

**TO: ALL MEMBERS OF THE
POLICE AUTHORITY**

Mark Sellwood
Chief Executive

Cheshire Police Authority,
Constabulary Headquarters,
Clemonds Hey
Oakmere Road
Winsford
Cheshire, CW7 2UA

Fax: (01244) 614006

E-mail:
martin.eaton@cheshire.pnn.police.uk

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Our Reference
ME/CPA/

Your Reference

Telephone
(01244) 614005

Ask for
Martin Eaton

Dear Member

POLICE AUTHORITY, 13 APRIL 2010

I attach for your attention the following items for inclusion in your agenda for the above meeting:-

- Agenda item 2, Minutes – Amended report and minutes of Finance Panel, 6 April 2010
- Agenda item 6, Chief Constable's Operational Report – amended Appendix
- Agenda item 12, Treasury Management Prudential Indicators 2010-13
- Agenda item 15, Statutory and other Appointments – amended report in relation to Selection Panel

Yours sincerely

Martin Eaton
Member Services Manager

cc Chief Constable
Deputy Chief Constable
Assistant Chief Constables X 2
Assistant Chief Officer
Chief Executive
Treasurer
Director of Performance Development

MINUTES OF A MEETING HELD ON 6 APRIL 2010 IN CONSTABULARY HEADQUARTERS, WINSFORD

Present: D Bateman, Chairman
M Ollerenshaw, Vice-Chairman
M Chapman
A Doran
J Ebo
E Lam
R McNeil
A Walmsley

Also in attendance: D Cargill

Authority Officers:
M Sellwood, Chief Executive
M Eaton, Member Services Manager
Constabulary Officers:
D Whatton, Chief Constable
B Simmons, Assistant Chief Officer
R Muirhead, Head of Finance & Planning

Apologies: M Darby

41. MINUTES

RESOLVED:

That the Minutes of the meeting held on 26 January 2010 be received.

42. ANNUAL COUNCIL TAX AND BUDGET SURVEY 2010/11

The Chief Executive presented a report which summarised the results of the annual survey on council tax levels and budgets for 2010/11. The survey showed that police authorities had set their council tax precept between 1.5% - 7.5%, and that the average Band D council tax level was £179.26.

The Panel noted that Cheshire's increase of 2.72% resulted in a Band D council tax level of £144.53, placing Cheshire 35th out of 43 police authorities.

RESOLVED:

That the council tax and budget survey for 2010/11, be noted.

43. BASIC COMMAND UNIT SPENDING PLANS 2010/11

Further to the Authority decision on 23 February 2010 (Minute 100), the Assistant Chief Officer reported on the proposed Basic Command Unit Fund spending plans for 2010/11 prepared by the three Area Commanders. It was noted that the Governments funding had remained at the same level as in previous years and totalled £526,118.

Each Area Commander had developed a spending plan in consultation with the relevant CDRP in response to direction from Ministers. The spending against the plans would be monitored and reported to the Panel.

The Panel discussed with the Assistant Chief Officer a number of issues in relation to the preparation of the plans including the level of consultation with the CDRPs and accountability for spending and performance outcomes; the lack of detail in the Eastern Area plan; the need for an exit strategy for posts, should the Government reduce future funding; and the measures for monitoring the plans.

RECOMMENDED: That

- (1) the BCU Fund spending plans, as set out in the report, be approved and submitted to the Home Office;
- (2) a mid-year report on expenditure including an assessment of the risk to staff should future Government funding cease or reduce, be submitted to the Panel on 9 November 2010; and
- (3) a final year-end report be submitted to the Panel in April 2011.

44. PARTNERSHIP FUNDING

The Assistant Chief Officer presented a report on the how the Constabulary and Authority fund, and were funded by Partnerships in relation to community safety activity. The report also outlined a proposal to establish long-term, sustainable partnership funding arrangements throughout Cheshire and the progress of the review of partnership funding which was being overseen by the sub-regional Community Safety & Justice Commission.

RESOLVED: That

- (1) the progress of the review of partnership funding across Cheshire, as set out in the Chief Constable's report, be supported; and
- (2) a report on the outcome of the review be presented to the Panel on 10 November 2010.

