Request for a Police, Fire & Crime Commissioner Decision

SECTION 1

Please identify who is requesting the decision:			
OPFCC Decision	**Y**	**Decision Number:**	**PF 008-26**
CCFRA Decision	**N**	**Decision Number:**	**CF xxxx/yyyy**
Constabulary Decision	**N**	**Decision Number:**	**CC xxxx/yyyy**

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

PART 1 Decision:	**YES**	**PART 2 Decision:**	

DECISION TITLE: **Payroll Provision for the Mayoral Strategic Authority Transition**

Executive Summary: (no more than 100 words)
This paper sets out the considerations relating to payroll provision as part of the transition of the Office of the Police, Fire and Crime Commissioner (OPFCC), Cumbria Constabulary and Cumbria Fire and Rescue Authority (FRA) into the new Mayoral Strategic Authority (MSA) from 10 May 2027.

Recommendation:

It is recommended that:

1. **The current payroll provision arrangements for the OPFCC and FRA are retained for Day 1 of the Mayoral Strategic Authority on 10 May 2027.**

2. **Cumbria Constabulary, Cumberland Council and Westmorland and Furness Council continue to provide payroll services under their existing arrangements during the initial phase of operation.**
3. **A detailed payroll transition and HMRC compliance process map is developed and owned by the relevant payroll managers to ensure all final submissions, PAYE transfers and statutory obligations are completed accurately and on time.**
4. **A wider review of payroll provision is undertaken as part of the future enabling services strategy once the MSA is established and operational.**

<table>
<tr><td colspan="3">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.</td></tr>
<tr><td rowspan="2">I hereby:</td><td>approve</td><td rowspan="2">the recommendations as set out above.</td></tr>
<tr><td><s>do not approve</s></td></tr>
<tr><td colspan="3">Delete as appropriate:</td></tr>
<tr><td colspan="3">Police, Fire & Crime Commissioner / Chief Executive (delete as appropriate)

Signature: Date: 29/07/2026</td></tr>
</table>

For OPFCC Office Use only:

Date of publication of decision:	

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

ORIGINATING OFFICER DECLARATION:

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

CHIEF OFFICER APPROVAL (where applicable)

Chief Constable / Chief Fire Officer (delete as appropriate) I have been consulted about the proposal and confirm that I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner. **Signature:** **Date:**

OPFCC CHIEF OFFICER APPROVAL

Chief Executive (Monitoring Officer) / Chief Finance Officer (Deputy Chief Executive) (delete as appropriate) I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police, Fire and Crime Commissioner / Chief Executive (delete as appropriate). **Signature:** GJhoares **Date: 28/07/26**

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?	NO
If yes, has a media strategy been formulated?	NO
Is the media strategy attached?	NO
What is the proposed date of the press release:	

Public Access to Information Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the PFCC website within 5 working days of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead in the Part 2 section of the form. Deferment is only applicable where release before that date would not compromise the implementation of the decision being approved.	
Is the publication of this form to be deferred?	NO
Until what date (if known):	
If yes, for what reason:	
If this is a **Part 2 Decision,** has the Part 2 element of this form been completed	YES

SECTION 2 BELOW IS ONLY TO BE PUBLISHED IF THE DECISION IS PART 1

1.0 Introduction

1.1 This paper sets out the considerations relating to payroll provision as part of the transition of the Office of the Police, Fire and Crime Commissioner (OPFCC), Cumbria Constabulary and Cumbria Fire and Rescue Authority (FRA) into the new Mayoral Strategic Authority (MSA) from 10 May 2027.

1.2 The transition requires consideration of the operational, statutory and governance implications arising from the creation of new legal entities and associated PAYE arrangements.

1.3 The objective is to ensure that payroll services continue seamlessly from Day 1 of the new organisation whilst maintaining compliance with HM Revenue & Customs (HMRC) requirements and minimising operational risk.

2.0 Current Arrangements

2.1 Payroll Providers

2.1.1 The current provision of payroll services is as follows:

Legal Entity	Payroll Provider
OPFCC	Cumbria Constabulary
Cumbria Constabulary	Cumbria Constabulary
Fire and Rescue Authority	Cumberland Council (SLA)
Cumbria Combined Authority	Westmorland and Furness Council (SLA)

2.2 PAYE References

2.2.1 Each organisation currently operates under its own PAYE reference and undertakes separate payroll reporting and statutory submissions to HMRC.

