



# Cumbria Office of the Police and Crime Commissioner

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

Police and Crime Panel: 25 January 2016

Report of the PCC Chief Finance Officer

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

### 1. Introduction

- 1.1. The purpose of this report is to provide a detailed analysis of the figures contained within the revenue budget for 2016/17 and the MTFF to 2019/20.
- 1.2. The report provides more detailed analysis of the budgets for 2016/17 together with comparative information from the 2015/16 approved budget.
- 1.3. The report also provides additional information in respect of the more unusual aspects of the budget and explanations where the budgets have changed significantly between the years.
- 1.4. The overall revenue budget and MTFF position is summarised in **Appendix A**. Further analysis is provided in supporting appendices which are cross referenced from the main appendix.

## Appendix A

## Revenue Budget &amp; Medium Term Financial Forecast to 2019/20

| Description                              | Supporting Schedule | 2015/16<br>£'s    | 2016/17<br>£'s    | 2017/18<br>£'s    | 2018/19<br>£'s    | 2019/20<br>£'s    |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Commissioner's Budgets                   | Appendix B          | (9,284,346)       | (11,782,648)      | (16,134,877)      | (16,914,976)      | (18,929,563)      |
| Constabulary Funding                     | Appendix C          | 108,513,030       | 110,145,759       | 113,658,797       | 115,624,050       | 117,343,665       |
| Movement to /(from) Reserves             | Note 1              | (4,357,504)       | (655,151)         | (1,420,799)       | (885,618)         | 1,408,132         |
| <b>Net Expenditure</b>                   |                     | <b>94,871,180</b> | <b>97,707,960</b> | <b>96,103,121</b> | <b>97,823,456</b> | <b>99,822,234</b> |
| <b>Funding</b>                           |                     |                   |                   |                   |                   |                   |
| Formula Grants/Funding                   | Note 2              | (59,884,427)      | (59,542,795)      | (59,542,795)      | (59,542,795)      | (59,542,795)      |
| Formula Funding/Top Slice Risk           | Note 3              | 0                 | 0                 | 9,900,000         | 9,900,000         | 9,900,000         |
| Council Tax                              | Note 4              | (34,986,753)      | (35,678,985)      | (36,627,809)      | (37,605,677)      | (38,609,795)      |
| <b>Net Deficit / Savings Requirement</b> |                     | <b>0</b>          | <b>2,486,180</b>  | <b>9,832,517</b>  | <b>10,574,984</b> | <b>11,569,644</b> |
| Change Programme Planned Savings         | Note 5              | 0                 | (2,486,180)       | (4,147,735)       | (5,998,127)       | (7,248,551)       |
| <b>Net (Surplus) / Deficit</b>           |                     | <b>0</b>          | <b>(0)</b>        | <b>5,684,782</b>  | <b>4,576,857</b>  | <b>4,321,093</b>  |

Note 1 – More information on reserves will be provided to the January meeting of the Police and Crime Panel.

Note 2 – The provisional settlement for formula funding was announced on 17 December 2015. At this stage it has been assumed that the figure included in the draft settlement for 2016/17 will continue for the remainder of the MTF. There are however some uncertainties around the exact level of funding in future years due to details contained within the spending review regarding top slicing of budgets. The police settlement is for one year only.

Note 3 – During 2015/16 there has been much debate about a revised funding formula allocation model which was to be introduced from April 2016. The implementation of the funding formula has now been delayed until April 2017. The early exemplifications provided could see the grant funding allocation reducing by between £9.9m to £17.5m. Arrangements for the transition period are still to be worked out. As a consequence an assumed grant reduction of £9.9m from 2017/18 has been included in budget planning and a further model is being developed to set out the implications of cuts up to the range of £17.5m

Note 4 – The council tax figures assume that the council tax base will increase by 1% from 2015/16 to 2016/17 and thereafter will increase by 0.75% per annum. The figures also assume council tax

precept rises of between 1.90% and 1.92% across the forecast. The figure is calculated to below 1.95% so when rounded to one decimal place the increase is below 2% which is the level that would trigger a referendum.

Note 5 – For information regarding the planned savings proposed to bridge the budget deficit please see the separate change programme report on the agenda. The current planned programme delivers savings of £7.2m and reduces police officer numbers to 997. The current deficit by 2019/20, assuming no formula funding loss through CSR top-slicing and the minimum level of formula funding loss, is £4.3m, after the implementation of the change programme. At the end of 2019/20 funding is then expected to increase in line with inflationary costs. Further work is currently being developed, to assess the extent to which further savings of £4.3m can bridge the deficit. Should the formula funding outcome reduce resources by £17.5m the savings programme would need to deliver a further £7.6m in savings, making a total of £19.1m.

