



Leicester
City Council

**MEETING OF THE LEICESTER, LEICESTERSHIRE AND RUTLAND POLICE
AND CRIME PANEL**

DATE: WEDNESDAY, 1 FEBRUARY 2023

TIME: 1:00 pm

**PLACE: Meeting Rooms G.01 and G.02, Ground Floor, City Hall, 115
Charles Street, Leicester, LE1 1FZ**

Members of the Panel

Councillor Taylor (Chair)

Councillor Whelband (Vice-Chair)

Councillors Clair, Clarke, Cutkelvin, Graham, Harper-Davies, Loydall, March,
Mullaney, Oxley, Phillimore, and Woodman

Independent Members

Ms Parisha Chavda

Ms Salma Manzoor

Members of the Panel are invited to attend the above meeting to consider the
items of business listed overleaf.

For Monitoring Officer

Officer contacts:

Anita James, Senior Democratic Support Officer,

Tel: 0116 4546358, e-mail: committees@leicester.gov.uk

Leicester City Council, 3rd Floor Granby Wing, City Hall, 115 Charles Street

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- ✓ where filming, to (via the Chair of the meeting) ensure that those present are aware that they may be filmed and respect any requests to not be filmed.

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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members will be asked to declare any interests they have in the business on the agenda.

3. CHAIRS ANNOUNCEMENTS

4. MINUTES OF PREVIOUS MEETINGS HELD: 24TH NOVEMBER AND 14TH DECEMBER 2022 Appendix A

Members will be asked to confirm that the minutes of the confirmation hearing held on 24th November 2022, the panel meeting held on 14th December 2022 and the confirmation hearing held on 14th December 2022 are an accurate record.

5. UPDATE ON PROGRESS ON ACTIONS FROM PREVIOUS MEETINGS (NOT ELSEWHERE ON THE AGENDA)

Members to receive a progress update on any actions from previous meetings not covered elsewhere on the agenda – if any.

6. PUBLIC QUESTIONS

None accepted for this meeting.

7. PROPOSED PRE-CEPT 2023-24 AND MEDIUM TERM FINANCIAL PLAN (MTFP) Appendix B

Members to receive a report setting out the proposed Precept for financial year 2023-24 and the Medium Term Financial Plan (MTFP).

Members will be asked to comment and note the information presented in the report.

Members will be asked to support the proposal to increase the 2023-24 Precept by £15.00 per annum (5.81%) for police purposes to £273.23 for a Band D property.

8. OPCC OFFICE STRUCTURE UPDATE REPORT [**Appendix C**](#)

Members to receive a report updating on the Office of the Police and Crime Commissioner' organisational structure, to include an update on any changes to senior or key posts, staff turnover and the impacts of churn upon delivery of services.

9. ETHICS AND TRANSPARENCY PANEL UPDATE [**Appendix D**](#)

Members to receive a report updating on the establishment of the Ethics and Transparency Panel as well as an overview of membership and a summary of the first meeting.

Members will be invited to discuss and comment on the report.

10. WORK PROGRAMME [**Appendix E**](#)

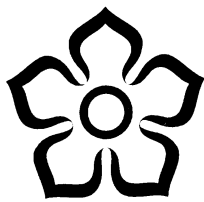
Members to receive the panel's work programme and to consider any future items for inclusion.

11. ANY OTHER URGENT BUSINESS

12. DATE OF NEXT MEETING

Provisional meeting scheduled 16th February 2023 (if veto exercised on 1st February 2023 or Any Other Urgent Business arises).

Ordinary meeting scheduled 6th March 2023 to take place at County Hall.



Leicester
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Appendix A

Minutes of the Meeting of the
LEICESTER, LEICESTERSHIRE AND RUTLAND POLICE AND CRIME PANEL

Held: THURSDAY, 24 NOVEMBER 2022 at 10:00 am

P R E S E N T :

Councillor Taylor (Chair)
Councillor Whelband (Vice-Chair)

Councillor Clair
Councillor Clarke
Councillor Cutkelvin
Councillor Graham
Councillor Harper-Davies
Councillor Loydall
Councillor March
Councillor Mullaney
Councillor Oxley
Councillor Phillimore
Councillor Woodman

In Attendance:

Rupert Matthews – Police and Crime Commissioner
Robert Nixon – Acting Chief Constable (preferred candidate)
Lizzie Starr – Acting Chief Executive Officer

Also Present:

Kamal Adatia – Monitoring Officer
Joanne Allen – HR Advisor (Resourcing Manager)
Anita James – Senior Democratic Support Officer

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40. WELCOME AND INTRODUCTIONS

The Chair welcomed those present and led introductions.

41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Salma Manzoor, Independent

Member and Parisha Chavda, Independent Member.

42. DECLARATIONS OF INTEREST

Members were asked to declare any pecuniary or other interest they may have in the business to be discussed on the agenda.

There were no such declarations.

43. CONFIRMATION HEARING FOR APPOINTMENT TO THE ROLE OF CHIEF CONSTABLE OF LEICESTERSHIRE CONSTABULARY

Following notification from the Police and Crime Commissioner of his intention to appoint a preferred candidate, Mr Robert Nixon to the role of Chief Constable the Panel held a Confirmation Hearing in accordance with Schedule 8 of the Police Reform and Social Responsibility Act 2011.

The Panel received a report setting out the powers of the Panel and the process to be followed in the Confirmation Hearing.

The Panel explored the candidate's ability to undertake the role of Chief Constable through appraisal of the supporting documents provided by the Police and Crime Commissioner.

The Panel noted the information provided by the Police and Crime Commissioner relating to the appointment of the Chief Constable which included:

- The name of the preferred candidate
- The criteria used to assess the candidates suitability (based on the candidate pack and the candidate's redacted CV)
- The terms and conditions of appointment

The Panel were provided with a report (within the agenda pack) from the Commissioner's Independent Recruitment Panel Members to provide assurance that the appointment process was conducted fairly and openly, with the successful candidate selected on merit.

The Panel were also provided with a copy of the preferred candidate's completed application form.

The Police and Crime Commissioner addressed the panel and gave an overview of the process followed to select his preferred candidate and stating why the preferred candidate met the criteria for the role. He highlighted Mr Robert Nixon's extensive knowledge of policing with over 30 years' service, mostly spent at Leicestershire Constabulary, many years of which were at chief officer level including as Acting Chief Constable since the retirement of the former Chief Constable.

The Police and Crime Commissioner commended Mr Robert Nixon to the Panel.

The Panel asked robust questions of the candidate related to his professional competence and personal independence, the answers to which enabled Members to evaluate his suitability for the role. At the end of questioning the Chair thanked the candidate for his responses and provided an opportunity to clarify any responses given.

The Chair announced that the Panel's resolution would be notified to the Police and Crime Commissioner and confirmed in writing as specified by relevant legislation.

The Chair then asked all but Members of the Panel and the Panel's support officers to withdraw from the meeting.

RESOLVED:

That the press and members of the public be excluded from the meeting during the Panel's deliberations on the grounds their presence would likely involve the disclosure of exempt information as defined in paragraphs 1 and 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

44. PRIVATE SESSION

The Panel held exempt discussions which examined the evidence provided during the Confirmation Hearing session.

Based upon the information provided by the Police and Crime Commissioner, the discussions during the Confirmation Hearing and the candidates responses to robust questioning the Panel unanimously agreed the recommendation to appoint.

RESOLVED:

That the Police and Crime Commissioner be recommended to appoint the proposed candidate Mr Robert Nixon to the position of Chief Constable of Leicestershire.

The Panel's letter to the Police and Crime Commissioner of 24 November 2022 is appended to these minutes.

45. ANY OTHER URGENT BUSINESS

None notified.

46. DATE OF NEXT ORDINARY MEETING

To note the next ordinary meeting of the panel scheduled to Wednesday 14th December 2022 at 1pm at County Hall.

There being no further business the meeting closed at 10.40am.

Minute Item 43

Leicester, Leicestershire and Rutland Police and Crime Panel.

Confirmation Hearing held on Thursday 24th November 2022 - to consider the preferred candidate for the role of Chief Constable of Leicestershire Constabulary.

Record of Recommendation of the Panel to the Police and Crime Commissioner.

The Police and Crime Panel held a confirmation hearing on Thursday 24th November at 10am at City Hall, Leicester to consider the appointment of a preferred candidate, Mr Robert Nixon, to the role of Chief Constable of Leicestershire Constabulary.

The Panel considered Mr Nixon's candidacy in line with the relevant law (The Police Reform and Social Responsibility Act 2011) and the recommended Local Government Association Guidance, and followed the following process:

- a. The candidate was welcomed to the meeting.
- b. The Commissioner presented his preferred candidate to the Panel and proposed the appointment.
- c. The Panel asked questions of the candidate focused on his professional competence and personal independence, and during the course of questioning the candidate presented his understanding of the role.
- e. The candidate was given the opportunity to clarify any answers given during the hearing and to ask questions of the Panel about the next stage of the process.

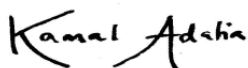
Recommendation and publication:

In line with Schedule 8 of the Police Reform and Social Responsibility Act 2011, the Monitoring Officer advises the Police and Crime Commissioner of the recommendation of the Panel:

That the proposed appointment of Mr Robert Nixon to the role of Chief Constable of Leicestershire Constabulary be approved.

The Panel will normally publish its decision and report five working days after the confirmation hearing has taken place. However, you may request the Chair, through the panel secretariat, to bring forward or delay publication of the Panel decision.

Signed

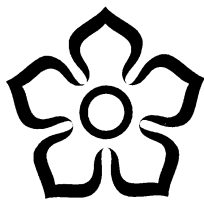


Kamal Adatia

Monitoring Officer

On behalf of the Chair of the Leicester, Leicestershire & Rutland Police and Crime Panel.

24/11/22



Leicester
City Council

Appendix A

Minutes of the Meeting of the
LEICESTER, LEICESTERSHIRE AND RUTLAND POLICE AND CRIME PANEL

Held: WEDNESDAY, 14 DECEMBER 2022 at 1:00 pm at County Hall, Glenfield

P R E S E N T :

Councillor Taylor (Chair)

Councillor Whelband (Vice-Chair)

Councillor Clair

Councillor Cutkelvin

Councillor Graham

Councillor Harper-Davies

Councillor Loydall

Councillor March

Councillor Oxley

Councillor Phillimore

Councillor Russell (substitute)

Councillor Woodman

Salma Manzoor – Independent Member.

In Attendance:

Rupert Matthews – Police and Crime Commissioner

Also Present:

Michael Veale – Temporary CEO

Kira Hughes – Temporary CFO

Sajan Devshi – Performance and Assurance Officer

Charlotte Highcock – Temporary Commissioning Manager

Chief Inspector Streets – Strategic Lead People Zones

Kamal Adatia – City Barrister and Monitoring Officer

Anita James – Senior Democratic Support Officer

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47. CHAIRS ANNOUNCEMENTS

The Chair announced that she had agreed to take an item of urgent business at the end of the meeting to receive a verbal update from the Police and Crime Commissioner on the settlement figures for the pre-cept.

48. APOLOGIES FOR ABSENCE

Apologies for absence were received from Parisha Chavda (Independent Member), Councillor Mullaney and Councillor Clarke.

It was noted that Councillor Russell was present as a substitute in place of Councillor Clarke.

49. DECLARATIONS OF INTEREST

Members were asked to declare any pecuniary or other interest they may have in the business to be discussed.

There were no such declarations.

50. MINUTES OF THE LAST MEETING: 26TH SEPTEMBER 2022

RESOLVED:

That the minutes of the previous meeting held on 26th September 2022 be confirmed as a correct record.

51. PROGRESS ON ACTIONS FROM PREVIOUS MEETINGS - NOT ELSEWHERE ON THE AGENDA

No actions to take forward currently.

52. QUESTIONS FROM THE PUBLIC

None received in time for this meeting.

53. REVIEW OF COMMISSIONED SERVICES REPORT

The Police and Crime Panel received a report informing the findings of a review of the OPCC Commissioned Services.

The Police and Crime Commissioner (PCC) introduced the report and gave an outline of the background leading to the review of commissioned services, the review findings and steps taken to address the failings and the plans to introduce a Commissioning Strategy.

The PCC reported that he had inherited a situation regarding commissioned services that was failing to meet high standards; as well as clear systemic failures the review found a lack of due diligence, lack of record making, and a lack of accountability which the report showed along with the lessons learnt and steps put in place to tackle the issues uncovered.

Members of the panel noted the intention to deliver a proper commissioning service through the new strategy and that it included provision to clearly monitor performance, value for money and to give adequate assurance of

accountability.

The Chair commented that the review findings were a concern to read and seemed to show a mismanagement of public funds. The Chair was grateful this area had now been looked into and that there was a clear indication of what had been happening and the steps taken to address those matters.

Members queried whether the issues found were inherent in the system from the beginning or had occurred later and were informed that this appeared to be a systemic issue. The review had to cover a period of time with a cut-off date created and so it was probable there were earlier issues, although the review found issues with contracts and records management from 2015 onwards, with issues continuing to occur as recently as June 2022.

Members noted there had been a number of changes in staffing at the OPCC and suggested the impact of that and loss of “organisational knowledge” may have made a difference to processes being followed. There was also some confusion that the report suggested some details were not available, yet those were accessible on the OPCC website.

Members were also conscious that some elements of the failings might be Covid specific noting many organisations processes were altered to facilitate people working from home and it was queried whether that had led to some of the issues such as lack of record marking or failing to back up later.

Regarding record keeping, some of that was related to Covid but that was expected to be backed up later and it wasn't.

In relation to the criteria for contracts it was noted that the Ministry of Justice (MoJ) changed requirements some time ago, and a needs assessment was required as part of the process for bids however, as far as the specifications in contracts, whilst there was an MoJ element the requirements OPCC had were around core servicing and a specification in the contract between provider and OPCC contract so it was difficult to look back at what was funded and why, that had led on to the points about monitoring and moving to the future to make improvements.

Members also noted that the panel had previously received a full audit report which did not raise these issues and assurance was sought on the accuracy and robustness of this report and the audit report.

The PCC explained that for some time after he came to office, he was repeatedly assured that matters were ok, and it was only after several small but significant things came to light that he sought more assurance and a review.

Members still had concerns how matters would improve going forward and referred to challenges in contract performance such as the domestic abuse helpline and indicated it would be helpful to see how contracts were managed and performance measured in future.

The PCC stated that everything in the report was as presented, and he had gone over it very carefully with those responsible for bringing it together and assured the panel that future reports on monitoring and managing contracts could be provided to the panel.

The Chair mentioned a concern about awarded funds not being spent as agreed and welcomed the new commissioning strategy which it was hoped would also ensure instances of funds not being put to use were detected and funds returned.

RESOLVED:

1. That the contents of the report be noted,
2. That an update report on progress of the Commissioning Strategy, contract management and monitoring outcomes be brought to a panel meeting in 6 months.

54. LOCAL CRIMINAL JUSTICE BOARD FOR LEICESTER, LEICESTERSHIRE AND RUTLAND

The Police and Crime Panel received a report informing about the creation of a Local Criminal Justice Board (LCJB) for Leicester, Leicestershire and Rutland.

The Police and Crime Commissioner introduced the report and explained that for some time a regional board had operated, however there was a consensus that the regional board was not delivering, and so Police and Crime Commissioner's across the midlands region had decided to introduce an individual LCJB for each force area.

The PCC stated that Force collaboration was important and that he was keen to do all he could to address the unsatisfactory situation of long court delays and see the process of justice speeded up.

Members were advised that the new LCJB would focus on mutual support, and whilst that was established the regional board would continue to co-exist for a year meeting less frequently before being dissolved.

Members understood the desire to do this at local level but enquired how confident the PCC was that other agencies with a wider footprint would give it time and attention, and how a local board would impact on matters such as regional specialist courts that were shared across region.

The PCC stated he was very confident that other agencies would engage with the LCJB, and that the system of local boards worked very well elsewhere. It was reiterated that the regional board was continuing for a time albeit in shadow form and could be resurrected if it was found to be necessary.

Members enquired about the new LCJB make-up and were informed that membership comprised representatives from institutions such as the Court Service (Crown and Magistrates Courts), Police, Crown Prosecutions Service (CPS), Probation and those organisations determined for themselves who to

send to meetings although it was envisaged there be continuity of individuals attending to maintain focus on issues and awareness.

Members referred to the issues in the criminal justice system, long backlogs of perpetrators being brought to justice and frustration within the probation service and welcomed the steps being taken to try to address that situation.

There remained some concern amongst members about losing the regional board and loss of opportunity that went with that such as sharing experiences, good practice, and ideas etc. Members felt it was essential to receive updates on the LCJB meetings along with outcomes and any comparator information to other LCJB that could be used to show success rates.

Members referred to the ongoing economic situation and serious cuts to budgets that had impacted severely on the criminal justice system and enquired if there was any move to support more funding into the system. The PCC responded that financing was not within his remit however he did meet and lobby ministers on behalf of LLR force budgets but also other bodies within the force area where things were needed.

The Chair thanked the PCC for the report.

RESOLVED:

1. That the contents of the report be noted,
2. That regular updates on the LCJB meeting be provided to the panel,
3. That a more detailed report on progress of the LCJB, outcomes and benchmarking/comparator to other LCJB's be brought to a panel meeting in December 2023.

55. COMMUNITY SAFETY PARTNERSHIPS FUNDING UPDATE

The Police and Crime Panel received a report updating on the changes made by the OPCC to the funding allocations made to the Community Safety Partnerships (CSP's) across Leicester, Leicestershire, and Rutland.

The Police and Crime Commissioner introduced the report outlining the background and reminding there was no statutory requirement for this funding and the rationale for division of monies was based on unknown parameters.

Members were also informed that through the current system there had been numerous underspends that were not reported in a timely manner and a significant lack of monitoring information provided.

The PCC advised that a key piece of work was undertaken to develop a new system in consultation with the CSP's across the area, who had engaged positively with officers, and the new system would improve accountability, monitoring, transparency, outcomes, value for money and provide certainty over the distribution criteria as well as hopefully reducing underspends.

The Chair noted that a conference had been held at the end of October 2022 for CSP's to attend, hear more detail about the formula and provide feedback which had been taken into account when deciding upon the new procedure.

Members were invited to comment which included the following points:

There was some concern that there would be a cut of £40k to the city community safety funding especially in context of recent issues in the city. Members enquired whether the metrics had been tested in terms of impact on the city and whether there was sufficient objectivity in the figures, and whether the outcomes be different if they were run in a different way. Assurance was also sought that those most vulnerable and at risk of the worst crimes were not at further risk with a pure data approach being taken to the funding formula.

The PCC asserted that the city would get a fair deal under the system, despite the reduction and reminded members of the opportunity given to all CSP's to attend the conference held in October 2022 where it was set out in very full detail how the formula was worked out. It was advised that an evidence based approach was being taken.

Members were informed that CSP's were consulted and given several opportunities to feedback, meetings were held across the force area and based upon feedback received the formula was created. The PCC commented that there was no statutory obligation to provide funding for this area of work, but he felt it was the right thing to do and it was important to have a proper system in place. It was also advised that after developing the formula it was presented to CSP's for further feedback and there were no criticisms in terms of the way it was worked out. It was reminded that the city had underspent its allocation in the past and the point was made again that the city indicated at its last CSP meeting they had a £45k underspend so this formula suggests it would be more accurate moving forward.

It was emphasised that the formula was sense checked and no major criticism raised in terms of process and framework. The 3 year period used provided a good snapshot of the environment covering the pre, during and post covid landscape.

Members were informed that the Crime Harm index was used as this was the best way to weight each crime. Officers briefly explained how the index had been used and reminded that this had been fully set out and discussed at the conference held. It was indicated that this was a fairer way of capturing more serious crimes, and whilst it might not be everyone's preference it was better than having no formula at all.

There remained some dissatisfaction about the formula put forward and criticism of the use of the Crime Harm index and it was suggested that figures should be run using a different scenario. The PCC reiterated the new formula was the result of a long process where CSP's were consulted extensively, and he was not prepared to have staff spend more time now to run different ways of doing things as it was necessary to implement a formula because the old

system was not fit for purpose.

Members were advised that this funding was only in relation to CSP's and that was just a part of the funding that the OPCC put into the city and other areas across the force. The OPCC funded many services, and the PCC was confident that total funding from the OPCC to the city was around 50-53% of total funding available.

As regards reference to violence that has taken place across the city, the PCC assured the public of his previous comments, and that it had been agreed there would be an internal review of the policing of that and results of that would come to panel and be in the public domain.

Members enquired whether there were any long term indications of support to initiatives such as the Youth Diversion project. Officers responded that contracts had been amalgamated so there was more flexibility for CSP's to use the money how they wanted to rather than have sections sliced off to specific activity.

Members acknowledged the complex process undertaken and recognised the competing interests of different areas to secure funding. There was a general consensus that having this formula was clearer and there was gratitude for the funding to CSP's which was not statutory.

Members noted that when presented details at the October conference it was progressive and new and basing funding on a weighting mechanism made sense. It was suggested that some of the conversations with CSP's were with officers rather than with members.

Members queried whether the 20% mechanism for calculating the amount of funding provided opportunity to vary as things evolved. Officers confirmed that it was designed so it could be adapted to priorities, data could also be pulled from Niche. It was noted that in future housing distribution would be greater in the county and Rutland than the city so by default the weighting mechanism would need to shift with that.

The Chair brought discussions to a close, commenting that it was not the time to ask the PCC to re-run figures for the formula as suggested earlier. The Chair also noted there had been very full discussion at the conference and it was unfortunate that representatives from the city were not present however others did feed in to the process.

The Chair brought discussions to a close and thanked the PCC and officers for the information provided.

RESOLVED:

That the contents of the report be noted.

56. PEOPLE ZONES REPORT

The Police and Crime Panel received a report providing an update on the People Zone's initiative.

The Police and Crime Commissioner introduced the report advising that this was an initiative led by the project team at the OPCC and that People Zones had been in place since 2018 under the previous PCC. There were currently 3 people zones: Bell Foundry (Charnwood), New Parks (city) and Thringstone & Whitwick (North West Leicestershire).

The PCC advised that the initiative had potential to develop great benefits to more deprived areas of LLR, however it had been under resourced in the past with just one member staff. As a result, more resources were being made available and proper leadership had been introduced into the scheme.

