



Cumbria Office of the Police and Crime Commissioner

Title: Revenue Budget and Medium Term Financial Forecast (MTFF)

Police and Crime Panel: 26 January 2015

Report of the PCC Chief Finance Officer

Originating Officers: Michelle Bellis, Deputy Chief Finance Officer & Mark Carter, Principal
Financial Services Officer.

1. Introduction

- 1.1. The purpose of this report is to provide a detailed analysis of the figures contained within the revenue budget for 2015/16 and the MTFF to 2019/20.
- 1.2. The report provides more detailed analysis of the budgets for 2015/16 together with comparative information from the 2014/15 approved budget.
- 1.3. The report also provides additional information in respect of the more unusual aspects of the budget and explanations where the budgets have changed significantly between the years.
- 1.4. The overall revenue budget and MTFF position is summarised in **Appendix A**. Further analysis is provided in supporting appendices which are cross referenced from the main appendix.

Appendix A

Revenue Budget & Medium Term Financial Forecast to 2019/20

| Description | Supporting Schedule | 2014/15 £'s | 2015/16 £'s | 2016/17 £'s | 2017/18 £'s | 2018/19 £'s |
|--|---------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| Commissioner's Budgets | Appendix B | (7,165,278) | (11,607,518) | (13,403,590) | (20,469,091) | (21,134,847) |
| Constabulary Funding | Appendix C | 110,983,308 | 112,479,625 | 115,269,939 | 120,012,290 | 121,562,670 |
| Net Expenditure | | 103,818,030 | 100,872,107 | 101,866,349 | 99,543,199 | 100,427,823 |
| Funding | | | | | | |
| Use of Reserves | Note 1 | (7,103,822) | (6,247,922) | (5,171,611) | (1,315,474) | (703,000) |
| Formula Grants/Funding | Note 2 | (63,109,032) | (59,884,427) | (57,968,125) | (56,113,145) | (54,317,524) |
| Council Tax | Note 3 | (33,605,176) | (34,739,758) | (35,018,024) | (35,686,869) | (36,372,057) |
| Net Deficit / Savings Requirement | | 0 | 0 | 3,708,590 | 6,427,712 | 9,035,242 |
| Change Programme Planned Savings | Note 4 | 0 | 0 | (3,921,523) | (6,097,230) | (8,207,022) |
| Net (Surplus) / Deficit | | 0 | 0 | (212,933) | 330,482 | 828,220 |

Note 1 – The Precept Proposal and Medium Term Budget report elsewhere on the agenda provides information on the use of reserves.

Note 2 – The provisional settlement for formula funding was received on 17 December 2014. Formula funding allocated from central government was reduced by 5.2% as previously forecast. At this stage it has been assumed that funding will further reduce by 3.2% in 2016/17 and each subsequent year.

Note 3 – The council tax figures for 2015/16 and future years have been updated in respect of the latest estimates of the council tax base. At this stage the figures are still to be finalised. The council tax income estimates assume council tax precept rises of between 1.90% and 1.92% across the forecast. The figure is calculated to below 1.95% so when rounded to one decimal place the increase is below 2% which is the assumed level that would trigger a referendum.

Note 4 – The budget deficit for 2015/16 was originally £1.797m, change programme savings to offset this figure and balance the 2015/16 have now been incorporated into the budget for 2015/16 with ongoing effects in subsequent years. For information regarding the planned savings proposed to bridge the budget deficit please see the separate change programme report on the agenda (Item 8 Report A (ii)).

Appendix B

Commissioner's Budgets

The Commissioner's budgets include commissioned services and a number of other technical statutory accounting adjustments. The budget can be analysed as follows:

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | 2016/17 £'s | 2017/18 £'s | 2018/19 £'s |
|-----------------------------------|-----------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Commissioner's Office | B1 | 849,728 | 799,004 | 796,428 | 808,953 | 821,682 |
| Commissioned Services | B2 | 4,645,303 | 2,699,000 | 2,703,000 | 2,703,000 | 2,703,000 |
| Premises Related Costs | B3 | 3,873,280 | 3,716,924 | 3,803,521 | 3,875,788 | 3,949,428 |
| Insurances & Management of Change | B4 | 566,486 | 506,816 | 506,816 | 506,816 | 506,816 |
| LGPS Past Service Cost | B5 | 799,000 | 799,000 | 799,000 | 799,000 | 799,000 |
| Management of Change | B6 | 700,000 | 1,830,000 | 1,500,000 | 0 | 0 |
| Provision for Insurance liability | B7 | 105,500 | 196,175 | 196,175 | 196,175 | 196,175 |
| Statutory Accounting Adjustments | B8 | 1,348,251 | 859,231 | 859,231 | 859,231 | 859,231 |
| Capital Financing | B9 | 6,372,088 | 4,888,993 | 5,163,714 | 2,712,086 | 2,260,288 |
| Grants & Contributions | B10 | (23,423,180) | (25,454,489) | (25,716,134) | (28,812,658) | (29,120,250) |
| Interest/investment Income | B11 | (120,000) | (125,000) | (100,000) | (52,000) | (65,000) |
| Earned Income | B12 | (3,085,734) | (3,966,595) | (4,040,341) | (4,115,482) | (4,245,217) |
| Conrinutions to Revenue Reserves | B13 | 204,000 | 1,643,423 | 125,000 | 50,000 | 200,000 |
| Total | | (7,165,278) | (11,607,518) | (13,403,590) | (20,469,091) | (21,134,847) |

B1. Commissioner's Office

During 2014/15 an exercise has been carried out to reduce the budget associated with the Office of the PCC. The non-pay budgets in general have been subjected to no inflationary increase until 2017/18. The budget from 2017/18 reverts to the standard inflationary increase applied of 1.8%.

