

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

REF: 002 / 2020

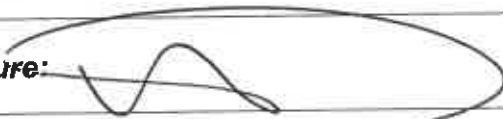
DATE: 3 FEBRUARY 2020

SUBJECT		POLICE PRECEPT 2020/21
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 2020-21.</p> <p>The report attached at Appendix 1 presents the proposed Precept and Council Tax Requirement 2020-21 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: 3/2/2020

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. PROPOSED PRECEPT AND COUNCIL TAX REQUIREMENT 2020-21

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, its 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 2020-21 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 £10 per annum for a band D property. The Commissioner is committed to maximising service availability whilst continuing to invest in the right tools for the job to improve efficiency and is therefore proposing an increase in the police precept of £9.99 (4.1%) for 2020-21.
- 1.4 The Police and Crime Commissioner's share of council tax is shown in the table below. This illustrates the impact of a 4.1% increase. The additional cost to the majority of Lincolnshire council tax payers would be 17 pence per week or less.

BAND	Proportion of Band D	2019/20 Council Tax £	£9.99 Increase to a Band D £ p.a.	2020/21 Council Tax £	£9.99 Increase to a Band D £ per week	% of Taxbase Cumulative
A	6/9	160.92	6.66	167.58	0.13	25.7%
B	7/9	187.74	7.77	195.51	0.15	46.0%
C	8/9	214.56	8.88	223.44	0.17	68.8%
D	9/9	241.38	9.99	251.37	0.19	83.6%
E	11/9	295.02	12.21	307.23	0.23	93.2%
F	13/9	348.66	14.43	363.09	0.28	97.9%
G	15/9	402.30	16.65	418.95	0.32	99.8%
H	18/9	482.76	19.98	502.74	0.38	100.0%

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 Commissioner's proposed precept will be reviewed following consideration of the Police and Crime Panel's response to his proposal.

F. RISK MANAGEMENT

The risk of a shortfall in funding resulting in service degradation 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:




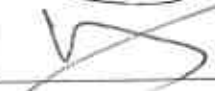
Until what date:

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

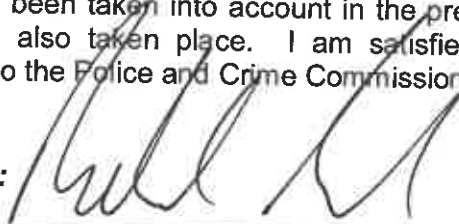
	Initial to confirm
Originating Officer: The Chief Finance Officer recommends this proposal for the reasons outlined above.	
Financial advice: The CC's Chief Finance Officer has been consulted on this proposal.	
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	
Chief 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: 3/2/20



Lincolnshire POLICE & CRIME COMMISSIONER

SAFER TOGETHER

REPORT TO THE POLICE & CRIME PANEL POLICE PRECEPT 2020/21

1. Introduction

1.1 My proposals for the Police Precept 2020/21 reflect the priorities set in my *Community Safety, Policing and Criminal Justice Plan for Lincolnshire April 2017 – March 2021*:

- Community safety and prevention in partnership – working together to reduce crime;
- Listening, responsive and accountable – making sure the people of Lincolnshire have their say in shaping our priorities;
- Policing that works – effective policing, there when you need it and responsive to differing community needs; and
- Protecting and supporting victims and the vulnerable – making sure the whole criminal justice system works for those that really need it.

1.2 The opportunity for the people of Lincolnshire to respond to my budget consultation concluded on 12 January 2020. I received 3,302 complete responses which are analysed in Annex A attached. My precept proposal for 2020/21 reflects careful consideration of the views expressed in response to my consultation.

2. Government Grant

2.1 The Police Grant Report 2020/21 was announced by Written Ministerial Statement and was laid before Parliament on 22 January 2020. The provisional settlement was delayed due to the general election in December 2019, so Home Office ministers opted to dispense with a provisional settlement followed by consultation and go straight to a final settlement. The police settlement covers just one year. In his written statement the Minister confirmed that police grant for Lincolnshire would be increased by £4.4m (7.5%) in 2020/21; plus an allocation of pension top-up grant of £1.2m in 2020/21 (continued from 2019/20).

2.2 The Minister announced the precept referendum limit to allow an increase up to an additional £10 per annum for a Band D property.

2.3 The Minister's statement sets out the national priorities for 2020/21, such that funding will be directed towards counter-terrorism, serious and organised crime, serious violence,

technology programmes, national capabilities and forensics. The statement also confirmed the cessation of the Police Transformation Fund.

- 2.4 The statement confirms that capital grant funding to PCCs has been reduced by 74%, with the balance being held centrally in what the Minister referred to as 'rebalancing'. This is a reduction of £0.3m to £0.1m for Lincolnshire.
- 2.5 The Minister's statement does not refer specifically to the timing of the Core Grant Distribution Review (funding formula review).
- 2.6 As a consequence of omitting the provisional settlement stage there was no consultation period for me to respond, unlike in previous years. The Home Secretary is not obliged to consult on the police funding allocations.
- 2.7 Further detailed information on government grant is included within Annex B attached.

3. Council Tax

- 3.1 Council Tax receipts are based upon an assumption of a 1% increase in the Council Tax base. This assumption will be updated to reflect the actual position as notified by Lincolnshire's district councils before the budget is finalised.
- 3.2 The government published its proposals relating to Council tax referendum principles for 2020/21 on 22 January 2020. In 2020/21 *all* PCCs will be allowed to increase band D bills by as much as £10. In order to avoid a costly local referendum, I propose an increase in the police precept of £9.99 (4.1%) for 2020/21.
- 3.3 My medium term financial plan (MTFP) is based upon annual council tax increases of £9.99 per annum per Band D property in 2020/21 and then reverting back to a 2% per annum increase from 2021/22 onwards.

