


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

REF: 007 / 2018

DATE: 29 January 2018

| | | |
|---|---|-------------------------------|
| SUBJECT | | POLICE PRECEPT 2018/19 |
| 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 2018-19.</p> <p>The report attached at Appendix 1 presents the proposed Precept and Council Tax Requirement 2018-19 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: 29/1/18 |

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. PROPOSED PRECEPT AND COUNCIL TAX REQUIREMENT 2018-19

Statutory Requirements

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

Summary of Precept and Council Tax Requirements

- 1.3 A detailed summary of the Commissioner's proposed Precept and Council Tax Requirement for 2018-19 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 £12 per annum for a band D property. The Commissioner is committed to maintaining existing service levels and is therefore proposing an increase in the police precept of £11.97 (5.8%) for 2018-19.
- 1.4 The Police and Crime Commissioner's share of council tax is shown in the table below. This illustrates the impact of a 5.8% increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 23 pence per week.

| BAND | 2017/18 Council Tax £ | Increase £ p.a. | 2018/19 Council Tax £ | Increase pence per week £ |
|-------------|--------------------------------------|----------------------------|--------------------------------------|--|
| A | 136.98 | 7.98 | 144.96 | 0.15 |
| B | 159.81 | 9.31 | 169.12 | 0.18 |
| C | 182.64 | 10.64 | 193.28 | 0.20 |
| D | 205.47 | 11.97 | 217.44 | 0.23 |
| E | 251.13 | 14.63 | 265.76 | 0.28 |
| F | 296.79 | 17.29 | 314.08 | 0.33 |
| G | 342.45 | 19.95 | 362.40 | 0.38 |
| H | 410.94 | 23.94 | 434.88 | 0.46 |

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 severe financial difficulties is highlighted in both the Police and Crime Commissioner and Force Risk Registers.

G. PUBLIC ACCESS TO INFORMATION

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

Is the publication of this form to be deferred? No

If Yes, for what reason:





Until what date:

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

Is there a part 2 form? No

If Yes, for what reason:

ORIGINATING OFFICER DECLARATION

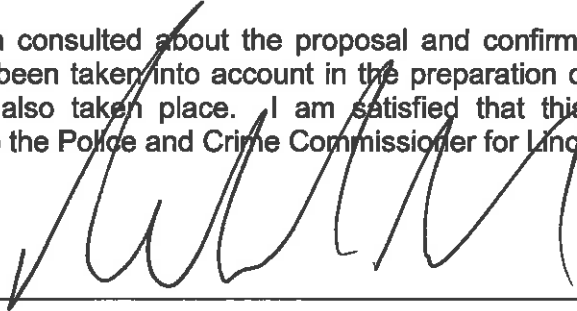
| | Initial to confirm |
|--|---|
| Originating Officer: The Chief Finance Officer recommends this proposal for the reasons outlined above. |  |
| Financial advice: The CC's Chief Finance Officer has been consulted on this proposal. |  |
| Monitoring Officer: The PCC's Monitoring Officer has been consulted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

OFFICER APPROVAL

Chief Executive

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

Signature:



Date: 29/1/18



**Lincolnshire
POLICE & CRIME
COMMISSIONER**

SAFER TOGETHER

**REPORT TO THE POLICE & CRIME PANEL
POLICE PRECEPT 2018/19**

1. Introduction

1.1 My proposals for the Police Precept 2018/19 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 22 December 2017. I received almost 3,000 responses which are analysed in Appendix A attached. My precept proposal for 2018/19 reflects careful consideration of the views expressed in response to my consultation.

2. Government Grant

2.1 The Provisional Police Grant Report accompanied by a Written Ministerial Statement was laid before Parliament on 19th December 2017. The police settlement covers just one year. In his written statement the Minister confirmed that police grant would be maintained at the 2017/18 level for 2018/19 and announced a relaxation of the precept cap to allow an additional £12 per annum for a Band D property.

2.2 The Minister also sought to provide greater visibility on plans for 2019/20. He indicated his intention to maintain a broadly flat police grant in 2019/20 and the same precept flexibility in 2019/20. However, this would be dependent on the police service delivering clear progress against agreed milestones on productivity and efficiency in 2018.

- 2.3 The Minister also referred to the Core Grant Distribution Review (funding formula review) and indicated that this would be revisited in the next Spending Review, which means 2020/21 at the earliest. In light of this announcement I have removed all grant increase assumptions in the Medium Term Financial Plan (MTFP).
- 2.4 The provisional settlement is subject to consultation and I have written to the Minister of State for Policing and Fire Services expressing my views (Appendix B). The provisional settlement will be debated by Parliament during February 2018 following which the final grant allocations will be confirmed.
- 2.5 Further detailed information on government grant is included within Appendix C 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 2017 on 19th December 2017. In 2018/19 all PCCs will be allowed to increase band D bills by as much as £12. In order to avoid a costly local referendum, I propose an increase in the police precept of £11.97 (5.8%) for 2018/19. Nevertheless, I will be unable to bridge the funding gap for 2018/19 without the use of reserves.
- 3.3 My medium term financial plan (MTFP) is based upon annual council tax increases of £11.97 per annum per Band D property in 2018/19 and £12 in 2019/20 in line with the relaxation of the precept cap, it then reverts back to a 2% per annum increase in 2020/21 and 2021/22.

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 2017/18 assumption.
- 4.2 The budget proposals described in the remainder of this report assume an £11.97 (5.8%) council tax increase for 2018/19, a 5.5% increase in 2019/20 and a 2% increase for each of the subsequent 2 years of the MTFP.
- 4.3 The potential impact of a revised Funding Formula within the MTFP has been removed based upon a prudent reflection that this will be revisited in the next Spending Review, which means 2020/21 at the earliest.
- 4.4 £5.3m of reserves is included in balancing the 2018/19 budget; beyond 2018/19 the MTFP has a budget gap of £6.5m by 2021/22.
- 4.5 To achieve financial balance beyond 2018/19, it is clear that, without a more equitable slice of the national police grant, or substantial precept rises in future years, Lincolnshire would see significant degradation of service from 2019 onwards. That would undoubtedly take the form of fewer Police Officers, Police Community Support Officers (PCSOs), and the staff who support them.

| Provisional Income | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---|------------------|------------------|------------------|------------------|------------------|
| | £000s | £000s | £000s | £000s | £000s |
| Police Grant | (57,907) | (57,907) | (57,907) | (57,907) | (57,907) |
| 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 | (46,392) | (48,988) | (52,208) | (53,785) | (55,409) |
| Victim Services Grant | (865) | (864) | (864) | (864) | (864) |
| Custody Contract | (2,143) | (2,268) | (2,268) | (2,268) | (2,268) |
| Proceeds of Crime Income | - | (120) | (120) | (120) | (120) |
| Innovation Blue Light | (250) | - | - | - | - |
| Contribution to / (from) Reserves | (3,868) | (4,603) | (310) | - | - |
| Spedal Grant Claim | - | - | (1,000) | - | - |
| Contribution from 2017/18 underspend | - | (685) | - | - | - |
| Apprentice Levy Clawback | - | (106) | (111) | (111) | (111) |
| Total Police and Crime Commissioner Income | (118,258) | (122,374) | (121,621) | (121,888) | (123,512) |