B2. Commissioned Services

Commissioned services represents the funding provided by the Commissioner for specific purposes. The Commissioning strategy approved by the Commissioner in March 2014 set out the following funding streams:

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|--|-----------|------------------|------------------|--------------------------------|------------------------------|
| <i>Funding to External Organisations</i> | | | | | |
| Community Fund | A | 100,000 | 100,000 | 0 | 0.00% |
| Innovation Fund | B | 100,000 | 100,000 | 0 | 0.00% |
| Partnership Fund | C | 1,550,303 | 1,400,000 | (150,303) | -9.70% |
| Prevention Fund | D | 610,000 | 544,000 | (66,000) | -10.82% |
| Victims Services Fund | E | 285,000 | 555,000 | 270,000 | 94.74% |
| | | 2,645,303 | 2,699,000 | 53,697 | 2.03% |
| <i>Funding to Constabulary</i> | | | | | |
| Police Innovation Funding | F | 2,000,000 | 0 | (2,000,000) | -100.00% |
| | | 2,000,000 | 0 | (2,000,000) | -100.00% |
| Total | | 4,645,303 | 2,699,000 | (1,946,303) | -41.90% |

Notes:

A. The **community fund** aims to support a wide range of projects that can show a contribution to any of the priorities within the police and crime plan. The fund is particularly looking to support community groups to deliver a change within their local communities and which they believe they can have an impact on: Anti- Social Behaviour - including Alcohol- Related Offending, Youth Justice, Rural Crime, Domestic Abuse, Sexual Violence, Support for Victims, Preventing Re-offending, Veterans, Hate Crime which encompasses hate, disability, sexual orientation, race, transgender and religion.

B. The **innovation fund** is a single annual pot of £100,000 that is available to support innovative projects to pilot new ways of working with at risk groups to reduce offending and re-offending. Grants will be awarded to Innovative projects that specifically aim to address the following issues: Anti-Social Behaviour, Alcohol related crime, Youth Justice, Veterans, Rural crime, Domestic Violence and Sexual Violence.

C. The priorities within the police and crime plan can only be delivered by working collaboratively with our wider public sector partners across health and the local government sectors. The **partnership fund** recognises that our partners are uniquely placed through their links to local communities and the services they deliver to act as the lead agency to commission and deliver local services across areas of shared responsibility. The fund will focus on initiatives that deliver a stepped improvement in services to victims of domestic and sexual violence and support tackling community safety and anti-social behaviour at a very local level in our communities. The fund will secure the continued provision of financial support to county wide services for youth offending, community based domestic violence advisors and community safety partnerships. The fund also aims to support new and enhanced services in partnership with health for victims of domestic and sexual violence and provide additional funding for the work of the Safer Cumbria Action Group.

D. The **prevention fund** is a ring-fenced fund for tackling offending, re-offending and anti-social behaviour. The fund will be used to develop a three year preventative commissioning plan that will include a range of perpetrator and education programmes alongside restorative justice provision and interventions to tackle youth offending and improve outcomes for young people at risk of offending. The programme will seek to heavily engage the skills and experience of the Voluntary, charitable and community sectors to support interventions at a local level. It is anticipated that commissioning activity will operate through both traditional procurement routes in addition to the issuing of crime and disorder reduction grants.

E. The **victims' services fund** is a specific ring-fenced fund backed by a central Government grant. The grant is be subject to some conditions but aims to facilitate the commissioning of the widest possible range of services for victims and by the widest possible means. Services and interventions commissioned locally will take account of those services that will continue to be provided nationally and the EU Victims Directive. The fund will commission a victims referral service helpline from April 2015 and local support services in addition to a victim's information hub that will bring together a range of information to support victims and providers in accessing further help. Victims services advocacy will be managed through a charitable trust to ensure victims receive the best possible level of care from all agencies and providers.

F. The **police innovation fund** is a fund to support innovation within the Constabulary was established in 2013/14 primarily to provide for the funding needed to implement the national policing strategy for mobile and digital working and replace a number of core policing systems to support the Constabulary business plan. The fund ring-fenced resources pending the development of more detailed business cases that provided a clear justification for the expenditure and demonstrated a positive return on investment for any non-mandated elements of the programme. During 2014/15 that work has been complete and capital schemes have been approved for inclusion within the capital programme. The resources to fund this investment have been drawn down from the commissioned services budget and included within the funding that finances the capital programme to match the associated increase in expenditure.



