

POLICE AND CRIME COMMISSIONER FOR LANCASHIRE



FINANCIAL PLAN 2014/15

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The Police & Crime Commissioner's budget for 2014/15

The Police and Crime Commissioner's (PCC) budget for 2014/15 has been set at **£266.024 million** which represents a **3.8% reduction** compared to the previous year.

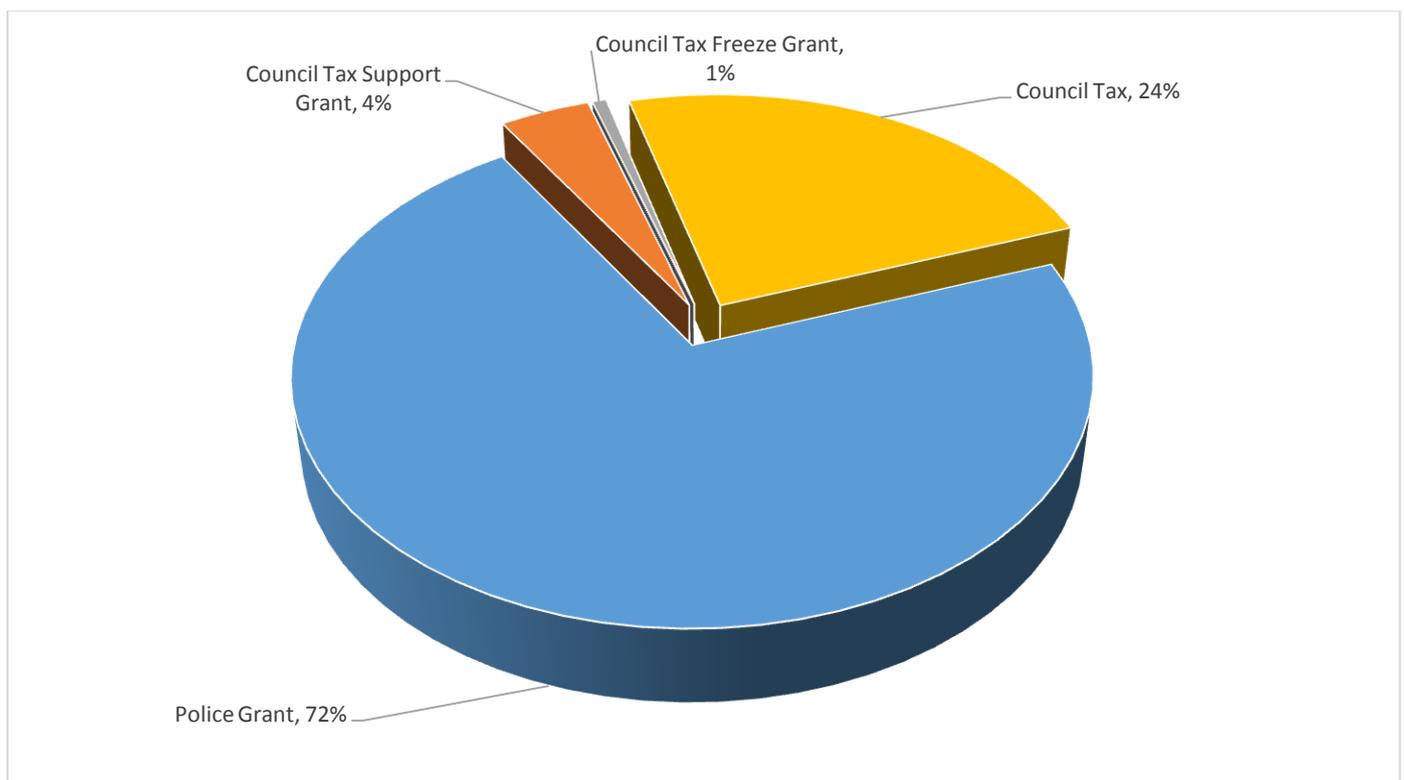
The PCC budget is funded from a number of sources that are set out below:

	£m
Police Grant	190.474
Council Tax Support Grant	11.113
Council Tax Freeze Grant	1.714
Council Tax	62.723
Budget 2014/15	266.024

An explanation of the funding streams is set out below:

- Police Grant is the allocation from central government for the provision of police services for the people of Lancashire. The allocation of £190.474m represents a reduction from that received in 2013/14 of £7.735m (3.9%)
- Council Tax Support Grant is provided by central government to reflect the change in the local government finance system that took place in 2013/14 where the responsibility for the granting of, and managing, Council Tax benefit transferred to local authorities.
- Council Tax freeze grant is provided by central government as a result of the former Lancashire Police Authority's decision to freeze the council tax charge in 2011/12.
- Council Tax is the income received from Lancashire residents. This reflects the 1.99% increase in council tax that was agreed as part of the budget setting process for 2014/15.

The graph below shows how the Commissioner's 2014/15 budget is made up.



Council Tax - the facts

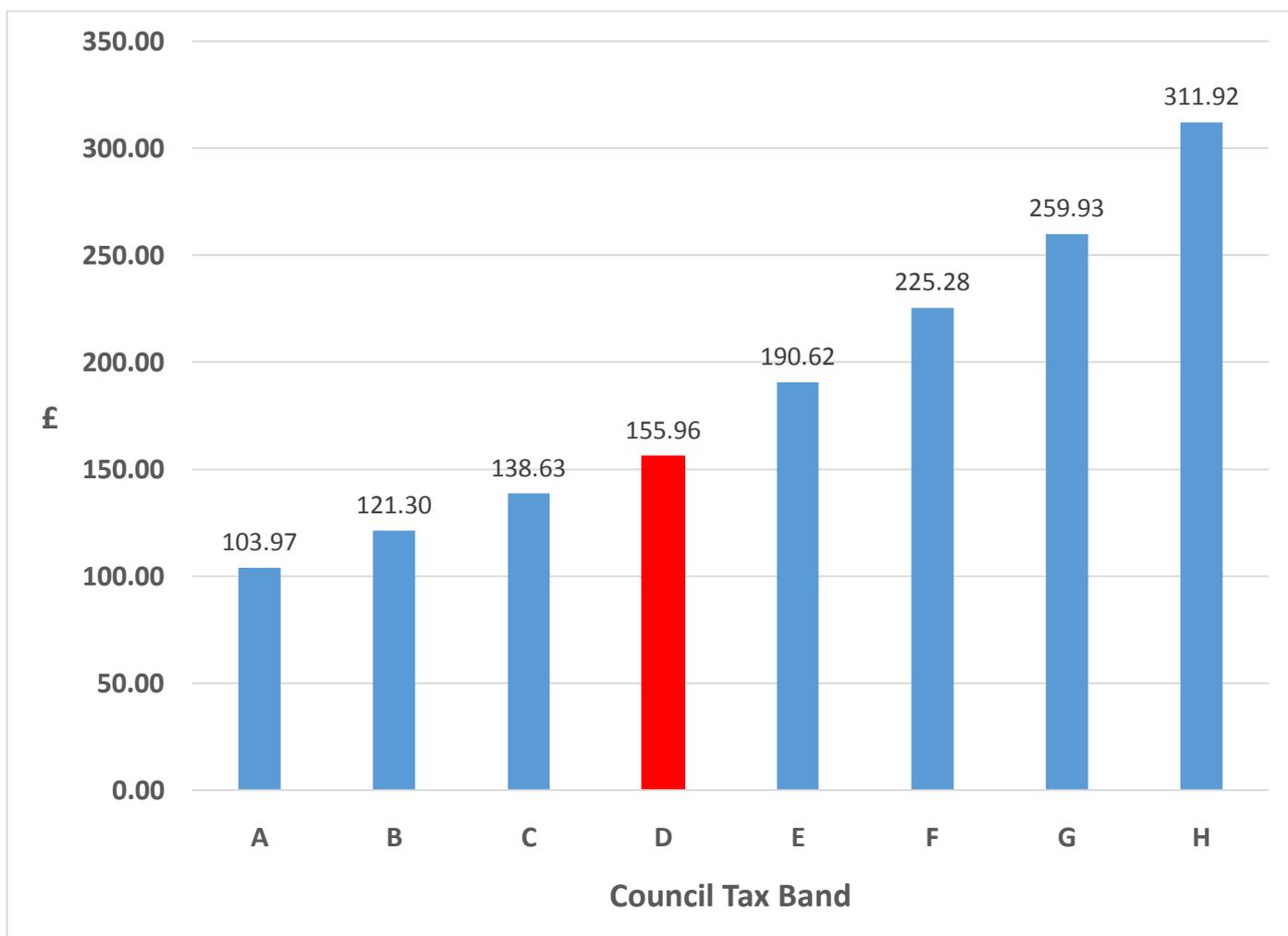
Approximately 24% of our net spending is paid for by the residents of Lancashire through Council Tax. Following an extensive consultation with Lancashire's residents the Commissioner made the difficult decision to increase Council Tax in 2014/15 by 1.99% in order to protect front line services. This is equivalent to an increase of 6p per week for an average Band D property.

