



Request for a Police, Fire & Crime Commissioner Decision

SECTION 1

Please identify who is requesting the decision:			
OPFCC Decision	Y	Decision Number:	PF 002/2025
CCFRA Decision	N	Decision Number:	CF xxxx/yyyy
Constabulary Decision	Y	Decision Number:	CC xxxx/yyyy

(Please indicate whether this is a PART 1 or PART 2 decision (For Part 2 decisions, only the Section 1 is to be published))

PART 1 Decision:	<input checked="" type="checkbox"/>	PART 2 Decision:	<input type="checkbox"/>
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DECISION TITLE: 2025/26 Budget, Medium Term Financial Forecast, Reserves Strategy and Charging Policy

Executive Summary:

The Commissioner is asked to approve the revenue budget, capital budget, reserves strategy and charging policy for 2025/26 and the level of council tax to support the budget, having taken into account the advice of the Constabulary and OPFCC Chief Finance Officer in their report on the robustness of the proposed budgets. The papers provide provisional financial information for the years 2025/26 to 2029/30 and for 10 years in respect of the capital programme and reserves.

Recommendation:

The Commissioner is asked to:

- Note the attached Constabulary and OPFCC Chief Financial Officer's report on the robustness of the budget 'the Local Government Act 2003 Requirements' report (item 09a), taking into account their advice in respect of his decisions on the proposed budgets.
- Appendix B of the attached report 'Budget 2025/26 and Financial Forecasts 2026/27 to 2029/30 (item 09b) sets out the budget resolution for decision by the Commissioner in order to formally approve the level of council tax precept. In the context of the budget resolution, it is recommended that:
 - a) The revenue budgets outlined in the report and appendices be approved, having regard to the Local Government Act 2003 Requirements report
 - b) That the budget requirement for 2025/26 be set on the basis of the amount within the budget resolution at appendix B
 - c) The council tax for Band D properties be approved at £324.00 for 2025/26, an increase of £13.95 or 4.5%, being the amount within the budget resolution
- The commissioner is also asked to approve the Reserves Strategy for 2025/26 which is provided as a separate report (item 09c).
- The commissioner is also asked to approve the Charging Report for 2025/26 which is provided as a separate report (item 9d)

Police, Fire & Crime Commissioner

I confirm that I have considered whether or not I have any personal or prejudicial in this matter and take the proposed decision in compliance with the Code of Conduct for Cumbria Police, Fire & Crime Commissioner. Any such interests are recorded below.

I hereby:

approve

~~do not approve~~

the recommendations as set out above.

Delete as appropriate:

Police, Fire & Crime Commissioner / Chief Executive (delete as appropriate)

Signature:



Date: 13 February 2025

For OPFCC Office Use only:

Date of publication of decision:

Each section below must be completed prior to submission to the Commissioner for decision.

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group / OPFCC Executive Team / CCFRA Executive Team and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report.

Signed:

Date:

CHIEF OFFICER APPROVAL (where applicable)

Chief Constable / Chief Fire Officer (delete as appropriate)

I have been consulted about the proposal and confirm that I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner.

Signature:

Date:

OPFCC CHIEF OFFICER APPROVAL

Chief Executive (Monitoring Officer) / Chief Finance Officer (Deputy Chief Executive) (delete as appropriate)

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner / Chief Executive (delete as appropriate).

Signature:

Date:

Media Strategy

The decision taken by the Police, Fire & Crime Commissioner may require a press announcement or media strategy.

Will a press release be required following the decision being considered?

YES / NO

If yes, has a media strategy been formulated?

YES / NO

Is the media strategy attached?

YES / NO

What is the proposed date of the press release:

Public Access to Information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PFCC website within 5 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead in the Part 2 section of the form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.

Is the publication of this form to be deferred?

NO

Until what date (if known):

If yes, for what reason:

If this is a **Part 2 Decision**, has the Part 2 element of this form been completed

YES / NO



Public Accountability Conference 13 February 2025

Agenda Item 09a

Local Government Act 2003 Requirements Report

Report of the OPFCC Chief Finance Officer and Constabulary Chief Finance Officer

1. Introduction

- 1.1 The Local Government Act 2003 requires the Chief Financial Officer to report formally on the robustness of the budget for consideration immediately prior to setting the Budget and Council Tax. The report aims to ensure that the Commissioner is aware of the opinion of the Chief Financial Officer regarding the robustness of the budget as proposed, including the longer-term revenue and capital plans, the affordability of the capital programme when determining prudential indicators and the adequacy of general balances and reserves. The Commissioner is required to take account of this report when determining the budget.

2. Robustness of the Estimates, Medium Term Plans and Tax Setting Calculations

- 2.1 Preparation for the budget, including decisions on key budget assumptions, takes place between November and February, with the budget being set 14 months ahead of the end of financial year to which it relates. Whilst the final recommended budget will always take account of the latest forecasts, the nature of the budget cycle means that there will always be some level of variation between the budget and actual expenditure. This risk is managed by ensuring that the budget process and estimates are robust and that balances and reserves are set at a level that takes account of financial and operational uncertainty. In giving a positive opinion on the robustness of the estimates and tax setting calculations reliance is placed on the Commissioner's overall arrangements for financial management.

- 2.2 The process for preparing the estimates involves a budget proposal from the Constabulary. The proposal is supported by detailed financial estimates prepared in accordance with guidance issued by the Constabulary Chief Finance Officer. Estimates are prepared under the professional supervision of the Group Accountant and Financial Services Manager and with the support of Financial Services Officers working in conjunction with nominated budget-holders. Estimates are subject to scrutiny by financial services staff and the Constabulary's Chief Officer Group, prior to submission to the Constabulary Chief Finance Officer for further review.
- 2.3 Working papers for review include a full reconciliation between the base budget for the previous financial year and the proposed budget for the new financial year for each section of the budget. This is accompanied by the detail of the management accounts. The working papers support an analytical review of the reasonableness of variations between financial years against budget assumptions. The overall budget consolidates the Constabulary's budget proposal with detailed estimates of the Commissioner's direct expenditure; budgets commissioned with other third parties and estimates of income. The most significant areas of income are in respect of government grant and council tax. Funding is calculated using actual information from the settlement and unitary authority notification of the tax base.
- 2.4 In addition to detailed estimates for the immediate financial year, a Medium-Term Financial Forecast (MTFF) is prepared covering five financial years, which is in accordance with best practice as set out in the financial management code. Key financial risks identified within the forecast are included within the Commissioner's strategic risk register and are subject to review based on the likelihood and severity of the risk. This ensures that the medium-term profile of income and expenditure is based on a sound review of risk and uncertainty that informs budget assumptions and the level of provisions and reserves.
- 2.5 Internal audit undertake cyclical reviews of the main financial systems and processes. Both internal and external audit provide an annual opinion on governance and internal controls. The internal auditors carry out a review of financial sustainability as part of

their annual programme. In addition, the external auditor undertakes a review of financial resilience as part of the value for money conclusion within the audit findings report. Collectively, this work provides assurance about the accuracy and reliability of the financial information used in the budget setting process.

- 2.6 On the basis of the overall arrangements for financial management, and audit of those arrangements, we can confirm that in our view the Commissioner has robust procedures in place for determining estimates, medium term plans and the Council Tax requirements.

3. Determination of the level of resources available

- 3.1 The resources available to the Commissioner to support expenditure primarily derive from Home Office Police Grant (£80.049m). The next most significant funding source is Council Tax (£61.736m). The balance of expenditure is funded from specific grants, reserves and fees and charges. The 2025/26 budget is based on actual government grant settlement figures and unitary authority notifications of the Council Tax base. As such, a high degree of assurance can be provided in respect of the level of certainty for 2025/26 in respect of funding. This level of assurance cannot be given to resources beyond 2025/26. A sensitivity analysis of key aspects of the budget is provided at Appendix A.
- 3.2 In autumn 2021 the government completed a 3-year comprehensive spending review (CSR) which covered financial years 2022/23 to 2024/25. In December 2024 the provisional settlement, and then in January 2025 the final settlement, detailed figures were provided to forces for the 2025/26 financial year only with a promise of a further CSR, which is hoped to cover a longer time period expected during 2025. The 2025/26 grant settlement included funding for maintenance of the additional 169 police officers provided in Cumbria through the Government's pledge to provide an additional 20,000 officers nationally, known as Operation Uplift. Cumbria's share of the operation uplift officers amounted to 169 additional officers, taking the police officer establishment from 1,165 FTE to 1,334 FTE. In 2025/26, a proportion of grant funding (£3.0m) is ringfenced and is dependent on successfully maintaining the 169 officer. In addition, a

further allocation of 25 FTE (recruited during 2023/24 and 2024/25) to further support the national programme has been confirmed and a specific ringfenced grant of £1.3m has been provided for the maintenance of these officers in 2025/26. The police officer establishment contained within the 2025/26 budget and MTFF is therefore based on 1,359 FTE.

3.3 The grant settlement for 2025/26 also included an indicative specific ringfenced grant of £1.7m in relation to Neighbourhood Policing. Final grant conditions are currently being evaluated in relation to this grant but it has been assumed at this stage that the grant will be spent on additional resources in the budget.

3.4 The grant settlement for 2025/26 also provided the following ringfenced grants and whilst it has been assumed that this funding will continue in future years, this is not guaranteed, collectively, these factors mean that the calculation of grant funding forecasts beyond the 2025/26 financial year are uncertain:

- Pensions Grant £3.6m to offset much of the financial impact of increased police officer pension contributions which increased from 31% to 35.3% from 1st April 2024.
- National Insurance Grant £2.1m to offset much of the financial impact of increased national insurance contributions, announced in the autumn statement which come into effect from 1st April 2024

3.5 In recent years the Government has protected core police grant funding, but only on a cash basis, whilst providing Commissioners with increased flexibility to raise council tax to fund pay increases and inflation. In relation to future Council Tax forecasts, this gives rise to a risk regarding the sustainability of local taxpayers supporting above inflation precept rises to maintain services over the longer term. Police and Crime Commissioners were given the flexibility to increase council tax by up to £14 for a band D property in 2025/26. This was increased from the maximum of £10 previously outlined in the spending review. The MTFF assumes that the higher level applied in 2025/26 will continue over the life of the MTFF. There is a risk that these forecast levels

may not be supported by public consultation or may be reviewed by government in the future. This would potentially lead to an increase in savings required.

- 3.6 Each of the key issues with regard to the availability of resources, and the approach taken to managing the associated financial risk, is set out below. It is our opinion that the approach taken, alongside the Commissioner's position with respect to reserves and balances, is both prudent and robust in view of the level of risk.

Police, Fire and Crime Panel Veto

- 3.7 The arrangements for budget setting provide the Police, Fire and Crime Panel with a veto over the level of precept increase. The panel may determine that the precept increase is too high or too low. In these cases, the Commissioner is required to either reduce or increase the precept. It is for the Commissioner to determine the extent to which the precept is revised, having considered the views of the panel. For the 2025/26 budget the panel determined not to exercise its powers of veto and the budget is presented based on the precept proposal that was supported by the panel of a £13.95 increase on the band D council tax, which represents an increase of 4.50%. The position of the panel in respect of future year precept increases will not be known until January of the relevant financial year, presenting a risk in respect of the precept increase assumptions in the medium-term budget.

Legacy Council Tax Grants

- 3.8 Council tax discounts are available to support low income households with the cost of their council tax liabilities. They are administered locally on the basis of schemes developed by unitary councils. Because these benefits were previously administered nationally, and the impact of the change reduces the local tax base and council tax income, a national government grant compensates precept and billing authorities for the funding loss. Further compensation is provided for financial years where decisions have been taken to freeze the council tax precept. Collectively these grants are known as Legacy Council Tax Grants. The amount of grant for Cumbria is £4.85m. This figure has remained constant for a number of years and it is assumed that this will continue over the length of the Medium-Term Financial Forecast.

