

**POLICE AND CRIME  
COMMISSIONER FOR  
LEICESTERSHIRE**

**CORPORATE GOVERNANCE  
BOARD**

PAPER MARKED

Report of	<b>Chief Constable</b>
Subject	<b>Review of Medium-Term Financial Plan Budget Setting 2024/2025 and the Operational Implications</b>
Date	<b>17/01/23</b>
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### 1. Purpose of the Report

- 1.1 To provide the Chief Officer Team and Police and Crime Commissioner Rupert Matthews (PCC) with operational advice to inform review of the budget for 2024/2025.
- 1.2 To reassert the Chief Constable commitment to increase public trust and confidence, deliver good public service and high standards, as we support deliver the Police and Crime Plan and our core role as an emergency service, maintaining the peace and preventing and detecting crime.
- 1.3 To provide a brief outline of the strategic context, the £42 million of efficiencies delivered in recent years and the current budget challenge, created because of nationally imposed decisions and failure to fund them.
- 1.4 To reflect on the budget announcement as well as recapping the principles agreed during early budget setting discussions.
- 1.5 To outline the areas of operational and organisational threat and risk identified through the business planning process.
- 1.6 To provide 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.
- 1.7 To set out ways we propose to close the £5.4 million budget deficit to achieve an in-year balanced budget and to utilise the reserves to support in-year pressures and investments.

- 1.8 To make recommendations to the Police and Crime Commissioner about how he may support the force's budget process.

## 2. **Recommendations**

- 2.1 To note the report and consider the operational implications in setting the budget.
- 2.2 To support the force's proposals in principle to close the budget deficit and be financially sustainable within 2024/25.
- 2.3 To agree the use of the Budget Equalisation Reserve (BER) based on business cases to support the operational activity, support the force transformation work through Operation Forefront and manage the identified budget pressures.
- 2.4 The Police and Crime Commissioner to consider opportunities and requests of the force to help address the budget deficit gaps.
- By supporting and affirming the importance of the maximum precept in 2024/25 to the Police and Crime Panel.
  - In lobbying to ensure the unfunded pay decisions in 2022/23 and 2023/24 at the root of the financial challenge are retrospectively paid.
  - In lobbying to ensure the unfair funding grant shortfalls that detrimentally impact on the communities of Leicester, Leicestershire and Rutland are addressed.
  - By Supporting the focus on crime prevention by investing £400k into a prevention project.

## 3. **Strategic Context**

- 3.1 The force is navigating through an unprecedented period of change and faces a multifaceted challenge. This is at a time when confidence in policing nationally and locally has declined, whilst public expectation and accessibility to policing is increasing.
- 3.2 Demand has surged in both volume and complexity, with increased reporting of emergency and non-emergency contact, rising numbers entering the Criminal Justice System, and significantly more work placed on our staff to process the demand to the required national standards.
- 3.3 We are working hard to understand our demand, however our understanding of this remains reliant on manual extraction and interpretation of the data. In addition, our data collection is substantial and places pressures on our IT infrastructure, prompting a digital and technology enhancement program to optimize AI, data analysis and storage. Previous discussions have recognised the force will require investment and innovation to deliver a real time impact and enhance our ability for forward projection with the aid of technology.

- 3.4 As predicted there remains a high level of workforce churn caused by the 2009-2017 budget cuts and recruitment profile. We identified the risk of the change in recruitment profile in advance and successfully implemented the acclaimed training academy. Leicestershire Police have achieved the national recruitment requirements and have managed to recruit 847 new Officers, whilst 550 Officers have retired or left the organisation. This is resulting in the organisation losing highly trained staff with significant leadership experience, and younger more inexperienced staff having to step up into new and more senior positions or undertaking specific specialisms far earlier than traditionally experienced in their policing career.
- 3.5 Furthermore, the post-COVID-19 workforce landscape has seen external sectors witnessing significant shifts in salary and benefits, with a growing desire for flexibility in work location and hours. This trend is particularly pronounced in the IT and Contact Management departments. Moreover, the police workforce displays signs of fatigue and stress due to demand, repeated exposure to traumatic incidents, necessitating improvements in the occupational health department, including enhanced access routes, timely support, specialist counselling, long-term assistance, and proactive stress prevention measures.
- 3.6 In addition, Local Authority partners are grappling with significant funding challenges into the future. This will potentially reduce their core functions, which could if not addressed lead to a withdrawal of meaningful partnership activity and a misalignment of policies.
- 3.7 Rapidly shifting community dynamics, localised political instability, significant new arrivals from overseas, international and political influences, social media misinformation, and activist involvement have led to persistent community tensions and unrest. We are experiencing increasing protest activity, more community events often linked to religion and a culture of focus and expectation being placed on the police and other services, which all must be formally assessed and resourced, regularly drawing experienced officers away from core roles and functions.
- 3.8 Transformation is set within this strategic context and is complex due to several competing and interdependent challenges. In particular, the National budget decisions are impacting on police and partners, specifically resulting in-year and future budget deficit. This is at a time of increased demand and complexity, which requires cashable efficiencies to balance the finances across MTFP, whilst also investment to be made to be able to deliver good public service and high standards, and to retain progress with digitally and technological development.
- 3.9 Within this strategic context we should consider that in March 2022 Leicestershire Police had been identified as leading force nationally by HMIC and had a sustainable budget for the entire period of the MTFP, without use of reserves. This was the healthiest position the force had been in for a decade. Since that time, significant events outside of the force's control have shifted that position.

