



Police and Crime Commissioner:
Chief Executive & Monitoring Officer:

Barry Coppinger
Simon Dennis BA, Solicitor

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PCC Scrutiny, Delivery & Performance Meeting

Date: Monday 2 December

Time: 1330-1630

Venue: Cleveland Room 2

Agenda

		Presented by
1.	Apologies For Absence	
2.	Declaration of conflict of interest/disclosable pecuniary interest	
3.	Notes of the previous meeting – 18 November 2019	Attached
3a	Service Improvement Team – Update	Cleveland Police
4.	HMICFRS PEEL Inspection – Update	Cleveland Police
5.	Neighbourhood Survey – Update	Cleveland Police
6.	Modern Day Slavery – Letter from Independent Anti-Slavery Commissioner Dame Sara Thornton	Cleveland Police
7.	Financial Information <ul style="list-style-type: none"> a) Cleveland Police – Corporate Financial Monitoring Report to 30 September b) PCC - Budget Monitoring Report to 30 September 2019 c) Cleveland Police – Long Term Financial Plan d) Capital and Treasury Management Report Q2 2019/20 	Cleveland Police/OPCC Reports Attached

8.	Any Other Business <i>Can the PCC have an update on community tension monitoring with the up and coming election</i>	
9.	Date of next meeting – 13 January 2010	



Scrutiny, Delivery & Performance Meeting

18 November 2019

15:00

Endeavour & Marina Rooms

Present

Barry Coppinger - Police and Crime Commissioner
Liz Byrne – Assistant Chief Executive, OPCC
Michael Porter – Chief Finance Officer, OPCC
Heather Willis – Support Officer for Communications, OPCC
Lisa Oldroyd – Commissioners Officer for Crime, Offending and Justice, OPCC
Richard Lewis – Chief Constable, Cleveland Police
Lisa Orchard – Assistant Chief Constable, Cleveland Police
Joanne Gleeson – Chief Finance Officer, Cleveland Police
Louise Drummond – Head of Performance, Quality and Review, Cleveland Police
Lisa Theaker – Chief of Staff, Cleveland Police

Apologies for absence

Elise Pout – Standards and Scrutiny Manager, OPCC
Simon Dennis – Chief Executive and Monitoring Officer, OPCC
Steve Graham – Assistant Chief Constable, Cleveland Police
Ian Arundale – Temporary Deputy Chief Constable, Cleveland Police

Declarations of Conflict of Interest/Disclosable Pecuniary Interest.

1. None declared.

Notes of the Previous Meeting

2. The notes of the following meeting were approved for publication.
 - i. 7th October 2019
3. Matters arising from the previous meeting were discussed. It was confirmed that a Taser consultation exercise will not be carried out at this stage as there is not currently a commitment of extra funding from the government.

Scrutiny Tracker - Updates

4. The Scrutiny Tracker was discussed and it was noted that items from the Scrutiny Tracker will be picked up through Force governance frameworks or delivery plans once closed off within the Scrutiny Meeting as opposed to continually being discussed within each meeting. LB, LD and LT will continue to progress this.

Police and Crime Plan Objective – Theme Reducing Offending and Re-offending

5. The PCC put the following questions to the Force in advance of the meeting.
 - i. *Following the introduction of the Victims Code of Practice (VCOP) template in NICHE, what is the level of VCOP compliance you would expect by end of financial year?*

ACC Orchard noted that currently, this is an area where improvements are still required although it has been recognised that the force have put in place the means by which they will understand compliance as well as raising investigative standards.

This will be reviewed again at the end of the financial year and the PCC will welcome improvements that demonstrate victims are receiving a better service.

ii. How are offenders being selected for the Integrated Offender Management (IOM) cohort? Through the Cleveland Reducing Re-offending Group issues have been raised through pilot work in Hartlepool that identified where some prolific offenders were not on the IOM cohort.

ACC Orchard provided an update in relation to the refreshed selection process for the IOM cohort. This item was discharged and it was agreed that further queries would be discussed outside of the PCC Scrutiny meeting between Lisa Oldroyd, ACC Orchard and Supt. Tariq Ali.

iii. How is the force looking to develop and maximise use of the Liaison and Diversion Service in custody?