The Commissioner presenting a cheque to Carlisle Youth Zone

B3. Premises Related Costs

The Commissioner is statutorily responsible for and owns the police estate. The Chief Constable manages the estate on behalf of the Commissioner. The estate is comprised of police headquarters at Carleton Hall, larger police stations which include custody facilities, smaller police stations and a small number of residual police houses. The premises budgets have in the main been increased for inflation at 1.8%. The premises budget can be analysed as follows:

| Description | 2014/15 | 2015/16 | Increase | Increase |
|--------------------------------|------------------|------------------|--------------------|------------------|
| | £'s | £'s | /(Decrease) £'s | /(Decrease) % |
| Property Repairs & Maintenance | 648,816 | 644,436 | (4,380) | -0.68% |
| Utilities | 1,087,687 | 1,040,645 | (47,042) | -4.32% |
| Rent & Rates | 1,572,117 | 1,498,603 | (73,514) | -4.68% |
| Cleaning & Domestic Supplies | 461,396 | 438,773 | (22,623) | -4.90% |
| Other Premises Costs | 103,264 | 94,467 | (8,797) | -8.52% |
| Total | 3,873,280 | 3,716,924 | (156,356) | -4.04% |

The premises related budgets have reduced as a result of work undertaken to apply a risk based approach to the budgeting process. The budgets are also showing slight reductions as a result of the assets rationalisation strategy which has seen the overall number of premises being reduced.

Work is currently progressing well to construct a new TPA HQ for the south of the county at Barrow and is expected to be completed and operational during summer 2015. Further estates rationalisation works will continue.



The Commissioner's estate had an accounting value of £53m at 31/03/2014

Construction of Barrow TPA HQ (Autumn 2014)

The estates budget is analysed by individual premises below:

| Estates Costs 2015/16 by Site | £000s |
|--|--------------|
| Headquarters/Territorial Policing Area HQ | |
| HQ - Carleton Hall, Penrith | 1,127 |
| North TPA - Durranhill, Carlisle | 584 |
| South TPA - Busher Walk, Kendal | 316 |
| South TPA - Market Street, Barrow | 225 |
| West TPA - Hall Brow, Workington | 575 |
| | |
| Smaller Police Stations | |
| Alston | 10 |
| Ambleside | 7 |
| Appleby | 24 |
| Brampton | 44 |
| Carlisle - Civic Centre | 41 |
| Cockermouth | 41 |
| Dalston | 4 |
| Dalton in Furness | 5 |
| Grange Over Sands | 1 |
| Hunter Lane, Penrith | 109 |
| Keswick | 9 |
| Kirkby Stephen | 6 |
| Longtown | 20 |
| Millom | 7 |
| Milnthorpe | 10 |
| Carlisle - Northern Traffic Unit | 56 |
| Sedbergh | 3 |
| Carlisle - Shadygrove Road | 22 |
| Ulverston | 71 |
| Whitehaven | 175 |
| Wigton | 9 |
| Windermere | 31 |
| | |
| Other | |
| Masts/Killington Police Post | 3 |
| Police Houses (currently 3 remaining) | 3 |
| General Estates Costs (not premises specific) | 180 |
| | |
| Total | 3,716 |

Non-premises specific estates costs include reactive repairs and maintenance which cannot be allocated to a premises in advance, cleaning supplies to general stores and valuation fees.

B4. Insurances

The Commissioner and Constabulary have long term agreements in place in respect of insurance. During 2014/15 the option to extend the previous 3 year agreement for a further 2 years (until October 2017) was exercised to allow opportunity for more insurers to enter the marketplace for policing organisations as the market is currently very limited. Insurances are purchased in respect of employers/public liability, motor, premises, crime, terrorism and business continuity.

B5. Local Government Pension Scheme (LGPS) Past Service Cost

Each year a payment is made to the LGPS in respect of past service cost which aims to reduce the pensions' deficit. The Commissioner took the opportunity to pay 3 years contributions in 2014/15 in order to achieve efficiency savings. The Commissioner did this by effectively creating a negative reserve in 2014/15 which will be paid back by reserve contributions (in lieu of the LGPS payment and equal to what these would have been) during 2015/16 and 2016/17.

B6. Management of Change

The management of change budget relates to costs associated with the change programme in respect of termination costs. The budget can vary from year to year depending on the scale of change programme reviews impacting in the year. The costs are met by a corresponding drawdown from the management of change reserve which has been built up for that purpose.

B7. Provision for Insurance Liability

The Commissioner makes an annual contribution to a provision for insurance liabilities. The provision covers costs associated with claims below the insurance policy excess levels and is based on a biennial actuarial valuation of those liabilities. The contribution rate has increased from 2015/16 as a result of the decision to increase the excess level on employers /public liability from its historical level of £25k to £100k.

B8. Statutory Accounting Adjustments

Statutory accounting adjustments relate to the mechanism by which capital grants are received through the revenue budget and are then transferred to capital grants unapplied until these are utilised to fund the capital programme.

