

Cambridgeshire Police Authority

Medium Term Financial Plan 2010 to 2013



Creating a safer
Cambridgeshire

Contents:	Page
1 Introduction	3
2 Cambridgeshire's Policing Plan	3
3 Strategic Financial Priorities	4
4 Financial Principles	5
5 Funding and Charging	6
6 Efficiency Plan	8
7 Capital Expenditure	9
8 Budget Strategy	9
9 Treasury Management	11
10 Reserves and Balances	12
11 Risks and Sensitivities	13
12 Three Year Financial Forecast	14
13 Value for Money	17
Appendix 1 Medium Term Financial Forecasts	18
Appendix 2 Medium Term Financial Plan Pressures	19
Appendix 3 Demonstrating Value for Money	20

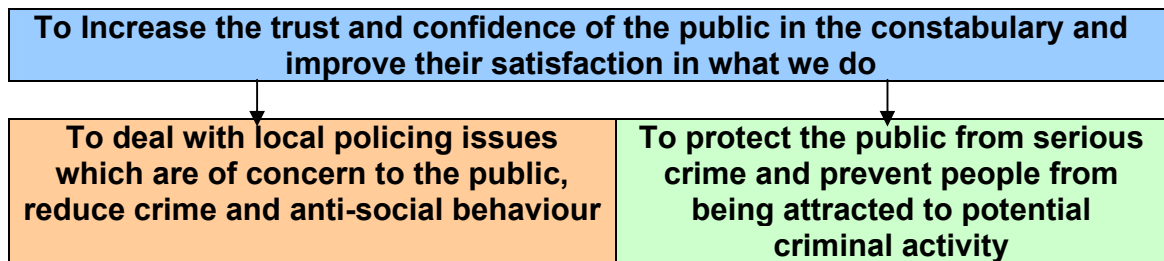
1 Introduction

- 1.1 The Medium Term Financial Plan (MTFP) is Cambridgeshire Police Authority's and Cambridgeshire Constabulary's key financial planning document, the aim of which is to provide a framework for the Service when it considers the strategic financial decisions required to enable it to deliver the objectives set out in the Policing Plan. This document contains the strategic objectives and background information relating to the key financial activities and an analysis of the forward financial position. In doing so it identifies those factors which have an influence on the Constabulary's ability to achieve its desired outcomes and acts as a mechanism for ensuring that the Constabulary's aspirations are matched to what can reasonably be afforded over the medium term.
- 1.2 The MTFP identifies the challenges and opportunities faced by the Service in seeking to achieve a balance between:-
- the requirements for frontline policing and achieving the key objectives of the Service over the next three years
 - accommodating known increases in the cost of providing existing services particularly in the economic climate
 - planning for the additional policing required to accommodate the growth in population and new towns within the Cambridgeshire area
- and:
- the resources that we receive which are likely to diminish over the life of the MTFP
 - the need to achieve efficiency savings
 - maintaining Council Tax at an affordable level
- in order to secure a sound financial future for the Authority and Service.
- 1.3 The three year financial forecasts for capital and revenue, exemplifying the forward financial position, are included in the appendices at the end of this document.

2 Cambridgeshire's Policing Plan

- 2.1 Our Mission:
Creating a Safer Cambridgeshire
- 2.2 Our Vision:
First class, citizen-focused policing
- 2.3 Our Values
Sensitivity, Integrity, Respect

2.4 Cambridgeshire Constabulary's Local Policing Priorities:



3 Strategic Financial Priorities

- 3.1 Financial Planning - To ensure that the Constabulary's financial planning processes enable decisions on resource allocation to be aligned to the achievement of the Policing Plan priorities, taking full account of changes brought about through new legislation.
- 3.2 Revenue Expenditure - To seek to ensure that appropriate revenue funding is explicitly allocated to expenditure proposals which contribute to the achievement of the Policing Plan priorities. To facilitate the positive re-direction of resources within existing base budgets to those areas of greater priority. To maximise income levels in relation to existing fees and charges and to identify potential additional sources of income. To maintain a robust budget monitoring regime which regularly monitors revenue expenditure and income against approved budgets.
- 3.3 Revenue Financing - To work in partnership with others to bring maximum pressure to bear on the Government to provide the Authority with its full share of Police and Revenue Support Grants and to seek to attract additional partnership funding.
- 3.4 Capital Expenditure - To seek to ensure that capital investment proposals are appraised in a structured and consistent manner so as to ascertain whether the plans are affordable, prudent and sustainable and that they contribute to the delivery of the Policing Plan priorities.
- 3.5 Capital Financing - To maximise the generation of capital resources available to the Authority to support its planned investment programmes.
- 3.6 Financial Management - To manage the Constabulary's financial resources in a prudent manner which recognises the requirements of all stakeholders and facilitates the achievement of the Policing Plan objectives.
- 3.7 Treasury Management - To maximise investment income and minimise borrowing costs within the overall framework set out in the annual Treasury Strategy Statement.