Consultation on the Council Tax:

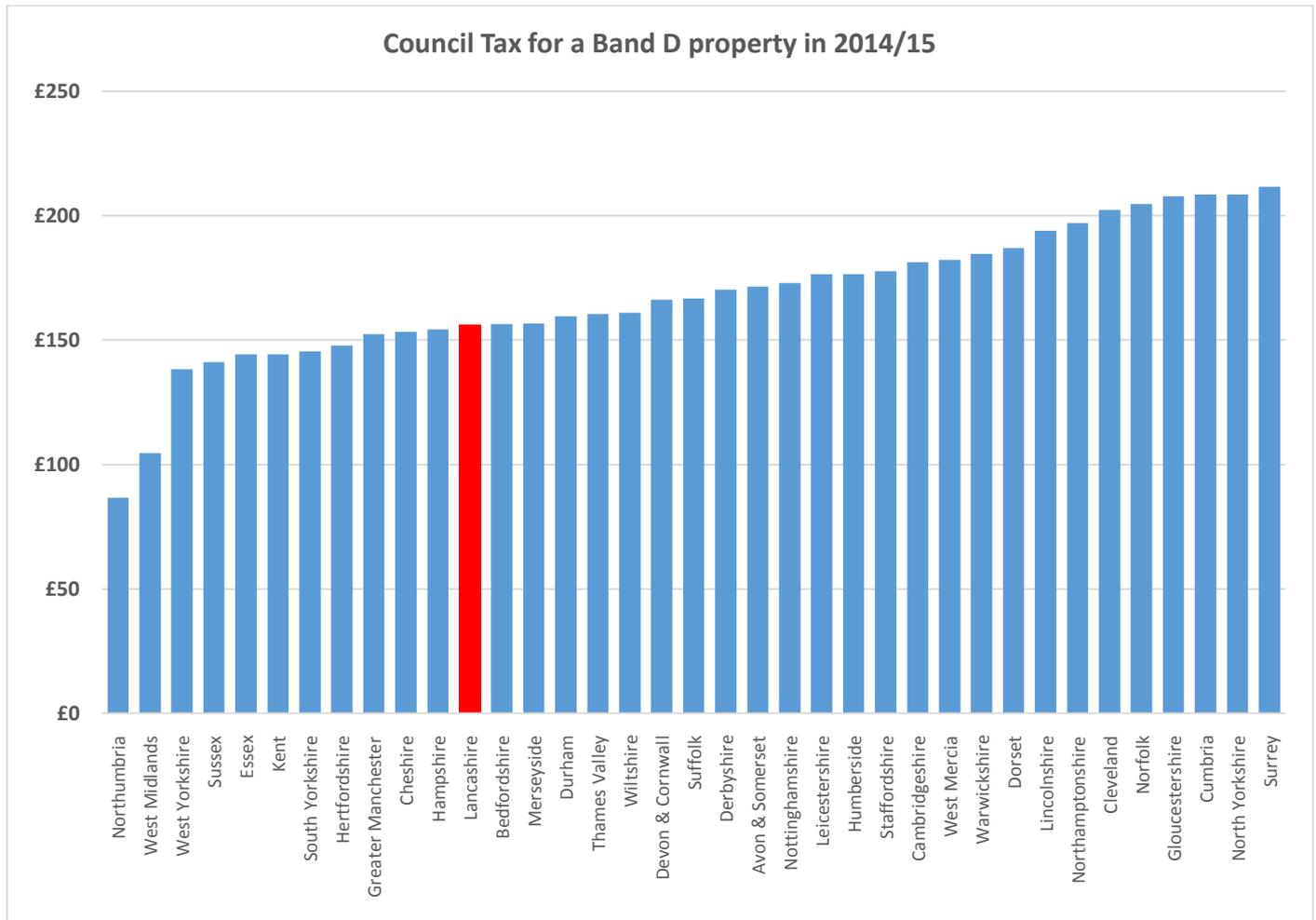
Structured telephone interviews were conducted with residents of Lancashire. The telephone survey, of 1,405 Lancashire residents, was conducted by an independent research agency. In order to obtain a statistically robust and representative sample of respondents across the county the interviews were split across each of the fourteen policing districts. Additional quotas were applied to age, sex, ethnicity and disability to provide individual samples robust enough to be statistically analysed and compared with other demographic groups, with the quotas for sampling based on the 2011 Census data for Lancashire.

The Commissioner and his office also conducted a number of roadshows to consult with members of the public on council tax proposals. In line with statutory requirements, the Police and Crime panel for Lancashire was also been consulted on the precept proposals.

There are eight valuation bands for Council Tax (A to H). The 2014/15 council tax charge for policing shown for each band is set out in the table below;



The graph below compares our 2014/15 band D Council Tax with that of other Police and Crime Commissioners.



The Police and Crime Commissioner's budget framework 2014/15 to 2017/18

Overview

For several years funding for police, as for most other public sector bodies, has reduced. Since 2010/11 the funding provided by government for policing in Lancashire has reduced by 16% and by 2017/18 is forecast to have reduced by 24%. It is estimated that the level of savings required between 2011/12 and 2017/18 will be £80m of which £61m has already been identified and agreed by the Commissioner. There still however remains a need to deliver a further £19m of savings in future years.

The Commissioner in conjunction with the Chief Constable has developed a multi-year financial strategy to continue the process of good financial planning which has ensured that over the current period of financial austerity, managing the reductions in government funding have been delivered in a secure and planned way.

Managing the savings to date and identifying a further £19m is a significant challenge for the Commissioner and the Constabulary and work is already underway to develop plans on how these can be achieved. The Commissioner and the Constabulary have a proven track record in their ability to identify and deliver financial savings and it is anticipated that this will continue. However as the economic position becomes more difficult it will be increasingly challenging to find savings on the scale required.