## Commissioner's Budgets

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

| Description                       | Paragraph | 2015/16<br>£'s     | 2016/17<br>£'s      | 2017/18<br>£'s      | 2018/19<br>£'s      | 2019/20<br>£'s      |
|-----------------------------------|-----------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Commissioner's Office             | B1        | 799,004            | 759,283             | 768,108             | 777,047             | 786,100             |
| Commissioned Services             | B2        | 2,699,000          | 2,500,000           | 2,000,000           | 2,000,000           | 2,000,000           |
| Premises Related Costs            | B3        | 3,716,924          | 3,528,742           | 3,610,095           | 3,693,709           | 3,779,663           |
| Insurances                        | B4        | 506,816            | 570,437             | 599,099             | 606,399             | 637,199             |
| LGPS Past Service Cost            | B5        | 799,000            | 799,000             | 1,199,000           | 1,199,000           | 1,199,000           |
| Management of Change              | B6        | 1,830,000          | 0                   | 0                   | 0                   | 0                   |
| Provision for Insurance liability | B7        | 196,175            | 196,175             | 196,175             | 196,175             | 196,175             |
| Statutory Accounting Adjustments  | B8        | 859,231            | 418,582             | 418,582             | 418,582             | 418,582             |
| Capital Financing                 | B9        | 4,888,993          | 4,638,536           | 3,748,468           | 3,424,548           | 3,202,216           |
| Grants & Contributions            | B10       | (25,454,489)       | (25,093,403)        | (28,539,404)        | (29,060,436)        | (30,978,498)        |
| Interest/investment Income        | B11       | (125,000)          | (100,000)           | (135,000)           | (170,000)           | (170,000)           |
| <b>Total</b>                      |           | <b>(9,284,346)</b> | <b>(11,782,648)</b> | <b>(16,134,877)</b> | <b>(16,914,976)</b> | <b>(18,929,563)</b> |

### B1. Commissioner's Office

During 2015/16 an exercise has been carried out to further reduce the budget associated with the Office of the PCC. The non-pay budgets in general have been subjected to no inflationary increase until 2017/18. The budget from 2017/18 reverts to the standard inflationary increase applied of 1.9%.

### B2. Commissioned Services

The commissioned services budget provides for the Commissioner's statutory responsibilities across the areas of victim support, community safety and enhancing criminal justice. It is funded by a combination of ministry of justice grants, successful Home Office innovation funding bids and base budget. Following the devolution of responsibility for local provision of victim's services from 2015/16, this budget now funds a full programme of commissioned services targeted at crime prevention and victim support. This includes victims referral, independent domestic and sexual violence advisory and counselling services (including The Bridgeway), Turning the Spot Light Restorative Justice, perpetrator programmes e.g. Restorative Solutions and education programs including Chelsea's Choice and Young Cumbria. The base budget contribution has been reduced by £700k by 2017/18 (26%) to make a contribution to overall funding reductions. A full report on Commissioned services will be presented to the Panel by the Head of Partnerships and Commissioning at the January 2016 meeting.

During 2015/16 the Commissioned Services budget has helped to fund the set-up of the Bridgeway sexual assault support service.



*Bridgeway Children's Area*



*Bridgeway Forensically Clean Waiting Room*



*Bridgeway Achieving best Evidence Interview Suite*

### B3. Premises Related Costs

The Commissioner is statutorily responsible for and owns the police estate. The Chief Constable manages the estate on behalf of the Commissioner. The estate is comprised of police headquarters at Carleton Hall, larger police stations which include custody facilities, smaller police stations and a small number of residual police houses. The premises budgets have in the main been increased for inflation at 1.9%. The premises budget can be analysed as follows:

| Description                    | 2015/16<br>£'s   | 2016/17<br>£'s   | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|--------------------------------|------------------|------------------|--------------------------------|------------------------------|
| Property Repairs & Maintenance | 644,436          | 649,858          | 5,422                          | 0.84%                        |
| Utilities                      | 1,040,645        | 900,790          | (139,855)                      | -13.44%                      |
| Rent & Rates                   | 1,498,603        | 1,440,896        | (57,707)                       | -3.85%                       |
| Cleaning & Domestic Supplies   | 438,773          | 441,786          | 3,013                          | 0.69%                        |
| Other Premises Costs           | 94,467           | 95,412           | 945                            | 1.00%                        |
| <b>Total</b>                   | <b>3,716,924</b> | <b>3,528,742</b> | <b>(188,182)</b>               | <b>-5.06%</b>                |

The premises related budgets have reduced as a result of work undertaken to apply a risk based approach to the budgeting process, most significantly the utilities budget has been reduced by £184k as the organisation continues to benefit from lower energy and fuel costs. The premises budget has also benefited from work undertaken on a rating appeal in respect of the PFI at Workington, this has seen PFI charges reduce by £50k per annum.

During 2015/16 work to construct a new Territorial Policing Area (TPA) HQ in Barrow was completed and the building was handed over and became operational in September 2015.



