



LANCASHIRE POLICE AUTHORITY

RESOURCES COMMITTEE

WEDNESDAY 27TH JUNE 2007
CABINET ROOM 'C', COUNTY HALL, PRESTON, AT 2.00PM

N.B. If you have any queries regarding the Agenda papers or require any further information please contact Stephen Pickup on 01772 533420.

AGENDA

PART I

1. APPOINTMENT OF CHAIRMAN

At its meeting on the 9th May 2007, the Police Authority appointed County Councillor G W Roper as Chair of the Committee for the ensuing year.

2. APPOINTMENT OF VICE-CHAIRMAN

At its meeting on the 9th May 2007, the Police Authority appointed Councillor C Grunshaw as Vice-Chair of the Committee for the ensuing year.

3. MEMBERSHIP AND TERMS OF REFERENCE

The Membership and Terms of Reference of the Committee is presented at Item 3.

4. APPOINTMENT OF CHAIR AND VICE-CHAIR TO THE CAPITAL SUB-COMMITTEE

The Committee is asked to consider the appointment of a Chair and Vice-Chair to the Capital Sub-Committee.

5. APPOINTMENT OF CHAIR AND VICE-CHAIR TO THE APPEALS SUB-COMMITTEE

The Committee is asked to consider the appointment of a Chair and Vice-Chair to the Appeals Sub-Committee.

6. MINUTES OF THE MEETING HELD ON THE 1ST MAY 2007

Copy enclosed for confirmation at Item 6.

A: ITEMS FOR DECISION

7. FINAL OUTTURN 2006/07 AND APPROVAL OF THE STATEMENT OF ACCOUNTS

A report on the final outturn and the Statement of Accounts for the Lancashire Police Authority for the financial year ended 31st March 2007 is attached at Item 7.

Report to follow.

8. USE OF ADDITIONAL HOME OFFICE GRANT 2007/08

A report regarding the utilisation of additional revenue and capital grants received from the Home Office is attached at Item 8.

9. COLLABORATIVE SERVICES: DEMONSTRATOR SITES

A report on a bid submitted by the Constabulary for additional funding to become a Demonstrator site for joint working in the field of Level 2 crime is attached at Item 9.

Report to follow.

10. THE DISPOSAL OF THE STAINING RURAL BEAT HOUSE

A report on the proposed disposal of the Rural Beat House at Staining is attached at Item 10.

11. CDRP FUNDING REQUESTS

A report regarding request made by Fylde, Ribble Valley and Wyre CDRPs to utilise a grant from the Police Authority arising from Council Tax discount on second homes and long term empty homes is attached at Item 11.

12. WRITE OFF OF OBSOLETE STOCK

A report on the write off of obsolete stock is attached at Item 12.

B: ITEMS FOR INFORMATION

13. FIVE YEAR FINANCIAL FORECAST 2008/09 – 2012/13

A report on the latest five year financial forecast is attached at Item 13.

14. TREASURY MANAGEMENT REVIEW

A review of the Authority's borrowing and lending activities during 2006/07 is attached at Item 14.

15. VALUE OF SPONSORSHIP, GIFTS AND LOANS RECEIVED IN 2006/07

A report on the value of sponsorship, gifts and loans received during 2006/07 is attached at Item 15.

Report to follow.

16. OPERATION SUMMER NIGHTS

A report regarding Operation Summer Nights is attached at Item 16.

Report to follow.

17. TRANSACTION OF URGENT BUSINESS

A report on the transaction of urgent business is attached at Item 17.

18. URGENT BUSINESS

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency. Wherever possible, the Chief Executive should be given advance warning of any Member's intention to raise a matter under this heading.

19. DATE OF NEXT MEETING

The next meeting of the Committee is scheduled to be held at 10.00am on Wednesday, 25th September 2007, at County Hall, Preston.

20. EXCLUSION OF PRESS AND PUBLIC

The Committee is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, it considers that the press and public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraphs of Part I of Schedule 12A to the Local Government Act 1972, as indicated against the heading to each item, and that the public interest not to disclose the information outweighs the public interest in disclosing it.

PART II
PRIVATE AND CONFIDENTIAL

C: ITEMS FOR DECISION

21. PROCUREMENT OF FORENSIC ANALYTICAL SERVICES

(NOT FOR PUBLICATION – Exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972.)

A report regarding a proposal to establish a collaborative agreement between the Police Authorities in the ACPO South West, Wales and North West regions, for the purposes of procuring forensic analytical services, is attached at Item 21.

22. LANCASTER JOINT PROGRAMME OFFICE

(NOT FOR PUBLICATION – Exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972.)

A report providing an update on the use of the Joint Programme Office is attached at Item 22.

D: ITEMS FOR INFORMATION

23. ANNUAL REPORT OF THE PURCHASING AND CONTRACTS SERVICE

(NOT FOR PUBLICATION – Exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972.)

An annual report of the Constabulary's Purchasing and Contracts Service is attached at Item 23.

MIRANDA CARRUTHERS-WATT
CHIEF EXECUTIVE

LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007

PART I

MEMBERSHIP AND TERMS OF REFERENCE OF THE COMMITTEE

Issue for Consideration

The Membership and Terms of Reference of the Committee.

Information

(a) Membership

At its meeting on the 9th May 2007, the Authority agreed that the Membership of the Committee should comprise of the following Members:

County Councillor Davies
Councillor Doherty
Mr Edmundson
County Councillor Grunshaw (**Vice Chair**)
County Councillor Jones
County Councillor Roper (**Chair**)
County Councillor Mrs Stuart
Ms Sumner, JP
County Councillor Whipp
Mr Winthrop, JP

(b) Terms of Reference

The following Terms of Reference were approved for the Committee by the Authority at its meeting on the 9th May 2007:

1. To consider and make recommendations to the Authority as necessary on the following matters:-
 - 1.1. the Authority's medium term financial plans, both revenue and capital, having regard to the recommendations of the Capital Sub-Committee;
 - 1.2. the allocation and control of the Authority's financial and property resources;
 - 1.3. the issuing of a precept, the borrowing of money and the approval of the capital and revenue budget and supplementary estimates;
 - 1.4. arrangements for the proper administration of the Authority's financial affairs, together with standing orders, scheme of delegation and financial regulations designed to secure this objective;

