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HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME PANEL

Date and Time Friday, 27th January, 2023 at 10.00 am

Place Ashburton Hall, Hampshire County Council, Winchester

Enquiries to hampshire.iow.pcp@hants.gov.uk

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast live on Hampshire County Council's website and available for repeat viewing, it may also be recorded and filmed by the press and public. Filming or recording is only permitted in the meeting room whilst the meeting is taking place so must stop when the meeting is either adjourned or closed. Filming is not permitted elsewhere in the building at any time. Please see the Filming Protocol available on Hampshire County Council's website.

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

To enable Members to declare to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in their register of interests, and any other pecuniary or personal interests in any such matter that Members may wish to consider disclosing.

3. MINUTES OF THE PREVIOUS MEETING (Pages 3 - 16)

To confirm the minutes from the previous meeting.

4. QUESTIONS AND DEPUTATIONS

To receive any questions or deputations in line with Rule 31 and 31A of the Panel's Rules of Procedure.

5. CHAIRMAN'S ANNOUNCEMENTS

To hear any announcements the Chairman may have for this meeting.

6. POLICE AND CRIME COMMISSIONER'S ANNOUNCEMENTS

To hear any announcements the Commissioner may have for the Panel.

7. POLICE AND CRIME COMMISSIONER - 2023/24 PRECEPT (Pages 17 - 90)

To consider a paper outlining the Police and Crime Commissioner's proposed precept for 2023/24, and supporting financial information.

8. POLICE AND CRIME COMMISSIONER - POLICE AND CRIME PLAN PERFORMANCE AND DELIVERY (Pages 91 - 112)

To receive a quarterly update from the Police and Crime Commissioner detailing performance of and delivery against the Police and Crime Plan, with a spotlight on Youth Engagement and Equality and Diversity.

9. POLICE AND CRIME PANEL - GOVERNANCE UPDATE (Pages 113 - 142)

To receive a report from the Democratic Services Officer setting out revised governance documents previously adopted by the Panel.

10. POLICE AND CRIME PANEL - WORK PROGRAMME (Pages 143 - 152)

To consider a report setting out the proposed future work programme for the Panel.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact hampshire.iow.pcp@hants.gov.uk for assistance.

Appointed Members of the Police and Crime Panel attending this meeting qualify for travelling expenses in accordance with their Council's 'Member's Allowances Scheme'.

HAMPSHIRE POLICE AND CRIME PANEL

**Monday, 21st November, 2022 at 2.00 pm
Held in Council Chamber, Winchester
(Hampshire County Council)**

Councillors:

Chairman

p Simon Bound
(Basingstoke & Deane Borough Council)

Vice Chairman

p Dave Stewart
(Independent Co-opted Member)

p Stuart Bailey
(Hart District Council)
p Narinder Bains
(Havant Borough Council)
p Joanne Bull
(Fareham Borough Council)
p Geoffrey Blunden
(New Forest District Council)
a Tonia Craig
(Eastleigh Borough Council)
p Jason Fazackarley
(Portsmouth City Council)
p Philip Lashbrook
(Test Valley Borough Council)

a Karen Lucioni
(Isle of Wight Council)
a Lesley Meenaghan
(Hampshire County Council)
p David McKinney
(East Hampshire District Council)
a Martin Pepper
(Gosport Borough Council)
a Margot Power
(Winchester City Council)
p Matthew Renyard
(Southampton City Council)
p Maurice Sheehan
(Rushmoor Borough Council)

Co-opted Members:

Independent Members

a Shirley Young

Local Authority

p John Gledhill
p Tony Jones
a Sarah Vaughan

At the invitation of the Chairman:

Peter Baulf
Scott Chilton
Donna Jones

Legal Advisor to the Panel
Candidate
Police and Crime Commissioner for Hampshire

BROADCASTING ANNOUNCEMENT

The Chairman announced that the press and members of the public were permitted to film and broadcast the meeting. Those remaining at the meeting were consenting to being filmed and recorded, and to the possible use of those images and recordings for broadcasting purposes.

99. APOLOGIES FOR ABSENCE

Apologies were received from:

- Councillor Tonia Craig – Eastleigh Borough Council
- Councillor Karen Lucioni – Isle of Wight Council
- Councillor Lesley Meenaghan – Hampshire County Council
- Councillor Martin Pepper – Gosport Borough Council
- Councillor Margot Power – Winchester City Council
- Councillor Sarah Vaughan – Additional Local Authority Co-opted Member
- Shirley Young – Independent Co-opted Member

100. DECLARATIONS OF INTEREST

Members were able to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in their appointing authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

The Monitoring Officer noted that the candidate for the position of Chief Constable of Hampshire and Isle of Wight Police was a former officer of Hampshire Constabulary and was therefore likely to be known to some or all Members of the Panel in a professional capacity. The Monitoring Officer further noted that, for the avoidance of doubt, this did not give rise to a personal or disclosable pecuniary interest that would have any bearing on the process or matters before the Panel at the meeting.

No declarations were made.

101. MINUTES OF THE PREVIOUS MEETING

The Minutes from the previous meeting were confirmed as a correct record and signed by the Chair.

102. QUESTIONS AND DEPUTATIONS

No questions or deputations were received by the Panel on this occasion.

103. POLICE AND CRIME PANEL - GOVERNANCE UPDATE

Members received a report from the Democratic Services Officer proposing the name of Panel be changed to the Hampshire and Isle of Wight Police and Crime

Panel. Members heard this would align the Panel with the recent renaming of the police force area.

RESOLVED:

- That, recognising the updated name of the Constabulary and title of the Commissioner, the Panel agreed to be known henceforth as the Hampshire and Isle of Wight Police and Crime Panel.
- That delegated authority is given to the Democratic Services Officer, in consultation with the Chairman of the Panel, to implement this change, including making updates to the Panel's logo and branding.

104a **CONFIRMATION HEARING FOR APPOINTMENT TO THE ROLE OF CHIEF CONSTABLE OF HAMPSHIRE AND ISLE OF WIGHT CONSTABULARY**

Following notification from the Commissioner to the Panel of her intention to appoint a preferred candidate, Mr Scott Chilton, to the role of Chief Constable of Hampshire and Isle of Wight Constabulary, the Panel held a Confirmation Hearing in accordance with Schedule 8 of the Police Reform and Social Responsibility Act 2011.

Members received a report setting out the powers of the Panel and the process to be followed in the Confirmation Hearing, as per the agreed 'Confirmation Hearing protocol'.

The Panel noted the information provided by the Commissioner relating to the appointment of the Chief Constable, which included:

- Name of the preferred candidate
- Report from the PCC stating why the preferred candidate meets the requirements of role
- Terms and conditions of appointment.
- Independent Members Report

The Commissioner expressed her pleasure in presenting the preferred candidate, who had spent 28 years of his policing career working within Hampshire and Isle of Wight before joining Dorset Police as Chief Constable, and welcomed feedback from the Panel through the confirmation hearing process.

The Commissioner acknowledged the input of partners from across Hampshire and the Isle of Wight in the selection process, including Hampshire Fire and Rescue Service and Hampshire County Council. Following a robust selection process the Commissioner felt confident she had proposed a candidate who would deliver a strong and effective local policing service for the residents of Hampshire and the Isle of Wight.

The candidate was invited by the Chairman to introduce himself, explaining why he was the best candidate to lead Hampshire and Isle of Wight Constabulary.

The Panel then asked questions of the candidate which related to his professional competence and personal independence, the answers to which enabled Members to evaluate Mr Chilton's suitability for the role.

At the end of questioning, the Chairman thanked the candidate and provided an opportunity to clarify any responses given.

The press and public were excluded from the meeting during the following item of business, as it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during that item there would be disclosure to them of exempt information within Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, being information relating to the financial or business affairs of any particular person (including the authority holding the information) and, further, that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. While there may have been a public interest in disclosing this information, namely openness in the deliberations of the Panel in determining its recommendation regarding the proposed appointment, it was felt that, on balance, this was outweighed by other factors in favour of maintaining the exemption, namely enabling a full discussion regarding the merits of the proposed appointment.

104b **CLOSED SESSION TO DISCUSS THE PROPOSED APPOINTMENT TO THE ROLE OF CHIEF CONSTABLE OF HAMPSHIRE AND ISLE OF WIGHT CONSTABULARY**

The Panel held exempt discussions which examined the evidence provided in the Confirmation Hearing session. The final reports of the Panel are appended to these minutes.

Through discussion the Panel agreed that:

- The Panel were assured, through statements from the Commissioner, supported by the report of the independent person, that the recruitment process was properly conducted in adherence with College of Policing guidance and had followed the principles of merit, fairness, and openness.
- The candidate held significant experience in policing, with over 30 years' service, including 28 years spent at Hampshire Constabulary, many years of which were at chief officer level. It was felt that by gaining experience of operational policing in another area, as Chief Constable of Dorset Police, as well as lived experience of leading commands at both local and national level, the candidate would be a more effective leader and was able to demonstrate a wide knowledge base.
- The candidate was able to fully articulate his reasons for applying for the role, despite holding his current position as Chief Constable of Dorset Police for a little more than 12 months. Clearly

demonstrated was his passion for policing within Hampshire and the Isle of Wight and creating a safe, cohesive communities for local residents.

- Faced with robust questioning from the Panel the candidate provided in-depth, well informed, and honest answers throughout. It was felt that he would make a strong leader for the force and would be able to inspire and engage its workforce, setting the tone from the top regarding ethical behaviours and moral standards.
- The candidate demonstrated a high level, strategic understanding of the challenges the Constabulary would face in the coming years, with reflection upon how these could present opportunities to enhance the effectiveness of the force.
- The candidate was highly driven, and his answers demonstrated his ambition to further enhance the effectiveness of operational policing, not only at a local level but to contribute to policing improvements at a regional and national level.
- The candidate had a very open and likeable nature and would be able to effectively engage with the public and would inspire trust and confidence in policing.
- In making financial decisions, the candidate was clear that he would focus on delivering value for money for residents and was able to provide several examples highlighting previous experience in strategic level financial management, most recently in his role as Chief Constable.
- The candidate was familiar with operating in a political environment, whilst maintaining operational independence and had worked alongside five previous PCC's, drawing from this experience when responding to the Panel's questions.
- The confirmation hearing process demonstrated that the PCC and candidate were committed to developing a strong, effective, and mutually respectful working relationship through a shared ambition and vision for the future.
- The candidate's vision for working in partnership, both regionally and nationally was to be commended. The Panel acknowledged the candidate's commitment to develop effective channels for engaging with partners and working with Community Safety Partners to enhance cohesion in priorities across the policing area.
- The Panel would encourage the candidate, if appointed, to consider how the police might better engage with district and borough councils, alongside the unitary and upper-tier authorities.
- The candidate demonstrated an ability to provide robust challenge, to the PCC and other strategic partners, to maintain the integrity and enhance the delivery of operational policing.
- The candidate had a perceptive understanding of how the police were seen by the wider public. His commitment to strengthening neighbourhood policing, a robust approach to dealing with the criminality of anti-social behaviour and enhancing the 101 service was noted by the Panel.
- The candidate held in high regard the input and impact staff and

officers had on delivering an effective police force. It was clear that the candidate would encourage input from others, when appropriate, to inform and enhance operational policing decisions.

- Alongside his own personal resilience approach, the candidate demonstrated a strong desire to support the wellbeing and resilience of the wider workforce.
- The candidate demonstrated his passion for equality, diversity and inclusion within policing, and the Panel encouraged his commitment to enhance diversity within the force to enable it to be more representative of the communities it served.
- The force will need to undergo a period of transition to adapt and respond to the new Chief Constable's leadership approach and vision.
- The confirmation hearing process had clearly highlighted how the candidate's professional competence and values would meet the requirements of the role, and that the candidate had the drive, passion, and ambition to make Hampshire and Isle of Wight safer through the delivery of an effective and efficient operational police force.

On the basis of the information provided by the Commissioner, and the discussions held during the Confirmation Hearing, a vote was held on the recommendations, as proposed within report of the Democratic Services Officer. Members voted unanimously in favour of the proposed recommendations.

RESOLVED:

1. That the Police and Crime Panel confirm the appointment of Mr Scott Chilton as Chief Constable of Hampshire and Isle of Wight Constabulary.
2. That delegated authority be given to the Democratic Services Officer, in consultation with the Chairman of the Panel, to submit a report to the Commissioner setting out the outcome of the confirmation hearing, in accordance with Schedule 8 of the Police Reform and Social Responsibility Act 2011.

Chairman,

HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME PANEL

Report

Date of Report	22 November 2022		
Title:	Confirmation Hearing for the role of Chief Constable of Hampshire and Isle of Wight Constabulary		
Contact:	Democratic Support Officer to the Panel		
Tel:	0370 779 6176	Email:	Hampshire.pcp@hants.gov.uk

Executive Summary

1. This document constitutes the report and recommendations of the Hampshire and Isle of Wight Police and Crime Panel (hereafter referred to as 'the Panel') in respect of the proposed appointment of Mr Scott Chilton to the role of Chief Constable and is submitted to the Commissioner in accordance with the requirements of Paragraph 4, Schedule 8 of the Police Reform and Social Responsibility Act 2011.
2. The report recommends that Mr Chilton be confirmed in his appointment to the role of Chief Constable of Hampshire and Isle of Wight Constabulary.
3. The Panel would like to thank Mr Chilton for his attendance at the confirmation hearing on 21 November 2022.

Powers of the Hampshire and Isle of Wight Police and Crime Panel

4. The Panel have functions conferred by Schedule 8 of the Police Reform and Social Responsibility Act 2011 (the Act) and Part 3 of the Police and Crime Panels (Precepts and Chief Constable Regulations 2012 (the Regulations) which require the Panel to:
 - a) Review the proposed appointment, by holding a Confirmation Hearing within three weeks of notification being given. A confirmation hearing is a meeting of the Panel, held in public, at which the candidate is requested to appear for the purpose of answering questions relating to the appointment.
 - b) Make a report to the Commissioner on the proposed appointment, which must include a recommendation as to whether the individual should be appointed and may include exercising the power of veto
 - c) Publish the report to the Commissioner made under (b).

5. Where a candidate does not demonstrate the minimum standards required to competently undertake the role, this would suggest a significant failure in the appointments process undertaken by the Commissioner. If the Panel believes that there has been a significant failure in the appointments process it may consider exercising its power of veto. A decision to veto the proposed appointment requires agreement by a minimum of two-thirds of the Panel's Membership.
6. Where a candidate meets the requirements of the role, but there is still cause for concern about their suitability, the Panel should outline those concerns in the Panel's response to the Commissioner and the Panel may choose to not recommend the candidate to the role of Chief Constable of Hampshire and Isle of Wight Constabulary.

Confirmation Hearing for the role of Chief Constable of Hampshire and Isle of Wight Constabulary

7. Those members of the Panel present for the Confirmation Hearing were:
 - Councillor Simon Bound (Chairman) – Basingstoke and Deane Borough Council, Conservative
 - Dave Stewart (Vice-Chairman) – Independent Co-opted Member
 - Councillor Stuart Bailey – Hart District Council, Liberal Democrat
 - Councillor Narinder Bains – Havant Borough Council, Conservative
 - Councillor Joanne Burton – Fareham Borough Council, Conservative
 - Councillor Geoffrey Blunden – New Forest District Council, Conservative
 - Councillor John Gledhill, Additional Local Authority Co-opted Member, Conservative
 - Councillor Tony Jones, Additional Local Authority Co-opted Member, Labour
 - Councillor Philip Lashbrook – Test Valley Borough Council, Conservative
 - Councillor David McKinney – East Hampshire District Council, Conservative
 - Councillor Matthew Renyard – Southampton City Council, Labour
 - Councillor Maurice Sheehan – Rushmoor Borough Council, Conservative

8. The Panel received notification from the Commissioner of the proposed appointment to the role of Chief Constable on 7 November 2022. It was agreed that the Confirmation Hearing would be convened to take place on 21 November 2022.
9. The Confirmation Hearing was held at 14:00pm on 21 November 2022, in the Council Chamber, Hampshire County Council, Winchester and was held in public.
10. The Panel explored the candidate's ability to undertake the role of Chief Constable through appraisal of the supporting documents provided by the Commissioner, and robust questioning. The Panel asked the following questions of the candidate which related to his professional competence and personal independence:

Professional Competence

- What makes you the best candidate to lead Hampshire and Isle of Wight Constabulary.
- The Panel have noted that you have only been Chief Constable at Dorset for a little over a year, could you explain why you chose to apply for this role?
- How would you seek to understand and meet the needs of the diverse local communities across Hampshire and the Isle of Wight, in particular those who are harder to reach?
 - What experience do you have of increasing public confidence in local policing, and how would you look to do so in this role?
 - As a champion for equality, diversity, and inclusion, how would you promote, communicate, and ensure diversity in Hampshire and Isle of Wight Constabulary's workforce, in context of the public sector equality duty?
- The Panel will shortly consider the policing budget and precept for 2023-24. What would be your spending priorities and how will you be involved in planning the budget for the coming year?
 - How will you demonstrate value for money to our residents?
- What experience would you bring to the role to demonstrate your ability to work collaboratively and innovatively with partners to deliver efficiencies?
 - Can you provide an example which demonstrates your ability to strategically plan and collaborate with other forces?

- What input have you had previously within the wider criminal justice system, and how would you seek to influence improvements in criminal justice across Hampshire and Isle of Wight?
- What do you see as the key priorities and issues for policing in Hampshire and the Isle of Wight and how would you propose to address these?
 - How can your experience of driving down anti-social behaviour and disrupting county lines in Dorset be applied across Hampshire and the Isle of Wight?
- What is your experience of effectively handling major critical incidents?
 - How would you support officers to deal with the aftermath of such events?
 - How would you approach planning a response to a new or emerging threat to public safety?
- As the national lead for investigations portfolio do you support the pledge for the Constabulary to attend all dwelling burglaries? What benefits will this bring?
- As Chief Constable you are constantly exposed to scrutiny by both the media and the public. What is the most challenging situation you have encountered in your career to date and how would you describe your personal resilience strategy?
 - How do you approach both making and delivering difficult decisions?
- How do you actively demonstrate the competencies and values of the College of Policing's values framework and inspire others within the force to do the same?
 - What would you suggest is an appropriate ratio of staff to officer within the Constabulary, and how would you seek to demonstrate the value of support and back-office staff in the force?
 - How would you effectively communicate and engage with staff and officers at all levels and involve them in the future direction of the Constabulary?
- How would you support the PCC in her ambition to build longer term resilience in the workforce, and what do you see as key challenges in meeting this within Hampshire and Isle of Wight Constabulary?
 - What would you identify as your areas for professional development, and how would you seek to address these for the benefit of this role?

Personal Independence

- Can you explain your understanding of the term 'operational independence' and how this applies to the role of the Chief Constable?
 - How would you achieve a balance between operational independence, and supporting delivery of the Commissioner's Police and Crime Plan objectives?
- How do you feel the Commissioner's focus on 'common sense policing' meets with the force's operational priorities, and how would you approach any conflict in direction?
- How do you demonstrate the principles of the Policing Protocol whilst undertaking your present role?
 - What is your understanding of the relationship of accountability between the PCC, the Chief Constable, and the PCP?
 - Based on your previous experience, what sort of involvement would you expect to have with the Police and Crime Panel?

11. The Panel retired to a closed session after questions, to agree their recommendations. The Panel agreed that if members of the press or public were present during this session, there could be disclosure to them of exempt information within Paragraph 3 of Part I Schedule 12A to the Local Government Act 1972, being information relating to the financial or business affairs of any particular person.

Conclusions and Recommendation

12. The Panel, through discussion and examination of the evidence in the meeting and the closed session, agreed that:
- The Panel were assured, through statements from the Commissioner, supported by the report of the independent person, that the recruitment process was properly conducted in adherence with College of Policing guidance and had followed the principles of merit, fairness, and openness.
 - The candidate held significant experience in policing, with over 30 years' service, including 28 years spent at Hampshire Constabulary, many years of which were at chief officer level. It was felt that by gaining experience of operational policing in another area, as Chief Constable of Dorset Police, as well as lived experience of leading commands at both local and national level, the candidate would be a more effective leader and was able to demonstrate a wide knowledge base.

- The candidate was able to fully articulate his reasons for applying for the role, despite holding his current position as Chief Constable of Dorset Police for a little more than 12 months. Clearly demonstrated was his passion for policing within Hampshire and the Isle of Wight and creating a safe, cohesive communities for our residents.
- Faced with robust questioning from the Panel the candidate provided in-depth, well informed, and honest answers throughout. It was felt that he would make a strong leader for the force and would be able to inspire and engage its workforce, setting the tone from the top regarding ethical behaviours and moral standards.
- The candidate demonstrated a high level, strategic understanding of the challenges the Constabulary would face in the coming years, with reflection upon how these could present opportunities to enhance the effectiveness of the force.
- The candidate was highly driven, and his answers demonstrated his ambition to further enhance the effectiveness of operational policing, not only at a local level but to contribute to policing improvements at a regional and national level.
- The candidate had a very open and likeable nature and would be able to effectively engage with the public and would inspire trust and confidence in policing.
- In making financial decisions, the candidate was clear that he would focus on delivering value for money for residents and was able to provide several examples highlighting previous experience in strategic level financial management, most recently in his role as Chief Constable.
- The candidate was familiar with operating in a political environment, whilst maintaining operational independence and had worked alongside five previous PCC's, drawing from this experience when responding to the Panel's questions.
- The confirmation hearing process demonstrated that the PCC and candidate were committed to developing a strong, effective, and mutually respectful working relationship through a shared ambition and vision for the future.
- The candidate's vision for working in partnership, both regionally and nationally was commended. The Panel would encourage the candidate's commitment to developing effective channels for engaging with partners and to working with Community Safety Partners to enhance cohesion in priorities across the policing area. The Panel would further recommend that the candidate, if appointed, considers how the police might better engage with district and borough councils, alongside the unitary and upper-tier authorities.

- Members were confident of the candidate's ability to provide robust challenge, to the PCC and other strategic partners, to maintain the integrity and enhance the delivery of operational policing.
- The candidate had a perceptive understanding of how the police were seen by the wider public and his commitment to strengthening neighbourhood policing, a robust approach to dealing with the criminality of anti-social behaviour and enhancing the 101 service was noted by the Panel.
- The candidate held in high regard the input and impact staff and officers had on delivering an effective police force. It was clear that the candidate would encourage input from others, when appropriate, to inform and enhance operational policing decisions.
- Alongside his own personal resilience approach, the candidate demonstrated a strong desire to support the wellbeing and resilience of the wider workforce.
- The candidate demonstrated well his passion for equality, diversity and inclusion within policing, and the Panel would encourage his commitment to enhance diversity within the force to enhance to enable it to be more representative of the communities it serves.
- The Panel recognises that the force will need to undergo a period of transition to adapt and respond to the new Chief Constable's leadership approach and vision. Should the candidate be successful, the Panel would welcome feedback from the Commissioner on progress in this regard once he is in post.
- The confirmation hearing process had clearly highlighted how the candidate's professional competence and values would meet the requirements of the role, and that the candidate had the drive, passion, and ambition to make Hampshire and Isle of Wight safer through the delivery of an effective and efficient operational police force.

13. Based on the information provided by the Commissioner, and the discussions held during the Confirmation Hearing, the Panel unanimously agreed the following recommendation, in relation to the appointment of the preferred candidate to the role of Chief Constable of Hampshire and Isle of Wight Constabulary:

That the Police and Crime Panel confirm the appointment of Mr Scott Chilton as Chief Constable of Hampshire and Isle of Wight Constabulary.

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HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME COMMISSIONER

Report

Date Considered:	27 January 2023
Title:	Council Tax Precept 2023/24, Budget 2023/24 and Medium-Term Financial Strategy 2024/25 to 2026/27
Contact name:	Andy Lowe, PCC Chief Finance Officer Richard Croucher, Force Chief Finance Officer
Email:	andrew.lowe@hants.gov.uk richard.croucher@hampshire.pnn.police.uk

1. Recommendations

The Police and Crime Panel (P&CP):

- 1.1. Support the Police and Crime Commissioner's (PCC) proposed precept increase of £15 per annum for Band D properties, which is the equivalent of £1.25 per month, or 29p per week.
- 1.2. Note that the precept referendum limit has been amended for 2023/24 only from £10 to £15; the additional £5 flexibility will be used to deliver an increase of 50 new police officers, and to support inflation pressures.
- 1.3. Note the recommendations from the Chief Constable to the PCC on her operational requirements for 2023/24 onwards, and her support for a precept increase of £15 to enable a further increase in police officer numbers and the delivery of her operational requirements, as set out in Appendix A.
- 1.4. Note that 61% of households across Hampshire and the Isle of Wight are in properties in Council Tax bands A-C (see paragraph 4.19), and would therefore see a precept increase of less than £15 per annum if the above recommendation is supported.
- 1.5. Note that the precept increase will support the delivery of the PCC's Police and Crime Plan 'More Police, Safer Streets'.
- 1.6. Note the proposals in this report which will ensure that for 2023/24 there will be significant investment to enable 'More Police, Safer Streets', which includes delivering a further increase in police officer numbers by 50 above the existing budgeted establishment (which are in addition to the existing over achievement of officer numbers against the national uplift programme).
- 1.7. Note that the total uplift in police officer numbers in Hampshire Constabulary over the three-year period 2020/21 – 2022/23 delivered through the Government's Uplift programme is 498, but that with support from the PCC, Hampshire and Isle of Wight Constabulary (HIWC) is on track to actually deliver 600 new officers in total by April 2023; the 50 new officers funded through the 2023/24 precept increase will be in

addition to the 600, taking the total uplift in officer numbers to 650 by March 2024.