The Commissioner's estate had an accounting value of £50m at 31/03/2015

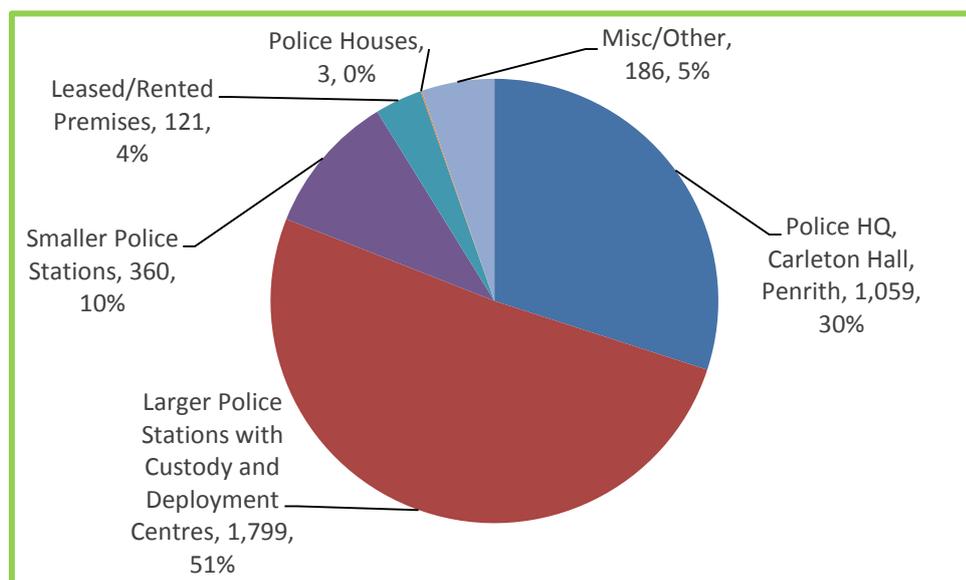
*Barrow TPA HQ (Opened September 2015)*

The estates budget is analysed by category premises below:

| Estates Costs 2016/17 by Category of Property              | Property Total | Property Total |
|--|----------------|----------------|
|  | £000s          | %              |
| Police HQ, Carleton Hall, Penrith                          | 1,059          | 30.01%         |
| Larger Police Stations with Custody and Deployment Centres | 1,799          | 50.99%         |
| Smaller Police Stations                                    | 360            | 10.22%         |
| Leased/Rented Premises                                     | 121            | 3.42%          |
| Police Houses  | 3              | 0.09%          |
| Misc/Other   | 186            | 5.26%          |
| <b>Total</b>   | <b>3,529</b>   | <b>100.00%</b> |

Misc./Other includes non-premises specific estates costs for example reactive repairs and maintenance which cannot be allocated to a premises in advance, cleaning supplies to general stores and valuation fees. In addition the premises costs associated with the operation of fleet garages and workshops.

The chart below illustrates this graphically:



Police HQ at Carleton Hall, the 4 Custody suites and 6 main deployment centres account for 81% of the premises budget.

#### **B4. Insurances**

The Commissioner and Constabulary have long term agreements in place in respect of insurance. During 2014/15 the option to extend the previous 3 year agreement for a further 2 years (until October 2017) was exercised to allow opportunity for more insurers to enter the marketplace for policing organisations as the market is currently very limited. Insurances are purchased in respect of employers/public liability, motor, premises, crime, terrorism and business continuity. In the July 2015 emergency budget, the Chancellor announced that insurance premium tax (which is payable on all insurance premiums) would increase with effect from 1 November 2015 from 6% to 9.5%. This increase has impacted on the insurance budgets for 2016/17 by £20k. An in year impact of £8k has occurred in 2015/16. The remainder of the increase in insurance premiums largely arises from extending the limit of indemnity (public liability and employer's liability) from £25m to £40m.

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

Each year a payment is made to the LGPS in respect of past service cost which aims to reduce the pensions' deficit. The amount paid is based on an actuarial valuation of pension liabilities which is carried out on a three yearly basis. The next valuation is due to take place on 31 March 2016 and any increases to the contribution rates and deficit reduction payment will take effect from 1 April 2017. At this stage a combined increase of £400k per annum has been incorporated into the MTFF from 2017/18.

#### **B6. Management of Change**

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

#### **B7. Provision for Insurance Liability**

The Commissioner makes an annual contribution to a provision for insurance liabilities. The provision covers costs associated with claims below the insurance policy excess levels and is based on a biennial actuarial valuation of those liabilities. The next review is due to take place in March 2016.

#### **B8. Statutory Accounting Adjustments**

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

## B9. Capital Financing

Capital financing includes the following items:

| Description                               | Paragraph | 2015/16<br>£'s   | 2016/17<br>£'s   | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|---|-----------|------------------|------------------|--------------------------------|------------------------------|
| Direct Revenue Contributions (DRC)        | A         | 1,233,312        | 1,533,727        | 300,415                        | 24.36%                       |
| DRC - Use of Capital Reserves             | B         | 2,620,677        | 2,057,421        | (563,256)                      | -21.49%                      |
| Minimum Revenue Provision                 | C         | 388,603          | 413,897          | 25,294                         | 6.51%                        |
| Private Finance Initiative (PFI) Interest | D         | 646,401          | 633,491          | (12,910)                       | -2.00%                       |
| <b>Total</b>                              |           | <b>4,888,993</b> | <b>4,638,536</b> | <b>(250,457)</b>               | <b>-5.12%</b>                |

Notes:

- A. The Commissioner makes annual contributions from the revenue budget to the funding of the capital programme. The annual contribution is currently set at 1.2m. Additional contributions from partner organisations for specific aspects of the capital programme (e.g. CCTV, Sellafield vehicles) are also included in this line. In 2016/17 additional contributions from revenue of £334k have been made to compensate for the loss of capital grant and make provision for some capital improvements to be made to the HQ building.
- B. The Commissioner holds a number of reserves that have been earmarked for specific capital purposes (e.g. estates rationalisation, CCTV). When these are applied to fund the capital programme the mechanism is for these to be cycled through the revenue budget. There is a corresponding opposite entry contained within the movements to/from reserves line.
- C. The Commissioner has an underlying need to borrow which is known as the Capital Financing Requirement (CFR). In order to ensure that budget proposals are prudent, the Commissioner is required to make a Minimum Revenue Provision (MRP). The MRP can be likened to making the minimum payment on a credit card.
- D. The Commissioner has a 25 year PFI agreement in respect of the West TPA HQ at Workington. The arrangements for accounting mean that the interest element of the annual unitary charge made by the PFI provider is treated as capital financing.

**B10. Grants & Contributions**

The Commissioner receives a number of grants and contributions from central Government bodies and other partner organisations. The majority of this income is in respect of the pensions top up grant received from the home office. The table below provides an analysis of the budgeted income for 2016/17 with comparatives for 2015/16.

| Description                              | Paragraph | 2015/16<br>£'s      | 2016/17<br>£'s      | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|--|-----------|---------------------|---------------------|--------------------------------|------------------------------|
| Home Office - Police Pension Top Up      | A         | (18,006,000)        | (18,134,000)        | (128,000)                      | 0.71%                        |
| Home Office - Other                      |           | (509,783)           | (461,346)           | 48,437                         | -9.50%                       |
| DCLG Grant - PFI Grant                   |           | (687,708)           | (687,708)           | 0                              | 0.00%                        |
| DCLG Grant - Council Tax Freeze Grant    |           | (857,812)           | (857,812)           | 0                              | 0.00%                        |
| DCLG Grant - Council Tax Support Grant   |           | (3,991,947)         | (3,991,947)         | 0                              | 0.00%                        |
| Ministry of Justice                      | B         | (535,000)           | (535,000)           | 0                              | 0.00%                        |
| Home Office - Non Specific Capital Grant | C         | (866,239)           | (425,590)           | 440,649                        | -50.87%                      |
| <b>Total</b>                             |           | <b>(25,454,489)</b> | <b>(25,093,403)</b> | <b>361,086</b>                 | <b>-1.42%</b>                |

**Notes:**

- A. The Police Officer pension scheme is an unfunded pension scheme which means that there are no assets held by the pension scheme to cover liabilities. The constabulary operates a Pension Fund Account for police pensions into which contributions from current serving police officers are paid (contribution rates between 11% and 15.05%) together with contributions from the constabulary as employer (at 24.2%). From this fund, pension payments to former police officers are made. The net balance on this pension fund account is a deficit and the Commissioner receives a Pensions Top-up Grant from the Home Office to balance the fund. The transfer of this grant to the police pension fund account is shown within the constabulary funding section below (see C2).
- B. The Ministry of Justice grant is in respect of victims services including restorative justice.
- C. The Home Office Non Specific Capital Grant forms part of the annual funding settlement from the Home Office. The figures for 2016/17 were not released as part of the provisional funding announcement in December but the report suggested that capital grants would reduce by 40% as a result of top slicing for particular schemes. The above table shows a 50% reduction in capital grant which is due to the fact the actual grant received for 2015/16 was lower than that included in the original budget at £709k. The £426k figure included for 2016/17 represents a 40% reduction on that lower figure.

**B11. Interest/Investment Income**

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

| Interst Rate Forecast | 2015/16 % | 2016/17 % | 2017/18 % | 2018/19 % | 2019/20 % |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| Quarter 1             | 0.50%     | 0.50%     | 1.00%     | 1.50%     | 2.00%     |
| Quarter 2             | 0.50%     | 0.75%     | 1.25%     | 1.75%     | 2.25%     |
| Quarter 3             | 0.50%     | 0.75%     | 1.25%     | 1.75%     | 2.25%     |
| Quarter 4             | 0.50%     | 1.00%     | 1.50%     | 2.00%     | 2.50%     |