3.10 An unfunded in-year pay award of £1900 in 2022/2023 and a further only part funded 7% pay award in 2023/2024 is at the root of a significant budget deficit in 2024/2025. This has led to a £4.8 million pay deficit having to be overcome since 2022/23, a further £2.3 million budget pay deficit for 2024/25, and on-going year-on-year additional £700k unbudgeted pay inflation increase from these nationally imposed, but unfunded pay rises.

4. **Significant savings and efficiency already achieved.**

4.1 It is important to recognise that in approaching the 2024/2025 in-year budget gap that over £42 million-worth of savings have been taken out of Leicestershire Police since 2011, and the use of our reserves to maintain operational capability have always been carefully considered.

4.2 In a context whereby policing demand and complexity, the local population and public expectation has risen significantly, with the ratio of officers to members of the public going from 1 officer to 430 in 2009, to providing 1 Officer to 493 people today. The number of Police Officers today is still below that of 2009, where we had 2344 Police Officers and 1253 Police Staff, compared to 2242 Police Officers and 1202 Police Staff today.

4.3 Nationally it is reported that policing has more officers than ever before. That is not the case here in Leicestershire, and since 2010 we have had to respond to new and emerging threats, apply new legislation, develop our specialisms and through careful management place officers from the existing workforce into these new areas. This includes into Counter Terrorism, Child Sexual Exploitation and Abuse, Modern Slavery and in managing ever increasing numbers of high harm offenders, of which most demand has been created from our own success in convicting sex offenders and on-line child related criminal offences. We have also seen far higher calls for service, in particular 999 emergency demand, greater public expectation and unprecedented demands from protest activity both locally, and in supporting the national response. This has required us to invest in equipping and upskilling officers to undertake duties and responsibilities in addition to their core role.

4.4 The net effect being to meet these new demands Police Officers and Police Staff have had to come from within the establishment, and that has meant fewer people in other roles or greater abstraction from their core role.

4.5 Leicestershire Police has always been viewed positively regarding financial management, change and transformation by External Audit and HMICFRS, who recognise that Leicestershire has one of the leanest back office support services in UK policing (Value for money dashboards - His Majesty's Inspectorate of Constabulary and Fire & Rescue Services ([justiceinspectorates.gov.uk](https://justiceinspectorates.gov.uk)))

4.6 Between 2010 – 2015, budget reductions meant the force looked for savings and efficiencies to balance budgets. All departments were reviewed for

quick-win opportunities. Savings were found through reducing waste and stopping non-core activities to focus on core activities.

- 4.7 In 2013/2014, the quick-win options had been taken. The opportunity to adopt a 'cheaper' policing model arose with a centralisation model developed by West Midlands Police and implemented with KPMG, saving £10 million, but significantly reducing police officer numbers and the quality of service.
- 4.8 In 2015/2016, the force introduced zero-based budgeting and a star chamber approach to finding savings options. Each back-office police staff area had to propose options to reduce costs. 90% of these related to staff reductions. This reduced staff numbers in nearly all back-office areas and saved about £1 million. There was an impact on services and support to frontline policing.
- 4.9 In 2018, Operation Darwin responded to Operation Edison's inability (KPMG's centralised model) to meet the increasing demands on policing, by re-modelling available resources and placing an emphasis on greater geographic accountability. There was no additional resources and no savings, but it began to focus on public confidence and service.
- 4.10 From 2020, we introduced Policing in Neighbourhoods, based on moving resources to the frontline and being even more local. We reintroduced a general duty officer approach with a modern update to include current and future policing needs. There was an increase in officers from uplift and precept growth, and we successfully delivered all services through the Covid pandemic.
- 4.11 In March 2022 Leicestershire Police had been identified as leading force nationally by HMIC and had a sustainable budget for the entire period of the MTFP, without use of reserves. This was the healthiest position the force had been in for a decade and decisions outside the control of the force have significantly changed that position.

