


**POLICE AND CRIME COMMISSIONER (PCC) FOR LINCOLNSHIRE
REQUEST FOR DECISION**

REF: 004 - 2015

DATE: 28 January 2015

SUBJECT	POLICE PRECEPT 2015/16
REPORT BY	CHIEF FINANCE OFFICER TO THE POLICE AND CRIME COMMISSIONER
CONTACT OFFICER	Julie Flint, Chief Finance Officer 01522 947222
EXECUTIVE SUMMARY AND PURPOSE OF REPORT <p>The Police and Social Responsibility Act 2011 [Schedule 5 s.2] requires the Police and Crime Commissioner ("the Commissioner") to notify the Police and Crime Panel of the Precept and Council Tax Requirement which he is proposing to issue for 2015-16.</p> <p>The report attached at Appendix 1 presents the proposed Precept and Council Tax Requirement 2015-16 for consideration by the Commissioner.</p>	
RECOMMENDATION	<i>That the draft report at Appendix 1 be agreed.</i>

POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE	
I hereby approve the recommendation above, having considered the content of this report.	
Signature: 	Date: 28/01/15

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC**1. PROPOSED PRECEPT AND COUNCIL TAX REQUIREMENT 2015-16**Statutory Requirements

- 1.1 Schedule 5 of the Police Reform and Social Responsibility Act 2011 sets out the process for issuing a Precept, including the Police and Crime Panel's role in reviewing the proposed Precept, their power to veto the Precept and the steps to be taken in the event of the proposed Precept being vetoed.
- 1.2 Attached at Appendix 2 is a detailed guidance note issued by the Home Office which supports the process described above, and includes reporting requirements together with the process for Police and Crime Panel scrutiny of the proposed Precept.

Summary of Precept and Council Tax Requirements

- 1.3 A detailed summary of the Commissioner's proposed Precept and Council Tax Requirement for 2015-16 is set out in the report attached at Appendix 1. The government has set the threshold for council tax increases above which a local referendum would be triggered at 2%. The Commissioner is committed to maintaining police officer numbers and is therefore proposing an increase in the police precept of 1.95% for 2015/16.
- 1.4 The Police and Crime Commissioner's share of council tax is shown in the table below. The additional cost to the majority of Lincolnshire council tax payers would be no more than 7 pence per week.

Council Tax Band	2014/15 £	Increase £ per annum	2015/16 £	Increase Pence per week
A	129.24	2.52	131.76	5
B	150.78	2.94	153.72	6
C	172.32	3.36	175.68	6
D	193.86	3.78	197.64	7
E	236.94	4.62	241.56	9
F	280.02	5.46	285.48	11
G	323.10	6.30	329.40	12
H	387.72	7.56	395.28	15

B. FINANCIAL CONSIDERATIONS

These are detailed in the report enclosed at Appendix 1.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

These are set out in the main body of the report.

D. PERSONNEL AND EQUALITIES ISSUES

There are no direct personnel and equalities implications arising from consideration of this report.

E. REVIEW ARRANGEMENTS

The position will need to be reviewed following the government's announcement of its council tax capping criteria.

F. RISK MANAGEMENT

The risk of a shortfall in funding resulting in severe financial difficulties is highlighted in both the Police and Crime Commissioner and Force Risk Registers.

G. PUBLIC ACCESS TO INFORMATION

Information in this form along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC's website within one working day of approval. However, if release by that date would compromise the implementation of the decision being approved, publication may be deferred. An explanation for any deferment must be provided below, together with a date for publication.

Is the publication of this form to be deferred? No

If Yes, for what reason:





Until what date:

Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate part 2 form.

Is there a part 2 form? No

If Yes, for what reason:

ORIGINATING OFFICER DECLARATION

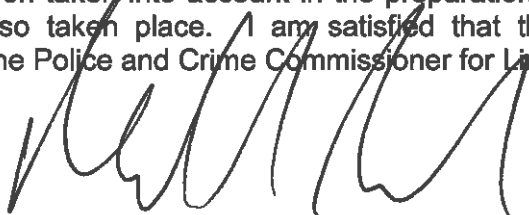
	Initial to confirm
Originating Officer: The Chief Finance Officer recommends this proposal for the reasons outlined above.	
Financial advice: The CC's Chief Finance Officer has been consulted on this proposal.	
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	
Chief Constable: The Chief Constable has been consulted on this proposal	

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. Consultation outlined above has also taken place. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lincolnshire.

Signature:



Date: 28/1/15

The Police and Crime Commissioner for Lincolnshire

Deepdale Lane, Nettleham, Lincoln. LN2 2LT
Telephone (01522) 947192 Fax (01522) 558739

Alan Hardwick
The Police and Crime Commissioner for Lincolnshire

REPORT TO THE POLICE & CRIME PANEL POLICE PRECEPT 2015/16

1. Introduction

- 1.1 My proposals for the Police Precept 2015/16 reflect the priorities set in my *Police and Crime Plan for Lincolnshire 2013 – 2017*:
- reducing crime;
 - a fair deal for the people of Lincolnshire; and
 - police and services that are there when you need them.
- 1.2 The opportunity for the people of Lincolnshire to respond to my budget consultation concluded on 28 November 2014. I received 1,478 submissions which are summarised in Appendix A attached together with my response. These valuable and considered views are also reflected in my proposals.

2. Government Grant

- 2.1 The Home Office's provisional grant announcement on 18 December 2014 confirmed a 3.5% cash reduction in overall police funding for 2015/16 as I expected. However, Police Grant to police and crime commissioners will be reduced by 5.1%, reflecting the government's intention to retain additional funding for central initiatives. All police areas will receive the same percentage reduction in government funding. The reduction for Lincolnshire is £3.2m which is £0.7m more than expected.
- 2.2 Indicative grant allocations beyond 2015/16 have not been published but for the purposes of my medium term financial plan (MTFP) I have assumed that Police Grant will fall by 4% each year and be distributed on a similar basis to 2015/16.
- 2.3 The position after 2015/16 is uncertain particularly given the General Election in May 2015. However, my medium term financial forecast assumes reductions of Police Grant of £3.2m/£2.4m/£2.3m over the period of the MTFP.
- 2.4 The provisional grant announcement for 2015/16 is expected to be debated by Parliament during February 2015 following which the final grant allocations will be confirmed.
- 2.5 The provisional grant announcement is disappointing. I have written to the Home Secretary (copy attached at Appendix B) expressing my dissatisfaction with the way in which the funding available has been allocated and setting out clearly the approach that the Home Office should take to provide a fair funding deal for the people of Lincolnshire.