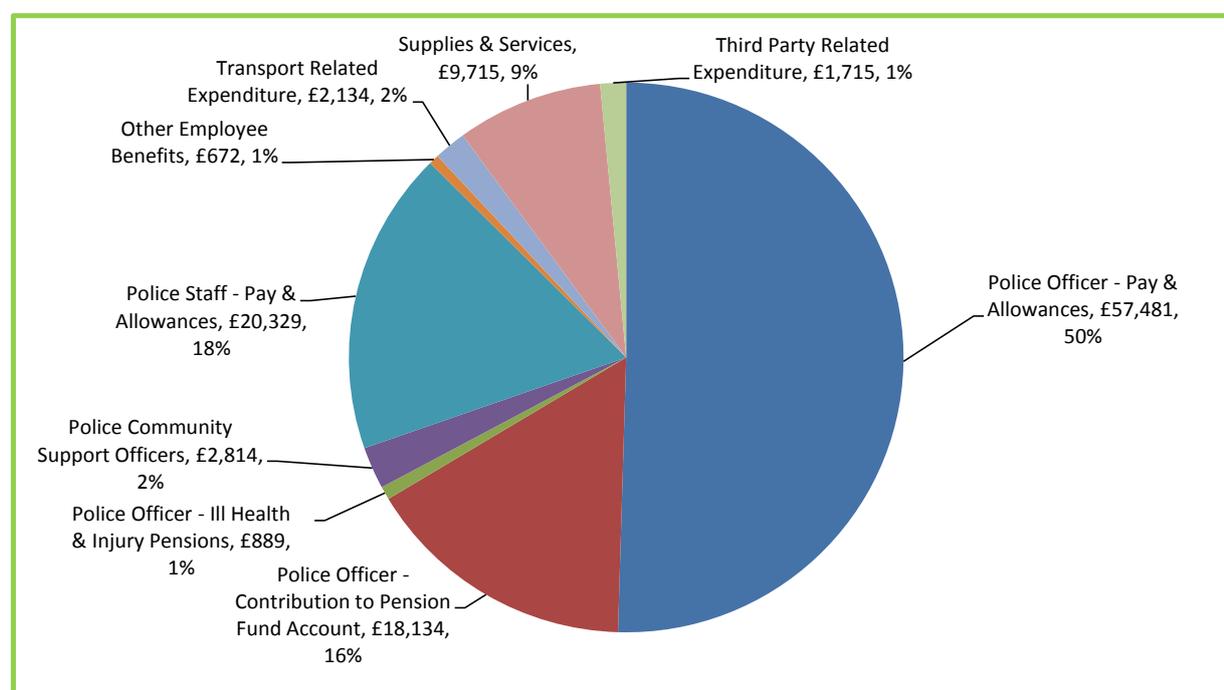
The reduction in forecast income during 2016/17 and 2017/18 reflects the reduction in overall balances available for investment as capital reserves are depleted.

## Appendix C

## Constabulary Funding

The largest portion of expenditure for the Commissioner (£114m in 2016/17) relates to funding provided to the Chief Constable by way of the funding agreement. The funding provided by the Commissioner is set out in the table below and is analysed into subjective headings. More detailed analysis of the subjective headings is provided in the sections below (see C1-C10).

| Description   | Paragraph | 2015/16<br>£'s     | 2016/17<br>£'s     | 2017/18<br>£'s     | 2018/19<br>£'s     | 2019/20<br>£'s     |
|---|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Police Officer - Pay & Allowances                     | C1        | 57,452,344         | 57,480,682         | 58,619,606         | 59,628,577         | 58,955,263         |
| Police Officer - Contribution to Pension Fund Account | C2        | 18,006,000         | 18,134,000         | 21,577,000         | 22,095,000         | 24,010,000         |
| Police Officer - Ill Health & Injury Pensions         | C3        | 888,880            | 888,880            | 899,547            | 914,840            | 931,308            |
| Police Community Support Officers                     | C4        | 2,810,501          | 2,813,971          | 3,054,291          | 3,047,334          | 3,144,308          |
| Police Staff - Pay & Allowances                       | C5        | 18,555,500         | 20,329,079         | 19,775,924         | 19,953,683         | 20,133,221         |
| Other Employee Benefits                               | C6        | 803,280            | 672,214            | 534,175            | 544,325            | 554,668            |
| Transport Related Expenditure                         | C7        | 2,469,876          | 2,134,198          | 2,193,404          | 2,254,668          | 2,318,075          |
| Supplies & Services                                   | C8        | 9,877,535          | 9,714,969          | 9,103,124          | 9,355,708          | 9,484,635          |
| Third Party Related Expenditure                       | C9        | 1,615,709          | 1,715,097          | 1,747,684          | 1,780,890          | 1,814,727          |
| <b>Gross Constabulary Expenditure</b>                 |           | <b>112,479,625</b> | <b>113,883,090</b> | <b>117,504,754</b> | <b>119,575,026</b> | <b>121,346,205</b> |
| Income  | C10       | (3,966,595)        | (3,737,331)        | (3,845,957)        | (3,950,976)        | (4,002,540)        |
| <b>Net Constabulary Funding</b>                       |           | <b>108,513,030</b> | <b>110,145,759</b> | <b>113,658,797</b> | <b>115,624,050</b> | <b>117,343,665</b> |



Constabulary Gross Expenditure of £114m in 2016/17  
(Figures in £000s)

In overall terms expenditure has increased from £112.5m in 2015/16 to £113.9m in 2016/17, an increase of £1.4m. The difference in expenditure would have been much higher based on inflation alone. Upward cost pressures have been managed down through a *Star Chamber* approach that has seen senior level scrutiny and challenge of the resources provided to all budget holders and an overall reduction of £1.5m in budgets through zero basing.

### **C1. Police Officer Pay and Allowances**

Police officer pay and allowances account for the majority (50%) of the Constabulary budget. The budget is based on the current workforce plan which is discussed in further detail in the savings report. The budget for 2016/17 is based on 1120 police officers (1100 core constabulary + 6 Integrated Offender Management + 6 Safeguarding Hub + 8 externally funded (7 Sellafield + 1 Seconded)). The MTFF then assumes that officer numbers will then gradually fall to 997 by March 2020 (977 core + 6 Integrated Offender Management + 6 Safeguarding Hub + 8 externally funded). The Police Officer pay budget also includes the impact of the changes to national insurance rates from April 2016 which has impacted on overall pay budgets by around £1.2m.