2. EXECUTIVE SUMMARY

2.1. The proposed budget has been developed to support the priorities of the PCC's Police and Crime Plan– 'More Police, Safer Streets' - which was published in 2021, and to meet the PCC's vision which is:

'for Hampshire and the Isle of Wight to be two of the safest places to live, work and visit in the country'

2.2. The PCC's Police and Crime Plan (Plan) can be accessed using the link below:

www.morepolicesaferstreets.com

2.3. The Plan set out nine key priorities:

- i) 600 more police officers by 2023
- ii) improve police visibility
- iii) tackle anti-social behaviour
- iv) making it easier to report crime through 101
- v) prevent young people from committing crime
- vi) zero tolerance approach to knife crime
- vii) crack down on unauthorised encampments
- viii) improved outcome for victims
- ix) targeting rural crime

2.4. The budget and precept proposals set out in this report will enable the PCC to deliver on her priorities, support the demanding operational requirements of the Chief Constable, and to invest in 50 additional police officers, exceeding the target of 600 additional officers.

2.5. The additional 50 officers directly support the PCCs priority for more police officers and improved police visibility.

Economic Context

2.6. In his Autumn Statement, the Chancellor set out that the 'UK's economic and fiscal outlook has deteriorated materially since March 2022. Higher inflation and interest rates, coupled with slower economic growth, have hit the public finances. Difficult decisions are necessary to put the public finances back on to a sustainable footing in the medium term.'

2.7. It was set out in the statement that the OBR expects inflation (CPI) to peak at 11.1% in Q4 2022, and forecasts an average rate of inflation for 2023 of 7.4%.

2.8. The HM Treasury calculation of the underlying CPI basket, based on Consumer price inflation, UK: October 2022, is that nearly a third of categories in the CPI inflation basket experienced inflation above 10% in October 2022, and that Energy prices remain the largest single driver,

with energy inflation of 59.0% in the UK; these inflationary pressures have already had and will continue to have a significant impact on both the PCC and Constabulary budget.

- 2.9. Reflecting the tight public finances, the Police Finance Settlement provided for a significantly below inflation increase, with government grant funding for Hampshire and the Isle of Wight (HIOW) only increasing by 1.8% (a cash increase of £4.35m), which is significantly below the current and forecast headline rate of inflation.

The Revenue Budget & Precept Proposal - Summary

- 2.10. It is against this difficult economic backdrop that the 2023/24 budget is being set, with inflation a significant pressure, impacting both pay and non-pay (for example fuel and utilities).
- 2.11. The significantly below inflation increase of £4.35m (1.8% increase) in the HIOW Police Grant is challenging; the inflation pressure included in the budget is £12.49m, compared with the total grant increase of £4.35m. The grant increase in isolation is somewhat short of matching the inflation pressure.
- 2.12. Further detail on HIOW's grant settlement is set out in section 3.
- 2.13. To partly offset the below inflation settlement the government has proposed allowing PCCs to raise additional funding through the council tax precept, by increasing the referendum threshold from £10 to £15. Whilst potentially a welcome flexibility, increasing the amount raised through precept does further shift the balance of funding, with an increased reliance on the local tax payer to fund Policing and the statutory functions of the PCC.
- 2.14. Taking account of the police grant and the available precept flexibility , the PCC is **proposing a budget in the net sum of £426.52m**, which is set out in more detail in section 5 and 6.
- 2.15. To deliver a balanced budget in the sum of £426.52m, the PCC is:
- i) proposing a **below inflation precept increase of £15 (6.34%)**; in announcing the police finance settlement, the headline figures for HIOW set out by the Minister of State for Crime, Policing and Fire (the Minister) presume that the precept income is based on a £15 increase (further detail in section 4)
 - ii) delivering **new investment** in the sum of **£9.057m**, which includes **£3.1m to fund an additional 50 police officers** from 2023/24 (further detail in section 6)
 - iii) delivering **efficiencies and savings** of **£6.42m** (further detail in section 7)
 - iv) funding **inflationary pressures** of **£12.49m** (further detail in section 3)
- 2.16. The budget and precept increase proposed will ensure that inflation pressures are covered, there is continued and necessary investment in

support of frontline policing (see section 6), and that the PCC delivers on her key priorities of increasing police officer numbers and increasing police visibility.

Capital Programme

- 2.17. This report includes an update to the Capital Programme, which will see **proposed investment across the estate of £72.86m** over the next 3 years
- 2.18. The capital programme is fully funded, with no requirement to borrow. Further detail is set out in section 9.

Chief Constable's Operational Recommendation

- 2.19. The Chief Constable has outlined in Appendix A her clear support for a £15 precept increase, together with her assessment of the operational case for a £15 increase to support the PCC to deliver 'More Police, Safer Streets', and has set out that:

'In terms of priorities, officer numbers and visibility are two categories that the public say are most important to them. This chimes with the mandate of More Officers and Safer Streets upon which Commissioner Donna Jones was elected. Against this context, and given the challenges faced by policing, I have no hesitation in making the operational case for a maximum £15 increase in precept for Band D. This is the only credible way to deliver more police officers than those already committed.....'

Despite national government efforts, police funding is not keeping up. Factoring in the national funding provision, and even with a £15 increase of council tax as per this recommendation, inflationary pressures will account for nearly all of the total increase in police funding for Hampshire & Isle of Wight Constabulary. That this budget still enables 50 extra officers against that context is because of prudent financial planning, significant efficiencies of £6.4m that have been identified for 2023-24, and a steely desire to ensure every pound possible goes into operational policing.

These inflationary pressures mean that £10 extra council tax at Band D would not unlock more police officers. It would simply maintain the 600 extra officers that we will have by the end of March 2023, keep our fleet on the road and keep our buildings heated and operational, but not more boots on the ground. Any less than £10 would mean less officers or vital staff. I share the Commissioner's desire, and the intent of the new Chief Constable, to be more ambitious for the people we serve. The commitment to more visible policing requires as many extra officers as possible, and this can only be delivered with a £15 increase in council tax.'

- 2.20. The operational case sets out clearly why additional investment is required for policing in HIOW, and the benefits that will be delivered.

3. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS)

Police Grant Settlement

3.1. The Police Grant Settlement announcement on the 14th December 2022 set out:

- the overall level of Police Grant for HIOW for 2023/24, the overall national increase in police grant for 2024/25 (it did not include allocations at an individual PCC level), but was silent on grant levels beyond 2024/25
- that PCC's would be permitted to increase the police precept by an additional £15 in 2023/24, with subsequent confirmation that this additional flexibility was for one year only, the assumption being that in line with SR21, the precept referendum limit would be £10 in 2024/25; there is no announcement on the precept referendum level for 2025/26 onwards.

3.2. In terms of our specific grant settlement, this is as set out below:

- i) There will be a below inflation increase in HIOW Police Core Grant of £0.8m (total core grant £223.8m) – an increase of only 0.35%
- ii) The Pension Grant remains at £2.99m
- iii) Hampshire has been allocated £7.1m (£3.5m in 2022/23) of specific ringfenced grant to ensure that the government funded Police Officer Uplift number of 498 for Hampshire is maintained; however, the PCC has made representation to the Minister of State for Crime, Policing and Fire as it appears that the uplift grant increase includes £1.8m in respect of the 2022/23 police officer pay award, which should more appropriately have been added to the core police grant for the reason set out below.

It is proposed that the Uplift Grant will be subject to clawback in those PCC areas where police officer uplift targets are not met, although the precise details on how clawback would work and on what basis has not been confirmed.

Whilst Hampshire does not expect to be subject to clawback, the PCC does not agree (a view shared by many across the sector) that the pay award funding should be at risk within any clawback mechanism, and hence it should not form part of the Uplift Grant but should be an addition to the core police grant.

3.3. In summary the announced grant settlement position is as set out below:

	2022/23 £m	2023/24 £m	Increase £m	Increase %
Core Police Grant	223	223.8	0.8	0.35
Police Uplift Grant	3.5	7.1	3.6	202.8
Pension Grant	3	3	0	
Legacy Council Tax Grant	12.9	12.9	0	
Total Government Grant	242.5	246.9	4.4	1.8%
Government assumed Precept Income based on £15 Band D Precept Increase	167.4*	179.9	12.5	7.47
Total Hampshire Assumed Funding as per the Police Grant Settlement Tables	409.9	426.8	16.9	4.1%

*£10 precept increase 2022/23

3.4. The PCC welcomes the increase in Police Grant for 2023/24 (core grant and uplift grant), although notes that the net increase (1.8%) is substantially below inflation.

3.5. The Police Grant Settlement report set out that HIOW received an overall increase in funding of 4.1%, but it is noted that:

- i) this level of funding increase assumes that the PCC increases the Band D Precept by £15 and that there is a tax base increase of 1.106% (the actual forecast tax base increase is 0.94%, so will mean less precept increase than the government forecast)
- ii) even with the assumed £15 Precept increase and 1.106% increase in tax base, a 4.1% funding increase is significantly below inflation
- iii) taking account of the actual forecast tax base increase of 0.94%, the forecast total funding for HIOW is **£426.52m**, which equates to a total percentage increase in funding including precept of 4%, as set out in the table below:

Actual Total Police Grant and Precept Income 2023/24 included in Budget

	2022/23	2023/24	Increase	Increase
	£m	£m	£m	%
Total Government Grant	242.5	246.9	4.35	1.8%
Estimated Precept Income based on £15 Band D Precept Increase and Tax Base increase of 0.94%	167.4*	179.7	12.3	7.35
Total Hampshire Assumed Funding	409.9	426.6	16.7	4%

*£10 precept increase 2022/23

Other MTFS Considerations

Council Tax Base

- 3.6. The total estimated precept income for 2023/24 of £179.7m is based on an estimated council tax base of 714,559 Band D equivalents (see Appendix C). This figure will be updated once the Billing Authorities have confirmed their final tax bases which they must do by the 31st January 2023.

Police Officer Pension Valuation

- 3.7. The next revaluation of the Police Officer Pension Scheme will impact from the 2024/25 financial year. There is a significant risk that there could be an increase in the cost of the scheme, which will impact the employer rate of contribution.
- 3.8. At the last revaluation, the Government provided funding for the increase in the employer pension rate through a combination of an increase in the police grant plus a specific grant; this funding increase was only secured following extensive lobbying from the sector. A key assumption within the MTFS is that any increase in cost will be offset by additional grant (over and above the current settlement announcement) but that remains a risk.

Use of Historic LGPS Pension Deficit Contribution

- 3.9. An outcome from the 2019 valuation was that the Fund was deemed to be 100% funded, compared to an 82% funding level at the 2016 valuation date; at the 2016 valuation the Fund was therefore in deficit.
- 3.10. From 2017/18 – 2019/20, the Constabulary and OPCC had been required to pay a fixed cash sum per annum of £5.5m as a contribution to fund the 2016 valuation deficit over a 16-year recovery period.

- 3.11. As the 2019 valuation determined that the Hampshire LGPS was fully funded, the requirement to pay deficit contributions fell away for the period 2020/21 – 2022/23.
- 3.12. The advice from the CFO to the Hampshire Pension Fund in advance of the 2020/21 budget was that as the valuation is on a 3 year cycle, and includes a whole range of assumptions which would be re-visited at the next valuation in 2022 (for example the return on investments), the most prudent treatment of this saving was as a one off saving over the period of this valuation cycle, on the basis that at the next valuation in 2022 the Fund could be in deficit and the requirement for a deficit payment re-emerge.
- 3.13. On that basis, the deficit saving of £5.5m has been utilised over the past three years to fund one-off growth/pressures.
- 3.14. Based on the actual performance of the Hampshire LGPS Fund over the last three years, it has now been confirmed that for the 2022 valuation the fund has remained in surplus (the surplus has increased).
- 3.15. On that basis it is now felt prudent to assume that the £5.5m funding made available on the cessation of deficit contribution can now be used on a recurrent basis to fund other areas within the budget, and this sum is therefore being utilised to fund ongoing expenditure within the budget for 2023/24 onwards, and has been used in balancing the overall budget.

Inflation and Pay

- 3.16. The budget includes provision for inflation of **£12.49m**.
- 3.17. The OBR expects inflation (CPI) to peak at 11.1% in Q4 2022, and forecasts a rate of inflation for 2023 of 7.4%.
- 3.18. The inflation assumptions applied are shown in Appendix B. In some areas, such as cleaning, inflation factors will be known as they are included within multi-year contracts.
- 3.19. Key inflation assumptions are:
- a pay award of 2% for both police officers and police staff
 - provision for contractual inflation
 - provision for specific non pay inflation where prevailing rate is known
 - utilities inflation, whilst significant, is hopefully a transitory pressure which will reduce in later years (energy prices remain the largest single driver of inflation, with energy inflation of 59.0% in the UK). For this reason the full impact of utilities inflation has not been included in the revenue budget, with the risk to be managed via an inflation reserve
 - an 'inflation' risk reserve will be utilised to cover utilities and pay inflation

- 3.20. The most significant inflation value is the pay award; a 2% pay award is assumed with effect from 1 September 2023. The Home Secretary decides on the actual pay award following consideration of the recommendations from the Police Pay Review Body with effect from September each year, so the actual pay award will not be known until nearer September 2023.
- 3.21. If there is any variation to the pay award assumption then, for example, an extra 0.5% would equate to an extra £0.85m of cost in 2023/24 as there is only a part-year effect given that the pay award takes effect from September each year.
- 3.22. As inflation and pay awards are included as best estimates, they are of course a risk within the MTFS as the actual position could differ from the assumptions made.
- 3.23. An inflation reserve of £4.7m will be available as at 1st April 2023 to manage the inflation risks particularly in relation to Utilities inflation and pay inflation, and this includes a contribution of £1.7m to this reserve from the 2023/24 budget.

2023/24 Budget and Forecast MTFS Assumptions

- 3.24. In view of the above, the key funding assumptions which have been used to underpin the MTFS are as follows:
- a precept increase of £15 in 2023/24 (see section 4)
 - precept increases of 1.99% in the following years 2024/25 – 2026/27; clearly this leaves flexibility for the PCC to consider the level of precept rise in 2024/25, and potentially in later years depending on the referendum limits announced (a £10 increase in 2024/25 for example would be an increase of 3.98%). Further detail in support of the precept proposal at £15 is set out in section 4 below.
 - an increase in police grant in 2024/25 in line with Hampshire’s usual share of the overall total police grant allocation (which is expected to increase nationally by £150m), and ‘flat cash’ grant (no increase) for 2025/26 and 2026/27 (in comparison to 2024/25).
- 3.25. The total Police grant (core grant plus uplift grant) included within the MTFS is therefore as set out below:

	£m	Increase £m	Basis
2023/24	246.832		Agreed
2024/25	250.723	3.891	Estimate
2025/26	250.723	Nil	Estimate

2026/27	250.723	Nil	Estimate
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2023/24 Budget

3.26. Based on these assumptions the MTFS currently shows that for 2023/24 the PCC is able to set a balanced budget (see section 5 and section 6) in the net sum of £426.52m.

Forecast MTFS Position

3.27. For later years 2024/25, 2025/26 and 2026/27 the MTFS currently shows a shortfall/budget in excess of forecast income of:

	Forecast Budget Deficit
	£m
2024/25	6.52
2025/26	16.50
2026/27	27.31

3.28. The budget and medium-term financial position is set out in appendix D, and takes account of the precept proposal set in section 4 below.

Future Savings

3.29. As currently presented, it is likely that further savings will be necessary in future years to balance the budget in 2024/25 and beyond, but this will be firmed up in later iterations of the MTFS as the assumptions which underpin the MTFS e.g. grant funding, pay award, inflation (particularly utilities), future year precept increase, budget pressures, become clearer.

3.30. In the event that the MTFS were to remain unbalanced in future years post confirmation of funding for the years 2024/25 onwards, the PCC and Chief Constable would need to review planned expenditure and propose mitigating reductions to balance the budget position.

3.31. Work is already in train to review potential areas where savings could be made on the assumption that savings are likely to be required, and a number of potential work streams have been identified; whilst this work has commenced under the tenure of the current Chief Constable, it will be an area for focus for the PCC for discussion with the incoming Chief Constable.

3.32. There are other options which could also negate or reduce the need for savings, and these include:

- not requiring the full £5m per annum set aside for investment in each year across the MTFS; in the current year new investment was £5.96m (excluding the specific new investment in 50 police officers)

funded from the additional £5 precept flexibility in the change in the referendum limit from £10 to £15)

- the option for the PCC to increase the precept above the 1.99% assumption currently included within the MTFs

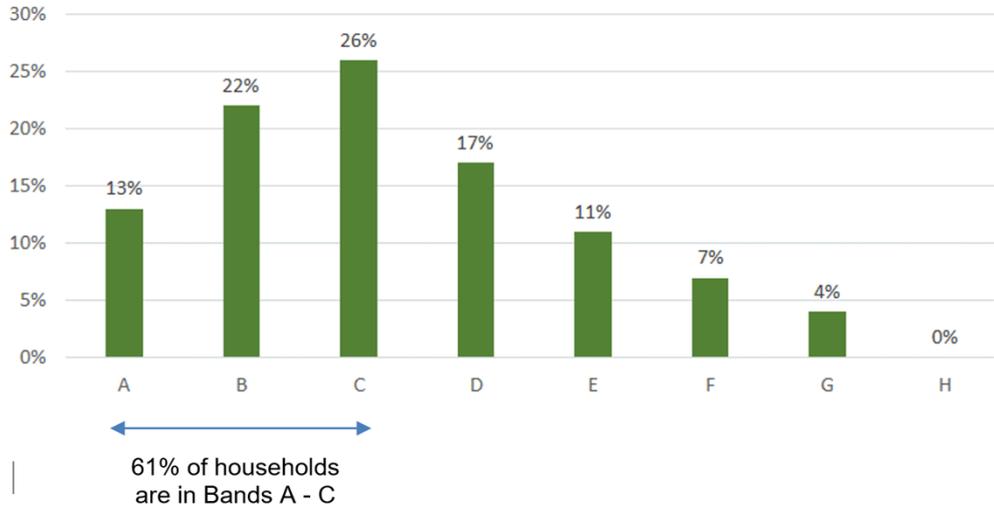
4. PRECEPT PROPOSAL

- 4.1. Local funding through Council Tax remains an important source of funding, particularly given the below inflation increase to HIOW's police grant, and the presumption that PCCs can balance their budgets through the utilisation of their maximum precept flexibility.
- 4.2. The PCC must ensure sufficient resources are available to deliver her Plan and her statutory responsibilities.
- 4.3. As part of the police settlement announcement in December 2021, the referendum limit was announced as £10 at Band D per year for the 3 year period 2021/22 – 2023/24, and this had been used as the planning assumption.
- 4.4. However, as set out above, in the police settlement announced on the 14th December, it was confirmed that for 2023/24, PCC's can increase their precept on a one off basis by £15 (which for HIOW represents a 6.34% increase to the Band D precept) without the need to hold a referendum; this has provided flexibility for PCCs to raise the precept by an additional £5 for a Band D property for the 2023/24 budget.
- 4.5. In announcing the settlement, the headline figures for HIOW as set out by the Minister presumes that the precept income is based on a £15 increase (see paragraph 3.3 -3.5).
- 4.6. Any precept increase above the referendum limit of £15 will be deemed by the Government to be excessive and therefore a public referendum vote, within the area covered by the proposed increase, would be required to take place to gain approval for an increase in excess of this amount.
- 4.7. The precept decision for 2023/24 needs to take into account both the immediate and medium term resourcing requirements that enable the PCC to deliver her Plan both now and over the course of the MTFs.
- 4.8. Having already consulted on a proposal to increase the precept by up to £10, the timing of the announcement by the Minister to increase the referendum limit to £15 was not helpful; however, as part of the precept consultation which was undertaken, the PCC did receive support for a Band D increase of £10 (54.83% of respondents), and also received feedback that the key priority for investment was 'Improved Police Visibility' (65% of respondents).
- 4.9. Within her Police and Crime Plan, the PCC's key priorities include:
 - i) 'Increasing the number of police officers on our streets is my top priority'

- ii) 'I commit to increase police visibility to make residents and local communities feel safer'
- 4.10. Reflecting on the feedback from residents, her manifesto commitments and her key priorities above as set out in her Plan, and the Chief Constables operational requirements, **the PCC is proposing a precept increase of £15 for a Band D property, but on the basis that the additional £5 flexibility she has been given is utilised primarily to support a further increase in 50 new and additional police officers in 2023/24 onwards.**
- 4.11. A precept increase of £15 will represent a below inflation increase of 6.34%.
- 4.12. Increasing the Precept by £15 will raise an additional circa £10.62m per annum from 2023/24 (on a like for like basis to 2022/23 without taking account of any increase in the Council Tax Base from 2022/23).
- 4.13. The total Precept raised for 2023/24 is estimated to be £179.68m, a total increase of £12.29m compared to 2022/23 (allowing for an estimated increase in the Council Tax base of 0.94%).
- 4.14. The PCC's view is that increasing the council tax precept by the maximum permitted amount (which is a below inflation increase of 6.34%) is the responsible thing to do to because it will enable and support her vision ***'for Hampshire and the Isle of Wight to be two of the safest places to live, work and visit in the country'***, provide increased investment in support of her Plan, make provision to manage the inflationary pressures, provide 50 additional police officers and enable the Chief Constable to have the necessary resources to deliver her operational requirements.
- 4.15. As set out in Appendix A, the Chief Constable has set out her operational requirements, and made a clear recommendation to the PCC that she increases the precept by £15.
- 4.16. The Chief Constable is therefore fully supportive of the PCC's proposal to increase the precept by the full amount permissible (£15) and welcomes the PCC's commitment that additional funding raised through the precept will support local policing, including the recruitment of an additional 50 police officers.
- 4.17. The current Band D Council Tax Precept for Hampshire Constabulary is £236.46, which is the 12th lowest of the 37 English forces (see Appendix C).
- 4.18. The proposed precept increase would make the Band D Council Tax Precept £251.46 in 2023/24. The current intelligence is that the majority of PCCs across England will increase their Band D precept by £15, so it is unlikely that Hampshire's position of 12th lowest precept will alter much if at all, and it is very likely that the HIOW precept will remain below the national average.
- 4.19. It is also important to note that a significant number (61%) of households across Hampshire and the IOW are in properties in Bands A – C, and so

the increase for those households will be less than £15 per annum, as shown below:

Percentage of Households by Council Tax Band



Impact of a £15 Council Tax Increase By Council Tax Band 2023/24

Band	Monthly Increase £	Annual increase £
A	0.83	10.00
B	0.97	11.67
C	1.11	13.33
D	1.25	15.00
E	1.53	18.33
F	1.81	21.67
G	2.08	25.00
H	2.50	30.00

4.20. The breakdown of the Hampshire precept by council tax band is shown in Appendix C, including how the precept in the current year compares with those of other PCC areas.

4.21. Whilst the government expectation is that PCCs will take up the opportunity to raise the council tax precept by £15, the PCC still has the option to not raise the precept at all, or to raise the precept by any amount up to £15.

4.22. The table below shows for a range of precept increases (up to the maximum of £15) the level of precept income which can be raised:

Comparison of Band D precept increase options

Precept increase	22/23 Band D precept (£)	Total precept (£m)	Additional precept income (£m)
Band D zero%	236.46	167.39	0
Band D 1.99%	241.17	172.33	4.94
Band D £10 (4.23%)	246.46	176.11	8.72
Band D £15 (6.34%)	251.46	179.68	12.29

4.23. In considering the available precept options, the PCC has given consideration to the extent to which the final proposed precept increase enables the delivery of her stated vision and the priorities in her Plan, and has taken account of the precept consultation feedback.

4.24. The PCC has concluded, following consultation with the Chief Constable, and having due regard to her Plan, and the Chief Constable’s operational case for a £15 precept increase, that increasing the Band D precept by £15 per annum provides the best opportunity to ensure that her vision ‘for Hampshire and the Isle of Wight to be two of the safest places to live, work and visit’ is enabled.

Council Tax Precept increase beyond 2022/23

4.25. For 2024/25 – 2026/27, the MTFS assumes that the precept increase will be 1.99%; clearly this leaves flexibility for the PCC to consider the level of precept rises in these later years (a £10 increase in 2024/25 for example would be an increase of 3.98%).

Change in the Balance of Funding Between Grant and Council Tax

4.26. Implementing a £15 precept increase will continue the change in balance of funding which has occurred over the last decade. The Council Tax precept will now account for 42% of overall funding in 2023/24 compared to 33% in 2010/11, with government grant accounting for 58% of overall funding compared with 66% in 2010/11.

5. PROPOSED BUDGET 2023/24

5.1. The PCC is proposing to set a balanced budget of £426.52m, an increase in the roll forward budget from 2022/23 of £15.12m, as set out below:

	£m
Roll Forward Budget 2023/24	411.39
Add: Impact of Inflation	12.49
Add: Investment	9.05
Less: Savings and Efficiencies	(6.42)
Proposed 2023/24 Budget	426.52
Budget increase	15.12
Funded by:	
Police Grant increase	(4.35)
Increase in Precept income	(12.29)
Movement in Collection Fund Surplus	1.52
Movement in Funding Position	15.12

5.2. The budget and proposed precept increase set out in this report will help ensure that the PCC can deliver on her Plan priorities, and further detail on what the budget will deliver is set out in section 6 below.

6. WHAT THE BUDGET & PRECEPT INCREASE WILL DELIVER

6.1. On the assumption of a £15 precept increase (Band D), this report sets out that the PCC can:

- i) **Set a balanced budget** for 2023/24 in the sum of £426.52m, as set out below:

	£m	%
Hampshire Constabulary	377.7	88.56
Police Estate	23.6	5.53
Contribution to Reserves*	15.0	3.52
Total Budget Directly in Support of Policing	416.37	97.61
Office of the Police & Crime Commissioner	2.94	0.68
Commissioning, Criminal Justice and Partnerships	4.14	0.96
Capital Financing (net of Interest earned of £2m)	3.16	0.75
Total Proposed Budget	426.5	100

* The contribution to reserves in summary includes £6.7m for ICT investment, purchase of new vehicles £3m, estates £2.4m and contribution to Inflation Reserve £1.7m.

