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Our reference: PZ

Date 21 October 2022

CUMBRIA POLICE & CRIME COMMISSIONER'S PUBLIC ACCOUNTABILITY CONFERENCE

The Police and Crime Commissioner's Public Accountability Conference will take place **remotely on Wednesday 2nd November 2022, at 10:00.**

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

If you would like to join the meeting as a member of the public or press, please contact Paula Zutic on paula.zutic@cumbria.police.uk you will then be provided with a copy of the dial in details. Following the meeting papers will be uploaded on to the Commissioner's website.

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 2nd August 2022 (copy to follow)

6. FINANCIAL SUMMARY 2022/23 – QUARTER 2 TO SEPTEMBER 2022

To receive and note the quarter two financial summary which incorporates the Commissioner's revenue budget, Constabulary revenue budget and capital monitoring report for the period up to 30 September 2022 (copy to follow).

7. TREASURY MANAGEMENT ACTIVITIES 2022/23 – QUARTER 2 TO SEPTEMBER 2022

To receive and note the Treasury Management Activities Report April to September 2022 (copy to follow).

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

Minutes of the Public Accountability Conference held on
Tuesday 2nd August 2022 Via Teams
at 10:00am

PRESENT

Police & Crime Commissioner - Mr Peter McCall (Chair)

Also present:

Assistant Chief Constable (Jonathan Blackwell);
Assistant Chief Officer (Nancie Shackleton);
Chief Finance Officer (Roger Marshall);
OPCC Chief Executive (Gill Shearer);
Constabulary Head of Marketing & Communications (Helen Lacey);
OPCC Executive Support Officer (Paula Zutic) – 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); Deputy Chief Constable (Rob Carden); and the Deputy Chief Finance Officer (Michelle Bellis);

002. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from the public.

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 23rd June 2022; and the Public Accountability Conference held on 29th June 2022, these had previously been circulated with the agenda. The minutes were both agreed as an accurate record and signed by the Chair.

RESOLVED, that, the

- (i) Minutes of the Public Accountability Conference held on the 23rd June 2022; and the minutes from the Public Accountability Conference held on the 29th June 2022 be confirmed as a correct record and signed by the Chair;

006. FINANCIAL SUMMARY 2022/23 – QUARTER 1 TO JUNE 2022

The Chief Finance Officer gave a high-level overview of the position at the end of quarter 1 (up to the end of June 2022), and forecast to the year end.

Key Themes:

- Overall forecasted group overspend of £447k (0.37%) which is made up of a Constabulary overspend of £715k plus an OPCC underspend of -£268k.
- Overtime pressures for officers (+£822k) and, to a lesser extent, staff (+£55k) in all Commands / Directorates.
- The impact of the recently announced Police Officer Pay Award is not included in the above figures.
- Rising inflation is impacting on non-staff budgets, particular pressure is being seen on vehicle fuel budgets (+£72k) and premises utilities shown within OPCC budgets (+£194k) .
- The Office of the Police & Crime Commissioner is showing an underspend of -£21k which is largely as a result of reduced staffing costs within the OPCC.
- Other PCC Budgets -£247k

It was noted that the Constabulary overspend £715k in the main arises from overspends on police officer pay budgets caused by increasing officer numbers to ensure the Constabulary meets its target in relation to the final phase of the uplift programme and continued pressure on overtime. These overspends are offset to a degree by forecast underspends on police staff pay and supplies and services.

During 2021/22 the scheme to purchase the dog kennels at Wreay was approved. The scheme was estimated to cost £1.5m for the purchase and refurbishment. During 2021/22 £1,133k was borrowed (internally) and in 2022/23 it is expected that £367k will be borrowed (internally) to

complete the scheme of works. The capital financing requirement is currently £20.97m, (£4.20m is PFI related)

ICT

The base revenue budget for converged Infrastructure project that began during 21/22 contained a number of lines for project staffing, expenses and training. These budgets were created by a transfer from the approved capital budget. Due to vacancies, the latest outturn shows an expected underspend in the revenue budget of £21k which has been transferred back to capital hence the increase to ICT budgets of £21k and corresponding revenue contributions.

