



*Meeting:* **Leicester, Leicestershire and Rutland Police and Crime Panel**

*Date/Time:* **Friday, 1 February 2019 at 10.00 am**

*Location:* **Sparkenhoe Committee Room - County Hall**

*Contact:* **Euan Walters (Tel: 0116 3052583)**

*Email:* **euan.walters@leics.gov.uk**

### **Membership**

Mr. J. T. Orson JP CC (Chairman)

Cllr. Lee Breckon, JP	Cllr. Elaine Pantling
Mr Keith Culverwell	Cllr. Trevor Pendleton
Cllr. Ratilal Govind	Cllr. Janice Richards
Cllr. Malise Graham	Cllr. Michael Rickman
Ms Mehrunnisa Lalani	Cllr. Manjula Sood, MBE
Cllr. Kevin J. Loydall	Cllr. Deborah Taylor
Cllr. Abdul Osman	Cllr. Alan Walters

**Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at [www.leicestershire.gov.uk](http://www.leicestershire.gov.uk)  
– Notices will be on display at the meeting explaining the arrangements.**

### **AGENDA**

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 12 December 2018.	(Pages 3 - 8)
2. Public Question Time.	
3. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
4. Declarations of interest in respect of items on the agenda.	



5. HMICFRS Report: Crime Data Integrity re-inspection 2018. (Pages 9 - 28)
6. Proposed Precept 2019/20 and Medium Term Financial Plan. (Pages 29 - 76)
7. OPCC Performance Report. (Pages 77 - 88)
8. Ethics Integrity and Complaints Committee. (Pages 89 - 110)
9. Date of next meeting.

The next meeting of the Panel is scheduled to take place on 18 March 2019 at 1:00pm.

10. Any other items which the Chairman has decided to take as urgent.

Minutes of a meeting of the Leicester, Leicestershire and Rutland Police and Crime Panel held at County Hall, Glenfield on Wednesday, 12 December 2018.

PRESENT

Mr. J. T. Orson JP CC (in the Chair)

Cllr. Lee Breckon, JP  
Mr Keith Culverwell  
Cllr. Ratilal Govind  
Cllr. Malise Graham  
Ms Mehrunnisa Lalani  
Cllr. Abdul Osman  
Cllr. Elaine Pantling

Cllr. Trevor Pendleton  
Cllr. Janice Richards  
Cllr. Michael Rickman  
Cllr. Manjula Sood, MBE  
Cllr. Deborah Taylor  
Cllr. Alan Walters

Apologies

Cllr. Kevin J. Loydall

In attendance

Lord Willy Bach – Police and Crime Commissioner  
Kirk Master – Deputy Police and Crime Commissioner  
Paul Hindson – Chief Executive, Office of the Police and Crime Commissioner

33. Minutes of the previous meeting.

The minutes of the meeting held on 3 October 2018 were taken as read, confirmed and signed, subject to the amendment that Deputy PCC Kirk Master be recorded as present at the meeting.

34. Public Question Time.

There were no questions submitted.

35. Urgent items.

There were no urgent items for consideration, however Cllr. J. Richards raised the issue of reports from the Office of the Police and Crime Commissioner for Police and Crime Panel meetings not being sent to the Panel's Secretariat in time so that they could be published in line with the Local Authorities (Access to Meetings and Documents) (Period of Notice) (England) Order 2002. The PCC apologised for this and provided reassurance that it would not happen again.

36. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Cllr. M. Sood declared a personal interest in respect of all substantive items as a member of the Police's Independent Advisory Panel, as a member of the Leicester Council of Faiths and a member of the Bishop's Faith Forum.

Mr. K. Culverwell declared a personal interest in respect of all substantive items as he had two close relatives that worked for Leicestershire Police.

Ms. M. Lalani declared a personal interest in respect of all substantive items as she had a close relative that was a member of the Police Cadets.

37. Deputy PCC Update.

The Police and Crime Panel considered a report from the Secretariat which set out the background to why regular updates from the Deputy PCC had been requested for Panel meetings. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

The Deputy PCC gave an oral update to the Panel on his recent work which covered the following areas:

- The Leicestershire Police budget, Precept and pensions;
- Retention rates of Police officers and staff;
- Knife crime and work with a multi-agency group on tackling the problem;
- Partnership events to tackle re-offending;
- EMSOU Collaboration;
- People Zones.

The Deputy PCC provided reassurance to the Panel that he had visited every District and Borough of Leicestershire in order to gain an understanding of the crime issues in those localities, and he had a visit to Rutland arranged for January 2019. The Deputy PCC also assured the Panel that no conflicts of interest had arisen with regards to him carrying out the role.

The Deputy PCC confirmed that his contract with the OPCC was for 20 hours of work per week and that his time was managed well so that despite the occasional need to travel to various locations in Leicestershire this did not impact on his productivity. Generally visits were not sporadic and were carefully planned in advance. The Deputy PCC paid tribute to the administrative support he received which helped make this work.

Some members asked to receive a written report from the OPCC for future agenda items on the Deputy PCC whilst other members were of the view that an oral update was sufficient. The PCC stated that in his view a written report was not necessary. It was agreed that the future arrangements for the Panel to scrutinise the Deputy PCC would be discussed between the Chairman and the PCC after the meeting.

RESOLVED:

That the contents of the oral update be noted.

38. Performance Update - Quarter 2.

The Police and Crime Panel considered a report of the Police and Crime Commissioner which presented the Quarter 2 2018/19 Performance Report. A copy of the report marked 'Agenda Item 6', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) Members thanked the PCC for the new presentation style of the Performance Report and stated it was easy to read and understand.
- (ii) The Panel questioned the reasons behind the drop in the number of 101 calls received and queried whether callers were struggling to get somebody to answer their call. The PCC informed that when there was a high volume of 999 calls, and there was insufficient staff to answer every call, the 999 call would be directed to the staff that were allocated to answer 101 calls thereby causing a delay in the answering of the 101 calls. The PCC also explained that some abandoned calls were positive because the automated message that the caller listened to enabled them to resolve their query or directed them where they needed to go to. In response to questions regarding 999 calls the PCC stated that the time that it took for 999 calls to be answered was monitored and he believed the performance for Leicestershire Police was good and he would provide the Panel with the statistics after the meeting.
- (iii) It was believed that the increase in rape offences was due to greater confidence in reporting rather than more offences being committed. A large amount of the reported rape offences related to historical incidents i.e. over 12 months into the past.
- (iv) Many of the drug related offences were uncovered due to Stop and Search activities carried out by Leicestershire Police therefore this proactive approach had led to an increase in recorded offences. The PCC emphasised the need to maintain a balance with regard to Stop and Search with appropriate decisions being made on which people to target, and not carrying out excessive numbers of searches. Members asked for statistics on the demographics of people that had been stopped and searched by Leicestershire Police and the PCC agreed to provide this after the meeting. It was also requested that the statistics for knife crime be broken down into those offences just relating to possession and those offences where injury was caused.
- (v) In response to a query from a member regarding the demographics of people that had been recorded as missing and whether there were any trends, the PCC offered to provide further clarification after the meeting.
- (vi) Members requested that the performance figures for Hate crime be broken down into all the categories of Hate crime and the PCC agreed to this request. The Chairman reported that he had arranged a meeting with Chief Crown Prosecutor Janine Smith which would take place in January 2019 to discuss the approach of the Crown Prosecution Service to Hate crime.
- (vii) The Panel also asked to be provided with further information and statistics relating to Human Trafficking and Child Sexual Exploitation.

RESOLVED:

That the contents of the report be noted.

39. Alcohol and Drugs.

The Police and Crime Panel considered a report of the Police and Crime Commissioner which provided an update on progress with the aims set out in the Police and Crime Plan

to tackle alcohol and drugs (substance) misuse. A copy of the report, 'marked Agenda Item 7', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) The actions that were set out in the report related to treatment and prevention rather than the enforcement of drug related crimes.
- (ii) In response to a question about whether Turning Point were able to cope with the demand placed upon them it was explained that there was a target for treatment to begin within 3 weeks of referral and Turning Point had met this target in 100% of cases. Reassurance was also given that Turning Point were in the upper quartile for successful completion rates when judged against all the substance misuse services nationally. Furthermore, Turning Point were not merely focusing on moving a service user through the process as quickly as soon as possible, but were providing a good quality service and addressing all the user's needs.
- (iii) Some of the substance misuse work had been subcontracted to an organisation known as Dear Albert which was based at 5 Hill Street, Leicester and provided peer led, recovery focused interventions.
- (iv) Turning Point provided an outreach service which was based in Leicester City and consideration was being given to whether it could be expanded into the Charnwood area.
- (v) Turning Point were looking for a permanent base in the Hinckley area and had considered the Atkins Building on Lower Bond Street, but to date had not found a suitable option.
- (vi) In response to concerns raised that Turning Point were not sharing data or working closely with partners, members were assured that Turning Point were able to provide rich data broken down to district level and that they worked closely with Joint Action Groups, Community Safety Partnerships and the police to share information. In response to a request from a member that Turning Point be asked to share information about specific individuals with district councils it was explained that this was not straightforward as Information Sharing Agreements were required and it would be necessary to comply with data protection legislation and the General Data Protection Regulation. Due to the concerns which remained regarding the Turning Point contract the PCC offered to arrange a meeting between Turning Point and CSP Chairs. It was also suggested that a representative from Turning Point could attend the Leicestershire Safer Communities Strategy Board to answer questions. *(However, subsequent to the meeting of the Police and Crime Panel it was decided that as accountability for any issues with Turning Point lay with Public Health and the OPCC as joint commissioners of the service it would be more appropriate for the issues to be raised in a meeting between the commissioners and the provider rather than between Turning Point and other bodies.)*
- (vii) Members supported the use of Out of Court disposals for people with substance misuse problems, the aim of which was to tackle the problem early before users got involved with serious crime.

- (viii) Work was ongoing to tackle street drinkers including liaison with SLUGS (Students of Leicester Universities, Guides and Scouts), and Public Space Protection Orders were used when appropriate.
- (ix) A member suggested that some drug users did not come forward for treatment for fear that they would be arrested and the member asked that messages be disseminated to communities explaining that the emphasis was on treatment and prevention rather than enforcement.

RESOLVED:

That the contents of the report be noted.

40. Complaints against Police Officers - new procedures.

The Police and Crime Panel considered a report of the Police and Crime Commissioner which provided an update on changes to the handling of police complaints and the decision the PCC was minded to make with regards to the level of involvement he would have with complaints in future. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

In response to a question the PCC confirmed that the additional responsibility PCCs would have with regard to complaints could mean that the OPCC was required to be restructured in order to ensure that the complaints process was adequately resourced. The Strategic Assurance Board also played a role in reviewing complaints against Leicestershire Police and identifying themes.

The PCC explained that the Professional Standards Department in Leicestershire Police had improved its performance in recent years. A detailed analysis of complaints volumes and themes would be brought to the Panel as part of a performance report in 2019. The PCC indicated that the current trend of complaints tended to relate to personal issues such as potential rudeness rather than systematic failings.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That the Police and Crime Commissioner produce a report for the Panel on an annual basis regarding complaints against Leicestershire Police.

41. Complaints against the Police and Crime Commissioner.

The Police and Crime Panel considered a report of the Director of Law and Governance at Leicestershire County Council which provided an update on complaints relating to the Police and Crime Commissioner over the previous 12 months. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The Panel noted that there had been no complaints specifically against the Police and Crime Commissioner over the previous 12 months, though there had been three pieces of correspondence, relating to operational policing matters, which the Director of Law and Governance had forwarded onto the Professional Standards Department at Leicestershire Police.

The Director of Law and Governance informed that it was intended to revise the policy document for making complaints against the Police and Crime Commissioner and the revised document would be considered by the Panel in early 2019.

RESOLVED:

That the contents of the report be noted.

42. National Association of Police, Fire and Crime Panels.

The Police and Crime Panel considered a report of its Secretariat which provided an update on the development of the National Association of Police, Fire and Crime Panels and specifically a ruling that the Home Office Grant could not be used for paying the membership fee of the National Association. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

RESOLVED:

That the Panel write to the Policing Minister Nick Hurd requesting a change to the current Home Office Grant conditions to allow the Grant to be used for the subscription fee for the National Association for Police, Fire and Crime Panels, and the Panel defers joining the National Association until the Home Office Grant conditions have been changed.

43. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Police and Crime Panel would be held on 1 February 2019 at 10:00am.

1.00 - 3.10 pm  
12 December 2018

CHAIRMAN



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# POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

## POLICE AND CRIME PANEL

Report of	OFFICE OF POLICE AND CRIME COMMISSIONER
Subject	HMICFRS RE-INSPECTION LEICESTERSHIRE POLICE: CRIME DATA INTEGRITY RE-INSPECTION 2018
Date	FRIDAY 1 FEBRUARY 2019 – 10:00 a.m.
Author	ANGELA PERRY, EXECUTIVE DIRECTOR

### Purpose of Report

1. The purpose of this report is to inform the Panel of the outcome of Her Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) re-inspection of Leicestershire Police in relation to Crime Data Integrity Recording and the Force response to the recommendations.

### Recommendation

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

### Background

3. In 2017, HMICFRS conducted a crime data integrity inspection of Leicestershire Police. HMICFRS published the report of this inspection in June 2017 and concluded that the crime-recording arrangements in the Force were inadequate with an overall compliance of 75.8%. The 2017 report made a series of recommendations and areas for improvement of crime-recording.
4. The Force has since been re inspected in October 2018. The latest report, published on Monday 15 January 2019, assessed the progress made by Leicestershire Police during the intervening period. A copy of the latest report is attached at APPENDIX 'A'.

### Crime Data Integrity Inspection Report 2017

5. The report included 7 recommendations for Leicestershire Police as follows:-
  1. Immediately, the force should review the operating arrangements of its contact management department, including the use of appointments, and ensure that these arrangements secure the recording of all reported crimes at the first point of report when sufficient information exists to do so and in any event within 24 hours of receipt of report.

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2. Immediately, the force should take steps to identify and address gaps in its systems and processes for identifying and recording all reports of crime. This work should include a review of the means by which the Crime Bureau identifies crimes needing to be recorded, and also provide a consistent and structured approach to call-handling quality assurance processes that includes checking compliance with the National Crime Recording Standards.
3. Immediately, the force should take steps to ensure that reports of crime received in respect of vulnerable adults and children from other agencies or disclosed during investigation are recorded as crimes at the point or reporting. This is now COMPLETED.
4. Immediately, and in accordance with the crime-recording rules, the force should transfer to the force crime registrar (FCR) the responsibility for the development and oversight of the crime-recording audits conducted within force, and ensure that these audits are conducted in accordance with national standards. This is now COMPLETED.
5. Within 3 months, the force should develop and implement procedures for the effective supervision of crime-recording decisions throughout the whole force.
6. Within 3 months, the force should put in place arrangements to ensure that: at the point of report, greater emphasis is placed on the initial accounts of victims; and where more than one crime is disclosed within an incident record, or identified as part of other recorded crime investigations, these are recorded. This is now COMPLETED.
7. Within 6 months, the force should design and provide training for all staff who make crime recording decisions with regard to : the extent of the information required to provide for crime-recording decision, the expectation that reported crime is recorded at the first point that sufficient information exists to record a crime, the importance of believing the first account of the victim, the proper use of N100 for reports of rape and recording crimes of rape involving multiple offenders and from third party reports, offences involving public order act, malicious communications, harassment and common assault and the additional verifiable information required in order to make crime- cancellation decisions. This is now COMPLETED and training is ongoing.
6. The force also introduced a crime data integrity delivery plan. This plan is comprehensive and contains 55 actions to help the force improve its crime-recording standards. 12 actions remain ongoing.
7. In February 2018, the force started to roll out generic crime recording training. It has trained the majority of officers and staff. Alongside this, the force also developed and provided bespoke crime recording training tailored for relevant departments.

**Crime Data Integrity Inspection Report 2018**

8. Overall the force were assessed as Inadequate with 84.1% compliance rate. The national average after 26 forces have been inspected is 87.7% compliance. The Inspectors recognised that the force has made significant progress with its crime-recording arrangements since the 2017 report.

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Particular praise was made of the leadership associated with addressing the issues raised through the earlier inspection. This was graded as good. It has:

- Improved its overall recording of crime, including violence and sexual offences;
  - significantly increased how often it records crime reports at the first point of contact;
  - developed and implemented a crime data integrity delivery plan;
  - appointed a senior lead to oversee the delivery plan; and
  - commenced crime-recording training for officers and staff responsible for making crime-recording decisions.
9. Inspectors also found a statistically significant improvement of 8.3 percentage points when compared to the 2017 findings. This improvement means that the force recorded an additional 8,300 crimes for the year covered by the re-inspection audit period. Therefore more victims now have their crimes recorded ensuring that they have access to the victim support service, Victim First.
10. Inspectors also noted the following progress with its crime-recording arrangements since the 2017 report as follows:-
- stopped using diary appointments because the process wasn't working;
  - created a Crime Bureau so it records more crime reports as soon as enough information exists to do so, vastly improving the amount of crimes it records within 24 hours;
  - introduced call-handling quality assurance processes that include checking compliance with the National Crime Recording Standards;
  - created an incident review team to quality assure incidents and identify actions to address unrecorded crime reports;
  - given the Force Crime Registrar responsibility for crime recording audits;
  - introduced a process whereby designated decision makers (DDMs) review the previous 24 hours non-crime domestic abuse and vulnerable victim reports, rape reports and incidents opened as a sexual offence to check for unrecorded reports of crime:
  - set up a Crime Data Integrity helpline so that officers and staff can call for real time advice; and
  - fully implemented four out of seven recommendations from the 2017 report.
11. In addition, inspectors welcomed the fact that the force had written a revised audit strategy which included feedback to individuals and an organisational learning process.
12. At the time of publication of the 2018 report, Zoe Billingham, HMIC issues a media statement. This is attached at APPENDIX 'B' to the report.

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13. The force has raised issues over some of the reporting methodology in particular within the section on vulnerability at section A-12. This refers to vulnerable victims. The Panel will be reassured that of the 50 vulnerable victim records audited 47 were found to be correct.

**Conclusion**

14. To further address the areas of improvement required the proposed budget for 2019/20, submitted to the Panel earlier on this agenda, has included a number of areas where funds will be directed which will directly impact on performance in the area of crime recording. Subsequent to the autumn 2017 report the force has increased the number of dedicated decision makers involved in the crime recording process from 3 to 12. The growth is 7 police officer posts and two temporary police staff posts at a total cost of £419,000.
15. The Commissioner will continue to oversee progress against both inspection reports by receiving updates of progress to meetings of his Strategic Assurance Board throughout the year. A copy of the Commissioner's media statement made at the time of publication of the 2018 report is attached at APPENDIX 'C'.
16. Investigators welcomed the fact that Leicestershire Police had made significant progress with improving its crime-recording standards since the 2017 report. They commented that more work was required to address the outstanding areas for improvement identified in this and the 2017 report however inspectors were confident that the leadership and governance arrangements that it now has will enable this to happen. In this respect inspectors found good leadership from senior officers toward crime recording and officers and staff showed an approach that placed the victim at the forefront of their crime-recording decisions.

**Implications**

Finance:	Any financial implications are covered in the budget report on this agenda.
Legal:	None
Equality Impact Assessment:	None.
Risks and Impact:	Reputational risk if areas for improvement are not addressed.

**List of Attachments / Appendices**

Appendix 'A' – HMIFRS Inspection report 2018  
 Appendix 'B' – Media Statement from Zoe Billingham, HMI  
 Appendix 'C' – Media Statement by the Police and Crime Commissioner

**Background Papers**

File PCC/2/O/2018

**Persons to Contact**

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## Leicestershire Police: Crime Data Integrity re-inspection 2018

### Crime Data Integrity re-inspection 2018

In May 2017, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) conducted a crime data integrity inspection of Leicestershire Police.

We published the [report of this inspection](#) in September 2017 and concluded that the force's crime-recording arrangements were not acceptable. As a result, we gave Leicestershire Police an overall judgment of **inadequate**. Of the 30 forces reported upon in this programme of inspections to date, the crime-recording standards found in Leicestershire Police in 2017 were the worst.

Our 2017 report gave numerous recommendations and areas for improvement aimed at improving crime recording in Leicestershire Police. This re-inspection, completed in October 2018, assessed the progress made since that report. The findings and our judgment resulting from this re-inspection are set out below.

