



SUPPLEMENTARY INFORMATION

Budget and Performance Panel

Tuesday, 24 January 2017

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Cabinet 17 January 2017 - Agenda Item 8
Budget and Policy Framework Update 2017 to 2021-
General Fund Revenue Budget and Capital Programme

Recommendations of Councillor Whitehead:

- 1 That the 2016/17 Revised Budget be referred on to Budget Council for approval, with the net overspending of £39K being met by reducing the in-year contribution to Balances from £56K to £17K.
- 2 That Council be recommended to approve a City Council tax increase of £5 for 2017/18, together with a year on year target of £5 for future years, subject to local referendum thresholds.
- 3 That Cabinet approves its initial budget proposals as set out in the following Appendices:

Appendix 1: Savings and growth for implementation following approval at Budget Council.

Appendix 2: Savings and growth options to be developed and considered during 2017/18, to inform corporate planning, prioritisation and budget setting for 2018 to 2022.
- 4 That the above proposals and the resulting Revenue Budget position and Capital Programme for 2017/18 onwards, as set out at **Appendices 3 and 4** respectively, be referred on to Council for initial consideration as well as being presented for scrutiny at the open meeting of Budget and Performance Panel, in order that feedback can be provided to Cabinet at its February meeting.
- 5 That drawing on the above, it be noted that:
 - currently the revenue budget proposals for 2017/18 are balanced, allowing for a net contribution to earmarked reserves in next year, but some key figures (such as the provisional Settlement) are still subject to change;
 - there is still a need to make estimated savings of £414K in 2018/19, rising to £2.117M by 2020/21,
 - the planned local government finance reforms scheduled for 2020 create huge uncertainties, and it is essential that the Council develops its understanding and monitors the potential implications in order that it can respond positively and appropriately, as Government's plans become clearer.
- 6 That at its February meeting Cabinet considers the use of available Reserves and Balances in support of finalising its Budget and Medium Term Financial Strategy (MTFS) proposals to 2021, having regard to the advice of the section 151 Officer.

Notes to the Savings and Growth Proposals at Appendix 1

- a. In line with the approved budget strategy, Cabinet is taking a two-stage approach to budget development, to help achieve financial sustainability over the medium term. In doing so it has focused on :
 - putting forward readily implementable efficiency savings and income generation options for 2017/18;
 - keeping growth to a minimum, linked to covering statute-backed needs; and
 - identifying other potential savings and growth options to feed into a much more fundamental review of the Council's services, priorities and resource allocation to be commenced in April 2017, to inform corporate planning and budget setting for 2018 to 2022.
- b. Ahead of next year's review, Cabinet considers that there is an urgent need to help progress the development, co-ordination, promotion and delivery of future Economic Strategy, and this should take priority now. Accordingly, at its February meeting, Cabinet will allocate at least £500K of earmarked reserves specifically for this purpose, with the use of such a reserve being the subject of a report to Cabinet early in the new financial year. This is provided for as growth within Cabinet's proposals.
- c. In terms of other growth, reasonable assumptions have been made that some budget proposals will be cost neutral, although for the pilot to help tackle Anti-Social Behaviour (ASB), this is dependent upon the success of an external funding bid. In the event that it is not successful, it is proposed that earmarked reserves be used instead. The ASB pilot is subject to an interim evaluation after 12 months (and then as part of the 2019/20 budget process, ahead of any decision regarding its future).
- d. With regard to Community Pools, any growth need cannot yet be quantified as further information is awaited. The position will be updated prior to Cabinet submitting its final proposals to Budget Council on 01 March. It is proposed that any growth need would be met from reserves.
- e. For CCTV, to allow more time to explore whether the scheme can and should be redesigned at no or little cost to the Council, an extension of the current scheme to September 2017 is provided for, at an estimated one-off cost of £50K.
- f. Beyond 2017/18 all other growth proposals are to be met from a combination of reserves and the need for services to make compensating ongoing savings. For example, property growth is to be covered through future property rationalisation savings, and accountancy growth is to be covered through finance-driven savings (be they income related or efficiency/modernisation measures).

- g. The review of provisions, reserves and balances to be undertaken by the s151 Officer will take account of the above, as well as the need to ensure sufficient resources are available to undertake any up-front development and feasibility work associated with the Council's existing commitments and other potential budget proposals outlined at Appendix 2.
- h. In terms of savings, any new charging policies associated with the budget proposals would be incorporated into the Council's Fees and Charges Policy as appropriate, with the detailed arrangements for implementation being delegated to the relevant Chief Officer, with the agreement of the relevant Portfolio Holder/s and the Chief Officer (Resources).

GENERAL FUND REVENUE BUDGET - 2017/18 TO 2020/21
SUMMARY OF SAVINGS AND GROWTH PROPOSALS - CABINET 17 JANUARY 2017

		2017/18	2018/19	2019/20	2020/21
		£	£	£	£
PHASE 1 - 2017/18 SAVINGS AND GROWTH PROPOSALS					
SAVINGS PROPOSALS					
EFFICIENCY SAVINGS	No.				
Environmental Services					
Street Cleaning - working pattern (overtime saving)	1	(60,000)	(80,000)	(80,800)	(81,600)
		(60,000)	(80,000)	(80,800)	(81,600)
INCOME GENERATION					
Environmental Services					
Kingsway overspill car park (<i>incl £15K upfront cost in 17/18 funded from reserves</i>)	2	7,000	(10,200)	(10,400)	(10,600)
Health & Safety Training (to external clients)	3	1,000	(6,000)	(12,200)	(12,400)
Health & Housing					
Increase burial charges for out of district residents	4	(13,000)	(13,300)	(13,600)	(13,900)
Increased charge for ashes internment	5	(5,500)	(5,600)	(5,700)	(5,800)
3% increase in cemetery fees	6	(7,900)	(8,100)	(8,300)	(8,500)
"Safer Food Direct" service	7	(3,000)	(3,100)	(3,200)	(3,300)
Regeneration & Planning					
Pre-application advice fee schedule changes	8	(39,500)	(44,700)	(45,800)	(46,900)
Resources (Property Group)					
Review of room hire policy	9	(13,000)	(13,300)	(13,600)	(13,900)
		(73,900)	(104,300)	(112,800)	(115,300)
TOTAL SAVINGS		(133,900)	(184,300)	(274,400)	(278,500)
REDIRECTION OF RESOURCES OR "GROWTH"					
STATUTORY BASED GROWTH	No.				
Governance - Democratic					
Parishes Review	10	10,000	25,000	-	-
Regeneration & Planning					
Temporary conservation assistant post	11	16,300	22,900	6,000	0
Resources (Financial Services)					
Accountancy capacity	12	43,400	50,200	51,900	0
		69,700	98,100	57,900	0
OTHER PROPOSALS					
Environmental Services					
Extension of CCTV (to September 2017)	13	50,000	-	-	-
Health & Housing					
Community Pools	-	TBC	-	-	-
Pest Control Operative post (budget neutral)	14	0	0	0	0
Anti-Social Behaviour Team (budget neutral)	15	0	0	0	-
Regeneration & Planning					
Canal Corridor North Project Officer	16	29,200	40,500	42,100	44,000
Empty Homes Officer (budget neutral)	17	0	0	0	0
Resources (Property Group)					
Property Service Restructure	18	23,600	37,100	0	0
		102,800	77,600	42,100	44,000
SUPPORT FOR ECONOMIC GROWTH					
Regeneration & Planning					
Creation of Earmarked Reserve		500,000	-	-	-
TOTAL COST		672,500	175,700	100,000	44,000

See attached sheets for more detail. Note that the above estimates now include an allowance for inflation (the individual sheets currently do not, but will be updated in due course).

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

1

Service: Environmental Services

Service / Policy Area

Public Realm - Clean, Green and Safe Places

Brief Description of Budget Option

Street Cleaning overtime - the working pattern of the current workforce is Monday to Friday and weekend schedules are supplemented through overtime. The proposal is to change the existing employees contracts to working 5 days out 7 day thus giving the flexibility to utilise the workforce at the weekend at no extra cost.

Proposed Implementation Date

Jul-17

Estimated Lead-In

3 months

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

A more flexible presence will provide benefits for businesses, residents and visitors to the district.

Other Issues – e.g. Impact on internal services, potential risks etc.

Some residual overtime would still be expected to cover peak demands e.g leaf clearance however schedules are being reviewed to minimise this.

Up-front Investment Needed (provide details below)

Amount:

£ 0

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Overtime Savings - Street Cleaning	-£ 60,000	-£ 80,000	-£ 80,000	-£ 80,000
Total	-£ 60,000	-£ 80,000	-£ 80,000	-£ 80,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

2

Service: Environmental Services

Service / Policy Area

Public Realm - Sustainable Economic Growth

Brief Description of Budget Option

To incorporate the former Kingsway Overspill Car Park next to Bridge End Depot into the public car parks portfolio to provide a managed car park with an appropriate level of parking charges aimed at shoppers and leisure users.

