

## Police and Crime Panel

Meeting to be held on 4 February 2020

### Police and Crime Commissioner's Precept Proposal 2020/21 (Appendix A refers)

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#### **EXECUTIVE SUMMARY**

This report sets out the latest forecast for the Police and Crime budgets in Lancashire for 2020/21 and the proposals in relation to the council tax precept.

#### **RECOMMENDATION**

The Police and Crime Panel is asked to;

- Note the details of the 2020/21 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;
- Consider the Commissioner's proposal to increase the council tax precept by £10 for a Band D property in 2020/21;
- Make arrangements to ensure that a formal written response to the proposals is sent to the Commissioner by 8<sup>th</sup> February 2020.
- Note the draft capital investment programme for the period 2020/21 to 2024/25 and the financing available;
- Note the proposed use of the Commissioner's reserves in 2020/21 and future years

## **1. Introduction**

- 1.1 The Police and Crime Commissioner has a statutory requirement to set an annual Police and Crime budget and, as part of that process, to notify the Police and Crime Panel regarding any proposals in relation to the council tax precept. This report sets out the latest forecast for the Police and Crime budgets in Lancashire for 2020/21 and the proposals in relation to the precept.
- 1.2 As a result of the General Election in December 2019 the police finance settlement for 2020/21 was only received on 22<sup>nd</sup> January 2020. A report was submitted to the Panel on 10<sup>th</sup> January 2020 that reflected a number of assumptions. The published settlement has now provided certainty over the funding available and is reflected in this report.
- 1.3 Included in the report is the current financial position which reflects 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 2019/20. The report sets out:
  - The draft revenue budget for 2020/21
  - The council tax proposal for 2020/21, and
  - The draft capital investment programme for 2020/21 to 2024/25 and the financing available
- 1.4 In addition, the report sets 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.

## **2. Summary**

- 2.1 This report replaces the previously submitted report to panel and reflects the Police Settlement for 2020/21 (announced on the 22<sup>nd</sup> January 2020), and updated information on cost pressures and savings proposals.
- 2.2 It reflects that the Police Settlement includes the expectation that PCCs will increase council tax by £10 for a Band D property in 2020/21.
- 2.3 The shortfall of funding compared to budget requirement, the 'funding gap', if council tax is not increased is £5.773m. This is £1.798m higher than the gap previously identified to panel.
- 2.4 The Commissioner proposes an increase to the precept of £10 for a Band D property. This will generate additional income of £4.444m in 2020/21 towards meeting the funding gap of £5.773m.
- 2.5 This report identifies how the remaining funding gap will be bridged through additional savings of £1.329m.

## **3. Background**

- 3.1 In the Police Settlement announced on the 22<sup>nd</sup> January 2020, the government has made available an increase in grant funding to deliver an additional 6,000 police officers nationally by 31 March 2021 ('the national uplift programme').
- 3.2 The funding for 'uplift' covers the direct cost of the additional police officers (such as pay and direct on-costs). It also provides funding for the support infrastructure and equipment that the additional officers will need.

- 3.3 The Policing and Fire Minister is clear that to ensure that PCCs maintain their current levels of staffing he expects them to increase council tax by £10 for a Band D property to assist in meeting the existing cost pressures they face and in turn enable them to deliver the increase in officer numbers under the uplift programme.
- 3.4 A precept increase of £10 generates additional income of £4.444m in Lancashire, by way of example, an increase of 1.99% (as previously assumed to be the maximum permitted) gives additional income of £1.783m.
- 3.5 The previous report to panel included a number of assumptions in respect of funding, cost pressures and savings. It was made clear that changes to these assumptions was likely and that this would impact upon the precept proposal being made.
- 3.6 The impact of the Police Settlement announcement and updated information affecting assumptions included in the previous report to panel is an increase in funding gap of £1.798m and **a total funding gap** without an increase to council tax of **£5.773m**.

## 4. Revenue Budget 2020/21

### Funding

#### 4.1 *Government funding*

The government announced the Police Settlement on 22<sup>nd</sup> January 2020. Lancashire has been allocated police grant of £210.389m that includes funding for the support costs arising due to the recruitment of an additional 153 officers as part of the national 'uplift' programme.

