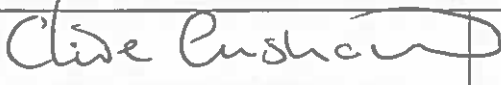




## DECISION PAPER

<b>DECISION: 2019/52</b>	<b>DATE: 20 FEBRUARY 2020</b>
<b>TITLE</b> The Police and Crime Commissioner for Lancashire's Revenue Budget and Council Tax for 2020/21 and Capital Investment Programme for 2020/21 and Future Years  Appendices A, B and C refer	
<b>REPORT BY: Steve Freeman</b>	
<b>Executive Summary</b> Police and Crime Commissioners are required by the Local Government Finance Act (LGFA) 1992 to set a Budget Requirement and a Council Tax Requirement for 2020/21 and to issue a precept prior to 1st March 2020. The precept is the total budget requirement less formula funding, which for 2020/21 is the sum of Police Grant and DCLG formula funding. This report provides all of the relevant information to assist the Commissioner in confirming the Revenue Budget, the Budget Requirement, Precept and Council Tax for 2020/21	
<b>Recommendation:</b> The Commissioner is asked to: <ul style="list-style-type: none"><li>• Agree the efficiency savings, reductions in costs, investment in the service and cost pressures as set out in the report;</li><li>• Agree a council tax requirement and precept for 2020/21, and consequent Band D amount that is based on a £10 increase on 2019/20 levels;</li><li>• Approve a net budget requirement for 2020/21 of £302.192m and consequent council tax requirement of £93.847m and Band D council tax of £211.45 as set out in Appendix 'A';</li><li>• Agree, on the basis of the above and the fixed ratios between valuation bands set by the Government, the Police and Crime Commissioner's council tax for each valuation as set out in Appendix 'B';</li><li>• Agree the 2020/21 delegated budgets for the Constabulary and the Office of the Police and Crime Commissioner.</li><li>• Approve the 2020/21 Capital programme and its funding and note the proposed programme for 2021/22 and future years</li></ul>	
<b>Signature</b> 	
<b>Police and Crime Commissioner</b>	
<b>Date</b> 20th February 2020	

**1. Background and Advice**

The report for consideration is attached at Appendix 'A'

**2. Link to Police and Crime Plan**

All of the Commissioner's priorities are met through the effective allocation and management of the revenue budget and capital programme.

**3. Consultation**

Consultation has taken place with key staff, stakeholders and the public

**4. Implications:**

Risk: The risks have been highlighted throughout the report.

**a. Legal**

Contained within the report

**b. Financial**

Contained within the report

**c. Equality considerations**

All savings proposals contained within the report are subject to equality impact assessments forming part of the internal decision making process that identifies them.

**5. Background Papers**

Appendix A: Revenue budget report and capital investment programme

Appendix B: 2020/21 Budget requirement and precept

Appendix C: Capital Investment Programme

**6. Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 and other legislation.

Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

<b>Officer declaration</b>	<b>Date</b>
<b>LEGAL IMPLICATIONS – As above</b>	
<b>FINANCIAL IMPLICATIONS – As above</b>	
<b>EQUALITIES IMPLICATIONS – As above</b>	
<b>CONSULTATION – As above</b>	

**Director to the Office of the Police and Crime Commissioner (Monitoring Officer)**

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

Signature.. *Alta* ..... Date.. 21-2-20 .....

**Police and Crime Commissioner for Lancashire  
Revenue Budget 2020/21  
Capital Investment Programme 2020/21 to 2024/25**

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**1. Background and Advice**