- 1.5. policy in matters relating to the payment of allowances and expenses to Members;
 - 1.6. the financial implications of any proposals involving increases in expenditure or reductions in income that are not provided for in the Authority's budget.
2. To exercise the following delegated powers and duties:-
- 2.1. to approve the Authority's Annual Statement of Accounts;
 - 2.2. to monitor income and expenditure against the Authority's annual budget and capital programme;
 - 2.3. to determine the financing of capital expenditure;
 - 2.4. to manage the Authority's own administrative structure, including its staffing, accommodation and procurement of professional services;
 - 2.5. to keep under review the development and use of computer and information technology by the Authority and within the police service;
 - 2.6. to deal with all matters of insurance and to manage any insurance fund;
 - 2.7. to deal with all matters of tendering policy;
 - 2.8. to authorise departures from standing orders or financial regulations in contractual matters;
 - 2.9. to approve transfers between votes;
 - 2.10. to decide upon all matters relating to financial borrowing and lending by the Authority (excluding the authorisation of the raising of loans); to manage internal capital funds; and to supervise the investment of Authority monies;
 - 2.11. to consider the recommendations of the Capital Sub-Committee and decide, within the approved capital programme and revenue budget, matters relating to the acquisition, disposal, maintenance and development of the Authority's estate and associated property, the Information Communication and Technology Strategy and the Vehicle Replacement Scheme;
 - 2.12. to undertake performance monitoring in relation to resources matters;
 - 2.13. consideration of HMIC and other reports relevant to the business of the Committee;
 - 2.14. to monitor performance data in relation to requests for information received by the Authority and dealt with under the Freedom of Information Act;
 - 2.15. to receive reports from the Chair of the Authority concerning complaints dealt with by the Chair in respect of the Chief Executive;
 - 2.16. to consider equality and diversity matters which are relevant to the business of the Committee.



LANCASHIRE POLICE AUTHORITY

RESOURCES COMMITTEE

MINUTES

Meeting held on the 1st May 2007
10:00am at County Hall, Preston

PRESENT:-

County Councillor G W Roper - Chairman

Councillor B Cresswell
County Councillor G Davies
County Councillors A P Jones
Mr D Edmundson
Ms M Sumner, JP.
Mr D Winthrop, JP

IN ATTENDANCE

Ms M Carruthers-Watt	Chief Executive, Lancashire Police Authority
Mr D Ainscough	Deputy Chief Financial Officer, Lancashire Police Authority
Mrs C Parmenter	Head of Legal Services, Preston City Council
Mr S Pickup	Administrator, Chief Executive's Office
Mr D Brindle	Director of Resources, Lancashire Constabulary
Inspector M Tottman	Lancashire Connect Project Manager, Lancashire Constabulary
Mr P Higson	Purchasing and Contracts Manager, Lancashire Constabulary

APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M Doherty and County Councillor J Stuart.

COUNCILLOR B CRESSWELL

The Chair informed the Committee that this was Councillor Cresswell's last meeting as a Member of the Police Authority. The Committee thanked Councillor Cresswell for his contribution to the work of the Authority and wished him well for his future retirement.

MINUTES OF THE MEETING HELD ON 6TH FEBRUARY 2007

83/06 RESOLVED:- That the Minutes of the meeting held on the 6th February 2007 be confirmed and signed by the Chair.

CAPITAL BUDGET AND REVENUE BUDGET OUTTURN REPORTS

CAPITAL OUTTURN REPORT 2006/07

The Authority's provisional capital expenditure position for 2006/07 was presented to the Committee.

(A copy of the report is set out in the Minute Book.)

The total value of the programme in 2006/07 was £16.479m and provisional expenditure against this figure at the year end was estimated at £13.187m, producing a variation of £3.292m. This variation was represented by £3.317m being carried forward into 2007/08 and a net overspend of £0.025m arising on the Southern Division Custody Suite scheme, which was offset by underspends elsewhere in the programme.

At its last meeting, the Committee had been informed that the Authority's remaining capital resources at the end of 2006/07 amounted to £0.179m. However, this figure had now been increased to £0.861m, mainly as a result of additional grant in respect of the failed merger, but also through additional capital receipts.

A Member of the Committee enquired about the current position with regard to accommodation at Lancaster which had been leased for a Joint Programme Office prior to the restructuring exercise being aborted. Mr Brindle indicated that the Home Office had reimbursed the Authority for all costs associated with the property, including the running costs for the term of the lease. Following the merger team vacating the property it had subsequently been offered for sub-let without success and was now being used on a temporary basis by the Northern Division Multi Agency Problem Solving (MAPS) team. The Committee requested that a further report on the use of this accommodation be presented at the Committee's next meeting.

Members also expressed concern regarding the disproportionate amount of slippage that had been incurred within the last quarter of the financial year, particularly in respect of the ICT programme, where the slippage represented circa 40% of the original capital programme. Mr Brindle reported that a number of the items of slippage were outside the Constabulary's control, especially in relation to ICT expenditure where delays in national projects and in receiving deliveries from key suppliers had led to significant amounts of carry forward. The Chair suggested that, given the revenue consequences of such a substantial capital programme, in future, consideration should be given to not carrying forward any non-essential items. The Chair of the Estates Sub-Committee was also concerned that she had not been kept informed of the updated capital expenditure position.

84/06 RESOLVED:-

1. That the provisional capital outturn position and revised financing in 2006/07 be noted.
2. That the revised value of the programme in 2007/08 be noted.

3. That a further report be presented on the use of the Joint Programme Office at Lancaster.

URGENT BUSINESS

A report on the funding allocated to Crime and Disorder Reduction Partnerships (CDRPs) in 2006/07 was tabled at the meeting. The Committee considered it would be timely to consider this item, as its decision on the utilisation of unspent allocations would have an effect on the provisional revenue outturn position.

85/06 RESOLVED:-

1. That a report on funding allocated to CDRPs should be considered at the meeting as an item of urgent business.

FUNDING ALLOCATED TO CRIME AND DISORDER REDUCTION PARTNERSHIPS

Members considered a report detailing how each of the fourteen Community Safety Partnerships had spent the general funding allocated to them during 2006/07 and how seven of the Partnerships had utilised the funds made available to them through second homes funding.

In allocating these two grants to CDRPs, the Authority's Chief Executive required that Partnerships acknowledged and worked within certain conditions. Due to significant levels of funding being carried forward, at the beginning of the 2006/07 financial year, the Authority grant conditions had been amended to prevent Partnerships from carrying funding forward into 2007/08 and subsequent years, unless there were exceptional circumstances.