4. Total Income

- 4.1 Total income is projected over the next four years as shown in **Table 1** below. There is an assumption that the council tax base will increase by 1% per annum, a continuation of the 2019/20 assumption.
- 4.2 The budget proposals described in the remainder of this report assume a £9.99 (4.1%) council tax increase for 2020/21, and a 2% increase for each of the subsequent years of the MTFP.
- 4.3 The potential impact of a revised Funding Formula within the MTFP continues to be excluded based upon a prudent reflection that it is unclear when this will be revisited.
- 4.4 No use of reserves is planned in balancing the 2020/21 budget. It should be noted that there is a range of cost pressures and prioritised service developments that will be included when the budget is finalised.
- 4.5 The increased funding for the National Officer Uplift is welcome; Lincolnshire's share of the first tranche of 6,000 officers is 50, in accordance with our share of aggregate Police Grant, providing some progress towards addressing the reductions in officer numbers made to balance the budget in 2019/20. It is, as yet, unclear how subsequent tranches will be allocated and funded. Beyond 2020/21, it is clear that, without a more equitable slice of the national police grant, or substantial precept rises in future years; Lincolnshire would continue to be at risk of degradation of service despite the national officer uplift.

Provisional Income	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Police Grant	(59.123)	(63.500)	(63.500)	(63.500)	(63.500)
Pension Top Up Grant	(1.175)	(1.175)	(1.175)	(1.175)	(1.175)
Council Tax Compensation Grant	(1.059)	(1.059)	(1.059)	(1.059)	(1.059)
Council Tax Support Grant	(5.775)	(5.775)	(5.775)	(5.775)	(5.775)
Council Tax Precept	(55.890)	(58.288)	(60.049)	(61.862)	(63.730)
Victim Services Grant	(0.868)	(0.884)	(0.884)	(0.884)	(0.884)
Collaborative Services	(2.268)	(2.268)	(2.268)	(2.268)	(2.268)
Proceeds of Crime Income	(0.120)	(0.120)	(0.120)	(0.120)	(0.120)
Contribution to / (from) Reserves	(0.585)	(0.275)	-	-	-
PCC Regional Income	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)
Total Police and Crime Commissioner Income	(126.966)	(133.448)	(134.934)	(136.747)	(138.615)

Table 1

5. Expenditure Plans

5.1 Total spending in 2020/21 has increased in the face of significant external cost pressures.

5.2 The budget is summarised in Table 2 and described below.

Provisional Expenditure Plans	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Police and Crime Commissioner - Expenditure	32.665	34.807	36.312	37.029	37.617
Chief Constable - Expenditure	93.035	95.455	96.644	97.913	99.369
Joint Services - Expenditure	1.266	1.182	1.195	1.208	1.208
Service Developments	-	2.003	0.783	0.596	0.420
Total Provisional Expenditure	126.966	133.447	134.934	136.746	138.614

Table 2

5.3 The budget proposals include provision for victims' services expenditure in line with expected grant of £0.9m. Provision for crime and disorder reduction grants is set at £0.6m. The budget also includes provision for strategic partnership contract payments of £23.3m and capital financing charges of £3.9m.

5.4 The Chief Constable's 2020/21 budget includes £60.6m for police officer salaries (including the uplift) and £3.2m for PCSO salaries. As with 2019/20, the target operating model for the period to 2023/24 remains at 1,100 police officers, however funding levels dictate that officer numbers need to be lower than this to balance the budget and MTFP, despite tranche one of the national uplift. The 50 officer allocation in tranche one would see officer levels reach 1,070 FTE by March 2021.

6. Service Impact

6.1 The draft budget for 2020/21 shows a balanced position based upon a council tax increase of 4.1% and police officer numbers of 1,070, including 50 from the national officer uplift programme. The PCC and Chief Constable are in ongoing dialogue with the Home Office to seek to secure additional funding for Lincolnshire, either through a fairer share of recurrent police grant or through Special Grant.

6.2 Plans for 2020/21 include a significant investment in a new Command & Control system and other ICT projects intended to unlock significant operational benefits through the better use of resources and data. Whilst investment to deliver improved productivity will mitigate the impact of potential headcount reductions, there would nevertheless be a service impact.

6.3 Further detailed information on revenue and capital expenditure plans, and risks and reserves is attached at Annex B.

7. Council Tax

- 7.1 My proposed Council Tax increase for 2020/21 is £9.99 (4.1%). This is £251.37 for a Band D property. With this increase, Council Tax provides £2.4m more funding than in 2019/20.
- 7.2 The Police and Crime Commissioner's share of council tax is shown in table 3 below. This illustrates the impact of a £9.99 (4.1%) increase. The additional cost to the majority of Lincolnshire council tax payers would be 17 pence per week or less.

BAND	Proportion of Band D	2019/20 Council Tax £	£9.99 Increase to a Band D £ p.a.	2020/21 Council Tax £	£9.99 Increase to a Band D £ per week	% of Taxbase Cumulative
A	6/9	160.92	6.66	167.58	0.13	25.7%
B	7/9	187.74	7.77	195.51	0.15	46.0%
C	8/9	214.56	8.88	223.44	0.17	68.8%
D	9/9	241.38	9.99	251.37	0.19	83.6%
E	11/9	295.02	12.21	307.23	0.23	93.2%
F	13/9	348.66	14.43	363.09	0.28	97.9%
G	15/9	402.30	16.65	418.95	0.32	99.8%
H	18/9	482.76	19.98	502.74	0.38	100.0%

Table 3

Marc Jones
The Police and Crime Commissioner for Lincolnshire
3rd February 2020

POLICE AND CRIME PANEL BUDGET REPORT

PUBLIC CONSULTATION 2020

Once again I am pleased to be able to report that the consultation carried out with residents of Lincolnshire has been both thorough and extensive.