- 1.1. The Police and Crime Commissioner (PCC) for Lancashire is required under the Local Government Finance Act, to set a budget requirement and a council tax requirement for 2020/21 and to issue a precept prior to 1 March 2020. The precept is the total budget requirement less the sum of DCLG formula funding and Police Grant. As part of the process Commissioners are required to consult their Police and Crime Panel on the proposed precept level and to take the recommendations of the panel into account before setting the final precept. This report sets out the:
- Revenue budget for 2020/21
  - The Council Tax for 2020/21
  - The capital investment programme for 2020/21 and future years
- 1.2. In addition the report sets out the advice of the Commissioner's Chief Finance Officer on the robustness of the budget and the adequacy of the level of reserves as required by section 25 of the Local Government Act 2003.
- 1.3. The Commissioner took a report to the Police and Crime Panel on 4<sup>th</sup> February 2020 to set out his proposal in respect of the council tax precept for 2020/21. The Medium Term Financial Strategy (MTFS) and 2020/21 budget set out in that report reflected the provisional Police Finance Settlement for 2020/21 and estimated level of council tax base for 2020/21.
- 1.4. It was reported to the panel that the budget figures would change on receipt of final council tax base figures along with other factors that impact directly on spending, this report reflects those final figures.
- 1.5. In the Police Settlement announced on the 22<sup>nd</sup> January 2020, the government has made available an increase in grant funding to deliver an additional 6,000 police officers nationally by 31 March 2021 ('the national uplift programme').
- 1.6. The funding for 'uplift' covers the direct cost of the additional police officers (such as pay and direct on-costs). It also provides funding for the support infrastructure and equipment that the additional officers will need.
- 1.7. The Policing and Fire Minister is clear that to ensure that PCCs maintain their current levels of staffing he expects them to increase council tax by £10 for a Band D property to assist in meeting the existing cost pressures they face and in turn enable them to deliver the increase in officer numbers under the uplift programme.

**2. Government Funding 2020/21**

- 2.1. The government announced the Police Settlement on 22<sup>nd</sup> January 2020. Lancashire has been allocated police grant of £207.285m that includes funding for the support costs arising due to the recruitment of an additional 153 officers as part of the national 'uplift' programme.
- 2.2. Also provided is a specific grant of £4.276m for the pay costs of the additional 153 officers that will only be paid when recruitment of the additional 153 officers is completed.

- 2.3. Pension grant of £3.104m continues in 2020/21 to meet the increase in cost that came in to effect in 2019/20.
- 2.4. The overall grant allocation covers all costs relating to the delivery of 153 additional officers in Lancashire including support staff and infrastructure, equipment and systems and front line support for the additional workload generated through the extra officers.
- 2.5. It should be noted that Police grant of £207.285m is £36.2m less than the grant received by Lancashire in 2010/11. Since 2010/11 Lancashire has delivered annual savings of £86m to meet the shortfall generated by reductions in grant funding and increased costs.
- 2.6. In addition to Police grant, pension grant and the specific funding for the costs of additional officers in Lancashire, the PCC will receive the following **specific grants in 2020/21:**

	£m
Counter Terrorism Grant	1.626
Victims Services grant	1.722
<b>Total</b>	<b>3.348</b>

### 3. Council Tax

- 3.1. The council tax represents a significant source of revenue to support the police budget. Each year the 14 Unitary, Borough and City Councils determine their taxbase (the number of band D equivalent properties in the area) and the level of surplus or deficit on the Council tax Collection Fund in relation to council tax due for previous years.
- 3.2. The City, Unitary and Borough Councils have confirmed the **surplus** on the Council tax collection fund in 2019/20 at **£1,059,333**.
- 3.3. The City, Unitary and Borough Councils have also confirmed final taxbase figures for 2020/21 at **443,826.75** Band D equivalent properties.
- 3.4. The Police Funding announcement makes provision for Police and Crime Commissioners to increase their 2020/21 precept by up to £10 for a Band D property after which a referendum would be triggered.
- 3.5. The Commissioner proposed an increase in the 2020/21 precept of £10 for a Band D property to the Police and Crime Panel on 4<sup>th</sup> February 2020. The Panel considered the Commissioner's proposal and supported the proposal without further qualification or comment.
- 3.6. **The Commissioner is therefore proposing that the council tax precept for 2020/21 be increased by £10 to £211.45 per annum for a Band D property.**
- 3.7. The amount of council tax available in 2020/21 as a result of the agreed increase in charge and the final tax base amount is:

	£
Council Tax	93,847,166
2019/20 Council Tax surplus	1,059,333
<b>Council Tax 2020/21</b>	<b>94,906,499</b>