At the end of the financial year, no exceptional circumstances had been reported to the Authority and a total of £15,447 remained unspent. However, in April 2007, the Authority had received late requests to utilise unspent allocations from South Ribble and Wyre CDRPs:

- South Ribble CDRP had requested that its full unspent allocation of £12,000 be released to fund a drug and alcohol intervention scheme for young people and as a contribution towards a Community Crime Prevention Officer.
- Wyre CDRP had informed the Authority that it had achieved economies of scale by using the same contractor for three CCTV schemes. This had resulted in a saving of £6,707 on the £29,553 released to the Partnership during the year and it was proposed to utilise this as a contribution towards a further CCTV scheme in Garstang. It was also suggested that, should this request be approved, the Partnership's remaining unspent allocation of £447 should also be released for this project.

86/06 RESOLVED:- The Committee agreed that:

- (i) the summaries of expenditure of general grant and second homes grant by Crime and Disorder Reduction Partnerships in 2006/07 be noted;
- (ii) the late requests from South Ribble and Wyre CDRPs be approved, subject to the Authority's contribution being acknowledged in any publicity, or signage, regarding the projects;

- (iii) Wyre CDRP's remaining unspent allocation of £447 also be released as a contribution towards the Garstang CCTV scheme;
- (iv) that the remaining unspent allocation of £3,000 for Blackpool CDRP should also be carried forward for the Partnership's use in 2007/08.

REVENUE BUDGET OUTTURN 2006/07

The Committee received a report setting out the provisional position on the 2006/07 revenue budget at the end of March 2007.

(A copy of the report is set out in the Minute Book.)

The report set out in some detail the provisional out-turn position for 2006/07, and sought approval in principle to a number of adjustments to the accounts relating to the use of balances. The provisional out-turn position showed an overall predicted in-year overspend, for both DFM and Non-DFM, of £0.881m. After a minor adjustment had been made to account for the Committee's decision on unspent CDRP allocations, and assuming that the proposed use of balances was agreed as presented in the report, the Authority's overall projected balances were reported as £6.456m.

Members were informed that, in addition to these balances, there was a further £1.920m of unspent PCSO grant which it was intended to place in a reserve to fund Neighbourhood Policing activities in 2007/08.

In considering the proposals for the use of balances, the Committee gave agreement in principle to the Chief Constable's proposal to carry forward excess over 2% on the administration budget to support the implementation of Bichard/Impact. This was subject to a detailed report on the proposed expenditure being presented to the Committee, prior to the funding being committed.

A report on the final out-turn would be provided to the Committee in June, when the closure process would have been completed and the accounts would be presented for approval.

87/06 RESOLVED:-

1. That the provisional outturn position be noted.
2. That the transfer of £1.920m unspent PCSO grant to a specific Neighbourhood Policing Reserve be approved.
3. That approval in principle be given to the Chief Constable's proposal to carry forward the excess over 2% (£0.110m) on the administration DFM scheme, subject to a further report on the proposed expenditure being presented to the Committee prior to this funding being committed.
4. That approval be given to the Chief Executive's proposal to carry forward the excess over 2% of £0.149m.
5. That approval be given to transfer £0.050m from the Police Authority Development Fund to be used in Crime and Disorder Reduction Partnerships.

PROPOSALS FOR DELEGATIONS TO THE CONSTABULARY IN RESPECT OF POLICE PENSIONS

This item was withdrawn and the Committee was informed that a further report would be presented to the Committee's next meeting, proposing a more general overarching delegation in respect of the Police Pensions Regulations.

REVENUE BUDGET COMPARATIVE POSITION

An update on the position of the Authority's Budget and Council Tax for 2007/08 compared to other Shire Police Authorities was presented.

88/06 RESOLVED:- That the results of the survey on the Authority's relative position on budget and council tax for 2007/08 be noted.

UPDATE ON POLICE COMMUNITY SUPPORT OFFICERS (PCSOs)

A report was presented to the Committee setting out the latest position in respect of PCSO funding and recruitment.

(A copy of the report is set out in the Minute Book.)

Since the Committee had last received a report on this matter, the Home Office had revised Lancashire's PCSO recruitment target from 630 by March 2008 to 417 by the 30th April 2007, with some additional government funding being provided to support this. Members were informed that the Constabulary had now achieved the revised target.

Whilst the report indicated that PCSO posts would be fully funded in 2007/08, the Committee indicated that it was not fully sighted on the potentially significant financial deficit which would arise when the funding was mainstreamed and the consequences of partner agencies withdrawing their funding contributions.

The Chief Executive reported, for information, that the Chief Constable had recently met with Local Authority Chief Executives and they recognised the positive impact of neighbourhood policing, together with the key part which PCSOs played in enabling Partnerships to meet their targets regarding crime and disorder. The Constabulary and Local Authorities were involved in leading edge partnership work and any deficit on PCSO funding would need to be discussed with partners as a Lancashire wide problem.

89/06 RESOLVED:- That the report be noted.

POLICE USE OF RESOURCES EVALUATION (PURE) – NATIONAL SUMMARY 2005/06

In 2005/06, Police Use of Resources Evaluations had been carried out in all Police Authorities and Constabularies in England & Wales. The assessments involved auditors making scored judgements across five themes: financial reporting, financial management, financial standing, internal control and value for money. The judgements on these themes had then been used to calculate an overall score for each area, which was fed into the HMIC Baseline Assessment on Finance and Resources.

The Audit Commission had produced a national summary of the results from these evaluations, which included some examples of best practice under each of the themes, and this document was presented to the Committee.

As previously reported to the Committee, Lancashire had been graded a 3, 'consistently above minimum requirements – 'performing well' across all five themes and had consequently been awarded an overall PURE score of 3 for 2005/06. This was consistent with the majority of other Authorities/Forces, with 65% achieving an overall level 3 score. No areas were assessed as performing at level 4, which required performance well above minimum standards.

90/06 RESOLVED:- That the report be noted.

THE LYONS REPORT

The long awaited outcome of the Lyons Inquiry into Local Government had finally been published in March 2007 and a report summarising the outcomes was presented to the Committee.