Chief Inspector Streets, Strategic Lead People Zones, provided more details of the work undertaken in recent months to progress the initiative and drew attention to the following points:

- The Mapping For Change project had produced a full research report for the Bell Foundry people zone which would be brought to the people zone steering group before sharing a summary with partners.
- Similar reports were due to be available in relation to the New Parks people zone (by Christmas) and Thringstone & Whitwick people zone (by New Year).
- The Community Leadership Programme had recruited a new cohort of 3 and an induction was taking place shortly; previous participants of the programme had gone on to join the wider Community Leaders Network which worked in partnership to support communities, with People Zones being one of their focuses.
- Appendix B provided a screen shot of a community asset map which provides links to services, information and events in the People Zone and was accessible at all times.

The Chair thanked officers for the report and was pleased to see the people zones initiative receiving more funding and being progressed.

Members expressed strong support for the people zones initiative and the projects being undertaken within those areas.

It was suggested that these areas would benefit from more frontline policing to build resilience in the community as too would other areas across the force and it was enquired how officers were being utilised in communities.

The PCC stated that community policing was essential, and he believed in that, he had written the police and crime plan to include it and provided funding to make it happen. Important work was also undertaken by PCSO's across the community and especially in the 3 people zones. Chief Inspector Streets

replied that the people zones and local policing teams were all linked in with the projects and there was a representative from each area on the steering groups.

The Chair suggested that Members could pursue the conversation about community policing outside this meeting with Neighbourhood Policing/Local Policing teams.

Clarity was sought on the funding given to projects in people zones and the resources in terms of staffing. It was advised that there was no funding of individuals or wages for people on projects. Any staff working on projects were funded through local authorities. The funds referred to in the report were asset based; research had been taken from that and it was intended to launch a grants process in the new year providing grants for things like community safety.

There was a brief discussion about wider community assets being incorporated and communicated about. It was suggested that local councillors and local authority staff would be good sources of information in terms of wider assets in the community and information gathering.

Chief Inspector Streets responded that the apps being used in the Mapping for Change project were developing and they were trying to generate a one stop shop to include the many different groups across communities. The asset maps were not just one place, although there was a boundary to focus on in terms of the people zone but there were resources outside that focus, and it continued to grow.

Members were impressed with the mini police project and commented that taking steps to ensure a positive image of police with young people at an early age was good.

Members felt there were a lot people who were unaware of people zones or what they were about and asked what was being done to promote that awareness. The PCC accepted that point, noting that some projects were still quite new, and efforts would be put in to ensure awareness was increased.

Members noted that an animation video had been created to explain what they were trying to achieve. There was also a lot of discussion with community groups to spread the word and once projects started to be more active that would increase understanding.

Members hoped that the people zones initiative would be expanded to other areas and asked whether there were any criteria being used to determine the next people zones and whether there was potential to spread to the wider community using media platforms.

The PCC confirmed ambitions to create another people zone, in terms of initial criteria it would be an area where there was social deprivation as well as the presence of institutions that could be worked with, however that work was not

far advanced yet and he wanted to get the model right before rolling out elsewhere. The PCC commented that longer term there was an aim to set out which parts were working well and how that could be delivered to wider areas. The PCC advised that any proposal for another people zone was still some way off and would be brought to panel before a final decision made.

The Chair thanked officers for the update and asked that an update be brought to the panel in 6 months along with any update on re-evaluation of the People Zones initiative in due course.

RESOLVED:

1. That the contents of the report be noted,
2. That the People Zones animated video be shared to Members outside this meeting,
3. That an update report on the People Zones Initiative and progress with projects be brought to a panel meeting in 6 months,
4. That an update on any re-evaluation of the People Zones Initiative be brought to panel in due course.

57. COMPLAINTS AGAINST PCC ANNUAL REPORT

The Police and Crime Panel received a report providing an update on complaints relating to the Police and Crime Commissioner over the last 12 months.

The City Barrister and Monitoring Officer introduced the report reminding members of the regime for complaints and the primary purpose to satisfy the panel there was a process and that they were satisfied it was compliant with the law.

It was noted that previously Members had asked whether more granular details could be included in complaints reports. The City Barrister and Monitoring Officer advised that would need to be dealt with sensitively as the PCC and complainants had a right to a confidential process.

It was noted that since the last report in December 2021, two complaints had been referred to the City Barrister and Monitoring Officer, the outcome of the 1st was noted in the report at paragraph 6; the 2nd was still pending whilst the report was being written but since then it had been decided that complaint was not a conduct matter.

The City Barrister and Monitoring Officer advised that there had always been full engagement and clarity with the PCC.

Members were satisfied the regime was compliant, worked well and provided the level of accountability required.

RESOLVED:

That the contents of the report be noted.

58. PANEL CONSTITUTION AND TERMS OF REFERENCE ANNUAL REVIEW - VERBAL UPDATE

The City Barrister and Monitoring Officer provided a brief update following his review of the Constitution and Terms of Reference of the Panel in accordance with the duty under Part 3 paragraph 115 to do so once a year.

Members were advised there were no amendments proposed to the constitution.

Members were also reminded that there were opportunities to seek clarity about any aspect of the Constitution or Terms of Reference of the panel throughout the year and the City Barrister and Monitoring Officer would give advice on that either individually or collectively, noting that such enquiries do not necessarily require amendment to the Constitution.

RESOLVED:

That the update be noted.

59. TASK GROUP REPORT S106 FUNDING REVIEW

The Police and Crime Panel received the Task Group report with outcomes from the section 106 Funding Review.

The Chair introduced the report and thanked the panel members who were involved noting that membership was representative of the city, county, and Rutland. The Chair also thanked officers for their involvement and support with this piece of work.

The Chair explained that the review was prompted by a range of factors and concern that s106 money was not included within the force budget. Once the review started it found there were huge sums across LLR sitting in accounts and not being spent for the benefit of the community. The task group undertook a deep dive and found bids had been made so far in advance that by the time a trigger was reached the original proposals were no-longer relevant to the present time.

The task group considered that the benefits of re-purposing existing bids would lead to more certainty in future budgets for capital programming and a better understanding of plans for the future.

It was proposed that the Police and Crime Panel support the task group findings and endorse the recommendations to the Police and Crime Commissioner/Force as follows:

1. The Force to take steps to repurpose s106 agreements that are no longer viable through liaison with local authority planning officers and developers to ensure that funding is secured.

2. The Force to produce a defined list of items to be linked to its Investment Strategy and which can be used for repurposing agreements.
3. The Force to progress work in partnership with planners and/or Community Safety Partnerships to align timescales and awareness of new larger developments and to co-ordinate needs with other infrastructure projects.
4. The Police and Crime Commissioner to provide for resources to enable establishment of sufficient officer support to the s106 area of work and to facilitate the spend of s106 monies and pursuit of new bids.
5. The Police and Crime Commissioner/Force to develop and introduce a monitoring system to enable oversight and management of all s106 agreements and to monitor use of monies received.
6. The Police and Crime Commissioner/Force to liaise with planning officers in determining any new method for future bids.

The Police and Crime Commissioner put on record his thanks to the task group and officers for the huge amount of work undertaken during the review and for highlighting this area. The Police and Crime Commissioner agreed it was important to take this forward and to do so as quickly as possible and to adopt the recommendations, which he noted most were now being done and the rest would be implemented. The PCC recognised that securing monies from s106 funding was in the interests of the local authorities, police and importantly residents of Leicester, Leicestershire, and Rutland.

Members commented that it was also important moving forward to ensure that any new bids were agreed in an enabling format rather than constraining format and that was a fundamental change needed.

Members also commented that this was a valuable piece of work which should serve the residents of Leicester, Leicestershire, and Rutland well and it would be interesting to see how developers reacted to requests to repurpose and members hoped that developers would fully engage as this was about mitigating the impact of their developments.

Members noted that moving forward it was the force intention to look at a set formula for future bids, although that would need to be developed in conjunction with planning officers across the local authorities in the force area.

Members were pleased that this work had highlighted across the whole provision of s106 to the LLR the importance of monitoring the funds and that funds are spent in a timely fashion for benefit of wider communities.

The Chair requested that the PCC report back to the panel at a future meeting

on what had been done to progress re-purposing of outstanding s106 bids and secure s106 funds.

RESOLVED:

1. That the contents of the report be noted,
2. That the panel endorses the recommendations of the Task Group to the Police and Crime Commissioner/Force as follows:
 - The Force to take steps to repurpose s106 agreements that are no longer viable through liaison with local authority planning officers and developers to ensure that funding is secured.
 - The Force to produce a defined list of items to be linked to its Investment Strategy and which can be used for repurposing agreements.
 - The Force to progress work in partnership with planners and/or Community Safety Partnerships to align timescales and awareness of new larger developments and to co-ordinate needs with other infrastructure projects.
 - The Police and Crime Commissioner to provide for resources to enable establishment of sufficient officer support to the s106 area of work and to facilitate the spend of s106 monies and pursuit of new bids.
 - The Police and Crime Commissioner/Force to develop and introduce a monitoring system to enable oversight and management of all s106 agreements and to monitor use of monies received.
 - The Police and Crime Commissioner/Force to liaise with planning officers in determining any new method for future bids.
3. That an update report be brought to the panel at a future meeting to inform progress on implementing the recommendations above and progress on re-purposing bids and securing s106 funds.

60. WORK PROGRAMME

Members considered possible items for future inclusion.

Members referred to recent media reports about fraud and scams however it was noted that a large amount of that did not necessarily fall under the police and involved trading standards. The PCC indicated that he would seek a report from the Chief Constable to the Corporate Governance Board on frauds that fall under the police remit and provide an update around that in a future meeting.

Members asked that an item be added to a future meeting to show the updated structure of the OPCC.

Members referred to the topical issue of crime on women and suggested an

item with a broader view on that be brought to a future meeting. The PCC acknowledged this was an enormously important subject that touched on several areas and such a report could be linked to commissioning services.

RESOLVED:

That the work programme be received, noted and updated accordingly with items suggested for future inclusion.

61. ANY OTHER URGENT BUSINESS

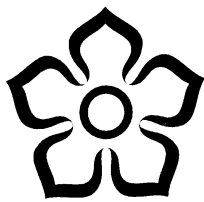
The Police and Crime Commissioner introduced members of his team present at the meeting today: Sajan Devshi, Performance and Assurance Officer; Kira Hughes, Temporary Chief Finance Officer, Michael Veale Temporary Chief Executive Officer; Chief Inspector Nicola Streets, Strategic Lead for People Zones; Charlotte Highcock, Temporary Head of Commissioning.

AOUB 1

The Police and Crime Commissioner informed members that shortly before this meeting he had received an email providing early detail of the settlement likely to be received for purpose of setting budget, although full detail was still awaited the government had indicated that the pre-cept could be increased up to £15 per band D property, this was a significant change which would need to be worked through.

The Chair thanked the PCC for this preliminary announcement.

There being no further business the meeting closed 14.55pm.



Leicester
City Council

Appendix A

Minutes of the Meeting of the
LEICESTER, LEICESTERSHIRE AND RUTLAND POLICE AND CRIME PANEL

Held: WEDNESDAY, 14 DECEMBER 2022 at 2:00 pm at County Hall, Glenfield

P R E S E N T :

Councillor Taylor (Chair)
Councillor Whelband (Vice-Chair)

Councillor Clair
Councillor Cutkelvin
Councillor Graham
Councillor Harper-Davies
Councillor Loydall
Councillor March
Councillor Oxley
Councillor Phillimore
Councillor Russell – substitute
Councillor Woodman
Salma Manzoor – Independent Member

In Attendance:

Rupert Matthews – Police and Crime Commissioner
Councillor Ajmer Kaur Mahal – preferred candidate

Also Present:

Kamal Adatia – Monitoring Officer
Joanne Allen – HR Advisor (Resourcing Manager)
Anita James – Senior Democratic Support Officer

* * * * *

1. WELCOME AND INTRODUCTIONS

The Chair welcomed those present and explained the procedure for the meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Parisha Chavda (Independent Member), Councillor Mullaney and Councillor Clarke.

It was noted that Councillor Russell was present as a substitute in place of Councillor Clarke.

3. DECLARATIONS OF INTEREST

Members were asked to disclose any pecuniary or other interests they may have in the business to be discussed.

Councillor Clair declared that the proposed candidate Councillor Ajmer Kaur Mahal was a close family friend and associate who had also supported him during his term as Lord Mayor raising significant funds to his chosen charity.

In accordance with the public interest and for the avoidance of any doubt Councillor Clair withdrew from the meeting.

4. CONFIRMATION HEARING FOR APPOINTMENT TO THE ROLE OF DEPUTY POLICE AND CRIME COMMISSIONER

Following notification by the Police and Crime Commissioner (PCC) of his intention to appoint a preferred candidate, Councillor Ajmer Kaur Mahal to the role of Deputy Police and Crime Commissioner (DPCC), the Panel held a Confirmation Hearing in accordance with Schedule 1 of the Police Reform and Social Responsibility Act 2011.

The Panel received a report setting out the powers of the Panel and the process to be followed in the Confirmation Hearing.

The Panel noted the information provided by the Police and Crime Commissioner relating to the appointment of the DPCC which included:

- The name of the preferred candidate and her experience/background;
- A statement stating why the preferred candidate met the criteria of the role;
- The proposed terms and conditions of the appointment.

The Police and Crime Commissioner addressed the Panel and outlined his reasons for deciding to appoint a Deputy Police and Crime Commissioner at this time and gave an overview of the process he had undertaken to select his preferred candidate. He indicated that the role of the DPCC would include a significant amount of engagement with stakeholders and communities and therefore he had sought a candidate whose skills would be complimentary to his own, as well as having the requisite personal skills and background dealing effectively with business, stakeholders and communities.

The Panel heard that the Police and Crime Commissioner and the candidate had worked constructively together in the past on other projects.

The Police and Crime Commissioner commended to the Panel, Councillor Ajmer Kaur Mahal to serve as DPCC for as long as the Police and Crime Commissioner held office.

The Panel asked the Police and Crime Commissioner a series of questions, this included seeking assurance as to the fairness and transparency of the approach taken to the appointment; the key responsibilities and expectations of the DPCC role; and clarity as to the accuracy of information provided regarding the candidates experience and background.

The Police and Crime Commissioner also confirmed that the candidate, if successful, would remain in her role as a District Councillor and gave assurance that consideration had been given to how she would meet the commitments of the DPCC role. The Panel heard that the candidate had expressed full commitment to the DPCC role noting that many local councillors worked full time or in other roles whilst maintaining their responsibilities as a local councillor.

The Panel then asked wide ranging questions of the candidate related to her professional competence and personal independence, the answers to which enabled Members to evaluate her suitability for the role. At the end of questioning the Chair thanked the candidate and provided an opportunity to clarify any responses given.

The Chair announced that the Panel's resolution would be notified to the Police and Crime Commissioner and confirmed in writing as specified by relevant legislation.

The Chair then asked all but Members of the Panel and the Panel's support officers to withdraw from the meeting.

RESOLVED:

That the press and members of the public be excluded from the meeting during the Panel's deliberations on the grounds their presence would likely involve the disclosure of exempt information as defined in paragraphs 1 and 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

5. PRIVATE SESSION

The Panel held exempt discussions which examined the evidence provided in the Confirmation Hearing session.

On the basis of the information provided by the Police and Crime Commissioner, the discussions held in the Confirmation Hearing and the candidates responses to robust and varied questioning the Panel unanimously agreed the recommendation to appoint.

RESOLVED:

That the Police and Crime Commissioner be recommended to appoint the proposed candidate, Councillor Ajmer Kaur Mahal to the position of Deputy Police and Crime Commissioner.

The Panel's letter to the Police and Crime Commissioner of 15 December 2022 is appended to these minutes.

6. DATE OF NEXT MEETING

The next ordinary scheduled meeting of the Panel to take place on 1st February 2023 at 1pm at City Hall, Leicester.

7. ANY OTHER URGENT BUSINESS

There being no further business the meeting closed at 4.00pm.

Minute Item 5

Leicester, Leicestershire and Rutland Police and Crime Panel.

Confirmation Hearing held on Wednesday 14th December 2022 - to consider the preferred candidate for the role of Deputy Police and Crime Commissioner.

Record of Recommendation of the Panel to the Police and Crime Commissioner.

The Police and Crime Panel held a confirmation hearing on Wednesday 14th December 2022 at 3pm at County Hall, Glenfield, Leicestershire to consider the appointment of a preferred candidate, Councillor Ajmer Kaur Mahal, to the role of Deputy Police and Crime Commissioner.

The Panel considered Councillor Ajmer Kaur Mahal's candidacy in line with the relevant law (The Police Reform and Social Responsibility Act 2011) and the recommended Local Government Association Guidance, and followed the following process:

- a. The candidate was welcomed to the meeting.
- b. The Police and Crime Commissioner presented his preferred candidate to the Panel and proposed the appointment.
- c. The Panel asked questions of the Police and Crime Commissioner regarding the appointment process.
- c. The Panel asked questions of the candidate focused on her professional competence and personal independence, and during the course of questioning the candidate presented her understanding of the role.
- e. The candidate was given the opportunity to clarify any answers given during the hearing and to ask questions of the Panel about the next stage of the process.

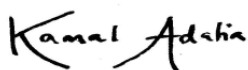
Recommendation and publication:

In line with Schedule 1 of the Police Reform and Social Responsibility Act 2011, the Monitoring Officer advises the Police and Crime Commissioner of the recommendation of the Panel:

That the proposed candidate, Councillor Ajmer Kaur Mahal, be appointed to the position of Deputy Police and Crime Commissioner.

The Panel will normally publish its decision and report five working days after the confirmation hearing has taken place. However, you may request the Chair, through the panel secretariat, to bring forward or delay publication of the Panel decision.

Signed



Kamal Adatia

Monitoring Officer

On behalf of the Chair of the Leicester, Leicestershire & Rutland Police and Crime Panel.

15/12/22

POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

POLICE AND CRIME PANEL

Report of	OFFICE OF POLICE AND CRIME COMMISSIONER
Subject	PROPOSED PRECEPT 2023-24 AND MEDIUM-TERM FINANCIAL PLAN (MTFP)
Date	WEDNESDAY 1 FEBRUARY 2023
Author	KIRA HUGHES, INTERIM CHIEF FINANCE OFFICER, OFFICE OF THE POLICE AND CRIME COMMISSIONER

Purpose of the Report

1. To present the 2023-24 Band D Precept Proposal and the additional considerations contained within it.
2. To present the Medium-Term Financial Plan (MTFP).

Recommendations

3. The Board is asked to:
 - a. Note the information presented in this report, including:
 - the total 2023-24 net budget requirement of £230.186m,
 - a council tax (precept) requirement for 2023-24 of £92.972m,
 - a transfer from the Budget Equalisation Reserve (BER) of £7.5m over the MTFP to fund Business Transformation costs as agreed at the Corporate Governance Board in July,
 - the transfer of £1m from Budget Equalisation Reserve to help reduce the budget deficit, with a view to longer term sustainability.
 - the use of the BER to fund an additional 1% (£1.1m) pay award costs for Police Officers and Police Staff if the pay award is above the 2% assumption included within the MTFP.
 - transfer of £0.6m from the OPCC reserve to the Force in order to support them in reducing the budget deficit and managing the financial challenge.
 - b. Support the proposal to increase the 2023-24 Precept by £15.00 per annum (5.81%) for police purposes to £273.2302 for a Band D property.
 - c. Note the future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational considerations identified.

- d. Note the Home Office grant allocations notified through the provisional settlement and the Band D council tax base and estimated collection fund deficit received from the billing authorities.
- e. Note the current Medium-Term Financial Plan (MTFP) contained in Appendix 1, the Review of the Medium-Term Financial Plan Budget Setting 2023-24 at Appendix 2, the Capital Strategy at Appendix 3 and the Treasury Management Strategy at Appendix 4.

Executive Summary

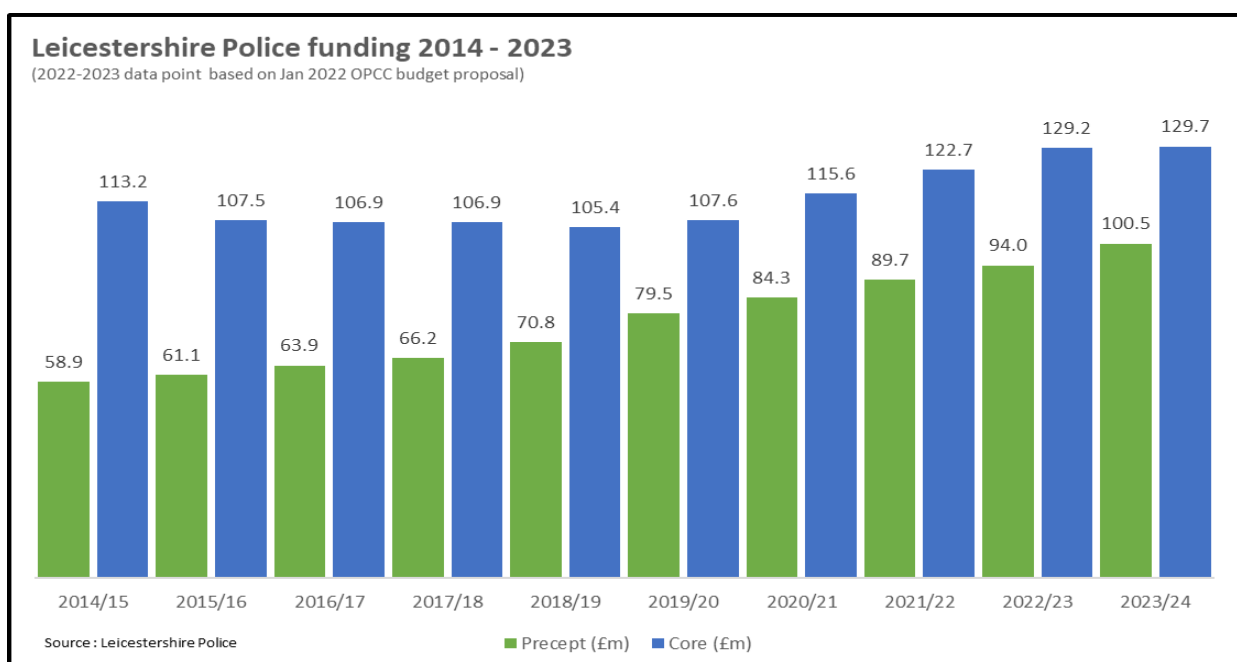
4. This report, and the Precept proposal, is the culmination of several months' work by the Office of the Police and Crime Commissioner (OPCC) and Force colleagues, and takes account of public and stakeholder consultation, key government announcements and economic pressures.
5. The Police Grant Provisional Settlement was announced on 14th December 2022 and confirmed a £0.3m increase in revenue grant funding. The precept referendum threshold has been confirmed at £15 for a Band D property.
6. The Commissioner has been briefed on the current and emerging operational challenges, both nationally and locally by the Chief Constable and has considered this advice in preparing the budget for 2023-24 (See Appendix 2 – the Review of the Medium-Term Financial Plan Budget Setting 2023-24).
7. The Commissioner has been briefed on the current financial landscape, which has become a challenging one for policing. A nationally-set pay agreement for all Police officers and Police Staff, higher inflation, increasing energy and fuel costs and other inflationary pressures have put significant pressure on the Force's budget.
8. The budget is focussed upon the Commissioner's priorities as contained within the Police and Crime Plan and the Strategic Policing Requirement, and ensures there are strong links with the Force Target Operating Model (TOM).
9. Other investment items totalling £2.239m are contained within the budget proposals for 2023-24 and beyond. This is to support organisational infrastructure and investment in digital transformation, deemed essential to deliver both service efficiency and to support the growth in officer numbers.
10. As part of this budget process, the Commissioner has reviewed the adequacy and level of Reserves and is planning to use reserves to support the medium-term financial plan during a period of transition to a sustainable position.
11. In considering the proposed level of precept, the Commissioner was keen to consult with local residents regarding both their policing priorities and the level of precept they were prepared to pay. To this end he offered all residents of Leicester, Leicestershire and Rutland the opportunity to give their views. Due to the challenges outlined in paragraphs 6 and 7, the Commissioner informed respondents that, due to the challenges faced by the Force, if current service levels were to be protected the only option available to him is to levy a precept increase for local tax payers.
12. The survey asked if residents of LLR were prepared to pay an additional £10, £12 or £15 (on a Band D property) per year for policing services. There were 2,172 responses to the survey. Of these, 15% responses lived in Leicester, 73.8% lived in Leicestershire and 11.2% lived in Rutland. Overall, 50.3 % of respondents were supportive of a £15.00 Band D precept increase.