45. CHARGING FOR POLICE SERVICES

The Head of Finance & Planning presented a further report on aspects of the Authority's charging policy as requested by the Authority on 23 February 2010 (Minute 90). Members were advised that charging for police services was based upon the principle of full cost recovery and currently there was no abatement for charitable events, although a number of civic and ceremonial events were not subject to charges. The charging policy would be reviewed following receipt of new national guidance.

RECOMMENDED: That

- (1) the policing of civic and ceremony events be not charged for, pending receipt of final guidance on charging to be issued by ACPO and APA; and
- (2) a further report be submitted to the Panel on 8 June 2010 on the implications of the national charging policy guidance.

46. GOVERNMENT REPORT ON POLICE VALUE FOR MONEY

The Chief Executive presented the Government's report on Police Value for Money (VFM), which had been issued by the Home Secretary in February 2010. The report outlined the Government's expectations of authorities and forces to deliver greater VFM and efficiency savings and provided a blueprint of the initiatives, authorities and forces should be undertaking to improve performance.

The Chief Executive reported on the savings targets announced by the Chancellor of the Exchequer in the Budget on 24 March 2010, the business re-engineering being undertaken as part of the Transforming Policing and Transforming Business Services projects, the inclusion of VFM statements in the Policing Plan, and the need to make better use of benchmarking as commented upon in the Authority's Inspection Report. Members were advised of the level of VFM inspection/assessment being undertaken by the Audit commission and HMIC.

The Panel discussed the Governments report; the duplication in inspection; and the review of police regulations being undertaken by the Police Negotiating Board.

RESOLVED: That

- (1) the Report of the High Level Working Group on Police Value for Money, published by the Home Secretary, be welcomed; and
- (2) the Report be used to inform the delivery of the Authority's Efficiency and Productivity Strategy 2010-13 and the outcomes of the Transforming Policing Project.

47. HOME OFFICE REPORT: POLICE OVERTIME

The Chief Executive presented a report on a research document on police overtime published by the Home Office in February 2010. The report detailed how overtime could be reduced and examined and focused on increased managerial control; process improvement to increase productivity; and effective deployment. It was noted that in 2009/10 overtime costs in the Constabulary was 3.9% of the budget and was below the Government's current target of 4% and included substantial unavoidable commitments for bank holiday cover and externally funded activity.

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RECOMMENDED: That

- (1) the Internal Audit review of overtime be supported and the outcome considered by the Panel on 7 September 2010;
- (2) the Chief Constable consider the good practice identified in the Home Office report on overtime and ensure the actions recommended in the report are considered and implemented as appropriate in the Constabulary; and
- (3) the research document on police overtime published by the Home Office, be noted at this stage and be used to inform the Internal Audit review, which will include an assessment of action taken by the Chief Constable in accordance with (2) above.

48. VALUE FOR MONEY: REPORT FROM COST BENCHMARKING GROUP

The Chief Executive submitted a report on the outcomes of the initial work undertaken by the Cost Benchmarking Group, which had been established to review the £36m of non-pay expenditure in the budget and identify cash savings. The report detailed those areas scrutinised by the Group and the anticipated savings that could be realised.

RESOLVED: That

- (1) the work of the Group, as set out in the report, be supported;
- (2) a report on the findings from the review of the HMIC VFM profiles be considered by the Panel on 8 June 2010; and
- (3) a final report on the work of the Group be considered by the Panel at the meeting on 7 September 2010.

49. REVENUE BUDGET: PROCEEDS OF CRIME ACT INCOME

The Head of Finance & Planning reported on the projected Proceeds of Crime Act income streams, as requested by the Authority on 23 February 2010 (Minute 87).

Members discussed with the Chief Constable the operation of the Asset Recovery Incentivisation Scheme and the arrangements for allocating income to forces; and sought clarification on the difference between confiscation and forfeiture of assets.

RESOLVED: That

- (1) the report on projected Proceeds of Crime Act income be received; and
- (2) the outcome of activity to increase proceeds by reinvesting excess receipts be reported to the Panel as part of the budget monitoring process.

50. CAPITAL PLANNING AND FINANCING STRATEGY 2011-14

The Head of Finance & Planning reported on the proposed capital planning and financing strategy for 2011-14. The 2010/11 capital programme was the last to be supported from funding within the 2008-2011 Comprehensive Spending Review period. The Panel was asked to consider the strategy for capital expenditure from April 2011 onwards, particularly in the light of likely future reductions in capital grants and receipts. The report outlined the impact of the current economic climate; asset management and lifecycle approach; financial and prudential indicators and other issues which may impact on future grants.