1. Overall judgment
2. Summary of inspection findings
  1. Causes of concern and areas for improvement
3. How effective is the force at recording reported crime?
  1. Overall crime-recording rate
  2. Violent crimes
  3. Sexual offences
  4. Rape
4. How efficiently do the systems and processes in the force support accurate crime recording?
  1. Crime reports held on other systems
  2. Modern slavery
  3. Timeliness
  4. Cancelled crimes
  5. Equality
5. How well does the force demonstrate the leadership and culture necessary to meet the national standards for crime recording?
6. Conclusion
7. What next?

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**Overall judgment**

See previous findings


**Inadequate**

From its low base Leicestershire Police has improved its crime-recording arrangements since our 2017 crime data integrity inspection report. However, we found more still needs to be done.

We found it has:

- improved its overall recording of crime, including violence and sexual offences;
- significantly increased how often it records crime reports at the first point of contact;
- developed and implemented a crime data integrity delivery plan;
- appointed a senior lead to oversee the delivery plan; and
- commenced crime-recording training for officers and staff responsible for making crime-recording decisions.

We examined crime reports from 1 April 2018 to 30 June 2018. Based on this we estimate that the force records 84.1 percent of crimes reported to it (with a confidence interval of +/- 1.71 percent). This is a statistically significant improvement of 8.3 percentage points when compared to our 2017 inspection finding of 75.8 percent (confidence interval +/- 1.94 percent).

We estimate that, compared to the findings of our 2017 inspection, this improved accuracy meant that the force [recorded an additional 8,300 crimes](#) for the year covered by our re-inspection audit period. So, more victims will now have their reported crimes recorded. Recording these crime reports makes sure victims have access to the Leicestershire victim support service [Victim First](#), when they may otherwise not have been referred to it. The force has also improved its understanding of demand and the extent to which crime affects its communities.

But despite these improvements, the overall recording rate and the recording rates for violent crime and sexual offences are too low.

We also found that the force still doesn't record all:

- reports of rape;
- crimes associated with domestic abuse; or
- crimes committed against vulnerable people which are reported directly to its public protection department.

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The force's supervision of the crime-recording process and crime-recording decisions is still inconsistent. It doesn't have proper safeguards in place to make sure it records reported crimes.

The force also still needs to improve how it:

- understands and uses classification N100;
- records crimes reported by third party professionals (such as social services and health professionals);
- makes decisions when cancelling recorded offences; and
- informs victims of its decision to cancel their crime.

### **Summary of inspection findings**

See previous findings

The force has made some progress with its crime-recording arrangements since our 2017 report. It has:

- stopped using diary appointments because the process wasn't working;
- created a crime bureau so it records more crime reports as soon as enough information exists to do so, vastly improving the amount of crimes it records within 24 hours;
- introduced call-handling quality assurance processes that include checking compliance with the National Crime Recording Standards;
- created an incident review team to quality assure incidents and identify actions to address unrecorded crime reports;
- given the force crime registrar responsibility for crime-recording audits;
- introduced a process whereby designated decision makers (DDMs) review the previous 24 hours' non-crime domestic abuse and vulnerable victim reports, rape reports and incidents opened as a sexual offence to check for unrecorded reports of crime;
- set up a crime data integrity helpline so that officers and staff can call for real time advice; and
- fully implemented four out of seven recommendations from our 2017 report.

The force has also introduced a crime data integrity delivery plan. This plan is comprehensive and contains 55 actions to help the force improve its crime-recording standards. It still needs to fully complete 12 of these actions.

In February 2018, the force started to roll out generic crime-recording training. It has trained the majority of officers and staff. Alongside this, the force also developed and provided bespoke crime-recording training tailored for relevant departments. This is good practice. However, some officers and staff have not yet received training. Consequently, some call handlers, response officers and supervisors still aren't always sure when to record some types of crime, such as:

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- common assault;
- harassment;
- malicious communications;
- public order; and
- professional third-party reports.

It has been conducting its own incident and crime audits in line with national standards since January 2018. So, it was already aware of some of the failings described in this report. The results of these audits are reported to monthly performance meetings and to the monthly crime data integrity operations group, both of which the senior lead chairs.

The audits identify procedural issues that may be affecting crime-recording accuracy, and instances where individual feedback will improve future crime-recording decisions. To support this the audit results are sent to department leads so that feedback can be given to officers and staff. This is good practice but there is an absence of monitoring to ensure these feedback processes are working.

We note that the force has written a revised audit strategy, which includes feedback to individuals and an organisational learning process. This is welcome.

#### How effective is the force at recording reported crime?

 Inadequate

#### Overall crime-recording rate

**84.1%** of reported crimes were recorded

See previous findings

The force has made some progress with its processes ensuring it now records more reports of crime in accordance with the [Home Office Counting Rules](#) (HOCR). We examined reports of crime the force received, and for which it had created an auditable record. The force told us that 94.3 percent of crime it records (except fraud) comes through an auditable route. This doesn't mean that 94.3 percent of crimes reported to Leicestershire Police come through these routes, but that 94.3 percent of crime is recorded this way.

We found that the force recorded 84.1 percent of these crimes (with a confidence interval of +/- 1.71 percent). We estimate that this means the force is recording an additional 8,300 reported crimes each year compared to the findings of our 2017 inspection. This is a statistically significant improvement of 8.3 percentage points but falls short of what is needed.

Of the 1,662 reports of crime we audited, we assessed 429 as related to domestic abuse. Of these, the force had recorded 340. Of the 89 offences not recorded, 70 were violence offences, including:



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- common assaults;
- assaults occasioning actual bodily harm;
- harassment; and
- malicious communications.

Many of these were reported directly to the force. But the force didn't record them as crimes, and we found no clear evidence or explanation as to why. We also found occasions where call handlers didn't record on the incident log full details of their conversation with the person reporting a crime. This means the attending officer doesn't always have the full information to make a crime-recording decision.

### **Case study**

A report was made of domestic abuse, amounting to an offence of controlling and coercive behaviour. The victim was a repeat victim of domestic abuse. Police attended but did not record any offences or provide information to suggest a crime did not occur. No investigation was undertaken.

We found that in 18 of the unrecorded cases, officers didn't do a risk assessment when they attended to speak to the victim. We also found no record of the force considering safeguarding requirements in 12 of these cases, and in 34 cases it didn't carry out an investigation.

It remains a concern that the force is still under-recording crimes relating to domestic abuse incidents and failing to give many of these victims a satisfactory service.

### **Violent crimes**

**78.9%** of reported violent crimes were recorded

See previous findings

We found that 78.9 percent of violent crimes reported to the force are recorded (with a confidence interval of +/- 2.72 percent). This is lower than the overall crime-recording rate above. By our estimate, compared to the findings of our 2017 inspection, this means the force is now recording an additional 3,900 reported violence crimes each year. This is a statistically significant improvement of 13.1 percentage points, but the force is still failing many victims of violent crime. As violent crime can be particularly distressing for the victim, and many of these crimes involve injury, the need for improvement in this area is particularly acute and remains a concern.

When the force doesn't record a violent crime, the principal causes are:

- misunderstanding of the crime-recording rules about some violence offences such as harassment, malicious communications and common assault;

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- failures to record multiple crimes in accordance with the HOCR;
- failures to record additional crimes disclosed during investigations;
- failures to record crimes reported by third party professionals (such as social services and health professionals); and
- inconsistent supervision of the crime-recording process and crime-recording decisions, with inadequate safeguards in place to ensure it records most crimes correctly.

Victims of violence and serious violence often need a lot of support. This should come from the reporting and investigating officers, and other appropriate organisations, such as Victim First. In these circumstances, crime recording is even more important. If the force fails to record a violent crime properly, it can mean victims aren't referred to Victim First. This deprives victims of the support they need and deserve.

### Sexual offences

# 87.8%

**of reported sex offences were recorded**

See previous findings

The force records 87.8 percent of sexual offence crimes (including rape) that are reported to it (with a confidence interval of +/- 2.63 percent). Compared to the findings of our 2017 inspection, we estimate this means the force has recorded an additional 210 reported sexual offence crimes in the past year. This is a statistically significant improvement of 8.4 percentage points. These crimes may otherwise have gone unrecorded. This improvement is welcome, but more work remains to be done.

The reported sexual offence crimes that were not recorded included:

- 12 sexual assaults;
- six offences of incitement against children to engage in sexual activity; and
- a variety of other sexual offences against children.

The causes of this under-recording are similar to those identified above for violent crime.

At the point of report, officers and staff assess whether on the balance of probability an offence has been committed. It is a concern that they don't always place enough emphasis on the account of the victim, despite us highlighting this issue in our 2017 report. This is particularly evident when the victim doesn't want to pursue a prosecution, the victim is intoxicated or the person reporting the crime is a professional third party acting on the victim's behalf.

It is particularly important for victims of sexual offence crimes that they are recorded, as many of these crimes are very serious in nature and cause

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significant harm to their victims. The force must improve its performance in this respect.

**Rape**

See previous findings

**84 of 93 audited rape reports were accurately recorded**

Rape is one of the most serious crimes a victim can experience. So, it is especially important that reports of rape are recorded accurately. It helps to make sure victims receive the service and support they deserve. And it helps the police identify the nature and extent of sexual violence in their local area.

Since our 2017 inspection, the force has improved its crime recording for reports of rape. But further improvement is needed, as the force still doesn't record all rape crimes reported to it.

We found that 84 of 93 rape crimes had been correctly recorded. Of the nine unrecorded reports of rape:

- one was misclassified as a sexual assault;
- one was misclassified as causing or inciting a female under 13 to engage in sexual activity;
- one was incorrectly classified as an N100 (see below); and
- six were not recorded at all.

We found the force had safeguarded the victims in all these cases. It didn't investigate one unrecorded report of historic rape, because it didn't follow up the victim's allegation.

Where forces don't record a reported rape as a crime, they must apply a Home Office classification N100.

We checked 20 N100 records. Of these:

- two were reports of rape in another force area that were subsequently correctly recorded as rape crimes and transferred to the relevant forces;
- two should have been recorded as rapes at the outset;
- one was a third party professional report which should have been recorded as a rape at the outset;
- two were later correctly recorded as other crimes, namely sexual assault and robbery, after victim confirmation; and
- the remaining 13 were correctly recorded.

Separately, we also reviewed 34 sample records where the force should have used an N100 classification. But it only did so in six of these.

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We found that other than specialist detectives in the rape unit, call handlers and officers still had very little awareness of the N100 classification. Again, this is disappointing as we highlighted this matter as an area for improvement in our 2017 report. The force must now work urgently to improve its understanding and ensure the correct use of classification N100.

It is essential to record a rape report correctly as a crime as soon as possible. Victims will often need a great deal of support from the start. Any delay, or failure to record the crime correctly, can have a negative impact on both the victim's recovery and any investigation.

**How efficiently do the systems and processes in the force support accurate crime recording?**

 Inadequate

**Crime reports held on other systems**

**4 of 9 vulnerable victim crimes were recorded**

See previous findings

To be confident that vulnerable victims always get the support they need, it is important that crimes reported directly to public protection teams are always recorded. To make sure this is the case, the force has changed its procedures for recording crimes reported directly to its public protection teams. A DDM now examines all such reports to make sure every reported crime has been recorded. And the force has introduced an incident review team to review closed incidents without a crime report, to make sure they are correct. Despite these new arrangements, the force still doesn't record all such crimes.

We examined 50 vulnerable victim records and found that six of these records contained a total of nine reports of crime, of which the force had recorded four. The remaining 44 vulnerable victim records did not contain reports of crime and therefore did not require a crime-recording decision to be taken. The five reports of crime that were not recorded by the force were linked to three vulnerable victim records and comprised:

- one crime of non-injury assault against an adult;
- one crime of harassment towards a child; and
- three crimes from one record, being one crime of sexual activity with a child under 16, one of distributing an indecent image and one of possessing an indecent image with intent to distribute.

All these cases involved professional third-party reports and should have been recorded as soon as they were reported. We found the force had provided sufficient safeguarding to two of these victims but hadn't investigated any of these reports.

The force is aware of and working hard to close gaps in operating procedures that mean reports of crime from other organisations, many of whom do not

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have knowledge about crime-recording imperatives, can be slow to materialise or lack detail.

### **Modern slavery**

See previous findings

Offences relating to modern slavery are an important and recent addition to the crimes that forces must record and investigate. We examined how well the force records reports of modern slavery offences.

The force has improved its procedures to record reports of modern slavery crimes. It has created a human trafficking and modern slavery investigation team, reallocating a detective sergeant, six constables and a PCSO specifically to investigate reports and significantly enhance the volume and sophistication of prevention and victim support activity. The force crime registrar now also proactively examines modern slavery incidents and referrals.

The force works with partner agencies in the local area and the National Crime Agency to share and develop intelligence collaboratively. The community within the city of Leicester, specifically, has unusually rich representation from different countries and consequently has close commercial ties with eastern Europe and Asia. This presents a complex picture to the force and it is taking positive steps to fully grasp the nature and scale of possible modern slavery and human trafficking in the local context.

We examined 20 modern slavery crimes and found that the force correctly recorded 17. It also correctly recorded nine rapes and three other crimes associated with these reports. But it failed to record:

- one rape crime;
- one theft;
- one threat to commit criminal damage; and
- two N100 classifications.

Four modern slavery crimes were over-recorded, along with one crime of kidnap and one of assault.

We also looked at eight modern slavery reports the force received through the national referral mechanism. We found that it correctly recorded one crime of sexual assault but hadn't recorded one modern slavery crime of facilitating travel with a view to exploitation. We also found that it had failed to record two classification N100s where victims had been forced to have sex as prostitutes abroad.

This is an improvement since our last inspection, but the force still faces challenges to fully understand the types and frequency of crimes involved. We believe that the increase in specialist investigators will support the force to make the improvements necessary.

### **Timeliness**

See previous findings

## NOT PROTECTIVELY MARKED

The rules require forces to record crimes within 24 hours of the report. We found that, of the crime reports Leicestershire Police had recorded, it did so within 24 hours for:

- 556 out of 611 violent crimes;
- 220 out of 244 sexual offences; and
- 482 out of 492 other offences.

In general, when Leicestershire Police makes correct crime-recording decisions, its procedures successfully ensure it does so within 24 hours. This timely recording enables it to make early referrals to Victim First for those victims in need of support. This is a substantial improvement since our 2017 inspection and is very welcome.

### **Cancelled crimes**

See previous findings

DDMs make all crime cancellations except rape. The force crime registrar makes rape cancellation decisions. We found that the force correctly cancelled:

- 14 out of 16 rape crimes;
- 15 out of 20 violent crimes;
- 16 out of 20 sexual offence crimes; and
- 6 out of 7 robbery offences.

Of the 49 victims the force should have told about its decision to cancel their crime, it had informed only 34.

We found that in some cases, crimes had been cancelled without DDM approval.

Compared to our 2017 report, the force's standards for cancelling recorded crime have got worse. It remains a concern that the force does not always inform victims about the cancellation of their recorded crime.

### **Equality**

See previous findings

The force has made good progress to improve its collection of information about the effect of criminality on identifiable groups within communities. The force can now record ethnicity, religion, nationality and disability when it records a crime, as well as age and gender details. It completed a burglary crime audit in January 2018 which included how often these markers were used. This will form part of all future crime-recording audits.

Building on that improvement, the force is also investing in new software to capture better information linked to equality data. The force crime registrar is active within a national group responsible for developing the force's 'Niche' crime-recording system, to improve the depth and quality of information recorded about victims and crimes, and to elevate the sophistication of analysis it can conduct. This shows the appetite of the force to improve local

## NOT PROTECTIVELY MARKED

systems wherever possible and influence at a national level for the benefit of victims of crime.

**How well does the force demonstrate the leadership and culture necessary to meet the national standards for crime recording?**

See previous findings



Good

We found good leadership from senior officers in Leicestershire Police toward crime recording. Officers and staff showed an approach that places the victim at the forefront of their crime-recording decisions.

The force has improved its crime-recording standards in many areas. Recording rates have improved and its crime-recording timeliness is excellent.

In response to our 2017 inspection report, the force appointed a senior officer as the strategic business lead. The lead will develop and oversee a comprehensive crime data integrity delivery plan. The plan includes all outstanding recommendations from our 2014 inspection report and national action plan, and the recommendations and areas for improvement in our 2017 report.

The force has made good progress against the delivery of this plan. But it needs to make improvements more quickly, as much remains to be done. The force has governance arrangements to allow it to do this, and progress against the delivery plan is regularly reported to the crime data integrity group and the chief officer team.

Crime recording is on the force risk register, and the force has recently reorganised its organisational risk board. In future, crime-recording audit results will be reported to this board as well as the existing governance boards.

The force has fully implemented four out of seven recommendations from our 2017 report and has made some progress against the areas for improvement. It still needs to fully implement the following recommendations:

- develop and implement procedures for effective supervision of crime-recording decisions across the whole force;
- ensure that at the point of report, greater emphasis is placed on the initial account of victims; and where more than one crime is disclosed within an incident record, or is identified as part of other recorded crime investigations, these are recorded; and
- deliver crime-recording training to those officers and staff that have not yet received it.

Also, the force needs to ensure it makes more progress with the outstanding areas for improvement in our 2017 report.

**NOT PROTECTIVELY MARKED****Conclusion**

Leicestershire Police has made some progress with improving its crime-recording standards since our 2017 report, and this is welcome. But it now needs to work more quickly to address the outstanding causes of concern and areas for improvement identified in this and our 2017 report. We are confident that the leadership and governance arrangements that it now has will enable it to do so.

**What next?**

We expect the force to continue to address the causes for concern and to fully implement the recommendations and areas for improvement given in our 2017 inspection. We will continue to monitor this and will re-inspect the force again to assess its progress.



**Zoe Billingham (HMI) Media Release****Leicestershire Police's crime-recording progress a 'credit' to leadership, but more to be done.**

While inspectors found limited improvements at how Leicestershire Police records crime, a report published today by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) concluded that the overall recording rate is too low.

The report follows a previous crime data integrity inspection carried out in 2017, which found Leicestershire Police's crime recording practices were among the worst in the country. Despite some improvement, HMICFRS has determined that the force's performance is still 'inadequate'.

However, the inspectorate estimates the force's response to the 2017 report has resulted in Leicestershire Police recording an additional 8,300 crimes. It also noted that the force has vastly improved the amount of crimes it records within 24 hours, meaning that more victims can access vital support services more quickly.

**HM Inspector of Constabulary Zoë Billingham said:**

"I was pleased to see that Leicestershire Police has made renewed efforts to do better at recording crimes reported to it. The force is committed to learning from its mistakes and has taken steps to address some of the problems we found in our last inspection. I am confident that the force is getting back on track and I am optimistic that further improvements will follow in the coming months.

"Leicestershire Police has recognised its old processes weren't fit for purpose and has set up a new dedicated crime bureau. It's still early days, but we found that the force has made great strides in improving how quickly it records crimes reported to it, with the vast majority recording within 24 hours. This means that victims of crime are getting better service from their local force, and have earlier access to vital victim support charities, like Leicestershire's Victim First.

"However, I still found evidence that call handlers, response officers and supervisors are uncertain about when they need to record certain types of crime. Like other forces, officers at Leicestershire often have problems identifying more complicated crimes like malicious communications and harassment.

"I do recognise that there has been progress since our last inspection. The force has rolled out a crime recording training programme, and I welcome the introduction of better internal auditing processes. Individual officers will get much better feedback to help them understand where they're going wrong and how to do better. But I remain concerned that there is some misunderstanding of the Home Office recording rules.

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“It is a credit to the force’s leadership that Leicestershire Police has carried out four of the seven recommendations we made in our last report. The force is in a good position to pick up the pace and finish the job its started, so we can be sure that every reported offence will be recorded. I look forward to working closely with Leicestershire Police to make this happen.”

HMICFRS will continue to monitor Leicestershire Police and intends to re-inspect the force again to assess its progress against its implementation plan.

**Media Release – Police and Crime Commissioner****CRIME DATA INTEGRITY INSPECTION**

—  
In May 2017, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) conducted a crime data integrity inspection of Leicestershire Police. The 2017 report made recommendations and areas for improvement aimed at improving crime recording in Leicestershire Police.

A subsequent re-inspection, completed in October 2018, assessed the progress made since that report. The findings of that report can be found [here](#)

Lord Willy Bach said: "I'm aware that a lot of resources have been invested in improving the recording processes and I'm pleased that the reports recognises the significant progress that has been made in a short time frame.

