



Subject: Police mergers
To: Eric Martlew
From: Gavin Berman, Social and General Statistics Section
Reference: 2006/2/064-SGS
Date: 10 February 2006

You asked for information on the costs of the proposed merger between Cumbria and Lancashire police forces.

The Business Case document¹ submitted by Cumbria police force to the Home Office in December 2005 estimated one-off set-up costs in the region of £21m. There would be approximately £52,000 recurring costs due to staff terms and conditions harmonisation. Savings are expected to be broadly in the region of £5m per year. If you have access to other cost information I would be happy to use this to provide you with further estimates.

If the merger was to be financed solely through the council tax precept then £25.42 of the average band D bill would be used for police merger financing.

It is estimated that the new force (after amalgamation) would have set a precept of £146.17 in 2005/06. For tax payers in Cumbria this is a **6% decrease**, for those in Lancashire it is a 36% increase.

If the Government had covered the costs of the amalgamation then the new force would have set a precept of £120.75. For tax payers in Cumbria this is a 22% decrease, for those in Lancashire a 12% increase.

Police Force Finance, 2005/06

	Budget Requirement	Formula Grant	Council Tax Requirement	Taxbase	Average Band D
Cumbria	89,115	62,325	26,790	172,356	155.43
Lancashire	240,365	190,919	49,446	459,024	107.72
New force	329,480	253,244	76,236	631,380	120.75
New force after amalgamation	345,532	253,244	92,288	631,380	146.17

Note: New force figure assumes the same budget requirement and formula grant as in 2005/06, but incorporates Cumbria police estimates of £21m in set-up costs to merge and £52k recurring costs. It also takes into consideration savings of £5m per year expected to be realised through merging.

Source: Budget Requirement Documents, ODPM
Police Structures Review, Business Case, Cumbria Constabulary, December 2005

¹ P48, http://www.cumbria.police.uk/related_docs/Business_case.pdf