Estates & Fleet

Local Government Reform has resulted in a review of the PCC estate and as a result approval has been given to remove from sale the Eden Deployment Centre on Hunter Lane in Penrith. The Police station needs some immediate repair to ensure it remains fit for purpose for the new staffing model and a scheme for 2022/23 has been approved. There is some further work required to understand whether this work is deemed capital expenditure under the accounting rules so, as yet, both the expenditure and reserve funding have not been added to the program. The vehicle replacement programme remains on track and most vehicles are ordered and delivery is expected within the financial year.

Other

The county wide CCTV project is approaching the end of the original contract and the project team is looking at the way forward. The project team are working through the solution with the potential supplier and a Business Case will be presented for approval during quarter 2.

Following a discussion, the report was noted.

RESOLVED, that

- (i) The report be noted;

007. TREASURY MANAGEMENT ACTIVITIES 2022/23 – QUARTER 1 TO JUNE 2022

The report was presented by the Chief Finance Officer.

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. The half yearly report ensures the Police and Crime Commissioner is implementing best practice in accordance with the Code.

During the period 01 April 2022 and 30 June 2022, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 3 of the report.

It was noted that there have been no breaches in the approved limits to report during the reporting period.

It was noted that cash balances are reducing as we eat into reserves, while investments are increasing as interest rates pick up.

Cash flow balances for the period show:

- Quarter 1 average daily balance - £10.361m
- Investment balance @ 30/06/22 £5.224m
(Down 60% from £13.173m at 31/03/22)

Previous Capital financing decisions have been financed by borrowing 'cost of carry'. There was a discussion in relation to short term borrowing vs long term borrowing. The Chief Finance Officer advised that there is a current piece of work to look at the ongoing Borrowing Strategy.

The OPCC Chief Executive noted that this will be a strategic change in how we finance & it was agreed that the Chief Finance Officer would bring a summary paper to the planned Strategy Day in October.

ACTION – The Chief Finance Officer to bring a Borrowing Strategy Summary Paper to the Strategy Day in October 2022.

Following a discussion, the report was noted.

RESOLVED, that

- (i) The report was noted;

Meeting concluded at 10:50

Signed: _____

Date: _____

The Police and Crime Commissioner for Cumbria

Financial Summary 2022/23 as at 30 September 2022 (Quarter 2)

Public Accountability Conference 2 November 2022



Group Revenue Budget

Overspend £765k (0.63%)

Increased Expenditure +£990k (0.61%),

Increased Income -£225k (1.07%)

See page 2



Commissioner's Revenue Budget

Underspend £82k (0.44%)

Increased Expenditure £216k (1.24%),

Increased Income £298k (0.19%)

See page 2



Constabulary Revenue Budget

Overspend £847k (0.60%)

Increased Expenditure £774k (0.53%),

Reduced Income £73k (1.26%)

See pages 3-5



Capital Budget

Budget / Forecast £7,794k

Expenditure at mid-year point is £823k

Profiling to future years £993k

Budget changes approved Qtr2 £80k

Budget changes to note £26k

See page 6



Treasury Management

Investment balance 30/09/22 £22.033m ↑

(Up 322% from £5.224m at 30/06/22).

The current investment income forecast is £300k against a budget of £10k and reflects the recent increase in investment interest rates.

See separate report on the agenda.

PCC Revenue Budget 2022/23 as at 30 September 2022

Description	Revised Budget	Forecast Expenditure / (Income)	Forecast (Under)/ Overspend	Forecast (Under)/ Overspend	Forecast (Under)/ Overspend	Change in Forecast
	2022/23 £'000s	2022/23 £'000s	2022/23 £'000s	2022/23 %	@ JUN-22 £'000s	Sep-22 £'000s
Office of the Police and Crime Commissioner	833	831	(2)	(0.24%)	(21)	15
Other PCC Budgets	(17,398)	(17,478)	(80)	0.46%	(247)	167
Movements To / (From) Reserves	(2,106)	(2,106)	0	0.00%	0	0
Total OPCC Budgets	(18,671)	(18,753)	(82)	0.44%	(268)	182
Funding Provided to the Constabulary	140,370	141,217	847	0.60%	715	132
Net Expenditure	121,699	122,464	765	0.63%	447	318
External Funding	(121,699)	(121,699)	0	0.00%	0	0
Total	0	765	765		447	318

Key Themes:

- Overall forecasted overspend of £765k (0.63%).
- PCC budgets forecast to underspend by £82k. Constabulary forecast to overspend by £847k.
- Overtime pressures for officers (+£872k) and, to a lesser extent, staff (+£36k) in all Commands / Directorates.
- The impact of the Police Officer and recently announced reopened Police Staff pay awards have been reflected in the figures.
- Rising inflation is impacting on non-staff budgets, particular pressure is being seen on vehicle fuel budgets (+£163k) and premises utilities shown within OPCC budgets (+£259k).
- The main changes from the figures reported for quarter 1 relate to the inclusion of the pay award and the removal of the forecast in relation to redundancy & termination costs.
- The figures provided do not yet include the impact of the potential reversal of the increase in national insurance rates. We are awaiting further guidance but this could reduce the forecast overspend by approx £270k.

The balance on the police property act fund as at 30 September 2022 was £18k. Details of the awards made from this fund to community bodies can be found on the Commissioners website. <https://cumbria-pcc.gov.uk/what-we-do/funding/property-fund/>

Expenditure & Income Variances

Office of the PCC -£2k This is largely as a result of reduced staffing costs in the OPCC which are being partly offset by increases in consultants and audit fees.

Other PCC Budgets -£80k

Increased expenditure on Premises +£95k mostly as a result of increased expenditure in relation to premises repair and maintenance £98k, Utilities £259k and other premises costs £10k which are being partly offset by a refund of rates -£255k as a result of a rating re-evaluation and reduced cleaning costs as a result of a new contract -£19k.

Increases in insurance costs following a re-tender exercise £120k.

Increase in investment income -£290k, recent increases in interest rates have provided a forecast increase in investment income.

Funding Provided to the Constabulary Overspend £847k The overspend in the main arises from a combination of overspending on police officer pay budgets caused by increasing officer numbers to ensure the Constabulary meets its target in relation to the final phase of the uplift programme and, in particular, continuing pressure on overtime. The pay award for officers and staff has recently been agreed and whilst the police officer pay award is largely covered by additional Home Office grant there has been no such grant announced in respect of the police staff pay award. Vehicle fuel costs are also reporting an overspend of £163k due to increased pump prices.

Pages 3, 4 and 5 provide a more detailed analysis of the Constabulary revenue budget position.

Constabulary – Revenue Budget 2022/23 (1)

Constabulary - Subjective Analysis

Description	Revised Budget	Forecast Outturn	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Forecast (Under)/Overspend	Change in Forecast
	2022/23	2022/23	2022/23	2022/23	@ JUN-22	to Sep-22
	£'000s	£'000s	£'000s	%	£'000s	£'000s
Constabulary Funding						
Police Officers	97,625	98,939	1,314	1.35%	1,260	54
Police Community Support Officers	1,917	1,868	(49)	(2.56%)	(20)	(29)
Police Staff	26,818	26,764	(54)	(0.20%)	(225)	171
Other Employee Budgets	3,205	2,996	(209)	(6.52%)	51	(260)
Transport Related Expenditure	2,379	2,452	73	3.07%	25	48
Supplies & Services	10,906	10,561	(345)	(3.16%)	(302)	(43)
Third Party Related Expenses	3,309	3,353	44	1.33%	(29)	73
Total Constabulary Funding	146,159	146,933	774	0.53%	760	14
Income	(5,789)	(5,716)	73	(1.26%)	(45)	118
Total Constabulary Funding Net of Income	140,370	141,217	847	0.60%	715	132

Key Themes:

- Overall forecasted overspend of £847k (0.60%).
- Overtime pressures for officers (+£872k) and, to a lesser extent, staff (+£36k) in all Commands / Directorates.
- The impact of the Police Officer and recently announced reopened Police Staff pay awards have been reflected in the figures.
- Rising inflation is impacting on non-staff budgets, particular pressure is being seen on vehicle fuel budgets (+£163k) and premises utilities shown within OPCC budgets (+£259k).
- The main changes from the figures reported for quarter 1 relate to the inclusion of the pay award and the removal of the forecast in relation to redundancy & termination costs.
- The figures provided do not yet include the impact of the potential reversal of the increase in national insurance rates. We are awaiting further guidance but this could reduce the forecast overspend by approx £270k.