- 3.8. The total resources available to the Commissioner to set the 2020/21 revenue budget are therefore:

Resources in 2020/21	£m
Police Grant	207.285
Specific grant – Additional Police Officers	4.276
Specific Grant – Pension costs	3.104
Specific grants	3.358
Council tax	94.907
<b>Total resources 2020/21</b>	<b>312.930</b>

#### 4. Spending Requirement 2020/21

- 4.1. The total cost of delivering the **153 additional officers in Lancashire** as part of the national uplift programme is **£14.252m**. This includes the direct pay costs of the additional officers plus the cost of support services, the infrastructure and equipment required to service the increased workforce and the investment needed in additional front line support resulting from the increased workload generated by the increase in officer numbers.
- 4.2. Government has awarded Police Officers and Staff a 2.5% **pay** increase in 2019/20 and the forecast assumes a similar increase in 2020/21, the impact in 2020/21 is an increase to spending of **£6.121m**.
- 4.3. A number of budgetary pressures have been identified that relate to dealing with **additional demand** for the service, supporting the front line in meeting that increased demand and making the necessary investment in infrastructure that enables the service to operate effectively and is **sufficiently resourced to deliver the 153 additional officers in 2020/21**:

	2020/21 £m
Revenue consequences of the capital programme	0.467
Increased cost of injury awards for ill-health retirements	0.200
Contribution to insurance provision	0.100
Increased contribution to North West Regional Organised Crime Unit (ROCU)	0.071
Full year effect of previously agreed commitments	0.378
Inflation on non-pay budgets	1.094
Contribution to Capital Investment Programme	0.948
Increased insurance premiums	0.192
Police Control Room Operatives (PCRO) – career progression	0.725
Reduction in capital grant	0.827
	<b>5.002</b>

- **Revenue consequences of the capital programme**  
This represents the impact of previous years' spending through the Capital Programme upon the revenue budget and reflects changes to the costs of financing the programme in particular the forecast level of borrowing in respect of major accommodation schemes.
- **Increased cost of injury awards for ill-health retirements**  
The cost of additional injury awards to individuals retiring due to ill-health retirement continue to increase in value however, the number of awards remains consistent. The budget has been increased to meet the increased cost faced.
- **Insurance provision**  
A review of the combined liability policies has indicated that the value of historic claims combined with estimates of current claims significantly outstrips the value of provision made to meet these liabilities requiring an increase in the annual provision

for these costs. This provision is for costs arising from insurance claims that are not met through the Commissioner's insurance cover.

- **Increased contribution to North West Regional Organised Crime Unit (ROCU)**  
The annual cost of Lancashire's membership of the North West ROCU has increased due to the impact of the police officer and police staff pay awards and increased pension costs.
- **Full year effect of previously agreed commitments**  
A number of commitments were agreed in setting the budget for 2019/20 that have implications for the 2020/21 revenue budget.
- **Inflation on non-pay costs**  
Inflation at 2% is provided for non-staff costs incurred by the organisation totalling £0.649m. Specific contract inflation costs have also been identified for the provision of Custody Health Care (£0.170m) and for the provision of Forensic science services (£0.275m).
- **Increase contribution to capital investment programme**  
The required capital expenditure is considered later in the report. However, it is clear that the expenditure requirements for capital are significant, due mainly to the combination of an ageing estate and the need to deliver and develop essential information technology infrastructure. When this is compared to the level of resources available, there is a clear shortfall. To safeguard and mitigate this risk the annual contribution from the revenue budget is being increased to meet requirements in the capital investment programme for shorter life assets.
- **Increase on insurance premiums**  
Following the annual tender process for insurance cover for the PCC and Constabulary an increase has been identified in the costs of annual insurance premiums.
- **Police Control Room Operator (PCRO) – change in progression arrangements**  
The impact of the process delivers increased cost for the organisation.
- **Reduction in capital grant**  
The police settlement announcement confirmed a reduction in capital grant for Lancashire. The statement included the government's expectation that the cost of capital should be managed from within the revenue resources available to the Commissioner requiring a further contribution to be made from the revenue budget.