RECOMMENDED: That

- (1) further work on asset management and lifecycle approach by undertaken and reported back to the Panel on 7 September 2010;

- (2) an annual contribution to an earmarked capital reserve be included in the budget from 2011/12 onwards, which will be considered further by officers and taken into account in updating the Medium Term Financial Strategy; and
- (3) the element of new schemes which impact on server storage capacity be set aside within the reserve.

51. REVENUE BUDGET: THREE-YEAR BUDGETING

The Head of Finance & Planning reported on the work being undertaken to produce three-year budgets from 2011/12, following a request by the Authority on 23 February 2010 (Minute 100).

RESOLVED: That

- (1) progress on producing future years' budgets be welcomed;
- (2) an indicative budget for 2011-14, based on current Medium Term Financial Strategy (MTFS) assumptions be considered by the Panel on 8 June 2010; and
- (3) the MTFS be updated to reflect any post Election budget proposals and the outcome of the next Comprehensive Spending Review.

52. REVENUE BUDGET: ZERO BASED BUDGETING

The Head of Finance & Planning reported on plans to carry out a programme of zero based budgeting. The report outlined the advantages of the approach and the initial programme; the links with the Transforming Business Services and Transforming Policing Projects; and the timescales.

The Panel discussed a number of issues including benchmarking; the mechanisms for monitoring budgets; and the levels of financial risk with the Head of Finance & Planning.

RECOMMENDED: That

- (1) the initial zero based budgeting programme, as detailed in the report, be approved;
- (2) the Base Budget Review of Legal Services be reported to Finance Panel on 27 July 2010;
- (3) the remaining 2010/11 reviews be presented to Finance Panel on 9 November or 7 December 2010, for consideration; and
- (4) the outcomes of the reviews for 2011/12 onwards be reported to Finance Panel each year in November or December, and taken into account as part of the budget preparation process.

Duration of Meeting: The meeting commenced at 9.30am and concluded at 11.05am.

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APPENDIX A

Objectives 2009/10		CURRENT PERFORMANCE	PERIOD	TARGET (Pro Rata for period)	CONTEXT / ANALYSIS
PUBLIC / CUSTOMER					
Increase public confidence in policing	% of public who believe that the police and local council are dealing with the ASB and crime issues that matter in this area	48.2%	October 08-September 09	45%	The force are performing well and are on trajectory. Results from the Force Local Confidence surveys conducted in August, September and October show that 61.1% of the public believe that the Police and Local Council are dealing with the ASB and crime issues that matter in their area.
	% of respondents saying they are confident/very confident in local police	52.9%	October 08-September 09	none set	Results from the Force Local Confidence surveys conducted in August, September and October show that 84% of respondents stated that they were confident or very confident in their local Police.
Respond Effectively to the public when in need	% of users satisfied with the service (whole experience) received	90.0%	February 09 - January 10	85%	Comparative performance continues to be very strong with Cheshire being the best performing force in England & Wales. The Police Authority target is being exceeded and an internal stretch target has been set at 88.5%. Targets for the sub groups (ease of contact etc) have been set and are reviewed on a quarterly basis with the aim to achieve top quartile performance for all user groups in all aspects. Ease of contact is currently achieving 94.1% against a target of 97.3%. All other aspects are exceeding target.
OUTPUTS / OUTCOMES					
Work in partnership to create strong and vibrant communities	% of people who feel they can influence decisions in their locality	25.3%	Sept - December 08	+1%	In the Force Local Confidence surveys conducted in August, September and October, respondents were asked specifically whether they feel they can influence Policing decisions in their locality, to which 28.7% of respondents agreed.
Prevent and investigate crime and disorder	Number of serious acquisitive crimes	10210 (- 10.5%)	April 09-February 10	11,404	Areas that have been underperforming have implemented corrective action plans. Performance year to date shows Eastern with 12.9% better than target, Northern Area 13.3% better than target and Western Area 3.8% better than target. At NPU level Warrington Town Centre are 25% over target although small numbers are involved, Chester Inner (32%) and Chester Outer (12%) also show substantial variances from target. Macclesfield, Nantwich, Wilmslow, Warrington East, Ellesmere Port, Northwich and Winsford all show performance that is in excess of 15% better than their targets.
	% of serious acquisitive crimes detected	17.1%	April 09-February 10	17%	Performance shows East at 18.7%, North 17.0%, and West 15.6%. Western Area are now only 1.4% below target where they have previously been as much as 7.4% below. At NPU level Wilmslow (10.3%), Western Rural (10.2%), Winsford (11.8%), Warrington Town Centre (10.0%) and Warrington West (9.9%) have largest variances from target. Crewe and Runcorn both have detection performance in excess of 28%.
	Number of most serious violent crimes	425 (+31.3%)	April 09-February 10	324	There are a small number of serious violence offences so % changes can seem more significant than they actually are. Eastern are 10.7% over target, North have 45.7% more offences than the target and West 33.7% more. This is a significant increase over recent months but has to some extent been driven by the increased focus on detection performance.