- 3.9 There is a level of uncertainty in respect of longer-term methodologies for distributing this funding and the mechanism through which the total amount of grant funding will be determined nationally. In addition, the calculation of the total national funding and its distribution is based on a number of assumptions. Where local circumstances vary from these assumptions, there will be a financial implication.
- 3.10 The level of government grant is set at the time of the financial settlement. The main risk in respect of the level of national funding is therefore in respect of future years grant allocations and the extent to which this funding is impacted by overall reductions in government department expenditure allocations. It is also unclear whether any future national review of police funding will result in this and other specific grants being rolled into formula grant. This would result in a change in the distribution methodology with potential impacts from the 2026/27 settlement onwards.
- 3.11 A further risk is the potential for an increase in local claims for council tax discount. Experience of the last three years suggests that this risk is low as the move to local schemes has not resulted in any significant changes between former benefit and current discount applicants. It is however, known that there are gaps between the proportion of households eligible for discounts and the proportion that actually claim. This risk is heightened by the financial hardships being felt by many households in the current economic climate. Should this risk materialise, there will be an implication for the collection funds managed by the unitary authorities that will be shared with all precepting bodies. A high level estimate of the impact of this risk suggests that a 10% increase in claims would have a financial implication of around £400k for the Commissioner's budget.

Council Tax Base & Collection Fund Surplus and Deficits

- 3.12 The amount of council tax income is dependent on the level of council tax and the council tax base – the number of households in Cumbria, within property bands A to G, with a liability to pay their council tax bill. The council tax base is known for 2025/26 but may go up or down compared to the forecasts for the four final years of the

medium-term financial forecast. The medium-term forecast assumes a 1% annual increase in tax base. Estimates are revisited on an annual basis.

- 3.13 In any single year the actual council tax income collected from households by unitary councils can be higher or lower than the amount forecast at the time of setting the budget. Any variation is shared with precepting authorities and will impact on the total amount of council tax income in future years. The factors influencing the council tax base and actual income collected are complex and difficult to forecast. There is therefore always a risk that income does not meet budgeted amounts. At this stage there has been no forecast budget included for surplus or deficit in future years.

Council Tax/Council Tax Grant Risk

- 3.14 Collectively, the factors above mean that the ability to accurately forecast council tax income and the local council tax grant, in the medium term, is complex, reducing the amount of assurance that can be provided from income forecasts particularly beyond 2025/26. However, a high degree of assurance can be provided with regard to the combined income from council tax and council tax grants for the current year. Whilst future income is less certain the finance team liaise closely with the Unitary Council's when setting these budgets to minimise the extent of this risk. Should any underachievement of income arise it is likely to be capable of being managed without having a material impact on the robustness of the budget or financial resilience.

National Funding Settlements

- 3.15 The budget for 2025/26 is presented based on notifications of the actual financial settlements. The funding settlement for 2025/26 was on the basis of a one year settlement, with no information currently available on future funding. A multi-year funding settlement is expected during 2025. The MTFF currently assumes that Home Office grant funding will be on a flat cash basis, meaning that annual increases have not been factored in.
- 3.16 In 2021 the Home Office announced its intention to review the Police Funding Formula, which is the mechanism by which funding is allocated across individual forces. There were subsequently delays experienced with this review, and there have been no further

indications with this regard. The medium-term financial forecast currently assumes that any changes to formula funding will have a neutral impact on the budget or will be supported by sufficient transitional funding to allow time to implement required changes in operational services, as the new formula is not sufficiently developed to reach any conclusions on its effect. This is considered to be a balanced approach given the high level of uncertainty regarding the timing and impact of any changes to national funding formula.

Capital Grants and Capital Receipts

3.17 The capital budget has been developed as a 10-year programme. Government capital allocations are only given on an annual basis and in the settlement for 2022/23 the capital grant was removed altogether. Overall funding within the programme is also to some degree reliant on capital receipts and this presents some risk to funding given the economic climate and market conditions. However, the programme is now reliant on support from the revenue budget, supported by limited use of earmarked capital reserves and prudential borrowing, which have been factored into the revenue budget and MTFF at a level to ensure that the programme is balanced over the longer timeframe of 10 years. This provides a high degree of resilience in respect of available funding over the life of the medium-term financial forecast.

4. The affordability of Spending Plans

4.1 Revenue and Capital budget plans are subject to annual review to ensure that forecasts of resources remain robust and can support planned levels of expenditure. Whilst the process for developing budget estimates is comprehensive, there will always be a degree of risk and operational uncertainty in respect of expenditure forecasts. The affordability of the budget has to take account of financial risks and the actions that can be taken to mitigate that risk. In our view the Commissioner's expenditure plans are affordable, taking account of the risks set out below and the plans for how they will be managed.

Capital Expenditure

4.2 The capital programme incorporates the delivery of two remaining major estates capital schemes. These are a longer term option to develop a scheme in West Cumbria to

manage estates resilience issues within the west of the county in the context of the current PFI arrangement coming to an end in 2026 and a scheme of estate modernisation in relation to Hunter Lane, Penrith. All large capital schemes incorporate risks inherent in delivering to time and budget. The estates team are however highly experienced in the delivery of these type of schemes and have a strong track record of delivering projects within budget. Risks are captured within the estates risk register and are subject to regular review.

4.3 The capital programme to 2030 includes a significant number Digital Data and Technology (DDaT) capital schemes, including the implementation of a new Records Management System and the Emergency Services Communications Network. The experience of past financial years is that DDaT capital schemes can experience delays against the budget. The reasons for the delays are varied and include national schemes that have not progressed, local schemes that have been subject to changes in decision making and issues around capacity to deliver within the team. Whilst delays in capital schemes does not create a financial pressure, the consequent level of reserves can be subject to challenge in the context of budget cuts. There are also reputational implications for the quality of financial forecasting and management. To protect against these risks it will be important to understand the risks and issues inherent in the DDaT programme and ensure that delivery is effectively supported.

4.4 The capital programme is currently only sustainable on the basis of annual contributions from the revenue budget, a specific capital reserve for estate modernisation and an increased level of borrowing. In addition, any significant level of capital investment is also dependent on a combination of prudential borrowing, direct revenue contributions and capital receipts. The programme is however forecast over 10 years to ensure advanced financial planning can be managed and peaks in expenditure are identified at an early stage. As capital reserves are depleted, increasing support for the capital programme from the revenue budget (either through direct revenue contributions or servicing borrowing) will be required. The estimates for 6-10 years are built on a number of assumptions, which, particularly in rapidly changing sectors such as DDaT,

are difficult to accurately predict. This means that projected costs in the later years of the capital programme become increasingly indicative and should be treated with caution.

Treasury Management

4.5 Treasury management has the potential to be an area of high budget risk that could have implications for the robustness of the budget should those risks materialise. The treasury management strategy statement provides assurance around the approach to investment and borrowing activity and the way the function is managed that mitigates against this risk. Estimates have been made around interest rate forecasts for both investments and borrowing. Any change in interest rates outside of these forecasts will have an implication on the medium term financial forecasts.

Capital Financing

4.6 The capital programme is financed through direct revenue contributions, capital grants, reserves and borrowing. The Capital Financing Requirement reflects an underlying need to borrow to finance capital schemes, but currently external borrowing has not been undertaken because internal cash flow balances are sufficient to fund schemes. Many of the internal balances are available as a result of the level of short-term reserves. As reserves are spent there will be an increasing need to borrow externally.

4.7 The underlying borrowing requirement is forecast at £21.1m at the end of the 2024/25 financial year. The exact timing of borrowing will depend on the extent to which capital schemes deliver to budget or are subject to slippage and the overall position on reserves. Borrowing will create a revenue implication in the form of interest charges and repayments that will be incorporated within the revenue budget, in line with cash-flow forecasts.

Inflation/Pay Awards

4.8 Inflationary pressures are currently more volatile than they have been for almost a generation as the world economy emerges from the pandemic and deals with the effects of the wars in Ukraine and Gaza. Against this background, at a local level pay costs are provided for within the budget on the basis of a 2.8% pay increase for 2025/26.

The future years of the MTFF assume a lower 2% per annum for the remaining years of the MTFF to 2029/30. Pay costs account for the by far the most significant element of the budget, which is therefore highly sensitive to variations from the budget assumption. For 2025/26 the majority of the non-pay budget lines have been increased by 2% for general inflation, with 2% in the remaining years of the MTFF, in line with Bank of England long term forecasts. There is a particular risk that pay awards will be higher than the amounts provided and that the current inflationary pressure is more prolonged than currently assumed, both of which have the potential to impact negatively on the financial position and would need to be managed through draw down of reserves in the short term.

Staffing Costs and Profiling

- 4.9 Within the budget employment costs are an area of budget that is highly sensitive to changes in the profile of staffing and difficult to forecast as a result of the complexities of and changes to terms and conditions that influence actual pay. Maintaining officer and staff numbers at a planned level can be operationally difficult as a result of the timing of turnover and lead in time to recruit replacements. Estimates of the costs of early retirement and redundancy have to be based on averages until the point in which individual staff are identified as part of the futures programme. These factors can cumulatively give rise to significant variations between budgeted costs for pay. Historically, there has been under spending against these budget heads, although more recently police officer pay budgets, in particular, have come under pressure. Pay budgets are based on detailed workforce plans and overtime targets, which are updated annually as part of the budget process.
- 4.10 Specific risks regarding the potential financial impact of meeting pensions obligations arising from the McCloud judgement and the implementation of the Emergency Services Network (ESN) have been specifically recognised and will continue to be closely monitored.

Savings Requirements/Budget Management

4.11 The overall savings requirement over 5 years to balance the budget is around £11m.

However, given the uncertainties over future funding, planning for a range of financial scenarios is being undertaken through the Constabulary Futures Programme. Having delivered £28m of savings since 2010, additional savings will be challenging to deliver. Delivery of savings may also be constrained by Operation Uplift, which will require officer numbers to be maintained in the short - medium term and therefore confines savings opportunities to relatively small areas of the budget. Detailed discussions have taken place between the Commissioner and Chief Constable to identify areas where savings may be achieved. A number of potential savings initiatives are being pursued including reviews of specific business areas, reviewing the workforce mix, collaboration with other forces and public sector bodies, income generation, consolidating functions to increase capacity and, in particular, ensuring that the full benefits are realised from the investment in new technology. These savings plans will be further developed over the next year as part of a strategic work programme in the Constabulary, known as the Futures Programme and managed by the Deputy Chief Constable. In this context, the current savings requirement over the period of the MTFF is considered to be challenging but manageable, with decisions required within a relatively short term period to enable the budget and reserves strategy to be sustainable.

4.12 In respect of budget management, the 2024/25 budget is currently forecast to be broadly in line with the budget and therefore does not point to any fundamental weakness in the financial management process.

4.13 The overall financial position in 2025/26 does not present any material risks. However, the tightness of the budget position is indicative of a growing financial pressure, which will require careful management on an on-going basis.

5. General Balances and Reserves

5.1 General balances are held as a contingency against risks not provided for in the Commissioner's financial plans or other reserves and provisions. The level of balances, reserves and provisions are assessed annually to ensure they are adequate and take

account of known financial risks. This is not a precise science and local circumstances, the strength of financial reporting arrangements and the Constabulary's track record in financial management is also a key influence on the actual potential of any risk materialising.

