Office of the Police, Fire and Crime Commissioner Carleton
Hall Penrith Cumbria CA10 2AU
Police & Crime Commissioner for Cumbria P McCall

pfcc CUMBRIA
Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

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Our reference: PZ

Date 02 February 2024

CUMBRIA POLICE, FIRE & CRIME COMMISSIONER'S PUBLIC ACCOUNTABILITY CONFERENCE

The Police and Crime Commissioner's Public Accountability Conference will take place on **Thursday 15th February 2024**, at **10.00am.**

The purpose of the Conference is to enable the Police, Fire and Crime Commissioner to hold the Chief Constable to account for operational performance.

If you would like to join the meeting as a member of the public or press, please contact Paula Zutic on paula.zutic@cumbria.police.uk Following the meeting papers will be uploaded on to the Commissioner's website.

G Shearer
Chief Executive

Attendees:

Police, Fire & Crime Commissioner	- Mr Peter McCall (Chair)
OPFCC Chief Executive	- Ms Gill Shearer
Chief Finance Officer	- Mr Steven Tickner
Chief Constable	- Mr Rob Carden

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC
To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

3. QUESTIONS FROM THE PUBLIC
An opportunity (not exceeding 20 minutes) to deal with any questions which have been provided in writing within at least three clear working days before the meeting date to the Chief Executive.

4. DISCLOSURE OF PERSONAL INTERESTS
Attendees are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual should not participate in a discussion of the matter and must withdraw from the room unless a dispensation has previously been obtained.

5. MINUTES OF MEETING
To receive and approve the minutes of the Public Accountability Conference held on the 7th December 2023

6. FINANCIAL SUMMARY 2023/24 – QUARTER 3 TO DECEMBER 2023
To receive and note the quarter three financial summary which incorporates the Commissioner's revenue budget, Constabulary revenue budget and capital monitoring report for the period up to 31 December 2023

7. TREASURY MANAGEMENT ACTIVITIES 2023/24 QUARTER 3 (OCTOBER TO DECEMBER 2023)

To receive & note the OPFCC Treasury Management Activities 2023/24 Report – Quarter 3 to December 2023

8. DECISION 001-2024 – CAPITAL STRATEGY 2024/25

To receive, note and approve the Capital Strategy 2024/25, comprising:

- **A) CAPITAL STRATEGY 2024/25 (inclusive of prudential indicators 2024/25 to 2028/29** (copy to follow)
- **B) CAPITAL PROGRAMME 2024/25 TO 2033/34**
- **C) TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25 (inclusive of Investment Strategy, Borrowing Strategy, MRP Statement)**

9. DECISION 002-2024 - 2024/25 BUDGET AND MEDIUM TERM FINANCIAL FORECAST

To receive, note and approve the Budget and Medium Term Financial Forecast reports

- **A) LOCAL GOVERNMENT ACT 2003 REQUIREMENTS REPORT**
- **B) BUDGET 2024/25 AND FINANCIAL FORECASTS 2025/26 TO 2028/29**
- **C) RESERVES STRATEGY 2024/25**
- **D) CHARGING REPORT 2024/25**

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

CUMBRIA POLICE, FIRE & CRIME COMMISSIONER
PUBLIC ACCOUNTABILITY CONFERENCE

Minutes of the Public Accountability Conference held on
Thursday 7th December 2023
at 10:00am in Conference Room 3, Carleton Hall, Penrith

PRESENT
Police, Fire & Crime Commissioner - Peter McCall (Chair)

Also present:
Deputy Police, Fire & Crime Commissioner (Mike Johnson);
OPFCC Chief Executive (Gill Shearer);
Chief Finance Officer (Steven Tickner);
Deputy Chief Constable (Darren Martland);
Assistant Chief Constable (Dave Stalker);
Director of Performance & Change (Louise Kane);
Constabulary Head of Marketing & Communications (Helen Quinn);
Detective Inspector (Fiona Gray);
OPFCC Bluelight Collaboration Manager (Steph Stables);
OPFCC Executive Support Officer (Paula Zutic) – taking minutes;

Also in attendance – member of the press

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

001. APOLOGIES FOR ABSENCE
Apologies for absence were received from the Chief Constable (Rob Carden);
and the Assistant Chief Constable (Jonathan Blackwell);

002. QUESTIONS FROM MEMBERS OF THE PUBLIC
No questions had been received in advance of the meeting from any members of the public

003. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC
There were no items of urgent business to be considered by the Committee.

004. DISCLOSURE OF PERSONAL INTERESTS
There were no disclosures of any personal interest relating to any item on the Agenda.

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

005. MINUTES

The Chair presented the minutes of the Public Accountability Conference held on the 11th October 2023 which had previously been circulated with the agenda. The minutes were agreed as an accurate record and signed by the Chair.

RESOLVED, that, the

(i) Minutes of the Public Accountability Conference held on the 11th October 2023 be confirmed as a correct record and signed by the Chair;

006. PERFORMANCE

The presentation was given by the Director of Performance and Change, Louise Kane.

Victim satisfaction levels for the whole experience rose by 7.3pp between FYTD 2023 and FYTD 2022, from 75.7% to 83%. Progress updates is the aspect of service that has seen the lowest satisfaction levels across both years. It has risen by 8.6pp from 62.9% in FYTD 2022 to 71.5% FYTD 2023. This is also the aspect to see the largest increase in satisfaction between the years.

Victim satisfaction levels for the whole experience rose by 6.1pp between FYTD 2023 and FYTD 2022, from 69.6% to 75.7%.

Overall, with the exception of cyber-crime, all other crime groups are currently below the 2019 baseline.

Detective Inspector Fiona Gray from the Cyber and Digital Crime Unit joined the meeting to provide an update in relation to cyber-crime specifically.

Cumbria has seen an 8.3% increase in cyber related crime and in reality this is likely to be under reported. All types of cyber crime are represented within this figure.

The majority of cases are hacking personal social media. Stalking; Domestic Abuse; and Cyber Flashing are also all increasing.

A.I. is an emerging national issue, and while it is not currently a big issue in Cumbria it will grow (e.g. fake blackmail phone calls etc.). OCAIT (Online Child Abuse Investigation Team) is starting to see A.I. emerge in the child abuse arena – this is an emerging threat that Cumbria Constabulary are alive to.

PFCC CUMBRIA
Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

The Child Centred Policing Team have a footprint around prevention, and give online safety inputs into schools.

People are encouraged to take a minute to think before opening emails and look for spelling errors. Have strong passwords and use 2 factor authentication.

Phishing scams will try to get people to enter their account details. If you are a victim of a phishing scam, and if you can still log in, change your passwords immediately and add 2 factor authentication. Contact your bank if you have paid for something on your debit or credit card.

The Constabulary will be hosting a live event in January aimed at parents on children who have been given new devices at Christmas. This will be on Facebook and other social media.

Both "Offences Involving Knives or Sharp Weapons" and "Offences Involving Firearm Use" were above the baseline for 1 November 2021/22 but have since fallen below the baseline in the last 12 months 22/23. Please note for reporting purposes the data shown on slide 5 is showing the last 12 months of data (01/11/2022 – 31/10/2023). This is because the baseline is based on the dates 01/01/2019 – 31/12/2019.

The OC8 rate in FYTD 2023 increased to 62.6% from 39.9% in FYTD 2022 – this is an increase of 22.7%

There was a slight drop in 999 call performance in June and July, with June seeing the highest volume of calls. FYTD 2023 – the Constabulary are consistently answering over 92% of all 999 calls within 10 seconds.

In FYTD 22 around 88% of all 999 calls were being answered within 10 seconds. There was a low of 84.4% of 999 calls being answered within 10 seconds, with a peak in September 2022 at 92.2%. This peak is lower than our current lowest rate FYTD 23.
Abandonment rates were similar across the years, with a peak of 1.2% of calls being abandoned in May 2023, which coincides with the month that had the highest volume of calls.

Cumbria ranked 4th nationally for monthly mean % of calls answered under 10 seconds (April 2023-September 2023). Additionally, Cumbria ranked 5th nationally for shortest average call answer time. Cumbria averaged 50 seconds and the number one ranked force (Norfolk) averaged 44 seconds.

Cumbria Constabulary are consistently answering over 94% of all 101 calls within 5 minutes in. There was a drop in June and July, with July seeing the highest volume of calls.
FYTD 22 –In FYTD 22 there was a low of 81.5% of 101 calls being answered within 5 minutes. The peak was in October 2022 at 94.4%.

For the FY 22/23, Cumbria placed 8th nationally for 101 abandonment (8%). Slide 22 shows Cumbria's most recent internal figure (October 2023) as 4.6%, which indicates Cumbria's 101 abandonment rate may have improved since then.

Cumbria sat 2nd in the NW region for % of 101 calls abandoned in the FY 22/23. Lancashire placed 1st with 7%. Furthermore, Cumbria placed 1st when compared to MSG forces. Second place (Norfolk) was 11 percentage points higher than Cumbria, which is a considerable difference.

Following a discussion, the report was noted.

RESOLVED, that

(i) The report be noted;

007. OUTCOMES FOR VICTIMS

The presentation was given by ACC Stalker.

ONS and Home Office data has only been published to the public up to Mar 2023, therefore the Constabulary can only present on data up to that date.

- England & Wales/MSG Comparison (Apr-22 – Mar-23)
- Between Apr-22 and Mar-23 we had a positive outcome rate of 14.6% which was 3.7pp higher than the England & Wales rate of 10.9%
- Between Apr-21 and Mar-22 we had a positive outcome rate of 13.6% which was 2.8pp higher than the England & Wales rate of 10.8%.
- Our positive outcome has increased by 1.0pp, whereas the England & Wales rate only increased by 0.1pp.
- Between Apr-22 and Mar-23 we were ranked 2/4 within the MSG* for positive outcomes.
- Between Apr-21 and Mar-22 we were also ranked 2/4 within the MSG for positive outcomes.
- Between Apr-22 and Mar-23 Cumbria saw an increase of 4.8% in total crime volume, this is 0.3pp more than England & Wales which saw a 4.5% increase.
- So far this year we have seen a 8.6% decrease,

*MSG – Most Similar Group – consists of Cumbria, Lincolnshire, Norfolk & North Wales.

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Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Cumbria has seen 179 more charges this year than the previous year and the custody investigation teams are having a real impact. Speed is key but more needs to be done, gripping criminals and making a difference.

Drug offence positive outcomes have increased by 7.7% (82.2% from 74.5%).
Burglary positive outcomes are 9.9% from 6.6%

In March 2023 training was provided to front line officers in the form of videos, development days and other media to improve drug related crime recording and accurate use of disposals to correctly reflect the positive work by the Constabulary.
There are 1014 less victims than last year, so a good news story.

The positive outcome rate for sexual offences (including rape) in FYTD 2023 was 11.5% compared with 9.4% FYTD 2022, an increase of 2.1pp. Levels remain stable throughout the year, with a larger increase this FYTD seen from July 2023.

While there have been an increase in the number of charges, there is still complexities and getting evidence. The fluctuation on the chart (slide 7) is due to the cycle of investigations, and is also impacted by CPS resourcing.

Cumbria is outperforming a lot of other forces and has adopted a dedicated DCI and also invested in specialist trained officers.

Retail crime is increasing and subject to national initiatives. Cumbria have an action plan that look at how we adhere to this.

Public order offences show a 26% decrease in the number of offences. ASB is classed as public order, in Cumbria we know our crime data is accurate and is a genuine decrease.

Hate crime shows no spikes and continues to be monitored.

Following a discussion, the report was noted.

RESOLVED, that

(i) The report be noted;

Peter McCall

POLICE, FIRE & CRIME COMMISSIONER

The Commissioner is pleased to see performance going in the right direction. There is national concern over cyber related crime and this area needs huge resource. Neighbourhood policing is starting to take effect as well as the rural team.
This is good news and a result of our investment in extra officers, and we are now feeling the effect.

Meeting concluded at 11:50

Signed: ______________________________ **Date:** ________________________________

The Police, Fire and Crime Commissioner For Cumbria

Financial update 2023/24

Quarter 3

As at 31st December 2023

Report to: Public Accountability Conference 15 February 2024

Group Revenue Budget

Overspend £113k (0.09%)

Increased Expenditure £543k (0.32%),

Increased Income £430k (0.25%)

See page 3

OPFCC Revenue Budget

Underspend £210k (0.94%)

Increased Expenditure £104k (0.66%),

Increased Income £314k (0.19%)

See page 3

Constabulary Revenue Budget

Overspend £323k (0.22%)

Increased Expenditure £439k (0.29%),

Increased Income £116k (1.95%)

See pages 4-7

Executive Summary

The combined forecast revenue budget position for the PFCC and Constabulary as at the end of December is £113k overspend.

The December forecast overspend is comprised of an overspend on Constabulary budgets of £323k and an underspend on OPFCC budgets of £210k.

See pages 4-7 for further details of the Constabulary position.

Capital Budget

Budget / Forecast £8,523k / £5,888k

Expenditure at Qtr3 is £2,612k

Profiling to future years (£2,757k)

Budget changes requiring PFCC approval £122k

Net Budget changes to note (£2,635k)

See pages 8-9

Treasury Management

Investment balance 31/12/2023 £12.043m

(Down 39% from £19.760m at 30/09/23).

The current income forecast is £950k against an income budget of £400k and reflects the recent increases in investment interest rates.

See separate report on the agenda.

Description	Revised Budget 2023/24 £'000s	Forecast Expenditure / (Income 2023/24 £'000s	Forecast (Under)/ Overspend 2023/24 £'000s	Forecast (Under)/ Overspend 2023/24 %
Office of the Police, Fire and Crime Commissioner	1,144	1,143	(1)	(0.09%)
Other OPFCC Budgets	(20,141)	(20,350)	(209)	1.04%
Movements To / (From) Reserves	(3,230)	(3,230)	0	0.00%
Total OPFCC Budgets	**(22,227)**	**(22,437)**	**(210)**	**0.94%**
Funding Provided to the Constabulary	147,165	147,488	323	0.22%
Net Expenditure	**124,938**	**125,051**	**113**	**0.09%**
External Funding	(124,938)	(124,938)	0	0.00%
Total	**0**	**113**	**113**	

Key Themes:

- Overall forecasted overspend of £113k (0.79%).
- Police officer pay overspend (+£0.9m)
- Overtime pressures for officers (+£0.3m) and, to a lesser extent, staff (+£0.2m) in all Commands / Directorates.
- Inflation remains stubbonly high with a resultant impact on supplies.

The balance on the police property act fund as at 31st December 2023 was **£95k**. The funds have now been fully allocated with payments to be made in January. Details of the awards made from this fund to community bodies can be found on the Commissioners website. https://cumbria-pcc.gov.uk/what-we-do/funding/property-fund/

Expenditure & Income Variances

Office of the PFCC -£1k

Overspends on supplies & services +£38k reflecting the new notified audit fees which reflect 151% partly offset by underspends on staff pay -£31k, training & conference expenditure -£5k and other minor variances totalling -£2k.

Other PCC Budgets -£209k

Increased interest / investment income -£270k due to rising interest rates and the decision to delay borrowing. Increase in grants & contributions income -£229k due to increased Home Office grants for LEDS partly offset by under recovery of apprenticeship income +£185k. These underspends are partly offset by increased costs relating to Insurances +£58k and estates costs +£47k mainly relating to a business rates rateable value increase.

Funding Provided to the Constabulary Overspend £323k

The overspend in the main arises from overspends on police officer pay budgets caused by changes in the profile of recruitment for police officers and additional officer in post compared to when the budget was set. Smaller overspends on transport and supplies and services and a reduction in forecasted income. These overspends are offset to a degree by forecast underspends on PCSO and staff pay, other employee budgets and third party related expenditure.

Details of the constabulary budget position are included on the following pages.

Constabulary – Revenue Budget 2023/24 (1)

Subjective Analysis (by expenditure type)

Description	Revised Budget 2023/24 £'000s	Forecast Outturn 2023/24 £'000s	Forecast (Under)/ Overspend 2023/24 £'000s	Forecast (Under)/ Overspend 2023/24 %	Forecast (Under)/ Overspend @ OCT-23 £'000s	Change in Forecast OCT-23 to 31st Dec 2023 £'000s
Constabulary Funding						
Police Officers	101,189	101,881	692	0.68%	1,050	(358)
Police Community Support Officers	2,257	1,889	(368)	(16.30%)	(373)	5
Police Staff	28,670	28,538	(132)	(0.46%)	(47)	(85)
Other Employee Budgets	2,845	2,730	(115)	(4.04%)	(50)	(65)
Transport Related Expenditure	2,507	2,712	205	8.18%	190	15
Supplies & Services	11,541	11,812	271	2.35%	400	(129)
Third Party Related Expenses	4,093	3,979	(114)	(2.79%)	(110)	(4)
Total Constabulary Funding	**153,102**	**153,541**	**439**	**0.29%**	1,060	**(621)**
Income	(5,936)	(6,052)	(116)	1.95%	(157)	41
Total Constabulary Funding Net of Income	**147,166**	**147,489**	**323**	**0.22%**	**903**	**(580)**

Risks

- The forecast overspend of £323k will need to be funded from the budget support reserve if not found within the year. This will impact on the potential to apply these reserves to reduce the savings requirement for future years.
- Inflation, although starting to fall, still remains high compared with the inflation factors included within the budget/ MTFF with a resultant impact on supplies.
- The current forecast includes additional uplift grant of £288k, this is however contingent on achieving the additonal 12FTE officers by 31/03/24, if the Constabulary does not meet this target (even by 1FTE) the whole of the grant will be forfeited.

Key Themes:

- Police officer pay (+£0.9m) partly due to having 44 additional officers in post in April compared to the work force plan at budget setting (+£1.5m), officer overtime (+£0.5m), increased numbers of officers at higher ranks (+£0.4m), the impact of temporary changes in the Chief Officer Team (+£0.2m), auto-enrolment into the pension scheme (+£0.2m), public holiday overtime (+£0.1m) partly offset by additional funding for the pay award and uplift (-£1.5m), maternity / paternity payments (-£0.2m), unpaid leave, career break, long term sick and ill health retirements (-£0.1m) and other minor changes totalling (-£0.2m).
- Overtime pressures (excluding public holidays) for officers (+£0.3m) and staff (+£0.2m) in all Commands / Directorates.

Constabulary – Revenue Budget 2023/24 (2)

Objective Analysis (by command/directorate)

Command / Directorate	Revised Budget 2023/24 £'000s	Forecast Outturn 2023/24 £'000s	(Under) / Overspend 2023/24 £'000s	(Under) / Overspend 2023/24 %
Pay Budgets				
Core Police Pay	95,324	95,504	180	0.19%
Core PCSO Pay	2,250	1,884	(366)	-16.27%
Core Police Staff Pay	25,814	25,590	(224)	-0.87%
Sub Total Pay Budgets	**123,388**	**122,978**	**(410)**	**-0.33%**
CORE COMMAND BUDGETS				
Chief Officer Group	659	956	297	45.07%
Corporate Support Directorate	4,527	4,415	(112)	-2.47%
Crime & Intelligence Command	2,603	2,867	264	10.14%
Cumberland BCU	1,671	1,745	74	4.43%
Digital Data & Tech Command	6,592	6,184	(408)	-6.19%
Legal Services Directorate	(134)	(54)	80	-59.70%
Marketing & Communications	211	218	7	3.32%
Operations Command	2,058	2,582	524	25.46%
Standards, Insight & Performance Command	12	85	73	608.33%
Westmorland & Furness BCU	2,634	3,049	415	15.76%
Sub Total Core Command Budgets	**20,833**	**22,047**	**1,214**	**5.83%**
SECONDED	**0**	**0**	**0**	**0.00%**
EARMARKED	**674**	**190**	**(484)**	**-71.81%**
PROJECT	**2,271**	**2,274**	**3**	**0.13%**
Grand Total	**147,166**	**147,489**	**323**	**0.22%**

Variance Narrative

A high-level explanation of the main budget variance by department / command is provided on pages 6-7.

Constabulary – Revenue Budget 2023/24 (3)

Pay Budgets

Police Officer Pay +£180k The current forecast overspend is largely attributable to having 44 additional officers in post in April compared to the work force plan at budget setting +£1.5m, increased numbers of officers at higher ranks +£0.4m, auto enrolment into the pension scheme +£0.2m, increased costs associated with temporary arrangements for the Chief Officer Team +£0.2m (offset by reductions in police staff posts), partly offset by additional funding for pay award and Uplift -£1.5m, maternity / paternity payments -£0.2m, unpaid leave, career break, long term sick and ill health retirements -£0.1m, some officers moving from core funding to being funded by STAR funding -£0.1m other minor changes -£0.2m.

PCSO Pay -£366k Largely as a result of current vacancies and no planned PCSO recruitment until the end of 2023/24. (Establishment 60 FTE -v- Current 41.11 FTE).

Police Staff Pay -£224k Largely as a result of increased vacancies. (Current Vacancies 66.4 FTE).

Core Command Budgets

Chief Officer Group +£297k Largely as a result of +£300k for the increased income target placeholder which can be moved to other commands / directorates as required. +£50k mainly due to the budget setting placeholder for the 50% procurement savings (£100k reduced to £50k due to Safety Camera Scheme partnership funding adjustment), +£52k increased pension contribution costs, +£22k increased monthly charge for Apprenticeship levy, +£8k Other Third-Party Payments (mainly NPoCC SIB funding and NPCC D-DACs funding) +£7k vehicle maintenance, +£11k other minor overspends, partly offset by -£16k reduction in Car Allowances, -£26k Collaboration Payments (mainly ESN), -£111k overtime budget placeholder.

Corporate Support Directorate -£112k Mainly due to -£52k additional training course income, -£51k for external assessment centres, -£43k for DHEP training, -£36k for relocation costs, -£35k training accommodation for new recruits, increased income -£30k for UCLAN recharges (relating to subcontracting part of PCDA on behalf of UCLAN), -£30k efficiency savings relating to the saving on National Insurance due to uptake for the shared cost AVC scheme and -£27k catering recharge income partly offset by other minor variances totalling +£4k, +£12k vehicle repairs & maintenance, +£26k External audit fees reflecting the new notified audit fees which reflect 151% increase (talk of grant but not notified of allocation yet), +£150k accident damage.

Crime & Intel Command +£264k Mainly as a result of +£178k POCA/ARIS income moved to a separate reserve, +£69k Officer and staff overtime, +£59k increase in forensics analysis due to additional inhouse sampling and increased cost, +£27k under recovery on Youth offending salary recharges (underspend on staff budgets), partly offset by -£13k other minor changes, -£27k CHIS payments -£29k comms auto services.

Constabulary – Revenue Budget 2023/24 (4)

Cumberland BCU +£74k Mainly due to increased expenditure on +£28k uniform costs, +£28k vehicle hire costs (mainly relating to Mental Health Street Triage Team 50% should be recovered from NHS), +£22k specialist operational equipment, +£16k increased detained persons costs, +£13k pathologists fees, +£10k accommodation & subsistence, +£8k officer and staff overtime, and other minor variance totalling +£7k partly offset by -£58k vehicle related expenditure.

Digital Data and Tech Command -£408k Underspends -£140k due to contract negotiations, -£135k due to national challenge on pricing relating to Airwave, -£58k due to CLIO charge less than budget and Chronicle payment not required in DDAT, -£47k due to moving to single firewall, -£41k relating to PNC (no charges had been provided prior to budget setting this has now come in under budget), and other minor underspends totalling -£8k partly offset by +£21k for ANPR renewal.