Also provided is a specific grant of £4.276m for the pay costs of the additional 153 officers.

The grant allocation covers all costs relating to the delivery of 153 additional officers in Lancashire including support staff and infrastructure, equipment and systems and front line support for the additional workload generated through the extra officers.

#### 4.2 *Council Tax*

It is assumed that the council taxbase in Lancashire will increase by 1.5% in 2020/21 reflecting the current trend.

The latest forecast provided by District and Unitary Councils in Lancashire has identified a council tax surplus in 2019/20 of £0.879m. This will be paid to the PCC in 2020/21.

Final figures, for the taxbase for 2020/21 and the surplus to be paid in 2020/21, are due to be provided by District Councils on 31<sup>st</sup> January 2020.

- 4.3 The funding available to the PCC in 2020/21 **if the council tax charge is not increased** is:

	<b>2020/21 £m</b>
Police grant	210.389
Specific grant - Uplift Police Officer pay	4.276
Specific grants (Counter Terror team and Victim Services)	3.358
Council Tax 2020/21	89.587
Council tax surplus from 2019/20	0.879
<b>Total Funding</b>	<b>308.489</b>

## **Cost increases**

### **Uplift**

- 4.4 The total cost of delivering the 153 additional officers in Lancashire as part of the national uplift programme is **£14.252m**. This includes the direct pay costs of the additional officers plus the cost of support services, the infrastructure and equipment required to service the increased workforce and the investment needed in additional front line support resulting from the increased workload generated by the increase in officer numbers.

### **Pay**

- 4.5 Government has awarded Police Officers and Staff a 2.5% pay increase in 2019/20 and the forecast assumes a similar increase in 2020/21.

The impact of this in 2020/21 is a pressure of **£6.121m** excluding the impact of the uplift programme.

### **Demand/Volume**

- 4.6 A number of budgetary pressures have been identified that relate to dealing with additional demand for the service, supporting the front line in meeting that increased demand and making the necessary investment in infrastructure that enables the service to operate effectively and is sufficiently resourced to deliver the 153 additional officers in 2020/21:

	<b>2020/21 £m</b>
Revenue consequences of the capital programme	0.467
Increased cost of injury awards for ill-health retirements	0.200
Increased cost of insurance	0.100
Increased contribution to North West ROCU (Regional Organised Crime Unit)	0.071
Full Year Effect of previously agreed commitments	0.378
Inflation on non-pay budgets	1.094
Contribution to reserves	0.948
Increase to insurance premiums	0.192
Police Control Room Operative (PCRO) – job evaluation	0.725
Reduction in capital grant	0.827
<b>Total</b>	<b>5.002</b>

#### **4.6.1 Revenue consequences of the capital programme**

This represents the impact of previous years' spending through the Capital Programme upon the revenue budget and reflects changes to the costs of financing the programme in particular the forecast level of borrowing in respect of major accommodation schemes.

#### **4.6.2 Increased cost of injury awards for ill-health retirements**

The cost of additional injury awards to individuals retiring due to ill-health retirement continue to increase in value however, the number of awards remains consistent. The budget has been increased to meet the increased cost faced.

#### **4.6.3 Insurance provision**

A review of the combined liability policies has indicated that the value of historic claims combined with estimates of current claims significantly outstrips the value of

provision made to meet these liabilities requiring an increase in the annual provision for these costs. This provision is for costs arising from insurance claims that are not met through the Commissioner's insurance cover.

#### **4.6.4 Increased contribution to North West Regional Organised Crime Unit( NW ROCU)**

The annual cost of Lancashire's membership of the North West ROCU has increased due to the impact of the police officer and police staff pay awards and increased pension costs.

#### **4.6.5 Full year effect of previously agreed commitments**

A number of commitments were agreed in setting the budget for 2019/20 that have implications for the 2020/21 revenue budget.

#### **4.6.6 Inflation on non-pay costs**

Inflation at 2% is provided for non-staff costs incurred by the organisation totalling £0.649m. Specific contract inflation costs have also been identified for the provision of Custody Health Care (£0.170m) and for the provision of Forensic science services (£0.275m).

