



Office of the Police & Crime Commissioner

REQUEST FOR POLICE & CRIME COMMISSIONER DECISION - (N° 003 / 2017)

TITLE: 2017-18 Budget and Medium Term Financial Forecast

Executive Summary:

The Commissioner is asked to approve the revenue and capital budgets for 2017/18 and the level of council tax to support the budget, having taken into account the advice of the Chief Finance Officer in her report on the robustness of the proposed budgets. The papers provide provisional financial information for the years 2018/19 to 2020/21 and for 10 years in respect of the capital programme.

Recommendation:

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

Appendix C of the attached report 'Budget 2017/18 and Financial Forecasts 2018/19 to 2020/2021' 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:

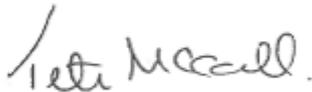
- a) The revenue budgets outlined in the report and appendices be approved, having regard to the Local Government Act 2003 Requirements report
- b) That the policy on reserves at appendix B be approved
- c) That the budget requirement for 2017/18 be set on the basis of the amount within the budget resolution at appendix C
- d) The council tax for Band D properties be approved at £220.77 for 2017/18, an increase of £4.14 or 1.91%, being the amount within the budget resolution
- e) The Commissioner approves the growth items set out in appendix D

Police & 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 & Crime Commissioner. Any such interests are recorded below.

I hereby approve/~~do not approve~~ the recommendation(s) above

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



Signature:

Date: 22nd February 2017

PART 1 – NON CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. Introduction & Background

It is a legal requirement for the Police 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 Commissioner’s 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 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 2017-18 budgets for the Constabulary provide resources to maintain establishment numbers.
- 3.5. I.T.: The budgets and capital programme are supported by a comprehensive ICT 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: Accompanying the papers on this agenda is the Procurement Strategy. 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 2017/18 and Financial Forecasts 2018/19 to 2020/21

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 and Crime Commissioner / ~~Chief Executive~~ (delete as appropriate).

Signature: R. Hunter

Date: 15th February 2017

Media Strategy

The decision taken by the Police & 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: 22nd February 2017



Cumbria Office of the Police and Crime Commissioner

Executive Board February 22nd 2017

Local Government Act 2003 Requirements Report

Report of the 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's Chief Finance Officer. Estimates are prepared under the professional supervision of the Deputy Chief Finance Officer and with the support of financial services officers. Estimates are subject to scrutiny by finance services staff and the Constabulary's Chief Officer Group prior to submission to the Commissioner's 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; budget's commissioned with other third parties and estimates of income. The most significant areas of income are in respect of government grant and council tax. The budget is calculated using actual information from the settlement and district 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 four financial years. 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. 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 with regard to 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 (£58.7m). The next most significant funding source is Council Tax (£37.5m). The balance of expenditure is funded from specific grants, reserves and fees and charges. The 2017/18 budget is based on actual government grant settlement figures and district notifications of the Council Tax base. As such, a high degree of assurance can be provided in respect of the level of certainty for 2017/18 in respect of funding. This level of assurance cannot be given to resources beyond 2017/18. Whilst Council Tax income forecasts are reasonably assured, there is a high degree of uncertainty with regard to government formula grant funding in future years. This means that there are a number of risks and issues that currently make the calculation of revenue funding forecasts challenging beyond the 2017/18 financial year.

3.2 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 and Crime Panel Veto

3.3 The arrangements for budget setting provide the Police 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 taken into account the views of the panel. For the 2017/18 budget the panel determined not to exercise its powers of veto and the budget is presented on the basis of the precept proposal supported by the panel of 1.91%. 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

3.4 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 district 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.

3.5 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.

3.6 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 the 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 2018/19 settlement. Comparisons in 2016/17 of the Commissioner's share of the national total funding for Legacy Council Tax Grants of 0.96% were favourable when compared to the proposed share of the total pot for formula funding of between 0.71% and 0.63%. This means that a consolidation of the grant into the formula funding distribution presents a risk to levels of income. Whilst the impact of this risk is likely to be significant its likelihood of materialising is currently low with the new formula funding review focusing on core grant.