## 5. **National unfunded budget decisions with local impact**

- 5.1 The pay awards in 2022/2023 and 2023/2024 are at the root of the budget deficit. The force had modelled a 2% pay increase in line with other forces, but Central government awarded a pay agreement to all officers and staff of £1,900 each.
- 5.2 Half of the pay agreement for officers was covered by the central government grant. None of the police staff pay agreement was covered. This created a budget challenge in 2022/2023 and a pay award funding deficit of £4.8 million in 2023/2024. This will continue to rise by more than £300k year-on-year over the period of the MTFP.
- 5.3 The pay award then made in 2023/24 was also not fully funded by the Government. The grant towards the centrally set 7% pay rise only covers 77% of the actual cost for both Police Officer and Police Staff. This leaves a

shortfall of another £2.3 million in 2024/25. This will continue to rise by more than £400k year-on-year over the period of the MTFP.

- 5.4 There is therefore in addition to the in-year impact a further £700k unbudgeted year-on-year pay inflation increase arising from the September 2022 and September 2023 pay awards.
- 5.5 Leicestershire Police has overcome the budget deficit in 2022/23 and found another £3.9 million of sustainable cash efficiency savings in 2023/24. As the force is assessed as one of the leanest in the country and 81% of the force budget is invested in our people the budget gap has meant that the force has had to shrink again, with an anticipated but mitigated impact on service delivery.
- 5.6 In 2023/2024 despite the financial challenge in-year created from the unfunded pay awards Leicestershire Police still embarked on an ambitious transformation program that has strengthened local leadership, enhanced our investigative approach, and focused on delivering a good service with high standards, whilst being fully integrated with the efficiency program.
- 5.7 The following are an example of tangible in-year innovations delivering efficiencies that has supported the efficiency savings be achieved and the workforce reduction in 2023/24:
  - A new Domestic Abuse Referral Team (DART) process is allowing 15 Police Officers to do the work of 21 Police Officers based on new vs old process and procedure. This is equivalent to over 10,000 hours of efficiencies for a full year. It is Estimated the saving will be greater next year as new procedures are embedded and is providing 90%+ victim satisfaction.
  - A Digital Solution was implemented to address the significant demand and prevent a backlog escalating. This has reduced travel time for 'Claire's Law' service requests through use of video calls, estimated to be 300 hours this year and over 600 hours of efficiency next year.
  - Following a review of digital opportunities video verifications for missing persons has been introduced as a trial. Initial estimations are that it will save over 200 hours of Police Officer time this year, and 800 hours next year.
  - Microsoft 365 tools created by our IT DOIT team are saving an estimated 1000+ hours of officer time each year. As more applications are developed and deployed this will increase.
- 5.8 As the process to track and monitor benefits realisation become embedded, the change team will be able to evidence and track the realisation of more than the 12,400 hours of annual efficiencies identified above, which will continue to be developed into 2024/25 through our transformation programme, Operation Forefront.

