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**POLICE & CRIME
COMMISSIONER**
For Leicester,
Leicestershire & Rutland

Your Communities - Your Commissioner

Police and Crime Panel for Leicester, Leicestershire and Rutland

1 February 2024

**To present the 2024-25 Band D Precept proposal and
the Commissioner's statutory duties for setting the
2024-25 budget.**

Report Date	23 rd January 2024
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Security Classification	Not protectively marked

Purpose of Report

1. In his role as the Police and Crime Commissioner (PCC) the Commissioner is required to secure efficient and effective policing for Leicester, Leicestershire and Rutland and set budget and precept.
2. The PCC brings this report to outline for the Police and Crime Panel how he is fulfilling his duty when setting the budget 2024-25 and put forward a policing precept proposal for consideration by the Panel.

Request of the Panel

3. In their role to scrutinise the actions and decisions of the PCC, the Commissioner requests that the Panel examines the contents of this report and the appendices.
4. He would specifically like to ask the Panel to support his proposal to increase the 2024-25 precept by £13.00 per annum for policing purposes to £286.2302 for a Band D property.

Summary

5. The Force are dealing with a multitude of complex challenges including increases in demand and increased expectations of policing. As population increases, so does volume and complexity of reported crimes.
6. Conversely, the budget setting process hasn't been without its challenges. Unfunded pay awards relating to 2022/23 and 2023/24, inflationary increases and increases in resources due to demand pressures have all contributed to a £5.4m budget deficit. The increases in expenditure outweigh the overall increases in available funding.
7. A precept increase on a Band D property of £13 will assist the reduction on the deficit and will help with the maintenance of current service level. Not applying the £13 increase would have an adverse impact on the amount of funding available for policing for the residents of LLR.
8. Plans to meet the £5.4m efficiency savings target are in a relatively advanced stage and more detail available in Appendix 1.

Background, Relevant Data and Trends

Secure an Efficient and Effective Police Service

9. Under Section 1(6) of the Police Reform and Social Responsibility Act 2011 (PRSRA) the Police and Crime Commissioner has a statutory duty to secure an efficient and effective police service for their area. The Commissioner is the recipient of funding relating to policing and crime reduction, including government grant, precept and other sources of income and holds the Police Fund.
10. The Government announced the provisional settlement on the 14th December and confirmed an additional £7.7m of central government funding for 2024-25.

11. The following table shows the increase on available funding for 2024-25:

	2023-24	2024-25	£m	%
	£m	£m	Increase	Increase
Home Office Core Funding	80	86.7	6.7	8.4%
Ex-MHCLG Formula Funding	47.7	48.7	1.0	2.1%
Council Tax Support Grant*	7.0	7.0	0.0	0.0%
Council Tax Freeze Grant	1.9	1.9	0.0	0.0%
Precept & Collection Fund	93.3	98.8	5.5	5.9%
Total	229.9	243.1	13.2	5.7%

NB. Excludes £6.5m Home Office Uplift Grant & £6.6m Home Office Pension Grant

12. As part of the budget setting process the Chief Constable set out the current and emerging operational challenges, both nationally and locally (See Appendix 3 – Review of the Medium-Term Financial Plan Budget Setting 2024/25 and the operational implications).

13. Appendix 2 sets out the strategic context including how the force has achieved efficiencies in recent years and the challenges the force faces when it comes to the budget deficit. The report also sets out what is required operationally to ensure an effective and efficient police service.

14. The Chief Constable presented a budget requirement of £248.5m, resulting in a budget gap of £5.4m. It is recognised that there is a requirement to set a balanced budget for 2024-25 and therefore efficiency savings for 2024/25 are required.

Summary of the Budget Requirements (see Appendix 1 for detailed analysis)				
	2024/25	2025/26	2026/27	2027/28
	£m	£m	£m	£m
Budget Requirement	248.5	260.4	269.7	277.0
Net Funding	243.1	251.1	259.4	267.8
Funding Gap / (Surplus)	5.4	9.3	10.3	9.2
Reductions:				
Efficiency Savings	-5.4			
Revised Funding Gap / (Surplus)	0.0	9.3	10.3	9.2

15. The Chief Constable has set out in his report (Appendix 3) the resources he requires to deliver an efficient and effective police force and reflected this within the proposed budget. This report demonstrates that the Force cannot, in isolation, reduce its workforce further whilst delivering a good service and high standards without further transformation, investment and by retaining the right workforce mix. The Force has embarked on a transformation program that has strengthened local leadership, enhanced the investigative approach, and focused on delivering a good service with high standards, whilst being fully integrated with the efficiency program.