The level of funding and demand pressures for 2015/16 and future years remains uncertain. Specific Risks are:

- ***IPCC Top-Slice***

In 2015/16 there are specific uncertainties in respect of: the level of 'top-slice' that will be applied to fund the IPCC. A total of £18m was top-sliced in 2014/15 and whilst the 2015/16 figures have not yet been announced they are expected to be higher than that applied in 2014/15.

- ***Home Office Reductions***

The ability of the Home Office to protect police budgets from reductions to the Home Office departmental funding is unknown and must be considered a significant risk going forward.

- ***Funding Predictions***

There is also greater uncertainty on the level of funding for PCC's beyond 2015/16 as the Chancellor has stated on numerous occasions that the current period of austerity will continue until at least 2020. The current forecast of reductions in funding in 2016/17 and 2017/18 reflects the current trajectory of the changes that have been implemented however there is a risk that this may underestimate future years cuts which would clearly impact upon the savings required.

- ***Cost Pressures***

There is also a risk that pay inflation will rise above the current forecast which is assumed at a 1% increase each year. Private sector pay has started to increase and pay increases generally are above inflation, this will undoubtedly lead to pressure for police officers and staff pay to increase at a level above 1% in future years.

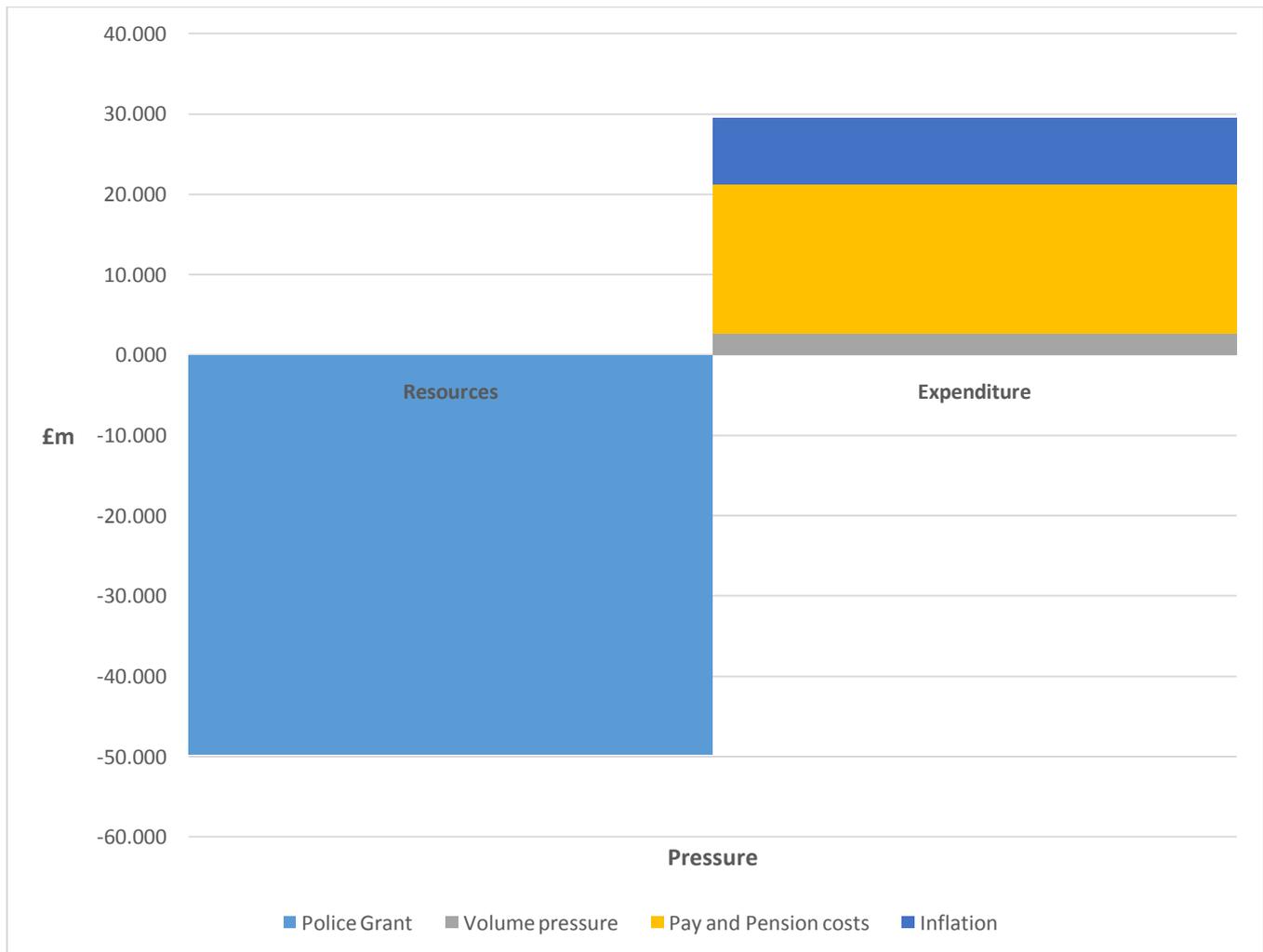
- ***Formula Review***

The Home Office is to carry out a review of the funding formula that is used to calculate funding allocations to PCCs. The introduction of any new formula brings with it additional uncertainty and risk in terms of planning for future years. The position will however be closely monitored and the Commissioner's financial forecast updated on a regular basis to ensure it reflects the most up to date position.

The Financial Challenge 2011/12 – 2017/18

This section provides some context for the generation of the Commissioner's Medium Term Financial Strategy that in turn delivers the budget for 2014/15 and then for 2015/16 to 2017/18.