- 2.6 Further detailed information on government grant is included within Appendix C attached.

3. Council Tax

- 3.1 Provisional details of the council tax base have been received from Lincolnshire district councils. These show a 1.85% increase in the tax base in 2015/16. There is also a surplus on council tax collection funds: the Police and Crime Commissioner's share of this surplus is £0.7m.
- 3.2 The government announced details of its Council Tax Freeze Scheme 2015/16 on 18 December 2014, alongside the provisional police grant announcement. Any police and crime commissioner who freezes or reduces their council tax in 2015/16 will receive a grant equivalent to a 1% increase in the council tax which is £0.475m for Lincolnshire. The government has indicated that this grant will be included within future funding settlements.
- 3.3 I have noted the availability of the Council Tax Freeze Grant. This would transfer some costs from local to national taxpayers. However, it would also reduce the funding available for police and crime services both in 2015/16 and on a longer term basis. My priority is to deliver my Police and Crime Plan including maintaining the number of police officers for the people of Lincolnshire.
- 3.4 Freezing council tax in 2015/16 would increase the longer term risk to maintaining the number of police officers.
- 3.5 The government has set the threshold for council tax increases above which a local referendum would be triggered at 2%. I do not wish to trigger a costly local referendum and I am proposing an increase in the police precept of 1.95% for 2015/16.
- 3.6 My MTFP is based upon annual council tax increases of 2% per annum. Nevertheless, the MTFP indicates an increasing budget gap of £4.3m in 2016/17 and £7.1m in 2017/18. To achieve financial balance beyond 2015/16, it is clear that, without a more equitable slice of the national police grant, or substantial precept rises in future years, Lincolnshire would see significant degradation of service from 2016 onwards. That would undoubtedly take the form of fewer Police Community Support Officers (PCSOs), police officers and the staff who support them. The Chief Constable and I have been taking this message to the heart of Government over recent weeks and they are listening.

4. Total Income

- 4.1 The budget proposals described in the remainder of this report assume a 1.95% council tax increase for 2015/16 and a 2% increase for each of the subsequent 2 years of the MTFP.
- 4.2 Lincolnshire County Council has indicated a £0.3m reduction in its annual contribution for PCSOs; the annual contribution is assumed to continue at £1.2m over the period of the MTFP.

- 4.3 Total income is projected to reduce over the next three years as shown in Table 1 below. There is a 0.8% reduction in 2015/16 despite the increase in council tax.

Income	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Police Grant	62.246	59.065	56.675	54.380
Victims' Services Grant	0.231	0.772	0.772	0.772
Council Tax Compensation Grant	1.058	1.058	1.058	1.058
Council Tax Support Grant	5.775	5.775	5.775	5.775
LCC PCSO funding	1.500	1.200	1.200	1.200
Council tax	41.172	43.180	43.524	44.612
Total income	111.982	111.050	109.004	107.797

Table 1

5. Expenditure Plans

- 5.1 Total spending in 2015/16 will reduce in line with income so as to maintain a balanced budget. The budget assumes savings of £2.2m/£3.2m/£3.4m over the 3 years of the MTFP.
- 5.2 The budget is summarised in Table 2 and described below.

Expenditure	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
PCC direct expenditure	28.545	27.775	27.411	28.151
Joint services	1.712	1.759	1.825	1.864
Chief Constable	81.725	81.516	84.062	84.833
Total	111.982	111.050	113.298	114.848

Table 2

- 5.3 My budget proposals include provision for victims' services expenditure in line with the grant of £0.7m. Provision for crime and disorder reduction grants is set at £0.8m. The budget also includes provision for strategic partnership contract payments (£22.1m) and capital financing charges (£3.1m).
- 5.4 The Chief Constable's budget includes £55.5m for police officer salaries and £4.5m for PCSO salaries. As with 2015/16, the budgets for both 2016/17 and 2017/18 are based on retaining 1,100 police officers and 149 PCSOs.
- 5.5 Cost pressures add £0.8m or 0.7% to the total budget in 2015/16. The main pressures being £0.7m for pay awards for police officers and other staff together with increased

ICT costs including from the Home Office. Savings of £2.2m or 2% are necessary to balance the budget. The main savings are in capital financing charges (£0.3m), community safety grants (£0.3m), premises, fleet, and other support costs (£0.6m), crime and operations non-staff costs (£0.3m) and police staff (£0.3m).

- 5.6 Further detailed information on revenue and capital expenditure plans, savings options, risks and reserves is attached at Appendix C.

6. Council Tax

- 6.1 The Police and Crime Commissioner's share of council tax is shown in the table below. This illustrates the impact of a 1.95% increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 7 pence per week.

Council Tax Band	2014/15 £	Increase £ per annum	2015/16 £	Increase Pence per week
A	129.24	2.52	131.76	5
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E	236.94	4.62	241.56	9
F	280.02	5.46	285.48	11
G	323.10	6.30	329.40	12
H	387.72	7.56	395.28	15

Table 3

Alan Hardwick
The Police and Crime Commissioner for Lincolnshire
28 January 2015

The Police and Crime Commissioner for Lincolnshire

Budget Consultation – Results and the Commissioner's response

Each year the Police and Crime Commissioner has to set a budget for Lincolnshire Police. A consultation enabled the public to express their views and inform the development of the budget for the year 2015-16. The consultation closed on 28 November 2014.

The results

Total Submissions	1478
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Question 1

Around 50% of the total police budget for Lincolnshire is spent on police officers. As my budget reduces, maintaining the current numbers of police officers is getting harder. Many other police forces are having to reduce their numbers of police officers. However, I have looked to find budget savings elsewhere so that we can maintain police officer numbers at 1100. Do you think this is right?

Police officer numbers should be maintained at 1100.

Strongly Agree	1049	72%
Agree	277	19%
Neither Agree nor Disagree	56	4%
Disagree	44	3%
Strongly Disagree	35	2%
	1461	

Question 2

For many years Police Community Support Officers (PCSOs) have been an important part of local policing in the County. In part, they are funded by Lincolnshire County Council. Like the Police, they also face significant budget reductions. As with police officers, I have tried not to reduce the number of PCSOs from the 149 we currently have. Do you think this is right?

PCSO numbers should be maintained at 149.

