the 2021/22 budget. Table 1 explains these changes and provides the relevant references to them in the MTFS document.

3.5 The final MTFS 2021/22 is now presented to the Board for approval and adoption.

Table 1 – Amendments from the Draft to Final MTFS 2021/22 to 2024/25

| Change | Description | MTFS Reference |
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| Precept increase wording | Wording throughout the document amended from the proposed precept increase of £14.94 to reflect this is now approved by the Police and Crime Panel. | MTFS paragraphs: 1.4/3.4/3.6/6.2.3 |
| Final Council Tax Collection Fund – reduced surplus in 2021/22 | <p>The final Council Tax Collection Fund surplus in 2021/22 has reduced from £148k to £19k and for future years the deficit forecast has increased from £366k to £538k.</p> <p>This is due to final numbers being forecast for the Districts and Boroughs and in particular for Cambridge City Council the information was not provided in time to inform the Council Tax Collection forecasts in the Draft MTFS therefore estimates had to be made. Final information on the Collection Fund position for Cambridge City has been confirmed as a deficit of £483k to be spread over 3 years from 2021/22.</p> <p>In addition, the information from Cambridge City Council has reduced the Council Tax base reported in the draft report from £291,873 to £291,046, which reduces the precept funding by £0.2m from £72.3m to £72.1m for 2021/22.</p> <p>The impact of this has been managed through the use of the Local Council Tax Support Grant of £1m in future years.</p> | <p>MTFS paragraphs: 6.2.4 including the table on page 23</p> <p>6.2.6 update to the precept funding value for 2021/22 in the table on page 23</p> |
| Local Council Tax Support (LCTS) Grant | Related to the change outlined above to the Council Tax Collection Fund position, the headroom in the LCTS grant reported in the Draft MTFS no longer exists. The grant is now planned to be used in its entirety to cover the Collection Fund deficits over future years as referenced above. Therefore, the Acting Commissioner will not be in a position to use £268k of this grant in partnership with billing authorities as previously intended. | MTFS paragraph: 6.2.7 |
| Change to future year savings requirement | The savings requirement for 2023/24 and 2024/25 has been updated to reflect all the changes set out here. Also, the Budget | MTFS paragraph: 6.3.6 |

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| | Assistance Reserve wording has been updated to remove the reference to the figure at 6.3.6. | |
| Capital Programme Updates | <p>Updated to include the following:</p> <ul style="list-style-type: none"> • Capital schemes expected to be carried forward from 2020/21; • Reprofiting of the Cambridge Southern Police Station to reflect the latest timing of forecast costs; • An increase to the Monks Wood budget to £10.1m agreed with Beds and Herts; • A reduction to the Copse Court budget from £0.75m to £0.45m to reflect the unsuccessful bid in to the decarbonisation grant scheme; and • The removal of St. Ives Police Station from the capital disposals programme following discussions with Huntingdon District Council. | Capital Programme at Appendix 2 of the Capital Strategy |
| Capital Strategy Updates | <p>As a result of the Capital Programme changes the Capital Strategy has been updated to align accordingly as follow:</p> <ul style="list-style-type: none"> • Para 2.16 – updated Capital Financing table; • Para 2.14 and 4.7 – levels of borrowing updated to reflect revised financing; • Para 3.14 – updated MRP and interest cost table; • Appendix 2 – Capital Programme 2021/22 to 2024/25 updated to reflect the Capital Programme updates stated above. | Capital Strategy |
| MTFP Model | <p>Updated to reflect all of the changes and implications set out in this table.</p> <p>In addition, some changes to budget lines have been incorporated based on updated information as well as Police Live charges – the national ICT charges that require an additional budget amount for 2021/22.</p> | MTFS Appendix C |

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| Reserves Adjustments | <p>The Reserves forecast has been updated to take account of the latest revenue monitoring position for 2020/21. The Reserves forecast was previously based on the underspend reported at the end of November. As the forecast underspend has reduced as at period 10 this is now reflected in the Reserves forecast with reductions to the amounts planned to be transferred to the Pension Reserve (McCloud & Revaluation Smoothing) and for the creation of the ESMCP and Transformation Reserves at the end of 2020/21.</p> <p>The draw down of the Local Council Tax Support Reserve has been reprofiled in light of the changed position on the Collection Funds as referred to above.</p> | MTFS Appendix E |
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4. Recommendation

5.1 The Board is recommended to approve and adopt the Final MTFS 2021/22.

BIBLIOGRAPHY

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| Source Document | Medium Term Financial Strategy 2021/22 to 2024/25 including the Capital Strategy at Appendix 2. |
| Contact Officers | <p>Matthew Warren, Chief Finance Officer, Office of the Police and Crime Commissioner</p> <p>Jon Lee, Director of Finance and Resources, Cambridgeshire Constabulary</p> |