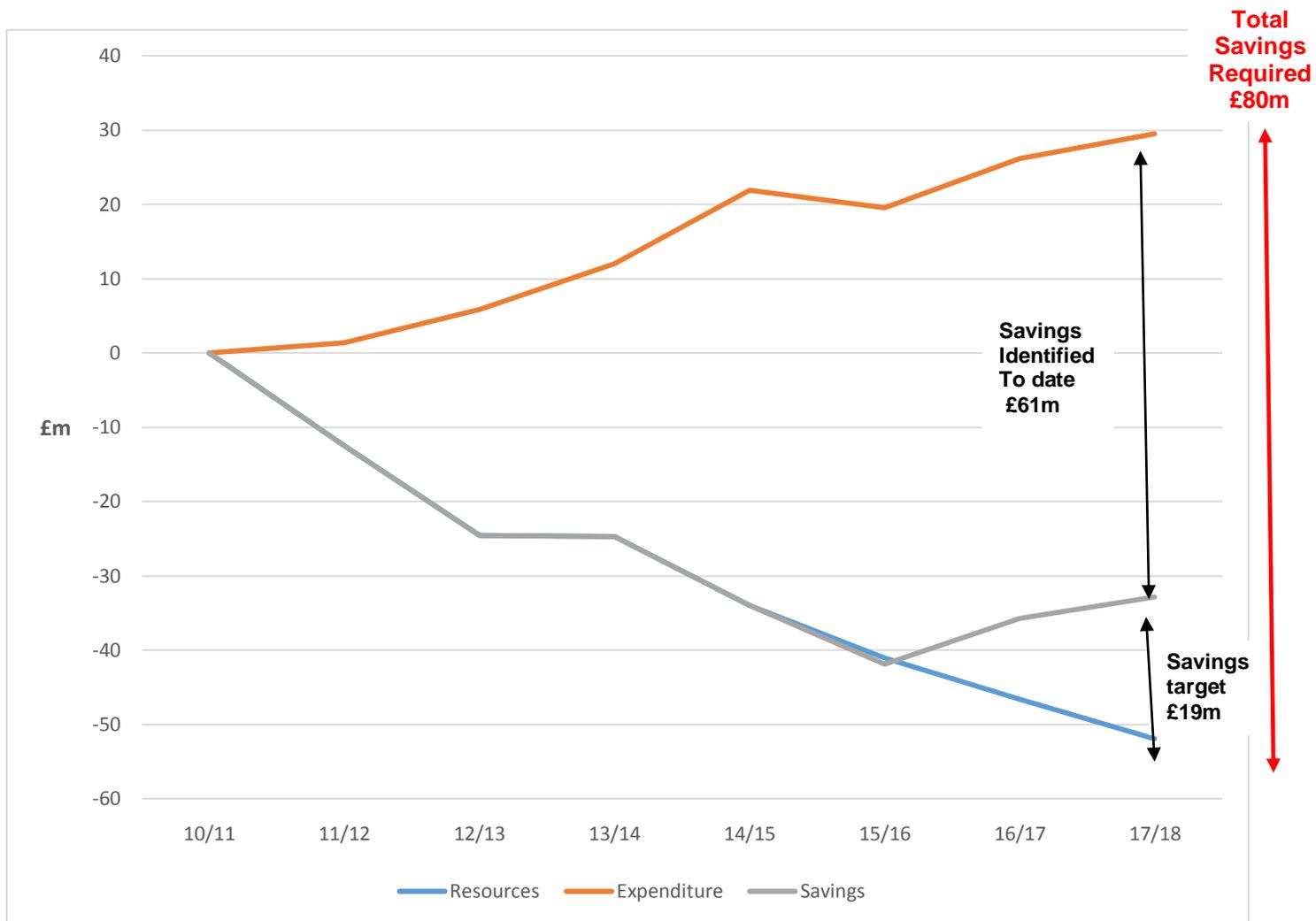
The graph below summarises the financial challenge faced by the Police and Crime Commissioner for this period that generates the savings requirement that must be met.



The level of savings required has not and is not spread evenly across this period. The following table sets out the savings required and delivered to date each year for the period 2011/12 to 2017/18. The future savings requirement for 2015/16 to 2017/18 is based on current assumptions around funding and demand for services.

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
Saving Requirement	12.822	16.565	6.372	19.146	4.670	12.189	8.663	80.427
Savings proposals	12.822	16.565	6.372	19.146	5.512	0.522	0.356	61.295
Remaining Savings Target	0	0	0	0	-0.842	11.667	8.307	19.132

The progress made in delivering savings between 2011/12 to date and the challenge faced to 2017/18 is shown below:



How we manage the budget

The 2014/15 budget was approved by the Commissioner on 19 February 2014 and consists of:

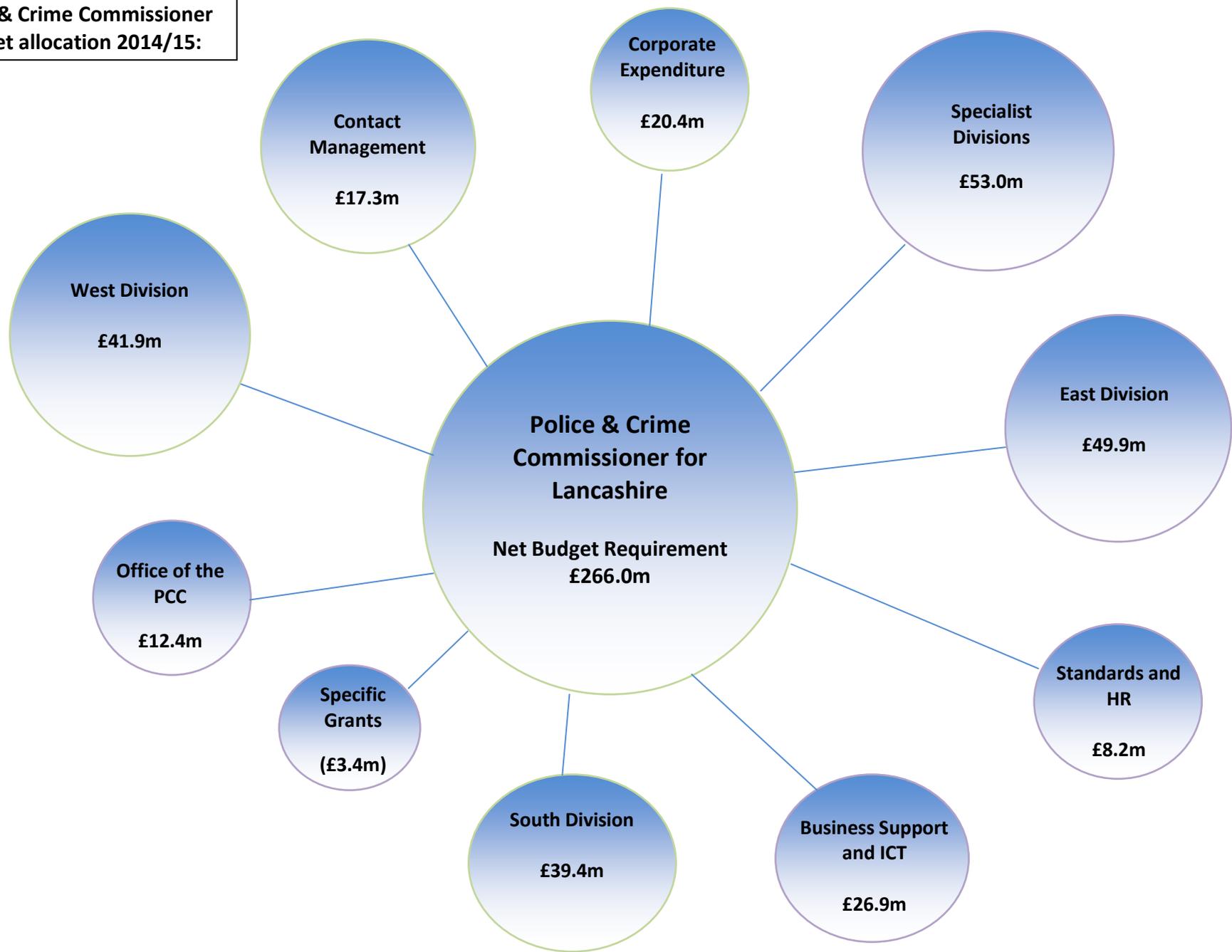
- The budget delegated to the Chief Constable to deliver operational policing;
- The budgets held by the PCC to deliver his strategic responsibilities and the delivery of Community Safety and Victims services for the people of Lancashire; and
- Financing charges in respect of delivering the Capital Investment Programme.

The Chief Constable, in turn, delegates his budget to Senior Officers who manage specific Business Units within the Constabulary.

