


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

REF: 011/2013  
DATE: 9 May 2013

<b>SUBJECT</b>		<b>PROVISIONAL REVENUE OUTTURN 2012/13</b>
<b>REPORT BY</b>	<b>CHIEF FINANCE OFFICER AND CHIEF CONSTABLE</b>	
<b>CONTACT OFFICER</b>	<b>ALUN JONES, INTERIM FORCE CHIEF FINANCE OFFICER TELEPHONE: (01522) 558187</b>	
<b>EXECUTIVE SUMMARY AND PURPOSE OF REPORT</b> This report outlines the provisional outturn of actual expenditure and income for 2012/13 and compares this with the approved budget for that year.  There is a provisional underspending of £2.383m or 2.1% of the gross budget.  The report makes proposals for the use of this underspending.  It also makes proposals on allocations to reserves at 31 March 2013.		
<b>RECOMMENDATIONS</b>	<i>It is recommended that:</i>  <i>(a) the proposed use of the 2012/13 revenue surplus as set out in Table B of the report is agreed;</i>  <i>(b) the proposed reserves at 31 March 2013 as set out in Appendix B of the report are agreed;</i>  <i>(c) the proposed reserves be adjusted to reflect any changes to the provisional figures by the Chief Finance Officer in consultation with the Police and Crime Commissioner and the Chief Constable.</i>	

**POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE**

I hereby approve the recommendation above, having considered the content of this report.

Signature: 

Date: 09/05/13

## A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

### A1. INTRODUCTION AND BACKGROUND

#### Provisional outturn compared with budgets

1. The provisional outturn of expenditure compared with budgets is shown at Appendix A attached. It should be noted that the outturn figures are provisional at this stage and may alter as closure of accounts work is checked and finalised. The main variances from approved budgets are described below:
  - an underspending of £0.260m on forensics testing within Crime Command Other Expenditure where new regional protocols are reducing the number of tests ;
  - an underspending within Strategic Partnership Contract Payments on the revenue costs of the G4S transformation programme of £0.494m. This results from slippage in the programme and the underspending will need to be carried forward into the current financial year ;
  - an underspending of £0.412m on Major Incidents where demand has been substantially lower than estimated ;
  - an underspending of £0.399m on Monitored and Managed Budgets including premises costs and training costs ;
  - an underspending within the budget for National Contributions and Central Costs reflecting additional mutual aid income of £0.350m from other forces in connection with the Olympic Games ;
  - an underspending on Capital Financing Charges of £0.334m. This reflects the proposals in the Treasury Management Strategy in relation to the Minimum Revenue Provision i.e. the appropriate charge to the revenue budget for the repayment of debt.
  - An underspending of £0.254m representing the balance left in the contingency budget.

#### Provisions

2. The provisional outturn now includes some provisions which were not included explicitly in budget monitoring reports. Provisions must be included in the accounts in certain circumstances where an event has taken place which creates, or probably creates, an obligation for the PCC to make payments.

#### Earmarked reserves

3. A variety of reserves are maintained for specific purposes.
4. The following is proposed in relation to the main earmarked reserves:
  - Major incidents – retain at £1.850m. Actual spending on major incidents in 2012/13 was £0.469m. The 2013/14 budget provides £0.740 m with the reserve funding any excess above this. There has been less pressure on this budget in recent years as a result of regional collaboration.
  - Insurance – retain at £0.750m

- Reserve for 2013/14 budget – retain at £1.500m and re-title. This reserve was established to balance the 2013/14 budget. It will now be required to balance the 2014/15 budget.
  - The Police Authority approved the transfer of £0.693m from earmarked reserves largely to fund advancing the recruitment of police officers. It is proposed that this transfer is confirmed.
  - A budget of £1.116m was included in the 2012/13 budget for historic pension costs. This is intended as a contribution toward reducing the historic deficit on the police staff pension fund. It is proposed to transfer this to a Pension Contribution Reserve. The position on the pension fund, including the potential use of the reserve, will be considered when the results of the current pension fund revaluation become available in the Autumn.
5. It is also proposed to transfer a number of existing reserves into a Performance and Productivity Reserve. This would include the existing business change and business transformation reserves as well as the remaining balances on the Police Authority and PCC reserves. It is proposed to transfer £0.500m into this reserve.
  6. This would be available to fund the one off costs of projects which will improve performance or productivity, or produce cash savings. This could include some of the projects put forward at Appendix C of this report. Funding will be released as business cases are approved by the PCC.
  7. It is proposed to close the smaller reserves, many of which have remained unspent for some years.