- 3.8 Reserves - To continue to maintain reserves at appropriate levels, both earmarked and general and to achieve a financial position whereby the general reserve is only utilised either as a contingency to meet unforeseen in-year expenditure and/or accommodating any shortfalls in planned income over which the Service has no control.

4 Financial Principles

- 4.1 The over arching objective behind the MTFP is to ensure that the Authority's and Constabulary's financial resources are applied in a manner which achieves the priorities as set out in the Policing Plan. By striving to ensure the costs of delivering its service priorities over the term of the MTFP are commensurate with the overall financial resources available, the Service can maintain the financial health of the Authority in a manner which does not place an unreasonable burden on local taxpayers.
- 4.2 The MTFP recognises the requirement to maintain a balance between the desire to continue to delivery quality services and build capacity to further improve performance where required. It will inform the process of formulating the detailed financial plans for the period 2010/11 to 2012/13 and in particular the budget framework for both capital and revenue for the 2010/11 financial year. Underpinning the MTFP is a set of principles which guide the decision making process. These are:
- To work to a rolling 3 year financial planning framework, whilst having an eye on the longer term
 - To maintain a prudent level of working balances
 - To work towards consistently achieving a balanced budget i.e. annual expenditure is matched by annual income without recourse to reserves and balances
 - To bridge any projected shortfall between resources and expenditure in a sustainable manner
 - To use earmarked reserves in a prudent manner in accordance with the requirements of the overall MTFP
 - To manage unspecified savings within the annual budget process
 - To set realistic income targets in line with Service policy on income generation and which take into account the elasticity of demand for chargeable services
 - To give priority to investing capital resources in schemes which contribute to the achievement of the Constabulary's aims and objectives as identified in the Capital Strategy and the Asset Management Plan.
- 4.3 In order to match the Constabulary's aspirations for the community as set out in the Policing Plan to that which can realistically be afforded the Service will need to be strongly focussed on the priorities.

5 Funding and Charging

- 5.1 In planning for the future the Authority and the Service recognise that they do not at this time have in place the financial resources (capital and/or revenue) to fund the total costs of the Policing Plan so investment in the key objectives has been prioritised over the life of the Policing Plan, whose timeframe stretches beyond the horizon of the three year MTFP.
- 5.2 The three year financial forecast, both revenue and capital, included at the end of this document therefore will be updated on an annual rolling review basis to ensure it remains concurrent with the progress achieved in implementing the Policing Plan over its lifetime.
- 5.3 The police service continues to face change as it responds to the needs of the public locally and as central government determines its priorities. The context of the financial landscape is set out in the following paragraphs.
- 5.4 Comprehensive Spending Review (CSR2007) and the years beyond.
- 5.4.1 The Government's Comprehensive Spending Review is now entering its third and final year (the period 2009/10 to 2010/11). Despite the state of the public finances the Government has signalled its intention to stick by the previously announced grant settlement. For Cambridgeshire Police the grant increase should be 2.99% for 2010/11.
- 5.4.2 During the autumn of 2007 the Chief Constable spearheaded a campaign for the unique position of Cambridgeshire to be recognised by the Home Office in the allocation of formula grant. Whilst the campaign received a sympathetic hearing from Government, no additional resources have been forthcoming to date. However, Cambridgeshire Together has been allocated just over £1m over two years to fund various schemes a number of which will be Police led (e.g. Recruitment of multilingual Police Community Support Officers).
- 5.4.3 Cambridgeshire Police should continue to press for a fairer share of the funding 'cake', which recognises our population growth, and for the elimination of the funding floor, which 'costs' this Authority around £2.7m year on year. (Note: the 'floor' arrangements ensure that every police authority receives a minimum increase, with those above the floor having their increases scaled back to pay for those below the floor).
- 5.4.4 The CSR review for 2009 has now been cancelled and Government grants for 2011/12 and 2012/13 are impossible to forecast. (Commentators mention grant reductions in the range 0% to 30%, possibly over a number of years). For the purposes of this MTFP no increase (0%) in grant for years 2 and 3 has been assumed.