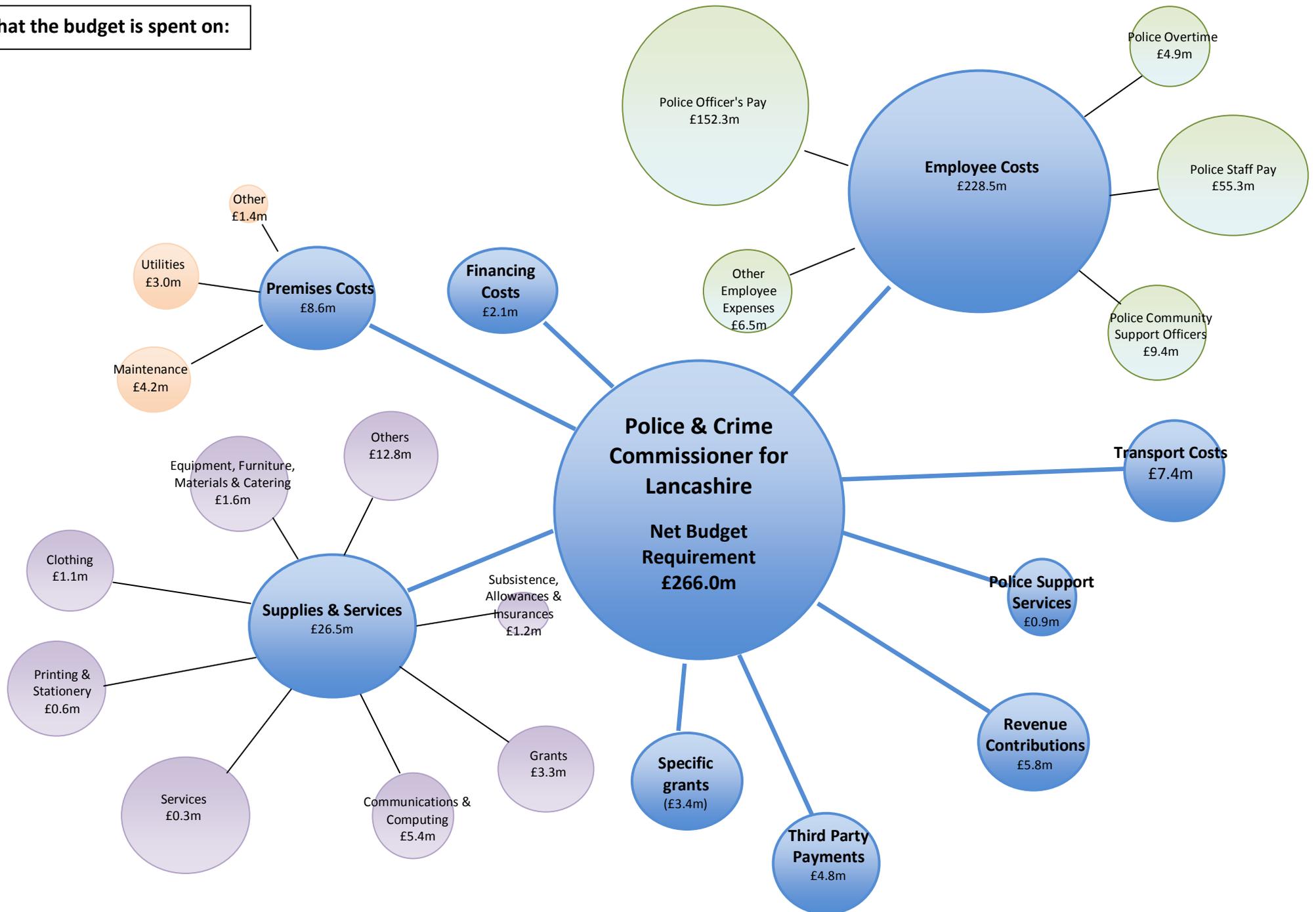
The table below reflects the allocation of the budget under this delegated responsibility arrangement:

2012/13 (Police Authority)		Net Budget Requirement	2014/15	
£million	%		£million	%
		Police and Crime Commissioner:		
1.665	0.60%	Office of the PCC	1.516	0.56%
0.180	0.07%	Community Safety	2.288	0.85%
0		Victims Services	0.472	0.18%
0		Contributions to reserves	3.333	1.24%
4.230	1.53%	Contribution to costs of the Capital Programme	3.787	1.41%
0.508	0.18%	Capital Financing costs	0.960	0.36%
6.583	2.38%	PCC	12.356	4.59%
		Lancashire Constabulary:		
		West Division	41.978	15.58%
		South Division	39.404	14.63%
		East Division	49.862	18.51%
		Contact Management	17.283	6.42%
		Special Operations	52.992	19.67%
		Business Support and ICT	26.878	9.98%
		Professional Standards, HR and Development	8.192	3.04%
		Corporate Expenditure	20.452	7.59%
270.044	97.62%	Constabulary	257.041	95.41%
276.627	100.00%	Budget Requirement	269.397	100.00%
		Less Specific Grants:		
3.008		Counter Terrorism Grant	2.751	
0.150		Loan Charges	0.150	
0		Restorative Justice and Victims of Crime Funding	0.472	
3.158		Specific grants	3.373	
273.469		Net Budget Requirement	266.024	
		Funded By:		
203.082	74.26%	Revenue Support Grant	203.301	76.42%
70.387	25.74%	Council Tax	62.723	23.58%
273.469	100.00%	Total Resources	266.024	100.00%

**Police & Crime Commissioner
Budget allocation 2014/15:**



What the budget is spent on:



How the budget is spent

The previous section identified how we manage our budget by showing how the budget is delegated by the Commissioner to the Chief Constable and his management team in order that they can manage the resources they have in order to deliver policing services to the people of Lancashire.

This section will show how the money is spent by reflecting the use of the budget in a different way.

Police forces record their spending against the "Police Objective Analysis" (POA) that provides a framework to allow comparison of forces across the country.

This analysis also provides an examination of spending in respect of the services being delivered rather than how the budget is managed under the individual force management structure.

