



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

Date/Time: **Wednesday, 5 February 2020 at 10.00 am**

Location: **Council Chamber, County Hall, Glenfield**

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

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

Membership

Cllr. Joe Orson (Chairman)

Cllr. Hemant Rae Bhatia	Cllr. Les Phillimore
Mr Keith Culverwell	Cllr. Sharmen Rahmen
Ms Mehrunnisa Lalani	Cllr. Michael Rickman
Cllr. Kevin Loydall	Cllr. Manjit Kaur Saini
Cllr. Michael Mullaney	Cllr. Deborah Taylor
Mr. I. D. Ould OBE CC	Cllr. Alan Walters
Cllr. Elaine Pantling	Cllr. Andrew Woodman

**Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at 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 4 November 2019.	(Pages 3 - 6)
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. Proposed Precept 2020-21 and Medium Term Financial Plan.	(Pages 7 - 50)



6. OPCC Performance Report. (Pages 51 - 64)
7. Annual Report on Complaints against the Police and Crime Commissioner. (Pages 65 - 66)
8. National Association of Police, Fire and Crime Panels. (Pages 67 - 72)

9. Date of next meeting.

The next meeting of the Panel is scheduled to take place on 20 February 2020 at 2:00pm.

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 Monday, 4 November 2019.

PRESENT

Cllr. Michael Rickman (in the Chair)

Cllr. Tom Barkley
Ms Mehrunnisa Lalani
Mr. I. D. Ould OBE CC
Cllr. Elaine Pantling

Cllr. Les Phillimore
Cllr. Manjit Kaur Saini
Cllr. Paul Westley
Cllr. Andrew Woodman

Apologies

Mr Keith Culverwell, Cllr. Kevin Loydall, Cllr. Michael Mullaney, Cllr. Joe Orson, Cllr. Sharmen Rahmen and Cllr. Alan Walters

In attendance

Lord Willy Bach – Police and Crime Commissioner
Paul Dawkins – Proposed candidate for Chief Finance Officer at Office of the Police and Crime Commissioner
Paul Hindson – Chief Executive Officer, Office of the Police and Crime Commissioner

32. Minutes of the previous meeting.

The minutes of the meeting held on 24 September 2019 were taken as read, confirmed and signed.

33. Public Question Time.

There were no questions submitted.

34. Urgent items.

There were no urgent items for consideration.

35. 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.

No declarations were made.

36. Confirmation Hearing for Chief Finance Officer at OPCC.

The Police and Crime Panel considered a report of the Office of the Police and Crime Commissioner (OPCC) in regard to its proposed appointment of Mr. Paul Dawkins to the post of Chief Finance Officer. A copy of the report of the OPCC, marked 'Agenda Item 5', is filed with these minutes.

The Chairman welcomed Mr. Paul Dawkins to the Hearing. Officers and Panel members each introduced themselves to Mr Dawkins.

The Chairman outlined the process to be adhered to, taking those present through a process document which had been circulated to all members.

The Chairman invited the PCC to explain why he chose Mr Dawkins for the role. The PCC stated that given that there was a PCC election in May 2020 and the PCC was not standing for re-election it would not be sensible to appoint a permanent Chief Finance Officer at the current time particularly as the incoming PCC may wish to choose his own staff. The PCC informed the Panel that Mr Dawkins had carried out the role previously on a temporary basis for several months, at a time when the budget process was being undertaken and Mr Dawkins had ensured that the budget discussions between Leicestershire Police and the OPCC gone well. The PCC stated that he was aware of a potential conflict of interest with Mr Dawkins carrying out the role of Chief Finance Officer at the OPCC at the same time as being Assistant Chief Officer – Finance & Resources at Leicestershire Police however the previous time Mr Dawkins had the two roles a protocol had been put in place regarding conflicts of interest (Appendix B) which had worked well and would be used again should Mr Dawkins continue to carry out the two roles. The PCC informed the Panel that in some other Force areas the same person carried out both the Chief Finance Officer role for the Force and for the OPCC on a permanent basis so this was not an untested way of working. The PCC concluded that he was confident that Mr Dawkins would make an excellent temporary Chief Finance Officer for the OPCC.

(The PCC left the room.)

The Chairman invited Mr Dawkins to explain why he chose to undertake the role of Chief Finance Officer and how he felt he was qualified for the role. In response Mr Dawkins stated that he had been invited by the PCC to cover the role on a temporary basis and he was delighted to assist the PCC and OPCC. Mr Dawkins stated that he joined Leicestershire Police in 1996 as a Corporate Accountant and in the year 2000 he was promoted to Finance Director and had therefore been part of the Chief Officer team for 19 years. Mr Dawkins explained that in recent years there had been closer collaboration between the police forces in Leicestershire, Northamptonshire and Nottinghamshire and Mr Dawkins had led on the areas of finance, estates and fleet across all three forces. He had also covered the role of Chief Finance Officer for the Northamptonshire OPCC on a temporary basis at the same time as being Assistant Chief Officer – Finance & Resources at Leicestershire Police.

The Panel then questioned Mr. Dawkins regarding his suitability for the post under the following key headings:

- Professional Competence;
- Personal Independence.

Arising from questioning, the Panel noted the following points made by Mr. Dawkins:

- (i) Mr Dawkins stated that the key to a successful budget was good early engagement with key stakeholders internally and externally and understanding their needs and demands, and also knowing what the intended outcomes of the budget were. With specific regard to the Police Precept, public consultation was important, overseeing internal and external audit of the budget, and making sure the reports for the Police

and Crime Panel contained the appropriate level of detail at the same time as being easily understandable for a lay person.

- (ii) One of the main challenges for the OPCC over the next few months was the outcome of the General Election and any potential impact on policing. Given the delay in the announcement of the police funding settlement caused by the General Election it would be challenging to make short term financial plans. An additional challenge was the PCC elections in May 2020 and being able to make financial decisions without knowing what the approach of the incoming PCC would be. Planning had already begun for the handover to the next PCC. There had been a transition plan for the previous handover between PCCs in Leicestershire and the experience from the previous handover would be invaluable. The candidates taking part in the 2020 PCC election would be provided a briefing and made aware of strategic and operational issues.
- (iii) Mr Dawkins accepted that when one person was carrying out both the role of Assistant Chief Officer – Finance & Resources at Leicestershire Police and the role of Chief Finance Officer at the OPCC there was potentially a conflict of interest, particularly where the PCC and Chief Constable did not have similar views on an issue, however Mr Dawkins believed that the protocol as set out in Appendix B would assist him with maintaining his political impartiality. In carrying out the two roles he would ensure that there was ‘one version of the truth’ with regards to financial matters and he would not give contradictory advice to the PCC and Chief Constable. The advice he gave would be unchanged. Mr Dawkins emphasised that although the PCC was a political figure, the role of Chief Finance Officer at the OPCC was as a financial advisor not a political advisor. His role was to provide the financial information and it was for the PCC to make the final decision on the Precept. Mr Dawkins stated that if there was trust, clarity and transparency between both offices as there had been so far then it was possible for him to carry out the two roles successfully. Mr Dawkins stated that the previous time he had carried out both roles no conflicts of interest had arisen. Mr Dawkins also reminded the Panel that external audit took place and frameworks were in place to ensure good governance and that legal requirements were adhered to.
- (iv) Mr Dawkins stated that the political aspects of the Police and Crime Plan were a matter for the PCC, not the Chief Finance Officer. The role of the Chief Finance Officer with regards to the Plan was to ensure that there was a medium term financial plan in place and that the ambitions of the PCC with regard to the Police and Crime Plan were affordable. Once the Police and Crime Plan had been finalised the Chief Finance Office would then play a role with commissioning and putting in place a robust methodology for the assessment of funding bids and the awarding of grants.
- (v) As Assistant Chief Officer – Finance & Resources for Leicestershire Police the focus was on the operational delivery of the police service whereas the Chief Finance Officer for the OPCC played a role in holding the Chief Constable to account for the delivery of the police service. A key part of the latter role was to make the PCC aware of the financial consequences of decisions and understand the impact on delivery.
- (vi) Mr Dawkins had recently attended a meeting of the Joint Audit, Risk & Assurance Panel and there were no issues of concern with regards to carrying out the two roles at that meeting. He was due to attend a meeting of the Strategic Assurance

Board and did not envisage any issues arising there either. The key to carrying out both roles was maintaining his neutrality and presenting the information and guidance in a factual way. He would not express personal views.

(Mr Dawkins left the room.)

37. Exclusion of Press and Public.

RESOLVED:

That under Section 100A of the Local Government Act 1972, the public be excluded for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 1, 3 and 10 of Part 1 of Schedule 12A of the Act specified below and that, in all circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

- Panel Deliberations on the Proposed Appointment of a Chief Executive Officer.

38. Panel deliberations on the proposed appointment of a Chief Finance Officer.

The Panel, having gone into exempt session, considered the statement and answers provided by Mr Paul Dawkins to their questions, in addition to the introduction provided by the PCC and all relevant paperwork provided.

RESOLVED:

That, in light of the responses given relating to the professional competence and personal independence required of the post of Chief Finance Officer, the Panel unanimously endorses with no hesitation the PCC's appointment of Mr Paul Dawkins to the post of Chief Finance Officer.

39. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Panel would be held on 11 December 2019 at 1:00pm.

1.30 - 2.15 pm
04 November 2019

CHAIRMAN

POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE POLICE & CRIME PANEL

Report of	POLICE & CRIME COMMISSIONER
Date	WEDNESDAY, 5th FEBRUARY 2020 AT 10:00am
Subject	PROPOSED PRECEPT 2020-21 AND MEDIUM TERM FINANCIAL PLAN (MTFP)
Author	PAUL DAWKINS, TEMPORARY CHIEF FINANCE OFFICER OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER

Purpose of the Report

1. To present the 2020-21 Precept Proposal and the additional considerations contained within it.
2. To present the Medium Term Financial Plan (MTFP).

Recommendations

3. The Police and Crime Panel is asked to:
 - a. Note the information presented in this report, including:
 - the total 2020-21 net budget requirement of £199.863m,
 - a council tax (precept) requirement for 2020-21 of £76.829m.
 - b. Support the proposal to increase the 2020-21 Precept by £10.00 per annum (4.48%) for police purposes to £233.2302 for a Band D property.
 - c. Note the future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational considerations identified.
 - d. Note the Home Office grant allocations notified through the final settlement and the Band D council tax base and surplus received from the collecting authorities.
 - e. Note the current Medium Term Financial Plan (MTFP) contained in Appendix 1.