16. The OPCC Chief Finance Officer (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 2024-25. In respect of the budget, this has included scrutiny of the budget workings. In addition, where the CFO has sought clarification, or changes, these have been discussed and amendments made where appropriate.

Set a Balanced Budget.

17. In accordance with Local Government Finance Act 1992, the Commissioner is required to set a balanced budget.
18. The total available funding for Leicestershire is £243.1m based on a £7.7m increase in Core and MCHLG funding from 2023/24 and £5.5m additional precept funding. The additional precept funding is delivered only if the Policing element of the Band D Council Tax bill increases by £13.00 (4.76%) from £273.23 to £286.23.
19. The Commissioner will continue to allocate approximately 97.3% of the available funding to the Chief Constable, for use on local policing and regional collaborations to safeguard and improve policing services across the entire Force area of Leicester, Leicestershire and Rutland.
20. The Commissioner has been briefed on the current financial landscape, as well as the risks and challenges (as set out in Appendix 1 and Appendix 3).
21. A meeting took place on 11th December between the PCC, the CC and their senior officer teams. The following financial planning details were agreed in principle, and are used to inform the budget build for 2024/25:
 - i. Maintain Police officers at 2,242 Full Time Equivalent (FTE) / 2298 headcount to meet nationally imposed PUP uplift requirements and prevent financial penalties.
 - ii. Budget built on 200 PCSOs and 1202 Police Staff subject to future review.
 - iii. Full year effect of September 2023 pay award at 7%.
 - iv. Provision for 2.5% pay award from 1 September 2024 for Officers, PCSOs and Staff (reference Policing Minister - meeting on 14 December on Provisional Police Funding Settlement).
 - v. Targeted non-pay inflation increases ranging from 0 to 10+% where known.
 - vi. Job evaluation costs of £0.2m for implementation from 1 September 2024.
 - vii. EMSOU increase of £1m.
 - viii. Police overtime at £4m (including request to increase by £0.3m growth).
 - ix. Savings of £3.9m identified during 2023/24.
 - x. Police Pension Contribution increase of £4m funded by Home Office grant.
 - xi. Inclusion of the revenue consequences of the Capital Programme for 2024/25.
 - xii. Inclusion of £1.6m investments for 2024/25 only.
 - xiii. OPCC pay and non-pay inflation included. Budget maintained at 2.7% of core funding.
 - xiv. Grant funding based on Home Office Provisional Settlement (ASB / Hotspot funding grant of £1.5m and related expenditure currently not included in the budget).
 - xv. Band D precept increase of £13.
 - xvi. Tax base increase of 1.2% (until confirmed).
 - xvii. Collection Fund surplus of £0.25m (until confirmed).

22. The Commissioner received three business cases relating to one off investments for additional resources for 12 months to meet demand in the Call Management Centre whilst the work on 'right care right person' is embedded, resources to meet additional training needs to ensure officers have the right skills for the role because of retirements and new legislation (accreditation) and the upgrade of the HR System. The Commissioner agreed to use £1.5m of the Budget Equalisation Reserve to fund these one-off items of expenditure.
23. The Commissioner, in agreement with the Chief Constable, set an efficiency savings target of £5.4m to bridge the deficit and move to a sustainable position. Several areas will be explored, and an efficiency savings plan will be drawn up. The Commissioner will hold both the Chief Constable and the Chief Executive to account for achieving the savings through the appropriate governance structure.
24. The budget requirement and proposed precept were agreed on 22nd January 2024.

Set the policing precept for their area and consult with the local taxpayers
25. The Local Government Finance Act requires the Commissioner by law to set the policing precept for Leicester, Leicestershire and Rutland.
26. As stated above the Commissioner has been briefed by the Chief Constable on the operational requirements. The Chief Constable has also provided an explanation of how the maximum precept is required to prevent significant service reduction across Leicester, Leicestershire, and Rutland and maintain good value and efficient police services.
27. On the 6th December 2023 the Government released Local Government Finance Policy Statement 2024 to 2025, which set out its intentions for local government finance settlement. The policy statement states a £13 referendum principle on Band D bills for Police and Crime Commissioners.
28. The Commissioner was presented with several precept scenarios to help aid his decision when setting the policing precept. He was presented with the amount of additional income available by increasing the policing precept by £13, £10, £5 or freezing the policing element of the precept. In conjunction with this he was also presented with the amount of income he would forego if he went for a precept level which was below that set by the Policing Minister, and the impact over 5 and 10 years.

