

Leicester Leicestershire and Rutland Police and Crime Panel

Wednesday 2nd February 2022

Proposed Precept 2022/23 and Medium Term Financial Plan (MTFP)

At its meeting on Wednesday 2nd February 2022 the Police and Crime Panel considered the Police and Crime Commissioner's proposed Precept 2022/23 and his Medium Term Financial Plan (MTFP).

The minute of the discussion on this item serves as the Panel's report and recommendations on the proposed Precept as set out below:

The Police and Crime Commissioner submitted a report setting out the proposed precept 2022-23 and the medium term financial plan (MTFP).

The Police and Crime Commissioner (PCC) introduced the report setting out the context for Leicester, Leicestershire and Rutland (LLR) with key information relating to the policing area, the external factors that drove demand and had significant impact on policing as well as background in relation to previous funding raised locally and the split between Home Office (Core Grant) funding and council tax (pre-cept) funding.

It was noted that:

- There was a typographical error at paragraph 3, the word "deficit" should be amended to read "surplus".
- The provisional Police Grant Settlement announced on 16th December 2021 was still provisional and should be confirmed soon.
- The tax base used in setting the budget was 334,807 Band D equivalent properties which was a modest rise (approx. 1.65%) compared to 2021-22 of 329,286 Band D equivalent properties.
- The Home Office had confirmed that to maximise council tax income for 2022/23 PCC's could increase their precept on a Band D property by up to £10 without triggering a referendum.

The PCC referred to the current economic climate and advised that a lot of consideration had gone into how services could continue to be delivered against the backdrop of the LLR force being one of the lowest funded in the country. In terms of funding, the PCC assured the panel he would continue to seek to get an improved Core Grant from the Home Office, however the increase in the pre-cept was vital to enable the force to protect people today and into the future, and to provide a sustainable police service.

In terms of the public consultation, it was noted there were more than 2500 respondents with over 72% agreeing to the proposal to pay £10 more through precept on a band D property, such increase would equate to 19p per week. The PCC advised that feedback from people across LLR had been considered and this

budget was built in response to the expectations of the public and to support the Police and Crime Plan and the areas where the PCC wanted to see improvements.

The Chief Constable addressed the panel referring to the process for determining the budget, having regard to the emerging police and crime plan and indicated his support for the proposed £10 precept rise which would enable the force to achieve sustainability. The Chief Constable drew comparison to last year's discussion when the budget was based upon reserves noting that the situation was now different, and this budget was about finding a stable place. In terms of police officer growth, it was suggested this budget would allow the force to maintain 2242 officers which accords with the national uplift requirement whilst ensuring the 2021/22 recruitment profile continued and was delivered.

The Chief Constable referred to the demands on the force, including increased calls and online reporting, safeguarding responsibilities as well as the challenges of dealing with crimes that increasingly involved a digital footprint and advances in technology.

The Interim Chief Finance Officer Kira Hughes reported on the robustness of the budget, the estimates used for the budget and the adequacy of the proposed financial reserves and concluded that the budget for 2022-23 had been prepared on a robust and prudent basis and included investments which were in line with the Police and Crime plan priorities.

Members of the Panel discussed the report and thanked the collective team of the Office of the Police and Crime Commissioner (OPCC) for the clarity within the report, noting the recommendations and the Chief Constables endorsement for a £10 increase to the pre-cept.

Members were pleased to see reference to s106 funds which remained subject to a broader discussion.

Members referred to the number of 101 calls which had fallen considerably since 2016, it was queried whether the fall was because people lacked understanding of its purpose or had lost confidence in that service. In response the Chief Constable surmised that whilst there were over 300,000 calls/reports last year to the force, the online offer had also started to have an impact with increased reporting now occurring online. It was also possible some people had little confidence in 101, however it could also be seen that the number of 999 calls had risen and that was a trend other forces were seeing nationally.

The use of drones was discussed, and the Chief Constable clarified that whereas initially the drone team was a small number of people covering according to their work hours (9 to 5), there were now more people qualified so capability and capacity had increased in that team to be able to provide 24/7 cover.

Concerns were raised that there was no mention of CCTV investment and that there was no statutory requirement for local authorities to fund that. The PCC responded that CCTV was a very useful and effective deterrent and means of identifying criminals and helping make arrests. Members noted that the OPCC had been fortunate in securing funding through government to install CCTV most recently in Hinckley to address specific issues around shoplifters and rat runs and the PCC would look to secure further funding from the government for additional CCTV cameras in other high risk areas. It was also noted that each request for CCTV had to be approached on its own merits as there was limited funding and it was important that agencies worked together to make Leicester, Leicestershire and Rutland safer and to move away from a silo approach to the funding of CCTV.