- ii) **Deliver the Key Priorities in the Police and Crime Plan** - support the delivery of her vision and enable delivery of the key priorities as set out in her Plan
- iii) **Deliver the Chief Constable Operational Requirements** - takes full account of the Chief Constable's operational requirements, and her recommendations for the necessary investment to ensure that the Constabulary remain in the strongest possible position to support the PCC in delivery of her Plan and her vision 'for Hampshire and the Isle of Wight to be two of the safest places to live, work and visit in the country'
- iv) **Delivers investment of £9.057m, which includes an investment of £3.1m to fund 50 additional police officers** (and enabling infrastructure) for HIOW Constabulary, which directly supports the PCC's number one priority which is to increase police officer numbers, and will also help meet the priority of 'improving police visibility'

Further details on the overall investment of £9.057m is set out in paragraph 6.3 below.
- v) **Provides for South East Area Allowance** - ensures that the increase to the South East Area Allowance for Police Officers from £1,200 to £1,800 put in place during

2022/23 is funded on an ongoing basis; this has a recurrent cost of £2.4m

- vi) **Cover the costs of Inflation** - provides for the significant inflationary pressures of **£12.49m** impacting both pay and non-pay; in addition specific funding has been set aside in an inflation reserve to cover the risk on pay inflation, and fuel and utilities inflation (which whilst significant is hopefully a transitory pressure which will reduce in later years. It is for this reason that the full impact of utilities inflation has not been included in the revenue budget).
- vii) **Maintain Adequate Reserves** - ensures that reserves remain adequate to meet the significant number of known cost pressures and risks which arise over the timeline of the medium-term financial strategy

6.2. The proposed budget and medium term financial position is set out in more detail in Appendix D.

Investment

6.3. The budget will deliver investment of **£9.057m** in 2023/24 as set out below, and with further detail provided in Appendix E:

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
More Frontline	6.387	4.693	4.259	4.249
Right Place, Right Time	1.351	0.624	0.255	0.255
Better Equipped	1.163	1.108	1.035	1.035
Governance Costs	0.266	0.266	0.266	0.266
Allowance for future budget investment/pressures		5.000	10.000	15.000
Gross Investment	9.168	11.691	15.816	20.806
Less Contributions from reserves	(0.109)	(1.035)	(0.160)	-
Net Investment	9.057	10.656	15.656	20.805

i) **More Frontline**

More frontline police officers and staff to provide a visible presence, respond to the public, prevent crime and investigate incidents when they occur, and sustain PCSO numbers. The amounts shown are the cost in 2023/24

ii) **Right Place, Right Time**

Investment in new technology to:

- allow personnel to spend more time in the communities they serve
- provide personnel with the information they need to deal with incidents well

- ensure that the police can fight the continued challenge and increased emergence of cyber crime
- improve security to reduce the risk of cyber attack or failures of police IT

iii) **Better Equipped**

Investment in police personnel to give them the equipment, skills and support to ensure that they are ready and able to perform.

iv) **Cost Pressures**

There are two specific cost pressures which need to be funded, these are:

- Legally Qualified Chairs (LCQ)** £100k – the demand for LQC usage and time has increased and forecast to increase further, this sum is to fund this demand
- External Audit new contract price** increase £166k – the Public Sector Audit Appointments (PSAA) have completed the national tender exercise for the appointment of external auditors across the public sector for the next 5 year period commencing April 2023. Due to legislative changes, audit oversight and demand pressures, public bodies have been told that the new contracts are anticipated to be 150% more than existing contracts

v) **Allowance for Future Budget Investment/ Pressures**

The medium-term financial plan includes an incremental allowance of £5m for new growth/investment in each year of the MTFS 2024/25 – 2026/27 (so a further £5m in each year, so total new recurrent investment of £15m by year 3). This is to recognise that every year there will be a need for new investment or new funding required to fund unavoidable pressures. For each new budget year, the actual level of funded investment required will be reviewed and updated to take account of overall affordability within the budget

vi) **Contribution from Reserves**

There is a contribution from reserves of £0.109m in 23/24 for the wifi phase 2 rollout costs as these have already been provided for in a previous budget, reducing the net amount funded from the in-year budget to £9.057m

7. SAVINGS AND EFFICIENCIES

- 7.1. Included within the budget are savings/efficiencies in the sum of £6.42m. The savings/efficiencies that will be delivered are split between the PCC and Constabulary as set out below:

	£m
PCC Office	0.6
PCC Treasury Management Investment Income	1.5
Constabulary	4.31
Total	6.42

PCC Office Saving

- 7.2. The PCC saving arises from the office restructure which the Chief Executive implemented, which reduced staff costs by £614k. The restructure reduced overall headcount, but as important realigned the structure and the professionalism of the team to ensure alignment in support of the PCC and the delivery of the priorities set out in her Plan.
- 7.3. The saving of £614k is now repurposed and in future will be utilised in support of front line policing, and this will be an area of discussion for the PCC with the new Chief Constable to determine the best use of this funding going forward.

PCC Treasury Management Investment Income

- 7.4. The PCC's strong reserves position means that our cash balances will deliver an efficiency in 2023/24, as the recent rise in interest rates will mean that significant additional investment income on our invested balances will be earned whilst rates remain high compared to the most recent years interest rate environment.

Constabulary Savings

- 7.5. The Constabulary undertakes an annual Zero Based Budgeting (ZBB) process whereby the Finance staff review each budget line to assess where efficiencies can be found. A savings programme has also been introduced with a focus of identifying potential savings for future years. The savings programme will focus on potential savings that could be delivered through more significant reviews and may require changes in practices to deliver.

8. POLICE OFFICER UPLIFT PROGRAMME

- 8.1. The Government announced in July 2019 their intention to invest in policing to provide funding to support the appointment of an additional 20,000 police officers over the three years period ending 2022/23.
- 8.2. The initial uplift in police officer numbers for 2020/21 was 6,000, of which HIOWC's share was an additional 156 officers.

- 8.3. HIOWC's additional allocation for 2021/22 was an additional 153 officers (which includes 146 new officers in HIOW, plus 7 new officers in the South East Regional Organised Crime Unit (SEROCU)).
- 8.4. The final year of allocation in 2022/23 funded 207 new officers for HIOWC, of which 11 officers were for SEROCU, leaving 196 officers for HIOWC. Over the three years that provided a total of an extra 498 officers for HIOWC through the Police Uplift Programme; however as set out in the 2022/23 Budget and Precept report, with support from the PCC, HIOWC were aiming to deliver, and will have delivered an increase of 600 officers by April 2023.
- 8.5. As set in paragraphs 4.10, the PCC has proposed utilising the additional £5 precept flexibility afforded by the change in the referendum limit from £10 to £15, to recruit a further 50 additional officers in 2023/24, which will take the total number of new officers recruited since the start of the uplift programme to 650, significantly above the government funded uplift target of 498.

9. CAPITAL PROGRAMME

- 9.1. The capital programme has been updated, and from a financing perspective provision has been made to support capital expenditure and future borrowing (if required) to ensure continued investment across the Police estate, including the provision of the estate requirements in support of the Police Officer Uplift programme.
- 9.2. Over the next 3 year period, total investment of £72.864m is allowed for within the capital programme. The programme is fully funded, and does not require any borrowing to support the existing plans.
- 9.3. Funding provision of £2m MRP is included within the budget to support future borrowing if required, but in lieu of no current requirement to undertake new borrowing, this sum is being utilised as an annual revenue contribution towards funding the capital programme.
- 9.4. It is important to highlight that the PCC no longer receives any capital grant to support capital investment, as capital grant ceased from 2022/23; the PCC must therefore finance capital investment from revenue resources (police grant and precept), reserves and if necessary borrowing.
- 9.5. In summary, the Capital Programme is as set out below and in Appendix F:

Capital programme

		2022-23	2023-24	2024-25	2025-26
		£000	£000	£000	£000
Capital spend	Estates	1,520	17,464	19,500	26,900
	Vehicles	3,000	3,000	3,000	3,000
	TOTAL	4,520	20,464	22,500	29,900
Funding	Operational buildings receipts	-	(6,675)	-	-
	Residential buildings receipts	-	(1,100)	-	-
	Vehicles receipts	(150)	(150)	(150)	(150)
	Capital grant	-	-	-	-
	RCCO - Estates	(1,370)	(9,539)	(19,350)	(26,750)
	RCCO - Vehicles	(3,000)	(3,000)	(3,000)	(3,000)
	Borrowing	-	-	-	-
	TOTAL	(4,520)	(20,464)	(22,500)	(29,900)
In year (surplus) / shortfall		-	-	-	-
Cumulative (surplus) / shortfall		-	-	-	-

9.6. The Capital Programme includes proposed investment (indicative values shown) over the period to enable the delivery of a number of key schemes, including:

- i. **Bitterne Police Station: £8m** - re-build of Bitterne Police station
- ii. **Southampton PIC: £9m** - Upgrade and maintenance to the PIC
- iii. **Front Counters: £2m** - investment in new Front Counters to support improved visibility and accessibility of local policing
- iv. **Netley Site: £4m** - upgrade and improvements to the Netley Site
- v. **Southampton PIC: £5m** – new multi-story car park
- vi. **Estate Infrastructure Vehicle Electrification £3m** - estate wide upgrades to prepare for electrification of the vehicle fleet
- vii. **Vehicle Replacement: £9m** – annual vehicle replacement programme of £3m per annum
- viii. **Estate wide upgrade across HIOW: £30m** – upgrade to existing estate including new and re-aligned estate on the Isle of Wight

9.7. The Capital Strategy is set out in Appendix G, and provides a 'high-level' overview of how capital expenditure, capital financing and treasury

management activity contribute to the provision of the services within the PCC's remit including policing, and provides an overview of how associated risk is managed and the implications for future financial sustainability.

10. RESERVES AND FINANCIAL STABILITY

10.1. Reserves are necessarily and appropriately held as part of good strategic financial management and are a key element in supporting the PCC's medium-term planning and Medium-Term Financial Strategy.

10.2. The current forecast level of reserves is as set out below, and further detail is set out in the Reserves Strategy at Appendix H:

	Actual as at 31 March 2022	Forecast as at 31 March 2023	Forecast as at 31 March 2027
General Reserve	13.2	7.5	7.5
Earmarked Reserves	93.6	103.1	23.1
Total Reserves available for use by the PCC to support delivery of the Police & Crime Plan and to support the Constabulary	106.8	110.6	30.6

10.3. The level of reserves continues to be reviewed by the PCC and the Chief Finance Officers to ensure that suitable reserves are in place to mitigate and manage the risk of the financial challenges faced, and to ensure that reserves are not unnecessarily held to the extent that is detrimental to current service delivery. The level of reserves required and the intended use of those reserves is reviewed on a regular basis.

10.4. It is recognised by the Home Office that it is prudent to hold appropriate reserves to both manage risk and to avoid cliff edges caused by fluctuations and changes in funding and unexpected budget shocks, and to also enable the delivery of efficient and effective operational policing.

10.5. The PCC continues to use reserves to:

- support the overall budget and medium-term financial strategy
- deliver the Estates strategy and capital programme
- fund the necessary ongoing investment in essential equipment upgrades in support of front-line policing (e.g. Taser replacement, body armour replacement)
- invest in IT (including the national roll out of the Emergency Services Network (ESN))
- deliver her Plan and to ensure that the Constabulary remains a modern, operationally effective Police Service

- manage risk (for example Inflation reserve, Council Tax reserve, Insurance reserve)

10.6. Reserves are a one-off resource, which unless replenished, can rapidly diminish.

10.7. In the medium term there is likely to remain significant financial stress in the system to be managed, including:

- i) managing the overall financial position against a back drop of increasing demand
- ii) funding the necessary investment to deliver the PCC's ambition in relation to delivery of her Plan and commissioning of services
- iii) meeting the Chief Constables operational requirements, in support of 'More Police, Safer Streets'
- iv) the investment required to ensure that the Constabulary remains modern and fit for purpose
- v) ensuring that the police estate remains operationally effective, is continually improved, and is a modern and safe environment
- vi) the still to be determined consequences of national programmes (e.g. ESMCP) which require a local funding stream for delivery of its outcomes as well as being subject to growing needs for top sliced contributions to deliver the national infrastructure
- vii) the significant investment required to embrace an ever evolving technology and digital landscape
- viii) the requirement to continue to fund an increasing share of the annual ongoing costs of Operation Magenta, which is the investigation regarding the historical deaths at Gosport War Memorial Hospital
- ix) inflationary pressures, including the yet to be agreed pay awards, and the significant pressures on utility costs
- x) the level of risk over the medium term (see 'Risk' section 11)

10.8. In view of the risks and cost pressures faced by the PCC and the Constabulary, in the medium term there is likely to be a significant call on reserves to fund one off pressures, initiatives and investment.

10.9. The two main reserves available to the PCC to fund these cost pressures are the General Reserve and Earmarked Reserves.

10.10. **General Reserve** – this is the main reserve held to manage unidentified and unforeseen risk. The PCC CFO is required to set a minimum level for the General Reserve, and this is currently set on a risk basis at £5.5m. The forecast balance on the General Fund Reserve at the 31st March 2023 is £7.5m.

10.11. **Earmarked Reserves** – the PCC holds a number of specific reserves which can be utilised in support of the budget over the timeline of the MTFS.

10.12. **The PCC CFO's assessment is that:**

- i) the level of the General Fund reserve is reflective of the overall risk environment in which the PCC operates
- ii) the level of Earmarked reserves and their purpose are necessary and appropriate

10.13. Further detail on reserves is set out in the Reserves Strategy attached as Appendix H.

11. RISK

11.1. There are a number of risks that could impact upon the financial position in 2023/24 and beyond, for example key risks would be:

- a reduction in the government grant announced for 2024/25
- we have no HLOW specific grant funding information beyond 2023/24; our current assumption for future years grant could be too high compared to what we actually receive
- there is a risk of clawback against the £7.1m Police Officer Uplift Grant (the criteria yet to be published) should the Constabulary be unable to maintain their government funded uplift number of 498 officers (although current over recruitment against the government target reduces the risk)
- the Precept proposed by the PCC is less than the assumed 1.99% increase included in each year of the MTFS 2024/25 onwards
- the overall funding and economic position puts an increased expectation and reliance on the PCC to increase the precept by the maximum allowable
- inflation is greater than forecast which would create a cost pressure (as an example, each 0.5% increase in the pay award beyond the current assumption of a 2% pay award would lead to an in year cost pressure of £0.85m)
- utilities inflation is not transitory and translates to an ongoing cost increase and budget pressure
- the economic environment and the cost of living pressure on households impacts on the overall level of Council Tax collected such that it is lower than anticipated
- the £5m incremental recurrent revenue funding each year within the MTFS is insufficient to cover new recurrent revenue pressures
- costs for implementing pension remedy exceeds the available funding set aside

- any cost increase arising as a result of the Police Pension Scheme valuation is not funded in full by central government
- the cost of borrowing continues to increase reducing the potential level of borrowing which could be taken out to support any future capital programme requirements
- the costs of Operation Magenta increase, and the investigation continues beyond 2025/26
- Special Grant available to support Operation Magenta is no longer available or significantly reduces (which the Minister has indicated will be the case for future years)
- an increase in national top-slices
- a risk that partner agencies could reduce or withdraw their services which puts additional financial pressure on the police service
- some activities and funding could be moved to a regional or national basis that would remove funding from the HIOW policing area. There is a risk that the removal of funding causes a financial difficulty that needs to be managed locally
- insufficient savings are identified or delivered to meet the forecast medium term budget shortfall, necessitating a draw from reserves to balance the budget in any one year
- the earmarked reserves are insufficient to cover the pressures/risks to which they relate

11.2. The overall level of risk has been taken into account in assessing the minimum and overall level of reserves, and as set out in section 10 (paragraph 10.12) and in the Section 25 report in Appendix I, the PCC's CFO is content that the level of General Reserve (£7.5m) is reflective of the overall risk environment, and also that the level of Earmarked Reserves are appropriate, which includes a number of specific risk reserves (for example Inflation reserve, Council Tax reserve) .

11.3. As set out above the level of reserves held is appropriate and takes account of the identified risks.

CFO SECTION 25 REPORT

11.4. The PCC CFO is required under section 25 of the Local Government Act 2003 to report to the PCC when setting her precept on:

- the robustness of the estimates included in the budget, and
- the adequacy of the financial reserves in the budget.

11.5. The CFO's section 25 report, which provides a positive opinion on both of the above, is attached to this report as Appendix I.

12. PUBLIC ENGAGEMENT AND CONSULTATION

- 12.1. The PCC ran an online Precept consultation, which was open for 4 weeks, launching on October 31st 2022 and closing on December 4th 2022.
- 12.2. The consultation timing was to enable the PCC to consider the views of the public of HIOW on the level of precept increase as part of her budget and precept proposal, which was due for publication on the 18th January.
- 12.3. The completed consultation was of immense value, particularly due to the excellent response rate, and the feedback it provided.
- 12.4. In total, the PCC received just over 8,400 responses to the consultation, with an 82.5% (6,947) completion rate, and a strong representation across our 14 districts. This compares with a total of 3,814 responses to the previous years online consultation for the 2022/23 budget, a 220% increase in the number of responses.
- 12.5. A key outcome was that overall 72.95% of respondents who completed the consultation were supportive of a precept increase.
- 12.6. Respondents were asked to set out their priority areas for investment, which provided valuable insight for the PCC. The priority areas were:
- i) 65.4% wanted to see improved police visibility
 - ii) 56.5% saw tackling ASB as a priority and
 - iii) 43.5% wanted zero tolerance to knife crime.
- 12.7. Participants were also given the opportunity to share with the PCC *“what improvements would you like to see happen in your local community if policing was to receive continued investment?”* and the overwhelming feedback was:
- more visible policing
 - a focus on local policing
 - tackling the crimes that take place in local communities such as ASB and
 - investigation into crimes such as burglary, car crimes and tackling drugs in our local communities.
- 12.8. Although the consultation did not specifically ask about a £15 precept increase due to this flexibility being announced post consultation close, the PCC has been able to consider the feedback on priority areas for investment as part of her consideration of whether or not to use the precept flexibility afforded by a £15 increase.
- 12.9. The number one priority identified through the consultation was for more visible policing.
- 12.10. A set out in section 4 paragraph 4.9, within her Plan, the PCC’s key priorities include:
- i) ‘Increasing the number of police officers on our streets is my top priority’

ii) 'I commit to increase police visibility to make residents and local communities feel safer'

12.11. The consultation feedback was supportive of the PCCs key priorities, and the PCC has taken account of the feedback as part of her consideration as to the level of precept increase proposed, which as set out in paragraph 4.10 is for a £15 increase for a Band D property, with the additional £5 flexibility this provides being primarily utilised to support an increase in 50 new police officers.

13. SUMMARY

13.1. The PCC is proposing a precept increase of £15 for a Band D property, to deliver her vision and the priorities within her Plan.

13.2. In utilising the flexibility offered by the referendum limit increasing by £5, the PCC has made a clear commitment to invest in an additional 50 police officers, and deliver overall new investment of £9.057m.

13.3. The Chief Constable has set out her operational case in clear support of a £15 precept increase. See Appendix A.

13.4. 61% of households across Hampshire and the Isle of Wight are in properties in council tax bands A-C, and would therefore see a precept increase of less than £15 per annum as set out below.

13.5. A Capital Programme is proposed which will deliver £72.864m of investment over the next 3 years.

13.6. The CFO's section 25 report, attached to this report as Appendix I, provides a positive opinion on:

- the robustness of the estimates included in the budget, and
- the adequacy of the financial reserves in the budget.

Police and Crime Panel Budget Paper Operational Statement

January 2023

The operational case for a £15 increase in council tax precept – Band D

Introduction

Before outlining my final Operational Statement, I would like to put on record my thanks to Police and Crime Panel members, present and past, for their support of policing over my time as chief constable. Effective challenge and support has helped me to deliver the best operational police service I could have. And, above all, the Panel has supported the efforts of police officers and staff and volunteers who work tirelessly in our communities day in day out and who, without fear or favour, meet head on some of the most challenging and sometimes harrowing situations imaginable.

Just as I have benefitted from your challenge and support in my time, so chief constable Scott Chilton will benefit when he takes over operational command on 23rd February 2023. This Operational Statement is about that future, and ensuring that in taking on the role, he has the budget he needs to deliver against the intent that he laid out to you during the Panel confirmation hearing in November 2022.

Public support is welcomed and important

Public consultation carried out by our Police and Crime Commissioner shows that policing continues to benefit from a high level of support from the public. This is very welcome.

Given the current economic context, it is significant that for 61% of people (those in Council Tax Bands A-C) the impact of the proposed budget will be less than £15 per year, and for those most in need of support it will be reduced through council tax support schemes. What is also clear is the benefit to all – irrespective of personal circumstances - of having the most effective police force possible for Hampshire and the Isle of Wight at a time when other public services are stretched.

In terms of priorities, officer numbers and visibility are two categories that the public say are most important to them. This chimes with the mandate of More Officers and Safer Streets upon which Commissioner Donna Jones was elected. Against this context, and given the challenges faced by policing, I have no hesitation in making the operational case for a maximum £15 increase in precept for Band D. This is the only credible way to deliver more police officers than those already committed.

Good progress on extra police officer numbers

The force has made real progress in the last twelve months and I am pleased to say that by 31 March 2023 we will have more than 600 extra officers compared to March

2020. This means we are a force that is on track to deliver its national police uplift numbers.

In fact, the situation is better than simply delivering the government target. Under the Commissioner’s new budget plans that number of extra police officers in Hampshire and the Isle of Wight would now increase again to 650 (see table below). And this could be delivered by 31 March 2024.

It is no exaggeration to say that when I took up my role as chief constable this kind of growth was simply inconceivable.

Date	Number of Officers Achieved	Extra officers
March 2020	2,775	-
March 2021	3,119	+344
March 2022	3,300	+525
March 2023 <i>(current projection)</i>	3,386	+610*
March 2024 <i>(projection with a £10 Band D increase)</i>	3,375	+600
March 2024 <i>(projection with a £15 Band D increase)</i>	3,425	+650

*Short term government funding enables the force to temporarily exceed 600 extra by ten. These extra ten are only affordable longer-term under the £15 option.

This kind of growth is only possible because of local support, local efficiencies, and local council tax. Three other important points of context are worth the Panel noting:

- The pace of growth means that currently 25% of our police officer workforce are students. That is more than 840 of our overall number. We are making huge steps but we need to build experience for the public to feel the full benefit.
- Even with recent local support, we will remain one of the lowest recipients of council tax when benchmarked against other forces. If we do not take the opportunity of £15, every indication is that we would be further left behind.

Cost of living - Impact on policing

The current crisis is serious. Inflation and interest rates are on the rise, while the price of food and electricity are taking their toll. Whilst our thoughts rightly turn first to people in our communities who are suffering, operational policing is not exempt. Police officers and staff, and their families, are feeling the impact in their pockets. Officers cannot strike as others are, but it is important their voice is heard and they feel supported as they continue to deliver core services. Fuel is more expensive for the fleet of response vehicles. Heating police buildings and keeping the lights on is more expensive. Licenses for key IT services have become more expensive. Nearly everything we need to buy to sustain our service delivery is more expensive.

Despite national government efforts, police funding is not keeping up. Factoring in the national funding provision, and even with a £15 increase of council tax as per this recommendation, inflationary pressures will account for nearly all of the total increase in police funding for Hampshire & Isle of Wight Constabulary. That this budget still enables 50 extra officers against that context is because of prudent financial planning, significant efficiencies of £6.4m that have been identified for 2023-24, and a steely desire to ensure every pound possible goes into operational policing.

These inflationary pressures mean that £10 extra council tax at Band D would not unlock more police officers. It would simply maintain the 600 extra officers that we will have by the end of March 2023, keep our fleet on the road and keep our buildings heated and operational, but not more boots on the ground. Any less than £10 would mean less officers or vital staff. I share the Commissioner's desire, and the intent of the new Chief Constable, to be more ambitious for the people we serve. The commitment to more visible policing requires as many extra officers as possible, and this can only be delivered with a £15 increase in council tax.

Retaining and growing skills

We must also nurture and grow the skills that we have. Policing has changed. Cyber skills to target perpetrators of crimes such as online fraud are vital, so it is important that we are able to attract and retain individuals in specialist investigation roles if we are to bring these criminals to justice. This budget will allow us to do more of that and to protect vital staff roles – contact staff to support stretched colleagues and improve our 101 response, PCSOs, Staff Investigators – and prevent what we will see in some other forces, with officers being taken from the frontline to perform back office tasks because the money for staff has run out. Again, good financial planning sets us aside.

The additional increase in funding will also enable us to be active in a competitive employment market for modern skills, attracting the best and brightest, while also retaining the high-quality staff and officers who are already in our ranks. It will ensure that we continue to meet our mandatory and legal obligations, such as forensic collision investigations, and that our witness care responsibilities are of the highest possible standard.

Delivering against the Police and Crime Plan

Over the last twelve months, the Constabulary has worked closely with our Police and Crime Commissioner, delivering against the Police and Crime Plan and building on an already strong working relationship. I have provided below some detail that shows operational progress, and some of the challenges we are embracing:

- In line with national trends, we are recording and managing more crime (175,227 in 2022, compared with 161,256 in 2021). Our accuracy of recording, once our Achilles Heel, is now one of the best in the country. Managing increasing crime requires considerable flexibility from our teams in our Contact Management, Response and Patrol, Investigation Command and Neighbourhood Policing teams. Our commitment to neighbourhood policing remains, but that has been stretched through abstractions. The force has taken firm and considered steps to address this but it remains extremely challenging. More officers can help.

- Since April 2022, we have arrested 24,073 people for 45,689 offences – each of those with a victim. These arrest figures are three per cent more than in the previous year. We have made five per cent more arrests in cases where violence has caused injury. Fifteen per cent more arrests for sexual offences, and seven per cent more arrests for rape.
- In the autumn, having listened to public feedback we changed our approach making a public commitment alongside our Police and Crime Commissioner, to prioritise deploying to all domestic burglaries where people’s houses themselves are targeted. Since September, we have achieved this in 97% of cases.
- Domestic abuse remains a priority and we made 2,435 more arrests for offences linked to domestic abuse in 2022 compared with the same period last year.
- Policing is still the front end of a national Criminal Justice System that is failing overall. We feel that demand first, and perhaps most severely. We continue to invest in partnerships and people throughout the system are doing all they can, but there are real impacts felt by real people.
- Sadly, vulnerable people (including children) are caught up in criminality. In the year from 2021, we managed an additional 10,777 referrals through our multi-agency safeguarding hub. This is good news, but the demand challenge brought by this and by the other increases in demand that I have outlined above is evident.