3.7 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. Should this risk materialise there will be an implication for the collection fund managed by districts 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

3.8 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 2016/17 but may go up or down compared to

the forecasts for the three final years of the medium term financial forecast. The medium term forecast assumes an annual increase in tax base of 0.75%. The experience of previous years has been that the actual tax base has been higher than forecast resulting in a low risk to income. Estimates are revisited on an annual basis.

3.9 In any single year the actual council tax income collected from households by district 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. This is however considered to be a small risk as more recent trends, following council tax localisation, has been for actual income to exceed the forecast. The budget currently assumes a surplus of £200k per annum.

Council Tax/Council Tax Grant Risk

3.10 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 beyond 2017/18. 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, there is a higher likelihood of income estimates being exceeded than otherwise. This means that the more significant risk arises from underestimation with a corresponding impact on expenditure budgets. The finance team liaise closely with District 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

3.11 The budget for 2017/18 is presented based on notifications of the actual financial settlements. Beyond 2017/18 financial forecasts are based on estimates. The current medium term forecast assumes a 1.4% annual reduction in Government funding, based on the total police grant for 2017/18, and the commitment to a broadly flat cash settlement for the CSR period, when taking into account Council Tax increases. This forecast excludes the impact of the current review of formula funding. The full range of potential formula funding impacts during the 2015 process was estimated to be between £9.9m and £15.8m for core Police Grant. The approach to the current formula review means that it is not possible at this time to estimate the financial implications. Experience of

the 2015 review indicates that even with changes in methodology, there remains a high risk of a significant reduction in grant funding. Whilst this has potential for a material impact on the budget in the medium term, the CSR commitment may result in transitional funding being applied for the period of the MTF. This would provide a more realistic timescale to deliver the level of strategic change that would be a necessary consequence of any material reduction in funding.

3.12 This strategy carries some level of risk, making the assumption that any changes to formula funding will be supported by sufficient transitional funding to allow time to implement required changes in operational services. It is however considered to be a balanced approach given the high level of uncertainty regarding the timing and impact of changes to national funding formula.

Capital Grants and Capital Receipts

3.17 The capital budget has been developed as a 10 year programme. Government capital allocations are only given on an annual basis and the resources from 2017/18 have therefore been prudently based. Overall funding within the programme is reliant on capital receipts and this presents some risk to funding given the economic climate and market conditions. Capital reserves are however managed at a level to ensure that the programme is balanced for four 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 significant estates capital schemes. These comprise an Estates North Resilience/Flood Management scheme at the Penrith HQ site, and a longer term scheme Estates West scheme to manage estates resilience issues within the west of the county. Both schemes are reliant on achieving capital receipts from the disposal of vacated

sites. Within the current market this will entail some risk that income is either delayed or less than the amount assumed the within the budget. 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 2021 includes a significant number ICT capital schemes including the implementation of the Emergency Services Communications Network. The experience of past financial years is that ICT capital schemes can experience slippage against the budget. The reasons for the slippage is varied and includes 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 slippage 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 general capital reserves. In addition, any significant level of capital investment is reliant on one off 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. The revenue budget implications of the programme have been built into the medium term forecast.

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. The Commissioner should however be aware that the level of risk against any investment activity is higher in the current financial climate than would typically be the case.

Capital Financing

4.6 The capital programme is financed through direct revenue contributions, capital grants, reserves and notional borrowing. Notional borrowing reflects an underlying need to borrow to finance capital schemes but where actual 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 become a need to actually borrow.

4.7 The underlying borrowing requirement is £13.4m. 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 need incorporating within the revenue budget.

Inflation/Pay Awards

4.8 Pay costs are provided for within the budget on the basis of a 1% pay increase for the duration of the medium term forecast. Pay costs account for the most significant element of the budget and are therefore highly sensitive to variations against the budget assumption. This risk is however mitigated as a result of public sector pay constraints announced nationally. Whilst pay is still be the subject of trade union negotiation with potential for concessions, this is not considered to be a material risk to the budget.

