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Our reference: PC

Date 10th July 2019

CUMBRIA POLICE & CRIME COMMISSIONER'S PUBLIC ACCOUNTABILITY CONFERENCE

The Police and Crime Commissioner's Public Accountability Conference will take place on **Thursday 25th July 2019** in Conference Room **3**, Police Headquarters, Carleton Hall, Penrith, at **10.00am**.

The purpose of the Conference is to enable the Police and Crime Commissioner to hold the Chief Constable to account for operational performance.

G Shearer
Chief Executive

Attendees:

Police & Crime Commissioner	- Mr Peter McCall (Chair)
OPCC Chief Executive	- Ms Gill Shearer
Joint Chief Finance Officer	- Mr Roger Marshall
Chief Constable	- Mrs Michelle Skeer

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

3. QUESTIONS FROM THE PUBLIC

An opportunity (not exceeding 20 minutes) to deal with any questions which have been provided in writing within at least three clear working days before the meeting date to the Chief Executive.

4. DISCLOSURE OF PERSONAL INTERESTS

Attendees are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual should not participate in a discussion of the matter and must withdraw from the room unless a dispensation has previously been obtained.

5. MINUTES OF MEETING

To receive and approve the minutes of the Public Accountability Conference held on the 28th June 2019.

6. CAPITAL BUDGET MONITORING 2019/20 – QUARTER 1 TO JUNE 2019

To receive, note and approve the quarter one capital budget monitoring report for 2019/20 (copy to follow).

7. CONSTABULARY REVENUE BUDGET MONITORING REPORT 2019/20 – QUARTER 1 TO JUNE 2019

To receive and note the quarter one monitoring report on the Constabulary revenue budget for 2019/20 (copy to follow).

8. COMMISSIONER'S REVENUE BUDGET MONITORING REPORT 2019/20 – QUARTER 1 TO JUNE 2019

To receive and note the quarter one monitoring report on the Commissioner's revenue budget for 2019/20 (copy to follow).

9. **TREASURY MANAGEMENT ACTIVITIES 2019/20 – QUARTER 1 TO JUNE 2019**
To receive and note the Treasury Management Activities Report April to June 2019
(copy to follow).

**CUMBRIA POLICE & CRIME COMMISSIONER
PUBLIC ACCOUNTABILITY CONFERENCE**

Minutes of the Public Accountability Conference held on
Wednesday 28th June 2019 at Carleton Hall, Penrith
at 10:00am

PRESENT

Police & Crime Commissioner - Mr Peter McCall (Chair)

Also present:

Chief Constable (Michelle Skeer);
Deputy Chief Constable (Mark Webster);
Assistant Chief Constable (Andy Slattery);
Detective Chief Inspector (Nick Coughlan);
OPCC Deputy Chief Executive (Gill Shearer);
OPCC Head of Partnerships & Commissioning (Vivian Stafford);
OPCC Media & Communications Officer (Laura Milligan);
Constabulary Communications Officer (Steven Ramshay);
OPCC Executive Support Officer (Paula Coulter) – taking minutes

In attendance:

Clarence Eardley
Cathy Mellstrom

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

001. APOLOGIES FOR ABSENCE

Apologies for absence were received from the Chief Finance Officer (Roger Marshall);

002. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public prior to the meeting.

003. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There were no items of urgent business to be considered by the Committee.

004. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the Agenda.

005. MINUTES

The Chair presented the minutes of the Public Accountability Conference held on the 9th May 2019, these had previously been circulated with the agenda. The minutes were agreed as an accurate record and signed by the Chair.

RESOLVED, that, the

- (i) Minutes of the Public Accountability Conference held on the 9th May 2019 be confirmed as a correct record and signed by the Chair;

006. PERFORMANCE SUMMARY

The Deputy Chief Constable gave a presentation which summarised the updates that had been presented in detail throughout the year.

Overall there has been an increase in reported crime, however the figures need to be taken in context as the main driver for the increase is as a result of the Police Data and Crime Data Integrity improvements. National crime recording standards have changed over the years, in the past the trend nationally was for crime to be under recorded but there has been a drive to find the true level of crime. The purpose of increasing the standards is to narrow the gap between what is reported to police compared against figures in the crime survey data statistics. Nationally we are now seeing recorded crime increase to come up to meet the designated national statistics.

Cumbria Constabulary was 1 of only 2 Forces (out of 34) to receive an outstanding grading for crime recording, The DCC re-assured the Commissioner that more crimes are being recorded in Cumbria than in other areas. The Commissioner expressed his thanks to the Force & staff for achieving the outstanding grading.

An increase in the number of offences recorded is unlikely to indicate a real rise, but rather largely reflects changes in reporting and recording practices.

Anti-Social Behaviour is showing a -31% reduction, this is balanced by some increases elsewhere (eg public order) but overall a significant reduction.

Rape and Sexual Offending will continue to show some increases. Reporting of these types of offences is pro-actively encouraged via media campaigns. Disclosure & attrition rates were discussed.

The latest figures from the ONS (Office of National Statistics) say violent crime and similar areas are the most likely to be misrepresented by the changes to crime recording.

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted;

007. SERIOUS VIOLENT CRIME IN CUMBRIA: RESPONDING TO THE GOVERNMENT'S SERIOUS CRIME STRATEGY

The report was presented by the Assistant Chief Constable, the purpose of which was to provide the Commissioner with assurance that the Constabulary is taking action to address serious violence in Cumbria and has developed an approach to support the delivery of the Government's Strategy and its aims.