2.2.2 This means that payroll processing, Real Time Information (RTI) submissions and payment of payroll deductions are currently undertaken independently by each organisation.

3.0 Future Arrangements

3.1 Legal Entity Structure

3.1.1 Following transfer on 10 May 2027, the new arrangements will comprise two separate legal entities:

1. **Cumbria Constabulary**
2. **Mayoral Strategic Authority**

3.1.2 The MSA legal entity will incorporate:

- Office of the Police, Fire and Crime Commissioner (OPFCC)
- Cumbria Fire and Rescue Authority (FRA)
- Cumbria Combined Authority (CCA)

3.2 PAYE Requirements

3.2.1 As there will be two legal entities, there will only be a requirement for two PAYE references:

- One PAYE reference for Cumbria Constabulary.
- One PAYE reference for the Mayoral Strategic Authority.

3.2.2 The Constabulary payroll arrangements can remain unchanged.

3.2.3 The key decision relates to how payroll services for the constituent parts of the new MSA legal entity should be provided following vesting day.

4.0 Options Considered

4.1 In considering the options set out below, discussions have been held with the payroll leads for WAF and the Constabulary and advice sought from taxation specialists PSTax. These discussions have resulted in the preferred option as outlined below.

4.2 Option 1 – Single Payroll Provider for the MSA Legal Entity

4.2.1 This option would involve moving the payroll processing of the OPFCC, FRA and CCA to a single payroll provider from 10 May 2027.

4.2.2 Potential arrangements could include:

- Moving the OPFCC and FRA payrolls to the current CCA provider.
- Moving the CCA payroll to the current OPFCC provider.
- Moving all payrolls to the current FRA provider.

Advantages

- Simplified management of a single PAYE reference for the MSA legal entity.
- Potential reduction in duplicated payroll administration.
- Opportunity to establish a single payroll operating model from the outset.
- Future alignment with a consolidated enabling services model.

Disadvantages

- Significant implementation activity required before vesting day.
- Increased operational risk immediately prior to organisational transition.
- Requirement to migrate employee payroll data between providers.
- Need for extensive testing and parallel running (especially in move of OPFCC).
- Risk of payroll errors affecting employees during organisational change.
- Additional project and resource costs.
- Payroll interfaces would still need to be split to support separate finance systems where required.

- Limited time available to implement and assure a new arrangement before Day 1.
- Willingness of 3rd party provider to undertake all payrolls
- Potential need to renegotiate or terminate existing service level agreements.

4.3 Option 2 – Retain Current Payroll Provision Arrangements (Preferred Option)

4.3.1 This option would retain the existing payroll processing arrangements immediately following vesting day, whilst ensuring that all payroll processing is undertaken under the appropriate PAYE references for the new legal entities.

Under this option:

- Cumbria Constabulary would continue to provide payroll for Constabulary employees and existing OPFCC payroll processing arrangements.
- Cumberland Council would continue providing payroll services for the Fire and Rescue Authority workforce through the existing SLA arrangements (subject to agreement).
- Westmorland and Furness Council would continue providing payroll services for the CCA workforce (subject to agreement).
- Processes would be established to ensure the correct final HMRC submissions are completed and employees transitioned into the appropriate MSA PAYE arrangement.

Advantages

- Provides maximum operational stability and continuity for Day 1.
- Minimises implementation and transition risk.
- Avoids unnecessary payroll system changes during a major organisational restructure.
- Maintains existing expertise, knowledge and service delivery arrangements.
- Reduces likelihood of payroll disruption for employees.
- Avoids immediate migration and implementation costs.
- Allows focus on establishing the new authority and governance arrangements.
- Existing pay dates are already harmonised across organisations, reducing employee impact.
- Provides time to consider payroll strategically alongside the wider future design of enabling services.
- Supports a phased approach to service integration, allowing future decisions to be based on operational evidence rather than transition timescales.

Disadvantages

- Multiple payroll providers would continue to operate within a single legal entity.
- Additional coordination required for HMRC year-end and transition processes.
- Some processes may need to be duplicated across providers.

- Potential complexities in management reporting and workforce analytics.
- Does not immediately realise any efficiencies associated with payroll consolidation.
- Future payroll transformation activity may still be required.

