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Our reference: PC

Date 10th October 2019

CUMBRIA POLICE & CRIME COMMISSIONER'S PUBLIC ACCOUNTABILITY CONFERENCE

The Police and Crime Commissioner's Public Accountability Conference will take place on **Thursday 7th November 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.

V. Stafford
Chief Executive

Attendees:

Police & Crime Commissioner - Mr Peter McCall (Chair)
OPCC Chief Executive - Mrs Vivian Stafford
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 25th September 2019

6. CONSTABULARY REVENUE BUDGET MONITORING QTR 2 TO SEPTEMBER 2019

To receive and note the Constabulary's Revenue Budget Monitoring Qtr 2 report, to September 2019

7. COMMISSIONERS REVENUE BUDGET MONITORING QTR 2 TO SEPTEMBER 2019

To receive and note the Commissioner's Revenue Budget Monitoring Qtr 2 report, to September 2019

8. CAPITAL BUDGET MONITORING QTR 2 TO SEPTEMBER 2019

To receive and note the Capital Budget Monitoring Qtr 2 report, to September 2019

9. TREASURY MANAGEMENT ACTIVITIES QTR 2 TO SEPTEMBER 2019

To receive and note the Treasury Management Activities Qtr 2 report, to September 2019

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

Minutes of the Public Accountability Conference held on
Wednesday 25th September 2019 at Carleton Hall, Penrith
at 10:00am

PRESENT

Police & Crime Commissioner - Mr Peter McCall (Chair)

Also present:

Deputy Chief Constable (Mark Webster);
Chief Finance Officer (Roger Marshall);
OPCC Deputy Chief Executive (Gill Shearer);
Detective Chief Inspector (Dan St Quintin);
Superintendent (Mark Pannone)
OPCC Administration Assistant (Rebecca Collins) – Taking minutes

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

001. APOLOGIES FOR ABSENCE

Apologies for absence were received from the Chief Constable (Michelle Skeer); and Assistant Chief Constable (Andy Slattery);

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 25th July 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 25th July 2019 be confirmed as a correct record and signed by the Chair;

006. THEMATIC PRESENTATION – ‘ALWAYS PUT VICTIMS FIRST – DOMESTIC ABUSE’

DCI Dan St Quintin gave a presentation in relation to ‘Always Put Victims First – Domestic Abuse’, and a summary of the main points that were raised in the presentation are as follows:

An anonymised case study was shown around Domestic Abuse outlining the step by step process the police took to successfully support the victim, including an example of the professional approach the call handler maintained throughout this specific case.

A table and graph were presented with the key information showing a 5% decrease in repeat DA victims from last year and a 10% decrease in repeat rates for perpetrators showing increases when accuracy of DA recording improved providing a truer picture. Also showing recent decreases as a result of new initiatives being implemented, hitting the lower threshold line for first time since August 2018. Recent decrease in repeat rates were also illustrated.

Recognising the main challenges the force are dealing with in relation to Domestic Violence cases:

- Victim Engagement
- Investigative Quality
- Cyclical versus Linear timelines
- Understanding True Picture
- Repeat rates

The Commissioner raised a question around how we use the word "victim" and the word "believed" A discussion took place around understanding the difficulties around this and that they take into consideration all the evidence they have at the time with each individual case, investigate and examine all evidence to determine taking an objective view.

A discussion took place around the systems and programs that are in place to support the offender including The Integrated Offender Programme. All in agreeance the overall curve on domestic abuse re offending going down is a positive.

A discussion around Cumbria's data on domestic abuse compared to other areas was raised. All agreed that the data is positive when compared with MSG (Most Similar Groups) while understanding there will always be hot spots across the county, with the acknowledgment of one being in the West.

An explanation was given by DCI Dan St Quintin on a Domestic Violence pilot scheme in place in the North involving Sergeants who are asked to NFA (No Further Action), now having a checklist to complete before finishing off coming back with positive outcomes. A questionnaire has been given out to the trainees on satisfaction and early indications are positive.

Information was put forward by DCI Dan St Quintin around the helpdesk that will soon be in place seven days a week with shifts to be put in place to cover all hours.

It was acknowledged by all that in the next 12 months the expectation is that Domestic Abuse reports will actually go up due to raised awareness but repeat offenders should be expected to decrease as we feel we are effectively and efficiently dealing with it.

The Commissioner thanked DCI Dan St Quintin for the well put together presentation. Following a discussion, the presentation was noted.