General reserve

8. The requirement for a general reserve for general financial risks is based on a financial risk assessment. The current assessment suggests that reserves for general risks should be maintained within the range £5.220m to £11.250m. : the mid point of this range is £8.235m.
8. The existing level of reserves for these risks is £8.267m. as shown in the table below i.e. slightly above the mid point of the target range.

**TABLE A**

<b>GENERAL RESERVE AT 1 APRIL 2012</b>		<b>£000'S</b>
General reserve		5.667
Major Incidents Reserve		1.850
Insurance Reserve		0.750
<b>Total</b>		<b>8.267</b>

9. It is proposed that the general reserve is maintained at £5.667m.
10. Proposals on reserves are summarised at Appendix B.

#### Carry Forward of Underspendings

11. It is proposed that the remaining balance of the revenue surplus is carried forward and used for the following purposes:
- £0.494m to meet the revenue costs of the business transformation programme which will now arise in 2013/14 due to slippage of work, and consequent underspending, in 2012/13
  - £0.480m to provide for the revenue costs of the 2013/14 transformation programme. Provision was included in the capital programme but it is now recognised that some transformation expenditure must be classified as revenue spending.
  - £1.000m for the Volunteers initiative. This will provide up to £0.400m in 2013/14 and £0.300m in each of the following two years. This will make provision up to and including 2015/16.
  - £0.074m for items 1 to 3 of the carry forward requests noted at Appendix C. These requests need to be considered as a matter of urgency. It is proposed that business cases for the remaining carry forward requests at Appendix C be considered for funding from the Performance and Productivity Reserve.

#### Summary

12. The proposed use of the surplus on the 2012/13 revenue account is summarised below.

**TABLE B**

<b>REF.</b>	<b>PROPOSED USE OF THE 2012/13 REVENUE SURPLUS</b>	<b>£M</b>
1	Transfer to Pension Contribution Reserve	1.116
2	Transfer from Police Officer Reserve	-0.693
3	Carry forward of revenue underspending on business transformation programme	0.494
4	Provide for revenue costs of 2013/14 business transformation projects included in the capital programme	0.480
5	Volunteers initiative	1.000
6	Carry forward requests – items 1 to 3 of Appendix C	0.074
7	Transfer from reserves no longer required	-0.088
	<b>Total</b>	<b>2.383</b>

**A2. LINKS TO POLICE AND CRIME PLAN AND PCC'S STRATEGIES/PRIORITIES**

The recommendations include providing funding to support an increase in numbers of volunteers. They also provide funding to help improve performance, productivity and value for money.

**B. FINANCIAL CONSIDERATIONS**

As described in the report.

**C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS**

*[This should include the legal powers the PCC has for making the decision]*

None specific.

**D. PERSONNEL AND EQUALITIES ISSUES**

None.

**E. REVIEW ARRANGEMENTS**

None required.

**F. RISK MANAGEMENT**

Financial risks are taken into account in the recommendations including proposals on carry forward of underspendings, provisions and reserves.

**H. 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? **Yes**

If Yes, for what reason:

This provides information on potential payments to employees which could prejudice the PCC's position in any negotiations on these matters.

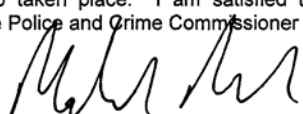
**ORIGINATING OFFICER DECLARATION**

	Tick to confirm
Originating Officer: Alun Jones recommends this proposal for the reasons outlined above.	✓
Financial advice: The PCC's Chief Finance Officer has been consulted on this proposal.	✓
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: 9/5/13

APPENDIX A

Provisional outturn report

		Current budget	Provisional outturn	Provisional over or (under ) spending
		£'000	£'000	£'000
1	Police officer salaries	57,406	57,007	(399)
2	Police officer ill health and injury benefit costs	1,245	1,448	203
3	Crime Command - support staff	4,133	4,197	64
4	Crime Command - other expenditure	2,201	1,768	(433)
5	Local Policing Command - PCSO's	4,010	5,624	1,614
6	Local Policing Command - other expenditure	754	502	(252)
7	Lincolnshire County Council contribution	(1,500)	(1,500)	0
8	LRSP - expenditure	535	638	103
9	LRSP - income	(876)	(960)	(84)
10	Operations Command	1,296	1,305	9
11	Major incidents	881	469	(412)
12	Regional collaboration	2,482	2,429	(53)
13	Seconded officers - expenditure	1,164	1,153	(11)
14	Seconded officers - income	(1,170)	(1,125)	45
15	Strategic partnership contract payments	21,904	21,626	(278)
16	Monitored and managed - premises costs	3,019	2,936	(83)
17	Monitored and managed - vehicle costs	1,700	1,662	(38)
18	Monitored and managed - HR and training costs	639	486	(153)
19	Monitored and managed - ICT costs	1,440	1,509	69
20	Monitored and managed - other costs	880	743	(137)
21	Strategic Development	1,494	1,359	(135)
22	Communications	475	423	(52)
23	Legal Services	413	457	44
24	Commercial Partnership Team	439	386	(53)
25	Finance - retained budget	389	391	2
26	Professional Standards	214	214	0
27	National contributions and central costs	924	294	(630)
28	Historic pension costs	1,116	0	(1,116)
29	Capital financing charges	3,109	2,718	(391)
30	Investment income	(150)	(132)	18
31	Contingency	254	0	(254)
32	Police and Crime Commissioner's Office	1,050	862	(188)
33	Community safety grants and contributions	380	380	0
34	Council tax	(44,317)	(44,317)	0
35	Police and Formula Grant	(62,954)	(62,954)	0
36	Council Tax Support Grant	(1,059)	(1,058)	1
37	Community Safety Fund income	0	0	0
38	Other government grants	(3,226)	(3,323)	(97)
39	Contribution from/to earmarked reserves	(693)	0	693
	<b>Total</b>	<b>0</b>	<b>(2,383)</b>	<b>(2,383)</b>