Constabulary - Objective Analysis

Command / Directorate	Revised Budget	Forecast Outturn	(Under) / Overspend	(Under) / Overspend
	2022/23	2022/23	2022/23	2022/23
	£'000s	£'000s	£'000s	%
Pay Budgets				
Core Police Pay	86,548	86,831	283	0.33%
Core PCSO Pay	1,910	1,862	(48)	-2.51%
Core Police Staff Pay	23,758	23,740	(18)	-0.08%
Sub Total Pay Budgets	112,216	112,433	217	0.19%
CORE COMMAND BUDGETS				
Chief Officer Group	880	929	49	5.57%
Corporate Support Directorate	4,192	3,880	(312)	-7.44%
Crime & Intelligence Command	2,123	1,946	(177)	-8.34%
Cumberland BCU	1,601	1,821	220	13.74%
Digital Data & Tech Command	6,047	5,772	(275)	-4.55%
Legal Services Directorate	(192)	(165)	27	-14.06%
Marketing & Communications	223	201	(22)	-9.87%
Operations Command	2,378	2,834	456	19.18%
Standards, Insight & Performance Command	(70)	5	75	-107.14%
Westmorland & Furness BCU	3,065	3,210	145	4.73%
Sub Total Core Command Budgets	20,247	20,433	186	0.92%
SECONDED	(13)	(13)	0	0.00%
EARMARKED	761	986	225	29.57%
PROJECT	7,166	7,385	219	3.06%
Grand Total	140,377	141,224	847	0.60%

Please note that due to the forcewide restructure which became effective on 05/09/22, it has not been possible to provide quarter 1 comparators by department/command.

Variance Narrative

A high level explanation of the main budget variances by department/command is provided on page 4 & 5.

Constabulary – Revenue Budget 2022/23 (2)

Pay Budgets – Key Themes

Pay budgets at £112m (excluding overtime) account for 80% of the overall Constabulary budget. The forecast as at 30 September is for an overspend of just £217k (0.19%) across combined police officer, PCSO and police staff pay.

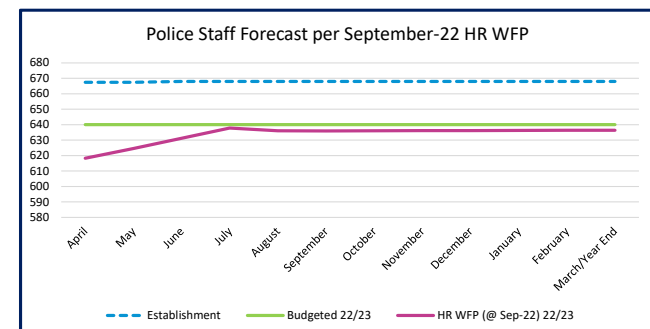
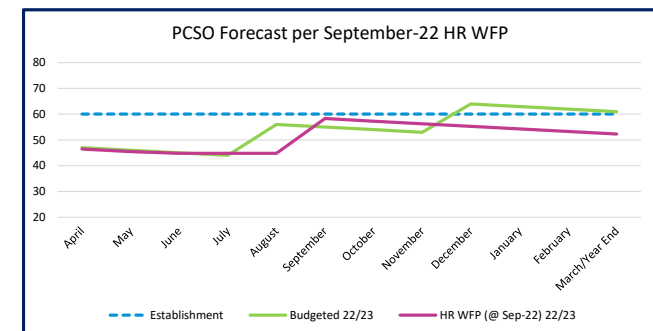
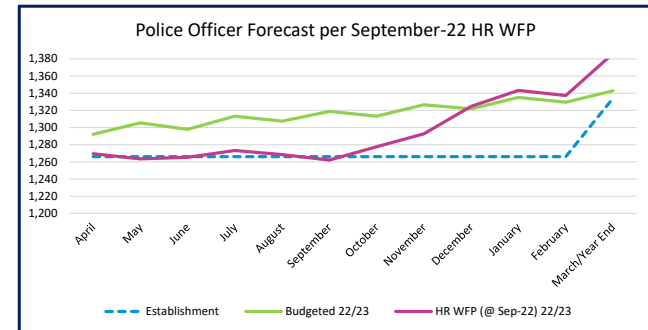
The budget forecasts include the pay awards for police officers and recently re-negotiated for police staff. The impact of the police officer pay award has largely been neutralised by an additional Home Office grant, there has been no such additional grant in relation to police staff pay to date.