Unfortunately, the report had not gone as far as predicted in terms of tipping the balance of funding to allow authorities to raise more money themselves and become less reliant on raising revenues through Council Tax. Ministers had also immediately rejected the central recommendations of the report, the main one being the suggested abolition of capping. However, it was reported that several significant recommendations had remained. The first related to reducing reliance on specific grants and ring-fenced funds and the second was a general commitment to consider proposals for the introduction of a local supplementary business rate.

91/06 RESOLVED:- That the report be noted.

TRANSACTION OF URGENT BUSINESS

A report concerning three matters which had been dealt with under the Urgent Business Procedure was presented to the Committee.

In addition, it was reported that a further item of urgent business had since been approved regarding the inclusion of a scheme in the 2007/8 Capital Programme for the purchase of Microsoft Office SharePoint 2007 Client Access Licences.

92/06 RESOLVED:- That the report be noted.

DATE OF NEXT MEETING

93/06 RESOLVED:- That the next meeting of the Committee be held at 2:00pm on Wednesday 27th June 2007 at County Hall, Preston.

EXCLUSION OF PRESS AND PUBLIC

94/06 RESOLVED:- That the press and public be excluded from the meeting during consideration of the following item of business on the grounds that there would be a likely disclosure of exempt information as defined under the appropriate paragraph of Part I of Schedule 12A to the Local Government Act 1972, as indicated against the heading to the item and that the public interest not to disclose the information outweighs the public interest in disclosing it.

PART II
PRIVATE AND CONFIDENTIAL

THE PURCHASE, INSTALLATION, MAINTENANCE AND SUPPORT OF A CONTROL ROOM SYSTEM

(NOT FOR PUBLICATION – Exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972.)

The Committee considered a report regarding the acceptance of a tender submitted by Steria Ltd for the purchase, installation, maintenance and support of a control room system.

95/06 RESOLVED:- That the tender submitted by Steria Ltd for the purchase, installation, maintenance and support of a control room system be approved.

MIRANDA CARRUTHERS-WATT
CHIEF EXECUTIVE

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007**

PART I

USE OF ADDITIONAL HOME OFFICE GRANT 2007/08

Issue for Consideration

To decide how to utilise additional capital and revenue grants notified by the Home Office.

Information

On 24th May the Authority was notified that **extra capital grant of £0.594m** will be made available in 2007/08, which is in addition to a similar amount that was given towards the end of the 2006/07 financial year. Subsequently, the Authority was also informed that **a revenue grant of £1.1m will be provided** as a contribution towards the costs of Operation Overt.

Elsewhere on this agenda, the report on the final accounts for 2006/07 indicates that the final cost of Operation Overt was £1.87m. The revenue grant represents 58.8% of the costs incurred. Unfortunately, the notification of the grant was received too late to be incorporated in the 2006/07 accounts. If it had been incorporated, the net underspend overall would have been £1.1m higher and the income would have increased the level of general balances. No grant income had been expected or included in the budgets for either 2006/07 or 2007/08. However, the Home Office had been under pressure to make a contribution towards the costs incurred by Police forces and it now appears to be in a position to do that.

The options for the use of the Operation Overt grant are

- 1) One off revenue or capital expenditure to be financed from revenue
- 2) Increase the level of balances and/or reserves
- 3) Reduce the level of unsupported borrowing

or a combination of the above.

The newly notified capital grant for 2007/08 must be used to finance capital expenditure, either by increasing the capital programme or by using the capital grant instead of an alternative source of financing within the currently authorised programme (i.e. substitution).

Members are aware from recent reports to the Resources Committee that a significant amount of unsupported borrowing is planned over the period. No grant support is forthcoming from the Government for the revenue financing costs of unsupported borrowing and financing costs are a significant long term burden for the revenue budget and the Council Tax payer. The capital programme report in February showed that, over the period 2007/08 to 2011/12, unsupported borrowing of £16.5m was planned compared with £8.9m of supported borrowing. Unsupported borrowing was estimated to finance 31% of the capital programme over this period.

Given the impact that unsupported borrowing has on the revenue budget, it is considered appropriate to use both grants to finance the Capital Programme, either in the current year or in 2008/09. It is therefore proposed that both grants, totalling **£1.694m**, should be used to increase the Capital Funding Reserve from £0.861m to £2.555m. A report will be brought to members at the appropriate time to apply this additional capital resource to the capital programme, the timing of which will depend on treasury management considerations, and in particular interest rate movements affecting the cost of borrowing.

Technically, whilst the Operation Overt grant can be transferred directly into the Capital Funding Reserve, the additional capital grant cannot. In order to get the capital grant into the reserve, the Authority will need to apply the capital grant to its capital programme in 2007/08 and, as a consequence of the extra resources, can then reduce the amount of support needed from the Capital Funding Reserve. The effect on the capital financing in 2007/08 as a result of this will be:

Financing the Capital Programme	Original 2007/08 £m	Changes 2007/08 £m	Revised 2007/08 £m
Capital Grant	2.299	+0.594	2.893
Capital Receipts	3.602		3.602
Capital Funding Reserve	2.774	-0.594	2.180
Revenue Contributions to Capital	1.010		1.010
Supported Borrowing	1.782		1.782
Unsupported Borrowing	5.695		5.695
	<u>17.162</u>	<u>-</u>	<u>17.162</u>

Decision Required

The Committee is asked to approve the transfer of the recently announced capital grant of **£0.594m** in 2007/08 and the revenue grant of **£1.1m** for the costs of Operation Overt to the Capital Funding Reserve.

Background Papers

Nil.

Report Originator

Mr J Edney – Treasurer, Lancashire Police Authority.

Mr D Ainscough – Deputy Treasurer, Lancashire Police Authority

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007**

PART I

STAINING RURAL BEAT

Issue for Consideration

The disposal of Staining Rural Beat.

Information

The Divisional Commander of Western Division Chief Superintendent Weaver has recently completed a review of the way policing services are delivered across the Fylde. This has resulted in the rural beat property at Staining becoming surplus to operational policing requirements and as a result it is available for disposal.

This has been discussed with political stakeholders and in many public forums. There is no expectation that the division will revert back to the previous policing model of a resident officer in Staining Rural Beat. The property is now empty and is available with vacant possession.

This recent development means that this property is additional to those currently included in the Estates Strategy and approved for disposal.

Decision Required

The Resources Committee is requested to approve the disposal of the Staining Rural Beat on the open market.