To note - the figures discussed in the presentation were from the last 3 years up to March 2019.

Possible drivers for the increase in serious violence are:

- **CRIME DATA INTEGRITY:** Increased recording from 3rd Party reporting which would not previously result in a crime, including DA.
- **SERIOUS & ORGANISED CRIME:** Emergence of the County Lines threat with associated SVC. Continued threats relating to Class A Drug supply
- **NIGHT TIME ECONOMY & ALCOHOL:** Increased focus on licensed premises, CCTV coverage, effective door management resulting in increased reports. 40% of SVC is alcohol related – Accessible cheap alcohol

It was noted that spikes in cases of serious violence occurred in July and December 2018. The analysts have looked into this in detail but there doesn't appear to be any trend or pattern.

With the emergency of the County Lines threat, the Force continue to identify and target OCG's (Organised Crime Gangs). Work is ongoing in conjunction with the ROCU (regionally) and the NCA (nationally). The ACC provided the Commissioner with assurance around the intelligence process; proactive drugs teams; SOCU; and advised that the Force is constantly re-assessing the threats and priorities.

A Serious Violence strategy has been developed, in line with the government. All actions are monitored within the delivery plan tracking system.

The Serious Violence Strategy progress to date is detailed below:

STRAND 1 -TACKLING COUNTY LINES & MISUSE OF DRUGS

- Operation Horizon / Operation Nile – Successful CL operations in South & North
- Collaboration with NCA NCLCC
- Awareness training with partners & Engagement with Service providers
- Egerton Court Hub
- Introduction of Covert Tasking Meeting
- SOC Partnership approach

STRAND 2 -EARLY INTERVENTION & PREVENTION

- Collaboration with partners re Early Intervention initiative
- Awareness training to CSC Practitioners and Education
- Operation Encompass – DA initiative in schools
- Safeguarding Help Desk
- Engagement with Focus Family
- ACE training and TIC approach with Health – JSNA
- MACE / MET subgroups
- Youth Advocacy Service

Following a discussion the report was noted.

RESOLVED, that,

- (i) The presentation be noted;

008. FOCUS OUR POLICE ON ONLINE CRIME

The report was presented by Detective Chief Inspector Nick Coughlan, the purpose of which is to provide the Commissioner with assurance that the Constabulary:

PURSUE

- Explain how the Constabulary is targeting online offenders, including examples of police operations and describing what impact these have had.
- Describe the Constabulary's level of engagement with other bodies (locally, regionally and nationally) to help develop its response to online crime.
- In addition, what assurance can the Constabulary provide the Commissioner that cases of online crime are allocated appropriately and investigated robustly?

PREPARE

- Explain how learning, development and training material is disseminated within the Constabulary to enable an effective first response to those reporting online crime and to ensure the right specialist capabilities are in place to deal with online crime.

PROTECT

- How the Constabulary engages with the public and businesses to help protect them from online crimes?
- What the Constabulary is doing to encourage victims of online crime to come forward and report these serious offences?
- The support services available for victims of online crime.

PREVENT

- Within this section, explain what the Constabulary is doing to identify and support those at risk of online crime.

It is important to note that a **cyber dependant** crime is when a computer system and/or the internet is exploited to attack another computer or network system for some form of gain, reaction, kudos or harm. Examples include hacking, denial of service, ransomware and malware.

A **cyber enabled** crime is one of any existing crime type which is transformed in scale, speed or reach by the use of computers and the internet, for example fraud, child sexual exploitation, making and distribution of illegal images of children.

Online Child Abuse / IIOC - Referrals since April 2018

CEOP/NCA – 48

Self generated – 56

ROCU - 8

Of note:

All referrals are fully assessed and tasked for action when the intelligence tipping point is reached. Some referrals may resolve to same address, some referrals resolve to location OFA

Online Child Abuse / IIOC cases - Enforcement Action since April 2018

40 x Arrests

20 nominals charged / 23 cases ongoing (those charged since April 2018 may have been arrested before that date)

Cyber

26 referrals since Jan 2019

Following a discussion, the presentation was noted and the recommendations as detailed within the report were all approved.

RESOLVED, that,

- (i) The presentation be noted;

009. UPDATE FOLLOWING APPLEBY HORSE FAIR 2019

The Deputy Chief Constable gave a verbal update following on from the 2019 Appleby Horse Fair (AHF).

It was noted that the number of incidents had been lower than last year. Calls for service were also lower in 2019 with a total of 450 calls over a 77 day period, with at most 30 calls per day. The average time taken to answer calls was 75 seconds.

The policing operation in relation to the 2019 AHF was very visible and very active, with 90 visual officers available per day. Feedback has been very positive. It was noted however that in order to make officers available there was a loss of 120 rostered rest days and cancelled leave as there had been an annual leave restriction in place for approximately 1 month, and this will have to be taken at some point in the future.

Officers were well briefed and consistent, and T/Chief Superintendent O'Connor and Inspector Walker were praised in particular for their work as well as the hard work and dedication of the rest of their team. The Commissioner echoed the Deputy Chief Constable's comments and asked that his thanks be passed on to T/Chief Superintendent O'Connor, Inspector Walker as well as the rest of the team.