"There is clearly more to be done and I will continue to monitor work in this area as the force aims to make further improvements. However, it's reasonable to expect that, as everyone gets used to new processes that are now in place, they will build upon the encouraging progress that has been made so far."

Chief Constable Simon Cole said: "This inspection shows that our overall data integrity compliance rate stands at 84.1%, just behind the national average of 87.7%.

"This is an improvement on last year's results and an area of business we continue to work on, something which has been rightly acknowledged in the latest report which praises our leadership work and found that victims are placed 'at the forefront of crime-recording decisions'.

"We have a rolling plan on how we want to further improve our crime recording, we have introduced new processes, revamped our training and are closely monitoring the progress.

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“However, crime recording is a complex issue and this inspection looks at our technical compliance with a national crime recording system – something which is focused on numbers, categories, how crimes are manually logged on systems and then audited.

“It is an area of business that comes with hundreds of pages of detailed guidance and outcome of the recent inspection isn’t a reflection of the level of investigation into any given crime, personal integrity or how officers and staff liaise with victims, and nor should it be interpreted as such.

“It is about our administrative processes and computer systems and there are aspects of the inspection that we regularly challenge.

“And while we do aim to make further improvements to our audit processes, crime continues to increase nationally and the balancing act on where resources are deployed continues every day and changes every minute. This is a constant challenge. We now have 12 officers and staff supporting this process, where in the past we had 3. That is a balancing act in a world of finite resources.”

Ends

# POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE POLICE & CRIME PANEL

Report of	<b>POLICE &amp; CRIME COMMISSIONER</b>
Date	<b>FRIDAY 1 FEBRUARY 2019 AT 10:00am</b>
Subject	<b>PROPOSED PRECEPT 2019-20 AND MEDIUM TERM FINANCIAL PLAN (MTFP)</b>
Author :	<b>MARTIN HENRY, CHIEF FINANCE OFFICER OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER</b>

## **Purpose of the Report**

1. To present the 2019-20 Precept Proposal and the additional considerations contained within it.
2. To present the Medium Term Financial Plan (MTFP).

## **Recommendation**

3. The Police and Crime Panel is asked to:
  - a. Note the information presented in this report, including:
    - the total 2019-20 net budget requirement of £187.139m, including
    - a council tax (precept) requirement for 2019-20 of £72.062m.
  - b. Support the proposal to increase the 2019-20 Precept by £24.00 per annum (12.05%) for police purposes to £223.2302 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 that any changes required, either by Government grant alterations notified through the final settlement or through amended council tax base and/or surplus/deficit notifications received from the collecting authorities, will be balanced through a transfer to or from the Budget Equalisation Reserve (BER).
  - e. Note the current Medium Term Financial Plan contained in Appendix 1.

## 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 and key government announcements.
5. Following the announcement of the provisional Police Grant settlement, the Police and Crime Commissioner (PCC) has considered current and future funding levels, together with the factors included within his Police and Crime Plan, his Commissioning Framework, operational threat, risk and harm and the public's consultation feedback on the proposed precept increase.
6. The PCC 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 2019-20. The budget is focussed upon the PCC's priorities as contained within the Police and Crime Plan, the Strategic Policing Requirement and ensures there are strong links with the developing target operating model (Blueprint 2025).
7. The PCC has received briefings and updates on the provisional grant settlement which included additional core funding and pension grant to cover the unavoidable costs associated with changes in the pensions' valuation which will come into effect in 2019-20.
8. It should be noted that the total of the additional funding provided in Government grant is insufficient to meet the additional cost burden of pensions by approximately £500,000 and therefore this amount will need to be met by local taxpayers.
9. The PCC is recommending that he increases the precept by £24.00 per Band D equivalent property across Leicester, Leicestershire and Rutland in order to protect the current level of service provided by the Police and make further significant investments in Policing Services. This is in line with his Police and Crime Plan and is also in line with the expectations of the Government.
10. The Commissioner has determined that the following priorities should be focussed upon:

### Frontline Police Officers

- An ambition to deliver an additional 107 Police Officers, increasing the number from 1,806 to 1,913. It is anticipated that 80 officers will commence in 2019-20 with the remaining 27 being recruited in 2020-21.
- The intention is for the 107 additional officers to be deployed as follows:
  - 60 Neighbourhood Patrol Officers based in the NPA's
  - 24 NPA Detectives – Three in each of the NPA's
  - 8 Beat Officers – One in each of the NPA's
  - 8 Officers to advance and refine the proactive capability of the force, specifically targeting current areas of concern which require an additional and proactive resource
  - 7 officers to be used to target criminal exploitation across the area

- It can be seen that the majority of the additional officers will be based in Neighbourhood Policing Areas (NPA), significantly increasing the number of officers operating out of local police stations and therefore ensuring greater visibility of officers in and around the neighbourhoods.
- This approach will be complemented by re-locating current officers to work out of the neighbourhood police areas. This will further increase the visibility and presence of the police in each of the areas.
- The proposals detailed above will see significant recruitment activity taking place and therefore the Human Resources team and Training budget will need to be increased to support this level of additional Police Officers being achieved.

#### Other Investment Proposals

- The criminal world is changing rapidly and exploiting technology to commit crime. It is imperative that Policing remains at the forefront of these advancements. To do this the force seeks to have an increased focus on digital policing methods. There is also considerable investment in technology taking place nationally which need to be understood and implemented well so that we can get the best from the emerging systems and make officers as effective and efficient in their roles as possible. Therefore the proposals seek to create a digital team to increase the pace and use of technology within the force along with an increase in project management resource to ensure digital and other projects are delivered on time and within budget.
  - Within the proposals are also plans to reduce the amount of 'abstractions' within the Police Force. An abstraction is where an officer is reallocated to deal with another incident. Often these abstractions come from within the neighbourhood policing areas, thereby reducing their presence in and around the neighbourhoods. The proposal complements the drive to increase the number of Police Officers in the neighbourhoods, thereby increasing their visibility and activity which is a central theme of the investment included within the budget.
  - In January 2019 HMICFRS published a report on Crime Data Integrity and whilst the report showed some improvements since the last report in 2017 it still assessed performance in this area as 'inadequate'. From the previous report a plan was already in place and has contributed to this improvement but it is recognised that more resource is required in this area to continue to address the issues highlighted. The intention within the proposals is to increase the number of staff working within the Crime Bureau on a short term basis to address the main areas of weakness highlighted within the report. This will reduce the opportunity for error and will play a significant role in improving compliance with the National Crime Recording Standards. There is also the intention to add an additional Dedicated Decision Maker (DDM) who will focus upon the areas identified through the recent HMICFRS Inspection.
11. The PCC will continue to support the drive to increase active community involvement by well informed and well supported members of the public, by supporting them into roles as volunteer police cadets, special constables, police volunteers or independent custody visitors. Up until this point volunteers in policing had been funded partly through the base budget and partly through the use of earmarked reserves. From

2019-20 the cost will be fully funded through the base budget as reliance on the one off reserves has been written out, this provides greater certainty for this service going forward.

12. In November 2018 a fundamental review of reserves took place and a Reserves Strategy was drafted and adopted by the PCC. As part of this budget the PCC has reviewed the adequacy and level of Reserves and is planning to responsibly use reserves over the medium term, in line with his priorities. In addition to the use of reserves for specific projects up to £5.1m of the Budget Equalisation Reserve will be used to support the revenue budget requirement.
13. Last year, the budget report set out the need to devise a new Target Operating Model (TOM) to meet current and future challenges. This work has progressed well throughout the year and the new target operating model is well advanced. The OPCC continues to work with the force to understand and seek to influence the approach and this will continue in 2019-20.
14. In considering the proposed level of precept, the PCC carried out a budget consultation exercise. The survey asked if residents of the area were prepared to pay up to £2.00 extra per month for policing services. There were 1,101 responses to the survey. Of these, 1,077 responses were from Council Tax Payers across the area and 72% of those were in favour of an increase of up to £2.00 per month (£24.00 for the year).
15. After careful consideration of these factors, the PCC is proposing a Band D precept increase of £24.00 per annum for the 2019-20 financial year. The PCC has allocated 97.8% in 2019-20 (97.8% in 2018-19, 96% in 2017-18 and 95.6% in 2016-17) of the net revenue budget requirement of £187.139m 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.

## **16. Leicestershire Context**

17. This section sets out some key information in relation to the policing area in order for the Panel to be aware of the external factors that are driving demand and have a significant impact on Policing in Leicester, Leicestershire and Rutland.
18. Chart 1 shows what has happened to core grant funding and the locally raised precept since 2010-11. It shows the actual cash grant received each year and does not take into account the real terms reduction in funding.
19. The chart shows that core grant funding has reduced from £126.1m in 2010-11 to £107.6m for 2019-20 a reduction of 15%. A study by the National Audit Office on "Financial sustainability of police forces in England and Wales 2018"<sup>1</sup> estimated that the real terms reduction in funding for Leicestershire between 2010-11 and 2018-19 was 30%.
20. The graph also shows that the funding raised locally has increased significantly over the same period. In 2010-11 £53.7m was raised directly from residents of the area

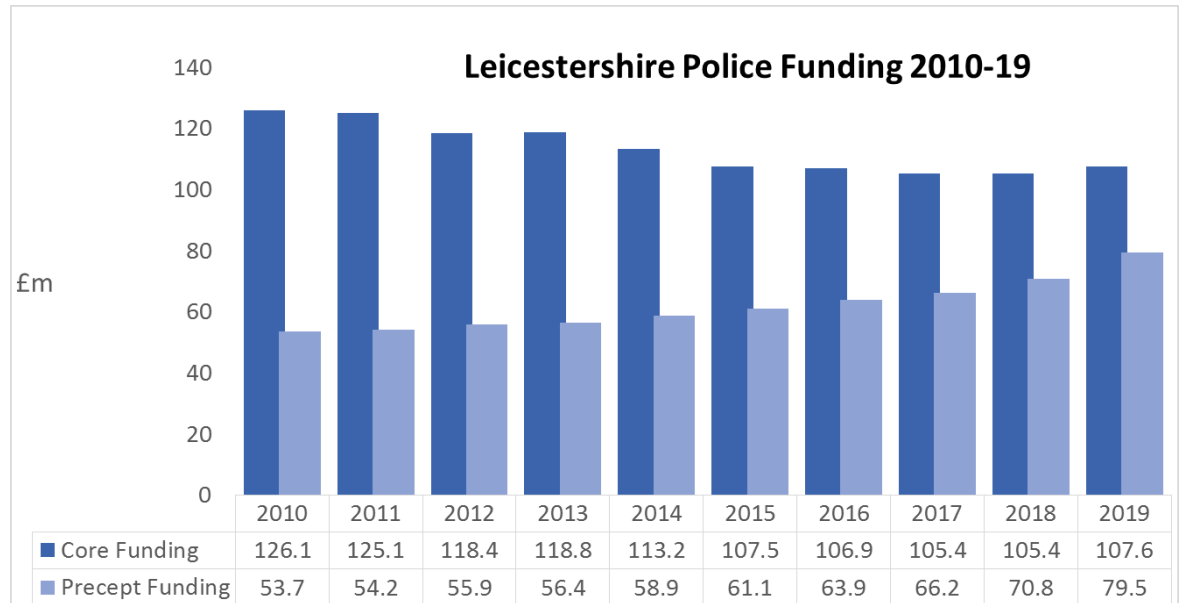
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<sup>1</sup> <https://www.nao.org.uk/wp-content/uploads/2018/09/Financial-sustainability-of-police-forces-in-England-and-Wales-2018.pdf>



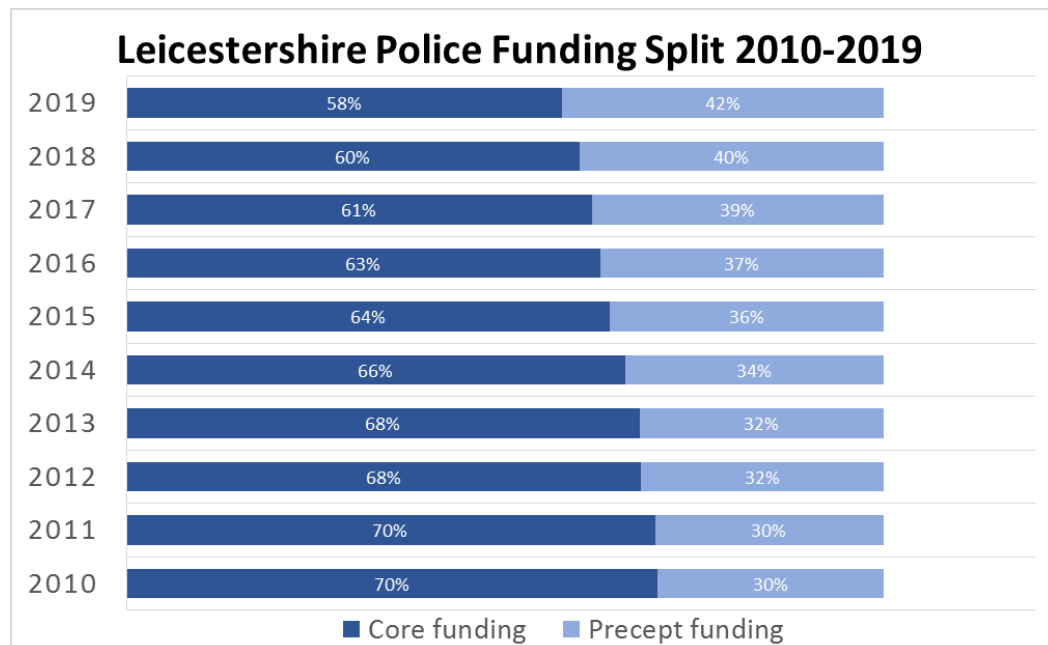
(and related grants) and for 2019-20 this is expected to increase to £79.5m<sup>2</sup>. An increase of £25.8m or 48% over the period.

**Chart 1**



21. Chart 2 demonstrates how the total funding has moved between Core Grant and Precept Funding since 2010-11. It shows that in 2010-11 70% of the funding came from Core Grant with the balance of 30% coming from the local precept. For 2019-20 this has moved significantly to show that 58% of the total funding will come from Core Grant and that 42% of funding now comes directly from the local taxpayer (and related grants).

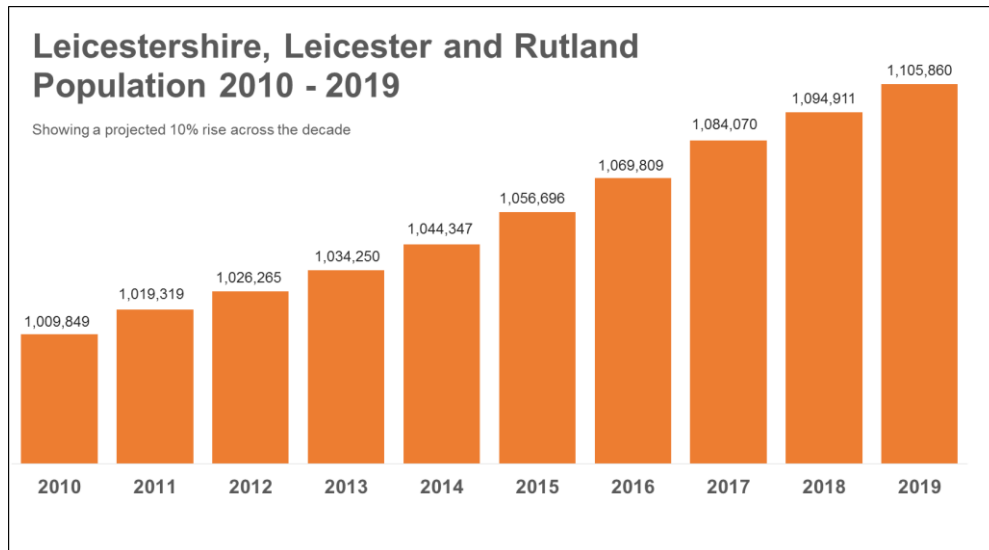
**Chart 2**



<sup>2</sup> This figure is made up of £72.1m precept, £7.0m Council Tax Support Grant and £0.4m Collection Fund Surplus

22. Chart 3 shows that whilst core grant has decreased significantly since 2010-11 the population within Leicester, Leicestershire and Rutland has increased significantly.

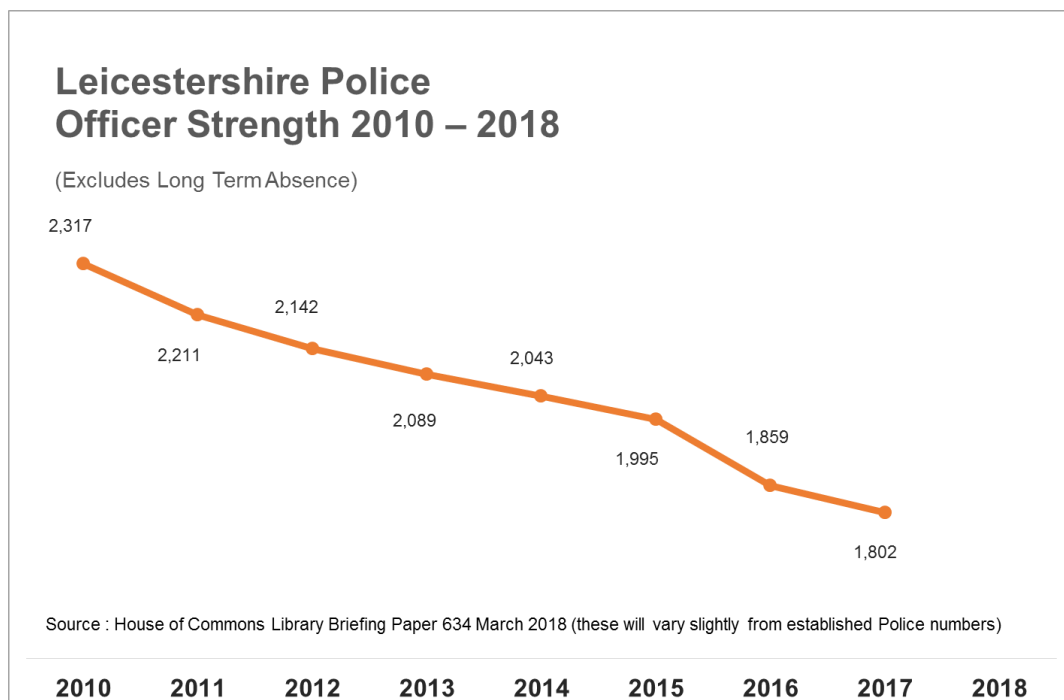
**Chart 3**



Source: ONS Population Estimates mid-2001 to mid-2017 detailed time series. 2018 and 2019 extrapolated assuming 1% growth

23. Chart 4 illustrates the reduction in Police Officers over the same time period. In 2010-11 the force employed approximately 2,317 Police Officers. The comparable figure for 2017-18 is 1,802. A reduction of 515 officers or a 22% reduction in Police numbers. This budget seeks to increase the established number by 107 officers but it is still a striking reduction in numbers compared to 2010-11.

**Chart 4**



24. It should be noted that whilst funding has reduced significantly demand for the service is very high. 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 further underlines the point as detailed below:

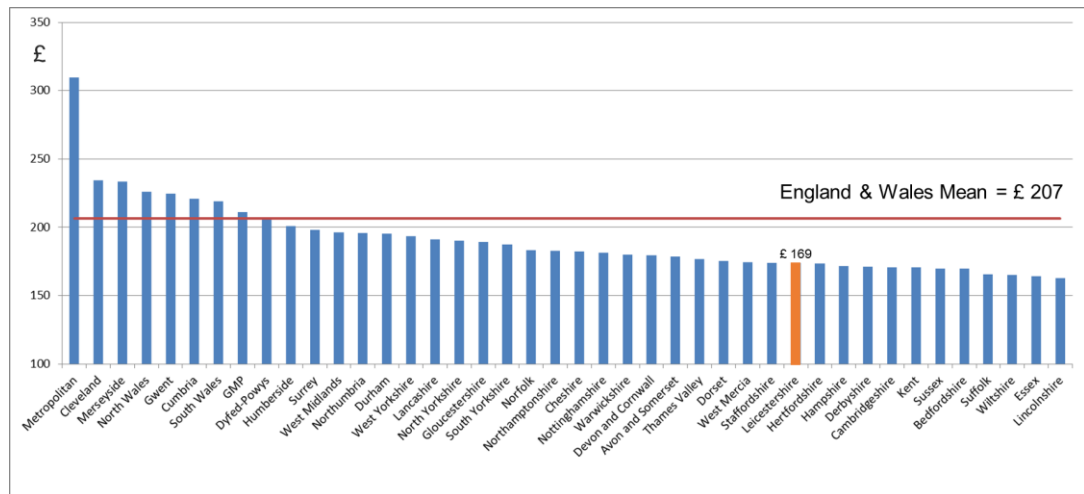
Number of 999 Calls received	138,893
Number of 101 Calls received	501,342
Number of referrals to Child Protection Teams	15,372
Number of reported domestic incidents dealt with	7,030
Number of missing people found	4,224

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

25. Chart 5 below shows how much funding in total is received per head of population for each of the policing areas across England and Wales. This shows that Leicester, Leicestershire and Rutland receives approximately £169 per head of population which is the 12<sup>th</sup> lowest in England and Wales and £38 per head of population lower than the average. If funding was lifted to the average approximately £42m more funding would be available for investing in policing in the area.