Panel members may remember that in 2018 I created one of the most comprehensive consultations ever undertaken by a PCC – creating a process that met a professionally accepted level of engagement.

Every year our research sets out to actively engage with the people of Lincolnshire in a statistically robust and truly representative manner.

The results of the research have always played a significant role in guiding decisions made about policing priorities across the county and has helped me form my proposal on a council tax rise this year.

The research takes the form of an online survey and this year received fully completed responses from more than 3,300 people – 147 fewer than last year but with eight fewer days in the field as a result of the restrictions of a General Election.

The number of respondents in each district were:

- Boston – 262
- East Lindsey – 703
- Lincoln – 392
- North Kesteven – 593
- South Holland – 410
- South Kesteven – 451
- West Lindsey – 575

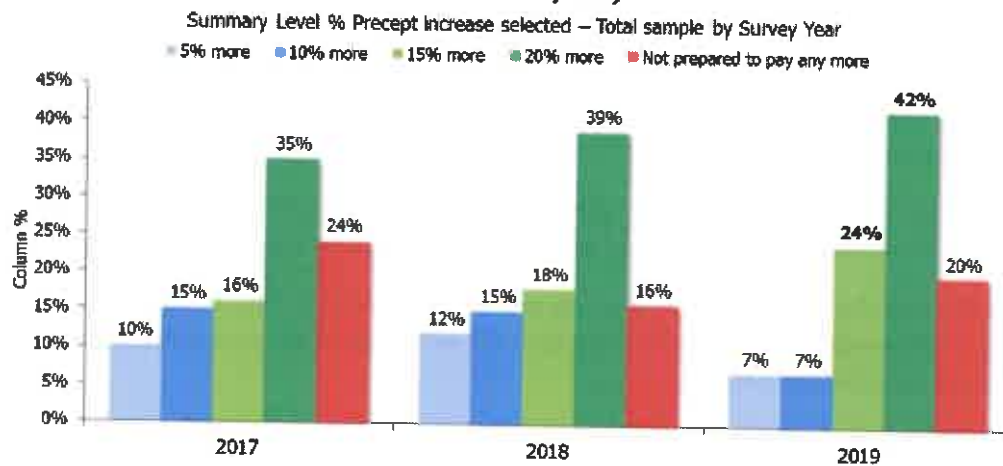
In terms of age bands the survey was completed by 399 in the 16-34 range, 680 in 35-49, 1129 in the 50-64 and 1078 in the 65+ - which follows closely the estimated population of Lincolnshire according to ONS data.

The overall results were weighted slightly towards female residents with the male population making up 48% of the responses and females 52% - reflecting the 49/51 split reported by ONS.

This year the support from the public for increased funding from council tax to support policing was overwhelming – in fact the proportion of participants supporting a 15% or 20% increase in council tax has actually INCREASED from last year.

The % of participants selecting the 20% or 15% weekly increases in Precept, have both risen again year-on-year by +3% points and +6% points respectively.

**Please indicate below how much more you would be prepared to pay per week...
(Please select one option)**

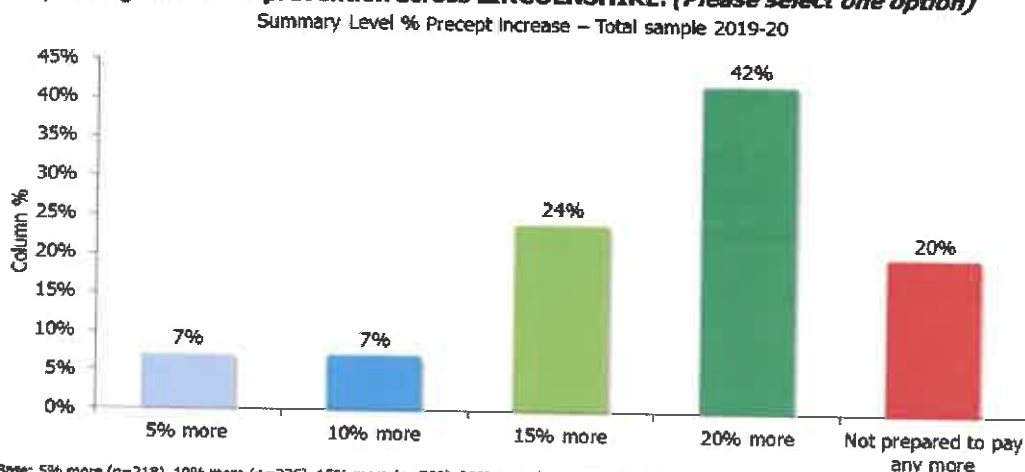


Base: 2017 (n=2,805), 2018 (n=3,342), 2019 (n=3,205), Sample Size = 8,252

In total the percentage of the residents surveyed who backed a percentage rise of AT LEAST five per cent was a staggering 80%. In fact two thirds of participants chose increases of 15% or 20% - which is more than THREE times the proposed increase of 4.1%.

An increase of 20% is the mode amount selected by 42% of the total sample, as the extra amount per week that participants would be prepared to pay to fund policing and crime prevention.