A minor point was raised regarding the proposed efficiency savings statement, that it was a repeat of what had been said in previous reports without providing any detail and it was requested that i) future reports give more context and detail to what actual efficiency savings were proposed and ii) assurance be given that the efficiency savings proposed last year were achieved. The PCC agreed that more context would be given to efficiency savings in future reports and assured that there was a constant process to identify and make efficiency savings and more details could be provided around that.

Members discussed the increased cost of the OPCC noting the budget cost had risen by £165,000 and questioned how the OPCC had been reviewed over the last 12 months. The PCC explained that the cost of the office had increased every year for the last 6 years, and had fluctuated a lot in that period, the cost now was equivalent to 2.7% of the total net budget with the remaining 97.3% allocated to the Chief Constable for use on local policing and regional collaborations. Those percentages had been maintained from last year and the PCC had requested they should stay the same in future to make forecasting easier.

As regards the staffing restructure, the PCC briefly reported that:

- The Performance and Monitoring department had gone from 2 to 4 people to increase capacity to hold the force to account;
- A member of staff had been recruited to facilitate and ensure the PCC could engage with the community on a weekly basis across LLR;
- There were plans to recruit someone to specifically look after social media and use that properly as a tool for engaging with the public;
- The Acting Chief Finance Officer had returned to his substantive role as Chief Finance Officer for the force and there was an Interim Acting Chief Finance Officer in place. In due course it was intended to recruit a full time Chief Finance Officer for the OPCC and a financial officer in support to ensure robust financial cover;
- There was also an intention to create a research facility/capability to look at best practice and commissioned services in comparison with other forces.

The PCC assured Members that all staffing changes were geared to making the PCC more efficient in his job and improving capacity to make the OPCC more effective. The PCC undertook to provide a staff structure diagram to Members outside this meeting.

Clarification was sought around the total value of proposed savings efficiencies and it was queried whether the revenue contribution to capital was necessary and the justification for that considering plans not to recruit beyond 2242 police officers. The Interim Acting Chief Finance Officer confirmed that the proposed efficiency savings of £0.5m was built into the whole financial plan period although there could be year on year savings. In relation to a revenue contribution to capital that was being explored with a view to modelling over MTFP and longer term to help become more sustainable, as an example if £3m was put in over the longer term that would reduce the amount of interest and debt charges payable.

The PCC confirmed that the transfer to capital was about reducing debt and any interest charges being paid on it, noting that although the past few years had seen low interest rates, prices were going up, in part due to lockdown from Covid and programmes such as furlough so inflation and interest levels would be rising, it was therefore a conscious decision that made sense to pay off the debt and avoid paying higher interest charges.

In terms of additional salary costs for force growth the Chief Constable commented that was broadly to support posts around criminal justice, the transport unit and payroll as those areas had reached capacity so additional posts were necessary to cope with the growth of the organisation.

Members raised further concerns including: the visibility of policing and how vital that was to the public; police/community relations; and the different dynamics of crime across the city, county and rural areas. There was a strong discussion about the funding of additional police officers and the number of projected police officers being capped to 2242, a drop of 100 from the previous year's precept report which talked about an increase to 2342.

The PCC stated it was a valuable aim to have more officers in LLR, however the nature of crime was changing, with more online/digital crime and investigation of that did not necessarily have to be by a police officer with powers of arrest as more modern crime was dealt with differently. The PCC reiterated that he had previously said he wanted to approach finance in a cautious and sustainable way, not just over the medium term financial plan but by also putting in place budget for large and expected capital expenditure items for example, technology and software were quickly outdated and needed replacing and so the budget was building that in.

The PCC explained that previous year's budgets and use of reserves had been explored and he was keen to move away from reliance on using reserves over time in particular the Budget Equalisation Reserve (BER) to fund additional officers. Whereas the previous PCC was planning to fully utilise everything there wasn't an exit strategy for end 2023-24 when the BER would be used up completely, so although it was feasible to recruit to 2342 police officers that was only by using BER and would not be sustainable. The PCC wanted sustainable police numbers and was therefore, not going to increase police numbers until satisfied those could be sustained in the long run. The PCC also explained that last year there was no inclusion within the budget of a job evaluation scheme, that had now been costed and Job Evaluation Pay protection costs of £1.4m included together with government employers' contributions to national insurance, so although it was said last year, because of the current PCC's more cautious approach, police numbers would not be increased to an unsustainable level using BER.