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 numbers at a planned level can be operationally difficult as a result of the timing of staff turnover and lead in time to recruit. 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 and ER/redundancy. Historically there has been under spending against these budget heads. Under spend against a budget that incorporates significant savings requirements presents a risk that services have been reduced at a greater level or faster than is needed.

Savings Requirements/Budget Management

4.10 The overall savings requirement over 4 years to balance the budget is £1.9m but this is ahead of any loss of funding that may arise from the review of police grant formula. The extent of savings needed to respond to a significant loss of formula funding has potential to be significant. As a result of announcements expected in March, decisions on the change programme have been deferred until the overall financial position is clearer. This means that the risk of underachievement within the

budget against the level of required savings is currently low. Whilst targets have been applied to areas of growth in the capital programme, there is currently some flexibility around the timing and delivery of those savings.

The more significant risk is in respect of budget management. The 2016/17 budget is currently overspent by just over £1m. The net position represents a fairly evenly balanced underachievement on income combined with an overspend on expenditure budgets. The overall position equates to 1.31% of budget. The underachievement of income relates to specialist policing services and this income has experienced slippage that will benefit the 2017/18 budget. The overall expenditure budget for 2017-18 makes provision to resource the overspend in 2016/17. Whilst the overall financial position in 2016/17 does not present any material risks, the overspend has arisen primarily as a result of growing demand pressures rather than any weaknesses in the budget management process. This may present some risk to the medium term forecast in future years should demand continue to increase whilst financial and people resources contract.

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 taken into account 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 Commissioner's Chief Finance Officer has set balances at £3m for 2017/18. This is just over 3% of net expenditure and reasonable in the context of the budget risks set out in this report. These general balances are supported by £1.9m of operational reserves and contingencies. These can be used to manage budget pressures in year that are unable to be contained within the set budget, being replenished as part of the following year's budget process.

5.3 Further cover is provided through the position on specific reserves. Whilst these are earmarked, a number of the reserves, particularly those for capital, 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 will need to be repaid.

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 policy on reserves, appended to the revenue budget report 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 and Standards 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.

5 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.

Ruth Hunter

Chief Finance Officer/Deputy Chief Executive

22nd February 2017



Cumbria Office of the Police and Crime Commissioner

**Public Accountability Conference
22 February 2017**

Budget 2017/18 and Financial Forecasts 2018/19 to 2020/21

Report of the 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 2017/18 and the level of council tax to support the budget. The report also provides provisional estimates for the three years to 2020/21, 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 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 takes into account forecasts of the income anticipated to be available to the Cumbria police area, 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 final report in a series of papers that provide financial and other information to support the budget setting process. In October and January more detailed financial and contextual information has been provided to the Police and Crime Panel. Accompanying the budget report on this agenda is a report covering the capital strategy and programme, treasury management strategy, Prudential Indicators and the policy on Minimum Revenue Provision (MRP). These reports support the due diligence in respect of the affordability of the capital programme and the revenue implications of that expenditure. The agenda includes the Chief Finance Officer's statutory report on the robustness of the budget. 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 2017/18 government financial settlement for policing bodies. Appendix A sets out the budget for the Commissioner and the budget for the Chief Constable.