**Chart 5**

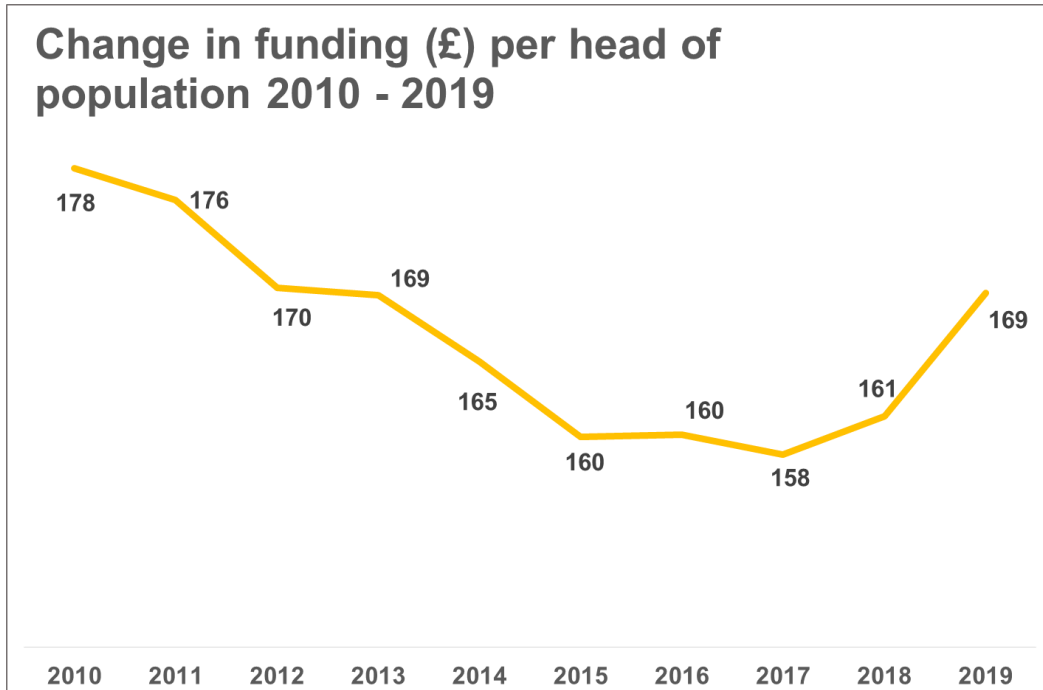
**Funding per head of population in England and Wales 2019-20**



Source: National Police Chiefs' Council

26. Chart 6 maps how the funding per head of population has changed since 2010-11. This shows that the funding per head of population in 2010-11 was £178. This reduced to £158 for 2017-18 and has increased for the final two years to £161 in 2018-19 and £169 in 2019-20.

**Chart 6**



### The Provisional Grant Settlement 2019-20

27. On 13 December the Government issued details of the provisional Police Funding for 2019-20. This section provides the headlines from the announcement and then sets out the implications for Leicestershire.

28. At a national level the headlines were as follows.

Total increase in funding available for Policing equates to **approximately £971m**. This can be broken down as follows:

- Core Grant funding increasing by **£161m** or 2.1%
- Additional Council Tax Precept allowing increases on a Band D property up to £24 generates **£509m**
- Specific Funding for Pensions Costs **£152m**
- Additional **£59m** for Counter Terrorism
- Additional **£90m** for Serious and Organised Crime Strategy
- **Total £971m**

29. In addition to this it was announced that:

- Police Transformation Fund would be maintained at **£175m**
- Major digital projects funding of **£495m** would be available

- Special Police Grant for special events, significant incidents and major investigations will be **£73m**

30. Alongside the proposals, the Government also set out four priority areas to drive efficiency, productivity and effectiveness next year. They are:

- Further efficiency savings through collective procurement and shared services with forensics highlighted as an area to concentrate on.
- Resolution of investigative challenges as highlighted by HMICFRS
- Smarter use of data and digital services with an ambition to deliver £50m of productivity gains in 2019-20
- Maintenance of a SOC response which identifies and manages local threats as well as supporting national and regional priorities.

It is believed that we are already well placed to evidence significant progress against each of these priority areas.

### 31. Leicestershire Position

32. The figure for increased funding quoted for Leicestershire was £12.7m and can be broken down as follows:

	<b>2018-19</b>	<b>2019-20</b>	<b>£m</b>	<b>%</b>
	<b>£m</b>	<b>£m</b>	<b>Increase</b>	<b>Increase</b>
Home Office Core Funding	64.4	65.8	1.4	2.2%
Ex-DCLG Formula Funding	39.1	39.9	0.8	2.0%
Legacy Council Tax Grants	8.9	8.9	0	0.0%
Pension Grant	0	1.9	1.9	-
Precept	63.1	71.7	8.6	13.6%
	<b>175.5</b>	<b>188.2</b>	<b>12.7</b>	

33. The precept figure is an estimate made by the Government based on an assumed level of growth. The Government have assumed the taxbase will grow by 1.4% to 321,193. This is slightly less than the confirmed taxbase which is 322,816.

34. It can be seen from the above analysis that the majority of the additional funding is only delivered if the Commissioner chooses to increase the Policing element of the Council Tax bill by the full £24.00 for a Band D property. This generates £8.6m or approximately 68% of the additional funding calculated by the Government.

35. An increase of £24.00 on a Band D property would see the Policing element of the Council Tax bill increase from £199.23 to £223.23 which represents an increase of approximately 12%.

### 36. Pensions

37. Of the additional funds detailed in the table above approximately £4.6m will be required to fund the additional costs associated with the increased pension liability for 2019-20.

38. It should be stressed that the additional income received in the form of Core Grant and Pensions Grant to fund the additional pension liability does not meet the cost for

Leicestershire by approximately £500,000. Therefore this underfunding will have to be met through the increased local precept, the burden of which will fall on local taxpayers.

### **39. Other Cost Pressures**

40. Similarly, there are other cost pressures which will need to be funded relating to staff pay, inflationary increases and other contractual increases. As the core grant and pensions grant does not meet in full the additional pension costs then these costs will also need to be funded through the increased precept flexibility.

### **41. Impact on Precept**

42. If the precept is increased by £24.00 for each Band D property in the area it is currently estimated that that will generate £7.7m in addition to the income generated as a result of the natural increase in the taxbase of £1.2m (these two figures added together are broadly equivalent to the increase in precept calculated by the Government of £8.6m).

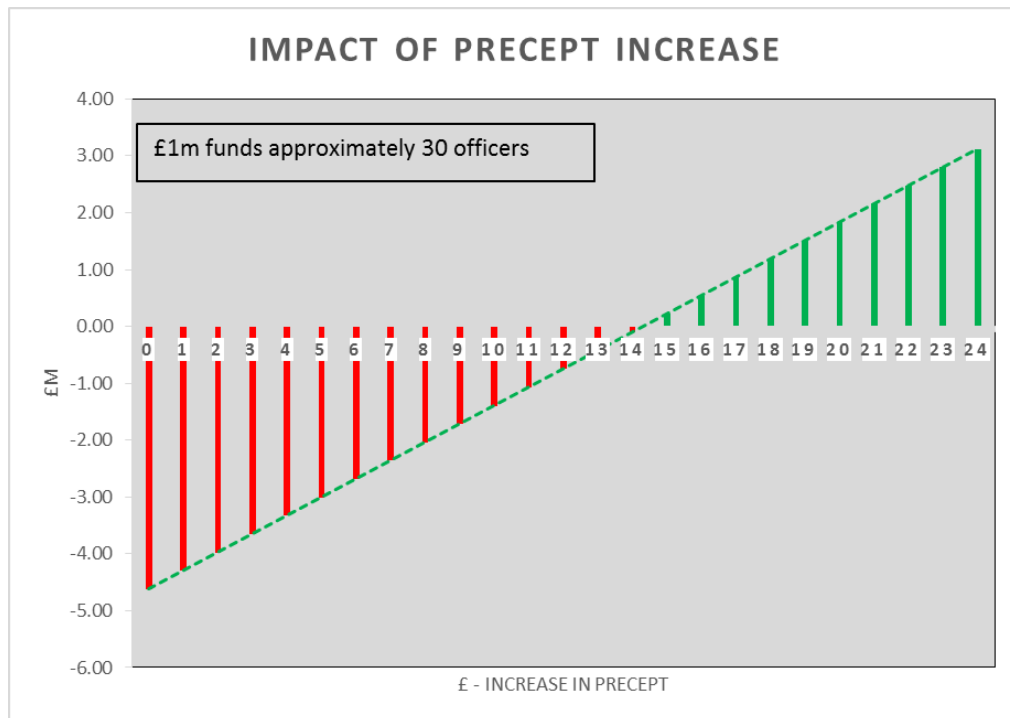
43. After all of the additional burdens and other existing cost pressures have been taken into account the remaining funding available for investing in services is £3.1m.

44. It can be seen that if the Commissioner chooses to increase the precept by £24.00 for a Band D equivalent the vast majority of it will be required to meet existing cost pressures, funding of the pensions deficit, inflationary increases and other unavoidable cost pressure. It is estimated that approximately £14.00 of the £24.00 will be required for this purpose.

45. The balance of approximately £10.00 of the £24.00 increase is therefore available for additional investment in policing services.

46. Chart 7 seeks to show what the reduction or investment in services would be for each £ of the additional precept increase that is proposed. This demonstrates that if the precept was not increased for next year there would need to be £4.62m worth of reductions to services which would equate to a decrease of approximately 140 officers.

47. It also demonstrates that £14.00 of the precept is required to maintain services at the current level after taking into account inflationary increases, pensions underfunding, contractual increases and other unavoidable cost pressures. Finally it demonstrates that if the precept is increased by the full £24 it enables investments of £3.12m as set out in the report.



### **Taxbase and Collection Fund details**

48. Leicester City Council, Rutland County Council and the District Councils are responsible for estimating the taxbase in their area and the Council Tax collection fund surplus or deficit.
49. The total taxbase is used to calculate the total precept that will be collected by billing authorities on behalf of the Police and Crime Commissioner.
50. The total collection fund surplus or deficit is shared between the major preceptors and therefore the Commissioner receives a share of this.
51. In 2018-19 the taxbase used in setting the budget for the Commissioner was 316,685.05 band D equivalent properties. For 2019-20 this has increased by 1.9% to 322,815.68 band D equivalent properties.
52. Across the LLR there is an estimated collection fund surplus totalling £446,193. This compares to an estimated surplus in 2018-19 of £704,664
53. The majority of the taxbase and collection fund surplus or deficit calculations have been confirmed but there is just one figure that at the time of writing this report is subject to formal confirmation. It is not anticipated that the figure provided will change as a result of the formal confirmation but should there be any changes the adjustments required will be made through the budget equalisation reserve.

### **Council Tax Referendum Limit**

54. 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.

55. From 2012-13, the Secretary of State is required to set principles annually, determining what increase is deemed excessive. For 2019-20 Police and Crime Commissioners can increase their precept on a Band D property by up to £24.00 without triggering a referendum.

56. The level of precept proposed is in line with this threshold and will not trigger a referendum.

### **Risks**

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

- Police Staff Job Evaluation – The Force is currently undertaking an evaluation of its Police Staff posts. Based on the experience of other employers a provision of £1.1m has been included to cover the implementation of the scheme. This remains a financial risk until the pay assimilation is completed and the actual costs are confirmed.
- Pay inflation – Given the move away from the 1% pay cap, the current inflation indices and the recommendation of the Police Negotiating Board for a 3% increase for 2018 (which was not supported by the Government), provision has been made for a 3% pay award from 1st September 2019 for both officers and staff (£2.6m part-year). However, the actual increases will not be known until pay negotiations are completed later in the year. Pay inflation for 2020/21 onwards is included at 2%.
- Emergency Services Network (ESN) – The latest update suggests that the transition to the ESN is delayed until 2020-21. The financial consequences have therefore been re-profiled to 2020-21 and beyond. The costs are based on Home Office estimates from approximately three years ago and will be updated when more accurate figures become available. It is highly likely that the cost of the project will be higher than the original Home Office projections as more detail becomes available following the award of the national contracts. This therefore represents a financial risk.
- Regional Collaboration – At the time of writing this report discussions continue regarding the funding for regional units in 2019-20 and the level of capabilities provided. The budget provided for within these proposals carries an operational risk regarding the future capacity of the teams.
- Microsoft Office 365 – A provision has been included for all of the Force's Microsoft licences being migrated to Office 365 for 2019-20. This includes regional user licence costs, the recharging of which, is subject to further discussion. The transition to Office 365 relies upon the National Enabling Programme delivering on their aspects of the project which could result in increased licence costs with delayed benefits.
- The National Police Air Service (NPAS) is currently being reviewed and the cost allocation model may change as a result. This could lead to a reduction or increase in costs, the extent of which is currently unknown. This is therefore highlighted as a risk.

### **Base Budget preparation, approach, and scrutiny**



58. 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.
59. The Force continues to consider key corporate risks when setting the budget.
60. 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.
61. 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.
62. 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.
63. 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.
64. The revised five-year financial forecast and, in particular, the 2019-20 budget contained within this report aligns the Force and PCC's financial resources to risk and therefore is fundamental to the Force's performance management regime.
65. The 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 2019-20. 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.
66. The PCC, 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.
67. This has resulted in a number of full and robust discussions of the budget requirement, the national and local operational and financial challenges, the precept options available and a review of the MTFs and associated risks.
68. Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the PCC and his team, prior to and during, the Strategic Assurance Board on the 15th January 2019, at which, agreement of the Force budget for 2019-20 between the PCC and the Chief Constable was reached.

### **Revenue Budget 2019-20**

69. The base budget for 2019-20 has been built based upon the 'budget rules' which are consistent with previous years and the risk based approach outlined earlier in the report.

70. In line with this approach, the Panel is advised that the total net budget requirement in 2019-20 is £187.139m. This equates to an increase of £10.88m (6.2%) from the 2018-19 net budget requirement level of £176.255m (see Appendix 1).

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

- **Police Officers** – In addition to the eight new police officers built into the budget for 2017-18 and a further 24 added to the establishment for the current year (2018-19) the Commissioner has decided to significantly increase the number of Police Officers for 2019-20 and 2020-21 by 107 officers.

Recruiting this number of officers in one year will be a significant challenge and therefore it has been determined that the aim will be to recruit 80 new officers in 2019-20 with the balance of 27 officers being recruited in 2020-21. The medium term financial plan has been updated to reflect this level of officer growth. A significant majority of the additional officers will be based in Neighbourhood Police Areas.

- **Police Community Support Officers (PCSOs)** – There is currently provision for 181 PCSO's within the budget proposals. The PCC has agreed with the Chief Constable that this number of PCSO's will be protected for 2019-20 and new PCSO's will be recruited as and when current PCSO's leave the service. It should also be noted that the funding for PCSO's is almost entirely funded through the base budget giving greater certainty for this resource. Previously a significant contribution was made from reserves to fund PCSO's. This reliance on one-off funding has been reduced significantly for 2019-20.
- **Support Staff** – The budget is based on 1,097 full time equivalents (excluding PCSO's) and includes an estimate for the impact of job evaluation.
- **Regional Budgets** – Regional collaboration budgets relate to the Leicestershire share of collaborative arrangements which include the cost of shared Police Officer posts. The budget for regional collaboration in 2019-20 has been set at £9.5m
- **Information Technology** – A significant element of the non-pay budget increase relates to IT enhancements and innovation. This is aligned to the national expectation to deliver a “modern digitally enabled workforce that allows officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public”. The budget includes:
  - Licensing costs associated with Microsoft Office 365 - £0.480m (the budget has been prepared on the basis of a 100% of the estate moving to Office 365 during 2019/20).
  - Telephony, communications and agile working - £0.238m (this includes increasing the capacity of WAN circuits to support the roll out of Office 365, a provision to maintain the 'airwave' terminals until ESN is delivered, and a temporary resource to assist with roll out of agile equipment).
  - The ongoing costs of the middleware software have been consolidated into the IT budget for 2019-20.

Investment

72. Further to discussions regarding operational capability to meet threat, harm and risk, the Chief Constable has identified the following areas for investment, supported by the PCC:

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
i) Police Office Growth	1,219	3,573	3,737	3,924	4,121
ii) Crime Bureau Staff Growth	692	692			
iii) Training Capacity	265	175	178	182	185
iv) New Policing Degree	-	240	480	480	480
v) Digital Strategy & Change	468	115	-	-	-
vi) Wellbeing Budget	10	10	10	10	10
vii) Single online Home	223	100	100	100	100
viii) Scene Guarding	75	100	150	150	150
ix) Evidential Property	172	-	-	-	-
	<b>3,124</b>	<b>5,005</b>	<b>4,655</b>	<b>4,846</b>	<b>5,046</b>

i) The ambition of the OPCC and Force is to increase the police officer establishment to 1,913 FTEs by the end of 2020-21. As a result, 80 additional PC posts are included within the 2019-20 investment proposals, with an additional 27 planned to be recruited in 2020-21. Recruitment infrastructure costs are also included. These plans will need to be kept under review following the announcement, in December 2019, of the next Comprehensive Spending Review (CSR) and subsequent settlement for 2020-21 onwards.

ii) In January 2019 HMICFRS published a report on Crime Data Integrity and whilst the report showed some improvements since the last report in 2017 it still assessed performance in this area as 'inadequate'. From the previous report a plan was already in place and has contributed to this improvement but it is recognised that more resource is required in this area to continue to address the issues highlighted. The intention within the proposals is to increase the number of staff working within the Crime Bureau on a short term basis to address the main areas of weakness highlighted within the report. This will reduce the opportunity for error and will play a significant role in improving compliance with the National Crime Recording Standards. There is also the intention to add an additional Dedicated Decision Maker (DDM) who will focus upon the areas identified through the recent audit. The additional resource will also assist in managing demand whilst IT and business process transformation solutions are being progressed.

iii) Two additional Police Staff training posts are included to support Driver and Taser training to front line officers. In addition, an investment of £100,000 leadership and management development and a further £100,000 in other training budgets is included to build capability and skills.

iv) Costs associated with supporting the new arrangements for recruiting Police Officers from 2020-21 have been built into the medium term forecast.

v) The criminal world is changing rapidly and exploiting technology to commit crime. It is imperative that Policing remains at the forefront of these advancements. To do this the force seeks to have an increased focus on digital policing methods. There is also considerable investment in technology taking place nationally which need to be understood and implemented well so that we can get the best from the emerging systems and make officers as effective and efficient in their roles as possible. Therefore the proposals include provision to create a digital team to increase the pace and use of technology within the force along with an increase in project management resource to ensure digital and other projects are delivered on time and within budget.

vi) Allocation of additional resources to support the wellbeing programme for staff and officers.

vii) Introduction of the national 'Single on Line Home' programme to enable members of the public to use self-service in their contact with the Force, in support of the digital strategy. This is a more efficient way of managing contact and should free up resources that can be re-deployed elsewhere.

viii) Creation of a budget to enable the Force to provide amended scene guarding arrangements, where appropriate, to reduce the abstraction of frontline officers.

ix) One-off investment in equipment and staffing to complete the transition to the new Evidential Property store.

73. It is also worth reiterating that the budget proposals provide funding to:

- Sustain the number of PCSOs at 181.
- Fully fund the Volunteers in Policing budget which was previously part funded through the use of reserves.
- Increase the base budget in order to contribute to reducing the level of abstractions in front line policing.
- Baseline proposals that have been supported in the year by the Change Board.