13. As part of the survey the Commissioner also asked the respondents to rank their priorities in relation to Policing, with 1 being the most important to the respondent and 6 being the least important. Respondents ranked the priority most important to them was 'Officers spending more time engaging with the public, problem solving, crime prevention and community policing'. The second most important priority was 'Technology to help our officers and staff out on patrol and improve investigations and fight crime'. The least important priority for the respondents was 'Victim Support Services'.
14. After careful consideration of these factors, the Commissioner is proposing a Band D precept increase of £15.00 per annum for the 2023-24 financial year in line with Home Office assumptions. The Commissioner will continue to allocate approximately 97.3% of the net revenue budget requirement of £230.186m to the Chief Constable, for use on local policing and regional collaborations in order to safeguard and improve policing services across the entire Force area of Leicester, Leicestershire and Rutland.

Leicestershire Context

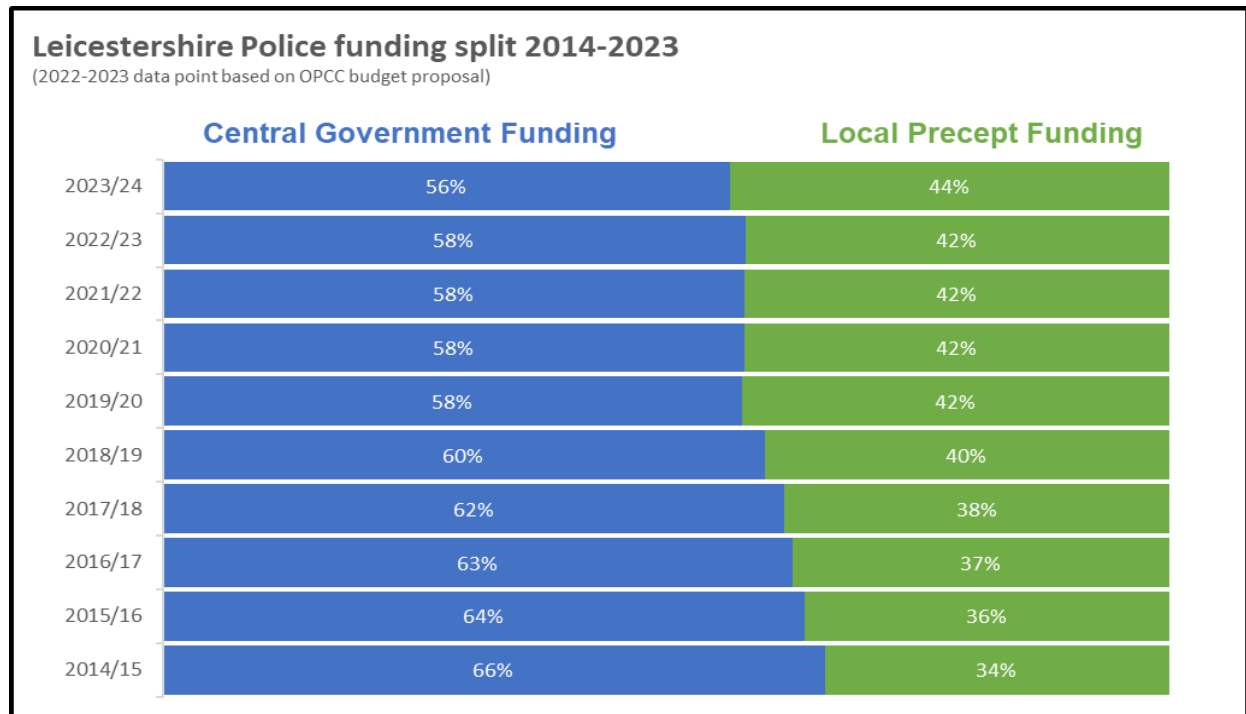
15. This section sets out some key information in relation to the policing area and the external factors that are driving demand which have a significant impact on policing in Leicester, Leicestershire and Rutland.
16. Chart 1 shows what has happened to core grant funding and the locally raised precept since 2013/14. It shows the actual cash grant received each year and does not consider the real terms reduction in funding.
17. The chart shows that core grant funding has increased from £113.2m in 2014-15 to £129.7m for 2023-24 an increase of 14.6%.
18. The graph also shows that the funding raised locally has increased significantly over the same period. In 2014-15 £58.9m was raised directly from residents of the area (and related grants) and for 2023-24 this will increase to £100.5m. An increase of £41.6m or 71% over the period.
19. In real terms government funding has been cut by 20% between 2010-2011 and 2022-23 and total funding has been cut by 6% during the same period.

Chart 1 - Leicestershire Police Funding 2014-2023



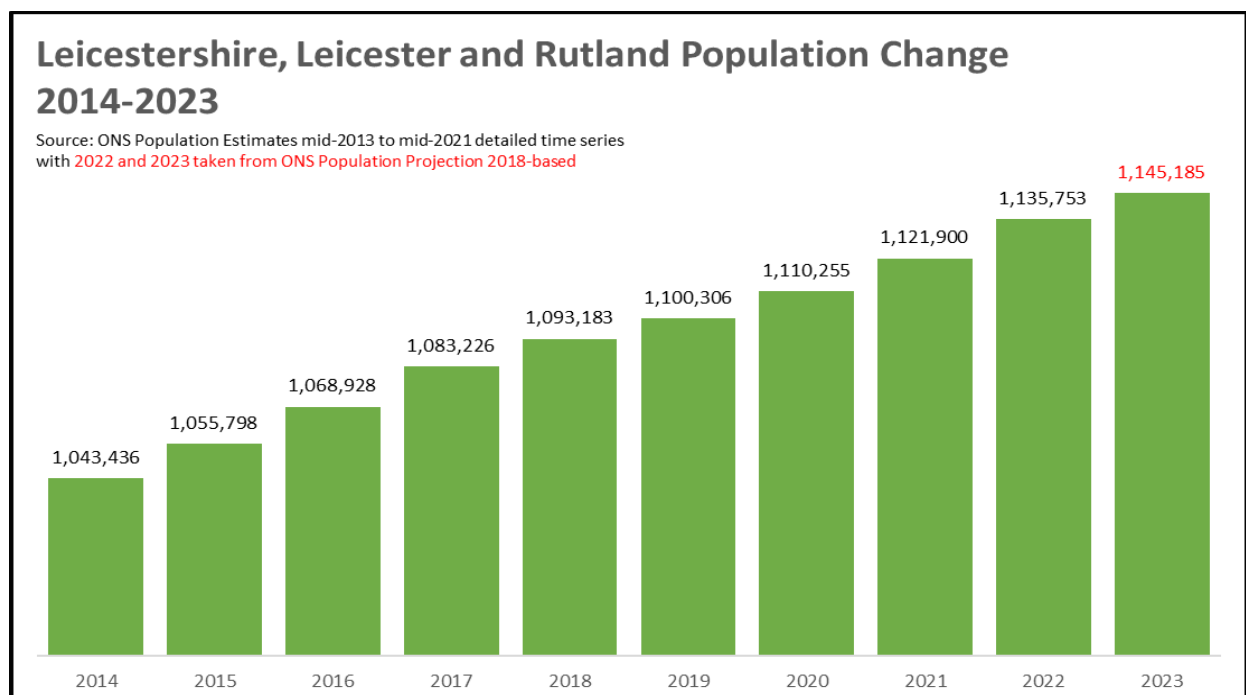
20. Chart 2 demonstrates how the total funding has moved between Core Grant and Precept Funding since 2013-14. It shows that in 2014-15 66% of the funding came from Core Grant with the balance of 34% coming from the local precept. For 2023-24 this has moved significantly to show that 56% of the total funding will come from Core Grant and that 44% of funding now comes directly from the local taxpayer (and related grants).

Chart 2 - Leicestershire Police Funding Split 2014-2023



21. Chart 3 shows how the population within Leicester, Leicestershire and Rutland has increased significantly since 2013.

Chart 3 – LLR Population Change 2014-2023



22. The below table shows how the demand for the service has changed over the last 6 years. Overall demand has increase significantly since 2016. This is no surprise when the increase in population in the area is taken into account. A selection of information taken from the Force Management Statement for 2022 further underlines the point as detailed below:

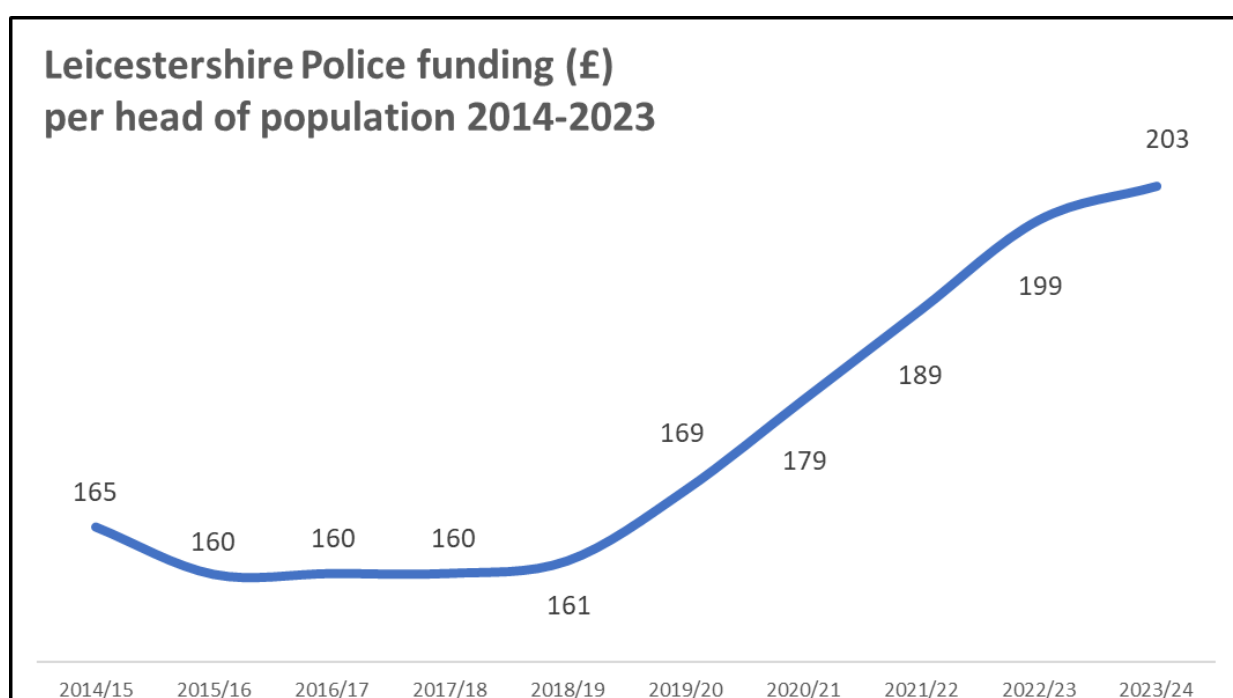
	2016	2022	% Change
999 Calls	133,298	194,114	45.6%
101 Calls	489,160	303,619	-37.9%
Number of child referrals to Child protection teams	11,292	20,507	81.6%
Domestic crime and incident	20,561	24,996	21.6%
Missing Persons Incidents	6021	6981	15.9%

The above are just a small selection of the total number and variety of incidents dealt with by the Force.

23. Chart 4 below shows how much of total funding (core grant and precept) is received per head of population for each of the policing areas across England and Wales. This shows that Leicester, Leicestershire and Rutland receive approximately £203 per head of population which is lower than the national average. If funding was lifted to the average around £17m more funding would be available for investing in policing in the area.

24. Leicestershire Police funding per head of the population is the 13th lowest in the country.

Chart 4 - Leicestershire Police Funding by Population 2014-2023



Grant Settlement 2023-24

25. On the 12th December 2022 the Government released local government finance policy statement 2023-24 to 2024-25, which set out its intentions for local government finance settlement for the next two years. The policy statement states:

- a. A £15 referendum principle on Band D bills for Police and Crime Commissioners.

26. The Provisional Police Grant Settlement was announced on 14th December 2022. The Home Office are obtaining feedback from stakeholders on the contents of the provisional settlement and the final settlement is expected in January 2023.
27. The increased Core and Ex-MHCLG funding quoted for Leicestershire is £0.3m. The overall increase in funding is broken down as follows:

	2022-23	2023-24	£m	%
	£m	£m	Increase	Increase
Home Office Core Funding	79.8	80.0	0.2	0.3%
Ex-MHCLG Formula Funding	47.6	47.7	0.1	0.2%
Council Tax Support Grant*	7.0	7.0	0.0	0.0%
Council Tax Freeze Grant	1.9	1.9	0.0	0.0%
Precept & Collection Fund	86.9	93.5	6.6	7.6%
Total	223.2	230.1	6.9	3.1%

NB. Excludes £4.1m Home Office Uplift Grant & £1.9m Home Office Pension Grant

28. The additional precept funding is only delivered if the Policing element of the Band D Council Tax bill increases by £15.00 (5.81%) from £258.23 to £273.23. This generates an extra £6.5m in revenue funding based on a Band D tax base of 340,271 and an estimated Collection Fund surplus of £0.5m.
29. There are other cost pressures which will need to be funded relating to staff pay, inflationary increases and other contractual increases.

Tax base and Collection Fund details

30. Leicester City Council, Rutland County Council and the Borough and District Councils are responsible for estimating the tax base in their area, and the Council Tax Collection Fund surplus or deficit.
31. The total tax base is used to calculate the total precept that will be collected by billing authorities on behalf of the Commissioner.
32. In 2022-23 the tax base used in setting the budget for the Commissioner was 334,801 Band D equivalent properties. For 2023-24 this has increased to 340,271 Band D equivalent properties.
33. The collection fund surplus for 2023-24 is currently estimated at £0.5m. This is currently an estimate as awaiting confirmation from billing authorities which is expected late January/early February 2023.

Council Tax Referendum Limit

34. The Localism Act 2011 requires authorities, including Police and Crime Commissioners, to determine whether their “relevant basic amount of council tax” for a year is excessive, as such increases will trigger a council tax referendum.
35. From 2012-13, the Secretary of State is required to set principles annually, determining what increase is deemed excessive. The Home Office has confirmed that in order to maximise council tax income for 2023-24, Police and Crime Commissioners can increase their precept on a Band D property by up to £15.00 without triggering a referendum.

Risks

36. There are number of financial risks within the draft budget requirement, as summarised below:

- a. Pay inflation – is included for 2023-24 at 2% and for each year over the MTFP period. However, the Home Office has suggested that PCC's should plan for a 2023 pay award in excess of 2%. The pay award will be subjected to independent pay review and treasury ratification in the Autumn. It has been agreed that any costs in excess of 2% will be funded from the Budget Equalisation Reserve (BER) for 2023-24 and be included in the base budget for future years.
- b. Increase in Fuel Duty – a 12p increase in fuel duty could be implemented in 2023-24 (previous budgets cancelled previously announced increases). The Chancellor will confirm on the 15th March whether the planned increase will go ahead. This would put further pressure on the fuel budget of approximately £0.1m
- c. In the 2022 Autumn Statement the Chancellor announced that from the 1st April 2023, business rate bills in England will be updated to reflect changes in property values since the last valuation in 2017. Whilst a package of targeted support worth £13.6 billion over the next 5 years will support organisations as they transition to the new bills, it is not yet known how the police estate will be impacted by these changes, and any increase in costs will have to be managed in year.
- d. Police Staff Job Evaluation – The Force continues to progress the evaluation of its Police Staff posts. There are £0.2m of revenue costs included in the base budget to cover the job evaluation team cost. Pay protection and ongoing pay costs have been estimated at £4.0m over the MTFP period, with a further £2.5m estimated costs in 2027-28. However, further work is ongoing in relation to pay modelling which is likely to alter this estimate. It is not envisaged that Job Evaluation will be implemented before 1st April 2024. This remains a financial risk until the pay assimilation is completed, the actual costs are confirmed and options to fund these costs are developed.
- e. The Chief Constable, along with other Chief Constables nationally and the Home Office, currently have a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims are due to be heard by the Employment Tribunal in December 2022. The settlement of the injury to feelings claims for Aarons sets a helpful precedent. As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of the Pennington claims being successful. Given this uncertainty, no liability costs are currently included in the MTFP.
- f. Emergency Services Network (ESN) – The Emergency Services Mobile Communications Programme (ESMCP) have announced a further delay of at least 3 years. The earliest transition date for the Force is now September 2027. The continuing airwave costs have been included in the IT budget. Due to the delay, budgetary provision has been made in the Capital Programme for a complete refresh of the airwave terminals as these are now beyond economic repair at a cost of £1.54m. Due to the delay in the ESN rollout the project resources have been scaled back for 2023-24 and no running costs are included as these should not be incurred until 2028-29.
- g. Digital transformation and Cloud migration – the Force has developed a digital transformation strategy, part of which includes the move from on premise data storage to Cloud storage which will enhance operational analytical capability. The risks and

costs associated with this are being explored and it is likely to be several months before they are fully known. It can be anticipated that further funding will be required to progress this initiative.

- h. In 2024-25 an increase in the Employers pension contribution rate of 3.5% (£3.1m) is expected and has been included within the MTFP from 2024-25 onwards. As of yet there is no indication that this will be funded by Central Government.

Base Budget Preparation, Approach, and Scrutiny

- 37. In 2008-09 the Force introduced a risk-based approach to budget setting which sought to align the budget process with identified strategic operational priorities and risks.
- 38. The Force continues to consider key corporate risks when setting the budget.
- 39. Essentially these risks are operational and organisational around managing people, infrastructure assets, information and so on. The Force has maintained and kept up to date, its Corporate Risk Register that sets out how it intends to control and mitigate these risks. The Corporate Risk Register is regularly reported to the Joint Arrangements Risk and Assurance Panel which is a public meeting.
- 40. The Force continues to identify its Strategic Operational Risks as part of the National Intelligence Model (NIM). This has been used to inform resourcing strategies at both Directorate and Departmental level.
- 41. Each year, the Force undertakes a major exercise to review its operational risks which are set out within the "Force Strategic Policing Assessment". This was also informed by the work of regional collaborations.
- 42. The purpose of the Force Strategic Assessment is to identify those areas of greatest risk. Essentially, a high risk area is where only limited resources have been allocated to address a substantial risk, thereby creating a significant risk gap.
- 43. The revised four-year financial forecast and, in particular, the 2023-24 budget contained within this report aligns the Force and Commissioner's financial resources to risk and therefore, is fundamental to the Force's performance management regime.
- 44. The OPCC CFO has worked closely with the Force finance team throughout the year during the budget monitoring process and in the preparation of the budget for 2023-24. In respect of the budget, this has included (but was not limited to), the identification and agreement of assumptions and methodology and challenge and scrutiny of the budget workings. In addition, where the CFO has sought clarification, or changes, these have been discussed and amendments made where appropriate.
- 45. The Commissioner, together with his Senior Management Team have held regular discussions with the Chief Constable and his Chief Officers throughout the year, particularly prior to and throughout the budget preparation process and the announcement and interpretation of the Settlement.
- 46. This has resulted in a number of discussions of the budget requirement, the national and local operational and financial challenges, the precept options available and a review of the MTFP and associated risks.
- 47. Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the Commissioner and his team, prior to and during, the Corporate Governance Board on the 18th January 2023, at which, agreement of the Force budget for 2023-24 between the Commissioner and the Chief Constable was reached.

Revenue Budget 2023-24

48. The base budget for 2023-24 has been built based upon the 'budget rules' which are consistent with previous years and the risk based approach outlined earlier in the report.

49. In line with this approach, the Panel is advised that the total net budget requirement in 2023-24 is £230.186m. This equates to an increase of £6.93m (3.1%) from the 2022-23 net budget requirement level of £223.258m (see Appendix 1).

50. The table overleaf summarises the 2023-24 draft budget requirement:

	£	£
2023-24 Base Budget Requirement (Gross)		
Police Officer Pay & Allowances	126,328,395	
Staff & PCSO Pay & Allowances	62,891,957	
Regional Collaboration	9,848,533	
Police Officer Pensions	3,802,012	
Non-Pay Expenditure	46,249,877	
Inflation Contingency	3,678,930	
Income	(16,621,400)	
Office of the Police and Crime Commissioner	1,631,712	
Commissioning	4,560,292	
TOTAL		242,370,308

There are other budget streams which when added to the above makes up the 2023-24 net budget requirement. These are listed below.