- 5.9 The challenge is that within the strategic context and the budget challenge the operational delivery and service is paramount, and any further reductions will have a direct impact on our services across Leicester, Leicestershire and Rutland and will affect local Trust and Confidence.
- 5.10 The budget announcement in December 2023 has again underfunded Leicestershire Police. All forces submit detailed budgetary information, but Leicestershire Police is one of 18 of the 43 police forces that is detrimentally impacted upon through being awarded a lower grant. This creates a further budget deficit, when 25 other forces, including those nearby are paid more than their wage costs and are in receipt of a higher grant. These funding arrangements then have an ongoing future year impact and are unfair.
6. **Principles used in the planning process.**
- 6.1 On 11<sup>th</sup> and 20<sup>th</sup> December 2023, the Police and Crime Commissioner and the Chief Constable met with respective team representatives to discuss and agree the timetable and the initial budget-planning assumptions based on a draft MTFP prior to and following the Home Office one year funding decisions being published.
- 6.2 Operational need continues to be at the forefront of the budget-setting process, and despite a budget shortfall, the force remains committed to delivering the Police and Crime Plan through our 'Policing Pledge' and the providing the best possible service and high standards to the people of Leicester, Leicestershire and Rutland.
- 6.3 It is fundamental in any budget decisions that Leicestershire Police can remain operationally viable, address threat and risks, continue to fulfil its statutory required functions, and have the necessary specialist support to deliver policing services.
- 6.4 Whilst we would want to ensure all plans are as sustainable as possible over the entire period of the MTFP, this year, due to the lack of central funding for centrally imposed pay inflation and events outside of our control, we cannot make this assurance with absolute confidence.
- 6.5 We will however ensure that we meet the legal requirement to deliver a balanced budget for 2024/2025 and set out our approach for closing the gap and, where possible, outline the implications of doing so.
- 6.6 There is a need to use reserves, in our opinion. However, careful consideration is being applied to ensure the sustainability of those reserves in future, as was demonstrated in 2023/2024 where the use of reserves was planned, but through prudent and efficient financial management the £3.9 million budget deficit and in-year pressures were overcome without utilising reserves. This paper recognises the limits of our reserves and that use of them will be for a time-limited period.

- 6.7 In considering and learning from previous change programmes there is a need to apply a balanced approach to efficiencies. We will consider the national formula that was introduced during uplift and use this as a guide to ensure that, as the size of the force contracts to meet budgetary requirements, so does the size of infrastructure and equipment aligned to it.
- 6.8 It is also important to recognise the focus should also be on non-cashable efficiencies that are needed to support the transformation and address the impact of the reduced workforce size required to meet the budget deficit.
- 6.9 The following financial planning details were agreed in principle by the Police and Crime Commissioner and the Chief Constable, and are used to inform the budget build for 2024/25:
- *Plan for total budget.*
  - *Maintain Police officers at 2,242 Full Time Equivalent (FTE) / 2298 headcount to meet nationally imposed PUP uplift requirements and prevent financial penalties.*
  - *Budget built on 200 PCSOs and 1202 Police Staff subject to future review.*
  - *Full year effect of September 2023 pay award at 7%.*
  - *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).*
  - *Targeted non-pay inflation increases ranging from 0 to 10+% where known;*
  - *Job evaluation costs of £0.2m for implementation from 1 September 2024.*
  - *EMSOU increase of £1m.*
  - *Police overtime at £4m (including request to increase by £0.3m growth).*
  - *Savings of £3.9m identified during 2023/24.*
  - *Police Pension Contribution increase of £4m funded by Home Office grant.*
  - *Inclusion of £1.5m one off investments for 2024/25 only (CMD £1.2m, external training £170k, HR Gateway system £130k), and ongoing costs of Prevention Directorate Lead £100k.*
  - *Inclusion of the revenue consequences of the Capital Programme for 2024/25.*
  - *OPCC pay and non-pay inflation included. Budget maintained at 2.7% of core funding and PCC to invest £400K into police prevention projects.*
  - *Grant funding based on Home Office Provisional Settlement (ASB / Hotspot funding grant of £1.5m and related expenditure currently not included in the budget).*
  - *Band D precept increase of £13.*
  - *Tax base increase of 1.2% (until confirmed).*
  - *Collection Fund surplus of £0.25m (until confirmed);*
  - *General Reserve at £5m.*
  - *Use of £1.5m from the Budget Equalisation Reserve (BER) with required business cases.*
  - *Ensure the budget plan can achieve an in-year balanced budget in 2024/25.*