4.4. A key element of the Commissioner's financial management strategy is the ongoing review of the organisation's activity and the identification of additional cost reductions and savings that can be made. This work is undertaken in conjunction with the Constabulary's 'Futures Team' and has identified further savings that will be delivered in 2020/21 as follows:

	<b>2020/21</b>
	<b>£m</b>
Efficiency savings generated through continuous review of service	1.654
Reduced charge for National Air Support Service	0.240
Income from Forensic Science partnership	0.114
	<b>2.008</b>

- **Efficiency savings**  
A number of savings across the organisation have been realised through the ongoing efficiency review. Individual savings are small but aggregate to a significant contribution to the revenue budget position.
- **Reduced charge for National Air Support Service**

The Commissioner's investment in Drone capability has reduced the call on the National Air Support Service in Lancashire considerably. An element of the charge for this service reflects actual usage, as a result the forecast charge in 2020/21 is significantly lower than in previous years.

➤ **Forensic Academy**

*Additional income will be realised through the Forensic Academy partnership.*

4.5. The investment in additional front line services, cost pressures and savings identified above deliver a **spending requirement** in 2020/21 as follows:

	<b>£m</b>
<b>Budget Requirement 2019/20</b>	<b>289.563</b>
Uplift	14.252
Pay Award	6.121
Cost pressures	5.002
<b>Spending Requirement 2020/21</b>	<b>314.938</b>
Less: Savings and cost reductions	(2.008)
<b>Budget Requirement 2020/21</b>	<b>312.930</b>

## 5. The Revenue Budget 2020/21

5.1. The resources identified in 2020/21 and the spending requirement to deliver policing in Lancashire shown above therefore result in a balanced budget in 2020/21 summarised as follows:

	<b>£000</b>
2020/21 Spending Requirement	312,929.594
Less Specific Grant funding	-10,738.023
<b>2020/21 Net Budget Requirement</b>	<b>302,191.571</b>
Less Government Funding	-207,285.072
Less Council tax surplus 2019/20	-1,059.333
<b>Equals Council tax requirement 2020/21</b>	<b>93,847.166</b>
Divided by Tax Base	443,826.75
2020/21 Band D Council Tax	£211.45
2019/20 Band D Council Tax	£201.45
Increase	£10.00
Percentage Increase	4.96%

5.2. Attached at Appendix B is a full breakdown of the net budget requirement for 2020/21 of £302.192m and the consequent council tax for each valuation band.



## 6. Cash Limits

6.1. As part of the budget setting process it is necessary to set delegated cash limits for both the Office of the Police and Crime Commissioner and the Chief Constable. These are set out in the table below:

	<b>Cash Limit 2020/21</b>
	<b>£m</b>
<b>Constabulary:</b>	
Staff costs	232.656
ACC Territorial Operations	12.012
ACC Specialist Operations	3.615
Deputy Chief Constable	0.831
Director of Resources	23.514
Centrally managed budgets	20.086
<b>Total Constabulary</b>	<b>292.714</b>
Office of the PCC	1.284
Communications	0.120
Reducing Crime and Reoffending	0.822
Community Safety	0.735
Victim and Domestic Abuse services	0.593
Corporate budget	5.924
<b>TOTAL</b>	<b>302.192</b>

6.2. The corporate cash limit includes the costs of financing the capital programme and the financing of elements of the Local Government Pension Fund.

## 7. Investing for the future

7.1. In order to preserve the operational integrity and ability of the force in future years whilst delivering the savings required to meet the funding gap identified above, the Commissioner must consider a number of proposals that will change how the service operates.

7.2. It is recognised that, in order to deliver savings proposals to meet the funding gap faced by the Commissioner in future years, the way the police service is delivered will need to change significantly. It is also recognised that improving the efficiency in which assets are used such as buildings, infrastructure and IT networks and equipment, is crucial if the level of service being provided is to be maintained whilst the way it is delivered changes.

7.3. In order to improve the efficiency of the service it has been identified that significant investment is therefore needed in these assets which is recognised in both the ICT and the Asset Management strategies.