Legal Services +£80k Largely due to +£82k increased court costs due to number of current cases and using counsel due to carrying vacancies within department and minor underspends totalling -£2k.

Marketing and Communications +£7k Largely relates to increased costs for web design & running costs +£7k.

Operations Command +£524k Largely as a result of increases in overtime +£326k (relating to staff shortages in CCR, overtime in MSG and dogs), +£55k confiscated animals, +£42k vehicle related expenditure, +£32k Uniform & protective clothing, +£26k specialist operational equipment, +£13k police dog costs, +£12k vehicle hire costs, +£10k NW RICC contribution, +£14k accommodation and subsistence and other minor variances totalling +£17k partly offset by increased income for football matches -£23k.

Standards, Insight & Performance +£73k Largely as a result of reduced income for firearms licenses +£47k, increased expenditure +£16k for Police officer and staff overtime, +£5k accommodation & subsistence and other minor variances totalling +£5k.

Westmorland & Furness BCU +£415k Mainly due to +£239k increased overtime expenditure for Police officers and staff, increased costs +£79k relating to annual indexation costs on the custody medical contract, +£50k uniform costs, +£27k Vehicle repairs & maintenance, +£20k accommodation & subsistence, +£17k increased costs relating to detained persons and other minor variances totalling +£3k partly offset by -£20k funding received for Op Lantern.

Seconded, Earmarked Funds and Projects

Seconded On budget

Earmarked Funds -£484k Largely as a result of additional income for Op Safeguard -£358k, underspends on the Driver Awareness Scheme (Safety Camera Partnership) of -£85k (mainly due to vacancies), -£26k relating to one off mutual aid, -£21k relating to underspend on MAPPA training, -£17k relating to mutual aid for the Kings Coronation, other minor variances totalling -£3k partly offset by overspends +£26k for Op Equate.

Projects +£3k Overspend of +£2k on taser replacement project and other minor overspends totalling +£1k.

Capital Budget 2023/24 (1)

2023/24 Programme	Approved Capital Strategy £000's	Impact of 2022/23 Outturn £000's	2023-24 Approved Changes £000's	**2023-24 Working Budget £000's**	Expenditure to Date £000's	**Predicted Outturn £000's**	**Variance £000's**	2023-24 Pending Changes £000's	Re-profile £000's
DDat Schemes 2023/24									
End User Hardware Replacement	1,125	440	63	**1,629**	337	**845**	**(784)**	0	(784)
Service Projects	403	(122)	(133.34)	**148**	6	**71**	**(77)**	(4)	(73)
Core Infrastructure Replacement	2,297	163	(519.70)	**1,939**	83	**312**	**(1,627)**	0	(1,627)
ESN / Radio Replacement	19	37	(0)	**56**	56	**56**	**0**	0	0
Control Room Futures	168	239	(95)	**313**	25	**313**	**0**	0	0
Anti Coruption Software	0	7	(7)	**0**	0	**0**	**0**	0	0
Firearms Licencing digitisation	17	16	0	**32**	6	**6**	**(26)**	(10)	(17)
Iken to cloud (Their Cloud)	20	0	0	**20**	0	**20**	**0**	0	0
CID - Clio	42	0	0	**42**	0	**42**	**0**	0	0
Mark 43 (Record mgmt system)	599	(35)	(316)	**248**	23	**185**	**(62)**	0	(62)
CCTV - CountyWIde	298	(113)	0	**185**	70	**185**	**0**	0	0
IMU Management Tool	150	(75)	0	**75**	0	**0**	**(75)**	0	(75)
Terian Replacement (Fastness)	10	(10)	0	**0**	0	**0**	**0**	0	0
SAAB Telephone replacement (to teams)	0	0	0	**0**	0	**0**	**0**	0	0
Locard Replacement (New)	0	0	0	**0**	0	**0**	**0**	0	0
Axon - CCTV Custody/Fleet	0	0	0	**0**	0	**0**	**0**	0	0
Total Proposed DDaT Schemes	5,148	547	(1,008)	**4,687**	605	**2,035**	**(2,652)**	(14)	(2,637)
Estates Schemes 2023/24									
Kendal PS - Roof Repairs	0	56	(56.25)	**0**	0	**0**	**0**	0	0
Learning Development Centre Build	0	0	0.00	**0**	(13)	**0**	**0**	0	0
Carlisle M&E plant (area 2)	0	38	0.00	**39**	0	**39**	**0**	0	0
West Cumbria Estate	20	0	0.00	**20**	5	**20**	**0**	0	0
Duhrranhill Custody - CCTV Digital rollout	50	0	(50.00)	**0**	0	**0**	**0**	0	0
Dog Section Wrey	0	353	(333.47)	**20**	7	**20**	**(0)**	0	0
LDC adaptions	0	32	0.00	**32**	3	**32**	**0**	0	0
Hunterlane Remedial Work	514	(250)	(21.20)	**242**	11	**242**	**0**	0	0
Brampton Boiler / Plant Room	50	0	0.00	**50**	0	**50**	**0**	0	0
Cockermouth Paving / Drainage	80	0	0.00	**80**	0	**80**	**0**	0	0
Cell Safety - Workington	0	100	0.00	**100**	0	**100**	**0**	0	0
Public Order facilities	0	0	22.00	**22**	0	**22**	**0**	0	0
UPS - Barrow	0	0	60.00	**60**	0	**60**	**0**	0	0
Total Proposed Estates Schemes	714	330	(379)	**665**	12	**665**	**(0)**	0	0
Vehicle Schemes 2023/24									
2022/2023 Approved Strategy	0	971	10	**981**	981	**981**	**0**	(10)	0
2023/2024 Approved Strategy	1,571	(750)	770	**1,591**	713	**1,727**	**136**	146	0
Partnership Vehicles	120	28	0	**148**	0	**28**	**(120)**	0	(120)
Telematics	130	0	(80)	**50**	0	**50**	**0**	0	0
Total Proposed Vehicle Schemes	1,821	249	700	**2,769**	1,694	**2,786**	**16**	136	(120)
Other Schemes 2023/24									
X2 Taser migration	68	0	0	**68**	0	**68**	**0**	0	0
X26 Taser migration	200	0	0	**200**	187	**200**	**0**	0	0
Laser Scanning - Accident investigation	0	4	(4)	**0**	0	**0**	**0**	0	0
Drones	0	0	35	**35**	34	**35**	**0**	0	0
LaseerCam4	0	0	100	**100**	80	**100**	**0**	0	0
Total Proposed Other Schemes	268	4	131	**403**	301	**403**	**0**	0	0
Total Schemes	**7,950**	**1,130**	**(557)**	**8,523**	**2,612**	**5,888**	**(2,635)**	**122**	**(2,757)**

Financing 2023/24

Revenue Contributions £691k
General Grants £1,728k
Borrowing £32k
Reserves £1,755k
Total £5,888k

Risk - At this stage in the year (qtr. 3) only £2.6m has been spent out of a forecast spend of £5.8m, which represents 44%.

Re-profiling 2023/24

Capital schemes can span one or more financial years. Profiling to future years represents schemes that are still proceeding as planned but where there is a change in the profile of spend between years

Re-Profile	Previously Reported	Re-profiling This Quarter	Total £000s	% of Base Budget
DDaT Schemes	(841)	(2,637)	(3,478)	-74%
Estates Schemes	(440)	0	(440)	-42%
Fleet Schemes	750	(120)	630	30%
Other Schemes	0	0	0	0%
	(531)	(2,757)	(3,288)	-36%

2023/24 Capital Commitments	DDaT £000s	Estates £000s	Fleet £000s	Other £000s	TOTAL £000s
Forecast Outturn	2,035	664	2,786	403	5,88
Spend to Dec-23	606	12	1,693	301	2,61
Remaining budget	1,429	652	1,093	102	3,27
Ordered Commitments	649	91	1,042	81	1,86
Un-committed budget	780	561	51	21	1,41

A number of large tenders have been awarded that will hopefully see the uncommitted budget being turned in to firm orders, equipment received, and work completed by the year end.

Constabulary – Capital Budget 2023/24 (2)

ICT

The tenders to replace the wider area network (WAN) and the Axon Strategy (replacement of Body worn camera, digital interview suites and digital evidence storage) have completed and contracts have been signed. The costs and associated financing have been included in the capital projections using the payment milestones agreed with suppliers. The delivery plans being negotiated with suppliers are now indicating that that expenditure will not now occur until the next financial year, the associated financing has also been moved to the new financial year. The changes to the ICT budget also include £4k returned from the Police Works Silverlite budget and £10k from the Firearms digitisation project as these are no longer required.

Estates

The Estates programme consists of several life cycle replacement projects as well as larger projects for development of the dog section premise at Wreay and the continuation of the Hunter Lane redevelopment.

A provisional business case has been approved for the work on Hunter Lane. Tender specifications are currently being worked up and final costings will be presented for firm approval. It is hoped that work will commence within the year. The work on the Dog section at Wreay is in a similar position. Some of the life cycle works have been re-profiled to 2024/25.

Fleet

Due to the long lead times experienced last year, £750k of the approved budget had been moved to 2024/25 to reflect the expected delayed receipt of the vehicles. Since this move was approved in the outturn report, vehicles are being received regularly and the Fleet manager is confident that the majority of vehicles on order will be received by the year end so the £750k has now been brought back into 2023/24. Price increases are still being seen and the fleet manager has reviewed vehicle types and specifications where possible but there is a forecast overspend of £136k at this point. Some vehicles for the Civil Nuclear Policing team have been reprofiled to 2024/25 and the corresponding income that would pay for these vehicles has also been moved.

Other (Any scheme that does not fall into the 3 categories above)

The two taser scheme are both fully committed and are part of five year agreements to purchase tasers and cartridges. Additional funding approved early in the financial year for schemes to purchase of 4 drones (£35k) and 4 speed cameras (£100k) are almost complete. These two new schemes have been added into the program along with the funding to pay for them. Money received via the Asset Recovery Incentivisation Scheme (ARIS) has been utilised to enable investment in this equipment which will target priority areas.

The Police, Fire and Crime Commissioner for Cumbria

Treasury Management Activities 2023/24 for the period 01 October 2023 to 31 December 2023

Public Accountability Conference 15 February 2024 and Joint Audit Committee 20 March 2024

Cash flow Balances

Quarter 3 average daily balance - £20.873m

Investment balance @ 31/12/23 £12.043m

Investment Interest Forecast

Base Budget - £400,000

Revised Budget - £400,000

Current Estimate - £950,000

Borrowing Strategy

The borrowing strategy was originally based on assumed borrowing of £3m in 2022/23 and a further £3m in 2023/24. As a result of the 2022/23 outturn, the planned borrowing was instead predicted to take place in 2023/24. The latest Qtr 3 update estimates borrowing is not now required until 2024/25 and is reflected in the longer-term strategy.

Investment Strategy

Category	Category Limit (£m)	Investments at 31 Dec (£m)	Compliance with Limit
1 - Banks Unsecured	20	3.922	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government (inc LA)	10	5.901	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	2.220	Yes
Total		**12.043**	

There have been no breaches in the approved limits to report during the reporting period.

Performance Indicators

Quarter 3	Number of Days	Average Balance £	Largest Balance £
Days In Credit	92	64,061	366,747
Days Overdrawn	0	0	0

Average interest rate earned – 5.32%

Average bank base rate – 5.25%

(Current bank base rate – 5.25%)

Treasury and Prudential Indicators

During the period 01 October 2023 and 30 December 2023, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 3.

Economic Outlook and Treasury position for the quarter ended 31 December 2023

GDP grew by 0.3% in November this will probably mean the economy escaped a recession in 2023. Services output rose by 0.4% and was the main contributor to the growth in GDP. Capital Economics estimate that it would take a fall of 0.2% more in December for the economy to have contracted in Q4. The turnaround from last quarter is that 2024 GDP growth forecasts have upside potential.

The downward progress previously made by CPI inflation stalled in December, with the unexpected rise in CPI from 3.9% in November to 4.0% in December. Looking forward, indications suggest that CPI inflation will fall in January and further favourable base effects will push down inflation in February, March and April projecting inflation to be below the 2% target by April.

On 1st February the MPC maintained the Bank Rate at 5.25% for the fourth time. The vote was 6-3 with two members in favour of an increase to 5.50%. The MPC repeated its view that rates may have to rise if there was evidence of more persistent inflationary pressures. There is anticipation of a decline in interest rates in 2024.

Base Rate Estimates	2023/24	2024/25	2025/26
Quarter 1	5.00	5.25	3.50
Quarter 2	5.25	5.00	3.00
Quarter 3	5.25	4.50	2.75
Quarter 4	5.25	4.00	2.75

Investments in place on 31 December 2023

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Lloyds Bank	A+	11/10/2023	On Demand	N/A	5.14%	1,812,986	1,812,986
Nationwide Building Society	A+	07/07/2023	08/01/2024	8	5.55%	2,000,000	2,000,000
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	1.70%	98,834	98,834
NatWest (Liquidity Select Acc)	A+	31/12/2023	On Demand	O/N	1.45%	10,000	10,000
						3,921,820	**3,921,820**
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None							
						0	**0**
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Treasury Bills	Gov	09/10/2023	08/01/2024	8	5.320%	1,973,820	1,973,820
Treasury Bills	Gov	17/07/2023	15/01/2024	15	5.710%	1,944,633	1,944,633
Treasury Bills	Gov	24/07/2023	22/01/2024	22	5.690%	1,982,745	1,982,745
						5,901,198	**5,901,198**
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	O/N	5.340%	700,000	700,000
BlackRock	AAA	Various	On demand	O/N	5.270%	580,000	580,000
Aberdeen Standard	AAA	Various	On demand	O/N	5.300%	940,000	940,000
						2,220,000	**2,220,000**
Total						**12,043,018**	**12,043,018**

At the end of December funds invested were £12.043m. The breakdown is: 18% held in money markets funds, 49% in Treasury Bills, 17% in bank deposits and 16% in call accounts. Quarter 3 sees the start of the decline in investments, due to the timing of the Home Office Police Pension Grant, this is paid largely in advance and drawn down as police pensions are paid throughout the year. As the funds held decline liquidity is monitored to ensure funds are available when needed.

The 2023/24 pension grant of £16.08m was received on 3rd July 2023 and when the Home Office grant for July was received investments reached their highest level of £34.13m.

Borrowing position for the quarter ended 31 December 2023

At 31st December 2023 there were no loans outstanding.

Treasury and Prudential Indicators 2023/24 at 31 December 2023

Treasury Management Indicators		Result	RAG
The Authorised Limit *The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section3(1) of the Local Government Act 2003.*	TEST - Is current external borrowing within the approved limit	YES	Green
The Operational Boundary *The operational boundary represents and estimate of the most likely but not worse case scenario it is only a guide and may be breached temporarily due to variations in cash flow.*	TEST - Is current external borrowing within the approved limit	YES	Green
Actual External Debt *It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing.*	TEST - Is the external debt within the Authorised limit and operational boundry	YES	Green
Gross and Net Debt *The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.*	TEST - Is the PCC planning to borrow in advance of need	NO	Green
Maturity Structure of Borrowing *The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.*	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	Green
Upper Limit for total principal sums invested for over 365 Days *The purpose of this indicator is to ensure that the Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.*	TEST - Is the value of long term investments witin the approved limit	YES	Green

Prudential indicators		Result	RAG
Ratio of Financing Costs to Net Revenue Stream *This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.*	TEST - Is the ratio of captial expenditure funded by revenue within planned limits	YES	Green
Net Borrowing and the Capital Financing Requirement *This indicator is to ensure that net borrowing will only be for capital purposes. The Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.*	TEST - Is net debt less than the capital financing requirement	YES	Green
Capital Expenditure and Capital financing *The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2023/24.*	TEST - Is the current capital outurn within planned limits	YES	Green
Capital Financing Requirement *The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.*	TEST - Is the capital financing requirment within planned limits	YES	Green

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This quarterly report ensures the Police, Fire and Crime Commissioner is implementing best practice in accordance with the Code.

Peter McCall

POLICE, FIRE & CRIME COMMISSIONER

Office of the Police, Fire and Crime Commissioner Report

REQUEST FOR POLICE, FIRE & CRIME COMMISSIONER DECISION - (N° 001/ 2024)

TITLE: Approval of the Capital Strategy, Capital Programme, Treasury Management Strategy and Treasury Management Practices 2024/25

Executive Summary:

The purpose of this report is to provide information on the proposed capital strategy for 2024/25. The capital strategy (item 08a) is an overarching strategy that sits above the two documents which have been produced historically namely the capital programme (item 08b) and the treasury management strategy statement (item 08c). The capital strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. 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.

Local Authorities (including Police and Crime Commissioners) determine their own programmes for capital investment in non-current (fixed) assets that are essential to the delivery of quality public services. The Commissioner is required by regulation to have regard to The Prudential Code when carrying out his duties in England and Wales under part 1 of the Local Government Act 2003. The Prudential Code establishes a framework to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure: “within a clear framework, that the capital investment plans of local authorities are **affordable, prudent and sustainable**”. In the past, to meet these requirements, all schemes within the 5 year medium term capital programme are only approved on the basis that they are fully funded either through capital grants, capital reserves, capital receipts, revenue contributions or borrowing. The proposed programme meets this test only with the planned increase use of borrowing. The estimates for 5-10 years are however built on a number of assumptions, which, particularly in rapidly changing sectors such as ICT, 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.

Recommendations:

1.1. **Capital Strategy (Item 08a)** – The Commissioner is asked to approve the capital strategy including the prudential indicators set out in the report.

1.2. **Capital Programme (Item 08b)** - The Commissioner is asked to:

- Approve the capital programme for 2024/25 and beyond as part of the overall budget process for 2024/25.
- Approve the status of capital projects as detailed in appendices 2 to 5.

1.3. **Treasury Management Strategy (Item 08c)** - The Commissioner is asked to:

- Approve the Borrowing Strategy for 2024/25 as set out on pages 8-9
- Approve the Investment Strategy for 2024/25 as set out on pages 10-13
- Approve the Treasury Management Prudential Indicators as set out on pages 15-16
- Approve the other Prudential Indicators set out on pages 17 to 21
- Approve the Minimum Revenue Provision Policy Statement for 2024/25 as set out on page 22
- Delegate to the OPFCC Chief Finance Officer any non-material amendments arising from scrutiny of the strategy by the Joint Audit Committee.

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 recommendation above

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

Signature: **Date:**

Agenda Item 08a

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Office of the Police, Fire and Crime Commissioner Report

Public Accountability Conference 15 February 2024

Title: Capital Strategy 2024/25

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

Originating Officers: **Lorraine Holme, Group Accountant**

1. Purpose of the Report

1.1. This capital strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.2. The aim of this report is to provide enough detail to allow non-financial decision makers to understand how stewardship, value for money, prudence, sustainability and affordability will be secured without repeating in detail the information that is contained in other documents presented as part of this suite of capital and treasury management reports (agenda items 08b & 08c).

1.3. These reports meet the reporting requirements of the Charted Institute of Public Finance and Accounting (CIPFA) Prudential Code for capital finance in Local Authorities 2021 updated guidance.

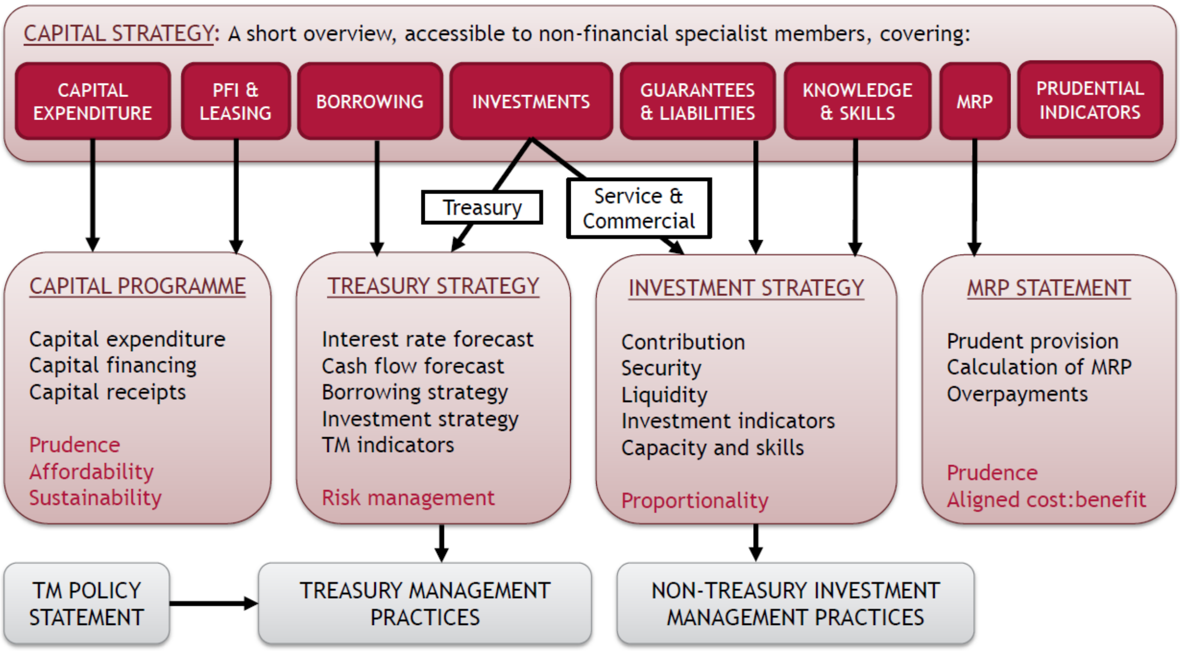
2. Recommendation

2.1. The Commissioner is asked to approve the contents of the report.

3. Introduction

3.1. The CIPFA Prudential Code (the code) and guidance notes were originally issued in 2002 and were later fully revised in 2009, 2011, 2017 and again in 2021. This code requires the Commissioner to look at capital expenditure and investment plans in light of the overall strategy and resources and ensure that the decisions are being made with sufficient regard to the long run implications and potential risks to the Commissioner.

3.2. This capital strategy report summarises the purpose and governance over a range of activities associated with capital investment and financing, which are reported on in detail elsewhere on this agenda item. The diagram below provides an overview of the scope of these activities, their inter-dependencies and reporting structures:



*The MRP Statement, Investment Strategy and the Prudential Indicators of the Commissioner are encompassed into the Treasury Management Strategy.

4. Capital Expenditure and Financing

4.1. Capital expenditure is the term used to describe expenditure on assets, such as property, vehicles and ICT equipment, that will be used (or have a life) of more than 1 year. There is some limited discretion on what is to be treated as capital expenditure and assets costing less than £25k will be charged to the revenue account in accordance with the Financial Rules and Regulations (this is known as the deminimis level).

4.2. Capital expenditure plans are under-pinned by asset strategies, which are developed by respective service leads linked to delivery of the Commissioner's Police and Crime Plan and the Constabulary's Vision 25. The principal asset strategies and their objectives are:

- The Digital, Data and Technology Strategy, which has six key themes
  - Actively supporting the delivery of the Constabulary Vision and Target Operating Model
  - On-going provision of reliable and trusted DDAT services.
  - A cost effective and affordable DDAT enabling services
  - To implement national DDAT projects
  - To meet local demand to renew and replace Core Systems and Applications
  - Collaboration and Partnership
- The Estates Strategy, which aims to maintain an Estate which is fit for purpose whilst reducing overhead expenditure and maximising and exploiting existing assets.
- The Fleet Strategy, which aims to satisfy the Constabulary's vehicle needs within a sustainable financial model.