Police Pay +£283k - The overspend on police officer pay £283k (0.33%) is largely as a result of small changes to the workforce plan as a result of the uplift recruitment, changes due to the forcewide restructure and the impact of national insurance on the forecast overspend on overtime. Although overtime is shown within individual command budgets, the associated employers national insurance is allocated to core pay lines.

PCSO Pay -£48k - The underspend on PCSOs £48k (2.51%) reflects changes to the planned intake which will see the average actual PCSOs over the year fall to 51 FTE compared to a budgeted 54 FTE.

Police Staff Pay -£18k – The underspend on Police Staff £18k (0.08%) is largely as result of the impact higher than anticipated vacancies throughout the year which are largely offset by the increased impact of the police staff pay award.

The 3 graphs illustrate the FTE numbers included in the budget for 2022/23 (based on the WFP provided at budget setting) and the latest actual numbers and forecasts for the remaining 6 months of the year provided in the HR WFP at 30 September.



Constabulary – Revenue Budget 2022/23 (3)

Operational Commands

Chief Officer Group +£49k largely as a result of increased contributions to third parties £52k (in relation to the initial secondment of the DCC from Merseyside and variations in national contributions e.g. and increase of £10k in relation to Op. Opal), increased expenditure on overtime £2k and training & conferences £4k which are being partially offset by reductions in travel related costs of £10k.

Crime & Intel Command -£177k Mainly as a result of increased income in relation to proceeds of crime £272k, reductions in training expenditure £2k and third party related spend of £5k. These underspends are being offset to a degree by overspends in relation to police officer overtime £13k, police staff overtime £2k, agency staff £14k, transport expenses £5k and supplies & services £68k (of which the most significant are forensics £9k, CHIS £34k, expert witness £10k).

Cumberland BCU +£220k This is largely as a result of forecast increases in police officer overtime £399k, agency staff £2k and reductions in income from football and events £8k. These overspends are being offset to a degree by forecast underspends in relation to transport related expenditure £130k and supplies & services £54k (largely reductions in clothing & uniform offset by increases in equipment).

Operations Command +£456k Largely as a result of increases in police officer overtime £196k, room hire £8k, transport related spend (largely fuel) £58k and supplies & services £232k (largely uniform and equipment) and reduced income on abnormal loads £72k. These overspends are offset to a degree by underspends in relation to police staff overtime £3k, training £42k and increased income in relation to re-imbursed services £59k.

Standards, Insight & Performance Command +£75k This overspend is mainly as a result of increases in police officer overtime £16k, police staff overtime £12k, training £2k and reduced income in relation to firearms licences £76k. These overspends are being offset to a degree by underspends on transport costs £7k, supplies & services (mainly consultants) £20k.

Westmorland & Furness BCU +£145k The main variances are increased spend in relation to police officer overtime £219k, police staff overtime £16k which are being partly offset by savings in relation to transport £6k and supplies & services £54k (largely reductions in clothing/uniform, custody costs offset by increases in equipment) and increased income in relation to football and events £18k.

Support Directorates

Corporate Support Directorate -£312k The main variances relate to a reduction in the forecast spend in relation to redundancy/termination £216k, agency staff £28k, supplies & services £257k (efficiency savings £155k, accommodation & subsistence £67k) and increased income £81k (training courses, catering and rates refund). These underspends are offset to a degree by overspends on police officer overtime £15k, police staff overtime £15k, injury pensions £5k, relocation expenses £26k and increases in transport related expenses (largely fuel & accident damage) £167k.

Digital Data and Tech Command -£275k Reduced spend on training £17k, transport costs £10k, supplies & services £245k and third party spend £10k. These underspends are being offset by a reduction of fees and charges income £6k.

Legal Services +£27k This is largely due to reduced income in relation to costs awarded to the police.

Marketing and Communications -£22k The underspend has largely arisen due to underspends in relation to non-staff advertising £24k, website costs £16k and training £4k which are being offset by increases in printing £26k (as a result in the mid-year changes to the print unit).