	£	£
2023-24 Base Budget Requirement (Gross)		242,370,308
Investment	2,239,086	
Specific Grants	(1,278,828)	
Home Office Pension Grant	(1,902,540)	
Home Office Uplift Grant	(4,100,000)	
Transfers to / (from) liability & equipment reserves	35,876	
Efficiency Savings	(3,914,020)	
Transfer from BER for specific projects	(1,400,590)	
General transfer to / (from) reserves	(982,347)	
Transfers to / (from) other reserves	(880,931)	
2023-24 Base Budget Requirement (Net)		230,186,014

51. There are a number of significant aspects of the budget to highlight in line with the Police and Crime Plan priorities as follows.

- **Police Officers** – The Police Officer pay and allowances budget is calculated based on the latest recruitment and attrition forecasts, taking into account:
 - Rank and incremental changes.
 - Externally funded and seconded officers.
 - Allowances.
 - The 2022 pay award of £1,900 per officer
 - Changes to the effective rates for National Insurance and Pension contributions. The Social Care Levy of 1.25% has been removed (the Police Grant has been adjusted for this).
 - A full time equivalent (FTE) establishment of 2,242 officers, this is 35 officers above the threshold to receive the police uplift grant.
 - To receive the 2023-24 Police Uplift Grant of £4.1m the Force needs to have 2,295 officers (headcount) on the 31st March 2024.

The officer establishment of 2,242 includes a number of funded posts. Where future transformation and modernisation is required to mitigate future funding deficits, the establishment may need to be reviewed.

Financial year 2022-23 was the last year of the Government's uplift programme for police Officers. 2023-24 will be focussed on maintaining the uplift numbers of 297 officers. Whilst receipt of the Police Uplift Grant will be linked to the maintenance of police officer numbers, the detail is yet to be published.

- **Support Staff & Police Community Support Officers (PCSOs)** – The budget is based on 1,406 FTEs which includes the investment posts approved in 2022-23 to address demand. Employer's National Insurance has been reduced by 1.25% to remove the Social Care levy. The September 2022 pay award of £1,900 has been budgeted for. This equates to approximately a 5% increase. This was above the 2022-23 pay award provision of 2% and no additional grant funding was received.

The Force is also currently undertaking Job Evaluation of its police staff posts and estimated pay protection and related costs of £4.0m have been included within the MTFP, with a further £2.5m estimated costs in 2026-27.

- **Regional Budgets** – Regional collaboration budgets relate to Leicestershire Police's share of collaborative arrangements which include the cost of police officer posts. The budget for regional collaboration in 2023-24 is £9.8m (full requirement) which is still subject to ratification by regional PCCs at the time of writing this report. This includes the cost of the Regional Organised Crime Unit (ROCU) uplift officers.
- **Non-pay** – In common with other public sector organisations the Force has had to manage the consequences of higher inflation rates than forecast in the MTFP. This has caused particular pressures for IT, utilities and contracts related expenditure. The most significant increases include:
 - IT systems / hardware maintenance £1.2m
 - Network and radio equipment hire £0.09m
 - Software Licences / Purchases £0.17m
 - Infrastructure maintenance £0.1m
 - Dangerous dogs £0.15m
 - Gas £0.47m
 - Electricity £0.74m
 - Cleaning Contract £0.1m
 - Estate Repairs, planned maintenance and Service Contracts £0.142m

The energy markets continue to be volatile. Whilst a new business support package from the 1st April 2023 is being announced on the 10th January, it is unlikely that the Force will benefit from this. The gas and electricity for the financial year 2023-24 is currently being purchased by Crown Commercial Services, and there are indications that utility costs will increase by £1.21m during 2023-24 to £2.9m. Any further increases may require additional in year funding.

Investments

52. Investment items totalling £2.239m are contained within the budget proposals for 2023-24. This includes additional resources and organisational infrastructure deemed essential to deliver both service transformation and support for the growth in officer numbers. Of the £2.239m investments, a total of £1.34m will be funded through the Budget Equalisation Reserve. The investments include:

- a) Redaction software £0.08m.
- b) Salary costs necessary to meet changes in demand of £0.47m.
- c) Increase in resources to deliver IT Transformation, including transitioning to the Cloud £0.8m.
- d) The implementation of a new digital forensic solution for the processing of mobile devices £0.8m.
- e) Resources for the People Directorate to invest in transforming the service £0.4m.
- f) UKAS Accreditation costs of £0.04m.

Capital Strategy, Capital Programme and Treasury Management Strategy

53. The Capital Strategy 2023-24 is set out in Appendix 3. The revenue consequences of the proposed programme have been considered in the development of the revenue budget, and the required prudential indicators are set out.

54. The Capital Programme includes investment in operational areas of premises, IT and vehicle fleet.

55. The Emergency Services Mobile Communications Programme (ESMCP) have announced a further delay of at least 3 years. The earliest transition date for the Force is now September 2027. The continuing airwave costs have been included in the IT budget. Due to the delay, budgetary provision has been made in the Capital Programme for a complete refresh of the airwave terminals as these are now beyond economic repair at a cost of £1.54m.

56. The Treasury Management Strategy report is set out at Appendix 4. This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and explains the Investment Strategy in relation to reserves and balances.

Medium Term Financial Plan (MTFP)

57. It is a requirement that the Police and Crime Plan and budget must cover the period until the end of the financial year of the next election for PCCs. Elections are due to take place in May 2024. Thus the relevant date is 31st March 2025.

58. However, prudent financial management requires the Commissioner to have an MTFP that covers a period of at least four financial years. The financial information detailed in Appendix

1 covers a four year period, until the 31 March 2027. This provides a longer term view which will enable informed decision making to take place over the period of the plan. This is not without its challenges, given that there is only a firm Government announcement of funding for 2023-24 and no indication of potential funding beyond next financial year.

59. However, an MTFP has to be formulated using the best information available at the time of producing it. The attached MTFP has been produced on this basis, accepting that it is subject to change as new information emerges that can and will, change the assumptions inherent in the plan.
60. In 2023-24, the Commissioner will allocate approximately 97.3% of the net budget requirement to the Chief Constable for use on local policing and regional collaborations.
61. Key assumptions that have been included in seeking to outline the financial challenge for the medium term are:
- a. That the council tax base grows at 1.5% for financial years 2024-25, 2025-26 and 2026-27 respectively.
 - b. All existing council tax related grants continue up to and including 2026-27.
 - c. Core Government funding increases by 1.93% in 2023-24 and 1.63 in 2024-25. The uplift grant has been increased from £2m in 2022-23 to £4.1m in 2023-24 to support the growth in officer numbers.
 - d. The precept increases by £15.00 per Band D equivalent property for 2023-24 and by £10 each year thereafter in line with the prevailing national view, and modelling assumptions in each of the other East Midlands region Force areas. It should be noted that no decision on future years precept has yet been taken.
 - e. Pay awards for officers and staff are included at 2% for 2023-24, and each year thereafter. The 2023-24 pay award could be higher than 2% but this will not be confirmed until the Autumn. Any increase above 2% would require additional funding which the PCC has agreed can be met from reserves for 2023-24, with ongoing costs to be included in the base budget.
 - f. In 2024-25 an increase in the Employers pension contribution rate of 3.5% (£3.1m) has been included within the MTFP from 2024-25 onwards. As of yet there is no indication that this will be funded by Central Government and therefore no provision has been included for this. If the Government do provide funding for the Employers pension contribution this would reduce the deficit in 2024/25 and future years by up to £3.1m per year.
 - g. Non-pay inflation is included at 2% for certain goods and services for 2023-24 and for each year thereafter. Utility and vehicle fuel inflation is included at significantly higher rates in line with market forecasts. IT contractual inflation is included at actual rates averaging 10%.
 - h. At this stage, there are no significant impacts on grant funding incorporated into the MTFP from the Funding Formula Review.
 - i. No additional, unfunded responsibilities are given to the Commissioner.
 - j. Further borrowing beyond the capital programme is not required.
62. Taking into account the above assumptions, the position is as follows:

Summary of the Budget Requirements (see Appendix 1 for detailed analysis)				
	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Net Budget Requirement	236.1	245.0	251.6	260.2
Net Funding	230.2	237.2	242.2	247.3
Funding Gap / (Surplus)	5.9	7.8	9.4	12.9
Reductions:				
Efficiency Savings	-3.9			
Scaling back on investments	-0.4			
Contribution from OPCC	-0.6			
Use of BER	-1.0			
Revised Funding Gap / (Surplus)	0.0	7.8	9.4	12.9

Efficiency Savings

63. As part of the budget proposals, the Commissioner has agreed with the Chief Constable that an efficiency savings target of £3.9m will be included within the MTFP in order close the funding gap for 2023-24. Any year on year efficiency savings realised in 2023-24 will be built into the MTFP and will contribute towards reducing the deficits in future years.

64. A number of options are being explored for 2023-24 including the following:

- Reducing police staff establishment by up to 8%,
- Reduction in Regional Collaboration cost,
- Reduction in non-pay costs.

65. An efficiency savings plan for future years will be developed by the Force over the next 12 months.

Use of Reserves and Balances

66. In considering the 2023-24 budget, the Commissioner has reviewed all of the reserves held.

67. In January 2023 a Reserves Strategy was agreed which set out the following 'guiding principles' for managing reserves:

- As per the Home Office guiding principles the General fund reserves should be in the range of 2% to 5% of the total net budget (between £4.60m and £11.51m based on the 2023-24 budget).
- The BER can be used to support the budget but there must be a strategy to move reliance away from the reserve over a period of time.
- Other earmarked reserves should only be used for specific time limited projects, to provide financial cover for potential future financial liabilities and for 'invest to save' projects.
- Ongoing reliance should not be placed on reserves to deal with the funding of financial deficits and a clear plan should be in place to move reliance away from one off reserves.
- There should be an annual review of reserves.

68. Three types of Reserve are held and these are explained further below:

a. General Reserve

There is a General Reserve which will be reduced to 2.2% of the net revenue expenditure for 2023-24 (cash value maintained at £5m) and is within the recommended limits referred to above. The General Reserve balance will return to 2.3% of net revenue expenditure in future years. It is prudent to have such a reserve to enable the organisation to withstand unexpected events which may have financial implications. There is no further planned use of this reserve during 2023-24 or beyond.

b. Budget Equalisation Reserve (BER)

Over recent years, due to the impact of effective efficiency programmes and through financial prudence, a Budget Equalisation Reserve (BER) has been created. This reserve is currently estimated to be £13.7m at 31st March 2023, decreasing to £4.3m by 31st March 2027. Its purpose when established was twofold:

1. To fund 'invest to save' and other new initiatives and investments.
2. To recognise that some savings would take time to implement and to smooth the impact of these changes

It is proposed that £7.5m of the BER is used during the MTFP period to fund ongoing historical investigations of £0.3m, Job Evaluation Pay protection costs of £0.2m and Business Transformation costs of £7m. An additional £1m has been earmarked against the BER to fund pay award costs above the 2% assumption included within the MTFP. An additional £1m has been used to meet the budget deficit with a view to longer term sustainability and invest to save. This will reduce the BER to £4.2m at the end of the MTFP period.

c. Earmarked Reserves

The Commissioner currently holds a number of Earmarked Reserves which at 31 March 2024 are estimated to total £6.5m (excluding the General Reserve and BER) and those to note are as follows:

OPCC & Commissioning Reserve £0.7m – This contributes towards supporting the cost of the Commissioning Framework. The PCC agreed to transfer £620k from the OPCC reserves to the force to help manage the budget deficit for 2023-24.

Civil Claims £1.3m – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

Capital Reserve £0.3m – to support future Capital expenditure.

Proceeds of Economic Crime - £1.6m – reserve funded from proceeds of crime, used to support the Force's capability in specific investigative areas.

69. The following transfers to and from reserves form part of these budget proposals:

<u>Transfers from Reserves</u>	
	£m
<u>Budget Equalisation Reserve</u>	
Historical Investigations	-0.060
Investments	-1.341
Funding 2023/24 Base Budget	-0.982
	<u>-2.383</u>
<u>Other Earmarked Reserves</u>	
Economic Crime (POCA)	-0.010
Equipment Reserve	-0.269
Team Leicestershire Academy (Legacy)	-0.227
MAPPA	-0.024
Commissioning	-0.620
	<u>-1.150</u>
	<u>-3.533</u>

<u>Transfers to Reserves</u>	
	£m
<u>Specific Reserves</u>	
Equipment Reserve	0.050
Fleet Insurance Claims	0.125
Civil Claims Liability	0.130
	<u>0.305</u>
	<u>0.305</u>

	£m
Net Transfers to/(from)	
Earmarked Reserves	<u><u>-3.228</u></u>

Office of the Police and Crime Commissioner

70. The amount of funding for the OPCC including commissioning equates to 2.7% of the total net budget requirement; the remaining 97.3% is allocated to the Chief Constable for use on local policing and regional collaborations. The percentage allocation to the force remains unchanged from 2022-23.
71. The total cost of the Office of the Police and Crime Commissioner is £1.63m, which is a net increase of £64k from 2022-23. The office structure has recently been reviewed to allow the OPCC to hold the Chief Constable to account more effectively, to understand better the views and expectations of the public and to communicate more effectively with stakeholders; such as Councillors, Community groups and the wider criminal justice system. It employs 23 members of staff whose costs represent 77% of total office expenditure.
72. Supplies and Services includes items of expenditure such as internal audit and external audit costs, and subscriptions to external associations. External audit fees are forecast to increase by 39.9% to £90k for 2023-24 as a consequence of changes in the nationally agreed rates.
73. Detailed budgets for the office are available upon request.
74. The main costs are summarised overleaf:

	<u>£000</u>
Staffing	1,259
Transport	8
Supplies and Services	365
Total Expenditure	<u>1,632</u>
Income (MOJ Grant)	<u>(82)</u>
Net Expenditure	<u><u>1,550</u></u>

Commissioning

75. The Commissioning Framework for 2023-24 aligns to the priorities contained within the Police and Crime Plan and provides a budget of £4.560m. The commissioning budget held by the OPCC has remained the same as a proportion of the overall budget.

76. The budget is funded as follows:

	£000
Base budget	3,363
Ministry of Justice Grant	1,197
Total funding	<u>4,560</u>

77. The 2023-24 Commissioning Budget includes £0.4m for small grants to Community Organisations which are awarded at the discretion of the Commissioner.

78. The Ministry of Justice (MoJ) Victims and Witnesses Grant has been confirmed at £1.279m for 2023/24 and 2024/25.

79. It is important to note that in addition to the published budget each year, the Commissioner has opportunities to submit bids to funding bodies (normally government departments) for additional, normally in year, funding. It is anticipated that further significant additional funding will be acquired for 2023-24. The OPCC has already secured additional funding of £3.5m for 2022-23, £2.3m for 2023-24 and £2.2m for 2024-25.

Precept Proposal

80. After careful consideration of all the factors highlighted within this report, the Commissioner is proposing a £15.00 Band D Precept increase in line with Home Office assumptions to maximise resources for operational policing.

81. In making this proposal, the Commissioner is extraordinarily grateful to those who took part in the precept survey which showed the willingness of the public in Leicester, Leicestershire and Rutland to pay more in order to safeguard and develop policing in their neighbourhoods. Additionally, the Commissioner is satisfied that in doing so, he is maximising the resources available to Leicestershire Police to deliver the priorities outlined in his Police and Crime Plan.

Statement of the Chief Constable

82. In proposing the precept the PCC has sought views from the Chief Constable and his statement on the PCC's precept proposal for 2023/24 is as follows:

"It is my responsibility, as described in the Policing Protocol Order 2011, to provide professional advice and recommendations to the PCC in relation to his receipt of all funding, including the government grant and precept and other sources of income related to policing and crime reduction. Under the terms of the Order I am responsible for the delivery of efficient and effective policing, the management of resources and expenditure by the Force. I also should have regard to the Police and Crime Plan, assist the planning of the Force's budgets, have regard to the Strategic Policing Requirement set by the Home Secretary in respect of national and international policing responsibilities and have day to day responsibility for financial management of the Force, within the framework of the agreed budget allocation and levels of authorisation agreed with the PCC.

My advice to the PCC is that he should seek a £15.00 increase for Band D properties and its equivalents for other bands. The external environment and the 2022/2023 pay award have created £9.9 million of in-year cost pressures that will run into the Medium-Term Financial Plan. Despite a proposed £15.00 precept increase, the force will be required to manage significant efficiencies and savings in order to meet budgetary pressures. An

increase is necessary, in my opinion, in order to find sustainable options financially and operationally in the short and medium-term.

It is necessary for me to point out that the force continues to see an increase in demand; national requirements linked with accreditation have risen; and the latest census confirmed a 10% growth in population.

My advice to the PCC is that we sustain officer numbers in order to maintain and manage our service to local communities. With details of the budget settlement now available, we have modelled maintaining 2,242 police officers. This means the force continues to benefit from the national 'uplift' programme and we will seek to pass those benefits on to the people of Leicester, Leicestershire and Rutland operationally, efficiently and sustainably.

The force will also need to find efficiencies and reductions through a range of measures, implemented steadily, in a manner which protects performance and service. Initial plans and further details will be set out elsewhere at an operational level.

As Chief Constable, it is my priority to deliver a clear focus on the force's core service, high standards and sustainability. Those elements will be at the heart of the next phase of Leicestershire Police's transformation and change."

Robustness of the Budget –Statement of the Commissioner Chief Finance Officer

83. *The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2011, requires the Commissioner's Chief Finance Officer to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the Chief Finance Officer and the report must be given to the Police and Crime Panel. The CFO statement is as follows:*

"I have attended a number of Corporate Governance Board meetings to provide assurance to the Panel that these factors have been considered. Since that date, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted and discussed.

In the sections above, titled "Base Budget Preparation, Approach, and Scrutiny" and "Revenue Budget 2023-24", a description of the development of this budget is given.

During the preparation of the budget, I have been given full access to the budget model and have been consulted on the assumptions being made in order to develop the model. I have received timely and detailed responses to queries and/or points of clarification. I have agreed with the assumptions being made, and where there were any differences of opinion they were discussed until a consensus was reached.

Together with the Chief Officer Team, OPCC, Chief Executive and the Commissioner, I have reviewed, scrutinised and challenged the case for operational investment. This has included reviewing the operational and financial risks of the investment and highlighting the impact on the MTFP.

I have confidence that the budget monitoring process will identify any variations of expenditure or income from that budgeted so that early action can be taken and this is regularly reviewed, discussed and scrutinised at the Corporate Governance Board.

I have also reviewed the detailed calculations in arriving at the budget requirement and council tax precept and options and find these to be robust. I also have, together with other precepting partners, sought authorisations from billing authorities in relation to tax base and council tax surplus or deficits.

The Chief Constable has discussed the revenue, capital, operational and Police and Crime Plan requirements (Appendix 2) for 2023-24 and future years and together, we have been able to develop a budget that supports the delivery of the priorities set out in the Police and Crime Plan.

There is an operational contingency available to the Chief Constable, and sufficient general reserves available should operational demands require access to these. Earmarked reserves are also in place for specific requirements.

This report details that the budget can be balanced for 2023-24 with the use of the Budget Equalisation Reserve (BER) and the delivery of £3.9m efficiency savings. The Force has identified a number of areas for potential savings and a detailed plan will be worked up in the next few weeks and months. I am confident that the Force will be able to deliver the cashable efficiencies in order to meet the budget.

The level of General Reserve, which should be held as a 'contingency of last resort' or to provide funds on a very short-term basis, is held at 2.2% for 2023/24 or cash value of £5m and there are no plans to utilise any of it over the next 4 years. This level of General Reserve is within the range expected and defined by the Reserves Strategy as set out earlier in the report.

In coming to my conclusion on the robustness of the budget I have also reviewed the separate papers on Capital Strategy (Appendix 3) and Treasury Management (Appendix 4).

Whilst a balanced budget is presented for 2023-24 with the use of reserves and an achievable efficiency target, the MTFP shows that in 2024-25 and beyond there are financial deficits. The PCC has asked the Chief Constable to develop plans with a view to creating further efficiencies and to achieve further cashable savings. It is reasonable to assume that the financial and operational challenges will change over the course of the medium term. As such the MTFP contains the best estimates available at this point in time and assumptions contained within the MTFP are reasonable, prudent and will be updated as new information emerges.

I conclude, therefore, that the budget for 2023-24:

- 1. Has been prepared on a robust and prudent basis.*
- 2. Includes investment into a number of areas as detailed in the report which are all in line with the Commissioner's Police and Crime Plan priorities.*
- 3. Includes an appropriate use of reserves and that the planned level of reserves remaining are adequate and sufficient.*
- 4. Includes an achievable efficiency savings target however, the financial landscape after 2024-25 is challenging and further savings will need to be realised in order to close the budget deficit.*

However, it is prudent to be mindful of emerging issues and challenges which will change the assumptions in the medium-term financial plan and therefore, the estimated budget requirements for those years."

Implications

Financial:	The precept proposal, the financial position, uncertainties and timescales.
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Legal:	The Commissioner is required to set a precept and this complies with those requirements.
Equality - Impact Assessment:	The budget and proposed precept forms part of the Police and Crime Plan which has a full impact assessment. Furthermore, the additional resources provided support the key priorities of the Police and Crime Plan.
Risks and – Impact:	Risks have been identified within the report.
Link to Police and Crime Plan:	The budget and precept support the delivery of the Police and Crime Plan.