Meeting concluded at 12:05pm

Signed: _____ Date: _____

DRAFT

PCC Capital Budget Monitoring 2019/20
Forecast as at 30 June 2019 to Public Accountability Conference 25 July 2019

Summary at June 2019

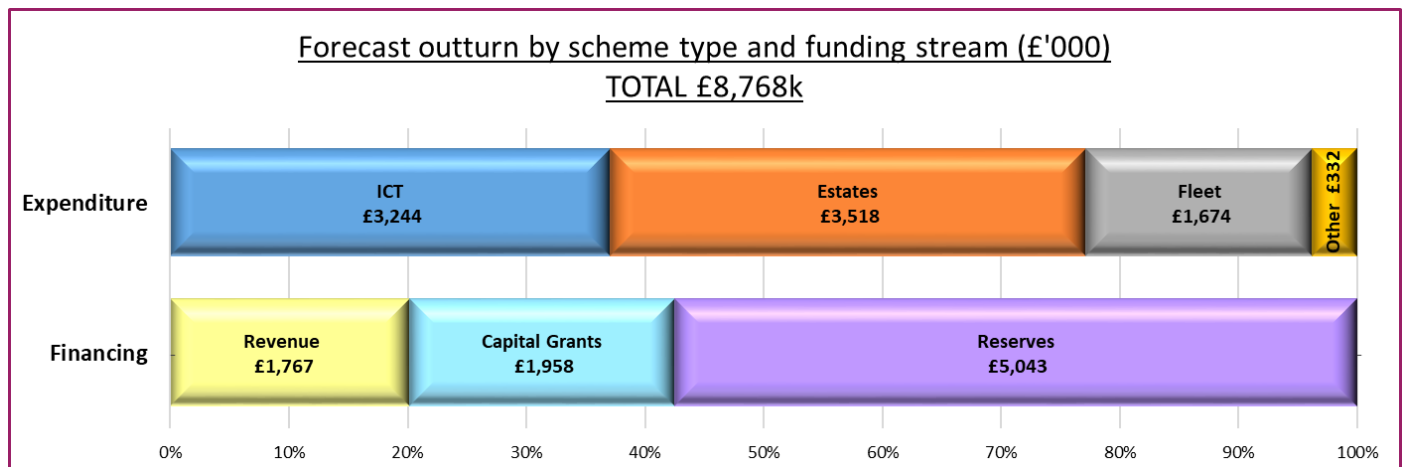
The current forecast of net expenditure amounts to £8.768m compared to a revised budget of £8.867m. The variance amounts to a net forecast underspend on the capital program of £99k (1%). There has been no slippage reported to date.

A summary of the 19/20 program is presented below:

	Capital Budget 2019/20 £000s
Capital Budget 2019/20 (approved 20/02/19)	8,709
Impact of 2018/19 Outturn (approved 10/05/19)	26
New Schemes Approved/Drawdown	137
Budgets Changes - Approved	(5)
Approved Adjusted Budget 2019/20	8,867
Capital Outturn 2019/20 (Graph Below)	8,768
Forecast Variation	(99)
Made up of:	
Budget Changes (Under)/Overspend (Table 1)	(99)
Slippage to 2020/21 (Table 2)	0
	(99)

Table 1	Changes
Forecast Variation summary	£000s
- Vehicle Replacements	61
- Control Room Futures	(110)
- ESN	(50)
	(99)

Table 2 - Slippage	Previously Reported	New Slippage Qtr 1	Total £'000s	% of Adjusted Budget
ICT Schemes	No Slippage to Report to Date			0%
Estates Schemes				0%
Fleet Schemes				0%
Other Schemes				0%
	0.00	0.00	0.00	0%



Recommendations

1. The Police and Crime Commissioner and Chief Constable are asked to note the current position in relation to the capital programme for 2019/20.
2. The Commissioner is specifically asked to approve recommendations R1 and R2 as set out on page 2 of this capital update report for a net reduction of £99k in the capital programme.

PCC Capital Budget Monitoring 2019/20

Forecast as at 30 June 2019 to Public Accountability Conference 25 July 2019

ICT schemes

The approved ICT budget of £3,244k includes an element for rolling replacement of end user equipment and a larger element for the replacement of whole systems. The Head of ICT has taken the opportunity to reassess some of the smaller rolling replacement schemes with a view to extending the life of current equipment where possible. The outcome of this review will lead to some schemes being delayed until future years. The largest single project within the ICT program (£1,483k) is the replacement of several smaller systems with one integrated Command and control system. This project has gone live and a number of stage payments as outlined in the contract will be due for payment in quarter 2. The smartphone and digital interview equipment trials are continuing and Business cases/options appraisals are currently being written to gain firm approval for these schemes.

R1) The Commissioner is asked to approve the transfer of £110k from the Control Room Futures capital budget and £50k from the ESN budget to increase the revenue budgets for these projects. Within the approved budget there was provision of additional project resources. Staff were employed during 2018/19 to look at items such as business processes and training and this funding will allow the continuance on these workstreams. As expenditure on business processes does not constitute capital expenditure, it needs to be treated as revenue expenditure and as such the request is being made to transfer budget from capital to revenue.

Fleet schemes

The £1,674k fleet replacement budget is comprised of 3 parts - £377k 2018/19 replacements carried forward, £242k recharged vehicles (camera scheme and Sellafield) where reimbursement is received from partner organisations and the balance of £1,055k being the 19/20 replacement programme.

The majority of the 2018/19 vehicles and the recharged Camera scheme and Sellafield Policing vehicles are all ordered and on track for delivery within 2019/20.

With regards to the 2019/20 replacement scheme - orders are currently being placed for the unmarked crime command vehicles, the electric pool cars and the 2 dog unit vehicles. The majority of the 2019/20 vehicles are for replacement cell van capability currently proved by specially fitted Peugeot experts. The Strategic Vehicle Group and operational officers are currently reviewing the type and mix of vehicles needed to meet operational demands and decisions on a way forward are expected shortly.