Last year, I set out what your additional funding would help to provide in addition to more officers, and I’m pleased to be able to update you on these.

- **Contact from the public.** The force has done everything possible to protect 999 emergency services, comparing well against other forces in terms of call answering times, as we took nearly three hundred thousand 999 calls. This kind of volume creates a knock on impact into 101 services, which are non-emergency. There can be no doubt that policing is picking up other services’ non-emergencies as other agencies step back, have periods of industrial action, or move even further away from being available on the phone. Against this context, the average waiting time to answer a 101 call in December 2021 was over three minutes. This is now six minutes on average over the past year. We hear calls from the public that 101 needs to improve and we are responding. I stress again that it is a non-emergency service and we are performing markedly better than many police forces and (dare I say all) other public services, but included in this budget for next year is an investment of £1.6m next year. Within this is better public engagement technology to support staff in their efforts and to keep victims of crime and non-crime incidents updated, from first point of contact to closure, progressing to a victim portal that can be accessed on any mobile device, enabling two-way communication for the public, and beyond that new digital channels for reporting and contact. Innovation such as using Rapid Response Video is also helping us and gaining positive feedback from victims, and we are recruiting up to full strength with one of the biggest drives for contact staff of any force. Our current staff benchmark as highly productive but vacancies impact our service heavily.

- **Improved interview facilities.** Plans are now progressing to have vulnerable witness suites in place. Sites are being identified and we have been engaging nationally to understand what the best facilities look like to ensure victims are supported during what can be harrowing times.
- **Three more specialist police officers in our public protection** to monitor and supervise a growing number of the most dangerous offenders.
- **Five more analysts are now in post,** so we can spot crime trends and make earlier interventions.
- **Eighteen more Roads Policing officer posts have been created.** These individuals aim to keep our highways and byways safe, while performing compassionate and professional investigations when faced with tragic incidents.

Summary of the Operational Case

The operational case for investing further in local policing services is clear. Every measure shows Hampshire & Isle of Wight Constabulary to be a low-cost force, it has found significant efficiencies in the year ahead, and has high productivity.

With sustained support, exciting times lie ahead for Hampshire & Isle of Wight Constabulary. More police and more visibility have public support, and our communities deserve the best possible service. £15 will further strengthen the platform for this, enabling 50 extra officers by March 2024, on top of the 600 extra the force will already have delivered by the end of March 2023. It is my professional view that this budget will give the new Chief Constable the best chance of delivering on the operational intent he shared with the Crime Panel in November 2022, and the requirements laid out in the Police and Crime Plan.

I would like to end my statement by again putting on the record my thanks to this Panel, my thanks to the partners and third sector who work so collegiately with policing, and my thanks to the public for their support. And, finally, I would again like to state my admiration for every one of the brilliant police officers, staff and volunteers I am so proud to lead, whom I will miss serving alongside very much, and in whose hands – with your support - policing in Hampshire and the Isle of Wight will be very safe.

Chief Constable Olivia Pinkney

Inflation and Assumptions

Inflation	2023/24	2024/25	2025/26	2026/27
Pay Inflation (Sept Pay Award)	2.0%	2.0%	2.0%	2.0%
Default prices inflation	5.0%	2.0%	2.0%	2.0%

Exact inflation is used where it is known for certain contracts or where the commodity in question has a specific inflation %

Employer Pension Contributions	2023/24	2024/25	2025/26	2026/27
Officers	31.0%	31.0%	31.0%*	31.0%*
Staff	16.3%	16.3%	16.3%	16.3%

Funding	2023/24	2024/25	2025/26	2026/27
General Govt grant	1.8%	1.74%	0.0%	0.0%
Council tax benefit & freeze grants	0.0%	0.0%	0.0%	0.0%
Pension grant	0.0%	0.0%	0.0%	0.0%
Precept	6.34%	1.99%	1.99%	1.99%

***A review of police officer pension scheme contributions is expected to be undertaken and an announcement made that will impact contributions (expected 24/25 onwards).**

Council tax Precept 2023/24

Council tax at each band								
Band	A	B	C	D	E	F	G	H
23/24	167.64	195.58	223.52	251.46	307.34	363.22	419.10	502.92
Increase £pa	10.00	11.67	13.33	15.00	18.33	21.67	25.00	30.00
Increase £p/m	0.83	0.97	1.11	1.25	1.53	1.81	2.08	2.50
Increase £p/wk	0.19	0.22	0.26	0.29	0.35	0.42	0.48	0.58

Draft

Collection authority tax bases and share of precept 2023/24

Collection authority	Tax base	Precept
Basingstoke	69,115.00	17,379,657.90
East Hampshire	52,581.28	13,222,088.67
Eastleigh	48,510.23	12,198,382.44
Fareham	44,139.40	11,099,293.52
Gosport	27,139.10	6,824,398.09
Hart	42,313.27	10,640,094.87
Havant	42,218.31	10,616,216.23
New Forest	72,271.70	18,173,441.68
Rushmoor	32,959.11	8,287,897.80
Test Valley	51,968.00	13,067,873.28
Winchester	52,626.87	13,233,552.73
Portsmouth	57,209.70	14,385,951.16
Southampton	67,057.00	16,862,153.22
Isle of Wight	54,450.00	13,691,997.00
Total	714,558.97	179,682,998.60

Appendix C

Comparison of Council Tax Precept by PCC 2022/23 Financial Year

2022-23 Council tax (average Band D) and % change on 2021-22: individual local authorities ^(a)				
Local authority	Average council tax for the authority (Band D)			
	£ (Column 1)	% change (Column 2)	£ change (Column 3)	
POLICE AND CRIME COMMISSIONERS				
1 Surrey	295.57	3.50	10.00	
2 Norfolk	288.00	3.59	9.99	
3 Cumbria	282.15	3.67	9.99	
4 North Yorkshire	281.06	3.69	10.00	
5 Gloucestershire	280.08	3.70	10.00	
6 Northamptonshire	278.04	3.73	10.00	
7 Lincolnshire	276.30	3.75	9.99	
8 Cleveland	275.73	3.76	10.00	
9 Dorset	265.58	3.91	10.00	
10 Warwickshire	262.71	3.85	9.75	
11 Leicestershire	258.23	4.03	10.00	
12 Cambridgeshire	257.58	4.03	9.99	
13 Nottinghamshire	254.25	4.09	9.99	
14 Humberside	253.20	4.11	9.99	
15 Derbyshire	251.60	4.14	10.00	
16 Avon & Somerset	251.20	4.15	10.00	
17 West Mercia	249.66	3.94	9.47	
18 Staffordshire	248.57	4.19	10.00	
19 Suffolk	247.68	4.20	9.99	
20 Devon & Cornwall	246.56	4.23	10.00	
21 Thames Valley	241.28	4.32	10.00	
22 Wiltshire	241.27	4.32	10.00	
23 Durham	240.24	4.34	10.00	
24 Bedfordshire	237.09	4.40	10.00	
25 Merseyside	236.97	4.41	10.00	
26 Hampshire	236.46	4.42	10.00	
27 Lancashire	236.45	4.42	10.00	
28 Cheshire	235.44	4.44	10.00	
29 Greater Manchester CA - Police Functions	228.30	4.58	10.00	
30 Kent	228.15	4.58	10.00	
31 Sussex	224.91	4.65	10.00	
32 South Yorkshire	223.04	4.69	10.00	
33 Hertfordshire	223.00	4.69	10.00	
34 West Yorkshire CA - Police Functions	221.28	4.73	10.00	
35 Essex	218.52	4.79	9.99	
36 West Midlands	187.55	5.63	10.00	
37 Northumbria	153.84	6.95	10.00	
Average	246.42	4.29	9.98	
Source: CTR forms				
(a) The Government is providing a £150 one-off Energy Bills Rebate for most households in council tax bands A-D. This is not reflected in these figures.				

Appendix D

DRAFT Budget 2023/24 and Medium-Term Financial Strategy

Medium Term Financial Strategy	Starting Budget 2023/24	Inflation	Efficiency Savings	Growth & Budget Pressure	Funding Changes	Forward Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding:									
Expected amount from General Grants	(223,049)	0	0	0	(751)	(223,800)	(227,691)	(227,691)	(227,691)
Council tax freeze and benefit grant	(12,944)	0	0	0	0	(12,944)	(12,944)	(12,944)	(12,944)
Pension Grant	(2,988)	0	0	0	0	(2,988)	(2,988)	(2,988)	(2,988)
Uplift Grant	(3,502)	0	0	0	(3,598)	(7,100)	(7,100)	(7,100)	(7,100)
Council tax precept	(167,389)	0	0	0	(12,294)	(179,683)	(184,172)	(188,774)	(193,497)
Council tax collection fund surplus	(1,517)	0	0	0	1,517	0	0	0	0
Collection Fund Adjustment Grant	0	0	0	0	0	0	0	0	0
Total amount funding expected:	(411,389)	0	0	0	(15,127)	(426,515)	(434,895)	(439,497)	(444,220)
Expenditure owned by the PCC:									
Executive	1,772	66	(614)	0	0	1,224	1,242	1,257	1,272
PCC Business	1,452	29	0	236	0	1,717	1,755	1,790	1,825
Commissioning CJ & Partnerships	4,142	0	0	0	0	4,142	4,160	4,175	4,191
Estates	22,174	1,439	0	0	0	23,613	24,221	24,836	25,468
Interest on Balances	(500)	0	(1,500)	0	0	(2,000)	(500)	(500)	(500)
Capital Financing	5,158	0	0	0	0	5,158	5,158	5,158	5,158
Reserve Transfers	12,084	0	0	2,899	0	14,983	12,212	11,643	12,277
Net Expenditure owned by Office of the PCC	46,281	1,534	(2,114)	3,135	0	48,836	48,247	48,358	49,691
Police Services									
Expenditure:									
Employees	301,432	6,834	(2,201)	4,422	0	310,486	320,079	327,194	335,267
Indirect Employee Costs	5,754	7	0	293	0	6,054	6,140	6,222	6,307
Premises	1,229	5	(165)	35	0	1,104	1,042	1,066	1,092
Transport	6,398	593	0	0	0	6,991	7,204	7,424	7,652
Supplies and Services	22,460	350	(1,885)	643	0	21,568	26,861	32,288	37,713
Third Party Payments & Support Service	77,219	3,165	(12)	822	0	81,194	82,206	84,449	85,579
Total Expenditure on Police Services:	414,491	10,954	(4,263)	6,215	0	427,397	443,531	458,643	473,609
Income:									
Fees & Charges	(10,851)	0	0	0	0	(10,851)	(10,799)	(10,746)	(10,789)
Grants & Contributions	(38,533)	0	(42)	(293)	0	(38,867)	(39,564)	(40,267)	(40,984)
Total Income on Police Services:	(49,383)	0	(42)	(293)	0	(49,718)	(50,363)	(51,014)	(51,773)
Net Expenditure on Police Services:	365,108	10,954	(4,305)	5,922	0	377,679	393,168	407,630	421,835
Net Expenditure on PCC and Police Services	411,389	12,488	(6,419)	9,057	0	426,515	441,415	455,988	471,527
Budget (surplus)/ shortfall:	0	12,488	(6,419)	9,057	(15,127)	0	6,519	16,491	27,307

Detailed explanation of investment

- 1.1. As set out in section 6 of the report, the budget pressures and growth for 2023/24 total £9.057m as shown in the table below. They include the rolling forward of plans for investment that were set out in previous Budget reports. The table below summarises the budget pressures with further detail provided below for each of those headings.

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
More Frontline	6.387	4.693	4.259	4.249
Right Place, Right Time	1.351	0.624	0.255	0.255
Better Equipped	1.163	1.108	1.035	1.035
Governance Costs	0.266	0.266	0.266	0.266
Allowance for future budget investment/pressures		5.000	10.000	15.000
Gross Investment	9.168	11.691	15.816	20.806
Less Contributions from reserves	(0.109)	(1.035)	(0.160)	-
Net Investment	9.057	10.656	15.656	20.805

Policing services – More Frontline

More frontline police officers and staff to provide a visible presence, respond to the public, prevent crime and investigate incidents when they occur, and sustain PCSO numbers. The amounts shown are the cost in 2023/24.

- 1.2. The Government's Police Uplift Programme concludes in 2022/23. Hampshire & Isle of Wight Constabulary (HIWC) remains on target to achieve the uplift target and deliver against the pledge for a net additional 600 police officers over the period from 1 Apr 2020 to 31 March 2023. As these officers complete their training, they will continue to increase the capability to provide a visible presence, prevent and detect crime across Hampshire and the Isle of Wight.
- 1.3. The 23/24 budget includes funding provision for a **further 50 officers** at **£3.118m** to continue to deliver against the Police and Crime Plan and in accordance with the feedback received from the budget consultation. These officers will be recruited during 23/24. There is an additional **£0.427m** to allow ongoing **recruitment** of officers and staff post-uplift and **£0.083m** one-off cost for implementing the **pay progression** for officers.
- 1.4. There is **£1.645m** included in the budget to provide additional **contact management** functionality that will improve **101** answering times and provide a better service for victims of crime. Demand for public services continues to increase. Response times for 999 calls remains good with the December average answer time at 7 seconds for 999 calls. Many organisations have withdrawn non-emergency facilities or experience

lengthy delays in accessing those services. HIWC continue to aspire to retain the 101 service in addition to the online access available for non-emergency enquires. The investment will provide a functionality for victims to be able to access the information that they need more easily which will also reduce demand on the 101 number, improving the answering time for callers.

- 1.5. The budget also allows for **£0.506m** to provide more resources to manage the new **bail conditions** and **£0.384m** for **Witness Care Unit** resources. The backlogs in the wider criminal justice system mean that victims, witnesses and accused offenders are waiting longer than before for court dates. The investment is necessary to ensure that justice is served and that victims and witnesses are suitably cared for during the process.
- 1.6. The model for investigating traffic collisions is changing requiring additional staff and new equipment as part of the national approach to **forensic collision investigation** and in preparation for the need for formal accreditation for this activity (**£0.197m**).
- 1.7. There is an increase to the **Serious Case Review Team** to meet the new requirements in relation to homicide with weapons (**£0.048m**).

Policing services – Right Place, Right Time

Investment in new technology to:

- allow personnel to spend more time in the communities they serve
 - provide personnel with the information they need to deal with incidents well
 - ensure that the police can fight the continued challenge and increased emergence of cyber crime
 - improve security to reduce the risk of cyber attack or failures of police IT
- 1.8. An increase to the **external training** budget of **£0.293m** funded from an increase in apprenticeship levy increases (**-£0.293m**) to ensure that officers and staff can attend training which is essential for their roles.
 - 1.9. A **£0.239m** increase in the cloud server capacity in **Azure** to store crime data from RMS. Similarly, **£0.195m** for **DEMS** storage of digital evidence due to the increase in digital evidence that is required.
 - 1.10. The **Automatic Vehicle Location System** software requires replacing as it will be out of support and is required for the control room to identify the location of force vehicles for deployment and officer safety **£0.173m**.
 - 1.11. The Force must meet requirements under the **Management of Police Information** regulations to review, retain and delete information. New requirements mean that temporary additional resourcing is required to meet the requirements **£0.154m**. There is also a temporary **Data**

Safeguards review, retain and delete post added to the Crime portfolio for one year **£0.065m**.

- 1.12. The **Transport Layer System** requires updating to meet the new standards. The TLS provides security for digital communications between two parties e.g. when a server and client communicate it will prevent eavesdrop or tampering **£0.129m**.
- 1.13. **Body Worn Video software support** is required as the body worn video is due for renewal (**£0.110m**).
- 1.14. As part of the annual need to maintain the infrastructure, **£0.107m** one-off is required for a **Windows Server 2012** upgrade. A further **£0.071m** one-off is required to update systems to align with the Police Digital Service windows client operating system and M365 blueprints that underpin the national configuration and governance requirements.
- 1.15. A budget of **£0.109m** is approved for further **wifi** rollout but this cost is funded from reserves as provision had been made in a previous year.

Policing services – Better Equipped

Investment in police personnel to give them the equipment, skills and support to ensure that they are ready and able to perform.

- 1.16. There is a recurrent increase of **£0.400m** in the annual contribution to the **equipment reserve** to recognise the need to increase the provision required for the replacement of equipment such as conductive energy devices (tasers) and a further **£0.182m** contribution to the reserve for **body worn video** device replacement.
- 1.17. A recurrent increase of **£0.340m** to the **vehicle replacement reserve** to recognise the increase in costs of replacing vehicles due to price increases.
- 1.18. There is also a need to increase the number of **taser trainers** **£0.083m** to deliver the training required to replace the X2 taser with the T7 taser.
- 1.19. Temporary funding is included for **wellbeing support caseworkers** **£0.074m** and **PPE for the Mind** **£0.035m** to enable the cost benefit of these arrangements to be assessed.
- 1.20. A **Health & Safety Researcher** (**£0.033m**) to ensure compliance with health and safety legislation.

Governance

- 1.21. Fees for **external audits** are expected to increase so **£0.136m** is added to the OPCC budget and **£0.030m** is added to the Constabulary budget to fund the expected increases. The budget for **legally qualified chairs** is also required to be increased by **£0.100m** based on levels in 2022/23.

Contributions from reserves

- 1.22. There is a contribution from reserves of £0.109m in 23/24 for the wifi phase 2 rollout costs as these have already been provided for in a previous budget.

Capital Programme

Capital programme		2022-23	2023-24	2024-25	2025-26
		£000	£000	£000	£000
Capital spend	Estates	1,520	17,464	19,500	26,900
	Vehicles	3,000	3,000	3,000	3,000
	TOTAL	4,520	20,464	22,500	29,900
Funding	Operational buildings receipts	-	(6,675)	-	-
	Residential buildings receipts	-	(1,100)	-	-
	Vehicles receipts	(150)	(150)	(150)	(150)
	Capital grant	-	-	-	-
	RCCO - Estates	(1,370)	(9,539)	(19,350)	(26,750)
	RCCO - Vehicles	(3,000)	(3,000)	(3,000)	(3,000)
	Borrowing	-	-	-	-
	TOTAL	(4,520)	(20,464)	(22,500)	(29,900)
	In year (surplus) / shortfall	-	-	-	-
	Cumulative (surplus) / shortfall	-	-	-	-

Capital and Investment Strategy 2023/24 to 2025/26**Contents**

1. Introduction
2. Governance arrangements for capital investment
3. Capital expenditure, capital financing and asset management
4. Prudence and affordability
5. Minimum Revenue Provision (MRP) statement
6. Treasury Management including pooled fund investments
7. Service and commercial investments
8. Knowledge and skills
9. Chief Financial Officer's conclusion on the affordability and risk associated with the Capital and Investment Strategy
10. Links to the statutory guidance and other information

1 Introduction

- 1.1 This Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the services within the PCC's remit, including policing, and provides an overview of how associated risk is managed and the implications for future financial sustainability.

2 Governance

- 2.1 The PCC's medium term financial strategy ensures that we continue to invest wisely in our existing assets and deliver a programme of new assets in line with overall priorities and need.
- 2.2 The major area of PCC capital expenditure is on the Estates Programme which is monitored and reviewed by the Estates Board. Other areas of the capital programme are kept under review by the Chief Finance Officer.
- 2.3 In accordance with the medium-term financial strategy, proposed programmes are scrutinised on a case-by-case basis to assess affordability. The final capital programme is then presented to the Police and Crime Commissioner (PCC) in February each year for approval as part of the budget and overall MTFS.

3 Capital expenditure, capital financing and asset management

- 3.1 Capital expenditure is what the PCC spends on assets, such as land, property and vehicles, which will be used for more than one year.
- 3.2 Capital expenditure may be funded directly from revenue however the general pressures on the PCC's revenue budget and council tax levels limit the extent to which this may be exercised as a source of capital funding.

- 3.3 Prudential borrowing does provide an option for funding additional capital development/expenditure but one which then results in borrowing costs that have to be funded each year from within the revenue budget or from generating additional ongoing income streams.
- 3.4 The PCC's revenue budget includes budgetary provision to support borrowing to enable the PCC to progress schemes within the capital programme, but other sources of funding will always be maximised to limit the extent to which borrowing support is required; there is currently no requirement for borrowing, as the capital programme is fully funded.

Capital expenditure

- 3.5 Table 1 provides details of the PCC's capital programme and the estimated expenditure flows. This is one of the Prudential Indicators.

Table 1 – Capital programme forecast expenditure flows (Prudential Indicator 1)

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Forecast expenditure	4.5	20.5	22.5	29.9	77.4

- 3.6 The most significant element of the PCC's capital programme is related to improving the Estate in support of operational policing. There is also an annual vehicle replacement programme, fully funded by a contribution from the revenue budget.

Capital financing

- 3.7 All capital expenditure must be financed, either from external sources (e.g. capital grant), the PCC's own resources (e.g. revenue contributions), or debt. Debt is only a temporary source of funding and is replaced over time by other financing, usually from revenue through annual Minimum Revenue Provision (MRP) charges. External debt will also incur interest costs. The PCC's borrowing strategy is summarised in Section 6 and forms part of the Treasury Management Strategy.

The resources to fund the capital expenditure flows set out in Table 1 are shown in Table 2.

Table 2 – Resources to fund capital expenditure

	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m
Prudential borrowing	-	-	-	-	-
Capital grants	-	-	-	-	-
Capital receipts	(0.2)	(7.9)	(0.2)	(0.2)	(8.4)
Revenue contributions to capital	(4.4)	(12.5)	(22.4)	(29.8)	(69.0)
Total resources	(4.5)	(20.5)	(22.5)	(29.9)	(77.4)

- 3.8 The capital programme is fully funded by capital receipts and revenue contributions over the next 3 years. There is no requirement to borrow at this stage, although the revenue budget has made provision for future borrowing should this be required.

Asset management and disposal

- 3.9 Asset management for the PCC's estate is conducted by the Estates team.
- 3.10 Capital receipts are generated when a capital asset is identified as surplus to requirements and is then sold. The proceeds from these asset sales may be used to fund new capital assets or to repay debt. The repayment of capital grants, loans and investments will also count as capital receipts, with the same restrictions on future use of the proceeds. The PCC has relatively limited opportunities to generate capital receipts.
- 3.11 The PCC's financial regulations set out that the PCC is required to consider and approve the sale and purchase of all land and buildings.

4. Prudence and affordability

- 4.1 The PCC is required to ensure that capital expenditure, investment and borrowing decisions are prudent, sustainable and affordable. There are a number of prudential indicators that must be set and monitored to help with this requirement, which are set out in the Prudential Code. The prudential indicators cover:
- Capital expenditure (Tables 1 and 3)
 - External debt (Tables 3 and 5)
 - Affordability (Tables 6 and 7).
- 4.2 The Prudential Code sets out that certain acts and practices are not prudent activity for a PCC and incur risk to the affordability of local authority investment. The PCC will not therefore:
- Borrow to invest primarily for financial return
 - Make investment or spending decisions that increase the CFR unless directly and primarily related to the functions of the PCC (any financial returns should either be related to the financial viability of the project or incidental to the primary purpose).

Prudential borrowing

- 4.3 Capital financing costs associated with prudential borrowing must be financed by the PCC from its own resources. It is therefore important that the use of prudential borrowing is very closely controlled and monitored. The PCC will only use prudential borrowing where there is a clear financial case to support doing so, although it will not borrow to invest primarily for financial return and therefore retains full access to the Public Works Loan Board (PWLB).

Ensuring borrowing is only for capital purposes

- 4.4 The Capital Financing Requirement (CFR) is the cumulative outstanding amount of debt finance. The CFR increases with new debt-funded capital expenditure and reduces through annual Minimum Revenue Provision (MRP) charges to the revenue budget and any capital receipts or other contributions used to replace debt.
- 4.5 The Prudential Code states that a PCC must ensure that gross debt is only for capital purposes over the medium term, which means that gross external debt must not exceed the total of the CFR from the preceding year plus the estimates of any additional CFR for the current and next two financial years, except in the short term. This is a key indicator of prudence and is shown in Table 3.

Table 3 – Ensuring Borrowing is Only for Capital Purposes (Prudential Indicator 2)

	2022/23	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
CFR	54.0	51.5	84.8	81.5
Debt				
Borrowing	29.7	29.7	29.4	29.0
Lease liabilities	-	-	38.8	35.8
Total Debt	29.7	29.7	68.1	64.8

- 4.6 Total debt is expected to remain below the CFR during the forecast period. The estimates for CFR and debt reflect the introduction of IFRS 16 (the new accounting standard for leases) from April 2024; the introduction of IFRS16 does not have a cash impact.
- 4.7 External debt is expected to remain below the CFR because of the PCC's borrowing strategy, whereby it has used internal borrowing (the temporary use of internal cash balances) to fund capital expenditure in place of borrowing money from external sources on the advice of its treasury management advisors, Arlingclose.
- 4.8 The PCC is not expecting to undertake new external borrowing to support its capital programme plans over the next 3 years. Should this position change, then the timing and source of borrowing will be determined in line with the Treasury Management Strategy and upon taking advice from Arlingclose.

Liability benchmark

- 4.9 The Liability benchmark compares planned/actual borrowing with an alternative strategy where cash and investment balances are kept to a minimum to reduce borrowing. More detail is provided in the Treasury Management Strategy.

- 4.10 It is an important tool to help establish whether the PCC is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the PCC must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.
- 4.11 The liability benchmark is the lowest level of debt the PCC could hold if it used all of its balances, reserves and cash flow surpluses to fund its CFR. The PCC expects a negative liability benchmark across the first two years of the forecast period, which means that currently there is not a requirement to borrow during this period.