4.3. A workplan is developed annually to support delivery of each strategy. The updated financial implications are distilled early in the financial planning process and subsequently consolidated to produce a ten-year capital programme. The overall capital programme is then subject to a process of financial scrutiny in the context of both available capital funding resources and the overall revenue budget position. The final capital programme and associated asset strategies are subject to approval by both the Constabulary Chief Officer Group and the Commissioner at his Public Accountability Conference.

4.4. The capital expenditure estimates for the current year and five year medium term are shown below:

Capital Expenditure	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Expenditure	4.09	5.89	6.55	3.48	6.52

4.5. The profile of capital expenditure fluctuates annually. Across the current five-year programme, annual average expenditure typically comprises £1.7m to replace fleet vehicles, £0.8m on estate schemes (although by their nature these investments tend to be more lumpy) and around £3.3m for replacement of ICT systems and equipment.

4.6. The 2024/25 capital programme includes ICT expenditure on development and roll out of mobile technology and smartphones, consideration of options for ICT infrastructure and a move to more cloud based systems. In addition, preparatory work on the national programme to replace the Police Radio System (Airwave) with an Emergency Services Network (ESN) will continue, in advance of significant expenditure to implement the system in future years. Investment in the on-going replacement of vehicles in accordance with the Fleet Strategy will continue. Expenditure on Estates schemes over the 5 years is dominated by the need to evaluate options and provide a BCU deployment centre in the west of the County upon the expiry of the existing PFI arrangement in 2026.

4.7. Before the commencement of each financial year the schemes for that year are revisited to be assigned an approval category. Large schemes which have previously been approved by the Commissioner following submission of a business case and the smaller rolling replacement schemes are approved on a firm basis, meaning that they can be progressed without further scrutiny. Schemes which have been approved in principle but need some detailed work may be delegated to the Constabulary Chief Finance Office for future approval. Schemes requiring business cases, option appraisals and financial appraisals are given the status of indicative until they have been thoroughly scrutinised by all relevant business leads before being passed to the Constabulary Chief Officer Group and the Office of the Police, Fire and Crime Commissioner for final approval.

4.8. The capital programme must be financed from a combination of capital grants, capital receipts, reserves, direct support from the revenue budget and, unlike the revenue budget, borrowing is permitted. Whilst it is a statutory requirement that the Commissioner agrees a balanced revenue budget, the Prudential Code requires the capital programme to be demonstrated as ‘Affordable, Prudent and Sustainable’’, it is up to each authority how it determines these criteria. Cumbria has previously defined an ‘Affordable, Prudent and Sustainable’ programme as being fully funded (from the sources outlined above) for the medium term financial forecast (MTFF) period of 5 years. The estimates for 5-10 years are built on a number of assumptions, which, particularly in rapidly changing sectors such as ICT, 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. As the capital programme is fully funded over ten years, it meets the test of being Affordable, Prudent and Sustainable. The revenue budget and MTFF must also fully reflect any revenue implications of the capital programme including servicing costs of borrowing.

4.9. The difficulty facing Cumbria is that capital grants have been reduced to zero, the potential to generate future capital receipts is low and capital reserves are likely to have been fully utilised by 2026/27. This means that the only viable options in future to fund capital expenditure are directly from the revenue budget or through borrowing, which itself has implications for the revenue budget. The challenge for the PFCC and Constabulary will be the need to find an appropriate balance between capital and revenue expenditure, which is sustainable.

4.10. In the context of requiring significant revenue savings to balance the revenue budget in 2024/25 and beyond primarily due to increased inflation, the decision has been taken reduce the revenue budget support to the capital programme to around £500k per annum with the balance being financed through an increased use of borrowing requirement that will be repaid over the life of assets bought. The revenue effects of borrowing decisions have been reflected in the MTFF.

4.11. When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debts. Capital financing assumes that all capital receipts will be used to finance new assets rather than reduce existing debt.

4.12. Full details of the 10 year programme and associated financing can be found in the separate report 'Capital Programme 2024/25 to 2033/34 (item 08b on this agenda).

5. Treasury Management

5.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet spending needs while managing the risks involved. Surplus cash is invested until required while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Police, Fire and Crime Commissioner is generally cash rich in the short term due to the level of reserves currently held and revenue grants being received in advance of spend, but cash poor in the long term due to capital expenditure being incurred in advance of being financed.

5.2. Treasury Management involves the management of large sums of money and is therefore inherently risky. Accordingly, treasury activities are strictly controlled and managed in accordance with CIPFA's Prudential Code. The Treasury Management Strategy is approved annually by the Commissioner at his Public Accountability Conference, with activities being reported upon a periodic basis through the same meeting. The Joint Audit Committee also provides scrutiny of treasury management activities. Responsibility for treasury activities is delegated to the PFCCs Chief Finance Officer, who delegates responsibility for day to day management to the Constabulary Chief Finance Officer. The Treasury Management Strategy incorporates subsidiary investment and borrowing strategies, which are summarised below.

5.3. **Investment strategy** - Treasury investments arise from receiving cash before it is paid out again. The Commissioner makes investments because he has a cash surplus as a result of his day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments). The Commissioner does not make investments to support local public services by lending to or buying shares in other organisations (service investments), or to earn investment income (known as commercial investments where investment income is the main purpose).

The Commissioner's policy on treasury investments is to prioritise **security** and **liquidity** over **yield**; that is to focus on minimising risk rather than maximising returns. The risk that an investment counter-party defaults is very real as illustrated by the BCCI and, more recently, Icelandic Banks scandals, which impacted on public sector bodies. The investment strategy seeks to mitigate this risk by only investing in high quality, trusted counter-parties and spreading the investment portfolio across organisations. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy (subject to strict criteria) and the Commissioner may request his money back at short notice.

Whilst the Commissioner has historically held significant investments, these balances are being reduced as the Commissioner has undertaken internal borrowing to support the capital programme (see below) and reserves are drawn down to support the revenue budget.

Further details on treasury investment strategy are on pages 10 to 13 of the treasury management strategy (agenda item 08c).

5.4. **The Borrowing Strategy** – As indicated the Commissioner currently holds no external debts, other than a PFI arrangement described in section 6 of this report, with all external borrowing with the PWLB (Public Works Loans Board) having been repaid during 2012/13. However, there is an underlying need to borrow, known as the Capital Financing Requirement (CFR), arising from historical decisions to finance capital expenditure from borrowing within prudent limits. To date this has been met from internal borrowing.

5.5. The capital financing requirement (CFR) is a measure of the amount of capital spending that has not yet been financed by capital receipts, grants or contributions, it is in essence the amount of internal debt finance of the Police, Fire and Crime Commissioner. The CFR increases each time there is new capital expenditure financed by debt and decreases with MRP repayments, capital receipts assigned to repay debt or by making additional voluntary contributions. The CFR for the 31 March 2024 is forecast to be £20.8m.

Internal Borrowing – the practice of using reserves and provisions that have been set aside for future use to fund capital expenditure plans now. External borrowing comes with interest payments of currently around 5% where investments are currently making around 5.25% return, rates are forecast to fall during 2024/25 and as such, there is an incremental cost to borrow in advance of need (known as cost of carry). This is therefore discouraged if there are cash reserves available that can be drawn down as an alternative to borrowing.

5.6. The main objectives when borrowing is to achieve a low but certain cost of finance, while retaining flexibility should plans change in future. These objectives are often conflicting, and the Commissioner would therefore have to strike a balance between low cost short-term loans (currently available at around 4.5%) and long-term fixed rate loans where the future cost is known but higher (currently 5%). Current forecasts show that a small amount of short term borrowing, probably from other local authorities, may be required at the start of 2024/25 to bridge a shortfall in cash in advance of receipt of the new financial year's revenue grants.

Given the current spike in borrowing costs it is unlikely that the Commissioner will actually exercise long-term external borrowing until these reduce. As such financing decisions have long term consequences and should be taken in this context, long term interest rates will be carefully monitored with the aim of deciding the most advantageous time to take on long-term liabilities.

Liability Benchmark - The 2021 code requires Authorities to define their own 'Liability Benchmark' which will provide a future basis for developing a strategy for managing interest rate risk. This has been included in the TMSS for the first time.

As an assurance that borrowing is only undertaken for capital purposes and is sustainable, the Commissioner is required to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with the statutory guidance a lower 'operational boundary' is also set as a warning level should debt approach the limit.

Further details on the borrowing strategy are on pages 8 to 9 of the treasury management strategy (agenda item 08c).

6. Other Liabilities

6.1. In relation to other external liabilities the Commissioner's balance sheet currently shows debt of £3.965m in relation to a private finance initiative (PFI) scheme for the provision of the Basic Command Unit deployment centre in West Cumbria. This debt is scheduled to reduce gradually through annual unitary charge payments met from the revenue account, until 2026 when the primary arrangement comes to an end. At this point a decision on the provision of future policing facilities in West Cumbria will need to be made. Options are currently being evaluated.

6.2. The Commissioner's balance sheet also shows long term liabilities totalling £1.066bn in respect of the Local Government and Police Officer Pension Scheme deficits. These will be met through a combination of payments from the revenue budget over a long period and support from central Government. A sum of £1.707m has been set aside to cover risks from legal claims and insurance liabilities. The Commissioner is also at risk of having to pay for an unlawful discrimination claim arising from the transitional provisions in the Police Pension Regulations 2015 but has not put aside any money because there is no clarity of the scale of the claim and no certainty over who will bear the costs at this time.

6.3. The risk of these pension liabilities crystallising and requiring payment is monitored by the Financial Services team. Further details on liabilities and guarantees are on page 98 of the 2022/23 statement of accounts.

7. Prudential Indicators

7.1. Both capital expenditure plans and treasury management are supported by a range of Prudential Indicators, whose purpose is to act as an early warning system that these activities are falling outside prescribed limits and may no longer be affordable, prudent or sustainable. Prudential Indicators, other than those using actual expenditure taken from audited statements of accounts must be set prior to the commencement of the financial year to which they relate. Indicators may be revised at any time, and must, in any case, be revised for the year of account when preparing indicators for the following year. The PFCCs Chief Finance Officer has a prescribed responsibility under the Code to ensure that relevant procedures exist for monitoring and reporting of performance against the indicators. The Prudential Indicators when initially set and whenever revised, must be approved by the body which approves the budget, i.e. The Commissioner at his Public Accountability Conference. Details of Prudential indicators are set out on pages 15-21 of the treasury management strategy (agenda item 08c).

8. Revenue Budget Implications

8.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable.

8.2. The Commissioner is also required to set aside a sum each year from the revenue budget to repay borrowing, which is linked to the life of the asset being financed. This is known as the minimum revenue payment (MRP) and can be likened to the minimum repayment on a credit card debt. The estimates for the repayment of internal borrowing from the revenue budget is shown below:

Minimum Revenue Provision	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Minimum revenue provision for the financial year	0.65	0.68	0.71	1.46	1.85

8.3. The net annual charges to the revenue account are collectively known as financing costs; which are compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants as a key prudential indicator of the affordability, prudence and sustainability of capital expenditure plans see below.

Ratio of Financing Costs to Net Revenue Stream	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Investment income	0.44	0.40	0.40	0.40	0.40
MRP	0.65	0.68	0.71	1.46	1.85
Financing Costs	**0.22**	**0.28**	**0.31**	**1.06**	**1.45**
Net Revenue Stream	129.62	136.75	145.38	145.38	145.49
Ratio	0.17%	0.21%	0.22%	0.73%	1.00%

The financing costs are forecast to increase from 2022/23, reflecting the decision to make increased use of borrowing over the MTFF period in lieu of direct revenue contributions highlighted earlier in the report. Nonetheless, the ratios of financing costs to the revenue budget above are considered sustainable.

Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred over the MTFF period may extend for up to 50 years into the future. The PFCC Chief Finance Officer is satisfied that the proposed capital programme is **prudent, affordable and sustainable.**

9. Knowledge and Skills

9.1. The Commissioner employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

9.2. Where employees do not have the knowledge and skills required, use is made of suitably qualified external advisers. The Commissioner currently employs Link Asset Services Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Commissioner has access to knowledge and skills commensurate with his risk appetite.

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Cumbria Office of the Police, Fire and Crime Commissioner

Title: Capital Programme 2024/25 & Beyond

Public Accountability Conference: 15 February 2024

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

Originating Officer: Lorraine Holme, Group Accountant

1. Purpose of the Report

1.1. The purpose of this report is to provide information on the proposed capital programme for 2024/25 and beyond, both in terms of capital expenditure projections and the financing available to fund such expenditure. 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.

2. Recommendations

2.1. The Commissioner is asked to note the proposed capital strategy for 2024/25 and beyond as part of the overall budget process for 2024/25.

2.2. The Commissioner is asked to approve the status of capital projects as detailed in appendices 2 to 5.

3. Capital Funding and Expenditure

3.1. Local Authorities (including Police, Fire and Crime Commissioners) determine their own programmes for capital investment in non-current (fixed) assets that are essential to the delivery of quality public services. The Commissioner is required by regulation to have regard to The Prudential Code when carrying out his duties in England and Wales under part 1 of the Local Government Act 2003. The Prudential Code establishes a framework to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure: "within a clear framework, that the capital investment plans of local authorities are **affordable, prudent and sustainable**". The test applied to meet these requirements states that all schemes, within the 5-year medium term capital programme, are only approved on the basis that they are fully funded either through capital grants, capital reserves, capital receipts, revenue contributions or planned borrowing.

3.2. There are three main recurring elements to the Commissioner's capital programme namely: Fleet Schemes, Estates Schemes and ICT Schemes. In addition to these, there are currently a small number of "other schemes" which do not fall into the broad headings above and include the replacement of firearms equipment, such as tasers and CCTV.

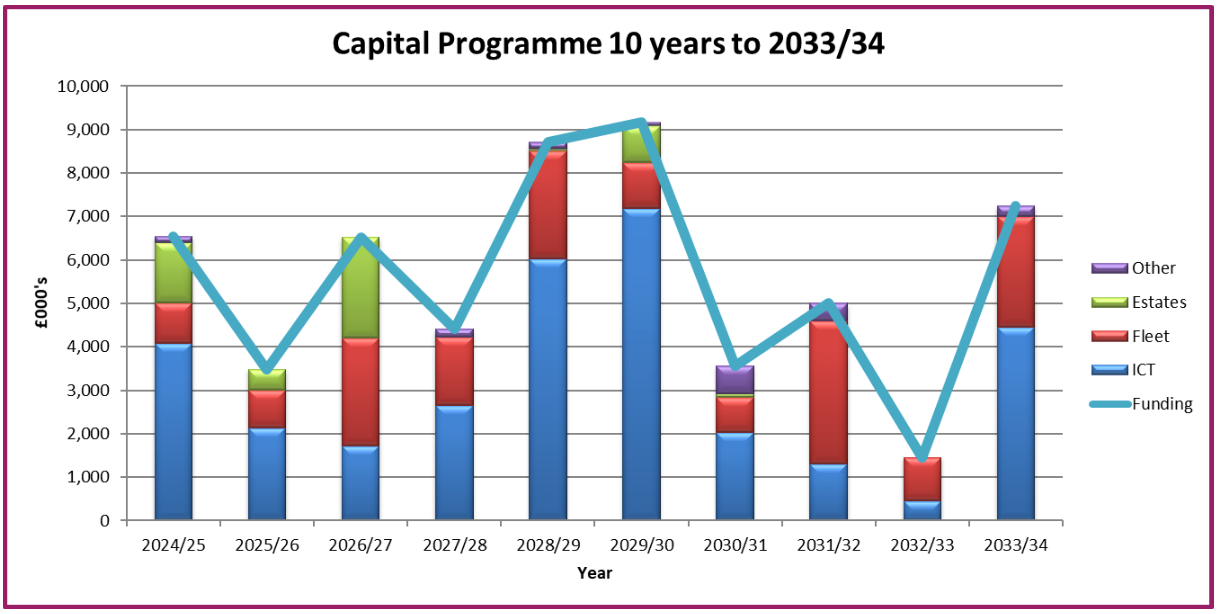
3.3. The profile of capital expenditure fluctuates annually. Across the current ten-year programme, annual average expenditure typically comprises £1.8m to replace fleet vehicles and around £3.1m for replacement of ICT systems and equipment. ICT Expenditure reflects the Constabulary Strategy to invest in digital technology. The profile of Estates schemes is 'lumpier', with peaks of expenditure when major buildings are replaced.

3.4. The table below provides a high-level summary of the proposed capital programme and associated capital financing over the five-year timeframe of the medium-term financial forecast (2024/25 to 2028/29).

Capital Expenditure	Yr 0 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £	Yr 4 2027/28 £	Yr 5 2028/29 £	Yr 1-5 Total £
DDaT Schemes	**2,034,810**	**4,075,077**	**2,124,752**	**1,718,297**	**2,646,997**	**6,017,683**	16,582,805
Fleet Schemes	**2,785,686**	**929,188**	**875,160**	**2,475,294**	**1,568,940**	**2,497,775**	8,346,356
Estates Schemes	**664,524**	**1,390,756**	**480,000**	**2,324,765**	**0**	**40,000**	4,235,521
Other Schemes	**402,829**	**152,031**	**0**	**0**	**200,000**	**150,000**	502,031
Total Capital Expenditure	**5,887,849**	**6,547,052**	**3,479,912**	**6,518,356**	**4,415,936**	**8,705,458**	**29,666,714**

Capital Financing	Yr 0 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £	Yr 4 2027/28 £	Yr 5 2028/29 £	Yr 1-5 Total £
Capital Receipts	**(1,681,533)**	**(677,535)**	**0**	**0**	**0**	**0**	(677,535)
Revenue Contributions	**(480,406)**	**(679,000)**	**(500,000)**	**(500,000)**	**(584,000)**	**(595,000)**	(2,858,000)
Revenue Reserves	**(210,518)**	**(921,337)**	**(25,000)**	**(4,000)**	**0**	**0**	(950,337)
Capital Grants	**(1,728,203)**	**0**	**0**	**0**	**0**	**0**	0
Capital Reserves	**(1,754,784)**	**(536,040)**	**0**	**(974,765)**	**0**	**0**	(1,510,805)
Borrowing	**(32,405)**	**(3,733,140)**	**(2,954,912)**	**(5,039,591)**	**(3,831,936)**	**(8,110,458)**	(23,670,037)
Total Capital Financing	**(5,887,849)**	**(6,547,052)**	**(3,479,912)**	**(6,518,356)**	**(4,415,936)**	**(8,705,458)**	**(29,666,714)**
(Excess)/Shortfall	**0**	**0**	**0**	**0**	**0**	**0**	**0**

3.5. The diagram below shows the composition of the capital programme over 10 years. The large block of Estates work in 2026/27 relates to the purchase and modernisation of the deployment centre in West Cumbria at the end of the current PFI contract. The large increase in ICT expenditure in 2028/29 shows potential renewal of the command and control system with a new product (£4m). The previous strategy for 2028/29 also included £5m for the replacement to the current airwave radios with a new national Emergency Services network (ESN). Due to delays in contract award the indicative scheme has now been moved to 2029/30, just outside the 5-year medium term forecasts.



3.6. Historically, the capital programme has been financed through a combination of capital grants, capital receipts, capital reserves, borrowing and contributions from the revenue budget.

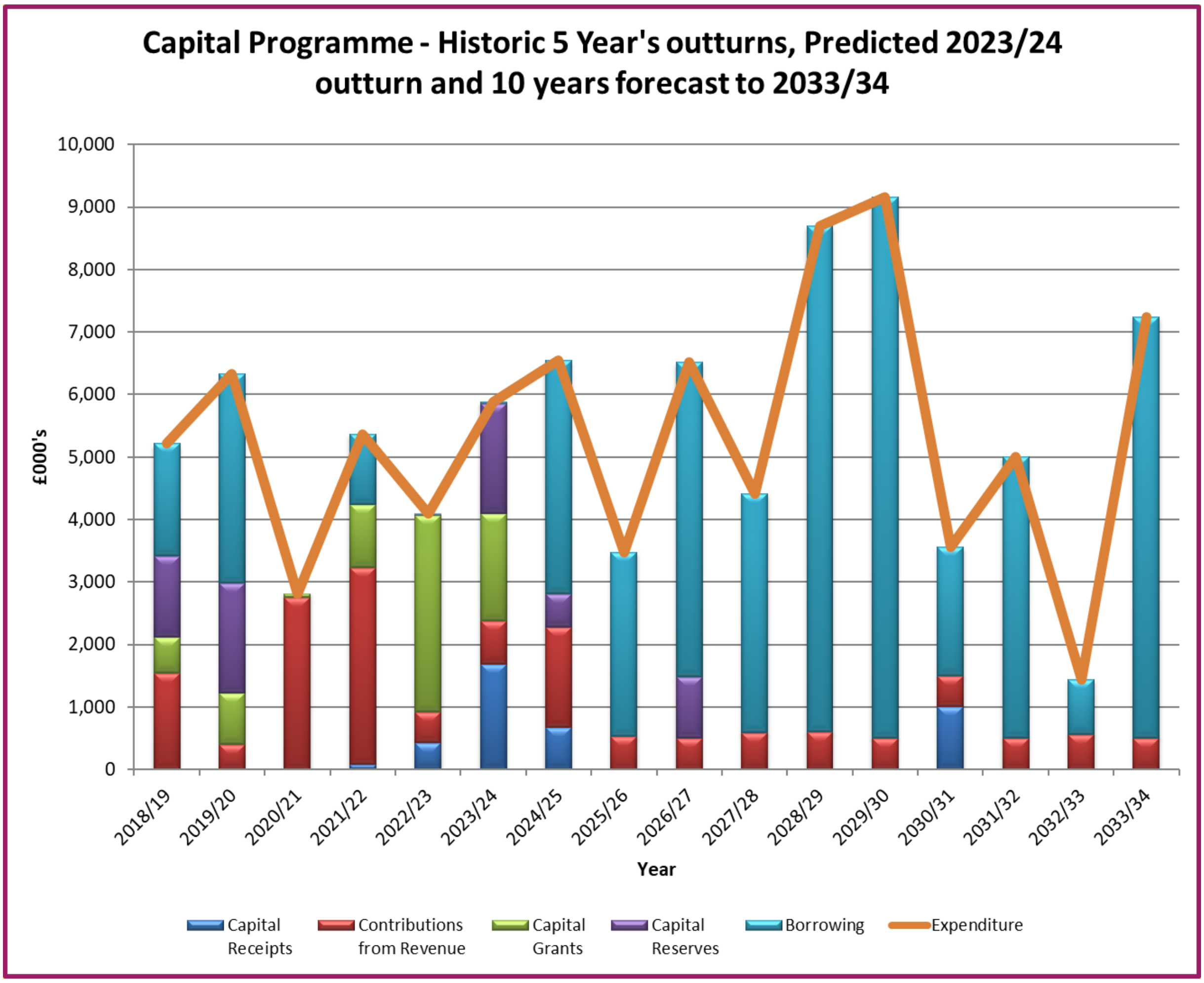
- Reserves are earmarked to specific projects and the timing of their use is matched to the expenditure. Reserves are largely exhausted by 2026/27.
- In addition, the Government's grant settlements over recent years had successively reduced the amount of capital grant to the point where it was removed altogether in 2022/23. Not all the capital grant received has been used to fund expenditure in the year it was received, and some has been held in the 'unapplied capital grant' reserve. The programme presented here shows that all of the grants will be used to fund the capital expenditure in 2023/24 leaving no capital grants to apply to any future years.
- A similar situation has arisen with the 'unapplied capital receipts' reserve. An historic programme of estate rationalisation has resulted in sale receipts being received but not always used to fund expenditure in the same financial year. Some these receipts have been reserved and the programme presented here shows that £1.681m will be used in 2023/24 and the balance of £0.677m being used in 2024/25. Following this there are no capital receipts remaining section 4 of this report gives more detail on the capital receipts balance.