RESOLVED, that, the

- (i) 'Always Put Victims First – Domestic Abuse' presentation was noted;

007. THEMATIC PRESENTATION – 'MENTAL HEALTH CHALLENGES for POLICING in CUMBRIA'

Superintendent Mark Pannone gave a presentation in relation to 'Mental Health Challenges for Policing in Cumbria', the purpose of which would be to:

- Establish the demand in Cumbria
- Are we appropriately identifying those who need support?
- Can we access appropriate services?
- Are we sufficiently resourced and trained to help those in crisis?

- Are we engaging at the appropriate levels with health partners?
- Are we responding to HMICFRS recommendations?
- What are the challenges for the future?

A summary of the main points discussed in the presentation are as follows:

Superintendent Pannone presented the current numbers for mental health In Cumbria, 70,770 people 16 years of age and above are believed to have a common mental health disorder with 8737 children 0-18 having a mental health condition.

Out of these individuals only 1 in 3 people with a common mental health disorder are in current treatment. Females 16—24 and all people 55-64 are shown as being most at risk. Suicide rates and self-harm medical admissions in Cumbria are above the national average with approximately 25,000 referrals to specialist mental health services per year.

The Commissioner asked how mental health issues are identified?

Superintendent Pannone explained HMIC provides guidance on how mental health issues are identified as Police Officers are not mental health experts and a mental health issue has no specific definition. Stating they do now have 6 coordinators in mental health, 14 in total being actively used.

It was recognised the recent difficulties around the closure of The Carleton Clinic looking not to have access until the end of October, putting officers in difficult positions with Kendal not being fit for purpose either. There is an impact on police demand as a result of these closures.

The Commissioner asked around officers possibly leaving A&E departments if they have the correct security in place?

All agreed this is dependent on the level of risk the individual is, however with additional security put in place this would be a solution to reducing police time.

All agreed that they could be criticized by HMIC if they are not seen to be challenging and influencing where they can. Constant pressure needs applying in the right places to the right services to keep moving forward.

Liaison & Diversion is an all age all vulnerability service intended to improve the health and justice outcomes for adults and children in contact with criminal justice system with an overarching aim of reducing re-offending.

Between April 2018 and March 2019 Liaison and Diversion assessed 1,682 Adults (over 18). 1,120 of those individuals identified as having issues with their Mental Health. 459 of those individuals had a current suicide or self-harm risk identified. In that year, we assessed 163 children and young people, of those, 96 CYP identified mental health issues within the assessment. Of those 1,120 people who identified with mental health issues, 269 onward referrals were made and 324 people were given advice.

Of the 96 Children and Young People, 26 accepted onward referrals and 12 were provided with advice. 46% of the CYP we assessed were already known to Children's Mental Health Services and 26% were known to Children's Social Care Services.

A discussion around training in mental health took place. Training provided in the last year included, Student officers, Formal force training day, bespoke Custody training and NPT training days in suicide alertness.

HMICFRS Recommendations were outlined by Superintendent Pannone as follows:

- By December 2019, forces should develop a better understanding of their mental health data, and the nature and scale of their demand. All forces should carry out a 24-hour snapshot exercise, using the new national definition of mental ill-health. Resolved.
- By August 2019, all forces should review their existing partnership mental health triage services to assess their effectiveness, and the environment they are operating in. Resolved.
- By August 2019, all forces should review their mental health training programs, using the College of Policing learning standards, to establish whether they are giving their officers the right tools to understand and respond to people with mental health problems. Resolved.

Following a discussion, the presentation was noted.

RESOLVED, that, the

- (ii) 'Mental Health Challenges for Policing in Cumbria' presentation was noted;

The Commissioner concluded the meeting by thanking everyone in attendance and praised the informative presentations.

Meeting concluded at 12:00 noon

Signed: _____

Date: _____

Constabulary Revenue Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Constabulary Summary at September 2019

The current forecast of net expenditure amounts to £122.307m compared to a revised budget of £122.019m. The variance amounts to a forecast overspend of £288k (0.24%) and is made up of a forecast overspend on expenditure budgets of £859k (0.67%), an increase in income of £29k (0.44%) and an assumption that we will receive £542k in funding in relation to costs incurred during 2019/20 to service Operation Uplift.

The forecast overspend represents an increase of £303k compared with the underspend of £15k reported as at the end of June 2019. The major changes between June and September are principally in relation to the assumptions made with regard to the police officer recruitment in response to the government's proposed increase in police officer number (Operation Uplift) and around central funding for provided in relation to these additional costs. In addition, reductions in PCSO pay (leavers to join as regular police officers), reductions in payments to NWROCU offset by additional expenditure on uniform, operational equipment & services, accommodation, ICT, training and car hire.