B9. Capital Financing

Capital financing includes the following items:

| Description | Paragraph | 2014/15 | 2015/16 | Increase /(Decrease) | Increase /(Decrease) |
|---|-----------|------------------|------------------|-------------------------|-------------------------|
| | | £'s | £'s | £'s | % |
| Direct Revenue Contributions (DRC) | A | 1,755,620 | 1,233,312 | (522,308) | -29.75% |
| DRC - Use of Capital Reserves | B | 3,594,984 | 2,620,677 | (974,307) | -27.10% |
| Minimum Revenue Provision | C | 363,197 | 388,603 | 25,406 | 7.00% |
| Private Finance Initiative (PFI) Interest | D | 657,803 | 646,401 | (11,402) | -1.73% |
| Finance Lease Payments | | 484 | 0 | (484) | -100.00% |
| Total | | 6,372,088 | 4,888,993 | (1,483,095) | -23.27% |

Notes:

- A. The Commissioner makes annual contributions from the revenue budget to the funding of the capital programme. The annual contribution is currently set at 1.2m. Additional contributions from partner organisations for specific aspects of the capital programme (e.g. CCTV, Sellafield vehicles) are also included in this line.
- B. The Commissioner holds a number of reserves that have been earmarked for specific capital purposes (e.g. estates rationalisation, CCTV). When these are applied to fund the capital programme the mechanism is for these to be cycled through the revenue budget. There is a corresponding opposite entry contained within the movements to/from reserves line.
- C. The Commissioner has an underlying need to borrow which is known as the Capital Financing Requirement (CFR). In order to ensure that budget proposals are prudent, the Commissioner is required to make a Minimum Revenue Provision (MRP). The MRP can be likened to making the minimum payment on a credit card.
- D. The Commissioner has a 25 year PFI agreement in respect of the West TPA HQ at Workington. The arrangements for accounting mean that the interest element of the annual unitary charge made by the PFI provider is treated as capital financing.

B10. Grants & Contributions

The Commissioner receives a number of grants and contributions from central Government bodies and other partner organisations. The majority of this income is in respect of the pensions top up grant received from the home office. The table below provides an analysis of the budgeted income for 2014/15 and 2015/16.

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|--|-----------|---------------------|---------------------|--------------------------------|------------------------------|
| Home Office - Police Pension Top Up | A | (15,224,000) | (18,006,000) | (2,782,000) | 18.27% |
| Home Office - Other | | (549,834) | (509,783) | 40,051 | -7.28% |
| DCLG Grant - PFI Grant | | (687,708) | (687,708) | 0 | 0.00% |
| DCLG Grant - Council Tax Freeze Grant | | (857,812) | (857,812) | 0 | 0.00% |
| DCLG Grant - Council Tax Support Grant | | (3,991,947) | (3,991,947) | 0 | 0.00% |
| Ministry of Justice | B | (266,000) | (535,000) | (269,000) | 101.13% |
| Specific Capital Grant | C | (979,640) | 0 | 979,640 | -100.00% |
| Home Office - Non Specific Capital Grant | | (866,239) | (866,239) | 0 | 0.00% |
| Total | | (23,423,180) | (25,454,489) | (2,031,309) | 8.67% |

Notes:

- A. The Police Officer pension scheme is an unfunded pension scheme which means that there are no assets held by the pension scheme to cover liabilities. The constabulary operates a Pension Fund Account for police pensions into which contributions from current serving police officers are paid (contribution rates between 10.7-14%) together with contributions from the constabulary as employer (at 24.2%). From this fund, pension payments to former police officers are made. The net balance on this pension fund account is a deficit and the Commissioner receives a Pensions Top-up Grant from the Home Office to balance the fund. The transfer of this grant to the police pension fund account is shown within the constabulary funding section below (see C2).
- B. The Ministry of Justice grant is in respect of victims services including restorative justice. The figure has increased between 2014/15 and 2015/16 as a result of funding being for the full financial year.
- C. Specific capital grants include grants received for specific capital purposes and will include Home Office Innovation Funding.

B11. Interest/Investment Income

The Commissioner invests surplus funds until these are required to fund operational requirements with financial institutions in accordance with the investment strategy (approved in February each year as part of his Treasury Management Strategy). The current forecast for investment income is based on the forecast sums available for investment and the most likely interest rate that will be achieved on those investments. The forecast income is relatively low due to the historically low bank base rate which has been at 0.50% since 2009, the forecasts assume that the rate will start to rise modestly slowly over the coming years.

| Interest Rate Forecast | 2014/15 % | 2015/16 % | 2016/17 % | 2017/18 % | 2018/19 % |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Quarter 1 | 0.50% | 0.50% | 1.00% | 1.50% | 2.00% |
| Quarter 2 | 0.50% | 0.75% | 1.25% | 1.75% | 2.25% |
| Quarter 3 | 0.50% | 0.75% | 1.25% | 1.75% | 2.25% |
| Quarter 4 | 0.50% | 1.00% | 1.50% | 2.00% | 2.50% |

The reduction in forecast income during 2016/17 and 2017/18 reflects the reduction in overall balances available for investment as capital reserves are depleted.

B12. Earned Income

The Commissioner on behalf of the Constabulary receives a relatively small amount of income each year, just 3.5% when compared with Constabulary gross expenditure. The majority of income budgets have been increased for general inflation at 1.8%.