3.7. As a result of the reducing funding sources described above, the choices for future financing of the capital programme are largely limited to contributions from the revenue budget or borrowing. In the past borrowing has been confined to long life assets such as Estates and as a result the capital programme has become increasingly reliant on contributions from the revenue budget to finance capital expenditure. Historically, the annual contribution from the revenue budget was set at £1.2m but from 2017 the revenue contribution has steadily increased in each budget setting round to a level of £3.56m.

3.8. In the previous capital programme, as a result of the current inflationary pressure on the revenue budget, the decision was taken to reduce revenue contributions in both 2022/23 and 2023/24 by £3m p.a. and to replace this with borrowing as a means of balancing the revenue budget in the short term. As a result of some reprofiling there has been no need to undertake any of this borrowing to date however from 2024/25 borrowing against ICT and Fleet assets will become necessary. As a result of continued inflationary pressures, contract price increases, reduced government grants the core revenue contribution has been reduced to £0.5m p.a. with borrowing being used to balance the capital funding.

3.9. A summary of the 10-year capital programme is provided for information at **Appendix 1**. The appendix shows that the capital programme is fully funded over the medium-term five-year period and the longer 10-year period. This has been achieved by assumed borrowing of £46.5m over the 10-year MTFF. The estimates for 5-10 years are built on a number of assumptions, which, particularly in rapidly changing sectors such as ICT, are difficult to accurately predict. This means that project costs in the later years of the capital programme become increasingly indicative and should be treated with caution.

3.10. The chart below illustrates capital expenditure and funding over a historic five-year period and forecast for ten-year period which illustrates how the capital programme will become almost entirely dependent upon revenue funding and borrowing in the future.



3.11. **ICT Schemes**

The ICT Capital Programme primarily provides for the cyclical replacement and improvement of the full range of ICT equipment, hardware and application software to meet the strategic and operational needs of the Constabulary. However, over the period of the medium term financial forecast it also supports the Constabulary strategy to invest in technology to modernise the police service that is delivered to our communities.

The ICT capital programme supports the delivery of the Constabulary's Digital Strategy.

The ICT Capital Programme also makes provision for a large number of national ICT programmes, which include changes of major strategic importance, in particular, the programme to replace the Police Radio System (Airwave) with an Emergency Services Network (ESN). The ESN scheme is included in the capital programme at an estimated cost of £9.6m over 10 years. The scheme has been re-scheduled later in the programme, due to national delays on the project, with £6.0m expenditure planned in 2029/30 - 2030/31 and a further £3.6m in 2032/33, having previously been scheduled to commence in 2026/27. Details of requirements are still emerging, and it won't be clear as to the financial commitment needed locally until the Home Office release further information and devices are developed. The timescales for the project are constantly changing and it is likely to be the new financial year before we get any further clarity.

The pandemic has provided the Constabulary with an opportunity to assess the current agile working and look at how this will affect future working arrangements. This will help determine the ICT infrastructure that is needed to support a more agile future. The infrastructure is currently a consolidation of server hardware in an on-site data center. The desire is to move away from this expensive hardware and towards cloud storage, £4.95m has been set aside over the 10-year strategy to implement this.

The ICT programme also covers local and mandated national police systems such as the main crime and intelligence system, command and control, forensics management, prisoner information systems, case and custody, including digital files for sharing with criminal justice partners and the police national data base that supports the sharing of information between forces.

Work is continuing in partnership with a company (Mark 43) to facilitate the development of a replacement record management system, allowing the Constabulary to keep ahead of the evolving complexities of policing technologies and join all information in one place. Originally £3m of capital funding was set aside for this project, however this has been reduced to £1.3m due to some of the costs being funded from the revenue budget.

The current contract for the command and control system comes to an end in 2028/29, options are being considered for the future and £4m has been placed indicatively in the programme in 2028/29 to cover this work.

If these large schemes are discounted, the programme shows that the ICT capital programme presented remains broadly flat over the 10 years at an average of £1.34m per annum. This provides for the cyclical replacement and improvement of the full range of ICT services: the networks and security and that ensures information can be moved securely between the different systems and device end points through which it is entered, processed and stored. Over recent years significant investment in mobile and digital ICT has been undertaken and was successful in allowing the Constabulary to work effectively from home during the pandemic. The capital strategy presented provides for the subsequent replacement of existing mobile devices as they reach end of life. Budgets for devices also provide for the costs of all the different technology used to access systems, including traditional desktop computers, laptops, tablets as well as the smartphones that use application technology (police apps), but importantly provide end user access to all systems and applications.

Appendix 2 provides a high-level analysis of the ICT capital programme.

3.12. **Fleet Schemes**

The Constabulary fleet replacement programme consists of 323 vehicles. The capital programme provides for the replacement and kit out of these vehicles on a periodic basis at the end of their useful life. The fleet schemes are supported by the fleet strategy, an update of which was presented to the Commissioner as part of the budget setting process in the autumn. The fleet strategy sets out the Constabulary fleet requirements over the coming years. The main aim of the fleet strategy is to provide a cost effective fleet service to meet the needs of operational policing. The majority of vehicles are procured through a national framework agreement which ensures value for money is achieved.

During 2023/24 87 vehicles were planned for replacement (including 32 where delivery was delayed from 2022/23) at an estimated cost of £2.560m. The pandemic delayed delivery of a large number of vehicles in 2020/21 and this had a knock-on effect for deliveries in 2022/23. Of the 55 vehicles in the programme for 2023/24, 50 have been ordered and 34 of those received, it is hoped the remaining 16 will be delivered by the end of March 2024. Of the remaining 5 vehicles 3 are still to be ordered and 2 are to be refurbished.

A further review of vehicle requirements is currently underway, this will look at the potential impact of changes in the CID shift pattern, which should reduce vehicle requirements in that area, vehicle provision for pool cars and learning & development related travel are also being reviewed.

A new scheme added in 2023/24 for the introduction of vehicle telematics is progressing well. This will provide in-car data recording to improve vehicle utilisation and it is anticipated that the detailed data provided will result in efficiencies in future years.

The plan for 2024/25 is to replace 40 vehicles with a budget of £929k. This is made up with a mix of operational vehicles for territorial policing and vehicles for Sellafield policing unit (Sellafield reimburse the full cost of these vehicles). The budget has been created on pricing from current frameworks and recent purchases with a caveat that prices are volatile & rapidly increasing, and there is potential that the budget requirement will increase.

Appendix 3 provides a high-level analysis of the fleet capital programme.

3.13. **Estates Schemes**

The Commissioner's estate currently consists of 30 premises (including police headquarters, larger police stations/Territorial Policing Area HQ, which include custody suites, smaller police stations, leased in and leased out property together with surplus assets subject to disposal). The estates schemes are supported by the estates strategy, an annual update of progress against this was presented to the Commissioner as part of the budget setting process for 2024/25. The estates strategy aims to provide a link between the strategic objectives of the organisation and priorities for the estate.

The strategy outlines the current and future requirements of the estate and documents the changes that are required to meet these.

The main focus of the strategy in recent years (following the development of the new Learning & Development Centre and replacement hostel accommodation on the HQ site at Penrith) has been on smaller life cycle replacements at various premises, including roof repairs, enhancing the LDC, heating and ventilation and improvements to the uninterrupted power supply.

The emphasis shifts for the coming years to focus on improved premises in the west of the county in response to major flooding incidents in recent years, including a review of options for the West Cumbria deployment centre which is currently part of a PFI arrangement. In the previous capital programme the budget was been reduced significantly from £13m to £2m based on the assumption that the current premises will be purchased and renovated rather than undertaking a new build.

As a result of changes to the local government boundaries in Cumbria, the Constabulary restructured into two basic command units (BCUs) to provide better alignment with the new local authority areas. This resulted in a requirement to have a deployment centre in Penrith, the capital programme includes a scheme to modernise the estate provision at Hunter Lane. If these specific pieces of work are excluded, the estates programme averages £257k per year for replacement schemes.

Appendix 4 provides a high-level analysis of the estates capital programme.

3.14. **Other Schemes**

Other schemes include cross cutting or operational programmes of work and include the replacement of Tasers and Firearms, replacement ballistic shields, Firearms targeting system and works to expand and replace the Countywide CCTV system.

Appendix 5 provides a high-level analysis of the 'other' schemes.

4. Capital Receipts

4.1. **Appendix 7** provides details of property disposals and the proceeds of those sales over recent years. The table shows total property receipts of £5.026m. At 31 March 2023 there was a balance of property receipts unapplied of £2.349m, this means that £2.677m have already been applied to the capital programme. The majority of the sales resulted from an estates rationalisation programme and those sale proceeds were used to finance the South Area Headquarters in Barrow.

4.2. The remainder of the capital receipts will be applied to the capital programme in 2023/24 and 2024/25 as reserves and grants are fully utilised.

5. Supplementary information

Attachments

Appendix 1 Draft Capital Expenditure and Financing 10 years 2024/25 to 2033/34

Appendix 2 Draft ICT Schemes

Appendix 3 Draft Fleet Schemes

Appendix 4 Draft Estates Schemes

Appendix 5 Draft Other Schemes

Appendix 6 Analysis of the change in Capital Strategy between February 2023 and December 2023

Appendix 7 Capital Receipts Breakdown 2009/10 to 2023/24

Capital Expenditure and Financing 10 years 2024/25 to 2033/34

Capital Expenditure	Yr 0 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £	Yr 4 2027/28 £	Yr 5 2028/29 £	Yr 6 2029/30 £	Yr 7 2030/31 £	Yr 8 2031/32 £	Yr 9 2032/33 £	Yr 10 2033/34	Yr 1-10 Total £
DDaT Schemes	2,034,810	4,075,077	2,124,752	1,718,297	2,646,997	6,017,683	7,175,150	2,019,386	1,302,686	443,957	4,439,743	31,963,728
Fleet Schemes	2,785,686	929,188	875,160	2,475,294	1,568,940	2,497,775	1,070,066	811,440	3,301,429	999,841	2,556,299	17,085,430
Estates Schemes	664,524	1,390,756	480,000	2,324,765	0	40,000	845,000	80,000	0	0	0	5,160,521
Other Schemes	402,829	152,031	0	0	200,000	150,000	72,202	650,000	400,000	0	250,000	1,874,233
Total Capital Expenditure	**5,887,849**	**6,547,052**	**3,479,912**	**6,518,356**	**4,415,936**	**8,705,458**	**9,162,418**	**3,560,826**	**5,004,114**	**1,443,798**	**7,246,042**	**56,083,913**

Capital Financing	Yr 0 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £	Yr 4 2027/28 £	Yr 5 2028/29 £	Yr 6 2029/30 £	Yr 7 2030/31 £	Yr 8 2031/32 £	Yr 9 2032/33 £	Yr 10 2033/34	Yr 1-10 Total £
Capital Receipts	(1,681,533)	(677,535)	0	0	0	0	0	(1,000,000)	0	0	0	(1,677,535)
Revenue Contributions	(480,406)	(679,000)	(500,000)	(500,000)	(584,000)	(595,000)	(500,000)	(500,000)	(500,000)	(559,000)	(500,000)	(5,417,000)
Revenue Reserves	(210,518)	(921,337)	(25,000)	(4,000)	0	0	0	0	0	0	0	(950,337)
Capital Grants	(1,728,203)	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	(1,754,784)	(536,040)	0	(974,765)	0	0	0	0	0	0	0	(1,510,805)
Borrowing	(32,405)	(3,733,140)	(2,954,912)	(5,039,591)	(3,831,936)	(8,110,458)	(8,662,418)	(2,060,826)	(4,504,114)	(884,798)	(6,746,042)	(46,528,236)
Total Capital Financing	**(5,887,849)**	**(6,547,052)**	**(3,479,912)**	**(6,518,356)**	**(4,415,936)**	**(8,705,458)**	**(9,162,418)**	**(3,560,826)**	**(5,004,114)**	**(1,443,798)**	**(7,246,042)**	**(56,083,913)**
(Excess)/Shortfall	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

A more detailed analysis of capital expenditure is provided at Appendices 2-5.

ICT Schemes

ICT Strategy 2024/25 onwards	Forecast Outturn 2023-24 £'s	Forecast Outturn 2024-25 £'s	Forecast Outturn 2025-26 £'s	Forecast Outturn 2026-27 £'s	Forecast Outturn 2027-28 £'s	Forecast Outturn 2028-29 £'s	Forecast Outturn 2029-30 £'s	Forecast Outturn 2030-31 £'s	Forecast Outturn 2031-32 £'s	Forecast Outturn 2032-33 £'s	Forecast Outturn 3033-34 £'s	Total Costs £'s
Modern Workplace (End User Hardware Replacements)	844,589	1,622,989	680,635	383,408	1,977,794	681,614	598,624	482,674	381,582	542,301	621,913	7,973,534
Service Projects	71,000	170,869	59,383	92,916	61,469	95,042	63,635	72,249	65,885	62,042	65,783	809,273
Core Hardware Replacements	311,846	2,173,292	804,734	1,016,973	504,734	878,849	1,861,203	930,642	1,290,424	618,753	849,128	10,928,732
Radio Replacement	56,398	0	45,000	0	0	402,178	5,138,589	864,202	0	0	3,602,163	10,052,132
Projects (Infrastructure Solution Replacements)	750,978	1,107,927	535,000	225,000	103,000	3,960,000	0	0	0	0	84,240	6,015,167
General Reprofile	0	(1,000,000)	0	0	0	0	0	0	0	0	0	(1,000,000)
Savings	0	0	0	0	0	0	(486,901)	(330,381)	(435,205)	(779,139)	(783,484)	(2,815,110)
Total ICT Programme	**2,034,810**	**4,075,077**	**2,124,752**	**1,718,297**	**2,646,997**	**6,017,683**	**7,175,150**	**2,019,386**	**1,302,686**	**443,957**	**4,439,743**	**31,963,728**

Status - The ICT schemes within the capital programme above consolidate a significant number of complex and interrelated projects. The status of schemes is subject to agreement between the Commissioner and Constabulary. It is recommended that delegated approval is given to the Constabulary's Chief Finance Officer to agree the status of schemes based on the following principles:

Firm Schemes
- Schemes that are either routine cyclical upgrade of existing systems/hardware/software
- Schemes which have been approved by the Commissioner following submission of a business case/decision report

Delegated Schemes
- Schemes agreed in principle by decision report, where the detail of the financial profile/procurement/implementation plans are still to be developed
- Schemes within the Constabulary's Chief Finance Officer's virement authorisation limits for which there is a clear business case
- Schemes above the Constabulary's Chief Finance Officer's virement authorisation limits, but which are nationally mandated and supported by a business case.

Schemes not meeting the principles for firm or delegated schemes will be classed as indicative and will require a business case or decision report to the Commissioner before approval is given to commence with the scheme. The status of schemes applies to the funding for the four years 2024/25 to 2029/30.

Fleet Schemes

Fleet Summary Proposed	Number of Vehicles in Category	Year 0 2023-24 £	Year 1 2024-25 £	Year 2 2025-26 £	Year 3 2026-27 £	Year 4 2027-28 £	Year 5 2028-29 £	Year 6 2029-30 £	Year 7 2030-31 £	Year 8 2031-32 £	Year 9 2032-33 £	Year 10 2033-34	Yr 1-10 Total £
Covert	**12**	52,342	168,000	28,560	59,098	21,200	60,777	184,800	31,360	64,781	0	90,005	708,580
Neighbourhood Policing	**94**	976,923	41,788	122,400	1,776,492	101,065	1,198,238	45,966	0	2,045,348	110,599	1,349,306	6,791,201
Specialist Vehicles	**31**	236,589	72,000	224,400	126,464	171,495	326,160	118,800	160,160	272,004	131,994	282,020	1,885,497
Dog Vehicles	**14**	214,020	20,000	8,160	98,592	208,820	90,720	193,600	22,400	49,020	109,968	185,968	987,248
Motor Cycles	**8**	0	0	125,460	0	0	0	0	16,800	0	0	127,440	269,700
Pool Cars	**27**	101,191	36,400	18,360	63,128	18,020	44,280	224,400	99,680	41,496	20,880	47,200	613,844
Protected personnel Carriers	**9**	75,155	0	0	156,000	318,000	243,000	0	0	0	0	0	717,000
Roads Policing Vehicles	**25**	570,259	250,000	234,600	62,400	614,800	270,000	253,000	67,200	661,200	290,000	271,400	2,974,600
Crime Command	**40**	257,850	127,000	67,320	133,120	26,500	16,200	0	351,680	133,380	59,160	149,860	1,064,220
Crime Scene Investigators	**8**	166,201	0	0	0	0	0	0	22,960	34,200	208,800	0	265,960
Garage	**6**	0	0	0	0	0	145,800	0	0	0	0	0	145,800
Boat	**1**	0	0	0	0	0	0	0	0	0	0	0	0
VIP	**2**	29,700	35,000	45,900	0	0	0	49,500	39,200	0	0	53,100	222,700
Above Strength Vehicles	**25**	0	0	0	0	0	0	0	0	0	0	0	0
Courtesy/fleet stock for rolling garage	**4**	0	0	0	0	0	0	0	0	0	0	0	0
Partnership Vehicles (Rechargable)	**17**	28,177	179,000	0	0	89,040	102,600	0	0	0	68,440	0	439,080
Telematics		50,000											
General underspend b/fwd Contingency		**27,278**											
Total Fleet Summary	***323***	***2,785,686***	***929,188***	***875,160***	***2,475,294***	***1,568,940***	***2,497,775***	***1,070,066***	***811,440***	***3,301,429***	***999,841***	***2,556,299***	***17,085,430***
Number of Vehicles Replaced Each Year		***88***	***40***	***33***	***84***	***36***	***61***	***34***	***41***	***94***	***33***	***0***	

Status - Fleet Replacement - It is recommended that all fleet vehicle replacement schemes are approved as firm for 2024/25 only. This provides authority to procure on the basis of the currently approved fleet strategy. The strategy will be reviewed during 2024/25 to inform the status of the capital programme in future years.

Estates Schemes

Appendix 4

Estates Summary	Status	Yr 0 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £	Yr 4 2027/28 £	Yr 5 2028/29 £	Yr 6 2029/30 £	Yr 7 2030/31 £	Yr 8 2031/32 £	Yr 9 2032/33 £	Yr 10 2033/34 £	Yr 1-10 Total £
Existing Schemes													
Roof Repairs - Various													
Roof Repairs - Kendal Police Station	Firm	0	176,249	0	0	0	0	25,000	0	0	0	0	201,249
Roof Repairs & Glazing - Durranhill	Firm	0	5,000	0	70,000	0	0	0	0	0	0	0	75,000
Heating, Ventilation & Cooling Plant - Various													
Police Headquarters HVAC		0	0	300,000	0	0	0	200,000	0	0	0	0	500,000
Barrow HVAC		0	0	0	60,000	0	0	0	0	0	0	0	60,000
Comms Centre Cooling plant		0	0	0	0	0	0	70,000	0	0	0	0	70,000
UPS													
UPS Durranhill	Delegated	0	60,000	0	0	0	0	0	0	0	0	0	60,000
UPS HQ		0	0	0	80,000	0	0	0	0	0	0	0	80,000
UPS Kendal		0	0	0	30,000	0	0	0	0	0	0	0	30,000
UPS Barrow	Firm	60,000	0	0	0	0	0	0	0	0	0	0	0
Other Existing Schemes													
Garage Provision		0	0	0	0	0	0	500000	0	0	0	0	500,000
Cell Safety	Firm	100,000	0	0	0	0	0	0	0	0	0	0	0
West Estate Purchase	Indicative	20,000	20,000	60,000	1,000,000	0	0	0	0	0	0	0	1,080,000
HQ window conservation		0	0	0	50,000	0	0	0	0	0	0	0	50,000
Learning and Development Centre life cycles		0	0	0	0	0	0	25000	0	0	0	0	25,000
Gas suppression cylinder replacements		0	0	0	0	0	0	25,000	0	0	0	0	25,000
Kendal M&E plant		0	0	0	0	0	20,000	0	0	0	0	0	20,000
Kendal - yr 10 electrical and plant		0	0	0	0	0	0	0	50,000	0	0	0	50,000
Carlisle M&E plant (area 2)	Firm	38,974	0	0	0	0	20,000	0	0	0	0	0	20,000
Learning and Development - ground floor	Firm	32,335	0	0	0	0	0	0	0	0	0	0	0
Dog Section - Wreay	Firm/Indiciti	19,520	333,467	0	0	0	0	0	0	0	0	0	333,467
Durranhill curtain walling life cycles		0	0	0	0	0	0	0	30,000	0	0	0	30,000
Hunter Lane	Indicative	242,189	536,040	0	0	0	0	0	0	0	0	0	536,040
Estate Modernisation		0	0	0	974,765	0	0	0	0	0	0	0	974,765
Brampton Boiler	Firm	50,000	0	0	0	0	0	0	0	0	0	0	0
Cockermouth Paving	Firm	80,000	0	0	0	0	0	0	0	0	0	0	0
Public Order Facilities	Firm	21,506	0	0	0	0	0	0	0	0	0	0	0
Sub Total Existing Estates Schemes		***664,524***	***1,130,756***	***360,000***	***2,264,765***	***0***	***40,000***	***845,000***	***80,000***	***0***	***0***	***0***	***4,720,521***
New Estates Schemes 2024/25		0	0	0	0	0	0	0	0	0	0	0	0
Appleby	Indicitive	0	80,000	0	0	0	0	0	0	0	0	0	80,000
Firearms welfare - toilets/facilities	Indicitive	0	100,000	0	0	0	0	0	0	0	0	0	100,000
Windermere refurbishment		0	0	120,000	0	0	0	0	0	0	0	0	120,000
Brampton retaining wall	Delegate	0	80,000	0	0	0	0	0	0	0	0	0	80,000
Kirby Stephen - new roof		0	0	0	60,000	0	0	0	0	0	0	0	60,000
Sub Total New Estates Schemes		0	260,000	120,000	60,000	**0**	**0**	**0**	**0**	**0**	**0**	**0**	***440,000***
Total Estates Schemes		***664,524***	***1,390,756***	***480,000***	***2,324,765***	-	***40,000***	***845,000***	***80,000***	-	-	-	***5,160,521***

Estates Scheme Status Recommendations*

It is recommended that the scheme to update premises at Hunter Lane be agreed in principle as an indicative scheme, and subject to a business case being approved by the Commissioner.

The scheme to complete the works to the Dog section at Wreay is shown as firm as the current business case is approved. Any additional works over and above the original business case is indicative and requires approval by the Commissioner.

*scheme status applies to the financial profile of 2024/25 only unless otherwise stated.