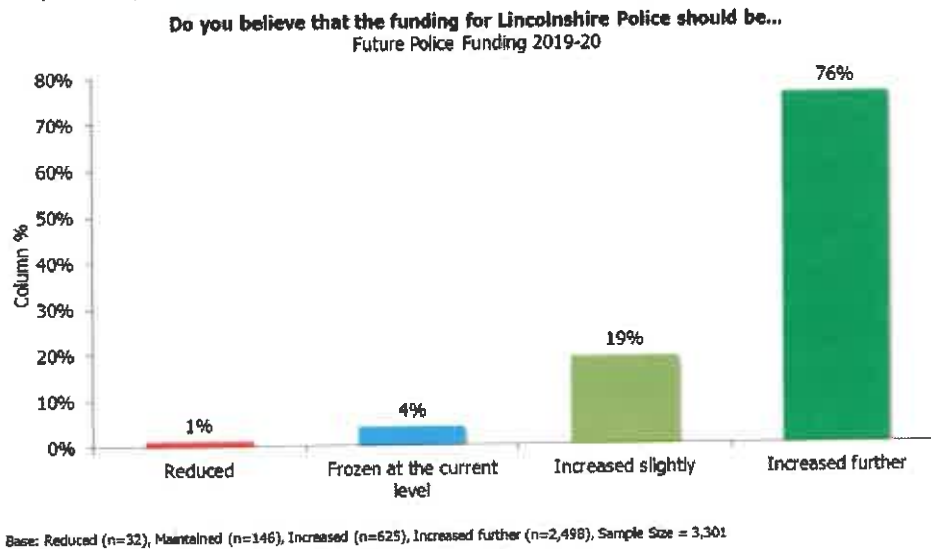
Please indicate below how much more you would be prepared to pay per week, to fund policing and crime prevention across LINCOLNSHIRE. (Please select one option)



Base: 5% more (n=218), 10% more (n=236), 15% more (n=768), 20% more (n=1,350), Not prepared to pay any more (n=633), Sample Size = 3,205

When asked “Do you believe that the funding for Lincolnshire Police should be increased further – in order to improve policing across the county” 95% agreed.

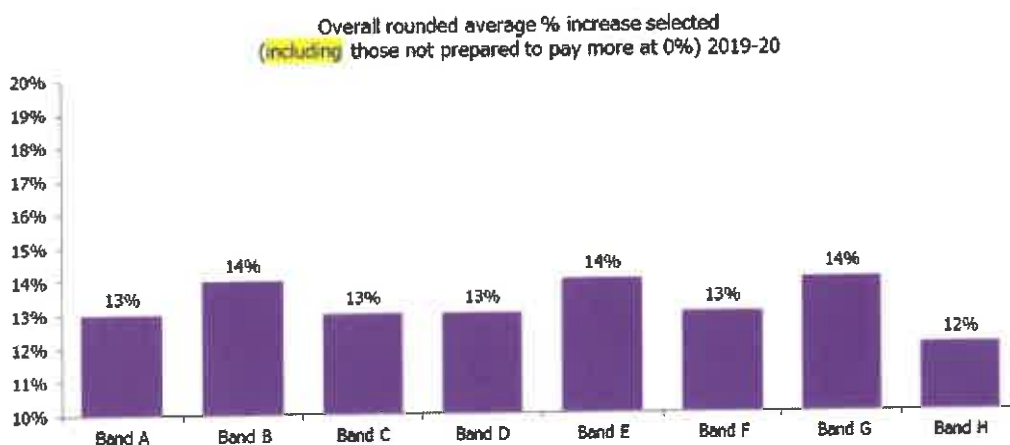
Over three-quarters of participants (76%) believe that the funding for Lincolnshire Police should be ‘Increased further – in order to improve policing across the county’.



The overall results were largely reflected across the range of Council Tax bands – even when those not prepared to pay any more are included in the calculation, the overall average % increase selected is 12% or over.

When those not prepared to pay any more are included in the calculation, the overall average % increase selected is 12% or over, in each of the Council Tax bands.

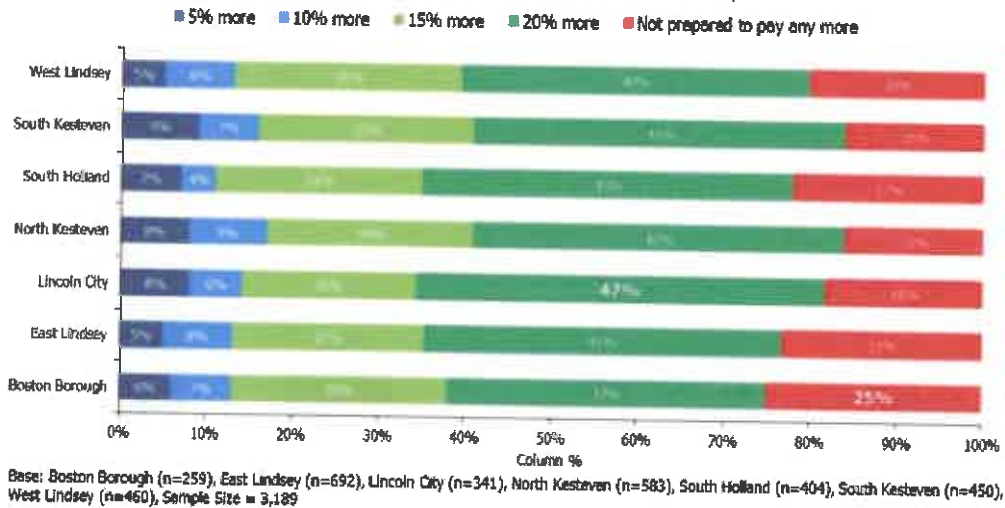
Please indicate below how much more you would be prepared to pay per week, to fund policing and crime prevention across LINCOLNSHIRE. (Please select one option)



The same is also true of the different districts – where there were obvious variances in results but those prepared to pay AT least 5% or more made up the vast majority - ranging from 84% in North Kesteven to 75% in Boston.