#### **4.6.7 Increase contribution to capital investment programme**

The required capital expenditure is considered later in the report. However, it is clear that the expenditure requirements for capital are significant, due mainly to the combination of an ageing estate and the need to deliver and develop essential information technology infrastructure. When this is compared to the level of resources available, there is a clear shortfall. To safeguard and mitigate this risk the annual contribution from the revenue budget is being increased to meet requirements in the capital investment programme for shorter life assets.

#### **4.6.8 Increase on insurance premiums**

Following the annual tender process for insurance cover for the PCC and Constabulary an increase has been identified in the costs of annual insurance premiums.

#### **4.6.9 Police Control Room Operator (PCRO) – change in progression arrangements**

The impact of the process delivers increased cost for the organisation.

#### **4.6.10 Reduction in capital grant**

The police settlement announcement confirmed a reduction in capital grant for Lancashire. The statement included the government's expectation that the cost of capital should be managed from within the revenue resources available to the Commissioner requiring a further contribution to be made from the revenue budget.

#### **Cost reductions/Savings**

- 4.7 An on-going process to review the organisation's activity and identify cost reductions and savings that is in place. This is undertaken in conjunction with the Constabulary's 'Futures Team' and has identified savings that will be delivered in 2020/21 as follows:

	<b>2020/21 £m</b>
Efficiency savings generated through continuous review of service	0.562
Income from Forensic Science partnership	0.114
<b>Total</b>	<b>0.676</b>

#### 4.7.1 **Efficiency savings**

A number of savings across the organisation have been realised through the on-going efficiency review. Individual savings are small but aggregate to a significant contribution to the revenue budget position.

#### 4.7.2 **Forensic Academy**

Additional income will be realised through the Forensic Academy partnership.

#### **Budget position with no council tax increase**

- 4.8 The cost pressures and savings identified in 4.1 to 4.7 have the following impact on the budget for 2020/21:

	<b>£m</b>
<b>Budget Requirement 2019/20</b>	<b>289.563</b>
Uplift programme	14.252
Pay Award	6.121
Demand/Volume cost pressures	5.002
<b>Budget Requirement 2020/21</b>	<b>314.938</b>
Less: Savings and cost reductions	(0.676)
<b>Budget Requirement 2020/21</b>	<b>314.262</b>
<b>Funding 2020/21 – No council tax increase</b>	<b>308.489</b>
<b>Funding Gap</b>	<b>5.773</b>

In the previous report to the panel, the gap before any increase in council tax was £3.975m, based upon the information available at that time. The gap has therefore increased by £1.798m, the reasons for the increase are:

	<b>£m</b>
Cut to the capital grant requiring increased contribution from the revenue budget	0.827
Government grant lower than previously forecast	0.054
PCRO change in progression arrangements	0.725
Increased cost of insurance premiums	0.192
	<b>1.798</b>

#### **Council Tax**

- 4.9 In the Police Settlement announced by the Policing and Fire Minister on 22<sup>nd</sup> January 2020, it was confirmed that the maximum amount that council tax could be increased without the requirement for a local referendum is £10 for a Band D property.
- 4.10 In his statement, the Minister for Policing and Fire stated that PCCs are expected to increase council tax by £10 for a Band D property, to meet their existing cost pressures and therefore ensure they delivered the additional 6,000 officers required nationally.
- 4.11 In order to meet the funding gap of £5.773m identified in 4.8, the Commissioner is required to consider whether to propose any changes to council tax.
- 4.12 **The Commissioner proposes to increase Council Tax in 2020/21 by £10 for a Band D property.** This will give a council tax charge of **£211.45 for a Band D** property, providing additional income in 2020/21 of **£4.444m**.