7.4. These strategies identify a number of investments that will ensure that, as far as is possible, frontline policing is protected and made as efficient as possible in future years. The one-off

investment is provided through the Commissioner's Capital Investment Programme. This investment will help to deliver the permanent savings in the revenue budget that are required in future years to ensure that the Commissioner can provide policing services in Lancashire within the resources he has available.

7.5. The Commissioner, as part of his medium term financial strategy, considers the investment needed to deliver the capital investment programme and has in recent years set aside specific reserves to provide the funding necessary to deliver these key investments. The following section of this report sets out the proposed investment programme and the funding that has been identified to deliver it.

## 8. Capital Investment Programme

8.1. The capital programme is set out below:

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

The Commissioner is *recommended to approve the capital programme for 2020/21 and note the proposed programme in 2021/22 and future years.*

8.2. The programme is set out in full at Appendix 'C' to this report and some of the main areas of investment are highlighted below.

### I.T. Strategy

- Replacement of equipment and mobile devices (£3.8m)
- New and replacement systems (£12.8m)
- Infrastructure replacement (£3.8m)
- Body Worn Video (£0.6m)

### Accommodation strategy

- Minor Capital works and refurbishment (5.0m)
- Major refurbishment schemes (£15.8m)
- Skelmersdale refurbishment (£7.1m)
- Refurbishment of Custody suites (£2.5m)
- Pendle Briefing Base (£13.0m)
- Burnley Police station (£22m)
- Hutton HQ rationalisation (£13.5m)
- Adaptations at Greenbank (£9.4m)
- New Public Order training facility (£7.0m)

### Financing the capital programme

8.3. The financing needed to support the proposed programme in 2020/21 and future years depends upon the extent of Government support for capital expenditure and upon financing decisions taken by the Police and Crime Commissioner. The Capital grant allocation for 2020/21 has been announced at £0.274m which represents a reduction of £0.847m from the grant provided in 2019/20.

8.4. Other financing available to support expenditure arises from the sale of property which generates a capital receipt, the use of ear-marked revenue reserves, contributions from the revenue budget and monies held within the capital funding reserve which arise from underspends in previous years and specific additional revenue contributions.

8.5. The capital programme also impacts on revenue expenditure from three main sources:

- capital financing charges and the impact of borrowing particularly for long term assets ( buildings)
- the use of our own resources, and
- revenue consequences arising from capital expenditure ( computer hardware/software maintenance costs and running costs of new builds)

8.6. The financing of the capital programme has been reflected in the Revenue Budget for 2020/21 and in the Medium Term Financial Strategy (MTFS) to 2024/25.

8.7. The investment programme is financed as follows:

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

The Commissioner is *recommended to approve the funding of the 2020/21 capital programme and note the proposed funding for future years.*

8.8. The table identifies 'financing to be identified' from 2021/22 onwards, this requirement forms part of the Commissioner's Medium Term Financial Strategy (MTFS) and reserves strategy.

8.9. The financing of the capital programme reflects the Commissioner's published Reserves Strategy including the forecast use of £6.3m from ear-marked investment reserves. This source of funding is used for assets with a shorter life such as IT systems and equipment as it is considered a more prudent approach to use such funding in this way rather than unsupported borrowing. Borrowing will continue to be used for the financing of longer life assets such as property as this reflects an appropriate method of financing for such assets.

8.10. The cost of the borrowing included in the financing of the capital programme is reflected in the revenue budget requirement and MTFS.

## 9. Reserves

9.1. It is illegal for the Commissioner to allow expenditure to exceed the resources available and the PCC's Chief Finance Officer (CFO) has a duty to report if it appears that this is likely to arise. A reasonable level of reserves is needed to provide an overall safety net against unforeseen circumstances.

9.2. The Commissioner sets out his reserves strategy each year that explains the reserves held and their planned use in conjunction with the Medium Term Financial Strategy.

9.3. The Commissioner holds two types of reserve, General reserves that are available to support the revenue budget and provide security should the organisation face an unexpected issue that realises a call on its resources. The forecast level of these general

reserves for 1 April 2020 is £10.175m or 3.4% of the 2020/21 revenue budget. The Chief Finance Officer considers general reserves at this level to be appropriate and in line with the Commissioner's Reserves Strategy.