Summary Budget	2016/17	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s
Expenditure					
Police Officer Pay	75,326	77,868	76,258	79,796	81,814
PCSO Pay	2,814	3,071	3,265	3,374	3,398
Police Staff Pay	19,601	20,634	21,325	21,563	21,808
Other Employee Costs	677	1,642	773	787	803
Premises Costs	3,532	3,870	4,094	4,195	4,289
Transport Costs	2,141	2,227	2,289	2,353	2,419
Supplies & Services	9,804	9,419	9,539	9,659	9,855
Third Party Related Expenditure	1,630	2,199	2,243	2,299	2,368
LGPS Pension Deficit Reduction Payment	799	482	493	503	515
Insurances	767	727	748	775	779
Commissioned Services	2,583	2,234	2,234	2,234	2,234
Accounting and Financing	6,311	5,653	5,905	3,824	5,515
Contribution to Revenue Reserves	50	1,421	144	144	144
Contributions to Capital Reserves	2,977	0	0	0	0
Total Expenditure	129,012	131,447	129,310	131,507	135,943
Funded by					
Home Office Pension Grant	(18,134)	(20,695)	(21,356)	(23,565)	(25,721)
Other Grants & Contributions	(6,958)	(6,816)	(6,819)	(6,823)	(6,826)
Sales, Fees, Charges & Rents	(4,639)	(4,682)	(4,348)	(3,973)	(4,026)
Interest/Investment Income	(100)	(75)	(65)	(50)	(50)
Drawdown from Revenue Reserves	(697)	(337)	0	0	0
Drawdown from Capital Reserves	(2,809)	(2,664)	(763)	(750)	(1,050)
Formula Grant	(59,543)	(58,710)	(57,888)	(57,078)	(56,279)
Council Tax Income	(36,132)	(37,468)	(38,057)	(39,073)	(40,117)
Total Income/Funding	(129,012)	(131,447)	(129,295)	(131,310)	(134,069)
Net Savings Requirement	(0)	(0)	15	197	1,873

- 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 £131.4m in 2017/18 to support an equivalent level of expenditure. Between 2018/19 and 2020/21 the gap between income and expenditure is expected to increase to £1.9m. This is the net impact of inflationary pressures on expenditure and estimated reductions in

Police Grant offset by increases in Council Tax Income and Pensions Grant, the later funding growth in the cost of police pensions.

- 3.3 The budget proposed has in the main been produced on a continuation basis which means that current levels of service have been maintained over the life of the four year forecast. However, during 2016/17 a number of ongoing budget pressures came to light and these have also been included in the medium term financial forecast following consultation with the Commissioner. These growth items are set out in Appendix D.

4. 2017/18 Policing Bodies Grant Settlement

- 4.1 On the 15th December 2016 the provisional funding allocations for policing bodies in England and Wales were announced. The funding allocations were based on a 1.4% cash reduction that consolidated the previously announced national funding with a number of top-slicing reductions to fund national policing initiatives. The final settlement announced on 1 February confirmed that there would be no changes to the provisional settlement. The outcome of the settlement is a formula funding amount of £58.710m for the Cumbria police area for 2017/18. The equivalent figure for 2015/16 was £59.543m. There are no indicative figures for future years.
- 4.2 The settlement confirmed that the current arrangements for formula funding and damping would continue for 2017/18. This means all policing bodies received the same percentage reduction in core Government funding. The financial position is expected to become significantly more difficult after 2018/19 with a significant risk of a worsening financial outlook as a result of changes to the Home Office police funding formula.
- 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 (£21m) and Home Office legacy Council Tax Grants of £4.85m. The Commissioner will also receive income of £0.59m to support responsibilities for commissioning support for victims and restorative justice.
- 4.4 In summary, the formula grant settlement has seen a reduction in funding for local policing and crime reduction in Cumbria with a loss of £0.833m (1.4%) of recurrent formula income in 2017/18. The medium term forecast currently anticipates a further reduction in Police Grant from 2018/19 of 1.4% per annum. On this basis, budgeted expenditure exceeds income by £1.9m by 2020/21. The forecast excludes the impact of any changes in formula funding.

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 District 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 District Collection Funds. The Council Tax Base takes account of expected collection levels and discounts. The surplus or deficit position on each District 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.

5.2 The amount of the council tax precept is a decision for the Commissioner, who will take account of the views of the Police and Crime Panel and other consultations 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 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. The limit for Policing Bodies is set at 2%. **The Commissioner's budget is based on a precept increase of 1.91%. The financial implications for residents are that the Band D Council Tax amount would increase to £220.77 for 2017/18, an increase of £4.14.**

Council Tax 'Band B' is the band into which the highest number of properties in Cumbria fall, for this band the increase is £3.22 per annum (from £168.49 to £171.71).

5.3 Council tax income is forecast using the tax base estimates provided by district 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 and Crime Commissioner is required to be consulted with regard to scheme changes. The Commissioner has supported the schemes currently proposed by all districts through the consultation process.