Executive Summary

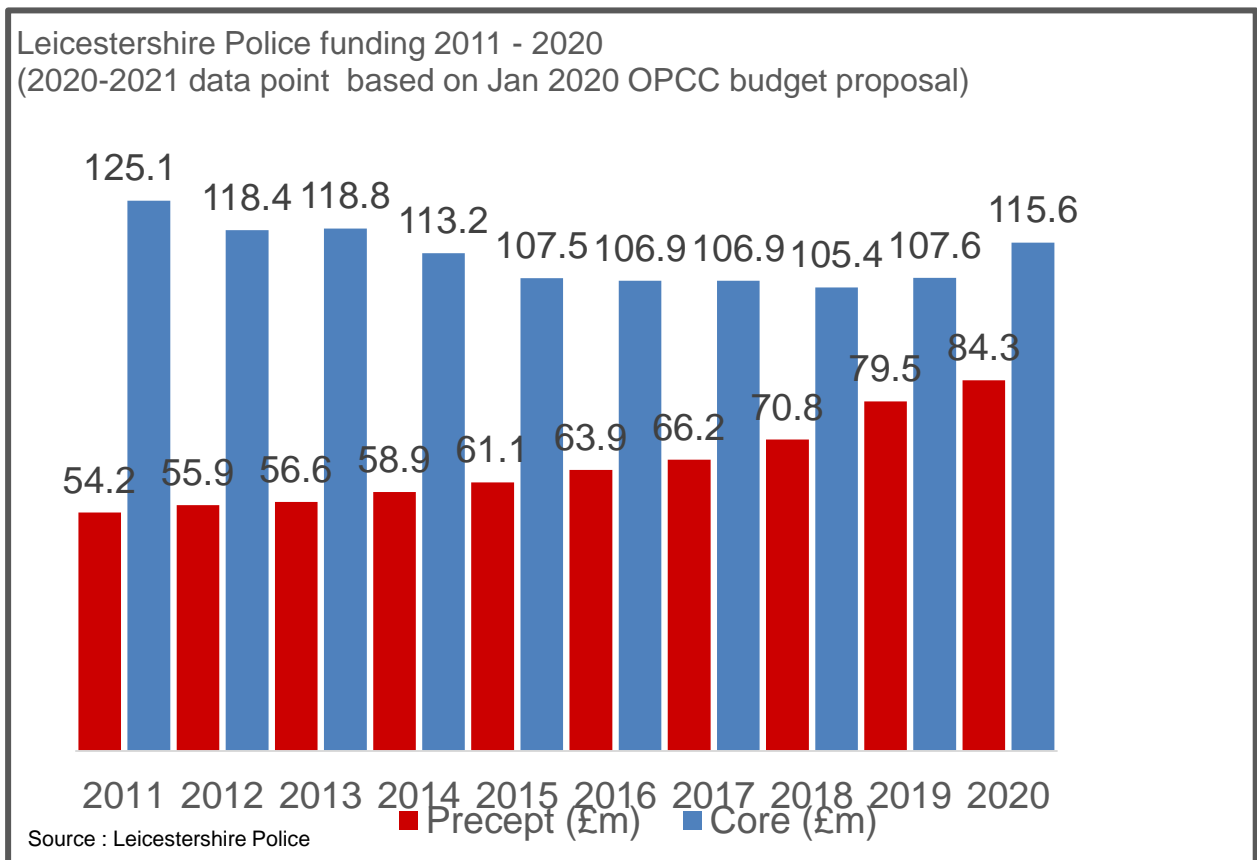
4. This report, and the Precept proposal, is the culmination of several months' work by the Office of the Police and Crime Commissioner (OPCC) and Force colleagues, and takes account of public and stakeholder consultation and key government announcements.
5. The Police Grant Final Settlement was announced on 22nd January 2020 and confirmed a £7.95m increase in revenue grant funding. This is intended to meet the year one salary costs and three year infrastructure costs of the Government's 20,000 police officer uplift programme 2020 to 2023. The precept referendum threshold has been confirmed at £10 for a Band D property.
6. The Commissioner has been briefed on the current and emerging operational challenges, both nationally and locally by the Chief Constable and has considered this advice in preparing the budget for 2020-21. The budget is focussed upon the Commissioner's priorities as contained within the Police and Crime Plan and the Strategic Policing Requirement, and ensures there are strong links with the new Force Target Operating Model (TOM) being implemented on 11th March 2020.
7. The Commissioner has determined that 100 additional officers will be recruited during 2020-21 in addition to the 107 delivered through his 2019-20 budget and the 89 expected to be delivered as part of year one of the Government's 20,000 officer uplift programme. This will increase overall full time equivalent (FTE) officer numbers to 2,104 by March 2021.
8. The Commissioner has also determined to increase Police Community Support Officer (PCSO) numbers by 20 to 201 FTEs by March 2021.
9. In November 2018 a fundamental review of reserves took place and a Reserves Strategy was drafted and adopted by the Commissioner. As part of this budget process, the Commissioner has reviewed the adequacy and level of Reserves and is planning to responsibly use reserves over the medium term, in line with his priorities.
10. In considering the proposed level of precept, the Commissioner carried out a budget consultation exercise. The survey asked if residents of the area were prepared to pay more per month for policing services. There were 673 responses to the survey. Of these, 51.3% were in favour of an increase, 40.1% against and 8.6% did not know.
11. After careful consideration of these factors, the Commissioner is proposing a Band D precept increase of £10.00 per annum for the 2020-21 financial year in line with Home Office proposals. The Commissioner has allocated approximately 98% of the net revenue budget requirement of £199.863m to the Chief Constable, for use on local policing and regional collaborations in order to safeguard and improve policing services across the entire Force area of Leicester, Leicestershire and Rutland.

Leicestershire Context

12. This section sets out some key information in relation to the policing area and the external factors that are driving demand which have a significant impact on policing in Leicester, Leicestershire and Rutland.
13. 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.

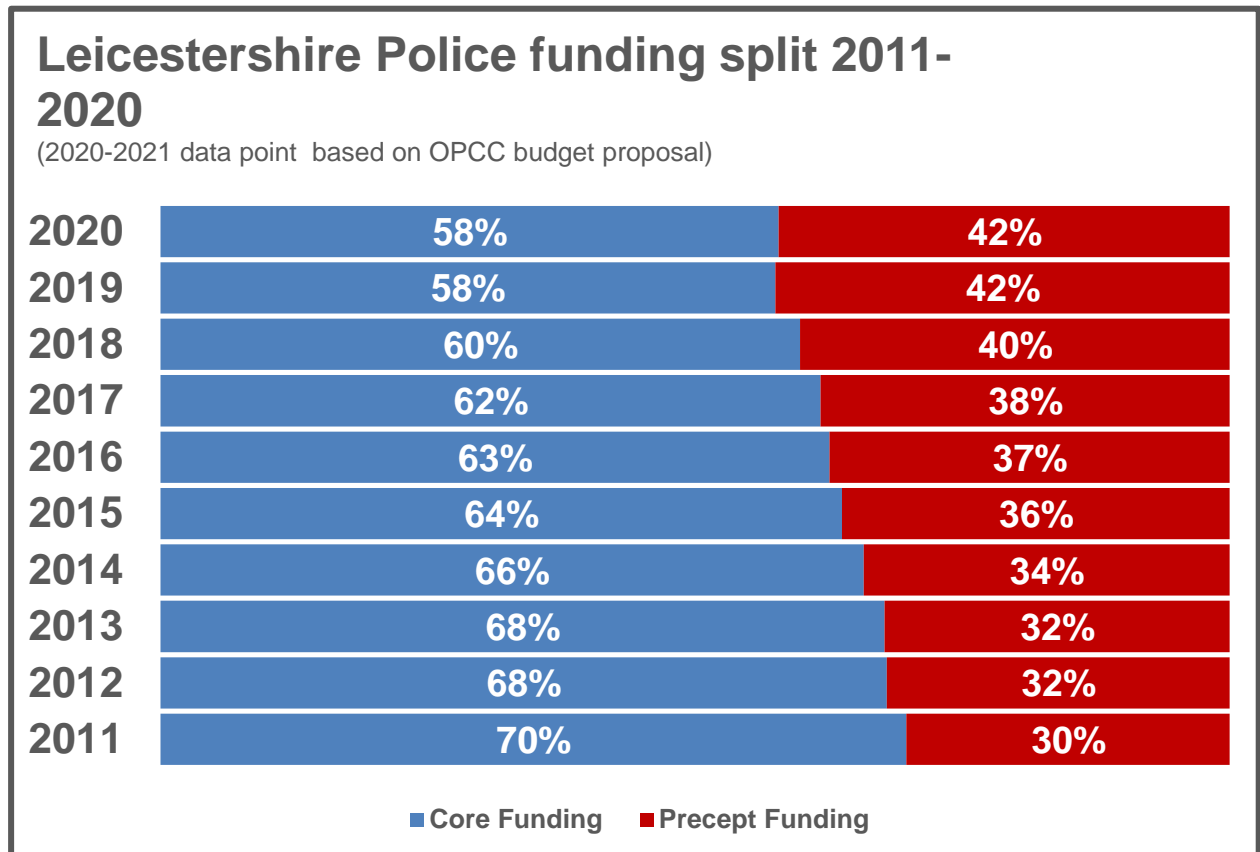
14. The chart shows that core grant funding has reduced from £125.1m in 2011-12 to £115.6m for 2020-21 a reduction of 8%. A study by the National Audit Office on “Financial sustainability of police forces in England and Wales 2018”¹ estimated that the real terms reduction in funding for Leicestershire between 2010-11 and 2018-19 was 30%.
15. The graph also shows that the funding raised locally has increased significantly over the same period. In 2011-12 £54.2m was raised directly from residents of the area (and related grants) and for 2020-21 this will increase to £84.3m. An increase of £30.1m or 56% over the period.

Chart 1



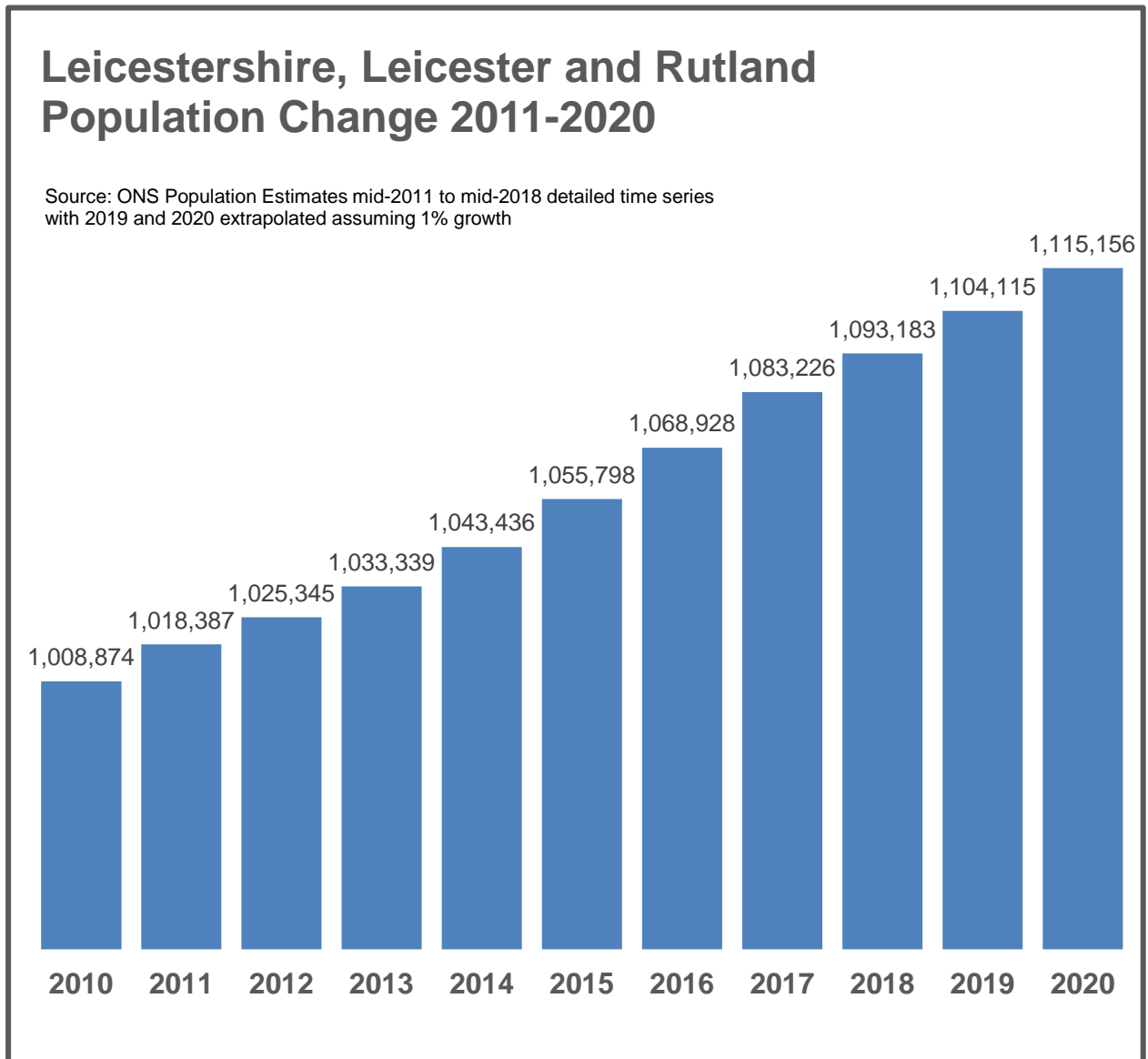
16. Chart 2 demonstrates how the total funding has moved between Core Grant and Precept Funding since 2011-12. It shows that in 2011-12 70% of the funding came from Core Grant with the balance of 30% coming from the local precept. For 2020-21 this has moved significantly to show that 56% of the total funding will come from Core Grant and that 44% of funding now comes directly from the local taxpayer (and related grants).