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 @ JUN-19 £'000s	Change from JUN-19 to SEP-19 £'000s
Constabulary Funding						
Police Officers	86,077	86,494	417	0.48%	24	393
Police Community Support Officers	2,738	2,581	(157)	-5.73%	64	(221)
Police Staff	22,564	22,515	(49)	-0.22%	(123)	74
Other Employee Budgets	1,704	1,806	102	5.99%	5	97
Transport Related Expenditure	2,294	2,314	20	0.87%	(12)	32
Supplies & Services	11,001	11,555	554	5.04%	115	439
Third Party Related Expenses	2,253	2,225	(28)	-1.24%	24	(52)
Total Constabulary Funding	128,631	129,490	859	0.67%	97	762
Income	(6,612)	(6,641)	(29)	0.44%	(112)	83
Total Constabulary Funding Net of Income	122,019	122,849	830	0.68%	(15)	845
Op Uplift Funding Assumptions	0	(542)	(542)	0.00%	0	(542)
Adjusted Constabulary Funding	122,019	122,307	288	0.24%	(15)	303

Constabulary Revenue Budget Monitoring 2019/20**Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019****Current Forecast**

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

In relation to the Government's pledge to recruit an additional 20,000 officers nationally, known as Operation Uplift, forces have been requested to commence the recruitment of officers as quickly as possible to ensure that the Government's target of recruiting the additional officers by the end of 2022/23 is achieved. This report includes £989k of expenditure currently expected to be incurred in 2019/20 to service Operation Uplift and includes the direct costs of the additional officers in relation to pay, uniform and equipment, recruitment costs and enabling police staff posts, such as trainers. The Home Office has given Cumbria a target of recruiting an additional 51 officers by March 2021, which is expected to be substantially achieved by March 2020.

Whilst funding for Operation Uplift has been promised and included in the Chancellor's spending round, details of the level and timing of funding at a force level has still to be announced. The report assumes that funding of £542k will be received. This is based on re-imburement of officer salary costs on a pro-rata basis in proportion to the Government's target number of officers and an assumption that all indirect costs, except accommodation, will be met in accordance with the Home Office funding model.

The figures are based on the indicative plan for new recruits of 27 FTE in September, 2 intakes of 18 FTE in November a single additional intake of 18 FTE in January and the planned intake of 18 FTE PCDA recruits in February, plus an increase in transferees without a corresponding reduction in intake numbers.

Appendix A provides a graphical presentation of planned intakes of police officers included in the above assumptions.

Largely as a result of Operation Uplift, the police officer budget is forecast to overspend by £417k, the overspend arises through a combination of:

- Changes to the workforce plan in response to operation uplift including increased number of new recruits £480k
- Increase in the number of transferees £112k
- holiday pay/pay in lieu of notice £86k
- Increase in overtime £116k
- Increase in injury pensions (backdated payments on appeal) £45k

Constabulary Revenue Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Offset by

- Pay Award at 2.5%, compared to 3% budgeted (£240k)
- Other changes to workforce plan including leavers and promotions, (£62k)
- A higher than assumed number of officers who have elected not to be members of one of the police pension schemes (£120k)

The PCSO budget is forecast to underspend by £157k. This is due to an increase in the number of forecast leavers to become officers and the removal of the planned PCSO intake in March 2020, to allow the recruitment and training teams to focus on bringing additional police officers in response to Operation Uplift.

The police staff budget is forecast to underspend by £49k. 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 and a forecast increase in response to additional posts created as part of Operation Uplift to support the recruitment of police officers.

The other employee expenses budget is forecasted to overspend by £102k. This is largely as a result of assumptions made with regards to recruitment and welfare costs associated with operation uplift (£50k), other additional recruitment costs (£24k), welfare costs (£21k), and management of change (£7k).

The transport related budget is forecasting to overspend by £20k, the primary reason for this is in relation to a forecast overspend on vehicle repair and maintenance (£15k) and vehicle decontamination (£4k).

The supplies and services budget is showing a forecast overspend of £554k. This is largely as a result of:

- additional expenditure in respect of police pension schemes £30k,
- increased costs of custody provision regarding Appropriate Adult Services £67k,
- increased expenditure on uniform as a result of operation uplift £54k, offset by reductions due to changes to PCSO and specials recruitment etc. -£16k
- increased expenditure on training accommodation £280k, partly as a result of operation uplift and partly as a result in a forecast delay in when the new accommodation hostels at the Eden Deployment Centre will become available.
- a forecast overspend on ICT of £485k including £75k additional cost of control room futures (additional dual running), £78k additional networks costs, £130k of additional ICT equipment as a result of operation uplift and £201k in respect of an ICT savings target yet to be identified.
- A forecast increase in operational equipment (firearms equipment) £26k.