**Budget position with council tax increase of £10 for a Band D property**

- 4.13 If the council tax precept for 2020/21 is increased by £10 for a Band D property the impact on the budget position is as follows:

<b>Budget Requirement 2019/20</b>	<b>£m</b> <b>289.563</b>
Uplift programme	14.252
Pay Award	6.121
Demand/Volume cost pressures	5.002
<b>Budget Requirement 2020/21</b>	<b>314.938</b>
Less: Savings and cost reductions	(0.676)
<b>Budget Requirement 2020/21</b>	<b>314.262</b>
<b>Funding 2020/21 – Council tax increased by £10 for a Band D property</b>	<b>312.933</b>
<b>Funding Gap</b>	<b>1.329</b>

The Commissioner and Chief Constable have identified the following savings to meet the majority of the funding gap identified above:

	<b>£m</b>
Reduced charge for National Air Support due to investment in Drone capability	0.240
Remove provision for general inflation	0.649
	<u>0.889</u>

This leaves a remaining gap of £0.440m. The Commissioner and Chief Constable are continuing to examine options to identify further savings to bridge this gap and ensure a balanced position for 2020/21.

Once the further £0.440m of savings have been identified the **total savings** built in to the 2020/21 revenue budget will be **£2.005m** including the £0.676m shown earlier in this report.

In the previous report to panel, possible savings to bridge the funding gap were identified as follows:

	<b>£m</b>
Remove contribution to reserves	0.948
Remove provision for general inflation	0.649
Further savings to be identified	0.595
	<u>2.192</u>

The possible saving of £0.948m for a reduced contribution to the capital programme is not deliverable. Due to the pressure placed on capital financing by the cut to grant in the Settlement, alongside the significant investment required to support the delivery of the uplift programme, the increased contribution to the capital programme in 2020/21 must be made and cannot therefore be cut to deliver a saving.

An additional saving of £0.240m for a reduced contribution to the National Police Air Service has been identified since the last report to panel. The Commissioner only

received the annual charge for the service in 2020/21 after the last report was provided to panel, revealing a reduction in cost.

### **Risks and uncertainties**

- 4.14 There are a number of risks and uncertainties that will impact upon the final position for 2020/21 and the MTFS for future years:

#### **4.14.1 Final Council Taxbase and surplus figures**

District Councils will provide final taxbase figures on 31<sup>st</sup> January 2020 that will confirm the level of council tax income for the PCC in 2020/21. There is a risk that the expected increase in council tax income will not be realised.

#### **4.14.2 Police Officer uplift funding**

In the Police Settlement, the grant allocated in respect of the uplift programme recognises that the full year cost for new officers will not arise in 2020/21 and expects that 70% of the cost of new officers will be incurred. The funding provided to PCCs reflects this government assumption and it is therefore expected that further grant will be provided for the remaining 30% of these costs in 2021/22 (and therefore reflect the full year cost of the additional officers).

There is a risk that the grant provided in 2021/22 does not meet the full year impact of the additional officers recruited in 2020/21 delivering a pressure on the revenue budget.

There is a further risk that the grant provided by government in 2021/22 for the second tranche of the uplift programme does not cover the full costs of delivering the next phase of additional officers.

#### **4.14.3 Impact of Government policy**

Central government has introduced a number of national programmes focussed on specific areas of activity for policing. These have been funded through specific grant but confirmation of such grants is often at short notice and within strict time-bound constraint. Enabling such activity can have a wider impact on the revenue budget.

## **5. Medium Term Financial Strategy**

- 5.1 Setting the 2020/21 revenue budget forms part of the overall Medium Term Financial Strategy (MTFS) process for the Police and Crime Commissioner. The MTFS is based on information provided from central government regarding future funding, together with professional judgement and assumptions on cost pressures including inflation and demand for services. From this, the level of savings required to deliver a balanced budget in future years is forecast and the Commissioner and the Chief Constable then work together to develop options to drive out further efficiencies and deliver the required savings in future years.
- 5.2 The government has provided no information for funding for any year beyond 2020/21. The MTFS assumes an increase in grant in respect of uplift officers but no other increase in future years.
- 5.3 The MTFS assumes that the council tax proposal in this report is accepted and that savings will be identified to deliver a balanced budget for 2020/21. The MTFS also assumes that the taxbase in Lancashire will continue to increase by 1.5% each year and that council tax will not increase in any year beyond 2020/21.