APPENDIX B

RESERVES

	Balance at 1.4.2012	Use of surplus	Transfers	Proposed balance at 31.3.2013
	£000's	£000's	£000's	£000's
1 Major incidents	1850			1850
2 Insurance	750			750
3 2013/14 budget	1500			1500
4 Police officer	693	-693		0
5 Pension contribution	0	1116		1116
6 Business change fund	213		-213	0
7 Business transformation	60		-60	0
8 Migration impact	86			86
9 POCA	154			154
10 PCC	150		-150	0
11 Police Authority	40		-40	0
12 EMSOU	117			117
13 Employee welfare	42			42
14 Funded fleet vehicles	31	-31		0
15 PRIDE	23	-23		0
16 IMU agency	17	-17		0
17 Time limited posts	9	-9		0
18 Consultancy	8	-8		0
19 Domestic violence admin.	11		-11	0
20 Neighbourhood Watch	9		-9	0
21 Crime and Intelligence	4		-4	0
22 Farm and country watch	7		-7	0
23 Moorland youth warden	1		-1	0
24 Grantham cadets	1		-1	0
25 Crime prevention payments	3		-3	0
26 Skirbeck skate park	1		-1	0
27 Performance and productivity	0		500	500
28 Volunteers initiative		1000		1000
29 Underspendings carried forward	0	1048		1048
<b>Total earmarked reserves</b>	<b>5780</b>	<b>2383</b>	<b>0</b>	<b>8163</b>
<b>General reserve</b>	<b>5667</b>			<b>5667</b>
<b>Total</b>	<b>11447</b>	<b>2383</b>	<b>0</b>	<b>13830</b>



APPENDIX C

CARRY FORWARD REQUESTS

Ref.	Description	Benefits	Cost £000's	Reasons for requiring an addition to the 2013/14 budget
1	Chemical, Biological, Radiation, Nuclear instructors course	This requirement is driven by COP national accreditation standards. Without this course the Force will be unable to train and maintain the CBRN capability and its contribution to regional and national response. It would have to buy in that capability at higher cost.	10	The 2013/14 training budget is fully committed. This proposal seeks to use some of the underspending in the 2012/13 training budget.
2	Leadership Development Programme	<p>There is overwhelming evidence in numerous recent inspections and reviews that investment in developing our front line supervisors is crucial to our organisational success. Previously this was provided by Beech but focused only on managerial development. This programme brings it in house at reduced cost and focuses equally on operational practical skills as well as managerial and leadership development</p> <p>The £40k requirement relates to mandatory elements in training for inspectors and sergeants.</p> <p><b>Professionalism of leadership</b></p> <p>The importance of good leadership has consistently and frequently been emphasised to our staff, with senior officers being very clear in their expectations regarding accountability and responsibility. This emphasis should be supported by the appropriate development of future and current leaders in order for them to obtain the skills required.</p> <p>The programme also aligns with national frameworks such as the National Occupational Management Standards and new developments such as Direct Entry (the formal qualification available at Inspector level (level 5 CMI) provides the level presently assumed to be the expectation for direct entry at Inspector rank).</p> <p><b>Supports talent management</b></p> <p>The force is currently developing a talent management programme, which will be supported by this programme. The active involvement of the line manager</p>	40	As in 1 above.

