



# Cumbria Office of the Police and Crime Commissioner

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

Police and Crime Panel: 21 January 2019

Police and Crime Panel: 14 January 2019 Budget Briefing Session

Report of the Joint Chief Finance Officer

Originating Officers: Michelle Bellis, Deputy Chief Finance Officer and  
Mark Carter, Financial Services Manager.

### 1. Introduction

- 1.1. The purpose of this report is to provide a detailed analysis of the figures contained within the revenue budget for 2019/20 and the MTFF to 2022/23.
- 1.2. The report provides more detailed analysis of the budgets for 2019/20 together with comparative information from the 2018/19 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 (B and C) which are cross referenced from the main appendix.

## Revenue Budget &amp; Medium Term Financial Forecast to 2022/23

Description	Supporting Schedule	2018/19 £'s	2019/20 £'s	2020/21 £'s	2021/22 £'s	2022/23 £'s
Commissioner's Budgets	Appendix B	(9,904,791)	(16,441,035)	(19,714,248)	(19,707,573)	(14,116,155)
Constabulary Funding	Appendix C	116,902,124	124,481,433	129,215,101	133,752,191	131,128,111
Movement to /(from) Reserves	Note 1	(8,370,619)	(4,159,195)	(179,651)	(1,602,588)	(1,672,984)
<b>Net Expenditure</b>		<b>98,626,714</b>	<b>103,881,203</b>	<b>109,321,202</b>	<b>112,442,030</b>	<b>115,338,972</b>
<b>Funding</b>						
Formula Grants/Funding	Note 2	(58,710,055)	(59,942,966)	(59,942,966)	(59,942,966)	(59,942,966)
Council Tax	Note 3	(39,916,659)	(43,938,237)	(46,321,258)	(48,737,564)	(51,187,520)
<b>Net Deficit / Savings Requirement</b>		<b>0</b>	<b>(0)</b>	<b>3,056,978</b>	<b>3,761,501</b>	<b>4,208,487</b>

Note 1 – More information on reserves will be provided to the January meeting of the Police and Crime Panel as part of the precept proposal report (see agenda item 08e).

Note 2 – The provisional settlement for formula funding was announced on 13 December 2018. The funding allocated for 2019/20 included a 2.1% increase on 2018/19 levels. During 2019/20 a comprehensive spending review will be carried out and this will inform grant levels for future years. At this stage, it has been assumed that the figure included in the draft settlement for 2019/20 will continue to be maintained on a flat cash basis for the remainder of the MTFF.

Note 3 – The council tax figures assume that the council tax base will increase by 0.75% per annum. The figures also assume council tax precept rises of £23.94 (10.29%) per band D property for 2019/20 and then £11.97 per annum (around 4.5%) for the final 3 years of the MTFF, all of which are subject to consultation.

## 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	2018/19 £'s	2019/20 £'s	2020/21 £'s	2021/22 £'s	2022/23 £'s
Commissioner's Office	B1	722,694	749,008	769,858	791,309	813,376
Commissioned Services	B2	2,245,476	2,244,773	2,244,773	2,244,773	2,244,773
Premises Related Costs	B3	4,045,455	4,310,486	4,269,848	4,371,550	4,476,201
Insurances	B4	551,946	600,939	612,089	633,089	649,989
LGPS Past Service Cost	B5	492,600	503,400	514,500	525,900	537,500
Provision for Insurance liability	B6	105,500	105,500	105,500	105,500	105,500
Statutory Accounting Adjustments	B7	352,796	360,721	360,721	360,721	360,721
Capital Financing	B8	11,189,393	5,737,281	4,459,101	5,883,152	6,043,729
Grants & Contributions	B9	(29,535,651)	(30,888,143)	(32,910,638)	(34,508,567)	(29,232,944)
Interest/investment Income	B10	(75,000)	(165,000)	(140,000)	(115,000)	(115,000)
<b>Total</b>		<b>(9,904,791)</b>	<b>(16,441,035)</b>	<b>(19,714,248)</b>	<b>(19,707,573)</b>	<b>(14,116,155)</b>

### B1. Commissioner's Office

The budget for the Commissioner's office includes funding for the Commissioner plus his office comprising of 12.6 FTEs. The pay budget has been increased by pay inflation at 3% throughout the MTFF and the non-pay budgets in general have been subject to an increase of 2%.