List of Appendices

Appendix 1 Budget and Precept 2023-24 to 2026-27

Appendix 2 Review of the Medium-Term Financial Plan Budget Setting 2023-24

Appendix 3 Capital Strategy 2023-24

Appendix 4 Treasury Management Strategy 2023-24

Background Papers

Provisional Police Funding Settlement 2023-24 – December 2022

Leicestershire Police and Crime Commissioner Precept Survey – January 2023

Persons to Contact

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		Precept Increase	5.81%	3.66%	3.53%	3.41%
2022-23			2023/24	2024/25	2025/26	2026/27
Approved Budget			Revenue Budget	Revenue Budget	Revenue Budget	Revenue Budget
£			£	£	£	£
119,563,765	Police Pay & Allowances		126,328,395	134,301,608	136,229,123	139,540,649
49,940,339	Staff Pay & Allowances		55,655,399	56,807,017	58,980,437	60,762,784
6,843,200	PCSO Pay & Allowances		7,236,558	7,511,108	7,723,975	7,942,259
176,347,304			189,220,352	198,619,733	202,933,535	208,245,692
9,847,477	Regional Collaboration		9,848,533	10,081,060	10,282,681	10,488,335
3,580,729	Police Pensions		3,802,012	4,007,687	4,130,070	4,254,902
39,779,751	Non-Pay Expenditure		46,249,877	47,278,084	48,998,159	50,116,222
3,745,535	Inflation Contingency		3,678,930	1,359,161	1,359,161	1,359,161
(15,300,969)	Income		(16,621,400)	(16,840,411)	(17,089,238)	(17,302,014)
41,652,524			46,957,952	45,885,581	47,680,834	48,916,605
217,999,827	Force Budget Requirement (excl. OPCC)		236,178,304	244,505,314	250,614,369	257,162,297
1,567,397	OPCC		1,631,712	1,664,346	1,697,633	1,731,586
4,437,888	Commissioning		4,560,292	4,681,582	4,782,561	4,861,799
6,005,286			6,192,004	6,345,928	6,480,194	6,593,384
224,005,113	Gross Budget Requirement		242,370,308	250,851,242	257,094,562	263,755,682
(1,281,464)	Specific Grant - Victims and Witnesses		(1,278,828)	(1,278,828)	(1,278,828)	(1,278,828)
(1,902,540)	Home Office Pension Grant		(1,902,540)	(1,902,540)	(1,902,540)	(1,902,540)
(2,000,000)	Home Office Uplift Grant		(4,100,000)	(4,100,000)	(4,100,000)	(4,100,000)
1,852,685	Investment		2,239,086	4,051,689	3,569,606	3,479,948
2,995,381	Revenue contribution to capital		-	-	-	-
-	Efficiency Savings		(3,914,020)	-	-	-
(411,086)	Use of reserves for specific projects		(2,245,645)	(2,592,060)	(1,794,047)	234,968
-	General transfer (from)/to reserves		(982,347)	-	-	-
223,258,089	Net Budget Requirement		230,186,014	245,029,503	251,588,754	260,189,230
	- Surplus / (Funding Gap)		-	(7,805,161)	(9,391,553)	(12,891,993)
	- Transfers into Reserves					
223,258,089	Net Revenue Budget		230,186,014	237,224,342	242,197,201	247,297,237
	Funding					
79,768,566	Police Grant		80,047,619	82,237,619	82,237,619	82,237,619
47,570,114	Business Rates		47,735,297	47,735,297	47,735,297	47,735,297
7,020,391	Council Tax Support Grant		7,020,391	7,020,391	7,020,391	7,020,391
1,910,530	Council Tax Freeze Grant		1,910,530	1,910,530	1,910,530	1,910,530
531,336	Collection Fund Surplus / (Deficit)		500,000	500,000	500,000	500,000
86,457,152	Precept		92,972,177	97,820,505	102,793,364	107,893,400
223,258,089			230,186,014	237,224,342	242,197,201	247,297,237

		Precept by Billing Authority			
£		Tax Bases	£	£	£
8,843,411	Blaby	34,369.72	9,390,845	9,880,561	10,382,855
15,188,842	Charnwood	59,186.30	16,171,485	17,014,798	17,879,772
9,655,059	Harborough	38,251.46	10,451,454	10,996,478	11,555,501
10,073,689	Hinckley & Bosworth	39,421.30	10,771,090	11,332,782	11,908,902
19,883,984	Leicester City	79,046.00	21,597,754	22,724,038	23,879,250
4,998,918	Melton	19,698.38	5,382,192	5,662,864	5,950,744
9,188,089	North West Leicestershire	36,394.00	9,943,940	10,462,498	10,994,376
4,545,407	Oadby & Wigston	17,986.70	4,914,510	5,170,792	5,433,658
4,079,753	Rutland	15,916.64	4,348,907	4,575,694	4,808,307
86,457,152		340,270.50	92,972,177	97,820,505	102,793,364
334,807	Council Tax Base		340,271	345,375	350,555
					355,814

£	Precept by Band	Apportionment	£	£	£	£
172.1535	Band A	6/9	182.1535	188.8201	195.4868	202.1535
200.8457	Band B	7/9	212.5124	220.2902	228.0679	235.8457
229.5380	Band C	8/9	242.8713	251.7602	260.6491	269.5380
258.2302	Band D	9/9	273.2302	283.2302	293.2302	303.2302
315.6147	Band E	11/9	333.9480	346.1702	358.3925	370.6147
372.9992	Band F	13/9	394.6658	409.1103	423.5547	437.9992
430.3837	Band G	15/9	455.3837	472.0503	488.7170	505.3837
516.4604	Band H	18/9	546.4604	566.4604	586.4604	606.4604

£258.2302	Band D Council Tax	£273.2302	£283.2302	£293.2302	£303.2302
4.03%	% Increase	5.81%	3.66%	3.53%	3.41%
10.00	£ Increase	15.00	10.00	10.00	10.00
19.2p	Increase per week in Pence	28.8p	19.2p	19.2p	19.2p

Summary of Assumptions						
Changes in Core / Uplift Funding		1.96%	1.66%	0.00%	0.00%	
Precept increases		5.81%	3.66%	3.53%	3.41%	
Precept increases £	£	15.00	£	10.00	£	10.00
Tax Base increases		1.50%	1.50%	1.50%	1.50%	
Pay Inflation		2.00%	2.00%	2.00%	2.00%	
Non-Pay Inflation		2.00%	2.00%	2.00%	2.00%	
Police Officer FTE		2242	2242	2242	2242	
PCSO FTE - (modelled at av average of 151 FTEs)		200	200	200	200	

Budget Equalisation Reserve				
	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Balance B/Fwd	13,737,943	9,616,101	6,413,588	4,324,575
Transfers to BER (from General Reserve)				
Other Transfers from BER	(982,347)			
Transfers from BER for specific purposes	(3,139,495)	(3,202,513)	(2,089,013)	(60,000)
Balance c/fwd	9,616,101	6,413,588	4,324,575	4,264,575

POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE CORPORATE GOVERNANCE BOARD

Report of	Chief Constable
Subject	Review of Medium-Term Financial Plan Budget Setting 2023/2024
Date	15/01/23
Author	Chief Constable Rob Nixon

1. Purpose of the Report

- To provide the Chief Officer Team and Police and Crime Commissioner Rupert Matthews (PCC) with operational advice to inform review of the budget.
- To reassert my commitment as Chief Constable to deliver a good service, focused on core policing and high standards, to the public.
- To reflect on the budget announcement as well as recapping the principles agreed during early budget setting discussions.
- To outline the areas of operational and organisational threat and risk identified through the business planning process.
- To provide a short recap of historical reductions in Police budget and provide an overview of how the total budget is allocated.
- To set out the areas requiring additional growth for investment and why.
- To set out ways we propose to close the budget gap.
- To makes recommendations to the Commissioner about how he may support the force's budget process.

2. Principles used in the planning process

Operational need continues to be at the forefront of the budget-setting process and, despite a budget shortfall, the force remains committed to delivering the best possible service to the people of Leicester, Leicestershire and Rutland.

Whilst we would want to ensure all plans are as sustainable as possible over the entire period of the MTFP, this year, due to events outside of our control, we cannot make this assurance with absolute confidence.

We will however ensure that we meet the legal requirement to deliver a balanced budget for 2023/2024 and set out our approach for closing the gap and, where possible, outline the implications of doing so.

There is a need to use reserves, in our opinion. However, careful consideration is being applied to ensure the sustainability of those reserves in future. This paper recognises the limits of our reserves and that use of them will be for a time-limited period to support transformation.

Learning from previous change programmes, there is a need to apply a balanced approach to efficiencies. We will consider the national formula that was introduced during uplift and use this as a guide to ensure that, as the size of the force contracts to meet budgetary requirements, so does the size of infrastructure and equipment aligned to it.

On 15 December 2022, the Combined Design Board met to discuss and agree initial budget-planning assumptions. This early engagement was useful as it has aided the finance teams in the force and OPCC to model accordingly.

Below is an overview of what was agreed during those discussions:

- Plan for total budget
- Maintain Police officers at 2,242
- Plan for reductions in staff through vacancy management
- Seek to be sustainable for period of the MTFP
- General Reserve at 2.3% or ~£5m
- Keep Job Evaluation pay protection
- Retain plan for 2% pay inflation
- Increase some aspects of borrowing to release revenue
- Continue to meet accreditation costs
- Maximise income generation
- Use Section 106 allocations against priorities
- Promote greening of the estate to reduce costs

It is important to note that in March 2022 we had a sustainable budget for the entire period of the MTFP without use of reserves.

This was the healthiest position the force had been in for a decade. Since that time, significant events outside of the force's control have shifted that position.

Whilst the force is finalising the detailed budget report and MTFP, led by ACO Paul Dawkins, this paper will focus on the short-term impact for 2023/2024 and how we intend to respond.

Below is an illustration of the budget pressures which have materialised in-year which will leave us with a £5.8 million budget deficit for 2023/2024 (see budget report and medium-term financial plan).

Headline Budget Pressures

2023/2024	£m
Unfunded Pay awards	4.8
IT contractual inflation	1.5
Insurance	0.3
Utilities	1.4
Vehicle Fuel	0.4
Other (overtime etc.)	1.5
Total	<u>9.9</u>

We acknowledge that inflationary costs are being experienced across the private and public sector. Many organisations are looking to use reserves. It would be reasonable also for the force to use reserves in order to meet those costs in the short term.

An unfunded pay award in 2022/2023 is at the root of the budget deficit. Central government awarded a pay agreement to all officers and staff of £1,900 each. Half of the pay agreement for officers was covered by the central government grant. None of the police staff pay agreement was covered. The one-off addition was in place of a percentage increase to pay, which has been the norm in previous years and is more in line with pay review body recommendations. Proportionately this has benefited the lowest paid which is, of course, welcome, in the current climate but it has also drawn criticism about fairness from those in ranks and grades with greater responsibility.

For completeness, it should be said there are a significant number of people within the force who feel the arbitrary allocation of £1,900 was not in line with the pay review body's recommendations and it is seen as unjust.

You will also be aware of the focus on pay and recognition across NHS and other public sector organisations. During recent pay negotiations and disputes, the government has used a narrative of taking guidance from the Pay Review Board (PRB). This was not the case for Policing in 2022/2023. A lack of transparency, coupled with only awarding 50% of the officer award and nothing towards the staff award, has left forces in England and Wales with a significant funding shortfall and some officers feeling aggrieved.

Policing has seen an increase of 3% on average when, in real terms, due to unfunded pay awards and inflationary pressures, we have seen a 3.4% cut at a time of inflationary pressures in excess of 10%.

This report is not the place to expand on the issues of morale and retention but the Chief Officer Team are keeping a very close eye on both.

The pay announcement has increased our expenditure by £6 million for 2023/2024.

The force had correctly modelled at 2 % in line with Home Office recommendations. When factoring in a 2% modelling and the 50% pay award for officers, this indirectly created a £4.8 million budget gap for 2023/2024 which will rise year-on-year over the period of the MTFP.

In response to the budget shortfall, the force will need to reduce in size and reconfigure over the next few years.

This is new and unexpected. However, for context, it is important to note the significant journey policing has been on during the past decade with regards to efficiencies and transformation.

There is a dated misconception that the public sector offers opportunities for savings, particularly in back office functions. This is not the case at Leicestershire Police, as the below demonstrates. Functions across the force have been repeatedly examined and reduced over the last decade. Any further reduction in staff will need to be considered very carefully and must be linked with demand, threat and risk. It will lead to de-prioritisation and some work potentially stopping. Where it is not possible to redirect or automate this work, it will impact on the service to the public.

3. Recap of the transformation journey

- £38 million-worth of savings has been taken out of Leicestershire Police since 2011. This was in spite of significant changes to the nature of crime, high levels of hidden harm, and the demands of a growing and increasingly diverse population.
- Reserves have been used carefully over many years to maintain operational capability. The level of reserves may now challenge that possibility in future.
- Maintaining an efficient back office has been at the heart of our approach. HMICFRS assessments comparing Leicestershire to other forces indicate we are one of the leanest.
- Leicestershire Police has always been viewed positively regarding financial management and change and transformation by HMICFRS and other forces.
- Between 2010 – 2015, budget reductions meant the force looked for savings and efficiencies in order to balance budgets. All departments were reviewed for quick-win opportunities. Savings were found through reducing waste and stopping non-core activities in order to focus on core activities. We rebuilt with expenses procedures, reducing police staff numbers and putting in vacancy control procedures.
- In 2013/2014, the quick-win options had been taken. The opportunity to adopt a ‘cheaper’ policing model arose with a centralisation model developed by West Midlands Police and implemented with KPMG.
- KPMG worked with Leicestershire to implement a centralised thematic policing model. The multi Basic Command Unit model was disbanded and significant

reductions occurred to leadership roles. Functional teams were centralised. Service levels altered to achieve an overall saving of just over £10m through reducing the number of officers through natural attrition.

- In 2015/2016, the force introduced zero-based budgeting and a star chamber approach to finding savings options. Each back office police staff area had to propose options to reduce costs. 90% of these related to staff reductions. This reduced staff numbers in nearly all back office areas and saved about £1m.
- Vacancy control was used to challenge the need for recruitment and reduce payroll spend. This slowed the pace of recruitment to reduce in-year salary spend but this did impact on the ability to deliver services and support frontline policing.
- In 2018, Operation Darwin responded to Operation Edison's failure (KPMG's centralised model) to meet the increasing demands on policing. It was at this point that demands on policing began to rise notably. Much of this was linked to cuts in public funding in other sectors, where the most vulnerable had fewer avenues for help and thus called on policing. Darwin re-modelling was based on available resources and placed an emphasis on greater geographic accountability. There was no additional resources and no savings, but it began to focus on public confidence and service.
- In 2020, we introduced Policing in Neighbourhoods, based on moving resources to the frontline and being even more local. We reintroduced a general duty officer approach with a modern update to include current and future policing needs. There was a small increase in officers from uplift and, at that time, precept growth.
- In 2021, our operating model was refined to deliver against the new Police and Crime Plan.

4. Operational and organisational threat and risk

As Chief Constable it is important for me to highlight the implications of the budget and place them in the context of current operational demand, threat and risk in Leicestershire.

I, of course, reassert my commitment as Chief Constable to deliver a good service, focused on core policing and high standards, to the public.

However, Leicestershire Police has experienced an increase in demand of 20%. This is partly due to changes in crime recording but also improved confidence to report crimes like rape, domestic violence, stalking and harassment and easier access through digital channels such as Single Online Home.

Policing continues to become more complex with the rapidly changing nature of crime, sharp rises in high-harm crimes, cross-border criminality and the interconnected nature of physical and digital evidence that needs to be captured and interpreted.

The most recent Force Management Statement identified five strategic themes: workforce development, digital capability, financial sustainability, the growing population and demands of Leicester, Leicestershire and Rutland, and the status of collaborations locally, nationally and regionally.

This reflects the need to develop and lead our new-in-service workforce, maintain momentum in our technology and digital capacity, sustain budgets, respond to new Census data and house building in parts of the county, and deal with the consequences of changes to collaborations in criminal justice, occupational health and any others.

It is worth noting that these strategic risks are managed currently by the workforce mainly in staff roles, rather than officer roles.

Underpinning the FMS was, for example, a record increase in demand to tackle serious collision investigation, missing from home people, fraud and financial crime.

In addition, we have to seek to mitigate factors outside of Leicestershire Police's remit. 46% people arrested have some form of mental health need. There has been an 18% increase in traffic reports.

Separately, there has been a 100% increase in work received from national CEOP linked with Paedophiles online. This therefore drives up demand within other departments in the force.

2022/2023 was a challenging year with a notable increase in protest and public order both nationally and locally. The criminal justice system remains under pressure with significant backlogs linked with Covid-19 and recruitment challenges within the Crown Prosecution Service and judiciary. This has a knock-on effect as additional work has to go into supporting victims and witnesses along with meeting new guidelines around disclosure and accreditation linked with the judicial process.

The pace of technology and an explosion of data has placed pressure on digital capability. This has required us to accelerate plans to remodel the Information Technology department and introduce new skills and digital capabilities.

By way of example, the number of electronic devices we are recovering has doubled in less than five years. Running alongside this is a growing expectation from the public that devices are examined and returned within 24 hours. This is not achievable without investment and new ways of working.

Leicestershire is recognised as being one of the most diverse areas in the country. We are proud of this but it brings a high level of expectation and complexity not experienced in all force areas. Recent tensions in East Leicester illustrate how underlying tensions can lead to disorder and criminality. We anticipate the level of engagement necessary to sustain and maintain good order will far exceed what we have experienced in recent years.

Having considered operational and organisational needs, along with the continued delivery of the Police and Crime Plan, below are areas which will require additional investment during 2023/2024 despite a budget gap.

5. Areas requiring growth

- Digital forensics and achieving accreditation status. This is to receive and examine electronic devices at increased volumes to a service-level standard.
- Increased digital and data team to manage increased data and prepare for movement to Cloud technologies.
- IT restructure: New skills and capability to progress the use of Cloud and machine-learning or Artificial Intelligence technology. This is to manage demand and complexity.
- Human Resources restructure and new service delivery model to be introduced during 2023. This will support our uplifted and new-in-service workforce.
- Local Occupational Health and Wellbeing structure introduced during 2023. This is to mitigate the dissolution of a regional occupational health offer and strengthen local provision with better wellbeing support.
- Temporary uplift to workforce planners to manage the increased officer levels on area and changing deployments.
- Delivery of the estates strategy.

In summary, we have much to do to sustain and strengthen the police service in Leicester, Leicestershire and Rutland.

I have set out the context in which this budget sits. We are experiencing greater demand, higher need for investments in technology and specialisms, but with a real-terms cut in budget.

The proposed budget, even when supported by the maximum increase in precept funding from local taxation of £15, will still fall short of what is necessary to maintain the current levels of resources.

Working within the budget setting principles, the force will seek to reduce the budget gap in 2023/2024 through the following approach.

6. Proposals to close the £5.8 million gap for 2023 / 2024

To close the gap and present a balanced budget for 2023/2024, the force will focus on the following areas for reductions:

1. Reduce the level of investment earmarked for some internal reform by £350k. The force will accept that current service in some areas will need to be maintained and not enhanced.
2. The force will reduce the number of Police staff by 8% through vacancy management and natural attrition. This will require significant remodelling and, in some areas, may result in the reversal of workforce modernisation (i.e. putting officers in roles carried out by police staff) and will save £3m.
3. Regional contributions are still subject to agreement.
4. EMSOU officers returning to Force establishment realising a £275k saving.
5. Inclusion of a £620k contribution from the OPCC budget.
6. An efficiency saving of £200k through refinement of processes and systems.
7. Reduction in estimated utility and vehicle fuel inflation of £350k
8. Intended use of equipment reserve for on-off body armour costs of £150k

These savings will reduce the funding gap to £1m. The remainder would be met from the Budget Equalisation Reserve (BER).

Appendix A provides additional detail regarding the Police staff establishment.

You will note the intention in the short term to reduce staff numbers through the strategic management of vacancies. This will place a hold on all vacancies to allow the force to assess and prioritise the recruitment process. Those departments facing highest demand and risk in accordance with the Force Management Statement are likely to be prioritised for recruitment against other areas of the organisation. Those areas facing lower risk are more likely to have vacancies removed from base establishment in the medium-term.

Police staff play a significant and vital role in the delivery of policing services.

To reduce staff in order to meet the budget over the entire period of the MTFP will require significantly more staff posts to be removed above and beyond an 8% reduction.

Given the often specialist nature of police staff roles, this will require a detailed review to ensure the removal of staff is achievable and appropriate – as well as cost effective – and it will need to align with the removal and redistribution of workload.

This extensive review and process will take time to complete. My intention would be for this work to reach initial options for savings before April 2023, more detailed findings by December 2023 in time for detailed budget planning, and then full consideration of options for Spring 2024. In the interim, my recommendation, as stipulated earlier, would be to use reserves to underpin the current performance of the force.

7. Further support

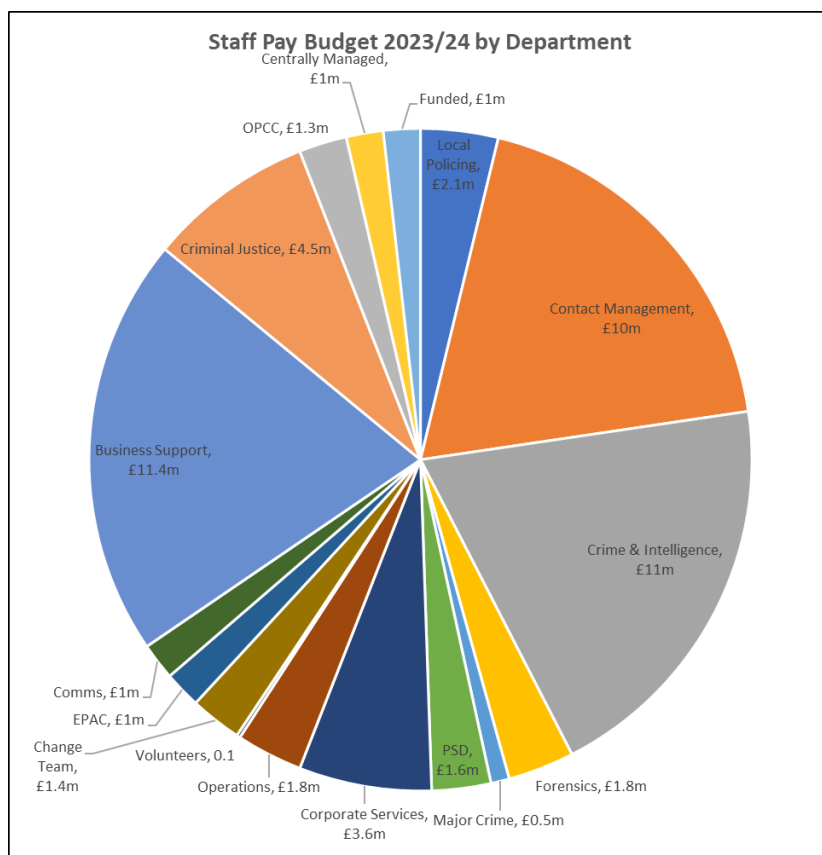
The Police and Crime Panel's support for a £15 precept rise is essential for the force to sustain its level of service and to deliver against the plan outlined in this report. In my opinion, the Commissioner's influence and full support for this outcome is vital.