R2) The Commissioner is asked to approve the addition to the 2019/20 programme of 3 vehicles that are currently due for replacement in future years totalling £61k. The vehicles have been damaged beyond repair and will need to be replaced. Insurance receipts will be transferred to the capital financing to part fund this accelerated replacement.

PCC Capital Budget Monitoring 2019/20

Forecast as at 30 June 2019 to Public Accountability Conference 25 July 2019

Estates schemes

Of the £3,518k estates program budget, £3,285k is in relation to the Eden Deployment Centre building scheme. The contractors are on site and continuing with the construction but they have reported a small delay, which will affect the handover date for the building. It is expected that the building will be released to the PCC in November 2019. The building will then need to have ICT links installed, furniture, and equipment fitted. It is realistically envisaged that the building will now become operational in January 2020, allowing for the extra demand on operational officers over the Christmas period. The remainder of the estates budget relates to smaller lifecycle replacements. Those for the roof replacements will only be carried out once surveys have been completed and the reports received.

Other schemes

Other schemes include cross cutting or operational programmes of work and include the replacement of Tasers, accident investigation scanning equipment (fully funded by government grant and added to the programme under the CFO delegated powers) and digital evidence from the CCTV system.

A detailed, project by project, analysis of the approved budget, spend to date and expected outcome is provided in **Appendix A** over the page.

Medium Term Capital Program

With the exception of the Fleet vehicle write off adjustments, the three future years of the medium term capital programme remain the same as that approved by the commissioner in February 2019 and again in May 2019 to take account of the 2018/19 outturn position. A summary of the medium term program is presented below.

Summary of Capital Budget 2019/20 to 2022/23				
	2019/20	2020/21	2021/22	2022/23
	£000s	£000s	£000s	£000s
Capital Expenditure				
ICT Schemes	3,245	7,247	2,433	1,340
Estates Schemes	3,517	590	1,575	5,825
Fleet Schemes	1,674	1,772	953	1,533
Other Schemes	332	43	500	0
	8,768	9,652	5,461	8,698
Capital Financing				
Capital Receipts	0	1,408	270	0
Revenue Contributions	1,767	3,314	3,244	3,243
Capital Grants	1,958	4,930	372	356
Reserves	5,043	0	1,575	1,699
Borrowing	0	0	0	3,400
	8,768	9,652	5,461	8,698

PCC Capital Budget Monitoring 2019/20

Forecast as at 30 June 2019 to Public Accountability Conference 25 July 2019

Appendix A

Capital Programme 2019/20	Original Approved Budget £s	Impact of 2018/19 Outturn £s	New Schemes Approved £s	Budget Changes Approved £s	Approved Adjusted Budget £s	Actual Expenditure to Jun-19 £s	Forecast Capital Outturn £s	Forecast Variation £s
ICT Schemes								
ICT End User Hardware Replacement (002x)	1,297	9	0	0	1,306	4	1,306	0
ICT Software Application Replacement (003x)	0	24	0	0	24	0	24	0
ICT Core Hardware Replacement (004x)	574	24	0	0	598	(6)	598	0
ICT ESN / Radio Replacement (005x)	113	0	0	0	113	0	63	(50)
ICT Core Infrastructure Replacement	0	0	0	0	0	0	0	0
ICT Infrastructure Solution Replacement (Projects)								
- Case & Custody	38	0	0	0	38	0	38	0
- Control Room Futures	2,299	(706)	0	0	1,593	(303)	1,483	(110)
- Business Futures	0	34	0	46	80	0	80	0
- Business Transformation (I)	1,251	0	0	(51)	1,200	0	1,200	0
- Unspecified change to National systems (D)	52	0	0	0	52	0	52	0
- High Tech Crime Programme (I)	124	0	0	0	124	0	124	0
- High Tech Crime Storage Growth (I)	120	0	0	0	120	0	120	0
- Digital Policing Project	135	21	0	0	156	1	156	0
General Slippage	(2,000)	0	0	0	(2,000)	0	(2,000)	0
Total ICT Schemes	4,003	(594)	0	(5)	3,404	(304)	3,244	(160)
Fleet Schemes								
2018/2019 Slippage	349	28	0	0	377	71	377	0
2019/20 Approved Strategy	979	15	0	0	994	0	1,055	61
Rechargeable Vehicles	163	0	79	0	242	0	242	0
Total Fleet Schemes	1,491	43	79	0	1,613	71	1,674	61
Estates Schemes								
Roof Repairs - Various	0	0	0	0	0	0	0	0
Whitehaven Police Station - Roof	38	0	0	0	38	0	38	0
Kendal Police Station - Roof	55	0	0	0	55	0	55	0
Roof Repairs - HQ Dog section	0	0	0	0	0	0	0	0
Other Existing Schemes	0	0	0	0	0	0	0	0
UPS HQ	100	0	0	0	100	0	100	0
North Resilience Flood Mgmt - NPT/Hostel	2,772	513	0	0	3,285	848	3,285	0
Garage Provision	0	0	0	0	0	0	0	0
Durranhill - CCTV system and cell call	0	12	0	0	12	(35)	12	0
West Resilience Flood Management	0	0	0	0	0	0	0	0
Durranhill heat and vent plant	0	28	0	0	28	0	28	0
Gas suppression cylinder replacements	0	0	0	0	0	0	0	0
Total Estates Schemes	2,965	553	0	0	3,518	813	3,518	0
Other Schemes								
CCTV	0	24	0	0	24	0	24	0
X2 Taser migration (I)	250	0	0	0	250	0	250	0
Glock Pistol Replacement	0	0	0	0	0	0	0	0
Laser Scanning - Accident investigation	0	0	58	0	58	0	58	0
Total Other Schemes	250	24	58	0	332	0	332	0
Total Capital Expenditure 2019/20	8,709	26	137	(5)	8,867	580	8,768	(99)