### 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.

**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 budget can be analysed as follows:

Description	Paragraph	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Property Repairs & Maintenance	A	732,655	853,490	120,835	16.49%
Utilities	B	947,734	1,098,683	150,949	15.93%
Rent & Rates	C	1,733,070	1,684,193	(48,877)	-2.82%
Cleaning & Domestic Supplies	D	547,517	587,952	40,435	7.39%
Other Premises Costs	E	84,479	86,168	1,689	2.00%
<b>Total</b>		<b>4,045,455</b>	<b>4,310,486</b>	<b>265,031</b>	<b>6.55%</b>

Notes:

This table provides a split of the premises budget by subjective heading. A brief summary of items included within each heading is provided below.

- A. **Property Repair & Maintenance** includes both planned and reactive maintenance and grounds maintenance. Property repair and maintenance costs are based on a schedule of planned maintenance and are showing an above inflation increase, £100,000 of this increase is as a result of the inclusion of a scheme to improve security across the estate.
- B. **Utilities** includes gas, electricity, water and heating oil charges. Costs are showing increased costs as a result of increases in contract prices which are currently being experienced.
- C. **Rent and Rates** includes business rates (NNDR), property leases, room hire charges and PFI occupancy charges for the PFI building at Workington.
- D. **Cleaning and Domestic Supplies** includes building cleaning, window cleaning, refuse collection and clinical waste collection services. This increase in this category is largely as a result contract increases as a result of the impact of the living wage.
- E. **Other Premises Costs** include fire and security equipment maintenance, legal and valuation fees.

The Commissioner's estate had an accounting value of £51m at 31/03/2018

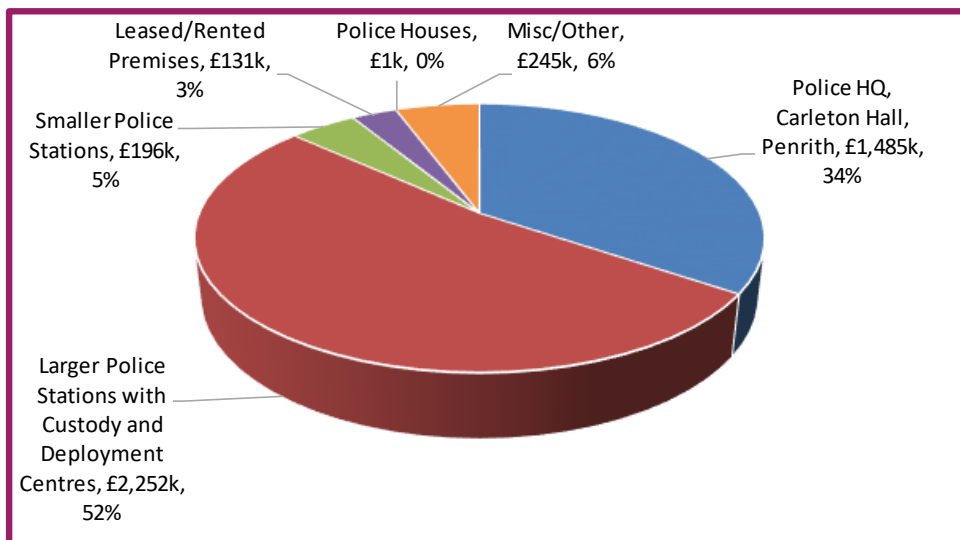
An analysis of premises budgets by category of premises is provided below:

Estates Costs 2019/20 by Category of Property	Property Total £000s	Property Total %
Police HQ, Carleton Hall, Penrith	1,485	34.4%
Larger Police Stations with Custody and Deployment Centres	2,252	52.2%
Smaller Police Stations	196	4.6%
Leased/Rented Premises	131	3.0%
Police Houses	1	0.0%
Misc/Other	245	5.7%
<b>Total</b>	<b>4,310</b>	<b>100.0%</b>

This table provides a split of the premises budget by category of premises. From the table it can be seen that Police HQ and the 6 main deployment centres account for 87% of the total budget. The table overleaf provides a split of each category over individual premises.

Police House – The PCC/Constabulary has one remaining police house in Kendal which is due to become surplus to requirements in 2021.

The chart below illustrates this graphically:



Police HQ at Carleton Hall, the 4 Custody suites and 6 main deployment centres account for 87% of the premises budget.

The following page includes a split of the premises budget on a site by site basis. The analysis includes the part year effect of the new Eden Deployment Centre building which is due to become operational in September/October 2019.