Proposed Implementation Date

Apr-17

Estimated Lead-In

1 month

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

Supports the corporate priority of Sustainable Economic Growth. The proposal would be included in the Annual Fees and Charges 2017/18 Cabinet report and stakeholders would be consulted.

Other Issues – e.g. Impact on internal services, potential risks etc.

The proposal would be introduced within service, Lancashire County Council has been consulted and the appropriate notices or Amendment Order would be published or introduced through Legal Services. Other administrative and enforcement arrangements would be incorporated into existing operational arrangements and managed within current budgets.

Up-front Investment Needed (provide details below) Amount:

£ 15,000

Some improvement works are required and the installation of a power supply, signage and pay and display machine is required.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 8,000	-£ 10,000	-£ 10,000	-£ 10,000
Initial costs	£ 15,000			
Total	£ 7,000	-£ 10,000	-£ 10,000	-£ 10,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

3

Service: Environmental Services

Service / Policy Area

Safety - Sustainable Economic Growth

Brief Description of Budget Option

To assess the viability of providing Health & Safety training to external clients including other local authorities and private business.

Proposed Implementation Date

Apr-18

Estimated Lead-In

12 months

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

New area of business potentially impacting on local competition.

Other Issues – e.g. Impact on internal services, potential risks etc.

This would utilise the time of an existing staff member which could potentially result in a shortfall to the available resources currently being dedicated to the safety levels across the Council. However, this could be addressed by introducing this proposal in phases whilst reviewing the impact on service needs.

Up-front Investment Needed (provide details below)

Amount:

£ 1,000

Investment required in new material (e.g. DVD's and flipcharts) to provide a professional service.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income		-£ 6,000	-£ 12,000	-£ 12,000
Total	£ 0	-£ 6,000	-£ 12,000	-£ 12,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

4

Service: **Service / Policy Area**

Cemeteries Service

Brief Description of Budget Option

The Council does not charge additional fees for the burial of persons who, at the time of death, do not reside in our district. Most councils charge at double the normal rate. It is proposed that the council introduce 'doubled up' charges (across the range of interment fees) from 01 April 2017. It is estimated that there will be 15 adult burials and 20 ashes interments a year. This would equal £654 per burial and £157 per ashes interment. In some cases extra income may be made by the sale of 'Exclusive Rights of Burial', but this has not been incorporated in this proposal as it cannot be guaranteed.

Proposed Implementation Date Estimated Lead-In **Nature of Option**Efficiency Saving Service Reduction Income Generation Other *Specify above***Service Impact – External/Community Impact (including impact on Corporate Plan)**

Although this proposal will increase costs to the bereaved, it is not anticipated the number of interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None.

Up-front Investment Needed (provide details below)Amount:

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000
Total	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

5

Service: **Service / Policy Area**

Cemeteries Service

Brief Description of Budget Option

An increase is proposed for the cost of providing an ashes interment but this will remain considerably below the minimum level charged by Lancaster Crematorium. The overall council fee for this service is made up of several elements so it is proposed to increase, in isolation, the fee for a Granite Memorial by £136 (rounded down). The number of interments is estimated at 40 per year.

Proposed Implementation Date

Estimated Lead-In

Nature of OptionEfficiency Saving Service Reduction Income Generation Other *Specify above***Service Impact – External/Community Impact (including impact on Corporate Plan)**

Although this proposal will increase costs to the bereaved, it is not anticipated the number of ashes interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None.

Up-front Investment Needed (provide details below)

Amount:

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 5,500	-£ 5,500	-£ 5,500	-£ 5,500
Total	-£ 5,500	-£ 5,500	-£ 5,500	-£ 5,500

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

6

Service: **Service / Policy Area**

Cemeteries Service

Brief Description of Budget Option

The council's fees and charges are increased each year in April. This includes all Cemetery fees. This proposal is to increase all cemetery fees by an additional 3% on top of the annual general increase.

Proposed Implementation Date

Estimated Lead-In

Nature of Option
 Efficiency Saving Service Reduction Income Generation Other *Specify above*
Service Impact – External/Community Impact (including impact on Corporate Plan)

Although this proposal will increase costs to the bereaved, it is not anticipated the number of interments will significantly decrease.

Other Issues – e.g. Impact on internal services, potential risks etc.

None

Up-front Investment Needed (provide details below)

Amount:

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 7,900	-£ 7,900	-£ 7,900	-£ 7,900
Total	-£ 7,900	-£ 7,900	-£ 7,900	-£ 7,900

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

7

Service:

Service / Policy Area

Environmental Health - Food & Safety team (Health policy area)

Brief Description of Budget Option

Cornwall Council has developed a range of innovative products under the umbrella name 'Safer Food Direct'. These offer local authority business regulatory expertise in a commercial, discretionary offer (over and above the help already provided by councils) in the interests of protecting consumers, supporting and advising individual local businesses, and more broadly to promote local economic confidence and growth.

This proposal is that we introduce Cornwall's 'Safer Food Direct' services and make good income-generating use of expert business advice and support on regulatory and technical food safety matters to commercial food businesses:

1. New business start-up advice and support.
2. Pre-inspection 'audit' advice and support.

These services would aim to help businesses to gain or retain a published full 'five-rating for food hygiene, helping them to attract more customers.

Proposed Implementation Date Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

Service Impact – External/Community Impact (including impact on Corporate Plan)

Closer working with businesses. Greater buy-in and motivation for food safety compliance. Income from discretionary chargeable business advice & support services over and above our continuing regulatory service delivery. Note: Piloting underway and due to be completed by 31st March 2017.

Other Issues – e.g. Impact on internal services, potential risks etc.

Conflict of interest managed through a firm operational policy.

Up-front Investment Needed (provide details below) Amount:

Licensing costs of £2k per year are expected to be waived in view of the council's special collaborative partner status with Cornwall Council.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Income	-£ 3,000	-£ 3,000	-£ 3,000	-£ 3,000
Total	-£ 3,000	-£ 3,000	-£ 3,000	-£ 3,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

8

Service:

Service / Policy Area

Development Management

Brief Description of Budget Option

(a) Revisions to the existing pre-application advice fee schedule, including the introduction of a new tier of pre-application advice (to be known as level three advice)

(b) Two new chargeable elements are also sought – the introduction of fees for separate heritage-related advice (advice from the Council's Conservation Officers regarding works to listed buildings, works within conservation areas and works within areas of article 4 direction); and the introduction of a new post-application meeting charge (to assist applicants and developers with discharging planning conditions or addressing reasons for refusal).

Proposed Implementation Date

Estimated Lead-In

Nature of Option

Efficiency Saving Service Reduction Income Generation Other *Specify above*

Service Impact – External/Community Impact (including impact on Corporate Plan)

Pre-

Application advice is already charged; those affected by the changes to the suggested pre-application advice system will be planning applicants and developers.

Other Issues – e.g. Impact on internal services, potential risks etc.

(a) There will be a time-element impact here for Members, regarding the (relatively few) level three pre-application proposals that would be received per year. It is envisaged that a small group of Members (provisionally identified as those who attend Monthly Planning Briefing, which is one Member per political group represented on Planning Committee) would be required to attend a pre-application presentation by the developer

(b) The impact of charging for heritage advice will be likely to result in a much-needed reduction in the number of (currently) non-fee earning queries for the Council's Conservation Officers. By offering a new opportunity for all parties to discuss planning conditions and reasons for refusal, the workload of the 2 Planning Enforcement Officers may witness a modest fall.

Up-front Investment Needed (provide details below)

Amount:

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional Income	-£ 39,500	-£ 43,700	-£ 43,700	-£ 43,700
Total	-£ 39,500	-£ 43,700	-£ 43,700	-£ 43,700

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (SAVINGS)

9

Service: Resources (Property Group)

Service / Policy Area

Property Services - room hire

Brief Description of Budget Option

To undertake a review of the room hire policy, with a view to promoting greater consistency and transparency, as well as increasing the current level of income generated.

Proposed Implementation Date Apr-17

Estimated Lead-In

Nature of Option

 Efficiency Saving Service Reduction Income Generation Other Specify above

Service Impact – External/Community Impact (including impact on Corporate Plan)

A review of the policy is aimed at promoting greater consistency and transparency for customers, as well as increasing income.

Other Issues – e.g. Impact on internal services, potential risks etc.

There is a risk that if charges are increased too much it could result in fewer customers. The review therefore needs to ensure charges are competitive. and the packages offered are attractive.

Up-front Investment Needed (provide details below)

Amount: £ 0

None.