Chart 2



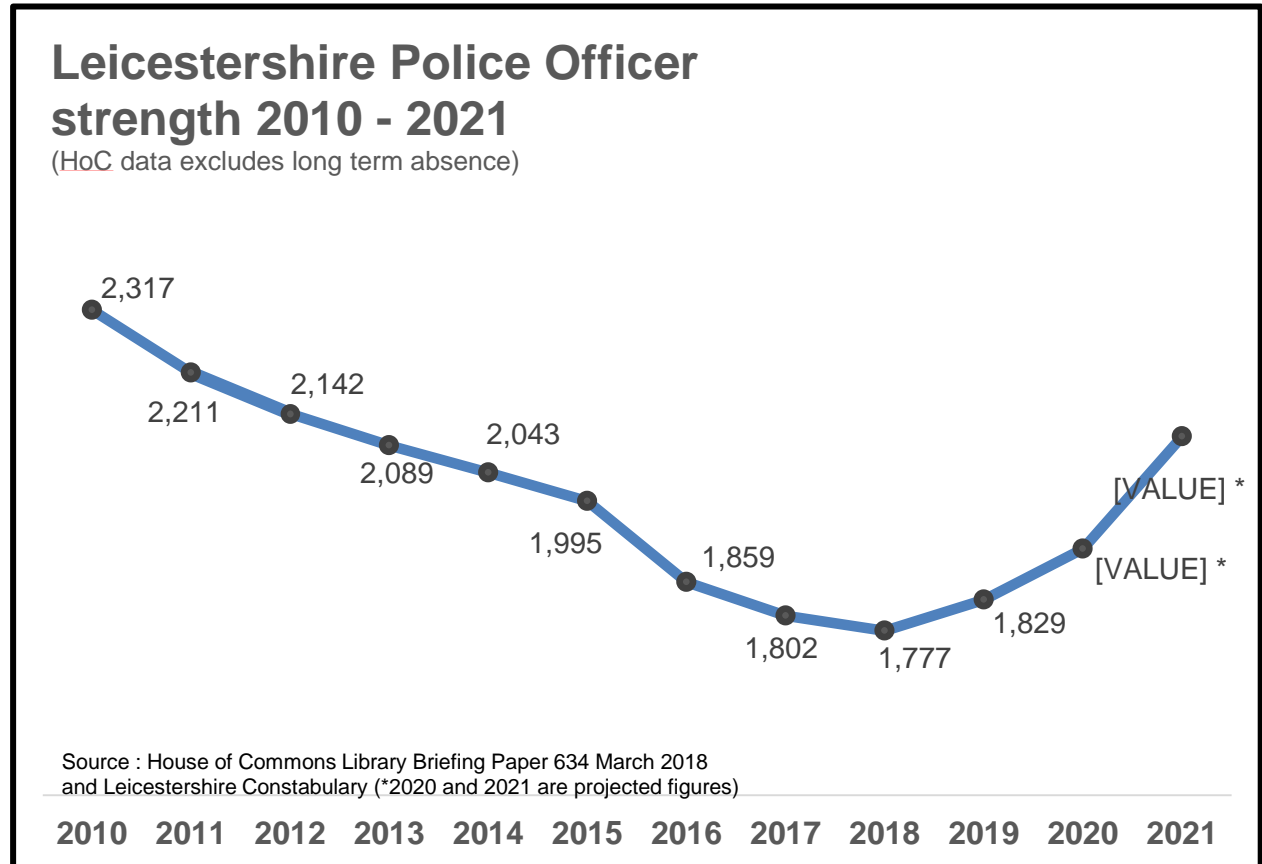
17. Chart 3 shows that whilst core grant has decreased significantly since 2010-11 the population within Leicester, Leicestershire and Rutland has increased significantly.

Chart 3



18. Chart 4 illustrates the reduction in Police Officers over the same time period. In 2010 the force employed approximately 2,317 Police Officers. The comparable figure for 2020 is 1,915. A reduction of 402 officers or a 17% reduction in Police numbers.

Chart 4



19. 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 projections for 2020/21 further underlines the point as detailed below:

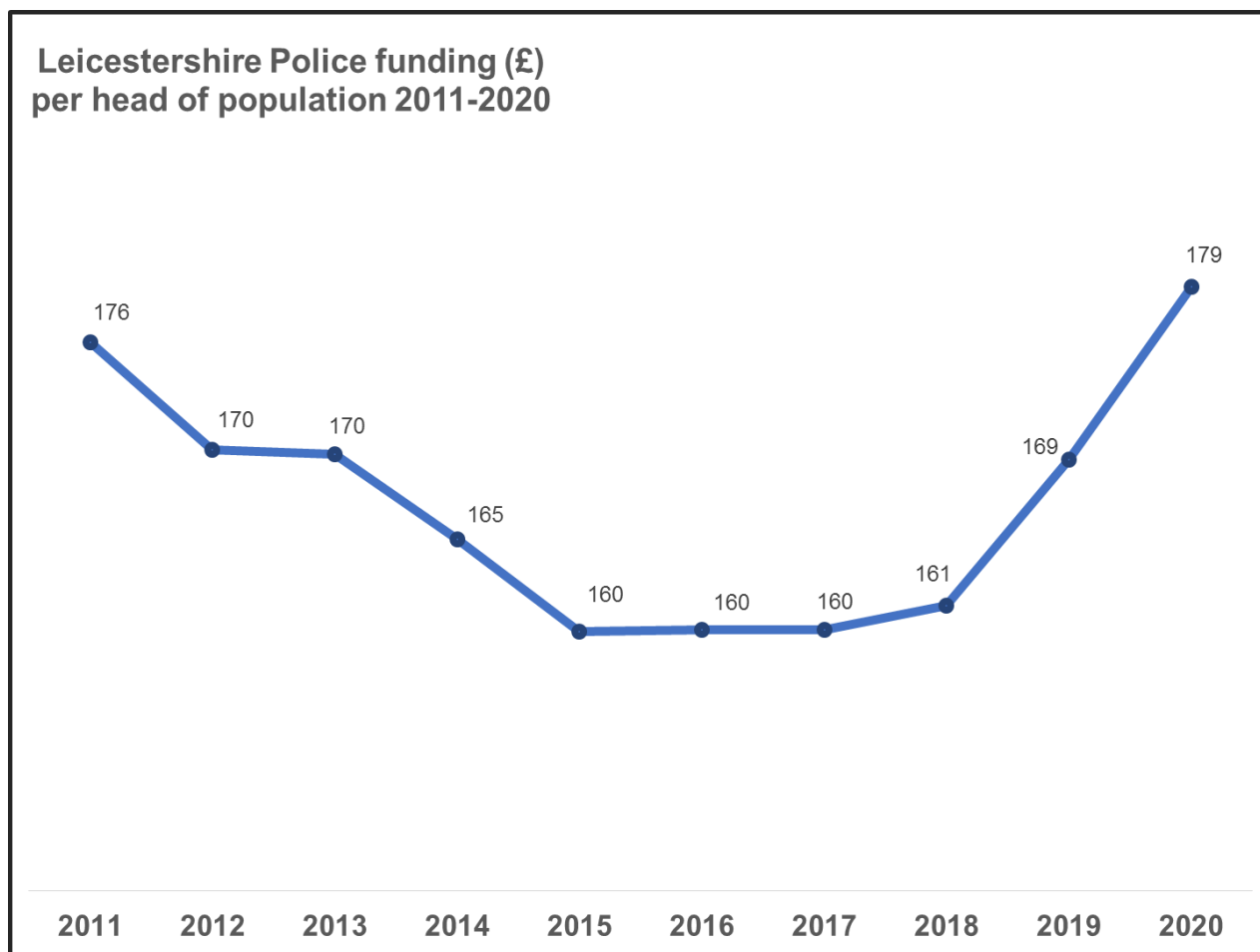
Number of 999 Calls	160,821
Number of 101 Calls	341,811
Number of referrals to Child Protection Teams	18,745
Number of domestic incidents & crimes	20,291
Number of missing people	3,381

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.

20. 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 12th lowest in England and Wales and £19 per head of population lower than the average. If funding was lifted to the average approximately £21m more funding would be available for investing in policing in the area.

Chart 5

Funding per head of population in England and Wales 2020-21

**The Grant Settlement 2020-21**

21. Due to the 12th December 2019 General Election, a Provisional Police Grant Settlement was not announced during December. Instead, the Final Settlement was announced on 22nd January 2020 without the opportunity to consult on its content.

22. The increased Core and Ex-MHCLG funding quoted for Leicestershire is £7.9m. The overall increase in funding is broken down as follows:

	2019-20	2020-21	£m	%
	£m	£m	Increase	Increase
Home Office Core Funding	65.8	71.0	5.2	7.9%
Ex-MHCLG Formula Funding	39.9	42.6	2.7	6.8%
Council Tax Support Grant	7.0	7.0	0	0.0%
Council Tax Freeze Grant	1.9	1.9	0	0.0%
Precept & Collection Fund	72.5	77.3	4.8	6.6%
Total	187.1	199.8	12.7	6.8%

NB. Excludes £2.5m Home Office Uplift Grant

23. The additional precept funding is only delivered if the Commissioner chooses to increase the Policing element of the Band D Council Tax bill by £10.00 (4.5%) from £223.23 to £233.23. This generates an extra £4.8m in revenue funding based on a Band D tax base of 329,412 and a Collection Fund surplus of £0.5m.
24. There are other cost pressures which will need to be funded relating to staff pay, inflationary increases and other contractual increases.
25. After taking the above into account, there is a remaining Home Office Core Funding surplus of £1.8m which will be transferred to the Budget Equalisation Reserve (BER) to part fund the infrastructure costs of the Home Office three year officer uplift programme 2020 to 2023.

Taxbase and Collection Fund details

26. Leicester City Council, Rutland County Council and the Borough and District Councils are responsible for estimating the taxbase in their area, and the Council Tax Collection Fund surplus or deficit.
27. The total taxbase is used to calculate the total precept that will be collected by billing authorities on behalf of the Commissioner.
28. In 2019-20 the taxbase used in setting the budget for the Commissioner was 322,816 Band D equivalent properties. For 2020-21 this has increased by 2.04% to 329,412 Band D equivalent properties.
29. The collection fund surplus for 2020-21 is £492,414. This compares to a surplus in 2019-20 of £446,193.

Council Tax Referendum Limit

30. 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.
31. From 2012-13, the Secretary of State is required to set principles annually, determining what increase is deemed excessive. The Home Office has confirmed that in order to maximise council tax income for 2020-21, Police and Crime Commissioners can increase their precept on a Band D property by up to £10.00 without triggering a referendum.

Risks

32. 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, £0.75m of the BER has been ring-fenced to cover the implementation costs of the scheme in 2020-21. No further base budget provision has been included for 2020-21 and beyond. This remains a financial risk until the pay assimilation is completed and the actual costs are confirmed.
 - Pay inflation – Provision has been made for a 2.5% pay award from 1st September 2020 for both officers and staff (£2.3m). However, the actual increases will not be

known until pay negotiations are completed later in the year. Pay inflation for 2021-22 onwards is included at 2.5%.