- 5.2 This report sets out the key risks that have been considered in presenting the budget, including any provision made for that risk. Some risks are currently unfunded whilst others have a level of provision that may be less than the full requirement. General balances should be at an appropriate level to provide cover for those risks. The Chief Finance Officer has set balances at £4.8m for 2025/26. This is around 3% of net expenditure and reasonable in the context of the budget risks set out in this report. The general balances are supported by a budget support reserve of £7m, which is intended, alongside savings plans as part of the futures programme, to manage medium term budget pressures arising from increasing demands and constrained funding. A further £2m of budget stabilisation, insurance and operational reserves and contingencies can be used to manage budget pressures and unforeseen events in year that are unable to be contained within the set budget, subsequently being replenished as part of the following year's budget process.
- 5.3 Additional cover is provided through the position on specific reserves. Whilst these are earmarked, a number of the reserves are not planned to be used for a number of years. This provides an additional level of resilience in the short term, although the use of these reserves for other purposes would have an opportunity cost in relation to the future ability to undertake the projects for which they were originally earmarked.
- 5.4 Based on the risk assessment, the Commissioner's general balances are sufficient to meet potential risks and earmarked reserves are set at an appropriate level for the purposes intended. More information on reserves and the purpose for which they are held is included within the Commissioner's Reserves Strategy, included as a separate item on this agenda.

6. The Affordability of the Capital Programme in determining Prudential Indicators

6.1 The Prudential Code requires the Chief Financial Officer to ensure that all matters required by the Code to be taken into account in determining the budget are reported to the Commissioner. The treasury management strategy statement provides assurance in respect of this requirement. In particular, the strategy sets out the prudential indicators and limits calculated under the Code including those that support assurances in respect of the affordability of capital expenditure plans. The Code of practice gives no suggestions as to their appropriate level. These have to be set by the Commissioner based on individual circumstances.

6.2 The conclusions from the strategy following the setting and calculation of indicators is that capital expenditure plans are resourced and levels of borrowing are prudent in relation to income and assets. The strategy is subject to review by the Joint Audit Committee and independent advisors to provide further assurance that the principles of the code and best professional practice is being applied in relation to operational processes and procedures.

7. Conclusion

7.1 Based on the assessment included in this report we have concluded that the budgets as proposed and the associated systems and processes are sound and the level of general balances/reserves is adequate. This is subject to no amendments being made to the budget proposals, which would impact on this assessment. It is our view that the estimates proposed and the tax setting calculations are robust and the provisional capital programme is affordable.

Steven Tickner
OPFCC Chief Finance Officer
13 February 2025

Michelle Bellis
Constabulary Chief Finance Officer
13 February 2025

Budget 2025/26 and MTFF to 2029/30 Sensitivity Analysis

The table below illustrates the sensitivity of the budget and MTFF to changes in key assumptions by 0.5% or 1%. The table below includes the impact of an increase in assumptions, a reduction will produce an equal and opposite change. The table below shows increases in income as a negative figure (in brackets) and increases in expenditure as a positive figure.

Budget Area	Sensitivity Analysis	2025/26	2026/27	2027/28	2028/29	2029/30
Expenditure	Pay	<i>Current assumption in MTFF</i>	2.80%	2.00%	2.00%	2.00%
	Inflation	Impact in £000's of 0.50% increase in pay inflation	£361k	£379k	£393k	£414k
	General Inflation	<i>Current assumption in MTFF</i>	2.00%	2.00%	2.00%	2.00%
		Impact in £000's of 1% increase in general inflation	£195k	£227k	£236k	£248k
	Fuel	<i>Current assumption in MTFF</i>	0.00%	0.00%	0.00%	0.00%
	Inflation	Impact in £000's of 1% increase in fuel inflation	£11k	£11k	£11k	£11k
	Police Pensions	<i>Current assumption in MTFF</i>	35.30%	35.30%	35.30%	35.30%
		Impact in £000's of 1% increase in contribution rate	£602k	£625k	£647k	£685k
	Local Govt Pensions (CC)	<i>Current assumption in MTFF</i>	18.90%	18.90%	18.90%	18.90%
		Impact in £000's of 1% increase in contribution rate	£240k	£238k	£244k	£255k
Funding	Local Govt Pensions (OPFCC)	<i>Current assumption in MTFF</i>	18.60%	18.60%	18.60%	18.60%
		Impact in £000's of 1% increase in contribution rate	£19k	£19k	£20k	£21k
	Council Tax Precept	<i>Current assumption in MTFF</i>	4.50%	4.31%	4.31%	4.13%
		Impact in £000's of 1% increase in precept	-	(£615k)	(£621k)	(£628k)
	Council Tax Base	<i>Current assumption in MTFF</i>	5.76%	1.00%	1.00%	1.00%
		Impact in £000's of 1% increase in taxbase	-	(£621k)	(£628k)	(£634k)
	Government Core Grant	<i>Current assumption in MTFF</i>	5.96%	0.00%	0.00%	0.00%
		Impact in £000's of 1% increase in Govt. grant	-	(£956k)	(£956k)	(£956k)



Cumbria Office of the Police, Fire and Crime Commissioner

Public Accountability Conference 13 February 2025

Agenda Item: 09b

Budget 2025/26 and Financial Forecasts 2026/27 to 2029/30

Report of the Constabulary Chief Finance Officer and the OPFCC Chief Finance Officer

1. Purpose of the Report

- 1.1 The purpose of this report is to recommend to the Commissioner for approval the revenue and capital budget for 2025/26 and the level of council tax to support the budget. The report also provides provisional estimates for the four years to 2029/30, ensuring budget decisions are taken in the context of the medium-term financial forecast.

2. Introduction

- 2.1 It is a legal requirement for the Police, Fire and Crime Commissioner to annually set a balanced budget and to allocate funds to the Chief Constable to secure the maintenance of the Police Force for Cumbria. In doing this, the budget considers forecasts of the income anticipated to be available to Cumbria and expenditure that is expected to be incurred in delivering the functions of the Commissioner and the priorities of the Police, Fire and Crime Plan. This report presents the Commissioner's revenue budget plans to meet these requirements.
- 2.2 This budget report is the second report in a series of papers that provide financial and other information to support the budget setting process. In January, more detailed financial and contextual information was provided to the Police, Fire and Crime Panel. Accompanying the budget report on this agenda is a report covering the Capital Strategy and Programme, Treasury Management Strategy,

Prudential Indicators and the policy on Minimum Revenue Provision (MRP). These reports support the due diligence in respect of the affordability of the capital programme and the revenue implications of that expenditure. The agenda includes the Chief Finance Officer's statutory report on the robustness of the budget and a reserves strategy. The full suite of financial reports is available on the Commissioner's website.

3. Summary Budget and Precept

- 3.1 The table below sets out a summary of the consolidated budget setting out the plans for income and expenditure based on the 2025/26 government financial settlement for policing bodies.

Medium Term Budget 2025 - 2030	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Total Expenditure	177.517	186.201	190.376	196.493	202.529	207.675
Income & Specific Grants	(39.374)	(41.645)	(40.483)	(41.060)	(41.803)	(42.193)
Movement to /(from) Reserves	(5.374)	(2.771)	(2.740)	(1.969)	0.473	0.554
Net Budget Requirement	132.769	141.785	147.153	153.464	161.199	166.036
External Funding						
Formula Grant	(77.191)	(80.049)	(80.049)	(80.049)	(80.049)	(80.049)
Council Tax Income	(55.578)	(61.736)	(64.804)	(68.154)	(71.564)	(75.036)
Total External Funding	(132.769)	(141.785)	(144.853)	(148.203)	(151.613)	(155.085)
Net Cumulative Deficit / Savings Requirement	0.000	0.000	2.300	5.261	9.586	10.951

Appendix A sets out the respective budgets for the Commissioner and the Chief Constable. **Appendix B** provides an analysis of the combined budget over the main expenditure and income headings.

- 3.2 The table shows estimated expenditure based on the budget proposed by and agreed with Cumbria Constabulary. It also includes expenditure for services that will be commissioned with wider partners and the Constabulary in support of the priorities within the Police, Fire and Crime Plan. The budget plan provides estimated funding of **£186.201m** in 2025/26 to support an equivalent level of expenditure. In 2025/26 a budget gap arises of £2.3m and this increases to £11.0m by 2029/30. This arises from the net impact of inflation and other expenditure pressures compared with the forecast growth in funding from Government Grant and increases in Council Tax Income.
- 3.3 For 2025/26 the Minister of State for Policing and Fire has again allowed PFCCs a degree of flexibility to increase council tax without the requirement to undertake a local referendum. In the funding announcement she gave PFCCs the ability to increase the band D precept by up to £14 for 2025/26

(for 2024/25 the flexibility was given to increase by £13), for Cumbria this sum would represent an annual increase of 4.50%. In combination with the additional grant funding provided by the Government, the proposed increase in the council tax precept for policing of 4.50% has facilitated the continuation of an additional 194 police officers, which represents Cumbria's share of the initial Operation Uplift (the programme to recruit 20,000 officers nationally) of 169 police officers plus a further 25 officers as part of the uplift plus scheme in support of the national effort. This has the effect increasing the establishment of police officers from 1,334 FTE to 1,359 FTE. The remainder of the proposed budget has been produced on a broadly continuation basis, which means that current levels of service have been maintained over the life of the five-year forecast.

4. 2025/26 Policing Bodies Grant Settlement

- 4.1 On the 30th January 2025 the funding allocations for policing bodies in England and Wales were confirmed (provisional settlement figures were announced on 17th December 2024). The outcome of the settlement is a formula funding amount of £80.049m for the Cumbria police area for 2025/26, which represents an increase of £2.858m compared to the 2024/25 level of funding. The grant settlement for 2025/26 represents a single year settlement there are currently no commitments to future years funding settlements. A Comprehensive Spending Review (CSR) covering the three years 2026/27 to 2028/29 is expected in summer 2025. The MTF assumes that core grant funding and specific ringfenced grants beyond 2025/26 will remain static.
- 4.2 The settlement confirmed that the current arrangements for formula funding and damping would continue for 2025/26. This means all policing bodies will continue to receive the same proportion of core Government funding as in 2024/25. In 2021 the Home Office announced its intention to re-visit the Home Office police funding formula, which is used to allocate funding across forces, for implementation as early as 2023/24. Whilst this did not happen in the timescale envisaged, there was a renewed impetus to review funding formula. With a change in Government in July 2024, it is now unclear if or when the formula may be reviewed. In the absence of any information, no provision has been made in the budget or medium term forecast for any potential impact on Cumbria's financial position. The potential that changes to the formula may adversely affect the financial outlook will, however, continue to be recognised in the Constabulary strategic risk register and will be monitored on an on-going basis.

4.3 In addition to the formula grant the Commissioner receives a number of specific grants for policing and crime. The key grants against which most funding is received are the Police Pensions Top-Up Grant (£15.7m), Home Office legacy Council Tax Grants of £4.85m, a specific pensions grant of £3.6m to offset increased police officer pension contributions, a specific grant of £3.0m, which is conditional on the Constabulary maintaining its targeted increase in police officers (+169) as part of Operation Uplift and a further uplift grant of £1.3m to maintain and additional 25 FTE officers to further support the national uplift programme. For 2025/26 the Commissioner/Constabulary will also receive a Neighbourhood Policing Grant of £1.7m, the exact details of which are still being worked through. At this stage it has been assumed that the grant will be spent on additional neighbourhood policing resources. The Commissioner will also receive income of £1.36m to support responsibilities for commissioning support for victims and restorative justice. For the purposes of financial planning, it is assumed that the legacy, pensions and pay award grants will continue at their 2025/26 cash levels for the remainder of the MTFF.