Estimated Costs/(-)Savings/(-)Income (excluding inflation)

	2017/18	2018/19	2019/20	2020/21
Additional income	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000
Total	-£ 13,000	-£ 13,000	-£ 13,000	-£ 13,000

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

DEMOCRATIC SERVICES : ELECTIONS TEAM - COMMUNITY GOVERNANCE REVIEW

Brief Description of Budget Option

To carry out a community governance review (CGR) of the whole district in 2017-2019. This would start in September 2017 and take 12 months, being ready for implementation in April 2019. A CGR is an opportunity for a principal council such as Lancaster City Council to consult with residents to review and make changes to the parish and town councils ('community governance') in its area and consider creating new parish and/or town councils.

The power to undertake these reviews is set out in Section 100 of the Local Government and Public Involvement in Health Act 2007 and Section 100(4) of the Act requires the Council to have regard to guidance issued in 2010 by the Secretary of State and the Local Government Boundary Commission for England which states that it is good practice for a principal Council to undertake a review every 10-15 years. The Act came into force almost nine years ago and the Council has not yet carried out a full review, although community governance reviews have been undertaken to set up Morecambe Town Council (2008) and Aldcliffe with Stodday Parish Council (2016). Officers feel it is now time for a full review, as interest has been expressed in forming a Parish Council for Heysham and this seems an ideal time, with no major elections planned for 2018.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

The bulk of the work would be carried out by the elections team, led by the Elections Manager. There is likely to be an impact on colleagues who arrange precepting and bill residents for council tax although that impact can not be accurately predicted as it will depend on the outcome of the review. If a new Council is established for Heysham, for example, there will be a significant impact as it will affect a large number of households. If there are no changes at all after carrying out the review, there will be no impact.

No major elections are planned for May 2018, so this is the ideal time to undertake a review, as it will be a major piece of work, possibly including polls not just consultation work, and could not be undertaken in parallel with an election without extra staff resources. The next year with no planned elections is 2022.

Other Issues – e.g. Impact on internal services, potential risks etc.

The impact on the elections team - consultation work, reporting to members at various stages and possibly running polls (if required) - could be significant, and for this reason the work has been scheduled for a year with no planned elections. The greatest risk - unlikely but still a risk - is that a snap Parliamentary Election could be called and this would mean that the review would have to either be put on hold, or additional staff resources would be needed. There is also a risk, if the review is delayed or put on hold, that the Council has not given due regard to the timescales in the guidance document.

The costs that are given in this growth bid are initial estimates, and may ultimately be lower; they cannot be firmed up until the outcome of the public consultation and whether polls are going to be necessary or not (the polls and the fees that might be paid to the software supplier to adjust the Council Tax system are the most costly elements, the initial consultation can be carried out at minimum cost using press releases and the Council website). If no polls are needed, the cost will be much lower.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Fees for system changes		15,000		
Possible polls (may not be needed)	10,000	10,000		
Total	10,000	25,000	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

11

Service: **Service / Policy Area**

Conservation (Built Heritage)

Brief Description of Budget Option

To create a new temporary post of Conservation Assistant (Standards, Compliance and Enforcement). The post would be for two years and would permit a qualified but probably fairly inexperienced conservation graduate to support the work of the conservation officers.

Proposed Implementation Date Estimated Lead-In **Service Impact – External/Community Impact (including impact on Corporate Plan)**

The council has legal responsibilities for ensuring that heritage assets are identified and protected. The council also has intentions to promote economic growth on the basis of this cultural offer: the Corporate Plan identifies one of the main prospects for economic growth is the potential to capitalise on the district's "outstanding arts and cultural heritage". Presently, the council manages all built heritage with only two conservation officers. Much of the officers' valuable professional time is lost to addressing enforcement matters, often relating to occurrences where property owners do not implement what they have obtained consent for, or, make changes to heritage assets without seeking consent. The need to delay other work to address non-compliance issues prevents positive conservation policy work being undertaken. Insufficient resource to address incidences of non-compliance have wider ramifications: members of the community who follow process can be discouraged whilst other community members may be encouraged to follow suit. Establishing and publicising clear intentions to ensure that conservation standards are complied to whilst non-compliance issues will be addressed raises expectation and ultimately standards. An additional resource with a focus on compliance will greatly assist.

Other Issues – e.g. Impact on internal services, potential risks etc.

The Planning (Listed Buildings and Conservation Areas) Act 1990 places specific duties and obligations on local authorities to ensure that heritage assets are conserved. Having the support of an assistant will enable the Conservation Officers to focus their experience and their valuable officer time on addressing the substantive challenges and processes including deadlines associated with the delivery of the local plan. A dedicated and knowledgeable resource to address issues of standards and compliance specifically with regard to development affecting heritage assets will support the work of the small planning enforcement team who are obliged to prioritise enforcement case work and establish better expectations on development compliance.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Conservation Assistant Grade 3	16,200	22,400	5,800	
Total	16,200	22,400	5,800	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Financial Services

Brief Description of Budget Option

Establishment of a new post of Accountancy Manager (Grade 8). The creation of this post will provide the necessary capacity within accountancy to ensure key projects, such as Canal Corridor & Salt Ayre Sports Centre redevelopment, are supported with the appropriate level of financial advice and support, and that the accountancy section can successfully adapt to future changes in accounting requirements and early closure timescales, as well as resourcing the implementation of replacement financial and non-financial IT systems. The post would also create capacity for aspects of accountancy work that have been put on hold due to a lack of resources, i.e. a full review of internal recharges and implementation of monthly financial monitoring amongst other areas of work. It would also provide the Financial Services Manager with much needed capacity to allocate more time to managing and developing the exchequer, procurement and risk management/insurance sections, as well as being able to support more strategic financial issues such as 100% Business Rates Retention and New Homes Bonus etc.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

None directly other than the service.

Other Issues – e.g. Impact on internal services, potential risks etc.

Creation of the post will ensure key council projects and initiatives can be supported with the appropriate level of advice and support. It will provide services with another level of strategic and operational financial advice and support, and will create capacity to enable future financial developments to be planned and resourced appropriately.

If the post is not created the service will not have the capacity to meet future changes and developments, i.e. implementation of a replacement IT system, changes in accounting requirements and the requirement to close accounts earlier. In addition, there will be insufficient capacity to support key corporate initiatives and projects. There is also a risk that increased pressure on the accountancy section will result in an increase in the likelihood of errors, failure to meet internal and external deadlines and generally have a negative impact on the Council and its services, and staff generally.

The cost of the post from 2020/21 onwards will be covered by finance-driven savings (be they income related or efficiency/modernisation measures).

As well as the wide ranging statutory obligations that the post would help fulfil, under section 114 of the Local Government Finance Act 1988 (and as set out in the Council's Constitution), the authority must provide the Section 151 Officer with *sufficient staff*, accommodation and resources, to carry out the duties under that section. This is a key governance requirement to ensure the S151 officer can provide a finance function with the resources, expertise and systems necessary to perform its role effectively.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Accountancy Manager - Grade 8	36,100	49,200	50,400	51,600
External Recruitment Costs	7,000			
Target Savings				-51,600
Total	43,100	49,200	50,400	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

13

Service:

Service / Policy Area

Clean and Green Places

Brief Description of Budget Option

Council's decision (March 2016) with regards to CCTV was to cease provision 31/03/17 but work with interested parties to establish if it could be provided in a different way at no cost to the Council. Work is ongoing to look at the business case for a 're-purposed' public CCTV system that acts a tool to 1) contribute to safety 2) help reduce fly tipping and vandalism 3) help manage other functions provided by the Council eg events, Licensing.

The current system is in need of upgrade however so capital expenditure would be required besides ongoing revenue funding. A project group consisting of City Council, Lancaster BID, Morecambe BID, Chamber, Police is looking at the best options going forward - including working with other Councils. In order to allow time for the viability of the business case to be determined the Council will continue to run the system from April to September 2017, but without staffing. The one-off costs to support this extension are indicative at this stage.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Supports corporate priorities of Community Leadership, Clean and Green Places, Sustainable Economic Growth.

Other Issues – e.g. Impact on internal services, potential risks etc.

No other key issues at this stage.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Cost of extension April to Sept 2017	50,000			
Total	50,000	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

14

Service:

Service / Policy Area

Environmental Health - Pest Control (Health policy area)

Brief Description of Budget Option

This proposal creates additional staffing capacity to maximise the prospects for delivering required levels of income from our Pest Control service. It is linked to existing income targets for 2017/18 and beyond which we are taking forward through a commercialisation and marketing project which has already begun, targeting higher value commercial contract clients.

We propose the establishment of a grade 2 post of Assistant Pest Control Operative for a fixed term of 2 years to:

- a) free up existing highly experienced staffing capacity to service new, high value contract clients
- b) secure succession planning to sustain the service's expertise, efficiency, effectiveness and viability.

In order to recruit and train the new post holder in time for the main income-generating wasp season, assistance for timely recruitment is proposed at a cost of £3,600 which will be met from corporate turnover savings in 2016/17.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Pest Control is currently working at full stretch to service existing workloads. Based on existing staffing levels we would have to drop some existing, lower-earning work in order to achieve future year income targets.