Constabulary Revenue Budget Monitoring 2019/20**Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019**

Offsetting these forecast overspends are:

- efficiency savings which have been removed from individual budget lines £163k,
- a forecast underspend on the custody medical contract of £27k,
- forecast underspend on forensics of £46k and intelligence £9k,
- a forecast underspend on confiscated animals £14k,
- a forecast underspend on consultancy £35k
- the fact we have not yet committed all of the force contingency £81k.

The third party payments budget is forecast to underspend by £28k. This includes a forecast reduction to our contribution to NWROCU (£45k), a reduction in forecast expenditure in relation to training collaboration with Lancashire (£22k), additional spend on the pensions provider (£6k), contract extension to our payroll contract (£7k), an increase to National ICT charges (£6k) and an additional contribution to the national enquiry on undercover policing (£15k), other collaboration and co-working (£4k).

Income is currently forecast to exceed the budget by £29k, this includes a number of smaller variances on individual income budget lines.

Potential Risk Areas

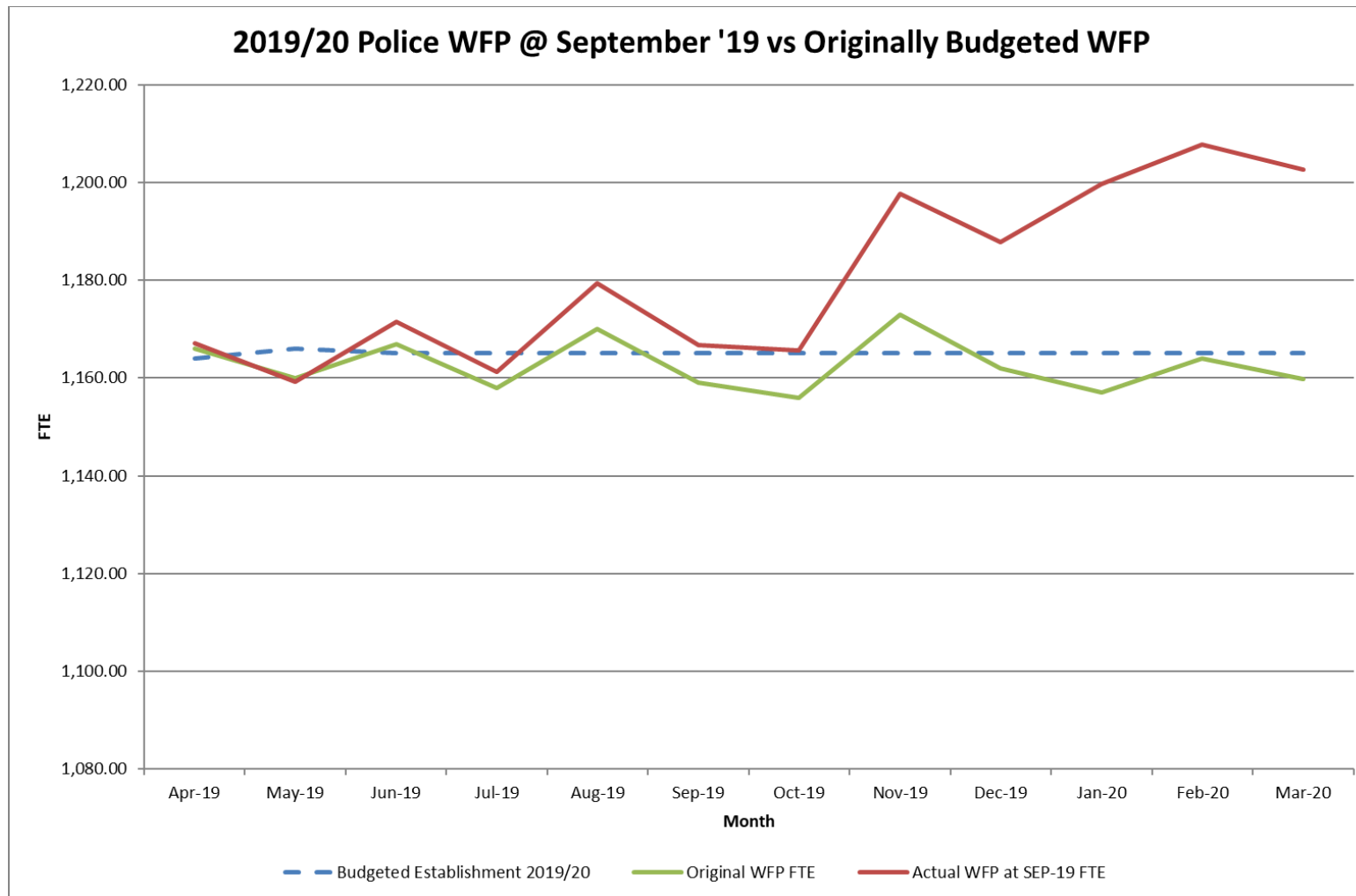
The figures provided above are based on current information as at the end of September. These forecasts include an assumption with regard to potential income in relation to special policing services and mutual aid. Should this income not be realised to the degree expected the forecast overspend could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