- Emergency Services Network (ESN) – The latest update suggests that the transition to the ESN is delayed until the latter part of 2021-22. The financial consequences are currently unknown. However, a revenue provision of £0.1m has been included in the budget for 2020-21 and £0.3m from 2021-22 onwards. The costs are based on the latest national estimates and will be updated when more accurate figures become available. It is highly likely that the cost of the project will be higher than currently estimated and will be revised as and when more detail becomes available. This therefore represents a financial risk.
- 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

33. 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.
34. The Force continues to consider key corporate risks when setting the budget.
35. 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.
36. 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.
37. 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.
38. 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.
39. The revised five-year financial forecast and, in particular, the 2020-21 budget contained within this report aligns the Force and Commissioner’s financial resources to risk and therefore, is fundamental to the Force’s performance management regime.
40. 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 2020-21. 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.

41. The Commissioner, together with his Senior Management Team have held regular discussions with the Chief Constable and his Chief Officers throughout the year, particularly prior to and throughout the budget preparation process and the announcement and interpretation of the Settlement.
42. 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 MTFP and associated risks.
43. Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the Commissioner and his team, prior to and during, the Strategic Assurance Board on the 17th January 2020, at which, agreement of the Force budget for 2020-21 between the Commissioner and the Chief Constable was reached.

Revenue Budget 2020-21

44. The base budget for 2020-21 has been built based upon the 'budget rules' which are consistent with previous years and the risk based approach outlined earlier in the report.
45. In line with this approach, the Panel is advised that the total net budget requirement in 2020-21 is £199.863m. This equates to an increase of £12.724m (6.8%) from the 2019-20 net budget requirement level of £187.139m (see Appendix 1).
46. The table below summarises the 2020-21 draft budget requirement:

	£	£
2020-21 Base Budget Requirement (Gross)		
Police Officer Pay & Allowances	104,670,120	
Staff Pay & Allowances	44,352,531	
PCSO Pay & Allowances	6,433,948	
Regional Collaboration	9,588,093	
Police Officer Pensions	3,460,630	
Non-Pay Expenditure	34,929,139	
Inflation Contingency	3,452,895	
Income	(14,220,908)	
Office of the Police and Crime Commissioner	1,332,089	
Commissioning	4,395,961	
TOTAL		<u>198,394,498</u>

There are other budget streams which when added to the above makes up the 2020-21 net budget requirement. These are listed overleaf.

	£	£
2020-21 Base Budget Requirement (Gross)		198,394,498
Investment	5,778,817	
Specific Grants	(1,277,870)	
Home Office Pension Grant	(1,902,540)	
Home Office Uplift Grant	(2,500,000)	
Transfer from Commissioning Reserve	(298,049)	
Transfers to / from liability & equipment reserves	61,573	
Transfer from BER for specific projects	(230,210)	
General transfer to reserves	1,784,867	
Transfers to other reserves	51,713	
2020-21 Base Budget Requirement (Net)		199,862,799

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

- **Police Officers** – The Police Officer pay and allowances budget is calculated based on the latest recruitment and attrition forecasts, taking into account:
 - Rank and incremental changes.
 - Externally funded and seconded officers.
 - Allowances.
 - Changes to the effective rates for National Insurance and Pension contributions.
 - The full year effect of the September 2019 pay award.

Of the 107 additional police officers approved as part of the 2019-20 budget, 80 will have been recruited during 2019-20, with the final 27 being recruited by May 2020. These officers are/will be deployed locally across neighbourhood policing areas.

Year one of the Government's 20,000 officer uplift programme will provide 89 officers in total (6,000 nationally), of which 24 will have been recruited by March 2020, with the balance of 65 being recruited during 2020-21. This will increase overall police officer numbers to 2,004 FTEs by March 2021. The total estimated cost of the 89 officers is £2.5m which will be fully funded by a separate Home Office grant, but only if they are recruited in full. The Home Office will confirm the allocations to Forces for years two and three in due course. However, the uplift will not restore officer numbers to pre-austerity levels of around 2,317 FTEs.

In order to provide a further uplift in officer numbers during 2020-21 and beyond, the Commissioner has agreed with the Chief Constable that 100 additional officers will be recruited during 2020-21 to be funded by the £10 increase in Band D precept. This will increase overall police officer numbers to 2,104 FTEs by March 2021 at a part year cost of £1.4m. The intention is again to deploy these officers in local neighbourhood policing areas.

Infrastructure investment costs in relation to the increase in officer numbers during 2020-21 are estimated at £1.5m and will be funded through the increase in core grant in line with Home Office expectations.

- **Police Community Support Officers (PCSOs)** – The Panel will remember that prior to austerity, the Force’s PCSO establishment was 251 FTEs. There is currently provision for 181 PCSO’s within the budget proposals. In order to enhance neighbourhood policing services to local communities, the Commissioner has agreed with the Chief Constable that 20 additional PCSOs will be recruited during 2020-21, again to be funded by the £10 increase in Band D precept. This will increase overall PCSO numbers to 201 FTEs by Spring 2021 at a part year cost of £0.4m.
- **Support Staff** – The budget is based on 1,117 FTEs (excluding PCSO’s) which includes a number of changes to the establishment to address demand. The Force is also currently undertaking job evaluation of its police staff posts. Based on the experience of other employers, £0.75m of the BER has been ring-fenced to cover the implementation costs of the scheme in 2020-21.
- **Regional Budgets** – Regional collaboration budgets relate to Leicestershire Police’s share of collaborative arrangements which include the cost of police officer posts. The budget for regional collaboration in 2020-21 is £9.6m.
- **Non-pay** – 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, replacement of Body Worn Video cameras, telephony and communications and the new Digital Evidence Management system costs. Revenue costs in relation to capital financing are also included.

Office of the Police and Crime Commissioner

48. The total cost of the Office of the Police and Crime Commissioner is £1.26m, which is a net increase of £20k from 2019-20. However, this includes the cost of a post that has transferred from the police to the OPCC to address the changes in the legislation around complaints and it includes the full year cost of the pay award in 2019-20. Taking these into account, the actual cost of the office has reduced as a proportion of the overall budget. The office structure has recently been reviewed to facilitate these changes. It employs 20 members of staff whose costs represent 86% of total expenditure.
49. Supplies and Services includes items of expenditure such as internal audit and external audit costs, and subscriptions to external associations. Detailed budgets for the office are available upon request.

50. The main costs are summarised below:

	£000
Staffing	1,084
Transport	14
Supplies and Services	<u>234</u>
Total Expenditure	1,332
Income (MOJ Grant)	<u>(77)</u>
Net Expenditure	<u>1,255</u>

51. During the Commissioner's term, the office has significantly expanded its range of activities including :

- The establishment and running of a Violence Reduction Network
- The implementation of an Early Intervention Youth Fund
- The management of the East Midlands Criminal Justice Board
- The co-development of the new probation delivery arrangements.
- The enhancement of the Strategic Partnership Board and sub-groups
- The establishment and management of an area wide Prevention Board
- The development of community focussed initiatives such as People Zones
- Closer engagement and collaborative working relationships with Community Safety Partnerships

Commissioning

52. The Commissioning Framework for 2020-21 aligns to the priorities contained within the Police and Crime Plan and provides a budget of £4.396m. The commissioning budget held by the OPCC has reduced as a proportion of the overall budget.

53. The budget is funded as follows:

	£000
Base budget	2,897
Ministry of Justice Grant	1,201
Contribution from Commissioning Reserve	<u>298</u>
Total funding	<u>4,396</u>

54. The 2020-21 Commissioning Budget includes £0.25m for small grants to Community Organisations which are awarded at the discretion of the Commissioner.

55. The Framework assumes £0.298m will be drawn from the Commissioning Reserve for the year.

56. The Ministry of Justice (MoJ) Victims and Witnesses Grant has been increased by 1.84% to £1.278m for 2020-21.

Capital Strategy, Capital Programme and Treasury Management Strategy

57. The Capital Strategy 2020-21 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.

58. The Capital Programme includes investment in operational areas of premises, IT and vehicle fleet.
59. The anticipated local capital 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.
60. 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.
61. Both the Capital and Treasury Management strategies were fundamentally reviewed in December 2019 and subsequently agreed by the Strategic Assurance Board.

Medium Term Financial Plan (MTFP)

62. It is a requirement that the Police and Crime Plan and budget must cover the period until the end of the financial year of the incoming Commissioner to be elected in May 2020. Thus the relevant date is 31st March 2021.
63. However, prudent financial management requires the Commissioner to have a MTFP 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 2025. This provides a longer term view which will enable informed decision making to take place over the period of the plan. This is not without its challenges, given that there is only a firm Government announcement of funding for 2020-21 and a Comprehensive Spending Review due in the next financial year and applicable from 2021-22.
64. However, a MTFP has to be formulated using the best information available at the time of producing it. The attached MTFP has been produced on this basis, accepting that it is subject to change as new information emerges that can and will, change the assumptions inherent in the plan.
65. In 2020-21, the Commissioner will allocate approximately 98% of the net budget requirement to the Chief Constable for use on local policing and regional collaborations.
66. 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 related grants continue up to and including 2024-25.
 - c. Core Government funding remains the same for the life of the plan including the year one officer uplift grant.
 - d. The precept increases by £10.00 per Band D equivalent property for 2020-21 and 2% each year thereafter.
 - e. Pay awards for officers and staff are included at 2.5% for 2020-21 and for each year thereafter.

- f. Non-pay inflation is included at 2% for 2020-21 and for each year thereafter.
- 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 Commissioner.
- i. Further borrowing beyond the capital programme is not required.

67. Taking into account the above assumptions, the position is as follows:

See Appendix 1 for detailed analysis

	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m
Net Budget Requirement	198.0	206.0	212.2	216.0	222.2
Net Funding	199.8	202.8	205.8	208.9	212.2
Funding Surplus/(Gap) before use of Reserves	1.8	(3.2)	(6.4)	(7.1)	(10.0)

Use of Reserves and Balances

68. In considering the 2020-21 budget, the Commissioner has reviewed all of the reserves held. As detailed above, the MTFP is predicated on the prudent use of reserves over the first three years of the plan.

69. 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 £4.0m and £10.0m based on the 2020-21 budget).
- The BER can be used to support the budget but there must be a strategy to move reliance away from the reserve over a period of time.
- Other earmarked reserves should only be used for specific time limited projects, to provide financial cover for potential future financial liabilities and for 'invest to save' projects.
- Ongoing reliance should not be placed on reserves to deal with the funding of financial deficits and a clear plan should be in place to move reliance away from one off reserves.
- There should be an annual review of reserves.

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

a. General Reserve

There is a General Reserve which will be reduced from £6m to £5m with £1m being transferred to the BER to support the projected MTFP funding gap. The £5m Reserve balance represents 2.6% of the net budget requirement for 2020-21 and is within the 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 further planned use of this reserve during 2020-21.

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 £11m at 31st March 2020, rising to a high of £12.5m by 31st March 2021. 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.

The Commissioner is currently planning to use £9.6m of the BER to balance the budget for the years 2021-22 to 2022-23. The balance of the BER at 31st March 2023 is estimated to be £2.9m (including the £0.75m ring fenced for job evaluation).

c. Earmarked Reserves

The Commissioner currently holds a number of Earmarked Reserves which at 31 March 2020 are estimated to total £5.1m (excluding the General Reserve and BER) and those to note are as follows:

OPCC & Commissioning Reserve £1.6m – This contributes towards supporting the cost of the Commissioning Framework.