This proposal creates additional staffing capacity so that we would continue to service existing clients and workloads without loss of lower-earning work, whilst also maximising prospects of winning and successfully servicing higher-earning commercial contracts. Once the time has been spent upfront winning the higher value contracts, workload can be managed thereafter without the additional resource.

Other Issues – e.g. Impact on internal services, potential risks etc.

Pest Control cannot guarantee delivering existing income targets but is in a strong position in terms of service expertise, customer-base awareness and customer satisfaction.

The additional costs of employing and training the proposed Assistant Pest Control Operative would be added to our income targets. Without that post we risk not being able to capitalise on strong income-generating prospects that would help to assure the future financial sustainability of the service and seek to generate a surplus.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
1 x Assistant Pest Control Operative	19,300	19,300		
Target income supported by this proposal	-19,300	-19,300		
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

15

Service:

Service / Policy Area

Environmental Health (Health and Clean-Green-Safe policy areas)

Brief Description of Budget Option

Establishment of a fixed term 2 year pilot Anti-Social Behaviour team dedicated to investigating, confronting and tackling (using formal enforcement powers where necessary) anti-social behaviour. We anticipate but cannot at this stage confirm likely support with the costs of running this unit from Transformational Challenge Award (TCA) funding. We would make a bid to the County Council for an element of their TCA grant allocation, the aims of which are closely aligned with the growth proposal.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Anti-social behaviour is a significant problem in parts of the Lancaster district (including council estates) in terms of neighbour-on-neighbour problems, litter and fly-tipping, drug-related problems affecting residential streets, alcohol and the night-time economy, and aspects of hate crime-related anti-social behaviour falling outside the criminal remit of the Police. Anecdotally some of these are growing problems.

One part-time (2 days a week) permanent ASB Officer post, formed from part of a pre-existing post, is currently (December 2016) being recruited to. The growth proposal here is to more fully establish a small unit of two dedicated ASB officers and a fully operational ASB lead officer. Working highly flexible hours to target peak times and maximise impact, this pilot if approved will run from June 2017 to May 2019. We believe this is the minimum size of unit to efficiently and effectively manage and fulfil a demanding caseload. It will be necessary to strictly prioritise individual cases and align with the needs of any funding sources.

A dedicated anti-social behaviour unit will help to offer cost effective and coordinated joined-up enforcement when compared with a single dedicated service on a wider anti-social matter such as litter / fly-tipping.

Other Issues – e.g. Impact on internal services, potential risks etc.

This proposed anti-social behaviour unit will enable some existing demands on council services to be delivered in more efficient and targeted ways. In several areas (Environmental Health, Council Housing) the detail in this proposal already reflects some diversion of resources. There are several other anticipated funding sources - each likely to be conditional to specific geographical areas or types of problem - and these would once approved be brought on stream as additional posts.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
1 x additional ASB officer (grade 4)	22,800	28,300	4,900	
1 x lead ASB officer (grade 5)	27,100	33,600	5,800	
Use of 2 x marked vehicles	8,300	10,000	1,700	
Equipment, tools, clothing & training	3,500	2,000	500	
TCA Funding - to be confirmed	-46,700	-55,900	-9,900	
HRA contribution to anti-social behaviour	-15,000	-18,000	-3,000	
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

16

Service: **Service / Policy Area**

Regeneration/Development Control

Brief Description of Budget Option

Appointment of Project Officer to support the Regeneration Manager with the delivery of the Canal Corridor North Regeneration project.

Time limited contract (5 years)

Proposed Implementation Date Estimated Lead-In **Service Impact – External/Community Impact (including impact on Corporate Plan)**

The Canal Corridor North project is a major priority for the City Council. It will be complex in terms of balancing the councils regulatory role with its regeneration and economic development activities. The City Council is both a landowner, investor, and regulator in this project.

This is one of the most important regeneration projects in a generation and has game changing potential to elevate Lancaster to deliver its true potential in terms of a visitor destination, student experience and becoming a top location to live and work.

Other Issues – e.g. Impact on internal services, potential risks etc.

The Canal Corridor North project is now moving into a phase where it is capable of consuming a disproportionate amount of the Regeneration Manager's time handling routine but important project management duties. To redress this balance throughout the delivery phase of the project dedicated project support is needed to ensure the Regeneration Manager can offer the appropriate direction whilst carrying his other managerial and professional duties. Considerable work is still being done as part of due diligence to assess whether the project can commence to the delivery stage. No recruitment to this key delivery post would take place until there was more certainty over commencement.

Recruitment in the planning and regeneration sector is becoming increasingly difficult and it is by no means certain that the appropriate expertise can be acquired through traditional recruitment methods.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Project Officer Grade 6	29,000	39,700	40,900	42,200
Total	29,000	39,700	40,900	42,200

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

17

Service:

Service / Policy Area

Regeneration - Empty Homes

Brief Description of Budget Option

Redirecting savings from the retirement of an existing post holder to make the Empty Homes Officer post permanent (current contract expires 31st March 2017). This is in line with an October 2014 Cabinet decision (minute 47 refers). This will be accompanied by a refresh of the Empty Homes Strategy (to be reported to Cabinet in February 2017) and an internal reorganisation to ensure sufficient capacity is in place to cover this important area of work. The overall impact of these changes will be cost neutral at worst with potential for a small overall saving.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

This is a high profile area of work with significant community impact. Empty Homes are a visible sign of an area's wellbeing and a deterrent to investment. They are also a wasted resource at a time of housing shortages. Bringing empty homes back into use directly contributes to the corporate priorities of health and wellbeing and economic regeneration and has a positive financial impact on the council.

Other Issues – e.g. Impact on internal services, potential risks etc.

A successful empty homes program helps address housing need and improves the economic prospects of an area. It also complements other regeneration initiatives (such as S215 untidy land and building work) and ongoing enforcement work through planning and housing legislation. It is proposed to improve co-ordination between these functions to provide the most efficient service possible.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Empty Homes Officer salary and on-costs	34,600	35,700	36,700	37,500
Retiring Officer salary and on-costs	-44,500	-44,500	-44,500	-44,500
Net Saving	-9,900	-8,800	-7,800	-7,000
Note: Use of savings to be considered as part of wider restructure	9,900	8,800	7,800	7,000
Total	0	0	0	0

2017 to 2021 BUDGET PROCESS – BUDGET OPTIONS (REDIRECTION/GROWTH)

Service:

Service / Policy Area

Resources / Property

Brief Description of Budget Option

Implementation of a new Property Group staff structure which includes increased staff levels to address resourcing gaps in critical areas. The key growth area is asset management to create capacity for strategic property management and ensure the City Council obtains best value for money from its property holdings.

Another key area being addressed through the restructure is that of facilities management creating a clear split between room bookings & events management (a potential growth area for the Council) and reducing the number of traditional facilities support officers but increasing the hours to increase flexibility and reduce overtime payments.

Proposed Implementation Date Estimated Lead-In

Service Impact – External/Community Impact (including impact on Corporate Plan)

Builds capacity for strategic property management.

Delivers a more focused approach to room booking and event management. Potentially creates a foundation for a more corporate approach to room bookings and cafe management in the future. Improves flexibility within the facilities support to reduce overtime and thus improve financial certainty going forward.

Other Issues – e.g. Impact on internal services, potential risks etc.

Increased capacity in asset management will deliver a more strategic approach to management of the Council's property holdings. It will also allow Property Group to increase its corporate landlord responsibilities thus reducing the time other services spend on property related matters.

Estimated Costs (excluding inflation)

	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Increase to staff structure	23,400	36,100	41,400	42,600
Total	23,400	36,100	41,400	42,600

GENERAL FUND REVENUE BUDGET - 2017/18 TO 2020/21

SUMMARY OF SAVINGS AND GROWTH OPTIONS - 2018/19 ONWARDS

SERVICE	PROPOSAL
PHASE 2 - 2018/19 SAVINGS AND GROWTH OPTIONS TO BE EXPLORED	
POTENTIAL SAVINGS	
Budget Proposals Arising From 2016/17 Budget	
Governance	Civic Regalia
Environmental Services	Electric Car Charging Points
Regeneration & Planning	Platform Review
Regeneration & Planning	Museums Review
Regeneration & Planning	VIC's Rationalisation
Regeneration & Planning	Arts Grants Review
Resources (Financial Services)	Reduction of Credit Card Charges
New Budget Proposals	
Resources (Property Group)	Office Accommodation Rationalisation / Corporate Property Strategy Review
Environmental Services	Fleet Management Review
Environmental Services	Trade Waste Scoping Exercise to Determine Expansion
Environmental Services	Various Morecambe Concessions Review
Environmental Services	Williamson Park Café (includes capital growth)
Environmental Services	Car Parking Charges Review
Environmental Services	Advertising on Council Vehicles
Governance	Voluntary, Community & Faith Sector - Review of Funding
Health & Housing	Licensing Service Review
Health & Housing	Salt Ayre - New facility for gymnastics, indoor ski/surfing (includes capital growth)
Revenues (Financial Services)	Centralised Payroll Function
Resources (Revenues)	Review of Benefits Service (particularly Housing Benefit in light of Universal Credit roll-out)
Resources (Revenues)	Review of Council Tax Discretionary Discounts and Exemptions
POTENTIAL GROWTH	
Governance - HR	Learning & Development Capacity
Governance - HR	Job Evaluation Review
Environmental Services	New CCTV System (includes capital growth)
Environmental Services	Improve Lower Storey Garden (includes capital growth)
Environmental Services	Route Optimisation Software
Environmental Services	"Pay on Foot" parking in St Nicholas Arcades Car Park (includes capital growth)
Regeneration & Planning	MAAP - Making the Heart of Morecambe (includes capital growth)
Regeneration & Planning	MAAP - Improving Approach to Morecambe (includes capital growth)
Regeneration & Planning	Lancaster Square Routes - Sun Square (includes capital growth)
Resources (ICT)	Geographic Information Systems (GIS) Support & Development
Resources (ICT)	Corporate Digital Projects (including mobile working and ICT modernisation strategy)
All Services	Corporate Cultural Change