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|---|-----------|--------------------|--------------------|--------------------------------|------------------------------|
| Local Government Funding - Specific Partnership | | (178,855) | (163,949) | 14,906 | -8.33% |
| Sale of Assets & Goods | | (77,120) | (75,917) | 1,203 | -1.56% |
| Fees & Charges - Public Fees | A | (177,602) | (218,112) | (40,510) | 22.81% |
| Fees & Charges - Rental & Hire Charges | | (15,377) | (15,377) | 0 | 0.00% |
| Fees & Charges - General | | (786,469) | (806,946) | (20,477) | 2.60% |
| Private Hire - Single & Recurring Events | B | (125,436) | (109,765) | 15,671 | -12.49% |
| Inter Force Reimbursements Incl. Collaboration | C | (57,598) | (93,524) | (35,926) | 62.37% |
| Reimbursed Services - Other Public Bodies | D | (785,026) | (1,525,910) | (740,884) | 94.38% |
| Transport Trading Income | | (7,240) | (6,240) | 1,000 | -13.81% |
| General Trading Income | | (259,826) | (236,682) | 23,144 | -8.91% |
| Contributions & Reimbursements by Staff | E | (5,462) | (1,534) | 3,928 | -71.92% |
| Proceeds of Crime | F | (93,086) | (120,000) | (26,914) | 28.91% |
| Reimbursements of Licence Expenditure | G | (34,277) | (20,509) | 13,768 | -40.17% |
| Sources of Income from Other Forces | H | (341,618) | (424,695) | (83,077) | 24.32% |
| Internal Recharges Income - ICT | | (31,465) | (37,625) | (6,160) | 19.58% |
| Internal Recharges Income - Printing | | (109,277) | (109,810) | (533) | 0.49% |
| Total | | (3,085,734) | (3,966,595) | (880,861) | 28.55% |

Notes:

- A. Fees and Charges Public Fees include such items as charges for accident reports, photocopying of documents, disclosure checks, fingerprints and firearms licensing. The increase of £40k in 2015/16 relates to the cyclical nature of firearms licence renewals whereby the bulk of licences are renewed in the year for a 3 year period. The income from firearms licensing in the intervening two years is much lower.
- B. Single and recurring events include charging for policing at sporting and community events and shows. The reduction of income in this category is largely due to the reduced requirement for policing at Carlisle United football matches as a result of their recent relegation.
- C. Inter-force reimbursements including collaboration. The increase relates to increased reimbursements in respect of counter terrorism, a corresponding reduction in specific grant income is shown within the PCC Grants and Contributions line resulting in a nil overall effect.
- D. Reimbursed services other public bodies includes a number of arrangements where costs are recovered from other bodies. The significant increase between 2014/15 and 2015/16 largely relates to the inclusion of income in respect of policing services provided to the Nuclear Decommissioning Authority (NDA).
- E. This budget relates to income from staff in respect of private telephone calls and chief officers in respect of private mileage undertaken in provided vehicles. None of the current chief officer team have a provided vehicle and as such the income budget has been reduced.
- F. Income from proceeds of crime can vary significantly from year to year depending on the volume and value of seizures made. The budget has been increased as a result of an analysis of recent trends by finance staff.
- G. Reimbursement of licence expenditure relates to reimbursement in respect of vehicle licencing. The Constabulary is now licencing fewer vehicles so the income budget has been reduced. There is a corresponding reduction in respect of vehicle licencing fees shown within transport costs.
- H. Sources of income from other forces include a number of arrangements where police officers are seconded to other forces. The increases in income reflect increased collaboration arrangements and offset to some degree the increases outlined above within third party payments.

B13. Contributions to Revenue Reserves

The Commissioner maintains a number of reserves for operational budgeting purposes. These include:

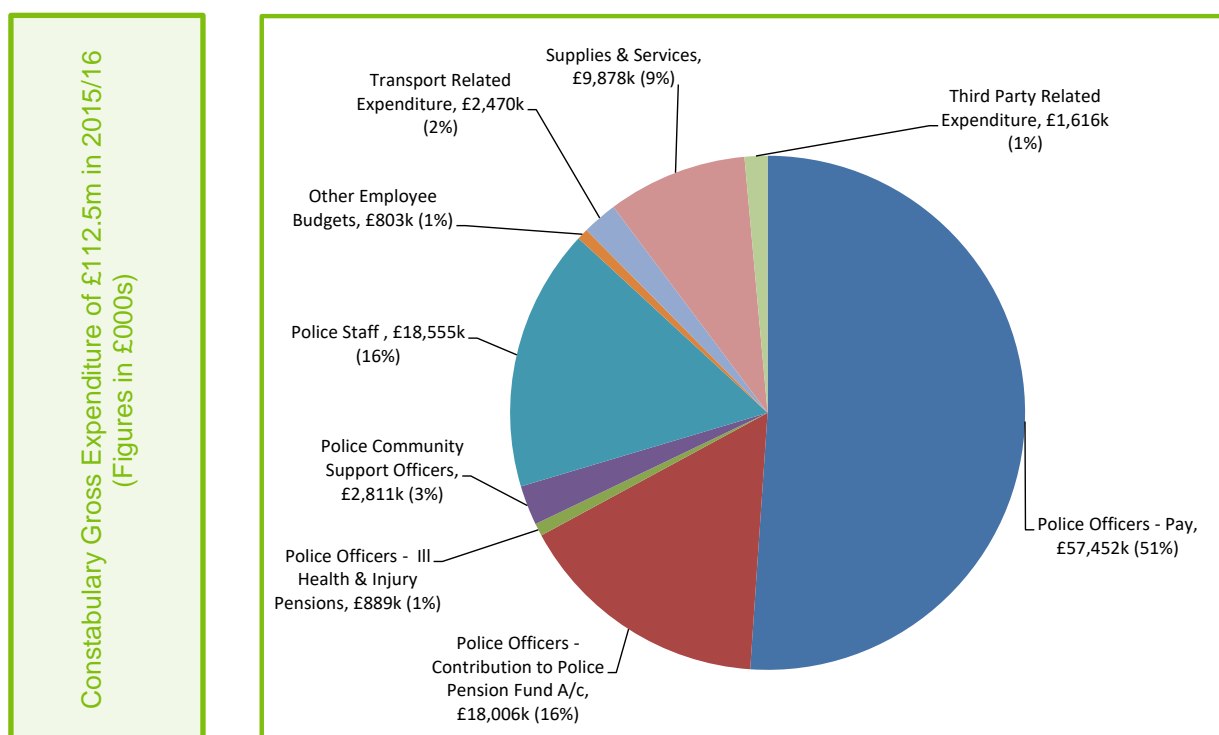
- **public holiday reserve** which aims to smooth budget fluctuations as a result of varying numbers of public holidays falling in each financial year. In some years there will be a contribution to reserves and in others a drawdown.
- **Body armour reserve** which aims to smooth budget fluctuations as a result of the cyclical nature of body armour replacement. In some years there will be a contribution to reserves and in others a drawdown.

Appendix C

Constabulary Funding

The largest portion of expenditure for the Commissioner (£112m in 2015/16) relates to funding provided to the Chief Constable by way of the funding agreement. The funding provided by the Commissioner is set out in the table below and is analysed into subjective headings. More detailed analysis of the subjective headings is provided in the sections below (see C1-C9).

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | 2016/17 £'s | 2017/18 £'s | 2018/19 £'s |
|---|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Police Officers - Pay | C1 | 58,824,569 | 57,452,344 | 58,219,501 | 59,457,794 | 60,250,686 |
| Police Officers - Contribution to Police Pension Fund A/c | C2 | 15,224,000 | 18,006,000 | 19,121,000 | 22,213,000 | 22,516,000 |
| Police Officers - Ill Health & Injury Pensions | C3 | 896,880 | 888,880 | 924,436 | 961,414 | 999,871 |
| Police Community Support Officers | C4 | 2,847,780 | 2,810,501 | 2,968,932 | 3,024,966 | 3,069,841 |
| Police Staff | C5 | 19,338,611 | 18,555,500 | 19,831,311 | 19,874,685 | 19,837,806 |
| Other Employee Budgets | C6 | 597,272 | 803,280 | 567,281 | 578,060 | 589,044 |
| Transport Related Expenditure | C7 | 2,686,392 | 2,469,876 | 2,538,507 | 2,609,526 | 2,690,590 |
| Supplies & Services | C8 | 9,258,634 | 9,877,535 | 9,452,563 | 9,615,155 | 9,899,265 |
| Third Party Related Expenditure | C9 | 1,309,170 | 1,615,709 | 1,646,408 | 1,677,690 | 1,709,567 |
| Constabulary Funding | | 110,983,308 | 112,479,625 | 115,269,939 | 120,012,290 | 121,562,670 |



In overall terms expenditure has increased from £111m in 2014/15 to £112.5m in 2015/16, an increase of £1.5m. The budgets for 2015/16 have been reduced by £1.8m as a result of change programme savings which have been incorporated into base budgets to bridge the originally forecast budget deficit. These reductions are offset by an increase, the most significant element of which is attributable to Police Officer Pensions (£2.8m). The difference in expenditure would have been much higher based on inflation alone. Upward cost pressures have been managed down through a *Star Chamber* approach that has seen senior level scrutiny and challenge of the resources provided to all budget holders and an overall reduction of £1.2m in budgets through zero basing.

C1. Police Office Pay and Allowances

Police officer pay and allowances account for the majority (51%) of the Constabulary budget. The budget is based on the current workforce plan which is discussed in further detail in the savings report. The base budget for 2015/16 was constructed on the current establishment of 1150 officers (1132 Core Constabulary, 1 Seconded + 17 Sellafield). The reduction in budget between 2014/15 and 2015/16 principally reflects anticipated higher levels of officer turnover (the timing and salaries of retirements and other leavers compared to intakes of new recruits).

C2. Contribution to the Police Pension Fund Account

The Police Officer pension scheme is an unfunded pension scheme which means that there are no assets held by the pension scheme to cover liabilities. The constabulary operates a Pension Fund Account for police pensions into which contributions from current serving police officers are paid (contribution rates between 10.7-14%) together with contributions from the constabulary as employer (at 24.2%). From this fund, pension payments to former police officers are made. The net balance on this pension fund account is a deficit and the Commissioner receives a Pensions Top-up Grant from the Home Office to balance the fund. This line within the constabulary budget reflects the transfer of this grant to the pension fund account. The grant itself is recorded within the Commissioner's budgets (see Appendix B, line B10).