The forecasts also assume pay inflation from September 2019 at 3% for police staff (2.5% agreed for police officers is included in the forecast). If the final settlement is higher or lower than this assumption the forecasts made at the end of September would change.

At this time the funding position of Operation Uplift remains uncertain. There are risks both in relation to the quantum and the timing of the funding, uncertainty over whether it will be received in 2019/20 or 2020/21, which have the potential to impact on the final outturn position.

Constabulary Revenue Budget Monitoring 2019/20
 Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Appendix A – Proposed WFP Model 2019-20 in Response to Operation Uplift



PCC Revenue Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

PCC Budget Summary at September 2019

The current forecast of net expenditure amounts to £104.109m compared to a revised budget of £103.742m. The variance amounts to a forecast overspend of £367k (0.35%) and is made up of a forecast overspend of £830k (0.68%) in respect of Constabulary budget, a forecast overspend of £79k (0.43%) on budgets managed by the Commissioner and the current assumption that we will receive £542k of additional funding in relation to costs incurred during 2019/20 to service Operation Uplift.

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 @ JUN-19 £'000s	Change in Forecast JUN-19 to SEP-19 £'000s
Office of the Police and Crime Commissioner	757	733	(24)	(3.17%)	(21)	(3)
Other PCC Budgets	(13,548)	(13,445)	103	(0.76%)	91	12
Movements To / (From) Reserves	(5,486)	(5,486)	0	0.00%	0	0
Total OPCC Budgets	(18,277)	(18,198)	79	(0.43%)	70	9
Funding Provided to the Constabulary	122,019	122,849	830	0.68%	(15)	845
Op Uplift Funding Assumptions	0	(542)	(542)	0.00%	0	(542)
Net Expenditure	103,742	104,109	367	0.35%	55	312
External Funding	(103,742)	(103,737)	5	(0.00%)	0	5
Total	0	372	372		55	317

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 (£24k).

In respect of other budgets managed by the Commissioner, the forecast overspend arises as a result of an overspend on premises costs (£16k) concerning repair and maintenance, capital financing (£36k) related to a change in how capital expenditure is financed and an adjustment to grant income received (£25k). 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).

PCC Revenue Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Constabulary Budgets

The forecast Constabulary net overspend after taking into account assumed funding is £288k as at the end of September.

The forecast constabulary overspend is as a result of the additional expenditure resulting from the Constabulary's response to the Government's pledge to recruit an additional 20,000 officers nationally, known as Operation Uplift. Forces have been requested to commence the recruitment of officers as quickly as possible to ensure that the Government's target of recruiting the additional officers by the end of 2022/23 is achieved. This report includes £989k of expenditure currently expected to be incurred in 2019/20 to service Operation Uplift and includes the direct costs of the additional officers in relation to pay, uniform and equipment, recruitment costs and enabling police staff posts such as trainers. The Home Office has given Cumbria a target of recruiting an additional 51 officers by March 2021, which is expected to be substantially achieved by March 2020.

Whilst funding for Operation Uplift has been promised and included in the Chancellor's spending round, details of the level and timing of funding at a force level has still to be announced. The report assumes that funding of £542k will be received based on re-imburement of officer salary costs on a pro-rata basis in proportion to the Government's target number of officers and that all indirect costs, except accommodation, will be met in accordance with the Home Office funding model.

Forecast underspends on PCSO and staff pay offset some of these additional costs.

External Funding – the variance in relation to external funding represents a contribution to district councils in relation to care leavers discount, which is a discount on council tax provided to young people when they leave care and start to live independently.