Table 4: Liability benchmark

	31/03/22 Actual £m	31/03/23 Estimate £m	31/03/24 Forecast £m	31/03/25 Forecast £m	31/03/26 Forecast £m
Loans CFR	56.4	54.0	51.5	46.0	45.7
Less: Balance sheet resources	(129.8)	(139.3)	(117.8)	(93.0)	(33.2)
Net loans requirement	(73.4)	(85.3)	(66.3)	(47.0)	12.5
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	(63.4)	(75.3)	(56.3)	(37.0)	22.5

Affordable borrowing limit

- 4.12 The PCC is legally obliged to set an Authorised Limit for the maximum affordable amount of external debt. In line with statutory guidance, a lower 'Operational Boundary' is also set as a warning level should debt approach the limit. The Operational Boundary is based on the PCC's estimate of the most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the PCC's estimates of capital expenditure, the CFR and cash flow requirements, and is a key management tool for in-year monitoring.

Table 5: Affordable Borrowing Limits (Prudential Indicators 3 and 4)

	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Authorised Limit:				
Borrowing	89.9	87.5	82.0	81.7
Leases	0.0	0.0	38.8	35.8
Authorised Limit	89.9	87.5	120.8	117.4
Operational Boundary:				
Borrowing	72.9	70.5	65.0	64.7
Leases	0.0	0.0	38.8	35.8
Operational Boundary:	72.9	70.5	103.8	100.5

Affordability of financing costs

- 4.13 Capital expenditure is not charged directly to the revenue budget, however the interest payable on loans and the annual MRP are charged to revenue, as are other financing costs such as interest payable under finance leases and amounts relating to the early settlement of borrowing. In aggregate these costs are known as financing costs. The impact of these costs needs to be well understood prior to making capital investment decisions and then closely monitored.
- 4.14 Table 6 shows the proportion of the PCC's net revenue stream (Council Tax and government grants through the Police Grant settlement) required to meet financing costs. This is an indicator of the affordability of the PCC's capital programme.

Table 6: Ratio of Financing Costs to Net Revenue Stream (Prudential Indicator 5)

	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Ratio	0.91%	0.88%	1.55%	1.04%

- 4.15 A low proportion is forecast, demonstrating that the cost of financing is minimised and the proportion of the revenue budget available for delivering services is maximised.

Reliance on income from commercial and service investments

- 4.16 The update to the Prudential Code in 2021 introduced a new prudential indicator intended to show how reliant a local authority is on income from commercial and service investments, and therefore how exposed the authority is to the loss of this income. The PCC does not have any investments classified as commercial or service investments.

Table 7: Net Income from Commercial and Service Investments to Net Revenue Stream (Prudential Indicator 6)

	2022/23 Revised	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Ratio	0.0%	0.0%	0.0%	0.0%

5. Minimum Revenue Provision (MRP) Statement

- 5.1 Where the PCC finances capital expenditure by debt, statutory guidance requires it to put aside revenue resources to repay that debt in later years, known as MRP. The Local Government Act 2003 requires the PCC to have regard to proper practice as issued by Government. The Department for Levelling Up, Housing and Communities has been consulting on proposed changes to the relevant regulations to ensure that all authorities make adequate revenue provision. Until that is concluded, the relevant guidance is that issued by the (former) Ministry of Housing, Communities and Local Government in 2018.

- 5.2 The broad aim of the MHCLG guidance is to ensure that capital expenditure is financed over a period that is reasonably commensurate with that over which the capital expenditure provides benefits or, in the case of borrowing supported by Government Revenue Support Grant (RSG), reasonably commensurate with the period implicit in the determination of that grant.
- 5.3 The guidance requires the PCC to approve an Annual MRP Statement each year, and whilst it provides a range of options for the calculation of MRP, the guidance also notes that other options are permissible provided that they are fully consistent with the statutory duty to make prudent revenue provision.
- 5.4 The four options provided are:
- Option 1: Regulatory Method
 - Option 2: CFR Method (4% of the CFR)
 - Option 3: Asset Life Method
 - Option 4: Depreciation Method
- 5.5 Options 1 and 2 may be used only for supported capital expenditure funded from borrowing (i.e. financing costs deemed to be supported through the RSG from central government). Methods of making prudent provision for unsupported capital expenditure are restricted to Options 3 and 4 (which may also be used for supported capital expenditure if the PCC chooses).
- 5.6 The PCC will continue to apply Option 2 in respect of supported capital expenditure funded from borrowing with an MRP charge equal to 4% of the CFR balance in respect of that expenditure.
- 5.7 The PCC will continue to apply Option 3 in respect of unsupported capital expenditure funded by borrowing by charging MRP over the expected useful life of the relevant assets in equal instalments.
- 5.8 For assets acquired by leases, MRP will be determined to be equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 5.9 The adoption of the new accounting standard for leases (IFRS 16) when implemented will mean that former operating leases will be brought onto the balance sheet from 1 April 2024. Where this is the case, the annual MRP charge will be set so that the total charge to the revenue budget remains unaffected by the new accounting standard.
- 5.10 Capital expenditure will not be subject to MRP charges until the year after the expenditure takes place.
- 5.11 Based on the PCC's latest estimate of CFR on 31 March 2023, the budget for MRP has been set as follows:

Table 8: MRP Budget

	31/03/2023	2023/24
	Estimated	Estimated
	CFR	MRP
	£M	£M
Supported Capital Expenditure	7.7	0.3
Unsupported Capital Expenditure After 31/03/2008	43.6	1.4
Leases	2.7	0.8
MRP budget for future capital expenditure	0.0	2.0
Total General Fund	54.0	4.5

6. Treasury Management

- 6.1. The Treasury Management Strategy (TMS) supports the Capital and Investment Strategy in setting out the arrangements for the management of the PCC's cash flows, borrowing and investments, and the associated risks.
- 6.2. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the PCC'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.
- 6.3. 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.
- 6.4. The PCC has potentially large exposures to financial risks through its investment and borrowing activity, including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the PCC's Treasury Management Strategy (TMS).
- 6.5. The PCC's TMS, is approved by the PCC each year. Actual performance is reviewed by the PCC at mid-year and the end of each financial year.
- 6.6. Treasury Management prudential indicators are included within the Treasury Management Strategy.

Treasury management borrowing strategy

- 6.7. The PCC's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans, should the PCC's long-term plans change, is a secondary objective.

Treasury management investment strategy

- 6.8. The CIPFA Code requires the PCC to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The PCC'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.

- 6.9. The contribution that these investments make to the objectives of the PCC is to support effective treasury management activities.
- 6.10. The PCC's actual and forecast treasury management investment balances are shown in Table 9 with further detail in the TMS.

Table 9 – treasury management investments

	31/3/22 actual	31/3/23 forecast	31/3/24 forecast	31/3/25 forecast
	£m	£m	£m	£m
Short term investments	87.87	62.70	64.50	81.30
Long term investments	2.00	5.00	15.00	15.00
Pooled fund investments	10.00	10.00	15.00	15.00
Total	99.87	77.70	94.50	111.30

Pooled fund investments

- 6.11. The PCC holds reserves for a number of purposes, which are explained in more detail in the Reserves Strategy (Appendix H). Where the PCC holds surplus cash, it is invested until it is required, in accordance with the PCC's TMS. This includes allocating a proportion to investments in pooled funds. The PCC has made investments totalling £10m into pooled property, equity and multi-asset funds.
- 6.12. These investments help the PCC to mitigate interest rate and inflation risks as part of its TMS. They also present a number of risks which must be carefully managed, including the risk of loss of capital, illiquidity, entry and exit fees, and volatility of returns.
- 6.13. The principal mitigation for risk is ensuring that investments in non-cash assets are held as long-term investments. This will enable the initial costs of any investment and any periods of falling capital values to be overcome. In order to be managed as long-term investments, the amounts invested need to be taken from the PCC's most stable cash balances. The allocation of £10m has been based on a prudent assessment of the PCC's investment balances and liquidity requirements,
- 6.14. The selection of investments to target higher yields is carefully managed with the assistance of Arlingclose, the PCC's treasury management advisor. Arlingclose recommends that the PCC diversifies its investments in pooled funds between asset classes. This is to mitigate the loss of capital value, so that there is no over exposure to an event that impacts the value of investments in a particular asset class, such as a fall in property prices.

6.15. The PCC utilises pooled investment vehicles as the most appropriate means to access asset classes such as property or equities. Pooled funds are managed by external specialist investment managers who are best placed to select investments and then manage them, for example for property investments managing the relationship with tenants and maintenance of the building.

7. Service and commercial investments

7.1. The Ministry of Housing, Communities and Local Government (MHCLG) issued statutory guidance on local government investments in 2018. The PCC is required to have regard to this guidance, which complements both the Prudential Code and Treasury Management Code. The update to the guidance in 2018 reflected changes in patterns of local authority behaviour that were considered to be exposing local authorities to too much financial risk, with insufficient transparency and the potential for insufficient expertise in understanding complex transactions being entered into.

7.2. The term 'investments' within the Prudential Code covers all financial investments of the authority as well as other assets held primarily for financial return, such as commercial property. The MHCLG definition goes slightly further in including all non-financial assets that the organisation holds primarily or partially to generate a profit. The MHCLG guidance states that assets that generate revenue income solely through fees and charges for discretionary services levied under Section 93 of the Local Government Act 2003 should not be classified as non-financial investments for this purpose.

7.3. Investments are categorised in accordance with the primary purpose of the investment. All of the PCC's investments are defined as **treasury management investments** and therefore covered by Section 6 of this document and the Treasury Management Strategy.

7.4. The PCC primarily uses its property estate for the delivery of frontline services, with asset management conducted by the Estates team, as set out in Section 3. Where practical and without having an operational impact, the PCC will look to use property assets to reduce the annual revenue cost of the estate and to maximise the potential for income generation, for example through the use of vacant space.

7.5. The PCC is also pursuing a number of opportunities either through its land holdings or through the relationship it has with partners or contractors to look at new and innovative ways of generating a financial return. To date, the PCC has formed partnerships with other emergency services by sharing buildings.

7.6. **Investments for commercial purposes** are defined in the Prudential Code as being undertaken primarily for financial return but without being linked to treasury management activity or being part of service delivery. They are therefore additional investments taken voluntarily with the primary objective of generating a net financial return or profit. They will usually constitute capital expenditure. The income generated helps to deliver service objectives.

7.7. **Investments for service purposes** are those undertaken primarily and directly for the delivery of public services or in support of joint working with

others to deliver such services. They will normally constitute capital expenditure and it may be appropriate to borrow to finance these investments. They may or may not deliver financial returns, but this will not be the primary purpose of the investment.

- 7.8. The PCC does not consider the use of its estate to constitute **commercial or service investments**. It has no assets classified on its balance sheet as investment properties and the income generated from allowing partners to use space within the PCC's buildings provides a contribution to offset costs being incurred by the PCC rather than to generate a profit.

Investment indicators

- 7.9. In addition to setting Prudential Indicators required by the Prudential Code, the PCC has also set the following quantitative investment indicators in accordance with the requirements of the MHCLG investment guidance.

Table 10 – Total Investment Exposure (£m) and net rate of return (%)	31.03.2022		31.03.2023		31.03.2024	
	Actual		Forecast		Forecast	
	Invested £m	Return %	Invested £m	Return %	Invested £m	Return %
Treasury management (Long Term)	12.00	4.23%	15.00	4.45%	30.00	4.53%
Service investments (loans)	0	n/a	0	n/a	0	n/a
Service investments (equity)	0	n/a	0	n/a	0	n/a
Commercial investments	0	n/a	0	n/a	0	n/a
Total investments	12.00	4.23%	15.00	4.45%	30.00	4.53%

- 7.10. This shows that the PCC expects all of its investments to continue to be for treasury management purposes. If the PCC does plan to undertake any investments that would constitute commercial or service investments in future, the Capital and Investment Strategy will be updated and appropriate investment indicators introduced.

8. Knowledge and skills

- 8.1. Through the Hampshire Shared Services Partnership, the PCC is advised by professionally qualified and experienced staff in senior positions supporting capital expenditure, borrowing and investment decisions in accordance with approved strategies.
- 8.2. The Chief Financial Officer (S151 officer) and Deputy Chief Financial Officer (Deputy S151 officer) for the PCC are experienced members of the Chartered Institute of Public Finance and Accountancy (CIPFA), as is the Head of Investments and Borrowing, who oversees daily treasury management activity.
- 8.3. Performance against targets and learning and development needs are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 8.4. Staff attend training courses, seminars and conferences provided by CIPFA, Arlingclose and other providers. Relevant staff are also encouraged to study professional qualifications from CIPFA, and other appropriate organisations.
- 8.5. CIPFA's Code of Practice requires that the PCC ensures that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Members of the Joint Audit Committee (JAC) were invited to a workshop presented by Arlingclose in November 2022, which gave an update of treasury matters. A further Arlingclose workshop is planned for 2023.

Investment Advisers

- 8.6. Through the Hampshire Shared Services Partnership, the PCC has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled through quarterly review meetings with the Chief Financial Officer for the PCC, their staff, and Arlingclose.

9 Chief Financial Officers Conclusion on the Affordability and Risk Associated with the Capital and Investment Strategy

- 9.1. This Capital and Investment Strategy has been developed alongside the Treasury Management Strategy and the Reserves Strategy (Appendix 10). Together, they form an integrated approach adopted by the PCC to balance the need for capital investment to support service priorities with consideration of affordability and the consequent impact on the revenue budget, whilst recognising and managing risk to an acceptable level.
- 9.2. The forward planning of capital investment and its funding, including being in a position to maximise the use of external grants, contributions and capital receipts, together with the process of regular monitoring of actual income, expenditure, and project progress, provides assurance to the Chief Financial Officer that the proposed Capital Programme is prudent, affordable and sustainable.

10 Links to Statutory Guidance and Other Information

10.1. The Local Government Act 2003, Section 15(1) and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] require Local Authorities to have regard to the following guidance:

- Ministry of Housing, Communities & Local Government (MHCLG) – Statutory Guidance on Local Government Investments* [MHCLG Investment](#).
- Ministry of Housing, Communities & Local Government (MHCLG) – Statutory Guidance on Minimum Revenue Provision (MRP)
- CIPFA’s Prudential Code
- CIPFA’s Treasury Management Code

(*Where a PCC prepares a Capital Strategy in line with the requirements of the Prudential Code, and a TMS in line with the requirements of the Treasury Management Code, the Investment Strategy can be published in those documents instead of as a separate document).

10.2. The PCC includes its non-treasury management Investment Strategy within this Capital Strategy. The TMS is a separate document reported to JAC and the PCC.

10.3. The CIPFA Prudential Code was revised in December 2021 to reflect developments since it was last updated in 2017 and became applicable with immediate effect, however an exception was made to allow the deferral of revised reporting requirements until 2023/24. The revised reporting requirements relate to the capital strategy, prudential indicators and investment reporting. The Treasury Management Code was also revised at the same time.

10.4. The proposed Capital Programme is included at Appendix F within this report.



RESERVES STRATEGY 2023/24

HAMPSHIRE POLICE AND CRIME COMMISSIONER

1. Background

- 1.1. The PCC first published a Reserves Strategy as part of the 2018/19 budget report.
- 1.2. On the 31 January 2018, new reserves guidance was issued to all PCCs (see the link below).
<https://www.gov.uk/government/publications/police-finance-reserves-guidance>
- 1.3. The Reserves Profile shows that existing planned commitments will result in a forecast reduction of useable reserves by March 2027 to £30.6m (down from £106.8m at the end of March 2022), of which the General Reserve would be £7.5m, which is 1.6% of the forecast 2026/27 revenue budget (£471.5m). This assumes that there are no adverse issues that impact on the General Reserve.
- 1.4. The Chief Finance Officers have a responsibility to ensure that the level of reserves maintained is sufficient. The Police Reform and Social Responsibility Act 2011 states that only the PCC, and not the Chief Constable, is permitted to hold reserves; in practice the PCC and Constabulary CFO work closely together in formulating the reserves strategy.
- 1.5. The Chartered Institute of Public Finance and Accountancy (CIPFA) produces guidance on reserves, but the exact level of reserves to be held is left as a local decision due to the need to reflect individual circumstances. Whilst there are no firm requirements on the amount, it is clear that reserves must be held to ensure that the organisation is able to meet any unexpected liabilities. CIPFA have previously warned that the use of reserves to deal with shortfalls in day-to-day spending would be a “recipe for significant financial problems”.
- 1.6. The current financial climate remains challenging, and there are a number of financial pressures and risks which need to be managed over the medium term, for which reserves are in place to mitigate. Reserves will also be required to support the significant investment required to reform policing and achieve the Policing Vision 2025.
- 1.7. Reserves required for accounting purposes only are not covered by this strategy as they are not optional and follow proper accounting practices.

2. Financial Stability

- 2.1. The PCC continues to use reserves to pay for the cost of change that is required to deliver the Police and Crime Plan priorities, and to meet both the financial challenge and the necessary investment to ensure that the Constabulary remains a modern, operationally effective Police Service.
- 2.2. The level of reserves continues to be reviewed by the PCC and Chief Finance Officers to ensure that suitable reserves are in place to mitigate and manage the risk of the financial challenges faced, and to ensure that

reserves are not unnecessarily held to the extent that is detrimental to current service delivery.

- 2.3. Additionally, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) also review reserves. The current rating for efficiency is 'good' with no areas for improvement recommended for financial management or reserves.
- 2.4. Reserves are necessarily and appropriately held as part of good strategic financial management and are a key element in supporting the PCC's medium-term planning and Medium-Term Financial Strategy. Reserves held by the PCC are primarily earmarked reserves which will be drawn down over the medium term.
- 2.5. Reserves are also a one-off resource, which unless replenished, can rapidly diminish.
- 2.6. In the medium term there is significant financial stress in the system to be managed, including:
 - i) managing the overall financial position against a back drop of increasing demand
 - ii) funding the necessary investment to deliver the PCC's ambition in relation to delivery of her Plan and commissioning of services
 - iii) meeting the Chief Constables operational requirements, in support of 'More Police, Safer Streets'
 - iv) the investment required to ensure that the Constabulary remains modern and fit for purpose
 - v) ensuring that the police estate remains operationally effective, is continually improved, and is a modern and safe environment
 - vi) the still to be determined consequences of national programmes (e.g. ESMCP) which require a local funding stream for delivery of its outcomes as well as being subject to growing needs for top sliced contributions to deliver the national infrastructure
 - vii) the significant investment required to embrace an ever evolving technology and digital landscape
 - viii) the requirement to continue to fund an increasing share of the annual ongoing costs of Operation Magenta, which is the investigation regarding the historical deaths at Gosport War Memorial Hospital
 - ix) inflationary pressures, including the yet to be agreed pay awards, and the significant pressures on utility costs
 - x) the overall level of risk over the medium term
- 2.7. In view of the cost pressures faced by the PCC and the Constabulary, in the medium term there will be a significant call on reserves to fund one off pressures, initiatives and investment.

- 2.8. There therefore remains a significant number of potential calls for one off investment for consideration by the PCC, and we know that change and transformation will be continual.
- 2.9. The PCC CFO's assessment is that:
- i) the level of the General Fund reserve is reflective of the overall risk environment in which the PCC operates
 - ii) the level of Earmarked reserves and their purpose are necessary and appropriate
 - iii) the overall level of reserves is appropriate given the known financial pressures and risks faced by the PCC.
- 2.10. The earmarked reserves have been created to support planned initiatives and also to cover a number of risks, and these will be continually reassessed to ensure that the reserves held are commensurate with the risk.

3. Reserves

- 3.1. The PCC continues to use reserves to pay for the cost of change that is required to deliver the Police and Crime Plan priorities, and to meet both the financial challenge and the necessary investment to ensure that the Constabulary remains a modern, operationally effective Police Service.
- 3.2. The forecast Reserves position is set out in full in Appendix 1, with a snapshot of the position below which shows the position as at 31 March 2022, the forecast position as at 31 March 2023 and the forecast position through to the end of the medium term financial strategy as at 31 March 2027:

	Actual as at 31 March 2022	Forecast as at 31 March 2023	Forecast as at 31 March 2027
General Reserve	13.2	7.5	7.5
Earmarked Reserves	93.6	103.1	23.1
Total Reserves available for use by the PCC to support delivery of the Police & Crime Plan and to support the Constabulary	106.8	110.6	30.6
Ring fenced Reserves held on behalf of others not available to spend by the PCC	11.4	11.4	11.4
Total Reserves	118.2	122.0	42.0

- 3.3. The table above shows that the reserves available to be used directly by the PCC to support delivery of her Police and Crime Plan and policing have slightly increased since 2022/23. This is due to setting up new reserves such as the Inflation Reserve, to deal with future uncertainties in energy costs and pay awards.
- 3.4. The General Fund reserve is available to the PCC to fund investment, transformation, and unforeseen cost pressures.

- 3.5. The General Reserve balance has reduced since March 2022 and is forecast to remain stable from 2023/24 onwards. There was a draw from the General Fund in 2022/23 of £2.464m to help balance the base budget (funded from 2021/22 underspend).

Categorisation of Reserves

- 3.6. The Reserves Guidance issued on the 31st January 2018 requested that reserves are split across the following headings:
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan
 - Funding for specific projects and programmes beyond the current planning period will currently be the balances remaining as at March 2027.
 - The general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management

The above split of reserves is shown in Appendix 1.

4. General Reserve (Forecast 31 March 2023 is £7.5m)

- 4.1. The General Reserve is the main reserve held to manage unidentified and unforeseen risk. The PCC CFO is required to set a minimum level for the General Reserve.
- 4.2. General reserves are by nature 'not specific' (they are not earmarked), and are held to cover unforeseen risk and cost pressure, for example:
- cost of national programmes overrun;
 - uneven cash flows and managing the timing of savings;
 - unforeseen emergencies requiring significant one off spend e.g. a significant incident; or
 - demand pressures.
- 4.3. The General Reserve balance is forecast to be £7.5m at the end of March 2023. This equates to 1.76% of the 2023/24 net budget (£426.52m) which is within the suggested 5% maximum set by the Minister of State for Crime, Policing and Probation.
- 4.4. The forecast position for the General Reserve over the course of the medium-term financial plan is as follows:

	£m	% of Net Budget for following year
Forecast balance as at 31 March 2023	7.5	1.76%
Forecast balance as at 31 March 2024	7.5	1.70%
Forecast balance as at 31 March 2025	7.5	1.64%
Forecast balance as at 31 March 2026	7.5	1.59%
Forecast balance as at 31 March 2027	7.5	1.59%

* the March 2027 balance is shown as a percentage of the 2026/27 forecast net budget as the MTF5 does not include a forecast budget for 2027/28.

5. Earmarked Reserves

In addition to the General Reserve, the PCC also holds a number of earmarked reserves, as set out below (the table shows the March 2022 balance, the forecast March 2023 balance and the forecast March 2027 balance, with more detail shown in Appendix 1):

	Actual as at 31 March 2022	Forecast as at 31 March 2023	Forecast as at 31 March 2027
Carry Forward Reserve	0.8	0.0	0.0
Commissioner's Reserve	1.1	1.0	0.8
Council Tax Reserve	2.1	2.1	2.1
Estate Reserve	33.1	48.9	7.8
Grant Equalisation Reserve	6.0	6.0	3.5
Inflation Reserve	0.0	3.1	3.9
Insurance Reserve	1.5	1.5	1.5
IT Services Reserve	24.5	24.6	0.2
Operation Magenta Reserve	8.3	7.1	0.0
Pension Remedy Reserve	3.0	3.0	0.0
Replacement Programme Reserve	3.9	3.1	1.6
Revenue Grants Unapplied Reserve	0.5	0.1	0.0
Trading Reserves	4.5	1.9	1.9

Transformation Reserve	1.3	0.0	0.0
Uplift Reserve	2.9	0.9	0.0
Total Earmarked Reserves	93.6	103.1	23.1

5.1. Further detail as to the purpose of each earmarked reserve is set out below:

Transformation Reserve (Forecast 31 March 2023 is £0.0m)

- 5.2. The Transformation Reserve was specifically set up to recognise the significant investment required to deliver transformational change, support the significant investment requirements linked to technology development and digital initiatives, and to provide a buffer to help manage the budget in the medium term.
- 5.3. The Transformation Reserve has supported a number of improvement initiatives over the past few years but is due to close at the end of this year once all approved spends have been drawn down. A number of new specific reserves have been set up since 2020/21 which have replaced the need for a Transformation Reserve and mean the PCC has set aside funds for a number of future pressures in Estates, ICT (including ESMCP), and other operational considerations such as equipment replacement and Op Magenta.

Earmarked Reserves

- 5.4. The PCC holds earmarked reserves for specific purposes. These are the:
- i) **Carry Forward Reserve** holds funds approved for carry forward by the PCC as part of the annual outturn report.
 - ii) **Commissioner's Reserve** holds amounts that are used specifically to support the Commissioner's priorities. This is intended to support programmes that support the delivery of the Police and Crime Plan.
 - i) **Council Tax Reserve** has been set up to hold the one-off Local Council Tax Support grant of £2.1m received in 2021/22 – this reserve will be utilised to manage any impact from the current cost of living issues on council tax collection in 2023/24, and to manage any ongoing impact (slow recovery/reduced growth) on the Council Tax Base
 - iii) **Estates Reserve** holds revenue funds for a number of future Estates programmes such as large repairs and maintenance projects, future potential dilapidations costs and new capital investment. An Estates Uplift reserve also exists to provide funding towards estate requirements to support the increase in police officer numbers.
 - iv) **Grant Equalisation Reserve** will be used to offset and manage future uncertainty in the level of Police grant.