Table 1

5. Expenditure Plans

5.1 Total spending in 2018/19 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 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---|----------------|----------------|----------------|----------------|----------------|
| | £000s | £000s | £000s | £000s | £000s |
| Police and Crime Commissioner - Expenditure | 30,795 | 32,408 | 33,837 | 35,580 | 36,542 |
| Chief Constable - Expenditure | 86,251 | 88,812 | 90,033 | 91,252 | 92,352 |
| Joint Services - Expenditure | 1,213 | 1,154 | 1,154 | 1,154 | 1,154 |
| Cost Reduction Programme | - | - | (3,403) | (6,098) | (6,536) |
| Total Provisional Expenditure | 118,258 | 122,374 | 121,621 | 121,888 | 123,512 |

Table 2

5.3 The budget proposals include provision for victims' services expenditure in line with estimated grant of £0.9m. Provision for crime and disorder reduction grants is set at £0.8m. The budget also includes provision for strategic partnership contract payments of £22.9m and capital financing charges of £2.86m.

5.4 The Chief Constable's 2018/19 budget includes £59m for police officer salaries and £4.0m for PCSO salaries. As with 2017/18, the budgets for the period to 2021/22 are based on retaining 1,100 police officers.

6. Service Impact

6.1 The budget for 2018/19 shows a balanced position but a budget gap remains for 2019/20 and beyond. The Chief Constable is currently formulating detailed plans to address this should our efforts to secure further Home Office grant be unsuccessful.

6.2 Plans for 2018/19 include a significant investment in a new Command & Control system 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 future headcount reductions, there would nevertheless be a service impact.

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

7. Council Tax

- 7.1 My proposed Council Tax increase for 2018/19 is £11.97 (5.8%). This is £217.44 for a Band D property. This increase alone provides £2.7m of additional funding.
- 7.2 The Police and Crime Commissioner's share of council tax is shown in the table below. This illustrates the impact of an £11.97 (5.8%) increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 23 pence per week.

| BAND | 2017/18 Council Tax £ | Increase £ p.a. | 2018/19 Council Tax £ | Increase pence per week £ |
|-------------|--------------------------------------|----------------------------|--------------------------------------|--|
| A | 136.98 | 7.98 | 144.96 | 0.15 |
| B | 159.81 | 9.31 | 169.12 | 0.18 |
| C | 182.64 | 10.64 | 193.28 | 0.20 |
| D | 205.47 | 11.97 | 217.44 | 0.23 |
| E | 251.13 | 14.63 | 265.76 | 0.28 |
| F | 296.79 | 17.29 | 314.08 | 0.33 |
| G | 342.45 | 19.95 | 362.40 | 0.38 |
| H | 410.94 | 23.94 | 434.88 | 0.46 |

Table 3

Marc Jones
The Police and Crime Commissioner for Lincolnshire
5th February 2018



Lincolnshire
POLICE & CRIME COMMISSIONER

SAFER TOGETHER

BUDGET CONSULTATION

I am delighted to report to the panel that at the end of last year I launched one of most comprehensive consultations ever undertaken by a PCC.

Knowing this county faced some significant challenges which need to be addressed I launched a wide ranging public consultation designed to cover a breadth of subjects.

They included issues from people's actual experience of crime versus their fear of crime, to where they would deploy extra officers if they were available and the appetite to pay more for policing in Lincolnshire.

We set out to create a consultation that met a professionally accepted level of engagement, so the statistical analysis would be robust in sample sizes covering age range, gender, social grouping and geographical residency.

Not only did we manage to reach that target but we exceeded it by 50% - with 1,000 more taking part in the 10-minute survey than we originally planned.

It is one of the most comprehensive consultations carried out in Lincolnshire and, I believe, by any PCC across the UK.

The approach taken in the survey was to ensure that every district council area had at least 265 respondents to the survey to ensure that data from each area was statistically robust enough to rely upon.

In every single area our original target was exceeded.

APPENDIX A

The ONS mid-year 2017 population estimate for Lincolnshire of 599,746 Adults aged 18+ was used to calculate the target sample required in order to achieve a Confidence Interval of ± 6 for each of the demographic segments on the right at the 95% Confidence Level.

The Confidence Interval for the sample as whole, at the County Level is ± 1.81 .

Actual completed surveys achieved are shown beside the target.

All target sample levels were met and exceeded for each segment.

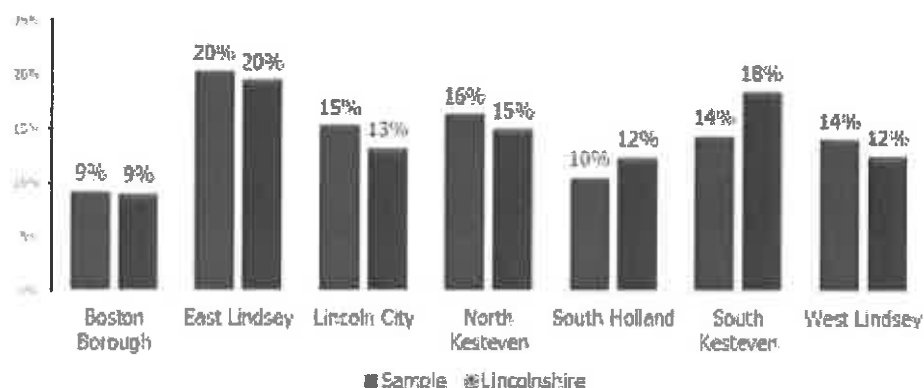
Note: No target sample volumes were originally set for participants categorising their gender as 'Other' or Socio Economic Group = 5 (for Full Time Students).

| Segment | Target Sample | Actual Survey Completed achieved |
|----------------------------------|---------------|----------------------------------|
| Gender = Male | 890 | 1,473 |
| Gender = Female | 963 | 1,356 |
| Gender = Other | N/A | 70 |
| Socio Economic Group = ABC1 | 1,077 | 2,053 |
| Socio Economic Group = C2DE | 673 | 804 |
| Socio Economic Group = S | N/A | 48 |
| Age Band = 16-34 years | 489 | 492 |
| Age Band = 35-49 years | 457 | 716 |
| Age Band = 50-64 years | 457 | 888 |
| Age Band = 65+ | 458 | 811 |
| Local Authority = Boston Borough | 265 | 271 |
| Local Authority = East Lindsey | 266 | 381 |
| Local Authority = Lincoln City | 285 | 448 |
| Local Authority = North Kesteven | 266 | 471 |
| Local Authority = South Holland | 266 | 305 |
| Local Authority = South Kesteven | 266 | 418 |
| Local Authority = West Lindsey | 266 | 310 |
| Total Sample | 1,861 | 2,808 |

© Lincolnshire Council 2019. All Rights Reserved. Views are the responsibility of Lincolnshire Council.