Separately, I would also encourage the Commissioner and his office to consider further lobbying efforts to address the pay award funding shortfall for 2022/2023 by re-engaging with the Home Office, if possible. I understand that other forces are also giving this proposal consideration given the extremely challenging budgetary situation it has created for forces in England and Wales.

8. Recommendations

1. Note the report.
2. Support the initial budget allocation for areas of growth and the force's proposals in principle to close the budget gap.
3. To lobby for additional payment towards the Pay Award allocated in 2022/2023 along with reaffirming the importance of £15.00 precept in 2023/2024 to the Police and Crime Panel.

Appendix A



<u>1. Staff Pay Breakdown</u>	<u>Budget £</u>	<u>FTE</u>	
Local Policing	2.1	61.85	
Contact Management	10.5	213.46	
Crime & Intelligence	11	257.29	<i>less RSU</i>
Forensics	1.8	28	
Major Crime	0.5	13	
PSD	1.6	43.84	
Corporate Services	3.6	81.1	
Operations	1.8	45.33	
Volunteers	0.1	4.35	
Change Team	1.4	28.8	
EPAC	1	24.74	
Comms	1	18.92	
Business Support	11.4	241.41	
Criminal Justice	4.5	124.54	
OPCC	1.3	22.54	
Centrally Managed	1	2.76	
Funded	1	17.2	
Totals	55.6	1229.13	

CAPITAL STRATEGY 2023/24

Introduction

This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of policing services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Policing Body for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

Capital expenditure is where the Police and Crime Commissioner (PCC) spends money on assets, such as property, IT or vehicles that will be used for more than one year.

In 2023/24, the Force is proposing capital expenditure of £11.0m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Estates	1.5	1.0	1.7	0.1	0.1
IT	3.2	4.6	7.3	1.2	2.0
Fleet	0.8	3.7	1.5	1.3	1.3
Operational Equipment	0.1	0.1			
ESN					
Corporate Projects	0.1		0.5		
TOTAL	5.7	9.4	11.0	2.6	3.4

The capital projects included in the expenditure above are detailed later in this report on page 6.

Governance: The Estates, IT and Transport Departmental Heads in conjunction with the business, bid annually during November for projects to be included in the Force's capital programme. Bids are collated by Corporate Finance who calculate the financing cost (which can be nil if the project is fully funded from other resources). The proposed capital programme has been reviewed by Chief Officers and the PCC's office. The final capital programme is then presented to the Corporate Governance Board in January for approval.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the PCC's own resources (revenue, reserves and capital receipts)

or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
External sources	0.6	0.3	1.1	-	
Own resources	1.0	1.6	0.1	0.1	0.1
Debt	4.1	7.5	9.8	2.5	3.3
TOTAL	5.7	9.4	11.0	2.6	3.4

Where the commissioner finances capital expenditure through borrowing (debt) resources must be set aside to repay that debt from the revenue account. The amount charged to revenue account for the repayment of borrowing is known as the Minimum Revenue Provision (MRP). Planned MRP is as follows:

Table 3: Replacement of debt finance in £ millions

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Own resources	3.1	3.5	4.4	6.1	6.4

The Statutory Guidance issued by the DCLG sets out the 4 options for calculating the MRP. The recommended MRP policy is:

- For capital expenditure incurred before the 1st April 2008 (which was supported capital expenditure) the policy will be based on 4% of the Capital Financing requirement.
- From the 1st April 2008 for all unsupported borrowing the MRP policy will be the Asset Life Method (Equal instalment approach) – the MRP will be based on the estimated life of the assets.

The Commissioner's policy is to finance shorter life assets from capital receipts, grants and revenue contributions. Borrowing reserved generally for Land and Buildings with an expected life of 25 years and IT projects that cannot be financed from the PCC's own resources.

The PCC's cumulative outstanding 'debt finance' is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £5.3m during 2023/24. Based on the figures above for expenditure and financing, the PCC's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
TOTAL CFR	33.9	37.9	43.3	39.7	36.6

Asset disposals: When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. No capital receipts are expected to be received during 2023/24.

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the PCC's / Force's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The PCC is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the PCC currently has £12.15m borrowing at an average interest rate of 4.61% and £12.8 treasury investments at an average rate of 2.3% (as at 31st December 2022)

Borrowing strategy: The PCC's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the PCC therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.

The PCC does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loan Board.

Projected levels of the PCC's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement (see above).

Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Debt (incl. PFI & leases)	10.7	17.1	26.8	28.7	31.5
Capital Financing Requirement	33.9	37.9	43.3	39.7	36.6

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the PCC expects to comply with this in the medium term.

Liability benchmark: To compare the PCC's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end. This benchmark is currently £16.6m and is forecast to rise to £23.2m over the next three years.

Table 6: Borrowing and the Liability Benchmark in £ millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Expected Outstanding borrowing	10.7	9.6	14.6	13.9	13.4
Liability benchmark	9.7	16.6	25.0	24.5	23.2

The table shows that the PCC expects to remain borrowed below its liability benchmark.

Affordable borrowing limit: The PCC is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2022/23 limit	2023/24 limit	2024/25 limit	2025/26 limit
Authorised limit – borrowing	25.9	31.8	33.7	36.6
Authorised limit – Long Term Liabilities	2.5	2.5	2.5	2.5
Authorised limit – total external debt	28.4	34.3	36.2	39.1
Operational boundary – borrowing	26.5	29.3	31.2	34.1
Operational boundary – Long Term Liabilities	1.5	1.5	1.5	1.5
Operational boundary – total external debt	28.0	30.8	32.7	35.6

Treasury Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The PCC's policy on treasury investments is to prioritise security and liquidity over yield. That is to focus on minimising risk rather than maximising returns. Surplus cash is invested securely, for example with the government, other local authorities, selected high-quality banks and pooled funds, to minimise the risk of loss.

Table 8: Treasury management investments in £millions

	31.3.2022 actual	31.3.2023 forecast	31.3.2024 budget	31.3.2025 budget	31.3.2026 budget
Near-term investments	13.1	10.0	10.0	10.0	10.0
Longer-term investments	-	-	-	-	-
TOTAL	13.1	10.0	10.0	10.0	10.0

Risk management: The effective management and control of risk are prime objectives of the PCC's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Force's ACO (Resources) and staff, who must act in line with the treasury management strategy approved by the PCC. Half yearly reports on treasury management activity are presented to the Strategic Assurance Board.

Investments for Service Purposes

The PCC does not make any investments directly into local public services i.e buying shares or investing in local businesses to promote economic growth.

Commercial Activities

The PCC does not invest in any commercial property / activities.

Liabilities

In addition to current debt of £12.1m (*figure as at December 2022*), it has also set aside £0.8m to cover the risks of both the self insured public and employers liability claims where the PCC's claims handlers have advised there is a high probability of economic benefits being transferred and the successful claims in *Allard v Devon and Cornwall Police* for unpaid overtime following recalls to duty by covert human intelligence handlers. Leicestershire has identified when officers were on call and costings have been calculated and initial offers made.

The PCC has a Budget Equalisation Reserve of £13.8m (Balance as at 31/03/22) to support annual expenditure and manage the financial risks of major incidents (this is in addition to the General Fund Reserve of £5m).

Governance: The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported in the quarterly Budget Monitoring Report presented to the Corporate Governance Board (CGB), if appropriate.

- Further details on liabilities are on pages 43 and 62 of the 2021/22 statement of accounts.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax and core government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget
Financing costs (£m)	3.6	4.1	5.0	6.9	7.3
Proportion of net revenue stream	1.68%	1.83%	2.16%	2.92%	3.01%

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 25 years into the future.

Proposed Capital Programme

A summary of the proposed Capital Programme for 2023/24 is shown in the table below.

<i>Proposed Capital Programme 2023/24</i>			
Expenditure	£000	Funding	£000
Property	1,711	Borrowing Requirement	9,757
Information Technology	7,325	Revenue Contributions	100
Vehicle Fleet	1,450	3 rd Party Contributions	1,084
Corporate Projects	455		
Emergency Services Network			
Total	10,941	Total	10,941

Financing

From 2022/23 the Home Office capital grant has ceased. After the application of revenue contributions and other funding sources, the 2023/24 borrowing requirement is **£9.8m**.

The Capital Programme assumes that the 2023/24 borrowing requirement of £9.8m is financed through loans from the Public Works Loan Board (PWLb). Revenue resources are set aside over the life of the asset to repay the borrowing.

Knowledge and Skills

The PCC / Force employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.

Where staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The PCC currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the PCC / Force has access to knowledge and skills commensurate with its risk appetite.

Background Papers

Home Office Settlement Notification via the Home Office website.

TREASURY MANAGEMENT – INVESTMENT STRATEGY

Revised January 2023.

1. Introduction

- 1.1. Treasury Management is defined as the management of the Police and Crime Commissioner's (PCC) investments and cash flows, banking and financing of capital expenditure; the effective control of the risks associated with those activities, balanced against the relative performance.
- 1.2. A key activity of Treasury Management is to ensure that the cash flow is adequately planned, with cash being available when it is needed. Any surplus treasury management funds should be invested in low risk counterparties in line with the strategy of providing security of the capital and sufficient liquidity before investment return.
- 1.3. Capital financing decisions provide a guide to the borrowing need of the PCC. In essence, this involves longer term cash flow planning to ensure that capital spending obligations can be met. The management of the longer term cash balances may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasions any current loans may be restructured to meet the PCC's risk or cost objectives.

2. Statutory Requirements

- 2.1. The 'Code of Treasury Management' published by the Chartered Institute of Public Finance and Accountancy (CIPFA), and recommended by the Home Office, has been adopted by the Office of the Police and Crime Commissioner for Leicestershire ("the OPCC").
- 2.2. In 2018 CIPFA revised the Code and the Prudential Code for Capital Finance, the key changes being:
 - The definition of 'Investments' in the revised TM Code now covers all the financial assets of the organisation, as well as other non-financial assets which the PCC may hold primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations.
 - A revised TM Code covers investments made for reasons other than treasury management with the requirement that these are proportional to the resources available and that the same robust procedures for the consideration of risk and return are applied to these investments.
 - The Prudential Code, which also applies to police and fire authorities, recommends that a Capital Strategy is produced giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

- 2.3. In addition, the Ministry of Housing, Communities and Local Government (MHCLG) issued revised guidance on Local Authority investments in February 2018 that requires the PCC to approve an investment strategy before the start of each financial year. Investments now include all the financial assets and those non-financial assets held primarily or partially to generate a profit, including investment property and loans to subsidiaries and third parties.
- 2.4. This report fulfils the OPCC's legal obligations under the Local Government Act 2003 to have regard to both the CIPFA Code and MHCLG guidance in relation to treasury activity.
- 2.5. The Treasury Management Strategy is approved annually to run from 1st April to the following 31st March, but can be revised at any time during the year.
- 2.6. The Local Government Act 2003 included capital regulations that applied from 1st April 2004. These regulations allow the OPCC freedom to borrow to fund capital expenditure provided it has plans that are affordable, prudent and sustainable. The requirements are covered in the Prudential Code.

3. Treasury Management Strategy

- 3.1. The OPCC has potentially large exposure to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the OPCC's treasury management strategy.
- 3.2. The ongoing impact on the UK from the War in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook will be major influences on the OPCC's treasury management strategy for 2023/24.
- 3.3. The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.
- 3.4. The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 3.5. CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in

interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.

- 3.6. The core aim of the Treasury Management Strategy is to have an appropriate balance of borrowing and investments, in keeping with the principles of affordability and prudence and maintaining longer-term stability. The OPCC's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 3.7. The OPCC has appointed Arlingclose as treasury management advisers to provide specific borrowing and investment advice as well as capital financing, technical and accounting advice.

Managing daily cash balances and investing surpluses

- 3.8. In order that the OPCC can maximise income earned from investments, the target for the uninvested overnight balance in the current account is a maximum of £15,000.
- 3.9. At any one time, the OPCC has between £10m and £40m (depending on the cash flow) available to invest. This represents income received in advance of expenditure plus balances and reserves.
- 3.10. Currently most of the PCC's surplus cash is invested in short term unsecured bank deposits and money market accounts.

Credit Rating Agencies

- 3.11. There are three main credit rating agencies that provide a view on the credit worthiness and security of financial institutions.
- 3.12. The three credit rating agencies are:
 - Fitch
 - Standard and Poor's
 - Moody's.

Their range of ratings for financial institutions are as follows:

Credit Rating Agency	Highest long-term investment grade rating	Lowest long-term investment grade Rating
Fitch	AAA	BBB-
Standard and Poor's	AAA	BBB-
Moody's	Aaa	Baa3

- 3.13. We have employed the services of Treasury Management Advisers Arlingclose who monitor, on a continual basis, the ratings provided to financial institutions and indeed countries where those institutions are based.
- 3.14. They provide this information on a regular basis and alert clients if there are changes to any of the ratings as well as tailoring their advice based on other information they have at their disposal and further checks that they carry out.
- 3.15. Before making investments the current ratings of the financial institution where the investment is to be made will be checked to ensure that they are within the limits set within this treasury management strategy.
- 3.16. Security of investment remains the priority ahead of investment returns.

Revised Credit Ratings

- 3.17. The OPCC defines “high credit quality” as those organisations and securities having a credit rating of:

- ☐ A- or higher that are domiciled in the UK
- ☐ A- or higher that are domiciled in a foreign country with a sovereign rating of AA+
- ☐ A- or higher for Money Market Funds

- 3.18. The limits set out above will ensure that investments can be made in more financial institutions but security of investment is not compromised.
- 3.19. This treasury management strategy also seeks to broaden the investment instruments that can be used. The following investment instruments can be used when investments are made:

Unsecured Bank Deposits

- 3.20. This includes investments in call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with UK and non-UK banks and UK building societies with high credit quality as defined above.
- 3.21. These investments are nevertheless subject to the risk of credit loss via a “bail-in” should the regulator determine that the bank is failing or likely to fail. The counterparty list is determined by the treasury advisor based on various criteria including, but not limited to, credit ratings and other credit metrics, as well as research.
- 3.22. Investment limits will be set by reference to the lowest published long-term credit rating from the major rating agencies (Fitch, Moody’s or Standard & Poor’s). Investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered. Information on all of the credit ratings is clearly summarised by Arlingclose which sets out the institutions that can be invested in according to the set criteria.

Secured Bank Deposits

- 3.23. Investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.
- 3.24. These are 'designated investments' which can be transacted by Professional Clients under MiFID II. As at March 2019 we have been re-classified as a professional client and therefore these instruments have become available.

Government

- 3.25. This will include loans to and bonds/bills issued by or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in risk. Bonds and bills are also a designated investment tool and therefore can only be used if we are re-classified as a professional client.
- 3.26. Investments in non-UK national Governments will be subject to them having a minimum sovereign rating of AA+.
- 3.27. Investments with the UK Central Government may be made in unlimited amounts for up to 10 years. The UK's Debt Management Office currently takes loans for periods up to 6 months.
- 3.28. A very small number of local authorities are credit rated and their long-term ratings range from AA to A+.
- 3.29. The security for loans to UK local authorities stems from the local government finance framework, creditor protections and likelihood of central government support (or intervention for those facing particular budgetary challenges).
- 3.30. Loan principal along with any interest due is charged on the revenues of the borrowing authority. All loans rank equally including those from the PWLB, banks and other local authorities, without any priority.
- 3.31. No investments will be made to a local authority where a S114 Notice has been issued and is still in operation.

Pooled Funds

- 3.32. Collective investment schemes, generally referred to as pooled funds, have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee.
- 3.33. Short-term Money Market Funds (MMFs) that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts.
- 3.34. Pooled funds whose values change with market prices and/or have a notice period will be used for longer investment periods for that element of the OPCC's funds which can be invested for periods in excess of 12 months. Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term.

- 3.35. These allow diversification into asset classes other than cash without the need to own and manage the underlying investments. The risk and reward characteristics of these funds and their appropriateness for the OPCC's investment portfolio and time frames will be carefully considered in conjunction with advice from the treasury advisor.
- 3.36. The funds' performance and continued suitability in meeting the investment objectives will also be monitored regularly.
- 3.37. Pooled funds will only be utilised following specific advice from the OPCC's Treasury Advisers and after consultation with the OPCC's S151 officer and the Chief Constable's S151 officer.
- 3.38. Some of these funds can only be transacted by 'Professional' clients under MiFID II. As a professional client we would be able to use some of these funds.
- 3.39. In the event that cash balances are available for more than one year, the OPCC will seek to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. Pooled funds can help towards achieving this aim.

Risk Assessment and Credit Ratings

- 3.40. Credit ratings are obtained and monitored by the Commissioner's treasury advisers, who will notify the OPCC and the force finance team of ratings and changes as they occur.
- 3.41. Where an entity has its credit rating downgraded so that it fails to meet the OPCC's approved investment criteria then:
- no new investments will be made in that entity
 - any existing investments that can be recalled or sold at no cost will be
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 3.42. In these circumstances advice will be sought from the treasury advisers and the OPCC/Force's S151 officer will be consulted with regard to the next steps to be taken.

Summary of Amounts and Durations of Investments

Credit rating	Banks/Building Societies unsecured	Banks/Building Societies secured	Government including LAs
UK Govt	n/a	n/a	£ Unlimited 10 years
AAA, AA+, AA, AA-	£3m 3 years	£3m 4 years	£3m 5 years
A+	£3m 2 years	£3m 3 years	£3m 3 years

A	£3m 13 months	£3m 2 years	£3m 2 years
A-	£3m 6 months	£3m 13 months	£3m 13 months
None	£1m 6 months ¹	n/a	£3m 13 months ²
Pooled funds	£3m per fund		

Note: The durations highlighted in the table are maximum durations for investments. However, the recommended durations will vary on a regular basis depending on what is happening in the market. These recommended durations are contained within the regular credit rating updates provided by Arlingclose and will be used for the day to dealings.

Other information on the security of investments

- 3.43. The OPCC understands that credit ratings are good, but not perfect, indicators of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 3.44. The OPCC and force finance team will rely upon the treasury management advisers to highlight and communicate emerging issues on counterparties as a matter of urgency.

Investment Limits

- 3.45. The OPCC's General Fund revenue reserves available to cover investment losses were £5 million on 31st March 2022. In order that available reserves are not put at risk in the case of a single default and taking into account the in-year level of cash balances, the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million.
- 3.46. A group of banks under the same ownership will be treated as a single organisation for limit purposes.
- 3.47. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Borrowing

¹ Some Building Societies do not apply for a credit rating. However, in the opinion of our Treasury Advisers they are as secure as the A- rated banks. Strictly speaking they are an unrated, nevertheless we may wish to consider investing some of our funds with them. These are the only investments in unrated financial institutions that will be authorised.

² Most local authorities are included in this category as they do not have an official rating but are seen as a secure investment option. Authorities subject to a S114 notice will not be invested in.

- 3.48. The OPCC currently holds a £12.1m loan with the Public Works Loans Board (PWLB).
- 3.49. Capital expenditure forecasts show that the PCC expects to borrow up to £7.5m over the remainder of 2022/23.
- 3.50. The main objective when borrowing funds is to strike a balance between securing low interest costs and achieving certainty of those costs over the period for which the funds are required.
- 3.51. The strategy continues to address the key issues of affordability. With short-term interest rates currently lower than long term rates, it is likely to be more effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.52. By borrowing internally, the OPCC is able to reduce net borrowing costs (despite forgone investment income) and reduce overall treasury risk. The benefits of internal versus external borrowing will continue to be monitored.
- 3.53. In addition, the OPCC may borrow short term loans to cover unplanned cash flow shortages.
- 3.54. The recommended sources of long-term and short-term borrowing are:
- Public Works Loan Board (PWLB) and any successor body
 - UK Local Authorities
 - Any bank or building society authorised to operate in the UK.
- 3.55. Whilst the OPCC has previously raised all of its long term borrowing from the PWLB other options will be explored at the point of borrowing to ensure that the most favourable rates and terms are secured.
- 3.56. Short term and variable rate loans can leave the OPCC exposed to the risk of short term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the Treasury Management Indicators.
- 3.57. Arlingclose will assist the PCC with borrowing analysis. Its output may determine whether or not the PCC borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.58. The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current redemption rates determined by the PWLB. These often lead to high premium costs on premature redemption. The OPCC and its treasury advisers will nevertheless keep the loan portfolio under review during the remainder of 2022/23 and throughout 2023/24 to see whether a saving could be achieved on the overall interest costs.
- 3.59. The PCC will not borrow more than or in advance of its needs purely in order to profit from the investment of extra sums borrowed. Any decision to borrow in

advance will be within the forward approved Capital Financing Requirement estimates and will be considered carefully to ensure value for money can be demonstrated and the PCC can ensure the security of such funds.

4. Latest Position regarding Treasury Management

- 4.1. The banking sector continues to show signs of instability alongside the wider economy. Exposure to individual institutions will be diversified by counterparty and also through the use of Money Market Funds (where appropriate) in which the underlying investments are very highly spread and also very liquid. This is in keeping with the OPCC's stated aim of protecting the principal (cash) amount.
- 4.2. Funds are placed with institutions based on (a) available headroom and (b) rate of return – this is a daily decision-making process. A balance is struck between the desired level of return and the need to provide liquid funds to meet the OPCC's obligations i.e. supplier payments, payroll costs and tax liabilities.
- 4.3. Continued monitoring of institutions' credit ratings and other credit metrics takes place and is reported to the Corporate Governance Board throughout the year via the "Treasury Management Performance" report.
- 4.4. The Bank of England has increased the bank rate to 3.5%, with some financial markets implying that that it may reach a peak of 5.25%. Future policy rates are not, however, guaranteed and a lot hinges on the economy's strength and the inflation outlook.
- 4.5. On this basis the investment income budget Rate has been set at £300,000 for 2023/24.

<u>Financial Year</u>	<u>Interest Income</u>	<u>Comments</u>
2017/18	£0.05m	Actual
2018/19	£0.10m	Actual
2019/20	£0.15m	Actual
2020/21	£0.01m	Actual
2021/22	£0.01m	Actual
2022/23	£0.25m	Forecast
2023/24	£0.30m	Budget

- 4.6. Given the continued uncertainty in the economy an ongoing review of the Treasury Management Strategy will be undertaken during 2023/24 to review whether there are other investment options available.