5.5 External Grants

5.5.1 Police Grant

The Police Authority receives a policing grant distributed on a formula basis (see revenue support grant below). The rules around the minimum number of officers are now relaxed but if performance is not maintained or improved the numbers of police officers, if below the stated minimum, will be called into question. For Cambridgeshire the minimum number of officers is 1368 (2009/10). The current number budgeted for is 1406, well above the minimum.

5.5.2 Revenue Support Grant

This grant is also distributed on a formula basis taking into account factors such as population, deprivation indicators etc. Each year the Government seeks to moderate year on year increases and decreases in the level of external grant funding (i.e. Formula Grant) at individual authority level, using a 'floor' to determine the minimum amount of grant that an authority can receive. Cambridgeshire Police loses out on this distribution as it is above the floor and loses grant to fund authorities below the floor.

One of the biggest difficulties faced in Cambridgeshire is the growth of the County and the extra demand this brings for services. Cambridgeshire is one of the fastest growing counties in England but the formula for distribution of grant does not necessarily recognise this. Population forecasts based on 2001 uplifted data are being used and there appears to be a widening gap between the population figures used by government and those forecast locally in the period up to 2016.

5.5.3 Specific Grants

The Authority also receives a number of other grants including funding for Police Community Support Officers (PCSOs), Basic Command Units, of which Cambridgeshire has three, dedicated security posts, and prison officer grant. All these grants have strict controls in place and it has to be demonstrated that the money is used for the correct purpose. It also possible that Specific Grants could be reduced in the MTFP period.

5.5.4 Local Area Agreements (LAAs)

Local Area Agreements (LAAs) set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level. They ensure that local authorities work together to deliver these service priorities. Cambridgeshire has two LAAs, the Peterborough Partnership serving Peterborough City and Cambridgeshire Together serving the remainder of the county. Both LAAs are tasked with achieving up to 35 targets that they have determined for their respective areas. Uncertainty over the effect of funding arrangements on the Service has been removed in the medium term because there is no requirement for Police Authorities to passport funds in support of partnership working. However, the Government's proposals to assess all Local Authorities working within an LAA on their contribution to achieving targets for better local outcomes will inevitably influence the use of Police Authority resources over the period of the MTFP.

5.6 Council Tax

The Government's push to keep council tax down "to significantly less than 5%" coupled with the threat of capping for Authorities that breach the rules has meant that there is limited scope for locally determined precept increases to ease the budget pressures the Authority faces. For 2009/10 the government set the capping rules (after all budgets were set) and increases of more than 4% in budget and 5% on council tax were deemed excessive. Clearly there will be an expectation that in these times budget and council tax increases will be significantly less than the current year. For the basis of the figures in Appendix 1, a 3% increase in council tax over the next 3 years is assumed.

5.7 Charging for Services

Powers exist to charge for external use of police services, but only on a break-even basis. This can be problematic due to the nature of some events. If all costs were charged, an event might not be viable. The Authority has approved a Charging Policy and from April 2008 the Constabulary has been implementing the principles outlined in the ACPO document "Charging for Police Services", which should, over the next three years, lead to additional revenue from commercial events but only to the extent that the Constabulary is recovering its costs.

6 Efficiency Plan

- 6.1 As part of CSR07 the Constabulary was set an efficiency target of 9.3% of Gross Revenue Expenditure over three years commencing April 2008 by the Home Office. Following the publication of the Policing Green Paper the Home Office issued a revised version of the Efficiency and Productivity Strategy for the Police Service in February 2009. The national target for the Police Service as a whole remained at 9.3%, but Police Authorities would now have to set their own 'ambitious local target' and agree how to take account of surplus gains achieved in the previous CSR period.
- 6.2 In the 2009 budget, the Chancellor of the Exchequer announced that Local Government and the Police Service will deliver an extra 1% of efficiency and productivity gains for the CSR07 period.
- 6.3 At the Finance and Resources Committee on 25th June 2009 the Police Authority agreed that the efficiency target would be 10.3% or £12.9m from April 2008 to March 2011 and that some £3.1m would be carried forward from CSR04.
- 6.4 Achievement of the target is becoming increasingly difficult and years two and three are dependant largely on collaboration with other Police Services. With the expected reduction in government grant in the future there will be a need to identify more cash releasing efficiencies.

7 Capital Expenditure

- 7.1 The Authority's overall approach to capital investment is set out in the Capital Strategy and Asset Management Plan elsewhere on the agenda.

8 Budget Strategy

- 8.1 Underpinning the Constabulary's decision making process is a prudent and coherent approach to the stewardship and management of its financial resources. This is reflected in the Constabulary's service and financial planning process, and in its treasury management of borrowings and investments coupled with the Authority's management of its reserves.