### **Office of the Police and Crime Commissioner**

74. The total cost of the Office of the Police and Crime Commissioner is £1.2m. The main costs are summarised below:

	<b><u>£000</u></b>
Staffing	1,038
Transport	22
Supplies and Services	<u>252</u>
Total Expenditure	<b>1,312</b>
Income	<u>(77)</u>
<b>Net Expenditure</b>	<b><u><u>1,236</u></u></b>

75. Staffing costs represent 79% of total expenditure and covers salary, pension, national insurance and training costs. The office employs 18 members of staff and also provides budget for the Commissioner and Deputy Commissioner's costs.

76. The office was restructured approximately a year ago and the majority of the posts in the new structure have been recruited to. There has been an addition to the office structure in the year which is a fixed term Commissioning and Partnership Analyst. The cost of this additional post is built into the budget for next year. This is the only change to the office structure that was previously reported to the panel.

77. There are currently two vacant posts in the structure. The Resources Manager's post and a Business Staff Officer's post.

78. Supplies and Services includes budget for items of expenditure such as internal audit costs, external audit costs and subscriptions to external associations. Detailed budgets for the office are available upon request.

### **Commissioning**

79. The Commissioning Framework for 2019-20 aligns to the priorities contained within the Police and Crime Plan. The Framework provides a budget for Commissioning in 2019-20 of £4.297m.

80. The budget is funded as follows:

	<b><u>£000</u></b>
Base budget	2,877
Ministry of Justice Grant	1,175

Contribution from Commissioning Reserve	245
Total funding	<u>4,297</u>

81. The 2019-20 Commissioning Budget includes £250,000 for small grants to Community Organisations which are awarded at the discretion of the Commissioner.
82. The Framework assumes £0.245m will be drawn from the Commissioning Reserve for the year.
83. The Ministry of Justice (MoJ) Victims and Witnesses Grant has been provisionally confirmed for 2019-20.

### **Capital Strategy, Capital Programme and Treasury Management Strategy**

84. The Capital Strategy 2019-20 is set out in Appendix 2. The revenue consequences of the proposed programme have been taken into account in the development of the revenue budget, and the required prudential indicators are set out.
85. This Capital Programme was considered by both the OPCC and the Force at the Strategic Assurance Board on the 15th January 2019. The Programme includes investment in operational areas of premises, IT and vehicle fleet.
86. The anticipated local costs for the Emergency Services Network (ESN) have been included in the Capital Programme and Revenue Budget based on the latest Home Office estimates. However, there remains significant national and local uncertainty regarding the costs and timescales of the network and this financial risk will continue to be closely monitored.
87. The Treasury Management Strategy report is set out at Appendix 3. 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. The strategy was fundamentally reviewed in November 2018 and agreed by the Strategic Assurance Board. The agreed version has been updated for 2019-20.

### **Medium Term Financial Plan (MTFP)**

88. It is a requirement that the Police and Crime Plan must cover the period until the end of the financial year of the next election for PCCs. Elections are due to be held in May 2020. Thus the relevant date is 31 March 2021.
89. However, it is good financial management to have a medium term financial plan that covers a period of at least four financial years. The financial information detailed in Appendix 1 covers a five year period, until the end of March 2024. This provides a longer term view which will enable informed decision making to take place for the period of the plan. This is not without its challenges, given that there is only a firm Government announcement of funding for 2019-20 and a Comprehensive Spending Review due in the next financial year and applicable from 2020-21.
90. However, a medium term financial plan has to be formulated using the best intelligence that is 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.

91. In 2019-20, the PCC has continued to allocate 97.8% of the net budget requirement to the Chief Constable for use on local policing and regional collaborations.
92. 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 1.75% per annum
  - b. All existing council tax freeze grants continue up to and including 2023-24
  - c. Core Government funding remains the same for the life of the plan.
  - d. The precept increases by £24.00 per Band D equivalent property for 2019-20 and £12.00 per Band D equivalent property thereafter.
  - e. Pay awards for officers and staff are included at 3% for 2019-20 and 2% for each remaining year of the plan
  - f. Non-pay inflation is included at 2% for the life of the plan
  - g. At this stage, there are no significant impacts on grant funding incorporated into the MTFP from the Funding Formula Review;
  - h. No additional, unfunded responsibilities are given to the PCC;
  - i. Further borrowing beyond the capital programme is not required.
93. Taking into account the above assumptions, following the detail of the provisional grant settlement, the MTFP has been reviewed and runs until the financial year 2023-24. The position is as follows:

See Appendix 1 for detailed analysis

	2019-20	2020-21	2021-22	2022-23	2023-24
	£m	£m	£m	£m	£m
Net Budget Requirement	187.1	192.4	197.8	203.3	209.0
Net Funding	187.1	192.4	197.8	203.3	209.0
<b>Funding Gap</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

94. Through the prudent use of reserves the MTFP shows a balanced position over the life of the plan. The current spending plans assume the use of £5.1m of the Budget Equalisation Reserve (BER).
95. At this point (31 March 2023) it is estimated that there will be £0.1m remaining in the BER. The final year of the plan estimates that the BER can be replenished by £1.8m based on current assumptions.

96. It is evident in the MTFP projection that based on the current assumptions and the prudent use of reserves the budget is balanced over the medium term.
97. However, with the Comprehensive Spending Review looming large and huge uncertainty about the impact of Brexit there is potential for significant changes to the assumptions which would impact upon the medium term position.
98. As a result, the MTFP will be regularly reviewed to update the assumptions as new information emerges.

### **Use of Reserves and Balances**

99. In considering the 2019-20 budget, the Commissioner has reviewed all of the reserves held. As detailed above, the Medium Term Financial Plan is predicated on the prudent use of reserves over the first four years of the plan. On current assumptions and forecasts it is estimated that this reliance will not be required by the fifth year of the plan and in fact a financial contribution will be able to be made to reserves should the current assumptions hold.

100. In November 2018 a Reserves Strategy was agreed which set out the following 'guiding principles' for managing reserves:

- General fund reserves should be in the range of 2% to 5% of the total net budget (Between £3.7m and £9.4m based on the 2019-20 budget).
- The budget equalisation reserve 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

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

#### **a. General Reserve**

There is a General Reserve which will be held at £6m. This represents 3.2% of the net budget requirement for 2019-20 and is within recommended limits referred to above. It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications. There is no planned use of this reserve during 2019-20.

**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 £8.7m at 31 March 2019, and its purpose when established was twofold:

1. To fund 'invest to save' and other new initiatives and investments.
2. To partly support funding shortfalls in the MTFP.

### c. Earmarked Reserves

The PCC currently holds a number of Earmarked Reserves which at 31 March 2019 are estimated to total £4.8m (excluding the General Reserve and BER) and those to note are as follows:

**OPCC Commissioning Reserve £1.5m** – This contributes towards supporting the cost of the Commissioning Framework.

**Civil Claims £1.0m** – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

**Capital Reserve £0.4m** – to support future Capital expenditure.

**Proceeds of Economic Crime - £0.5m** – reserve funded from proceeds of crime, used to support Force's capability in specific investigative areas.

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

<u>Transfers from Reserves</u>			<u>Transfers to Reserves</u>		
		£m			£m
<u>Budget Equalisation Reserve</u>					
Job Evaluation	(1.073)		Equipment Reserve	0.200	
Op Medway/Enamel/Chrome	(0.233)		Fleet Insurance Claims	0.300	
PCSOs	(0.043)		Civil Claims Liability	0.230	
General transfer from reserves	<u>(0.403)</u>		Other	0.189	
	(1.752)				<b>0.919</b>
<u>Other Earmarked Reserves</u>					
Economic Crime (POCA)	(0.058)				
Equipment Reserve	<u>(0.254)</u>				
	(0.312)				
<u>OPCC</u>					
Commissioning	<u>(0.245)</u>		<b>Net Transfers to/from</b>		
	(0.245)		<b>Earmarked Reserves</b>	<b>(1.390)</b>	
	<b>(2.309)</b>				

### Precept proposal

103. After careful consideration of all the factors highlighted within this report, the PCC is proposing a £24.00 Band D Precept increase to maximise resources for operational policing.

104. In making this proposal, the PCC is extraordinarily grateful to those who took part in the Precept surveys 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.
105. Additionally, in making this proposal, the PCC 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**

106. In proposing the precept the PCC has sought views from the Chief Constable and his statement on the PCC's precept proposal for 2019-20 is as follows:-
107. *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.*
108. *My preferred option is an increase in the precept of £24. This will best enable the Force to deliver the Police and Crime Plan and meet the requirements of the Strategic Policing Requirement going forward.*
109. *In coming to that conclusion I do note that what is proposed passes an increasing share of the funding requirement for policing onto local tax payers from central government. However, the opportunity to raise the precept gives us the realistic prospect of growing back some of the capacity that we have lost in recent years. As I have previously reported to the Panel, Leicester, Leicestershire and Rutland are amongst the fastest growing populations in England and Wales. This rapid population growth, coupled with the increasing complexity of the challenges that policing faces put real pressure on our capacity to cope with demand. With the budgets of our partner agencies also being reduced by significant amounts, I reported to the Panel last year a potential total reduction of some £650M in those budgets across partners in Leicester, Leicestershire and Rutland, we are seeing the pressures on policing increase. Since 2010 we have saved in excess of £38M. What that means in effect is that in 2010 we had approximately 2,300 police officers whereas we approach this budget with a current establishment of 1,774 FTE whilst we head towards an agreed establishment of 1,806 officers. If the Panel were minded to support growth of £24 this would enable us to recruit 107 extra police officers. Our aspiration would be to reach 1,913 police officers. Whilst this is still lower than the 2,300 we had previously it would increase our ability to patrol, deter crime and investigate offences.*
110. *The breadth of the police mission remains significant with some 75% of incoming calls from the public not being crime related. In seeking to maintain a strong neighbourhood presence, a resilient 24/7 response capability, and investigative capacities that are able to deal with the complexities of a digital and cyber enabled*

*world, we also need to ensure that our contact management is strong and focused on the public, as well as supporting all of that with digital investigation and forensic analysis. In effect our mission covers everything from anti-social behaviour through to counter terrorism. It should be noted that the threat level from terror nationally remains at “severe”. We are also working hard with partners to combat serious and organised crime and to mitigate its impact on local communities which we see through modern slavery, economic crime, violence and the drugs trade.*

111. *Our frontline efforts are supported by functions that are notably lean. HMICFRS produce comparative data which shows that our provision of estates, fleet, procurement, etc. are amongst the very leanest in the country. We have also equipped our officers and staff with mobile technology including laptop computers, body worn video. The investment last year in the Pronto middleware solution, supported by this Panel, has resulted in enabling more efficient completion of some of the necessary bureaucracy that we have to carry out.*
112. *In a context of a complex workload, increasing numbers of recorded crimes, and a growing population I strongly support the proposal to increase the precept by £24. I make that recommendation as both a local resident and the Chief Constable responsible for delivering policing across Leicester, Leicestershire and Rutland within the terms laid out within the Policing Protocol Order 2011.*

#### **Robustness of the Budget –Statement of the PCC Chief Finance Officer**

113. The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2011, requires the PCC’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 PCC 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:

*“At the Strategic Assurance Board on the 15th January 2019, I attended to provide assurance to the Board 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 2019-20”, 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, the PCC and the deputy PCC, I have reviewed, scrutinised and challenged the Business Cases 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 Strategic Assurance 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 taxbase and council tax surplus or deficits.*

*The Chief Constable has discussed the revenue and capital operational and Police and Crime Plan requirements for 2019-20 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.*

*In coming to my conclusion on the robustness of the budget I have also reviewed the separate papers on Capital Strategy (Appendix 2) and Treasury Management (Appendix 3).*

*This report details that the budget can be balanced over a period of time with the prudent use of the Budget Equalisation Reserve. Reliance on this reserve diminishes over time with reliance on the reserve is completely written out by the end of the financial year 2022-23. At this point it is estimated that there will be a balance in this particular reserve of £0.1m. The budget equalisation reserve was set up to help smooth variations in the budget and therefore it is being used for the purpose it was intended. It should be noted that there are no plans to utilise any of the £6m held in general reserves which should be held as a 'contingency of last resort' or to provide funds on a very short term basis. This level of general reserve is within the range expected defined by the Reserves Strategy as set out earlier in the report.*

*I conclude that the budget for 2019-20 has been prepared on a robust basis and that whilst the prudent use of reserves is planned over the medium term period the reliance on these reserves diminishes and is no longer required by the end of the plan based on current assumptions.*

*Beyond 2019/20, there is a high level of uncertainty as to how the finance settlement might look, particularly with the Comprehensive Spending Review planned in Autumn 2019. However, the assumptions contained within the MTFP are reasonable and prudent and will be updated as new information emerges. As such the MTFP contains the best estimates available at this point in time.*

*I conclude, therefore, that the budget for 2019-20:*

- 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 PCC's Police and Crime Plan priority;*
- 3. Includes an appropriate use of reserves and that the planned level of reserve remaining are adequate and sufficient.*

*However, we always need 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. We also need to be cognisant of the approaching Comprehensive Spending Review which is due to take place in the*

*Autumn of 2019 and will be applicable from the financial year 2019-20. Clearly, this will have a significant impact on Government Spending and therefore potentially on Police funding too.”*

### **Implications**

Financial:	This report for the Police and Crime Panel to note the precept proposal, the financial position, uncertainties and timescales.
Legal:	The PCC 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 2019-20 to 2023-24

Appendix 2 Capital Strategy 2019-20

Appendix 3 Treasury Management Strategy

### **Background Papers**

Provisional Police Grant Report –December 2018

Leicestershire Police and Crime Commissioner Survey

### **Persons to Contact**

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The Office of the Police and Crime Commissioner for Leicestershire  
Budget Requirement and Precept 2019/20

Version date 18/01/2019

		Precept Increase	12.05%	5.38%	5.10%	4.85%	4.63%
<b>2018/19 Approved Budget</b>		<b>2019/20 Revenue Budget</b>	<b>2020/21 Revenue Budget</b>	<b>2021/22 Revenue Budget</b>	<b>2022/23 Revenue Budget</b>	<b>2023/24 Revenue Budget</b>	
£		£	£	£	£	£	
92,514,456	Police Pay & Allowances	98,806,437	101,649,026	102,143,732	102,485,317	102,651,003	
40,064,883	Staff Pay & Allowances	40,872,779	43,180,091	44,723,162	46,308,321	47,941,252	
7,565,605	PCSO Pay & Allowances	6,418,394	6,816,155	7,082,674	7,356,781	7,638,662	
<b>140,144,945</b>		<b>146,097,610</b>	<b>151,645,272</b>	<b>153,949,567</b>	<b>156,150,419</b>	<b>158,230,917</b>	
9,342,198	Regional Collaboration	9,486,933	9,693,466	9,895,445	10,101,534	10,303,184	
3,599,776	Police Pensions	3,767,050	3,846,974	3,928,496	4,011,649	4,096,465	
28,924,060	Non-Pay Expenditure	32,256,159	34,511,597	36,957,158	38,074,269	39,200,483	
3,707,561	Inflation Contingency	4,831,884	2,717,038	1,844,038	1,686,038	1,886,038	
(12,042,467)	Income	(13,489,375)	(13,597,942)	(13,812,609)	(14,038,429)	(14,277,836)	
<b>33,531,128</b>		<b>36,852,651</b>	<b>37,171,132</b>	<b>38,812,528</b>	<b>39,835,061</b>	<b>41,208,333</b>	
<b>173,676,073</b>	<b>Force Budget Requirement (excl. OPCC)</b>	<b>182,950,261</b>	<b>188,816,404</b>	<b>192,762,095</b>	<b>195,985,479</b>	<b>199,439,250</b>	
1,206,371	OPCC	1,312,393	1,352,828	1,389,818	1,427,830	1,464,718	
4,151,355	Commissioning	4,296,550	4,296,550	4,296,550	4,296,550	4,296,550	
<b>5,357,726</b>		<b>5,608,943</b>	<b>5,649,378</b>	<b>5,686,368</b>	<b>5,724,380</b>	<b>5,761,268</b>	
<b>179,033,799</b>	<b>Gross Budget Requirement</b>	<b>188,559,204</b>	<b>194,465,782</b>	<b>198,448,463</b>	<b>201,709,860</b>	<b>205,200,518</b>	
(1,243,516)	Specific Grant - Victims and Witnesses	(1,251,211)	(1,251,211)	(1,251,211)	(1,251,211)	(1,251,211)	
-	Home Office Pension Grant	(1,902,540)	(1,902,540)	(1,902,540)	(1,902,540)	(1,902,540)	
1,314,643	Investment	3,124,086	5,005,034	4,655,445	4,845,809	5,045,675	
2,100,000	Revenue contribution to capital	-	-	-	-	-	
-	Efficiency Savings	-	-	-	-	-	
(4,950,339)	Use of reserves for specific projects	(987,411)	(1,345,411)	(272,411)	85,785	85,785	
-	General transfer from reserves	(402,988)	(2,576,039)	(1,919,439)	(202,670)	1,801,660	
<b>176,254,587</b>	<b>Net Budget Requirement</b>	<b>187,139,140</b>	<b>192,395,615</b>	<b>197,758,307</b>	<b>203,285,032</b>	<b>208,979,887</b>	
-	Surplus / (Funding Gap)	-	-	-	-	-	
<b>176,254,587</b>	<b>Net Revenue Budget</b>	<b>187,139,140</b>	<b>192,395,615</b>	<b>197,758,307</b>	<b>203,285,032</b>	<b>208,979,887</b>	
	<b>Funding</b>						
64,432,578	Police Grant	65,833,932	65,833,932	65,833,932	65,833,932	65,833,932	
39,093,198	Business Rates	39,865,885	39,865,885	39,865,885	39,865,885	39,865,885	
7,020,391	Council Tax Support Grant	7,020,391	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	1,910,530	
704,664	Collection Fund Surplus	446,193	500,000	500,000	500,000	500,000	
63,093,226	Precept	72,062,209	77,264,877	82,627,569	88,154,294	93,849,149	
<b>176,254,587</b>		<b>187,139,140</b>	<b>192,395,615</b>	<b>197,758,307</b>	<b>203,285,032</b>	<b>208,979,887</b>	

£	Precept by Billing Authority		£	£	£	£	£
		Tax Bases					
6,563,450	Blaby	33,441.71	7,465,200	8,004,164	8,559,706	9,132,240	9,722,192
11,062,416	Charnwood	56,462.40	12,604,113	13,514,091	14,452,058	15,418,715	16,414,779
6,906,076	Harborough	35,161.40	7,849,086	8,415,766	8,999,876	9,601,852	10,222,141
7,594,257	Hinckley & Bosworth	38,585.20	8,613,382	9,235,241	9,876,228	10,536,821	11,217,510
14,271,258	Leicester City	73,894.00	16,495,372	17,686,287	18,913,832	20,178,925	21,482,504
3,661,751	Melton	18,669.50	4,167,596	4,468,484	4,778,626	5,098,255	5,427,607
6,545,111	North West Leicestershire	33,678.00	7,517,947	8,060,719	8,620,186	9,196,766	9,790,886
3,438,116	Oadby & Wigston	17,423.20	3,889,384	4,170,186	4,459,624	4,757,916	5,065,282
3,050,792	Rutland	15,500.27	3,460,128	3,709,939	3,967,433	4,232,804	4,506,247
<b>63,093,226</b>		<b>322,815.68</b>	<b>72,062,209</b>	<b>77,264,877</b>	<b>82,627,569</b>	<b>88,154,294</b>	<b>93,849,149</b>
	Council Tax Base						

£	Precept by Band		£	£	£	£	£
		Apportionment					
132.8201	Band A	6/9	148.8201	156.8201	164.8201	172.8201	180.8201
154.9568	Band B	7/9	173.6235	182.9568	192.2902	201.6235	210.9568
177.0935	Band C	8/9	198.4268	209.0935	219.7602	230.4268	241.0935
199.2302	Band D	9/9	223.2302	235.2302	247.2302	259.2302	271.2302
243.5036	Band E	11/9	272.8369	287.5036	302.1702	316.8369	331.5036
287.7770	Band F	13/9	322.4436	339.7770	357.1103	374.4436	391.7770
332.0503	Band G	15/9	372.0503	392.0503	412.0503	432.0503	452.0503
398.4604	Band H	18/9	446.4604	470.4604	494.4604	518.4604	542.4604

£199.2302	Band D Council Tax	£223.2302	£235.2302	£247.2302	£259.2302	£271.2302
6.41%	% Increase	12.05%	5.38%	5.10%	4.85%	4.63%
12.00	£ Increase	24.00	12.00	12.00	12.00	12.00
23.1p	Increase per week in Pence	46.2p	23.1p	23.1p	23.1p	23.1p

## Summary of Assumptions

Reduction in Core Grant Funding	0.00%	0.00%	0.00%	0.00%	0.00%
Precept increases	12.05%	5.38%	5.10%	4.85%	4.63%
Tax Base increases	1.93%	1.75%	1.75%	1.75%	1.75%
Pay Inflation	3.00%	2.00%	2.00%	2.00%	2.00%
Non-Pay Inflation		2.00%	2.00%	2.00%	2.00%

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## Capital Strategy 2019/20

### 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.

### Capital Expenditure and Financing

Capital expenditure is where the Police and Crime Commissioner (PCC) spends money on assets, such as property or vehicles, that will be used for more than one year. The PCC has some discretion on what counts as capital expenditure, for example assets costing less than £10k are not capitalised and are charged to revenue in year.

