

## **Police and Crime Panel for Lancashire**

### **Minutes of the Precept meeting held on Monday 22<sup>nd</sup> January 2018**

#### **Present:**

##### **Chair**

Councillor Alistair Bradley, Chorley Borough Council

##### **Committee Members**

Councillor Andy Kay, Blackburn with Darwen Borough Council

Councillor Geoff Driver, Lancashire County Council

Councillor Clare Cleary, Hyndburn Borough Council

Councillor Jonathan Saksena, Preston City Council

Councillor Ben Aitken, Fylde Borough Council

Councillor Brian Newman, Pendle Borough Council

Councillor Terry Hill, Ribble Valley Borough Council

Councillor Paul Elms, Ribble Valley Borough Council

Councillor Kevin Wright, West Lancs Borough Council

Councillor Roger Berry, Wyre Borough Council

##### **Also in attendance**

- Clive Grunshaw, Police and Crime Commissioner for Lancashire
- Angela Harrison, Office of the Police and Crime Commissioner
- Steve Freeman, Office of the Police and Crime Commissioner
- Sian Roxborough, Council Solicitor
- Phil Llewellyn, Executive and Councillor Support Manager

#### **1. Welcome and Apologies**

Apologies were received for Councillors Ivan Taylor, Brendan Hughes, Sue Graham, David Whipp, Jacqueline Mort, Liz Oades, Adrian Lythgoe, Robert Boswell, David Henderson and Abdul Mulla and Altaf Bagdhadi, the Independent Co-opted Members.

#### **2. Declaration of interests**

There were no declarations of interests received.

#### **3. Police and Crime Commissioner's Budget 2018/19**

A report was submitted which set out the latest financial position for the Police and Crime budgets in Lancashire for 2018/19 and the proposals in relation to the Council Tax Precept.

The Police and Crime Commissioner had a statutory requirement to set an annual Police and Crime budget and, as part of that process, to consult with the Police and Crime Panel regarding any proposals in relation to the council tax precept. The report set out the latest financial position for the Police and Crime budgets in Lancashire for 2018/19 and the proposals in relation to the precept.

Included in the report was the current financial position that reflected the changes in the level of resources, additional cost pressures, reductions in the cost base and the identification of additional savings agreed by the Commissioner since setting the budget for 2017/18. The report set out;

- The Medium Term Financial Strategy (MTFS) that covered the 4 year period from 2018/19 – 2021/22
- The revenue budget for 2018/19
- The council tax proposal for 2018/19
- The current capital investment programme, and
- The Commissioner's reserves strategy

In addition the report set out the advice of the Commissioner's Chief Finance Officer on the robustness of the budget and the adequacy of the level of reserves as required by section 25 of the Local Government Act 2003.

The Police and Crime Commissioner's Medium Term Financial Strategy (MTFS) for the period 2018/19 to 2021/22 was framed in the context of the provisional financial settlement for Lancashire published on 19<sup>th</sup> December 2017. The provisional settlement announced an unchanged core grant for policing in Lancashire at £190.024m, however in the period 2010/11 to 2018/19 core government funding for Lancashire had fallen by £52.6m (23%) in total.

The government also announced that Police and Crime Commissioners could increase the council tax precept by £12 for a band D property. This would meet the costs incurred by the service due to the pay award provided by the Home Office for Police Officers and a potential similar increase for staff and the cost pressure arising from the impact of inflation on non-staff costs in 2018/19. The funding position reported was provisional and could be subject to change in the final settlement announced in early February.

The Commissioner and the Chief Constable had considered the Minister's stated intention to 'protect' the grant for each Commissioner in the 2019/20 settlement and had agreed to the assumption for the MTFS that government funding would continue at its current level in 2019/20 and then would reduce by 0.9% each year thereafter.

In the 2017/18 budget report approved by the Commissioner on 10 February 2017 it was identified that further savings of £13.4m up to 2019/20 were required. The

Commissioner and Chief Constable had continued to review the MTFS to 2021/22 and had identified a revised funding gap of £23.4m.

The Commissioner had approved additional savings of £6.0m in delivering the revised funding gap which meant that the Commissioner and the Constabulary had to date identified a total amount of savings of £84.4m from 2011/12 to 2021/22. To meet the outstanding funding gap a further £23.4m of savings needed to be delivered. This meant that by 2021/22 total savings of £108m would have been delivered since 2011/12 which was the equivalent of 37% of the 2011/12 original revenue budget.

In developing options the Commissioner and the Chief Constable had helped to protect front line services and drive out efficiencies wherever possible whilst maintaining service delivery. This approach together with the overall approach to managing the financial position was recently recognised as good practice by Her Majesty's Inspectorate of Constabulary (HMIC) from which Lancashire Constabulary was again rated as 'good' in the Police Effectiveness Efficiency and Legitimacy "Peel efficiency" inspection.

The provisional police grant for 2018/19 was announced on 19 December 2017. Lancashire has been allocated £190.024m which was the same as in 2017/18. The Minister also indicated that the level of grant funding would be repeated in 2019/20 but this was not confirmed in the settlement itself and no indication of grant levels in years beyond 2019/20 was provided.

The collection fund surplus/deficit position in respect of council tax for 2017/18 and the final taxbase position for 2018/19 would be confirmed by the Unitary and District Councils on 31 January 2018. The final amount of council tax to be received would therefore be confirmed in the budget report to the Commissioner in February 2018.