Members made the point that in terms of the proposed council tax increase of £10 on a band D property, residents faced a difficult time with the current cost of living crisis, rising interest rates, inflation, national insurance and increases in energy etc, and an obvious driver to the increase was the unfair funding for LLR force being the 12th worst in the country. It was submitted that if the force were getting the national average amount of funding, then it would get an extra £17m funding. The £4.7m raised through council tax was only a quarter of that and even with the efficiency savings proposed that still fell short of what the force was not getting from government. It was stated that the share of central government funding towards LLR force had continued falling and the increasing burden was upon residents to pay. It was suggested that as the primary problem was the £17m shortfall from government funding that the PCC would have been better placed to open communications last summer with the Home Office to address the fact that LLR was very badly underfunded rather than seek a review of last year's budget.

The PCC acknowledged the point was well made however, he'd had many conversations with the Minister mentioning funding and had also raised this with members of the Home Affairs Select Committee as well as emailing the Home Secretary on the subject, so it was very much a subject the PCC was trying to address. The PCC advised he was lobbying ministers and officials regularly and he recognised that LLR was on the lower end in terms of police force funding. Members noted that there was to be a national funding formula review. The review was in its early stages, some outlines of modelling had been done but there were no indications of what it meant for LLR at this point as it was a complex piece of work. Regarding the current funding figures, it was noted that the national average per head of population was £211 compared to Leicestershire Force which received approximately £196 per head of population.

The Chair enquired about the Violence Reduction Network (VRN) which was not mentioned in the budget report. The PCC clarified that the VRN was mostly funded direct from central government not through the precept/budget and agreed to provide a VRN update including details of its funding to a future meeting.

An invitation was extended to members of the panel to attend a familiarisation day at Force HQ to gain further insight into operational workings.

Drawing discussions to a close the Chair welcomed the report and responses to members questions, noting it was positive to see a balanced budget projected for 4 years with healthy reserves. The Chair also thanked the Chief Constable and Deputy Chief Constable for their report statements and indicated the panel would be keen to understand more about operational policing with a visit to Force HQ at some point.

Prior to any vote being taken Members sought clarity on the vote to be taken and whether by default that would also imply support with the principles of the budget.

The Monitoring Officer advised that the legal requirement and consideration for Members of the Panel came down to a motion to support the precept as proposed without going into sub clauses with options to panel members to then vote to simply support the precept or support the precept with recommendations; alternatively, a Member of the Panel could propose to veto which would need to be seconded then put to vote accordingly, such a veto would require 10 votes to be carried. The core function of the panel was either to support the precept or not, the panel was not empowered to approve the details of the budget.

The Chair indicated a preference to keep matters simple and for the panel to vote on the proposed precept.

It was moved by the Chair and seconded that the proposal to increase the 2022-23 precept by £10.00 per annum (4.03%) for police purposes to £258.23 for a Band D property be supported and upon being put to the vote the motion was CARRIED by a majority of 11 votes in favour, 1 against and 1 abstention.

RESOLVED:

1. That the contents of the report be noted,
2. That the future risks, challenges, uncertainties, and opportunities included in the precept proposal, together with the financial and operational considerations identified be noted,
3. That the Home Office grant allocations notified through the provisional settlement and the Band D council tax base and estimated collection fund surplus received from the billing authorities be noted,
4. That the current Medium Term Financial Plan (MTFP) contained in Appendix 1, the Operational requirement budget setting in Appendix 2, the Capital Strategy in Appendix 3 and the Treasury Management Strategy in Appendix 4 be noted,

5. That the proposal to increase the 2022-23 precept by £10.00 per annum (4.03%) for police purposes to £258.23 for a Band D property be SUPPORTED,
6. That the Interim Finance Officer provide a report on efficiency savings setting out context, detail and including specifics of those achieved last year and those the OPCC was still working with the force to achieve,
7. That the PCC provide a staff structure diagram to Members of the Panel before the next meeting,
8. That an update report around the Violence Reduction Network (VRN) be brought to a meeting of the panel to include details of its funding.
9. That the panel secretariat arrange with OPCC/Force officers a panel familiarisation visit to Force HQ on a date to be confirmed.

2nd February 2022