Appendix 5

Other Schemes

Other Schemes	Status	Yr 0 2023/24 £	Yr 1 2024/25 £	Yr 2 2025/26 £	Yr 3 2026/27 £	Yr 4 2027/28 £	Yr 5 2028/29 £	Yr 6 2029/30 £	Yr 7 2030/31 £	Yr 8 2031/32 £	Yr 9 2031/32 £	Yr 10 2032/33 £	Yr 1-10 Total £
CCTV	Indicitive	0	0	0	0	0	150,000	0	450,000	400,000	0	0	1,000,000
Taser CED migration (T60 package /T7 * 79)	Firm	67,829	67,829	0	0	200,000	0	0	0	0	0	200,000	467,829
X26 taser fleet replacement	Firm	200,000	0	0	0	0	0	0	200,000	0	0	0	200,000
Glock Pistol Replacement	Firm	0	0	0	0	0	0	0	0	0	0	50,000	50,000
Portable Ballistic Protective Equipment	Delegated	0	0	0	0	0	0	43,000	0	0	0	0	43,000
Drones	Firm	35,000	0	0	0	0	0	0	0	0	0	0	0
LaserCam4	Firm	100,000	0	0	0	0	0	0	0	0	0	0	0
Firearms Targeting System	Indicitive		55,000	0	0	0	0	0	0	0	0	0	55,000
Sheilds - Public Order Protective Sheilds	Firm		29,202	0	0	0	0	29,202	0	0	0	0	58,404
Total Other Schemes		**402,829**	**152,031**	**0**	**0**	**200,000**	**150,000**	**72,202**	**650,000**	**400,000**	**0**	**250,000**	**1,874,233**

Other Scheme Status Recommendations*

*scheme status applies to the financial profile of 2024/25 only.

Analysis of change in Capital Programme between February 2023 and the December 2023 proposal.

EXPENDITURE	Year 0 2023-24 £	Year 1 2024-25 £	Year 2 2025-26 £	Year 3 2026-27 £	Year 4 2027-28 £	Year 5 2028-29 £	1-5 Year TOTAL £
Capital Strategy - Approved (February 2023)	7,950,242	4,029,078	2,675,658	6,284,536	4,566,651	14,819,844	32,375,768
Capital Strategy - Proposed (January 2024)	5,887,849	6,547,052	3,479,912	6,518,356	4,415,936	8,705,458	29,666,714
Difference (decrease)/Increase	(2,062,393)	2,517,974	804,254	233,820	(150,715)	(6,114,386)	(2,709,054)
Difference by Type							
- ICT Schemes	(3,112,907)	1,353,396	657,734	59,473	107,734	(6,045,461)	(3,867,125)
- Fleet Schemes	964,686	55,660	26,520	69,347	(88,449)	576,075	639,153
- Estates Schemes	(49,171)	1,024,716	120,000	105,000	(170,000)	(645,000)	434,716
- Other Schemes	135,000	84,202	0	0	0	0	84,202
Difference (decrease)/Increase	(2,062,393)	2,517,974	804,254	233,820	(150,715)	(6,114,386)	(2,709,054)
Explanation of the Difference by Type							
- ICT Schemes							
Quarter 4 changes (Qtr 4 of 22-23)	293,751	255,734	39,734	67,234	29,734	37,500	429,936
Overspend	(2,399)	2,434	0	0	0	0	2,434
Transfer to Revenue	(143,777)	(100,000)	(50,000)	(50,000)	(50,000)	(175,000)	(425,000)
Budget Returned	(78,667)	(106,739)	0	72,239	0	(230,000)	(264,500)
Reprofile	(2,460,657)	693,559	587,000	(0)	103,000	(1,039,000)	344,558
Reprofile and updated price	0	(51,000)	56,000	0	0	0	5,000
MS SCOM Environment	(31,750)	0	5,000	0	5,000	0	10,000
Spread Annually	0	(30,000)	20,000	(30,000)	20,000	(30,000)	(50,000)
New Year added on	(689,408)	689,408	0	0	0	0	689,408
ESN	0	0	0	0	0	(5,138,589)	(5,138,589)
Savings removed	0	0	0	0	0	529,628	529,628
- Fleet Schemes							
Qtr.4 slippage	890,132	0	0	0	0	0	0
Qtr 4 Amendment	99,333	0	0	0	0	0	0
Write off B/Fwd	0	41,788	0	(35,000)	0	0	6,788
New Approval	57,877	0	45,000	0	0	0	45,000
Re-profile	(120,000)	23,000	0	(40,000)	(67,275)	519,303	435,028
Price Increase	117,344	8,000	12,000	185,329	12,788	81,452	299,569
vehicle reduction	0	0	(15,000)	0	0	(35,000)	(50,000)
New Year	0	0	0	0	0	0	0
Telematics - Moved to ICT	(80,000)	0	0	0	0	0	0
Inflation	0	(17,128)	(15,480)	(40,982)	(33,962)	10,320	(97,231)
- Estates Schemes							
Quarter 4 2022/23 B'Fwd	171,309	0	0	0	0	0	0
Dog Section Reprofile	19,520	333,467	0	0	0	0	333,467
Hunter Lane Re Profile	(271,506)	250,000	0	0	0	0	250,000
New Schemes	21,506	260,000	120,000	60,000	0	0	440,000
Moved to ICT schemes	0	0	0	0	(50,000)	(35,000)	(85,000)
General Re Profiling	10,000	181,249	0	45,000	(120,000)	(610,000)	(503,751)
- Other Schemes							
Drones new scheme	35,000	0	0	0	0	0	0
LaserCam4 new scheme	100,000	0	0	0	0	0	0
Firearms Targeting System	0	55,000	0	0	0	0	55,000
Sheilds - COG approved growth	0	29,202	0	0	0	0	29,202
Additional Year Added on	0	0	0	0	0	0	0
Difference (decrease)/Increase	(2,062,393)	2,517,974	804,254	233,820	(150,715)	(6,114,386)	(2,709,054)
	0	0	0	0	0	0	0

Property Disposals – Details of Sale Proceeds

Year	Premises Sold	Sale Proceeds £	Costs of Disposal £	Net Capital Receipts £
2023/24	at the time of writing there has been no funds receievd for any premises sold or any sales planned			
2022/23	There were no property sales	-	-	-
2021/22	Police House - 16 Hillswood Avenue	258,750	1,240	257,510
2020/21	There were no property sales	-	-	-
2019/20	There were no property sales	-	-	-
2018/19	Police House -39 Liddle Close Carlisle	159,000	2,546	156,454
2018/19	Ulverston Police Station	500,000	9,037	490,963
2017/18	Cleator Moor Police Station	105,000	1,939	103,061
2017/18	Barrow Police Statation	450,000	10,361	439,639
2016/17	Police House - 21 Thornleigh Road	266,200	5,570	260,630
2016/17	Maryport Police Station	80,500	1,995	78,505
2015/16	Police House 11-12 The Green, Penrith	60,000	2,006	57,994
2015/16	Wigton Police Station	187,500	4,545	182,955
2015/16	Ambleside Police Station	321,500	6,131	315,369
2013/14	Dalton in Furness Police Station	121,000	2,756	118,244
2013/14	Keswick Police Station	327,000	0	327,000
2012/13	Kirkby Stephen Police Station & House	150,000	857	149,143
2012/13	Police House - 3 Centurians Walk, Carlisle	175,500	2,827	172,673
2012/13	Police House - 4 Allan Court, Workington	173,500	2,100	171,400
2012/13	Alston Police Station	166,000	1,123	164,877
2012/13	Ambleside Police Station	141,000	1,753	139,247
2012/13	Cockermouth Police Station	241,000	2,613	238,387
2012/13	Millom Police Station	45,600	1,644	43,956
2012/13	Milnthorpe Police Station	140,500	1,260	139,240
2012/13	Sedbergh Police Station	90,000	1,328	88,672
2011/12	Police House - Durdar	150,000	2,070	147,930
2011/12	Police House - 12 Derwent Drive Kendal	183,500	1,943	181,557
2011/12	Police House - 10 Clifton Court, Workington	125,000	1,320	123,680
2010/11	Police House - 52 Whitestiles, Seaton	115,500	1,924	113,576
2010/11	Police House - 6 Helsington Road, Kendal	216,000	2,668	213,332
2009/10	Police House - 3 Derwent Drive, Kendal	155,000	4,857	150,143
Please note there were no property disposals in 2014/15				0
Total		**5,104,550**	**78,415**	**5,026,135**

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Public Accountability Conference
15 February 2024
Agenda Item No 08c

Joint Audit Committee
20 March 2024
Agenda Item No TBC

Office of the Police, Fire and Crime Commissioner Report

Title: Borrowing, Treasury Management, Investment and MRP Strategies 2024/25 (including Prudential Indicators)

Report of the PFCCs Chief Finance Officer

Originating Officers: **Lorraine Holme, Group Accountant;**
Sarah Walker, Financial Services Manager

Purpose of the Report

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in the Public Services (the CIPFA TM Code) and the Prudential Code require Local Authorities (including PCCs) to determine the Treasury Management Strategy Statement (TMSS) on an annual basis.

These codes were originally issued in 2002, revised in 2009, 2011, 2017, and again in 2021. The TMSS presented here complies with the 2021 codes and accompanying guidance notes. The TMSS also incorporates the Investment Strategy which is a requirement of the Department for Levelling Up, Housing & Communities (DLUHC) (Previously Ministry of Housing, Communities and Local Government's) Investment Guidance 2018.

This report proposes a strategy for the financial year 2024/25.

Treasury Management in Local Government continues to be a highly important activity. The Police, Fire and Crime Commissioner ("The Commissioner") adopts the CIPFA definition of Treasury Management which is as follows:

> **Treasury Management Definition**
>
> *'the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*

Recommendations

The Commissioner is asked to:

1. Approve the Borrowing Strategy for 2024/25 as set out on pages 8-9.
2. Approve the Investment Strategy for 2024/25 as set out on pages 10-13.
3. Approve the Treasury Management Prudential Indicators as set out on pages 15-17.
4. Approve the other Prudential Indicators set out on pages 17 to 21.
5. Approve the Minimum Revenue Provision Policy Statement for 2024/25 as set out on page 22.
6. Note that the detailed Treasury Management Practices (TMPs) are currently being reviewed and updated as required by the Code of Practice and will be published alongside the TMSS on the Commissioner's website. The updated TMPs will be provided at the Joint Audit Committee in March.
7. Delegate to the PFCC Chief Finance Officer any non-material amendments arising from scrutiny of the strategy by the Joint Audit Committee.

The Joint Audit Committee are asked to review the Treasury Management Strategy Statement and Treasury Management Practices to be satisfied that controls are satisfactory and provide advice as appropriate to the Commissioner.

Peter McCall

POLICE, FIRE & CRIME COMMISSIONER

Borrowing, Treasury Management, Investment, and MRP Strategies 2024/25
(Including Prudential Indicators)

Treasury Management Strategy Statement 2024/25

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Key Messages

Approval of an annual Treasury Management Strategy is a statutory requirement of the Commissioner.

This Strategy aims to provide the Commissioner with a low risk, yet suitably flexible, approach to Treasury Management.

General Principles

The Commissioner is required to approve an annual Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management, which also incorporates an Investment Strategy as required by the Local Government Act 2003 and which is prepared in accordance with the Department for Levelling Up, Housing & Communities Investment Guidance 2018. Together, these cover the financing and investment strategy for the forthcoming financial year.

The Treasury Management Strategy has been prepared in line with the model guidance produced by Link Asset Services Ltd, who provide specialist treasury management advice to the Commissioner. However, it should be noted that all treasury management decisions and activity are the responsibility of the Commissioner and any such references to the use of these advisors should be viewed in this context.

Treasury management activities involving, as they do, the investment of large sums of money and the generation of potentially significant interest earnings have inherent risks. The Commissioner regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks. The main risks to the Commissioner's treasury activities are outlined below:

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in interest rate levels)
- Re-financing Risks (impact of debt maturing in future years)
- Legal and Regulatory Risk
- Fraud, Error and Corruption Risk

Details of the control measures the Commissioner has put in place to manage these risks are contained within the separate Treasury Management Practices (TMPs).

Key Messages

The Commissioner's priority for investments will **always** be ranked in the order of:

General Principles (Continued)

The Commissioner acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management. However, the high profile near failure of major banks in 2008 highlighted that this objective must be sought within a context of effective management of counterparty risk. Accordingly, the Commissioner will continue to search for optimum returns on investments, but at all times the **security** of the sums invested will be paramount. This is a cornerstone of the CIPFA Code of Treasury Management Practice which emphasises "**Security, Liquidity, Yield** in order of importance at all times". The security of the sums invested is managed by tight controls over the schedules of approved counterparties, which are continually reviewed to take account of changing circumstances, and by the setting of limits on individual and categories of investments as set out at **Appendix A**.

The strategy also takes into account the impact of treasury management activities on the Commissioner's and Constabulary's revenue budget. Forecasts of cash balances, interest receipts and financing costs are regularly re-modelled. The revenue budget for 2024/25 and forecasts for future years have been updated in light of the latest available information as part of the financial planning process.

The guidance under which this strategy is put forward comes from a variety of different places. Principally, however, the requirement to produce an annual Treasury Management Strategy is set out in the CIPFA Code of Practice on Treasury Management published in 2011, 2017 and 2021. There is, in addition, a further requirement arising from the Local Government Act 2003 (Section 15) and the 2018 Department for Levelling Up, Housing & Communities (DLUHC) Guidance, to produce an investment strategy as part of the wider Treasury Strategy. This is set out below, starting at page 10. Finally, the Commissioner's treasury advisors, Link Asset Services Ltd, have provided some advice about possible future trends in interest rates and advice on best practice in relation to the format of the TMSS.

In accordance with The Code of Practice for Treasury Management, the Commissioner will approve the Annual TMSS, receive a quarterly summary of treasury activity, a mid-year update on the strategy and an annual report after the close of the financial year.

Key Messages

Scrutiny of the Commissioner's treasury activities is the responsibility of the Joint Audit Committee, including:

- Quarterly Reports
- Year End Report
- Treasury Risk Management
- Review of Assurances

As a minimum a rolling 12-month cash flow forecast is maintained and is audited as part of the statutory accounts to support the principle that the Commissioner is operating as a 'going concern'.

General Principles (Continued)

The Joint Audit Committee will be responsible for the scrutiny of treasury management policy and processes. The Joint Audit Committee terms of reference in relation to treasury management are:

- Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory.
- Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity.
- Review the treasury risk profile and adequacy of treasury risk management processes.
- Review assurances on Treasury Management (for example, an internal audit report, external or other reports).

The DLUHC Guidance on investments states that publication of strategies is now formally recommended, the full suite of strategy documents will be published on the Commissioner's website once approved.

The Commissioner complies with the provisions of section 32 of the Local Government Finance Act 1992 to set a balanced budget. This report fulfils the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and DLUHC Guidance.

Treasury Management Cash Flow Forecast

Treasury Management activity is driven by the complex interaction of expenditure and income flows, but the core drivers within the Commissioner's balance sheet are the underlying need to borrow to finance its capital programme, as measured by the capital financing requirement (CFR), which is explored in detail on page 8 of this report, and the level of reserves and balances. In addition, day-to-day fluctuations in cash flows due to the timing of grant and council tax receipts and outgoing payments to employees and suppliers have an impact on treasury activities and accordingly are modelled in detail. The Commissioner's level of debt and investments is linked to the above elements, but market conditions, interest rate expectations and credit risk considerations all influence the Commissioner's strategy in determining exact borrowing and lending activity.

Key Messages

Investment returns and borrowing rates have most likely peaked, it is anticipated they will start to fall by the end of 2024. Further rate cuts are expected through 2025. However, many factors can impact that forecast.

The availability of reserves is declining and a requirement to borrow to fund the capital programme is anticipated.

Treasury Management Cash Flow Forecast (Continued)

The estimated treasury position at 31st March 2024 and for the following financial years are summarised below:

Estimated Treasury Position	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
External Borrowing	0.00	0.00	0.00	0.00
Interest Payments	0.00	0.00	0.00	0.00
Investments (average)	8.791	13.008	13.333	13.333
Interest Receipts	0.400	0.400	0.400	0.400

The figures in the table above are based on the approval of the proposed revenue budget and capital programme presented to the Commissioner elsewhere on this agenda and are based on the interest rate assumptions as outlined on page 7 below. The estimate for interest receipts in 2024/25 is £400k (latest forecast for 2023/24 is £950k). Interest receipts are higher this year due to slippage of the capital programme. The timing of future external borrowing is currently not known and decisions regarding the end of the PFI contract are still to be made.

The Commissioner's underlying need to borrow, as measured by the Capital Financing Requirement (CFR), is estimated to be £20.82m at the start of the 2024/25 financial year. This includes £3.70m which is the capital value of the PFI contract as required by changes to proper accounting practices introduced in The Code of Practice on Local Authority Accounting 2009. The capital programme paper elsewhere on this agenda (see item 08b) indicates that the Commissioner will need to borrow to deliver the agreed capital programme.

Under current market conditions, where short term interest rate forecasts are frequently changing, and there are continuing general uncertainties over the creditworthiness of financial institutions, it is assumed that the most prudent borrowing strategy for the present is to meet the capital funding requirement from within internal resources. This has the effect of reducing the cash balances available for investment. Advice will continue to be sought from our treasury advisors as to the most opportune time and interest rate to undertake external borrowing.

Key Messages

CPI inflation is expected to have peaked. The Bank of England is forecasting inflation to fall to just above 2% by the end of 2024.

The Bank Rate is forecast to reduce in later in 2024, with further reductions expected during 2025.

Treasury Management Interest Rate Forecast

- GDP in November rose by 0.3% month on month, probably meaning the economy escaped a recession in 2023 which is better than originally forecast. GDP growth is expected to pick up gradually during 2024.
- Twelve-month CPI inflation fell to 4.0% in December 2023 and current indications are that CPI has fallen again in January. This is broad-based, reflecting lower fuel, core goods and services price inflation. Although still elevated, wage growth has eased across a number of measures and is projected to decline further in coming quarters.
- The MPC are forecasting that inflation will fall to the 2% target in Q2 2024 *(compared to Q4 2025 previously)* and that the upside risks from domestic drivers have disappeared, however it expects inflation to rebound in Q3 2024 and to be slightly above the 2% target at the end of the year. CPI inflation is projected to be 2.3% in two years' time and 1.9% in three years.

The Monetary Policy Committee (MPC) has increased the Bank Rate 125bps over the past twelve months, taking rates to a 15 year high of 5.25%. At the February meeting a 6-3 majority saw it remain at 5.25% for the fourth meeting in a row, with two members preferring to increase the rate by 0.25%. The MPC stated they would keep under review for how long Bank Rate should be maintained at its current level, they remain prepared to adjust monetary policy as warranted by economic data to return inflation to the 2% target sustainably. The 2% inflation target is expected to be met in 2024 Qtr2 and the bank rate is expected to start falling later in the year.

Base Rate Estimates	2024/25	2025/26	2026/27	2027/28
Quarter 1	5.25%	3.25%	3.00%	3.00%
Quarter 2	5.25%	3.00%	3.00%	3.00%
Quarter 3	4.75%	3.00%	3.00%	3.00%
Quarter 4	3.75%	3.00%	3.00%	3.00%

Key Messages

The Commissioner has an increasing Capital Financing Requirement due to the capital programme, but has modest investments (after deducting the pension grant receipt), and will therefore need to borrow in the near future.

Borrowing Strategy

Long Term Borrowing

The Commissioner's underlying need to borrow for capital purposes is measured by reference to the Capital Financing Requirement (CFR), which is one of the Prudential Indicators and represents the cumulative capital expenditure of the Commissioner that has not been financed from other sources such as capital receipts, capital grants, revenue contributions or reserves. To ensure that this expenditure will ultimately be financed, authorities are required to make a provision from their revenue accounts each year for the repayment of debt. This sum known as the Minimum Revenue Provision (MRP) is intended to cover the principal repayments of any loan over the expected life of a capital asset. The CFR together with Usable Reserves, are the core drivers of the Commissioner's Treasury Management activities.

Actual borrowing may be greater or less than the CFR, but in order to comply with the Prudential Code, the Commissioner must ensure that in the medium term, net debt will only be for capital purposes. Therefore, the Commissioner must ensure that except in the short term, net debt does not exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. In compliance with this requirement the Commissioner does not currently intend to borrow in advance of spending need.

The table below shows the Commissioner's projected capital financing requirement for 2024/25 and beyond.

Capital Financing	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Balance B/fwd	22.11	21.47	20.82	23.84	25.34
Plus Capital Expenditure financed from borrowing	0.01	0.03	3.73	2.95	5.04
Less MRP for Debt Redemption	-0.65	-0.68	-0.71	-1.46	-1.85
Balance C/Fwd	**21.47**	**20.82**	**23.84**	**25.34**	**28.53**

The above table shows only capital expenditure that is required to be financed from borrowing. The full capital programme and associated financing is reported in summary within the capital programme elsewhere on the agenda (see item 08b).

Key Messages

Diversification of investments continues to provide a level of liquid cash that is suitable for the Commissioner's expenditure profile whilst total investment balances remain high. This will continue to be monitored as levels of investments fall and if necessary, a minimum level of liquid cash to be maintained will be set.

Short term borrowing from other Local Authorities may be needed in the future to manage short term cash flow shortfalls.

Borrowing Strategy (Continued)

The Commissioner is not expected to have any external borrowing at the start of 2024/25. Given that the CFR is forecast to be £23.84m by the end of 2024/25, this effectively means that the Commissioner will be funding over £20.44m of capital spend from internal resources (CFR £23.84m less £3.40m in relation to the PFI).

Bank Rate rises over the recent period have pushed up the cost of long term finance to over 5%. Borrowing rates are expected to start falling during 2024 and to continue over the medium term. Consequently, undertaking long term borrowing at this time is likely to fix higher costs into the revenue account and commit the Commissioner to costs for many years in the future. It is critical that a long term view is taken regarding the timing of such transactions.

It should also be recognised that by funding internally, there is an exposure to interest rate risk at the point that actual borrowing is undertaken. Accordingly, the Commissioner, in conjunction with its treasury advisors, will continue to monitor market conditions and interest rate prospects on an ongoing basis, in the context of the Commissioner's capital expenditure plans, with a view to minimising borrowing costs over the medium to long term.

The Commissioner's predecessors had previously raised all of its long-term borrowing from the PWLB (Public Works Loans Board) but other sources of finance are now available and being investigated, such as local authority loans and bank loans, that may be available at more favourable rates.

<u>Short Term Borrowing</u>

Short term loans will be used to manage day to day movements in cash balances, or over a short-term period to enable aggregation of existing deposits into longer and more sustainable investment sums. Short term borrowing would probably be from another Local Authority.

Key Messages

The Investment Strategy for 2024/25 remains broadly the same as in previous years as there has been little change in the markets or counterparties.

The updated investment guidance emphasises "Security, Liquidity, Yield in order of importance at all times".

The appropriate balance between risk and return is sought.

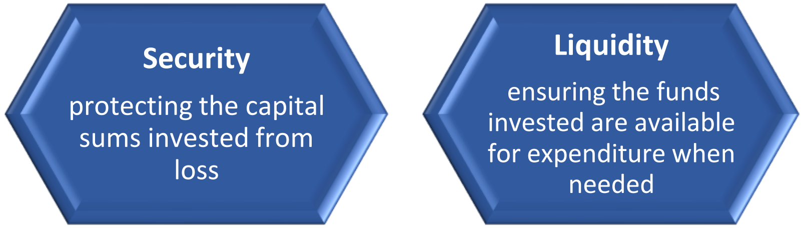
Investment Strategy

Local Authorities (which include the Commissioner) invest their money for three broad purposes:

- because they have surplus cash as a result of their day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

The Local Government Act 2003, Section 15(1) (a) requires the Commissioner to approve an investment strategy which must also meet the requirement in the statutory investment guidance issued by DLUHC in January 2018. The Commissioner does not currently have, and does not intend to invest in, service investments or commercial investments so the detail below focuses on a Treasury Management Investment Strategy.