Please indicate below how much more you would be prepared to pay per week, to fund policing and crime prevention across LINCOLNSHIRE. (Please select one option)

2019-20 % Precept increase bands by Local Authority



These results reflect the overwhelming support amongst Lincolnshire residents for an increase in the police precept to help me fund the Chief Constable in his efforts to keep Lincolnshire residents safe.

POLICE AND CRIME PANEL BUDGET REPORT

SUPPLEMENTARY INFORMATION

1. Provisional Police Grant Settlement

- 1.1 The Police Grant Report 2020/21 was announced by Written Ministerial Statement and was laid before Parliament on 22 January 2020. The provisional settlement was delayed due the general election in December 2019, so Home Office ministers opted to dispense with a provisional settlement followed by consultation and go straight to a final settlement.
- 1.2 The police settlement covers just one year. In his written statement the Minister confirmed that police grant for Lincolnshire would be increased by £4.4m (7.5%) in 2020/21; plus an allocation of pension top-up grant of £1.2m in 2020/21 (continued from 2019/20).
- 1.3 The Minister announced the precept referendum limit to allow an increase up to an additional £10 per annum for a Band D property.
- 1.4 The Minister's statement sets out the national priorities for 2020/21, such that funding will be directed towards counter-terrorism, serious and organised crime, serious violence, technology programmes, national capabilities and forensics. The statement also confirmed the cessation of the Police Transformation Fund.
- 1.5 The statement also confirms that capital grant funding to PCCs has been reduced by 74%, with the balance being held centrally in what the Minister referred to as 'rebalancing'. This is a reduction of £0.3m to £0.1m for Lincolnshire.
- 1.6 The Minister's statement does not refer specifically to the timing of the Core Grant Distribution Review (funding formula review).
- 1.7 As a consequence of omitting the provisional settlement stage there was no consultation period for me to respond, unlike in previous years. The Home Secretary is not obliged to consult on the police funding allocations.
- 1.8 The Ministry of Justice has announced the allocation of the Victim Services Grant to PCCs and has confirmed that funding for 2020/21 will remain the same in cash terms as for 2020/21. The budget includes commensurate ring fenced expenditure.

2. Lincolnshire's Position

- 2.1 The Provisional Grant Settlement is shown in the table below against the previous year and against the assumption in the MTFP.

Grant	2019/20 Actual £'000	2020/21 MTFP £'000	2020/21 Settlement £'000	Increase in Grant compared to MTFP £'000
Police Grant	59,123	59,123	63,548	4,425
Council tax compensation	1,059	1,059	1,059	-
Council tax support	5,775	5,775	5,775	-
Pension Top-Up	1,175	1,175	1,175	-
Total	67,132	67,132	71,557	4,425

- 2.2 The grant to Lincolnshire is increased due to the uplift funding allocation, whereas a flat cash settlement had been assumed in the previous MTFP because the national uplift was not announced until July 2019.
- 2.3 Future years are assumed to remain at the same level as 2020/21.
- 2.4 The pension top up grant allocation has been maintained in 2020/21 at the same level as for 2019/20 and will be reconsidered at the next spending review. There is also the prospect of an additional £1.4m specific grant, to be paid quarterly in arrears and subject to conditions, to meet infrastructure costs associated with the uplift.

3. Revenue Budget 2020/21

- 3.1 The Revenue Budget for 2020/21 has been prepared in accordance with the Budget Strategy adopted by the PCC. This includes a set of key assumptions:
- Police Officers – the baseline budget has been set to provide for an establishment of 1,100 officers as this is the force target operating model. The reductions required to balance the budget in 2019/20 meant that the affordable establishment was 1,020 FTE before the national uplift. The uplift target for Lincolnshire in tranche one is an increase 50 FTE by March 2021 bringing the total establishment to 1,070 FTE.
 - PCSOs – the target operating model for PCSOs is 85 FTE, the current establishment is 100 FTE. The additional 15 are deployed on various pilot projects around the force. With minor fluctuations, the budget is based on maintaining this establishment.
 - Police Staff – The budget has been based on 2019/20 less the achieved savings of £0.8M, fully costed with a vacancy factor of 5% included to allow for staff turnover. Further changes were the transfer back of police staff posts from EMOpSS, the non-recurrent investment provided by the special grant funding and cost pressures including incremental drift and the additional 0.5% pay award.
 - The Strategic Partnership Budget has been set in accordance with the contract and estimated inflationary clauses, at £23.3m and includes provision to support the ongoing project exploring the option of contract extension
 - Capital financing charges are in the process of being reviewed following the assessment of expenditure in the current year and the future capital programme proposals. The expectation is that the cost will exceed the existing budgetary provision as a result of requirements to increase investment in fleet and ICT.
 - The Police Grant settlement published in January has been included.
 - Council tax - in order to preserve future service levels and use the government's precept flexibility, a £9.99 (4.1%) increase per annum for a Band D property has been included for 2020/21. Going forward increases are assumed to be 2% per annum from 2021/22 onwards.
 - No use of reserves is planned in balancing the 2020/21 budget; there are a number of prioritised cost pressures and service developments to be considered for inclusion when the final budget is set. Further information on Reserves is provided at Section 7 below.