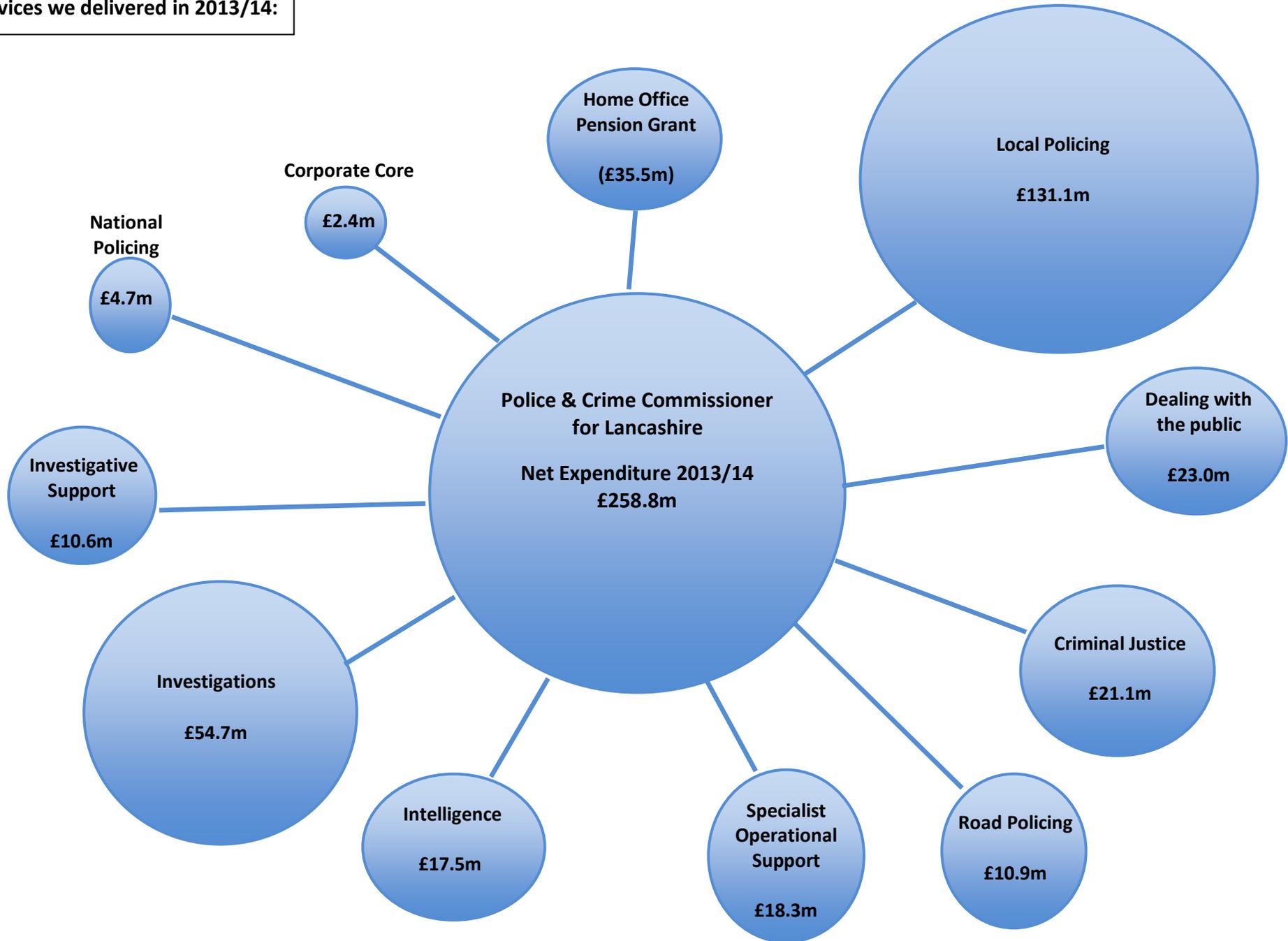
The latest information we have available is for the financial year 2013/14 which shows how we have applied our resources in that year and therefore gives a reasonable indication of the services we will allocate our 2014/15 budget to.

The areas of spend covered by this analysis are:

- Local Policing
- Dealing with the public
- Criminal Justice
- Road Policing
- Specialist Operations
- Intelligence
- Specialist Investigation
- Investigative Support
- National Policing
- The Corporate Core, and
- Specific income from the Home Office for the cost of Police Officer pensions

The following diagram shows how much we spent on these services in 2013/14.

The services we delivered in 2013/14:



This section provides some facts and figures for the services that we spent our budget on in 2013/14:

Local Policing

Local policing for local people is Lancashire Constabulary's approach to tackling crime and reassuring communities.

This area includes Neighbourhood Policing, Incident (Response) Management and Specialist Community Liaison – and covers community engagement activities such as Police and Communities Together (PACT) meetings, social media and face-to-face meetings.

- Local policing includes both Neighbourhood Policing Teams and Response Officers.
- There are currently 829 Immediate Response Officers, 165 Planned Response Officers, 286 Community Beat Managers and 335 Community Support Officers.
- Lancashire's Immediate Response Officers respond to over 50,000 incidents per year across the county.
- Lancashire Constabulary has a commitment to answer 999 emergency calls within 10 seconds and attend emergency incidents within 15 minutes.
- The Constabulary has over 40 localised social media accounts, followed by over 40,000 people on Facebook and 8,000 people on Twitter

Investigations and Investigative Support

The Force Major Investigation Team is a crucial part of Lancashire Constabulary – it provides a specialised investigative response to serious crimes including murder, manslaughter, kidnap, extortion and stranger rape.

- During an investigation, the work of the Force Major Investigation Team can involve between 50 and 100 people.
- Between November 1, 2010 and October 30, 2013 there were 95 victims of homicide in Lancashire.
- These crimes involved 84 offenders – nine of whom were responsible for more than one victim.
- Officers investigated 43 murders, 30 attempted murders and 18 offences of causing death by dangerous driving in that period.
- Lancashire also has cold case teams investigating serious, historic unsolved crimes

Operational Support

- **Specialist operational support** is provided by the Constabulary's H division, which is made up of air support, the mounted branch, police dogs, airports and ports policing, firearms, the civil contingencies unit, specialist terrain and public order training.
- The unit responds to critical incidents and co-ordinates the police response to large events such as the Open Golf Championships, Preston Guild and the Olympics.
- The county has four armed response vehicles which are staffed 24/7 by teams of 10 PCs and one firearms sergeant.
- In addition to the standard police officer training, firearms officers undertake specialist training including an eight-week firearms course, a four-week advanced driving course and first aid training.
- The mounted branch has 18 police horses, stabled at police HQ in Hutton.
- The force has 22 trained dog handlers and trains an average of 60 police dogs a year

Dealing with the public

- Lancashire Constabulary's Contact Management department is responsible for handling all emergency 999 calls and non-emergency 101 calls, as well as providing radio communication support for major incidents, whether pre-planned or spontaneous.

- The department is responsible for deploying response officers and will often be the first point of contact for members of the public when dealing with the police.
- Each year, call handlers can expect to receive around 200,000 emergency calls and 1m non-emergency calls.
- Public enquiry assistants are responsible for giving face-to-face and on the telephone advice to members of the public as part of a front desk service.
- Their role also includes examining and recording driving documents, receiving, recording and reuniting owners with lost and found property, recording details of people subject to bail conditions, Pedlar certification, Football Banning Orders, Sex offender registration, Foreign National Registration, Immigration Service requirements and maintaining associated records.

Intelligence

- The role of the Force Intelligence Department (FID) is to provide diverse and extensive information/intelligence services to the Constabulary and partner agencies.
- The department's core objectives are to deliver level two intelligence in support of the National Intelligence Model, to deliver intelligence and information support services and to deliver proactive and covert services to the Constabulary.
- This is done through specialist strategic, tactical and professional functions.
- A range of specialist units make up the FID, including immigration crime, the intelligence management unit, international and Interpol liaison, prison intelligence unit and wildlife and environmental crime

Support Services

- Support functions refer to the back office functions which provide specialist support to assist the delivery of front-line policing in Lancashire.
- This covers departments including human resources, finance, fleet services, estates, information communications technology (ICT), professional standards, corporate communications, corporate development, procurement, training, administration support, risk management and catering.
- These departments are responsible for a variety of functions crucial to the day-to-day running of the Constabulary, including vehicle maintenance, payroll, recruitment and selection, training for police officers and staff, dealing with public complaints and the enforcement of professional behaviour standards.
- Lancashire Constabulary has 4,760 computer workstations across the Force and 6,000 telephone handsets which the ICT department is responsible for.
- The fleet department manages a total of 937 vehicles, which do around 16,000,000 miles a year.
- On average, Lancashire Constabulary's press office takes around 1,200 media calls every month.
- In a year, around 1,400 proactive press releases are sent to the media, informing the media and public about the work the Force does

Criminal Justice

The Criminal Justice portfolio within Lancashire Constabulary is made up of a number of different areas.