Constabulary Revenue Budget Monitoring 2019/20

Forecast for Quarter 1 as at 30 June 2019 to Public Accountability Conference 25 July 2019

Constabulary Summary at June 2019

The current forecast of net expenditure amounts to £121.243m compared to a revised budget of £121.258m. The variance amounts to a forecast underspend of £15k (0.01%) and is made up of a forecast overspend on expenditure budgets of £97k (0.08%) an increase in income of £112k (1.69%). The forecast underspend has reduced by £87k compared to the forecast overspend reported as at the end of May 2019 of £102k. The major changes between May and June are in relation to a forecast increase in police pay & allowances and supplies & services offset by additional income.

It should be noted that the underspend has already been reduced by £500k through the decision not to drawdown the full contribution from the budget support reserve that was originally planned for 2019/20.

Description	Revised Budget 2019/20 £'000s	Forecast Expenditure / (Income) 2019/20 £'000s	Forecast (Under)/ Overspend 2019/20 £'000s	Forecast (Under)/ Overspend 2019/20 %	Forecast (Under)/ Overspend @ MAY-19 £'000s	Change in Forecast MAY-19 to JUN-19 £'000s
Constabulary Funding						
Police Officers	86,046	86,070	24	0.03%	(92)	116
Police Community Support Officers	2,738	2,802	64	2.34%	80	(16)
Police Staff	22,494	22,371	(123)	(0.55%)	(102)	(21)
Other Employee Budgets	1,566	1,571	5	0.32%	21	(16)
Transport Related Expenditure	2,322	2,310	(12)	(0.52%)	(4)	(8)
Supplies & Services	10,545	10,660	115	1.09%	28	87
Third Party Related Expenses	2,192	2,216	24	1.09%	11	13
Total Constabulary Funding	127,903	128,000	97	0.08%	(58)	155
Income	(6,645)	(6,757)	(112)	1.69%	(44)	(68)
Total Constabulary Funding Net of Income	121,258	121,243	(15)	(0.01%)	(102)	87

Current Forecast

The forecast constabulary underspend is due to a number of factors across several different headings.

The police officer budget is forecast to overspend by £24k. An underspend of £99k is forecast on police pay offset by an overspend of £98k on overtime and £25k injury pensions (backdated payments on appeal). The underspend on police pay is due to a combination of

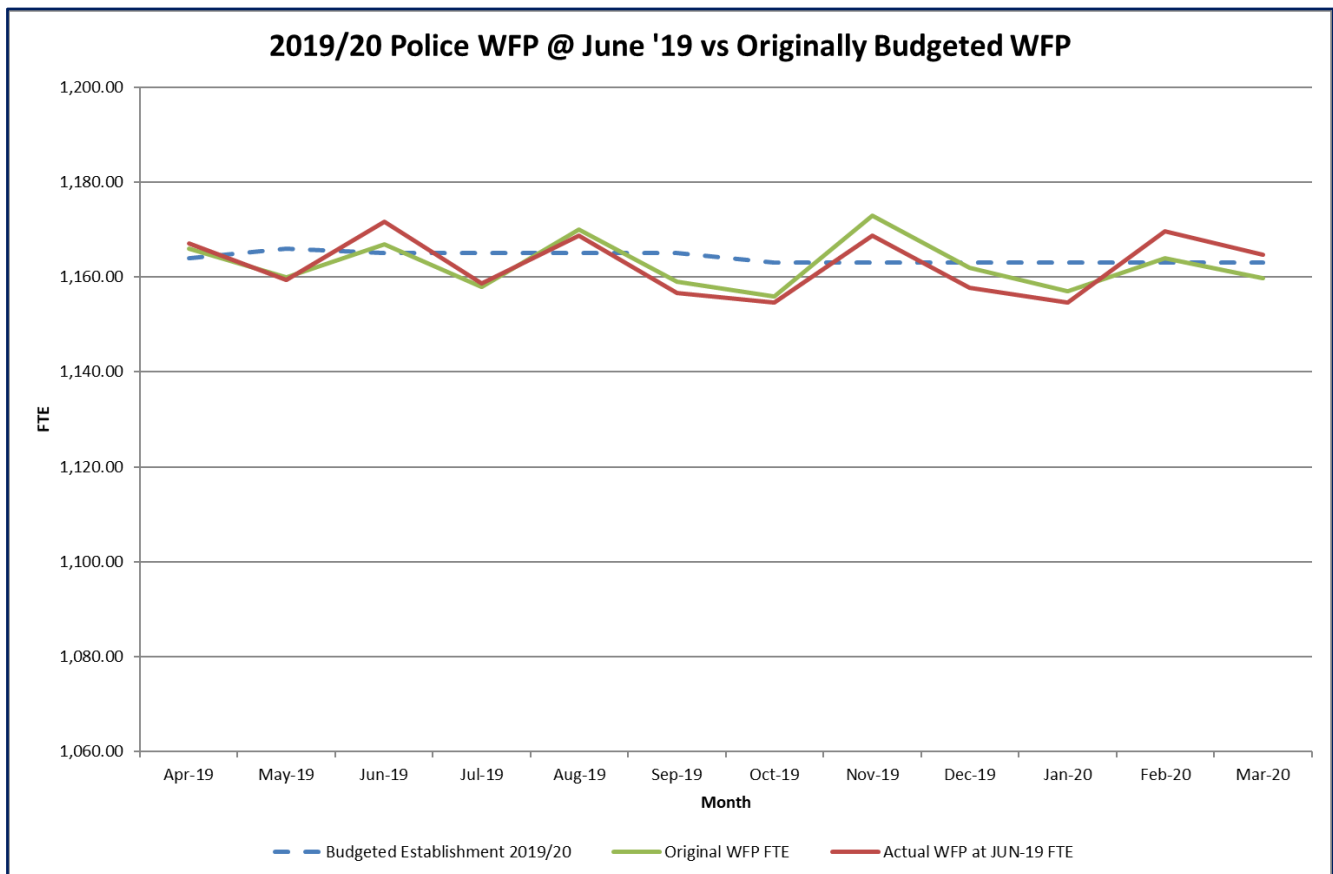
- an increase in the number of officers who are not members of one of the police pension schemes (£120k)
- an increase in the number of leavers (£99k)