3.2 The following table summarises the proposed budget for 2020/21.

TABLE A Revenue Budget 2020/21

BUDGET	2019/20 Base Budget £000	2020/21 Base Budget £000
Income		
Government Grant	(65,957)	(70,334)
Pension top up grant	(1,175)	(1,175)
Use of Reserves or Special Grant	(500)	(275)
Council Tax	(55,890)	(58,288)
Other incl Custody Contract & Victims Services Grant	(3,359)	(3,376)
	(126,881)	(133,448)
PCC Expenditure		
Strategic Partnership	22,475	23,310
Community Safety and Victims Services	1,656	1,656
Historic Pensions & Financing Costs	4,408	5,265
Collaborative services	2,268	2,268
Other direct PCC budgets	2,733	2,308
	33,540	34,807
Chief Constable Expenditure		
Police Officers	60,040	61,374
Police Staff	9,917	10,104
PCSOs	3,796	3,153
Operational Policing Costs	5,064	5,858
Premises, Vehicle, HR & ICT Running Costs	9,455	10,901
Regional collaboration	3,803	4,066
	92,075	95,456
Joint Services	1,266	1,182
Total Expenditure	126,881	131,445
Service developments budget yet to be allocated	-	2,003
Total (Surplus)/Deficit	0	0

3.3 Whilst there are a number of individual increases and decreases, the key contributors to the change in spending requirement in 2020/21 are:

- Increase in overtime and mileage costs £0.250m;
- South Park service charge £0.250m;
- Unmet demand in training £0.240m;
- ICT - including renewal of and upgrade to Microsoft office 365 £0.500m, DAMS £0.227m, MDT's replacement £0.165m and various other £0.200m;
- Investment in the Lincolnshire Domestic Abuse Perpetrator programme £0.1m;

Offset by reductions as follows:

- LGPS pension historic payments following the triennial valuation £0.567m

- Increase in investment income target £0.050m

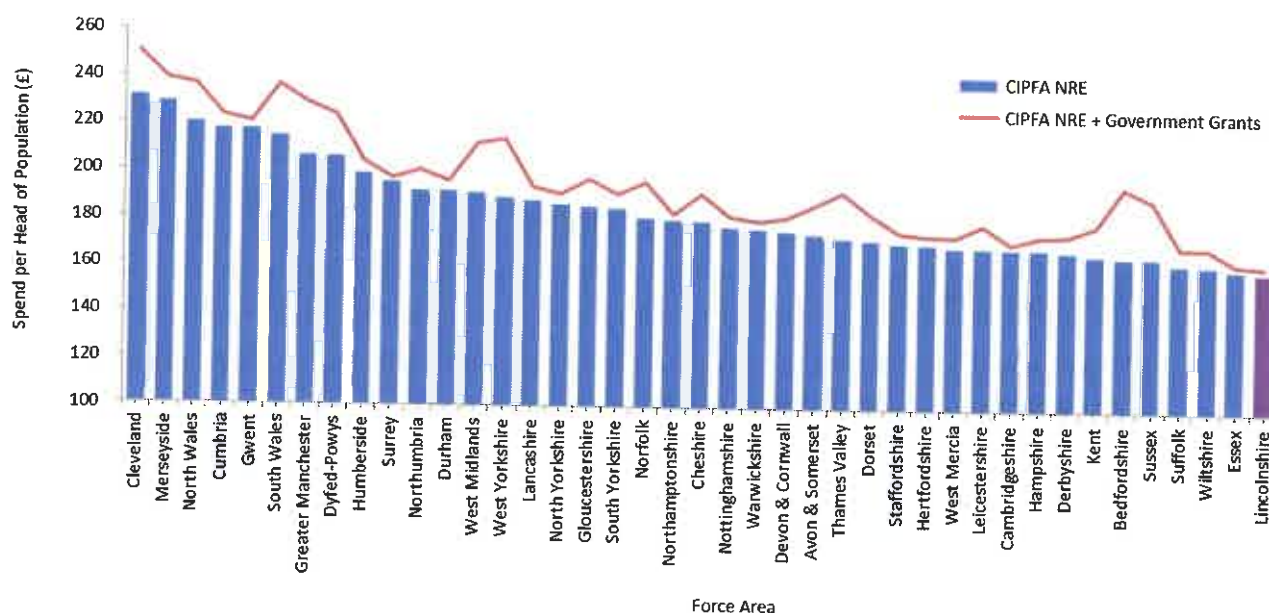
4. Medium Term Financial Plan (MTFP)

- 4.1 The Medium Term Financial Plan covers the period 2020/21 to 2023/24.
- 4.2 The police grant settlement covers just one year, 2020/21, no indication has been given by the Government for future police grant allocations beyond 2020/21. Government grant has therefore been assumed to remain constant across the period of the MTFP.
- 4.3 Planned cumulative savings of over £31 million have been delivered successfully over the last eight years. There are limited opportunities for the achievement of further savings without adverse impact on service delivery.
- 4.4 The Minister has previously indicated that the Core Grant Distribution Review (funding formula review) will be revisited in the next Spending Review, which means 2021/22 at the earliest. On this basis, the MTFP is based upon the prudent assumption that no additional formula grant will be forthcoming during the MTFP period.
- 4.5 No use of reserves is included in the MTFP.

5. HMICFRS VFM Profile

- 5.1 The HMICFRS Value for Money Profile published in October 2019 contained the following headlines in respect of Lincolnshire Police:
 - Lincolnshire has the lowest policing costs per head of population in the Country.