Background Papers

Nil.

Report Originator

Mr S Hodkinson, Head of Estates Department, Lancashire Constabulary.

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007**

PART I

REQUESTS FROM CRIME AND DISORDER REDUCTION PARTNERSHIPS (CDRPs) TO UTILISE A GRANT FROM THE POLICE AUTHORITY ARISING FROM COUNCIL TAX DISCOUNT ON SECOND HOMES AND LONG TERM EMPTY HOMES

Issue for Consideration

Request made by Fylde, Ribble Valley and Wyre CDRPs to utilise a grant from the Police Authority arising from Council Tax discount on second homes and long term empty homes.

Information

As part of the 2004/05 discussions on the budget, the Authority considered new regulations from the Government enabling the level of council tax discount on second homes to be reduced from its current level of 50% to a minimum of 10%.

The decision to apply the discount is a matter for the billing authorities and eight district councils in Lancashire (Fylde, Lancaster, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire and Wyre) have taken the decision to reduce the discount in the 2007/08 financial year.

The reduction in discount flows into the council tax base for the relevant area, and the increase in income is retained by all the authorities levying council tax in that area. The Police Authority, as a precepting authority for council tax purposes, receives an element of the increased income and agreed that this should be put at the disposal of the Crime and Disorder Reduction Partnership for the area.

In allocating these funds to the CDRPs in the eight areas listed above, the Authority's Chief Executive requires that the Partnership acknowledge and work within certain conditions. As part of the conditions it is stated that, for expenditure of £5,000 or more, the CDRP must seek approval from the Police Authority before committing to the expenditure. At its meeting on the 22nd July 2004, the Police Authority delegated such approvals to the Resources Committee. (For expenditure under £5,000, CDRPs must seek the approval of the Authority's representative on the Partnership.)

Fylde

An application has now been received from Fylde CDRP to utilise £12,000 of the £31,000 funding allocated to it by the Police Authority in 2007/08.

The £12,000 will be used as a contribution towards the salary costs of the partnerships administrative support. The support will be provided by a full time administrative officer and will assist the CDRP in achieving the PSA 1 target of an overall reduction in crime of 12.5% by the end of 2007/08. The funding for this post had previously been funded from the Home Office Directors Fund which has been removed this year.

If this funding application is agreed, the Partnership will need to be notified that it may not be able to continue to support the funding of this post through Authority funds in future years due to the unstable nature of this funding stream.

Ribble Valley

In 2007/08 the Police Authority has a second homes allocation of £11,000 for Ribble Valley CDRP and an application has now been received to utilise the full amount to contribute towards a mentoring scheme.

The scheme places an adult with 'life skills' with a young person who may be showing signs of being disruptive in class or not attending school. The idea is to promote work that will benefit the community such as footpath repairs, fencing, joinery, and painting and decorating; it would also allow one-to-one contact between the mentor and the young person.

This scheme began in 2006/07 and the results have been very promising with a number of targeted young people responding positively to the initiative, with some proving to be good role models to other young people in their peer group.

The scheme will assist in achieving PSA 1 (reduction of crime) and PSA 2 (increase in public reassurance by tackling young people in a pro-active manner before they start resorting to criminal activities).

If this funding application is agreed, the Partnership will need to be notified that it may not be able to continue to support the funding of this post through Authority funds in future years due to the unstable nature of this funding stream.

Wyre

In 2007/08 the Police Authority has a second homes allocation of £19,000 for Wyre CDRP and an application has now been received to utilise the full amount to contribute towards a CCTV scheme in Garstang.

The project will use ANPR technology to enhance the current Garstang CCTV system to combat travelling criminals particularly along the A6. A baseline will be established which will include a crime pattern analysis of coverage area with data being collected and evaluated at quarterly intervals and a survey of public opinion will also be conducted.

The project will assist in achieving the following objectives:

- To reduce anti-social behaviour related offences
- To reduce criminal damage
- To improve quality of live for residents or visitors

Decision Required

The Committee is asked to agree to:

1. Fylde CDRP's request to utilise £12,000 of the £31,000 allocation made available by the Authority in 2007/08, through the reduction in Council Tax discount, to contribute towards the salary costs of the partnerships administrative support.

2. Ribble Valley CDRP's request to utilise the full £11,000 allocation made available by the Authority in 2007/08, through the reduction in Council Tax discount, to support a mentoring scheme.
3. Wyre CDRP's request to utilise the full £19,000 allocation made available by the Authority in 2007/08, through the reduction in Council Tax discount, to contribute towards CCTV in Garstang.

Background Papers

Funding application forms from the relevant CDRPs.

Report Originator

Mr S Pickup – Administrator, Lancashire Police Authority.
Miss L Heath - Administrative Assistant, Lancashire Police Authority.

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27th JUNE 2007**

WRITE OFF OF OBSOLETE STOCK
(Appendix A refers)

ISSUE FOR CONSIDERATION

The write off of clothing/uniform stock at 31st March, 2007.

INFORMATION

The Scheme of Delegation allows for the write off of obsolete stock within certain financial limits. The current limits are as follows:

1. Individual items up to £2,000 to be written off by the Chief Constable (This has subsequently been delegated to Divisional Commanders/Heads of Departments by the Chief Constable).
2. Items between £2,000 and £5,000 to be written off by the Chief Constable (Director of Resources), in consultation with the Police Authority Chief Executive
3. Items above £5,000 to be written-off by the Resources Committee

Note: The value of items to be determined by the estimated book value.

In writing-off items, there may be instances where the value of individual items are within the agreed limits but when grouped together exceed the above limits, e.g. clothing stocks. In such cases it is the total value for the group of items that should be used to determine the write-off procedure.

As part of the closure of accounts for 2006/2007 a number of clothing/uniform items were identified as obsolete and excluded from the closing stock figures reflected in the Statement of Accounts. The value of the clothing/uniform stock is £5,367 a breakdown of which is provided at Appendix A. As the total book value of the stock is in excess of the delegated limits identified above, it is necessary to seek the approval of the Committee to write off this stock.

DECISION REQUIRED

The Committee is asked to approve the writing off of the stock outlined for clothing/ uniform at a value of £5,367.

BACKGROUND PAPERS

The Authority's Scheme of Delegation and Year end returns from Clothing Stores.

REPORT ORIGINATOR

Mr A T Brown, Head of Management Accounts, Lancashire Constabulary.