Strongly Agree	747	51%
Agree	334	23%
Neither Agree nor Disagree	180	12%
Disagree	117	8%
Strongly Disagree	81	6%
	1459	

Question 3

The police have many demands on their time.

- a. Do you think the police should spend more or less time investigating the following types of crime?

	More time		Same as they do now		Less time		Don't know		Total
Cyber-crime	353	24%	698	48%	293	20%	115	8%	1459
Child sexual exploitation	803	55%	545	38%	45	3%	59	4%	1452
Modern slavery	448	31%	715	50%	190	13%	88	6%	1441
House burglaries	747	52%	625	44%	22	2%	39	3%	1433
Shop-lifting	218	15%	795	56%	360	25%	46	3%	1419
Anti-social behaviour	668	47%	614	43%	103	7%	38	3%	1423
Organised crime - groups	827	57%	511	35%	45	3%	61	4%	1444

- b. Who do you think is responsible for keeping our community safe and reducing crime?

The Police	1425	96%
Local Councils	1061	72%
NHS	334	23%
The Public	1245	84%
Fire and Rescue	461	31%
Businesses	749	51%
Ambulance Service	364	25%
Other	175	12%

Question 4

- a. To what extent do you agree with the following statements:

If I called Lincolnshire Police in an emergency I would be confident that they would help me.

Strongly Agree	260	18%
Agree	677	46%
Neither Agree nor Disagree	331	23%
Disagree	165	11%
Strongly Disagree	26	2%
	1459	

- b. If I were to be a victim of crime, I would be confident I would be supported and kept informed by the Police

Strongly Agree	159	11%
Agree	544	37%
Neither Agree nor Disagree	490	34%
Disagree	219	15%
Strongly Disagree	49	3%
	1461	

Question 5

Do you feel more or less safe than you did one year ago?

more safe	44	4%
less safe	252	24%
about the same	755	71%
Don't know	10	1%
	1061	

Question 6

How do you like to contact the police?

Website	412	28%
Social Media	131	9%
Telephone	1317	89%
Post	59	4%
In person through my neighbourhood team	421	28%
At a police station	670	45%

Question 7

Question 7 allowed respondents to make further comments. Subjects which were recorded included:

- Police officer numbers and visibility
- Contacting the police including the Lincs Alert Community Messaging Service and online functionality
- The unfairness of Lincolnshire's treatment with regard to Government funding and support for a campaign to receive a fairer share
- Support for joint working with other services
- Dealing with motorists more pro-actively with regard to mobile phone use and speeding

Commissioner's response**Question 1**

The over-whelming majority of you indicated it was right to maintain police officer numbers at 1100. The provisional police grant settlement for 2015-16 will make this more challenging than previously, but I intend to provide the Chief Constable with sufficient funds to allow him to maintain 1100 police officer numbers in 2015-16.

Question 2

Police Community Support Officers (PCSOs) form a valuable part of local policing in the County. Again, as with police officers, the grant settlement makes maintaining their number challenging. I see local policing as the bedrock of policing in the County. However, the County Council, who provide some funds towards PCSOs, are also facing a difficult budget setting task. But, subject to the overall funds I have available, I will do all that I can to ensure that the Chief Constable can maintain PCSO numbers.

Question 3

It was interesting to see those crime types which are clearly a concern for respondents. As with all the data in this consultation, I have made this information available to the Chief Constable in order to inform his deployment decisions. It was interesting also to see the crime types alongside those bodies which you think are responsible for keeping our community safe and reducing crime. For instance, the Police work in partnership with councils to tackle anti-social behaviour and have done so successfully for many years. It is also clear that as members of the public we recognise our own role in keeping ourselves safe and reducing crime. This suggests that we all can and want to do more to prevent crime and I will continue to work with all community safety partnerships to ensure we give greater priority to this.

Question 4

I was pleased to see that around half of respondents had confidence in Lincolnshire Police, either to help in an emergency or to support them and keep them informed if they became a victim of crime. However I remain concerned by the numbers of people who aren't confident. In particular, victim satisfaction is an area which I have continually challenged the Chief Constable to improve. This year, as I take on more responsibilities for the commissioning of victims' services, I intend to place an even greater emphasis on this area as one for improvement, whether that be for Lincolnshire Police or other providers of services to victims.

Question 5

Lincolnshire remains one of the safest Counties in the Country and crime levels remain at historically low levels. Whilst most of you feel as safe as you did a year ago, I am concerned that 24% feel less so. All Community Safety Partners need to understand why that is, and what we can do about it.

Question 6

Most of you like to contact the Police by phone. Your confidence in, and the performance of, the Force Control Room are therefore always high on my list of areas where I monitor performance and which I discuss with the Chief Constable and his team. Around half of you like to visit a police station and unlike many Commissioners across the Country, my commitment remains that I will only close police stations where there is no operational need or community use. I would encourage all of our communities to make use of their local teams. Their contact details are always displayed in your community and are also available on the Lincolnshire Police website. As with many other parts of our lives, a significant number of you prefer to engage with the Police via the web. In the future you will be able to track crimes via the website and we intend to make more services available via this route in the future. In answer to question 7, some responses indicated a desire to be able to report crimes and submit intelligence online. These will be considered as part of our plans to further develop the services that we are able to offer you. But I am very aware that we need to understand how all of our communities interact with us, and ensure that we have a range of means for people to do that and obtain a good standard of service.

Question 7

Many of you made comments around police officer numbers and their visibility and I understand how important these issues are to you. Whilst we cannot increase police officer numbers, I am committed to maintaining them and we have continued to increase the percentage of them on the frontline.

Many also took the time to compliment the LincsAlert Community Messaging Service. LincsAlert is a two way messaging system between Lincolnshire Police, NHW and registered members. The system is capable of sending alerts by email, text (SMS) and telephone call. The messages are sent instantly to the members and replies are received back within seconds. The system is the messaging tool for all our watch schemes, Farm and Country Business Watch, Horse Watch, Business Watch, Canines on Patrol (COP), Allotment Watch and many others. You can unsubscribe at any time or chose to personalise your messages. You can register and find out more at www.lincolnshirealert.co.uk.