	2023-24	2024-25	2024-25 £5	2024-25 £10	2024-25 £13
		Freeze CT	Increase	Increase	Increase
Tax Base (assumed increase of 1.5%)	340,271	345,375	345,375	345,375	345,375
Precept - Band D Property (£)	273.23	273.23	278.23	283.23	286.23
Precept (£m)	92.972	94.367	96.094	97.821	98.857
Additional Income from precept (£m)		1.39	3.12	4.85	5.88
<i>If precept referendum limit is set at £13:</i>		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Amount of income foregone in 2024/25		4.49	2.76	1.04	0.00
Amount foregone over 5 years		22.45	13.81	5.18	0.00
Amount foregone over 10 years		44.90	27.63	10.36	0.00

29. Based on an assumed taxbase increase of 1.5% (the taxbase has since been estimated at 1.2% increase), the Commissioner was informed that increasing the precept would generate additional income up to £5.88m. Conversely, opting for a council tax freeze or anything less than £13 would result in up to £44.9m of available funding foregone over the next 10 years.
30. Leicestershire Police currently have the 11th lowest level of funding per head of population in the country therefore any reduction in available funding (including precept) would have an adverse impact on the amount of funding available for policing for the residents of LLR. The compound effect over 10 years (in cash terms) will never be able to be recompensed without triggering a referendum.
31. The Police Reform and Social Responsibility Act 2011 places statutory duties on the Commissioner to obtain the views of local taxpayers on the level of precept. The Commissioner commissioned an independent body to undertake a consultation with the public regarding their perception of Crime and Policing, with particular reference to public trust and confidence and funding. The aim was to give the PCC the insight needed to target scarce resources in the areas where the public perception is that that Leicestershire Police needs improvement. As part of this survey the PCC consulted with residents; via an online survey and through focus groups; on the level of precept they were prepared to pay. To this end he offered all residents of Leicester, Leicestershire and Rutland the opportunity to give their views.
32. The survey asked if residents of LLR were prepared to pay more towards policing. There were 2,283 responses to the survey/focus groups. Of these, 58% indicated that funding for Leicestershire Police, collected through Council Tax, should be increased. 34% favoured a funding freeze.
33. The Commissioner has considered all the information provided to him and has considered the impact his decision in relation to precept will have on the residents of Leicester, Leicestershire and Rutland. He is sympathetic to how the economic climate and fiscal decisions are impacting on families across LLR. He is also fully aware of the impact that the precept will have on the services provided by Leicestershire Police to the resident of LLR.

34. After careful consideration of these factors, the Commissioner is proposing a Band D precept increase of £13.00 per annum for the 2024-25 financial year in line with Home Office assumptions.

Identify and agree a Medium-Term Financial Strategy, a Capital Strategy, an Investment Strategy and a Reserve Strategy

35. As per the Home Office Financial Management Code of Practice 2018 (the FMCP) the Commissioner, alongside the Chief Constable, is responsible for providing effective financial management and budget planning across the short, medium and long term. The FMCP states that the financial regulations should include the requirement for the PCC, in consultation with the Chief Constable, to identify and agree a Medium-Term Financial Strategy (MTFS) which includes funding and spending plans for both revenue and capital.
36. Paragraph 52 – 57 of Appendix 1 sets out the key components of the MTFS including the assumptions used when determining the medium-term financial plan.
37. The PCC's CFO and Chief Constable's CFO work closely throughout the year to ensure that the MTFS has regard for the Police and Crime Plan, the Strategic Policing Requirement (SPR), unavoidable future commitments, revenue implications of the Capital Programme, affordability, risks and challenges, and the need to deliver efficiency savings. The CFOs have to ensure that the Commissioner's and Chief Constable's plans and priorities are interpreted into a feasible Medium-Term Financial Plan (MTFP).
38. The MTFS has been developed which covers the next four financial years and is formulated using the best information available at this time. The MTFP will be regularly reviewed and updated as assumptions are subject to change depending on new information becoming available.
39. The Commissioner was presented with a proposed capital programme, which sets out new capital projects required to support delivery of the policing objectives. The Commissioner agreed the Capital Strategy, including the proposed capital expenditure and financing of the capital projects.
40. The Commissioner and his team will work with the Force to identify further S106 funds which could be used as an available source of funding for the capital programme.
41. The aim of the Treasury Management Strategy (Appendix 5) is for the Commissioner to have an appropriate balance of borrowing and investments, in keeping with the principles of affordability and prudence and maintaining longer-term stability.
42. The MTFS, Capital Strategy and Treasury Management Strategy were agreed on 22nd January 2024.
43. As the holder of the Police Fund the Commissioner is responsible for the reserves. A Reserve Strategy was agreed in March 2023 which sets out the guiding principles when it comes to use of the reserve and maintaining the reserve balances. The FMCP states reserves should

be held by the PCC and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process.