APPENDIX A

Objectives 2009/10		CURRENT PERFORMANCE	PERIOD	TARGET (Pro Rata for period)	CONTEXT / ANALYSIS
OUTPUTS / OUTCOMES					
Prevent and investigate crime and disorder	% of most serious violent crimes detected	56.7%	April 09-February 10	56%	Eastern Area currently have a performance of 57.3% detection rate and Western continue to show improvements to now show 63.0% whereas North (52.1%) are below target. Detection rate performance will have been affected by rising levels of this crime type. The improvements in November (91.7%) and December (66.7%) continue to be sustained with 75% detection rate for January 2010, with performance for the period September 2009 - February 2010 being 69.7%.
	Perceptions of anti-social behaviour	14.2%	October 08-September 09	14%	The perception of anti-social behaviour has remained stable at 14.2%, this remains still within control limits but is of some concern. Performance in relation to levels of Anti-Social behaviour is now below target for the year to date.
	Number of criminal damage offences	12,704 (- 16.0%)	April 09-February 10	15,122	Performance continues to improve. Northern Area has strong performance being 18.7% better than target so far this year compared to East (12.4% better than target) and West (11.7% better than target)
	Number of people killed or seriously injured in road traffic collisions	539	April 09-February 10	595	Eastern Area 217 against a target of 253 Northern Area 121 against a target of 120 Western Area 173 against a target of 170 Motorway 28 against a target of 52
Protect vulnerable people	Repeat Incidents of domestic violence	27.6%	April 09-February 10	26%	Targets are aligned to LAAs. Eastern and Western areas are just missing their targets, whereas Northern require further improvement.
	% of serious sexual offences brought to justice	42.2%	January 09-December 09	47.0%	For the 12 months ending December 2009 42.2% of serious sexual offences have been brought to justice, this is the first time this year that the 47% target has not been met. Comparative performance shows that Cheshire are second in their most similar group with the average being 36.1%.
Protect the public from serious organised crime and terrorism	Number of business robberies	73 (-36.5%)	April 09-February 10	115	The number of offences are very small and therefore % can be misleading. All Areas are seeing significant reductions with East 50% below target, North 32.5% below and West 34.0% below.
	% of people who perceive that people using or dealing drugs are a problem in their local area	27.0%	October 08-September 09	25%	Perception of drug dealing has decreased, although not significantly it has reversed the previous upward trend.
	Number of drug supply offences brought to justice Proxy measure: Number of arrests for drug supply offences	890	April 09-February 10	550	This is 32.6% above the performance achieved in the comparative period of 2008 and 61.8% above the target set. Increases across the areas are 61% (East), 25% (North) and 16% (West)
	The value of cash forfeitures and confiscation orders obtained.	£ 3,478,070.12	April 09-January 10	£2.23m (YTD target)	Breakdown by individual BCUs as follows: East £256,955 ; North £470,214; West £583,762

TREASURY MANAGEMENT PRUDENTIAL INDICATORS 2010-13

PURPOSE OF THE REPORT

1. To report on the updated prudential indicators for 2010-13 which have been amended to account for the new International Financial Reporting Standards.