5. Council Tax Income & Other Income

5.1 The net budget for the Cumbria Police area is funded by a combination of formula grant and Council Tax income. Income from Council Tax is dependent on a precept levied on each Unitary Council in Cumbria. Total tax income is dependent upon the amount at which the precept is set, the number of properties charged (tax base) and the Police Area's share of any surplus or deficit on Unitary Council's Collection Funds. The Council Tax Base takes account of expected collection levels and discounts. The surplus or deficit position on each Council Collection Fund reflects the extent to which actual collection and discounts have varied from the budget. Each precepting authority takes a share of the deficit or surplus pro-rata to their share of the precepts. For 2024/25 the district councils are collectively forecasting a surplus providing a combined surplus of £0.222m to be repaid to the Commissioner in 2025/26.

Council Tax 'Band A' is the band into which the highest number of properties in Cumbria fall, for this band the increase is £9.30 per annum or 18 pence per week (from £206.70 to £216.00 per annum).

5.2 The amount of the council tax precept is a decision for the Commissioner, who will take account of the views of the Chief Constable, the Police, Fire and Crime Panel and the results of a public consultation in making that decision. This is providing the proposal on the precept is within the Government's Council Tax increase limits. The limits are set by Government each year and inform

the percentage increase or fixed amount increase in Council Tax income allowed before the Commissioner would need to hold a public referendum. The Government has formally announced the Council Tax increase limits as part of the formula grant settlement. As discussed above, the limit for Policing Bodies has been set at a maximum of £14 increase on a band D property for 2025/26. **The Commissioner's budget is based on a precept increase of 4.50%. The financial implications for residents are that the Band D Council Tax amount would increase to £324.00 for 2025/26, an increase of £13.95.**

5.3 Council tax income is forecast using the tax base estimates provided by unitary councils. Calculations of the tax base have taken into account billing authorities' responsibilities to support low income households with their council tax liabilities. This support is delivered by way of local schemes that provide discounts. The discounts reduce the tax base and therefore also impact precepting bodies. Schemes are subject to review and the Police, Fire and Crime Commissioner is required to be consulted with regard to scheme changes. The Commissioner has supported the schemes currently proposed by the unitary councils through the consultation process.

5.4 The table below sets out the tax base for each unitary authority for 2025/26 and the tax base for the prior year. The table shows that the total tax base is estimated to increase by 10,348 band D equivalent properties. Budgets from 2026/27 are based on an assumed annual increase in the tax base of 1%. The actual updated tax base will be incorporated into future budgets in the year it is notified by unitary councils. If the tax base increases above our estimates this will deliver a small budget benefit whilst a decrease from our estimates will have a negative impact on funding.

Council Tax Base	Tax Base 2024/25	Tax Base 2025/26	Increase (decrease)	% change
Cumberland Council	89,966.79	93,697.66	3,730.87	4.15%
Westmorland & Furness Council	89,542.67	96,159.80	6,617.13	7.39%
Total	179,509.46	189,857.46	10,348.00	5.76%

5.5 In addition to the recurrent grant and tax base income, the 2025/26 budget is increased by the net impact of a forecast surplus on the 2024/25 unitary council collection funds. The table below shows the council tax attributable to each unitary authority for 2025/26 and the position on each authority collection fund (surplus/deficit) for 2024/25.

Council Tax Income	Tax base 2025/26	Precept (Band D) £	Council Tax Income £	Declared Surplus/ (Deficit)	Total 2025/26 £
Cumberland Council	93,697.66	324.00	30,358,041.84	126,272	30,484,314
Westmorland and Furness Council	96,159.80	324.00	31,155,775.20	95,506	31,251,281
Total	189,857.46	324.00	61,513,817.04	221,778	61,735,595

5.6 In addition to formula funding and Council Tax income, the budget includes an amount of one off income to support one off expenditure achieved through a contribution from reserves. The funding available to support the budget is determined annually and takes account of the funding settlement, the need to provide for budget risks and any estimated under spend from prior years. In total the 2025/26 budget is supported by the use of £2.8m of earmarked revenue and capital reserves to support specific projects.

5.7 Fees and charges income is estimated to provide £5.9m in 2025/26 in support of expenditure. This income is primarily derived from reimbursements for services and officers provided to support national and regional policing requirements in addition to some income from driver awareness training and licensing. This income is generated on behalf of the Commissioner by the Constabulary and is netted off the overall funding provided to the Chief Constable.

6. Expenditure Budget & Savings

6.1 Gross expenditure of £186.201m can be supported by budgeted income in 2025/26. However, it is anticipated that beyond 2026/27 funding will fail to keep pace with expenditure pressures meaning that by 2029/30 £11m savings will be needed to offset rising costs. The key driver in the level of savings requirements is inflationary pressure. The budget and medium-term forecast is based on assumed increase for pay inflation at 2.8% in 2025/26, and 2% per annum thereafter. General inflation is included at 2% across the MTF in line with Bank of England estimates. Against this backdrop, all expenditure budgets are subject to rigorous scrutiny and many are zero based each year.

6.2 Recognising the need to make further budget savings in the medium term in order to deliver a balanced budget, the Commissioner and Chief Constable have engaged in a number of discussions to consider areas of the budget that will be targeted for review to provides greater efficiency and or

reductions in expenditure. A number of reviews are currently underway as part of the Constabulary's 'Futures Programme', with a number of projects being progressed as part of phase 1, for decision and implementation during 2025/26 with higher level plans of areas for review for phases 2 & 3.

7. Capital Funding & Expenditure

- 7.1 The capital programme is developed in consultation with the Constabulary who are the primary user of the capital assets under the ownership of the Commissioner and primarily includes investment in Digital Data & Technology (DDaT), fleet and estates. The programme has historically been funded by a combination of capital grants, capital receipts, reserves, support from the revenue budgeted and borrowing. Over recent years the level of capital grant has reduced significantly because of national top-slicing from capital allocations and in 2022/23 was removed from the finance settlement altogether. Beyond 2024/25 both reserves and capital receipts will be largely exhausted and as a result revenue contributions and borrowing will be the primary source of capital funding. In 2024/25, the decision was taken to reduce the revenue contributions to the capital programme to around £0.4m per annum (previously £3.6m on average p.a.). The unfunded balance on the capital programme is now shown to be financed by a borrowing requirement over the longer 10-year timeframe. The revenue implications of this are included in the revenue budget.

8. Reserves and Balances

- 8.1 Over the life of the financial forecast total group reserves are planned to reduce from £23.1m at the start of 2025/26 to £16.7m by end of March 2030, largely due to provision of funding to the support the revenue budget over the next 3 years. Of the remaining £16.7m, the general reserve of £4.8m is held for managing financial risks and unforeseen events, budget support, stabilisation and insurance reserves/contingencies of £4.2m provide further resilience, a small number of other reserves are earmarked for specific purposes including pooled/partnership funds £3.5m, whilst the Commissioner holds reserves of £4.2m to cover the longer-term implications of commissioning commitments.
- 8.2 The agenda includes a separate paper, **The Reserves Strategy for 2025/26** (see item 09c). The Reserves Strategy sets out the purposes for which the individual reserves are held and the planned movements over the life of the medium term budget.

9. Consultation & Value for Money

- 9.1 The Commissioner has undertaken consultation on the budget and the Police, Fire and Crime Plan in line with regulatory requirements. Public consultation has taken place through the Police, Fire and Crime Panel and with a specific survey on the Commissioner's website during the budget setting process for 2025/26. A total of 1,127 individuals responded to the survey and the outcome of public consultation has been that 63% of respondents have agreed with the proposal to increase council tax by £13.95 (4.50%), which is under the maximum allowed amount of £14 on a band D property. The Commissioner has also sought the view of the Chief Constable. The Police, Fire and Crime Panel voted to support the Commissioner's proposal at its meeting on 31st January 2025.
- 9.2 The Police, Fire and Crime Plan is underpinned by a performance framework that supports the Commissioner in holding the Chief Constable to account for delivering priorities and securing value for money. In developing the framework consideration is given to past performance, benchmarking against most similar forces, the level of officer and staffing resources that can be supported by the budget and the impact of the continuing implementation of the savings programme.

10. Summary

- 10.1 This report presents and explains the budget plans for the period from 2025/26 to 2029/30. The 2025/26 budget is balanced based on a precept increase of £13.95 for a band D property which equates to an increase of 4.50%. In future years savings will be required to offset the forecast deficit of £2.3m in 2026/27 rising to £11m per annum by 2029/30. The precept proposal will increase the annual Council Tax attributable to the Commissioner by £13.95 for a Band D property resulting in a Band D Council Tax charge of £324.00.

11. Recommendations

11.1 **Appendix C** sets out the budget resolution for decision by the Commissioner in order to formally approve the level of council tax precept. In the context of the budget resolution, it is recommended that:

- a) **The revenue budgets outlined in this report and appendices be approved, having regard to the Local Government Act 2003 report**
- b) **That the budget requirement for 2025/26 be set on the basis of the amount within the budget resolution at appendix C**
- c) **The council tax for Band D properties be approved at £324.00 for 2025/26, an increase of £13.95 (4.5%).**

12. Acknowledgements

12.1 The budget is recommended to the Commissioner with recognition for the hard work and support of the financial services team who provide detailed income and expenditure forecasts and for the work of the Police, Fire and Crime Panel in providing challenge and scrutiny to the budget proposal.

Michelle Bellis

Steven Tickner

Constabulary Chief Finance Officer

OPFCC Chief Finance Officer

13 February 2025

Human Rights Implications

None identified

Race Equality / Diversity Implications

The budget is subject to an Equality Impact Assessment.

Risk Management Implications

There is a legal requirement to set a balanced budget. The Commissioner's strategic risk register recognises the importance of sound financial planning.

Financial Implications

The main financial impacts are described in the paper

Personnel Implications

As identified in the report

Contact points for additional information

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Budget for the Commissioner and the budget for the Chief Constable