The resultant survey sample was a very good reflection of the make-up of the county's population.

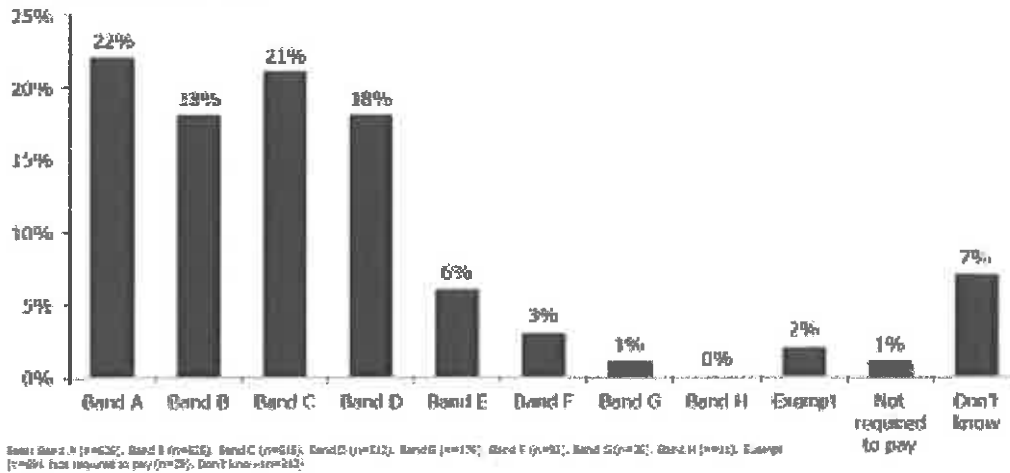
Which local authority area are you permanently resident in?



Work is still being done to understand, in depth, the 3,000 responses but what has emerged, in a striking way, is the level of extra council tax residents are prepared to pay to protect and enhance our police force.

The mechanics applied to questions around council tax were sophisticated – with respondents asked what council tax band they were in and their answer used to generate the extra weekly costs for increases of 5%, 10%, 15% and 20% **specific to them** - as well as offering a no increase option.

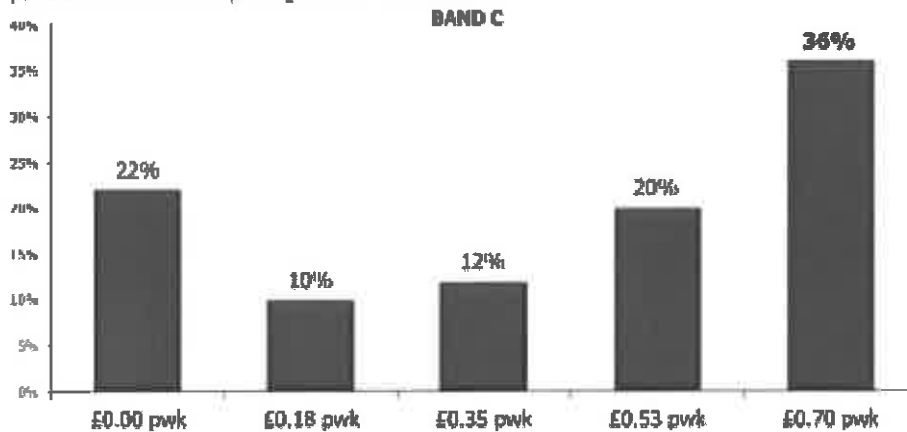
Please indicate from the options below which Council Tax Band your place of residence falls into.



For instance a Band C respondent was given the options of 18p, 35p and 70p

78% of residents in Band C properties are prepared to pay more per week for more police and a better policing service, with 36% choosing the highest amount.

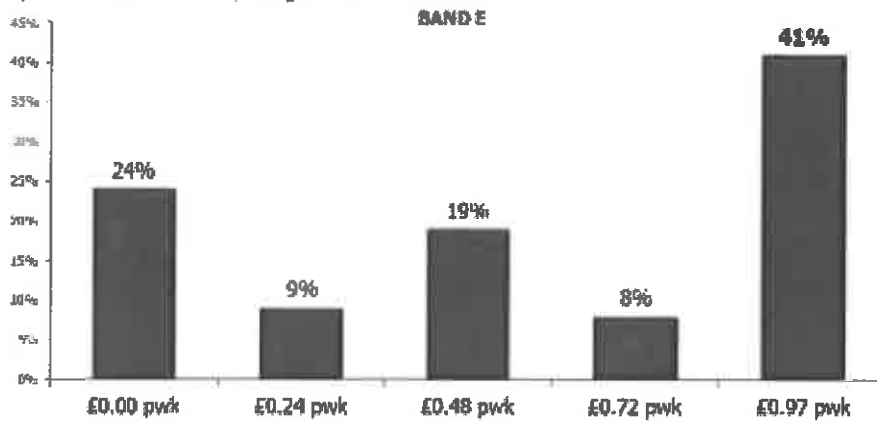
Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



...– while a Band E respondent had the options of 24p, 48p, 72p and 97p.

41% of residents of Band E properties are prepared to pay the highest incremental amount of £0.97 per week.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE

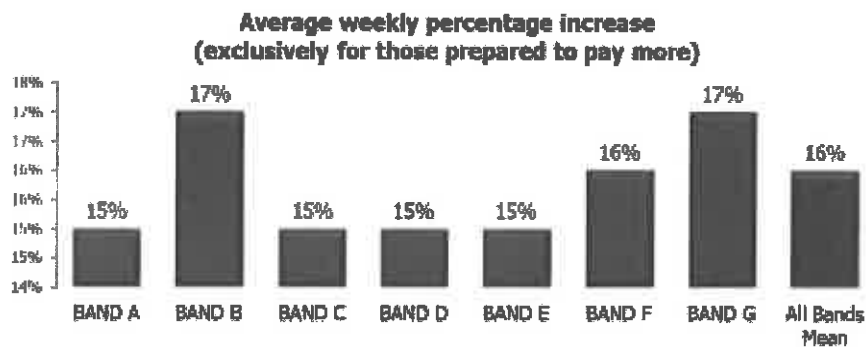


In every single tax band the HIGHEST percentage of people opted for the BIGGEST increase – averaging at more than a third of respondents opting for the 20% increase (see Annex 1)

Across all tax bands at least half of people opted for increases of at least 16% - considerably higher than the increase of less than 6% I propose.

The average weekly percentage increase selected across all survey participants, amongst those prepared to pay more, is 16%.