PRUDENTIAL INDICATORS

2. The Prudential Code provides a framework whereby the Authority can decide what it can afford to spend or borrow in respect of capital investment. Under the new International Financial Reporting Standards PFI funded assets will now be shown on the balance sheet together with the financing of the asset, for the Authority this means the Headquarters building. As such, it has an impact on both the authorised borrowing limit and operational boundary prudential indicators.
3. These changes are shown in Appendix 1 and reflect the increased liability of the PFI scheme. This is not a new liability but one the Authority has held since the scheme started in 2003, the change is purely presentational but does mean that the Authority's balance sheet now shows the full extent of its financial commitments. At the end of March 2010, the outstanding liability was £31.47m

CONCLUSION

4. Due to changes in accounting standards the way in which PFI funded assets are reported has changed. From 2009/10, the Statement of Accounts will now show these assets on the balance sheet together with the associated outstanding liability. This presentational change also impacts on the prudential indicators that reflect the financing requirements of the Authority and will now include the PFI liability.

RECOMMENDED:

That the revised prudential indicators, as shown in Appendix 1, be approved.

MARK SELLWOOD
CHIEF EXECUTIVE

APPENDIX 1
CHESHIRE POLICE AUTHORITY
13 APRIL 2010

1. AUTHORISED LIMIT

The Authority has to set an authorised limit, which is the statutory maximum borrowing permitted, and an operational boundary, which is the normal level of borrowing expected, for external debt (which now includes the PFI liability).

The authorised limits set out below are consistent with the Authority's current commitments, existing plans and the proposals set out in this report for the capital expenditure and financing, and with its approved treasury policy statement and practices. They are based on the most likely, prudent, but not worse case, scenario, with sufficient headroom over and above this to allow for operational management.

Authorised Borrowing Limit	Previous £m	Revised £m	Change £m
2009/10 revised estimate	31.94	63.90	31.96
2010/11 estimate	33.00	64.47	31.47
2011/12 estimate	36.43	67.37	30.94
2012/13 estimate	36.43	66.79	30.36

In agreeing these limits, Members should note that the authorised limit for 2010/11 will be the statutory limit determined under Section 3 (1) of the Local Government Act 2003. This indicator being the maximum limit the Authority may borrow at any point in time in the year. If borrowing above this level were needed a report would go to Finance Panel for authorisation to increase the limit, within delegated powers.

2. OPERATIONAL BOUNDARY

The operational boundary is a key management tool for in-year monitoring. Temporary breach of the operational boundary will not in itself be a cause for concern, although a sustained breach might indicate an underlying issue that would need investigation and action.

The operational boundaries below are based on the authorised limit, estimating the Authority's most likely level of borrowing and leasing each year. It includes long term borrowing to fund capital and short term borrowing to meet day to day variations in cash flow but without the additional headroom.

Operational Boundary	Previous £m	Revised £m	Change £m
2009/10 revised estimate	27.47	59.43	31.96
2010/11 estimate	29.49	60.96	31.47
2011/12 estimate	32.02	62.96	30.94
2012/13 estimate	32.93	63.29	30.36

AMENDMENT TO REPORT

STATUTORY AND OTHER APPOINTMENTS

SELECTION PANEL

1. Paragraphs 3 and 4 of the report at page 173 in your agenda are correct.
2. There is some additional information that is required, however in relation to the total number of members of the Selection Panel. The Police Authority (Community Engagement and Membership) Regulations 2010 provide for the change in membership in the Panel. The Regulations not only removed the Home Secretary's nominee to the Panel, but also reduced the number of Authority Members. The Regulations states that:

"32. Each selection panel shall consist of three members,

(a) two of whom shall be appointed by the members of the police authority for the area; and

(b) one of whom shall be appointed by the members of the police authority for the area from a list of candidates prepared by the Secretary of State, and that member shall act as Chair of the panel".
3. Accordingly, the Authority is asked to appoint two Members to the Panel. Up until 2006, the Authority only had one Member on the Panel and that place was taken by the Chairman of the Authority.
4. As Members are aware, the role of the Selection Panel is to provide the Authority with a shortlist of candidates for appointment as Independent Members. The shortlist must be double the number of appointments to be made. The Panel will need to meet during the Autumn to commence the recruitment of four Independent Members from January 2011 onwards. It is likely this will involve up to five days of meetings during this period.

RECOMMENDED: That recommendation (2) in your report is amended to read:-

- (2) Two Members be appointed to serve on the Selection Panel;

MARK SELLWOOD
CHIEF EXECUTIVE