The MTFS included investment in key areas of policing activity for Crime and Intelligence, Contact Management, Digital Media Investigations Unit, and Emerging issues

A key element of the Commissioner's financial management strategy was the ongoing review of the organisation's activity and the identification of additional savings that could be made. This work was undertaken in conjunction with the Constabulary's 'Futures Team' and had identified further savings that would be delivered in 2018/19 and future years.

There were however a number of risks and uncertainties that would impact on the final position that were further detailed in the report.

In order to improve the efficiency of the service it had been identified that significant investment was needed in which was recognised in both the ICT and the Asset Management strategies.

These strategies identify a number of projects that would ensure that, as far as is possible, frontline policing was protected and made as efficient as possible in future years. The one-off investment in these projects would be provided through the Commissioner's Capital Investment Programme.

The current capital programme was outlined with the key elements of the IT strategy being: Replacement of Desktop and mobile equipment (£2m), New and replacement key IT systems (£11m) and New and replacement IT infrastructure including networks and security (£14m).

The main element of the accommodation strategy was the construction of the new divisional headquarters in West Division expected to be complete in 2018/19.

The report set out the risk associated with the implementation of the Emergency Services Network (ESN) to replace the existing network used for communications by the Emergency Services.

The Commissioner held two types of reserve, general reserves and earmarked reserves.

The forecast level of general reserves for 1 April 2018 was £11.984m or 4.8% of the 2018/19 revenue budget.

General reserves at this level were considered appropriate by the Commissioner's Section 151 Officer to ensure the ability of the organisation can remain a going concern should an unexpected issue occur. The impact of the costs associated with anti-fracking protests were highlighted of event and the associated significant cost underpinned the necessity to retain reserves at an adequate level.

There were also a number of earmarked reserves for specific purposes that were forecast to total £20.243m at the beginning of 2018/19. The reserves set aside to support the organisational transformation of the constabulary were forecast to total £14.105m at the start of 2018/19. These reserves were set aside to contribute to the funding of the capital programme.

It was reported that there remained a funding gap of £6.485m for the 2018/19 revenue budget.

As part of the budget setting process the Commissioner was required to consider whether or not to propose any changes to Council Tax. It had been announced by the Minister for Policing and Fire that Police and Crime Commissioners could increase the Council Tax charge for a band D property by up to £12 without the need for a local referendum.

The Minister had stated publically that he expected the 2% pay award set by the Home Office for Police Officers and a similar potential increase for Police staff pay to be met from the additional council tax this increase would raise.

The Commissioner made it clear that protecting local policing in Lancashire was his main priority and therefore proposed to increase Council Tax in 2018/19 by £12, giving a Council Tax charge of £177.45 for a Band D property, providing additional income of £5.177m. This income would enable some protection to policing services in Lancashire at a time when both costs and demand pressures were rising at a significant rate.

The Constabulary's 'Futures team' were working with the Constabulary's Director of Resources and the Commissioner's Chief Finance Officer to identify further proposals to meet the savings gap in future years. These would be considered by the Commissioner over the next 12 months as part of the ongoing financial planning process.

The Commissioner outlined the public consultation process and circulated Appendix A which gave the results, and advised that 78.4% of those surveyed supported the proposed increase.

It was reported that the Police and Crime Panel's response to the Commissioner on the precept proposal must be made by 8 February 2018. A Commissioner was unable to set a precept until the end of the scrutiny process was reached and should the Police and Crime Panel veto the proposals, the Commissioner must submit a revised precept for consideration of the panel by the 15 February 2018 to which the Police and Crime Panel must also respond. A further response from the Police and Crime Panel must be received by 22 February 2018 after which the Commissioner must respond formally to the Police and Crime Panel setting out the precept for the forthcoming year.

Members of the Panel then questioned the Commissioner on his proposals in particular in relation to use of Reserves, the Consultation process, the Capital Programme, IT Strategy, Staff Costs, and the Accommodation Strategy. The table on page 13 of the report at 7.4 which summarised the impact of the proposed increase in Council Tax on the MTFS was considered to be misleading / confusing and the Commissioner and his officers were requested to present the information in a more clear way in future reports.

The Commissioner, assisted by Steve Freeman, gave responses to the various questions raised.

The Chair then asked Members to consider the recommendations in the report.

The Panel then moved to the vote and the recommendations were carried.

**RESOLVED – That the Police and Crime Panel:**

- Note the details of the 2018/19 provisional police finance settlement and the overall impact on Lancashire's budget;
- Note the report on the public consultation undertaken in respect of the proposed precept level;
- Concur with the Commissioner's proposal to increase the council tax precept for a Band 'D' property by £12 in 2018/19;
- Make arrangements to ensure that a formal written response to the proposals is sent to the Commissioner by 8 February 2018.
- Note the capital investment programme;
- Note the proposed use of the Commissioner's reserves in 2018/19 and future years

#### **4. Consultation on Special Interest Group**

Further to recent discussions on the Special Interest Group, the Panel considered a note from the Chair of the Hertfordshire PCP which contained a number of recommendations, which included a proposal of a minimum contribution each year of £200 up to a maximum of £500 a year per Panel to assist with running costs. The Panel stated its support for a £500 contribution each year.

**RESOLVED** – That Phil Llewellyn confirm that the Panel were in favour of a £500 contribution per annum towards running costs of the Special Interest Group when established.

#### **5. Urgent Business**

There were no items of urgent business.

#### **6.. Date of next meeting**

The next meeting of the Panel would be held on Monday 12<sup>th</sup> March 2018, at 6.30pm in Cabinet Room 'C' The Duke of Lancaster Room, County Hall, Preston.

Signed.....Chair

2018