General Fund Revenue Budget 2016/17 to 2020/21
As Recommended by Cabinet 17 January 2017

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Original Revenue Budget / Forecast	16,258	15,180	17,221	17,427	
<i>Allowing for budgeted contribution to Balances</i>	<i>56</i>	<i>165</i>			
Changes to Budget Projections - <i>Cabinet 06 December</i>	305	(307)	(600)	(326)	17,819
Base Budget Changes after Cabinet 06 December					
New Homes Bonus	-	84	(200)	(192)	276
Net Benefit Admin Grant reduction	-	77	75	73	104
Pensions	-	(71)	(70)	(68)	295
Loss of interest re Pensions	-	12	19	18	0
Capital Financing - MRP changes	-	(65)	(29)	(21)	(22)
Investment Interest	-	(90)	(66)	(253)	(313)
Other net changes across all Services	(1)	47	(51)	(67)	(90)
Phase 1 Savings Proposals (please see attached for details)					
Efficiency Savings	-	(60)	(80)	(81)	(82)
Income Generation	-	(74)	(104)	(113)	(115)
Phase 1 Growth Proposals (please see attached for details)					
Statutory Based	-	70	98	58	0
Other Proposals	-	103	78	42	44
The above to be funded from Reserves (after 2017/18)	-	-	(176)	(100)	(44)
Support for Economic Growth	-	500	-	-	-
Additional Contribution to Reserves	-	452	-	-	-
Reduced Contribution to Balances	(39)	-	-	-	-
General Fund Revenue Budget	16,523	15,858	16,115	16,397	17,872
Settlement Funding Assessment:					
Revenue Support Grant	(2,652)	(1,605)	(941)	(200)	0
Retained Business Rates	(4,568)	(5,065)	(5,223)	(5,400)	(5,510)
Business Rates - Safety Net Adjustment	-	401	413	427	441
Renewable Energy Income	(947)	(966)	(994)	(1,025)	(1,046)
Estimated Collection Fund Surplus	(60)	-	-	-	-
Council Tax Requirement	8,296	8,623	9,370	10,199	11,757
Target Council Tax Requirement	8,296	8,623	8,956	9,295	9,640
Latest Budget Deficit / (Surplus)	0	0	414	904	2,117

General Fund Unallocated Balance	
	<i>£M</i>
Original Projected Balance as at 31 March 2016	(4.128)
Budgeted Contribution	(0.056)
2015/16 Actual Underspend	(0.331)
2016/17 Forecast Overspend	0.039
Projected Balances as at 31 March 2017	(4.476)
Budgeted Contribution	(0.165)
Projected Balances as at 31 March 2018	(4.641)
Less Agreed Minimum Level of Balances	1.500
Available Balances	(3.141)

GENERAL FUND CAPITAL PROGRAMME - As Recommended by Cabinet 17 January 2017

Service / Scheme	2016/17			2017/18			2018/19			2019/20			2020/21			5 YEAR PROGRAMME		
	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Gross Budget	External Funding	Net Programme	Total Gross Programme	Total External Funding	Total Net Programme
Environmental Services	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Vehicle Renewals	1,160,000		1,160,000	1,685,000		1,685,000	984,000		984,000	971,000		971,000	1,509,000		1,509,000	6,309,000	0	6,309,000
Bins & Boxes Scheduled Buy-Outs	74,000		74,000	50,000		50,000			0			0			0	124,000	0	124,000
Car Parks Improvement Programme	57,000		57,000	27,000		27,000			0			0			0	84,000	0	84,000
Middleton Solar Farm Feasibility Study	0		0			0			0			0			0	0	0	0
Happy Mount Park - Pathway Replacements	43,000		43,000	23,000		23,000	23,000		23,000	23,000		23,000			0	112,000	0	112,000
Langridge Way Play Area	23,000	16,000	7,000			0			0			0			0	23,000	16,000	7,000
Health and Housing																		
Disabled Facilities Grants	850,000	850,000	0	2,511,000	2,511,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	1,463,000	1,463,000	0	7,750,000	7,750,000	0
Warmer Homes Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Salt Ayre Sports Centre - Redevelopment	4,405,000		4,405,000	340,000		340,000			0			0			0	4,745,000	0	4,745,000
Regeneration and Planning																		
Sea & River Defence Works & Studies	3,780,000	3,780,000	0	2,860,000	2,860,000	0	1,221,000	1,221,000	0	25,000	25,000	0	25,000	25,000	0	7,911,000	7,911,000	0
Amenity Improvements (Morecambe Promenade)	24,000		24,000			0			0			0			0	24,000	0	24,000
Luneside East	30,000		30,000			0			0			0			0	30,000	0	30,000
Lancaster Square Routes	30,000	11,000	19,000			0			0			0			0	30,000	11,000	19,000
Morecambe TH12: A View for Eric	477,000	359,000	118,000	271,000	206,000	65,000	135,000	103,000	32,000			0			0	883,000	668,000	215,000
MAAP Improving Morecambe's Main Streets	527,000	9,000	518,000	258,000		258,000	150,000		150,000	150,000		150,000			0	1,085,000	9,000	1,076,000
King St/Wellington Terrace Affordable Housing s106 Scheme	90,000		90,000			0			0			0			0	90,000	0	90,000
Middleton Nature Reserve s106 Scheme	4,000		4,000			0			0			0			0	4,000	0	4,000
Pedestrian/cycle links Sainsbury's Morecambe s106 Scheme	1,000		1,000			0			0			0			0	1,000	0	1,000
Lancaster District Empty Homes Partnership	200,000		200,000			0			0			0			0	200,000	0	200,000
Bay Arena Improvements	50,000	50,000	0			0			0			0			0	50,000	50,000	0
S106 Highways Works	319,000		319,000	301,000		301,000			0			0			0	620,000	0	620,000
Resources																		
ICT Systems, Infrastructure & Equipment	799,000		799,000	227,000		227,000	908,000		908,000	93,000		93,000	292,000		292,000	2,319,000	0	2,319,000
Corporate Property Works	2,314,000	8,000	2,306,000	2,746,000		2,746,000	1,113,000		1,113,000			0			0	6,173,000	8,000	6,165,000
Energy Efficiency Works	40,000		40,000	1,080,000		1,080,000			0			0			0	1,120,000	0	1,120,000
GENERAL FUND CAPITAL PROGRAMME	15,298,000	5,083,000	10,215,000	12,379,000	5,577,000	6,802,000	5,997,000	2,787,000	3,210,000	2,725,000	1,488,000	1,237,000	3,289,000	1,488,000	1,801,000	39,688,000	16,423,000	23,265,000
Financing :																		
Specific Grants and Contributions	5,083,000			5,577,000			2,787,000			1,488,000			1,488,000			16,423,000		
General Capital Grants	1,000			0			0		0	0		0	0		1,000			
Capital Receipts	1,219,000			870,000			0		0	0		0	0		2,089,000			
Direct Revenue Financing	363,000			50,000			0		0	0		0	0		413,000			
Earmarked Reserves	1,010,000			632,000			445,000		173,000	38,000		38,000			2,298,000			
	7,676,000			7,129,000			3,232,000		1,661,000	1,526,000		1,526,000			21,224,000			
Increase / Reduction (-) in Capital Financing Requirement (CFR) (Underlying Change in Borrowing Need)	7,622,000			5,250,000			2,765,000		1,064,000	1,763,000		1,763,000			18,464,000			
TOTAL FINANCING	15,298,000			12,379,000			5,997,000		2,725,000	3,289,000		3,289,000			39,688,000			
SHORTFALL / SURPLUS (-)	0			0			0		0	0		0			0			

Police and Crime Panel

Meeting to be held on 23 January 2017

Police and Crime Commissioner's Budget 2017/18
(Appendix A refers)

Contact for further information: Steve Freeman, (01772) 535259 Office of the Police and Crime Commissioner for Lancashire, steve.freeman@lancashire.gov.uk

EXECUTIVE SUMMARY

This report sets out the latest financial position for the Police and Crime budgets in Lancashire for 2017/18 and the proposals in relation to the council tax precept.