The CIPFA Code requires funds to be invested prudently, and to have regard for:



The generation of yield is distinct from these prudential objectives. Once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities. The objective when investing surpluses is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the aim would be to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The treasury management investment strategy operates criteria based on credit ratings to determine the size and duration of investments it is willing to place with particular counterparties. The credit worthiness of counterparties is reviewed on an ongoing basis in conjunction with the Commissioner's treasury advisors.

Key Messages

In accordance with guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the Commissioner applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

The key ratings used to monitor counterparties are the Long Term ratings.

Investment Strategy (Continued)

The Commissioner holds significant balances of invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2023/24, the Commissioner's investment balance has ranged between £5.39m and £34.13m. The larger sum was due to the receipt in July 2023 of £16.08m pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. Balances in 2024/25 are forecast to slowly reduce as expenditure on large capital schemes continues. It is anticipated that, at the peak, when the pensions grant is received in July, balances for investment could approach £24m.

Credit Rating - Investment decisions are made by reference to the lowest published long-term credit rating from credit agencies such as, Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. In addition to credit ratings, the Commissioner and its advisors, select countries and financial institutions after analysis and ongoing monitoring of:

- Economic fundamentals (e.g., net debt as a % of GDP)
- Credit default swap prices (a CDS is a financial derivative or contract that allows an investor to "swap" or offset credit risk with that of another investor)
- Sovereign support mechanisms
- Share prices
- Corporate developments, news, articles, market sentiment and momentum
- Subjective overlay – or, put more simply, common sense.

The investment strategy for 2015/16 was opened up slightly to include some additional classes of investment to allow more flexibility and diversification. The strategy for 2024/25 remains the same. The decision to enter into an approved class of investment is delegated to the PFCC Chief Finance Officer. The strategy allows for investments in pooled funds such as money market funds or property funds. The use of property funds would further diversify the Commissioners' portfolio, provide a longer-term investment and increase yield whilst maintaining security. However, given current economic volatility arising from high inflation it is unlikely that they will be pursued.

A full explanation of each class of asset is provided in **Appendix A** together with a schedule of the limits that will be applied.

Key Messages

The PFCC Chief Finance Officer (subject with consultation with the Commissioner) will be granted delegated authority to amend or extend the list of approved counterparties should market conditions allow.

No plans to use derivatives – this would require explicit approval.

Investment Strategy (Continued)

The Treasury Management Strategy is designed to be a dynamic framework which is responsive to prevailing conditions with the aim of safeguarding the Commissioner's resources. Accordingly, the Commissioner and his advisors will continuously monitor corporate developments and market sentiment with regards to counterparties and will amend the approved counterparty list and lending criteria where necessary. Whilst credit ratings are central to the counterparty risk evaluation process, other factors such as the prevailing economic climate are taken into consideration when determining investment strategy. It is proposed to continue the policy, adopted in 2017/18 that the PFCC Chief Finance Officer, subject to consultation with the Commissioner, be granted delegated authority to amend or extend the list of approved counterparties should market conditions allow.

The Joint Audit Committee will be updated on any changes to policy. The performance of the Commissioner's treasury advisors and quality of advice provided is evaluated prior to the triennial renewal of the contract. Meetings with the advisors to discuss treasury management issues are held on a regular basis.

The use of Financial Instruments for the Management of Risks

Currently, Local Authorities (including PCC's) legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Act is not sufficiently explicit.

In the absence of any explicit legal power to do so, the Commissioner has no plans to use derivatives during 2024/25. Should this position change, the Commissioner may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require explicit approval. A derivative is a financial security with a value that is reliant upon or derived from, an underlying asset or group of assets. The derivative itself is a contract between two or more parties, and the derivative derives its price from fluctuations in the underlying asset.

Liquidity of investments

The investment strategy must lay down the principles which are to be used in determining the amount of funds which can prudently be committed for more than one year i.e., what DLUHC defines as a long-term investment.

Key Messages

The cash flow forecast is maintained for a minimum rolling 12 months. This allows assessment of the ability to invest longer term and identifies areas where short term borrowing may be required.

Investment Strategy (Continued)

The Financial Services team uses a cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Commissioner being forced to borrow on unfavourable terms to meet his financial commitments. For the Commissioner, the total of investments over one year in duration are limited to £2m with a maximum duration of three years. This policy balances the desire to maximise investment returns, with the need to maintain the liquidity of funds.

Under current market conditions there is still little opportunity to generate significant additional investment income by investing in longer time periods over one year. However, as always, investment plans should be flexible enough to respond to changing market conditions during the year. The estimate of investment income for 2024/25 amounts to £400k (£950k 2023/24) and actual investment performance will be reported regularly to the Commissioner and will be provided to members of the Joint Audit Committee as background information to provide guidance and support when undertaking scrutiny of Treasury Management procedures.

Key Messages

The 'Treasury Management Practices' statement is updated for each year, scrutinised by the Joint Audit Committee and published on the Commissioner's website alongside this strategy.

Treasury Risk and Treasury Management Practices

The Commissioner's approach to risk is to seek optimum returns on invested sums, taking into account at all times the paramount security of the investment. The CIPFA Code of Practice and Treasury Management Practices sets out in some detail defined treasury risks and how those risks are managed on a day to day basis. The CIPFA Code of Practice on Treasury Management recommends the adoption of detailed Treasury Management Practices (TMPs). As outlined above, the Treasury Management Code and Prudential Code were updated and additional guidance notes have now been received. The TMP's have been updated. The guidance from CIPFA recommends that TMPs should cover the following areas:

- Risk Management
- Performance Management
- Decision Making and Analysis
- Approved Instruments
- Organisation, Segregation of Duties and Dealing Arrangements
- Reporting and Management Information Requirements
- Budgeting, Accounting and Audit
- Cash and Cash Flow Management
- Money Laundering
- Training and Qualifications
- Use of External Service Providers
- Corporate Governance

Treasury Management is a specialised and potentially risky activity, which is currently managed on a day-to-day basis by the Financial Services Team under authorisation from the PFCC Chief Finance Officer as part of a shared service arrangement for the provision of financial services. The training needs of treasury management staff to ensure that they have appropriate skills and expertise to effectively undertake treasury management responsibilities is addressed on an ongoing basis. Specific guidance on the content of TMPs is contained within CIPFA's revised code of Practice for Treasury Management. Accordingly, the TMPs have been reviewed in detail and where necessary amendments have been made to bring the TMPs into line with The Code.

Key Messages

The PFCC currently has no external debt and does therefore not need to set limits on the maturity of debt in each period.

Treasury Management Prudential Indicators

The key objectives of The Code are to ensure, within a clear framework, that Capital investment plans are affordable, prudent and sustainable (or to highlight, in exceptional cases, that there is a danger this will not be achieved so that the Commissioner can take remedial action). To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out the Indicators that must be used. The indicators required by The Code are designed purely to support local decision making and are specifically not designed to represent comparative performance indicators.

The treasury management Indicators are not targets to be aimed at but are instead limits within which the treasury management policies of the Commissioner are deemed prudent. These cover three aspects:

1. Maturity Structure of Borrowing

It is recommended that upper and lower limits for the maturity structure of borrowings are calculated as follows:

Period of Maturity	Upper Limit %	Lower Limit %
Under 12 months	100.00	0
12 months and within 24 months	100.00	0
24 months and within 5 years	100.00	0
5 years and within 10 years	100.00	0
10 years and above	100.00	0

This indicator is primarily applicable to organisations, which have undertaken significant levels of borrowing to finance their capital programmes in which case it is prudent to spread the profile of repayments to safeguard against fluctuations of interest payments arising from having to refinance a large proportion of the debt portfolio at any point in time. During 2012/13 the Commissioner repaid all outstanding external borrowing and as a result there is currently no requirement to apply stringent limits to the maturity profile of existing debt.

Key Messages

Treasury Management Prudential Indicators (Continued)

2. Principal sums invested for periods longer than a year

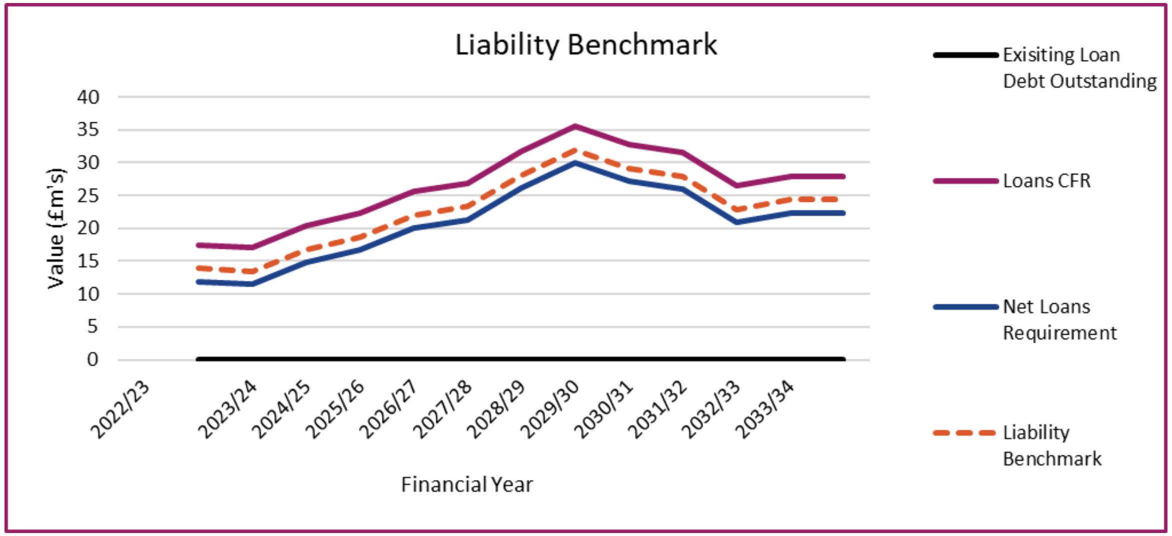
The purpose of this indicator is to contain the Commissioner's exposure to the possibility of loss that might arise as a result of having to borrow short term at higher rates or losses by seeking early repayment of its investments.

Price Risk Indicator	2022/23	2023/24	2024/25	2025/26	2026/27
Limit on principal invested beyond one year	£2m	£2m	£2m	£2m	£2m

3. Liability Benchmark

The 2021 code requires Authorities to define their own 'Liability Benchmark' which looks at the net management of the PCC's overall treasury position. The aim of the indicator is to support in the management of treasury risks, namely refinancing risk, interest rate and credit risk. It does this through profiling the borrowing portfolio close to the plotted liability benchmark position.

The graph below shows that the current position for the Police and Crime Commissioner is one of no external debt but a loan requirement just below the capital financing requirement. The gap to the external loans of zero represents the under borrowed position / internal borrowing undertaken.



Compliance with the indicators will be presented to the PFCC Public Accountability Conference and the Joint Audit Committee in the quarterly Treasury Activities report.

Key Messages

Setting, Revising, Monitoring and Reporting

Prudential Indicators, other than those using actual expenditure taken from audited statements of accounts must be set prior to the commencement of the financial year to which they relate. Indicators may be revised at any time, and must, in any case, be revised for the year of account when preparing indicators for the following year. The PFCC Chief Finance Officer has a prescribed responsibility under The Code to ensure that relevant procedures exist for monitoring and reporting of performance against the indicators. The Prudential Indicators when initially set and whenever revised, must be approved by the body which approves the budget, i.e. The Commissioner at his Public Accountability Conference.

Other Prudential Indicators 2024/25

As per the 2021 CIPFA Prudential Code for Capital Finance and the accompanying guidance notes the Commissioner is required to produce a number of indicators to assist understanding and to evaluate the prudence and affordability of the capital expenditure plans and the borrowing and investment activities undertaken in support of this.

Capital Expenditure and Capital Financing

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on council tax.

Capital Expenditure	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Expenditure	4.09	5.89	6.55	3.48	6.52

Capital Financing	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Receipts	0.43	1.68	0.68	0.00	0.00
Government Grants	3.15	1.73	0.00	0.00	0.00
Revenue Contributions	0.50	2.45	2.14	0.53	1.48
Total Financing	**4.08**	**5.86**	**2.81**	**0.53**	**1.48**
Borrowing*	0.01	0.03	3.73	2.95	5.04
Total Funding	**0.01**	**0.03**	**3.73**	**2.95**	**5.04**
Total Financing and Funding	**4.09**	**5.89**	**6.55**	**3.48**	**6.52**

* In the current financial climate the decision has been taken to borrow internally rather than from the PWLB which will be reflected in the capital financing requirement indicator.

Key Messages

Capital Finance Requirement – 'The mortgage you are yet to take'.

Minimum Revenue Provision – 'Annual Mortgage repayments'.

The Authorised Limit is a statutory limit (Local Government Act 2003) above which the Commissioner has no authority to borrow.

Other Prudential Indicators 2024/25 (Continued)

Capital Financing Requirement

The Capital Financing Requirement (CFR) shows the difference between the capital expenditure and the revenue or capital resources set aside to finance that spend. The CFR will increase where capital expenditure takes place and will reduce with the Minimum Revenue Provision (MRP) made each year from the revenue budgets.

Capital Financing	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Balance B/fwd	22.11	21.47	20.82	23.84	25.34
Plus Capital Expenditure financed from borrowing	0.01	0.03	3.73	2.95	5.04
Less MRP for Debt Redemption	-0.65	-0.68	-0.71	-1.46	-1.85
Balance C/Fwd	**21.47**	**20.82**	**23.84**	**25.34**	**28.53**

Authorised Limit

The represents a control on the maximum level of external debt. Whilst not desired it could be afforded by the authority in the short term but is not sustainable in the longer term. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary. The Authorised Limit must not be breached.

Authorised Limit for External Debt	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
External Borrowing	24.00	23.62	26.94	28.77	32.12
Other Long Term Liabilities	3.96	3.70	3.40	3.06	2.91
Total Authorised Limit	27.97	27.32	30.34	31.84	35.03

Key Messages

The Operational Boundary limit is not an absolute limit of external debt and may be exceeded temporarily.

Currently the Commissioner has no external borrowing.

Other Prudential Indicators 2024/25 (Continued)

Operational Boundary

The Operational Boundary is a limit beyond which external debt is not normally expected to exceed. This limit is not an absolute limit but it reflects the expectations of the level at which external debt is not normally expected to exceed.

Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together. Consistent with the Authorised Limit, the PFCC Chief Financial Officer has delegated authority, within the total Operational Boundary, to effect movement between the separately identified and agreed figures for External Borrowing and Other Long-term Liabilities. Any such changes will be reported to the Commissioner and the Joint Audit Committee meeting following the change.

Operational Boundary for External Debt	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
External Borrowing	22.50	22.12	25.44	27.27	30.62
Other Long Term Liabilities	3.96	3.70	3.40	3.06	2.91
Total Operational Boundary	26.47	25.82	28.84	30.34	33.53

Actual External Debt

The Commissioner's actual external debt as at 31 March 2024 will be £3.70m, comprising only of other long-term liabilities of £3.70m in relation to the PFI. It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investments rates compared to the costs of borrowing. It should be noted that all previous external borrowing with the PWLB (Public Works Loans Board) was repaid during 2012/13.

Key Messages

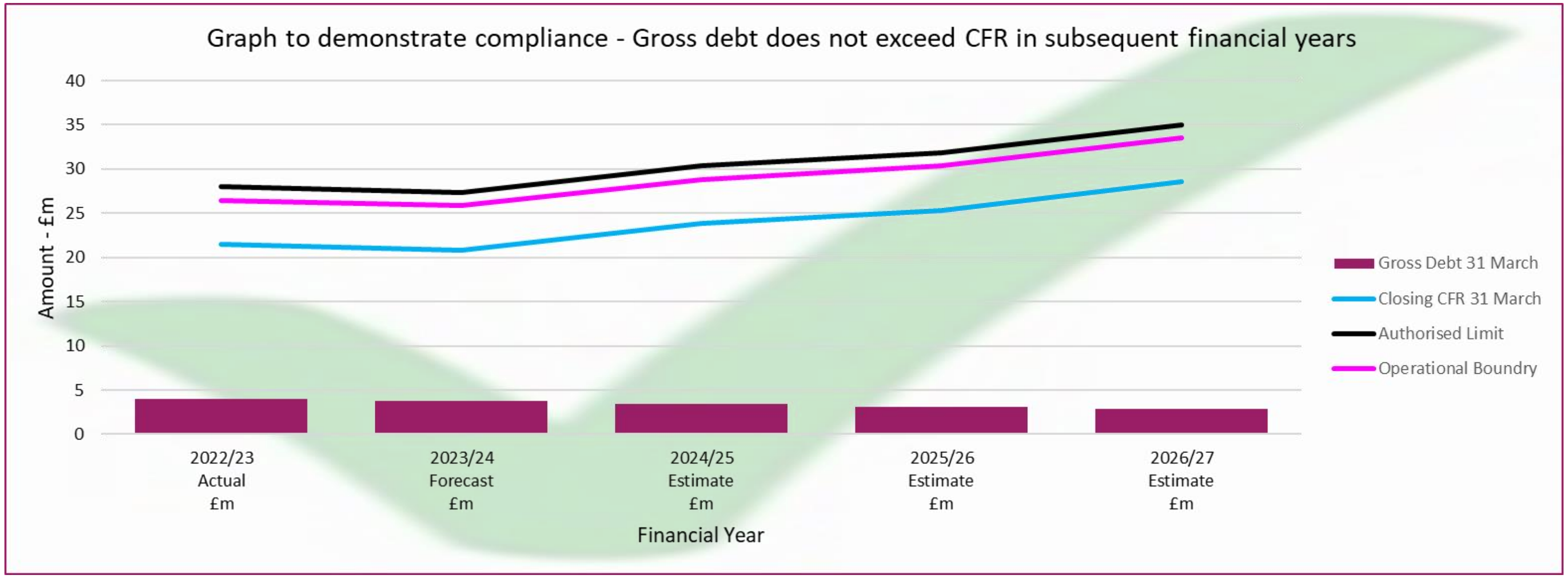
Other Prudential Indicators 2024/25 (Continued)

Gross Debt and the Capital Financing Requirement

The Commissioner should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes. Gross debt, except in the short term, should not exceed CFR in the preceding year plus the estimates for CFR for the three subsequent years.

Gross Debt and Capital Financing Requirement	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Closing CFR 31 March	21.47	20.82	23.84	25.34	28.53
Gross Debt 31 March	3.96	3.70	3.40	3.06	2.91

Using the figures from the above stated indicators the graph below demonstrates compliance as gross debt remains below CFR, authorised and operational limits for all years presented:



Other Prudential Indicators 2024/25 (Continued)

Ratio of financing costs

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

Financing Costs include the amount of interest payable in respect of borrowing or other long-term liabilities and the amount the Commissioner is required to set aside to repay debt, less interest and investments income. The Commissioner's financing costs can be both positive and negative dependent on the relative level of interest receipts and payments.

The actual Net Revenue Stream is the 'amount to be met from government grants and local taxation' taken from the annual Statement of Accounts, budget, budget proposal and medium-term financial forecast. These figures are purely indicative and are in no way meant to indicate planned increases in funding from Council Tax.

Ratio of Financing Costs to Net Revenue Stream	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Investment income	0.44	0.40	0.40	0.40	0.40
MRP	0.65	0.68	0.71	1.46	1.85
Financing Costs	**0.22**	**0.28**	**0.31**	**1.06**	**1.45**
Net Revenue Stream	129.62	136.75	145.38	145.38	145.49
Ratio	0.17%	0.21%	0.22%	0.73%	1.00%

Key Messages

The broad aim of the Minimum Revenue Provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

In relation to the Commissioner this would be over 50 years as borrowing is only used to finance Land and Building schemes.

Calculation will be based on Option 1 for pre 2008/09 debt and option 3 thereafter.

The Commissioner is also permitted to make additional voluntary payments if required (voluntary revenue provision VRP) although there are no plans to make any in the medium-term forecasts.

Annual MRP Statement for 2024/25

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on authorities to make a prudent provision for debt redemption, this is known as the Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the Authority to "have regard" to The Ministry of Housing, Communities and Local Government's (Now DLUHC) Guidance on Minimum Revenue Provision most recently issued in 2018. This sum known as the MRP is intended to cover the principal repayments of any loan over the expected life of a capital asset.

The Department for Levelling Up, Housing & Communities recommends that before the start of the financial year, The Commissioner approves a statement of MRP policy for the forthcoming financial year. This is now by agreement encompassed within the TMSS. The broad aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure, which gave rise to the debt, provides benefits.

The four options available for calculating MRP are set out below:

- Option 1 – Regulatory Method based on 4% of the CFR after technical adjustments.
- Option 2 – CFR Method, based on 4% of the CFR with no technical adjustments.
- Option 3 – Asset Life Method, spread over the life of the asset being financed.
- Option 4 – Depreciation Method, based on the period over which the asset being financed is depreciated.

It is proposed that The Commissioner's MRP policy for 2024/25 is unchanged from that of 2023/24 and that the Commissioner utilises option 1 for all borrowing incurred prior to the 1st April 2008 and option 3 for all borrowing undertaken from 2008/09 onwards, irrespective of whether this is against supported or unsupported expenditure. This policy establishes a link between the period over which the MRP is charged and the life of the asset for which borrowing has been undertaken. It is proposed that a fixed instalment method is used to align to the Commissioner's straight-line depreciation policy. MRP in respect of PFI and leases brought on to the balance sheet under the 2009 accounting requirements will match the annual principal repayment for the associated deferred liability. This will not result in an additional charge to the Commissioner's revenue budget as this is part of the capital repayment element of the PFI unitary charge. There have been some additional voluntary contributions of MRP made in previous years that are available to reduce the revenue charges in later years. No such overpayments or withdrawals are planned for 2024/25.

Counterparty Selection Criteria and Approved Counterparties

The lending criteria set out below are designed to ensure that, in accordance with The Code of Practice, the security of the funds invested is more important than maximising the return on investments. Following consultation with the Commissioner's treasury advisors there are no amendments to the criteria used in determining approved investment counterparties for 2024/25 compared to those in operation for 2023/24.

Counterparty Selection Criteria

The agreed changes to the selection criteria for investment counterparties for 2015/16 included changes to the investment categories, a reduction in the maximum amount and duration lengths for investments. This was to encourage diversification and to increase the security of those funds invested. These principles apply to the 2024/25 strategy. The investment limits and duration are linked to the credit rating and type of counterparty at the time the investment is made.

The credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors, Link Asset Services Ltd, who provide timely updates and advice on the standing of counterparties. Whilst credit ratings are central to the counterparty risk evaluation process, other factors such as the prevailing economic climate are taken into consideration when determining investment strategy and at the time when individual investment decisions are made. If this ongoing monitoring results in a significant change to counterparty selection during the year, the Commissioner and the Joint Audit Committee will be advised through the quarterly activities report.

The approved investment counterparties for the 2024/25 investment strategy are summarised as follows:

Category	Description	Comments
Category 1	Banks Unsecured	Includes building societies
Category 2	Banks Secured	Includes building societies
Category 3	Government	Includes other Local Authorities
Category 4	Registered Providers	Includes providers of social housing e.g. Housing Associations
Category 5	Pooled Funds	Includes Money Market Funds and property funds

A more detailed explanation of each of these counter party groupings in provided in Schedule B (page 26).