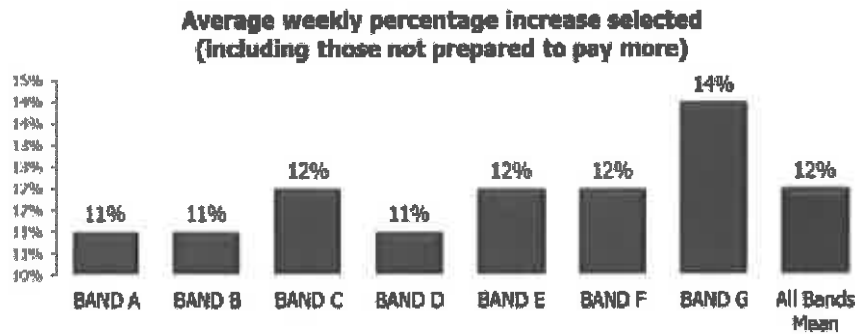
Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



Even including those respondents who expressed a preference not to pay more the average increase came in at 12% - DOUBLE the current proposed rise.

The average weekly percentage increase selected across all survey participants, including those unprepared to pay more, is 12%.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



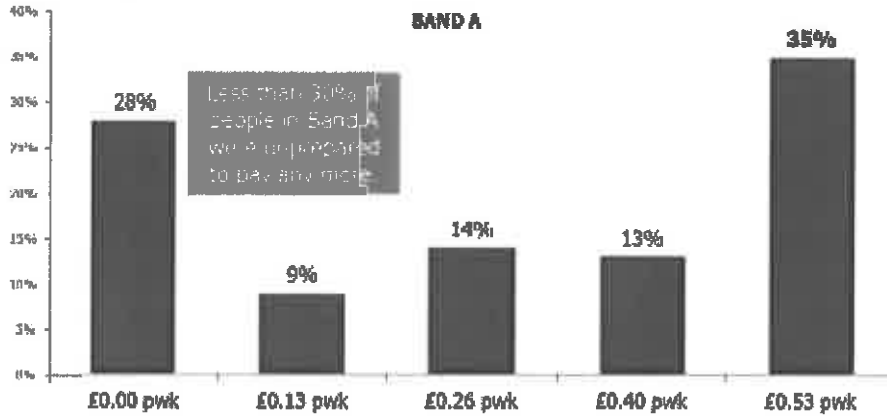
With this robust research I am confident that my proposed increase of less than 6% has strong public support.

There is still a great deal of information within the research to digest, analyse and respond to. How I, and the force, will tackle these issues going forward will be the subject of reports at future meetings.

ANNEX 1

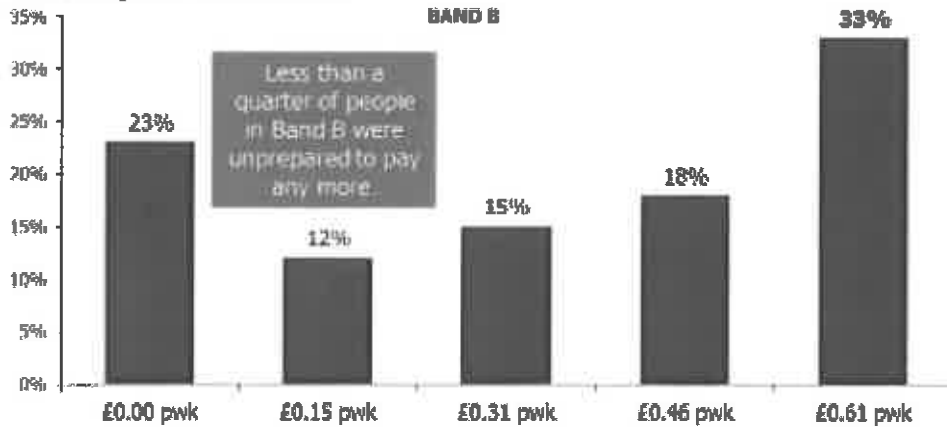
Over a third (35%) of people living in a Band A property select the highest weekly increase option.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE.



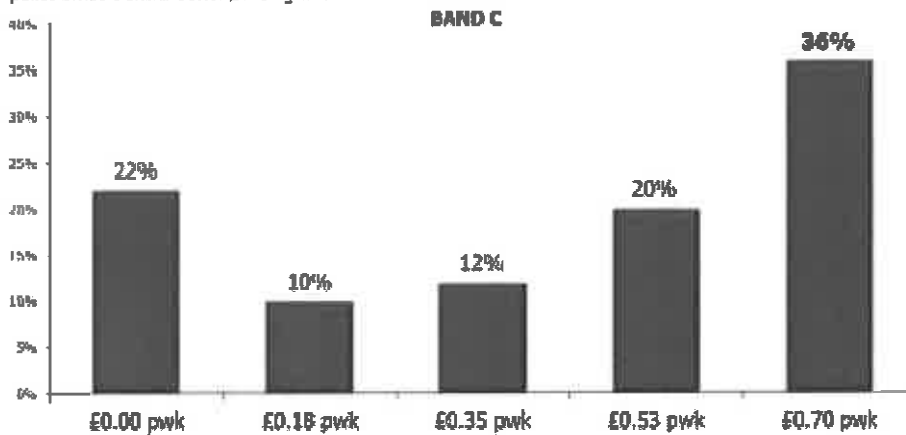
Exactly a third of people living in a Band B property, selected the highest weekly increase option of £0.61 per week.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE.



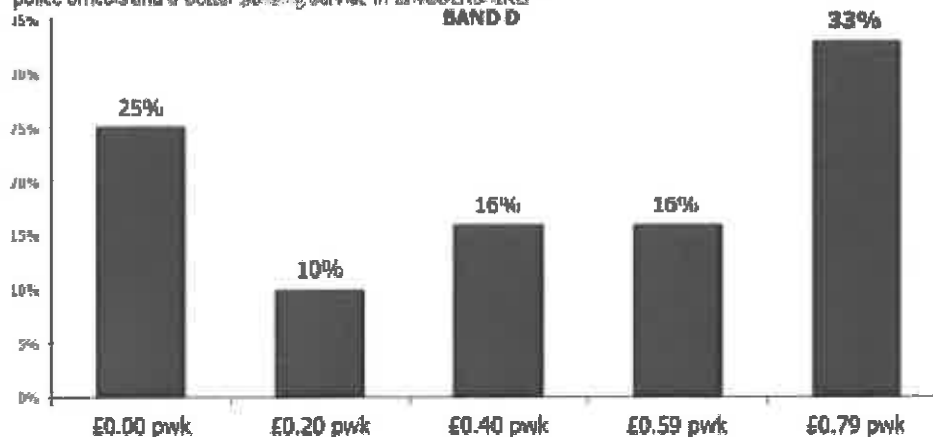
78% of residents in Band C properties are prepared to pay more per week for more police and a better policing service, with 36% choosing the highest amount.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