Constabulary Revenue Budget Monitoring 2019/20
Forecast for Quarter 1 as at 30 June 2019 to Public Accountability Conference 25 July 2019

offset by

- the introduction of transferees into the workforce plan (£113k)
- other changes to the workforce plan (£7k).

The chart below illustrates the current HR WFP. The green line represents the HR WFP used for budget setting purposes, the red line represents the current HR WFP at June 2019. Based on numbers alone, where the red line is above the green line an overspend will result. Where the green line is above the red line an underspend will result. Other factors including pay differentials between leavers and starters, maternity and paternity payments also impact on the under / overspend. In broad terms the graph indicates that officer numbers are expected to be in line with the workforce plan for most of the year. By the year end numbers will be slightly above the original workforce plan, principally due to the recruitment of transferees.



The PCSO budget is forecast to overspend by £64k. This is due to starting the year 1.8 FTE above the assumptions made during budget setting and remaining, on average, 2.26 FTE above the projected average number of 79.34 FTE.

Constabulary Revenue Budget Monitoring 2019/20**Forecast for Quarter 1 as at 30 June 2019 to Public Accountability Conference 25 July 2019**

The police staff budget is forecast to underspend by £123k. The underspend on police staff has arisen as a result of the assumptions made with regard to when vacant posts are expected to be filled.

The other employee expenses budget is forecasted to overspend by £5k. This is largely as a result of the assumptions made with regards to recruitment (£6k) and welfare (£6k) offset by a forecast underspend on training (£7k).

The transport related budget is forecasting to underspend by £12k, the primary reason for this is in relation to a forecast underspend on travel expenses (£26k) offset by an increase in car hire (£2k) and vehicle repairs and maintenance (£10k).

The supplies and services budget is showing a forecast overspend of £115k. This is due to additional expenditure in respect of police pension scheme sanction charges (£30k), increased costs of custody provision regarding Appropriate Adult Services (£20k), contribution to a shared chief superintendent role with Durham (£45k) and a forecast overspend on ICT of £379k including £75k additional cost of control room futures (additional dual running) and £260k of ICT savings yet to be identified. Offsetting these forecast overspends are efficiency savings which have been removed from individual budget lines (£152k), a forecast underspend on the custody medical contract of £53k and the fact we have not yet committed all of the force contingency (£150k).

The third party payments budget is forecast to overspend by £24k. This includes additional spend on the pensions provider (£6k), an increase to National ICT charges of £6k and an additional contribution to the national enquiry on undercover policing of £9k.

Income is currently forecast to exceed the budget by £112k. The forecast includes assumptions regarding income in relation to income from other forces including mutual aid net income (£59k), income from secondments and other reimbursements of costs (£46k), refunds (£23k) and warrants officer income (£4k), offset by reduced net income from music events, Kendal Calling (£16k).

Constabulary Revenue Budget Monitoring 2019/20

Forecast for Quarter 1 as at 30 June 2019 to Public Accountability Conference 25 July 2019

Change in Forecast between May and June

As outlined above the forecast underspend position has reduced from £102k reported as at the end of May to the figure of £15k reported at the end of June. The main reasons for the reduction in forecast underspend of £87k can be summarised as follows:

- Police Officer Pay increase of £116k, forecast expenditure increased due to changes in assumption in the WFP concerning the use of transferees £113k and additional overtime £24k offset by decreases from additional leavers and other changes to the WFP -£20k.
- PCSO Pay decrease of £16k in respect of changes to the work force plan (leavers and changes to hours).
- Police Staff Pay decrease of £21k in respect of the effect of changes to the assumptions of when vacant posts will be filled (£27k) offset slightly by an increase in overtime £7k.
- Other Employee Expenses decrease of £16k in respect of a reduction in training & conferences (£23k) and agency (£3k) offset by increases in recruitment costs £5k and welfare in respect of additional costs associated with ill health retirement management £7k.
- Transport Related Expenditure decrease of £8k in respect of travel expenses & car hire.
- Supplies & Services increase of £87k in respect of an increase in the use of appropriate adult services in custody (£20k), network private services (£11k) and our contribution to a collaboration with Durham (£45k).
- Third Party payments increase of £13k in respect of an additional contribution to the national enquiry on undercover policing of £9k and an increase in the contribution to the safeguarding vulnerable people partnership with Cumbria County Council.
- Income increase of £68k in respect of the reimbursement of our costs from partners and secondments (£39k), abnormal load income (£7k) and refund of rates from previous years (£23k).