Key Messages

Whilst these limits also apply to the Commissioner's own bankers in the ordinary course of business, if that bank's lowest rating falls below 'A-' balances will be maintained for operational purposes only and minimised on a daily basis. A non-investment limit of £1m will apply in such circumstances.

Changes to accounting rules mean that certain financial instruments need to be valued at year end and paper gains / losses at the balance sheet date charged to the Statement of Comprehensive Income and Expenditure Account. Such instruments are not currently key to this strategy.

Counterparty Groupings / Limits

The criteria for approving investment counterparties have been devised, grouped, graded and investment limits attached as detailed in Schedule A (page 25). The limits are based on a percentage of the potential maximum sums available for investment during the year of up to £40m. The counterparty limits for 2024/25 are the same as the limits for 2023/24. Pooled funds are in essence the same as AAA money market funds but they require 3 days' notice for the return of our funds. This slight reduction in cash flow is rewarded by a slightly increased interest rate. Link Asset Services Ltd suggest that these funds are used for longer term investments and the ordinary money market funds to manage cash flow.

Description of Credit Ratings

As outlined above the credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors, Link Asset Services Ltd.

The UK Government is considered the safest place to invest as it has never defaulted and therefore minimum credit ratings do not apply.

The Commissioner has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA.

All investments are Sterling. Therefore, the Commissioner is not exposed to any foreign exchange / currency risk.

Schedule A – Counterparty Groupings and Associated Limits

Investment Limits						
Credit Rating	Maximum	1 Banks Unsecured	2 Banks Secured	3 Government	4 Registered Providers	5 Pooled Funds
Category Limit 2020/21	*Amount* *Duration*	*£20m*	*£20m*	*Unlimited*	*£10m*	*£20m*
Individual Institution/Group Limits						
UK Government	Amount Duration	N/A	N/A	£ unlimited 50 Years	N/A	N/A
AAA	Amount Duration	£2m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£4m per fund (Pooled funds are generally not rated but the diversification of funds equate to AAA credit rating)
AA+	Amount Duration	£2m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	
AA	Amount Duration	£2m 4 years	£4m 5 years	£4m 15 years	£2m 10 years	
AA-	Amount Duration	£2m 3 years	£4m 4 years	£4m 10 years	£2m 10 years	
A+	Amount Duration	£2m 2 years	£4m 3 years	£2m 5 years	£2m 5 years	
A	Amount Duration	£2m 13 months	£4m 2 years	£2m 5 Years	£2m 5 years	
A-	Amount Duration	£2m 6 months	£4m 13 months	£2m 5 years	£2m 5 years	
None	Amount Duration	N/A	N/A	£2m 25 years	£2m 5 years	

Note, individual, group and category limits for 2024/25 are based on the potential maximum available for investment during the year of up to £40m. It should also be noted that as outlined on page 23 above, counterparty credit rating is not the only factor taken into consideration at the time of placing investments. The maximum of all investments with outstanding maturities greater than one year will be £2m.

The Commissioners priority for investments will **always** be ranked in the order of

Schedule B – Explanation of Counterparty Groupings

Class of Investment
Category 1 - Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
Category 2 - Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
Category 3 - Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
Category 4 - Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
Category 5 - Pooled Funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods. Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Peter McCall

POLICE, FIRE & CRIME COMMISSIONER

Office of the Police, Fire & Crime Commissioner

REQUEST FOR POLICE, FIRE & CRIME COMMISSIONER DECISION - (N° 002 / 2024)

TITLE: 2024/25 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 2024/25 and the level of council tax to support the budget, having taken into account the advice of the OPFCC Chief Finance Officer in his report on the robustness of the proposed budgets. The papers provide provisional financial information for the years 2025/26 to 2027/28 and for 10 years in respect of the capital programme and reserves.

Recommendations:

The Commissioner is asked to note the attached OPFCC Chief Financial Officer's report on the robustness of the budget 'the Local Government Act 2003 Requirements' report (item 09a), taking into account his advice in respect of his decisions on the proposed budgets.

Appendix B of the attached report 'Budget 2024/25 and Financial Forecasts 2025/26 to 2028/29 (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 2024/25 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 £310.05 for 2024/25, an increase of £12.96 or 4.36%, being the amount within the budget resolution

The commissioner is also asked to approve the Reserves Strategy for 2024/25 which is provided as a separate report (item 09c).

The commissioner is also asked to approve the Charging Report for 2024/25 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 recommendation(s) above
Police, Fire & Crime Commissioner / Chief Executive (delete as appropriate) **Signature: ………………………………………………………….. Date: ………………….**

PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PFCC

1. Introduction & Background

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. The attached reports set out the proposed budgets and the advice of the OPFCC Chief Finance Officer regarding their approval.

2. Issues for Consideration

Please see attached reports. The Local Government Act 2003 report sets out the primary issues for consideration in approving the proposed budgets.

3. Implications
(List and include views of all those consulted, whether they agree or disagree and why)

3.1. Financial: As set out in the attached reports

3.2. Legal: It is a legal requirement to annually set a balanced budget and determine the police precept.

3.3. Risk: The Local Government Act 2003 report documents the risks to the financial forecasts. Specific operational reserves and contingencies and general balances have been set at a level that in the view of the OPFCC Chief Finance Officer is reasonable in the context of those risks that it is possible to provide for. The budgets place reliance on the Home Office transition funding in respect of formula funding risks.

3.4. HR / Equality: The proposed budget provide resources used by the Constabulary. The Commissioner has arrangements in place to hold the Chief Constable to account in respect of the Public Sector Equality Duty. The budget is subject to an equality impact assessment. The 2024/25 budgets for the Constabulary provide resources to maintain establishment numbers.

3.5. I.T.: The budgets and capital programme are supported by a comprehensive Digital Data and Technology strategy. There are significant implications for ICT following from the investment proposed for both capital and revenue to support the delivery of the strategy.

3.6. Procurement: There are significant procurement implications arising from the budgets in respect of both revenue supplies and services expenditure and procurement of large capital estate and ICT schemes. Procurement regulations require procurement business partners to lead and/or support business managers in any significant or complex procurement activity.

3.7. Victims: The budgets provide resources for commissioning victims services in addition to the resources for the continued provision of sexual assault referral services.

4. Backgrounds / supporting papers

The Local Government Act 2003 Requirements Report

Budget 2024/25 and Financial Forecasts 2025/26 to 2028/29

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 PCC website within 3 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 on the separate Part 2 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 If yes, for what reason: Until what date (if known):
Is there a **Part 2** form - NO (If Yes, please ensure Part 2 form is completed prior to submission)

ORIGINATING OFFICER DECLARATION:

I confirm that this report has been considered by the Chief Officer Group and that relevant financial, legal and equalities advice has been taken into account in the preparation of this report. **Signed: ……………………………………………………. Date: ……………………………**

OFFICER APPROVAL

Chief Executive / 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 If yes, has a media strategy been formulated? YES Is the media strategy attached? NO What is the proposed date of the press release: 15th February 2024

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Cumbria Office of the Police, Fire and Crime Commissioner

Public Accountability Conference 15 February 2024

Local Government Act 2003 Requirements Report

Report of the OPFCC 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, I can confirm that in my 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 (£77.191m). The next most significant funding source is Council Tax (£55.578m). The balance of expenditure is funded from specific grants, reserves and fees and charges. The 2024/25 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 2024/25 in respect of funding. This level of assurance cannot be given to resources beyond 2024/25. 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). In December, detailed figures were provided to forces for the 2024/25 financial year which represents the final year of the current CSR. The 2024/25 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 2024/25, a proportion of grant funding (£3.6m) is ringfenced and is dependent on successfully maintaining the 169 officer. In addition, a further allocation of 17 FTE (recruited during 2023/24) to further support the national programme has been confirmed and a specific ringfenced grant of £0.8m has been provided for the maintenance of these officers in 2024/25. Over and above these confirmed uplift officers, for the second half of 2023/24 Cumbria was provided with an additional target of 12 FTE to support the national effort, although not specifically included in the grant settlement, for budget setting purposes it has been assumed that we will be required to maintain this number and that this will be covered by additional grant. The police officer establishment contained within the 2024/25 budget and MTFF is therefore based on 1,363 FTE.

3.3 The grant settlement for 2024/25 also provided an increase in funding to offset much of the financial impact of increased police officer pension contributions which increased to 31% from 1st April 2019 and will be further increased to 35.3% from 1st April 2024. 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 2024/25 financial year are uncertain.

3.4 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 £13 for a band D property in 2024/25. This was increased from the maximum of £10 previously outlined in the spending review. The MTFF assumes that the higher level applied in 2024/25 is for one year only and will revert to the previous £10, the Medium-Term Financial Forecast assumes this level of council tax increase will continue for the duration of the forecast.

3.5 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 my 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

3.6 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 2024/25 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 £12.96 increase on the band D council tax, which represents an increase of 4.36%. 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

3.7 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.

3.8 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.

3.9 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 2025/26 settlement onwards.

3.10 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

3.11 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 2024/25 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.

3.12 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

3.13 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 2024/25. 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

3.14 The budget for 2024/25 is presented based on notifications of the actual financial settlements. Beyond 2024/25 financial forecasts are based on estimates. The 2021 spending review also provided details of grant funding for 2023/24 and 2024/25 at an overall service level. As 2024/25 represents the final year of the CSR, there are no indications in relation to future years funding included in the settlement. On this basis, for the purposes of medium-term financial planning, it has been assumed that the core grant will be increased by a modest 1% per annum and that specific ringfenced grants will be maintained at their 2024/25 levels. There is a risk that in the context of wider financial pressures on the Government that this is too optimistic, for example if a proportion of the additional funding is retained centrally or directed towards other priorities and that as a result the level of grant received by Cumbria will be lower than those in the forecast.

3.15 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, but it is believed that the Home Office now still intend to consult on the allocation methodology in this parliament, followed by exemplifications of proposed funding being provided to forces later in the year. The new formula may be implemented as early as 2025/26. 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

3.16 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 heavily 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 my 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 2029 includes a significant number ICT 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 ICT 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 ICT 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 ICT, 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.

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 £20.8m at the end of the 2023/24 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 Gazza. Against this background, at a local level pay costs are provided for within the budget on the basis of a 2.5% pay increase for 2024/25. The remaining years of the MTFF assume a lower 2% per annum for the remaining years of the MTFF to 2028/29. 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 2024/25 the majority of the non-pay budget lines have been increased by 4% 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 (ER) and redundancy have to be based on averages until the point in which individual staff are identified as part of the change management 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 £16m. However, given the uncertainties over future funding, planning for a range of financial scenarios is being undertaken. Having delivered £26m 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 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 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 2023/24 budget is currently forecast to be broadly in line with the budget. Pressure on overtime budgets and police officer pay as a result of recruitments to fulfil the enhanced Operation Uplift target are being offset by increased PCSO and police staff vacancies across the Constabulary and therefore does not point to any fundamental weakness in the financial management process.

4.13 The overall financial position in 2023/24 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 £4m for 2024/25. 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 £8m, which is intended, alongside savings plans, 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 item 09c 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 I 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 my 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

15 February 2024

Appendix A

Budget 2024/25 and MTFF to 2028/29 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 and 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	2024/25	2025/26	2026/27	2027/28	2028/29
Expenditure	Pay Inflation	*Current assumption in MTFF*	*2.50%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
		Impact in £000's of 0.50% increase in pay inflation	£342k	£372k	£388k	£404k	£416k
	General Inflation	*Current assumption in MTFF*	*4.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
		Impact in £000's of 1% increase in general inflation	£116k	£214k	£221k	£236k	£231k
	Fuel Inflation	*Current assumption in MTFF*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*
		Impact in £000's of 1% increase in fuel inflation	£11k	£11k	£12k	£12k	£12k
	Police Pensions	*Current assumption in MTFF*	*35.30%*	*35.30%*	*35.30%*	*35.30%*	*35.30%*
		Impact in £000's of 1% increase in contribution rate	£573k	£601k	£630k	£658k	£684k
	Local Govt Pensions (CC)	*Current assumption in MTFF*	*18.90%*	*18.90%*	*18.90%*	*18.90%*	*18.90%*
		Impact in £000's of 1% increase in contribution rate	£272k	£263k	£269k	£275k	£281k
	Local Govt Pensions (OPFCC)	*Current assumption in MTFF*	*18.60%*	*18.60%*	*18.60%*	*18.60%*	*18.60%*
		Impact in £000's of 1% increase in contribution rate	£10k	£11k	£11k	£11k	£11k
Funding	Council Tax Precept	*Current assumption in MTFF*	*4.36%*	*3.22%*	*3.22%*	*3.12%*	*2.94%*
		Impact in £000's of 1% increase in precept	-	(£557k)	(£562k)	(£568k)	(£573k)
	Council Tax Base	*Current assumption in MTFF*	*0.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*
		Impact in £000's of 1% increase in taxbase	-	(£557k)	(£562k)	(£568k)	(£573k)
	Government Core Grant	*Current assumption in MTFF*	*1.60%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*
		Impact in £000's of 1% increase in Govt. grant	-	(£772k)	(£780k)	(£787k)	(£795k)

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Cumbria Office of the Police, Fire and Crime Commissioner

Public Accountability Conference 15 February 2024

Budget 2024/25 and Financial Forecasts 2025/26 to 2028/29

Report of the OPFCC Chief Finance Officer and Constabulary 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 2024/25 and the level of council tax to support the budget. The report also provides provisional estimates for the four years to 2028/29, 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 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 OPFCC 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 2024/25 government financial settlement for policing bodies. **Appendix A** sets out the budget for the Commissioner and the budget for the Chief Constable.

Medium Term Budget 2024 - 2029	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
Expenditure						
Police Pay - Police Officer Pay & Allowances	79,194	90,167	94,600	99,344	103,968	107,628
Police Pay - Contribution to Pension Fund A/c	17,129	16,840	15,968	14,835	13,901	13,282
Police Pay - Ill Health & Injury Pensions	1,341	1,215	1,233	1,251	1,270	1,289
PCSO Pay	2,257	1,921	2,339	2,370	2,414	2,455
Staff Pay	29,335	31,839	31,020	32,050	33,031	34,018
Other Employee Costs	3,147	2,388	2,327	2,320	2,352	2,371
Premises Costs	6,054	5,701	5,783	5,847	5,913	5,982
Transport Costs	2,558	2,662	2,707	2,754	2,801	2,851
Supplies & Services	11,251	12,586	13,029	13,161	13,390	13,696
Third Party Expenditure	4,124	4,483	4,516	4,557	4,609	4,680
LGPS Past Service Costs	(363)	(374)	(385)	0	0	0
Insurances/Management of Change	1,441	1,566	1,569	1,566	1,569	1,566
Commissioned Services	3,245	3,274	2,496	2,514	2,532	2,551
Council Tax Support for Care Leavers	16	16	16	16	16	16
Accounting and Financing Costs	5,013	3,233	2,328	3,427	3,052	3,829
Contributions to Reserves Revenue	46	46	46	46	46	46
Total Expenditure	**165,788**	**177,563**	**179,592**	**186,058**	**190,864**	**196,260**
Income & Specific Grants						
Home Office Pension Top Up Grant	(17,129)	(16,840)	(15,968)	(14,835)	(13,901)	(13,282)
Other Grants & Contributions	(12,098)	(17,143)	(16,241)	(15,861)	(15,590)	(15,605)
Sales, Fees, Charges & Rents	(5,418)	(4,991)	(4,991)	(5,061)	(5,203)	(5,256)
Interest/Investment Income	(400)	(400)	(400)	(400)	(400)	(400)
Revenue Reserves Drawdown	(3,788)	(4,884)	(3,801)	(2,209)	(39)	0
Capital Reserves Drawdown	(1,998)	(536)	0	(975)	0	0
Total Income & Specific Grants	**(40,831)**	**(44,794)**	**(41,401)**	**(39,341)**	**(35,133)**	**(34,543)**
Net Budget Requirement	**124,957**	**132,769**	**138,191**	**146,717**	**155,731**	**161,717**
External Funding						
Formula Grant	(72,875)	(77,191)	(77,963)	(78,743)	(79,530)	(80,325)
Council Tax Income	(52,082)	(55,578)	(58,025)	(60,434)	(62,886)	(65,381)
Total External Funding	**(124,957)**	**(132,769)**	**(135,988)**	**(139,177)**	**(142,416)**	**(145,706)**
Net Cumulative Deficit / Savings Requirement	**0**	**0**	**2,203**	**7,540**	**13,315**	**16,011**

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 and Crime Plan. The budget plan provides estimated funding of **£177.563m** in 2024/25 to support an equivalent level of expenditure. In 2025/26 a budget gap arises of £2.2m and this increases to £16.0m by 2028/29. 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 2024/25 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 he gave PFCCs the ability to increase the band D precept by up to £13 for 2024/25 (for 2023/24 the flexibility was given to increase by £15), for Cumbria this sum would represent an annual increase of 4.36%. In combination with the additional grant funding provided by the Government, the proposed increase in the council tax precept for policing of 4.36% has facilitated the continuation of an additional 198 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 29 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 1,363 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. 2024/25 Policing Bodies Grant Settlement

4.1 On the 14th December 2023 the funding allocations for policing bodies in England and Wales were announced. The outcome of the settlement is a formula funding amount of £77.191m for the Cumbria police area for 2024/25, which represents an increase of £4.316m compared to the 2023/24 level of funding. As 2024/25 represents the final year of the current Comprehensive Spending Review (CSR), there are currently no commitments to future years funding settlements. The MTFF assumes that core grant funding in 2025/26 and beyond will increase by 1% per annum and that specific ringfenced grants will remain static.

4.2 The settlement confirmed that the current arrangements for formula funding and damping would continue for 2024/25. This means all policing bodies will continue to receive the same proportion of core Government funding as in 2023/24. 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. The implementation has been further delayed but the Government are still intending to consult on formula allocation methodologies in this parliament and are expected to provide exemplifications of funding levels using the new formula later in the year. In the absence of any firm indications on the timing and effect of any changes to the formula, for the purposes of the budget forecast, it has been assumed that this will have a neutral impact on Cumbria's core grant. The potential that changes to the formula may adversely affect the financial outlook will, however, continue to be recognised in the 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 (£17m), Home Office legacy Council Tax Grants of £4.85m, a specific pensions grant of £3.8m to offset increased police officer pension contributions, a specific grant of £3.6m, 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 £0.8m to maintain and additional 17 FTE officers to further support the national uplift programme. The Commissioner will also receive income of £1.38m 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 2024/25 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 2023/24 the district councils are collectively forecasting a deficit providing a combined deficit of £79k to be recovered from the Commissioner in 2024/25.

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 £13 increase on a band D property for 2024/25. **The Commissioner's budget is based on a precept increase of 4.36%. The financial implications for residents are that the Band D Council Tax amount would increase to £310.05 for 2024/25, an increase of £12.96.**

*Council Tax '**Band A'** is the band into which the highest number of properties in Cumbria fall, for this band the increase is £8.64 per annum or 17 pence per week (from £198.06 to £206.70 per annum).*

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 2024/25 and the tax base for the prior year. The table shows that the total tax base is estimated to increase by 3,466 band D equivalent properties. Budgets from 2025/26 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 2023/24	Tax Base 2024/25	Increase (decrease)	% change
Cumberland Council	88,328.60	89,966.79	1,638.19	1.85%
Westmorland & Furness Council	87,714.75	89,542.67	1,827.92	2.08%
Total	176,043.35	179,509.46	3,466.11	1.97%

5.5 In addition to the recurrent grant and tax base income, the 2024/25 budget is reduced by the net impact of a forecast deficit on the 2023/24 unitary council collection funds. The table below shows the council tax attributable to each unitary authority for 2024/25 and the position on each authority collection fund (surplus/deficit) for 2023/24.

Council Tax Income	Tax base 2024/25	Precept (Band D) £	Council Tax Income £	Declared Surplus/ (Deficit)	Total 2024/25 £
Cumberland Council	89,966.79	310.05	27,894,203	(48,178)	27,846,025
Westmorland and Furness Council	89,542.67	310.05	27,762,705	(31,117)	27,731,588
Total	179,509.46	310.05	55,656,908	(79,295)	55,577,613

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 2024/25 budget is supported by the use of £5.4m of earmarked revenue and capital reserves to support specific projects.

5.7 Fees and charges income is estimated to provide £5m in 2024/25 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 £177.563m can be supported by budgeted income in 2024/25. However, it is anticipated that beyond 2025/26 funding will fail to keep pace with expenditure pressures meaning that by 2028/29 £16m 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 2.5% in 2024/25, and 2% per annum thereafter. General inflation is included at 4% in 2023/24 and 2% thereafter 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 reductions in expenditure. Whilst no firm decisions have been made, initiatives, which will continue to be explored as part of the Constabulary's 4Cs Strategy, include adjusting the workforce mix, consolidating functions to provide greater resilience, collaboration with other forces and public sector bodies and realising benefits from investment in new technology.

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 ICT, 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 a change for 2024/25, to reduce the revenue budget gap over the medium term, the revenue contributions to the capital programme have been reduced to £500k 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 £24m at the start of 2024/25 to £12m by end of March 2029, largely due to provision of funding to the support the revenue budget over the next 3 years. Of the remaining £12m, the general reserve of £4m is held for managing financial risks and unforeseen events, budget support, stabilisation and insurance reserves/contingencies of £3m provide further resilience, a small number of other reserves are earmarked for specific purposes including pooled/partnership funds £2m, whilst the Commissioner holds reserves of £3m to cover the longer-term implications of commissioning commitments.

8.2 The agenda includes a separate paper, **The Reserves Strategy for 2024/25** (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 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 2024/25. A total of 715 individuals responded to the survey and the outcome of public consultation has been that 60% of respondents have agreed with the proposal to increase council tax by £12.96 (4.36%), which is under the maximum allowed amount of £13 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 2024.

9.2 The Police 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 2024/25 to 2028/29. The 2024/25 budget is balanced based on a precept increase of £12.96 for a band D property which equates to an increase of 4.36%. In future years savings will be required to offset the forecast deficit of £2m in 2025/26 rising to £16m per annum by 2028/29. The precept proposal will increase the annual Council Tax attributable to the Commissioner by £12.96 for a Band D property resulting in a Band D Council Tax charge of £310.05.

11. Recommendations

11.1 Appendix B 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 2024/25 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 £310.05 for 2024/25, an increase of £12.96.**

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.