## 7. Operational and organisational threat and risk

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



- 7.2 The Chief Constable will retain the commitment to deliver the Leicestershire 'Policing Pledge' and deliver good public service and high standards, as we support the delivery of the Police and Crime Plan and deliver our core role as an emergency service, protecting our communities by maintaining the peace and preventing and detecting crime.
- 7.3 We have to consider the operating environment that policing services are being delivered. The population has grown by over 100,000, Leicestershire has a higher male population and a significantly lower female population. Rural villages are expanding and housing developments across Leicester, Leicestershire and Rutland are creating increased demand. Leicestershire is recorded as having the 4<sup>th</sup> highest level and an outlier for foreign born residents, has higher levels of household deprivation and lower level of apprenticeships available when compared nationally.
- 7.4 Academically these factors are relevant to crime rates, resourcing and impact on local demand. Leicestershire Police has experienced an increase and consistent increase throughout the year of emergency 999 calls that has built further upon the recorded rises in recent years. It is testament to the professionalism and approach of our Police Staff that we have managed to answer the majority of 999 calls within 10 seconds, as illustrated in December 2023 recording 94.33% of all emergency calls being answered within 10 seconds. The demand despite channel shift and working with partners to ensure the right person, right care process is applied has not abated the increasing emergency demand. This is not sustainable and will need investment and transformation as it also places strain on our non-emergency contact, an area that requires additional investment to build trust and confidence with local communities.
- 7.5 Leicestershire is recognised as being one of the most diverse areas in the country. We are proud of this, but it brings a high level of expectation and complexity not experienced in all force areas. The demand from international, national, and local events, incidents and community tension has remained significant since the serious disorder seen in September 2022. There is an ever-increasing integration between communities, faith, identity, and politics creating demand on policing services. We anticipate the level of engagement necessary to sustain and maintain good order will far exceed what we have experienced in recent years.
- 7.6 The demand on specialist public order and safety officers has never been so consistently high. Events and protest activity have required and continue to do so, a far higher policing commitment, taking officers and staff from their core role. To put this into context from the 7<sup>th</sup> of October-1<sup>st</sup> December 2023 there were 31 different public order assessments completed to support our neighbourhood policing teams, with numerous operational orders and public order operations put in place locally. These are in addition to our neighbourhood team's engagement in local events. Over 146 duty days in this short period have also been provided to support national mutual aid requirements.

- 7.7 The hotspot policing focus is within high harm areas often linked with deprivation and we see the correlation between school attendance and accessing the Criminal Justice System. We are arresting more people than in recent years and of the total arrested, 24% are foreign nationals and 46% have a mental health need, increasing the resources and time to manage and process, and increasing our interpreter and medical provision costs.
- 7.8 The Criminal Justice System remains under significant strain and unable to process the demand effectively, with the implications of COVID still in place and victims detrimentally impacted upon through long delays exasperated by the Crown Prosecution Service (CPS) processes, court back logs and prison capacity. The national direction is to reduce the short-term prison sentences which will mean more criminals, especially acquisitive crime offenders being managed within the community. This will necessitate a fresh impetus and innovation in prevention activity, offender management and out of court disposals to reduce re/offending rates.
- 7.9 Policing continues to become more complex with the rapidly changing nature of crime, sharp rises in high-harm crimes, cross-border criminality and the interconnected nature of physical and digital evidence that needs to be captured and interpreted. There is also improved confidence and easier ways to report complex high harm crimes like rape, child exploitation and abuse, domestic violence, stalking and harassment. They all require significant investment as part of the violence against women and girls' strategy (VAWG) and 'Operation Soteria' initiative (Home Office supported approach to rape investigation).
- 7.10 Leicestershire Police over recent years has developed an integrated and connected workforce that is made up of Volunteers, Police Staff, PCSO's and Police Officers. Combined they make "Team Leicestershire" and each component of the workforce enables the force to deliver it's vision to be a leading force nationally. It is vital that the force retains the workforce balance to ensure it can maintain the specialisms, discharge the statutory functions and deliver a good efficient service with high standards.
- 7.11 Local communities benefit from 'Team Leicestershire's' workforce mix, but with recent establishment cuts impacting and the employment environment having changed since COVID with pay inflation and working locations/entitlements it is making it more challenging to recruit and retain specialist staff, especially in IT and digital development.
- 7.12 Our staff consistently go above and beyond. We have been successful in engaging our teams to ensure the transformation makes positive change, but there is a risk that the continued reduction in resources is not sustainable. Leicestershire Police cannot in isolation reduce its workforce further, deliver a good service and high standards without further transformation, investment and by retaining the right workforce mix. Especially when £42 million has already been delivered in efficiencies and demand, complexity and expectation are increasing.

- 7.13 The most recent Force Management Statement identified a consistency in the strategic themes identified previously: workforce development, digital capability, financial sustainability, the growing population and demands of Leicester, Leicestershire and Rutland, and the status of collaborations locally, nationally and regionally.
- 7.14 This reflects the need to develop and lead our new-in-service workforce, maintain momentum in our technology and digital capacity, sustain budgets, respond to the increasing emergency demand, and deal with the consequences of changes to collaborations or financial pressures in Criminal Justice, EMSOU, Local Authorities and many others.
- 7.15 It is worth noting that many Police Staff have an integral role in managing these strategic risks as they have specific skills and specialisms not held within our PCSO and Police Officer establishment.