- 8.2 The latter two issues are dealt with in later sections. This section concentrates on the budget strategy. A robust approach to the budget process is essential in order to achieve clarity about what the Authority can reasonably afford to do and sustain and also what it cannot afford to do.

- 8.3 The Constabulary has defined service and financial planning as "an integrated approach to effectively planning the delivery of the Constabulary's services in accordance with its corporate objectives and within the available resources".

- 8.4 The Constabulary has in place procedures to ensure that the financial implications of all proposed policies and actions, whether capital or revenue (including the revenue implications of capital investment) receive due consideration before commitments are entered into. All decisions which fall outside the policy and budgetary framework, referred to as "key decisions" are required to be subject to Force Executive Board approval before being approved by the Authority. The Finance and Resource Committee and the Capital Panel play a key role in ensuring that all new significant strategic investments are considered in the context of the Constabulary's corporate and policy objectives.

8.5 Key Features of the Budget Process

- 8.5.1 One of the key functions of the MTFP is to develop a series of financial projections to determine the achievability and sustainability of the Constabulary's Policing Plan which is required to deliver the priorities as set out in Section 2 above. The financial projections are based around the forecast requirements for revenue expenditure, both directly and arising from capital investment. The process for determining the forward levels of net revenue expenditure for each financial year covered by the MTFP is to:-

- Use the current financial year as a base position and inflate, as appropriate to take account of pay and price changes and full year costs of previous year growth items
- Add prior year on-going costs funded from balances
- Add known unavoidable spending and contract pressures

- Add in-year implications of implementing corporate objective priorities (and full year costs thereafter)
- Add revenue implications of new capital investment (both direct and indirect).
- Review and set fees/charges to reflect a policy of maximising income
- Apply agreed policy on efficiency savings, and
- Review the overall proposed net expenditure in terms of both the absolute and percentage increase on the prior year and in the context of both the levels of external funding and what can reasonably be afforded through Council Tax.

The budget build outputs and issues are considered/discussed at

- An annual seminar for members to outline key issues
- Quarterly star chambers with budget holders to ensure progress against both in-year and future year revenue plans
- Change Management Board which recommends capital projects and large change projects for approval to the Force Executive Board
- Discussion with the Police Authority provide strategic input.
- Joint reviews by heads of service and finance team.
- Peer challenge at Force Executive Board
- Finance and Resources Committee.

8.6 Revenue Growth Bids

The procedure for evaluating revenue growth bids that arise either at budget time or in year due to changes in focus from the Home Office is based on an assessment which takes into account the following key factors.

- Clear identification of the links to the Constabulary's aims and objectives to which the bid relates;
- A measure of a scheme's benefits in the form of outcome targets;
- Consideration of the financial impact of the expenditure i.e. one year funding or recurring financial consequences over a three year period;
- Consideration of implications for other service areas.

Bids for growth for future years are evaluated in the first instance at Star Chambers, through Force Executive Board and on to Finance and Resources Committee.

In-year bids are evaluated initially by the Change Management Board and referred through the Constabulary's Force Executive Board and onwards to the Finance and Resources Committee for consideration and prioritisation. Bids are judged according to the extent to which they will contribute to achieving priorities and their potential to improve the Constabulary's performance as measured by the national performance indicators. Bids are prioritised in order that they can be matched to the total available funding.

Additionally any proposed "unavoidable" budget increases are subject to a similar evaluation to determine their validity.

8.7 Opportunities and Savings Proposals

Requirements to achieve savings are considered in the context of whether the savings:-

- Can be achieved through more efficient/smarter ways of working
- Can be achieved without detriment to service standards
- May result in the reduction or loss of a service
- Will contribute to the achievement of an efficiency objective (i.e. reduction in unit costs).

Savings which may adversely affect service delivery performance are assigned a low priority. The Force Risk data base has now been adapted to cater for opportunities and savings that are raised through management team meetings and are presented to FEB on a monthly basis.

9 **Treasury Management**

9.1 The Authority's approach to Treasury Management is detailed in its annual Treasury Strategy Statement which is approved by the Authority in February of each year in conjunction with the Revenue and Capital budgets. The underlying theme remains one of caution in that, in terms of investment, the limitation of exposure of capital is prioritised by the recommended Audit Commission risks of security, liquidity and yield. In managing debt the objective is to secure the stability of the Authority's longer term financial position rather than seeking to make short-term one-off gains which may lead to higher costs in the long term.