Civil Claims £1.1m – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

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

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

71. 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>		Budget Equalisation Reserve	1.785
Specialist Operations	-0.230		
	<u>-0.230</u>	<u>Specific Reserves</u>	
<u>Other Earmarked Reserves</u>		Equipment Reserve	0.200
Economic Crime (POCA)	-0.020	Fleet Insurance Claims	0.075
Equipment Reserve	-0.574	Civil Claims Liability	0.360
	<u>-0.594</u>	Other	0.072
<u>OPCC</u>			<u>0.707</u>
Commissioning	-0.298		<u>2.492</u>
	<u>-0.298</u>		
	<u>-1.122</u>		

	£m
<u>Net Transfers to/(from)</u>	
Earmarked Reserves	<u>1.370</u>

Precept Proposal

72. After careful consideration of all the factors highlighted within this report, the Commissioner is proposing a £10.00 Band D Precept increase in line with Home Office proposals to maximise resources for operational policing.
73. In making this proposal, the Commissioner 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.
74. Additionally, in making this proposal, the Commissioner is satisfied that in doing so, he is maximising the resources available to Leicestershire Police to deliver the priorities outlined in his Police and Crime Plan.

Statement of the Chief Constable

75. In proposing the precept the PCC has sought views from the Chief Constable and his statement on the PCC's precept proposal for 2020-21 is as follows:-

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

My preferred option is an increase in the precept of £10. This will best enable the Force to deliver the Police and Crime Plan and meet the requirements of the Strategic Policing Requirement going forward. It also reflects the thrust of the national core grant allocation from Central Government (which speaks of 'assuming full take up of council tax precept flexibility'), and the oft repeated desire of local communities for more policing.

It is both sobering and remarkable to report to the Panel that this is the first time in my decade here as your Chief Constable that a budget features growth in the core grant coming from Central Government (excluding council tax freeze grants). This budget represents the opportunity to restore some of the numbers officers and staff that we have lost in recent years, and in doing so to recruit from our local, diverse communities. In my ten years here as your Chief Constable I am yet to get any feedback from any community anywhere across Leicester, Leicestershire and Rutland that seeks less policing! The demand for more is consistent and insatiable.

The chance to raise the precept gives us the realistic prospect of growing back some of the capacity that we have lost across the last decade. 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. This is captured in our published Force Management Statement. Since 2010 we have saved in excess of £38M. What that means in reality is that in 2010 we had over 2,300 police officers and 251 PCSOs. At our lowest point we had dropped to 1700 police officers and 180 PCSOs. If the Panel were minded to support growth of £10 this would enable us to put back some of our lost ability to patrol neighbourhoods, deter crime and investigate offences. With the Panel's support we could aspire to 2104 officers and 201 PCSOs. I believe that this can make a significant operational difference, and one that will be noticed by people living and working in neighbourhoods across the Force.

The breadth of the police mission remains significant. We seek to maintain and increase a strong neighbourhood presence, provide a resilient 24/7 response capability, and ensure investigative capacities that are able to deal with the complexities of a 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 multi agency problem solving and case conferencing that protects vulnerable people, as well as digital investigation and forensic analysis. The emergence of the Violence Reduction Network aligns with our Force Strategic Harm Reduction work; we are working hard to combat knife crime and violence. In effect our mission covers everything from anti-social behaviour through to counter terrorism. It should be noted that the national threat level from terror nationally remains at "substantial", meaning that 'an attack is a strong possibility'. 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. The Panel has heard during the year of our efforts to combat 'county lines' drug dealing, perhaps most notably through Operation Lionheart.

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 most efficient in the country. We have also equipped our officers and staff

with mobile technology including laptop computers, handheld devices and body worn video. HMICFRS has assessed us as 'Good' across the Board in their PEEL inspection. This looks at Police Efficiency, Effectiveness and Legitimacy. Given the financial pressures that we have experienced this is a significant achievement. It is also a necessity given that we are funded at the lower end of funding per head of the population on a national basis.

In a context of a public desire for more policing, a complex workload, increasing numbers of recorded crimes, and a growing population I strongly support the proposal to increase the precept by £10. 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 Commissioner Chief Finance Officer

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

"At the Strategic Assurance Board on the 17th January 2020, 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 2020-21", 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 Commissioner and the Deputy Commissioner, I have reviewed, scrutinised and challenged the case for operational investment. This has included reviewing the operational and financial risks of the investment and highlighting the impact on the MTFP.

I have confidence that the budget monitoring process will identify any variations of expenditure or income from that budgeted so that early action can be taken and this is regularly reviewed, discussed and scrutinised at the 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 2020-21 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 the next three years with the prudent use of the Budget Equalisation Reserve (BER), the balance of which is estimated to be £2.9m by 31st March 2023. The BER 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 £5m held in the General Reserve 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 and defined by the Reserves Strategy as set out earlier in the report.

Beyond 2020-21, there is a high level of uncertainty as to what future finance settlements might be and therefore we are reliant upon the next Comprehensive Spending Review in 2021-22 to provide a degree of certainty. 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 2020-21:

- 1. Has been prepared on a robust and prudent basis.*
- 2. Includes investment into a number of areas as detailed in the report which are all in line with the Commissioner's Police and Crime Plan priorities.*
- 3. Includes an appropriate use of reserves and that the planned level of reserves remaining are adequate and sufficient.*

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

Implications

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

and Crime Plan:	Crime Plan.
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List of Appendices

Appendix 1 Budget and Precept 2020-21 to 2024-25

Appendix 2 Capital Strategy 2020-21

Appendix 3 Treasury Management Strategy

Background Papers

Police Funding Settlement 2020-21 – January 2020

Leicestershire Police and Crime Commissioner Precept Survey – January 2020

Persons to Contact

Mr Paul Dawkins, Temporary Chief Finance Officer, Office of the Police & Crime Commissioner.

Tel: 0116 248 2244

Email: paul.dawkins@leicestershire.pnn.police.uk

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The Office of the Police and Crime Commissioner for Leicestershire
Budget Requirement and Precept 2020/21

Version date 24.01.2020

		Precept Increase	4.48%	2.00%	2.00%	2.00%	2.00%
2019/20		2020/21	2021/22	2022/23	2023/24	2024/25	
Approved Budget		Revenue Budget	Revenue Budget	Revenue Budget	Revenue Budget	Revenue Budget	Revenue Budget
£		£	£	£	£	£	£
98,806,436	Police Pay & Allowances	104,670,120	106,874,992	107,526,101	108,303,287	110,136,203	
40,872,778	Staff Pay & Allowances	44,352,531	46,177,920	48,025,045	49,934,851	51,996,663	
6,418,394	PCSO Pay & Allowances	6,433,948	6,824,325	7,124,941	7,435,593	7,756,580	
146,097,608		155,456,599	159,877,237	162,676,087	165,673,730	169,889,446	
9,486,934	Regional Collaboration	9,588,093	9,778,614	9,992,139	10,206,964	10,426,461	
3,767,050	Police Pensions	3,460,630	3,572,245	3,686,093	3,802,218	3,920,665	
32,256,161	Non-Pay Expenditure	34,929,139	37,161,010	39,954,200	41,071,734	42,322,496	
4,831,884	Inflation Contingency	3,452,895	1,552,201	1,652,201	1,652,201	1,852,201	
(13,489,375)	Income	(14,220,908)	(14,354,112)	(14,510,044)	(14,750,992)	(14,980,661)	
36,852,654		37,209,849	37,709,958	40,774,589	41,982,124	43,541,162	
182,950,262	Force Budget Requirement (excl. OPCC)	192,666,448	197,587,195	203,450,676	207,655,855	213,430,608	
1,312,393	OPCC	1,332,089	1,363,246	1,406,340	1,448,137	1,491,179	
4,296,550	Commissioning	4,395,961	4,395,961	4,395,961	4,395,961	4,395,961	
5,608,943		5,728,050	5,759,207	5,802,301	5,844,098	5,887,140	
188,559,205	Gross Budget Requirement	198,394,498	203,346,402	209,252,978	213,499,953	219,317,748	
(1,251,211)	Specific Grant - Victims and Witnesses	(1,277,870)	(1,277,870)	(1,277,870)	(1,277,870)	(1,277,870)	
(1,902,540)	Home Office Pension Grant	(1,902,540)	(1,902,540)	(1,902,540)	(1,902,540)	(1,902,540)	
	Home Office Uplift Grant	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	
3,124,086	Investment	5,778,817	8,293,739	8,630,508	8,168,849	8,547,487	
(1,390,399)	Use of reserves for specific projects	(414,973)	5,027	5,027	5,027	5,027	
-	General transfer (from)/to reserves	1,784,867	(3,186,400)	(6,411,702)	0	0	
187,139,141	Net Budget Requirement	199,862,799	202,778,358	205,796,400	215,993,419	222,189,852	
-	Surplus / (Funding Gap)	0	0	0	(7,064,729)	(10,010,336)	
187,139,141	Net Revenue Budget	199,862,799	202,778,358	205,796,400	208,928,690	212,179,516	
	Funding						
65,833,932	Police Grant	71,002,112	71,002,112	71,002,112	71,002,112	71,002,112	
39,865,885	Business Rates	42,608,439	42,608,439	42,608,439	42,608,439	42,608,439	
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	
446,193	Collection Fund Surplus	492,414	500,000	500,000	500,000	500,000	
72,062,209	Precept	76,828,913	79,736,886	82,754,928	85,887,218	89,138,044	
187,139,140		199,862,799	202,778,358	205,796,400	208,928,690	212,179,516	

		Precept by Billing Authority				
£		£	£	£	£	£
	Tax Bases					
7,465,200	Blaby	7,903,353	8,202,495	8,512,959	8,835,176	9,169,587
12,604,113	Charnwood	13,435,739	13,944,281	14,472,072	15,019,843	15,588,343
7,849,086	Harborough	8,425,837	8,744,755	9,075,744	9,419,263	9,775,782
8,613,382	Hinckley & Bosworth	9,095,092	9,439,341	9,796,620	10,167,424	10,552,260
16,495,372	Leicester City	17,749,051	18,420,853	19,118,082	19,841,705	20,592,713
4,167,596	Melton	4,416,634	4,583,803	4,757,300	4,937,365	5,124,244
7,517,947	North West Leicestershire	8,066,266	8,371,575	8,688,439	9,017,298	9,358,602
3,889,384	Oadby & Wigston	4,086,310	4,240,976	4,401,497	4,568,095	4,740,997
3,460,128	Rutland	3,650,631	3,788,807	3,932,214	4,081,049	4,235,516
72,062,209	329,412.37	76,828,913	79,736,886	82,754,928	85,887,218	89,138,044
322,816	Council Tax Base	329,412	335,177	341,043	347,011	353,084

		Precept by Band				
£		£	£	£	£	£
	Apportionment					
148.8201	Band A	155.4868	158.5965	161.7685	165.0039	168.3039
173.6235	Band B	181.4013	185.0293	188.7299	192.5045	196.3546
198.4268	Band C	207.3157	211.4620	215.6913	220.0052	224.4052
223.2302	Band D	233.2302	237.8948	242.6527	247.5058	252.4559
272.8369	Band E	285.0591	290.7603	296.5755	302.5071	308.5572
322.4436	Band F	336.8881	343.6258	350.4983	357.5084	364.6585
372.0503	Band G	388.7170	396.4913	404.4212	412.5097	420.7598
446.4604	Band H	466.4604	475.7896	485.3054	495.0116	504.9118

		£223.2302	£237.8948	£242.6527	£247.5058	£252.4559
12.05%	% Increase	4.48%	2.00%	2.00%	2.00%	2.00%
24.00	£ Increase	10.00	4.66	4.76	4.85	4.95
46.2p	Increase per week in Pence	19.2p	9.0p	9.1p	9.3p	9.5p

Summary of Assumptions

Reduction in Core Grant Funding	0.00%	0.00%	0.00%	0.00%	0.00%
Precept increases	4.48%	2.00%	2.00%	2.00%	2.00%
Tax Base increases	1.75%	1.75%	1.75%	1.75%	1.75%
Pay Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Non-Pay Inflation		2.00%	2.00%	2.00%	2.00%

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CAPITAL STRATEGY 2020/21

Introduction

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

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

Capital Expenditure and Financing

Capital expenditure is where the Police and Crime Commissioner (PCC) spends money on assets, such as property, IT or vehicles that will be used for more than one year. 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 2020/21, the Force is proposing capital expenditure of £10.2m as summarised below:

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Estates	4.0	3.0	3.2	0.4	1.2
IT	4.0	3.3	5.0	1.5	1.0
Fleet	1.1	1.4	1.7	1.3	1.3
Operational Equipment	0.7	-	-	-	
ESN	-	-	-	3.5	
Corporate Projects		1.1	0.3	-	
TOTAL	9.8	8.8	10.2	6.7	3.5

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

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

All capital expenditure must be financed, either from external sources (government grants and other contributions), the PCC's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
External sources	2.3	0.9	1.8	0.2	0.2
Own resources	4.3	0.5	0.4	0.1	0.1
Debt	3.2	7.4	8.0	6.4	3.2
TOTAL	9.8	8.8	10.2	6.7	3.5

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Own resources	1.9	1.6	2.2	3.3	4.5

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

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

The PCC's cumulative outstanding 'debt finance' is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £5.8m during 2020/21. 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

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
TOTAL CFR	24.5	30.3	36.1	39.1	37.8

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 £32m treasury investments at an average rate of 0.57%.