Description	Base Budget 2024/25 £m	Base Budget 2025/26 £m	Base Budget 2026/27 £m	Base Budget 2027/28 £m	Base Budget 2028/29 £m	Base Budget 2029/30 £m
Constabulary Funding						
Police Officer - Pay & Allowances	90.167	98.177	102.043	105.912	108.759	111.539
Police Officer - Contribution to Pension Fund A/c	16.840	15.740	16.240	16.528	16.978	17.369
Police Officer - Ill Health & Injury Pensions	1.215	1.385	1.401	1.421	1.442	1.464
Police Community Support Officers	1.921	2.054	2.547	2.632	2.717	2.778
Police Staff - Pay & Allowances	30.813	30.871	30.961	31.995	32.976	33.703
Other Employee Benefits	2.374	2.249	2.198	2.220	2.425	2.445
Transport Related Expenditure	2.658	2.782	2.798	2.830	2.858	2.891
Supplies & Services	12.329	12.949	12.848	12.934	13.200	13.434
Third Party Related Expenditure	4.471	5.338	5.366	5.451	5.527	5.632
Earned Income	(4.774)	(5.401)	(5.517)	(5.771)	(5.860)	(5.823)
Total Constabulary Funding	158.014	166.144	170.885	176.152	181.022	185.432
Commissioner's Budget						
Police Staff - Office of the PFCC	1.119	1.038	1.059	1.081	1.100	1.114
Police Staff - Joint Estates Team	0.000	1.122	1.161	1.193	1.228	1.257
Commissioned Services Budget	3.274	2.980	1.630	1.636	1.642	1.648
Premises Related Costs	5.700	5.574	5.768	5.758	5.840	5.918
LGPS Past Service Costs	(0.374)	(0.385)	0.000	0.000	0.000	0.000
Council Tax Support for Care Leavers	0.016	0.016	0.016	0.016	0.016	0.016
Insurances & Management of Change	1.566	1.685	1.728	1.769	1.802	1.836
Accounting & Financing Costs	3.211	2.081	2.039	2.515	3.392	3.983
Grants & Contributions	(33.983)	(34.684)	(33.733)	(34.047)	(34.676)	(35.082)
Interest/Investment Income	(0.400)	(1.015)	(0.660)	(0.640)	(0.640)	(0.640)
Total Commissioner's Budget	(19.871)	(21.588)	(20.992)	(20.719)	(20.296)	(19.950)
Net Use of Reserves						
Contribution to/(from) - Revenue Reserves	(4.838)	(3.571)	(2.740)	(1.969)	0.473	0.554
Contribution to/(from) - Capital Reserves	(0.536)	0.000	0.000	0.000	0.000	0.000
Contribution to/(from) - General Fund	0.000	0.800	0.000	0.000	0.000	0.000
Total Net Use of Reserves	(5.374)	(2.771)	(2.740)	(1.969)	0.473	0.554
Net Budget Requirement	132.769	141.785	147.153	153.464	161.199	166.036
Formula Grant & Council Tax Income						
General Police Grant	(77.191)	(80.049)	(80.049)	(80.049)	(80.049)	(80.049)
Council Tax Precepts	(55.578)	(61.736)	(64.804)	(68.154)	(71.564)	(75.036)
Total Formula Grant & Council Tax Income	(132.769)	(141.785)	(144.853)	(148.203)	(151.613)	(155.085)
Net Cumulative Budget Deficit / Savings Requirement	0.000	0.000	2.300	5.261	9.586	10.951
Council Tax per Band D Property	£310.05	£324.00	£337.95	£351.90	£365.85	£379.80
Increase over previous year		£13.95	£13.95	£13.95	£13.95	£13.95
Percentage Increase		4.50%	4.31%	4.13%	3.96%	3.81%

Analysis of Expenditure and Income Budgets for PFCC and Constabulary Combined

Medium Term Budget 2025 - 2030	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Expenditure						
Police Pay - Police Officer Pay & Allowances	90.167	98.177	102.043	105.912	108.759	111.539
Police Pay - Contribution to Pension Fund A/c	16.840	15.740	16.240	16.528	16.978	17.369
Police Pay - Ill Health & Injury Pensions	1.215	1.385	1.401	1.421	1.442	1.464
PCSO Pay	1.921	2.054	2.547	2.632	2.717	2.778
Staff Pay	31.839	33.251	33.424	34.533	35.588	36.372
Other Employee Costs	2.388	2.263	2.212	2.235	2.440	2.460
Premises Costs	5.701	5.575	5.769	5.759	5.841	5.919
Transport Costs	2.662	2.786	2.802	2.834	2.862	2.895
Supplies & Services	12.586	13.221	13.125	13.217	13.490	13.729
Third Party Expenditure	4.483	5.350	5.378	5.463	5.538	5.644
LGPS Past Service Costs	(0.374)	(0.385)	0.000	0.000	0.000	0.000
Insurances/Management of Change	1.566	1.685	1.728	1.769	1.802	1.836
Commissioned Services	3.274	2.980	1.630	1.636	1.642	1.648
Council Tax Support for Care Leavers	0.016	0.016	0.016	0.016	0.016	0.016
Accounting and Financing Costs	3.233	2.103	2.061	2.538	3.414	4.006
Total Expenditure	177.517	186.201	190.376	196.493	202.529	207.675
Income & Specific Grants						
Home Office Pension Top Up Grant	(16.840)	(15.740)	(16.240)	(16.528)	(16.978)	(17.369)
Other Grants & Contributions	(17.143)	(18.944)	(17.493)	(17.519)	(17.698)	(17.713)
Sales, Fees, Charges & Rents	(4.991)	(5.946)	(6.090)	(6.373)	(6.487)	(6.471)
Interest/Investment Income	(0.400)	(1.015)	(0.660)	(0.640)	(0.640)	(0.640)
Total Income & Specific Grants	(39.374)	(41.645)	(40.483)	(41.060)	(41.803)	(42.193)
Net Use of Reserves						
Contribution to/(from) - Revenue Reserves	(4.838)	(3.571)	(2.740)	(1.969)	0.473	0.554
Contribution to/(from) - Capital Reserves	(0.536)	0.000	0.000	0.000	0.000	0.000
Contribution to/(from) - General Fund	0.000	0.800	0.000	0.000	0.000	0.000
Total Net Use of Reserves	(5.374)	(2.771)	(2.740)	(1.969)	0.473	0.554
Net Budget Requirement	132.769	141.785	147.153	153.464	161.199	166.036
External Funding						
Formula Grant	(77.191)	(80.049)	(80.049)	(80.049)	(80.049)	(80.049)
Council Tax Income	(55.578)	(61.736)	(64.804)	(68.154)	(71.564)	(75.036)
Total External Funding	(132.769)	(141.785)	(144.853)	(148.203)	(151.613)	(155.085)
Net Cumulative Deficit / Savings Requirement	0.000	0.000	2.300	5.261	9.586	10.951

Budget Resolution

Local Government Act 2003 Requirements: That the comments of the Chief Finance Officers on the robustness of the estimates and adequacy of balances and reserves be noted and reflected in the decisions made by the Commissioner in making the following budget determination for 2025/26.

Revenue Estimates 2025/26: That the Commissioner's net **Budget Requirement** of £141.785m be approved.

Council Tax Base 2025/26: That it is noted that the Council Tax base has been calculated at the amount of 189,857.46 for 2025/26. This is the total of the tax bases calculated by the Unitary Councils as required by regulation.

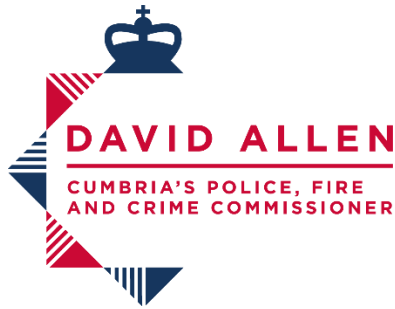
Budget Requirement: That the following amounts are calculated by the Commissioner for the 2025/26 financial year:

Ref	2025/26 Amount £s	Description
(a)	£186,200,719	being the total of gross expenditure
(b)	£44,415,772	being the total of income from specific grants, fees and charges and transfers from reserves
(c)	£141,784,947	being the Budget Requirement for the year to be met from Council Tax and External Finance
(d)	£80,049,352	being the total the Commissioner estimates will be received from external financing, being the Police Grant
(e)	£221,778	being the net surplus/(deficit) on unitary authority collection funds
(f)	£61,513,817	being the council tax requirement (the budget requirement less the collection fund deficit and external finance)
(g)	£324.00	being the basic amount of Council Tax for the year (the council tax requirement divided by the tax base)

Valuation Bands and Calculation of the amount of Precept payable by each billing authority:

Valuation Band	Precept 2025/26 Amount £.pp	Proportion
Band A	216.00	6/9 ths
Band B	252.00	7/9 ths
Band C	288.00	8/9 ths
Band D	324.00	9/9 ths
Band E	396.00	11/9 ths
Band F	468.00	13/9 ths
Band G	540.00	15/9 ths
Band H	648.00	18/9 ths

Billing Authority	Tax Base 2025/26	Precept (Band D) £	Amount Payable £
Cumberland Council	93,697.66	324.00	30,358,042
Westmorland and Furness Council	96,159.80	324.00	31,155,775
Total	189,857.46	324.00	61,513,817



Reserves Strategy 2025/26

Public Accountability Conference 13 February 2025

Agenda Item: 09c

Report of the Constabulary Chief Finance Officer and the OPFCC Chief Finance Officer

1. Introduction and Background

1.1 This reserves strategy is produced and published as part of the overall budget setting process. The reserves strategy meets the statutory requirement to consider annually the level of reserves that should be held to meet future expenditure requirements when setting the budget. The strategy seeks to achieve a balance between pro-actively utilising reserves to support services for our communities and providing financial resilience to meet unexpected events. It sets out the purpose for which reserves are held and the planned movement in reserves over a period of 5 years (the medium term financial forecast period). Our reserves are held for three main purposes. These are:

- ◆ a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing,
- ◆ a contingency to cushion the impact of unexpected events or emergencies,
- ◆ a means of building up funds, often referred to as earmarked reserves, to meet known or predicted pressures or liabilities.

1.2 Over recent years, the level of reserves nationally have become a focus of attention for the Home Office and it is now considered best practice to publish a **reserves strategy**, which covers the MTFF 5 year timeframe plus a further year, 6 years in total.

1.3 As part of the budget process a capital strategy is produced which includes capital plans over a longer 10 year timeframe, reflecting the cyclical nature of capital expenditure programmes. In order to

facilitate the production of the capital strategy and associated capital financing, reserve balances are projected over this longer 10 year timeframe. For this reason, it has been determined that a reserves strategy should be produced covering a 10 year timeframe (exceeding the best practice requirements).

- 1.4 The level of reserves should take into account the medium term financial plan and not be based solely on short term considerations. Set out in section 2 below is a description of the reserves held by the Commissioner and the Constabulary and the purpose for which they are held. **Appendix A** presents the level of reserves over this longer 10 year timeframe to 31 March 2035 graphically. At **Appendix B** a table is provided which sets out the planned movement in reserves over this longer 10 year timeframe to 31 March 2035.
- 1.5 The medium term financial forecast shows a budget deficit of £2.3m in 2026/27 rising to £11m by 2029/30. A savings and efficiency plan is being progressed as part of the Constabulary 'Futures Programme' to address the deficit. In the event that this is not achieved, reserves will be required to bridge the gap and will result in the level of reserves depleting more quickly than indicated in this strategy.

2. Details of Specific Groups of Reserves

- 2.1 **General Reserves:** The general reserve (police fund) is the main contingency for unexpected events, and the management of cash flow. The level of general reserve is planned to be increased from £4.0m to £4.8m in 2025/26. The amount represents approximately 3% of the net recurrent budget (after specific grants & fees and charges). The level of the general reserve takes account of the risks within the budget, as set out in the Chief Finance Officers report on the robustness of the budget and the level of provision for those risks within specific earmarked reserves and contingencies.
- 2.2 **Earmarked Capital Reserves:** Capital reserves are a combination of general and earmarked revenue contributions that have been set aside to meet the costs of approved capital schemes to be delivered over multiple financial years. Capital schemes are only included within the capital programme on the basis of setting aside funding to meet the expenditure. The capital reserves currently include a reserve to allow estate modernisation at Hunter Lane, Penrith and in the West Cumbria and a scheme to make improvements to the HQ site. The current capital programme forecasts that these reserves will be almost fully utilised by the end of March 2025.

2.3 **Budget Stabilisation and Insurance Reserves** are established to smooth the impact of intermittent costs across financial years. This group of reserves includes:

- ◆ Constabulary Operational Reserve this reserve is to cover any unexpected expenditure that arises during a financial year that cannot be accommodated from existing budgets. The strategy is for this reserve to be replenished if used through the next budget cycle.
- ◆ Insurance reserve to cover the cost of insurance claims below the policy excess.
- ◆ Chief Constable's Contingency this reserve was established when a more risk based approach to budgeting was adopted thereby removing contingency sums from individual budgets.
- ◆ Management of Change to cover costs arising as a result of the 'Futures Programme'.
- ◆ Ill Health Retirements Reserve to smooth the impact of ill health retirements in the year, the revenue budget includes provision for an average of four such retirements per year. This reserve is drawn down in years where there are more than four arising in the year and contributed to in years where there are less than four.