5.4 The latest MTFS is therefore as follows:

	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
Funding	312.932	318.969	320.400	321.853	
Budget Requirement	312.932	328.546	329.005	331.156	
<b>Funding Gap</b>	<b>-</b>	<b>9.577</b>	<b>8.605</b>	<b>9.303</b>	<b>27.485</b>

- 5.5 The latest MTFS identifies a **funding gap of £27.5m to 2023/24**. This reflects that, compared to 2010/11, annual savings of £88m will be delivered by the end of 2020/21 and **by 2023/24 potential total annual savings of more than £115m** will be required, the equivalent of 39% of the 2011/12 budget being the year that austerity began.
- 5.6 As is always the case, the additional level of forecast savings required in future years is dependent upon future funding announcements and financial settlements. Therefore, the figures quoted above are likely to change.

### ***Developing Savings Options***

- 5.7 In developing savings options, the Commissioner and the Chief Constable look 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 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, published in November 2017.
- 5.8 The results of the latest HMICFRS inspection are due to be published on 6 February 2020.
- 5.9 The ability to identify savings is increasingly challenging as more than £88m of annual savings have already been delivered since 2010/11. In the last published HMIC Value for Money profiles Lancashire is identified as one of the lowest cost forces for non-frontline activity making the delivery of further savings increasingly difficult.
- 5.10 This, combined with the requirement to deliver increased officer numbers, limits the scope for realising cash savings but the Futures Programme continues to examine all aspects of the service to ensure efficiency is achieved, and savings taken, wherever possible.

## **6. Draft Capital Programme**

- 6.1 The Commissioner, as part of his Medium Term Financial Strategy, considers the investment needed to deliver the capital programme and has in recent years set aside specific reserves to provide the funding necessary to deliver these key investments. The following section of this report sets out the draft capital programme and the funding to deliver it.
- 6.2 The draft capital programme is being developed and will be approved by the Commissioner in his budget report in February 2020. The Commissioner will also identify the funding for the capital programme as part of the decision and will consider the optimum use of the resources available to him in doing so. This will include using some of the strategic reserves that have been set aside under the Commissioner's Medium Term Financial Strategy in recent years.

6.3 The latest draft capital programme is set out below:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
IT Strategy	6.398	2.157	4.483	5.558	3.408	<b>22.004</b>
Accommodation Strategy	29.889	30.430	10.850	16.650	8.800	<b>96.619</b>
Vehicle Replacement	3.325	2.700	3.100	4.700	4.100	<b>17.925</b>
Other Schemes	2.110	0.727	0.737	1.337	0.512	<b>5.423</b>
<b>Total</b>	<b>41.722</b>	<b>36.014</b>	<b>19.170</b>	<b>28.245</b>	<b>16.820</b>	<b>141.971</b>

6.3.1 The draft capital programme includes a number of projects delivering IT requirements including: the replacement of equipment and mobile devices, new and replacement systems, infrastructure replacement and ESN requirements

6.3.2 The majority of proposed spending relates to the delivery of the accommodation strategy and includes: the development of the Headquarters site, refurbishment and replacement of operational bases, public order training facilities and the refurbishment of custody suites across the county.

6.3.3 The Commissioner's estate has been surveyed during 2019/20 to establish its condition and as a result, an extensive refurbishment and replacement programme for buildings and facilities has been developed. This programme is reflected in the table above and demonstrates the significant amount of investment required to ensure the estate can sustain not only the existing organisation but meet the needs generated by the recruitment of additional officers in future years.

6.3.4 The ongoing vehicle replacement programme continues and within 'other schemes' is the proposed increase in Taser provision across the force and the upgrade to the infrastructure in the Control Room.