Seconded, Earmarked Funds and Projects

Seconded £0k Forecast spend in relation to seconded staff is matched by income.

Earmarked Funds +£225k Largely as a result of reduced income forecast in relation to the Driver Awareness Scheme (**Safety Camera Partnership**) of £255k offset by smaller underspends across a number of schemes.

Projects +£219k This largely relates to forecast spend in relation to operation uplift. A further piece of work is to be undertaken to try to mainstream this into core budgets whilst retaining the ability to report spend to Home Office as required.

Constabulary – Capital Budget 2022/23

Capital Programme 2022/23	Original Approved Budget £000s	Impact of 2021/22 Outturn £000s	New Schemes Approved £000s	Budget Changes Approved £000s	Approved Adjusted Budget £000s	Actual Expenditure to Sept-22 £000s	Draft Capital Outturn £000s	Forecast Variation £000s	Of Which Budget Re-Profile	Budget Changes
ICT Schemes										
ICT End User Hardware Replacement (002x)	1,288	(104)	0	0	1,184	430	618	(566)	(563)	(3)
ICT Software Application Replacement (003x)	0	2	0	0	2	0	9	7	0	7
ICT Core Hardware Replacement (004x)	2,016	45	21	0	2,082	79	1,246	(836)	(786)	(50)
ICT ESN / Radio Replacement (005x)	382	50	0	0	432	7	432	0	0	0
ICT Core Infrastructure Replacement	96	0	0	0	96	0	96	0	0	0
ICT Infrastructure Solution Replacement (Projects)										
- Case & Custody	0	38	0	0	38	0	38	0	0	0
- Control Room Futures	608	12	0	0	620	0	620	0	0	0
- Police Works / Silverlrite	33	317	0	0	350	79	350	0	0	0
- Unspecified change to National systems (D)	55	0	0	0	55	0	56	1	1	0
- National ANPR / ANPR replacements	52	79	0	0	131	0	71	(60)	(60)	0
- Anti Corruption Software	0	57	0	0	57	32	57	0	0	0
- Vetting Software	0	0	0	0	0	0	0	0	0	0
Firearms Licencing digitisation	0	0	80	0	80	0	80	0	0	0
- Record Management	1,000	0	0	0	1,000	42	500	(500)	(500)	0
General Slippage	(1,000)	0	0	0	(1,000)	0	0	1,000	1,000	0
Total ICT Schemes	4,530	496	101	0	5,127	669	4,173	(954)	(908)	(46)
Fleet Schemes										
2021/2022 Approved Strategy	0	646	0	0	646	189	646	0	0	0
2022/2023 Approved Strategy	1,106	22	0	0	1,128	0	1,200	72	0	72
Reimbursed Vehicles	85	0	0	0	85	0	0	(85)	(85)	0
Total Fleet Schemes	1,191	668	0	0	1,859	189	1,846	(13)	(85)	72
Estates Schemes										
Kendal Police Station - Roof	56	0	0	0	56	0	56	0	0	0
Eden Deployment Centre	0	0	0	0	0	-86	0	0	0	0
Carlisle M&E plant (area 2)	60	0	0	0	60	0	60	0	0	0
West Cumbria Estate	600	20	0	0	620	0	620	0	0	0
Dog Section Wrey	200	167	0	0	367	3	367	0	0	0
EDC adaptations	290	16	0	0	306	1	306	0	0	0
Total Estates Schemes	1,206	203	0	0	1,409	(82)	1,409	0	0	0
Other Schemes										
CCTV	174	0	0	0	174	0	174	0	0	0
X2 Taser migration	68	0	0	0	68	0	68	0	0	0
Glock Pistol Replacement	0	45	0	0	45	39	45	0	0	0
Laser Scanning - Accident investigation	0	4	0	0	4	0	4	0	0	0
Operation Uplift	0	25	0	0	25	8	25	0	0	0
Operation Lecturn	0	0	0	0	0	0	0	0	0	0
Barrow - custody services to support digital roll out	50	0	0	0	50	0	50	0	0	0
Total Other Schemes	292	74	0	0	366	47	366	0	0	0
Total Capital Expenditure 2022/23	7,219	1,441	101	0	8,761	823	7,794	(967)	(993)	26

Capital Expenditure

ICT

The RMS (Mark 43) project has milestone payments scheduled for Q1 of 2023/24 hence £500k has been re-profiled, Also the Network replacement program of £785k has been re-profiled to be delivered in 2023/24. Within ICT £1m was budgeted for general re-profiling, this has been utilised in quarter 2 reducing the effect of re-profiles for the quarter and a net re-profile of £993k.