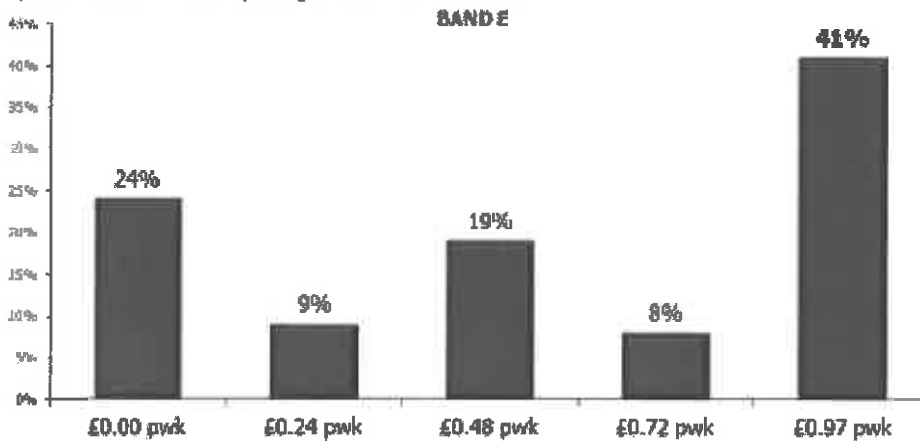
Again, a third of participants select the highest option amongst residents of Band D properties.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



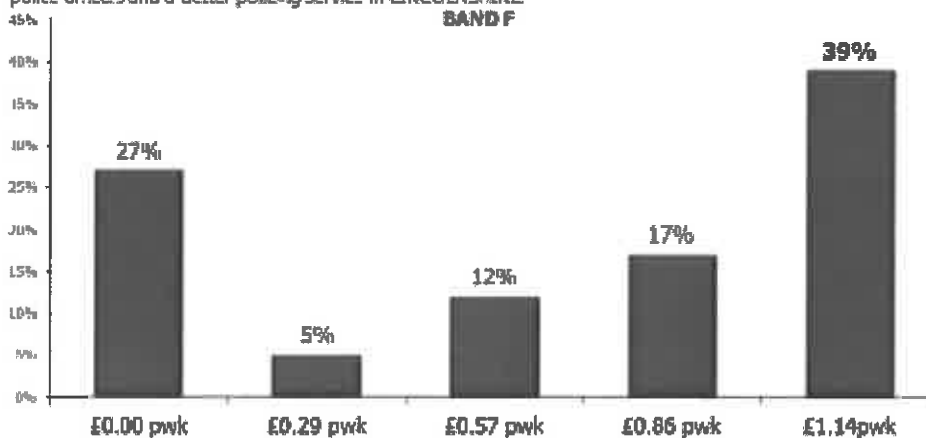
41% of residents of Band E properties are prepared to pay the highest incremental amount of £0.97 per week.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



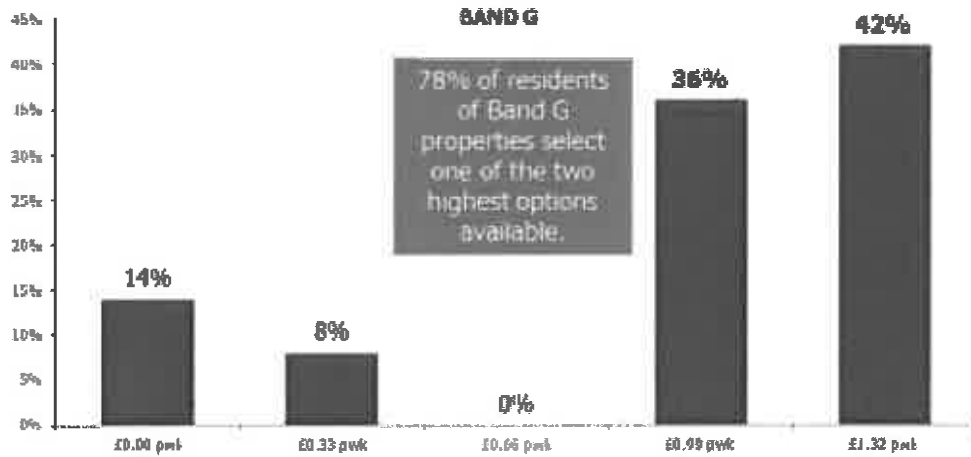
39% of residents in Band F properties are prepared to pay considerably in excess of £1 per week more.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE



Fewer than 1 in 8 residents (14%) of Band G properties are unprepared to pay more for better policing.

Please indicate below how much more you would be prepared to pay per week, for more police officers and a better policing service in LINCOLNSHIRE.





Lincolnshire
POLICE & CRIME COMMISSIONER

SAFER TOGETHER

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

Date: 16th January 2018
 Our Ref: M/JF/ko/HO-2017-046

Mr Nick Hurd MP
 Minister of State for Policing and the Fire Service
 Home Office
 2 Marsham Street
 LONDON
 SW1P 4DF

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

Dear Minister

Provisional Police Grant Report 2018-19

Thank you for your letter of 19th December 2017 in which you invite comment on the Provisional Police Grant Report 2018-19.

I welcome your recognition of the changing demands on the police service together with your announcement of additional funding for the police.

I also welcome the proposal to grant additional precept flexibility to Police & Crime Commissioners – as directly elected individuals Police and Crime Commissioners are accountable to their electorate for their decisions on the local funding of the policing services in their area.

Whilst precept flexibility has the potential to ease the funding challenge for policing in Lincolnshire in the short term, it does not address the long-standing structural funding inequality of the current resource allocation methodology for central government grant. Whilst I welcome your commitment to revisit the Core Grant Distribution Review, I note your intent to link this to the next Spending Review. In the meantime, I urge you to consider introducing short term measures to ensure that forces like Lincolnshire, which are particularly disadvantaged by the current methodology, can continue to provide the level of policing services that local people expect until the new methodology is introduced.

