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Roger Baker QPM MBA MA
Her Majesty's Inspector of Constabulary

28 September 2012

Mr Bruce Jassi
Chair – Lancashire Police Authority

RB/LKB

Ms Miranda Carruthers-Watt
Chief Executive – Lancashire Police Authority

Dear Bruce and Miranda,

HMIC Police and Crime Commissioner (PCC) Budget Preparedness Visits

Thank you for the time the police authority spent with the HMIC team on 06 September 2012. The meeting presented an opportunity for you to provide an overview of your budget development process for 2013/14, the funds identified for transition and the development of potential models of governance, decision making and accountability.

I am writing to provide you with a summary of the discussions and to highlight any areas that emerged for further consideration.

Budget setting process

You are taking a 'business as usual' and well established approach to your 2013/14 budget setting process. Your medium term financial planning is being regularly refreshed and updated and you have completed a detailed analysis of the impact on your budget from a wide range of factors including new council tax benefit localisation arrangements, the council tax base, the police precept component of local council tax and grant income.

You are engaging with stakeholders and prospective PCC candidates to brief them on the budget outlook and you have more events of this type planned in the next couple of months. You have met with the police and crime panel and you continue to brief members on the budget setting process and how this supports the development of the police and crime plan.

Preparation of scenarios to support the PCC in setting the budget

You are planning a seminar in October to look at the 2013/14 budget and the impact of the funding gap on service and performance to inform the PCC and give them a list of options. The seminar will model a range of precept options which will include both a precept freeze and a more positive scenario of a 2.5 percent precept over the next four years. The

implications of each scenario on the force's savings requirement will be discussed as well as plans for how these savings might be made.

Workforce and service impact

You described your current workforce plans which are progressing as planned and while you are not expecting any changes to your workforce projections for the next two years you will be reassessing the position from 2015/16 onwards. Similarly, none of the scenarios you have explored are expected to result in major changes to existing service delivery plans although you acknowledge that once more information on the next comprehensive spending review is available this may change.

The authority is continuing to pursue options for collaborating with others as a means of increasing efficiency and reducing costs. You are involved in the North West Regional Collaboration with five other forces. The North West Regional Collaboration Joint Committee is working to ensure smooth transition and making arrangements for issues around collaboration and partnerships to be shared and discussed with PCCs. You are also closely involved with neighbouring upper tier authorities with a view to greater integration across the Lancashire landscape.

Forward planning: governance and the Office of the PCC (OPCC)

You have set aside a small transition budget to take account of any one off costs and the provisional budget for the OPCC is based on the current police authority budget.

You have identified the principles for how the OPCC will operate and are developing arrangements for when the PCC takes up office. You have considered staffing requirements and identified areas where further support may be needed such as commissioning services. You have an induction plan and diary for the PCC's first 130 days which identifies essential activities. A legacy document will provide key information to assist the PCC in their early days.

The authority is closely involved with the Association of Police Authority Chief Executives work and is leading this in some cases. The governance model is in development and reflects the local government model of single person decision making. The initial aim is to ensure that a forward plan is in place and key decisions are identified. A decision making process has been agreed to enable decisions to be made from 22 November.

Arrangements will be in place to ensure that the OPCC is operating at no increased cost from day one with flexible options for the future available to the PCC. You are now focusing on drafting your schemes of consent and delegation and are using national guidance to assist you with this.

You have established an interim joint audit committee which will have five independent members who will be initially drawn from the audit and standards committee of the Lancashire Police Authority. This will facilitate a level of continuous provision over the remaining 2012/13 audit programme.

In summary, you have a well established budget development process which is based on prudent assumptions and takes account of a broad range of funding scenarios. You will be developing a range of options for the PCC to consider once in post to assist them in delivering their statutory functions.

While your decision making processes and governance options for how the PCC might hold the Chief Constable to account are still work in progress, you have a clear idea of what the choices are using national guidance to assist in developing these further. You fully understand that it will be a matter for the PCC which, if any, options they choose to adopt, and for this reason are recommending a number of options rather than one fixed approach.

I would like to take this opportunity to thank the police authority for its continuing commitment to plan and prepare for the transition to a PCC.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roger Baker', written over a light blue horizontal line.

Roger Baker
HM Inspector of Constabulary

Copied:
Mr Stephen Finnigan CBE QPM BA (Open) MA (Cantab)
Chief Constable – Lancashire Constabulary

Leah Watson
HMIC Liaison Officer