C3. Ill Health & Injury Pensions

The Constabulary has to meet the pension payments of police officers who retire on an ill health or injury basis. All other pension payments are met by the Pension Fund Account (see above) which is funded from in year officer and employer contributions plus a top up grant from the Home Office.

C4. Police Community Support Officers

The budget for Police Community Support Officers is based on an establishment of 95 FTE posts. The reduction in budget between 2014/15 and 2015/16 principally reflects anticipated higher levels of officer turnover (the timing and salaries of retirements and other leavers compared to intakes of new recruits).



C5. Police Staff

Police staff budgets are based on the current workforce plan. The figures have increased between 2014/15 and 2015/16 as a result of additional staff in ICT that have been recruited to oversee the implementation of the mobility and digitisation programme and will be subject to a review once the implementation phase has been completed. Staff numbers will reduce over the MTFF timeframe as a result of the reviews being undertaken by the change programme, more details of which are contained within the savings report.

C6. Other Employee Benefits

The other employee benefits budget covers a mix of individual budget lines. These budgets have been subject to an inflationary increase of 1.8% in the main. The proposed other employee benefits budget for 2015/16 and a comparison with that of 2014/15 is shown in the table below:

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|--|-----------|----------------|----------------|--------------------------------|------------------------------|
| Temporary & Agency Staff | A | 23,777 | 277,133 | 253,356 | 1065.55% |
| Staff & Officer Recruitment Costs | B | 58,154 | 28,653 | (29,501) | -50.73% |
| Staff Welfare Costs | | 153,196 | 146,134 | (7,062) | -4.61% |
| Employee Insurance | | 4,636 | 5,416 | 780 | 16.82% |
| Police Staff Pension Additional Payments | | 68,000 | 68,237 | 237 | 0.35% |
| Training & Conferences Expenditure | | 289,509 | 277,707 | (11,802) | -4.08% |
| Total | | 597,272 | 803,280 | 206,008 | 34.49% |

Notes:

- A. Temporary and Agency staff increases significantly during 2015/16, of the increase £237k relates to temporary resources required to ensure the implementation of one off ICT projects and the balance relates to the need to increase the base budget in respect of agency staff as a result of the need to provide capacity in the event of vacancies when operating with reduced staffing numbers in support functions.
- B. The staff and officer recruitment costs budget has been reduced in 2015/16, the majority of the reduction relates to the anticipated lower levels of recruitment in 2015/16. The balance of the reduction (£11k) relates to a decision in the budget star chamber to remove the budget for re-location expenses. The decision assumes that in the event of a senior level vacancy (which is likely to attract a re-location allowance) a budget saving will arise in year from the vacant post which can be used to offset such costs.

Staff welfare costs include opticians fees, counselling, physiotherapy, ergonomists and other medical fees and tests.

Additional pension payments relate to pensions costs in respect of former employees who have retired early.

C7. Transport Related Budgets

Expenditure on transport budgets accounts for approximately 2% of Constabulary expenditure. The transport budgets have been uplifted for inflation at a rate of 1.8% in the main. The proposed transport related budget for 2015/16 and a comparison with that of 2014/15 is shown in the table below:

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|--|-----------|------------------|------------------|--------------------------------|------------------------------|
| Vehicle Repair & Maintenance | A | 702,963 | 734,765 | 31,802 | 4.52% |
| Vehicle Fuel | B | 1,275,741 | 1,142,231 | (133,510) | -10.47% |
| Vehicle Contract Hire & Operating Leases | C | 210,687 | 158,077 | (52,610) | -24.97% |
| Car Allowances & Travel Expenses | D | 395,209 | 347,142 | (48,067) | -12.16% |
| Air Support | E | 52,988 | 52,988 | 0 | 0.00% |
| Transport Other | F | 48,804 | 34,673 | (14,131) | -28.95% |
| Total | | 2,686,392 | 2,469,876 | (216,516) | -8.06% |

Notes:

- A. The vehicle repairs and maintenance budget has been increased in 2015/16 by £10k as a result of additional pool cars being added to the fleet for which there is an offsetting reduction in the hire car budget and for the addition of 5 vehicles in respect of the Sellafeld Policing unit for which costs are reimbursed by the Nuclear Decommissioning Authority.
- B. The vehicle fuel budget has been reduced overall. Vehicle fuel has been increased by a higher inflation rate (5%). The reduction is as a result of a re-basing of fleet budgets to take account of current activity levels and prices. A net reduction of £134k was taken out of the budget as a result of this exercise.
- C. Vehicle contract hire charges have reduced, the main reason for the reduction is as a result of the addition of a further 10 pool cars which has reduced the need to hire vehicles.
- D. Car allowances and travel expenses have also reduced, the reduction is the result of savings achieved by the central services team by determining the most cost effective means of travel.
- E. The budget for Air Support remains unchanged however the charging mechanism for this service is currently under negotiation and as a result the sum included in the budget might need to be amended.