5.0 Considerations

5.1 Advantages of Having OPFCC, FRA and MSA on a Single Payroll

5.1.1 The MSA should look to the viability of having a single consolidated payroll provider in the longer term – potentially utilising the one already within the group structure with the Constabulary. Should the organisation choose to do this, potential benefits include:

- Simplified administration of a single PAYE reference.
- Consistent payroll policies and procedures.
- Reduced duplication of payroll processing activities.
- Potential economies of scale.
- Improved workforce reporting and management information.
- Simplified governance and contract management.
- Enhanced employee experience through a single operating model.
- Better alignment with future integrated enabling services arrangements.

5.2 Disadvantages of Having OPFCC, FRA and MSA on a Single Payroll

Potential drawbacks include:

- Significant implementation and transition effort.
- Data migration and system integration risks.
- Requirement for contractual and service redesign.
- Increased risk of payroll errors during transition.
- Potential dependency on a single provider and system.
- Resource pressures at the point the new authority is being established.
- Financial costs associated with implementation and testing.

5.2.1 North Yorkshire OPFCC moved their payroll provision to the combined authority from day 1 and had issues with the consultation process with staff and ended up in an employment tribunal position

6.0 Future Enabling Services Direction

6.1 The creation of the MSA provides an opportunity to review the future operating model for enabling services post May 2027, including:

- Payroll
- Finance
- Human Resources
- Procurement

- ICT (DDaT)

6.2 The long-term strategic direction may support increased integration and consolidation of enabling services across the new organisation. However, detailed consideration of the future operating model should take place once the transfer has been successfully completed and the new authority has become established. These considerations should include the specific requirements in relation to policing and fire in particular, for example, around security and system access controls.

6.3 Retaining the existing payroll arrangements at vesting day provides the organisational stability required to support this wider transformation programme and avoids introducing unnecessary risk during a period of significant change.

6.4 A future review of payroll arrangements can then be undertaken as part of the broader enabling services strategy, informed by operational experience and organisational priorities.

6.5 Consideration also needs to be given to the resources available to deliver an enabling services solution across the whole of the MSA to ensure the most efficient use of financial and other resources is achieved.

7.0 HMRC Compliance Considerations

7.1 Given the movement from existing legal entities into the new MSA legal entity and PAYE reference structure, there will be a requirement to ensure all statutory payroll obligations are completed correctly.

7.2 To support compliance, a detailed process map should be developed by the relevant payroll managers setting out:

- Responsibilities for each payroll provider.
- Timetable for payroll transition activities.
- Final RTI submissions under existing PAYE references.
- Employee transfers to the new MSA PAYE reference.
- HMRC notifications and reporting requirements.
- Reconciliation and assurance processes.
- Approval and governance arrangements.

7.3 This process map should be agreed in advance of vesting day and maintained as the authoritative operational procedure for the transition.

8.0 Recommendations

8.1 It is recommended that:

- **The current payroll provision arrangements for the OPFCC and FRA are retained for Day 1 of the Mayoral Strategic Authority on 10 May 2027.**

- **Cumbria Constabulary, Cumberland Council and Westmorland and Furness Council continue to provide payroll services under their existing arrangements during the initial phase of operation.**
- **A detailed payroll transition and HMRC compliance process map is developed and owned by the relevant payroll managers to ensure all final submissions, PAYE transfers and statutory obligations are completed accurately and on time.**
- **A wider review of payroll provision is undertaken as part of the future enabling services strategy once the MSA is established and operational.**

8.2 This approach provides the greatest level of security, continuity and operational resilience for Day 1 whilst preserving the ability to consider longer-term payroll integration opportunities in line with the future strategic direction of enabling services.

<u>Implications</u>

(List and include views of all those consulted, whether they agree or disagree and why. Must be completed prior to submission).

Financial

Legal

The preferred option to retain the existing payroll processing arrangements immediately following vesting day maintains the status quo. Ensuring that all payroll processing is undertaken under the appropriate PAYE references for the new legal entities does require co-ordination to ensure HMRC compliance. This option is a legally safe route to ensuring business as usual continuity post transfer whilst not fettering future consideration of longer term payroll options.

Risk

HR / Equality

I.T.
n/a

Procurement

Other (e.g. Victims, 3rd parties etc)