5. Borrowing Limits

- 5.1. In accordance with the Prudential Code it is a requirement that the OPCC set borrowing limits for the next three years and upper limits on fixed and variable interest rate exposures. These limits are intended to reduce risk. It is proposed that the limits should be as follows:

		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
(i)	Total authorised borrowing limit*	25.9	31.8	33.7	36.6
(ii)	Long term liabilities	2.5	2.5	2.5	2.5

*includes headroom for short term borrowing - £1m for each year

- 5.2. The interest rate risk indicator is set to control the OPCC's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rate will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£61,342
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£(61,342)

The impact of change in interest rates calculated on the assumption that maturing loans and investments will be replaced at current rates.

- 5.3. The Prudential Code also recommends that the Police and Crime Commissioner sets upper and lower limits for all of its borrowing to control exposure to refinancing risk. The following limits are proposed:-

	Upper Limit	Lower Limit
Under 12 months	50%	0%
Between 12 months and 24 months	50%	0%
Between 24 months and 5 years	60%	0%
Between 5 years and 10 years	90%	0%
Between 10 years and 15 years	100%	0%
Over 15 years	100%	0%

- 5.4. The purpose of the upper and lower limit is to make sure that the debt portfolio is diversified appropriately over different durations to ensure that not too much borrowing is maturing at the same time and therefore subject to market conditions at the point of maturity.

6. Principal sums invested for long periods longer than 364 days

- 6.1. The purpose of this indicator is to control the exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£2m	£2m	£2m

7. Changes to the Treasury Management Strategy

- 7.1. The Treasury Management Strategy can be amended in year by the S.151 officer of the OPCC who will have consulted with the Police and Crime Commissioner and the Force's ACO (Resources) prior to making any changes. Any changes will be the subject of a formal decision record.

POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

POLICE AND CRIME PANEL

Report of	OFFICE OF POLICE AND CRIME COMMISSIONER
Subject	OPCC OFFICE STRUCTURE UPDATE REPORT
Date	WEDNESDAY 1 FEBRUARY 2023
Author	MIKE VEALE, OFFICE OF POLICE AND CRIME COMMISSIONER

Purpose of Report

1. To provide the Police and Crime panel members with an update on the Office of Police and Crime Commissioner organisational structure

Recommendation

2. To note the contents of the report.

Introduction

The Police and Crime Commissioner (PCC) has a number of statutory responsibilities as set out in the Police Reform and Social Responsibility Act 2011, these are listed below:

- a. Secure efficient and effective police for their area*
- b. Appoint a Chief Constable, hold them to account for the running of the force, and if necessary dismiss them*
- c. Set the police and crime objectives for their area through a Police and Crime Plan*
- d. Set the force budget and determine the precept*
- e. Contribute to the national and international policing capabilities set out by the Home Secretary; and*
- f. Bring together community safety and criminal justice partners, to make sure local priorities are joined up.*

The responsibility for holding the Chief Constable and the Force to account is defined in law. There are a number of ways for the Police and Crime Commissioner (PCC) to undertake this role. Most importantly the Office and the Police and Crime Commissioner (OPCC) needs to be streamlined and structured to deliver high quality services to the communities of Leicester, Leicestershire and Rutland.

In order for the OPCC to fulfil this responsibility the PCC wished to satisfy himself that his own team were delivering their functions in an efficient and effective way and were proficient in delivering the Police and Crime Plan. To that end he requested a detailed review of the OPCC to be undertaken.

The Review

The review focussed upon the following areas:

- roles and responsibilities of the staff within the OPCC,
- the organisational structures,
- a paper review on the governance structures in place May 2021,
- review of the minutes of meetings,
- post profiles and job descriptions,
- interviews with colleagues,
- consultation with stakeholders,
- consultation and engagement with staff,
- and comparisons with other OPCC in the region

It is unfortunate that from the beginning of the PCC's tenure on 13th May 2021 there appeared to be a difficulty in gaining from senior colleagues in the organisation the clear appraisal of the efficiencies and inefficiencies of each department that was requested.

From the outset the PCC was clear about his requirements and expectations. He wanted a structure that is:

- Less hierarchical and more empowering
- Greater accountability and outcomes driven
- Greater coherence and alignment with the Police and Crime Plan
- Right people with the right skills in the right place to deliver the police and crime plan
- Organisational values to define the culture
- Retain staff whenever possible
- Restructure to be managed on advice from HR specialists
- Teams to work closely together with greater unity and less silo working
- Audit trail for decisions particularly relating to contracts for employees
- Greater investment in the training and development of colleagues

Findings

The following issues were derived from the review:

- **Silo mentality.** A tendency for staff to report and discuss only within their section.
- **Hierarchy.** The OPCC operated a very hierarchical system where each person reported to the person immediately above them which inhibits innovation and productivity.
- **Lack of accountability.** There was a damaging and high-risk degree of informality about decision making.
- **Too many meetings and bureaucracy.** There were no reports coming back to the PCC after staff had attended meetings, no sign of policy being influenced and a worrying lack of accountability. Most of this work could be done in writing.
- **Lack of dedicated financial oversight.** Whilst there was no criticism of the then CFO the PCC saw an anomaly with no independent oversight.
- **People Zones.** This initiative is vital and important, but was under-resourced and lacking clarity. There were projects and personnel that should have their role redefined to ensure they were working full time on this important area of business.

- **Holding to Account.** The PCC found limited scrutiny and on occasion no accountability of the Chief Constable and the force.

In summary, there were many areas of poor performance in the OPCC which undermined the efficiency of the OPCC, leading to a dysfunctional operational modus operandi.

One of the most concerning traits within the organisation was the clear unproductive overlaps across roles and responsibilities. Job descriptions were out of date and a lack of formal contracts for a variety of informal job changes across departments. This was posing a significant risk to the OPCC and the efficient working of the organisation. Most importantly it clearly created a residual risk of inequality.

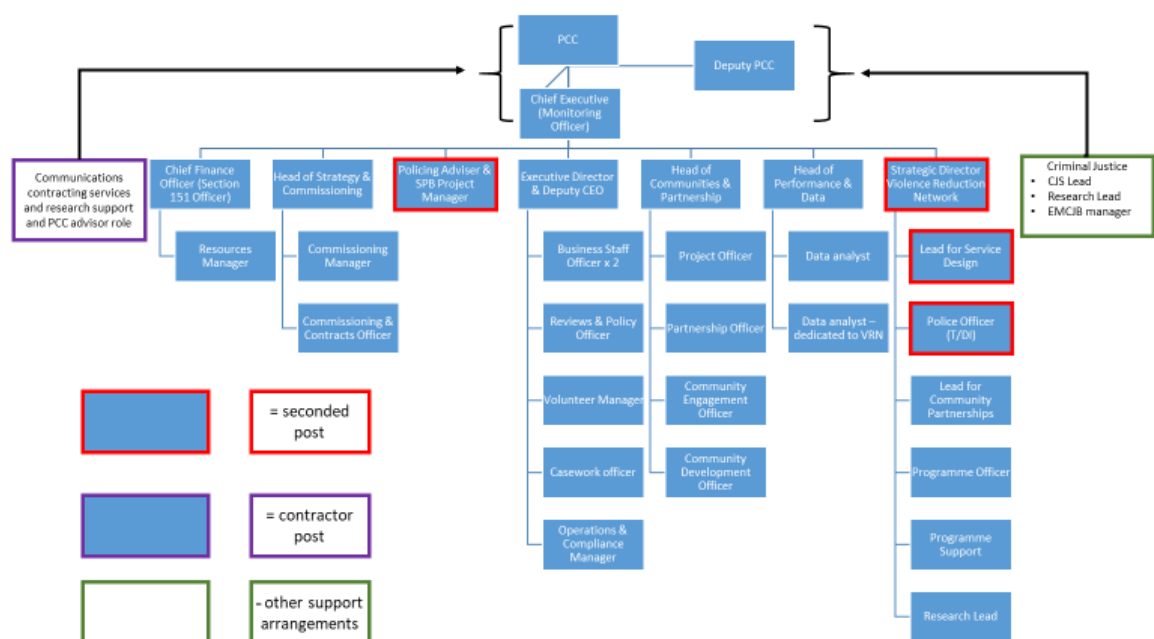
Significant performance issues were identified within multiple areas of business which had not been previously addressed. Put simply, the organisational infrastructure was not fit for purpose and undermined its ability to fulfil its statutory responsibilities. For instance, the risk management was in disrepair, there were no HR policies, many policies were simply not viable and there was no overarching strategy for delivery or evaluation.

A separate report into the OPCC contracts and commissioning activity has recently been presented to the Police and Crime Panel providing a compelling body of evidence to show how inefficiency was impairing service provision. This report illustrated how the team has been restructured to operate efficiently and effectively with tangible reporting structures.

It is strongly felt, supported by evidence, that the cost and investment in the OPCC was not providing value for money, i.e. the investment did not reflect delivery.

Organisational structure

The organisational structure as of the 13th May 2021 when the PCC commenced his tenure is represented in the following diagram.

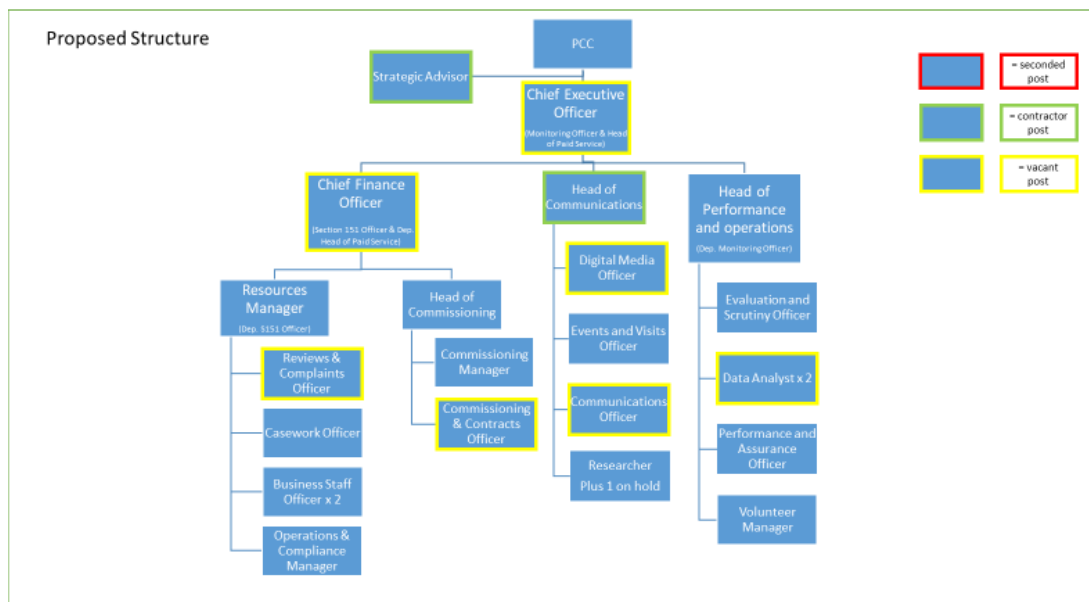


The cost of the structure was as follows:

	Previous Structure £
PCC/DPCC	109,745
Senior Leadership Team	230,459
Executive Support	236,458
Performance	102,331
Finance	61,629
Commissioning	175,974
Communities & Partnership	221,529
Communications	54,000
	1,192,127

As a result of his findings the PCC decided that the office should be restructured in a measured and cost-effective way. The PCC approached the changes with a “blank canvass” mindset so that his analysis was not unduly influenced by personalities or tradition.

The restructure led to changes in the organisation. Those changes are as follows:



The cost of those changes are as follows:

	Revised Structure
	£
PCC/DPCC	103,377
Strategic Advisor	65,000
Senior Leadership Team	204,283
Commissioning	175,974
Communications	210,121
Finance & Business Support	270,081
Performance & Operations	246,608
Total Cost	1,275,444
Difference from previous structure	52,729
Percentage Increase	4.3%

Due to the changing and evolving policing and financial landscape regular informal reviews of the structure have been undertaken to ensure that if further efficiencies could be further identified with limited or no cost changes would continue to be made.

Restructure of the Senior Leadership Team following the introduction of the DPCC – OPCC January 2023

In order to ensure the introduction of the Deputy Police and Crime Commissioner was cost neutral, opportunities to reduce costs in the management and leadership of the OPCC were explored.

In line with the operating principles it was agreed there should be less managers and more staff at the operational level.

In order to achieve these principles senior colleagues within the OPCC were consulted and an alternative senior leadership structure for the OPCC was considered.

A recommendation was provided to the Police and Crime Commissioner which suggested a restructure of the senior leadership team so that there were less managers within the OPCC.

The structure for the non-statutory posts in May 2021 was as follows:

- Head of Performance
- Head of Commissioning and Strategy
- Head of Partnership and Engagement
- Deputy CEO and Executive Director

The recommendation to the PCC was to adopt the following structure:

- Director of Governance and Performance
- Director of Strategy and Commissioning and Partnership

The costed changes for the organisation are as follows:

Cost of Senior Management Team	£
Previous PCC	590,827
Proposed new structure	473,762

The proposed changes in the above table are benchmarked against the organisational structure in place in May 2021. The cost of each post is a like for like comparison. Adjustments have been made to take into consideration the increased inflationary costs for each salary.

The main difference in the benchmarking process and the structure relates to the then Chief Finance Officer, who was working simultaneously for the Force and the OPCC which reduced their salary to £6,000 per annum.

For clarity the PCC has made the decision to retain the position of having a full time Chief Finance Officer (CFO) dedicated to the OPCC

The other main difference is that the Deputy Police and Crime Commissioner in the previous PCC's term (prior to 2021) was part-time which reduced their salary to £31,752 in comparison to the £58,800 as set at present.

It should also be noted that the remuneration to the PCC and Deputy PCC is set nationally.

Recommendations for the restructure were focussed upon how the leadership of the OPCC could be improved by creating greater clarity for staff, streamlining decision making and empowering staff to maximise their contribution to the organisation.

The first recommended new role is known as the **Director of Governance and Performance** based upon a salary cost of £64,716 (subject to job evaluation). The post holder will be the strategic lead for governance and performance which will create greater clarity for not only stakeholders but in the OPCC.

The second role will also be at director level and will be named the **Director of Strategy, Commissioning and Partnerships**. This post will be responsible for the strategic direction and operational delivery of the strategy, commissioning and partnership functions of the OPCC.

The role is based upon a salary cost of £64,716 (subject to job evaluation).

In order to test this model and in line with good practice a pilot will be conducted to ensure the outcomes anticipated can be achieved.

In order to support this approach, the Chief Constable has agreed that a Chief Inspector, who is already deployed within the OPCC, can undertake this role for the foreseeable future for developmental reasons. This presents a cost saving for a minimum of 12 months.

The proposed changes will create a potential saving of in excess of £100,000 per annum.

This structure was approved by the PCC and was implemented/introduced on 9th January 2023.

Staff Turnover

It is well known and accepted that any organisational changes very often result in personnel feeling disorientated or their performance dips. This OPCC is no different and significant changes have been implemented to create an organisation which is fit for purpose and delivering improved performance.

It should be recognised that following a brief spell of turbulence, which was entirely expected, the organisation is performing at a higher level and providing a better quality of service.

The posts removed from the organisational structure since May 2021 is as follows:

- CFO part-time replaced with a full-time post
- Deputy Chief Executive Officer
- Head of Commissioning and Strategy
- Head of Communities and Partnership
- Casework officer

As highlighted earlier, organisational changes inevitably lead to changes in personnel. It is difficult, due to the size of the OPCC, to share information about personnel changes which would identify individuals.

That said, the following information is provided in the spirit of openness.

- One person departed by mutual consent
- Two people departed for retirement/redundancy
- Four people moved for career advancement
- Three people left for personal reasons

Colleagues leaving the organisation during periods of transformation inevitably create some organisational risks therefore these were closely managed.

Of note of course, is the fact that two people left during 2022. The CEO and a member of staff on promotion to a regional policing unit.

Since May 2021, 12 people have been recruited in to a variety of roles.

The changes in personnel have created significant opportunities with a renewed vigour within the organisation, new people flourishing and developing and a tangible shift in culture and outcomes.

Role of Chief Executive

The role of Chief Executive was vacated by the post holder mid 2021 and was replaced on a temporary basis by a colleague within the OPCC.

Unapologetically, this was seen as a development opportunity for OPCC colleagues.

That colleague, who left on promotion, was replaced by another member of the OPCC team to cover the period until the substantive post-holder arrived in January 2022. This was a valuable development opportunity for that member of staff.

It is accepted business practice to utilise internal colleagues in an interim capacity due to their knowledge of the organisation.

Regrettably the substantive postholder left the organisation.

At this time, the recruitment process for the new Chief Constable was well underway and therefore it was decided that the previous Interim Chief Executive would be reinstated to oversee the recruitment amongst other key tasks.

It should be noted that the interim postholder, with the support of the PCC's Strategic Advisor, created stability within the OPCC, made significant improvements to service delivery, implemented organisational restructure and created significant performance improvement.

For understandable reasons, the recruitment process took longer than anticipated at the outset. However, once the new Chief Constable was officially appointed, the interim post holder stepped back from the role as agreed.

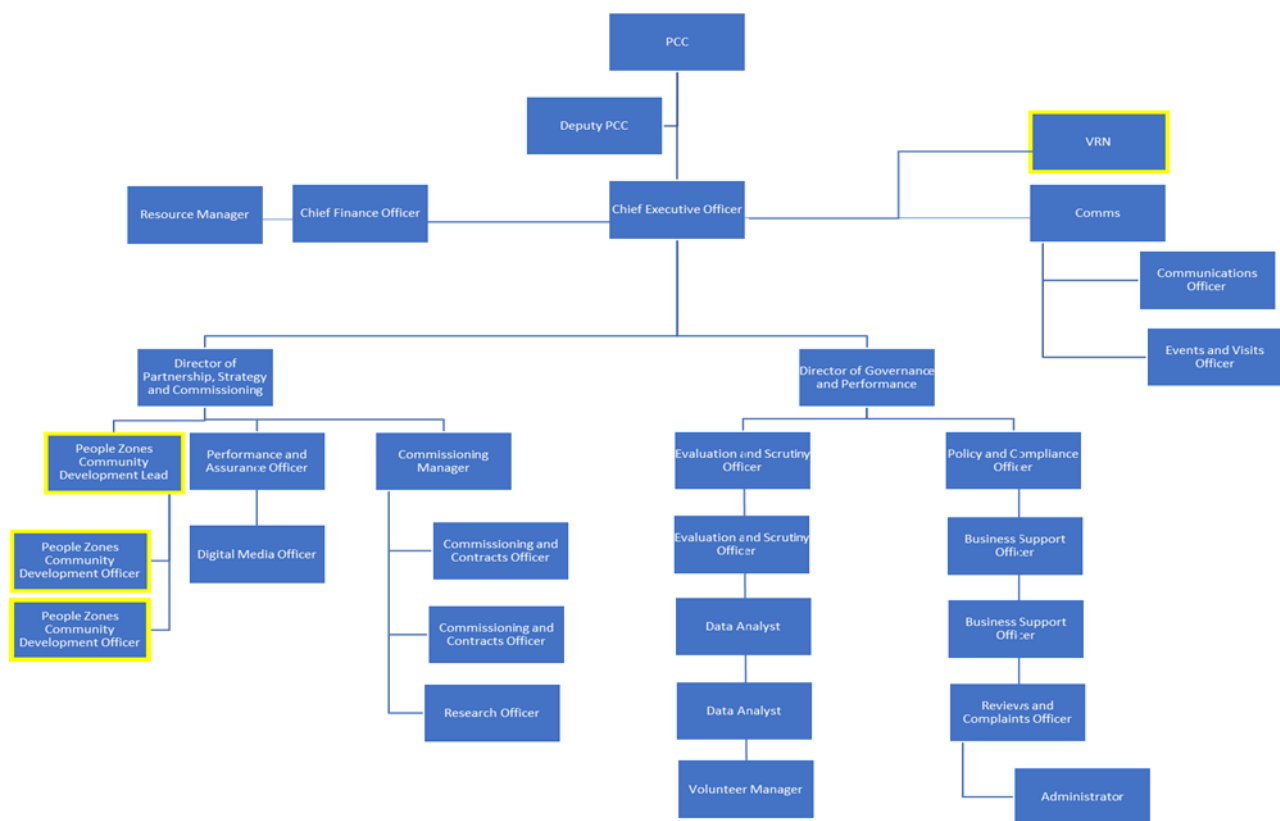
To maintain stability, sustain momentum and deliver the key priorities within his Police and Crime Plan, the PCC asked the Strategic Advisor to cover the role of Interim Chief Executive, given his experience within the OPCC.

Chief Finance Officer

The role of Chief Finance Officer has been occupied since November 2021 by the current post holder. The recruitment for the substantive post will be advertised in the near future.

Current Structure

The current structure is below. The changes to the organisation will not only enhance the service to the public but will enable the PCC/DPCC to have a sharper focus on partnership working.



Please note that the VRN is a partnership commissioned service

People Zones are commissioned services

	Proposed Structure
	£
PCC/DPCC	182,885
Senior Leadership Team	290,877
Commissioning & Partnerships	268,591
Communications	146,280
Governance and Performance	422,214
Total Cost	1,310,848

Conclusion

The organisational structure has been transformed and it is believed that the OPCC is now fit for purpose to not only enable the PCC to deliver his Police and Crime Plan but also fulfil his statutory responsibilities.

There are clear and tangible benefits being produced by the OPCC which are strong indicators of organisational performance.

The Commissioning team now has a strong and modern approach to managing contracts and commissioning. This team has recently been reviewed by the internal auditor who will report their findings in the near future.

The approach to risk management has been improved and continues to be fit for purpose having come from a position of irrelevance and ineffectiveness.

The management of Reviews for Police Complaints has been transformed and is now a resilient and high performing area of the business, indeed, has received positive feedback from the Independent Office of Police Complaints.

The approach to holding the Leicestershire Police has been transformed through the Corporate Governance Board and is now more incisive and coordinated.

The management of correspondence and responding to the public has been changed so that it now provides a higher quality of service. This was an area of poor performance with waiting times for response to calls and correspondence at unacceptable levels.

The morale of the organisation has improved significantly and the stability and performance of the team is sound and efficient.