Police Property Act

At 30 September 2019 the balance on the Police Property Act fund was £70k. In September 2019, awards totalling £7k 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/>

PCC Capital Budget Monitoring 2019/20
Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Summary at September 2019

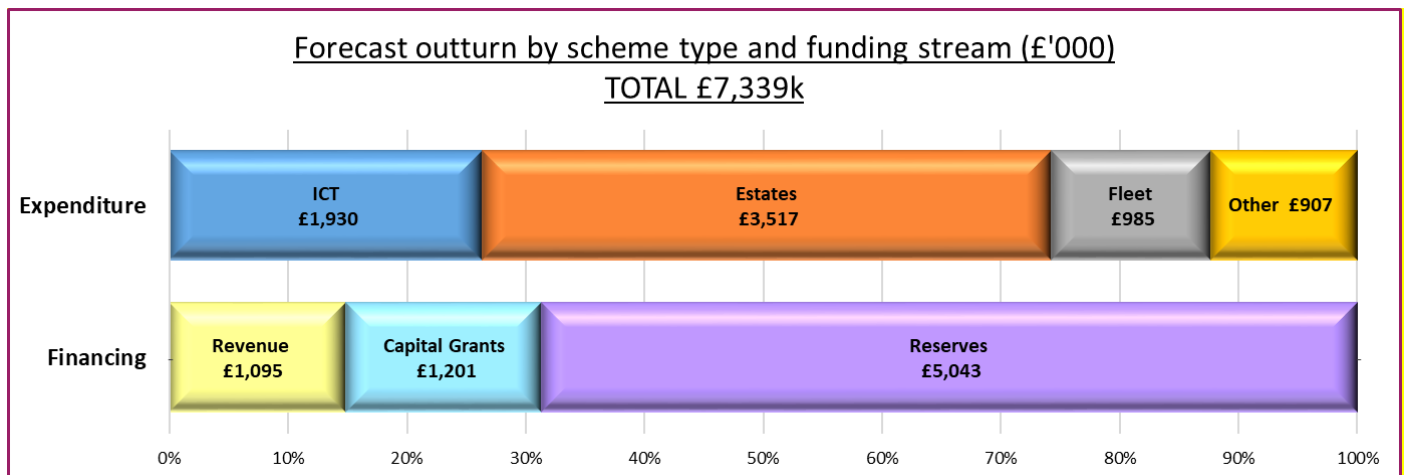
The current forecast of net expenditure amounts to £7.339m compared to a revised budget of £8.395m. The variance amounts to a net forecast underspend on the capital program of £115k (1%) and slippage of £940k (11%) to future years.

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	(236)
Budgets Changes - Approved	(104)
Approved Adjusted Budget 2019/20	8,395
Capital Outturn 2019/20 (Graph Below)	7,339
Forecast Variation	(1,055)
Made up of:	
Budget Changes (Under)/Overspend (Table 1)	(115)
Slippage to 2020/21 (Table 2)	(940)
	(1,055)

Table 1 Forecast Variation summary	Changes £000s
- Control Room Futures	(69)
- Smart Phone Replacement	(43)
- Websence	(4)
	(115)

Table 2 - Slippage	Previous y Reported	New Slippage Qtr 1	Total £'000s	% of Adjusted Budget
ICT Schemes	0	0	0	0%
Estates Schemes	0	0	0	0%
Fleet Schemes	0	(690)	(690)	-41%
Other Schemes	0	(250)	(250)	-22%
	0.00	(940)	(940)	-11%



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 £115k in the capital programme.

PCC Capital Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

ICT schemes

The approved ICT budget of £3,286k includes an element for rolling replacement of end user equipment and a larger element for the replacement of whole systems. 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 large number of stage payments have been made in quarter 2. The smartphone replacement business case has been written and approved and procurement has commenced.

R1) The Commissioner is asked to approve the transfer of £43k from the Smartphones budget and £4k from the Websense/ePKI project. These are to cover the costs of recurring licences that are renewed each year and therefore do not meet the definition of capital expenditure

R2) The Commissioner is asked to approve the transfer of £69k from Control Room Futures budget. This is to cover the cost of a software licence - £12k and additional staffing costs from the go live phase for training and overtime. Within the approved capital budget, there was provision of additional project resources. These items do not meet the definition of capital expenditure so need 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 programme is for replacement cell van capability currently provided 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. It is now likely that, due to long vehicle lead times, no deliveries will be received in this financial year. The full list of 2019/20 Peugeot replacements -£690k, has prudently been slipped to 2020/21. If any deliveries are made before the 31st March, a request will be made to bring the relevant portion back. The funding to match this slippage has also been moved to 2020/21.