5.4 The table below sets out the tax base for each district for 2017/18 and the tax base for the prior year. The table shows that the total tax base is estimated to increase by 2316 band D equivalent properties. Budgets from 2018/19 are based on an assumed annual increase in the tax base of 0.75%. The actual updated tax base will be incorporated into future budgets in the year it is notified by districts. 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.

District	tax base 2016/17	tax base 2017/18	Increase (decrease)	% change
Allerdale Borough	29,470.67	30,183.13	712.46	2.42%
Barrow Borough	18,555.44	18,697.88	142.44	0.77%
Carlisle City	32,138.68	32,927.91	789.23	2.46%
Copeland Borough	20,121.06	20,200.96	79.9	0.40%
Eden District	19,886.14	20,119.85	233.71	1.18%
South Lakeland District	44,510.88	44,869.20	358.32	0.81%
Total	164,682.87	166,998.93	2,316.06	1.41%

- 5.5 In addition to the recurrent grant and tax base income, the 2017/18 budget benefits from the net impact of a forecast surplus on the 2016/17 district collection funds. The table below shows the council tax attributable to each district for 2017/18 and the position on each district collection fund for 2016/17.

Council Tax Income 2017/18	tax base 2017/18	precept (Band D)	Council Tax Income	Declared Surplus/ (Deficit)	Total 2017/18
Allerdale Borough	30,183.13	220.77	6,663,529.61	136,333	6,799,862.61
Barrow Borough	18,697.88	220.77	4,127,930.97	81,730	4,209,660.97
Carlisle City	32,927.91	220.77	7,269,494.69	139,117	7,408,611.69
Copeland Borough	20,200.96	220.77	4,459,765.94	128,431	4,588,196.94
Eden District	20,119.85	220.77	4,441,859.28	75,585	4,517,444.28
South Lakeland District	44,869.20	220.77	9,905,773.28	38,806	9,944,579.28
Total	166,998.93	220.77	36,868,353.78	600,002	37,468,355.78

- 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 2017/18 budget is supported by the use of £3m earmarked revenue and capital reserves. The most significant element of this contribution is £2.7m from capital reserves that has been planned to support the capital programme.

- 5.7 Fees and charges income is estimated to provide £4.7m in 2017/18 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 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 £131.4m can be supported by budgeted income in 2017/18. The same level of funding is not expected to be available in 2020/21 meaning that £1.9m savings will be needed to offset rising costs from 2018/19. The key driver in the level of savings requirements is cost pressures increasing whilst the total level of external financing reduces. Inflation on pay costs has been held at 1% for the life of the medium term forecast. Inflation on supplies has been set at 1.9% for the life of the medium term forecast in line with Bank of England estimates. The annual budget star chamber process, low levels of inflation and a robust approach to keeping supplies and services costs low is helping to keep expenditure pressures low in the medium term.
- 6.2 Whilst upward pressures on expenditure are low and being well managed, budgeted income is forecast to fall, creating the requirement for future savings 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 further reductions in expenditure. No firm decisions will be made until the impact of the new police funding formula is fully understood.

7. Capital Funding & Expenditure

- 7.1 In addition to revenue grants the Commissioner also receives a small amount of annual capital funding that supports a capital programme. The programme is developed in consultation with the Constabulary who are the primary user of the capital assets under the ownership of the Commissioner. The budget benefits from £0.364m in capital grant to support capital expenditure from the 2017/18 settlement. This compares to £0.426m in 2016/17, a reduction of 15%. The reduction is as a result of national top-slicing from capital allocations. The decreasing level of capital grant provides a widening gap between the requirement for capital expenditure and capital funding. This has to be met by revenue contributions to capital and capital receipts from the disposal of property. In 2017/18 the revenue budget contributes £1.6m to fund capital, this figure increases year on year to over £3m per annum from 2020/21. Over the four years of the medium term financial forecast, major capital schemes for ICT and estates are primarily funded through one off reserves

and capital receipts. In future years beyond 2023/24 revenue contributions will be the primary source of capital funding.