44. The Commissioner has agreed to the use of £4.3m of reserves as part of the budget proposal and to support the budget requirement. Details of the planned use of these reserves are detail in Appendix 1.
45. The PCC's CFO has a statutory responsibility to advise the Commissioner on the robustness of the estimates and adequacy of financial reserves. The PCC's CFO advised the Commissioner that the General Reserve is close to the lower end of the recommended range for this reserve. It is recommended by the Home Office guiding principles that the General Reserve should be between 2% and 5% of the Net Revenue Expenditure (NRE).
46. As the income has increased this year the General Reserve, which is expressed as a percentage of the NRE, has fallen in relation and now sits at 2.06%. The Commissioner maintains his stance, as previous years, that this should be increased. The PCC's Chief Finance Officer has recommended that the General Reserve is increased for 2024-25 and will be looking at the Reserve Strategy, with the Commissioner, in February to develop a plan to bring this up to 2.3%.

Commission services to support delivery of local priorities.

47. Section 9 of the PRSRA and Section 143 of the Anti-Social Behaviour, Crime and Policing Act 2014 states the PCC has powers to commission services and make grants, primarily aimed to tackle crime reduction/prevention, and support victims and vulnerable people, or those affected by crime.
48. The Commissioner has continued to allocated 2.7% of total available funding for 2024-25 to the Chief Executive for the Office of the Police and Crime Commissioner including Commissioning. Of that 2.7%, £4.65m or 70% is allocated to commissioning services to support the people of Leicester, Leicestershire and Rutland.
49. The Commissioning Strategy sets out the commissioning intentions and aligns the priorities to the Police and Crime Plan. The OPCC spends £1.4m on Victims Services of which £1.3m is funded by the Ministry of Justice Victim and Witness Grant.
50. The Commissioner also provides funding for substance misuse services, safeguarding boards, suicide prevention, YOS, Young Adults Pathways, Domestic Homicide Reviews and Out of Court Disposals. The Commissioner also provides funds to support the Community Safety Partnerships.
51. The OPCC commissions the Force to deliver a number of services including Integrated Offender Management, Police Offender Management and contributes towards Multi Agency Risk Assessment Conference (MARAC) posts. The OPCC has agreed to provide a further £400k from the Commissioning budget towards the Force's Prevention and Partnership Strategy.

52. The OPCC has opportunities throughout the year to submit bids to funding bodies for additional funding. The OPCC has already secured an additional £6m for the next 2 financial years to spend on services for the residents of LLR.

Office of the Police and Crime Commissioner

53. The OPCC budget is built on a model which allows the OPCC to:

- fulfil its statutory functions.
- hold the Chief Constable to account effectively.
- deliver on the Police and Crime Plan objectives.
- commission services to support the people of Leicester, Leicestershire and Rutland.
- understand better the views and expectations of the public -
- communicate - effectively with stakeholders, such as Councillors, Community groups and the wider criminal justice system.

54. The Office budget including staffing and running costs equates to 30% of the overall budget allocated to the Chief Executive and 0.08% of the overall available core funding.

55. The staffing budget is attributable to the following functions:

	FTE	Total Cost (£)
Fulfil Statutory Functions	5.00	474,656
Hold Chief Constable to Account	5.68	320,534
Governance	5.00	212,620
Commissioning and Partnerships	8.00	445,408
Communications with the public	4.60	161,847
Total	28.28	1,615,065

56. The increase in staffing budget is due to a change of budgeting line. The Office has posts to deliver specific commissioned projects. Last year these posts were included in the Commissioning of External Parties Line, this year they have been moved into the Staffing line to ensure all staffing is visible within the same budget area.

1. The FTE of the office has increased by two due to the permanent appointment of a Director of Strategy, Partnerships and Commissioning and a Communications Officer. This Director of Strategy, Partnerships and Commissioning role was previously in place but was filled by a seconded Police Officer, which did not show in the figures last year. The Communications Officer is offset by grant income.

----- End of Report -----

List of Appendices

Appendix 1 - Proposed Precept 2024-25 And Medium-Term Financial Plan (MTFP)

Appendix 2 – Budget Requirement

Appendix 3 - Review of Medium-Term Financial Plan Budget Setting 2024/2025 and the Operational Implications

Appendix 4 – Capital Strategy

Appendix 5 – Treasury Management Strategy