In 2019/20, the Force is proposing capital expenditure of £9.9m as summarised below:

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

	<b>2017/18 actual</b>	<b>2018/19 forecast</b>	<b>2019/20 budget</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>
Estates	2.4	4.0	3.1	1.2	0.2
IT	3.0	3.7	3.9	1.6	
Fleet	1.0	1.4	1.0	1.0	1.0
ESN	-	-	-	3.5	
Corporate Projects	-	-	1.9	0.3	
<b>TOTAL</b>	<b>6.4</b>	<b>9.1</b>	<b>9.9</b>	<b>7.6</b>	<b>1.2</b>

The capital projects included in the expenditure above are summarised later in this report.

**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 the Strategic Finance and Infrastructure Board and supported by the Executive Group at their meeting on the 20<sup>th</sup> December 2018. The capital programme is then presented to the Strategic Assurance Board in January.

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

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
External sources	1.9	0.9	1.2	1.1	0.7
Own resources	0.8	3.7	0.2	0.1	0.1
Debt	3.7	4.5	8.5	6.4	0.4
<b>TOTAL</b>	<b>6.4</b>	<b>9.1</b>	<b>9.9</b>	<b>7.6</b>	<b>1.2</b>

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

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Own resources	1.5	1.9	1.7	2.5	3.5

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 1<sup>st</sup> April 2008 (which was supported capital expenditure) the policy will be based on 4% of the Capital Financing requirement
- From the 1<sup>st</sup> 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 with 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 £6.8m during 2019/20. 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

	31.3.2018 actual	31.3.2019 forecast	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
<b>TOTAL CFR</b>	<b>23.2</b>	<b>25.8</b>	<b>32.6</b>	<b>36.5</b>	<b>33.4</b>

**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 2019/20.

### **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 £12.9m borrowing at an average interest rate of 5.29% and £16.8m treasury investments at an average rate of 0.49%.

**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 (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 1.75% to 3.0%).

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 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2018 actual</b>	<b>31.3.2019 forecast</b>	<b>31.3.2020 budget</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>
Debt (incl. PFI & leases)	12.9	16.9	25.4	30.0	30.4
Capital Financing Requirement	23.2	25.8	32.6	36.5	33.4

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.

**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*

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – borrowing	25.8	26.4	32.8	33.1
Authorised limit – Long Term Liabilities	1.0	0.5	0.5	0.5
Authorised limit – total external debt	<b>26.8</b>	<b>26.9</b>	<b>33.3</b>	<b>33.6</b>
Operational boundary – borrowing	24.8	25.4	31.8	32.1
Operational boundary – Long Term Liabilities	0.5	-	-	-
Operational boundary – total external debt	<b>25.3</b>	<b>25.4</b>	<b>31.8</b>	<b>32.1</b>

**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.

**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. Quarterly reports on treasury management activity are presented to the Strategic Assurance Board.

### **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*

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£m)	2.2	2.5	2.4	3.4	4.4
Proportion of net revenue stream	1.27%	1.39%	1.25%	1.72%	2.19%

**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. The estimate of the incremental impact of the capital investments proposed in this report for Band D Council Tax per week are:

2019/20	2020/21	2021/22
0p	6p	6p

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

### Proposed Capital Programme

A summary of the proposed Capital Programme for 2019/20 is shown in the table below.

<i>Proposed Capital Programme 2019/20</i>			
<b>Expenditure</b>	<b>£000</b>	<b>Funding</b>	<b>£000</b>
Property	3,119	Capital Grant (provisional)	700
Information Technology	3,851	Borrowing Requirement	8,515
Vehicle Fleet	950	Revenue Contributions	235
Corporate Projects	1,891	3 <sup>rd</sup> Party Contributions	441
Emergency Services Network	55		
Operational equipment	25		
<b>Total</b>	<b>9,891</b>	<b>Total</b>	<b>9,891</b>

The 'Estates' programme is based on the approved Estates Strategy and includes the property store build, refurbishment of Keyham Lane, remodelling of FHQ accommodation to accommodate the new Forensic Investigator lab requirements, the purchase of land at Coalville to create the car park following the co-location with the Fire service and provision to increase the parking capacity at FHQ.

The IT programme includes:

- Investment in the data network and storage to ensure network performance and support new services such as enhanced CCTV for custody and site security.
- The Force has committed to the National Enabling Programme (NEP) Office 365 cloud service and 2019/20 is the second year of implementation.
- Significant investment (£1m) in the smartphone fleet to facilitate the on-going use of agile services.
- Provision for the on-going development of Pronto.
- Openscape 4000 project (CMD Telephony) to develop new methods of contact eg web chat, social media and video contact.
- Equipping Force Meeting rooms with audio visual and video conferencing facilities.

Provision is also made for the rolling programme of ANPR camera replacements (including vehicle fits), the Force wide security works, Custody CCTV replacement (both which were approved at the November 2018 Change Board), stage 2 of the CMD refurbishment (ergonomics) and the preparatory work in relation to the roll out of the Emergency Service Network.

Planned replacements for the existing vehicle fleet are also included.

### **Financing**

The provisional 2019/20 capital grant is £0.7m, similar to the previous year. After the application of revenue contributions to capital schemes and the use of Section 106 funding, the 2019/20 borrowing requirement is **£8.515m**.

The Capital Programme assumes that the 19/20 borrowing requirement of £8.515m is financed through loans from the PWLB. Revenue resources are set a side 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 PCC / Force 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.

## **TREASURY MANAGEMENT – INVESTMENT STRATEGY**

Revised January 2019

### **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 CLG guidance in relation to treasury activity.
- 2.5 The Treasury Management Strategy is approved annually to run from 1<sup>st</sup> April to the following 31<sup>st</sup> March, but can be revised at any time during the year.
- 2.6 The Local Government Act 2003 included capital regulations that applied from 1<sup>st</sup> 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 Uncertainty in the financial markets is likely to continue during the remainder of 2018/19 and 2019/20 as the UK continues to attempt to negotiate an exit from the European Union and the single market. In response to rising inflation and with a desire to slowly normalise policy rates, the Bank of England increased Bank Rate by 0.25% in November 2017 and in August 2018. The bank rate is currently 0.75% (as at January)
- 3.3 This has resulted in a minor increase in the interest rates available when investing surplus funds.
- 3.4 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.
- 3.5 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

- 3.6 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.
- 3.7 At any one time, the OPCC has between £3m and £36m (depending on the cash flow) available to invest. This represents income received in advance of expenditure plus balances and reserves.
- 3.8 Currently most of the PCC's surplus cash is invested in short term unsecured bank deposits.

**Credit Rating Agencies**

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

Their range of ratings for financial institutions are as follows, the full range of long term credit ratings is included at the end of this report:

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

- 3.11 The previous policy allowed for funds to be invested in the following institutions:

<b><u>Institution</u></b>	<b><u>Maximum Loan £m</u></b>	<b><u>Maximum Period of Loan</u></b>	<b><u>Long-term Ratings at 15 October 2018</u></b> <b><u>Fitch / Moody's / S&amp;P</u></b>
Royal Bank of Scotland PLC	10.0	364 days	A- / A1 / A-
Lloyds Bank PLC	10.0	364 days	A+ / Aa3 / A+
Barclays Bank PLC	10.0	364 days	A+ / A2 / A
HSBC Bank PLC	10.0	364 days	AA- / Aa3 / AA-
Nationwide Building Society	10.0	364 days	A+ / Aa3 / A
Debt Management Office	No limit	364 days	UK sovereign obligation

- 3.12 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.
- 3.13 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.
- 3.14 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.
- 3.15 Security of investment remains the priority ahead of investment returns.

### Revised Credit Ratings

- 3.16 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

- 3.17 The limits set out above will ensure that investments can be made in more financial institutions but security of investment is not compromised.
- 3.18 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

- 3.19 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.
- 3.20 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.
- 3.21 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 taken into account. 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**

- 3.22 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.
- 3.23 These are 'designated investments' which can be transacted by Professional Clients under MiFID II. Currently we are a 'retail' only client and therefore would only be able to use these instruments if we were re-classified as a professional client.

### **Government**

- 3.24 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.
- 3.25 Investments in non-UK national Governments will be subject to them having a minimum sovereign rating of AA+
- 3.26 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.
- 3.27 A very small number of local authorities are credit rated and their long-term ratings range from AA to A+.
- 3.28 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).
- 3.29 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.
- 3.30 No investments will be made to a local authority where a S114 Notice has been issued and is still in operation.

### **Pooled funds**

- 3.31 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.
- 3.32 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.
- 3.33 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.

- 3.34 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.
- 3.35 The funds' performance and continued suitability in meeting the investment objectives will also be monitored regularly.
- 3.36 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
- 3.37 Some of these funds can only be transacted by 'Professional' clients under MiFID II. Currently we are a 'retail' only client and therefore would only be able to use some of these funds if we were re-classified as a professional client.
- 3.38 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**

- 3.39 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.
- 3.40 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.
- 3.41 In these circumstances advice will be sought from the treasury advisers and the OPCC and Force's S151 officers 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 2years
A-	£3m 6 months	£3m 13 months	£3m 13 months
None	£1m 6 months <sup>1</sup>	n/a	£3m 13 months <sup>2</sup>
<b>Pooled funds</b>	£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

3.42 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.

3.43 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

3.44 The OPCC's General Fund revenue reserves available to cover investment losses were £6 million on 31st March 2018. 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.

<sup>1</sup> 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.

<sup>2</sup> 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.

- 3.45 A group of banks under the same ownership will be treated as a single organisation for limit purposes.
- 3.46 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

- 3.47 The OPCC currently holds £12.88m of loans. The amount is split between the Public Works Loans Board (PWLB) figure of £12.4m and Leicestershire County Council £0.48m (transferred debt from 1995 regarding the formation of police authorities as per the Police and Magistrates Courts Act 1994. This has now transferred to the OPCC).
- 3.48 Capital expenditure forecasts show that the PCC expects to borrow up to £4.5m over the remainder of 2018/19.
- 3.49 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.
- 3.50 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.
- 3.51 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.
- 3.52 In addition, the OPCC may borrow short term loans to cover unplanned cash flow shortages.
- 3.53 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
- 3.54 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.
- 3.55 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.

- 3.56 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 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.57 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 2018/19 and 2019/20 to see whether a saving could be achieved on the overall interest costs.
- 3.58 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 Strategic Assurance Board throughout the year via the "Treasury Management Performance" report.
- 4.4 The Bank of England has now raised rates to 0.75% and two further 0.25% rate rises are forecast over the next 3 years. Future policy rate increases are not, however, guaranteed and a lot hinges on the economy's strength and the inflation outlook after the country's potential withdrawal from the EU.

- 4.5 On this basis the investment income budget Rate has been set at £130,000 for 2019/20.

<u>Financial Year</u>	<u>Interest Income</u>	<u>Comments</u>
2015/16	£0.09m	Actual
2016/17	£0.07m	Actual
2017/18	£0.05m	Actual
2018/19	£0.08m	Forecast
2019/20	£0.13m	Budget

- 4.6 Given the continued uncertainty in the economy an ongoing review of the Treasury Management Strategy will be undertaken during 2019/20 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:

		2018/19 £m	2019/20 £m	2020/21 £m	2021/22
(i)	Total authorised borrowing limit*	25.8	26.4	32.8	33.1
(ii)	Long term liabilities	1.0	0.5	0.5	0.5
(iii)	Interest payable limit on borrowing at variable rates	0.2	0.3	0.3	0.3
(iv)	Interest payable limit on borrowing at fixed rates	0.7	0.9	0.9	0.9

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

- 5.2 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	40%	0%
Between 12 months and 24 months	40%	0%
Between 24 months and 5 years	40%	0%
Between 5 years and 10 years	50%	0%
Over 10 years	100%	0%

- 5.3 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 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:

	2018/19	2019/20	2020/21
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.

## Existing Debt and Investment Portfolio Position

	31/12/2018 Actual Portfolio £m	31/12/2018 Average Rate %	Estimates for portfolio on 31/3/2019 £m (total)
<b>External borrowing:</b>			
Public Works Loan Board	12.4	5.29	16.87
Other loans			
<b>Total external borrowing</b>	<b>12.4</b>		<b>16.87</b>
<b>Other long-term liabilities:</b>			
Private Finance Initiative			
Finance Leases			
Transferred Debt	0.48	5.96	0.04
<b>Total other long-term liabilities</b>			
<b>Total gross external debt</b>	<b>12.88</b>		<b>16.91</b>
<b>Treasury investments:</b>			
Banks & building societies (unsecured)	16.8	0.49	13
Government (incl. local authorities)			
Money Market Funds			
Other pooled funds			
<b>Total treasury investments</b>	<b>16.8</b>		<b>13</b>
<b>Net debt</b>	<b>(3.92)</b>		<b>3.91</b>

## Long-term Ratings hierarchy

	Fitch	Moody's	Standard & Poor's
Long Term Investment Grade	AAA	Aaa	AAA
	AA+ AA AA-	Aa1 Aa2 Aa3	AA+ AA AA-
	A+ A A-	A1 A2 A3	A+ A A-
	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-
Long Term Speculative Grade	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-
	B+ B B-	B1 B2 B3	B+ B B-
	CCC+ CCC CCC-	Caa1 Caa2 Caa3	CCC+ CCC CCC-
	CC+ CC CC-	Ca1 Ca2 Ca3	CC+ CC CC-
	C+ C C-	C1 C2 C3	C+ C C-
	D		D or SD

Investments are able to be made to those financial institutions who have ratings of A- and above where domiciled in the United Kingdom.

Financial institutions domiciled outside of the UK can also be used where their rating is A- or above and the Country where they are domiciled has a sovereign rating of at least AA+.

This rating criteria is highlighted in the table above.

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# POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE POLICE AND CRIME PANEL

Report Of	POLICE AND CRIME COMMISSIONER
Subject	OPCC PERFORMANCE REPORT – DECEMBER 2018
Date	FRIDAY 1 <sup>ST</sup> FEBRUARY 2019 – 10.00AM
Author	ELIZABETH STARR, PERFORMANCE MANAGER, OFFICE OF POLICE AND CRIME COMMISSIONER

## **Purpose of Report**

1. To provide the Police and Crime Panel with an update of the performance of the Office of the Police and Crime Commissioner.

## **Recommendation**

2. The Panel is recommended to discuss and note the contents of the report.

## **Background**

3. This is the first time the performance of the Office of the Police and Crime Commissioner has been presented to the panel. With the Performance Manager now in post these reports will be completed monthly and shared with the panel at regular occasions throughout the year.
4. The report is a work in progress and will be developed further by the Performance Manager. Comments and feedback from members would be welcomed to aid the future development and format of the report.
5. The performance report itself is attached at Appendix item A, the glossary that accompanies the report is attached at Appendix item B.

## **Person to Contact**

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**POLICE & CRIME  
COMMISSIONER  
for Leicestershire**

Prevention | Partnership | Protection

# **OPCC PERFORMANCE REPORT**

## **December 2018**

**(1<sup>st</sup> December 2018 – 31<sup>st</sup> December 2018)**

## Appendix A

Office of the Police and Crime Commissioner Performance Report			
1. Executive Support Team			
KPI	Measure	Performance Dec-18	Commentary
1.1	Number of Emails Received	453	The Police Commissioner inbox has received 453 emails throughout the month of December. December is generally regarded as a quiet month for emails, correspondence and invitations due to the Christmas holidays.
	Number of Correspondence Received	38	
	Number of Invitations Received	46	
1.2	Number of FOI received	0	The OPCC has received no freedom of information requests. Previous requests this year have been requests for information on the Commissioner's diary appointments and information on the budget allocations for example however none have been received this month.
1.3	Number of LWB Meetings	61	The average number of meetings Lord Bach attends each month is 90, in the month of December the Commissioner attended 61 meetings. This is slightly less than the average due to the Commissioner taking 2 weeks leave over Christmas.

1.4	Number of ICV Volunteers	24	<p>The number of ICVs has remained stable over the course of the year with only 3 ICVs leaving since April 2018. Exit interviews are undertaken and the main reason for leaving the Scheme is due to being unable to continue volunteering due to work commitments. There has currently been a recruitment campaign for new ICVs, throughout this process, 13 applications were received and 7 applicants were successful. These applicants are currently undergoing vetting checks and are due to start training in 2019. As these volunteers have not officially started yet they are not included in the number stated here for December 2018.</p>
	Number of ICV Volunteered hours	30	<p>The number of volunteered hours and visits has remained stable from the start of the financial year, as both the average length of visits and the number of times each suite is visited remain consistent. In the average month, at least two volunteers visit each custody suite once a week. The travel time to and from the custody suites is included in the total volunteered hours as is the hours volunteered for team meetings and training.</p> <p>In December 2018, the average travel time for all volunteers to all suites was approximately 40 minutes and the average length of visit across all suites was 28 minutes, making the average visit length 1hr and 8 minutes. Further to this there was a team meeting held in December 2018, which has been included in the total, this explains why the number of volunteered hours is slightly higher than previous months.</p>
	Number of ICV Visits	13	<p>This month the ICV's achieved an 100% visit rate, with each suite being visited every week, due to the way the calendar weeks have fallen it also means that one of the custody suites (Keyham Lane) has been visited 5 times throughout the month.</p>



1.5	Number of YC Members	5	<p>The number of Youth Commission members has seen a gradual reduction since September 2018, 5 Youth Commission members left at the start of the academic year due to moving to University or moving on for work. As of December 2018 there are 5 active Youth Commission members.</p> <p>In November 2018 the OPCC reviewed the active/inactive volunteers and correspondence was sent to the inactive volunteers (where inactive is viewed as no volunteering activity within 6 months) to confirm whether they were still available/interested to volunteer. As a result of this, 5 youth commission members left in December, this is due to a change in personal circumstances meaning they are no longer able to volunteer.</p> <p>There has been no recent recruitment for Youth Commission members however a Youth Commission Recruitment Campaign is programmed for this year, 2019.</p>
	Number of YC Volunteered hours	12	
1.6	Office Sickness	1	<p>The data presented here has been acquired from the Force HR Department as this is the first time these figures have been requested it does appear there are some issues concerning who is included in the figures. We are currently working on this in partnership with HR to understand and correct this and will update the panel at the next meeting.</p> <p>In December 2018, one calendar day was lost to sickness. This represents an increase of 1 day when compared to November 2018 in which no days were lost to sickness.</p>
1.7	OPCC Headcount	31	<p>In figures obtained from the Force HR department, the headcount for the OPCC currently stands at 31. This number includes JARAP</p>

			<p>Members, Youth Commission members and the Youth Commission co-ordinators.</p> <p>The office currently has 18 permanent employees, a member of staff seconded from the County Council, 2 contractors and a policing advisor employed by the force.</p> <p>The proportion of BAME staff within the OPCC is currently 27%.</p> <p>The proportion of females in the OPCC is 55% and the proportion of males is 45%.</p>
1.8	Number of OPCC Vacancies	2	The OPCC currently has two live vacancies, Resources Manager and the Business Staff Officer.