- 9.4. There are also a number of earmarked reserves that are available to support the transition process including investment in capital projects that will support the delivery of savings in the future.
- 9.5. The Commissioner, in conjunction with the Chief Constable, will review the capital investment strategy and the reserves strategy during 2020/21 to ensure sufficient resources are made available for the financing of the capital programme in future years.

## **10. Robustness of the 2020/21 budget**

- 10.1. Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Finance Officer to advise the Commissioner as he is making budgetary decisions on the robustness of the assumptions underlying the budget and the adequacy of the Commissioner's reserves in the context of the financial risks to which the organisation is exposed.
- 10.2. The basis of the estimates on which the budget has been prepared, as in previous years, relies on forecasts of demand and other activity prepared by the constabulary. The forecast is kept under review as part of the budget monitoring process and actions identified to identify any financial risks arising from changes in the forecast as they occur. The main risks relate to the pace and depth of funding reductions and the ability of the organisation to deliver these within the required timeframes.
- 10.3. The resources available to the Commissioner to manage these risks consist of the various reserves held by the Commissioner, principally general funds and the transition fund. At this stage it is anticipated that general reserves will be maintained at around 4.0% of the Commissioner's budget requirement reflecting the level of financial risk that the combination of significant ongoing spending reductions and resource uncertainties creates. This should allow the Commissioner to respond to any changes that may occur in a planned way which provides stability to services and certainty to communities.
- 10.4. In addition to general reserves, the Commissioner maintains a range of earmarked reserves for specific purposes including investment in the capital programme as identified elsewhere in this report. The level and appropriateness of earmarked reserves is kept under review, in accordance with the Commissioner's reserves strategy, to ensure that sums are only held if required, and released when not. At this stage these reserves are regarded as adequate with plans in place to invest the majority of the earmarked reserves on the capital ICT infrastructure and estates strategies that will support the future of the constabulary as it downsizes and strives to deliver high quality services.
- 10.5. As the statutory finance officer of the PCC, the CFO must advise on the robustness of the estimates upon which the PCC's budget is based. At this stage the CFO's opinion is that the budget process has taken all practical steps to identify and make appropriate provision for the commitments to which the PCC is exposed.

### ***Risks and Uncertainties***

- 10.6. In determining the 2020/21 revenue budget and developing the Medium Term Financial Strategy a number of risks and uncertainties have been identified that could impact on the financial position of the Commissioner.
  - ***Impact of Comprehensive Spending Review.*** Funding for policing services beyond 2020/21 will be set out in the findings of the Comprehensive Spending Review that

will take place during 2020. Until these findings are reported the level of funding that will be available for forces remains uncertain.

- **Police officer uplift funding.** In the Police Settlement, the grant allocated in respect of the uplift programme recognises that the full year cost for new officers will not arise in 2020/21 and expects that 70% of the cost of new officers will be incurred. The funding provided to PCCs reflects this government assumption and it is therefore expected that further grant will be provided for the remaining 30% of these costs in 2021/22 (and therefore reflect the full year cost of the additional officers).  
There is a risk that the grant provided in 2021/22 does not meet the full year impact of the additional officers recruited in 2020/21 delivering a pressure on the revenue budget.  
There is a further risk that the grant provided by government in 2021/22 for the second tranche of the uplift programme does not cover the full costs of delivering the next phase of additional officers.
- **Emergency Services Network (ESN) - Replacement of Airwave** The emergency services communications network 'Airwave' replacement programme has already 'slipped' by more than two years. There is a financial consequence of a delay in moving over to the new system that is not yet clear. There is also a capital requirement for the equipment that will be required to operate on the new system that will impact upon future years' capital investment programme. The financial impact of these is not yet fully known with estimated provision included in the draft capital programme based on best available information. When further information is received from the Home Office the financial forecast will be updated.
- **Impact of cuts to Local Government funding** Local Authorities continue to face significant budget reductions. As services are removed or reduced, particularly in relation to mental health care, adult social care and children safeguarding, the demands faced by policing services increase dramatically. The impact of these changes is extremely difficult to forecast but as information becomes available it will be reflected in future iterations of the MTFs.
- **Impact of Government Policy** Central government has introduced a number of national programmes focussed on specific areas of activity for policing. These have been funded through specific grant but confirmation of such grants is often at short notice and within strict time-bound constraint. Enabling such activity can have a wider impact on the revenue budget.