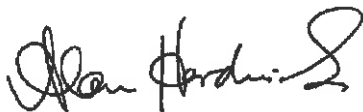
I was pleased to support Lincolnshire Police in its annual campaign to remind people of the dangers and penalties of driving under the influence of alcohol or drugs. I also continue to support the Lincolnshire Road Safety Partnership and Lincolnshire Police in their joint efforts to educate drivers of the dangers of not just alcohol, but speeding, mobile phone use and not wearing seat belts. It is quite right that those who commit criminal offences while at the wheel and who put not only their own lives but the lives of others at risk, should be dealt with robustly by the police and courts.

Finally, I am heartened by the support many of you have given me and the Chief Constable in recent weeks with regard to our campaigning for a fair deal for Lincolnshire. The Chief Constable and I were encouraged by the replies we have received from the Home Secretary to our recent correspondence

with her. She accepts that we have been at the forefront of change, delivering strong performance whilst using outsourcing and collaboration to drive efficiency and deliver better services for the public. She praised us for our HMIC rating of outstanding for the provision of affordable policing and we have continued to increase the proportion of our officers on the frontline. The Home Secretary agrees that others need to learn from and follow our lead. She also recognises that Lincolnshire Police faces particular pressures.

Mrs May has indicated she intends to visit us and we will use that to continue to underline our message that Government needs to urgently review the funding formula and heed the advice of HMIC. HMIC have clearly stated that it has concerns about the ability of Lincolnshire Police to maintain its current level of service to our communities beyond 2016 and deems us to be at risk. We remain committed to working with the Home Secretary and her officials to develop a sustainable solution, not just for Lincolnshire and those it serves, but the entire police service.

Thank you again to all of those people who took the time to respond to my consultation. Your views are always important to me and shape my decision making. They are therefore welcome throughout the year. My contact details are below.



Alan Hardwick
The Police and Crime Commissioner for Lincolnshire
January 2015

Contact me:

Online: www.lincolnshire-pcc.gov.uk

Social media: @AlanHardwickPCC

By email: Lincolnshire-pcc@lincs.pnn.police.uk

By phone: 01522 947192

By fax: 01522 558739

By post:

Office of the Police and Crime Commissioner for Lincolnshire
Lincolnshire Police Headquarters
Deepdale Lane
Nettleham
Lincoln
LN2 2LT

The Police and Crime Commissioner for Lincolnshire

Deepdale Lane, Nettleham, Lincoln LN2 2LT
 Telephone (01522) 947192 Fax (01522) 558739
 E-Mail: lincolnshire-pcc@lincs.pnn.police.uk
 Website: www.lincolnshire-pcc.gov.uk

Alan Hardwick
The Police and Crime Commissioner for Lincolnshire

Date: 23rd January 2015
 Our Reference: AH/ch/HO-2014-042

The Rt Hon Theresa May MP
 Secretary of State for the Home Department
 Home Office
 3rd Floor
 Peel Building
 2 Marsham Street
 LONDON
 SW1P 4DF

By Email: policeresourcespolicy@homeoffice.gsi.gov.uk

Dear Home Secretary,

PROVISIONAL POLICE GRANT REPORT 2015/16

Thank you for your letter of 17 December 2014 in which you invite comment on the provisional Police Grant Report 2015/16 setting out force-level allocations of central government funding.

Your proposals are disappointing: they perpetuate historic practice and still do not recognise that a different approach is required in a prolonged period of funding reductions.

The reducing total available for police and crime services requires an approach that

- reduces overheads and minimises the impact of funding reductions for front line services;
- incentivises efficiency and penalises inefficiency; and
- supports the financial sustainability of police forces.

The provisional Police Grant Report does none of these things.

It allocates increased funding to central priorities at the expense of front line services.

The issues around grant distribution are again not addressed. All areas will face the same percentage grant reduction irrespective of their current levels of funding, spending or efficiency. Alongside this, the introduction of a range of hard-charging for previously centrally funded ICT services to local forces has the potential to further penalise those rural forces with large geographical areas.

The increasing need to protect a small number of vulnerable forces where there is a potential risk of service failure continues to be ignored in the grant distribution. The lack of urgency on the more fundamental grant review is particularly disappointing as the existing system – a flawed and outdated formula overridden by uniform percentage reductions – clearly needs to be replaced with a better way of funding police and crime services.

In the absence of more permanent solutions, I do support the introduction of the Police Special Grant as a short term measure for those forces with the most immediate pressures. It will be important for forces, like Lincolnshire, which face the greatest financial risks, to be able to access these funds.

Sincerely
Alan Hardwick

Alan Hardwick
The Police and Crime Commissioner for Lincolnshire

POLICE AND CRIME PANEL PRECEPT REPORT 2015/16**SUPPLEMENTARY BUDGET INFORMATION****1. Provisional Settlement Announcement – National Context**

- 1.1 The Provisional Police Grant report (England and Wales) 2015/16 and House of Commons written statement on the Police Provisional Funding Announcement were laid in Parliament on 17th December.
- 1.2 The police settlement covers just one year. In his written statement the Minister decided to maintain the 4.9% real terms reduction as announced in the Spending Review 2013. The Minister adds that taking account of the inflationary forecast published in the Autumn Statement, this equates to a cash reduction nationally of £299m (or 3.5%) compared to 2014/15.
- 1.3 As in the last year, the damping arrangements will continue in 2015/16. Therefore every police force will face the same percentage reduction in core Central Government funding, amounting to a cash reduction of 5.1% compared to 2014/15. This is regardless of the current resource position of Forces and the actions they have previously been required to take in order to manage their budgets.
- 1.4 The written statement refers to a number of top-slices from the Police Main Grant where the Minister considers there is a national policing interest. These include:
 - Maintaining funding for counter-terrorism policing of at least £564m. Allocations of counter-terrorism funding will be received in the New Year.
 - An additional £30m for the Independent Police Complaints Commission (IPCC) to help them focus on delivering significantly more independent investigations (increased from £18m for 2014/15). £4.5m is also being provided from the wider Home Office budget for capital investment costs.
 - £9.4m to support HMICs new annual PEEL inspection programme
 - £4.6m for the College of Policing to fund direct entry schemes (an increase on the £3m for 2014/15)
 - £70m for the Police Innovation Fund
 - £40m to support the introduction of Major Programmes including the Emergency Services Mobile Communications Programme, Home Office Biometrics and National Police Data Programme.
- 1.5 There is also £15m for the Police Special Grant contingency fund, to support forces facing unplanned or unexpected additional pressures which might otherwise place them at financial risk. £5m is being allocated to the Police Knowledge Fund.
- 1.6 The Police Special Grant and Major Programmes allocations are new funding streams. The Major Programmes top-slice will help fund technological advances to support policing and interoperability with other systems, something which Chief Inspector of Constabulary Tom Winsor in his recent annual report on the State of Policing has highlighted.