## 8. **Areas requiring investment.**

- 8.1 Leicestershire Police and the environment we operate in does not stand still and investments are required to be made to ensure the force can remain operationally viable and have the infrastructure to remain viable in the future.
- 8.2 The pace of technology and in particular an explosion of data has placed pressure on the force digital capability. This has required us to accelerate plans to remodel the Information Technology department and introduce new skills and digital capabilities. The impact of the technological demands are evident in terms of business processes and systems, as well as operationally, with evidence gathering involving a digital element in the majority of investigations.
- 8.3 Having considered operational and organisational needs, along with the continued delivery of the Police and Crime Plan, below are areas which will require continued or additional investment during 2024/2025.
- Digital forensics and achieving accreditation status across a multitude of forensics processes. This is to receive and examine electronic devices at increased volumes to a service-level standard, achieve ISO accreditation for the Digital hub, Sexual Referral Centre, Forensic Collision Unit, CCTV recovery and traditional forensics.
  - IT restructure: New skills and capability to progress the use of Cloud and machine-learning or Artificial Intelligence technology. This is to manage demand and complexity.
  - Delivery of the estate's strategy, in particular the Contact Centre now and for the future.
  - Deliver the Hay Police Staff pay framework.

- Enhancing our resources in the Contact Centre whilst transformation work is undertaken. We have seen how excess demand impacts on service delivery and the current higher investment has improved performance to the public. This needs to be sustained and directly links to increasing public trust and confidence.
  - Prevention is a core role for our service and requires sustainable investment to help reduce future demand.
  - The workforce churn and the loss of experience and specialist skills requires additional investment in training and leadership to ensure the force can remain compliant with Authorised Professional Practice, Health and Safety and other legislation.
  - With £42 million of efficiencies delivered in recent years further reductions in the workforce may engage redundancy processes.
- 8.4 In summary, we have much to do to sustain and strengthen the police service in Leicester, Leicestershire and Rutland.

## 9. Precept

- 9.1. I have set out the context in which this budget sits. We are experiencing greater demand, higher need for investments in technology and specialisms, but with a real-terms cut in budget and a reducing workforce.
- 9.2. The proposed budget, even when supported by the maximum increase in precept funding from local taxation of £13, will still fall far short of what is necessary to maintain the current levels of resources.
- 9.3. The Force would advocate the PCC seek to approve the full £13 precept. Given the realities of the budget the £13 precept plays a significant role in enabling the Force to sustain many of its critical functions. Unlike many previous years when precept was considered against growth and additionality. Now the reality is that precept plays a role in reducing the level of cuts that are necessary to balance the finances. If precept was agreed below the £13 it would need to be accepted that the budget deficit would be even greater than we are currently facing. In reality that would mean a further and additional significant reduction to staff which would reduce the Force's ability to deliver core functions linked with call handling, Criminal Justice case work, scenes of crime, digital forensics and other core requirements essential to deliver frontline policing across Leicester, Leicestershire and Rutland. The Force already has one of the leanest back offices in the country.
- 9.4. Using precept the Force will consolidate the uplift in police officers recruited and secure the investments made to strengthen supervision, leadership and visibility in local policing. This has meant stronger senior leadership in the city and in two counties. The Force will also continue to focus on the delivery

of all elements of the Police and Crime Plan, drive up public confidence, and deliver the Leicestershire Police pledge.

- 9.5. Using precept, the Force will be able to protect the investment in those service areas we know are important to local communities and those outlined in the Police and Crime Plan. For example, it would enable us to maintain our focus on rural crime with the rural crime team, sustain the new Community Cohesion team, whilst strengthening the operating model to provide better and stronger local neighbourhood policing.
- 8.5 The precept will continue to enhance our work with the business community, in line with the Police and Crime Plan requirements. We will also, in partnership with the OPCC embed the new Prevention Directorate and develop and optimise new diversionary programmes to prevent crime, provided tailored and targeted support and intervention to both those victims and offenders who display additional risk of becoming a victim again or further offending.
- 8.6 Precept will also allow us to continue to move forward at pace to deliver the next phase of transformation linked with IT and digital restructuring to enable greater use of AI and automation to create both cashable and non-cashable efficiencies,
- 8.7 Without the £13 precept, it is the Force's view that much of what is described in the paragraphs above would have to be paused, weakened or withdrawn. The investments we have made in people in local policing, technology and prevention are designed to improve service, reduce extraneous demand, and find savings and efficiencies in the medium-term. All contribute directly to the Force's effectiveness, efficiency and legitimacy, and the precept is essential to maintain levels of service and enable the Force to keep pace with the ever developing criminal landscape. Without it the providing a good level of policing service for the people of LLR would be virtually impossible.
- 9.6. Working within the budget setting principles, the force will seek to reduce the budget gap in 2024/2025 through the following approach.