9.2 Investments

Current indications are that there will be cash available for investment during the whole of 2010/11 which the Authority will lend only to financial institutions having a credit rating of F1+ (or equivalent) according to the Fitch IBCA credit rating service (or equivalent), to a limit of £10m or 25% of available funds.

The list of approved counter-parties for short-term investments by the Service is incorporated in the annual Treasury Strategy Statement and these are reviewed on a daily basis when investing funds other than in the secure Treasury Department Fund.

9.3 Borrowings

It is envisaged that the Authority's borrowing requirements as defined by the Prudential Indicators set out below will be met by Public Works Loan Board ("PWLB") Loans. However, if interest rates are favourable, borrowing from money markets would be considered alongside PWLB loans.

Table 1

Capital Financing requirements					
	31/03/09	31/03/10	31/03/11	31/03/12	31/03/13
	£'000	£'000	£'000	£'000	£'000
	Actual	Forecast	Estimate	Estimate	Estimate
Total	24,491	31,183	43,079	51,679	55,138

9.4 Future

For the purposes of the MTFP further borrowing will be necessary to sustain the level of capital investment and in particular the investment required to secure a new Basic Command Unit building including cells for the Southern Division. In comparison to other Police Forces Cambridgeshire has very low capital financing costs.

9.5 The cost of the capital programme, aside from the new building in Southern Division, has been reduced and this trend will continue, with rationalisation of ICT projects being the main focus. Income generated from saleable assets will assist in the funding of the capital programme within these years if they can be realised. Planned capital expenditure in future years will need to be sustainable with less reliance on borrowing.

10 Reserves and Balances

10.1 Section 25 of the Local Government Act 2003 also requires the Chief Financial Officer (Treasurer) to report on the adequacy of the proposed financial reserves.

10.2 CIPFA guidance draws attention to a number of factors which need to be taken into account in considering reserves.

- The Authority's track record in budget and financial management
- The capacity to manage in year budget pressures
- The availability of other funds to deal with major contingencies and the adequacy of provisions
- The adequacy of insurance arrangements to cover unforeseen risks.

10.3 The major financial risks are externally insured and a reserve is held to cover all insurance payments below stop loss excesses. This reserve is subject to yearly review by independent actuaries and required an increase in 2008/09.

10.4 Table 2 below sets out the Authority's Reserves and proposed use in 2009/10.

Table 2 - Reserves

	Balance at 01 April 09 £'000	Estimated Movements £'000	Balance at 01 April 10 £'000	Estimated Movements £'000	Balance at 01 April 11 £'000
General Reserve	4,599		4,599		4,599
%ge of NBR	3.7%		3.3%		2.9%
Earmarked Reserves					
Insurance ¹	766		766		766
Carry Forward ²	1,175	-550	625	-200	425
Innovation ³	640	-100	540	-200	340
Ill-Health Reserve ⁴	500	-100	400		400
Major Capital Reserve	2,842		2,842		2,842
Operational Maintenance Reserve	500		500		500
Workforce Development Reserve ⁵	127	-50	77	-50	27
Recruitment Reserve ⁶	550	-78	472	-78	394
			-		-
Total – Earmarked	7,100	-878	6,222	-528	5,694
Total Reserves	11,699	-878	10,821	-528	10,293

- 1 The total held for Insurance liabilities is £2.6m, the balance is held as a Provision in accordance with accounting codes of practice.
- 2 Reduction of carry forwards over time due to improved accounting treatments
- 3 Used for start up costs of collaboration work
- 4 Ill-health retirement - police staff
- 5 Additional costs of employment of PCSOs during training period
- 6 Employment of police officer training assessors (one year contracts)

10.5 The Authority's total reserves are within the limits set out in the Treasurer's "Management of Reserves" report approved by Authority.

11 Risks and Sensitivities

- 11.1 A recent internal audit report states that the Constabulary has achieved a significant improvement in embedding Risk Management for both Operational and Strategic risks in all Divisions and Departments. A Risk register for the Service has been in place for a number of years and is monitored by the Risk Manager. The Authority also has a risk register which is monitored by the Research and Policy Manger.
- 11.2 A new risk management system went live during 2009 and presents a suite of reporting opportunities for both Force Executive Board meetings and for the Police Authority. All risks are supported by action plans and are scrutinised by Force Executive Board.

11.3 Key financial Risks

11.3.1 Main grant and council tax funding.

The ability of the Service to continue to improve performance against increasingly restrained budgets is a major risk particularly in the current financial climate. As CSR09 has been cancelled and an election is due in May/June 2010 we have little idea what future grants may look like. All the talk is of significant cuts in public expenditure so there is a likelihood that savings, over and above those already identified, will need to be found in years 2 and 3 of this MTFP

11.3.2 More pressure on reducing budgets increases the risk of a draw on reserves. Reserves can only be spent one and a prudent level must be retained.