APPENDIX A

PROPOSED WRITE-OFF OF CLOTHING STOCK

ITEM	QUANTITY	BOOK VALUE £
1. Wool Skirts	42 prs	798
2. Wool Slacks	26 prs	520
3. Wool Trousers	47 prs	775
4. Inspectors Cap	17	357
5. Dust Coats	7	82
6. Side Handled Baton	20	832
7. Baton Holder	60	322
8. Enforcer Trousers	1 pr	61
9. Bath Stars – Embroidered	140	188
10. Civilian Driver Epps	30	82
11. Driving Instructor Epps	47	75
12. Metal Numerals	4204	1275
		<hr/> <hr/>
		£5367

Note:

Items 1-4 are rarely used and/or are small sizes.

Items 5 – 12 are obsolete items

There may be a small residual value on some items but past experience of auctions indicates that this will be minimal.

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007**

PART I**FIVE YEAR FINANCIAL FORECAST 2008/09 – 2012/13**

(Appendix 'A' refers)

Issue for Consideration

The latest Five Year Financial Forecast.

Information

The latest version of the financial forecast is attached at Appendix 'A' for the Committee's consideration. It is based on the latest information and assessment of the main drivers of our financial outlook, in particular covering anticipated levels of Home Office grant, permitted increases in council tax, inflation, new growth and specific cost pressures. The forecast is firmer in 2008/09, with less detail included in subsequent years.

The forecast assumes an increase of 2.3% in Home Office grant. This reflects the view that conditions are hardening and the settlement will be tighter than in recent years. A council tax increase of 3% has been included, along with an estimate of pay and price inflation of 2.5%.

Preliminary provision has been included for £0.5 million of new growth and adjustments in relation to the full year effect of 2007/8 budget changes. While there is no certainty on specific grants at this stage, the tendency in recent year has been for government to discontinue or freeze the smaller specific grants. The forecast currently assumes that Initial Police Learning and Development Programme (IPLDP) grant of £0.516M will be lost in 2008/9. It also identifies risks around Basic Command Unit (BCU) Fund and POLICE Community Support Officer (PCSO) grants which are more uncertain and, as a consequence, provision of £1M has been included should any loss arise in these areas.

Based on this initial forecast, there will be a gap of £1.7M for 2008-09 between the funding available and the budget required. Consideration is being given within the Constabulary to the process for identifying budget reductions to meet this gap and a further report will be brought to this Committee later in the year.

Decision Required

The Committee is asked to note the report.

Background Papers

Nil.

Report Originator

Mrs L Taylor – Head of Finance, Lancashire Constabulary.

Lancashire Constabulary
Five Year Forecast 2008/09 onwards

(June 2007)
Band D Council Tax
Taxbase
Revised Taxbase

	2008/09	2009/10	2010/11	2011/12	2012/13
	129.73	133.62	137.63	141.76	146.01
	464955.55	470551.75	473375.07	476215.32	479072.61
	467745.28				
	2.30%	2.30%	2.30%	2.30%	2.30%
	3.00%	3.00%	3.00%	3.00%	3.00%
	0.60%	0.60%	0.60%	0.60%	0.60%
	198.179	210.498	215.340	220.293	225.359
	7.587				
	60.681	62.875	65.151	67.508	69.949
	0.260	0.260	0.260	0.260	0.260
	266.706	273.633	280.750	288.061	295.569

FUNDING

Home Office Grant increase (assumed)

Council Tax increase (estimated)

Taxbase increase (estimated based on average last 3 years)

Home Office Resources (General Grant increase)

Home Office Resources (Transfer Specific Grant to General - PCSO's) CONTRA

Council Tax Precept

Council Tax Surplus/Deficit (estimated based on average last 3 years))

TOTAL INCOME

	2008/09	2009/10	2010/11	2011/12	2012/13
	£m	£m	£m	£m	£m
BASE BUDGET REQUIREMENT	252.645	266.706	273.633	280.750	288.061
	252.645	266.706	273.633	280.750	288.061
Inflation					
Police pay inflation (2.5% wef Sept.07)	3.477	3.564	3.653	3.744	3.838
Police Staff pay inflation (2.5% wef Sept 07)	1.332	1.366	1.400	1.435	1.471
Police Pensions Inflation (2.5% wef Sept 07)	0.770	0.789	0.808	0.829	0.849
Other price increases (2.5%)	0.889	0.911	0.934	0.957	0.981
Total cost of inflation & pay related costs	6.467	6.629	6.795	6.964	7.139

Budget Adjustments:								
Revenue consequences of new capital programme	0.680	0.500	0.250	0.250	0.250	0.250		0.250
Mainstreaming of NPF PCSO Grant (General Grant in 2008/9) - CONTRA	7.587							
Loss of IPLDP Grant	0.516							
Capital Financing Charges	0.360	0.500	0.500	0.500	0.500	0.500		0.500
Capital Financing Charges (Additional MRP re cut in RCCO)	0.250	0.250	0.250	0.250				
Provision for Possible Specific Grant Reductions (See Risks Below)	1.000							
Reduced Level of Revenue Contribution to Capital Expenditure	-1.000							
Total Budget Adjustments	9.393	1.250	1.000	0.750	0.750	0.750		0.750
Estimated Constabulary new growth for 2008 onwards								
CONNECT (Full Year Effect)	-0.190							
One-off Revenue Contribution to Capital (Full Year Effect)	-0.410							
Estimated Annual Growth (Details unknown)	0.500	0.500	0.500	0.500	0.500	0.500		0.500
Total Constabulary Growth	-0.100	0.500	0.500	0.500	0.500	0.500		0.500
Constabulary Reductions								
Total Constabulary Reductions	0.000	0.000	0.000	0.000	0.000	0.000		0.000
TOTAL BUDGET REQUIREMENT	268.405	275.085	281.928	288.965	296.449	296.449		296.449
Reduction required to a 3% Council Tax	1.699	1.452	1.178	0.904	0.881	0.881		0.881

NB

1% increase in Council Tax = approx £0.530m

1% increase in Home Office Grant = approx £2m

OTHER RISKS NOT SPECIFICALLY INCLUDED ABOVE

Discontinuance of BCU Fund Grant £1.150m

Mainstreaming of funding for PCSO's £7.587m at same level as Specific Grant

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007**

PART I

REVIEW OF TREASURY MANAGEMENT 2006/07

Issue for Consideration

To review the Lancashire Police Authority's borrowing and lending activities during 2006/07.