6.3.5 Further detail of the draft programme is shown at Appendix A to this report.

### Financing of the draft capital programme

6.4 The draft capital programme is currently forecast to be funded as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	£m
Capital Grant/Contributions	0.274	0.274	0.274	0.274	0.274	<b>1.370</b>
Capital Receipts	0.500	0.243	0	0	0	<b>0.743</b>
Revenue Contribution	3.447	4.563	5.505	6.505	6.505	<b>26.525</b>
Reserves	6.300	0	0	0	0	<b>6.300</b>
Borrowing	31.201	30.491	10.350	16.000	8.000	<b>96.042</b>
Financing to be identified	0	0.443	3.041	5.466	2.041	<b>10.991</b>
<b>Total</b>	<b>41.722</b>	<b>36.014</b>	<b>19.170</b>	<b>28.245</b>	<b>16.820</b>	<b>141.971</b>

6.4.1 The funding of the programme reflects the cut in capital grant announced in the Police Settlement. As a result, the amount of funding provided through the revenue budget each year has increased.

6.4.2 The funding position will reflect the final agreed programme and the impact of decisions made in setting the revenue budget for 2020/21.

6.4.3 The reserves used to finance the programme reflects the latest forecast reserves position and is subject to change.

## 7. Reserves

- 7.1 The Commissioner holds two types of reserve, general reserves and earmarked reserves.
- 7.2 General reserves are available to support the revenue budget and provide security should the organisation face an unexpected issue that realises a call on its resources. The forecast level of these general reserves for 31 March 2020 is £10.175m or 3.3% of the draft 2020/21 revenue budget.
- 7.3 General reserves at this level are 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. This level of reserves is within the 3% to 5% range set as acceptable in the Commissioner's reserve strategy.
- 7.4 The Commissioner holds a number of earmarked reserves including those set aside for investment in the capital programme. At 31 March 2020 the reserves set aside for such investment are forecast to stand at £6.3m. The application of these reserves to fund the capital programme is shown in paragraph 6.4 and show that they will be utilised in 2020/21.
- 7.5 The forecast position for the Commissioner's reserves at 31 March 2020 and the reasons for holding each reserve, is as follows:

	Position at 1/4/19	Forecast Position at 31/3/20
	£m	£m
<b><u>EARMARKED RESERVES</u></b>		
<b>Reserves held for 'one-off' investment</b>		
Transition Reserve	<b>14.783</b>	<b>6.300</b>
<b>Reserves held to support operational policing</b>		
Protective Clothing Reserve	0.384	0.361
Vehicle Workshop Reserve	0.040	0.040
Wellbeing reserve	0.016	0.016
Operational Policing Reserve	1.915	0.515
	<b>2.355</b>	<b>0.932</b>
Proceeds of Crime Act receipts reserve	<b>0.846</b>	<b>0.846</b>
<b>Reserves held on behalf of other organisations:</b>		
Forensic Partnership reserve	<b>0.181</b>	<b>0.147</b>
Regional collaboration reserve	<b>0.056</b>	<b>0</b>
Road Safety Reserves	<b>1.974</b>	<b>1.974</b>
<b>Total Earmarked Reserves</b>	<b>20.195</b>	<b>10.199</b>
<b>General Reserves</b>	<b>10.175</b>	<b>10.175</b>

- 7.6 The Commissioner reviews his reserves strategy each year and the use of reserves to fund the capital programme will be considered as part of that review.

## **8. Engaging the Public on the Council Tax precept**

- 8.1 The Commissioner has undertaken survey with the people of Lancashire to ensure their needs are taken into consideration when setting the council tax precept.
- 8.2 1,528 Lancashire residents took part in the consultation and were asked how much they would be willing to pay for council tax during 2020/21 to support policing in Lancashire. 77% supported paying an increase.
- 8.3 Nearly half (49%) were willing to pay an extra 19.4p per week (5%) for a Band D property, to support policing in Lancashire, with a further 28% that were willing to support an increase but at the lower level of 7.7p per week (1.99%) for a Band D property. Less than a quarter (23%) said they would prefer if it were frozen and there was no increase from 2019/20.
- 8.4 Telephone Interviews were conducted with 704 people using quota sampling to ensure the sample was representative. Quotas for age, gender and ethnicity were set using the 2017 mid-census figures and the sample included representation from each of the policing districts. A second survey was designed for self-completion and hosted online on the Commissioner website, promoted via social media, and received 824 responses. Fieldwork took place between 10th and 17th January 2020.