11.3.3 Sustainable funding of the capital programme in the longer term is a risk for the Police Authority, which is covered more fully in the Capital Strategy. In the medium term the plan is to borrow.

11.4 All these issues will be kept under close scrutiny as they progress, particularly in terms of their potential impact on the financial well-being of the Authority.

12 **Three Year Financial Forecast**

12.1 Appendix 1 shows the 3 year forecast received by the Authority in February 2009 when the 2009/10 budget was set, updated to reflect predictions for 2012/13 and any known changes to funding. Appendix 2 is an update of those forecasts for the three year period covered by this MTFP. It provides a template which the Service can use to plan ahead. It is a rolling three year forecast which will be updated each year to take account of events as they unfold. As with any projections there is a greater degree of uncertainty in the later years.

12.2 The MTFP seeks to achieve sufficient flexibility to allow for the development of options for changing the Constabulary's service priorities. This is especially important in view of the need to address the additional costs associated with achieving our strategic priorities.

12.3 Details relating to Appendix 2 are set out below

- Baseline Gross Revenue expenditure is planned to grow over the period but in year 1 (2010/11) only as a result of:-
 - increments, calculated at 1% of total pay bill
 - pay awards calculated at 2.6% on staff costs, and
 - general inflation of 1% on other costs for year one.

For years 2 and 3:-

- increments, calculated at 1.5% due to newly trained constables achieving full pay
- pay awards of 2.55% on staff costs, and
- general inflation of 1% on other costs.

- Revenue income is likely to be static at best, for the reasons outlined above.
- 'Financed by' sets out the sources of funding available to meet the net expenditure. The Government has announced the level of central support for 2010/11 and these figures have been incorporated into the forecast. The second and third year is based on sound bites coming from government sources at no real increase. Income from the council tax payer has been projected using a 3% increase for all three years. A 0.5% increase year on year in the number of Band D equivalent properties on which the Council Tax is levied has also been assumed for the MTFP period. This is reduced from the original estimate of 0.8% due to the slow down in the housing market. Taken together, these forecasts represent something of a straightjacket in terms of revenue budget financing over the period leaving the Authority and the Service facing some significant challenges in meeting its aims and objectives.
- The gap of £1.1m in the first year is being addressed by allocating reduced cash limits to all budget holders. Work has already commenced on addressing the gaps in years two and three. Three areas for savings are being worked on; restructuring service delivery e.g. number of basic command units, and Constabulary wide savings e.g. reduction in printers and printing costs by moving to combined photocopiers and printers, and income generation ideas.

12.4 Spending Pressures

12.4.1 This section identifies a number of specific pressures on revenue expenditure which will impact upon the General Fund from April 2009 onwards. It is not however comprehensive and other issues will undoubtedly emerge during the service and financial planning process. Appendix 2 shows the movement allowing for the inclusion of some of the pressures identified. The revenue effects of the capital programme are now significant.

12.4.2 Counter Terrorism and Organised Crime Groups

This area of work continues to grow and more resources are required to seek out the intelligence and then work to disrupt or eliminate the threat, not only to Cambridgeshire but working in partnership with other Services, to the whole country. Extra police resources may be needed to bridge any gaps that may arise both for Cambridgeshire and regionally.

12.4.3 National Policing Improvement Agency and Central Government Initiatives

Initiatives proposed by the centre have a real impact on our budget. A recent example would be "that every Force over the next three years will establish a sexual assault referral centre in their area". We are now working with our NHS colleges to establish the centre and it is due to open early winter but the impact on the revenue budget is around £200k per year.

12.4.4 Migrant Impact Funding

As part of the recognition from central government that Cambridgeshire has one of the largest migrant populations in the country, Cambridgeshire Police has received additional funding of £314k for 2009/10. Sustaining the projects that are started with this money will add pressure to the budget in future years.

12.4.5 Income

Income is always unpredictable from one year to the next. Income is likely to be less certain in the tightening economic climate both for business and public services. We are expecting less income from investments over the coming years due to the uncertainty in the economic climate.

12.4.6 Collaboration

The stated aims of Regional Collaboration are to:

- Enable more effective policing
- Contribute to the closing of the protective services gap
- Enhance neighbourhood policing

Shared services are now part of the Government's agenda and we are working with other Police Services in the region to develop business cases in a number of areas which could benefit from the shared service model. We will need to identify the optimal way we can work with other Police Services dependant on the project or area under consideration and different methods may need to apply to different service areas, one size will not fit all.