### **C2. Contribution to the Police Pension Fund Account**

The Police Officer pension scheme is an unfunded pension scheme which means that there are no assets held by the pension scheme to cover liabilities. The constabulary operates a Pension Fund Account for police pensions into which contributions from current serving police officers are paid (contribution rates between 11% and 15.05%) together with contributions from the constabulary as employer at 24.2%). From this fund, pension payments to former police officers are made. The net balance on this pension fund account is a deficit and the Commissioner receives a Pensions Top-up Grant from the Home Office to balance the fund. This line within the constabulary budget reflects the transfer of this grant to the pension fund account. The grant itself is recorded within the Commissioner's budgets (see Appendix B, line B10).

### **C3. Ill Health & Injury Pensions**

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

#### C4. Police Community Support Officers

The budget for Police Community Support Officers accounts for 2% of the constabulary budget and is based on an establishment of 95 FTE posts. The pay budgets for PCSOs assume a 1% pay award from September 2016.



#### C5. Police Staff

Police staff pay and allowances account for 18% of the Constabulary budget. Police staff budgets are based on the current workforce plan. The figures have increased between 2015/16 and 2016/17 through a combination of increases in national insurance contribution rates, pay awards at 1%, annual increments and most significantly a forecast reduction in police staff turnover. Staff numbers will reduce over the MTFF timeframe as a result of the reviews being undertaken by the change programme, more details of which are contained within the savings report.

## C6. Other Employee Benefits

The other employee benefits budget covers a mix of individual budget lines. These budgets have been subject to an inflationary increase of 1.0% in the main. The proposed other employee benefits budget for 2016/17 and a comparison with that of 2015/16 is shown in the table below:

| Description                              | Paragraph | 2015/16<br>£'s | 2016/17<br>£'s | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|--|-----------|----------------|----------------|--------------------------------|------------------------------|
| Temporary & Agency Staff                 | A         | 277,133        | 42,400         | (234,733)                      | -84.70%                      |
| Staff & Officer Recruitment Costs        |           | 28,653         | 21,577         | (7,076)                        | -24.70%                      |
| Staff Welfare Costs                      |           | 146,134        | 141,627        | (4,507)                        | -3.08%                       |
| Employee Insurance                       |           | 5,416          | 5,454          | 38                             | 0.70%                        |
| Police Staff Pension Additional Payments |           | 68,237         | 67,366         | (871)                          | -1.28%                       |
| Training & Conferences Expenditure       | B         | 277,707        | 393,790        | 116,083                        | 41.80%                       |
| <b>Total</b>                             |           | <b>803,280</b> | <b>672,214</b> | <b>(131,066)</b>               | <b>-16.32%</b>               |

### Notes:

- A. Temporary and Agency staff reduces significantly during 2016/17 as a result of temporary resources required to ensure the implementation of one off ICT projects in 2015/16 being removed. The remaining figure results from the need to provide capacity in the event of vacancies when operating with reduced staffing numbers in support functions.
- B. The increase in training and conferences reflects additional costs associated with increased levels of officer recruitment in 2016/17 as a result of the outcome of the CSR and delay in implementing the review of the police funding formula.

Staff welfare costs include optician's fees, counselling, physiotherapy, ergonomists and other medical fees and tests.

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

## C7. Transport Related Budgets

Expenditure on transport budgets accounts for approximately 2% of Constabulary expenditure. The transport budgets have been uplifted for inflation at a rate of 1.0% in the main, it should be noted that for 2016/17 the majority of pay and prices increases have been reversed as part of the zero based budget and *Star Chamber* process. The proposed transport related budget for 2016/17 and a comparison with that of 2015/16 is shown in the table below:

| Description                              | Paragraph | 2015/16<br>£'s   | 2016/17<br>£'s   | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|--|-----------|------------------|------------------|--------------------------------|------------------------------|
| Vehicle Repair & Maintenance             | A         | 734,765          | 687,380          | (47,385)                       | -6.45%                       |
| Vehicle Fuel                             | B         | 1,142,231        | 981,401          | (160,830)                      | -14.08%                      |
| Vehicle Contract Hire & Operating Leases | C         | 158,077          | 153,048          | (5,029)                        | -3.18%                       |
| Car Allowances & Travel Expenses         | D         | 347,142          | 277,350          | (69,792)                       | -20.10%                      |
| Air Support                              | E         | 52,988           | 0                | (52,988)                       | -100.00%                     |
| Transport Other                          |           | 34,673           | 35,019           | 346                            | 1.00%                        |
| <b>Total</b>                             |           | <b>2,469,876</b> | <b>2,134,198</b> | <b>(335,678)</b>               | <b>-13.59%</b>               |

### Notes:

- A. The vehicle repairs and maintenance budget has been reduced in 2016/17 by £50k as a result of savings achieved from bringing back in house the repair and maintenance of some vehicles.
- B. The vehicle fuel budget has been reduced overall. Vehicle fuel has been increased by a higher inflation rate (5%). The reduction is as a result of a re-basing of fleet budgets to take account of current activity levels and prices. A net reduction of £161k was taken out of the budget as a result of this exercise.
- C. Vehicle contract hire charges have reduced, the main reason for the reduction is as a result of the centralised management of travel and accommodation booking which is continuing to provide savings.
- D. Car allowances and travel expenses have also reduced, the reduction is the result of savings achieved by the central services team by determining the most cost effective means of travel.
- E. As a change in CIPFA coding requirements, the budget for Air Support has now moved to the third party related expenses.