Information

At their meeting in March 2002, the then Finance and General Purposes Committee approved a revised Treasury Policy Statement and Treasury Management Practices in respect of the Lancashire Police Authority. In accordance with the terms of the Statement, this report reviews activity in 2006/07.

Borrowing Requirement

The Treasury Management Strategy for 2006/07, presented to the Resources Committee of the Authority in February 2006, showed a borrowing requirement for the year of £6.748 million. When the Treasury Management Strategy for 2007/08 was presented to the Resources Committee in February 2007, a revised borrowing requirement for 2006/07 of £4.688 million was reported. Details are shown in the table below together with the actual year-end requirement .

	Original £000	Revised £000	Actual £000
Net Supported borrowing	1,782	1,782	1,782
Net Unsupported borrowing	5,864	1,173	
Requirement b/fwd from 2005/06		2,733	2,733
Maturing Long-Term Debt	450	450	450
Less Statutory Charge to Revenue (MRP)	-848	-950	-950
Less Additional Voluntary Charge to Revenue (MRP)	-500	-500	-500
TOTAL BORROWING REQUIREMENT	<u>6,748</u>	<u>4,688</u>	<u>3,515</u>

The original borrowing requirement was set in the Treasury Management Strategy for 2006/07 at a time when the Police Authority was expecting that the forces of Lancashire and Cumbria would merge. A cash reserve of £5.2 million had been set aside to cover the costs of merger. When the merger plans were abandoned, it was decided to allocate £3.4 million of this reserve to finance the 2006/07 capital programme and this, combined with a reduction in forecast capital payments, led to

the much reduced revised borrowing requirement for 2006/07 which emerged in late 2006. This reduced amount was despite the carry forward of a requirement of £2.733 million from 2005/06. The capital out-turn for the year revealed considerable slippage of expenditure into 2007/08 and consequently no unsupported borrowing at all was actually required.

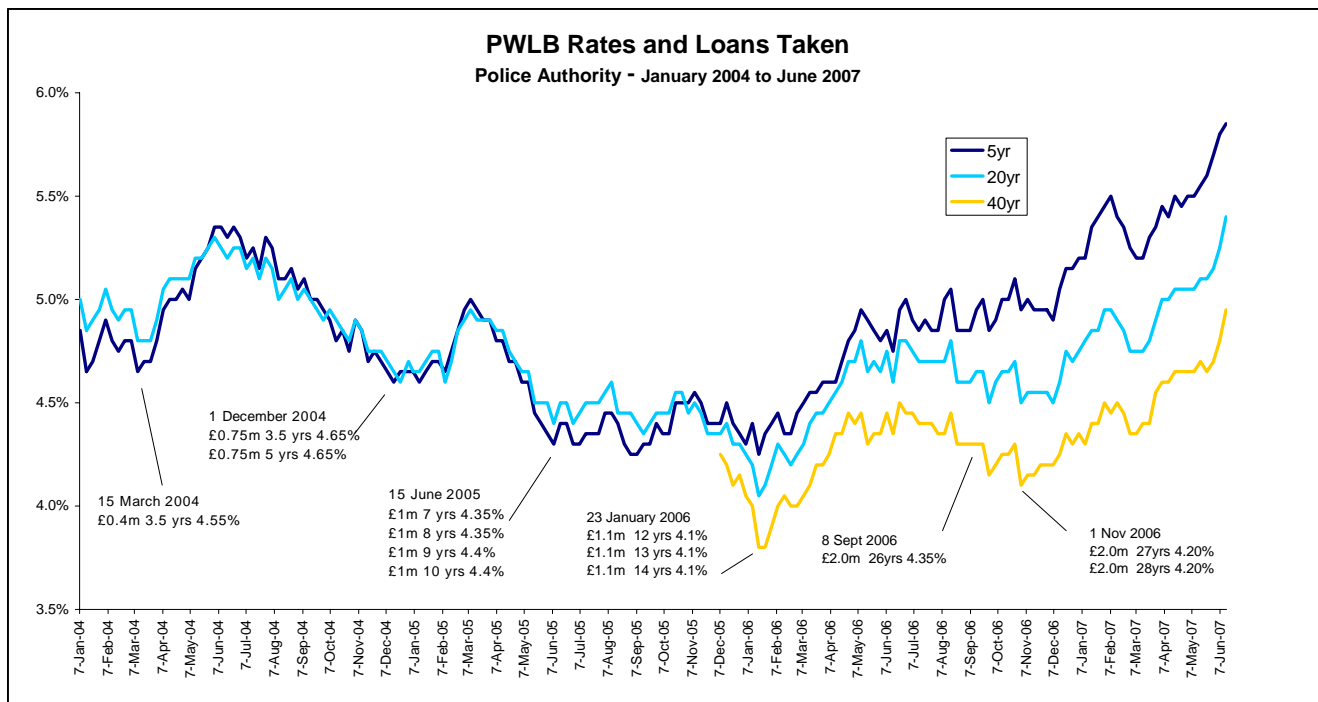
Borrowing

Before the decision to re-allocate cash from the amalgamation reserve to the financing of the programme was finalised, loans had already been taken to the value of £6 million. This was because interest rates in the late autumn were low and were predicted to rise. So, despite the impending change in financing strategy, the decision was taken to borrow and carry forward any surplus loans into the current year. The borrowings made, all from the Public Works Loan Board (PWLB), are shown in the table below.

Date	Amount £	Rate %	Period Yrs
8 September 2006	2,000,000	4.35	26
1 November 2006	2,000,000	4.20	27
1 November 2006	2,000,000	4.20	28
Total	6,000,000		

With a requirement for the year of £3.515 million, the advance element in this borrowing was £2.485 million and this will be included in the funding for the 2007/08 capital programme. The decision to borrow in advance has been justified by subsequent movements in the market: the rate for loans in the 25 to 30 year period has risen steadily since November and is currently 5.1%. Furthermore, the surplus cash has been invested at rates well above the rates at which interest is being paid to the PWLB.

The chart below shows these borrowings and other borrowings over the last two financial years in the context of the movement and spread of rates over that time.