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 2.0% 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

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Debt (incl. PFI & leases)	12.4	19.8	26.1	32.4	33.6
Capital Financing Requirement	24.5	30.3	36.1	39.1	37.8

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

Liability benchmark: To compare the PCC’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level at each year-end. This benchmark is currently £28.5m and is forecast to rise to £44.3m over the next three years.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Outstanding borrowing	12.4	19.8	26.1	32.4	33.6
Liability benchmark	20.8	28.5	33.1	39.0	44.3

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

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

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

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit – borrowing	26.4	31.1	37.4	38.7
Authorised limit – Long Term Liabilities	0.5	2.5	2.5	2.5
Authorised limit – total external debt	26.9	33.6	39.9	41.2
Operational boundary – borrowing	24.9	28.6	34.9	36.2
Operational boundary – Long Term Liabilities	0.5	1.5	1.5	1.5
Operational boundary – total external debt	25.4	30.1	36.4	37.7

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

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

Table 9: Treasury management investments in £millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Near-term investments	11.9	10.0	10.0	10.0	10.0
Longer-term investments	-	-	-	-	-
TOTAL	11.9	10.0	10.0	10.0	10.0

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

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

Investments for Service Purposes

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

Commercial Activities

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

Liabilities

In addition to debt of £12.4m detailed above, the PCC is committed to making future payments to cover its LGPS pension fund deficit (valued at £10.7m) as set out by the scheme actuary. It has also set aside £1m to cover risks of both the self insured public and employers liability claims where the PCC's claims handlers have advised there is a high probability of economic benefits being transferred. Following the successful claims in Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty by covert human intelligence handlers, Leicestershire has identified when officers were on call and provisional costings have been calculated.

The PCC is also at risk of having to pay for the legal costs of the Force and former officers regarding the Independent Inquiry into Child Sexual Abuse (IICSA), but has not put aside any money because a reliable estimate of these costs cannot be made at this time.

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

- Further details on liabilities are on pages 43 and 59 of the 2018/19 statement of accounts.

Revenue Budget Implications

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

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Financing costs (£m)	2.5	2.1	3.0	4.1	5.4
Proportion of net revenue stream	1.39%	1.13%	1.48%	2.03%	2.66%

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

Proposed Capital Programme

A summary of the proposed Capital Programme for 2020/21 is shown in the table below. The more detailed programme relating to the financial years 2019/20 to 2022/23 is shown in **Annex 3A**.

<i>Proposed Capital Programme 2020/21</i>			
Expenditure	£000	Funding	£000
Property	3,209	Capital Grant	200
Information Technology	5,002	Specific HO grants	486
Vehicle Fleet	1,686	Borrowing Requirement	8,001
Corporate Projects	291	Revenue Contributions	385
Emergency Services Network	55	3 rd Party Contributions	1,171
Total	10,243	Total	10,243

The 'Estates' programme is based on the approved Estates Strategy and includes the:

- Refurbishment of the Dog Section (offices and kennels) & canteen kitchen to meet the latest health and safety requirements
- alterations to the Front Enquiry desk at Loughborough
- an extension to the SARC (sexual assault referral centre) to provide additional space
- the replacement of the heating and ventilation system in the Learning and Development building.

As a result of the TOM (Target Operating Model) changes, a number of departments have approached Estates to look at the reconfiguration of their office space as a result of an increase/decrease in staff. These departments have been informed that none of the requests will be considered until after the TOM has been implemented in March. The Estates Utilisation Board will decide on the merits of the individual requests. Until all the requests are known and approved or not, it is not possible to put a budget cost to the work required.

Annex 3B provides more detail regarding the individual schemes.

The IT programme includes:

- Investment in the data network and storage to ensure network performance and support new services.
- The Force has committed to the National Enabling Programme (NEP) Office 365 cloud service and 2020/21 will see the completion of the migration and the exploitation of the office 265 productivity tools.
- The Force is developing a cloud delivery strategy for provision of information systems and services. Investment will be required to maintain the high speed internet capability as these services increase.
- Completion of the smartphone fleet to facilitate the on-going use of agile services.
- Provision for the on-going development of Pronto.
- The continuation of investment in the personal computer estate to support agile working.

Annex 3C provides more detail regarding each of the work streams.

Provision is also made for the rolling programme of Automatic Number Plate Recognition (ANPR) camera replacements (including vehicle fits), stage 2 of the Contact Management Department refurbishment (ergonomics) delayed from 2019/20 and the preparatory work in relation to the roll out of the Emergency Service Network.

Planned replacements for the existing vehicle fleet, vehicle tracking system and the cost of vehicle replacements below the insurance threshold as a result of accidents are also included.

The vehicle fleet budget is based on the replacement of the current fleet provision and does not allow for any changes in vehicle specifications as a result of changing operational requirements or the target operating model as these are currently being assessed. The national purchasing framework for vehicles has also expired and the new vehicle types and purchase prices, are not yet known.

Financing

The 2020/21 capital grant is £0.2m, a reduction of 75% compared to the previous year. After the application of revenue contributions to capital schemes and the use of Section 106 funding, the 2020/21 borrowing requirement is **£8.001m**.

The Capital Programme assumes that the 2020/21 borrowing requirement of £8.001m is financed through loans from the Public Works Loan Board (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 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.

List of Annexes

Annex 3A: 4 Year Capital Programme 2019/20 to 2022/23
Annex 3B: Estates Capital Projects
Annex 3C: IT Capital Projects

Background Papers

Home Office Settlement Notification via the Home Office website.

TREASURY MANAGEMENT – INVESTMENT STRATEGY

1. Introduction

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

2. Statutory Requirements

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

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

3. Treasury Management Strategy

- 3.1. The OPCC has potentially large exposure to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the OPCC's treasury management strategy
- 3.2. Uncertainty in the financial markets is likely to continue during the remainder of 2019/20 and 2020/21 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 December 2019)
- 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 £5m and £40m (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:

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

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

<u>Institution</u>	<u>Maximum Loan £m</u>	<u>Maximum Period of Loan</u>	<u>Long-term Ratings at *December 2019</u> <u>Fitch / Moody's / S&P</u>
Royal Bank of Scotland PLC	3.0	364 days	A+ / A1 / A
Lloyds Bank PLC	3.0	364 days	A+ / Aa3 / A+
Barclays Bank PLC	3.0	364 days	A+ / A2 / A
HSBC Bank PLC	3.0	364 days	AA- / Aa3 / AA-
Nationwide Building Society	3.0	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. As at March 2019 we have been re-classified as a professional client and therefore these instruments have become available

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. As a professional client we would be able to use some of these funds.
- 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	Banks/Building	Government including LAs
	Societies unsecured	Societies secured	
UK Govt	n/a	n/a	£ Unlimited 10 years
AAA, AA+, AA, AA-	£3m 3 years	£3m 4 years	£3m 5 years
A+	£3m 2 years	£3m 3 years	£3m 3 years
A	£3m 13 months	£3m 2 years	£3m 2 years
A-	£3m 6 months	£3m 13 months	£3m 13 months

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

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

Other information on the security of investments

- 3.42. 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 2019. In order that available reserves are not put at risk in the case of a single default and taking into account the in-year level of cash balances, the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million.
- 3.45. 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 a £12.4m loan with the Public Works Loans Board (PWLb)

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

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

- 3.48. Capital expenditure forecasts show that the PCC expects to borrow up to £7.4m over the remainder of 2019/20.
- 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 2019/20 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 2019/20 and 2020/21 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 the PCC's Adviser Arlingclose is forecasting that the Bank Rate will remain at 0.75% until the end of 2022. 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 £150,000 for 2020/21.

<u>Financial Year</u>	<u>Interest Income</u>	<u>Comments</u>
2016/17	£0.07m	Actual
2017/18	£0.05m	Actual
2018/19	£0.10m	Actual
2019/20	£0.13m	Forecast
2020/21	£0.15m	Budget

- 4.6. Given the continued uncertainty in the economy an ongoing review of the Treasury Management Strategy will be undertaken during 2020/21 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:

		2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
(i)	Total authorised borrowing limit*	26.4	31.1	37.4	38.7

(ii)	Long term liabilities	0.5	2.5	2.5	2.5
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*includes headroom for short term borrowing - £5m for each year

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

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£(260,000)
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£120,000

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

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

	Upper Limit	Lower Limit
Under 12 months	50%	0%
Between 12 months and 24 months	50%	0%
Between 24 months and 5 years	50%	0%
Between 5 years and 10 years	65%	0%
Between 10 years and 15 years	65%	0%
Over 15 years	100%	0%

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

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

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

	2019/20	2020/21	2021/22
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.

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POLICE AND CRIME COMMISSIONER FOR LEICESTERSHIRE

POLICE AND CRIME PANEL

Report Of	POLICE AND CRIME COMMISSIONER
Subject	OPCC PERFORMANCE REPORT – QUARTER 2 (1 JULY 2019 – 30 SEPTEMBER 2019)
Date	WEDNESDAY, 5th FEBRUARY 2020 AT 10:00am
Author	JEMIMA MASON, PERFORMANCE ANALYST & 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 for Quarter 2 19/20 (1 July 2019 to 30 September 2019).

Recommendation

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

Background

3. The report is a work in progress and will be developed further by the Performance Manager with more indicators being added each month. Comments and feedback from members would be welcomed to aid the future development and format of the report.
4. The performance report itself is attached at Appendix item A, the glossary that accompanies the report is attached at Appendix item B.

Highlights:

5. Key highlights and events throughout the quarter will be identified in this section.
6. Throughout the second quarter there has been a number of team building events attended by staff, an example of which is as follows:
 - a. Team attendance at a Warning Zone Charity Quiz night raising money for Warning Zone. Warning Zone is a charity teaching life skills to children aged 10 and 11 in Leicester, Leicestershire and Rutland. The Warning Zone charity also receives funding from The Police and Crime Commissioner to enable them to work with Leicestershire Police.
7. There has been a recent drive in increasing staff wellbeing in the office. As such a number of wellbeing initiatives have also been set up throughout the quarter and provided to staff to increase motivation and reduce stress within employees. An example of this is as follows:
 - a. Wellbeing event hosted by a consultant from Leicestershire County Council in July 2019. During the session, staff were taught stress relieving techniques using different props and techniques. This session was delivered during a monthly team meeting and attendance from the office was positive with only members on leave not attending.