- 1.7 The Minister is also deciding whether a limited amount of Police Capital Grant will be reallocated to support the Communications Capabilities Development and Emergency Services Mobile Communications Programme and the decision will be confirmed in the final settlement report in February. At which time confirmation of the general capital grant will be received.
- 1.8 The provisional settlement for police and local authorities in England is usually made on the same day by the Department for Communities and Local Government (DCLG). The announcement was this year made on the following day and included an indication of a 2% council tax referendum limit, which includes police precepts.

2. Provisional Grant settlement - Lincolnshire's Position

- 2.1 The Provisional Grant Settlement was much as anticipated, against our forecast figures which had been included in the MTFP; total grant support has been shown in the table below:

	2014/15 Actual £'000	2015/16 MTFP £'000	2015/16 Settlement £'000	Additional Loss of Grant £'000
Police Grant	62,246	59,756	59,065	(691)
Council tax compensation	1,058	1,058	1,058	-
Council tax support	5,775	5,775	5,775	-
	69,079	66,589	65,898	(691)

- 2.2 The increase in the grant cut experienced is due mainly to the continuation of the Government's policy of top slicing, increasing central services at the cost of local policing.
- 2.3 The cash grant cut to Lincolnshire is £3.2 million for 2015/16 compared to 2014/15. It is important to note that including 2015/16, grant reductions in Lincolnshire since 2010/11 (the start of the austerity period) now total 22%, equivalent to some £16m per annum.
- 2.4 Future years are specifically excluded from this announcement and it is unlikely that any further information will be received until after the election and a review of their spending plans by the incoming Government. The MTFP includes provision for an ongoing 4% cash cut per annum in Police Grant over the years 2016/17 and 2017/18.

3. Revenue Budget 2015/16

3.1 The Revenue Budget for 2015/16 will be reduced in line with the reductions in funding in order to produce a balanced budget.

3.2 In order to achieve this position the Revenue Budget has been prepared on the basis of a set of key assumptions and spending reductions.

- Police Officers Pay, the budget has been set to provide for an establishment of 1,100 officers, with no further reduction in officers.
- Police Staff Pay, the Budget has been set to provide for an establishment of 240 staff, with no further reduction in staff.
- PCSO Pay, the budget has been set to reflect an establishment of 149 posts.
- Strategic Partnership Budget has been set in accordance with the contract and estimated inflationary clauses.
- A review of those running costs relating to premises, vehicles HR & training costs has been undertaken, in discussion with budget managers challenging targets have been set against budget which had been already tightly set. This will require managers to prioritise spend across the financial year.
- Other Operational Policing costs have been similarly reviewed and challenging targets set for the provision of equipment and accoutrements.
- Capital financing charges have been reviewed resulting in the identification of savings following the cancellation of spend on the replacement of vehicles and the postponement of Buildings expenditure.
- Police Grant provisional announcement has been included.
- Council tax in order to preserve future service levels a 1.95% increase has been included.

3.3 The following table summarises the proposed budget for 2015/16.

TABLE A Revenue Budget 2015/16

BUDGET	2014/15 BASE BUDGET £M	2015/16 BASE BUDGET £M
Income		
Government Grant	(69.3)	(66.7)
LCC PCSO Funding	(1.5)	(1.2)
Council Tax	(41.2)	(43.2)
	(112.0)	(111.1)
PCC Expenditure		
Strategic Partnership	23.1	22.1
Crime & Disorder Reduction Grants and Victims Services	1.3	1.6
Financing Costs	3.3	3.1
Historic Pension Costs	0.2	0.4
Other direct PCC budgets	0.6	0.6
	28.5	27.8

BUDGET	2014/15 BASE BUDGET £M	2015/16 BASE BUDGET £M
Chief Constable Expenditure		
Police officers	56.3	55.5
Police Staff	7.8	8.0
PCSOs	4.3	4.5
Operational Policing Costs	4.2	3.6
Premises, Vehicle, HR & ICT Running Costs	7.0	7.3
Regional collaboration	2.0	2.6
Other Costs	0.1	-
	81.7	81.5
Joint Services	1.8	1.8
Total	-	-

- 3.4 The proposed budget includes provision for cost pressures which are unavoidable, the main areas provided for are:
- Pay Awards £0.7 million
 - ICT Contractual costs and increased charges from the Home Office £0.2 million.
- 3.5 The 2015/16 budget has been proposed on the basis of a continuation of service levels with officer and staff numbers maintained.

4. Medium Term Financial Plan (MTFP)

- 4.1 The Medium Term Financial Plan covers the period 2016/17 and 2017/18.
- 4.2 No indication has been given by the Government for future funding announcements covering this period after the General Election. Government Grant has therefore been assumed to be subject of a cash reduction of 4% across the period of the MTFP equivalent to a 5.8% Real Terms reduction based on HM Treasury assumptions.
- 4.3 It is important to emphasise that this results in a position whereby service levels cannot be maintained to an acceptable level within the funding envelope being projected.
- 4.4 The following table shows the originally position forecast at the last iteration of the MTFP when the budget for 2014/15 was set, together with the proposed budget reductions, impact of the latest provisional settlement and the cumulative effect of the current budget proposals.