#### 10. **2024/2025 Budget Deficit Plan**

- 10.1 In considering the Government Grant and budget pressures which have materialised in-year, Leicestershire Police has a £5.4 million budget deficit for 2024/2025 (see full budget report and medium-term financial plan).
- 10.2 A balanced budget to close the budget gap in 2024/25 will be delivered in-year through the following:
- 10.3 Operation Forefront transformation will continue to focus on improving our service through transformation. This will include measuring the business benefits to capture the non-cashable efficiencies. The non-cashable efficiencies will enable the force within the complex environment to manage increasing demand and are directly integrated into the cashable efficiencies

and reduction in the size of the workforce, that is required to meet the budget deficit.

- 10.4 In considering the challenge below it is anticipated that the force will through transformation and innovation need to identify around 165,000 hours of non-cashable efficiencies to manage the reduction in the overall workforce.
- 10.5 £900k of Cashable Efficiencies will be identified and realised from within the base budget. This will involve a targeted approach to problem solve, transform and prioritisation of specific elements to reduce the costs. We recognise that the greater the efficiency saving identified, will mitigate the reduction in the workforce.
- 10.6 'Team Leicestershire' combines a workforce of Police Officers, PCSO's Police staff and Police Volunteers and the balance of this workforce mix is vitally important to enable the delivery of the Police and Crime Plan and our core role as an emergency service, maintaining the peace, preventing and detecting crime.
- 10.7 The Police Officer numbers of a 2298 Headcount have to be retained; otherwise nationally imposed financial penalties are incurred. Transformation will be required to enable the overall workforce to reduce to meet the budget deficit requirements. This will include deploying Police Officers into roles that fit earlier into the demand flow within the control room and crime related functions, enabling the redesign of the establishment to create efficiency savings. This will enable a value to be added through policing powers, in developing Police Officer skills or using technology.
- 10.8 The Police Officer recruitment profile will also be managed to achieve the establishment requirements whilst also delivering an in-year saving.
- 10.9 The Chief Constable and the Police and Crime Commissioner recognise the real value our PCSO provide as part of "Team Leicestershire". We are aware other police forces have removed PCSOs from their workforce. Leicestershire Police, whilst recognising the establishment may need to reduce due to the budget deficit caused from the lack of government funding, will seek to minimise reductions. This will be achieved through a review of the role and posting deployments, through exploring a broader transformation to modernise the role and develop it further to enable the role to continue to be visible and locally based.
- 10.10 Police Staff are a vital component of Leicestershire Police, delivering services, enabling the operational delivery and have many specialist skills and statutory functions that Police Officers cannot deliver.
- 10.11 To deliver the budget deficit requirements further transformation in-year is required to identify cashable savings and removal posts.
- 10.12 We can expect a service delivery impact because £42 million of efficiencies has already realised in recent years against rising demand and complexity.

Transformation work continue to address this challenge and reduce and mitigate impact where possible.