## Premises Related Expenditure Budget 2019/20 on Site by Site Basis

Property	Property Repairs & Maintenance	Utilities	Rent & Rates	Cleaning & Domestic Supplies	Other Premises Costs	Grand Total	Percentage of Total
	£	£	£	£	£	£	%
<b>Police HQ, Carleton Hall Penrith</b>							
Headquarters : Carleton Hall Penrith	374,689	534,888	246,379	229,038	10,455	<b>1,395,449</b>	<b>32%</b>
Eden Deployment Centre (from Oct'19)	7,500	35,000	27,500	19,500	0	<b>89,500</b>	<b>2%</b>
	<b>382,189</b>	<b>569,888</b>	<b>273,879</b>	<b>248,538</b>	<b>10,455</b>	<b>1,484,949</b>	<b>34%</b>
<b>Larger Police Stations with Custody and Deployment Centres</b>							
Barrow : Phoenix Way	51,654	93,213	172,808	72,985	803	<b>391,463</b>	<b>9%</b>
Carlisle : Durranhill	83,816	155,817	301,305	81,727	3,493	<b>626,158</b>	<b>15%</b>
Kendal : Busher Walk	93,726	85,757	102,358	56,198	2,847	<b>340,886</b>	<b>8%</b>
Penrith : Hunter Lane	34,513	39,997	32,602	23,716	270	<b>131,098</b>	<b>3%</b>
Whitehaven : Scotch Street	73,598	42,946	61,349	23,442	1,143	<b>202,478</b>	<b>5%</b>
Workington : Hall Brow	9,853	0	547,715	2,076	0	<b>559,644</b>	<b>13%</b>
	<b>347,160</b>	<b>417,730</b>	<b>1,218,137</b>	<b>260,144</b>	<b>8,556</b>	<b>2,251,727</b>	<b>52%</b>
<b>Smaller Police Stations</b>							
Ambleside	783	2,910	3,721	1,499	104	<b>9,017</b>	<b>0%</b>
Appleby	6,398	5,964	6,854	6,921	156	<b>26,293</b>	<b>1%</b>
Brampton	20,196	13,286	7,405	9,326	156	<b>50,369</b>	<b>1%</b>
Cockermouth (Allerdale Rural)	5,750	17,324	15,912	7,819	1,092	<b>47,897</b>	<b>1%</b>
Kirkby Stephen	1,736	1,434	1,371	2,073	159	<b>6,773</b>	<b>0%</b>
Lake Road Hostel, Windermere	1,607	1,424	1,835	1,019	624	<b>6,509</b>	<b>0%</b>
Longtown	1,984	5,907	6,487	4,082	1,532	<b>19,992</b>	<b>0%</b>
Windermere	3,767	8,021	6,879	9,768	1,118	<b>29,553</b>	<b>1%</b>
	<b>42,221</b>	<b>56,270</b>	<b>50,464</b>	<b>42,507</b>	<b>4,941</b>	<b>196,403</b>	<b>5%</b>
<b>Leased or Rented Premises</b>							
Alston : The Topps	1,745	3,180	3,274	1,690	0	<b>9,889</b>	<b>0%</b>
Askham-in-Furness : Community Portacabin	0	218	304	0	0	<b>522</b>	<b>0%</b>
Carlisle : Shadygrove Road	1,649	6,526	11,157	4,250	270	<b>23,852</b>	<b>1%</b>
Dalton-in-Furness : Drill Hall	0	0	3,274	1,132	0	<b>4,406</b>	<b>0%</b>
Keswick Town Hall	0	0	3,931	792	0	<b>4,723</b>	<b>0%</b>
Millom : Network Centre	0	0	7,829	792	0	<b>8,621</b>	<b>0%</b>
Sedbergh : CIO 72 Main Street	268	0	2,569	0	0	<b>2,837</b>	<b>0%</b>
Specialist Services Accommodation	512	8,570	43,693	1,583	1,688	<b>56,046</b>	<b>1%</b>
Ulverston Business Centre Offices	0	0	11,868	0	0	<b>11,868</b>	<b>0%</b>
Wigton : Innovia Suite	0	0	8,567	0	0	<b>8,567</b>	<b>0%</b>
	<b>4,174</b>	<b>18,494</b>	<b>96,466</b>	<b>10,239</b>	<b>1,958</b>	<b>131,331</b>	<b>3%</b>
<b>Police Houses</b>							
16 Hillswood Avenue, Kendal (to 2021)	595	0	0	0	0	<b>595</b>	<b>0%</b>
	<b>595</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>595</b>	<b>0%</b>
<b>Misc/Other</b>							
Carlisle : Northern Traffic Unit	9,289	27,172	17,503	6,437	960	<b>61,361</b>	<b>1%</b>
North West ROCU (Merseyside)	0	4,256	18,897	0	0	<b>23,153</b>	<b>1%</b>
North West UC Online (Merseyside)	0	1,323	8,847	0	0	<b>10,170</b>	<b>0%</b>
Estate & Facilities - Forcwide	67,862	3,550	0	20,087	59,298	<b>150,797</b>	<b>3%</b>
	<b>77,151</b>	<b>36,301</b>	<b>45,247</b>	<b>26,524</b>	<b>60,258</b>	<b>245,481</b>	<b>6%</b>
<b>Total</b>	<b>853,490</b>	<b>1,098,683</b>	<b>1,684,193</b>	<b>587,952</b>	<b>86,168</b>	<b>4,310,486</b>	<b>100%</b>