3	Preparation for EU project	<p>together with the CPD Portfolio, which will require work related evidence of leadership development, will enable the early identification of talent in the organisation.</p> <p><b>Provides an 'audit trail' of leadership development</b></p> <p>The programme will provide continuity when a leader moves roles. It will do this in two ways; firstly, the existence of mandatory training at each level will enable the new line manager to know exactly what level their staff member has achieved and secondly the CPD Portfolio will contain information specific to the individual so their new line manager can easily review their skills and development requirements.</p> <p><b>Provides evidence of business benefits to justify training costs</b></p> <p>The return on investment for leadership training has been difficult to evidence in the past, mainly informed through post-training surveys and anecdotal evidence. It is important that the force gains the greatest value for money from every pound spent and this programme will enable the monitoring of development and achievement of each individual (through both the mandatory and elective elements of the programme) from first line supervisor to Chief Officer and track this against financial investment.</p> <p><b>Increased staff morale</b></p> <p>It is well known that investment in staff through training and professional development is a motivator. We have entered a period where the landscape in policing (and indeed in the public sector) is changing, with promotional opportunities reducing for both officers and staff. It is therefore more important than ever that we create other ways of increasing staff morale and motivation. Through this programme the force is demonstrating investment in its staff and offering opportunities not previously available.</p> <p>The programme also enables new employees to see a clear career path right from the start, which will make Lincolnshire Police a more attractive employer.</p>	24	One off cost. Allowance made in 2012/13 ACCs' budget but not required until 2013/14
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4	Dedicated victim call back team	<ul style="list-style-type: none"> <li>• Provision of an initial contact to victims of crime.</li> <li>• Establishment of a quality assurance audit for compliance with the Victims Code of Practice.</li> <li>• The extension of the contract calls to include anti social behaviour which will improve service delivery within this area.</li> <li>• Manage expectations with the public and within the organisation and provision of a more rounded understanding of the Criminal Justice System.</li> <li>• Provide information on support agencies and ways that the public can get involved.</li> <li>• Provision of a faster more efficient way of keeping victims informed with their preferred contact method with accurate contact details.</li> <li>• A reduction in the number of officer hours spent updating victims and witnesses of crime.</li> <li>• The portal is a two way communicator enabling victims to send messages directly to officers which will release further hours and increase satisfaction due to the reduced amount of call-backs that are required.</li> <li>• The provision of information within "Track my Crime" is up to date and drawn from existing police systems therefore reducing double keying.</li> <li>• Avon and Somerset Police, who host "Track my Crime", will be responsible for maintenance and administration of the system.</li> <li>• The portal has been identified as best practice by the Ministry of Justice, Victim Support and other police forces.</li> <li>• The portal is cheaper than that of a bespoke system for Lincolnshire Police.</li> <li>• The FCR is likely to experience a reduction in non emergency calls allowing core staff to focus on emergency response.</li> <li>• Provides an ease of access for victims to report incidents and to raise queries.</li> <li>• Improved level of service to victims of crime through immediate online reporting of the incident.</li> <li>• Ability to capture data in a consistent manner such as preferred method of contact.</li> <li>• Enforcement and influence over the compliance with the VCOP and Witness Charter.</li> <li>• More efficient service to victims, staff and officers by providing a more enhanced service to the public.</li> <li>• Providing information to the public about key agencies and charities that will provide support and advice.</li> </ul>	100	Additional funding is requested for a pilot scheme in 2013/14.
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		<ul style="list-style-type: none"> <li>Demonstration of the commitment to the public and the delivery of the Police and crime Plan.</li> <li>A more holistic and joined-up approach within the CMB, for victim services and for the cradle to grave life of a crime.</li> <li>Collaboration between the Witness Care officers and the Victim Care assistants which would provide omniscient staff and areas for personal development.</li> </ul>		
5	Mobile ID	This refers to mobile fingerprint identification devices provided through a Home Office contract. These devices allow on patrol fingerprint scanning and identification against the national fingerprint database. Their use results in faster verification of details and identification of persons known to the police. There is a time saving for both members of the public and police officers e.g. in removing the need to take people to police stations to verify their identity. The cost shown would provide for six devices which would be deployed with Roads Policing Unit vehicles.	18	One off implementation cost for pilot project.
6	Blueworld 8 mapping	The current mapping is very old and soon will not be supported by Northgate. Mapping is essential in relation to operational response, locating systems for officers and vehicles and tracking assets in real time deployments  Kelly Rodgers and her team are working on very old mapping systems. It is clear that the new version 8 would be an improvement to their product and save a great deal of time.	55	One off implementation cost.
7	Public Protection Unit		27	Additional DCI post. To be offset by one constable post within the 1100 establishment. Additional cost represents the difference in salary costs.
8	Estates backlog maintenance issues	Reduced risk of loss of service or potentially closing buildings (or parts of) and improvement to sub standard internal and external building fabric and staff facilities.	250	One off funding to address backlog issues.