- 10.13 In addition, to meet the budget deficit whilst the transformation work is undertaken it will require the force to maintain the enhanced current vacancy rate for PCSOs, manage a vacancy rate across police staff at a higher rate than the 6% within the budget build and review working hours to reduce costs. Those departments facing highest demand and risk in accordance with the Force Management Statement (the Force's internal assessment of demand, capability and business risk) are likely to be prioritised for recruitment against other areas of the organisation.
- 10.14 The transformation approach in-year will enable the recruitment profile to be managed, identify further posts for removal, and support a higher vacancy rates in some staffing areas to deliver a further cashable savings.
- 10.15 As the Force enters the 2024 transformation programme it may be necessary for the Force to access any funding not used during 2023 in order to facilitate any redundancies, if necessary. The Force will provide individual business cases for discussion at CGB to ensure transparency. If it requires urgent decision the Chief Constable will request an extraordinary CGB be arranged given the CGB is now bi-monthly.
- 10.16 EMSOU will be requested to deliver a 5% cashable efficiency saving.
- 10.17 £1.5 million to be used to cover the in-year pressures and support the service delivery in the control room, enhanced training costs and support the introduction of a prevention directorate.
- 10.18 £400k of investment will be provided from the PCC into Prevention projects.
- 10.19 £200k in-year saving by implementing the Hay Job Evaluation scheme in September rather than July 2023.
- 10.20 The budget deficit can be achieved but we also need to retain the operational capability and capacity to deliver our core policing services. In isolation and without effective transformation it is not efficient to routinely replace staff and PCSO with Police Officers, who per person cost more to the public. We recognise the public expect Police Officers to be delivering police work to the benefit of all the communities across Leicester, Leicestershire and Rutland.

## 11. In Summary

- 11.1. The budget deficit in 2024/25 is challenging and adds increased pressure on the force when added to the budget deficit that was met in 2023/24.
- 11.2. Given the extent of the cuts being imposed, the force will routinely give progress updates at CGB towards the in-year savings and efficiency requirement.

- 11.3. In recent years £42 million pounds has already been taken out of the force budget. This has occurred when demand, complexity and public expectation continue to increase. During that period, the national funding formula for policing has not been updated. The Force believes this has negatively impacted on Leicestershire year-after-year and urgently needs reviewing.
- 11.4. The Force would emphasise that Policing in 2024 requires a broad range of skills to be effective. It would be irresponsible to remove or reduce the force's capabilities in specific areas without understanding the disproportional impacts it would have on operational capability.
- 11.5. In that context, the following areas will be explored to close the deficit. None of the below are final and should be treated with sensitivity and caution.
1. £1.2M from reductions to non-salary budgets
  2. £0.5M of efficiencies from regional partnerships
  3. £3.7M from pay budgets excluding police officers
- 11.6. This therefore presents the challenge to the Force of finding approximately £5.4M in savings in 2024/25 having already found in excess of £3.9M in 2023/24 to balance the books (part of £42M in efficiencies in recent years).
- 11.7. As a contingency, the Force will begin to explore the impact of reducing officer numbers after September/October 2024 as the sustainability of 2242 beyond that point may become untenable.

## 12. **Support from the Police and Crime and Commissioner**

- 12.1 The Police and Crime Panel's support for a maximum precept rise is essential for the force to prevent significant reductions and to try and sustain its level of service and to deliver against the plan outlined in this report. In my opinion, the Commissioner's influence and full support for this outcome is vital. It should be noted that the initial national indications were that this would be £15 maximum, but the announcement has said £13 which has is 700k less funding than could have been available.
- 12.2 I would request that the Commissioner to consider further lobbying efforts to address the pay award funding shortfall for 2022/2023 and 2023/24 by re-engaging with the Home Office to have this unfunded award addressed, as it is at the root of the current financial issues.
- 12.3 I would request that the Commissioner take a high profile and leading role in highlighting the current inadequate funding arrangements that detrimentally impact on the residents of Leicester, Leicestershire and Rutland.



- 12.4 Leicestershire Police provide full details of our salaries to the Home Office yet only receive 90% of these costs in return. The Home office allocate the grant based on the outdated funding formula, whereby 25 of the 43 police forces receive more than their salary costs. Therefore, Leicestershire Police receives a deficit and other forces are paid in excess of their salary costs. This creates inequality across forces and these policy decisions create an additional funding gap, which impact directly on services for the residents of Leicester, Leicestershire, and Rutland. As the Police and Crime Commissioner we would strongly encourage you make this a priority to secure funding from the Home Office to address this funding deficiency and seek the shortfall to be addressed.
- 12.5 I would request the Police and Crime Commissioner continues to support the Home Office cover pension shortfalls and request a multiyear budget settlement that enables a better approach to financial management.

### **Implications**

Financial : Included in report but please see full CGB Budget papers.

Legal : Employment rights, Health and Safety, Budget Management, Policing Protocol

Equality Impact Assessment : To be considered on implementation of plans

Risks and Impact : Included

Link to Police and Crime Plan : Included

Communications : To be completed post agreement

### **List of Appendices**

None

### **Person to Contact:**

Deputy Chief Constable David Sandall at Leicestershire Police

Assistant Chief Officer Paul Dawkins at Leicestershire Police