PCC Capital Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Estates schemes

Of the £3,518k estates program budget, £3,285k is in relation to the Eden Deployment Centre building scheme. 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 early 2020, thereby reducing disruption on operational officers over the festive period. The remainder of the estates budget relates to smaller lifecycle replacements.

Other schemes

Other schemes include cross cutting or operational programmes of work and include the replacement of Tasers, accident investigation scanning equipment and digital evidence from the CCTV system.

The current fleet of Taser X26 CEDs (Conducted Energy Devices) has remained serviceable longer than expected. In addition, it is likely a new type of CED will be approved for Police use in the next 6-12 months. The Firearms department need to assess the impact of this approval and the opportunity this might provide to improve our CED capability, whilst at the same time maximising the life obtained from our existing CED fleet. With this in mind, the Taser replacement budget of £250k has been moved to 2020/21 along with its respective funding.

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 slippage mentioned above, the three future years of the medium term capital programme remain the same as that approved by the commissioner in May 2019. 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	1,930	7,247	2,433	1,340
Estates Schemes	3,517	590	1,575	5,825
Fleet Schemes	985	2,461	953	1,533
Other Schemes	907	293	500	0
	7,339	10,591	5,461	8,698
Capital Financing				
Capital Receipts	0	1,590	270	0
Revenue Contributions	1,095	3,314	3,244	3,243
Capital Grants	1,201	5,687	372	356
Reserves	5,043	0	1,575	1,699
Borrowing	0	0	0	3,400
	7,339	10,591	5,461	8,698

PCC Capital Budget Monitoring 2019/20

Forecast as at 30 September 2019 to Public Accountability Conference 07 November 2019

Appendix A

Capital Programme 2019/20	Original Approved Budget	Impact of 2018/19 Outturn	New Schemes Approved	Budget Changes Approved	Approved Adjusted Budget	Actual Expenditure to Jun-19	Forecast Capital Outturn	Forecast Variation
	£s	£s	£s	£s	£s	£s	£s	£s
ICT Schemes								
ICT End User Hardware Replacement (002x)	1,297	9	0	0	1,306	10	913	(393)
ICT Software Application Replacement (003x)	0	24	0	0	24	0	24	0
ICT Core Hardware Replacement (004x)	574	24	0	14	612	(6)	608	(4)
ICT ESN / Radio Replacement (005x)	114	0	0	(50)	64	0	64	0
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	(110)	1,483	1,138	1,415	(68)
- Business Futures	0	34	0	46	80	0	80	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	0	(124)
- High Tech Crime Storage Growth (I)	120	0	0	0	120	0	0	(120)
- Digital Policing Project	135	21	0	(14)	142	3	92	(50)
General Slippage	(2,000)	0	0	0	(2,000)	0	(1,356)	644
Total ICT Schemes	2,753	(594)	0	(114)	2,045	1,145	1,930	(115)
Fleet Schemes								
2018/2019 Slippage	349	28	0	0	377	170	377	0
2019/20 Approved Strategy	979	15	0	61	1,055	0	365	(690)
Rechargeable Vehicles	163	0	80	0	243	0	243	0
Total Fleet Schemes	1,491	43	80	61	1,675	170	985	(690)
Estates Schemes								
Roof Repairs - Various	0	0	0	0	0	0	0	0
Whitehaven Police Station - Roof	37	0	0	0	37	0	37	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	2,119	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	2,964	553	0	0	3,517	2,084	3,517	0
Other Schemes								
CCTV	0	24	0	0	24	0	24	0
X2 Taser migration (I)	250	0	0	0	250	0	0	(250)
Glock Pistol Replacement	0	0	0	0	0	0	0	0
Business Transformation	1,250	0	0	(425)	825	1	825	0
Laser Scanning - Accident investigation	0	0	58	0	58	0	58	0
Total Other Schemes	1,500	24	58	(425)	1,157	1	907	(250)
Total Capital Expenditure 2019/20	8,708	26	138	(478)	8,395	3,400	7,339	(1,055)



Peter McCall

Treasury Management Activities 2019/20 Quarter 1 (July - September 2019)

Public Accountability Conference 07 November 2019

Joint Audit Committee Meeting 20 November 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 July – September 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 September 2019:

- Boris Johnson replaced Theresa May as Prime Minister,
- GDP fell by 0.2% q/q in Q2, but rose at the start of Q3,
- The fundamentals that determine consumer spending remained healthy,
- Inflation fell below the Bank of England’s 2% target,
- There was a widespread fall in investors’ global interest rate expectations,
- The MPC kept Bank Rate on hold at 0.75%, but struck a more dovish tone.