RECOMMENDATION

The Police and Crime Panel is asked to;

- Note the details of the 2017/18 provisional police finance settlement and the overall impact on Lancashire's budget;
- Note the report on the public consultation undertaken in respect of the proposed precept level;
- Consider the Commissioner's proposal to increase the council tax precept by 1.99% in 2017/18;
- Make arrangements to ensure that a formal written response to the proposals is sent to the Commissioner by 8 February 2017.
- Note the proposed capital investment programme for 2017/18 and future years;
- Note the proposed use of the Commissioner's reserves in 2017/18 and future years

1. Introduction

- 1.1 The Police and Crime Commissioner has a statutory requirement to set an annual Police and Crime budget and, as part of that process, to consult with the Police and Crime Panel regarding any proposals in relation to the council tax precept. This report sets out the latest financial position for the Police and Crime budgets in Lancashire for 2017/18 and the proposals in relation to the precept.
- 1.2 Included in the report is the current financial position that reflects the changes in the level of resources, additional cost pressures, reductions in the cost base and the identification of additional savings agreed by the Commissioner since setting the budget for 2016/17. The report sets out;
- The Medium Term Financial Strategy (MTFS) that covers the 3 year period from 2017/18 – 2019/20
 - The revenue budget for 2017/18
 - The council tax proposal for 2017/18
 - The proposed capital investment programme for 2017/18 and future years
 - The Commissioner's reserves strategy
- 1.3 In addition the report sets out the advice of the Commissioner's Chief Finance Officer on the robustness of the budget and the adequacy of the level of reserves as required by section 25 of the Local Government Act 2003.

2. Funding Position

- 2.1 The Police and Crime Commissioner's Medium Term Financial Strategy (MTFS) for the period 2017/18 to 2019/20 is framed in the context of the provisional financial settlement for Lancashire published on 15th December 2016.
- 2.2 In the period 2010/11 to 2017/18 core government funding for Lancashire has fallen by £52.6m (23%). This includes the **reduction in 2017/18 (compared to 2016/17) of £2.514m (1.3%)** as announced by government on 15th December 2016 in the provisional finance settlement.
- 2.3 It should be noted that the funding position reported is provisional and could be subject to change in the final settlement that will be announced in early February.

3. Budget Process

Medium Term Financial Strategy

- 3.1 Over recent years the Commissioner, in consultation with the Chief Constable, has continued to develop the Medium Term Financial Strategy (MTFS). The MTFS is based on information provided from central government regarding future funding together with assumptions on cost pressures including inflation and demand for services. From this, the level of savings required to deliver a balanced budget has been identified and the Commissioner and the Chief Constable are working together to develop options to drive out further efficiencies and deliver more savings in future years.

3.2 Within the provisional settlement no specific information on grant funding has been provided beyond 2017/18 however, in 2017/18 funding for Lancashire has reduced by 1.3% from that provided in 2016/17. It is clear that government grant will continue to reduce in future years with the Government stating that to maintain total funding it is assumed that every PCC will increase council tax by the maximum amount permitted under referendum principles. It is therefore assumed in the MTFs that government funding will reduce by 1.3% per year in 2018/19 and 2019/20 (i.e. at the same level of reduction as that experienced in 2017/18) as follows:

	Forecast		
	2017/18 £m	2018/19 £m	2019/20 £m
'Core' Government Funding	190.024	187.554	185.115

3.3 In the 2016/17 budget report approved by the Commissioner in February 2016 it was identified that further savings of £16.7m up to 2019/20 were required.

3.4 The Commissioner and Chief Constable have continued to review the MTFs to 2019/20 and have identified a revised funding gap of £14.9m detailed later in this report.

3.5 The Commissioner has approved additional savings of £6.4m in delivering the revised funding gap shown in 3.4 which means that the Commissioner and the Constabulary have identified a total amount of savings of £82.5m from 2011/12 to 2019/20 to date. To meet the outstanding funding gap a further £14.9m of savings need to be delivered. This means that by 2019/20 total savings in excess of £97m will have been delivered since 2011/12 which is the equivalent of 32% of the 2011/12 original revenue budget.

3.6 As is always the case, the additional level of forecast savings required in future years is dependent upon future funding announcements and financial settlements and therefore the figures quoted above are likely to change.

Developing Savings Options

3.7 In developing options the Commissioner and the Chief Constable look to protect front line services and drive out efficiencies wherever possible whilst maintaining service delivery. This approach together with the overall approach to managing the financial position was recently recognised as good practice by Her Majesty’s Inspectorate of Constabulary (HMIC) from which Lancashire Constabulary was again rated as 'good' in the recent Police Effectiveness Efficiency and Legitimacy “Peel efficiency' inspection.

4. Forecast Position

Previously it was forecast that there was a funding gap of £16.7m between 2017/18 and 2019/20. This forecast has been revised to £14.9m by 2019/20 and the details are set out below:

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Resources:				
Government Funding	190.024	187.554	185.115	
Specific grants	4.130	4.130	4.130	
Forecast impact of Formula Funding Review	-	-3.000	-6.000	
Council tax	68.806	69.838	70.886	
Total Resources	262.960	258.522	254.131	
Base budget requirement brought forward	266.162	262.960	258.522	
Budget Adjustments	-3.840	-	-	-3.840
Demand/Volume	3.496	-0.032	0.765	4.229
Inflation	2.777	2.793	3.344	8.914
Budget Requirement	268.595	265.721	262.631	
Funding gap	5.635	7.200	8.500	21.335
Savings	-3.892	-1.215	-1.285	-6.392
Funding gap	1.743	5.985	7.215	14.943

Government Funding

- 4.1 The provisional police grant for 2017/18 was announced on 15 December 2016. Lancashire has been allocated £190.024m which is a reduction of £2.514m on the funding for 2016/17. In future years it is assumed that government funding will reduce by 1.3% per annum to reflect the allocations provided with the 2017/18 provisional settlement and the statement from the Home Secretary that funding will be protected only if Commissioner's increase Council Tax by the maximum amount permitted under referendum principles, which for Lancashire is currently 2% per year, to offset the reduction in government grant.
- 4.2 Specific grants in respect of the delivery of counter terrorism activity will be confirmed during 2017/18. It is assumed that any change in the level of these grants will be matched by a change in expenditure and therefore have no impact of the funding gap position.
- 4.3 The Home Office is reviewing the **funding formula** used to allocate funding to individual PCCs in future years and intends to implement the outcome of the new review in 2018/19. The proposal is due out for consultation in February 2017 which will provide an indication of the impact on funding for Lancashire that will result. At this stage there is little information available to provide a forecast in the MTFS however the impact could be significant so the Commissioner and Chief Constable have determined that the potential impact should be recognised in the MTFS. The impact shown in the MTFS (above) reflects the lowest end of the scale of potential

reductions in funding that the last review of the formula produced as there is no other information available upon which to base the projection.

Council Tax

- 4.4 The forecast assumes an increase in the council tax base (i.e. the number of households that pay council tax) of 1.5% per year from 2017/18 to 2019/20 to reflect the latest trend information provided by District Councils. The forecast **does not include an increase to the council tax precept** in any year at this stage.
- 4.5 The collection fund surplus/deficit position in respect of council tax for 2016/17 and the final taxbase position for 2017/18 will be confirmed by the Unitary and District Councils on 31 January 2017. The final amount of council tax to be received will therefore be confirmed in the budget report to the Commissioner in February 2017.

Budget Adjustments

- 4.6 The changes to the budget forecast included in the forecast above are:

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Reverse 16/17 contributions to reserves	-3.284	-	-	-3.284
Reduce spend to meet reduction in Counter Terror grant	-0.511	-	-	-0.511
Reduced charge - NPAS	-0.045	-	-	-0.045
Total	-3.840	-	-	-3.840

- 4.6.1 The revenue budget in 2016/17 included specific contributions to the Commissioner's investment reserves, these contributions will not be repeated in 2017/18 and this is reflected in the adjustment to the budget shown in the table above.
- 4.6.2 Lancashire's allocation of Counter Terrorism grant for 2016/17 was reduced and the related spending was therefore adjusted in line with the revised funding level.