# Office of the Police and Crime Commissioner Performance Report

## 2. Relationship and Change Team

KPI	Measure	Performance Dec-18	Commentary
2.1	Number of Engagement Events	7	<p>In December 2018, 7 engagement events were attended by the OPCC. Some key engagement events attended by the Commissioner were; Patchwalk in Hinckley on 5<sup>th</sup> December 2018, Meeting with the Victim's Commissioner Baroness Newlove on the 6<sup>th</sup> December and also a What matters to you event on the 6<sup>th</sup> December.</p> <p>There are 12 engagement events planned for January 2019.</p>
2.2	Number of Engagement Hours	20.5	<p>A total of 20.5 engagement hours have been spent by the Commissioner and or the Deputy Police and Crime Commissioner in the month of December 2018.</p>
2.3	Number of Partner events/meetings	15	<p>The majority of the partnership meetings attended in December were networking events enabling the Office of the Police and Crime Commissioner to link in and discuss opportunities to work collaboratively with other partners in the area.</p>
2.4	Number of Projects	11	<p>As of December the Office of the Police and Crime Commissioner are managing 11 projects, these include 6 Strategic Partnership Development Fund Projects, Strengthening Probation, People Zones and an Ex-Offenders Event for example.</p>

2.5	Number of Tweets	43	<p>During the month of December, 43 tweets were sent from the Police and Crime Commissioners Corporate twitter account (@LeicsPCC). This has reached 56,287 people with 1,154 engagements. Of the 43 tweets sent during the month of December, 17 were regarding events Lord Bach was attending and 13 tweets were live updates from the Police and Crime panel held on the 12<sup>th</sup> December 2018.</p> <p>At the end of December, the Police and Crime Commissioner's twitter account had 4,735 followers.</p>
2.6	Number of Facebook Reaches	2,942	<p>The number of people who had any content from our page enter their screen. By the end of December 2018, the Office of the Police and Crime Commissioner Facebook page has 170 unique user likes, having acquired 5 likes throughout the month.</p> <p>The key themes in the posts throughout December is information regarding the budget, promotion of the council tax survey and also promotion of events Lord Bach will be attending.</p>
2.7	Number of Website Hits	This measure is currently under development.	

## Office of the Police and Crime Commissioner Performance Report

### 3. Contracts and Commissioning

KPI	Type of Contract	Number of Contracts	Contractual arrangement	Monitoring Arrangements
3.1	Local Authority	10	Contract with Unitary local authorities, Upper Tier Local Authorities and District Councils	6 monthly reports
3.2	Partnership Contracts	6	Jointly Commissioned	Quarterly monitoring reports. The contract managed by lead party (not the OPCC)
3.3	Individually commissioned	8	Direct with Provider	Quarterly monitoring reports
3.4	Police and Crime Commissioners Prevention Grant Contract	26	Direct with Providers	Report at the end of the contracting period if 1 year funding. If funded for 2 years then a report is also submitted mid term

3.5 The Police and Crime Commissioner currently holds 50 contracts, this is an ever changing picture and the numbers of contracts fluctuate as new funding is approved and other contracts expire.

3.6 As detailed in the table above there are broadly four different types of contracts; contracts held with the local authorities (Leicestershire County Council, Leicestershire City Council, Rutland County Council and also the District councils), jointly commissioned contracts with partners, individually commissioned service contracts and contracts issued through the Police and Crime Commissioners Prevention Grant programme.

3.7 The performance monitoring arrangements vary according to the type of contract, the service commissioned and the Provider. The decision on what monitoring requirements are required is made when the contract is drafted and is based on a number of pre-determined factors. The monitoring report may detail outcomes, outputs, inputs and /or Key performance indicators.

3.8 The Office of the Police and Crime Commissioner (OPCC) collates, evaluates and then RAG rates each performance report. This rating allows the Office to assess the overall delivery of the service.

3.9 In addition to the monitoring reports, there may be a requirement for the contract holder to submit additional Quality assurance reports.

Given the commercial confidentiality implicit within contracts we are carefully considering what performance information we can share with the panel in future reports

## Appendix B

<b>Glossary:</b>	
<b>Twitter Impression</b>	The total amount of times a tweet shows up in someone's twitter timeline.
<b>Twitter Engagement</b>	This is the total number of times a user has interacted with a tweet. This could be anything from clicking on the tweet, retweeting, replying, following, liking and hash tagging for example.
<b>Facebook reach</b>	The total number of unique people who saw the content.
<b>Daily Total Impressions</b>	The number of times any content from the page entered a person's screen.
<b>Correspondence</b>	Complaints or enquiries received through either the Police Commissioner inbox or the post.
<b>FOI</b>	Freedom of information requests
<b>Independent Custody Visitors (ICV)</b>	Independent Custody Visitors go into police custody suites to check on the rights, entitlements and wellbeing of detainees.
<b>BAME</b>	Black, Asian and Minority Ethnic

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# POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

## POLICE AND CRIME PANEL

Report of	OFFICE OF POLICE AND CRIME COMMISSIONER
Subject	ETHICS, INTEGRITY AND COMPLAINTS COMMITTEE – ANNUAL REPORT SEPTEMBER 2017 TO SEPTEMBER 2018
Date	FRIDAY 1 FEBRUARY 2019 – 10:00 a.m.
Author	ANGELA PERRY, EXECUTIVE DIRECTOR

### Purpose of Report

1. The purpose of this report is to inform the Panel of the work of the Ethics, Integrity and Complaints Committee for the period September 2017 to September 2018.

### Recommendation

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

### Background

3. The Ethics, Integrity and Complaints Committee were convened in September 2015 in response to the heightened focus on the integrity of police officers and police forces. In 2011 HMIC published their inspection report '*Without Fear of Favour*' and in December 2012 the follow up report entitled '*Revising Police Relationships: A progress report*'. This second report identified that whilst nationally progress had been made there was still more needing to be done. The annual HMIC inspection report on Police Effectiveness, Efficiency and Legitimacy (PEEL) incorporates integrity within forces as part of the 'legitimacy' pillar of the inspection programme.
4. In addition to the transparency and accountability of decision making being under greater scrutiny there has been a growing vulnerability for senior officers regarding the challenges that policing in austerity brings coupled with the opportunity to demonstrate value based, ethical decision making around operationally complex issues.

### Ethics, Integrity and Complaints Committee

6. The Committee undertakes an advisory role and is not a decision making body. It provides a forum for debate on complex operational or personnel issues with a view to defensible decision making. In delivering their remit, the Committee considers both broad thematic issues as well as practical day-to-day matters and on occasion will examine current as well as historic matters. In certain circumstances, the Committee will advise on live operations or

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events or examine the application of the national decision making model. The Committee discuss and provide advice about ethical issues and do not just scrutinise the application of policy and procedure.

7. The Committee provides a transparent independent forum that monitors and encourages constructive challenge over the way complaints and integrity and ethics issues are handled by the Force and overseen by the PCC. It assists Leicestershire Police to maintain clear ethical standards and achieve the highest levels of integrity and professional standards of service delivery.
8. The aim of the Ethics, Integrity and Complaints Committee is to contribute to developing trust and confidence by:-
  - (a) bridging the gap between academic debate on ethics and operational decision making;
  - (b) influencing changes in force policy;
  - (c) enhancing the debate and development of police policies and practices;
  - (d) anticipating and understanding future ethical challenges that the service will face and influencing any response by the police.
  - (e) Articulating and promoting the influence of professional ethics in all aspects of policing.
9. The work of the Committee focuses on the following three areas:-

#### Ethics

10. The launch of the Code of Ethics by the College of Policing in July 2014 set out the principles and standards of behaviour to promote, reinforce and support the highest standards from all those working within the police service. The principles of the Code are integral to the delivery of policing and are a part of growing police professionalism leading to increased public confidence. Professional ethics is broader than integrity alone and incorporates the requirement for individuals to give an account of their judgement, acts and omissions. The Committee facilitates public scrutiny in this area and by publicising their work assists to build and maintain trust and public confidence.

#### Integrity

11. Integrity is pivotal to public trust and confidence and oversight of how this is embedded within the Force requires independence and transparency for the police to have 'legitimacy' with the public it serves. Integrity in policing is about ensuring that the people who work for the police uphold public confidence. It is about how well the police make decisions, deal with situations and treat people day in and day out. If the public don't trust the police to be fair and act with integrity and in their best interests it is unlikely that they will be inclined to assist the police.

#### Complaints

12. The Police and Crime Commissioner has a duty to hold the Chief Constable to account on how effectively he discharges his responsibility for responding to complaints and misconduct allegations made against the Force. The Ethics, Integrity and Complaints Committee provide a robust, independent and transparent approach to the oversight of complaints and misconduct matters.

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### Membership

13. The Committee comprises 7 members all appointed to the role through an open recruitment process. Appointments to the Committee are for 4 year terms with a maximum tenure of 8 years. More information on the current membership of the Committee, together with equality information on the membership, is included at Appendix 'A'. Members receive an annual allowance for undertaking the role.

### Working Arrangements

14. The Committee meet in public on a quarterly basis. Dates of all meetings together with agendas, reports and minutes are published on the PCC's website. Media releases are prepared prior to the meeting to inform the public of what will be discussed and immediately following with the outcome of those discussions. Outside of formal meetings members of the Committee undertake dip sampling of complaint files and other areas of work as identified.

### Work Undertaken September 2017 – September 2018

15. Members have addressed a range of issues throughout the year which are summarised as follows:-

#### Recruitment, retention and progression of the workforce

The Committee considered the positive action work being undertaken by the Force in relation to the recruitment, retention and progression of under-represented groups within Leicestershire Police. The positive action work has the aim of increasing the diversity of officers and staff to be more reflective of the local community.

Members of the Committee had previously supported the use of utilising Section 159 to the Equality Act 2010 to take positive action to increase the diversity of the workforce. The Committee was informed that the Positive Action Strategy and Delivery Plan had been implemented and since May 2017, three recruitment campaigns had been launched.

Members were encouraged to see that each recruitment campaign had been undertaken with lessons learnt from previous campaigns which had seen an increase in BME numbers and praised the Force for the approach taken to increase representation.

#### PREVENT and Counter-Terrorism

Members considered information on how the police addressed the PREVENT agenda and counter terrorism. They heard that there was no evidence to suggest that PREVENT impacted on the day to day relations between the police and the public. However there were issues with trust and confidence in the strategy nationally, that was also felt locally, particularly in Muslim communities. Members noted that there were no statistics to evidence that the PREVENT strategy had an impact on recruitment but it was recognised that misconceptions were regularly challenged.

The Committee were pleased to hear that the Force had in place Independent Advisory Groups (IAG) for Race, Disability and Lesbian, Gay, Bi-sexual, Transgender community and that a Religion and Belief IAG was about to be formed. Members were also encouraged to hear that the Prevent Steering

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Group, led by the City Council, met quarterly and all key partners were represented. This group allowed for good practice and initiatives to be shared amongst agencies.

The Committee were also pleased to hear that a PREVENT Community Forum was in place which was an open event which attracted an audience almost entirely drawn from the Muslim community. It was attended by the Chief Constable and the meeting discussed the strategy as well as addressing community concerns.

Members expressed their support for the arrangements in place.

### Op Darwin Update

Op Darwin related to the name of Leicestershire Police change programme which was introduced in 2015 at the time the force was going through a radical reconfiguration with an emphasis placed on centralisation. Members were informed that the force was now moving forward into Blueprint 2025, in line with the national policing vision. The first workstream being addressed focussed on people, which included looking at revenue costs, upskilling staff, alternative entry routes into the police service and how volunteering utilisation could be optimised. Following this the second workstream addressed technology and the use of providing an on-line service to the public.

Members were pleased to hear that external consultation had been undertaken to ascertain the public's appetite for the changes with the result being that 79% of the public responded positively for this approach.

### Stop and Search Update

During the year the Committee continued to maintain oversight of stop and search and received data for the recording year 2017/18.

The Committee were interested to hear that consideration was being given to the use of body worn video by covert officers.

The Committee supported the proportionate use of stop and search in areas which faced a significant threat from knife crime, drugs supply and serious violence and of the force seeking to increase positive outcomes and building confidence that stop and search was safeguarding local communities.

### Transparency – Compliance with the Publication Scheme of Information

The Freedom of Information Act (FOI) 2000 introduced 'publication schemes' which is a mandatory requirement for local authorities to proactively publish certain information. The aim of such schemes is to reduce demand of FOI requests for local authorities. Members considered the Force compliance with the Publication Scheme of Information. Members commented that the Leicestershire Police website could be more "user friendly" with a frequently asked section and a Freedom of Information section. It was explained that a new Force website was being developed which would address these issues.

### Gifts and Gratuities Registers

Members inspected the gifts and gratuities register for both the Force and the Office of Police and Crime Commissioner. The Committee were satisfied with the items recorded but requested a column be added to show approximate

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value for each item, whether accepted or not. This is now in place for both registers.

### Consideration of Force Policies

- Notifiable Association Procedure and the Vetting Policy

The Notifiable Association Procedure refers to inappropriate associations that could have a detrimental effect not only on the individual member of staff but also on the overall integrity, operational effectiveness and reputation of the police.

The wording of the policy was praised for the clarity it provided to employees.

- The Vetting Policy was considered and it was noted that this was in accordance with the National Vetting Policy.

### Police Approach to Hate Crime and Terror Attacks

The Committee discussed the Force approach to addressing hate crime and the action that would be taken in the case of a terror attack. The definitions of both were discussed. Hate crime was noted as being an offender who demonstrated hostility towards an individual based on one or more of the protected characteristics in legislation. The definition of terror attacks was recognised as being a complex issue but which in part stemmed from an ideology. Members were supportive of the Force approach.

### Child Sexual Exploitation

Members received information about the police and multi-agency response to Child Sexual Exploitation across the force area and the approach which is being taken. Members commented that it was harder for ethnic minorities to come forward based on cultural needs and therefore greater training with staff around cultural difference was required with less victim blaming. The force confirmed that such training was already in place and training videos were being produced to address the issue of children being subject to child sexual exploitation and rape within a domestic setting.

### Dip Sampling of Complaint Files

Between September 2017 and September 2018 the Committee inspected 76 complaint files, 16 misconduct files and viewed 29 non-referral decisions, the latter referring to where the Force has taken the decision not to refer the matter to the Independent Office of Police Conduct (IPOC).

- Non-Referral Register

Of the 29 non-referral decisions examined members were satisfied with the rationale for a referral not being made in each case.

- Complaint Files

Of the 76 complaint file cases examined an example of the comments made by members are as follows:-

*“Management Action appropriate”*

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*“Fundamentally repetitious of original complaint which established police responded correctly to each incident”.*

*“Police call taker did an excellent job and I consider the complaint to be largely vexatious”*

*“Challenging and volatile situation – outcome appropriate”.*

*“I find the investigation to be very thorough and am pleased that the officer initiated a multi-agency discussion as clearly the complainant had health issues”.*

Other comments raised minor concerns as follows:-

*Error made by digital forensic unit (DFU) in locating a device resulted in delay in it being examined.*

Force response was that the DFU have now amended their processes to prevent a reoccurrence.

*Concerns regarding a number of omissions of duty in the custody process but the words of advice and learning for these were a proportionate response.*

Generally there were no substantial concerns over the way complaints were dealt with by Leicestershire Police.

- Misconduct Cases

Regarding the 16 misconduct case files examined members were generally happy with the investigation and outcome of the cases viewed. In one case members identified an issue with the CCTV at Keyham Lane police station which did not record accurate date and times and therefore could not assist an investigation. The force responded that there was an apparent system error which had since been rectified.

In another case a courier employed by the police was caught speeding on more than one occasion. Members felt that speeding matters should be dealt with through management action as this would be proportionate and in line with the evidence presented in this case.

Overall, members were happy with the investigation and outcome of the misconduct files examined.

### Ethical Dilemmas

16. At each Committee meeting members receive a number of ethical dilemmas from the Force across a range of subjects. Throughout the year members have considered a number of ethical dilemmas. These are summarised below:-

#### Criminalisation of Children/Crime Recording

The Committee were invited to consider what could be done when Leicestershire Police receive reports of crime where:-

- The suspects are children.

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- The common sense approach may be to take no further action.
- The Home Office counting rules require that a crime report be completed with the child recorded as a suspect.

Legislation / Guidance

Home Office Counting Rules for Recorded Crime state:-

“Where a child who is under the age of criminal responsibility commits a crime, the crime must be recorded .....

Hypothetical circumstances for consideration

- A parent calls the police and reports that her 8 year old son was in the playground at school when another 8 year old threw a stone at him. The stone hit her son on his bare arm, causing redness at the time, which was seen by a teacher. The redness went away within an hour. The mother felt the school should exclude the boy who threw the stone but the school refused. The mother wanted the police to intervene and take the strongest possible course of action
- A 14 year old girl is in a relationship with a 15 year old boy. The girl's parents did not approve of the relationship. The girl's parents found a photograph on her phone of her own naked breasts, and see in the sent messages section that she sent it to her 15 year old boyfriend.

In both examples above, it was assumed that there are no apparent wider safeguarding issues, and none of the children involved had any previous contact with the police.

A number of other scenarios were presented to the Committee where the Home Office Crime Recording Rules would impact on the lives of young people. The Committee were asked for their views on the circumstances of each case.

If recorded officially as a crime, the Committee were asked how might this affect those individuals in the future particularly if they are asked if they have ever been in trouble with the police in the course of college applications or job interviews.

*Members commented that young children are not always aware of committing an offence and such acts cause them to get a criminal record. This was felt to be harsh unless there was a pattern in the behaviour. It was also recognised that young people are sometimes sexually curious and such cases should not be recorded as a crime as it could be dealt with in a different manner such as a discussion.*

*The Committee discussed the fact that to follow the crime integrity recording rules could in some cases affect a child's education and career opportunities and that criminalising children from a young age for minor crime was not in their best interest.*

*The Ethics Committee agreed that the criminalisation of children could be avoided and approached in a different way. As a result of their discussions the Committee issued a statement on crime recording involving children which is attached at Appendix 'B' to the report.*

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### Community Speed Enforcement

Road Safety Camera Schemes are well established and published evidence corroborates that they contribute to improving road safety. Leicester, Leicestershire and Rutland have an established Road Safety Camera Partnership that operates effectively. It is a self-funding entity as income is generated through the provision of Driver Education Programmes. Its primary purpose is to reduce death and injury on the roads.

Leicestershire Police provide the enforcement resource on behalf of the Road Safety Partnership. This includes the deployment of the mobile Camera vans, and the management of the static cameras (that identify offences around speed and non-compliance with traffic signals). Leicestershire Police also provide enforcement resource for those cases that lead to prosecution and Leicestershire County Council provide the resource for the delivery of respective Driver Education Programmes.

In March 2017, Leicestershire County Council agreed proposals for the introduction of a 12 month pilot across seven locations within the County. The proposal was for average speed cameras at those locations. These cameras were different from the existing cameras within the Partnership in that they measure the average speed of a vehicle over a distance.

The sites chosen for the pilot were sites that would not meet the Department for Transport recommended thresholds for camera locations. County Council enquiries with the Department for Transport confirmed that their guidelines were recommendations only and that there was no reason in law why the pilot at these sites should not be implemented.

The ethical dilemma poised was 'should Leicestershire Police support this pilot (through enforcement activity for those motorists that exceed the speed limit) with the risk that the public may perceive that offending motorists are being unnecessarily penalised, and that Leicestershire Police are using offending motorists in support of income generation activity (as many offending drivers will be eligible for Driver Awareness Courses).

Members were asked to consider support or otherwise for proposals made by Leicestershire County Council for piloting the extended use of Road Safety cameras within seven sites within the County. The proposed extension is for average speed camera sites within the pilot areas.

*Members felt that the community would think that this would be money making exercise however in some areas i.e villages and rural areas visible policing was low and this could be a way to reduce crime.*

*Members also felt that there was not enough communication around why a local community want this to take place. People would need to understand the good reason behind this and so a message should go to the public as to why this is happening and where the money is going.*

*The Committee agreed to support the Force in supporting Leicestershire County Council in this approach.*



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**Police Funding**

The Committee were asked to consider a number of ethical questions on making changes that are ethically sound based on the difficult financial circumstances the force faces.

Background was provided on the unprecedented changes in funding, increasing demand and new and emerging crimes that are putting significant pressure on resources. Nationally 41 of the 43 forces had reduced officer numbers.

Demand is also increasing. Both locally and nationally there have been increases in reported crime increases in historic crime related to sexual offences and child sexual exploitation, new and emerging crimes like online fraud and increases in violent crimes (knife crime) and an increase in murders and reported rapes and other sexual offences. Partner agencies are also facing significant budget cuts, in many cases more severe than those in policing.