TABLE B MTFP Deficit Position

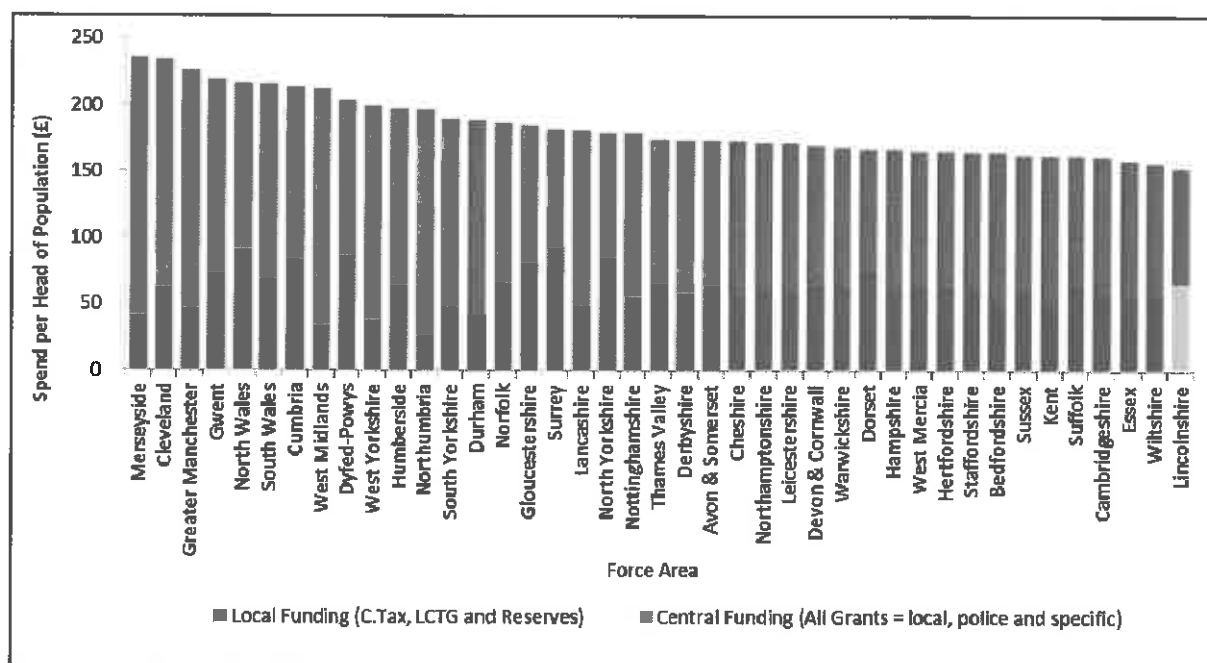
	2016/17	2017/18
	£M	£M
Projected Deficit MTFP	7.257	10.166
Budget Options		
Premises, Vehicle, HR & ICT Running Costs	0.566	0.566
Other Operational Policing Costs	0.555	0.555
Regional collaboration	0.129	0.258
Strategic partnership	0.400	0.400
Other direct PCC budgets	0.300	0.300
Capital and Other Financing	0.250	0.300
Total Budget Options	2.200	2.379
Shortfall against MTFP	5.057	7.787
Impact of Provisional Grant Settlement	0.691	0.691
Proposed Budgets compared with MTFP	-1.454	-1.427
Forecast Deficit Current Position	4.294	7.051

- 4.5 It can be seen that the maintenance of the Force at the current level is not sustainable with the current level of funding beyond 2015/16 with a residual budget gap of £4.5 million rising to £7.4 million by 2017/18.
- 4.6 Despite the actions which Lincolnshire has taken as a smaller, forward looking and innovative force that has embraced change particularly in respect of innovative partnership work with both the private sector and regional forces. Lincolnshire Police from 2016/17 will, on the basis of current financial projections, be unable to balance its budget other than with a significant change in its external funding.
- 4.7 Lincolnshire has faced probably the most challenging financial position in the country. The actions which have been taken have resulted in Lincolnshire being an exemplar of

good practice and efficiency - graded 'Outstanding' by HMIC for the provision of affordable policing.

- 4.8 The further incidence of straight percentage cuts across Forces regardless of the relative funding and spending levels further exacerbates the financial position in Lincolnshire.
- 4.9 The HMIC Value for Money Profile published in October 2014 contained the following headlines in respect of Lincolnshire Police:
- Lincolnshire continues to have the lowest policing costs per head of population in the Country.

Figure 1: Spend per Head of Population (Estimated 2014/15)

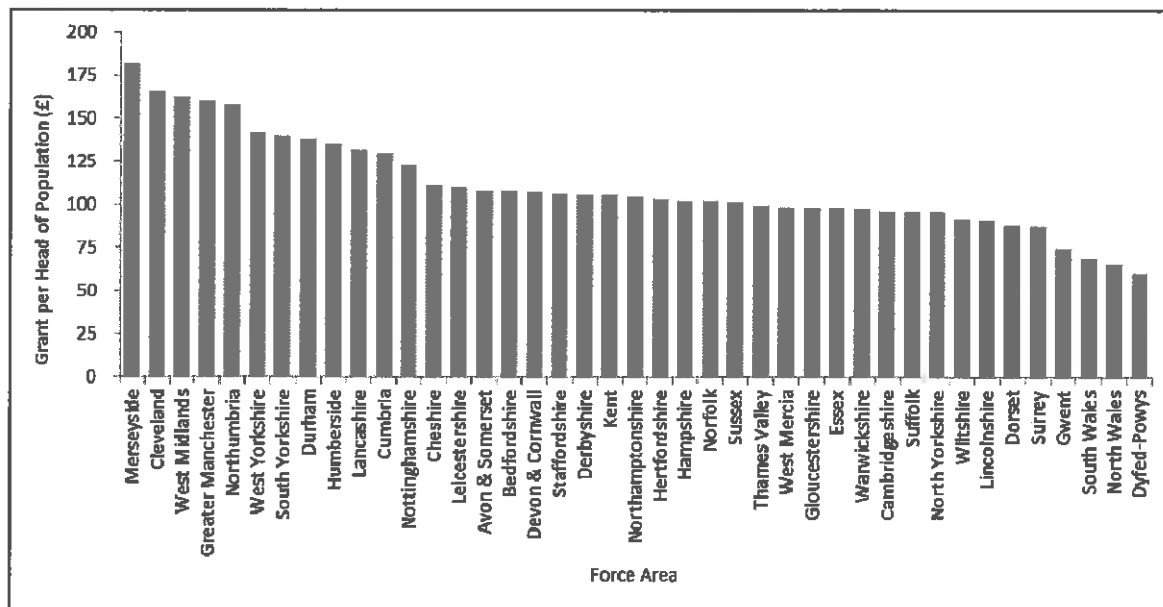


Source: Estimated Net Revenue Expenditure 2014/15 (Gross revenue expenditure minus earned income) from POA (includes National Policing) and Office of National Statistics - Population estimates by force (mid-2013) ADR. Excludes the City of London and Metropolitan Forces.

The above graph shows the proportion of spend for each force supported by local funding and central funding from the Government.

- Lincolnshire receives one of the lowest levels of central funding per head of population

Figure 2: Formula Grant per Head of Population (Provisional Settlement 2015/16)



Source: Home Office Provisional Police Grant Report (England and Wales) 2015/16 and Office of National Statistics - Population estimates by force (mid-2013) ADR. Excludes the City of London and Metropolitan Forces. Welsh Forces receive additional Top Up Grants to those included above.