**B4. Insurances**

During 2016/17 the Commissioner and Constabulary retendered and awarded long term agreements in respect of insurance which run until 31 October 2019 (with an option to extend for a further 2 years to 31 October 2021). On an annual basis insurance policies are renewed based on current data. The increase in premiums between 2018/19 and 2019/20 reflects the addition of a policy for cyber and data risk which was previously uninsured. Cyber and Data insurance seeks to cover the PCC/Constabulary for costs associated with recovering from a data or cyber attack.

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

For the LGPS (police staff and PCSOs) the PCC/Constabulary are required to pay past service contributions with the aim to reduce the pensions' deficit over the next 16 years. The amount paid is based on a calculation by the scheme actuary following an actuarial valuation of pension liabilities which is carried out on a three yearly basis. The most recent valuation was undertaken on 31 March 2016 and has provided an increase in the contribution rates (from 12.7% to 15.4%) and a reduced deficit reduction payment, both of which took effect from 1 April 2017. The next actuarial valuation will take place on 31 March 2019 with any new rates becoming effective from 1 April 2020.

**B6. 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 2020.

**B7. 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. The capital grant received from the home office in 2018/19 amounted to £364k, the provisional funding settlement for 2019/20 sees this figure increased to £372k (an increase of 2.2%).

**B8. Capital Financing**

Capital financing includes the following items:

Description	Paragraph	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Direct Revenue Contributions (DRC)	A	1,683,727	1,771,608	87,881	5.22%
DRC - Use of Capital Reserves	B	8,471,641	2,895,708	(5,575,933)	-65.82%
Minimum Revenue Provision	C	431,703	486,384	54,681	12.67%
Private Finance Initiative (PFI) Interest	D	602,322	583,581	(18,741)	-3.11%
<b>Total</b>		<b>11,189,393</b>	<b>5,737,281</b>	<b>(5,452,112)</b>	<b>-48.73%</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 1.7m. Additional contributions from partner organisations for specific aspects of the capital programme (e.g. CCTV, Sellafield vehicles) are also included in this line.
- B. The Commissioner holds a number of reserves that have been earmarked for specific capital purposes. 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. The PFI arrangement was entered into in 2001 and is due to expire in August 2026.



**B9. 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 2019/20 with comparatives for 2018/19.

Description	Paragraph	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Home Office - Police Pension Top Up	A	(22,574,000)	(22,915,000)	(341,000)	1.51%
Additional Pensions Grant	B	0	(1,200,000)	(1,200,000)	100.00%
Home Office - Other	C	(472,411)	(288,317)	184,094	-38.97%
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	D	(588,000)	(575,661)	12,339	-2.10%
Home Office - Non Specific Capital Grant	E	(363,773)	(371,698)	(7,925)	2.18%
<b>Total</b>		<b>(29,535,651)</b>	<b>(30,888,143)</b>	<b>(1,352,492)</b>	<b>4.58%</b>

Notes:

- A. This is the estimated amount that will be received from the Home Office in respect of the police Pensions Top-up grant. As it represents grant funding it is shown in the grant income receivable by the Commissioner.

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 31%). 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. In 2019/20 the Constabulary has received an additional grant of £1.2m to offset part of the increased costs of pensions. For the purposes of financial planning, it has been assumed that this grant will continue for the remainder of the MTF.

- C. The reduction in Home Office Grant Other income reflects the removal of funding in relation to the ports officers who are no longer core funded posts within the Constabulary.
- D. The Ministry of Justice grant is in respect of victims services including restorative justice.
- E. The Home Office Non Specific Capital Grant forms part of the annual funding settlement from the Home Office. The figure for 2019/20 is £372k and represents an inflationary increase on the amount received for 2018/19 of £364k.

### B10. 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 was increased in August 2018 to 0.75% from its previous level of 0.50% which was set in November 2017.