Potential Risk Areas

The figures provided above are based on current information as at the end of June. These forecasts include an assumption with regard to potential income in relation to special policing services and mutual aid. Should this income not be realised to the degree expected the forecast underspend could reduce.

The forecasts also assume pay inflation from September 2019 at 3% for both police and staff. If the final settlements are higher or lower than these assumptions the forecasts made at the end of June would change.

Recommendation: The Commissioner is asked to note the forecast budget position and potential risk areas

Commissioner's Revenue Budget Monitoring 2019/20

Forecast as at 30 June 2019 to Public Accountability Conference 25 July 2019

Commissioner's Budget Summary at June 2019

The current forecast of net expenditure amounts to £103.797m compared to a revised budget of £103.742m. The variance amounts to a forecast overspend of £55k (0.05%) and is made up of a forecast underspend of £15k (0.01%) in respect of Constabulary budget and a forecast overspend of £70k (0.40%) on budgets managed by the Commissioner.

Description	Revised Budget 2019/20 £'000s	Forecast Expenditure / (Income 2019/20 £'000s	Forecast (Under)/ Overspend 2019/20 £'000s	Forecast (Under)/ Overspend 2019/20 %
Office of the Police and Crime Commissioner	758	737	(21)	(2.77%)
Other PCC Budgets	(13,741)	(13,650)	91	(0.66%)
Movements To / (From) Reserves	(4,533)	(4,533)	0	0.00%
Total OPCC Budgets	(17,516)	(17,446)	70	(0.40%)
Funding Provided to the Constabulary	121,258	121,243	(15)	(0.01%)
Net Expenditure	103,742	103,797	55	0.05%
External Funding	(103,742)	(103,742)	0	0.00%
Total	0	55	55	

OPCC Budgets

The forecast underspend on the Commissioner's own office budget arises principally as a result of underspends on staff in the office of the PCC (£21k).

In respect of other budgets managed by the Commissioner, the forecast overspend arises as a result of an overspend on premises costs (£41k) concerning repair and maintenance and an adjustment to grant income received (£24k). There is also a forecast reduction to investment income of £35k, as planned changes to the investment strategy are deferred until the outcome of Brexit and any associated financial implications are more fully understood. These extra costs are partially offset by reduced transport insurance as a result of a low claims rebate received in respect of the previous year (£10k).

Commissioner's Revenue Budget Monitoring 2019/20 Forecast as at 30 June 2019 to Public Accountability Conference 25 July 2019

Constabulary Budgets

The principal reasons for the forecast Constabulary underspend are underspends on police staff pay and allowances (£123k). This has arisen as a result of changes to assumptions made with regard to when vacant posts are expected to be filled. In addition, the Constabulary is forecasting to increase income by £112k. This increase is predominately due to income from other forces including secondments and mutual aid.

These underspends are offset by additional spend on police pay and PCSO pay due to changes to the respective workforce plans, additional spend on ICT costs, custody and contributions to national and regional partnerships and collaborations.

Police Property Act

At 30 June 2019 the balance on the Police Property Act fund was £71k. In June 2019, awards totalling £20k were made from the fund. Full details of the awards made are available on the PCC website at <https://cumbria-pcc.gov.uk/what-we-do/funding/successful-applicantsgrant-agreements/>



Treasury Management Activities 2019/20

Quarter 1 (April – June 2019)

Peter McCall

Public Accountability Conference 25 July 2019

Joint Audit Committee Meeting 19 September 2019

Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period April – June 2019, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management. TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

Recommendations

The Commissioner is asked to note the contents of this report.

JAC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

Economic Background

During the quarter ended 30 June 2019:

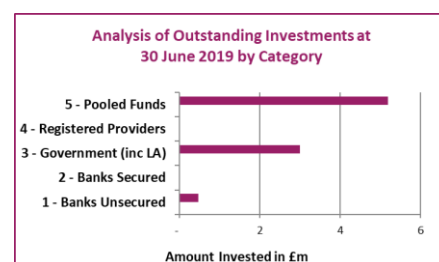
- Brexit was delayed until 31st October 2019;
- GDP rose by a solid 0.5% quarter to quarter during January to March, but contracted at the start of April;
- The fundamentals that determine consumer spending remained healthy;
- Inflation bobbed around the Bank of England's 2% target.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. There is unlikely to be any further action from the MPC until the uncertainties over Brexit clear. Link Treasury Services (the PCC's Treasury Advisors) prediction is that bank rates will not rise until September 2020. If there were a no deal exit, it is envisaged that bank rate would be cut in order to support growth.

TM Operations and Performance Measures

The Commissioners day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for particular categories of investment and individual counterparty limits within the categories.

Outstanding Investments: As at 30 June 2019 the total value of investments was **£8.668m** and all were within TMSS limits. The chart below shows the outstanding investments at 30 June by category.



A full list of the investments that make up the balance of **£8.668m** is provided at **Appendix A**.

Investment Activity: During quarter one no investments were placed within TM categories 1-3 (banks unsecured, banks secured and Government). There were regular

investments made via money market funds (category 5 pooled funds) as part of cash flow management.

Non-specified investments: The TMSS sets a limit for investments with a duration of greater than 365 days at the time the investment is made (known as non-specified investments), this limit is £3m. At 30th June the Commissioner had no investments that met this definition.