- ii) **Inflation Reserve** this reserve has been set up to manage inflation risk – both pay and non-pay – in recognition of the current high and volatile inflation environment, which has seen inflation rise to over 10%. In particular the reserve will be used to manage the ‘transitory’ spike in utilities inflation/prices. There is also pressure on pay, and this reserve could be used to meet any in year pressure on pay arising from a pay award in excess of the budgeted 2%
- v) **Insurance Reserve** holds funds available to pay for items that are not covered by the insurance contract. Research and experience has shown that it is more cost effective to hold a reserve for some things that are low risk and low probability rather than pay an insurance premium to cover them.
- vi) **IT Services Reserve** holds funds set aside for IT refresh programmes (laptops/phones/BWV and servers) and the delivery of ESMCP.
- vii) **Operation Magenta Reserve** has been set up in response to the reinvestigation of the historic events at Gosport War Memorial Hospital which is an investigation of national interest. The PCC is currently able to apply for Special Grant from the Home Office to support 80% of expenditure annually, although it is anticipated that the available Special Grant will taper down incrementally over the next 2 years to 55% of. The costs of the investigation on an annual basis are now significant, and at a reduced contribution rate would equate to a cost to be funded by the PCC of between £4m to £5m per annum over the next 2 years and possibly beyond. This reserve has been set up to ensure that funding is set aside to meet these costs. The reserve, in the sum of £8.3m, has been funded via transfers from the General Fund Reserve and the Transformation Reserve.
- viii) **Pension Remedy Reserve** sets aside specific funding in recognition of the one-off costs which will arise from implementation of the McCloud/Sargeant pension remedy judgment impacting Police Pensions.
- ix) **Replacement Programme Reserve** holds funds available to offset the impact of large-scale equipment replacement.
- x) **Trading Reserves** holds funds for specific areas of the Constabulary such as Netley Business Plan and Safer Roads. These areas generate income which is ring-fenced for specific usage.
- xi) **Uplift Reserve** holds funds to meet the infrastructure and non-pay costs associated with the estimated increase in police officer numbers.

6. Ring-fenced Reserves held by but not available to use by the PCC

6.1. In addition to the reserves set out above, the accounts include earmarked reserves that are ring fenced for specific purposes and are not available for use by the PCC. These are:

	Actual as at 31 March 2022	Forecast as at 31 March 2023	Forecast as at 31 March 2027
ACRO Surety	3.0	3.0	3.0
AVCIS Surety	0.3	0.3	0.3
ACRO General Reserve	8.1	8.1	8.1
Total	11.4	11.4	11.4

6.2. The purpose of these reserves is as follows:

- i) **ACRO** is the national ACPO Criminal Records Office which is hosted in Hampshire. The funds are not available to the PCC for use in the Hampshire policing area. **ACRO Surety** and **AVCIS Surety** are held to cover any potential costs to the Chief Constable or PCC should ACRO cease to trade on its current basis.
- ii) **ACRO General Reserve** - other net surplus balances held on behalf of ACRO. The governance board for ACRO determines the use of these reserves. The annual budget and use of reserves is presented to the National Police Chief's Council each year.

7. Overall CFO Assessment of reserves

7.1. The PCC CFO's assessment is that:

- i) the level of the General Fund reserve is reflective of the overall risk environment in which the PCC operates
- ii) the level of Earmarked reserves and their purpose are necessary and appropriate
- iii) the overall level of reserves is appropriate given the known financial pressures and risks faced by the PCC.

7.2. Over the last few years a number of new and necessary earmarked reserves have been created against known risks, and these will be continually reassessed to ensure that the reserves held are commensurate with the risk.

Appendix 1 – Analysis of Useable Reserves

	Analysis of how the forecast 31 st March 2023 Reserves will be utilised			
	Forecast Balance 31.3.23	Planned Expenditure on projects and programmes over the medium term to 2026/27	Funding for Specific projects and programmes beyond 2026/27	As a general contingency to meet other expenditure needs
	£m	£m	£m	£m
General Reserve	7.5	0.0	0.0	7.5
Carry Forward Reserve	0.0	0.0	0.0	0.0
Council Tax Reserve	2.1	0.0	0.0	2.1
Commissioner's Reserve	1.0	0.2	0.8	0.0
Estates Reserve	48.9	41.1	7.8	0.0
Grant Equalisation Reserve	6.0	2.5	3.5	0.0
Inflation Reserve	3.1	0.0	0.0	3.1
Insurance Reserve	1.5	0.0	0.0	1.5
IT Services Reserve	24.6	24.4	0.2	0.0
Operation Magenta Reserve	7.1	7.1	0.0	0.0
Pension Remedy Reserve	3.0	3.0	0.0	0.0
Replacement Programme Reserve	3.1	1.5	1.6	0.0
Revenue Grants Unapplied Reserve	0.1	0.1	0.0	0.0
Trading Reserves	1.9	0.0	0.0	1.9
Transformation Reserve	0.0	0.0	0.0	0.0
Uplift Reserve	0.9	0.9	0.0	0.0
Total Useable Reserves	110.6	80.8	13.9	16.1

Appendix 2 – Analysis of profile

	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
General Fund Balance	(13.2)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)
Fully committed to Existing Spend Programmes						
Carry Forward Reserve	(0.8)	0.0	0.0	0.0	0.0	0.0
Estate Reserve	(33.1)	(48.9)	(43.2)	(28.3)	(6.7)	(7.8)
IT Services Reserve	(24.5)	(24.6)	(16.6)	(15.7)	(14.8)	(0.2)
Replacement Programme Reserve	(3.9)	(3.1)	(3.1)	(2.3)	(1.6)	(1.6)
Revenue Grants Unapplied Reserve	(0.5)	(0.1)	0.0	0.0	0.0	0.0
Uplift Reserve	(2.9)	(0.9)	(0.5)	0.0	0.0	0.0
Trading Reserves						
HC Trading Reserves	(4.5)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Risk Reserves						
Council Tax Reserve	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)
Grant Equalisation Reserve	(6.0)	(6.0)	(3.5)	(3.5)	(3.5)	(3.5)
Insurance Reserve	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Operation Magenta Reserve	(8.3)	(7.1)	(5.4)	(0.0)	(0.0)	(0.0)
Pension Remedy Reserve	(3.0)	(3.0)	(1.5)	0.0	0.0	0.0
Inflation Reserve	0.0	(3.1)	(3.3)	(3.5)	(3.7)	(3.9)
Corporate Reserves						
Commissioner's Reserve	(1.1)	(1.0)	(0.9)	(0.8)	(0.8)	(0.8)
Transformation Reserve	(1.3)	0.0	0.0	0.0	0.0	0.0
Total Earmarked	(93.6)	(103.1)	(83.4)	(59.5)	(36.4)	(23.1)
Other Reserves						
AVCIS Surety	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
ACRO General Reserve	(8.1)	(8.1)	(8.1)	(8.1)	(8.1)	(8.1)
ACRO Surety	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Total Revenue Reserves	(118.2)	(122.0)	(102.3)	(78.4)	(55.3)	(42.0)

Section 25 Report from the PCC Chief Financial Officer

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to the PCC when setting council tax on:

- the robustness of the estimates included in the budget, and
- the adequacy of the financial reserves in the budget.

The PCC is required to have regard to this report in approving the budget and council tax. Section 25 concentrates primarily on the risk, uncertainty and robustness of the budget for the next financial year rather than the greater uncertainties in future years. This report does however consider not only the short-term position but also the position beyond 2023/24 in the context of the PCC's Medium Term Financial Strategy (MTFS) presented in the main report.

Robustness of Estimates in the Budget

The budget setting process within the Constabulary has been operating effectively for many years and is based on increasing the budgets each year allowing for pay and price inflation and other marginal base changes in the cost or levels of service.

Each year a zero based budgeting exercise is also carried out to review whether or not there are elements of the budget that do not reflect the current activity or need, and adjustments have been made to the Constabulary budgets to reflect that savings of £4.31m that have been implemented in order to help balance the budget.

Appropriate provisions for pay and price inflation are included within each successive MTFS and these are then refined by the Chief Financial Officers in rolling forward the detailed budget for the next financial year; for 2023/24 provision has been included to fund pay inflation of 2% (Sept 23 pay award), and general inflation of 5%.

In the absence of an agreed pay award, there remains a risk that the pay award could be higher; the Minister of State for Crime, Policing and Fire proposed that PCCs should budget for a pay award in excess of 2%, but gave no steer on the actual level of pay award. What is clear is that the government are faced with increasing pay demands across the public sector. The PCC and many of her colleagues are clear that with a below inflation grant settlement (HIOW 1.8% increase in government grant), the government should make additional funding available should the final pay offer exceed 2%.

Although the headline allowance for pay within the budget is 2%, should the pay award be greater than 2% and no further government grant be forthcoming, we have put in place an Inflation reserve to cover unbudgeted inflation increases. The reserve is available to cover both pay and non pay inflation pressures (for example utilities inflation), and a contribution of £1.7m to the reserve is included part of the 2023/24 budget; in total the Inflation reserve will be at £4.7m at the start of the 2023/24 financial year. This is an appropriate reserve to hold given the uncertain economic environment, and provides good risk coverage should

inflation pressure increase. From a pay perspective, each additional 0.5% increase in pay has a cost of £0.85m.

In general terms, the forecasting for the MTFS is undertaken on a very prudent basis, particularly in respect of allowances for pay and price inflation and increases in government grant, precept increase and council tax base. For the current MTFS, the PCC has only received confirmation of Hampshire's grant funding for the 2023/24 financial year; increases in total Police Grant has only been announced as part of SR21 for 2024/25 (a national increase of £150m, with no detail on PCC specific allocations), with no detail for 2025/26 onwards. The MTFS therefore includes an assumption that Hampshire will receive its proportionate share of the overall increase in Police Grant in 2024/25, and a prudent assumption of no increase in grant funding for 2025/26 onwards, so flat cash.

The settlement announcement confirmed that Precept rises of £15 would be permitted for 2023/24, reverting to £10 for 2024/25. There is no announcement on referendum limits for 2025/26 onwards; at this stage the MTFS is based on a £15 precept increase for 2023/24, but for later years the precept increase has been included at 1.99% (which equates to for example a precept increase of £5 in 2024/25). This is therefore below the £10 increase allowable for 2024/25, so is a prudent assumption.

There is a very robust process in place within the Constabulary to assess growth pressure and bids, with bids ranked according to a hierarchy which ranges from:

- Unavoidable
- Operationally unavoidable
- High Priority
- Optional

The bids are subject to scrutiny and sign off by Force Executive and with Joint Chief Officer Group with Thames Valley Police for collaborated initiatives, and then are discussed and agreed with the PCC, subject to overall affordability and assessment against the PCC's priorities. For the current year, the budget includes new investment of £9.057m; the headline investment is in 50 new police officers at a cost of £3.2m, the cost of which is funded from the additional £5 precept flexibility afforded to the PCC through the change in the referendum limit to £15.

For the remainder of the MTFS, the budget estimates only include unavoidable cost increases and growth items for investment which are operationally unavoidable (and an allowance for future pressures incrementally per annum of £5m – so total recurrent revenue funding which increases by £5m each year, so a £15m increase in total resource by year 3).

Budget management within the Constabulary remains strong as demonstrated by the outturn position each year; for 2022/23 the Constabulary are forecasting an underspend which will be utilised in support of the capital programme (in the forecast sum of £7.8m).

As Chief Financial Officer for the PCC I have a close involvement with the budget setting process and I am content that the estimates are robust based on the knowledge we have available to us at this time.

Risks in the Budget 2023/24 and the MTFS

- a) **Government Funding** - The Police Spending Settlement announced in December 2022 has only provided Hampshire's specific information on government grant for 2023/24. For later years, whilst the increase in national police grant has been announced for 2024/25, grant allocations at an individual PCC level have not been announced for 2024/25 onwards. This is a key risk as the funding position beyond 2023/24 is not known, and has therefore required that an estimated grant level has been included for the remaining years of the settlement period (2024/25 - 2026/27) within the MTFS.

For the final 2 years within the MTFS period (2025/26 and 2026/27), there is no announcement on the level of grant available. The risk mitigation here has been to include a very prudent estimate of 'flat cash' for Police Grant in 2025/26 and 2026/27, i.e. no increase in grant in comparison to 2024/25.

To manage the risk of having to estimate the overall level of government grant for the period 2022/25 – 2026/27, a Grant Equalisation reserve is available which can be utilised to offset and manage any fluctuations in government grant over the medium term. In addition a General Reserve is available at £7.5m.

- b) **Council Tax** – In announcing the settlement for the current year, the Government have effectively assumed that the total available increase in resource available to PCC's to cover for example pay rises, inflation, Investment and unavoidable growth is predicated on a precept rise of £15 for 2023/24, reverting back to £10 in 2024/25.

This presents a risk to the overall funding position, as it will be a local decision for the PCC as to level of precept increase up to the relevant referendum threshold each year. The current MTFS is predicated on precept increases of 1.99% for the period 2024/25 – 2026/27. This is felt to be a prudent approach, and leaves flexibility for the PCC to determine the actual precept rise each year taking account of confirmed referendum limits.

- c) **Council Tax Collection** – Post the impact of COVID-19 which impacted the collection of Council Tax, particularly during 2020/21, it does appear that over the past two financial years, 2021/22 and 2022/23, collection levels have improved.

Over the medium term, the current tough economic climate and the current cost of living pressures may impact Council tax collection in 2023/24.

A Council Tax reserve is available and can be utilised to manage any ongoing impact to the overall level of precept income.

- d) **Pay Inflation Risk** – The MTFS contains provision as follows for annual pay awards for increases in Police Officer and Police staff pay:

23/24 - 2%

24/25 - 2%

25/26 - 2%

26/27 – 2%

Whilst the level of actual pay awards will be determined by the Home Secretary following recommendations from the Police Pay Review Body, the percentage

increases shown above are relatively low. The Minister set out that PCCs should budget for pay awards in excess 2%, but with no indication as to the likely level of pay award/what a prudent assumption on pay would be.

Noting the risks around pay inflation, funding has been set aside in an inflation reserve (supplemented by a recurrent contribution to the reserve of £1.7m from 2023/24 onwards, for the medium term) to cover all inflation risks (with Utilities the other main specific inflation risk) which could be used to manage the impact of a pay award in excess of 2%

- e) **General Inflation Risk** - the impact of price inflation is a risk which could impact the overall budget and is a risk which will need to be managed (particularly utilities inflation).

Whilst there is concern that inflation pressures may not be short term in nature, the budget has been prepared on a risk basis which assumes that in particular the significant Utilities inflation is 'transitory' in nature, and that costs will reduce over the next two years.

A specific Inflation Reserve of £4.7m (supplemented by a recurrent contribution to the reserve of £1.7m from 2023/24 onwards, for the medium term) is available to support the budget from 1st April 2023 should inflation risk not be containable within the approved budget 2023/24, and the plan is that the 'transitory' utilities inflation (not built into the budget) will be funded from and necessitate a draw from this reserve.

In the round my assessment is that it would take a sustained and significant increase in inflation beyond the current budgeted amounts (including the inflation reserve) to create a financial problem that could not be dealt with in year from reserves.

- f) **Treasury Risk** – The PCC has no current exposure to interest rate risk on borrowing as current long-term borrowing is historical and has been undertaken on a fixed rate basis.

If the PCC were to approve significant future investment in support of the key emerging capital issues across the police estate, this is likely to require support through prudential borrowing, and decisions on when best to take out this borrowing would need to be considered. Rates have clearly increased significantly over the past year, so this is a new risk, negated currently as there are no immediate plans or requirement to take out new borrowing.

MRP Provision of £2m to support borrowing for potential new capital investment has been included within the budget, although the proposed capital programme included in this report does not require any borrowing support (this budget provision is being utilised as RCCO, but essentially is available to fund new borrowing if required).

On the investments side, the PCC has a very prudent approach to forecasting its investment returns and they also represent a very small part of the overall funding for the budget. The investment strategy protects capital ahead of yield and most of the medium term investments are in products that should return a stable income yield each year. The tough economic environment will actually be beneficial from an investment perspective, as returns on our overall cash balances will be significantly higher than in recent years.

In addition to the above, the budget report sets out a range of other key risks in section 11 of the report as follows:

- a reduction in the government grant announced for 2024/25
- we have no HIOW specific grant funding information beyond 2023/24; our current assumption for future years could be too high compared to what we actually receive
- there is a risk of clawback against the £7.1m Police Officer Uplift Grant (the criteria yet to be published) should the Constabulary be unable to maintain their government funded uplift number of 498 officers (although current over recruitment against the government target reduces the risk)
- the Precept proposed by the PCC is less than the assumed 1.99% increase included in each year of the MTFS 2024/25 onwards
- the overall funding and economic position puts an increased expectation and reliance on the PCC to increase the precept by the maximum allowable
- inflation is greater than forecast which would create a cost pressure (as an example, each 0.5% increase in the pay award beyond the current assumption of a 2% pay award would lead to a full year cost pressure of £0.85m)
- utilities inflation is not transitory and translates too an ongoing cost increase and budget pressure
- the economic environment and the cost of living pressure on households impacts on the overall level of Council Tax collected such that it is lower than anticipated
- the £5m incremental recurrent revenue funding each year within the MTFS is insufficient to cover new recurrent revenue pressures
- costs for implementing pension remedy exceeds the available funding set aside
- any cost increase arising as a result of the Police Pension Scheme valuation is not funded in full by central government
- the cost of borrowing continues to increase reducing the potential level of borrowing which could be taken out to support the any future capital programme requirements
- the costs of Operation Magenta increase, and the investigation continues beyond 2025/26
- Special Grant available to support Operation Magenta is no longer available or significantly reduces (which the Minister has indicated will be the case for future years)
- an increase in national top-slices
- a risk that partner agencies could reduce or withdraw their services which puts additional financial pressure on the police service

- some activities and funding could be moved to a regional or national basis that would remove funding from the HLOW policing area. There is a risk that the removal of funding causes a financial difficulty that needs to be managed locally
- insufficient savings are identified or delivered to meet the forecast medium term budget shortfall, necessitating a draw from reserves to balance the budget in any one year
- the earmarked reserves are insufficient to cover the pressures/risks to which they relate

These risks have been taken into account in assessing the minimum and overall level of reserves. My assessment is that it would be unlikely that all risks would arise in any one year, and that individually the risks can be managed. It would take a significant number of these risks to arise at the same time to be unmanageable through the available reserves in the short to medium term.

These identified risks are mitigated, to a certain extent, because:

- the PCC maintains an appropriate level of reserves and balances;
- the MTFS includes prudent assumptions as to the level of future precept increases and police grant increases
- the PCC together with the Chief Executive and CFO will proactively manage and monitor all aspects of budget performance during the year

Adequacy of Reserves

The PCC Chief Finance Officer has a responsibility to ensure that the level of reserves maintained is sufficient. The Police Reform and Social Responsibility Act 2011 states that only the PCC, and not the Chief Constable, is permitted to hold reserves.

The Chartered Institute of Public Finance and Accountancy (CIPFA) produces guidance on reserves, but the exact level of reserves to be held is left as a local decision due to the need to reflect individual circumstances. Whilst there are no firm requirements on the amount, it is clear that reserves must be held to ensure that the organisation is able to meet any unexpected liabilities. CIPFA have previously warned that the use of reserves to deal with shortfalls in day-to-day spending would be a “recipe for significant financial problems.

Reserves are necessarily and appropriately held as part of good strategic financial management and are a key element in supporting the PCC’s medium-term planning and Medium Term Financial Strategy. Reserves held by the PCC are forecast to reduce in the medium term.

The PCC has in place earmarked Reserves to recognise specific risk issues which could require to be funded over the medium term, which include:

- iii) **Grant Equalisation Reserve** - this reserve in the sum of £6m will be used to offset and manage future uncertainty in the level of Police grant
- iv) **Council Tax reserve** – this reserve will be utilised to manage any impact from the current cost of living issues on council tax collection in 2023/24, and to manage any ongoing impact (slow recovery/reduced growth) on the Council Tax Base

- v) **Operation Magenta Reserve** – this reserve has been set up to ensure that funding is set aside to meet the costs of the reinvestigation of the historic events at Gosport War Memorial Hospital which is an investigation of national interest.
- vi) **Pension Remedy Reserve** – this reserve, in the sum of £3m sets aside specific funding in recognition of the one off costs which will arise from implementation of the McCloud/Sargeant pension remedy judgment impacting Police Pensions
- vii) **Inflation Reserve** – this reserve has been set to manage inflation risk – both pay and non-pay – in recognition of the current high and volatile inflation environment, which has seen inflation rise to over 10%. In particular the reserve will be used to manage the ‘transitory’ spike in utilities inflation/prices. There is also pressure on pay, and this reserve could be used to meet any in year pressure on pay arising from a pay award in excess of the budgeted 2%

Further information on Reserves is provided in section 10 of the budget report, with significant detail set out in the Reserves Strategy which is Appendix H to the budget report.

Based on current planning assumptions, and taking into account the risks set out in section 11 of the budget report, the minimum general fund balance has been set at £5.5m. The actual balance of the reserve is forecast to be £7.3 m (which is 1.7% of the 2023/24 net budget) at the end of March 2023, and then forecast to be maintained at that level over the MTFs for the period through until March 2027.

For the medium-term the general fund balance is therefore anticipated to be maintained at a level in excess of the minimum required which provides further coverage to support emerging risks or cost pressures.

The Earmarked reserves which are held are deemed to be appropriate, and their purpose has been set out in the Reserves Strategy. Useable Earmarked reserves are forecast to reduce from £93.6m on 31st March 2023 to £23.1m by 31st March 2027.

As set out in the Reserves Strategy, my view on the adequacy of Reserves is as follows:

- i) the level of the General Fund reserve is reflective of the overall risk environment in which the PCC operates
- ii) the level of Earmarked reserves and their purpose are necessary and appropriate
- iii) the overall level of reserves is appropriate given the known financial pressures and risks faced by the PCC.

Reliability / accuracy of budget estimates

The estimates have been reviewed by qualified and experienced staff in the Finance team.

There are a significant number of risks around the estimation of future costs (in particular the impact of inflation) and income (primarily government grant) contained within the budget and MTFs proposals and these are clearly set out within this appendix and within the body of the budget report, together with comments on risk mitigation.

By themselves none of these risks are so significant that they could not be managed in isolation. However, collectively they represent potential risks which if they came to fruition individually or as multiple risks would impact the MTFS position, and if not managed could cause a gradual and escalating build-up of financial pressure on the PCC and Constabulary's financial position that would need to be managed in year as necessary and where appropriate over the course of the MTFS timeline. It is felt unlikely that a combination of risks would be such that they could not be managed over the medium term through reserves.

The risks will be closely monitored during the year and the next iteration of the MTFS will be updated accordingly.

Budget 2023/24 – Conclusion

Given the details outlined above, provided that the PCC considers the above factors which form part of the budget and MTFS and agrees the budget and MTFS as proposed, including the level of earmarked reserves and balances, a positive opinion can be given under Section 25 on the robustness of the estimates and level of reserves for 2023/24.

Cash Flow

As part of setting the budget, I have reviewed, together with the Chief Constable's CFO, the cash flow forecast for the period through until end of March 2024. The cash flow position remains very positive, and I have no concerns as to the cash position.

In practice, through effective treasury management throughout the year, surplus cash will be invested until required, ensuring that the PCC keeps sufficient but not excessive cash available to meet the PCC's day to day spending needs, while managing the risks involved (in line with the CIPFA code and the treasury management strategy). On that basis actual short term cash balances may be less than forecast as surplus cash will be invested in periods longer than 1 day duration.

The Position Beyond 2023/24

Given the announcement of only a firm one-year settlement 2023/24, the PCC is still in the position of not knowing what the actual grant funding position is beyond a one-year planning horizon.

At this stage, in response to this position, the MTFS has been based on prudent funding assumptions, which should mean the PCC is well placed to respond to and manage changes to funding.

As set out earlier, the MTFS is necessarily based on prudent assumptions which do show budget shortfalls across the 3 years post 2023/24. However, whilst there are risks within the MTFS these have been mitigated as far as possible and it would take a significant change in the funding regime to create a scenario which the PCC and Chief Constable could not manage over the course of the MTFS through either planned budget reduction and/or draws from reserves.

Andrew Lowe

**PCC Chief Financial Officer
January 2023**

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HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME PANEL

Report

Date considered:	27 January 2023
Title:	Police and Crime Commissioner – Police and Crime Plan Performance and Delivery
Contact:	Office of the Police and Crime Commissioner

Purpose of this report

1. The purpose of this paper is to present an update against Performance and Delivery of the Police and Crime Plan.

Recommendations

2. That the update on the performance and delivery of the Police and Crime Plan is noted.

REQUIRED LEGAL INFORMATION:

Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>

Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>

D O N N A J O N E S

MORE POLICE
SAFER STREETS

H A M P S H I R E & I S L E O F W I G H T

Hampshire & Isle of Wight Police & Crime Panel:

27th January 2023

Donna Jones – Police & Crime Commissioner

Performance and delivery against the Police and Crime Plan

Dashboard

Current Delivery Against Objectives



Evidenced	51
Current	58
Outstanding	13



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The dashboard can be used to monitor the monthly highlight reports and present the status of delivery of the Police & Crime Plan, provide oversight of change within the projects, and access the closer level of detail via hyperlink for each individual project.