End user hardware equipment budget of £141k has been re-profiled with a net nil effect to cover the extra costs of Surface Pro's purchased in 2022/23. A further £4k has been returned as no longer required in respect of mobile ticket printers. Expenditure on hardware maintenance for the Information project, under accounting rules, is classed as revenue not capital therefore funding has been moved to revenue to match the expenditure of £49k.

The budget has been increase following the approval of the digitisation of Firearms scheme for £80k in 2022/23 along with Software Application Replacement has committed an extra £7k for Cireson work.

Estates & Fleet

The vehicle replacement programme remains on track and most vehicles are ordered and delivery expected within the financial year. 3 x Peugeot 306's have been written off with a cost of £72k to replace them (a £32k contribution from revenue will be received due to self-insurance arrangements).

There has been a review of the Sellafeld Policing Team operational vehicles, the budget of £85k (matched by £85k revenue income contribution) is not required in 2022/23 and has been re-profiled to 2023/24, as well as increasing to £120k.

Other

The county wide CCTV project is approaching the end of the original contract and a new contract is due to be signed at the end of October. The contract milestones will result in a re-profile of the budget and will be reflected in quarter 3 reporting once finalised.

Financing 2022/23

Revenue Contributions £4,392k
 General Grants £2,415k
 Borrowing £367k
 Reserves £620k
Total £7,794k

Re-profiling 2022/23

Capital schemes by their very nature can span one or more financial years. Profiling to future years represents schemes that are still proceeding as planned and within overall budget limits but where there is a change in the profile of spend between years

2022/23 Capital Commitments	DDaT £000s	Estates £000s	Fleet £000s	Other £000s	TOTAL £000s
Forecast Outturn	4,173	1,410	1,846	365	7,794
Spend to Sept-22	669	(82)	189	47	823
Remaining budget	3,504	1,492	1,657	318	6,971
Ordered Commitments	513	292	1,153	267	2,225
Un-committed budget	2,991	1,200	504	51	4,746

The Police and Crime Commissioner for Cumbria

Treasury Management Activities 2022/23 for the period 01 July 2022 to 30 September 2022

Public Accountability Conference 02 November 2022 and Joint Audit Committee 23 November 2022



Cash flow Balances

Quarter 2 average daily balance - £26.566m
 Investment balance @ 30/09/22 £22.033m
 (Up 322% from £5.224m at 30/06/22).



Investment Interest Forecast

Base Budget - £10,000
 Revised Budget - £10,000
 Current Estimate - £300,000



Borrowing Strategy

During 2021/22 the scheme to purchase the dog kennels at Wreay was approved. The scheme was estimated to cost £1.5m for the purchase and refurbishment. During 2021/22 £1.133m was borrowed (internally) and in 2022/23 it is expected that £0.367m will be borrowed (internally) to complete the scheme of works.

Investment Strategy

Category	Category Limit (£m)	Investments at 30 Sep (£m)	Compliance with Limit
1 - Banks Unsecured	20	8.511	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government (inc LA)	10	7.622	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	5.900	Yes
Total		22.033	

There have been no breaches in the approved limits to report during the reporting period.

Performance Indicators

Quarter 2	Number of Days	Average Balance (£)	Largest Balance (£)
Days In Credit	92	58,457	296,828
Days Overdrawn	0	0	0

Average interest rate earned – 1.50%
 Average bank base rate – 1.61%
 (Current bank base rate – 2.25%)

Treasury and Prudential Indicators

During the period 01 July 2022 and 30 September 2022, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 3.

Economic Outlook and Treasury position for the quarter ended 30 September 2022

GDP fell 0.3% month on month in August. This was worse than expected and was driven by a fall in the retail and hospitality sectors. GDP is expected to have fallen by 0.5% in September. It is predicted that the UK economy will be in recession for the remainder of 2022.