Yours sincerely

Marc Jones
 Police and Crime Commissioner for Lincolnshire

POLICE AND CRIME PANEL BUDGET REPORT**SUPPLEMENTARY INFORMATION****1. Provisional Police Grant Settlement**

- 1.1 The Provisional Police Grant report (England and Wales) 2018/19 and accompanying Written Ministerial Statement were laid in Parliament on 19th December 2017.
- 1.2 The police settlement covers just one year. In his written statement the Minister confirmed that police grant would be maintained at the 2017/18 level for 2018/19 and announced a relaxation of the precept referendum limit to allow an additional £12 per annum for a Band D property.
- 1.3 The Minister also sought to provide greater visibility on plans for 2019/20. He indicated his intention to maintain a broadly flat police grant in 2019/20 and the same precept flexibility in 2019/20. However, this would be dependent on the police service delivering clear progress against agreed milestones on productivity and efficiency in 2018.
- 1.4 As in previous years, the existing funding distribution will continue in 2018/19 and beyond. The Minister referred to the Core Grant Distribution Review (funding formula review) and indicated that this would be revisited in the next Spending Review, which means 2020/21 at the earliest.
- 1.5 The written statement refers to a number of top-slices from the Police Main Grant where the Minister considers there is a national policing interest. These include:
 - Specific funding for counter-terrorism policing will be increasing by £50m to £757m to help deal with the fast-changing and increasingly challenging threat from terrorism. This includes £29m for an uplift in armed policing.
 - £175m for the Police Transformation Fund in 2018/19, a cash standstill compared with 2017/18.
 - Emergency Services Network (ESN) will see the budget increase from £417m in 2017/18 to £495m. The aim of this programme is to give all officers priority access to 4G mobile broadband data on a single network.
 - A provision of £93m (increase from £50m in 2017/18) for the discretionary Police Special Grant contingency fund, which supports forces facing significant and exceptional events which might otherwise place them at significant financial risk (for example, helping forces respond to terrorist attacks).
- 1.6 The Ministry of Justice has announced the allocation of the Victim Services Grant to PCCs and has confirmed that funding for 2018/19 will remain the same in cash terms as for 2017/18. The budget includes commensurate ring fenced spending.

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 | 2017/18 Actual £'000 | 2018/19 MTFP £'000 | 2018/19 Provisional Settlement £'000 | Increase in Grant £'000 |
|--------------------------|----------------------------|--------------------------|---|-------------------------------|
| Police Grant | 57,907 | 57,507 | 57,907 | 400 |
| Council tax compensation | 1,059 | 1,059 | 1,059 | - |
| Council tax support | 5,775 | 5,775 | 5,775 | - |
| Total | 64,741 | 64,341 | 64,741 | 400 |

2.2 The grant to Lincolnshire is maintained at the 2017/18 level, whereas a reduction of £400k had been assumed in the previous MTFP.

2.3 Future years are assumed to remain at the same level as 2018/19.

3. Revenue Budget 2018/19

3.1 The Revenue Budget for 2018/19 has been prepared in accordance with the Budget Strategy adopted by the PCC. This includes a set of key assumptions:

- Police Officers Pay - the budget has been set to provide for an establishment of 1,100 officers.
- Police Staff Pay - the Budget has been set to provide for established posts and includes a vacancy factor of 7%.
- PCSO Pay - the budget has been set to provide for an average establishment of 116 PCSOs.
- The Strategic Partnership Budget has been set in accordance with the contract and estimated inflationary clauses.
- A review of those running costs relating to premises, vehicles HR & training costs has been undertaken. In discussion with budget managers challenging targets have been set. This will require managers to prioritise spend across the financial year.
- Other Operational Policing costs have been similarly reviewed and challenging targets set for the provision of equipment and accoutrements.
- Capital financing charges have been reviewed resulting in the identification of a budget pressure following the assessment of spend in the current year and the future capital programme proposals.
- The Police Grant provisional settlement has been included.
- Council tax - in order to preserve future service levels and utilise the government's precept flexibility, an £11.97 (5.8%) increase per annum for a Band D property has been included for 2018/19. Going forward increases are assumed to be £12 in 2019/20 in line with the relaxation of the precept referendum limit, it then reverts back to a 2% per annum increase in 2020/21 and 2021/22.
- Use of Reserves has increased from £3.9m in 2017/18 to £5.3m in 2018/19. Further information on Reserves is provided at Section 7 below.

3.2 The following table summarises the proposed budget for 2018/19.

TABLE A Revenue Budget 2018/19

| BUDGET | 2017/18 | 2018/19 |
|--|---------------------|---------------------|
| | Base Budget £000 | Base Budget £000 |
| Income | | |
| Government Grant | (64,741) | (64,741) |
| Use of Reserves | (3,868) | (5,288) |
| Council Tax | (46,392) | (48,988) |
| Other incl Custody Contract & Victims Services Grant | (3,258) | (3,358) |
| | (118,258) | (122,374) |
| PCC Expenditure | | |
| Strategic Partnership | 22,509 | 22,955 |
| Community Safety and Victims Services | 1,478 | 1,582 |
| Historic Pensions & Financing Costs | 3,286 | 3,964 |
| Collaborative services | 2,143 | 2,268 |
| Other direct PCC budgets | 1,379 | 1,640 |
| | 30,795 | 32,408 |
| Chief Constable Expenditure | | |
| Police officers | 57,627 | 59,414 |
| Police Staff | 7,833 | 8,818 |
| PCSOs | 3,909 | 3,965 |
| Operational Policing Costs | 3,333 | 2,980 |
| Premises, Vehicle, HR & ICT Running Costs | 10,860 | 10,271 |
| Regional collaboration | 2,689 | 3,365 |
| | 86,251 | 88,812 |
| Joint Services | 1,213 | 1,154 |
| Total | 0 | 0 |

3.3 Whilst there are a number of individual increases and decreases, the key contributors to the change in spending requirement in 2018/19 are the revised workforce plans and overtime for police officers and staff (£1.829m); Strategic Partnership contractual changes (£0.853m); the LGPS deficit repayment (£0.154m) and an increase in capital charges (£0.524m).

4. Medium Term Financial Plan (MTFP)

4.1 The Medium Term Financial Plan covers the period 2018/19 to 2021/22.

4.2 Although the police settlement covers just one year, 2018/19, the Policing Minister has sought to provide greater visibility on plans for 2019/20. The stated intention is to maintain a broadly flat police grant in 2019/20 and the same precept flexibility in 2019/20. However, this is dependent on the police service delivering clear progress

against agreed milestones on productivity and efficiency in 2018. No indication has been given by the Government for future police grant allocations beyond 2019/20. Government grant has therefore been assumed to remain constant across the period of the MTFP.

- 4.3 Based upon Lincolnshire's current share of police grant, this results in a position where current service levels cannot be maintained. The following table shows the resulting budget gap for the medium term period:

TABLE B Projected Deficit based on current share of Police Grant

| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Projected Deficit | 5,288 | 4,713 | 6,098 | 6,536 |

- 4.4 Planned cumulative savings of over £26 million have been delivered successfully over the last six years. There are limited opportunities for the achievement of further savings without adverse impact on service delivery. The budget for 2018/19 identifies a further £3.1m of savings which will require close monitoring and management through the year.
- 4.5 The Minister has indicated that the Core Grant Distribution Review (funding formula review) will be revisited in the next Spending Review, which means 2020/21 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.