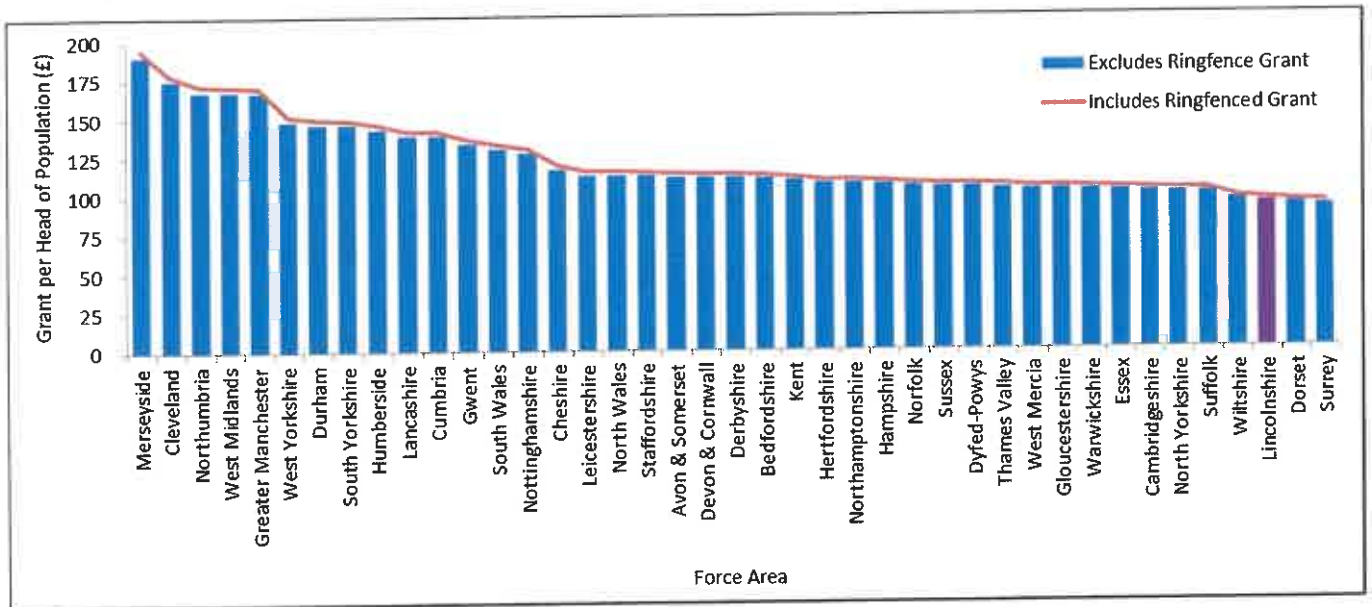
Figure 1: Spend per Head of Population (Estimated 2019/20)



Source: Estimated Net Revenue Expenditure 2019/20 (CIPFA definition of NRE, excludes Government Grants and Reserves) from POA. 2019/20 Population Estimates calculated by assessing the trend for the last five years from HMICFRS VFM data. Note: excludes the City of London and Metropolitan Forces.

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

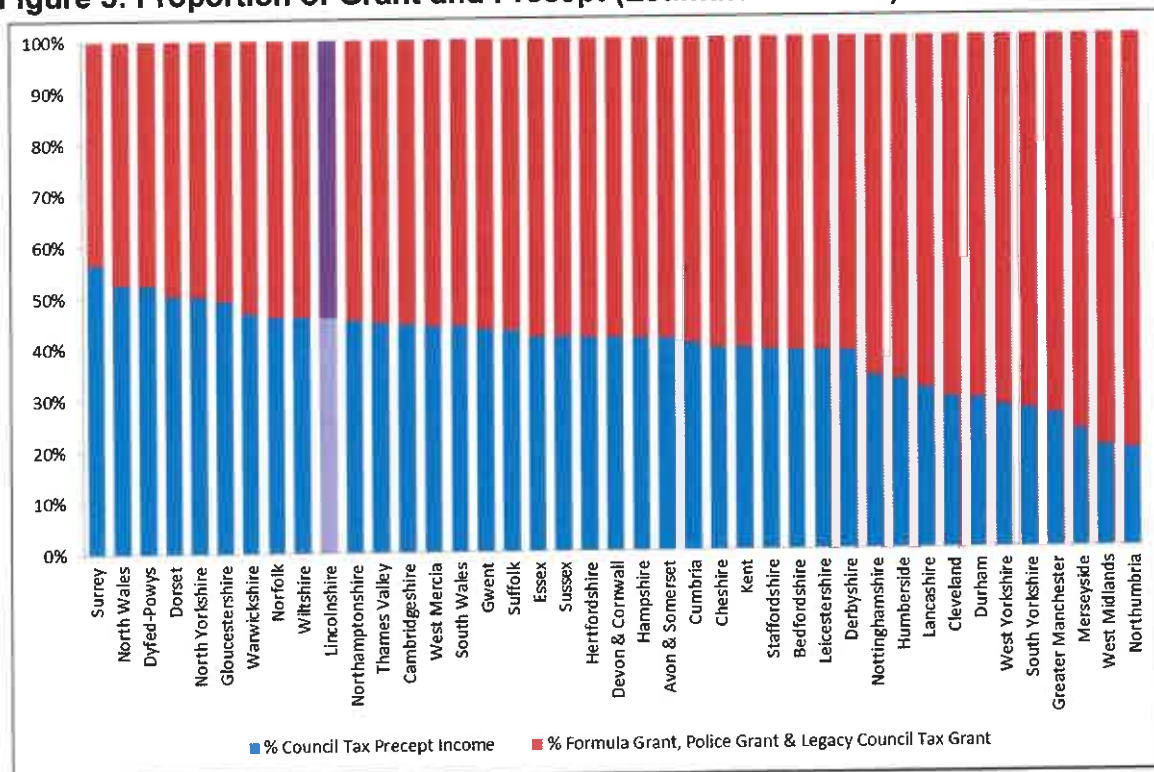
Figure 2: Formula Grant per Head of Population (2020/21)



Source: Home Office Police Grant Report (England and Wales) 2020/21 and Office of National Statistics - Population estimates by force (mid-2017) ADR. Welsh Forces receive additional Top Up Grants included above. Includes Legacy Council Tax Grants. Excludes Pension Top Up Grant. Excludes the City of London and Metropolitan Forces.