- Police Officer cost per head of population is the third lowest in the country. The number of police officers per 1000 population is the 2nd lowest.
 - PCSO Costs per head of population are the 6th lowest in the country.
- 4.10 The VFM Profile also examines the workload position of Forces the following statements show that Lincolnshire officer workload is higher than the national average:
- The number of crimes per officer is 56.7 crimes the 8th highest in the country. The National average is 49.6 crimes per visible officer.
- 4.11 The funding position coupled with comparative data show that Lincolnshire has made significant efforts to balance its budgets across a spectrum of approaches including extensive partnership working and ongoing reviews of spend.
- 4.12 Based on prudent assumptions, if there is not a significant change to the funding being provided for Lincolnshire, then Lincolnshire Police will have a funding gap of £4.3m in 2016/17 growing to £7.1m in 2017/18. Without significant additional funding, the impact of the level of cuts required would result in significantly reduced service levels.
- 4.13 The effect of this funding gap in terms of precept increases would depend on the approach taken. A one off increase to cover the projected funding gap up to 2017/18 would require an increase in 2016/17 of 18+% followed by a 2% increase in 2017/18. Alternatively, an increase of 12+% in 2016/17 would be required followed by an 8+% increase in 2017/18. It is important to stress that this covers the period of the MTFP

only and unless a significant ongoing change in funding were to be implemented further annual increases in precept beyond 2% might well be required.

4.14 Although Lincolnshire is working hard and innovatively to drive out further savings, the ability to make any real impact on these funding gaps cannot be pursued on a purely incremental basis of looking at partial reductions across service delivery areas. Setting a budget from 2016/17 onwards would require a fundamental change in how services are delivered. For example, savings could be delivered by options which could include:

- Loss of all PCSO's
- Loss of Police Officers
- Loss of Police Staff
- Significant change in Strategic Partnership Service Levels
- Capital Programme replacement vehicles etc.

4.15 Further reductions of police officers (or combination of officers and PCSOs) would result in significant service degradation.

4.16 Lincolnshire Police has a trusted and tested approach to forecasting resources and demand that has been reviewed by HMIC. The Chief Officers of the Force have examined the service degradation impact of a scenario where officer and PCSO numbers were reduced in line with the potential budget reductions indicated.

- Although the ability to deal with major crime, serious and organised crime and the provision of specialist operational services such as roads policing and armed policing will be sustained through existing collaborative arrangements, there will be almost no capacity to provide mutual aid in public disorder scenarios.
- Meaningful Neighbourhood Policing as we currently practise it will cease, with no constable community beat managers and PCSOs.
- The lowest level of local political engagement will be at inspector level.
- The spectrum of response times experienced by those calling for our attendance will increase substantially (work being done to quantify change).
- Pro-active patrol as opposed to response will almost cease.
- The range of offences where a meaningful investigation will be possible will reduce (work being done to quantify).
- Computer enabled (cyber) crime capacity will be sustained, but not expanded in line with the growing need.
- Child Sexual Exploitation investigations, by necessity, will focus on the here and now with limited ability to examine historical cases.
- Except where the financial business case remained strong, the force would be obliged to withdraw from pro-active partnership working, where it so often provides the glue in relationships.
- The Police Service often finds itself the service of last resort, particularly as others contract because of funding issues. Lincolnshire Police would continue to strive to deal with emergency need in appropriate cases around, for example, mental health or ambulance attendance times, but that ability would be severely constrained.

- With lower numbers and significant distances to travel officer safety will be compromised more frequently.
 - Public confidence in policing and those charged with providing it will be severely eroded.
- 4.17 Although there would be much that could be done to mitigate the worst effects of this service degradation, local policing in Lincolnshire would look and feel very different to the rest of the East Midlands.
- 4.18 In terms of savings achievable by these actions it is important to emphasise the size of the budget gap being faced. The removal of the entire PCSO strength would result in a saving of £3.2 million per annum, (this does not take account of any redundancy costs that would be incurred). In order to balance the budget in 2017/18 this would require a saving of £3.9million from other areas of the budget, it is estimated that in this year the maximum saving that could be achieved from Police Officer pay is £2.5 million the loss of 76 officers by the end of that year (this would require recruitment to stop in 2016/17). This would still require further savings of £1.4 million to be identified on an ongoing basis.
- 4.19 Other options which have been considered including the removal of further Police Staff posts, most of the remaining staff are in roles which directly support operational policing in some of the most sensitive areas of policing include protection of vulnerable children and adults. Administrative support and transactional services are all provided under the Strategic partnership contract. The further reduction of police staff posts would not prevent the major change in service delivery that would be required as officers would be required to perform these tasks instead of their operational role.
- 4.20 Further budget savings in the area of Procurement and Collaboration are not possible. The Force has entered into the largest collaboration with a private sector partner in British policing. This contract while covering the administrative and transactional work also includes significant operational support roles in particular covering the Force Control room, Custody Suites and Criminal Justice functions. This contract has realised both direct savings in the costs of the service provision of £3.6 million per annum together with enabling savings across Force running costs budget totalling a further £2 million per annum. Further attempts to reduce the costs of these activities will now result in significant service diminution in support of operational policing.
- 4.21 Regional Collaboration is well advanced in the East Midlands Region with the following areas now subject to regional arrangements for the provision of policing and support functions.
- East Midlands Special Operations Unit
 - Forensics & Fingerprints Analysis
 - Special Branch
 - Occupational Health Services
 - Major Incident Review Team
 - Major Crime
 - Regional Technical Support Unit
 - Armed Policing

- Operations Support Department
- Criminal Justice
- Legal Services

4.22 Discretionary Procurement activities in Lincolnshire are extremely limited due to the Contract mandation implemented by the Home Office covering major spend in areas such as Fleet purchases. The use of Police Service frameworks and agreements also enables the Force to benefit from combined purchasing. The Strategic Partnership contract has also enabled benefits to be realised.

5. Budget Risks

- 5.1 In addition to the financial imbalance highlighted in Table B there are significant further risks to this budget position illustrated in the table below: Any/all of these issues may potentially add to the forecast position.