8. Reserves and Balances

- 8.1 Over the life of the financial forecast total reserves are planned to reduce from £22m at the start of 2017/18 to £17.8m by end of March 2021. Of the remaining £17.8m, £11.2 relates specifically to the estates scheme in West Cumbria which is forecast to be fully spent by March 2023 thereby leaving approximately £6.6m. The residual £6.6m is made up of the general reserve of £3m held for managing financial risks and resilience, operational reserves/contingencies of £1.9m and a small number of other reserves earmarked for specific purposes and which include pooled/partnership funds.
- 8.2 This report does not recommend any further movement in reserves as a result of the inherent risk in the funding settlement. The policy on reserves, setting out the purposes for which they are held and planned movements over the life of the medium term budget are set out in Appendix B.

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 and Crime Panel and with reports on the Commissioner's website during the budget setting process for 2017/18. The outcome of public consultation has been that a slightly higher proportion of respondents have agreed with the proposal compared to those that did not support the council tax increase. The Commissioner has also sought the view of the Chief Constable. The Police and Crime Panel voted to support the Commissioner's proposal at its meeting 23 January 2017 and made no further recommendations.
- 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 2017/18 to 2020/21. The 2017/18 budget is balanced based on a precept increase of 1.91%. In future years savings will be

required to offset a deficit of £1.9m. The estimates present a high degree of risk arising from a fundamental review of formula funding that will inform future grant allocations. The precept proposal will increase the annual Council Tax attributable to the Commissioner by £4.14 for a Band D property resulting in a Band D Council Tax charge of £220.77.

11. Recommendations

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

- a) **The revenue budgets outlined in this report and appendices be approved, having regard to the Local Government Act 2003 report**
- b) **That the policy on reserves at appendix B be approved**
- c) **That the budget requirement for 2017/18 be set on the basis of the amount within the budget resolution at appendix C**
- d) **The council tax for Band D properties be approved at £220.77 for 2017/18, an increase of £4.14 or 1.91%, being the amount within the budget resolution**
- e) **The Commissioner provides formal approval for the growth items in respect of recurring budget pressures as outlined in Appendix D.**

12. Acknowledgements

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

Ruth Hunter

Deputy Chief Executive/Chief Finance Officer

22 February 2017

Human Rights Implications

None identified

Race Equality / Diversity Implications

The budget is subject to an Equality Impact Assessment.

Risk Management Implications

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

Financial Implications

The main financial impacts are described in the paper

Personnel Implications

As identified in the report

Contact points for additional information

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Budget for the Commissioner and the budget for the Chief Constable

The budget for the Commissioner and the budget for the Chief Constable	Budget 2016/17 £000s	Budget 2017/18 £000s	Budget 2018/19 £000s	Budget 2019/20 £000s	Budget 2020/21 £000s
Constabulary Funding					
Police Officers - Pay	56,303	55,108	52,821	54,133	53,978
Police Officers - Contribution to Police Pension	18,134	21,828	22,489	24,698	26,854
Police Officers - Ill Health & Injury Pensions	889	932	948	965	982
Police Community Support Officers	2,814	3,071	3,265	3,374	3,398
Police Staff	18,993	20,000	20,685	20,916	21,155
Other Employee Budgets	672	1,637	768	782	797
Transport Related Expenditure	2,134	2,222	2,284	2,348	2,414
Supplies & Services	9,675	9,293	9,410	9,528	9,721
Third Party Related Expenditure	1,630	2,199	2,243	2,299	2,368
Constabulary Expenditure	111,244	116,289	114,913	119,043	121,668
Earned Income	(4,639)	(4,682)	(4,348)	(3,973)	(4,026)
Total Constabulary Funding	106,605	111,607	110,565	115,071	117,642
Commissioners Budgets					
Office of the Police & Crime Commissioner	759	780	789	798	808
Commissioned Services Budget	2,583	2,234	2,234	2,234	2,234
Premises Related Costs	3,529	3,867	4,091	4,192	4,286
LGPS Pension Deficit Reduction Payment	799	482	493	503	515
Insurances	767	727	748	775	779
Technical Accounting and Capital Financing	6,304	5,646	5,898	3,817	5,508
Contributions to Revenue Reserves	50	1,421	144	144	144
Contributions to Capital Reserves	2,977	0	0	0	0
Grants & Contributions - Home Office Pension	(18,134)	(20,695)	(21,356)	(23,565)	(25,721)
Grants & Contributions - Other	(6,958)	(6,816)	(6,819)	(6,823)	(6,826)
Interest/Investment Income	(100)	(75)	(65)	(50)	(50)
Total Commissioners Budget	(7,424)	(12,428)	(13,842)	(17,973)	(18,323)
Use of Reserves					
Revenue Reserve Drawdown	(697)	(337)	0	0	0
Capital Reserve Drawdown	(2,809)	(2,664)	(763)	(750)	(1,050)
Total Use of Reserves	(3,506)	(3,001)	(763)	(750)	(1,050)
Budget Requirement	95,675	96,178	95,960	96,348	98,269
Formula Grant & Council Tax Income					
General Police Grant	(59,543)	(58,710)	(57,888)	(57,078)	(56,279)
Council Tax Precepts	(36,132)	(37,468)	(38,057)	(39,073)	(40,117)
Total Formula Grant & Council Tax Income	(95,675)	(96,178)	(95,945)	(96,150)	(96,396)
Net Deficit/Savings Requirement	0	(0)	15	197	1,873
Council Tax per Band D Property	£216.63	£220.77	£225.00	£229.32	£233.73
Increase over previous year	£4.05	£4.14	£4.23	£4.32	£4.41
Percentage Increase	1.91%	1.91%	1.92%	1.92%	1.92%