## **9. Equality and Diversity**

- 9.1 The Commissioner and the Constabulary have set up a Futures Programme to deliver the required savings through a series of reviews of the organisation's processes and operational arrangements. As each review area is progressed, an equality impact assessment is carried out to assess the impact of the proposed recommendations on service recipients and is an integral part of the process.

## **10. Robustness of the Budget and the Adequacy of Reserves**

- 10.1 Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Finance Officer to advise the Commissioner as he is making budgetary decisions on the robustness of the assumptions underlying the budget and the adequacy of the Commissioner's reserves in the context of the financial risks to which the organisation is exposed.
- 10.2 The basis of the estimates on which the budget has been prepared, as in previous years, relies on forecasts of demand and other activity prepared by the constabulary. The forecast is kept under review as part of the budget monitoring process and actions identified to identify any financial risks arising from changes in the forecast as they occur. The main risks relate to the pace and scale of increases in cost and demand placed on the service and the ability of the organisation to meet these within the required timeframes.
- 10.3 The resources available to the Commissioner to manage these risks consist of the various reserves held by the Commissioner, principally general funds and the transitional funds. At this stage, it is anticipated that general reserves will be maintained at around 3.3% of the Commissioner's budget requirement reflecting the level of financial risk that the combination of significant ongoing spending reductions and resource uncertainties creates. This should allow the Commissioner to respond to any changes that may occur in a planned way providing stability to services and certainty to communities.

- 10.4 In addition to general reserves, the Commissioner maintains a range of earmarked reserves for specific purposes shown in 7.5 above. The level and appropriateness of earmarked reserves is kept under review to ensure that sums are only held if required, and released when not, this will be reflected in the revised reserve strategy that will be published before 1 April 2020.

## **11. Role of the Police and Crime Panel**

- 11.1 Schedule 5 of the Police Reform and Social Responsibility Act (2011) states that the Commissioner must notify the Police and Crime Panel, by 1 February 2020, of the precept, which the Commissioner is proposing to issue for the financial year.
- 11.2 Under the requirements of the Act, Police and Crime Panels must review the proposed precept notified to it and must make a report to the Commissioner on the proposed precept. The report may include recommendations, including recommendations as to the precept that should be issued for the financial year.
- 11.3 The Police and Crime Panel has the power to veto the proposed precept if at least two-thirds of the panel membership (the full membership rather than those present at the meeting) at the time when the decision is made vote in favour of making that decision. If the panel vetoes the proposed precept, the report made to the Commissioner must include a statement that the panel has vetoed it.
- 11.4 The Police and Crime Panel's response to the Commissioner on the precept proposal must be made by 8 February 2020. A Commissioner is unable to set a precept until the end of the scrutiny process is 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 2020 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 2020 after which the Commissioner must respond formally to the Police and Crime Panel setting out the precept for the forthcoming year.

## **12. Conclusion**

- 12.1 The Panel are asked to consider this report and the recommendations within it.
- 12.2 The Panel are requested to provide their response to these recommendations in line with the responsibilities set out in paragraph 11 of this report.