TABLE C Future Budget Risks

BUDGET RISK	2015/16 £M	2016/17 £M	2017/18 £M
Police Officer Overtime	0.230	0.230	0.230
Central ICT charges	unknown	unknown	unknown
Airwave Replacement Dual Running Costs	0	0.250	0.250
Additional Regional Costs CJS and Operations Support	unknown	unknown	unknown
Further Grant Reductions		1% reduction = 0.590	1% reduction = 0.590
Tightening of Referendum Limit		1% reduction = 0.420	1% reduction = 0.420
Reduced level of Contingency Budget	unknown	unknown	unknown
Increased National Contributions required by the Home Office	unknown	unknown	unknown

6. Reserves Strategy

- 6.1 The PCC holds a General Reserve of £5.6 million; the following risk based assessment has been undertaken.

Risk	£m
Budget Overspend – required provision for pay awards or price increases being higher than assumed, income from fees and charges being less than assumed, planned savings not being delivered fully, or poor budget management. Potential call on reserve is based on a 2% overspending.	2.25
Major Disaster: Central government may provide grant support for eligible expenditure. PCCs are expected to meet part of the costs from their own reserves. The potential call is based on emergency costs of £5m which are eligible for grant support.	0.95
Treasury Management - The potential maximum loss due to the default of a single counterparty is £4m. The PCC has a very low risk approach to selecting counterparties.	4.00
Partnerships: Risk of loss of PCSO Funding of £1.2m from County	0.75
Total	7.95

- 6.2 The range of required Reserves is assessed as £3.25 million - £7.95 million against existing Reserves of £5.6 million. The proposed range of acceptability is wide with £4.7 million being the difference between the minimum and maximum acceptable levels. The PCC's current policy is that he should plan to hold the Reserves to a level commensurate with the mid-point of the acceptable range. In monetary terms, this would be equivalent to the £5.6 million already held.

7. Capital Programme

7.1 The forecasts for capital financing charges included within the budget calculations for 2015/16 and the MTFP are based on the capital programme shown below:

TABLE D Capital Programme

Assumed capital programme	2015/16 £m	2016/17 £m	2017/18 £m
Building schemes	1.500	1.500	1.500
ICT projects	1.000	0.500	0.500
ICT refresh			1.755
Vehicles	0.750	1.000	1.000
Total	3.250	3.000	4.755

7.2 The 2015/16 programme includes a £1m provision for ICT projects to improve performance and productivity.

7.3 The 2016/17 and 2017/18 projections are based on the assessment that a programme of £3m to £4m per annum is sustainable in the longer term. The 2017/18 programme also includes provision to refresh hardware and software as specified in the Strategic Partnership contract. There are likely to be further capital requirements in respect of the replacement renewal of force operational systems.

Police and Crime Panels – Scrutiny of Precepts

This guidance note explains the process for the police and crime panel's (PCP) scrutiny of the police and crime commissioner's (PCC) proposed precept and should be read alongside:

- Schedule 5 of the Police Reform and Social Responsibility Act 2011 ("the Act")
- Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 ("the Regulations")

A separate guidance note setting out the scrutiny of chief constable appointments has been published alongside this guidance note.

Background

Schedule 5 of the Act sets out the process for issuing a precept, including the panel's role in reviewing the proposed precept, their power to veto the precept and the steps to be taken if they do veto the proposed precept.

The Regulations provide greater detail to the Act, including time limits applicable to the stages of the process and the process for reviewing and issuing a revised precept.

Schedule 5 requires:

- the PCC to notify the panel of his/her proposed precept;
- the panel to review the proposed precept;
- the panel to make a report to the PCC on the proposed precept (this may include recommendations);
- the panel's report (if they veto the proposed precept) to include a statement that they have vetoed it;
- a decision of veto to be agreed by two-thirds of the panel members;
- the PCC to have regard to the report made by the panel (including any recommendations in the report);
- the PCC to give the panel a response to their report (and any such recommendations);
- the PCC to publish the response.

It is for the panel to determine how a response to a report or recommendations is to be published.

If there is no veto and the PCC has published his/her response to the panel's report, the PCC may then issue the proposed precept - or a different precept (but only if in accordance with a recommendation in the panel's report to do so).

The Regulations require:

- the PCC to notify the panel of his/her proposed precept **by 1 February**;
- the panel to review and make a report to the PCC on the proposed precept (whether it vetoes the precept or not) **by 8 February**;
- where the panel vetoes the precept, the PCC to have regard to and respond to the Panel's report, and publish his/her response, including the revised precept, **by 15 February**;

- the panel, on receipt of a response from the PCC notifying them of his/her revised precept, to review the revised precept and make a second report to the PCC by 22 February;
- the PCC to have regard to and respond to the Panel's second report and publish his/her response, by 1 March.

Panel's report on the proposed precept

If the panel fails to report to the PCC by 8 February the scrutiny process comes to an end, even if the panel have voted to veto the proposed precept, and the PCC may issue the proposed precept.

PCC's response to a veto

Where the panel vetoes the proposed precept, the PCC must have regard to the report made by the panel, give the panel a response to the report and publish the response, by 15 February. In his/her response, the PCC must notify the panel of the revised precept that he intends to issue.

Where the panel's report indicates that they vetoed the precept because it was:

- too **high**, the revised precept must be lower than the previously proposed precept.
- too **low**, the revised precept must be higher than the previously proposed precept.

The PCP may only veto the first proposed precept. Such a veto must be agreed by two-thirds of PCP members (the full membership rather than those present at a meeting). Where a veto occurs, the report to the PCC must include a statement to that effect.

Panel's review of the revised precept

On receipt of a response from the PCC notifying them of the revised precept proposal, the panel must review the revised precept proposal and make a second report to the PCC on the revised precept by 22 February. This report may:

- indicate whether the panel accepts or rejects the revised precept (although rejection does not prevent the PCC from issuing the revised precept); and
- make recommendations, including recommendations on the precept that should be issued.

If the panel fails to make a second report to the PCC by 22 February, the PCC may issue the revised precept.

Issuing the precept

Excluding where the panel fails to report on the proposed precept by 8 February or make a second report on the revised precept by 22 February, the scrutiny process ends when the PCC gives the panel his/her response to their second report.

The PCC may then:

- issue the revised precept; or
- issue a different precept, although:

- they must not issue a precept that is higher than the revised precept if the revised precept was lowered following the panel's initial report on the first proposed precept indicating it was vetoed because it was too high;
- they must not issue a precept which is lower than the revised precept if the revised precept was raised following the panel's initial report on the first proposed precept indicating it was vetoed because it was too low.

Process for PCP scrutiny of PCC's proposed precept