The borrowings and repayments during the year brought the Authority's total debt outstanding to a year-end figure of £23.504 million which is all with the Public Works Loan Board. The average period to maturity is 14.7 years and the average interest rate is 4.47%. The period to maturity of the new loans taken in 2006/07 is well above the average of the Authority's other debt. This is primarily because there is currently an "inverse yield curve" i.e. rates at the longer end of the spectrum are lower than those for shorter-dated loans.

The Authority also has £3.1m of debt administered by the County Council at an average rate in 2006/07 of 5.08%. This relates to the outstanding debt on the Police Authority's assets that were transferred from the County Council on 31 March 1995. Specific grant at the rate of 50% is still receivable on the costs of this debt.

Investments

Daily cash surpluses have been invested through the money market at competitive rates of interest. Most of the balances have been invested in the County Council's General County Fund (GCF) and lent on from there as part of a larger, more marketable, consolidated balance. Where appropriate, amounts have been placed in the market in the Authority's own name.

Balances invested in the County Council's GCF account averaged £33.2 million over the year and earned interest of £1.611 million at an average rate of return of 4.84%.

Other deposits, placed with external financial institutions, averaged £6 million over the year and earned interest of £0.275 million at an average rate of 4.58%. The overall average balance on deposit over the year was £39.2 million and total interest was just under £1.9 million at an average rate of 4.80%. This rate is slightly below the average national 7 days notice rate of 4.83%. The failure to meet this benchmark is the result of the series of rises in the base rate in 2006/07 the first of

which went against earlier forecasts. In the early part of the year forecasters and advisers were predicting that the base rate would fall and a number of longer-term investments at rates above the forecast future base rate were placed to guard against this. However, against all predictions, the base rate went up and when the base rate moves, the 7 days notice rate moves immediately. Some investments were, therefore, locked in to rates below the base rate and below the 7 days notice rate, giving rise to the overall average shortfall.

Financing Charges – Budget and Out-turn

The out-turn for financing charges in 2006/07, as summarised in the table below, shows an underspend of £0.491 million for the year.

	Budget £000	Out-turn £000	Variance £000
Interest paid and other charges	2,868	3,091	223
Investment and other income	-1,169	-1,883	-714
Total	1,699	1,208	-491

There was an overspend on interest paid of £52,000 arising from the advance borrowing outlined earlier in this report mitigated by a lower average interest rate on the loans than expected.

Apart from a small underspend of £8,000 on transferred debt, the balance of the overspend in the first line of the table was on Minimum Revenue Provision (MRP), the statutory charge to revenue for the reduction of outstanding debt. This was £191,000 higher than the budget figure as a result of more capital expenditure in the previous year (2005/06) having been financed by loan than was expected. This was another effect of the financial planning for the proposed merger with Cumbria i.e. the decision at the end of 2005/06 to switch the financing of £5.2 million of capital expenditure from internal reserves to borrowing. This was so as to preserve the internal funds to pay for merger costs. MRP is based, broadly, on capital expenditure financed from borrowing and consequently the charge in 2006/07 was higher.

The biggest variance between budget and out-turn is in investment income. Several factors have contributed to this. The first is that interest rates have been higher than expected. In the budget, the assumption was for rates at 4.5% whereas the actual average for the year, as reported above, was 4.8%. The other factors are all to do with the level of cash balances.

In the budget, cash balances for investment were expected to average £25 million over the year. The actual average, again as reported above, was £39.2 million. The first reason for the higher balances was the advance borrowing referred to in the borrowing section. Secondly, there was a change in 2006/07 in the profile of Government grant paid to the Authority. Grant is paid to the Authority in a number of instalments over the year. In previous years, the larger instalments had been received in the last few months of the financial year whereas in 2006/07 the

Government paid these larger amounts in April and May. And, finally, the expected run-down in general reserves and balances that was expected at budget time did not materialise.

Prudential Indicators

Under Section 3 of the Local Government Act 2003, the Authority has a duty to determine a number of prudential indicators against which to measure its performance and stewardship in the area of treasury management. The table on the next page shows the indicators set for 2006/07(original and revised) and the actual position at the year-end. None of the limits was breached during the year.

<u>Indicator</u>	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
1 Adoption of CIPFA Code	Adopted	Adopted	Adopted
2 Authorised limits:	£m	£m	£m
External debt	29.000	27.000	23.504
Other long-term liabilities	1.000	1.000	-
Total	30.000	28.000	23.504
3 Operational boundaries:			
External debt	25.200	24.400	23.504
Other long-term liabilities	0.250	0.250	-
Total	25.450	24.650	23.504
4 Upper limit of fixed rate exposure			
- borrowing	100%	100%	100%
- investments	100%	100%	nil
5 Upper limit of variable rate exposure			
- borrowing	25%	25%	nil
- investments	25%*	100%*	100%
6 Upper limit for investments over 364 days	nil	£3m	nil
7 Maturity structure of debt			
	Upper & lower limits	Upper & lower limits	At 31st March
- less than 12 months	10% & nil	10% & nil	3.4%
- 12 months and within 24 months	10% & nil	10% & nil	1.7%
- 24 months and within 5 years	30% & nil	30% & nil	9.2%
- 5 years and within 10 years	60% & nil	60% & nil	17.0%
- 10 years and above	85% & 25%	85% & 25%	68.7%

*The change in the upper limit of variable rate investments from 25% to 100% represented a technical change reflecting the potential for all the Authority's investments at any time to be invested through the County Council at variable rates.

Decision Required

The Committee is asked to note this report

Background Papers

Miscellaneous treasury management working papers.

Report Originator

Mr D Bates – Treasury Management, Lancashire Police Authority.

**LANCASHIRE POLICE AUTHORITY
RESOURCES COMMITTEE
27TH JUNE 2007**

PART I

TRANSACTION OF URGENT BUSINESS

It is reported, for the information of the Committee, that the following matters which could not await the next meeting, have been approved by the Chief Constable, following consultation with the Chairman and Vice-Chairman of the Committee:-

- i. The inclusion of the purchase of Microsoft Office SharePoint 2007 Client Access Licences (CAL) as part of a core CAL Enterprise Agreement in the 2007/08 Capital Programme.
- ii. The disposal of the former Heysham Police Station and adjacent vacant victim support office by public auction.

Decision Required

The Committee is asked to note the report.

Background Papers

Urgent Business reports (i) only.

Report Originator

Miss L Heath, Administrative Assistant, Lancashire Police Authority.