**Draft Capital Investment Programme 2020/21 - 2024/25**

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	TOTAL £
<b><u>IS/IT Strategy</u></b>						
<b>Device Upgrade and Replacement</b>						
Endpoint Replacement/Upgrade Programme	630,000	662,000	695,000	730,000	767,000	3,484,000
Hand Held Smart Device Programme	300,000	-	-	-	-	300,000
	<b>930,000</b>	<b>662,000</b>	<b>695,000</b>	<b>730,000</b>	<b>767,000</b>	<b>3,784,000</b>
<b>New and replacement systems</b>						
DMIU Platform Expansion	449,000	-	-	1,000,000	-	1,449,000
Refresh/Replace ICCS for ESN	-	-	-	-	1,500,000	1,500,000
Door Entry Alarms/Proximity/Legacy CCTV	33,000	53,000	55,000	58,000	61,000	260,000
Custody Infrastructure Refresh	250,000	-	-	-	-	250,000
Future Developments (COTS)	279,000	250,000	250,000	250,000	250,000	1,279,000
WiFi - Corporate and Guest Roll Out	76,000	-	-	-	-	76,000
Centralised Access System	250,000	250,000	250,000	250,000	-	1,000,000
ESN Airwave Replacement	265,000	125,000	2,480,000	2,480,000	-	5,350,000
Storage Array Replacement	1,495,000	-	-	-	-	1,495,000
Digital Evidence Management and Transfer	103,000	-	-	-	-	103,000
	<b>3,200,000</b>	<b>678,000</b>	<b>3,035,000</b>	<b>4,038,000</b>	<b>1,811,000</b>	<b>12,762,000</b>
<b>Network Access &amp; Security</b>						
<b>General Provision Infrastructure/Security</b>	<b>683,000</b>	<b>717,000</b>	<b>753,000</b>	<b>790,000</b>	<b>830,000</b>	<b>3,773,000</b>
<b>New Requirements</b>						
Body Worn Video	585,000	-	-	-	-	585,000
Network Improvements	200,000	100,000	-	-	-	300,000
Covert Radio Set Replacement	300,000	-	-	-	-	300,000
DMIU Storage Uplift	500,000	-	-	-	-	500,000
	<b>1,585,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,685,000</b>
<b>Total ICT</b>	<b>6,398,000</b>	<b>2,157,000</b>	<b>4,483,000</b>	<b>5,558,000</b>	<b>3,408,000</b>	<b>22,004,000</b>
<b><u>Accommodation</u></b>						
Minor Capital Works and Refurbishments	976,000	1,000,000	1,000,000	1,000,000	1,000,000	4,976,000
Pendle Briefing Base	6,000,000	7,000,000	-	-	-	13,000,000
HQ Masterplan	3,600,000	7,140,000	-	-	-	10,740,000
Refurbishment of Custody Suites	-	1,430,000	1,100,000	-	-	2,530,000
Refurbishment of Operating Bases	2,300,000	4,000,000	2,700,000	4,500,000	2,300,000	15,800,000
Adaptations Blackburn Greenbank	4,500,000	4,860,000	-	-	-	9,360,000
Southern Comms Centre	-	1,500,000	1,250,000	-	-	2,750,000
Public Order Facility	3,500,000	3,500,000	-	-	-	7,000,000
Ormskirk Police Station	20,000	-	-	-	-	20,000
Skelmersdale Refurbishment	7,143,000	-	-	-	-	7,143,000
ISO Accreditation	1,000,000	-	-	-	-	1,000,000
Burnley Police Station	700,000	-	4,800,000	11,000,000	5,500,000	22,000,000
Solar Panel Installations	150,000	-	-	150,000	-	300,000
	<b>29,889,000</b>	<b>30,430,000</b>	<b>10,850,000</b>	<b>16,650,000</b>	<b>8,800,000</b>	<b>96,619,000</b>
<b>Vehicle replacement programme</b>	<b>3,325,000</b>	<b>2,700,000</b>	<b>3,100,000</b>	<b>4,700,000</b>	<b>4,100,000</b>	<b>17,925,000</b>
<b><u>Other Schemes</u></b>						
ANPR Fixed Cameras	231,000	215,000	225,000	825,000	-	1,496,000
ANPR Mobile	60,000	12,000	12,000	12,000	12,000	108,000
Force Control Room Upgrade - POD working	1,287,000	-	-	-	-	1,287,000
Replacement External CCTV	32,000	-	-	-	-	32,000
Taser Uplift	300,000	300,000	300,000	300,000	300,000	1,500,000
Specialised Equipment – Crime	150,000	150,000	150,000	150,000	150,000	750,000
Specialised Equipment - Operations	50,000	50,000	50,000	50,000	50,000	250,000
	<b>2,110,000</b>	<b>727,000</b>	<b>737,000</b>	<b>1,337,000</b>	<b>512,000</b>	<b>5,423,000</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>41,722,000</b>	<b>36,014,000</b>	<b>19,170,000</b>	<b>28,245,000</b>	<b>16,820,000</b>	<b>141,971,000</b>