- ICT is now well advanced and the investment for joint projects has been factored into the MTFP for the next three years, including a new crime system and an electronic data store.
- The provision of a joint custody facility at Kings Lynn (opening Jan 2011 [latest estimate]) has now been committed to and the running costs to the Constabulary have also been factored into the MTFP.
- There is also a scoping project considering a joint procurement and stores facility across Hertfordshire, Bedfordshire and Cambridgeshire.
- Collaborative working on Serious and Organised Crime has been agreed in principle
- We also continue to make progress on fleet collaboration and have already made savings in procurement of vehicles.
- Working with partners has enabled savings to be realised on insurance and procurement.

12.4.7 Making Cambridgeshire Count

This is an exciting new project for the County of Cambridgeshire, bringing together leaders across the county to consider how we make the best use of the public resources going into Cambridgeshire. It is anticipated that savings for the financial 2011/12 should be forthcoming from this project.

12.4.8 Olympic Games

The 2012 Olympic Games will have an effect on the County of Cambridgeshire in policing terms. It is likely that we will lose officers, either permanently or for defined periods of time to the London Metropolitan Police. It is also likely that additional policing of Cambridgeshire will be necessary at that time due to training camps and the numbers using Cambridgeshire roads at that time. As yet this is an unknown quantity but the planning of the event is now underway and costs and risks will be factored in as they become known.

12.4.9 Employers' Contributions to Pensions

At present the employer contributions for police officer pensions remain static, however the costs of employer contributions for police staff pensions is predicted to rise over the next few years quite substantially. This is mainly due to falling investment returns in the current economic climate. Cambridgeshire Police Staff are in the Cambridgeshire Local Government Pension Fund which is administered by Cambridgeshire County Council.

12.5 The challenge for the Authority is to set a budget for 2010/11 in the light of potentially significantly reduced grant in the following years. Base spending in 2010/11 may need to be stepped down rapidly before 1st April 2011.

13 Value for Money

- 13.1 Last financial year the Police Authority applied a further £458k to front line policing in the form of civilian investigators, witness care officers and statement takers. Despite this, Cambridgeshire is still 50 police staff members below the average for its 'Most Similar Forces' (MSF) group.
- 13.2 Cambridgeshire is still one of the fastest growing counties in the county, with both increasing youth and elderly populations. New developments with new facilities going into them means that police officers will be stretched even further to meet the demands on the service. More police officers are required for this growing county.
- 13.3 As the whole of government is facing cuts over the next few years, this would need to translate to "less cuts for Cambridgeshire". This would not necessarily assist with more police on the streets but it would mitigate the risk that police officer numbers may need to decline over the next few years.
- 13.4 Appendix 3 of this report contains a series of graphs which show the funding situation for Cambridgeshire compared to its MSF group. This demonstrates the value for money that is being achieved (low cost of inputs with good performance) and the complex communities being dealt with.

Cambridgeshire Police Authority – Medium Term Financial Forecasts

	Budget 2009/10 £'000	Forecast 2010/11 £'000	Forecast 2011/12 £'000	Forecast 2012/13 £'000
Police Officer Pay & Allowances	55,807	57,631	59,603	61,316
Police Officer Overtime	3,000	2,500	2,559	2,610
PCSO Costs (net of funding)	2,076	2,251	2,478	2,711
Police Staff	30,168	31,697	32,834	33,898
Police Staff Overtime	218	224	231	237
Training	1,319	1,333	1,346	1,359
Other Employee Expenses	248	254	260	265
Police Pensions	14,474	15,057	15,700	16,370
Total Employee Costs	107,310	110,948	115,011	118,767
Premises Costs	4,125	4,266	4,329	4,374
Transport Costs	2,040	2,060	2,081	2,102
Supplies & Services	16,395	16,463	16,615	16,785
Agency Services	2,296	2,319	2,342	2,366
Capital Financing Costs	1,459	2,758	3,736	4,388
GROSS REVENUE EXPENDITURE	133,624	138,814	144,114	148,781
Grant Income	-5,349	-5,627	-5,627	-5,627
Specific Grants & Initiatives	-	-	-	-
Other Income	-2,809	-2,556	-2,582	-2,608
Total Income	-8,158	-8,183	-8,209	-8,235
NET REVENUE EXPENDITURE	125,466	130,631	135,905	140,547
Contributions +To / - From Reserves	140			
NET BUDGET REQUIREMENT (NBR)	125,606	130,631	135,904	140,547
BUDGET GAP	-	-1,101	-4,756	-7,724
Financed by:				
Total Formula Grant	81,043	83,501	83,501	83,501
Precept	44,466	46,029	47,647	49,321
Collection Fund - Deficit / +Surplus	97			
TOTAL FINANCING	125,606	129,530	131,148	132,822
Band D Council Tax £	£164.70	£169.64	£174.73	£179.97
Council Tax Band D increases	4.99%	3.00%	3.00%	3.00%
Taxbase	269,984	271,334	272,691	274,054
Grant increase		3.03%	0.00%	0.00%
Council Tax base increases		0.50%	0.50%	0.50%
		<i>Assumptions</i>		