2.4 **Budget Support Reserve** the budget support reserve was established to meet emerging demands and unforeseen items. The budget support reserve will largely be utilised between 2025/26 and 2027/28 to reduce the impact in the budget deficit while the 'Futures Programme' is developed and implemented. Plans for the remainder of this reserve will be developed during 2025/26 once the Government funding position is made clearer in the forthcoming Comprehensive Spending Review (CSR) expected in summer 2025.

2.5 **Short-term Project Reserves** primarily fund the one off revenue implications of approved projects and also provide for areas within the budget where there is a liability but the amount or timing is uncertain. This group includes a reserve to cover the future lifecycle costs in relation to the PFI. This group also includes a reserve to fund the cyclical replacement of body armour.

2.6 **Commissioner's Reserves**

This group of reserves includes operational reserves for the Commissioner and reserves in relation to PFCC commissioned services where the approved spend will be drawn down over a number of years.

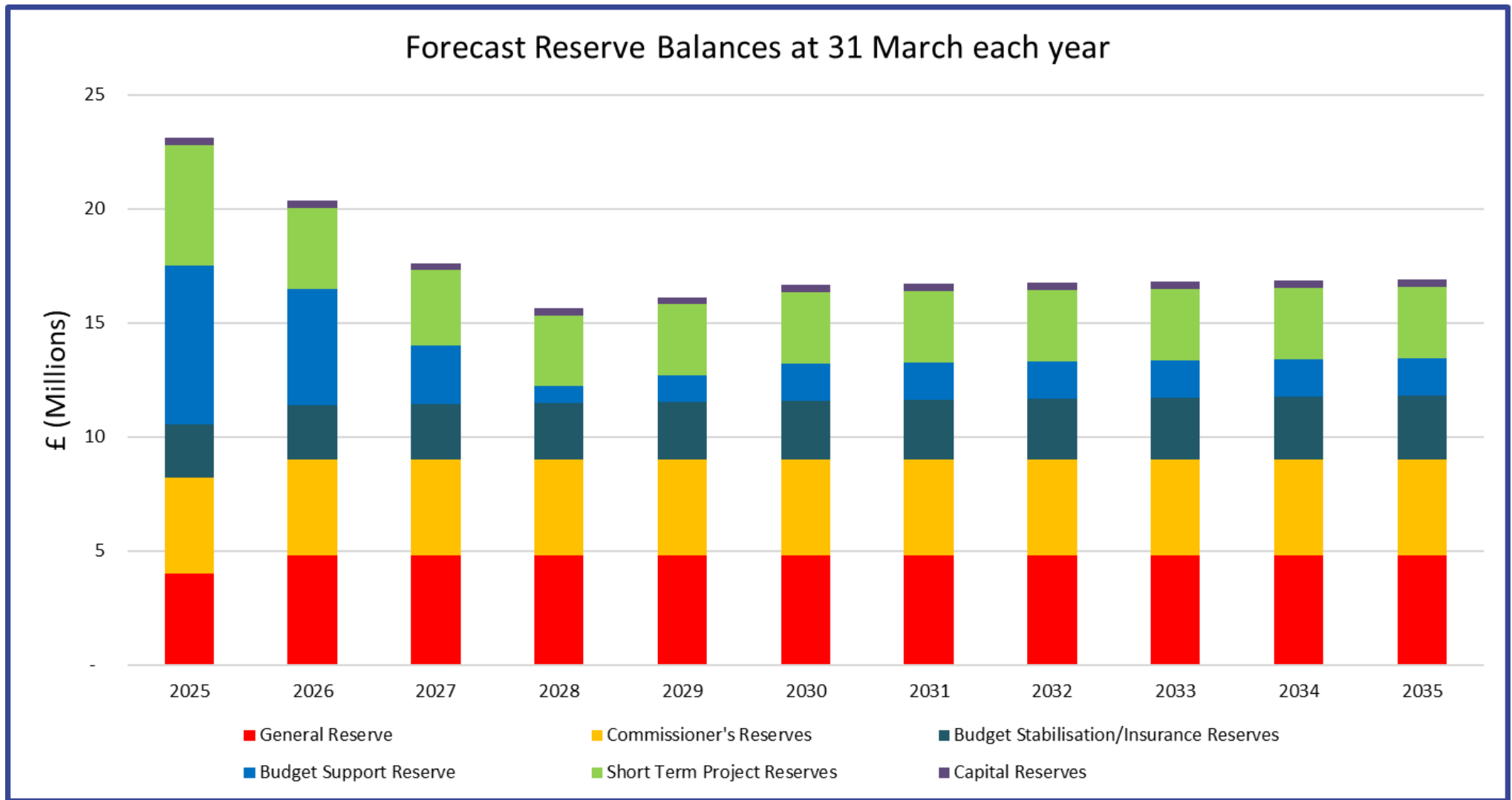
Michelle Bellis

Steven Tickner

Constabulary Chief Finance Officer

OPFCC Chief Finance Officer

Planned Movement in Reserves 2025/26 to 2034/35



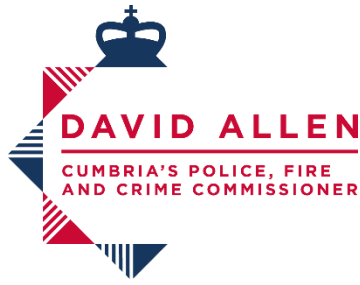
Planned Movement in Reserves 2025/26 to 2034/35

				MTFF																				
Reserves Forecast	See Note	Actual Balance 01/04/24 £m	Planned (Gain)/Use 2024/25 £m	Forecast Balance 01/04/25 £m	Planned (Gain)/Use 2025/26 £m	Forecast Balance 01/04/26 £m	Planned (Gain)/Use 2026/27 £m	Forecast Balance 01/04/27 £m	Planned (Gain)/Use 2027/28 £m	Forecast Balance 01/04/28 £m	Planned (Gain)/Use 2028/29 £m	Forecast Balance 01/04/29 £m	Planned (Gain)/Use 2029/30 £m	Forecast Balance 01/04/30 £m	Planned (Gain)/Use 2030/31 £m	Forecast Balance 01/04/31 £m	Planned (Gain)/Use 2031/32 £m	Forecast Balance 01/04/32 £m	Planned (Gain)/Use 2032/33 £m	Forecast Balance 31/03/33 £m	Planned (Gain)/Use 2033/34 £m	Forecast Balance 31/03/34 £m	Planned (Gain)/Use 2034/35 £m	Forecast Balance 31/03/35 £m
General Reserve/Police Fund	2.1	(4.000)	0.000	(4.000)	(0.800)	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)
Total General Reserve/Police Fund		(4.000)	0.000	(4.000)	(0.800)	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)	0.000	(4.800)
Earmarked Capital Reserves	2.2																							
Capital Reserves																								
Estate Modernisation (Hunter Lane, West Cumbria)		(1.719)	1.712	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)	0.000	(0.007)
HQ Adaptions		(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)	0.000	(0.294)
Total Capital Reserves		(2.013)	1.712	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)	0.000	(0.301)
Constabulary Earmarked Revenue Reserves																								
Budget Stabilisation / Insurance Reserves	2.3																							
Constabulary Operational Reserve		0.000	(0.250)	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)
Insurance Reserve		0.012	(0.225)	(0.213)	(0.046)	(0.259)	(0.046)	(0.305)	(0.046)	(0.350)	(0.046)	(0.396)	(0.046)	(0.442)	(0.046)	(0.488)	(0.046)	(0.534)	(0.046)	(0.580)	(0.046)	(0.626)	(0.046)	(0.672)
Chief Constable's Contingency		(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)	0.000	(0.500)
Management of Change Reserve		(0.300)	(0.700)	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)	0.000	(1.000)
Ill Health Retirements Reserve		(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)	0.000	(0.373)
Total Budget Stabilisation / Insurance Reserves		(1.161)	(1.175)	(2.336)	(0.046)	(2.382)	(0.046)	(2.428)	(0.046)	(2.474)	(0.046)	(2.520)	(0.046)	(2.566)	(0.046)	(2.612)	(0.046)	(2.657)	(0.046)	(2.703)	(0.046)	(2.749)	(0.046)	(2.795)
Budget Support Reserves	2.4																							
Budget Support Reserve		(7.927)	0.961	(6.966)	1.871	(5.095)	2.518	(2.576)	1.837	(0.739)	(0.435)	(1.174)	(0.490)	(1.664)	0.000	(1.664)	0.000	(1.664)	0.000	(1.664)	0.000	(1.664)	0.000	(1.664)
Total Budget Support Reserves		(7.927)	0.961	(6.966)	1.871	(5.095)	2.518	(2.576)	1.837	(0.739)	(0.435)	(1.174)	(0.490)	(1.664)	0.000	(1.664)	0.000	(1.664)	0.000	(1.664)	0.000	(1.664)	0.000	(1.664)
Short-term Project Reserves	2.5																							
PFI Lifecycle Reserves		(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)	0.000	(0.158)
Body Armour (Future Roll Out)		(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)	0.000	(0.387)
Records Management System		(2.960)	1.287	(1.673)	1.573	(0.100)	0.100	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)
Business Intelligence		(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)	0.000	(0.028)
HQ Security		(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)	0.000	(0.180)
Business Transformation		(0.196)	0.025	(0.171)	0.010	(0.161)	0.025	(0.136)	0.000	(0.136)	0.025	(0.111)	0.000	(0.111)	0.004	(0.107)	0.000	(0.107)	0.000	(0.107)	0.000	(0.107)	0.000	(0.107)
Specialist Services Accomodation Dilapidation Reserve		(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)	0.000	(0.040)
ESN Grant Funding		(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)	0.000	(0.238)
Change Management / S&E Facilitation		(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)	0.000	(0.129)
Firearms Digitisation		(0.092)	0.044	(0.048)	0.043	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)	0.000	(0.005)
CCTV - Revenue		(0.285)	0.045	(0.239)	0.048	(0.192)	0.045	(0.147)	0.041	(0.106)	0.000	(0.106)	0.000	(0.106)	0.000	(0.106)	0.000	(0.106)	0.000	(0.106)	0.000	(0.106)	0.000	(0.106)
Public Order Training PortaKabin		(0.080)	0.034	(0.046)	0.031	(0.015)	0.015	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)	0.000	(0.000)
Annumition Smoothing		0.000	(0.030)	(0.030)	(0.030)	(0.060)	(0.030)	(0.090)	0.060	(0.030)	(0.030)	(0.060)	(0.030)	(0.090)	0.000	(0.090)	0.000	(0.090)	0.000	(0.090)	0.000	(0.090)	0.000	(0.090)
POCA / ARIS Funding		(1.326)	0.000	(1.326)	0.012	(1.313)	0.012	(1.301)	0.012	(1.289)	0.012	(1.277)	0.012	(1.265)	0.000	(1.265)	0.000	(1.265)	0.000	(1.265)	0.000	(1.265)	0.000	(1.265)
Hunter Lane Refurbishment		0.000	(0.200)	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)	0.000	(0.200)
National DDAT - Finance Support		(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)	0.000	(0.042)
National DDaT - Investment Income		0.000	(0.120)	(0.120)	(0.037)	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)	0.000	(0.157)
Op Olympos - National Post Office Investigation		0.000	(0.200)	(0.200)	0.066	(0.134)	0.070	(0.064)	0.064	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Cambridge Masters Programme		0.000	(0.060)	(0.060)	0.030	(0.030)	0.030	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Short-term Project Reserves		(6.140)	0.825	(5.315)	1.746	(3.569)	0.267	(3.302)	0.177	(3.125)	0.007	(3.117)	(0.018)	(3.135)	0.004	(3.131)	0.000	(3.131)	0.000	(3.131)	0.000	(3.131)	0.000	(3.131)
Total Constabulary Reserves		(21.241)	2.323	(18.918)	2.771	(16.147)	2.740	(13.408)	1.969	(11.439)	(0.474)	(11.913)	(0.554)	(12.466)	(0.042)	(12.508)	(0.046)	(12.554)	(0.046)	(12.600)	(0.046)	(12.646)	(0.046)	(12.692)