Steven Tickner	Michelle Bellis
OPFCC Chief Finance Officer	Constabulary Chief Finance Officer

15 February 2024

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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Appendix A

Budget for the Commissioner and the budget for the Chief Constable

Description	Base Budget 2023/24 £000s	Base Budget 2024/25 £000s	Base Budget 2025/26 £000s	Base Budget 2026/27 £000s	Base Budget 2027/28 £000s	Base Budget 2028/29 £000s
Constabulary Funding						
Police Officer - Pay & Allowances	79,194	90,167	94,600	99,344	103,968	107,628
Police Officer - Contribution to Pension Fund A/c	17,129	16,840	15,968	14,835	13,901	13,282
Police Officer - Ill Health & Injury Pensions	1,341	1,215	1,233	1,251	1,270	1,289
Police Community Support Officers	2,257	1,921	2,340	2,370	2,414	2,455
Police Staff - Pay & Allowances	28,480	30,813	29,961	30,964	31,919	32,886
Other Employee Benefits	3,145	2,374	2,313	2,307	2,339	2,358
Transport Related Expenditure	2,555	2,658	2,703	2,749	2,797	2,847
Supplies & Services	11,091	12,329	12,804	12,932	13,156	13,458
Third Party Related Expenditure	4,112	4,471	4,505	4,545	4,597	4,668
Earned Income	(5,255)	(4,774)	(4,769)	(4,836)	(4,974)	(5,027)
Total Constabulary Funding	**144,050**	**158,014**	**161,657**	**166,461**	**171,387**	**175,842**
Commissioner's Budget						
Office of the Police, Fire & Crime Commissioner	880	1,119	1,116	1,144	1,170	1,194
Commissioned Services Budget	3,245	3,274	2,496	2,514	2,533	2,551
Premises Related Costs	6,053	5,699	5,781	5,846	5,911	5,981
LGPS Past Service Costs	(363)	(374)	(385)	0	0	0
Council Tax Support for Care Leavers	16	16	16	16	16	16
Insurances & Management of Change	1,441	1,566	1,569	1,566	1,569	1,566
Accounting & Financing Costs	5,002	3,211	2,306	3,404	3,030	3,807
Contributions to Reserves Revenue	46	46	46	46	46	46
Grants & Contributions	(29,228)	(33,983)	(32,209)	(30,696)	(29,491)	(28,886)
Interest/Investment Income	(400)	(400)	(400)	(400)	(400)	(400)
Total Commissioner's Budget	**(13,307)**	**(19,825)**	**(19,665)**	**(16,561)**	**(15,617)**	**(14,125)**
Use of Reserves						
Revenue Reserve Drawdown	(3,788)	(4,884)	(3,801)	(2,209)	(39)	0
Capital Reserve Drawdown	(1,998)	(536)	0	(975)	0	0
Total Use of Reserves	**(5,786)**	**(5,420)**	**(3,801)**	**(3,184)**	**(39)**	**0**
Net Budget Requirement	**124,957**	**132,769**	**138,190**	**146,717**	**155,732**	**161,717**
Formula Grant & Council Tax Income						
General Police Grant	(72,875)	(77,191)	(77,963)	(78,743)	(79,530)	(80,325)
Council Tax Precepts	(52,082)	(55,578)	(58,025)	(60,434)	(62,886)	(65,381)
Total Formula Grant & Council Tax Income	**(124,957)**	**(132,769)**	**(135,988)**	**(139,177)**	**(142,416)**	**(145,707)**
Net Cumulative Budget Deficit / Savings Requirement	**0**	**0**	**2,203**	**7,540**	**13,315**	**16,011**
Council Tax per Band D Property	£297.09	£310.05	£320.04	£330.03	£340.02	£350.01
Increase over previous year		£12.96	£9.99	£9.99	£9.99	£9.99
Percentage Increase		4.36%	3.22%	3.22%	3.12%	2.94%

Appendix B

Budget Resolution

Local Government Act 2003 Requirements: That the comments of the Chief Finance Officer 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 2024/25.

Revenue Estimates 2024/25: That the Commissioner's net **Budget Requirement** of £132,768,685 be approved.

Council Tax Base 2024/25: That it is noted that the Council Tax base has been calculated at the amount of 179,509.46 for 2024/25. 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 2024/25 financial year:

Ref	2024/25 Amount £s	Description
(a)	£177,516,924	being the total of gross expenditure
(b)	£44,748,239	being the total of income from specific grants, fees and charges and transfers from reserves
(c)	£132,768,685	being the Budget Requirement for the year to be met from Council Tax and External Finance
(d)	£77,191,072	being the total the Commissioner estimates will be received from external financing, being the Police Grant
(e)	(£79,295)	being the net surplus/(deficit) on unitary authority collection funds
(f)	£55,656,908	being the council tax requirement (the budget requirement less the collection fund deficit and external finance)
(g)	£310.05	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 2024/25 Amount £.pp	Proportion
Band A	206.70	6/9 ths
Band B	241.15	7/9 ths
Band C	275.60	8/9 ths
Band D	**310.05**	**9/9 ths**
Band E	378.95	11/9 ths
Band F	447.85	13/9 ths
Band G	516.75	15/9 ths
Band H	620.10	18/9 ths

Billing Authority	Tax Base 2024/25	Precept (Band D) £	Amount Payable £
Cumberland Council	89,966.79	310.05	27,894,203
Westmorland and Furness Council	89,542.67	310.05	27,762,705
Total	179,509.46	310.05	55,656,908

Cumbria Office of the Police, Fire and Crime Commissioner

Peter McCall
POLICE, FIRE & CRIME COMMISSIONER

Reserves Strategy 2024/25

Public Accountability Conference 15 February 2024

Report of the OPFCC Chief Finance Officer and the Constabulary 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 purpose for which they are held. At **Appendix A** a table is provided which sets out the planned movement in reserves over this longer 10 year timeframe to 31 March 2034. **Appendix B** summarises this information graphically.

1.5 The medium term financial forecast shows a budget deficit of £2m in 2025/26 rising to £16m by 2028/29. A savings and efficiency plan is being progressed 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 £4m in 2024/25. 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 OPFCC Chief Finance Officer's 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 estate following the end of the current PFI arrangement at Workington, the balance of a scheme to update CCTV provision across the county 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 2029.

2.3 **Earmarked Revenue Reserves:** Earmarked reserves are held for a number of specific purposes, see paragraphs 2.4 to 2.6 below.

2.4 **Budget Stabilisation and Insurance Reserves** are established to smooth the impact of intermittent costs across financial years. This group of reserves includes operational reserves for the Chief Constable, 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 reserves to be replenished if used through the next budget cycle. This group also includes the 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. An Insurance reserve is also maintained to cover the cost of insurance claims below the policy excess.

2.5 **Budget Support Reserves** the budget support reserve was established to meet emerging demands and unforeseen items. The budget support reserve is being fully utilised between 2024/25 and 2026/27 to reduce the impact in the budget deficit while the savings and efficiencies plan is being developed and implemented.

2.6 **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.

2.7 **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.

Steven Tickner

OPFCC Chief Finance Officer

Michelle Bellis

Constabulary Chief Finance Officer

15 February 2024

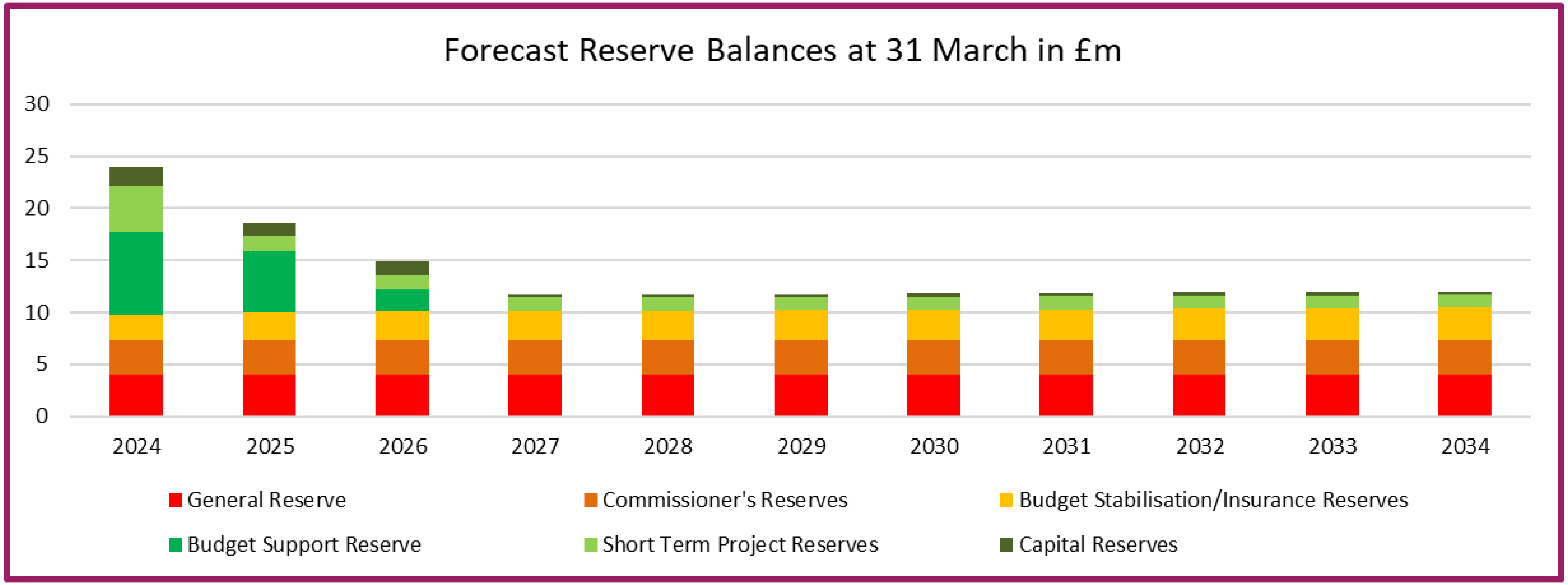
Planned Movement in Reserves 2024/25 to 2033/34

Reserves Forecast	Report Ref	Actual Balance 01/04/23 £000's	Planned Gain/(Use) 2023/24 £000's	Forecast Balance 01/04/24 £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
General Reserve/Police Fund	2.1	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000	0	4,000
Total General Reserve/Police Fund		**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**	**0**	**4,000**
Earmarked Capital Reserves	2.2																							
Capital Reserves																								
Estate Modernisation (Hunter Lane, West Cumbria)		3,302	(1,791)	1,511	(536)	975	0	975	(975)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HQ Adaptions		294	0	294	0	294	0	294	0	294	0	294	0	294	0	294	0	294	0	294	0	294	0	294
CCTV Capital		36	(36)	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Total Capital Reserves		**3,632**	**(1,827)**	**1,805**	**(536)**	**1,269**	**0**	**1,269**	**(975)**	**294**	**0**	**294**	**0**	**294**	**0**	**294**	**0**	**294**	**0**	**294**	**0**	**294**	**0**	**294**
Constabulary Earmarked Revenue Reserves																								
Budget Stabilisation / Insurance Reserves	2.4																							
Constabulary Operational Reserve		250	(250)	0	250	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250
Insurance Reserve		867	46	913	46	959	46	1,005	46	1,051	46	1,097	46	1,143	45	1,188	46	1,234	46	1,280	46	1,326	46	1,372
75% Tax Income Guarantee Scheme		170	(170)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chief Constable's Contingency		500	0	500	0	500	0	500	0	500	0	500	0	500	0	500	0	500	0	500	0	500	0	500
Management of Change Reserve		300	300	600	0	600	0	600	0	600	0	600	0	600	0	600	0	600	0	600	0	600	0	600
Ill Health Retirements Reserve		225	160	385	0	385	0	385	0	385	0	385	0	385	0	385	0	385	0	385	0	385	0	385
Total Budget Stabilisation / Insurance Reserves		**2,312**	**86**	**2,398**	**296**	**2,694**	**46**	**2,740**	**46**	**2,786**	**46**	**2,832**	**46**	**2,878**	**45**	**2,923**	**46**	**2,969**	**46**	**3,015**	**46**	**3,061**	**46**	**3,107**
Budget Support Reserves	2.5																							
Budget Support Reserve		8,048	(81)	7,967	(2,156)	5,811	(3,660)	2,151	(2,151)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Budget Support Reserves		**8,048**	**(81)**	**7,967**	**(2,156)**	**5,811**	**(3,660)**	**2,151**	**(2,151)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Short-term Project Reserves	2.6																							
PFI Lifecycle Reserves		136	0	136	0	136	0	136	0	136	0	136	0	136	0	136	0	136	0	136	0	136	0	136
Body Armour (Future Roll Out)		387	0	387	0	387	0	387	0	387	0	387	0	387	0	387	0	387	0	387	0	387	0	387
Records Management System		3,691	(884)	2,807	(2,807)	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Business Intelligence		28	0	28	0	28	0	28	0	28	0	28	0	28	0	28	0	28	0	28	0	28	0	28
HQ Security		180	0	180	0	180	0	180	0	180	0	180	0	180	0	180	0	180	0	180	0	180	0	180
Business Transformation		206	(29)	177	(25)	152	(25)	127	(4)	123	0	123	0	123	0	123	0	123	0	123	0	123	0	123
Specialist Services Accomodation Dilapidation Reserve		40	0	40	0	40	0	40	0	40	0	40	0	40	0	40	0	40	0	40	0	40	0	40
ESN Grant Funding		238	0	238	0	238	0	238	0	238	0	238	0	238	0	238	0	238	0	238	0	238	0	238
Change Management / S&E Facilitation		100	29	129	0	129	0	129	0	129	0	129	0	129	0	129	0	129	0	129	0	129	0	129
Firearms Digitisation		155	(69)	86	(43)	43	(43)	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
CCTV - Revenue		701	(535)	166	(45)	121	(42)	79	(40)	39	(39)	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Order Training PartaKabib		0	76	76	(31)	45	(31)	14	(14)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Short-term Project Reserves		**5,862**	**(1,413)**	**4,449**	**(2,951)**	**1,498**	**(141)**	**1,357**	**(58)**	**1,299**	**(39)**	**1,260**	**0**	**1,260**	**0**	**1,260**	**0**	**1,260**	**0**	**1,260**	**0**	**1,260**	**0**	**1,260**
Total Constabulary Reserves		**23,855**	**(3,235)**	**20,621**	**(5,347)**	**15,274**	**(3,755)**	**11,519**	**(3,138)**	**8,381**	**7**	**8,388**	**46**	**8,434**	**45**	**8,479**	**46**	**8,525**	**46**	**8,571**	**46**	**8,617**	**46**	**8,663**
Commissioner's Reserves	2.7																							
PFCC Operational Reserve		250	0	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250	0	250
PFCC - Commissioned Services		3,181	(106)	3,075	0	3,075	0	3,075	0	3,075	0	3,075	0	3,075	0	3,075	0	3,075	0	3,075	0	3,075	0	3,075
PFCC - Rebranding Reserve		27	0	27	(27)	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Total Commissioner's Reserves		**3,458**	**(106)**	**3,352**	**(27)**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**	**0**	**3,325**
Total Reserves		**27,313**	**(3,341)**	**23,972**	**(5,374)**	**18,598**	**(3,755)**	**14,843**	**(3,138)**	**11,705**	**7**	**11,712**	**46**	**11,758**	**45**	**11,803**	**46**	**11,849**	**46**	**11,895**	**46**	**11,941**	**46**	**11,987**

Overall reserves are forecast to fall to just £12m over the life of the MTFF, this represents a fall of 57% compared to their current level of £27m

Appendix B

Planned Movement in Reserves 2024/25 to 2033/34



Constabulary Report to OPFCC

TITLE OF REPORT:	**Charging Policy 2024/25**
DATE OF MEETING:	**Public Accountability Conference 15 Feb 2024** (COG for Information 09 Feb 2024)
ORIGINATING OFFICERS:	**Keeley Hayton, Financial Services Manager** **Michelle Bellis, Constabulary Chief Finance Officer**
PART 1 or PART 2 PAPER:	**PART 1 (OPEN)**

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.

This report outlines proposed charges for 2024/25. 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 an updated schedule of charges for 2024/25 for approval by the Commissioner. A schedule of current charges will also be published on the Police, Fire and Crime Commissioner and Constabulary websites.

1.3 The ability to charge for police services is generally determined by statutory provisions. There are four main categories of charging which are examined in detail below.

2. Issues for Consideration

2.1 **Special Policing Services**

2.1.1 The provision of special police services 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 to manage crime and disorder issues. 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 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 calculation of full economic cost recovery for special policing services in 2024/25 is based on current rates of pay using the NPCC methodology is 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 particular skills. 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 Full Economic Cost Recovery.

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 on the basis of 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

Appendix 1

Charges are based on NPCC Guidance for Charging of Police Services (April 2024).

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

Police Officers – Full Economic Cost Recovery Rates

Rank	Charge per Hour (£) Normal	Charge per Hour (£) Bank Holiday	Charge per Hour (£) Bank Holiday less than 8 days notice
PC	82.08	109.44	164.15
Sergeant	102.37	136.50	204.75
Inspector	99.51	n/a	n/a
Chief Inspector	105.85	n/a	n/a
Superintendent	131.73	n/a	n/a

Police Staff

Scale	Charge per Hour (£)
Scale 1	30.55
Scale 2	30.55
Scale 3	32.11
Scale 4	35.47
Scale 5	38.99
Scale 6	42.21
SO 1	39.59
SO2 – PO2	42.98
PO3	45.15
PO4	45.95
PO5	46.97
PO6	48.35
PO7	49.81
PO8	51.3
PO9	52.3
PO10	54.04
PCSO	55.01
Detention Officer	41.37
Crime Scene Investigator	60.95
Call Handler	52.50

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.

Appendix 2

Other Charges based on NPCC Guidance for Charging of Police Services (April 2024)

	2024/25 £
Accident Reports	
Copy of Collision Report (full extract up to 30 pages)	£123.30
Additional pages for same incident (per page)	£5.50
Limited particulars (RT Act details)	£43.80
Copy of self-reporting / minor accident form	£43.80
Information / record search	£30.40
Forensic Collision Investigator - Technical Report (Cumbria Decision)	£702.85
Forensic Collision Investigator - Reconstruction video	£105.50
Forensic Collision Investigator - Rough Data **(per page)**	£35.20
Copy of Scale plan - other than in collision report	£53.00
Forensic Collision Investigator / Forensic Vehicle Examiner - Vehicle Examination Report (**unless provided as full extract**)	£87.90
Forensic Collision Investigator / Forensic Vehicle Examiner - Reconstruction Report **(unless provided as full report)**	£5.50
Forensic Collision Investigator – ad hoc requested services	Per hour + £65.60
Specialist Report - (CCTV/Tachograph/Vehicle download) if separate (N.B This is new for 2023/24)	£92.10
External Expert Report - requested by force	£82.10
External Expert Report - requested by external party	Cost + £82.10
Copies of Photographs	
from Digital camera (**per disc or contact sheet**)	£36.30
Curated photo sets (per 10 digital photos or part thereof)	£71.60
Video footage - Police (handheld, drone, vehicle mounted, or body worn video) - Per hour rate for reviewing and redaction)	Per hour + £36.30
3D Virtual World - Simulations/Fly Throughs - Already Prepared	£35.70
3D Virtual World - Simulations/Fly Throughs – Requested	Per hour + £35.70
Dashcam, Drone & CCTV Footage - Public/Private	£36.30

Digital Data	
Laser scan data - Raw/Registered Point cloud	£75.20
Skid test & survey data - Raw/Registered	£31.70
Skid test & survey data - Digital mapping	£75.20
Video recording aligned to digital mapping / survey data	£75.20
Vehicle digital data download - IDR/Blackbox/Tachograph/Infotainment (cost per item)	£75.20

Copies of statements - other than in booklets	
Copy of statement (up to 3 pages)	£45.30
Copy of additional pages (per page)	£5.50
Copy of MG11 witness statement (**witness agrees to disclosure of personal details**)	£53.00
Copy of MG 11 witness statement (**witness not agreeing to disclosure of personal details**)	£70.00
Interview with Police Officer (per Officer)	£177.70
Request for a statement to be written by Police Officer	£177.70
Copy of interview record (only where prepared during investigative process)	£70.50
Copy of VHS videotapes (provision for CJS)	£105.50
Copies of audio tapes (provision for CJS)	£105.80
Copies of CDs/DVDs	£34.00
Fingerprinting Fees	
One set	£99.30
Additional sets thereafter (each)	£49.70
Requests for Disclosure of Information	
Request for information (up to 2 hours work)	£111.70
Hourly rate for work above 2 hours (including redaction)	£37.50
National Guidance on Data Sharing for NPCC in respect of Association of British Insurers (ABI)	
Request for disclosure of Information held by the police (Guidance Appendix D (A))	£158.90
Request for Information held by police where there is evidence to suspect a fraudulent insurance claim (Schedule 2) (Guidance Appendix E)	No Charge
Interview with Police Officer (per officer) - (Guidance paragraph 6.20)	£177.70
Other common items	
Crime report	£112.00
MG5 - Offence Report	£44.70
MG3 - Report to CPS for a charging decision, decision log and action plan	£44.70
Incident / Call Log	£45.50
Domestic Violence Report	£67.30
Occurrence Summary	£22.60
Custody Record	£22.50
Motor Salvage Operator Check (Cumbria Decision)	£44.50

ACRO Services - provided only to authorised agencies with a lawful basis to information	
PNC Names Enquiries	£16.00
PNC Record Creation	£97.80
International Criminal Convictions	£33.00
Police Certificates - Standard Service	£65.00
Police Certificates - Premium Service	£115.00
International Child Protection Certificates	£90.00
Alarm URN Fees (set by Police Crime Prevention Initiatives)	
Alarm Registration (Intruder)	£55.60
Alarm Registration (Panic Alarm)	£55.60
Lone Worker Devices up to 10,000	£67.10
Lone Worker Devices 10,001 - 50,000	£100.70
Lone Worker Devices 50,001 and over	£134.30

Intellectual Property Rights and Copyright (new for 2024/25)			
Still Images		**£ Per image**	
Usage	**Region/Type**	**Time Limited Use**	**In Perpetuity**
Books	UK	100	200
	Europe	110	220
	Worldwide	120	240
Newspapers & Magazines	Single Use	110	n/a
Internet	Non-commercial	65	n/a
	Commercial	175	n/a
TV / Film	UK	120	275
	Europe	175	350
	Worldwide	275	550
Footage		£ per 15 seconds	
Usage	**Region/Type**	**Time Limited Use**	**In Perpetuity**
TV / Film	UK	120	245
	Europe	175	370
	Worldwide	275	585
Internet	Non-commercial	65	n/a
	Commercial	175	n/a

The above charges are generally subject to VAT at the standard rate except where a service is required statute or authority direction.

Charges Set by Statute

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

	Statutory Charges £
Firearms Licensing Fees	
Firearms Certificate grant	£88.00
Firearms Certificate renewal	£62.00
Firearms Certificate replacement	£4.00
Shotgun Certificate grant	£79.50
Shotgun Certificate renewal	£49.00
Shotgun Certificate replacement	£4.00
Shotgun Certificate grant (co-terminus/including Firearms Certificate)	£90.00
Shotgun Certificate renewal (co-terminus/including Firearms Certificate)	£65.00
Visitors Permit (Individual 1-5) per person	£20.00
Visitors Permit (Group 6-20) in total	£100.00
Home Office Club approval	£84.00
Registered Firearms Dealer registration	£200.00
Registered Firearms Dealer renewal	£200.00
Game Fairs	£13.00
Variation (not like for like)	£20.00
Firearms Museum License	£200.00
Other Licensing Fees	
Peddler Certificates	£12.25

Appendix 3

Mutual Aid Charges

Per NPCC Guidance on Mutual Aid Cost Recovery 2024/25 from 1st April 2024

	PC	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

Appendix 4

Vehicle Cost Recovery

Provision of Vehicle Only	Daily Rate £	Miles Per Litre
Public Order Carrier	£65	5
General Purpose Van	£40	6
Electric ONLY Vehicle	£54	N/A
Marked Car	£45	6
Unmarked Car	£35	7
Motorcycle	£35	8
Firearms ARV	£54	5
Armoured Vehicle	£65	4
Other Specialist e.g. Mobile Police Station	£130	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 chagrining 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	6	0.2478
Marked Car – electric only	54	n/a	n/a
Motorcycle	35	8	0.1760