Interest Rate Forecast	2018/19 £'s	2019/20 £'s	2020/21 £'s	2021/22 £'s	2022/23 £'s
Quarter 1	0.50%	1.00%	1.25%	1.25%	1.25%
Quarter 2	0.75%	1.25%	1.25%	1.25%	1.25%
Quarter 3	0.75%	1.25%	1.25%	1.25%	1.25%
Quarter 4	1.00%	1.25%	1.25%	1.25%	1.25%

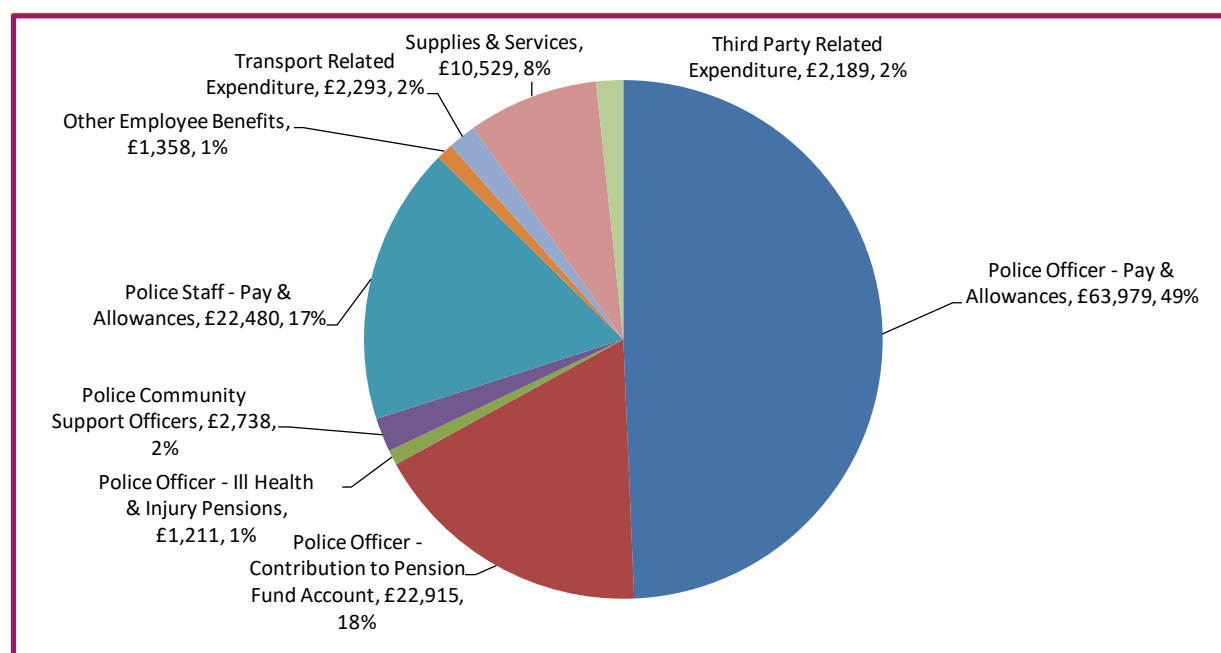
The increase in forecast income during for future years reflects the assumed increase as a result of the decision to invest in a property or managed fund. This increase is being offset to a degree by a reduction in overall balances available for investment as capital reserves are depleted.

The interest/investment income forecast includes for 2019/20 the part year effect of assumed additional income as a result of investing longer term in a property or other managed fund during 2019/20. The full year effect of this decision is included from 2020/21 onwards.

## Constabulary Funding

The largest portion of expenditure for the Commissioner (£130m in 2019/20) relates to funding provided to the Chief Constable by way of the funding arrangement. 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	2018/19 £'s	2019/20 £'s	2020/21 £'s	2021/22 £'s	2022/23 £'s
Police Officer - Pay & Allowances	C1	59,084,911	63,979,207	65,537,895	67,463,296	68,946,238
Police Officer - Contribution to Pension Fund Account	C2	22,574,000	22,915,000	24,923,000	26,506,000	21,215,000
Police Officer - Ill Health & Injury Pensions	C3	944,199	1,211,319	1,235,546	1,260,257	1,285,463
Police Community Support Officers	C4	3,131,356	2,738,236	2,828,384	2,850,236	2,907,744
Police Staff - Pay & Allowances	C5	20,684,681	22,479,618	22,950,542	23,532,663	24,363,643
Other Employee Benefits	C6	1,160,125	1,358,150	1,384,899	1,404,319	1,432,406
Transport Related Expenditure	C7	2,171,152	2,292,794	2,361,384	2,432,482	2,506,196
Supplies & Services	C8	9,827,801	10,529,007	10,583,016	10,778,177	10,993,741
Third Party Related Expenditure	C9	2,108,051	2,188,724	2,255,685	2,316,279	2,365,029
<b>Gross Constabulary Expenditure</b>		<b>121,686,275</b>	<b>129,692,054</b>	<b>134,060,350</b>	<b>138,543,708</b>	<b>136,015,459</b>
Income	C10	(4,784,152)	(5,210,621)	(4,845,249)	(4,791,517)	(4,887,348)
<b>Net Constabulary Funding</b>		<b>116,902,124</b>	<b>124,481,433</b>	<b>129,215,101</b>	<b>133,752,191</b>	<b>131,128,111</b>