Policy on Reserves 2017/18

Our policy on reserves meets the statutory requirement to consider annually the level of reserves that should be held to meet future expenditure requirements when setting the budget. It sets out the purpose for which reserves are held and the planned movement in reserves over the life of this strategy. 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

The level of reserves should take into account the medium term financial plan and not be based solely on short term considerations. Set out below is a description of the reserves held by the Commissioner, the purpose for which they are held and a table setting out the planned movement in reserves over the life of this medium term financial strategy.

General Reserves: The general reserve is the main contingency for unexpected events, and the management of cash flow. The level of general reserve is £3m in 2017/18. The amount represents approximately 3% of the net

recurrent budget (after specific grants & fees and charges). The level of the general reserve takes account of the risks within the budget as set out in the Chief Finance Officer's report on the robustness of the budget and the level of provision for those risks within specific earmarked reserves and contingencies.

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 policy is that general capital reserves will be maintained at a level to ensure a balanced capital budget for the duration of the medium term financial forecast.

Earmarked Reserves: Earmarked reserves are held for a number of specific purposes. Future liability reserves provide for areas within the budget where there is a liability but the amount or timing is uncertain. Budget stabilisation reserves are established to smooth the impact of intermittent costs across financial years. Project reserves primarily fund the one off revenue implications of approved capital schemes.