Implications

Financial: None

Legal: None

Equality Impact Assessment: None

Risks and Impact: None

Link to Police and Crime Plan: Intrinsic to the delivery of the Police and Crime Plan

Communications: None

List of Appendices - None

Background Papers - None

Person to Contact

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POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

POLICE AND CRIME PANEL

Report of	OFFICE OF POLICE AND CRIME COMMISSIONER
Subject	ETHICS AND TRANSPARENCY PANEL
Date	WEDNESDAY 1 FEBRUARY 2023
Author	SHRUTI PATTANI, INTERIM HEAD OF PERFORMANCE AND OPERATIONS, OFFICE OF THE POLICE AND CRIME COMMISSIONER

Purpose of Report

1. The purpose of this report is to provide an introduction to the new Ethics and Transparency Panel, give an overview on the background of its members and provide a summary of the first meeting.

Recommendation

2. It is recommended that members comment on the contents of the report.

Background

3. The Ethics and Transparency Panel was established by PCC Rupert Matthews in September 2022 with the intention of providing greater public independent scrutiny and a public commitment to transparent and ethical policing. Effectiveness and efficiency will be closely monitored in order to enhance external and internal trust and confidence in ethical governance, policing and decision-making.
4. The Panel will scrutinise officer and staff conduct, complex operational or personnel issues, including ethical dilemmas and advise on broad thematic issues and where necessary, live operations or events. The Panel will undertake dip-sampling of crime files including; custody records, complaints, rape, specified interactions with the public including Body Worn Video (BWV) footage to ensure that the highest standards of fairness, professionalism and integrity are embedded within Leicestershire Police. It is recognised that the trust and confidence in the Police Service is reducing and the police landscape is becoming more challenging and complex. Therefore, there will be emphasis on policies, processes and procedures allied to reducing corrupt behaviour, malpractice, misuse/abuse of powers or other types of criminal behaviour.
5. Albeit an advisory body, the Panel will have the authority to examine, discuss and make formal recommendations in writing to the Police and Crime Commissioner (PCC) and/or the Deputy Police and Crime Commissioner

NOT PROTECTIVELY MARKED

(DPCC). The Panel have proposed that the Office of the Police and Crime Commissioner (OPCC) provide a bi-annual report to the Panel outlining the PCC/DPCC's responses to any recommendations.

6. The administration of the Panel meetings will be undertaken by the OPCC and the work of the Panel will be overseen by the OPCC's Chief Executive Office and Head of Performance and Operations with support from the Evaluation and Scrutiny Officer.

Panel Members

7. Following the selection process, 7 applicants were successfully appointed for a term of 2 years. Membership of the panel is extremely diverse and a true representation of the culturally diverse local communities being served.
8. The Ethics and Transparency Panel is made up of the following members:
 - a. **Ms Bushra Ali** – Founder and Managing Director at Bushra Ali Solicitors.. *Bushra has served as part of a number of Boards and Law Society Committees and has undertaken extensive community impact work, regularly lead on campaigns and regularly delivers leadership training*
 - b. **Miss Emma Hart** – Manager in a Global Consulting Firm. *Emma has a wealth of experience in understanding and overcoming complex challenges against multi-agency landscapes, acting as a trusted advisor to improve service delivery within safeguarding, welfare and corporate services. Emma is also a Trustee to the Board for Women's Aid (Leicestershire).*
 - c. **Ms Jawaahir Daahir** – Senior qualified Social Worker with over 22 years' experience in the social care sector in services delivery and management for vulnerable children adults and families. *Acknowledged locally, regionally and nationally for hard work and effort in supporting local disadvantaged children, families and communities.*
 - d. **Dr Louise Bradley** – Research Fellow with a PhD in Social Psychology and is currently working at Safer Young Lives Research Centre, University of Bedfordshire. *For the past 4 years, Louise's research has been in the field of sexual violence and improving services and outcomes for those affected by sexual violence.*
 - e. **Mr Matthew Youngs** – Graduate Management Trainee for Loughborough University and co-lead on an organisation wide review of due diligence, examining approaches to ethics, risk, finance and governance assessments in departments. *Matthew holds roles of Trustee and Directorships at National Association of Nightlines, Leicestershire & Rutland Wildlife Trust and Loughborough University Council.*
 - f. **Mrs Meena Kumari** – Self-employed Safeguarding, Domestic Abuse and Sexual Abuse Trainer /Consultant. *Currently working to deliver training with various agencies, including Safelives, SAFELINE and Sarah Wigley Associates. Meena has previously been the Organisational Lead for Safeguarding (Adults and Children), National Lead for Domestic Abuse and Sexual Violence and the Lead for EDI at Victim Support.*
 - g. **Mr Vipal Karavadra** – Founder and Director of Fluid Funding Ltd focusing on planning, launching and growing a whole of the market finance commercial

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brokerage. Vipal is currently a Non-Executive Director for Leicester Partnership Trust (LPT), a Board Member for the Leicester Asian Business Association (LABA) and an Enterprise Partner – LLEP Mentor at the Princes Trust. Vipal is also a Trustee for Rainbows Hospice.

Preliminary Meetings

9. The first Ethics and Transparency Panel meeting was scheduled for Friday 16th September 2022. However due to the untimely passing of Her Majesty, the meeting was postponed until further notice. Following this, regular contact remained and members were kept informed of any updates to ensure that they continued to feel a valued part of the Panel.
10. A virtual pre-meet was held on Tuesday 15th November 2022 to introduce the panel and its objectives and to answer any questions members may have ahead of the first meeting. The meeting was recorded and a follow-up email was sent to members outlining the discussions in detail. Members were invited to put themselves forward, by email, for position of Chair or Vice Chair.

Ethics and Transparency Panel Meeting

11. The first Ethics and Transparency Panel meeting took place on Friday 16 December 2022 at Force Headquarters. Apologies were received by one member of the panel and arrangements for virtual attendance were in place. The Terms of Reference (**Appendix 1**) were reviewed and shared for comment by members.
12. The purpose of the panel and the importance of its work was emphasised in order to ensure and enhance trust, confidence and transparency. The Panel were encouraged to raise emerging matters, including local issues at Panel meetings in order for them to be discussed and addressed in order to make a meaningful difference to communities.
13. Vipal Karavadra was elected as the Chair and Meena Kumari was elected as Deputy Chair at the meeting.
14. The Panel were given an overview of the dip-sampling of crime and complaint files that will be undertaken over the coming months. The Panel were also given an ethical dilemma for discussion on e-scooters and were asked to provide feedback on the current policing response. The formal minutes from the meeting have been circulated to members for comment and a copy has been attached to this report (**Appendix 2**).
15. A Forward Plan for 2023 is in the process of being drafted and will include dates for future meetings, emerging issues/topics and dip-sampling sessions. This will be shared with the Police and Crime Panel at the next meeting.
16. The Ethics and Transparency Panel meetings have been agreed to take place quarterly with the next meeting scheduled to take place on Tuesday 28 March 2023 at Force Headquarters.

List of Attachments / Appendices

Appendix 1 – Ethics and Transparency Panel Terms of Reference 16.12.2022
Appendix 2 - Ethics and Transparency Panel Meeting Minutes 16.12.2022

Implications

Finance:	The annual allowance for 7 members of the Committee, together with any expenses incurred is contained within the OPCC budget.
Legal:	There is no legal requirement to have an Ethics and Transparency Panel in place.
Equality Impact Assessment:	The recruitment process for members of the Panel was assessed to ensure no adverse impact on any of the nine protected characteristics. Targeted recruitment was undertaken to ensure the Panel incorporates a wide representation.
Risks and Impact:	The Panel provides additional independent assurance to the Commissioner that Leicestershire Police are operating within the standards expected.

Persons to Contact

Shruti Pattani – shruti.pattani1@leics.police.uk
Interim Head of Performance and Operations



Ethics and Transparency Panel

TERMS OF REFERENCE

Purpose

The Ethics and Transparency Panel is responsible for enhancing external and internal trust and confidence in the ethical governance and actions of Leicestershire Police and the Office of The Police and Crime Commissioner. The Panel will seek to do this by:

- Promoting high standards of ethical conduct and service standards
- Consider the ethical impact of any planned organisational changes
- Providing a focus for education and understanding around ethical issues.
- Scrutinising Force values and their application.
- Encouraging discussion within and outside of the organisation especially but not exclusively around issues affecting organisational culture.

Objectives

- Meetings will be largely strategic in focus and the Panel will consider a range of matters, the remit of which is flexible.
- The Panel is an advisory body and the final decision on any matter will always lie with the Police and Crime Commissioner (PCC) or Deputy Police and Crime Commissioner (DPCC).
- The Panel must feel able to challenge and where necessary ensure that matters are highlighted to members of the Police's Senior Team and/or OPCC
- The Panel will have an advisory role in providing independent assurance that crime sampling and overall complaints, are managed in an ethical and proportionate way. The PCC/DPCC and the Chief Constable could equally ask for specific assurance relating to a case involving complaints of race or sexual harassment be monitored and reported against.
- It is not expected that this Panel will scrutinise individual complaints or discipline hearings except in exceptional circumstances after the fact.

- An operational approach may be required occasionally and this can be facilitated by utilising a small cohort from the panel on a flexible basis.
- The Panel has the potential to improve and strengthen the delivery of Policing services to the public by adding value beyond audit and scrutiny.
- The Panel may receive ethical issues / dilemma's faced by officers and staff within the force. This could be opened up for submissions by anyone in any role across the force, again removing filters and demonstrating inclusivity and access.
- The Panel will provide independent insight and ensure that the highest level of ethical decision-making is being embedded when considering the service offer given to victims of crime.

Membership of the Ethics and Transparency Panel

- Panel members will be appointed for a period of up to 2 years. However, this may be subject to increase or decrease as decided by the PCC and/or DPCC.
- The Panel will have a Chair and a Deputy Chair who will be elected to the roles at the inaugural meeting. The members elected to serve as Chair and Deputy Chair will only do so for no more than a term of 2 years. The Deputy Chair will act as Chair at meetings in the absence of the Chair. If the Chair can no longer continue in this role, the Deputy Chair will act as the Chair until the formal election of a new Chair.
- If the Panel is disbanded at any point, member allowances will be paid only up until the moment of disbandment of the group or if significant work has been carried out by members, up until the following quarter to cover any expenses. This will be decided by the PCC/DPCC or in the PCC/DPCC's absence, by the Chief Executive Officer.
- Disbandment of the Panel for any reason will be decided by the PCC and/or DPCC.

Working Arrangements

The time commitment for members is to attend 4 meetings per year. There is a requirement for members to produce reports, undertake crime sampling and on occasion attend training between meeting dates to gain and produce the assurances mentioned above, as well as to meet the PCC/DPCC on an ad hoc basis as is mutually convenient. The working arrangements of the Panel will be as follows:

- a) The group will be subject to the Freedom of Information Act for any meetings conducted. Any reports and minutes will be published on the Office of the Police and Crime Commissioners ('OPCC') website.

- b) Any changes made to the Terms of Reference or membership will have to be brought to the attention of and signed off by the PCC and/or DPCC.
- c) Meetings will take place in public where possible except when considering restricted information, in which case the meeting will be in private.
- d) Locations of meetings will be in person unless there are exceptional circumstances that prevent this, in which case they may proceed virtually online.
- e) The location of meetings may vary across LLR to give a balanced representation and be dependent on suitable venues being identified, secured and safe travel conditions permitting.
- f) The PCC and/or DPCC, in consultation with the Deputy Chief Constable and the Chair, will set the agenda for each meeting and ensure that members have sufficient information in advance to contribute to discussions.
- g) Submissions for items to be included on the agenda will be made via email or by personal approach to the Chair, Deputy Chair or the OPCC by any panel member.
- h) Agendas will be published no later than 5 working days prior to the meeting date. Meeting dates will be scheduled at least 12 months in advance, however this may be subject to change with agreement from the PCC or if a quorum cannot be met and rescheduling is necessary.
- i) A quorum (minimum number of attendees) for all meetings will be three members, one of whom must be either Chair or Deputy Chair.
- j) Attending the Panel meetings will be the Chief Executive Officer of the OPCC and their deputies, the Deputy Chief Constable and the Head of Professional Standards from the Force and their deputies and others from the OPCC and/or Leicestershire Police when appropriate.
- k) Appointed members will be expected to attend all 4 meetings. Repeated non-attendance may lead to the PCC reviewing a member's suitability for appointment.
- l) Individuals with experience or knowledge specific to particular subjects may be invited to attend meetings by the Chair or PCC in order to contribute to the debate on a non-voting basis.
- m) The OPCC will offer secretarial support for agenda setting, collation and distribution of reports and minute taking.

Appendix D

Ethics and Transparency Panel Friday 16 December 2022, Main Conference Room FHQ

Present

Mr Vipal Karavadra (CHAIR), Mrs Meena Kumari, Dr Louise Bradley, Ms Jawaahir Daahir, Ms Bushra Ali, Mr Matthew Youngs

Also in attendance

Office of the Police and Crime Commissioner (OPCC)

Mrs R Mahal, Deputy Police and Crime Commissioner
Mr Veale, Chief Executive Officer, OPCC
Mr D Sandall, Deputy Chief Constable
Ms S Blair, Communications and PR, OPCC
Mrs S Pattani, Head of Performance & Operations, OPCC
Mrs C Hornbuckle, Evaluation and Scrutiny Officer, OPCC

Office of the Chief Constable (OCC)

Mr C Kealey, Head of Strategic Communications & Engagement
Mr R Ward, Head of Professional Standards

Apologies

Apologies were noted for Miss Emma Hart (Panel member) and Mrs S Pattani, Head of Performance & Operations, OPCC,

1/22 Welcome and Introductions

Mr Veale recommends that meeting times should be relooked at.

Everyone in the panel and the room then introduced themselves.

Mrs Mahal provided a summary of her remit as the DPCC to the board which included; Violence Against Women and Girls (VAWG), Violence reduction network, business crime and Volunteering.

2/22 Purpose of the Ethics & Transparency Panel

Mr Veale stated the purpose of the panel was to hold to account the ethics, conduct and standards of the Leicestershire Police to ensure trust, confidence and transparency is enhanced. Mr Veale stated it could not be underestimated the importance of this newly formed panel to support the OPCC and the force to increase trust and confidence within the communities.

Mr Veale highlighted to the board the challenges that Leicestershire Police face in regard to the budget.

Mr Veale commended Richard Ward on the performance of the Professional Standards Department (PSD). Working closely with PSD provides an excellent platform for the OPCC and the ethics panel hold the force to account for ethics, conduct and standards.

Mr Veale commended the Chief Officer Team on their openness to constructive feedback, transparency and their approach to leadership.

T/DCC David Sandall gave thanks to the panel for volunteering to be involved of the scrutiny and emphasised the openness that Leicestershire Police will provide to the panel. T/DCC David Sandall detailed the challenges that Leicestershire Police face.

Mr Ward summarised how PSD works and the different teams within it. This included the Counter Corruption, Complaints Team and Misconduct Team. He noted that the adopted learning is being collected and fed back to the force. Mr Ward noted that confidence has increased with people willing to speak out both inside the police and the public.

T/DCC David Sandall updated the recruitment side of Leicestershire Police and emphasised the percentage of new officers in comparison to the experienced officers to provide the board an insight on how officers are required to learn on the job as well as the challenges facing the force.

Mr Veale summarised the role that the OPCC with regards to conduct and standards including the handling of complaints against the Chief Constable and assured the board that this side of the OPCC is heavily invested in.

Ms Kumari noted that in the communities there is still an issue of trust and confidence. It is suggested that improved communication could be made to bridge this gap between the communities and Leicestershire Police. Mr Veale agreed with Ms Kumari and noted that the important work undertaken by the force/OPCC could be publicised more effectively in order to bridge the gap.

Mr Veale encouraged the panel to bring issues to this meeting so they can be discussed. He stated this panel will be more intrusive and incisive in their approach so that a meaningful difference could be made to the communities.

Ms Daahir commented that Leicestershire Police is a proactive police force. Ms Dahir noted that there is area for improvement in reporting crimes as there are members of communities who are vulnerable/ minority groups that do not have the confidence in reporting matters to the police. Mr Veale agreed and identified that reporting is an opportunity to increase trust and confidence and for the board to become increasingly involved with the complaint process to increase community confidence through working alongside Leicestershire Police and the OPCC.

Ms Ali commented on the accessibility issues for the communities in contacting the police. It was agreed this was important to ensure better relationships with communities and the force.

Mr Young questioned what the challenges are regarding WhatsApp in the force. T/DCC David Sandall firstly explained how WhatsApp is effectively used and noted that when the app is misused, colleagues are investigated, appropriate intelligence gathering is undertaken and appropriate sanctions are progressed. It was also noted that there is a level of self-policing of WhatsApp. Mr Ward stated that officers/staff know the consequences of the misuse of WhatsApp. New officers/staff are given a detailed briefing on the use of social media. He added that there are no issues with this currently.

Action: The Social Media Policy and bad apple data is to be added to the agenda for future meetings and scrutinised by the board with anonymised examples being utilised.

Action: T/DCC David Sandall and Mr Ward to progress.

T/DCC David Sandall suggested that an item should be added to the next agenda with the focus on the disconnect that the media has with reporting crime. This is due to the media focus on convictions rather than what must be recorded this will give greater clarity to the board. Mr Veale agrees that the reporting roles are not transpired in the media.

3/22 Terms of Reference

Mr Veale restated the terms of reference. The panel will ensure that the force and the OPCC perform at the highest level. The terms of reference were shared with the board and comments were invited if it was thought the terms of reference are to be adjusted if board members felt suitable.

Action: Morgan Carter to share these documents after the meeting.

Mr Veale noted that this document will be sent to the board members to comment on if they want to make changes.

Mr Veale noted that the board will scrutinise the OPCC AND the force.

Mr Veale clearly stated and assured colleagues that the panel will not be disbanded or challenged if the panel provides adverse feedback or criticism which is not agreed with.

4/22 Working Arrangements for the Committee

Mr Veale read through this section to the board and noted that the agenda will be formed based on issues both nationally and locally. The OPCC will administer this by working with the force.

Mr Veale noted that information for areas of scrutiny will be sent or shared with the board as appropriate as an avenue to create open and informed dialogue

5/22 Election of Chair and Deputy Chair

Vipal Karavadra is elected as the Chair and Meena Kumari is elected as Deputy Chair.

6/22 Declarations of Interest (keep as a standing agenda item)

Mr Veale noted that this agenda item should be covered in future meetings.

Ms Kumari stated her interest is VAWG.

Ms Bradley stated her interest is VAWG specifically victim blaming.

Ms Daahir stated her interest is Racial/disproportionality in policing.

Action: The colleagues on the board will share their interests with the Chair and Deputy Chair.

7/22 Dip Sampling – Crime & Complaints Files

Mr Ward gave a brief summary of dip sampling in crime and complaints and described the various levels of scrutiny.

Action: The colleagues on the board to make comments on this section and share with the Chair and Deputy Chair to speak to the CEO.

8/22 Ethical Dilemma for Discussion

T/DCC David Sandall provided details on e-scooters and the requirements that e-scooters must have. Additionally, he explained a significant challenge is that the law on E-Scooters is likely to change. He also explained the police response to policing them (Warn, inform and engage).

T/DCC David Sandall commented that Leicestershire Police are would welcome feedback on the current policing response.

Ms Daahir enquired as to why Leicestershire Police approach to E-Scooters is not publicised.

Ms Blair explained the OPCC communications approach on this issue.

9/22 Forward Plan / Dates for Future Meetings

Action: Morgan Carter to share the future dates for meetings.

Action: The Chair/Deputy to help build the agenda for the next meeting.

10/22 Questions & Open Discussion

Action: OPCC Communications to talk about this meeting describing the progress and purpose, reinforcing e-scooters and transparency.

The Chair requests if a WhatsApp group can be made.

Action: The OPCC to supply mobile numbers for the Chair/ deputy to set WhatsApp group chat. Mr Veale reinforced the need to comply GDPR.

11/22 Any Other Business

Mr Veale reaffirmed the purpose of the board and described how effective the board can be through the future discussions that will be held.

Date of next meeting

28 March 2023 10:00 – 12:00
Main Conference Room, FHQ

THE LLR POLICE AND CRIME PANELS WORK PROGRAMME 2023

DATES	ITEM	COMMENTS
Weds 1st Feb 23	<ul style="list-style-type: none"> • Pre-Cept and Budget 23/24 • Ethics & Transparency Panel update • OPCC Organisation Structure update 	Deferred from Dec meeting
Weds 16th Feb 23	<ul style="list-style-type: none"> • Provisional meeting date to be used – if veto exercised on pre-cept 	
Mon 6th March 23	<ul style="list-style-type: none"> • Police and Crime Plan update report • Domestic Abuse & Related Alcohol Use update report • Perpetrator Intervention Provision report • Local Criminal Justice Board – update report • Efficiency Savings update report • PCC Strategy Report (Estates) 	<p>To include data and outcomes</p> <p>To include specific examples and progress against the savings target</p>
Thurs 22nd June 23	<ul style="list-style-type: none"> • Recruitment and Retention update report • Leicestershire Academy report • Prevent and Hate Crime Report • S106 Funding update post review • People Zones update report 	<p>including force demographic BAME, ESOL recruit/promotion; explore reasons for officers leaving in the first 2 years of service and challenges of gaps in experience.</p> <p>to provide an insight into the work of Leicestershire Academy</p> <p>to correspond with any update on the review</p> <p>PCC to provide update on progressing s106 funds following the Panel review findings and recommendations.</p>
Weds 26th July 23	<ul style="list-style-type: none"> • Modern Day Slavery/Human Trafficking Report • Police and Crime Plan update report 	Insight report

Mon 9th October 23	<ul style="list-style-type: none"> • Annual Report for Independent Custody Visitors 	
Weds 13th December 23	<ul style="list-style-type: none"> • Police and Crime Plan update report 	
Other Suggested items to be scheduled	<ul style="list-style-type: none"> • Emergency Services Network update • Violence against women and girls 	<p>To provide update on timeline for implementation and budget impacts as programme progresses</p> <p>To receive a report looking at broader overview of crime against women and initiatives to improve women and girls confidence in policing.</p>

Notes: Budget/Precept: Proposed Precept must be notified to Panel by 1 Feb and Panel must consider by 8 Feb. If veto used, Panel's consideration must be completed by 22 February and PCC issue the final precept by 1 March

- **Working Task and Finish Groups – non-public meeting, shows panel scrutiny and support of the PCC.**

Other

- Panel visit to a Commissioned service – Panel secretariat to liaise on dates (looking towards Spring)