It deals with traditional criminal justice administration. This involves case building of prosecution cases for court, witness care units, identification procedures and a central process unit which deals with all traffic matters and speed enforcement which is a function jointly funded by the Lancashire Partnership for Road Safety (LPfRS).

The department also deal with restorative justice, where offenders and victims are brought together so the victim can explain the impact the crime has had on them, and the offender can try and explain why they did what they did.

As well as responding to demand locally, the department's work is also influenced at a national level by the Criminal Justice reform agenda.

It involves engagement with criminal justice partners across Lancashire, and discussions take place at a strategic level through the main Lancashire Criminal Justice Board (LCJB).

- There are 199 staff members employed in the Criminal Justice department
- Lancashire Constabulary arrests an average of 38,400 people a year
- The Criminal Justice department prepare in excess of 8,000 upgraded case files a year for the purposes of trials in the Magistrates' or Crown Courts.
- The witness care unit handles in excess of 10,000 witnesses a year who are required to attend court.
- An average of 1,440 identification procedures are carried out each year
- The Constabulary deals with around 550 cases restorative justice cases each year.

Roads Policing

The Road Policing Unit is responsible for policing the county's roads – ultimately reducing casualties and catching criminals.

Our aim is to educate as many offending motorists as possible in order to change their driving behaviour.

As well as targeted patrols on specific routes, officers run local operations in areas where residents have raised concerns and use new technology such as Automatic Number Plate Recognition (ANPR) to monitor vehicles using the county's road network. This includes actively targeting criminals travelling through and across Lancashire, such as motorists involved in serious and organised crime and terrorism or those who are driving anti-socially or putting other road users in jeopardy.

- Over the last 5 years casualty figures in Lancashire have reduced significantly, with 16 per cent fewer people killed or seriously injured on the county's roads in 2013 compared to 2008.
- There were 33 fatal collisions in 2013
- In the same period, the number of children killed or seriously injured has dropped by 38 per cent.
- In 2013, action was taken against 3,198 motorists for driving whilst using a mobile phone in the county and against 4,345 for not wearing a seatbelt.
- 37,962 motorists were found speeding on the county's roads in 2013
- In 2013, 32,718 motorists attended a driver education course as an alternative to prosecution.

Further Information

Additional information is available at the Police and Crime Commissioner's website at the following links:

Further detail on the budget and our spending: [PCC 2014/15 Budget Information](#)

The Police and Crime Plan: [Police and Crime Plan 2014/15](#)

The Capital Investment Programme

The 2014/15 and future years Capital Programme

The Commissioner's capital programme for the five years from April 2014 reflects the current priorities within the Police and Crime budget and supports the organisational review process that has been developed in order to deliver a significant amount of revenue savings in future years. The programme meets the needs for capital investment to maintain the infrastructure required to deliver effective policing within the County and reflects the business benefits to be delivered from the planned investment.

Determining the Capital Programme

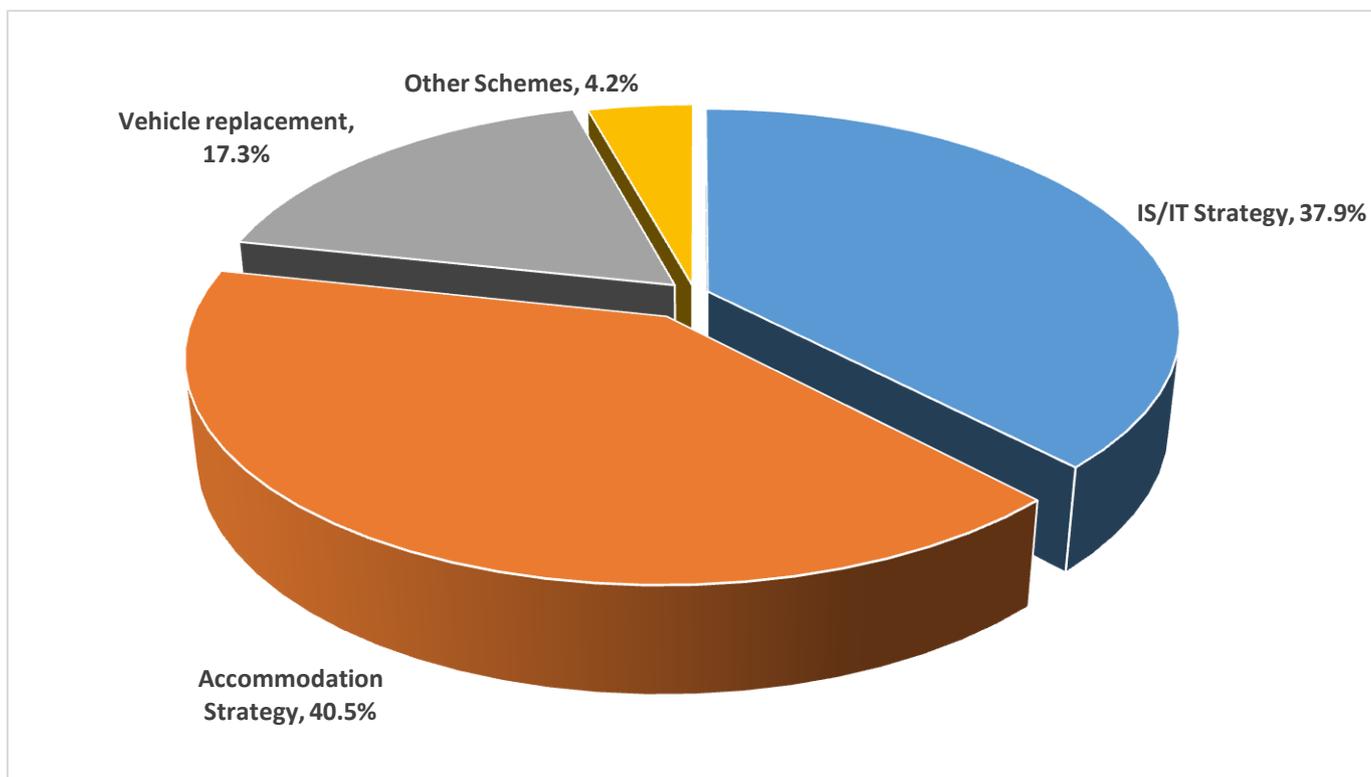
The main elements of the capital programme are the ICT and Accommodation strategies and reflect the need for prioritised investment in these key areas which increasingly underpin the delivery of an efficient and effective police service. The other key areas of investment relate to vehicles, specialist equipment replacement and digital speed cameras.

The programme developed by the Constabulary in consultation with the Commissioner follows the principles of affordability, prudence/sustainability, value for money, stewardship, planning and practicality found within the Prudential Code. A detailed appraisal process is followed in assessing requirements for capital investment and the scrutiny approach taken to determine prioritised areas of investment. The consideration of requirements over a 5 year period meets the best practice outlined by the various inspection regimes which the Office of the Police and Crime Commissioner and the Constabulary are covered by. The programme also seeks to identify and manage the related costs impacting on the revenue budgets and the level of revenue resources required for the planned level of investment. This has been built into the 2014/15 revenue budget proposals and the longer term implications have been factored into the medium term financial strategy.