8. The office supported a number of community events, a few of which have been detailed below:
- a. **Community World Cup** - This was a multi-cultural community event which brought together 16 nationalities as part of a nationally run project celebrating diversity and promoting community integration. A well organised day of football match tournaments, with lots of positive feedback and an appetite for future World Cups. There is an opportunity to make this into a big family community event and this will be looking into for the next financial year. The PCC contributed funding towards the cost of the event.
 - b. **People Zones Coalville Emergency Services Day** – This was an open day hosted by the police/fire station in Coalville to highlight the work of the emergency services. Staff from the office attended planning meetings and contributed to organising the event; they also attended on the day and had a stall for the office providing information on the Commissioner and his work. The Police and Crime Commissioner also helped fund the event. The event attracted over 2,000 visitors and was the first event of its kind to be set up in the town since the People Sone was set up.
 - c. **People Zones New Parks Summer Extravaganza** – This was a community event/fun day, which brought together various agencies and communities organisations to highlight the services available and also educate the residents of all the work and activity going on in the area. The event is an annually held event by the community, this year this was supported by staff in the OPCC and the Police and Crime Commissioner helped to fund the event. Staff from the office attended the event and had a stall providing information on the Commissioner and his work and also giving out goodie bags. This was well received by visitors to the event. The Police and Crime Commissioner was also able to announce funding from the Crime Prevention Fund awarded to the Community Hub Team Troopers Dance Academy at the event.

Implications

Financial:	None
Legal:	None
Equality - Impact Assessment:	None
Risks and –Impact:	None
Link to Police and Crime Plan:	None

List of Appendices

Appendix A - OPCC Performance report
 Appendix B - Glossary to accompanies the report

Background Papers

None

Person to Contact

Elizabeth Starr, Performance Manager
 Tel: 0116 2298980
 Email: Elizabeth.starr8921@leicestershire.pnn.police.uk

Jemima Mason, Performance Analyst
 Tel: 0116 2298980
 Email: Jemima.Mason@leics.pcc.pnn.gov.uk



**POLICE & CRIME
COMMISSIONER
for Leicestershire**

Prevention | Partnership | Protection

OPCC PERFORMANCE REPORT


Quarter 2

(1st July 2019 – 30th September 2019)

Appendix A



Office of the Police and Crime Commissioner Performance Report

1. Executive Support

KPI	Measure	Performance Q2 2019/20	Commentary
1.1	Number of Emails Received	1134	<p>The Police Commissioner inbox has received 1134 emails throughout the second quarter of 2019/20.</p> <p>The number of correspondence received for the second quarter was 158 and the number responded to on time was 118. There is a 20-day time-scale target in place, whereby correspondence are to have been fully responded to within this time-scale. Due to time taken to liaise with the Force to identify issues and outcomes.</p> <p>The Commissioner has accepted approximately 37% (45) of the invitations he has received over the quarter.</p>
	Number of Correspondence Received	158	
	% Correspondence Responded to On-time	 75%	
	Number of Invitations Received	122	
1.2	Number of FOI received	4	<p>The OPCC has received four freedom of information requests in quarter two of 2019/20, all of which have been responded to within the statutory 20 working days by the OPCC.</p> <p>However, the force FOI team, who currently provide this service to the OPCC did not send them out on time. There has been an increase in FOI requests this quarter, with only 2 being received in quarter one. These were responded to on time in quarter one. A new correspondence officer is being recruited and when in place, will be handling the FOI process.</p>

1.3	Number of LWB Meetings	270	<p>In quarter two of the 19/20 financial year, the Commissioner attended 270 meetings. This can be compared to the same period of the previous year where the Commissioner attended 212 meetings.</p> <p>Due to changes in the way the Commissioner's meetings are recorded we are now in a position to report on different categorisations of meetings.</p> <p>In quarter two, 107 of the meetings attended by the Commissioner were internal meetings (40%), such as correspondence or team meetings. The next largest category of meetings was Force meetings. Over the period, the Commissioner attended 67 Force meetings (25%). Other categories are; Media interviews, funding or commissioning meetings, events and regional meetings.</p>
1.4	Number of ICV Volunteers	25	<p>The number of ICVs has remained stable over the second quarter. One ICV did however leave the scheme due to health reasons.</p> <p>The number of volunteered hours and visits has decreased compared to the first quarter of 2019/20, as both the average length of visits and the number of times each suite is visited has decreased. 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. The decrease in the number of custody visits is due to two custody suites being Beaumont Leys and Keyham lane being closed for a total of 9 weeks</p>

<p>Number of ICV Volunteered hours</p>	<p>52</p>	<p>during this quarter therefore visits were not able to go ahead.</p> <p>In quarter two of 2019/20, the average travel time for all volunteers to all suites was approximately 36 minutes and the average length of visit across all suites was 49 minutes, making the average visit length 1hr and 25 minutes. This quarter the ICVs achieved a 74% visit rate, however this was due to there being closures at Beaumont Leys and Keyham Lane. One visit was aborted due to an exceptionally violent detainee, however this visit was recorded within the figures.</p> <p>Some of the issues recorded over the 29 visits are as follows: yard lock broken, light switch outside cell damaged and wing 1 shower blocked, for example. All of these are now fixed. It was recorded that there was a limited stock of sanitary products at Keyham Lane, which took a few weeks to replace.</p>
<p>Number of ICV Visits</p>	<p>● 29</p>	<p>The ICV custody app was launched in April 2019, where the custody visitors record their visits using a handheld iPad. This has enabled a faster and efficient service whereby issues can be dealt with much quicker. Leicestershire are participating in a 6 month vulnerability pilot. This enables ICVs to access full (redacted) custody records in order to gain a fuller understanding of the issues currently facing detainees and custody suites. The pilot will be evaluated in March 2020.</p>

1.5	Number of A/L days taken by OPCC staff	 90 Days	<p>The number of annual leave days taken by OPCC staff in quarter two currently stands at 90 days taken. This is below target.</p> <p>Staff accrue approximately two annual leave days per month; this has then been multiplied by the number of staff numbers to give the target level. Senior members of staff have a larger annual leave allowance and hence are not included in the figures quoted.</p>
	Flexi time balance held by OPCC Staff	 177 hours	<p>The flexi time balance held by OPCC Staff currently stands at 177 hours owed across 15 staff members. This is under the policy target which is 225 hours for 15 employees. However, although 177 hours is under target, there are 5 staff members whose flexi balance is over the 15-hour limit. The flexi-balances are managed by the individuals managers on a monthly basis. The maximum carried by one staff member is 35 hours. This employee is carrying two vacancies in the team.</p> <p>Not all members of staff are on the flexi time scheme, senior managers being the exception. The policy states that an employee should not be carrying more than 15 hours at one time. The target has been calculated as the max hours being carried multiplied by the number of employees on the scheme.</p>
1.6	Office Sickness	117 days	<p>In quarter two of 19/20, 117 calendar days were lost to sickness. The sickness reported throughout this quarter is one incidence of sickness.</p> <p>We are now confident that the figures reported are correct, however</p>


			<p>does not include a number of agency staff currently in post in the office.</p> <p>This represents 9.8% of all calendar days available were lost in quarter two due to sickness.</p>
1.7	OPCC Headcount	18	<p>The Office of the Police and Crime Commissioner currently has 18 permanent employees, 2 contractors and a policing advisor seconded from the force.</p> <p>The proportion of females in the OPCC is 61% and the proportion of males is 39%.</p> <p>The BAME representation of the OPCC at the end of quarter two was 33%.</p> <p>These figures also include 2 members of agency within the office.</p> <p>The Violence Reduction Network will be hosted by the OPCC, the headcount will be reported on but not included in the OPCC numbers above. There are currently three full time members of the team and 2 Public Health England Consultants seconded to the network.</p>
1.8	Number of OPCC Vacancies	0	<p>At the end of quarter two, the OPCC has no live vacancies. There are a number of posts that will be filled in the coming weeks. These are correspondence officer and project officer.</p>

1.9	% Open PDRs	69%	9/12 members of staff included here have an open PDR. This excludes 3 members of staff who are still on probation. One member of staff included in this is on maternity leave so does not have a PDR open. One PDR had been completed but not put onto the system and another was not completed due to personal circumstances. Agency staff are not included in these figures.
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Office of the Police and Crime Commissioner Performance Report

2. Engagement

KPI	Measure	Performance Q2 2019/20	Commentary
2.1	Number of Engagement Events	34	<p>In the second quarter of 2019/20 the Commissioner attended 34 engagement events, this includes visits to Loughborough, Coalville, New Parks, Euston Street and Braunstone. There has been a significant increase in the number of engagement events attended by the Commissioner, with only 8 being attended in quarter one.</p> <p>A further 10 engagement events were attended by members of the OPCC on behalf of the Commissioner in quarter two.</p>
2.2	Number of Engagement Hours	92.5 hours	<p>A total of 92.5 engagement hours have been spent by the Commissioner and or the Deputy Police and Crime Commissioner in quarter two of 19/20.</p> <p>A further 40 engagement hours have been spent by members of the OPCC on behalf of the Commissioner.</p> <p>There has been a 61% increase this quarter in the number of engagement hours spent by the Commissioner or the Deputy Police and Crime Commissioner, compared to the hours in quarter one. However, there has been a reduction of 55% this quarter in the number of engagement hours spent by the members of the OPCC.</p>

2.4	Number of Projects	16	As of the end of quarter two the Office of the Police and Crime Commissioner are managing 16 projects, Sexual violence and domestic abuse service design, People Zones, an Ex-Offenders Event and the implementation of the Violence Reduction Unit for example. Other projects include; implementation of skype, new complaints regulations, ICV pilot and implementation of a new correspondence system.
2.5	Number of Tweets	120	During quarter two, 120 tweets were sent from the Police and Crime Commissioners Corporate twitter account (@LeicsPCC). This has reached 191,164 people with 4,576 engagements. At the end of September 2019, the Police and Crime Commissioner's twitter account had 5,818 followers.
2.6	Engagement Events Tweets	 100%	During quarter two, 100% Patchwalks and What Matters to You Events were publicised on Twitter by our engagement team.
2.6	Number of Facebook Reaches	19,625	The number of people who had any content from our page enter their screen. By the end of June 2019, the Office of the Police and Crime Commissioner Facebook page has 269 unique user likes, having acquired 43 likes throughout this quarter.

2.7	Number of Website Hits	18,083	Throughout the second quarter of the 19/20 financial year the OPCC website has been viewed just over 18,000 times. This is by 6,613 users, 95% of which are new visitors to the website. The average session length on the website was 1 minute 27 seconds.
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Appendix B

Glossary:	
Twitter Impression	The total amount of times a tweet shows up in someone's twitter timeline.
Twitter Engagement	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.
Facebook reach	The total number of unique people who saw the content.
Daily Total Impressions	The number of times any content from the page entered a person's screen.
Correspondence	Complaints or enquiries received through either the Police Commissioner inbox or the post.
FOI	Freedom of information requests
Independent Custody Visitors (ICV)	Independent Custody Visitors go into police custody suites to check on the rights, entitlements and wellbeing of detainees.
BAME	Black, Asian and Minority Ethnic

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**LEICESTER, LEICESTERSHIRE AND RUTLAND POLICE AND
CRIME PANEL – 5 FEBRUARY 2020**

**REPORT OF THE DIRECTOR OF LAW AND GOVERNANCE –
LEICESTERSHIRE COUNTY COUNCIL**

**ANNUAL REPORT ON COMPLAINTS AGAINST THE POLICE AND
CRIME COMMISSIONER**

Purpose of Report

1. The report is intended to provide the Police and Crime Panel with an update on complaints relating to the Police and Crime Commissioner over the last 12 months.