TABLE C MTFP Budget Gap including Use of Reserves

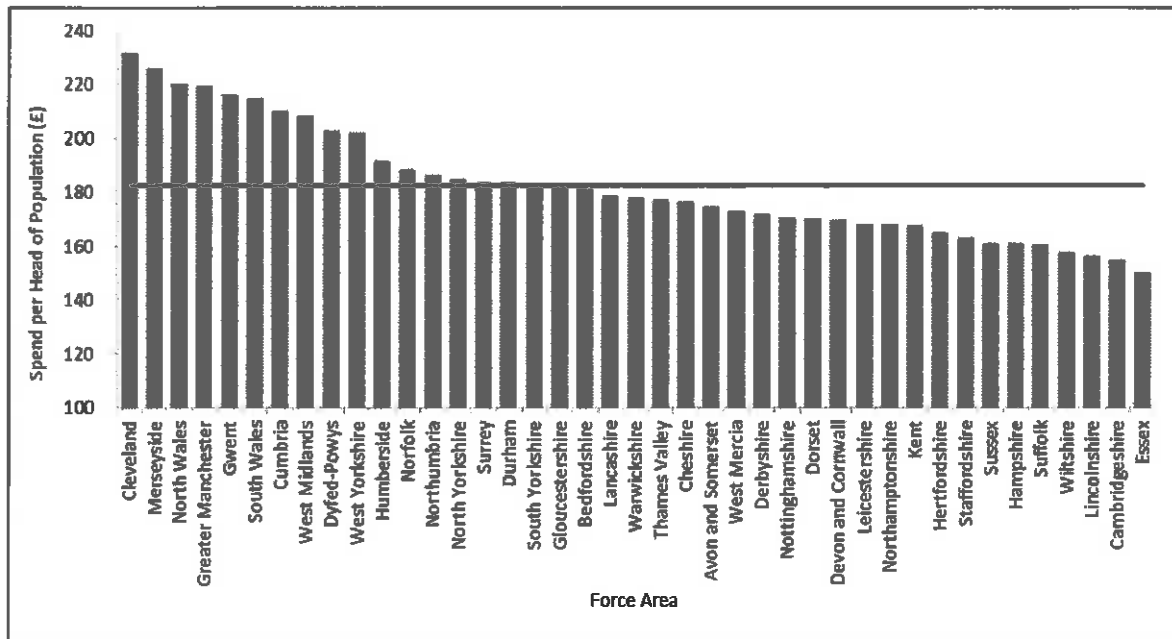
| | 2018/19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| Projected Deficit | 5,288 | 4,713 | 6,098 | 6,536 |
| Funding Formula Review | - | - | - | - |
| Special Grant | - | (1,000) | - | - |
| Use of Reserves | (5,288) | (310) | - | - |
| Budget Gap | - | 3,403 | 6,098 | 6,536 |

- 4.6 Use of reserve funding includes the remaining balance within the reserves earmarked for budget equalisation together with £3.1m of General Reserves.

5. HMICFRS VFM Profile

- 5.1 The HMICFRS Value for Money Profile published in January 2018 contained the following headlines in respect of Lincolnshire Police:
- Lincolnshire has the third lowest policing costs per head of population in the Country significantly below the national average.

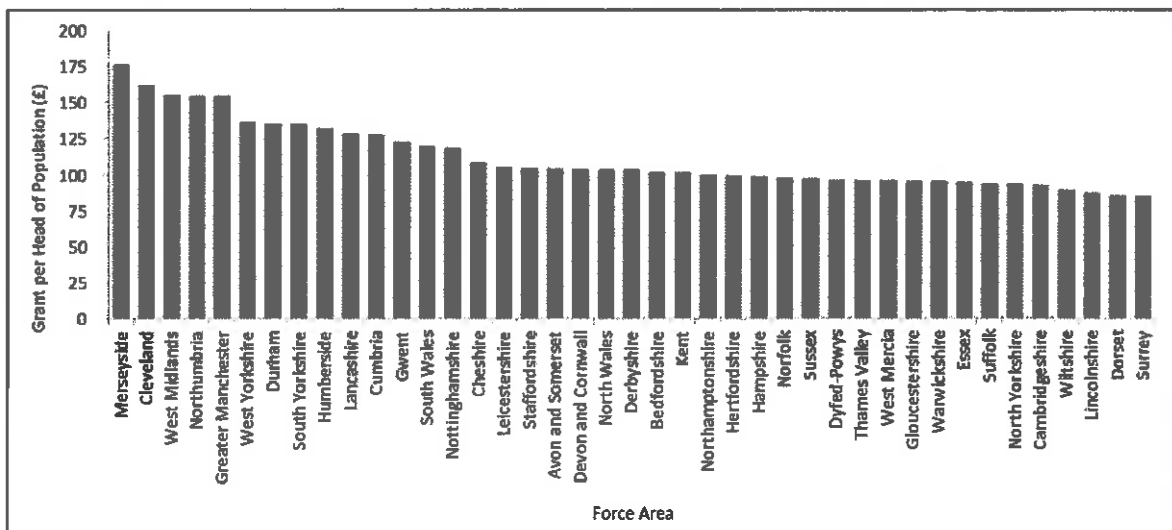
Figure 1: Spend per Head of Population (Estimated 2017/18)



Source: Estimated Net Revenue Expenditure 2017/18 (Gross revenue expenditure minus earned income) from POA (includes National Policing) and Office of National Statistics - Population estimates by force (mid-2016) ADR 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 (Provisional Settlement 2018/19)