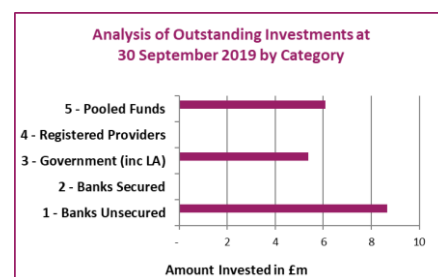
Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were to be a no deal Brexit, then it is likely that there would be a cut or cuts in Bank Rate to help support economic growth. The September MPC meeting sounded even more concern about world growth and the effect that

prolonged Brexit uncertainty is likely to have on 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 September 2019 the total value of investments was **£20.151m** and all were within TMSS limits. The chart below shows the outstanding investments at 30 September by category.



A full list of the investments that make up the balance of **£20.151m** is provided at **Appendix A**.

Investment Activity: During quarter 2 a number of investments were made within TM categories 1 and 3 (Banks unsecured and Government) primarily as a result of the Pension grant that is received in advance of spend in July.

Month	Number of Investments	Total Value of Investments £m
July 2019	7	12.99
August 2019	0	0.00
September 2019	1	1.40

In addition to the above there are regular smaller investments made via money market funds (category 5 pooled funds).

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 September 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 2 is 0.72%.

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 four maturing investments of over three months duration in quarter 2 compared with the average base rate for the duration of the investment.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Thurrock	£1m	6	0.93%	0.75%
East Dunbartonshire	£2m	6	1.05%	0.75%
Treasury Bills	£1.4m	3	0.69%	0.75%
Treasury Bills	£1.6m	3	0.66%	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 July to September are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	89	3,700	99,280
Days Overdrawn	3	(4)	(4)

The largest un-invested balance occurred on the 13th August (£99k) whereby a customer paid a large invoice. 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 largest/only overdrawn balance occurred over the weekend of 6th July (£4k) and was as a result of the two bounced cheques.

Prudential Indicators

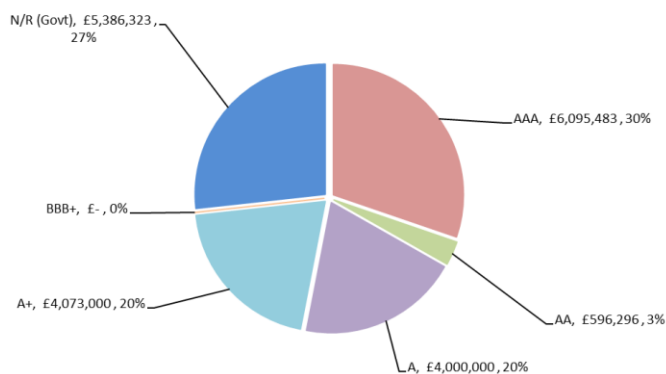
In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators, which determine if the TMSS meets the requirements of the Prudential Code in terms of *Affordability, Sustainability and Prudence*.

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 September 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%	596,296	596,296
NatWest (Liquidity Select Acc)	A+	30/09/2019	01/10/2019	O/N	0.20%	73,000	73,000
Lloyds	A	05/07/2019	06/01/2020	98	1.00%	2,000,000	2,000,000
Nationwide	A	05/07/2019	06/01/2020	98	0.81%	2,000,000	2,000,000
Heleba	A+	05/07/2019	24/12/2019	85	0.70%	2,000,000	2,000,000
Barclays	A+	05/07/2019	07/10/2019	7	0.60%	2,000,000	2,000,000
						8,669,296	8,669,296
Category 2 - Banks Secured (Includes Banks & Building Societies)							
						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Government T Bills	N/R (Govt)	05/07/2019	23/12/2019	84	0.70%	1,993,463	1,993,463
Government T Bills	N/R (Govt)	30/09/2019	30/03/2020	182	0.70%	1,997,730	1,997,730
Government T Bills	N/R (Govt)	07/10/2019	06/01/2020	98	0.70%	1,395,130	1,395,130
						5,386,323	5,386,323
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		0	0
Fidelity	AAA	Various	On demand	O/N		95,483	95,483
BlackRock	AAA	Various	On demand	O/N		0	0
Goldman Sachs	AAA	Various	On demand	O/N		2,300,000	2,300,000
Aberdeen Standard	AAA	Various	On demand	O/N		3,700,000	3,700,000
						6,095,483	6,095,483
Total						20,151,102	20,151,102










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



Note – The credit ratings in the table & chart relate to the standing as at 7th 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 2019/20</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	