Appendix 2

Cambridgeshire Police Authority – Medium Term Financial Plan Pressures

Summary	Budget 2009/10 £m	Proposed 2010/11 £m	Forecast 2011/12 £m	Forecast 2012/13 £m
BASE BUDGET/FORECAST (NBR)	125.6	125.6	129.5	131.1
Budget Pressures				
Revenue effects of Capital Programme		1.3	1.0	0.7
Pay Awards		2.8	3.0	2.7
Pay Increments		1.2	0.7	0.8
Police Staff Pensions		0.1	0.3	0.3
Price inflation		0.6	0.6	0.8
Olympic Games			0.5	
Sub Total		6.0	6.1	5.3
Budget Savings/Efficiencies				
Reduction in Overtime		-0.5		
ICT Collaboration		-0.5	-0.5	-0.5
Fleet Collaboration			-0.3	-0.2
Sub Total		-1.0	-0.8	-0.7
Budget Savings/Efficiencies Required		-1.1	-3.7	-2.9
TOTAL FORECAST NBR	125.6	129.5	131.1	132.8
Financed by:				
Total Formula Grant	81.1	83.5	83.5	83.5
Precept	44.5	46.0	47.6	49.3
Band D Council Tax £	£ 164.70	£ 169.94	£ 174.73	£ 179.97
Council Tax Band D increases		3.00%	3.00%	3.00%
Taxbase (final)	269,984	271,334	272,691	274,054
Grant increase assumption		3.03%	0.00%	0.00%
Council Tax base increases		0.50%	0.50%	0.50%
		assumptions		

Demonstrating Value for Money

Heads of population per FTE police officer

Force	2007/08	2008/09	2009/10
Gloucestershire	438	427	425
Kent	443	441	443
Avon & Somerset	452	460	470
Devon & Cornwall	466	471	476
AVERAGE	479	480	485
Essex	483	484	475
Warwickshire	515	507	522
Wiltshire	514	511	527
Cambridgeshire	523	540	545

(Data provided by CIPFA statistics July 2009)

Highest population served per officer when compared with our most similar forces.

For Cambridgeshire to get to the average figure of one officer per 485 people would require an additional 172 officers.

Heads of population per FTE police staff

Force	2009/10
Wiltshire	534
Kent	536
Warwickshire	608
Essex	615
Average	617
Gloucestershire	617
Devon & Cornwall	626
Cambridgeshire	643
Avon & Somerset	752

(Data provided by CIPFA statistics July 2009)

Second highest population served per police staff member when compared with our most similar forces.

For Cambridgeshire to get to the average figure of one staff member per 617 people would require an additional 50 members of staff.

Costs of Additional Officers

To increase police officer numbers by 172 would require approximately £5.5million additional funding. If the Authority had received its full formula grant allocation over the last 10 years then the likelihood would be that this money would have been spent on additional officers on the front line, enabling us to achieve at least the average number of officers per 1000 population.

Policing Diverse Communities

Cambridgeshire also attracts half of the Eastern Region's migrant population. Between 2002 and 2008 nearly 48,000 non-UK nationals registered for a National Insurance Number in Cambridgeshire. Official data may present only a partial picture and the actual number of foreign workers in the county could be greater. The number of languages spoken within Cambridgeshire now exceeds 100.

Working with migrant communities, and addressing migrant offending, is placing a substantial demand upon the Constabulary's resources, both in terms of officer and staff time, and costs. The chart shown below demonstrates the number of Non-UK detainees who were in custody across the Constabulary during 2008, and in the first 4 months of 2009. The total number of Non-UK detainees in custody during 2008 was 4,052, accounting for 16.9% of the total. The number of Non-UK detainees for the first 4 months of 2009 was 1328, or 18.08% of the total.

The financial cost of language and cultural support services for the Constabulary was £677,000 in 2008/09.