The vehicle fleet consists of 289 vehicles and can be broadly categorised as follows:

| Fleet Summary                   | Number of Vehicles in category |
|---------------------------------|--------------------------------|
| Covert vehicles                 | 28                             |
| Neighbourhood Policing          | 113                            |
| Specialist Vehicles             | 21                             |
| Dog Vehicles                    | 11                             |
| Motor Cycles                    | 10                             |
| Pool Cars                       | 29                             |
| Protected personnel Carriers    | 9                              |
| Roads Policing Vehicles         | 23                             |
| Crime Command                   | 23                             |
| Crime Schene Investigators      | 11                             |
| Garage vehicles                 | 3                              |
| VIP Vehicles                    | 2                              |
| Ballistically Protected Vehicle | 1                              |
| Sellafield Policing Unit        | 5                              |
| <b>Total Fleet Vehicles</b>     | <b>289</b>                     |

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

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

Cumbria officers check on average 125 thousand vehicles per year.

The vehicle fleet travels approximately 5.2 million miles per year (reduced from 5.9m in 2014/15).



### C8. Supplies & Services

Expenditure on supplies & services accounts for approximately 9% of Constabulary budgets. The majority of budgets have been increased for general inflation at 1.0%, however, this is an area where reductions were achieved as part of the budget star chamber process.

| Description                             | Paragraph | 2015/16<br>£'s   | 2016/17<br>£'s   | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|---|-----------|------------------|------------------|--------------------------------|------------------------------|
| Office Equipment, Furniture & Materials |           | 248,522          | 242,468          | (6,054)                        | -2.44%                       |
| Catering Contract                       |           | 59,009           | 53,538           | (5,471)                        | -9.27%                       |
| Clothing, Uniform & Laundry             |           | 447,822          | 454,653          | 6,831                          | 1.53%                        |
| Custody Costs                           | A         | 132,140          | 170,367          | 38,227                         | 28.93%                       |
| Forensics Costs                         |           | 789,792          | 739,955          | (49,837)                       | -6.31%                       |
| Investigative Expenses                  | B         | 103,568          | 118,557          | 14,989                         | 14.47%                       |
| Police Doctors & Surgeons               | C         | 1,178,102        | 1,319,757        | 141,655                        | 12.02%                       |
| Interpreters & Translators              |           | 37,958           | 33,735           | (4,223)                        | -11.13%                      |
| Communications & Computing              | D         | 5,339,065        | 4,871,148        | (467,917)                      | -8.76%                       |
| Members Allowances & Expenses           |           | 0                | 6,950            | 6,950                          | 100.00%                      |
| Other Supplies & Services               | E         | 1,450,346        | 1,613,346        | 163,000                        | 11.24%                       |
| Printing Recharges                      |           | 91,211           | 90,495           | (716)                          | -0.78%                       |
| <b>Total</b>                            |           | <b>9,877,535</b> | <b>9,714,969</b> | <b>(162,566)</b>               | <b>-1.65%</b>                |

#### Notes:

- A. The budget for custody costs includes the provision of medical supplies, food, clothing and laundry within custody suites. The increase from 2015/16 to 2016/17 of £38k has resulted from increases in respect of Appropriate Adult Services.
- B. Investigative expenses is showing an increase in respect of expert witness/testimony reports.
- C. The increase in police doctors and surgeons relates to the full year effect of the move to a new custody medical contract.
- D. Communications and computing costs have fallen significantly during 2016/17. Of the reduction, £200k relates to the assumption that half year savings will accrue from the re-negotiation of the Wide Area Network (WAN) contract. The remainder of the reduction relates to the ongoing works to make savings achieved through the zero based budget and *Star Chamber* process.
- E. Other Supplies and Services includes a variety of budget lines including subscriptions, audit fees, operational equipment and accommodation and subsistence.