Policy Framework and Previous Decisions

2. At its meeting on 20th December 2012, the Panel delegated authority to the County Solicitor (now the Director of Law and Governance) to:-
 - (a) act as the first point of contact for complaints.
 - (b) make decisions in consultation with the Chairman of the Panel as to whether -
 - a complaint has been made which requires resolution under the complaints procedure;
 - that complaint should be referred to the Independent Police Complaints Commission;
 - the complaint should be subject to the informal resolution process.
 - (c) make arrangements for the process of informal resolution
 - (d) in consultation with the Chairman and Vice Chairman, to resolve complaints informally or to arrange for a meeting of the Sub-Committee of the Panel to resolve complaints informally.
3. The Panel reviewed and updated the complaints procedure as part of its review of the Constitution in September 2019 but the process referred to above remained unchanged.

Background

4. The Police Reform and Social Responsibility Act 2011 and the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012 set out certain

responsibilities on the Police and Crime Panel to deal with complaints against the PCC and conduct matters.

5. The Regulations require the Panel to make suitable arrangements for receiving and recording complaints, for the initial sorting of complaints to determine whether they appear to have criminal elements which would require referral to the Independent Office for Police Conduct (formerly the Independent Police Complaints Commission) and to informally resolve complaints that do not have a criminal element. Informal resolution is intended to represent a locally agreed process involving engagement with the complainant and the person complained against. It does not permit an investigation of the complaint and the Panel is prohibited from taking any action intended to gather further information other than inviting comments from the complainant and PCC.

Complaints against the PCC received in 2019

6. There have been no complaints about the PCC during this period. There has been correspondence from eight complainants but on examination it has become clear the complaints relate to operational policing matters and accordingly the complainants have been directed to the police complaints procedure as the appropriate method to pursue the issues raised.

Recommendations

7. The Panel is asked to note the contents of this report.

Officer to Contact:

Lauren Haslam, Director of Law and Governance
Leicestershire County Council
Tel: 0116 305 6240
Email: Lauren.Haslam@leics.gov.uk

**LEICESTER, LEICESTERSHIRE AND RUTLAND POLICE AND
CRIME PANEL – 5 FEBRUARY 2020**

**THE NATIONAL ASSOCIATION OF POLICE, FIRE AND CRIME
PANELS**

REPORT OF THE SECRETARIAT

Purpose of this Report

1. The purpose of this report is to update Members on developments regarding the Special Interest Group (SIG) entitled 'The National Association of Police, Fire and Crime Panels' and to enable the Panel to consider whether it now wishes to join the Association.

Background

2. Since the establishment of Police and Crime Panels, concerns have been raised that unlike Police and Crime Commissioners who have established a National Association, the effectiveness and development of Police and Crime Panels has been restricted by the lack of a collective voice through which representation to Government and the sharing of best practice can be channelled.
3. It is open to any 10 or more full Local Government Association Members with common features, interests or concerns to form a SIG subject to approval of an application by the LGA's leadership Board. SIG's are able to make representations direct to government and elsewhere on matters arising directly from their special interest. All SIGs are required to submit a full report at the end of April each year to the Leadership Board, covering such matters as their dealings with Government departments.
4. On 19 April 2018 a Steering Group meeting was held at the Local Government Association offices in Westminster attended by representatives of 21 different Police and Crime Panels. A decision was made to form a Special Interest Group entitled 'The National Association of Police, Fire and Crime Panels' and Terms of Reference were drafted. It was agreed that membership of the SIG would be restricted to those Panels as constituted under Schedule 6 of the Police Reform and Social Responsibility Act 2011 including those that have subsequently taken on fire service matters as part of their remit. Mr John Gili-Ross, independent member of the Essex Police, Fire and Crime Panel, was elected as interim Chairman of the SIG until the Annual General Meeting in November 2018. The subscription fee for Panels to join the Special Interest Group was set at £500 per annum. During the Steering Group meeting it was queried whether the subscription fee could be paid out of the Home Office Grant or whether Panels would have to find an alternative funding source to pay the subscription if they wished to join. It was agreed that written confirmation from the Home Office would be sought on this point.
5. At its meeting on 8 June 2018 the Leicester, Leicestershire and Rutland Police and Crime Panel deferred making a decision on whether the Panel should join

The National Association of Police, Fire and Crime Panels, in order to allow the Home Office time to provide clarification on what the Home Office Grant can be used for.

6. On 15 October 2018 the Home Office provided written confirmation that the use of the Home Office Grant to pay subscription to the National Association was not within the scope of the Grant
7. On 5 November 2018 the Chairman of the National Association of Police, Fire and Crime Panels wrote to Police and Crime Panel Chairmen asking them to write to the Policing Minister Nick Hurd requesting a change to the current Home Office grant conditions to allow greater flexibility in the use of the grant for Police and Crime Panel related purposes.
8. At its meeting on 12 December 2018 the Leicester, Leicestershire and Rutland Police and Crime Panel resolved to 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 agreed to defer joining the National Association until the Home Office Grant conditions had been changed.
9. On 31 January 2019 the Policing Minister wrote to the Chairman of the Leicester, Leicestershire and Rutland Police and Crime Panel confirming that the use of Home Office Grant funding to pay subscriptions to a national Association of Panels was not within the scope of the Grant Agreement.

Recent developments

10. On 19 November 2019 the Annual General Meeting (AGM) for the National Association of Police, Fire and Crime Panels was held. Mr John Gili-Ross was re-elected as Chairman. It was reported at the meeting that whilst 25 Panels had originally expressed an interest in joining the Association, only 16 had so far paid the subscription fee. The other Panels had withdrawn their interest when it was confirmed that the subscription could not be paid from the Home Office Grant. Of the money received from subscription fees only £700 had been spent so far on development of a website for the National Association.
11. Due to the amount of Police and Crime Panels which were unable to join the National Association because of the subscription fee, it was proposed at the AGM that there no longer be a subscription fee for the National Association of Police, Fire and Crime Panels. This proposal was voted on and carried.

Purpose of the National Association of Police Fire and Crime Panels

12. The vision for the National Association is to provide a collective voice for Police and Crime Panels and therefore it is believed to be important that as many Panels as possible join the National Association so that its voice carries greater weight.
13. A question was asked at the Annual General Meeting in November 2019 about whether the National Association would now be able to take part in 'lobbying' of

Government if the subscription fee was not coming out of the Home Office Grant. In response it has been confirmed that the National Association will seek to provide a collective voice for Panels with regard to national issues that fall within the remit of Panels. Due to the abolition of the subscription fee the focus of the National Association's work has moved away from its original aim of commissioning bespoke training and research from external organisations, to providing guidance on best practice and providing a forum for collective discussion.

Level of involvement required from each Panel

14. Once a Police and Crime Panel has become a member of the National Association it can decide the level engagement it wishes to have with the Association. Meetings of the National Association take place at Local Government Association offices in London and there has yet to be a meeting where all National Association members were required to be present. It is expected that should such a meeting need to be arranged Panel members will be able to join in remotely. The minutes of the meetings are circulated to all National Association members.
15. The National Association has an Executive Committee which holds regular meetings using audio technology. Whilst all member Panels have an input into how the Association develops, it is the Executive Committee that steers the day to day decisions. There is no expectation that a representative from all Panels becomes a member of the Executive or takes part in Executive Committee meetings.

National Association of Police Fire and Crime Panels Terms of Reference

16. The agreed Terms of Reference for the Special Interest Group are as follows:
 - To provide a forum for collaborative discussion of issues relating to and impacting on Police and Crime Panels and Police, Fire and Crime Panels (PCPs/PFCPs);
 - To share ideas and experience in response to the expanding role of PCCs and PFCCs and thereby PCPs/PFCPs;
 - To create a mechanism for direct liaison between PCPs/PFCPs and the Home Office;
 - To provide an opportunity for dialogue with relevant bodies such as the Association of Police and Crime Commissioners, Association of Police and Crime Chief Executives and others;
 - To support the development of joint PCP /PFCP responses to relevant consultations;
 - To promote professional standards;
 - To share good practice and create guidance and other supporting materials for PCPs;
 - To ensure stability and collective memory in a landscape where PCPs/PFCPs can have significant changes in membership;
 - To provide capacity for horizon scanning across all PCPs/PFCPs;

- To promote better understanding of the role of PCPs/PFCPs.

Decision for the Leicester, Leicestershire and Rutland Police and Crime Panel

17. In light of the recent developments, particularly with regards to the subscription fee, the Leicester, Leicestershire and Rutland Police and Crime Panel is requested to consider whether it now wishes to join the National Association of Police, Fire and Crime Panels.

Officer to Contact:

Euan Walters, Democratic Services, Leicestershire County Council

Tel: 0116 305 6016

Email: ewan.walters@leics.gov.uk

Appendix

Constitution of the National Association of Police, Fire and Crime Panels

CONSTITUTION OF THE NATIONAL ASSOCIATION OF POLICE, FIRE AND CRIME PANELS

FUNDAMENTALS

1. The organisation by Constitution established and governed shall be styled “the National Association of Police, Fire and Crime Panels” (‘the Association’).
2. The Association shall maintain its recognition by the Local Government Association (“the LGA”) as a special interest group of the LGA under clause 15 of the LGA Constitution.
3. Membership of the Association shall be open to each and every Police and Crime Panel (constituted under the Police Reform and Social Responsibility Act 2011) whether or not such a Panel has been constituted as a Police, Fire and Crime Panel under the Policing and Crime Act 2017. In any case of doubt whether an applicant is eligible for membership of the Association, it shall comply with the determination of the LGA Leadership Board.
4. In the functioning of the Association no distinction shall be made between Police, Fire and Crime Panels and Police and Crime Panels.
5. In these Rules references to:
 - 5.1. “PCCs” includes both Police and Crime Commissioners and Police, Fire and Crime Commissioners;
 - 5.2. “PCPs” includes both Police and Crime Panels and Police, Fire and Crime Panels; and
 - 5.3. “constituent panels” refers to those PCPs which are paid-up members of the Association.
6. The Association shall operate wholly within its terms of reference as approved from time to time at the Annual General Meeting of the Association (“AGM”).

ADMINISTRATION

7. The day-to-day business of the Association shall be carried on by the Officers of the Association comprising:
 - 7.1. a Chairman;
 - 7.2. not more than two Vice-Chairmen; and
 - 7.3. a Treasurer;
 who together with six additional members shall form an Executive Committee to be elected annually at the AGM from among the duly nominated representatives of the constituent panels.
8. In the event of a vacancy among the Officers of the Association or of the members of the Executive Committee, that Committee shall have the power to co-opt an eligible person to fill that vacancy until the next following AGM.
9. The Executive Committee may also appoint sub-committees to which it may remit any matter for examination and review and shall set the date by which each sub-committee shall report back and otherwise direct the scope and operations of the same.
10. At each AGM, the Chairman shall present (with the prior agreement of the Executive Committee) an Annual Report on the activities of the Association in the preceding year and of the Association’s future work programme. Upon the same being adopted by the AGM, it shall be forwarded to the LGA.
11. The first AGM shall be held in November 2018 and subsequently annually thereafter.

12. At the AGM, each constituent panel shall have one vote. That vote shall be exercised by a member of the panel in question or of its support staff as designated by such panel.
13. Any expenditure on behalf of the Association of a sum exceeding £500 shall require the prior approval of the Executive Committee. All other expenditures shall require the prior approval of any two of the Officers of the Association.
14. Constituent panels wishing to withdraw from membership of the Association shall give written notice of such intention to the Chairman by 31st December in any year and such notice shall take effect on the 31st March following.
15. The quorum for the AGM or for the Executive Committee or a sub-committee thereof shall be the attendance of 30% of the constituent panels or members, as the case may be.
16. Decisions shall be reached at AGMs and at meetings of the Executive Committee or of sub-committees thereof by the majority vote of those attending and entitled to vote.
17. The accidental omission or failure to give due notice of any AGM, or of the meetings of the Executive Committee or any sub-committee thereof, to a constituent panel or member, as the case may be, shall not invalidate the proceedings of such meeting.
18. These Rules shall be adopted at the first AGM and may thereafter be amended at an AGM with the concurrence of a majority of the constituent panels.