Planned Movement in Reserves 2025/26 to 2034/35

Reserves Forecast	See Note	Actual Balance 01/04/2025 £000's	Planned (Gain)/Use 2024/25 £000's	Forecast Balance 01/04/25 £000's	Planned (Gain)/Use 2025/26 £000's	Forecast Balance 01/04/26 £000's	Planned (Gain)/Use 2026/27 £000's	Forecast Balance 01/04/27 £000's	Planned (Gain)/Use 2027/28 £000's	Forecast Balance 01/04/28 £000's	Planned (Gain)/Use 2028/29 £000's	Forecast Balance 01/04/29 £000's	Planned (Gain)/Use 2029/30 £000's	Forecast Balance 01/04/30 £000's	Planned (Gain)/Use 2030/31 £000's	Forecast Balance 01/04/31 £000's	Planned (Gain)/Use 2031/32 £000's	Forecast Balance 01/04/32 £000's	Planned (Gain)/Use 2032/33 £000's	Forecast Balance 31/03/33 £000's	Planned (Gain)/Use 2033/34 £000's	Forecast Balance 31/03/34 £000's	Planned (Gain)/Use 2034/35 £000's	Forecast Balance 31/03/35 £000's
Total Constabulary Reserves (From Above)		(21.241)	2.323	(18.918)	2.771	(16.147)	2.740	(13.408)	1.969	(11.439)	(0.474)	(11.913)	(0.554)	(12.466)	(0.042)	(12.508)	(0.046)	(12.554)	(0.046)	(12.600)	(0.046)	(12.646)	(0.046)	(12.692)
Commissioner's Reserves	2.6																							
PFCC - Operational Reserve		(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)
PFCC - Commissioned Services		(3.501)	0.050	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)	0.000	(3.452)
PFCC - Management of Change Reserve		0.000	(0.250)	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)
PFCC - Estates Feasibility Reserve		0.000	(0.250)	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)	0.000	(0.250)
PFCC - New Website		(0.020)	0.020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Commissioner's Reserves		(3.772)	(0.430)	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)	0.000	(4.202)
Total Reserves		(25.013)	1.893	(23.120)	2.771	(20.349)	2.740	(17.609)	1.969	(15.640)	(0.474)	(16.114)	(0.554)	(16.668)	(0.042)	(16.710)	(0.046)	(16.756)	(0.046)	(16.802)	(0.046)	(16.847)	(0.046)	(16.893)

Overall reserves are forecast to fall to just £17m over the life of the MTFF, this represents a fall of 32% compared to their current level of £25m



Executive Board Police: 11 February 2025

Public Accountability Conference: 13 February 2025

Agenda Item 09d

Charging Policy 2025

Report of the Constabulary Chief Finance Officer

Originating Officer: Keeley Hayton, Financial Services Manager

Executive Summary

Most policing services are funded from general and local taxation for the benefit of the public at large. However, there are certain circumstances when it is appropriate for the police service to make charges to individuals or organisations to recover policing costs. The Commissioner's Financial Regulations require that a charging policy for goods and services is put in place, which accords with National Police Chiefs' Council guidance (NPCC) and that this is reviewed at least annually.

Several the charging areas have been reviewed and each section now contains an 'charges applicable from' date rather than the blank 01st January date. As the Commissioner previously approved, charges will be reviewed in line with NPCC guidance, irrespective of when this is issued. This may require a further revision to charges part way through the financial year, which will subsequently be presented to the Commissioner for approval.

Recommendation

The Commissioner is recommended to:

- Agree the revised scale of charges as outlined in the appendices to this report.
- Agree the proposal to revise fees and charges in line with revised NPCC guidance, at the point it is issued, a revised schedule of charges will subsequently be presented to the Commissioner for approval.

Main Section

1. Introduction and Background

- 1.1 Most policing services are funded from general and local taxation for the benefit of the public at large. However, there are certain circumstances when it is appropriate for the police service to make charges to individuals or organisations to recover policing costs.
- 1.2 Cumbria Constabulary has adopted the NPCC guidance in relation to charging and continues to make charges on this basis. In a small number of instances local discretion is applied to specific charges to better reflect actual costs incurred in meeting demands. In accordance with the recommendation contained within the guidance that the Police, Fire and Crime Commissioner should take ownership of the charging policy, as part of their overarching responsibility for the Police Fund, into which all receipts must be paid, this report outlines proposed changes to the schedule of charges from 1st January 2025 and 5th February 2025 for approval by the Commissioner. A schedule of charges will also be published on the Police, Fire and Crime Commissioner and Constabulary websites.
- 1.2.1 The ability to charge for police services is generally determined by statutory provisions. There are four main categories of charging which are examined in section 2 below.

2. Issues for Consideration

2.1 Special Policing Services

- 2.1.1 The provision of special police services (SPS) is made at the request of any person under section 25 of the Police Act 1996, which makes such services subject to the payment of charges as determined by the relevant Police, Fire and Crime Commissioner and Constabulary. Special Police Services generally relate to policing an event e.g., a pop concert, or series of events e.g., football matches. Special police services are provided over and above the core policing requirement to ensure public safety and the prevention of violence and disorder. Special policing services can only be provided at the request of an event organiser, and it will be for the Chief Constable to determine the level of policing that is required based on a risk assessment, which should then form the basis of a written contractual arrangement between the force and the event organiser. It will often be the case that licensing authorities will require assurance that adequate policing will be in place before granting a license for an event to take place.

2.1.2 The basis of charging depends on the nature of the event being policed. NPCC strongly advocate that policing of commercial events is on a full economic cost basis which includes the recovery of overheads. Cumbria Constabulary's calculations of full economic cost recovery for special policing services from 1st January 2025 are based on current rates of pay using the NPCC standardised rates as shown in **Appendix 1**.

2.1.3 Charging guidance does permit discretion to abate some or all special policing charges where an event is of a non-commercial nature i.e., charitable or community events, particularly where the effective policing of an event is seen as beneficial in building the trust and confidence of the community. Under the financial regulations this is subject to the approval of the Police, Fire & Crime Commissioner or Chief Constable.

2.2 **Provision of Goods and Services to Third Parties**

2.2.1 Under S18 of the Police Act 1996, as amended by Section 15 of the Police Reform and Social Responsibility Act 2011, Police and Crime Commissioners are granted the powers of the Local Authorities (Goods and Services) Act 1970 to supply goods or services to other bodies or persons. In practice the range of goods and services which can be provided under this power are limited in that they have to be supported by Police, Fire and Crime Commissioners' statutory powers. This means that such a service must spin off normal policing activity or be an activity, which is incidental to the provision of the police service.

2.2.2 There are services, which are common to all police forces and unique to the police service, for which the NPCC guidance sets out standard rates of charge across the service as outlined in the table in **Appendix 2**. These charges have been increased in line with NPCC guidance. Within this category there are also some charges which are fixed statutorily.

2.2.3 In a small number of instances charges vary from those advocated by NPCC to better reflect local costs in providing services.

2.2.4 In certain circumstances, services which support the police service may be provided in a competitive market environment - for example training in a particular skill. The general principle in these situations is that charges should at least recover the direct costs of supplying the service but could also be levied up to full economic cost dependent on market conditions.

2.2.5 Ancillary Costs can also be calculated by use of average actual cost. Whilst Force transport costs are reflected in the direct overheads, this would only account for the general use of vehicles for officers to travel to and from the event. Where specialist vehicles (e.g., horse boxes or traffic cars) are required and are fundamental to the deployment (e.g., escorting a wide or abnormal load) the cost of the additional vehicles can be calculated and charged as a supplementary item.

2.2.6 To ensure consistency, it is recommended that for purposes of charging for the escorting of wide and abnormal loads, that in addition to SPS cost of the officers involved, the vehicles and fuel costs are charged as per the rates as shown at **Appendix 5**.

2.3 **Charging for Services to Government Agencies**

2.3.1 The police service increasingly provides a range of services for, and with, other government agencies. These are often part of central government such as the Home Office Immigration Enforcement and His Majesty's Prison and Probation Service, but they may also be arms-length agencies with a quasi-commercial status.

2.3.2 Even where the purpose of activity supports the responsibilities of a separate government body or service, the police force may be securing benefits towards its own objectives. Recovery of costs should be based on Direct Costs and other specific costs incurred.

2.3.3 In the case of quasi-commercial activity, assessment of charges should start with the Operational Resource Costs and add all associated specific costs incurred in the provision of the service and a contribution towards overheads. Market conditions will either provide a practical constraint or allow Full Economic Cost Recovery to be utilised.

2.4 **Provision of Mutual Aid to other Forces**

2.4.1 Mutual Aid under Section 24 / Section 98 of the Police Act 1996 is the provision of policing assistance to another police force. This usually occurs in response to or in anticipation of a major event or incident or investigation.

2.4.2 Mutual aid arrangements cover a wide spectrum of incidents ranging from spontaneous deployments of relatively short duration in response to a major event to pre-planned or prolonged assistance for

example in investigating a major crime. NPCC guidance distinguishes between types of mutual aid through a grading system which reflects the characteristics of the event, that will then form the criteria for payment to the individuals involved and therefore the basis for cost recovery. In addition, the guidance provides for additional supplementary charges where specialised resources are provided. A national schedule of charge out rates for police officers to be used by all forces providing mutual aid is used.

2.4.3 Four main types of mutual aid are identified.

- Emergency/Spontaneous deployment
- Planned Deployment/Event
- Specialist Staff Deployments
- International/Overseas Deployments

A grading mechanism has been identified to reflect the characteristics of each deployment. The four grades are:

- Grade 0 Mutual Aid – Bank Holiday deployment
- Grade 1 Mutual Aid – 15 days' notice or less (emergency/spontaneous deployment)
- Grade 2 Mutual Aid – 16 days' notice or more (planned deployment/event)
- Grade 3 Mutual Aid – International Mutual Aid

The latest NPCC mutual aid charges are included in **Appendix 3** to this report.

2.4.4 Vehicle usage costs on mutual aid should be calculated according to an agreed rate per day as per **Appendix 4**. This includes elements for wear and tear and running costs. In the case of the provision of a vehicle only without staff, vehicles should be supplied fully fuelled and returned likewise. This practice will negate the administrative burden of recovering low levels of expense. Capital costs and depreciation, servicing, tyres, insurance etc. will be covered by that cost. For vehicles transporting staff on mutual aid, such as public order carriers then fuel is not covered by the stated cost and is an additional factor.

2.4.5 NPCC advocate that the provision of PCSOs and Police Staff support under mutual aid arrangements is legitimate, although this is likely to be less common. Deployment of police staff should be recompensed based on employable cost for that spinal column point at appropriate overtime rates. All other costs relating to the deployment of mutual aid staff should be agreed and charged to the host on an actual cost basis. In addition, NPCC guidance states that an administrative charge of 5% of the total of actual costs incurred also be levied to cover on costs such as uniform, equipment, insurance, and the costs of organising support, often at short notice.