### C9. Third Party Related

Expenditure on third party payments accounts for just 2% of overall Constabulary funding and covers a wide range of items.

| Description                         | Paragraph | 2015/16<br>£'s   | 2016/17<br>£'s   | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|-------------------------------------|-----------|------------------|------------------|--------------------------------|------------------------------|
| Collaborations & Co-Working         |           | 206,681          | 208,748          | 2,067                          | 1.00%                        |
| Outsourced Services                 | A         | 108,263          | 138,000          | 29,737                         | 27.47%                       |
| Collaboration Payments              | B         | 567,562          | 644,398          | 76,836                         | 13.54%                       |
| Police National Computer / Database | C         | 377,209          | 602,372          | 225,163                        | 59.69%                       |
| Other Third Party Payments          | D         | 355,994          | 121,579          | (234,415)                      | -65.85%                      |
| <b>Total</b>                        |           | <b>1,615,709</b> | <b>1,715,097</b> | <b>99,388</b>                  | <b>6.15%</b>                 |

#### Notes:

- A. The increase in outsourced services reflects the change in the provider for police pension services from April 2016.
- B. The increase in collaboration payments of £76k relates to new collaborations in respect of the National Police Co-ordination centre and national police chiefs council and increases in respect of TITAN.
- C. The increase in respect of the Police National Computer/Database in the main reflects a reclassification of a number of expenses from "other third party payments" (see D below).
- D. Other third party payments include such items as payments to the national public order intelligence unit and crime stoppers. A reduction occurs as a result of the reclassification of charges in respect of national police ICT systems (see C above). The reduction is being offset to a degree by the transfer from transport related expenses of the budget for the National Police Air Support service (£53k) which previously was included within transport expenses (see C7 E above).

**C10. Income**

The Constabulary receives a relatively small amount of income each year, just 3.3% when compared with Constabulary gross expenditure. The majority of income budgets have been increased for general inflation at 1.0%.

| Description                                     | Paragraph | 2015/16<br>£'s     | 2016/17<br>£'s     | Increase<br>/(Decrease)<br>£'s | Increase<br>/(Decrease)<br>% |
|---|-----------|--------------------|--------------------|--------------------------------|------------------------------|
| Local Government Funding - Specific Partnership | A         | (163,949)          | (133,134)          | 30,815                         | -18.80%                      |
| Sale of Assets & Goods                          |           | (75,917)           | (75,527)           | 390                            | -0.51%                       |
| Fees & Charges - Public Fees                    | B         | (218,112)          | (263,151)          | (45,039)                       | 20.65%                       |
| Fees & Charges - Rental & Hire Charges          |           | (15,377)           | (15,531)           | (154)                          | 1.00%                        |
| Fees & Charges - General                        |           | (806,946)          | (805,074)          | 1,872                          | -0.23%                       |
| Private Hire - Single & Recurring Events        |           | (109,765)          | (116,401)          | (6,636)                        | 6.05%                        |
| Inter Force Reimbursements Incl. Collaboration  |           | (93,524)           | (102,704)          | (9,180)                        | 9.82%                        |
| Reimbursed Services - Other Public Bodies       | C         | (1,525,910)        | (873,451)          | 652,459                        | -42.76%                      |
| Transport Trading Income                        |           | (6,240)            | (6,302)            | (62)                           | 0.99%                        |
| General Trading Income                          |           | (236,682)          | (239,033)          | (2,351)                        | 0.99%                        |
| Contributions & Reimbursements by Staff         |           | (1,534)            | (1,100)            | 434                            | -28.29%                      |
| Proceeds of Crime                               |           | (120,000)          | (121,200)          | (1,200)                        | 1.00%                        |
| Reimbursements of Licence Expenditure           |           | (20,509)           | (20,714)           | (205)                          | 1.00%                        |
| Sources of Income from Other Forces             | D         | (424,695)          | (378,034)          | 46,661                         | -10.99%                      |
| Internal Recharges Income - ICT                 | E         | (37,625)           | (76,881)           | (39,256)                       | 104.33%                      |
| Internal Recharges Income - Printing            |           | (109,810)          | (109,094)          | 716                            | -0.65%                       |
| Other Income                                    | F         | 0                  | (400,000)          | (400,000)                      | 100.00%                      |
| <b>Total</b>                                    |           | <b>(3,966,595)</b> | <b>(3,737,331)</b> | <b>229,264</b>                 | <b>-5.78%</b>                |

**Notes:**

- A. Specific Partnership funding includes funding in respect of the Youth Offending Team and the Safety Camera Team. The reduction of £31k relates in part to the reclassification of £20k of Safety Camera Income and £11k in respect of the removal or support in respect of MARAC.
- B. Fees and Charges Public Fees include such items as charges for accident reports, photocopying of documents, disclosure checks, fingerprints and firearms licensing. The increase of £45k in 2016/17 in the main relates to the cyclical nature of firearms licence renewals.
- C. Reimbursed services other public bodies includes a number of arrangements where costs are recovered from other bodies. The significant reduction between 2015/16 and 2016/17 largely relates to the reduction of income as a result of reducing the Sellafeld Policing Team (recharged to the Nuclear Decommissioning Authority) from 17 to 7 Officers.

- D. Sources of income from other forces include a number of arrangements where police officers are seconded to other forces. The reduction in income reflects a reduced number of collaboration arrangements.
  
- E. Internal Recharges ICT have increased from 2015/16 to 2016/17 as a result of an additional member of staff being recharged to the capital programme in respect of the delivery of the mobile and digital capability.
  
- F. Historically, actual income received in the year has exceeded the budget. The increased income can arise from a range of circumstances which are unknown at the time of setting the budget (for example mutual aid, proceeds of crime, policing of events and escorting abnormal loads or nuclear movements). For 2016/17 a risk based approach to budgeting has provided for additional income of £400k per annum.