F. Transport insurance budgets are showing a slight reduction, this is as a result of a combination of increased insurance costs from increased vehicles numbers and a reduction in respect of contribution to a provision for self-insurance.

The vehicle fleet consists of 283 vehicles and can be broadly categorised as follows:

| Fleet Summary | Number of Vehicles in category |
|---------------------------------------|--------------------------------|
| Covert vehicles | 28 |
| Neighbourhood Policing | 109 |
| Specialist Vehicles | 21 |
| Dog Vehicles | 11 |
| Motor Cycles | 10 |
| Pool Cars | 30 |
| Protected personnel Carriers | 9 |
| Roads Policing Vehicles | 23 |
| Crime Command | 23 |
| Crime Schene Investigators | 11 |
| Garage vehicles | 3 |
| Misc Adaptions /Mobile Data Terminals | 0 |
| Sellafield Policing Unit | 5 |
| Total Fleet Vehicles | 283 |

Fleet vehicle replacements are provided through the capital programme. The current 10 year capital programme for fleet replacements amounts to £11m

Cumbria has 4,784 miles of roads of which 76 are motorway.

Cumbria officers check on average 125 thousand vehicles per year.

The vehicle fleet travels approximately 6 million miles per year.



C8. Supplies & Services

Expenditure on supplies & services accounts for approximately 9% of Constabulary budgets. The majority of budgets have been increased for general inflation at 1.8%, however, this is an area where reductions were achieved as part of the budget star chamber process.

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|---|-----------|------------------|------------------|--------------------------------|------------------------------|
| Office Equipment, Furniture & Materials | A | 293,786 | 248,522 | (45,264) | -15.41% |
| Catering Contract | | 58,679 | 59,009 | 330 | 0.56% |
| Clothing, Uniform & Laundry | B | 671,723 | 447,822 | (223,901) | -33.33% |
| Custody Costs | C | 168,392 | 132,140 | (36,252) | -21.53% |
| Forensics Costs | | 813,576 | 789,792 | (23,784) | -2.92% |
| Investigative Expenses | | 109,599 | 103,568 | (6,031) | -5.50% |
| Police Doctors & Surgeons | | 1,075,480 | 1,178,102 | 102,622 | 9.54% |
| Interpreters & Translators | | 37,958 | 37,958 | 0 | 0.00% |
| Communications & Computing | D | 4,667,230 | 5,339,065 | 671,835 | 14.39% |
| PCC Innovation Fund | E | 0 | 150,000 | 150,000 | 100.00% |
| Other Supplies & Services | | 1,272,033 | 1,300,346 | 28,313 | 2.23% |
| Printing Recharges | | 90,178 | 91,211 | 1,033 | 1.15% |
| Total | | 9,258,634 | 9,877,535 | 618,901 | 6.68% |

Notes:

- A. The office, equipment and furniture budget is an example of where budgets have been saved as a result of the Star Chamber process. A total of £43k was removed from the budget during this process.
- B. The clothing uniform and laundry reduction is linked to the anticipated level of recruitment during 2015/16 and has been reduced accordingly.
- C. The budget for custody costs includes the provision of medical supplies, food, clothing and laundry within custody suites. The budget has been reduced through the Star Chamber process.
- D. Communications and computing costs has risen significantly during 2015/16. The main reason for this is as a result of the one off costs associated with the implementation of a number of ICT schemes planned for 2015/16. The funding for this additional cost is being provided by the Commissioner through the drawdown of the investment fund.

- E. The Police Innovation fund is funding provided by the Commissioner on an annual basis facilitates the development of innovative schemes which can demonstrate a positive return on investment with the Constabulary to improve the effectiveness of policing services.

C9. Third Party Related

Expenditure on third party payments accounts for just 1% of overall Constabulary funding and covers a wide range of items. Third party payments in the main have been increased for inflation by 1.8%.

| Description | Paragraph | 2014/15 £'s | 2015/16 £'s | Increase /(Decrease) £'s | Increase /(Decrease) % |
|-------------------------------------|-----------|------------------|------------------|--------------------------------|------------------------------|
| Collaborations & Co-Working | | 200,541 | 206,681 | 6,140 | 3.06% |
| Outsourced Services | A | 139,603 | 108,263 | (31,340) | -22.45% |
| Collaboration Payments | B | 440,805 | 567,562 | 126,757 | 28.76% |
| Police National Computer / Database | | 354,884 | 377,209 | 22,325 | 6.29% |
| Other Third Party Payments | C | 173,337 | 355,994 | 182,657 | 105.38% |
| Total | | 1,309,170 | 1,615,709 | 306,539 | 23.41% |

Notes:

- A. The reduction in outsourced services relates to a reduction in the annual payroll contract price since the introduction of the new payroll system.
- B. The increase in collaboration payments of £127k relates to two police officer posts (TSU Titan and Prison Liaison) that were previously employed by the Constabulary having been regionalised and for which we are now required to make a contribution.
- C. Other third party payments include such items as payments to the national public order intelligence unit, crime stoppers and payments for other systems as part of the national police ICT service. The increase from 2014/15 relates to increased payments in respect of national ICT systems.