- Lincolnshire’s local funding is one of the highest in the country, this is coupled with a below average yield per head of population from each £1 of tax levied. As Figure 3 demonstrates, the proportion of overall spend funded by the Police Precept varies from 56% for Surrey to 19% for Northumbria with an average of 40%. In comparison Lincolnshire would be 10th out of 41 Authorities at 46% i.e. it is above average in terms of the contribution that Council Tax payers make to overall spending.

Figure 3: Proportion of Grant and Precept (Estimated 2019/20)



Source: POA estimates 2019/20. Grant % includes Formula Grant, Police Grant and Legacy Council Tax Grant against the Council Tax Precept Income. Excludes Reserves and Government Grants. Excludes the City of London and Metropolitan Forces.

- Police Officer cost per head of population is the 2nd lowest in the country. The number of police officers per 1,000 population is the 5th lowest.
 - PCSO cost per head of population is the 8th lowest in the country. The number of PCSOs per 1,000 population is 21st highest.
- 5.2 The VFM Profile also examines the workload position of Forces and shows that Lincolnshire officer workload is slightly below the national average but above the most similar Group of Forces average see below:
- The number of crimes per visible officer is 83.66 crimes, the 20th highest in the country. The National average is 86.13 crimes per visible officer and the most similar Group of Forces are at 67.47 crimes.

6. Risks

- 6.1 The comparative data evidences the impact of Lincolnshire's significant efforts to balance its budgets across a spectrum of approaches including extensive partnership working and ongoing reviews of expenditure.
- 6.2 Although Lincolnshire is working hard and innovatively to drive out savings, the ability to make further savings of the scale already delivered, cannot be pursued on a purely incremental basis.
- 6.3 Future pay awards could exceed the provision included within the budget.
- 6.4 The capital programme has not yet been agreed and includes an uplift in allocation for fleet vehicles, an element of which relates to catch-up expenditure to replace aging vehicles, the affordability of which remains a risk.

7. Reserves Strategy

- 7.1 The PCC currently holds a General Reserve of £3.2m, following a £0.7m top up in 2018/19 to replenish previously utilised funds to support the revenue budget; there are no plans for future use to support the revenue budget. The following is a summary of the risk based assessment that has been undertaken.

TABLE B Reserves & Risk

Risk	£m Min	£m Max
Budgetary/Financial risks – 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. Reduced yield in Council Tax Receipts. Default of Treasury Management counterparty. Result of pension scheme actuarial revaluation.	3.2	6.3
Business restructuring – costs incurred in downsizing the business, renewal of supplier contracts.	1.3	3.0
Major Incidents/Insurance – risk of events exceeding the revenue budget provision.	0.9	2.4
Total	5.4	11.7

- 7.1 The range of required reserves is currently assessed as £5.4m - £11.7m against forecast risk based reserves of £6.1m representing 4.6% of the 2020/21 revenue budget: General Reserve £3.2m, Major Incident Reserve £1.9m and Insurance Reserve £1m. As part of the 2019/20 budget decision it was concluded that the reserves policy be amended to require risk-based reserves at the minimum of the target range. This remains unchanged at the present time, although £0.7m of the general fund was replenished in 2018/19. This increases the financial risk being carried by the PCC and is a consequence of the desire to accept minimal risk based reserves to mitigate the operational risk. The reserves policy will be reviewed again when the budget is finalised.

8. Capital Programme

- 8.1 The forecasts for capital financing charges included within the budget calculations for 2020/21 and the MTFP are based on the provisional capital programme shown below:

TABLE C Draft Capital Programme

Capital Schemes	2019/20 Current Programme £m	2019/20 Expected Carry Fwd to 2020/21 £m	2020/21 Proposed Programme £m	2021/22 Proposed Programme £m	2022/23 Proposed Programme £m	2023/24 Proposed Programme £m
Building maintenance/improvements	1.328	-	1.170	1.020	1.000	1.000
Vehicle replacement	1.000	-	2.175	1.273	0.664	1.200
Blue Light Collaboration Partner	2.165	0.072	0.072	-	-	-
Blue Light Collaboration Police	2.960	0.010	0.010	-	-	-
ICT Transformation	2.412	-	0.843	0.250	1.250	0.250
Command and Control	3.997	3.497	3.497	-	-	-
Telematics	0.125	-	-	-	-	-
Telephony Replacement	0.100	-	-	-	-	-
ESMCP	1.840	1.490	2.000	-	-	-
ANPR	0.054	-	-	-	-	-
Equipment replacement	0.337	-	0.250	0.250	0.250	0.250
LRSP Camera Upgrade	-	-	-	-	-	-
Gymnasium Upgrades	0.297	-	-	-	-	-
Total	16.615	5.069	10.017	2.793	3.164	2.700

- 8.2 The 2020/21 to 2023/24 draft capital programme proposes a significant level of expenditure in 2020/21, mainly due to vehicle replacements, Command & Control and ESMPCP (Emergency Services Mobile Communications Programme).

The revenue impact of the capital programme is significant due to the high level of investment since 2018/19. The significant increases for vehicle replacement and ICT in 2020/21 means that shorter life assets are being funded from borrowing, this gives rise to a significant increase in capital charges (£0.5m) from 2021/22 onwards which may not be affordable. The increase has been further exacerbated by the recent increase in PWLB rates. The impact on the revenue budget is currently being reviewed and will be included in the final budget.

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