Demand/Volume

- 4.7 The demand and volume pressures are:

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Revenue consequences of the capital programme	-0.630	0.846	1.000	1.216
Ill-health retirements	0.200	0.200	0.200	0.600
LGPF – pension revaluation	0.300	-	-	0.300
Apprenticeship levy	0.800	-	-	0.800
Reverse previous years temporary funding	-0.340	-1.529	-1.180	-3.049
Recruitment to protect frontline policing	0.700	-	-	0.700
Full Year Effect				
Investment in local policing	2.466	0.451	0.745	3.662
Total	3.496	-0.032	0.765	4.229

4.7.1 Revenue consequences of the capital programme

This represents the impact of the changes to the Capital Programme agreed in the 2016/17 budget report upon the revenue budget and reflects changes to the costs of financing the programme in particular the forecast level of borrowing in respect of major accommodation schemes.

4.7.2 Ill-health retirements

The costs associated with ill-health retirements have risen due to increased costs of injury settlement payments and injury pension payments. The number of ill-health retirements per annum is not expected to increase in future years.

4.7.3 Apprenticeship levy

The Chancellor of the Exchequer, in his Autumn Statement in November 2015, announced that all employers with an annual pay bill in excess of £3m will be subject to the apprenticeship levy from April 2017/18.

4.7.4 Reverse funding for previous years investment

Temporary increases in staffing agreed in previous years' budgets are reversed in the 2017/18 to 2019/20 budgets as the requirement for that staffing ends.

4.7.5 Recruitment of Police Officers

The Commissioner agreed a permanent investment in the annual revenue budget to fund the recruitment of frontline police officers each year and specifically to meet the cost of their training. The budget for 2016/17 included a part year cost as the recruitment process began during the year, there is a requirement to increase the budget in 2017/18 to reflect the full year cost of this investment.

4.7.6 Investment in local policing

Through the on-going monitoring of operational requirements and the Futures review of service delivery a number of areas of additional resource requirement have been identified. The Commissioner is increasing the budget to make this investment to ensure his key priority of protecting local policing can be delivered.

The key areas of investment include:

- Armed Response resources
- Safeguarding of vulnerable adults and children
- Online Child Abuse investigations
- Major fraud and money laundering investigations

Inflation

4.8 The main elements of inflation included in the forecast are:

	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m
Pay	2.077	2.079	2.615	6.771
Non-pay inflation	0.700	0.714	0.729	2.143
	2.777	2.793	3.344	8.914

Savings

4.9 A key element of the Commissioner's financial management strategy is the ongoing review of the organisation's activity and the identification of additional savings that can be made. This work is undertaken in conjunction with the Constabulary's 'Futures Team' and has identified further savings that will be delivered in 2017/18 and future years as follows:

	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m
Full year effect of previously agreed savings	-1.328	-0.151	-0.257	-1.736
Contain inflation in budget 17/18	-0.700	-	-	-0.700
Procurement and Contracts restructure	-0.027	-	-	-0.027
Learning and Development Forensics	-0.400	-	-0.300	-0.700
<u>Futures programme:</u>				
Review of Public Enquiry Facilities	-0.500	-0.500	-	-1.000
Review of In House Surveys	-0.020	-	-	-0.020
Review of Special Operations	-0.023	-	-	-0.023
Review of Operational Policing	-0.894	-0.564	-0.728	-2.186
Total	-3.892	-1.215	-1.285	-6.392

RISKS AND UNCERTAINTIES

4.10 There are however a number of risks and uncertainties that will impact on the final position that are not reflected in the forecast position shown in this report;

4.10.1 *Finalisation of the Settlement*

The final settlement is anticipated to be announced in early February 2017 and therefore the current information is based on the provisional figures that were announced on 15 December 2016.

4.10.2 *Specific Grant allocations*

Final allocations for specific grants such as the Counter Terrorism Grant have not been made and are expected later in the financial year. Should there be any changes in grant provided for these services this will be offset by corresponding changes in expenditure requirements.

4.10.3 *Future levels of top-slicing*

The Commissioner's MTFS includes the impact of previously announced top-slices to the national funding level for police services. No announcements have been made, however, on the level of top-slicing that will take place beyond 2017/18 therefore the estimated impact currently reflected in the forecast could be subject to change when future announcements are made.

4.10.4 *Partner Funding for PCSOs*

The Commissioner is committed to ring-fencing police budgets that currently fund PCSOs however the overall funding available will be dependent upon the continuation of partner funding. Some funding for PCSOs is received from partners across Lancashire and is match funded by the Commissioner. Several partners have not confirmed if funding will be available from 2017/18 and therefore the final PCSO budget available will not be known until all partners have set their budgets.

4.10.5 *Replacement of Airwave*

The emergency services communications network 'Airwave' is being replaced over the next four years. Lancashire Constabulary was initially amongst the first forces scheduled to transfer to the new network in 2017/18 and as a result will incur considerable capital expenditure in respect of equipment and infrastructure. It has been made clear by the Home Office that the timetable for the implementation of the new network has been delayed and a specific implementation date has not

been provided adding considerable uncertainty to the process. It is also not clear how much the transition to the new system will cost but additional contributions to reserves have been made as an attempt to mitigate some of the future costs.

4.10.6 **Review of the Police Funding Formula**

The Home Office intends to implement a revised funding formula in 2018/19 which will impact upon the amount of grant received by the Commissioner. The level of funding that Lancashire will receive will be entirely dependent upon the factors used to determine the new formula allocations and until more information is made available it is extremely difficult to forecast the specific impact on future years.

The previous attempt to deliver a new formula provided a range of potential outcomes for Lancashire from a loss of funding of £8.5m to a loss of funding of £25m. Clearly there is a significant risk that there could be a substantial loss of funding for Lancashire as a result of this process and the MTFS has an indicative impact at the lower end of the range shown above however until the Home Office provides a final version of the formula with specific allocations there remains a high level of uncertainty in the forecast for future years.

4.10.7 **Impact of cuts to Local Government funding**

Local Authorities face significant further budget reductions in future years. It is expected that this in turn will increase the demands faced by policing services particularly in relation to individuals with mental health issues. The impact of these changes is extremely difficult to forecast but as information becomes available it will be reflected in future iterations of the MTFS.

5. Investing for the future

- 5.1 In order to preserve the operational integrity and ability of the force in future years whilst delivering the savings required to meet the funding gap identified above, the Commissioner must consider a number of proposals that will change how the service operates.
- 5.2 It is recognised that, in order to deliver savings proposals to meet the funding gap faced by the Commissioner in future years, the way the police service is delivered will need to change significantly. It is also recognised that improving the efficiency in which assets are used such as buildings, infrastructure and IT networks and equipment, is crucial if the level of service being provided is to be maintained whilst the way it is delivered changes.
- 5.3 In order to improve the efficiency of the service it has been identified that significant investment is therefore needed in these assets which is recognised in both the ICT and the Asset Management strategies.
- 5.4 These strategies identify a number of projects that will ensure that, as far as is possible, frontline policing is protected and made as efficient as possible in future years. The one-off investment in these projects is provided through the Commissioner's Capital Investment Programme. This investment will help to deliver the permanent savings in the revenue budget that are required in future years to ensure that the Commissioner can provide policing services in Lancashire within the resources he has available.
- 5.5 The Commissioner, as part of his long term financial strategy, considers the investment needed to deliver the capital investment programme and has in recent years set aside specific reserves to provide the funding necessary to deliver these

key investments. The following section of this report sets out the proposed investment programme and the funding that has been identified to deliver it.

Capital Investment Programme

5.6 A draft capital programme is currently being developed and will be approved by the Commissioner in his budget report in February 2017. The Commissioner will also identify the funding for the capital programme as part of the decision and will consider the optimum use of the resources available to him in doing so. This will include using some of the strategic reserves that have been set aside under the Commissioner's Medium Term Financial Strategy in recent years.

5.7 The current draft capital programme is set out below:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
IT Strategy	12.000	10.889	5.550	5.400	5.050	38.889
Accommodation Strategy	21.618	4.733	0.500	0.500	0.500	27.851
Vehicle Replacement Programme	2.357	2.600	2.800	2.800	1.800	12.357
Other Schemes	0.700	0.200	0.200	0.200	0.200	1.500
Total	36.675	18.422	9.050	8.900	7.550	80.597

The key elements of the IT strategy are:

- Replacement of Desktop and mobile equipment (£5.3m)
- New and replacement key IT systems (£16.1m)
- New and replacement IT infrastructure including networks and security (£17.5m)

The main element of the accommodation strategy is the construction of the new divisional headquarters in West Division at a forecast cost remaining to be incurred of £21.9m

Paragraph 4.9.5 sets out the risk associated with the implementation of the Emergency Services Network (ESN) to replace the existing network used for communications by the Emergency Services.

At this stage in the process it is unclear what the cost will be for Lancashire so no provision is made within the programme shown above however it is recognised that there is likely to be a significant financial burden for Lancashire once implementation begins.

In recognising this future burden the Commissioner has set aside additional contributions in his reserves to meet some of the anticipated additional cost.