- Reporting months can be selected to identify the status at each period
- All 122 project objectives are tracked using a RAG rating for “Evidenced”, “Current”, & “Outstanding”
- The delivery of the plan is measured as a percentage of all objectives that are “Evidenced”

Holding to Account

OPS Framework Objective	Project Name	Oct-22	Nov-22
Support and challenge the Chief Constable to ensure the police uplift recruitment programme is delivered on time and is representative of the community it serves.	#1 600 More Police Officers By 2023	Evidenced	Evidenced
Challenge HC to improve 101 services including recording of incidents and response times	#4 Making it Easier to Report Crime Through 101	Current	Current
Challenge Hampshire Constabulary and criminal justice partners to ensure they take a 'child-centred' approach.	#5 Prevent Young People From Committing Crime	Current	Current
Challenge and support Hampshire Constabulary to review the operational response to unauthorised encampments.	#7 Crackdown On Unauthorised Encampments	Evidenced	Evidenced
Challenge and support Hampshire Constabulary to take swift and appropriate action when an unauthorised encampment is reported.	#7 Crackdown On Unauthorised Encampments	Current	Current
Challenge Hampshire Constabulary to improve response times in rural areas.	#9 Targeting Rural Crime	Current	Current

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MORE POLICE SAFER STREETS

Holding to Account

OPS Framework Objective	Project Name	Oct-22	Nov-22
Challenge the Chief Constable to investigate all domestic burglaries and provide feedback for all non-domestic burglaries.	#10A Community Crimes That Matter - Burglary, Theft & Stealing	Current	Current
I will challenge Hampshire Constabulary to reduce business crime.	#10B Community Crimes That Matter - Business & Retail Crime	Outstanding	Outstanding
Challenge the Chief Constable to further improve disruption of serious and organised crime gangs especially in relation to our ports, arterial routes and other prime locations.	#11A Crimes That Hurt You The Most - Serious Organised Crime & Countering Terrorism	Evidenced	Evidenced
Challenge the Chief Constable to inform local communities about serious issues so they know what's happening, what to look out for and how they can help.	#11A Crimes That Hurt You The Most - Serious Organised Crime & Countering Terrorism	Current	Current
Challenge the Chief Constable to demonstrate that police plans, capabilities and preparations are sufficient for countering terrorism, and have regard to all elements of the Strategic Policing Requirement.	#11A Crimes That Hurt You The Most - Serious Organised Crime & Countering Terrorism	Outstanding	Outstanding
Challenge the Chief Constable to reduce murder and serious violence crime rates across the force area, as well as gun, knife and weapons enabled attacks.	#11B Crimes That Hurt You The Most - Murder & Serious Violence	Current	Current

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Youth Engagement

Hampshire and Isle of Wight Youth Commission

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Recommendations Conference 2022



MORE POLICE SAFER STREETS

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HAMPSHIRE & ISLE OF WIGHT

This year...

- 1000+** Hours Volunteered
- 29** Youth Commission Members
- 44** Partners
- 35** Meetings Attended With Partners
- 18** Events
- 20** Workshops With Young People

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MORE POLICE SAFER STREETS

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1,614 BIG Conversation Responses



Recommendations



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1. Education

2. More Funding for Safety Resources and Initiatives

3. Harsher Sanctions

1. Build A Culture Of Respect

2. Be An Up stander

3. Education

1. Education

2. Raising Awareness

3. Supporting Those With Addictions



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Equality, Diversity & Inclusion

PCC's role

The Police Reform and Social Responsibility Act 2011 requires PCCs **to hold the Chief Constable** in their area to account for the exercise of duties relating to equality and diversity.

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WORKING WITH PARTNERS
TO ENSURE EFFECTIVE
OUTCOMES



MORE POLICE SAFER STREETS

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HAMPSHIRE & ISLE OF WIGHT

Why is it important?

- The Scarman (1981) and Macpherson (1998) reports highlighted the police were institutionally racist – the relationship with the black community has not improved
- Policing still contains racism & discrimination (Op Boots)
- HIOWC still not an employer of choice for Black people our workforce is 93.78% white
- Confidence levels are much lower and powers are disproportionately applied to Black communities
- Negative impact of these factors on the core policing role of apprehending suspects, bringing offenders to justice, reducing crime & supporting victims

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Lower % of Black and mixed ethnic respondents had confidence especially when considering 16- 34 age range (Gov.uk Crime Survey)

National Plan



The Race Action Plan consists of four work streams, with each work stream containing a number of actions, which are then broken down into steps to achieve these ambitions. Each action contains steps to achieve this ambition for a number of organisations, including police forces, NPCC, CoP, NBPA and HMICFRS.

Work stream 1: Represented (internal culture and inclusivity) – contains 11 actions with 40 steps to achieve these ambitions, of which 8 are at least partly the responsibility of individual police forces

Work stream 2: Not over-policed (use of powers) – contains 8 actions with 48 steps to achieve these ambitions, of which 11 are at least partly the responsibility of individual police forces

Work stream 3: Involved (community engagement and relations) - contains 3 actions with 21 steps to achieve these ambitions, of which 6 are at least partly the responsibility of individual police forces

Work stream 4: Not under protected against victimisation – contains 8 actions with 35 steps to achieve these ambitions, of which 6 are at least partly the responsibility of individual police forces



RAP Leadership Team & work stream areas

Gold

Paul Bartolomeo

Silver

Phil Lamb/Phil Jones

IAG
Staff Associations
Race Board

Bronze

Work stream 1

Represented
Internal, culture,
inclusivity

BRONZE

Karen Scipio

Work stream 2

Not over Policed.
Use of Powers

BRONZE

Danielle Daltrey

Work stream 3

Involved
External engagement,
inclusion

BRONZE

Stifun Mittoo and
Andi Douglas

Work stream 4

Not Under protected
Victimisation

BRONZE

Habib Rahman

Delivery Groups

The Criminal Justice System Local Criminal Justice Board & PCC Police and Crime Plan

Public Sector Equality Duty contained within the Equality Act 2010:

- the need to eliminate unlawful discrimination
- advancing equality of opportunity
- fostering good relations between people who share a protected characteristic and those who do not.

WORKING WITH PARTNERS
TO ENSURE EFFECTIVE
OUTCOMES

HMPPS – Probation / Prison
YOT
Health
Crown Prosecution Service
Police
HMCTS (Courts)
Legal Aid Agency
Judiciary and Magistracy
Defence representative



I commit to:

*Better outcomes for victims of crime
More offenders brought to justice with
effective rehabilitation*

MORE POLICE SAFER STREETS

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SAFER STREETS**

HAMPSHIRE & ISLE OF WIGHT

Developing approach

The Plan (current):

- 1) Capture current Action Plans / summary of work undertaken by partners
- 2) Identify good practice & gaps
- 3) Seek information and data to support and progress agreed action

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WORKING WITH PARTNERS TO ENSURE EFFECTIVE OUTCOMES

HMPPS – Probation / Prison
YOT
Health
Crown Prosecution Service
Police
HMCTS (Courts)
Legal Aid Agency
Judiciary and Magistracy
Defence representative



I commit to:

*Better outcomes for victims of crime
More offenders brought to justice with
effective rehabilitation*

MORE POLICE SAFER STREETS

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SAFER STREETS**

HAMPSHIRE & ISLE OF WIGHT

D O N N A J O N E S

MORE POLICE
SAFER STREETS

H A M P S H I R E & I S L E O F W I G H T

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HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME PANEL

Report

Date:	27 January 2023
Title:	Police and Crime Panel – Governance Update
Report From:	Democratic Services Officer to the Panel

Tel: 0370 779 6176

Email: hampshire.iow.pcp@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to set out revised governance documents previously adopted by the Hampshire Police and Crime Panel (PCP).

Recommendation(s)

2. That the Panel agrees the updated Rules of Procedure.

Contextual Information

3. The Panel are required under Part 4, Schedule 6 of the Police Reform and Social Responsibility Act 2011 to make Rules of Procedure for the Panel.
4. Following the revision to the name of the Panel in November 2022, the Democratic Services Officer undertook a review of the Panel's Rules of Procedure.
5. This report recommends a number of revisions to the Rules of Procedure, to reflect updates in legislation and practice, which include:
 - a. Rule 1 - delegating authority to the Democratic Services Officer, in consultation with the Chairman of the Panel to schedule meetings of the Panel for the general transaction of business and at the request of the Chairman and Members, in accordance with the Rules of Procedure.
 - b. Rule 16 – additional clarity provided regarding the maintaining of registers of interests by Members.
 - c. Rule 19 – noting the removal of attendance sheets, for efficiency.
 - d. Rule 20 – clarifying the responsibility of the Panel and its Members to publish any reports or recommendations made to the Commissioner and to share these with the local authorities within the Hampshire and Isle of Wight Policing Area, in accordance with section 28 (8) of the Police Reform and Social Responsibility Act 2011.

- e. Rule 21 – Additional context and clarity regarding the appointment and term of the PCP’s co-opted Members.
 - f. Rule 29 – Updated to note that members of the press and public are able to film public sessions of any meeting of the Panel, without prior notice.
 - g. Rule 31 – Greater clarification regarding the deputation process, including the time allowed and when and how the Panel are able to receive a deputation.
 - h. Rule 31a - Greater clarification regarding the process for public questions, including the need for such questions to be addressed to the Panel, rather than the Commissioner.
 - i. Rule 34 – The removal of duplicated text, which is included in the Protocol for the Informal Resolution Procedure Regarding Complaints made against the Police and Crime Commissioner.
6. A number of appropriate wording and grammatical amendments have also been proposed for clarity and consistency, including revision to pronoun use, as well as reflecting the update to the titles of the Police and Crime Commissioner (PCC) and PCP.
7. The proposed updated Rules of Procedure can be found at appendix one.

REQUIRED LEGAL INFORMATION:

Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
Police Reform and Social Responsibility Act 2011 (legislation.gov.uk)	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

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**RULES OF PROCEDURE
OF THE HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME PANEL**

Introduction

These Rules of Procedure are made by the Hampshire and Isle of Wight Police and Crime Panel (hereafter referred to as 'the Panel') pursuant to Schedule 6, paragraph 25 of the Police Reform and Social Responsibility Act 2011 ("the Act").

The Panel will be conducted in accordance with these Rules of Procedures ("the Rules"). The Rules should be read having regard to the Panel Arrangements for the Police and Crime Panel for the Hampshire and Isle of Wight Police Area ("the Panel Arrangements") as referred to in Rule 1 paragraph (4) below.

Protocols have been agreed between the Panel and the Police and Crime Commissioner ("the PCC") to enable the Panel to fulfil its functions. These protocols should be read with the Rules.

The Rules may have to be reviewed from time to time on the coming into force of any relevant secondary legislation and/or statutory guidance. They are to be read alongside the Panel Arrangements.

RULE 1

Meetings of the Police and Crime Panel

- (1) The Panel shall hold an annual meeting between the 31 May, and the 31 July each year. The first items of business on the agenda for the annual meeting shall be the appointment of a Chairman and Vice-Chairman for the ensuing year.
- (2) In addition to the annual meeting of the Panel and any meetings convened by the Chairman or by members of the Panel, meetings for the transaction of general business shall be scheduled by the Democratic Services Officer to the Panel, in consultation with the Chairman
- (3) The Chairman of the Panel may cause a special meeting of the Panel to be called at any time. For example, a special meeting may be called for the purposes of holding a confirmation hearing in accordance with paragraph 11 of Schedule 1, or paragraph 6 of Schedule 8, of the Act.
- (4) A special meeting of the Panel shall be called on the request of at least one quarter of the whole number of members of the Panel by notice in writing and signed by them and given to the Chief Executive of the

Lead Authority (hereafter referred to as 'the Chief Executive') appointed in accordance with clause 6.1 of the Panel Arrangements). The notice must specify the business for which the meeting is to be called. After receipt of such request, the Chief Executive shall arrange for the special meeting to take place not less than 21 days and not more than 35 days after the receipt of the request.

- (5) The Panel shall be responsible for setting its own work programme of activities within its planned meetings structure, taking into account the priorities defined by the Police and Crime Commissioner for Hampshire and the Isle of Wight (hereafter referred to as 'the Commissioner) and the wishes of its members. The Panel shall also work within any financial budgets agreed by the Panel and keep within the Central Government Grant.
- (6) In these Rules, "ordinary meeting" means a meeting described in paragraph (1) or (2) above other than a meeting convened by the Chairman or by members of the Panel.
- (7) Unless the Panel otherwise determines, all meetings of the Panel shall be held, as far as possible, at 10.00am on a weekday.
- (8) In these Rules, references to the Chief Executive shall be taken to include a nominee who is standing in for the Chief Executive.
- (9) All meetings of the Panel shall be held in public, unless otherwise specified elsewhere in the Rules, and unless the reports or recommendations within the reports are marked as 'exempt' or 'not for publication' as defined by Part 1 of Schedule 12A of the Local Government Act 1972.

RULE 2

Chairman of the Meeting

- (1) Any power or duty of the Chairman in relation to the conduct of a meeting may be exercised by the person presiding at the meeting.

RULE 3

Quorum

- (1) If during any meeting of the Panel or Sub-Committee the Chairman, after counting the number of members present, declares that there is not a quorum¹ present the meeting shall stand adjourned. The consideration of any business not transacted shall be adjourned to a time fixed by the Chairman at the time the meeting is adjourned, or, if

¹ The quorum for meetings of the Panel or Sub-Committee is one quarter of the total number of members or a minimum of 3 members, whichever is the greater.

they do not fix a time, to the next ordinary meeting of the Panel or Sub-Committee.

RULE 4

Circulation of agenda and confirmation of minutes of the Panel

- (1) A printed copy of the summons and agenda for the forthcoming meeting of the Panel and the minutes of the previous meeting shall be, at least five clear working day before such forthcoming meeting, be made available by the Chief Executive at the offices of Lead Authority, published on the website of the Lead Authority and provided to each Member in electronic format, and such minutes shall be taken as read when submitted to the Panel for confirmation unless a majority of the members then present otherwise order. Unless similarly ordered, any document which comes up for consideration at any meeting, and which has been printed or provided in an electronic format and circulated to each Member prior to such meeting, shall be taken as read.
- (2) Any member may, by giving 10 clear working days' notice, require an item to be placed on the agenda either for a Panel or Sub-Committee meeting. For the avoidance of doubt, the Panel or Sub-Committee at which the agenda item is considered will determine what, if any, action is proposed to be taken with the agenda item. If either the Panel or Sub-Committee determine that further action is required on the agenda item, the Panel or Sub-Committee may request that a full report on the agenda item be submitted to the next appropriate meeting of the Panel or Sub-Committee.
- (3) Any reports which miss the deadline for the agenda despatch will not be considered at that meeting of the Panel or Sub-Committee unless by reason of exceptional circumstances, which shall be specified in the minutes, the Chairman of the meeting is satisfied that the item should be considered as a matter of urgency.

RULE 5

Questions by Members

- (1) At a meeting of the Panel a member may ask the Chairman of the Panel, any question relating to the business of the Panel.
- (2) At ordinary meetings of any Sub-Committee, any member of the Panel who is present may ask the Chairman of that Sub-Committee any question on any matter in relation to which that Sub-Committee has delegated or referred functions.

RULE 6Motions and amendments

- (1) After calling each item on the Agenda (other than Minutes), and after any introductory remarks by the report author and by, with the Chairman's permission, any person who has been requested or required to attend the meeting, the Chairman shall first call for questions and after these have been disposed of, where appropriate, shall call "any debate?" A member desiring to ask questions or to debate shall indicate by raising their hand.
- (2) If there is no debate, the Chairman shall put the recommendation/s to the vote or in the case of an item for information only, that it be noted, and no seconder shall be required.
- (3) A member shall not speak more than once on any motion or amendment except on a point of order or by way of personal explanation.
- (4) Where the Agenda item contains a recommendation, it shall be deemed at the commencement of debate thereon, unless the Chairman indicates otherwise, that the same has been formally moved by them and seconded and any subsequent motion shall be treated as an amendment thereto.
- (5) The Chairman may require the mover of a motion to reduce the same to writing and submit it to the Chairman before speaking thereon, and subject thereto, no motion shall be debated until the mover has spoken to it and it has been seconded.
- (6) A member may not propose or second a motion or amendment on which they are disqualified from voting, and neither may a member move or second more than one amendment on the same motion.

RULE 7Motions affecting employment related matters or issues relating to the conduct of individuals

- (1) If any matter arises at a meeting of the Panel or a Sub-Committee as to the appointment or proposed dismissal of any individual or as to the conduct of any individual, such matter shall not be the subject of discussion until the Panel or Sub-Committee, as the case may be, has decided whether or not the power of exclusion of the public under Part I of Schedule 12A of the Local Government Act 1972, shall be exercised.

RULE 8Amendments to Motions

- (1) An amendment shall be relevant to the motion and shall:
 - (a) refer a subject of debate to a Sub-Committee for consideration or re-consideration;
 - (b) leave out words;
 - (c) leave out words and insert or add others; or
 - (d) insert or add words;

but such omission, insertion or addition of words shall not have the effect of introducing a materially new issue into or of negating a motion before the Panel.

- (2) If an amendment is lost, other amendments may be moved on the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.

RULE 9Alterations or withdrawal of Motion or Amendment

- (1) A proposer of a motion may, with the concurrence of the seconder and the consent of the Panel, alter the motion if the alteration is such that it could properly be affected by an amendment of the motion. A proposer of an amendment may, with the like concurrence and consent, alter the amendment if the amendment as altered could properly have been moved in that form as an amendment. The altered motion or amendment shall if required by the Chairman be reduced into writing and handed to them before the consent of the Panel to the alteration is sought.
- (2) A proposer of a motion or of an amendment may, with the concurrence of the seconder and the consent of the Panel, withdraw the motion or amendment which they have proposed, and no member shall speak upon it after the proposer has asked permission for its withdrawal, unless such permission shall have been refused.
- (3) The giving or refusal of the consent of the Panel to the alteration or withdrawal of a motion or amendment shall be signified without discussion.

RULE 10Conduct of Members

- (1) A member shall direct their speech to the question under discussion or to a personal explanation or to a point of order and shall not impute motives or use offensive expressions to or about any other member.
- (2) If any member in the opinion of the Chairman signified to the Panel, misconducts themselves by persistently disregarding the ruling of the Chairman or by behaving irregularly, improperly, or offensively, or by wilfully obstructing the business of the Panel, or by tedious repetition or unbecoming language in their speech, the Chairman or any other member may move "That the member named be not further heard", and such motion if seconded shall be put and determined without discussion.
- (3) If the member named continues their misconduct after a motion under the last previous paragraph has been carried, the Chairman shall either:-
 - (a) move "That the member named do leave the meeting" (in which case the motion shall be put and determined without seconding or discussion); or
 - (b) adjourn the meeting of the Panel for such period as they in their discretion shall consider expedient.
- (4) In the event that a motion under Rule 10(3)(a) has been carried and the named member refuses to leave the meeting, the Chairman may order the removal of that member from the room in which the meeting is being held.
- (5) Each member of the Panel is subject to their own appointing local authority's Members' Code of Conduct, except in the case of co-opted members who are subject to the Lead Authority's Members' Code of Conduct (in accordance with paragraph 14.2 of the Panel Arrangements). Any alleged misconduct by a member of the Panel in breach of the applicable Members' Code of Conduct shall be referred by the Chairman to the relevant local authority for consideration in accordance with its adopted arrangements.

RULE 11Points of order and explanation

- (1) A member may rise on a point of order or in personal explanation and shall be entitled to be heard immediately. A point of order shall relate only to an alleged breach of a Rule or statutory provision, and the member shall specify the Rule or statutory provision and the way in

which they consider it has been broken. A personal explanation shall be confined to some material part of a former speech by themselves which may appear to have been misunderstood in the present debate.

- (2) The ruling of the Chairman on a point of order or on the admissibility of a personal explanation shall not be open to discussion.

RULE 12

Adjournment/closure of Debate

- (1) A member who has not spoken may, at the conclusion of a speech of another member, move without comment “that the question be now put” or “that the Panel now adjourn”, on the seconding of which the Chairman shall put that motion to the vote without amendment or discussion and, if it is carried, the question before the meeting shall be put to the vote or the meeting shall stand adjourned, as the case may be; provided that if on the moving and seconding of any such formal motion as aforesaid the Chairman is of the opinion that the matter has not been sufficiently discussed, may either refuse to accept the motion at that time or may indicate how many more members they will permit to speak before putting the motion.

RULE 13

Chairman and Vice-Chairman of the Panel and Sub-Committees, and other appointments

- (1) The Panel shall, at its Annual Meeting in each year, elect a Chairman and a Vice-Chairman of the Panel, and appoint a Chairman and a Vice-Chairman for every Sub-Committee of the Panel who shall hold office until a successor is appointed, or until the start of the next annual meeting, whichever is the earlier. If the Panel so decide, the appointment of the Chairman and Vice-Chairman of a Sub-Committee may be left for that body itself to decide.
- (2) In the event of the resignation of the Chairman or Vice Chairman or removal of the Chairman or Vice Chairman by the Panel, a new Chairman or Vice Chairman will be appointed at the next meeting of the Panel.
- (3) The Chairman or Vice Chairman may be removed by agreement of a majority of the whole membership of the Panel.
- (4) In the absence of both the Chairman and Vice-Chairman at any meeting of the Panel or Sub-Committee the members present shall choose one of their number to preside over the meeting until such time

as the Chairman or Vice Chairman arrives in which case they shall then preside over the meeting after the matter under discussion has been disposed of.

- (5) Every candidate nominated to represent the Panel in any capacity or for any position to be filled by the Panel shall be openly proposed and seconded.

RULE 14

Voting

- (1) All members of the Panel may vote in proceedings of the Panel.
- (2) Every proposition shall, unless otherwise required by these Rules or Statute, be determined by a majority of a show of hands or, at the discretion of the Chairman, by voices, with votes clearly recorded in the minutes of meetings of the Panel.
- (3) The Panel has the power of veto:
 - (a) over the level of the PCC's proposed precept (in accordance with paragraph 4 of Schedule 5 of the Act and Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012); and
 - (b) over the PCC's proposed candidate for Chief Constable (in accordance with Part 1 of Schedule 8 of the Act and Part 3 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012),exercisable by a two-thirds majority of the total Panel membership.
- (4) In order to co-opt a person who is a member of a local authority in the Hampshire and Isle of Wight police area, the decision of the Panel must be unanimous.
- (5) In taking the votes on any proposition, those members only shall be entitled to vote who are present in the room when the proposition is put from the Chairman.
- (6) After a proposition is put from the Chairman but before the vote is taken, a quorum of the Panel may by show of hands require that the voting shall be recorded in the minutes of the meeting to show whether each member present gave their vote for or against that proposition or abstained from voting.
- (7) The Chairman shall have a casting vote in the event of a tied vote. For the avoidance of doubt, the Chairman may use such a casting vote on

an equality of voting despite not having voted when the motion was put to the meeting for voting upon.

- (8) Where immediately after a vote is taken at a meeting of the Panel or a Sub-Committee any member of that body so requires, there shall be recorded in the Minutes of the proceedings of that meeting whether that person cast their vote for the question or against the question or whether they abstained from voting.

RULE 15

General disturbances

- (1) If a member of the public interrupts the proceedings at meetings the Chairman shall ask them to desist and warn them that they may be removed if they continue. If they continue the interruption, the Chairman shall order their removal from the room. In case of general disturbance in any part of the room open to the public the Chairman shall order that part to be cleared.
- (2) If, in the opinion of the Chairman, misconduct or obstruction renders the due and orderly dispatch of business impossible, the Chairman, in addition to any other power vested in them, may without the question being put suspend the meeting for a period not exceeding 30 minutes.

RULE 16

Disclosable Pecuniary Interests

- (1) Each political member of the Panel is required to maintain a register of interests in accordance with their own local authority's procedures, except in the case of independent co-opted members who are required to complete and maintain a register of interests to be held by the Lead Authority.
- (2) Where, at a meeting of the Panel or a Sub-Committee, a member becomes aware that they have a disclosable pecuniary interest (as defined for the purposes of section 30(3) of the Localism Act 2011) in any matter to be considered, and the interest is not already entered on their register of interests, the member must disclose the interest to the meeting (subject to section 32(3) of the Localism Act 2011) and comply with their duty to register the interest after the meeting, as applicable.
- (3) Subject to section 33 of the Localism Act 2011, where a member has a disclosable pecuniary interest in any matter to be considered at the meeting, they may not participate, or participate further, in any discussion of the matter or participate in any vote, or further vote, taken on the matter at the meeting. The member may leave the room or sit within the public area for the duration of the consideration of that matter

and while the member may make a representation that member may not participate in the discussion.

- (4) The member shall not improperly seek to influence the outcome of that item of business.

RULE 17

Canvassing of and recommendations by Members

- (1) Canvassing of members of the Panel or any Sub-Committee directly or indirectly for any appointment in respect of which the Panel has any functions shall disqualify the candidate concerned for that appointment. The purport of this paragraph of this Rule shall be included in any form of application.
- (2) A member of the Panel shall not solicit for any person any appointment in respect of which the Panel has any functions.

RULE 18

Relatives of Members

- (1) A candidate for any appointment in respect of which the Panel has any functions who knows that they are related to any member of the Panel shall disclose that relationship in their application. A candidate who fails to disclose such a relationship shall be liable to be disqualified for the appointment and if appointed shall be liable to dismissal/removal without notice.
- (2) Every member of the Panel shall disclose to the Chairman any relationship known to them to exist between themselves and any person whom they know is a candidate for an appointment in respect of which the Panel has any functions.
- (3) The purport of this Rule shall be included in any form of application.
- (4) For the purpose of this Rule, persons shall be deemed to be related if they are husband and wife or civil partners, or if either of them or the spouse of either of them or the civil partner of either of them is the son or daughter or grandson or granddaughter or brother or sister or nephew or niece of the other, or of the spouse of the other, or the civil partner of the other.

RULE 19

Record of attendances

- (1) A record of attendance for every meeting of the Panel or of any of its Sub-Committees shall be maintained in the minutes of that meeting.

RULE 20

Reports from the Panel and the
scrutiny and review of Decisions/Actions of the Commissioner

**Detailed protocols setting out timescales and other matters in respect of the scrutiny and review of decisions/actions of the Commissioner are set out separately.*

- (1) Where it has formed recommendations on a particular matter, the Panel will request the Chairman to report to the Commissioner (or other appropriate body), and it must publish the report and its recommendations.
- (2) The Panel may require the Commissioner to respond in writing within one month of the date of receipt (unless, in the circumstances, the Panel determines an alternative timeframe), to any report or recommendations made by the Panel.
- (3) The Panel must send copies of any such reports or recommendations to each authority whose area falls wholly or partly within the police area of Hampshire and the Isle of Wight.
- (4) It is the responsibility of the appointed Panel Member for each authority to ensure such reports or recommendations are shared in accordance with Rule 20 paragraph (3).
- (4) The Panel may scrutinise and review decisions made or actions taken by the Commissioner in connection with the discharge of their functions. As well as reviewing documentation, in fulfilling its scrutiny role the Panel may require the Commissioner, and members of their staff, to attend before the Panel (at reasonable notice) to answer any questions which appear to the Panel to be necessary to carry out its functions.
- (5) Where the Commissioner, or a member of their staff, are required to attend the Panel, the Chairman will inform them in writing giving, as far as practicable, 20 working days' notice of the meeting. The notice will state the nature of the item on which they are required to address the Panel and whether any papers are required. Where it is necessary to produce a report, sufficient time will be given to allow preparation of that report.
- (6) Where, in exceptional circumstances, the Commissioner is unable to attend on the required date, an alternative date for attendance may be arranged following consultation with the Chairman of the Panel.