Planned Movement in Reserves 2017/18 to 2020/21

Reserves Plan 2017-2021	Forecast Balance 31/03/17 £000s	Net Gain/(Use) 2017/18 £000s	Forecast Balance 31/03/18 £000s	Net Gain/(Use) 2018/19 £000s	Forecast Balance 31/03/19 £000s	Net Gain/(Use) 2019/20 £000s	Forecast Balance 31/03/20 £000s	Net Gain/(Use) 2020/21 £000s	Forecast Balance 31/03/21 £000s
General Reserve/Police Fund	3,000	0	3,000	0	3,000	0	3,000	0	3,000
Total General Reserve/Police Fund	3,000	0	3,000	0	3,000	0	3,000	0	3,000
Capital Reserves									
General Capital Reserve	1,080	(1,080)	0	0	0	0	0	0	0
Leadership & Skills Programme	79	(79)	0	0	0	0	0	0	0
Estates North Flood Management	2,268	(1,505)	763	(763)	0	0	0	0	0
Estates West Flood Management	13,000	0	13,000	0	13,000	(750)	12,250	(1,050)	11,200
Total Capital Reserves	16,427	(2,664)	13,763	(763)	13,000	(750)	12,250	(1,050)	11,200
Future Liability Reserves									
Insurance Reserve	587	46	633	46	679	46	725	46	771
PFI Lifecycle Replacements	313	0	313	0	313	0	313	0	313
Total Future Liability Reserves	900	46	946	46	992	46	1,038	46	1,084
Budget Stabalisation Reserves									
Constabulary Operational Reserves	230	20	250	0	250	0	250	0	250
PCC Operational Reserve	250	0	250	0	250	0	250	0	250
Budget Support Reserve	0	805	805	48	853	48	901	48	949
Body Armour (Future Roll Out)	91	50	141	50	191	50	241	50	291
Chief Constable's Contingency	0	500	500	0	500	0	500	0	500
Total Budget Stabalisation Reserves	571	1,375	1,946	98	2,044	98	2,142	98	2,240
Short Term Project Reserves									
Mobility & Digital	290	(290)	0	0	0	0	0	0	0
Cumbria Road Safety Initiatives	55	0	55	0	55	0	55	0	55
ICT Business Plan - Kelvin Apps	47	(47)	0	0	0	0	0	0	0
Commissioned Services	250	0	250	0	250	0	250	0	250
Total Short Term Project Reserves	642	(337)	305	0	305	0	305	0	305
Total Earmarked Revenue Reserves	2,113	1,084	3,197	144	3,341	144	3,485	144	3,629
Total All Reserves	21,540	(1,580)	19,960	(619)	19,341	(606)	18,735	(906)	17,829

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 2017/18.

Revenue Estimates 2017/18: That the Commissioner's net **Budget Requirement** of £96,178,411 be approved.

Council Tax Base 2017/18: That it is noted that the Council Tax base has been calculated at the amount of 166,998.93 for 2017/18. This is the total of the tax bases calculated by the District Councils as required by regulation.

Budget Requirement: That the following amounts are calculated by the Commissioner for the 2017/18 financial year:

Ref	2017/18 Amount £s	Description
(a)	£131,447,323	being the total of gross expenditure
(b)	£35,268,913	being the total of income from specific grants, fees and charges and transfers from reserves
(c)	£96,178,411	being the Budget Requirement for the year to be met from Council Tax and External Finance
(d)	£58,710,055	being the total the Commissioner estimates will be received from external financing, being the Police Grant
(e)	£600,002	being the net surplus on district collection funds
(f)	£36,868,354	being the council tax requirement (the budget requirement less the collection fund surplus and external finance)
(g)	£220.77	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	Amount £.pp	Proportion
Band A	147.18	6/9 ths
Band B	171.71	7/9 ths
Band C	196.24	8/9 ths
Band D	220.77	9/9 ths
Band E	269.83	11/9 ths
Band F	318.89	13/9 ths
Band G	367.95	15/9 ths
Band H	441.54	18/9 ths

Billing Authority	Tax Base 2017/18	Precept (Band D)	Amount Payable
Allerdale Borough	30,183.13	220.77	6,663,529.61
Barrow Borough	18,697.88	220.77	4,127,930.97
Carlisle City	32,927.91	220.77	7,269,494.69
Copeland Borough	20,200.96	220.77	4,459,765.94
Eden District	20,119.85	220.77	4,441,859.28
South Lakeland District	44,869.20	220.77	9,905,773.28
Total	166,998.93	220.77	36,868,353.78

Summary of Growth Items Included in Budget/MTFF

Growth Items/Budget Pressures included in MTFF	Budget	Budget	Budget	Budget
	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Criminal Justice Unit - Continuance of 6.5 FTE Police Staff Resources	80	162	163	165
ICT Services re-structure to meet current demand levels	857	900	909	918
Learning & Development - Driver Training, Mandatory Training and Leadership & Skills	143	118	119	120
Police Officer Overtime	147	117	87	57
Rank Structure	123	124	125	127
Investigation of historic cases (Crime Command)	480	485	490	495
Procurement - Contract Management Police Staff/Agency Resource (net of funding)	20	20	21	21
Special Constabulary Increased Recruitment	168	48	48	48
Total Growth/Budget Pressures	2,018	1,974	1,962	1,951