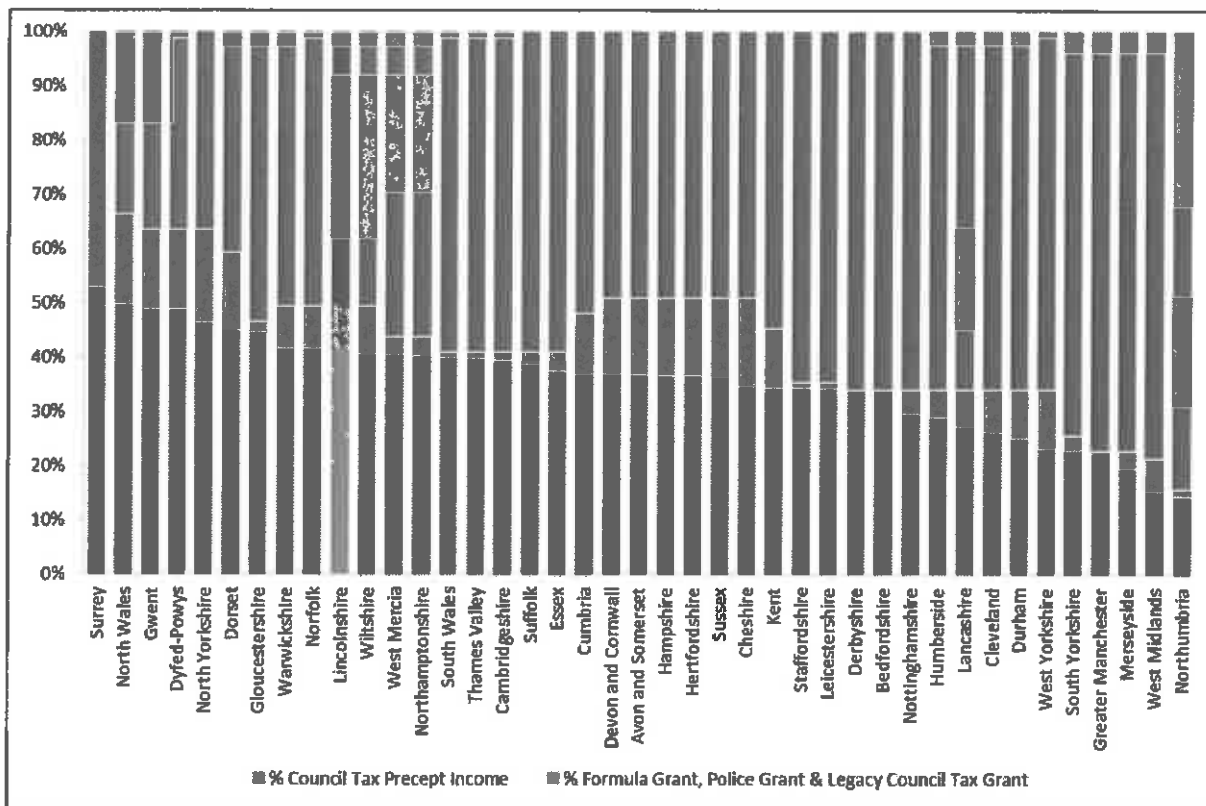


Source: Home Office Provisional Police Grant Report (England and Wales) 2018/19 and Office of National Statistics - Population estimates by force (mid-2016) ADR. Excludes the City of London and Metropolitan Forces. Welsh Forces receive additional Top Up Grants included above. Includes Legacy Council Tax Grants.

- Our 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 53% for Surrey to 15% for Northumbria with an average of 36%. In comparison Lincolnshire would be 10th out of 41 Authorities at 42% 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 2017/18)



Source: POA estimates 2017/18. Grant % includes Formula Grant, Police Grant and Legacy Council Tax Grant against the Council Tax Precept Income. Excludes Reserves and Specific Grants. Excludes the City of London and Metropolitan Forces.

- Police Officer cost per head of population is the fourth lowest in the country. The number of police officers per 1000 population is the 3rd lowest.
- PCSO Costs per head of population are £5.30 which is below the national average of £6.20 and lower than the most similar Group of Forces at £6.50.

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 average for the most similar Group of Forces, see below:

- The number of crimes per visible officer is 64.5 crimes, the 23rd highest in the country. The National average is 66.4 crimes per visible officer and the most similar Group of Forces are at 54.4 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 spend.

- 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 The Chief Constable is currently formulating detailed plans to address the budget gap in future years in the event that additional funding is not forthcoming. A potential reduction over the period of the medium term plan of around 80 police officers and 80 PCSOs would have a significant impact on the ability to deliver a safe service to the public.

7. Reserves Strategy

- 7.1 The PCC currently holds a General Reserve of £5.6 million, although plans for 2018/19 assume that this will be reduced by £3.1m to support the revenue budget. The following is a summary of the risk based assessment that has been undertaken.

TABLE E 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. | 2.2 | 4.9 |
| Business restructuring – costs incurred in downsizing the business, renewal of supplier contracts. | 2.0 | 3.5 |
| Major Incidents/Insurance – risk of events exceeding the revenue budget provision. | 1.2 | 2.6 |
| Total | 5.4 | 11.0 |

- 7.2 The range of required Reserves is assessed as £5.4 million - £11.0 million against forecast risk based Reserves of £5.4 million. The proposed range of acceptability is wide with £5.6 million being the difference between the minimum and maximum acceptable levels. The PCC's current policy is that he should plan to hold Reserves to a level commensurate with the mid-point of the acceptable range. In monetary terms, this would be equivalent to £8.2 million which is not achievable based upon current plans. Given that planned reserves will be at the minimum of the acceptable range, the increased financial risk is evident.

8. Capital Programme

- 8.1 The forecasts for capital financing charges included within the budget calculations for 2018/19 and the MTFP are based on the capital programme shown below:

TABLE F Capital Programme

| Capital Schemes | 2017/18 Programme £m | 2018/19 Proposed Programme £m | 2019/20 Proposed Programme £m | 2020/21 Proposed Programme £m | 2021/22 Proposed Programme £m |
|--------------------------------------|----------------------------|--|--|--|--|
| Building maintenance/improvements | 1.739 | 1.300 | 1.000 | 1.000 | 1.000 |
| Vehicle replacement | 1.600 | 1.100 | 1.200 | 1.200 | 1.200 |
| Blue Light Collaboration Partner/PIF | 5.605 | 6.010 | - | - | - |
| Blue Light Collaboration Police | 0.676 | 8.505 | - | - | - |
| EM Non-Crime ICT Platform tbc | - | - | - | - | - |
| ICT projects | 0.244 | 0.664 | 0.250 | 0.250 | 0.250 |
| ICT refresh | - | 1.755 | - | - | - |
| Telephony Replacement | 0.850 | 0.150 | - | - | - |
| ESMCP | 1.346 | 1.000 | 1.000 | - | - |
| ANPR | - | 0.400 | - | - | - |
| Equipment replacement | 0.039 | 0.250 | 0.250 | 0.250 | 0.250 |
| Command & Control | - | 3.540 | 1.320 | | |
| Policing Model | 0.088 | - | - | - | - |
| Mobile Data | 0.010 | - | - | - | - |
| Book On Book Off | 0.096 | - | - | - | - |
| Intranet Redevelopment | 0.085 | - | - | - | - |
| Drone Trial | 0.025 | - | - | - | - |
| EMOpSS Mobile Data | 0.021 | - | - | - | - |
| Firearms Digital Solution | 0.155 | - | - | - | - |
| Agile Working | 0.060 | - | - | - | - |
| Video Conference Facility | 0.082 | - | - | - | - |
| Tasers | 0.198 | - | - | - | - |
| Telematics | - | 0.500 | - | - | - |
| Total | 12.919 | 25.174 | 5.020 | 2.700 | 2.700 |

- 8.2 The 2017/18 to 2021/22 draft capital programme proposes a significant level of expenditure in 2018/19, mainly due to the Blue Light Collaboration Programme (BLC).
- 8.3 The allocation in respect of ICT projects consist of two major projects, Command & Control (£3.540m) and ESMCP (£1.000m), plus the G4S contractual payment for an ICT refresh (£1.755m) and a number of smaller projects totalling £0.664m.
- 8.4 The revenue impact of the capital programme is significant due to the high level of investment in 2017/18 and 2018/19. The increase over the MTFP period is £2.334m, being roughly 50% debt repayment charges (minimum revenue provision) and 50% interest charges. This represents a significant increase arising from the need to take external borrowing of circa £33m over the next three years. This level of borrowing results from the borrowing requirements for 2018/19 to 2021/22 plus the need to replace internal borrowing, given that reserves are being used to balance the budget in 2018/19.

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