3. Financial Comments

3.1 Schedules of revised charges are set out in the appendix to this report.

4. Legal Comments

4. 1 The legal basis on which charges for Policing Services are made are set out in the report.

5. Risk Implications

5.1 There are no specific risks identified related to the charging policy.

6. HR / Equality Comments

6.1 N/A

7. I.T. Comments

7.1 N/A

8. Procurement Comments

8.1 N/A

APPENDICES

Appendix 1 - Special Policing Services

Appendix 2 - Other Charges

Appendix 3 - Mutual Aid Charges

Appendix 4 – Vehicle Cost Recovery

Appendix 5 – Vehicle Costs for Escorting Abnormal Loads

Special Policing Services charged under section 25 of the Police Act.

(Charges are based on NPCC Guidance for Charging of Police Services -January 2025).

Police Officers – Full Economic Cost Recovery Rates

Rank	2024 Charge per Hour Normal	2024 Charge per Hour Bank Holiday	2024 Charge per Hour Bank Holiday (less than 8 days notice)	2025 Charge per Hour Normal	2025 Charge per Hour Bank Holiday	2025 Charge per Hour Bank Holiday (less than 8 days notice)
Constable	82.08	109.44	164.15	88.09	108.32	140.71
Sergeant	102.37	136.5	204.75	111.33	136.53	178.83
Inspector	99.51	n/a	n/a	107.47	n/a	n/a
Ch Inspector	105.85	n/a	n/a	114.11	n/a	n/a
Superintendent	131.73	n/a	n/a	141.53	n/a	n/a
Ch Superintendent	n/a	n/a	n/a	162.9	n/a	n/a

Staff – Full Economic Cost Recovery Rates (January 2025)

Scale	2025 Charge per Hour £	2025 Charge per Hour - Bank Holiday £
PCSO	69.30	84.86
Police Staff £20,000 -£30,000	48.79	n/a
Police Staff £30,001 - £40,000	64.50	n/a
Police Staff £40,001 -£50,000	80.21	n/a
Police Staff £50,001 -£60,000	88.04	n/a
Police Staff £60,001 -£70,000	84.49	n/a
Police Staff £70,001 -£80,000	96.01	n/a
Police Staff £80,001 -£90,000	107.53	n/a
Police Staff Over £90,000	119.05	n/a

VAT may apply to charges for special policing services in circumstances where the service could be provided by other organisations. Please consult your financial services officer for further guidance.

Other Charges

(Charges are based on NPCC Guidance for Charging of Police Services January 2025)

2024/25 £		Jan-25 £
	Accident Reports	
123.30	Copy of Collision Report (full extract up to 30 pages)	125.90
5.50	Additional pages for same incident (per page)	5.60
43.80	Limited particulars (RT Act details)	44.70
43.80	Copy of self-reporting / minor accident form	44.70
30.40	Information / record search	31.10
702.85	Forensic Collision Investigator - Technical Report (Cumbria Decision*)	716.91
105.50	Forensic Collision Investigator - Reconstruction video	107.70
35.20	Forensic Collision Investigator - Rough Data (per page)	35.90
53.00	Copy of Scale plan - other than in collision report	54.20
87.90	Forensic Collision Investigator / Forensic Vehicle Examiner - Vehicle Examination Report (unless provided as full extract)	89.70
5.50	Forensic Collision Investigator / Forensic Vehicle Examiner - Reconstruction Report (unless provided as full report)	5.60
Per hour + 65.60	Forensic Collision Investigator - adhoc requested services	Per hour + 66.90
92.10	Specialist Report - (CCTV/Tachograph/Vehicle download) if separate	94.00
82.10	External Expert Report - requested by force	83.90
Cost + 82.10	External Expert Report - requested by external party	Cost + 83.90
	Copies of Photographs	
36.30	From Digital camera (per disc or contact sheet)	37.10
71.60	Curated photo sets (per 10 digital photos or part thereof)	73.10
Per hour + £36.30	Video footage - Police (handheld, drome, vehicle mounted or body worn video) - Per hour rate for reviewing and redaction)	Per hour + 37.00
35.7	3D Virtual World - Simulations/Fly Thoughts - Already Prepared	36.40
Per hour + £35.7	3D Virtual World - Simulations/Fly Thoughts - Requested	Per hour + 36.40
36.30	Dashcam, Drone & CCTV Footage - Public/Private	37.00

*Forensic Collision Investigator – The NPCC charge for 2025 for this service is £540.10 but the locally agreed price is £716.91 per report to allow for full cost recovery.

2024/25 £		Jan-25 £
	Other common items	
112.00	Crime report	114.30
44.70	MG5 - Offence Report	45.60
44.70	MG3 - Report to CPS for a charging decision, decision log and action plan	45.60
45.50	Incident / Call Log	46.50
67.30	Domestic Violence Report	68.70
22.60	Occurrence Summary	23.10
22.60	Custody Record	23.00
£44.50	Motor Salvage Operator Check (Cumbria Decision)	45.40
	ACRO Services - provided only to authorised agencies with a lawful basis to information	
16.00	PNC Names Enquiries	16.50
97.80	PNC Record Creation	100.00
33.00	International Criminal Convictions	34.00
65.00	Police Certificates - Standard Service	65.00
115.00	Police Certificates - Premium Service	115.00
90.00	International Child Protection Certificates	90.00
	Alarm URN Fees (set by Police Crime Prevention Initiatives)	
55.60	*Alarm Registration (Intruder)	56.70
55.60	*Alarm Registration (Panic Alarm)	56.70
67.10	*Lone Worker Devices up to 10,000	68.60
100.70	*Lone Worker Devices 10,001 - 50,000	102.80
134.30	*Lone Worker Devices 50,001 and over	137.10

* Fee rise is due from 1st April 2025

Intellectual Property Rights and Copyright					
£ Per image -2024/25		Still Images		£ Per image - Jan-25	
Time Limited Use	In Perpetuity	Usage	Region/Type	Time Limited Use	In Perpetuity
100.00	200.00	Books	UK	102.10	204.20
110.00	220.00		Europe	112.30	224.60
120.00	240.00		Worldwide	122.50	245.00
110.00	n/a	Newspapers & Magazines	Single Use	112.30	n/a
65.00	n/a	Internet	Non-commercial	n/a	132.70
175.00	n/a		Commercial	n/a	357.40
120.00	275.00	TV / Film	UK	122.50	280.80
175.00	350.00		Europe	178.70	357.40
275.00	550.00		Worldwide	280.80	561.60
£ per 15 seconds		Footage		£ per 15 seconds	
Time Limited Use	In Perpetuity	Usage	Region/Type	Time Limited Use	In Perpetuity
120.00	122.50	TV / Film	UK	122.50	250.10
175.00	178.70		Europe	178.70	377.80
275.00	280.80		Worldwide	280.80	597.30
65.00	n/a	Internet	Non-commercial	n/a	132.70
175.00	n/a		Commercial	n/a	357.40

The above Section 15 charges are generally subject to VAT at the current rate except where a service required by statute or authority direction.

Firearms Licensing Charges

(Set by Statute effective from 5th February 2025)

It should be noted that the charges below are set with reference to Statutory Instruments.

2024/25 £	Firearms Licensing Fees	From 05/02/25 £
88.00	Firearms Certificate grant	198.00
62.00	Firearms Certificate renewal	131.00
4.00	Firearms Certificate replacement	9.00
79.50	Shotgun Certificate grant	194.00
49.00	Shotgun Certificate renewal	126.00
4.00	Shotgun Certificate replacement	9.00
90.00	Shotgun Certificate grant (co-terminus / including Firearms Certificate)	202.00
65.00	Shotgun Certificate renewal (co-terminus / including Firearms Certificate)	155.00
20.00	Visitors Permit (Individual 1-5) per person	47.00
100.00	Visitors Permit (Group 6-20) in total	233.00
84.00	Home Office Club approval	84.00
200.00	Registered Firearms Dealer registration	466.00
200.00	Registered Firearms Dealer renewal	466.00
13.00	Game Fairs	30.00
20.00	Variation (not like for like)	47.00
200.00	Firearms Museum License	200.00
2024/25 £	Other Licensing Fees	Statutory Charges £
12.25	Peddler Certificates	12.25

Other charges

(Set by Statute effective from 1st January 2025)

2024/25 £	Other Licensing Fees	Statutory Charges £
12.25	Peddler Certificates	12.25

Mutual Aid Charges

(Charges as per NPCC Guidance on Mutual Aid Cost Recovery 2024/25 from 1st April 2024 and are yet to be updated for 2025/26)

	Constable	Sergeant	Inspector	Ch Insp	Supt	Ch Supt
Grade 0 Mutual Aid						
Hourly Rate - BH	£57.32	£72.92	£55.29	£59.46	£73.06	£84.60
Grade 1 Mutual Aid						
Hourly Rate	£42.99	£54.69	£55.29	£59.46	£73.06	£84.60
Grade 2 Mutual Aid						
Hourly Rate	£38.12	£48.49	£55.29	£59.46	£73.06	£84.60
Grade 3 Mutual Aid						
Hourly Rate	£42.99	£54.69	£66.35	£71.35	£87.67	£101.52

Premium Factors for Specialised Resources

Following discussions with NPoCC, it has been concluded that the current premium factors are no longer valid. To rationalize this, NPoCC has suggested all Role Profiles will be categorized as **Individual Deployed Resources (IDR)**, apart from Horse and Marine Units, which will be categorized as **Team Deployed Resources (TDR)**.

The four gradings of Mutual Aid deployment are:

Grade 0 Mutual Aid is for Bank Holiday deployments.

Grade 1 Mutual Aid corresponds to an emergency/ spontaneous deployment. Notice of 0-15 days, de-minimis of 65 hours applies.

Grade 2 Mutual Aid corresponds to a planned deployment/event. Notice of over 16 days.

Grade 3 Mutual Aid corresponds to International Mutual Aid.

(Please note Grade 0 takes precedence, regardless of whether spontaneous or planned deployment of Mutual Aid.)

In all cases charges are based on hours worked plus travel. When in compliance with Home Office Circular 010/2012, 'away from home overnight allowances' and 'hardship allowances' are paid to officers held in reserve for mutual aid duties. The providing force will make a charge to the host force to retrieve the costs of making the allowances

Vehicle Cost Recovery

Provision of Vehicle Only	Daily Rate £	Miles Per Litre
Public Order Carrier	65.00	5
General Purpose Van	40.00	6
Electric ONLY Vehicle	54.00	N/A
Marked Car	45.00	6
Unmarked Car	35.00	7
Motorcycle	35.00	8
Firearms ARV	54.00	5
Armoured Vehicle	65.00	4
Other Specialist e.g. Mobile Police Station	130.00	N/A
Other Motorised Equipment	#	#

Recover actual cost on agree basis

Daily rates for vehicles will be subject of an annual notification for any inflationary increase by NPCC FCC. Fuel recovery will be charged at actual mileage travelled at the specified miles per litre rate that will be set by NPCC FCC and reviewed at appropriate periods.

Where hybrid fuel vehicles are used, normal fuel mileage rates will be assumed, and battery charging will not be reimbursed.

For electric ONLY vehicles, battery-charging cost is included in daily rate. Any battery charging at host police location (where charging point available) will be provided by host free of charge.

Appendix 5**Vehicle Costs for Escorting Abnormal Loads**

Vehicle Type	Daily Rate £	Miles Per Litre	Fuel Cost Per Mile £
Marked Car - petrol/diesel	45.00	6	0.2478
Marked Car - electric only	54.00	N/A	N/A
Motorcycle	35.00	8	0.1760