Constabulary Gross Expenditure of £130m in 2019/20  
(figures in £000s)

In overall terms expenditure has increased from £121.7m in 2018/19 to £129.7m in 2019/20, an increase of £8.0m. Of the increase, £2.8m relates to police pensions, £0.6m relates to increasing police officer numbers by a further 20 FTE, with the balance being due to pay/price inflation at around 3% per annum.

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

Police officer pay and allowances account for the majority (49%) of the Constabulary budget. The budget is based on the current workforce plan. The budget for 2019/20 is based on an increase of 20 police officers from 1145 to 1165 police officers. Members will recall that the establishment for police officers was increased by 25 officers in 2018/19 from 1120 to 1145. The Police Officer pay budget also includes the impact of proposed changes to police pension contributions from April 2019 which has impacted on overall pay budgets by around £2.8m. The pay budgets for Police Officers assume a 3% pay award each September over the life of the MTFP.

### **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 31%). 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 constabulary's contribution to the pension fund account to meet this deficit. 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 have been required to be retired on an ill health or injury basis. The budget is made up of two main elements:

- Injury Allowance of £731k, this represents the initial lump sum and ongoing pension payments made to officers who have been retired as a result of an injury on duty.
- Ill Health pension capital equivalent charge £480k. When the constabulary is required, under police pension regulations, to retire an officer on ill health grounds, the constabulary has to meet a capital equivalent charge, this charge is equivalent to 2 years pay (approx. £80k). The budget is based on the assumption that there will be six ill health retirements per year (this has increased from three in previous years).

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 budget recognises that under the workforce plan numbers of PCSOs are likely to operate below the establishment as PCSOs leave to join the regulars and a review of the appropriate workforce mix to meet modern policing needs is undertaken. The pay budgets for PCSOs assume a 3% pay award each September over the life of the MTFP.

**C5. Police Staff**

Police staff pay and allowances account for 17% of the Constabulary budget. Police staff budgets are based on the current workforce plan. The figures have increased between 2018/19 and 2019/20 through a combination of pay awards and annual increments. The pay budgets for Police Staff assume a 3% pay award each September over the life of the MTFP.

**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 2.0% in the main. The proposed other employee benefits budget for 2019/20 and a comparison with that of 2018/19 is shown in the table below:

Description	Paragraph	2018/19	2019/20	Increase	Increase
		£'s	£'s	/(Decrease) £'s	/(Decrease) %
Temporary & Agency Staff	A	48,253	50,218	1,965	4.07%
Staff & Officer Recruitment Costs	B	72,900	67,980	(4,920)	-6.75%
Staff Welfare Costs	C	177,734	215,772	38,038	21.40%
Employee Insurance		6,100	6,776	676	11.08%
Police Staff Pension Additional Payments	D	64,823	66,119	1,296	2.00%
Training & Conferences Expenditure	E	484,315	639,165	154,850	31.97%
Apprenticeship Levy	F	306,000	312,120	6,120	2.00%
<b>Total</b>		<b>1,160,125</b>	<b>1,358,150</b>	<b>198,025</b>	<b>17.07%</b>

## Notes:

- A. The Temporary and Agency staff budget provides funding to cover the incremental cost associated with providing temporary resources to cover in instances of parental leave or long term sickness.
- B. The reduction in respect of staff an officer recruitment costs is partly as a result of reduced levels of recruitment forecast in 2019/20.
- C. The increase in staff welfare costs in 2019/20 reflects the investment in psychological screening and counselling services to reduce waiting times and the inclusion of a donation to the NW benevolent fund. Staff welfare costs include, counselling, physiotherapy, ergonomists and other medical fees and tests.
- D. Additional pension payments relate to historic pensions costs in respect of former employees who have retired early.
- E. The increase in training and conferences reflects increased demands for operational training, investment in strengths based coaching and costs associated with the implementation of the police education qualification framework (PEQF). PEQF will require all police officer recruits to have a degree or join as an apprentice from January 2020.
- F. The apprenticeship levy was introduced on 1 April 2017 and is set at 0.5% of the pay budget. The levy is paid into an electronic account and can be used to offset training costs.