RULE 21Co-option of Members

- (1) The Panel must appoint two independent co-opted members who may not be members of the local authorities in the Hampshire and Isle of Wight police area. Appointments will usually be for a four-year term, or until the end of the current term of the Commissioner, whichever is the shorter, subject to the terms of the Panel Arrangements on continuation in office, Where a co-opted member resigns their position before the end of their appointed term, an additional recruitment process will be held to seek a new member who will be appointed for the duration of time remaining.
- (2) In co-opting these members, the Panel must secure that (as far as reasonably practicable) the appointed and co-opted members of the Panel (when taken together) have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively, and (in the case of individuals who are not members of local authorities) they are not:
 - a) a member of the staff of the Commissioner for the Hampshire and Isle of Wight police area;
 - b) a member of the civilian staff of the police force for that police area;
 - c) a Member of Parliament, the National Assembly for Wales, the Scottish Parliament, or the European Parliament
- (2) The Panel may resolve, with the Secretary of State's agreement, to appoint up to three additional co-opted members, who may be members of the local authorities in the Hampshire and Isle of Wight police area. Appointments will usually be for up to a four-year term, subject to the political proportionality of the Panel, or until the end of the current term of the Commissioner, whichever is the shorter, and are subject to the terms of the Panel Arrangements on continuation in office. The purpose of such appointments is to enable the Panel to better meet the Balanced Appointment Objective, in accordance with paragraph 31 of the Police Reform and Social Responsibility Act 2011 and to ensure that the Panel's membership is reflective of the political proportionality of the collective local authorities across the Hampshire and Isle of Wight police area. The political proportionality of the Panel shall be reported each year to the AGM of the Panel, and Local Authority Co-opted appointments reviewed accordingly.
- (3) The balanced appointment objective is the objective that local authority members of the Panel (when taken together) represent all parts of the police area as well as the political make-up of the local authorities in the police area (when taken together); and have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively.

- (4) The Panel must, from time to time, decide whether the Panel's exercise of this power would enable the balanced appointment objective to be, or would contribute to that objective being, met or more effectively met, and if the Panel decides that the exercise of the power would do so, must exercise that power accordingly.
- (5) In regard to co-opting members, the 'Co-opted Members Recruitment Pack', amended as necessary, will be used.

RULE 22

Sub-Committees and Working Groups

- (1) The Panel shall appoint such Sub-Committees and Working Groups as it deems necessary, and they shall meet as and when required to undertake specific task-based work.
- (2) A Sub-Committee or Working Group may not co-opt members.
- (3) The Chairman of a Sub-Committee or Working Group may summon a special meeting of the Sub-Committee at any time.
- (4) A special meeting of a Sub-Committee or Working Group shall be summoned by the Chief Executive within five working days on the requisition in writing of either one quarter of the total number of members of the Sub-committee or three members, whichever is the greater. Such requisition shall be delivered to the Chief Executive and shall specify the business for which the meeting is to be called and the meeting shall take place not less than 10 working days and not more than 15 working days after the receipt of the request. No business other than that set out shall be considered at the meeting.
- (5) In accordance with paragraph 27 of Schedule 6 of the Act, the following special functions of the Panel may not be discharged by a Sub-Committee or Working Group:-
 - (a) reviewing and making recommendations on the draft police and crime plan, or draft variation (section 28(3) of the Act);
 - (b) reviewing and making recommendations on the PCC's annual report (section 28(4) of the Act);
 - (c) reviewing and potentially vetoing the proposed precept (Schedule 5 of the Act); and
 - (d) reviewing and potentially vetoing the decision to appoint a Chief Constable (Part 1 of Schedule 8 of the Act) and reviewing (but with no right of veto) the appointment of various senior staff (paragraphs 10 and 11 of Schedule 1 of the Act).

- (6) The work undertaken by a Sub-Committee or Working Group will be scoped and defined beforehand, together with the timeframe within which the work is to be completed and the reporting time for the outcome of the work. In doing so, a Sub-Committee or Working Group shall work within agreed budgets for the Panel.

RULE 23

Proceedings of the Panel and Sub-Committees

- (1) Any Panel member may request to attend as an observer at meetings of Sub-Committees or Working Groups to which they have not been appointed as a member, including meetings or items of business from which the public has been excluded. If given permission by the Chairman of the meeting, a member attending as an observer may speak (but not vote) on any matter.
- (2) Subject to Part VA of the Local Government Act 1972, all Panel and Sub-Committee reports and all documents marked as "exempt" or "not for publication" shall be treated as confidential until they become public in the ordinary course of the Panel's business. Report writers are required to comply with any applicable Protocol for the Management of Sensitive and Protectively Marked Information and have regard both to the Government Protective Marking System and Schedule 12A of the Local Government Act 1972 when classifying reports. Any reports marked as 'exempt' or 'not for publication' shall be considered and approved in advance as such by the Monitoring Officer to the Panel, as Proper Officer, in accordance with Section 270(3) of the Local Government Act 1972.
- (3) No act of a Sub-Committee shall have effect until approved by the Panel except to the extent that the Sub-Committee has of itself power to act without the approval of the Panel and the power so to act has been conferred upon the Sub-Committee.
- (4) In addition to those Rules which expressly relate to the Panel and Sub-Committees, these Rules shall apply with any necessary modification to Sub-Committees.

RULE 24

Conducting special functions

**Detailed protocols setting out timescales and other matters in respect of the scrutiny and review of decisions/actions of the Commissioner are set out separately.*

- (1) Reports and recommendations made in relation to the special functions outlined at Rule 22(5) will be carried out in accordance with the procedure outlined at Rule 20 and as set out below:-
- (2) Scrutiny of the Police and Crime Plan (S28(3) of the Act)
 - (2.1) The Panel is a statutory consultee on the development of the Commissioner's Police and Crime Panel and will receive a copy of the draft Police and Crime Panel, or a draft of any variation to it, from the Commissioner.
 - (2.2) The Panel must hold a public meeting to review the draft Police and Crime Plan, or draft variation, given to it by the Commissioner in accordance with Section 5(6)(c) of the Act and the Panel shall make a report or recommendations on the draft Police and Crime Plan to the Commissioner, which the Commissioner must consider.
- (3) Scrutiny of the Annual Report (S28(4) of the Act)
 - (3.1) The Commissioner must produce an Annual Report outlining the exercise of their functions and progress in delivering the Police and Crime Plan objectives during the previous financial year. The Annual Report must be sent to the Panel for consideration.
 - (3.2) The Panel must comment upon the Annual Report, and for that purpose must:-
 - (a) arrange for a public meeting of the Panel to be held as soon as practicable after the Panel receives the Annual Report;
 - (b) require the Commissioner to attend the meeting to present the Annual Report and answer questions about the Annual Report as the members of the Panel deem appropriate.
 - (c) review the Annual Report; and
 - (d) make a report or recommendations on the Annual Report to the Commissioner
- (4) Scrutiny of Senior Appointments (Part 1 of Schedule 8 of the Act and Paragraphs 10 and 11 of Schedule 1 of the Act and Part 3 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012)
 - (4.1) The Panel must review the Commissioner's proposed appointments for Chief Constable, Chief Executive, Chief Finance Officer and Deputy Police and Crime Commissioner.

- (4.2) The Panel must be notified by the Commissioner of each proposed appointment and must be provided with the following information:
- (a) the name of the person whom the Commissioner is proposing to appoint.
 - (b) the criteria used to assess the suitability of the candidate for the appointment.
 - (c) why the candidate satisfies those criteria; and
 - (d) the terms and conditions on which the candidate is to be appointed.
- (4.3) If the Panel vetoes the appointment of the Chief Constable (by the required majority of at least two-thirds of the persons who are members of the Panel at the time when the decision is made) the Commissioner shall propose a reserve candidate and shall notify the Panel accordingly.
- (4.4) Within three weeks of the receipt of notification the Panel must consider and review the appointment and make a report to the Commissioner with a recommendation as to whether the candidate (or if applicable the reserve candidate) should be appointed.
- (4.5) Before reporting and recommending under this paragraph 4.4 as set out above the Panel must convene a public confirmation hearing, where the candidate (or if applicable the reserve candidate) must attend and answer questions relating to the appointment.
- (4.6) The Panel must publish the report to the Commissioner, and it is for the Panel to determine the manner in which its recommendation will be published.
- (4.7) On receiving a report, the Commissioner shall have regard to the report and notify the Panel as to whether the Panel recommendation is accepted.
- (4.8) The Commissioner may then appoint the candidate (unless the appointment has been vetoed by the Panel) or if applicable the reserve candidate as Chief Constable or propose another reserve candidate. In the latter eventuality, the process is the same for an initial candidate and any reserve candidate following a veto; however, the Panel's power of veto only applies to the first candidate.

- (5) Issuing Precepts - (Schedule 5 of the Act) and Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012
- (5.1) The Commissioner will notify the Panel of the precept which they are proposing to issue by 1 February of the relevant financial year. The Panel must review and make a report to the Commissioner on the proposed precept by 8 February of the relevant financial year. Where the Panel exercises the power to veto the proposed precept but fails to review the precept by the deadline referred herein, the end of the scrutiny process is reached, and the PCC may issue the proposed precept as the precept for the relevant financial year.
- (5.2) In providing the notice of precept referred to at 5.1 above, the Panel may seek additional supporting information from the Commissioner.
- (5.3) The Panel may require the Commissioner to attend a meeting of the Panel to present their report on the proposed precept, and answer questions from the Panel.
- (5.4) Having considered, and debated, the proposed precept, the Panel will be asked to either support or not support the proposed precept; or veto the proposed precept (by the required majority of at least two-thirds of the persons who are members of the Panel at the time when the decision is made).
- (5.5) The Commissioner will notify the Panel of their decision to accept or reject the recommendations by the Panel.
- (5.6) Where the Panel vetoes the proposed precept, within the deadline referred to above, then the Commissioner must notify the Panel of the revised precept which they propose to issue by 15 February of the relevant financial year.
- (5.7) On receiving a notification from the Commissioner of the revised precept, the Panel shall, by 22 February of the relevant financial year scrutinise and review the revised precept and make a second report to the Commissioner on the revised precept.
- (5.8) The second report may indicate whether the Panel supports or does not support the revised precept and make recommendations, but this does not amount to a power of veto. The only power of veto available to the Panel is in relation to the precept proposed initially by the Commissioner.
- (5.9) Where the Panel fails to review the revised precept by the deadline set, the Commissioner may issue the revised precept as the precept for the relevant financial year.

- (5.10) On receiving the Panel's second report the Commissioner shall, by 1 March of the relevant financial year, have regard to the second report and give the Panel a response and publish the response.

Rule 25

Variation and Revocation of Rules of Procedure

- (1) Any motion to add to, vary or revoke these Rules shall, when proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Panel.
- (2) No variation or revocation may be considered by the Panel which does not comply with the Act, relevant secondary regulations, statutory guidance or the Panel Arrangements.

RULE 26

Suspension of Rules of Procedure

- (1) Subject to paragraph (2) of this Rule, any of the preceding Rules may be suspended regarding any business at the meeting where its suspension is moved.
- (2) A motion to suspend any of the preceding Rules shall not be moved unless there shall be present at least one-half of the whole number of the members of the Panel.
- (3) No suspension may be considered by the Panel which does not comply with the Act, relevant secondary legislation, statutory guidance or the Panel Arrangements.

RULE 27

Interpretation of Rules of Procedure

- (1) The ruling of the Chairman as to the construction or application of any of these Rules, or as to any proceedings of the Panel, shall not be challenged at any meeting of the Panel.
- (2) If there is any conflict in interpretation between the Rules and legislation, the legislation shall prevail.

RULE 28Rescission of previous resolution

- (1) No motion to rescind any resolution passed within the preceding six months, and no motions or amendments to the same effect as one which has been rejected within the preceding six months, shall be proposed unless the notice thereof bears the names of at least seven members of the Panel. When any such motion or amendment has been disposed of by the Panel, it shall not be open to any member to propose a similar motion within a further period of six months. This Rule shall not apply to motions moved in pursuance of a recommendation of a Sub-Committee.

RULE 29Audio, visual or social media recordings at meetings

- (1) The press and members of the public may film, photograph or record any Panel meeting which is open to the public. The Panel also allows the use of social media to report the Panel's activities during any of the Panel's meetings that are open to the public.
- (2) Flash photography, additional lighting or large equipment will not be permitted, unless agreed in advance and it can be accommodated without causing disruption to the proceedings.
- (3) The Chairman will make an announcement to attendees before the start of a meeting open to the press and public, informing them that the meeting may be filmed. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image.
- (4) A notice will also be posted on the door of the meeting room advising everyone who attends that the meeting may be filmed and that by attending the meeting they are consenting to the broadcast of their image.
- (5) Filming or recording is only permitted during public sessions of Panel meetings and must be stopped upon the end, or adjournment of the public session. Filming or recording is not permitted at any other time, or elsewhere at the meeting venue, without prior permission.

RULE 30Display of banners at meetings

- (1) Except with the consent of a Chairman of the meeting, no member or members of the public shall display banners, posters or signs at meetings.

RULE 31Deputations

- (1) Subject to the provisions of this Rule, any meeting of the Full Panel which is held in public shall receive deputations on any business that is properly within its terms of reference and the Deputation shall (subject to formal moving, seconding and adoption of the proposal) be allowed to address the meeting. Deputations are only accepted for substantial items of the agenda and not those items considered to have a purpose related to the administration and proper running of the Panel, including but not limited to, apologies, minutes of previous meetings, deputations and the Panel's work programme, as well as any announcements of the Chairman and Commissioner.
- (2) For the purposes of this Rule:
 - (a) Notice in writing shall be given to the Chief Executive that a Deputation wishes to address the meeting and the notice shall specify the subject before the meeting upon which the Deputation wishes to speak. The notice shall be given not less than three clear working days before the date of the meeting and shall specify whether the Deputation is to be written (in which case it shall accompany the Notice) or in-person.
 - (b) In-person Deputations shall consist of not more than four people who shall be local government electors for the administrative policing area of Hampshire and the Isle of Wight but excluding Hampshire and Isle of Wight Constabulary officers and staff and officers of the Commissioner.
 - (c) Any member of an in-person Deputation may address the meeting.
 - (d) Written Deputations will be accepted by the Panel at the discretion of the Chairman of the Panel who shall have regard to whether the content of the written Deputation is treated by way of a written submission accompanying a report, in an in-person Deputation or in another written Deputation.
 - (e) The total time taken by the in-person Deputation in addressing the meeting shall not exceed five minutes, and the total time given to reading a written Deputation shall not exceed five minutes. Should the Deputation consist of more than one person the time allowed of five minutes shall be shared amongst those speaking.
 - (f) Deputations shall be taken at the beginning of the meeting (after the Minutes) and the total time allowed for all Deputations to a meeting to be heard shall not exceed 30 minutes in duration. Should more than six deputations be received to a single meeting of the Panel, then the time allowed for each deputation shall be reduced accordingly to allow all to be heard within the 30 minutes allowed.

- (g) No Deputation shall appear before the Panel at successive meetings within six months of any previous appearance on the same or similar topic.
- (h) Deputations shall only be taken on topics for which another avenue is not available (e.g., deputations are not an appropriate alternative to complaints processes, and unreasonable complainants may not make a deputation on any complaints-related item on the agenda).
- (i) The Chairman of the Panel has discretion to amend the arrangements referred to in (d) and (f) above.

RULE 31A

Questions from the public

- (1) The agenda for ordinary meetings of the Panel shall include the opportunity for members of the public to ask questions of the Panel on issues under the purview of the Panel. Questions from the Public are not a mechanism under which questions can be raised with the Commissioner, and all questions must be properly addressed to the Panel. The Chairman may however, at their discretion, invite the Commissioner to comment upon any matters raised through the question.
- (2) The agenda item will ordinarily allow no more than 30 minutes for public questions, although the Chairman may reduce or extend this at their absolute discretion.
- (3) Anyone living, working or studying within the Hampshire and Isle of Wight Policing Area are entitled to ask questions.
- (4) A questioner can submit up to two questions per meeting, either in their own right or on behalf of one organisation.
- (5) Notice of questions must be received by the Lead Authority for the Panel no later than 15 clear working days before the ordinary Panel meeting is held.
- (6) Questions may not:
 - Require the disclosure of exempt or confidential information
 - Repeat a question asked at a Panel meeting in the previous six months
 - Be defamatory, frivolous or offensive
- (7) In circumstances where a questioner is unable to attend personally or be represented at the Panel meeting at which their question is to be considered, the answer will be presented to the Panel by the

Chairman, with the response available to be viewed on the public webcast and noted in the minutes of the meeting.

- (8) Where the questioner or their representative attends the Panel in person to receive the answer to their question, the questioner (or their representative as the case may be) may in the Chairman's discretion be permitted to ask one supplementary or follow-up question on the same subject matter as their original question..

RULE 32

Suspension of the Commissioner

- (1) The Panel may suspend the Commissioner if it appears to the Panel that:
- (a) the Commissioner has been charged in the United Kingdom, the Channel islands or the Isle of Man with an offence, and
 - (b) the offence is one which carries a maximum term of imprisonment exceeding two years.
- (2) The suspension of the Commissioner ceases to have effect upon the occurrence of the earliest of these events: -
- (a) the charge being dropped.
 - (b) the Commissioner being acquitted of the offence.
 - (c) the Commissioner being convicted of the offence but not being disqualified under Section 66 of the Act by virtue of the conviction; or
 - (d) the termination of the suspension by the Panel.

RULE 33

Suspension and removal of the Chief Constable

- (1) The Panel will receive notification from the Commissioner if they suspend the Chief Constable.
- (2) The Commissioner must also notify the Panel in writing of their approval to call upon the Chief Constable to retire or resign together with a copy of the reasons given to the Chief Constable in relation to that proposal.

- (3) The Commissioner must provide the Panel with a copy of any representations from the Chief Constable about the proposal to call for their resignation or retirement.
- (4) If the Commissioner is still proposing to call upon the Chief Constable to resign, the Commissioner must notify the Panel accordingly (“the further notification”).
- (5) Within six weeks from the date of receiving the further notification the Panel must make a recommendation in writing to the Commissioner recommending whether the Commissioner should call for the retirement or resignation. Before making a recommendation, the Panel may consult His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (MHICFRS) and must hold a scrutiny hearing.
- (6) The scrutiny hearing is a Panel meeting held in private to which the Commissioner and the Chief Constable are entitled to attend and to make representations in relation to the proposal to call upon the Chief Constable to retire or resign. Appearance at the scrutiny hearing can be by attending in person or participating by telephone.
- (7) The Panel must publish the recommendation it makes by whichever means the Panel consider appropriate and must send a copy to each of the appointing authorities within the Hampshire and Isle of Wight policing area.

RULE 34

Complaints and conduct matters relating to the Police and Crime Commissioner or the Deputy Police and Crime Commissioner

**Detailed arrangements for handling complaints are available separately, which includes a protocol in relation to the informal resolution procedure (hereafter referred to as ‘the Protocol’)*

- (1) The Panel has various powers and duties in relation to the conduct of the Commissioner and the Deputy Police and Crime Commissioner (hereafter referred to as ‘the Deputy Commissioner’). These are currently prescribed by the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012 (hereafter referred to as the ‘Complaints Regulations’ which shall include any superseding legislation).
- (2) Except for its powers and duties conferred by Part 4 of the Complaints Regulations (informal resolution of complaints), the Panel may delegate all or any of its functions under the Complaints Regulations to the Chief Executive appointed by the Commissioner and where it does it shall record this in the in the Protocol.

- (3) The Panel has a duty to ensure that it is kept informed about all matters covered by the Complaints Regulations, anything which is done under, or for the purposes of, them and any obligations to act, or refrain from acting, that have arisen under those regulations, but have not yet been complied with or have been contravened.

(4) The Panel has a duty to provide the Independent Office for Police Conduct (IOPC) with all such assistance as may be reasonably required for the purposes of, or in connection with, the carrying out of any investigation.

(3) Where the Panel becomes aware of:-

- (a) a complaint about the conduct of the Commissioner or Deputy Commissioner; or
- (b) information that indicates that the Commissioner or Deputy Commissioner may have committed a criminal offence but no complaint has yet been made (hereafter referred to as a "Conduct Matter"),

the Panel must ensure that all appropriate steps are taken, both initially and from time to time after that, to obtain and preserve evidence relating to the conduct in question.

HAMPSHIRE AND ISLE OF WIGHT POLICE AND CRIME PANEL

Report

Date:	27 January 2023
Title:	Work Programme
Report From:	Democratic Services Officer to the Panel

Tel: 0370 779 6176 **Email:** Hampshire.iow.pcp@hants.gov.uk

Purpose of this Report

1. The purpose of this report is to set out the work programme for the Panel.

Recommendation

5. **That the work programme, subject to any recommendations made at the meeting, is agreed.**

Legislative Context

6. It is for the Panel to determine its number of meetings. It is anticipated that the Panel will require a minimum of four ordinary meetings in public in each municipal year to carry out its functions.
7. In addition to the scheduled ordinary meetings, additional meetings may be called from time to time, in accordance with the Panel's Rules of Procedure (see Rule 1).
8. The Panel may also be required to hold additional meetings should the Commissioner wish to appoint to specific posts within their staff, or should a non-serious complaint be made against the Commissioner which requires the full Panel to consider it.

REQUIRED LEGAL INFORMATION:

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
Rules of Procedure	https://documents.hants.gov.uk/partnerships/hampshire-pcp/PoliceandCrimePanelRulesofProcedure.pdf

WORK PROGRAMME – POLICE AND CRIME PANEL

Appendix One

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
Statutory responsibilities and standing business items								
Precept	To consider and make recommendation upon on the PCC's proposed precept	PCC	To be considered January 2023.				X	
Annual Report	To receive and review the PCC's annual report	PCC	Considered October 2022.		X			
Annual Report	To provide an overview of the PCPs work for the previous year.	PCP	Considered July 2022.	X				
PCP Grant Budget	To agree the proposed budget for the next financial year, and to review the previous years spend	PCP	Agreed July 2022.	X				

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
Election of Chairman / Vice Chairman	Election of Chair and Vice Chairman of the PCP for the municipal year	PCP	Agreed July 2022.	X				
Complaints against the PCC	To review complaint activity annually	PCP	Agreed July 2022.	X				
Appointments and Co-option	To consider how the PCP is meeting the balanced appointment objective in its Membership	PCP	Agreed July 2022 and updated throughout the year as required.	X	X			
Membership of Working Group/s	To agree composition and membership of the PCP's working groups	PCP	Agreed July 2022 and updated throughout the year as required.	X	X			

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
Updates from Working Group	To receive a verbal update from the Policy and Performance working group	PCP	Ongoing – update to each meeting of the Panel.	X	X		X	X
Confirmation Hearings	To hold confirmation hearings, as required, accordance with Schedule 1 of the Police Reform and Social Responsibility Act 2011	PCP	Confirmation hearing held for Chief Constable in November 2022.			X		
Police and Crime Plan Delivery								
Police and Crime Plan	To receive an update from the Police and Crime Commissioner on performance and delivery against the Police and Crime Plan.	PCC	Ongoing – update to each meeting of the Panel.	X	X		X	X

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
More Police	To hear an update on progress against the PCCs Police and Crime Plan priority to recruit 600 more police officers by 2023.	PCC	Heard in October 2022.		X			
Anti-Social Behaviour	To hear an update on progress against the PCCs Police and Crime Plan priority to tackle anti-social behaviour	PCC	Heard in October 2022.		X			
Improved Outcomes for Victims	To hear an update on progress against the PCCs Police and Crime Plan priority to improve outcomes for victims	PCC	Heard in October 2022.		X			

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
Youth Engagement	To hear an update on progress against the PCCs Police and Crime Plan priority to prevent young people from committing crime	PCC	To be heard in January 2023.				X	
Community Crimes that matter	To hear an update on progress against the PCCs Police and Crime Plan commitment to tackle community crimes that impact on residents' daily lives	PCC	To be heard in April 2023.					X
Proactive Scrutiny								
Anti-Social Behaviour	To revisit the Panel's previous scrutiny recommendations on the topic of Anti-Social Behaviour (January 2016)	PCP/PCC	Date to be agreed.		X			

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
Youth Offending	To revisit the Panel's previous scrutiny recommendations on the topic of Youth Offending (January 2015)	PCP/PCC	To be considered in January 2023.				X	
Traffic Related Crime and Nuisance	To revisit the Panel's previous scrutiny recommendations on the topic of Traffic Related Crime and Nuisance (October 2017)	PCP/PCC	To be considered in April 2023.				X	
Effective and Efficient Policing								
Effective and Efficient Operational Policing	To hear update from the Commissioner regarding how they are supporting the delivery of effective and efficient policing and holding the Chief Constable to account	PCC	Update to each meeting, as appropriate.	X	X		X	X

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
Thematic Updates								
Commissioned Services	To hear an update on the delivery of the PCC's Commissioning Strategy	PCC	TBC					
Estates Strategy	To hear an update on the delivery of the PCC's Estates Strategy	PCC	TBC					
Equality and Diversity	To receive an update from the Commissioner on how, through holding the Chief Constable to account, the Commissioner is supporting Hampshire Constabulary to meet requirements in relation to Equality and Diversity	PCC	To be heard January 2023.				X	
Public Confidence	To hear an update from the PCC regarding public confidence and engagement in policing and community safety	PCC	TBC					

Item	Issue	Item Lead	Status and Outcomes	8 July 2022 - AGM	21 October 2022	21 November 2022	27 January 2023	14 April 2023
	across Hampshire and the Isle of Wight							