5.8 The draft investment programme is forecast to be funded as follows:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m
Capital Grant/Contributions	1.497	1.097	1.097	1.097	1.097	5.885
Capital Receipts	0.601	0.150	-	-	-	0.751
Contribution from the Revenue budget	2.519	2.519	2.519	2.519	2.519	12.595
Road Safety Reserve	-	-	-	-	-	-
Transition Reserves	10.515	9.978	4.989	4.839	3.489	33.810
Borrowing	21.543	4.678	0.445	0.445	0.445	27.556
Total	36.675	18.422	9.050	8.900	7.550	80.597

- 5.9 Capital grant allocations for 2017/18 have been provisionally confirmed in the provisional settlement announced on the 15th December 2017.
- 5.10 It is clear that a significant amount of the investment being made in future years will be from the Commissioner's reserves reflecting the Commissioner's reserves strategy that has been reported to the Panel in previous years. This has been developed specifically to fund this essential investment which is needed to enable the constabulary to transition into a re-shaped service that maintains services to the citizens of Lancashire within a significantly reduced level of funding.

Reserves

- 5.11 The Commissioner holds two types of reserve, General reserves that are available to support the revenue budget and provide security should the organisation face an unexpected issue that realises a call on its resources. The forecast level of these general reserves for 1 April 2017 is £11.9m or 4.5% of the 2017/18 revenue budget.
- 5.12 General reserves at this level are considered appropriate by the Commissioner's Section 151 Officer to ensure the ability of the organisation can remain a going concern should an unexpected issue occur.
- 5.13 There are also a number of earmarked reserves for specific purposes that are forecast to total £30.7m at the beginning of 2017/18 and are detailed in the table below:

Earmarked Reserves	2017/18 £m	
PoCA reserves	0.820	Receipts from the proceeds of crime earmarked for specific grant allocations
Operational Policing reserves	3.279	Held to meet specific operational requirements including costs from major incidents not funded from main police grant
Road Safety Reserve	0.827	Held on behalf of the Lancashire Road Safety Partnership
Reserves to Support Organisational Transformation	25.798	Available to meet costs of transforming the organisation including investment in the Capital programme
Total	30.724	

- 5.14 Earmarked reserves include a number that are available specifically to support the transformation process that the Commissioner and Constabulary face in the coming years:

	2017/18 £m
Transition reserve	19.530
PCC Strategic Investment reserve	6.268
Reserves available for transition	25.798

These reserves are set aside to contribute to the funding of the capital programme and to meet some of the costs of the downsizing of the organisation in future years, the impact of which on the available reserves is detailed below

	2017/18 £m	2018/19 £m	2019/20 £m
Available reserves brought forward	25.798	15.283	5.305
Funding required for the capital programme	-10.515	-9.978	-4.989
Available reserves carry forward	15.283	5.305	0.316

- 5.15 This analysis shows that by 2019/20 the majority of available earmarked reserves will be utilised to fund the investment identified in the capital programme leaving a small amount available to meet the costs of downsizing the organisation in respect of any potential voluntary redundancies. These commitments will remain under scrutiny during this period and where they can be reduced the necessary action will be undertaken. The commissioner will also seek to bring further contributions in to the earmarked reserves when possible.
- 5.16 It is clear, however, that the Commissioner's reserves are fully committed by 2019/20 and are therefore not available to support the revenue budget during that period.

6. Setting the 2017/18 Budget

- 6.1 The 2017/18 budget requirement is set out in the table below and is based on information set out in the 3 year financial strategy position shown earlier in the report:

	£m
2016/17 Budget	266.162
Budget adjustments	-3.840
Volume and demand changes	3.496
Inflation	2.777
2017/18 Budget Requirement	268.595
Less Funding Available	262.960
2017/18 Funding Gap	5.635
Savings	3.892
Remaining Funding gap 2017/18	1.743

Therefore, once all of the above proposals are taken into account there remains a **funding gap of £1.743m for the 2017/18 revenue budget.**

7. Council Tax

- 7.1 As part of the budget setting process the Commissioner is required to consider whether or not to propose any changes to council tax. It has been announced by DCLG that any proposal to increase Council Tax by 2% or more must be approved by a local referendum. It has also been confirmed that there will not be a Council Tax freeze grant available in 2017/18 for Commissioners that do not increase their precept.

- 7.2 The Commissioner proposes to increase Council Tax in 2017/18 by 1.99% which would give a council tax of £165.45 for a Band D property and provide additional income of £1.356m.
- 7.3 Increasing Council tax by 1.99% in 2017/18 would reduce the level of savings required by 2019/20 to £13.587m as set out in the following table:

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Current Forecast gap before Council Tax increase	1.743	5.985	7.215	14.943
Impact of 1.99% Council Tax increase	-1.356	-	-	-1.356
Revised Funding Gap	0.387	5.985	7.215	13.587

The Commissioner will examine the budget proposals above and identify further savings to meet the remaining funding gap of £0.387m identified above for 2017/18. These will be confirmed as part of the decision to approve the final 2017/18 revenue budget in February 2017.

The Futures team are identifying further proposals to meet the savings gap in future years that will be considered by the Commissioner over the next 12 months as part of the ongoing financial planning process.

Engaging the Public on the Council Tax precept

- 7.4 The Commissioner has undertaken an in-depth survey with the people of Lancashire to ensure their needs are taken into consideration when setting the council tax precept. Further details of the consultation and market research will be made available as an appendix to the report at the meeting.
- 7.5 The telephone research undertaken independently of the office to market research industry standards, asked 1,400 people (100 in each of the 14 district areas) if they wanted to freeze the precept, increase it by 2% or increase it by 5%. The result was 72.8% support for an increase of 2% or more. A sample of this size has a confidence level of +/-3%.
- 7.6 Face to face engagement and an online survey continued until 20 January and these results will be included in the appendix to this report and presented to the panel at the meeting on 23rd January 2017.

8. Equality and Diversity

- 8.1 The Commissioner and the Constabulary have a set up a Futures Programme to deliver the required savings through a series of reviews of the organisation's processes and operational arrangements. As each review area is progressed an equality impact assessment is carried out to assess the impact of the proposed recommendations on service recipients and is an integral part of the process.

9. Robustness of the Budget and the Adequacy of Reserves

- 9.1 Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Finance Officer to advise the Commissioner as he is making budgetary decisions on the robustness of the assumptions underlying the budget and the adequacy of the

Commissioner's reserves in the context of the financial risks to which the organisation is exposed.

- 9.2 The basis of the estimates on which the budget has been prepared, as in previous years, relies on forecasts of demand and other activity prepared by the constabulary. The forecast is kept under review as part of the budget monitoring process and actions identified to identify any financial risks arising from changes in the forecast as they occur. The main risks relate to the pace and depth of funding reductions and the ability of the organisation to deliver these within the required timeframes.
- 9.3 The resources available to the Commissioner to manage these risks consist of the various reserves held by the Commissioner, principally general funds and the transition fund. At this stage it is anticipated that general reserves will be maintained at around 4.5% of the Commissioner's budget requirement reflecting the level of financial risk that the combination of significant ongoing spending reductions and resource uncertainties creates. This should allow the Commissioner to respond to any changes that may occur in a planned way which provides stability to services and certainty to communities.
- 9.4 In addition to general reserves, the Commissioner maintains a range of earmarked reserves for specific purposes shown in 5.13 above. The level and appropriateness of earmarked reserves is kept under review to ensure that sums are only held if required, and released when not. At this stage these reserves are regarded as adequate with plans in place to invest the majority of the earmarked reserves on the capital ICT infrastructure and estates strategies that will support the future of the constabulary as it downsizes and strives to deliver high quality services.

10. Role of the Police and Crime Panel

- 10.1 Schedule 5 of the Police Reform and Social Responsibility Act (2011) states that the Commissioner must notify the Police and Crime Panel, by 1 February 2017, of the precept which the Commissioner is proposing to issue for the financial year.
- 10.2 Under the requirements of the Act, Police and Crime Panels must review the proposed precept notified to it and must make a report to the Commissioner on the proposed precept. The report may include recommendations, including recommendations as to the precept that should be issued for the financial year.
- 10.3 The Police and Crime Panel has the power to veto the proposed precept if at least two-thirds of the persons who are members of the panel at the time when the decision is made vote in favour of making that decision. If the panel vetoes the proposed precept, the report made to the Commissioner must include a statement that the panel has vetoed it.
- 10.4 The Police and Crime Panel's response to the Commissioner on the precept proposal must be made by 8 February 2017. A Commissioner is unable to set a precept until the end of the scrutiny process is reached and should the Police and Crime Panel veto the proposals, the Commissioner must submit a revised precept for consideration of the panel to which the Police and Crime Panel must also respond. A further response from the Police and Crime Panel must be received by 22 February 2017 after which the Commissioner must respond formally to the Police and Crime Panel setting out the precept for the forthcoming year.

11. Conclusion

- 11.1 The Panel are asked to consider this report and the recommendations within it.
- 11.2 The Panel are requested to provide their response to these recommendations in line with the responsibilities set out in paragraph 10 of this report.