**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 2% in the main, the exception being fuel which has been increased by 5%. The proposed transport related budget for 2019/20 and a comparison with that of 2018/19 is shown in the table below:

Description	Paragraph	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Vehicle Repair & Maintenance	A	715,064	724,813	9,749	1.36%
Vehicle Fuel	B	932,952	1,030,148	97,196	10.42%
Vehicle Contract Hire & Operating Leases	C	192,086	212,657	20,571	10.71%
Car Allowances & Travel Expenses	D	302,389	287,782	(14,607)	-4.83%
Transport Other		28,661	37,394	8,733	30.47%
<b>Total</b>		<b>2,171,152</b>	<b>2,292,794</b>	<b>121,642</b>	<b>5.60%</b>

## Notes:

- A. The vehicle repairs and maintenance budget covers the routine servicing and maintenance of the constabulary vehicle fleet. The budget also covers the costs of repairing accidental vehicle damage where this falls below the insurance excess.
- B. The vehicle fuel budget has increased. The budgets for 2019/20 have been rebased to reflect the current level of activity and fuel prices. In addition, fuel prices are expected to continue to rise and as a result a higher inflation rate of 5% has been applied to the vehicle fuel budget.
- C. Vehicle Hire costs have steadily increased over the past few years. The increases in part relate to the cost of car hire associated with training. In addition, the implementation of the travel desk has improved decision making around the most cost effective means of travel, this has seen a steady reduction in the amount of car mileage allowances paid over the years.
- D. Car allowances and travel expenses have reduced largely as a result of the implementation of the travel desk which has improved decision making around the most cost effective means of travel.

The vehicle fleet consists of 300 vehicles and can be broadly categorised as follows:

Fleet Summary	Number of vehicles in category
Covert	13
Neighbourhood Policing	92
Specialist Vehicles	29
Dog Vehicles	10
Motor Cycles	8
Pool Cars	30
Protected personnel Carriers	9
Roads Policing Vehicles	20
Crime Command	39
Crime Scene Investigators	10
Garage	6
Chief Officers Pool	2
Boat	1
Rechargeable Vehicles	15
<b>Total Fleet Vehicles</b>	<b>284</b>

Fleet vehicle replacements are provided through the capital programme. The current 10 year capital programme for fleet replacements amounts to £14m

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 5.3 million miles per year (reduced from 6.8m in 2010/11).





**C8. Supplies & Services**

Expenditure on supplies & services accounts for approximately 8% of Constabulary budgets. The majority of budgets have been increased for general inflation at 2%.

Description	Paragraph	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Office Equipment, Furniture & Materials		233,968	223,921	(10,047)	-4.29%
Catering Services	A	152,657	195,063	42,406	27.78%
Clothing, Uniform & Laundry	B	474,558	519,516	44,958	9.47%
Custody Costs	C	144,243	157,966	13,723	9.51%
Forensics Costs	D	693,460	834,725	141,265	20.37%
Investigative Expenses		115,686	102,439	(13,247)	-11.45%
Police Doctors & Surgeons		1,331,126	1,359,522	28,396	2.13%
Interpreters & Translators	E	55,462	46,100	(9,362)	-16.88%
Communications & Computing	F	4,530,610	5,074,497	543,887	12.00%
Members Allowances & Expenses		8,034	7,931	(103)	-1.28%
Other Supplies & Services	G	2,015,687	1,908,016	(107,671)	-5.34%
Printing Recharges		72,310	75,011	2,701	3.74%
Catering Recharges	A	0	24,300	24,300	100.00%
<b>Total</b>		<b>9,827,801</b>	<b>10,529,007</b>	<b>701,206</b>	<b>7.13%</b>

Notes:

- A. The budget for catering services has been increased to more accurately reflect the costs now that the in-house provision has been running for more than a year. The increase in costs is offset by an increase in income from catering recharges see C10, I below.
- B. The budget for clothing uniform and laundry has increased as a result of the planned profile of recruitment of police officers, in addition to this, the price for uniform components has increased.
- C. The budget for custody costs has increased as a result of an increase in detained persons clothing costs and in addition, the demand for the use of the appropriate adult service has increased due to a change in guidance which means that more detainees are being classed as vulnerable and therefore need to be provided with an appropriate adult.
- D. The budget for Forensics has increased due to a national problem regarding the financial viability of forensics services suppliers.
- E. The budget for interpreters and translators has reduced as part of the zero based budget and star chamber process.