The total overall requirement for investment over the 5 years is £63.402m and is summarised as follows:-

	Carry Forward	New Starts					Total
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	
	£m	£m	£m	£m	£m	£m	
IS/IT Strategy	1.714	5.000	5.695	4.225	3.265	4.115	24.014
Accommodation Strategy	4.490	-	10.710	6.500	3.500	0.500	25.700
Vehicle replacement	-	2.200	2.200	2.200	2.200	2.200	11.000
Other Schemes	1.253	0.605	0.230	0.150	0.150	0.300	2.688
TOTAL	7.457	7.805	18.835	13.075	9.115	7.115	63.402

The following graph identifies the proportion of the total programme that each type of spending represents:



Financing the Capital Programme

The shape of the financing needed to support the proposed programme in 2014/15 and future years depends upon the extent of Government support for capital expenditure and upon financing decisions which the Police and Crime Commissioner can take. The Capital grant allocation for 2014/15 has been announced at £3.793m and is in line with previous expectations.

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

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

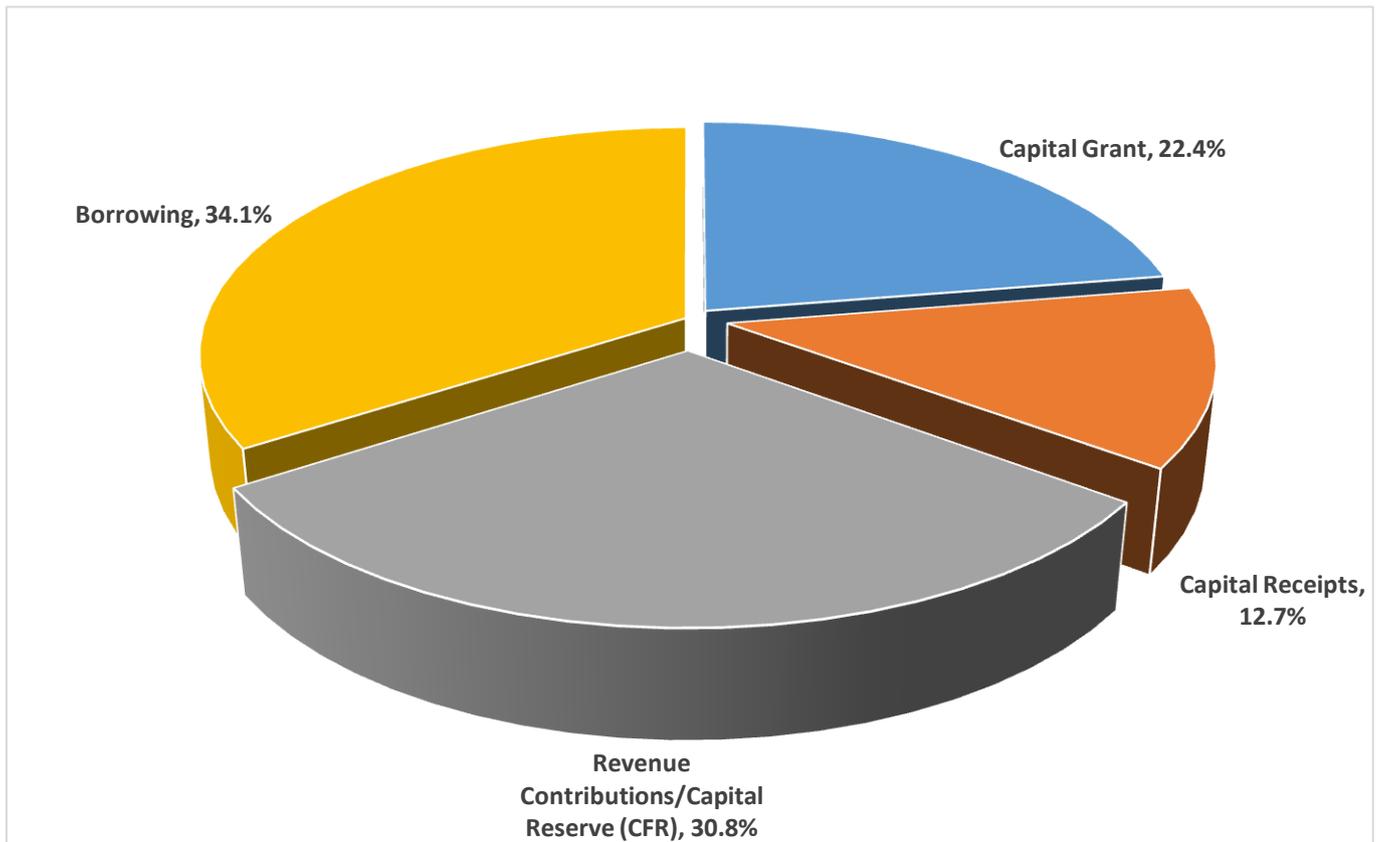
- capital financing charges and the impact of borrowing particularly for long term assets (buildings)
- the use of our own resources, and
- revenue consequences arising from capital expenditure (computer hardware/software maintenance costs and running costs of new builds)

The financing of the capital programme has been reflected in the Revenue Budget for 2014/15 and will be reflected in the financial strategy for 2015/16 to 2017/18.

The financing of the proposed 2014/15 to 2018/19 Programme is as follows:

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Capital Grant	3.793	2.770	2.225	2.910	2.510	14.208
Capital Receipts	3.813	-	2.102	2.111	-	8.026
Revenue Contributions/Capital Reserve (CFR)	3.236	5.640	5.623	2.530	2.530	19.559
Borrowing Unsupported	4.420	10.425	3.125	1.564	2.075	21.609
Total Programme	15.262	18.835	13.075	9.115	7.115	63.402

This graph shows the proportion that each type of financing for the Capital Investment Programme represents:



Glossary

Asset rentals	A notional charge for using PCC assets such as buildings. It has no effect on Council Tax.
Budget	A statement which reflects the PCC's policies in financial terms and which sets out its spending plans for a given period. The revenue budget (spending other than capital spending) is finalised and approved in February before the start of the financial year on 1 April. Actual spending is monitored against the budget each month as part of the way the PCC manages his finances.
Capital charges	Depreciation (loss of value) on assets.
Capital spending	Spending on assets which will be of relatively long-term value to the PCC, for example, land, buildings and equipment. They are also referred to as 'capital expenditure', 'capital outlay' and 'capital payments'. The assets paid for by capital spending are known as 'fixed assets'.
Capital receipts	Amounts received from the sale of capital assets. These can only be used for 'capital purposes' – to repay an existing debt or to finance new capital spending. Amounts received which have not yet been used are referred to as 'capital receipts unapplied'.
Depreciation	Charges to the income and expenditure account to reflect a decrease in the value of assets as a result of use or ageing.
Financing charges	Repayments on amounts loaned to the PCC by external organisations. These charges include interest as well as repayment of the amount borrowed (the 'principal').
IAS 19	The financial reporting standard for pension scheme liabilities.(formerly FRS17)
Net budget	The amount the PCC needs to provide services after income has been taken into account (total budget less income). This amount is covered by general government funding and Council Tax.
Precept	The amount collected by the district councils on behalf of the PCC for the PCC's share of the Council Tax.
Police Grant	A general grant from central government to contribute towards the cost of providing services.
Specific grants	Government grants for a particular service, for example, Counter Terrorism grant
Tax base	The number of band D equivalent properties in a district.