CPI inflation rose from 9.9% in August to 10.1% in September returning to July's recent high, driven by a further increase in food inflation from 13.4% to 14.8%. However, global agricultural commodity prices are now falling so CPI food inflation may soon start to ease. Fuel inflation has reduced 32.1% to 26.5%, indicating that petrol prices may have peaked. However, inflation is rising in other sectors: core goods inflation rebounded from 6.6% to 7.0% and services inflation climbed from 5.9% to a new cycle high of 6.1%. CPI inflation has not yet peaked. The increase in utility bills in October could push inflation to 10.5% and a further increase in the spring may take inflation close to 11% by April. Inflation is forecast to reduce during 2023, average inflation for 2023 is currently forecast at 9%.

The MPC has now increased interest rates seven times in as many meetings with the second 50bps raise in a row taking rates to a 14 year high of 2.25%. Interest rates are expected to be increased more aggressively over the coming months as the Bank of England continues in its efforts to squeeze inflation out of the economy.

The MPC has confirmed that it would do everything necessary to ensure headline inflation, on the CPI measure, drops back to 2% over a three-year timeframe. Link, the treasury advisers to the PCC, have revised their interest forecast and predict the MPC will raise rates by 100bps in November and a further 75bps in December, taking the current rate from 2.25% to 4% by the end of the year. Rates are predicted to peak at 5% in the spring and only start to reduce to 4.5% at the end of 2023. This is in line with the peak forecast by economists, but lower than the peak (5.5% - 5.75%) priced into the financial markets.

Base Rate Estimates	2022/23	2023/24	2024/25
Quarter 1	1.75	5.00	3.75
Quarter 2	2.25	5.00	3.25
Quarter 3	4.00	4.50	3.00
Quarter 4	5.00	4.00	2.75

Investments in place on 30 September 2022

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Nationwide BS	A	05/07/2022	04/10/2022	4	1.41%	2,000,000	2,000,000
Heleba	A+	05/07/2022	04/10/2022	4	1.59%	2,000,000	2,000,000
Lloyds CD	A+	06/07/2022	07/11/2022	38	1.75%	2,000,000	2,000,000
Santander CD	A+	11/07/2022	25/11/2022	56	1.93%	2,000,000	2,000,000
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	0.60%	500,676	500,676
NatWest (Liquidity Select Acc)	A+	30/09/2022	03/10/2022	0/N	0.30%	10,000	10,000
						8,510,676	8,510,676
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Treasury Bills	Gov	04/07/2022	03/10/2022	3	1.290%	1,993,588	1,993,588
Treasury Bills	Gov	11/07/2022	10/10/2022	10	1.390%	1,993,093	1,993,093
Treasury Bills	Gov	01/08/2022	30/01/2023	122	2.060%	1,635,204	1,635,204
Debt Management Office	Gov	07/09/2022	31/10/2022	31	1.940%	2,000,000	2,000,000
						7,621,885	7,621,885
Category 4 - Registered Providers (Includes Providers of Social Housing)							
None						0	0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	0/N	1.811%	1,000,000	1,000,000
Fidelity	AAA	Various	On demand	0/N	1.758%	1,400,000	1,400,000
Aberdeen Standard	AAA	Various	On demand	0/N	1.880%	3,500,000	3,500,000
						5,900,000	5,900,000
Total						22,032,561	22,032,561

On 5th July 2022 the police pension grant of £19.85m was received and is largely in advance and will be drawn down over the remainder of the year. Along with the July grant payment, the investments reached their highest balance of £30.97m. A large proportion of this balance (60%) was split between the Debt Management Office (DMO) of HM Treasury, Treasury Bills, Certificates of Deposit and Fixed Term Investments to be returned at regular intervals as cashflow forecasts require, with the remainder (40%) being managed through the money market funds.

Borrowing position for the quarter ended 30 September 2022

At 30th September 2022 there were no loans outstanding.

Treasury and Prudential Indicators 2022/23 at 30 September 2022

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG		
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	●	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	●
The Operational Boundary <i>The operational boundary represents and estimate of the most likely but not worse 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	●	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	●
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 boundry	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 2022/23</i>		TEST - Is the current capital outturn within planned limits	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	●	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	●
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 witin the approved limit	YES	●					

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This half yearly report ensures the Police and Crime Commissioner is implementing best practice in accordance with the Code.