- F. Communications and Computing costs have increased as a result of the inclusion of the ongoing costs associated with the new control room system known as SAFE, for 2019/20 there is an element additional costs associated with transitioning between the old and new system.
- G. 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	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Collaborations & Co-Working	A	267,544	315,448	47,904	17.91%
Outsourced Services		142,748	147,003	4,255	2.98%
Collaboration Payments	B	856,354	906,719	50,365	5.88%
Police National Computer / Database	C	481,897	477,405	(4,492)	-0.93%
Other Third Party Payments	D	359,508	342,149	(17,359)	-4.83%
<b>Total</b>		<b>2,108,051</b>	<b>2,188,724</b>	<b>80,673</b>	<b>3.83%</b>

Notes:

- A. The increase in Collaborations and Co-working reflects an increase in the facilities management services provided by the estates team in respect of NW Ambulance Service, a corresponding increase in the general trading income budget has also been included below see C10.
- B. The increase in collaboration payments relates to an increase in the commitment to the NW regional crime unit and the Firearms training collaboration.
- C. The fees payable in respect of Police National Computer/Database have reduced.
- D. The reduction in other third party payments is largely as a result of the removal of a one off budget in 2018/19 in respect of a national polygraph project, this reduction is being offset by other smaller new contributions for 2019/20.

**C10. Income**

The Constabulary receives a relatively small amount of income each year, just 4% when compared with Constabulary gross expenditure. The majority of income budgets have been increased for general inflation at 2%.

Description	Paragraph	2018/19 £'s	2019/20 £'s	Increase /(Decrease) £'s	Increase /(Decrease) %
Local Government Funding - Specific Partnership	A	(100,634)	(116,018)	(15,384)	15.29%
Sale of Assets & Goods		(288,979)	(280,751)	8,228	-2.85%
Fees & Charges - Public Fees	B	(259,616)	(206,359)	53,257	-20.51%
Fees & Charges - Rental & Hire Charges		(24,550)	(26,259)	(1,709)	6.96%
Fees & Charges - General	C	(995,145)	(1,144,641)	(149,496)	15.02%
Private Hire - Single & Recurring Events	D	(515,649)	(650,550)	(134,901)	26.16%
Inter Force Reimbursements Incl. Collaboration	E	(89,497)	(256,013)	(166,516)	186.06%
Reimbursed Services - Other Public Bodies	F	(1,012,184)	(1,063,310)	(51,126)	5.05%
Transport Trading Income		(2,079)	(2,121)	(42)	2.02%
General Trading Income		(392,571)	(409,197)	(16,626)	4.24%
Contributions & Reimbursements by Staff		(1,970)	(1,750)	220	-11.17%
Proceeds of Crime	G	(102,000)	(120,796)	(18,796)	18.43%
Reimbursements of Licence Expenditure		(13,260)	(13,525)	(265)	2.00%
Sources of Income from Other Forces	H	(893,909)	(799,822)	94,087	-10.53%
Internal Recharges Income - Printing		(92,109)	(95,509)	(3,400)	3.69%
Internal Recharges Income - Catering	I	0	(24,000)	(24,000)	-100.00%
<b>Total</b>		<b>(4,784,152)</b>	<b>(5,210,621)</b>	<b>(426,469)</b>	<b>8.91%</b>

## Notes:

- A. Specific partnership funding has increased largely as a result of the inclusion of support for the operation encompass project.
- B. The reduction in relation to fees and charges public fees line relates to the cyclical nature of firearms licencing income which follows a 5 year renewal cycle.
- C. The increase in fees and charges general income is as a result of more accurately reflecting the expected income from driver awareness courses. From January 2019, some of this income is being specifically targeted to providing an addition 3 road safety officers across the county.
- D. The increase in single and recurring events is as a result of this budget being re-based in respect of specialist policing operations to the level of anticipated income for the 2019/20 financial year. This budget includes specialist policing services in respect of events such as football matches, Kendal Calling and escorting abnormal loads.

- E. The increase in respect of inter force collaboration is partially a result of a change in funding method in relation to ports officers, the income was previously received as a grant and as such was shown with PCC grants and contributions (see B9, B above), in addition increased funding in respect of a prevent officer.
- F. The increase in income in respect of reimbursed services other public bodies, is largely as a result of forecast increases in costs awarded to the police.
- G. The reduction in income from other forces reflects the removal of the one-off income in respect of the national polygraph project (see C9, D above) and the Prison Intelligence Officer.
- H. Internal recharges income catering. The in-house catering provision has now been operating for over a year and the budgets for 2019/20 more accurately reflect the current operating model. The increased internal recharges income offset increased costs of catering services (see section C8, A above).