Investment Income: The budget for investment interest receivable in 2019/20 is £165k. The current forecast against this target is that the actual interest will be in the region of £130k. The budget included potential interest earned from investment in a property fund. Given the uncertainty around Brexit, particularly a no-deal Brexit and the possibility of a recession putting pressure on property prices, it has been decided to hold off on this kind of investment until the effects of Brexit are clearer. Factors such as future interest rates available and investment balances will also affect the final sum for investment income received.

The average return on investment at the end of quarter 1 is 0.83%.

As a measure of investment performance, the rate achieved on

maturing investments of over 3 months in duration is compared with the average BOE base rate.

The table below illustrates the rate achieved on the two maturing investments of over three months duration in quarter 1 compared with the average base rate for the duration of the investment.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Lancashire County Council	£2m	12	1.00%	0.68%
Moray Council	£2m	6	1.00%	0.75%

Cash Balances: The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances. The actual un-invested cash balances for the period April to June are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	91	3,818	28,519
Days Overdrawn	0	0	0

The largest un-invested balance occurred on the 30th April (£29k) whereby a large amount of seized cash and a large cheque for vehicle insurance was banked and cleared on the same day. In line with procedure, any funds banked during the day are subject to checking by the bank and could be removed from our account again while any issues are resolved, which would have resulted in an overdrawn account. It is therefore normal practice that this cash is not invested

into the liquidity select account and would have been left in the main fund account. The banks have introduced a new faster cheque clearing system. In the past we were certain that the cheques that are banked would show in our account as cleared funds two days later. With the new system, cheques are clearing on the same day or the day after. This is making it difficult to predict the account balance for the purpose of investment may result in a slightly higher overnight balances on occasion.

There were no occurrences of the account being overdrawn in quarter one.

Prudential Indicators

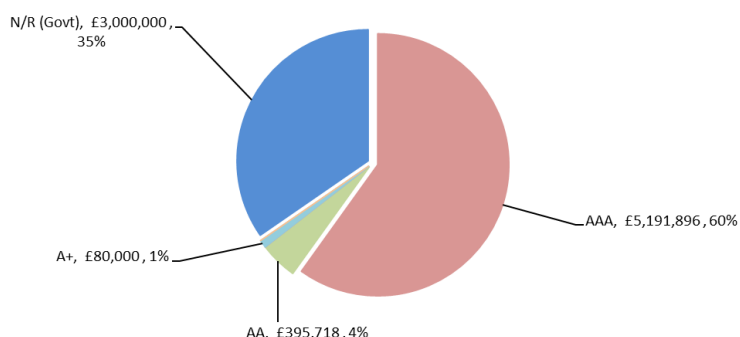
In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators, which determine if the TMSS meets the requirements of the Prudential Code in terms of **Affordability, Sustainability and Prudence.**

An analysis of the current position with regard to those prudential indicators for the financial year 2019/20 is provided at **Appendix B.** The analysis confirms that the Prudential Indicators set for 2019/20 are all being complied with.

Appendix A Investment Balance at 30 June 2019

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	0.30%	395,718	395,718
NatWest (Liquidity Select Acc)	A+	29/03/2019	01/04/2019	O/N	0.20%	80,000	80,000
						475,718	475,718
Category 2 - Banks Secured (Includes Banks & Building Societies)							
						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
East Dunbartonshire Council	N/R (Govt)	06/03/2019	06/09/2019	68	1.05%	2,000,000	2,000,000
Thurrock Council	N/R (Govt)	31/01/2019	31/07/2019	31	0.93%	1,000,000	1,000,000
						3,000,000	3,000,000
Category 4 -Registered Providers (Includes Providers of Social Housing)							
None						0	0
						0	0
Category 5 -Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	O/N		2,000,000	2,000,000
Fidelity	AAA	Various	On demand	O/N		1,400,000	1,400,000
BlackRock	AAA	Various	On demand	O/N		591,896	591,896
Goldman Sachs	AAA	Various	On demand	O/N		500,000	500,000
Aberdeen Standard	AAA	Various	On demand	O/N		700,000	700,000
						5,191,896	5,191,896
Total						8,667,614	8,667,614









Analysis of Outstanding Investments by Credit Rating of Counterparty at 30 June 2019 (Minimum Criteria per TMSS A-)



Note – The credit ratings in the table & chart relate to the standing as at 07th July 2019, these ratings are constantly subject to change.

Appendix B

Prudential Indicators 2019/20

Prudential and Treasury Indicators		Result	RAG
Treasury Management Indicators			
The Authorised Limit			
<i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</i>	TEST - Is current external borrowing within the approved limit	YES	
The Operational Boundary			
<i>The operational boundary represents an estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</i>	TEST - Is current external borrowing within the approved limit	YES	
Actual External Debt			
<i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing.</i>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	
Gross and Net Debt			
<i>The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.</i>	TEST - Is the PCC planning to borrow in advance of need	NO	
Maturity Structure of Borrowing			
<i>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	
Upper Limit for total principal sums invested for over 365 Days			
<i>The purpose of this indicator is to ensure that the Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i>	TEST - Is the value of long term investments within the approved limit	YES	
Prudential indicators			
Ratio of Financing Costs to Net Revenue Stream			
<i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs</i>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	
Net Borrowing and the Capital Financing Requirement			
<i>This indicator is to ensure that net borrowing will only be for capital purposes. The Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</i>	TEST - Is net debt less than the capital financing requirement	YES	
Capital Expenditure and Capital financing			
<i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2018/19</i>	TEST - Is the current capital outturn within planned limits	YES	
Capital Financing Requirement			
<i>The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	TEST - Is the capital financing requirement within planned limits	YES	