## 11. Equality Impact Assessments

- 11.1. The Commissioner and the Constabulary have a 'Futures' Programme to identify and deliver the required savings. As each review area is progressed an equality impact assessment is carried out to assess the impact of the proposed recommendations on service recipients and is an integral part of the process.

## 12. Consultations

- 12.1. The Commissioner has undertaken survey with the people of Lancashire to ensure their needs are taken into consideration when setting the council tax precept.
- 12.2. 1,528 Lancashire residents took part in the consultation and were asked how much they would be willing to pay for council tax during 2020/21 to support policing in Lancashire. 77% supported paying an increase.
- 12.3. Nearly half (49%) were willing to pay an extra 19.4p per week (5%) for a Band D property, to support policing in Lancashire, with a further 28% that were willing to support an increase

but at the lower level of 7.7p per week (1.99%) for a Band D property. Less than a quarter (23%) said they would prefer if it were frozen and there was no increase from 2019/20.

- 12.4. Telephone Interviews were conducted with 704 people using quota sampling to ensure the sample was representative. Quotas for age, gender and ethnicity were set using the 2017 mid-census figures and the sample included representation from each of the policing districts. A second survey was designed for self-completion and hosted online on the Commissioner website, promoted via social media, and received 824 responses. Fieldwork took place between 10th and 17th January 2020.
- 12.5. The Police and Crime panel for Lancashire was consulted on, and approved, the precept proposal for 2020/21 on 4<sup>th</sup> February 2020 and received the results of the public consultation exercise as part of that report.
- 12.6. Close consultation on the preparation of the budget and savings proposals has been carried out with the Chief Constable and his senior officer team.

### **13. Summary**

The Commissioner is asked to consider this report and the recommendations within it, including the approval of a £10 increase to the council tax precept for a Band D property in 2020/21.

## Police and Crime Commissioner for Lancashire

### 2020/21 Budget Requirement and Precept

1. The Commissioner is asked to approve the net budget requirement for 2020/21 of £302,191,571 and consequent council tax requirement of £93,847,166 and Band D Council Tax of £211.45 (£10 or 4.96% increase from 2019/20) as follows:

	£000
2020/21 Spending Requirement	312,929.594
Less Specific Grant funding	-10,738.023
<b>2020/21 Net Budget Requirement</b>	<b>302,191.571</b>
Less Government Funding	-207,285.072
Less Council tax surplus 2019/20	-1,059.333
<b>Equals Council tax requirement 2020/21</b>	<b>93,847.166</b>
Divided by Tax Base	443,826.75
2020/21 Band D Council Tax	£211.45
2019/20 Band D Council Tax	£201.45
Increase	£10.00
Percentage Increase	4.96%

2. On the basis of the above and the fixed ratios between valuation bands set by the Government, the Police and Crime Commissioner for Lancashire's council tax for each valuation would be:

BAND	£
Band A	140.97
Band B	164.46
Band C	187.96
<b>Band D</b>	<b>211.45</b>
Band E	258.44
Band F	305.43
Band G	352.42
Band H	422.90

3. Based on each district and unitary council's proportion of the total Band D equivalent tax base of 443,826.75 the share of the total Police and Crime Commissioner for Lancashire's precept of £93,847,166 to be levied on each council would be:

	£
Blackburn with Darwen	7,522,870.83
Blackpool	7,856,847.65
Burnley	4,944,546.80
Chorley	7,916,375.05
Fylde	6,478,616.55
Hyndburn	4,429,454.60
Lancaster	8,817,465.00
Pendle	5,129,269.52
Preston	8,270,655.30
Ribble Valley	4,995,083.35
Rossendale	4,363,270.75
South Ribble	7,627,783.87
West Lancashire	7,607,744.75
Wyre	7,887,182.27
	<u>93,847,166.29</u>



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

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