The over-arching impact of the reduction in police resources, increasing demands and reduced partner service offer means that the force may well have to reduce or significantly alter its service offer to the public.

The following questions were put to the Committee for their view:-

- **Non attendance.** Is it ethically acceptable to not attend low risk, low harm, high volume crimes that are unlikely to lead to any form of positive judicial outcome?

*The Committee noted that if the opening wording of the example was: 'Is it ever ethically acceptable not to attend,' then the answer would be affirmative. The Committee felt that, however desirable attendance might be, there were circumstances where it was ethically appropriate for police to not attend a crime scene given constraints on resources, and the examples cited could meet that criteria.*

- **Charging.** Is it ethically acceptable to charge businesses/households/parishes for services above or beyond what the force can afford to offer to all? Examples are crime prevention advice and policing public events.

*The majority of the Committee felt it was ethically acceptable to charge businesses / households / parishes for services above or beyond what the Force can afford to offer, particularly in relation, say, to the policing of public events. They felt there should be a fixed cost and funds to be used elsewhere. However, one Committee member noted that there could not be any perception of a cost to access justice and nor any suggestion that should be able to buy policing.*

- **Safeguarding.** Is it ethically acceptable for the police to reduce its role in safeguarding some vulnerable people based on other partners reducing their roles in the safeguarding arena?

*The Committee felt it should not be the case that the police were the service of last resource when partners reduced their services to some vulnerable people and suggested that it could be ethically appropriate*

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*to reduce their roles. The Committee felt that such decisions should be made at a partnership level and involve joint responsibility for the ethical choices made as a consequence of political decisions about budgets.*

- Non-emergency calls. Is it ethically acceptable for the force to only offer a phone service for non-emergency calls from 8am to 10pm providing that an online reporting process is in place for out of hours reporting?

*The Committee felt that it was ethically acceptable for the Force to only offer a phone service for non-emergency calls from 8am to 10pm providing that an online reporting process was in place for out of hours reporting.*

- Welfare checks. Is it ethically acceptable to refuse to do welfare checks when another agency may be responsible for the overall wellbeing of the person?

*The Committee felt that they did not have enough information regarding other organisations carrying out welfare checks in the example to take a judgement.*

- Breach of the peace. Is it ethically acceptable to refuse to attend potential breach of the peace requests when a family member could assist in supporting?

*The Committee felt that this was the core duty of the police.*

- Social media. Is it ethically acceptable to not investigate harassment on social media when advising victims to delete or block access to accounts may suffice as suitable means to prevent occurrences?

*The Committee discussed not investigating harassment on social media when a victim has been advised to delete or block access to accounts. They felt there was an element of difficulty considering that a victim might have failed to protect themselves in the first instance and that this is not the responsibility of the police.*

### **Police Transportation for Vulnerable People**

The Ethics Committee were asked to consider the Force position in respect of a person needing transport to the psychiatric inpatient unit and is clearly mentally unwell. The ambulance have no ETA. What is in the patient's best interest v safeguarding the organisation?

The existing Mental Health Act Code of Practice states police vehicles should only be used when it is the most appropriate method of transport.

It is always preferable to transport someone by ambulance. However, when there are identified risks, then measures may need to be taken to ensure the safety of the person, ambulance staff, healthcare professionals and police officers. The safety of staff always needs to be a consideration in these circumstances.

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The question was posed 'does the committee support officers in the transportation of mentally unwell patients when there is no ambulance as this ensures the patient arrives at the required destination in a timely manner however this carries any organisational risk if the person becomes physically unwell.

*The Committee welcomed the report and appreciated the appropriateness of a discussion around handling vulnerable members of the public. The Committee stressed that situations such as this should not be escalated although taking them to a place of safety was in their best interest. The Committee considered what could go wrong and asked how often such scenarios happened and recommended that a discussion between partners would be worthwhile.*

### **Police Response to External Demand**

The Ethics Committee were invited to discuss implications for both the public and partner agencies of Leicestershire Police changing how it receives and responds to external demand.

The Committee heard that whilst it has become the norm across the majority of the private sector and large sections of the public sector to administer services online, the police are still predominantly a telephone based business. Due to their 24/7 presence, the police now respond to a growing amount of demand from partner organisations and it is likely that if left unchecked that this will increase as further austerity cuts cause some frontline services to shrink.

Leicestershire Police is exploring ways of delivering services online. This may involve measures intended to change customer behaviour by requiring certain types of demand to be transacted online. This may also include an expectation that the customer is required to attend a service centre (located at local police stations), rather than a police officer or staff colleague attending their home address. It is not envisaged that the method by which police attendance at emergency incidents or those involving the vulnerable will change.

This approach may also involve Leicestershire Police directing demand to the most appropriate partner agency where it falls outside of the scope of their services – but may have previously through local custom and practice been accepted over time as a task that the police are prepared to complete.

This change will enable the redeployment of valuable resources to mitigate the threat in new and emerging areas of criminality, such as cyber, fraud and human trafficking and modern slavery and enhance frontline services in neighbourhoods.

*The Committee welcomed the report and discussed ways in which Leicestershire Police were exploring different methods of administering services online.*

*The Committee considered the approach being taken and understood that the change programme would enable the redeployment of valuable resources. They were supportive of this approach.*

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### Police Procedures – Grievance Case

The Committee considered a grievance case raised by an officer. The circumstances were that 3 Police Constables were identified to move from one station to another. Due to the skills match required in the neighbouring station, there were potentially 4 officers who could be transferred. The three people chosen were 2 males and 1 female. There had been several meetings over 2 months and the decision was made by the Superintendent and Chief Inspector. None of the officers who were chosen had been informed of their transfer.

The day before they are told they would be transferred, the female officer submitted grievance about sexual harassment. The person she was complaining about was the male officer who had not been chosen to transfer stations, but he had the appropriate skills and could be transferred. In the grievance the female officer asked for the male officer to be transferred stating that she wished to stay in the station she was based at as she liked the work.

*The Committee discussed the circumstances and the dilemmas arising. Whilst the Committee did question if this could be harassment they nevertheless recommended that the grievance should be investigated.*

### Freedom of Information

The FOI law came into force in 2005. Since its introduction Leicestershire Police have had only 10,000 requests. This is increasing over 20% every year. This has equated to 80,000 operational staff hours and 3333 days spent dealing with FOI requests. 75% of requests are from journalists and academics. Only a small proportion are from the public themselves. We have to provide this information by law but should the police be charging for this information? Is it used just for negative judgements of the Police as positive new stories/ statistics are not readily requested.

*The Committee felt that priority should be given to FOI requests from the public and that other agencies/journalists should pay a nominal fee although legally this is not currently the case. The Chairman agreed to provide a statement from the committee on the issues. (See Appendix 'C')*

### Conclusion

17. The Committee's annual report will be published shortly. Following which the Chairman of the Committee will meet jointly with the Police and Crime Commissioner and the Chief Constable to discuss the findings from their work over the past year. The final version of the annual report will include photographs and media releases will be prepared. The report will be published on the Commissioner's website and hard copies will be available. A hard copy will be provided to members of the Police and Crime Panel and copies will also be distributed to attendees at engagement events arranged by the Commissioner's office.

### Implications

- |          |                                                                                                                                 |
|----------|---------------------------------------------------------------------------------------------------------------------------------|
| Finance: | The annual allowance for 7 members of the Committee, together with any perceived expenses, is contained within the OPCC budget. |
| Legal:   | There is no legal requirement to have an Ethics, Integrity and Complaints Committee in place.                                   |

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Equality Impact Assessment: The recruitment process for members of the Committee was assessed to ensure no adverse impact on any of the nine protected characteristics.

Risks and Impact: With the growing focus on ethics and integrity, and inspections of the 'legitimacy' of the police service, the Commissioner requires independent advice, support and assurance that Leicestershire Police are operating within the standards and expected.

**List of Attachments / Appendices**

Appendix 'A' – Current members of the Committee

Appendix 'B' – Statement issued by the Committee – Crime Recording

Appendix 'C' – Statement issues by the Committee – Freedom of Information requests

**Background Papers**

File PCC/2/O/2018

**Persons to Contact**

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**MEMBERSHIP**

The Committee comprises 7 members who have all been recruited from the local community. Currently the membership comprises of:-



**Dr Steven Cammiss**

Dr Steven Cammiss is a Senior Lecturer in Law at the University of Leicester. He read law at King's College London, where he also completed his LLM. He was awarded a PhD, on determining mode of trial in magistrates' courts, by Warwick University in 2005. He was previously employed as a lecturer at the University of Birmingham before moving to Leicester in 2007. He was promoted to Senior Lecturer in 2013.

His main research interests are the administration of criminal justice and law and language. He has previously undertaken empirical work with the Crown Prosecution Service and has a longstanding interest in policing and police accountability.



**Ms Karen Chouhan**

Karen Chouhan is the Leicester Organiser for the Workers' Educational Association which is a national charity providing adult education including for the poorest and most disadvantaged people in society. She is also Chair of Healthwatch Leicester City, a body which aims to champion public and patient views and interests in the Health and Social Care System.

Her background is in Further and Higher Education and she is a qualified teacher. She was previously a senior lecturer at De Montfort University for 12 years where she managed the MA in Community Education. She has also built a body of expertise and practice in youth work, community development and equalities and human rights work and has managed a national equality charity. In 2005 she was one of 7 recipients of a Joseph Rowntree Charitable Trust award called 'visionary for a just and peaceful world'.



**Ms Lois Dugmore**

Lois Dugmore is a nurse consultant for dual diagnosis and veterans with Leicestershire Partnership NHS trust. She works with the national nurse consultants group progress and all party parliamentary group on dual diagnosis.



**Ms Linda James**

Linda James Qualified Probation Officer, she has studied; Community Justice, Health Care Management, Mediation skills and Diversity and Equality Law. With over 20 years experience working with statutory, voluntary and private organisations across England she has gained knowledge and understanding of the issues communities face in both inner city and the rural areas directly from their residents. Her main area of expertise is working within all aspects of the criminal justice system and with young people/adults. She has worked alongside local Councillors and led youth groups tackling anti social behaviour, delivered national government schemes and raised money for children's charities. She is a trained programmes facilitator and has lectured at De Montfort University around issues of partnership working and ethical dilemmas. Linda James is confident with good communication skills; she has strong beliefs in fairness, equality and values diversity. She is highly self motivated to tackle issues of injustice in communities and has the skills to positively challenge others with the view of creating better outcomes for all.

## NOT PROTECTIVELY MARKED



**Dr Mark Peel**

Born and brought up in Leicester, Mark Peel attended Dovelands and Gateway Schools, before leaving the County to go to University in Newcastle and Oxford, before returning home to the City in 1985. Dr Peel subsequently embarked on an academic career, and is presently employed locally at University of Leicester, combining this work with independent national research and consultancy in the area of child care, protection and issues of complex ethical professional practice



**Ms Lynne Richards**  
*Deputy Chair*

Lynne Richards is the Head of Fundraising at the National Forest Company, where she works with business leaders, partner organisations and members of the public to support The National Forest, a new forest being created for the nation across 200 square miles of north-west Leicestershire, south Derbyshire, and Staffordshire.

With over 20 years experience in the private, public and charity sectors she previously worked as the Director of the Brighton & Hove Business Community Partnership (part of BiTC), and as a senior manager at Brighton Dome & Festival, before moving to Leicestershire in 2008 to join the team leading the creation of the forest.

She is a strategic thinker and skilled negotiator, and has a range of knowledge across applied ethics and policy, finance, commerce and business/community partnerships. She takes a keen interest in sustainable economic growth and in her spare time enjoys the arts and exploring different parts of the country.





**Prof Cillian Ryan**  
***Chair***

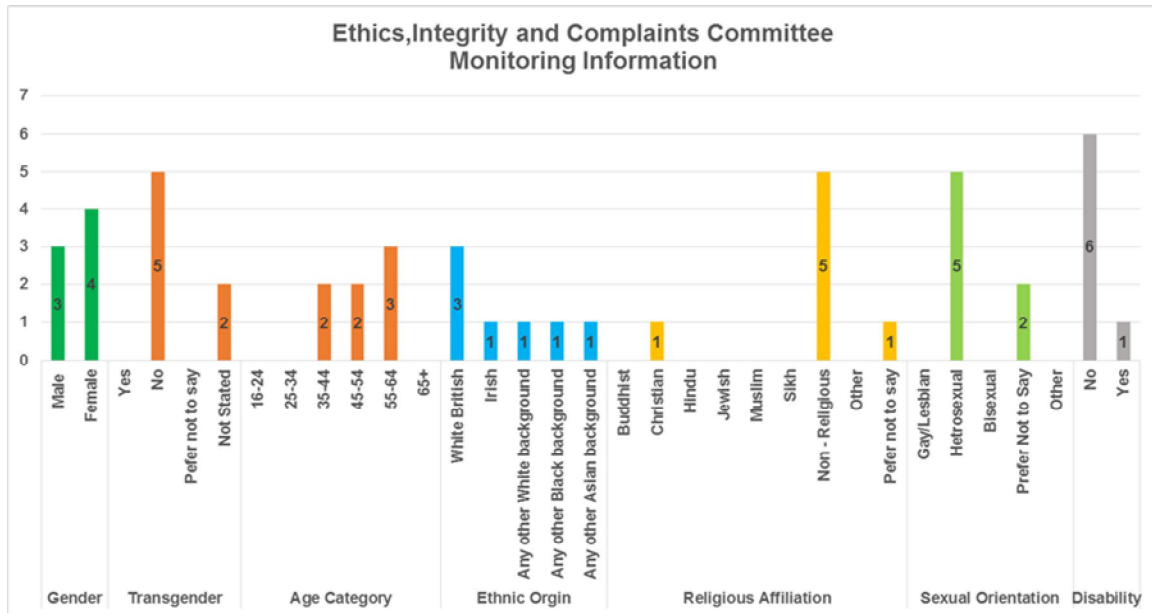
Professor Cillian Ryan FRSA is Pro Vice-Chancellor and Dean of the Faculty of Business and Law at De Montfort University (DMU). Prior to that he was Dean of Liberal Arts and Sciences at the University of Birmingham, and previously Head of the European Research Institute. Originally from Dublin, Ireland, Cillian is an economist, graduating with a BA and MA in economics from University College Dublin before taking his PhD at Western University, Ontario Canada. He has held appointments in Ireland, Canada and the USA as well as the UK and visiting appointments in Hong Kong, Singapore, France and Australia.

Nationally, Cillian was appointed Chair Institute for Learning and Teaching Economics Network Advisory Board in 2004 and subsequently served two terms in the same role for the Higher Education Authority Economics Network. He also served on the Advisory Board for the Higher Education Authority Centre for Sociology, Anthropology and Politics, and the National Committee of HEA Advisory Board Chairs (2005-2012). He is currently the Royal Economics Society nominee to the HEA College of Social Sciences Advisory panel. Cillian also serves on the Oxford Cambridge and RSA Higher Education Consultative Forum. He is a regular speaker at international fora on the value of multidisciplinary arts and sciences education.

Cillian's research embraces a wide-range of topics from trade theory (with particular emphasis on trade in financial services, the EU Single Market, the World Trade Organisation (WTO) and Basel Accords) to business-cycle theory. He has undertaken a large number of funded research projects and advised a wide range of governments and international organisations including the Cabinet office, Treasury and the Department of Business, Innovation and Skills (BIS) (in the UK), the Australian, Canadian and UAE governments, the EU, the WTO and United Nations Conference for Trade and Development.

**Equality and Diversity**

8. The breakdown of the membership of the Committee is as follows:-



**APPENDIX 'B'****Statement of the Ethics, Integrity and Complaints Committee****Police Crime Recording**

The Commissioner's Ethics, Integrity and Complaints Committee has recently considered the issue of police crime data integrity recording (CDI). Nationally all crime is recorded under the National Crime Recording Standard (NCRS) which is victim focussed and applies consistency of recording across all police forces. The Home Office Counting Rules stipulate what type and how many offences in any particular incident should be recorded by the police. All police forces are inspected by Her Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) on compliance against the standards. Currently Leicestershire Police are looking at recorded crimes for 2018/19 being in the region of 95,000. In considering the ethical issues police officers face on a daily basis members of the Ethics Committee considered a number of scenarios where officers are placed in the position of having to record a crime where they are personally challenged ethically by not being in a position to use their personal discretion to deal with a matter in a pragmatic and proportionate manner.

Examples of such scenarios considered by the Committee were:

- A 7 year old male child playing out at a local park has come back home with an injury on his head and states he has been assaulted by some other children of similar age.

Mum rings 999 and reports the assault and states the suspects are still at the park. Police attend 40 mins later, they speak to the 7yr old child the injuries are very minor it's a small cut on his head after he has had a fight with some other children. His Mum wants the Police to actively deal with this. The children are no longer at the park but he can point out where one of them lives. It was a 6yr old boy that he knows from school who is in the year below.

An officer attends the address and the 6yr old boy admits there has been an argument and that he did hit the 7yr old. The officer has encouraged the two boys to shake hands and the younger boy has apologised to the victim.

Under Home Office Crime Recording the police have had to record this as an assault of Actual Bodily Harm, the 6 year old child is recorded as an offender as he has admitted the assault. He is below the age of criminal responsibility. This is recorded on police computer systems so would be searchable and the suspect details are recorded

## NOT PROTECTIVELY MARKED

- Female contacts the police as her 14 year daughter is causing her concerns, she is staying out late and mixing with older men, as a result she has been told she is grounded, she has become angry and is shouting at her mum who is worried that her daughter will leave the house and put herself in danger.

Mum wants the police to attend to talk to her daughter to try and make her realise she is putting herself at risk. Police attend and speak with mum and daughter and it is disclosed that during the incident daughter has thrown a glass at a wall causing it to smash. The glass is owned by mum and under the Home Office Crime Recording an offence of criminal damage must be recorded, this is irrespective of whether mum wishes to make a complaint or not, the daughter is recorded as a suspect. Due to the circumstances this also means it is a domestic incident.

This is an appeal for help from a Mum with a teenager who is causing problems, she has never intended to criminalise her daughter in any way, the crime recording guidance has forced this incident into being crimed with domestic risk assessments being completed. She is at an important age where background checks could be commissioned.

*Members of the Committee discussed these scenarios at length and were unanimous in their views that children should not be criminalised for this type of behaviour, and that referrals to other appropriate agencies should be the preferred course of action in such circumstances.. Members also voiced their concerns that this approach to the recording of crime could conflict with legislation and statutory responsibilities placed on the police and others, particularly in relation to safeguarding, with the police in effect being forced to take a course of action that was not 'in the best interests of the child' as defined by the Children Act (1989). All members felt strongly that officers needed to be given room to apply their discretion in handling such incidents as long as all decision making was transparent and justifiable. There was support from the Committee for the police to push back on an accounting procedure that disadvantaged children.*

**Statement of the Ethics, Integrity and Complaints Committee****Volume of Freedom of Information Requests**

The Freedom of Information Act 2000 (FOIA) gives the right to access recorded information held by public sector organisations. Anyone can request information.

Members of the Police and Crime Commissioner's Ethics, Integrity and Complaints Committee has recently considered the issue of the volume of work created by freedom of information requests and the demand placed on Leicestershire Police in handling such requests in a time of limited resource. The Committee discussed an individual's right to information verses the victims right to anonymity and safeguarding and considered if suspects who are not convicted be named in investigations prior to any trial or public hearing?

Since the introduction of freedom of information law Leicestershire Police have had only 10,000 requests however this is increasing over 20% every year. This demand equates to an extra 4 additional analyst posts and 4 additional administrative posts to deal with the demand of FOI requests. Of all requests received 75% are from journalists and academics. Only a small proportion are from the public themselves. The police have to provide the information by law but in a time of austerity should the police be allowed to charge for this information? Whilst there is provision in legislation for public authorities to charge for providing information if the collation of that information exceeds 48 hours of work the majority of requests fall under that time limit. The current demand would require the recruitment of an additional 13 administrative posts to deal with the number of requests within the statutory time limits.

Members of the Committee felt that members of the public requesting information should be given priority and that a nominal fee should be considered for journalists and other organisations requesting information. Under current legislation this is not lawful however members voiced their concerns over the use of public money being spent on such administrative procedures. Whilst recognising that current legislation was bought in with good intent members felt that consideration should now be given to reviewing and amending the legislation to differentiate between requests from members of the public and journalists and to assist public authorities in meeting the demand.

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