It was noted that this has been discussed with the OPCC and through the vulnerability board. Improved services will be provided in respect of drug and alcohol issues. Support will be provided to individuals on release as well as in custody and peer mentor opportunities are also being progressed for engaging with hard to reach offenders, regardless of the investigations outcome. It was noted that consideration is being made in relation to the location of the peer mentor meetings and they may not be required to be wholly conducted in custody. It was confirmed that the Reducing Reoffending Group will be the strategic oversight going forward.

iv. How has the Standard Operating Procedure for postal requisitions been implemented? How does it seek to protect and safeguard vulnerable victims?

ACC Orchard confirmed that this process has been reviewed and a new Standard Operating Process for postal requisitions has been implemented by the Force providing a distinct approach for domestic abuse related offences which requires suspects for domestic abuse offence to attend the police station to be charged or for the postal requisition to be served personally on the suspect where safeguarding issues can be addressed.

v. How will the Force maximise the use of out-of-court disposals for young people and adults?

ACC Orchard noted that the Youth Offending Team deal with all cases for juveniles and they have recently agreed new processes with CPS around looked after children and recent care leavers to avoid prosecution where necessary. In respect of adult offenders, the Divert scheme is now fully established, run from the OPCC.

vi. How will the findings from the HMIP South Tees Youth Offending Inspection in relation to the Youth Triage Scheme be used by the Force to improve service delivery?

It was noted that the HMIP report highlighted the Force's policy as restrictive as it doesn't currently allow for a second triage intervention. CC Lewis confirmed that this is something which should be considered and updated in the future. The response provided from the YOS referred to a lack of funding from the OPCC, LO confirmed that she would follow up these comments outside of the meeting to resolve the perceived issue.

vii. It has been confirmed that, to date, no action has been taken by the Force in respect of the findings from the 'Pilot study on perpetrators of Child Sexual Exploitation in the North East', how will this research be used to inform future planning and development of specialist capabilities to address the behaviour of Child Sexual Exploitation/ on-line offenders?

ACC Orchard provided a full and detailed update on the action taken by the Force in respect of the findings from the research. It was noted that the report will be used to prevent young girls becoming victims as the findings will be used to educate schools and other partner agencies. It was confirmed that 250 people attended a multi-agency event last year to discuss the headlines from the report. The POLIT team actively engage with partner agencies to

provide information on how to prevent people from becoming victims. The VEMT team and Commissioning Group are also updated with the findings and are using them to enhance services.

A campaign focusing on online grooming has recently been run as part of CSE awareness day. Engagement continues to be progressed with Barnardos in respect of media campaigns following the publication of the research. Online safety talks to children are also to take place during internet safety week with multiple talks a day every day that week in various different schools.

Following the update, it was confirmed that a process point is to be picked up in relation to the sharing of information. The PCC had asked the question previously in relation to the Force's action in respect of the findings of the report and had not been provided with sufficient information.

viii. Can the Force clarify when the new process for Domestic Violence Protection Notices (DVPNs) and Domestic Violence Protection Orders (DVPOs) will be implemented, and what systems will be put in place to monitor use?

It was made clear that the required process for DVPNs and DVPOs required significant improvement as the volume and use to protect victims was nowhere near the levels it should be. The process is currently being reviewed and improvements should be in place by the end of November. The PCC will formally review this when service improvement to victims are also reviewed in March 2020.

PCC Questions

6. The PCC put the following questions to the Force in advance of the meeting.

i. Could the force provide an update on the issue of anti-social behaviour in Thornaby?

ACC Orchard provided a comprehensive update on the ongoing work to reduce anti-social behaviour in Thornaby. It was noted that the figures of ASB from September to October 2019 were almost halved due to the work undertaken in the area. The PCC noted that a follow up meeting has been arranged with residents to update them on the progress.

ii. Could the Force provide a position statement on their view of the use of Naloxone as part of operational arrangements?

It was noted that a report is to go to the Executive Board on 19 November 2019. A further update will be provided to the PCC following the meeting.

Any Other Business

7. MP delivered a presentation on the Long Term Financial Plan following discussions held within the Executive Board on 4 November 2019. It was noted that 27.5% of the Force funding comes from the Local Precept with the remaining 72.5% coming from the Government, Cleveland has the 8th highest level of Council Tax in England and Wales for Policing.

8. It was noted that the Policing Settlement will not be announced until after the General Election, the timeframe for public consultation re precept will therefore be limited. It is currently expected that additional funding will be provided to recruit 72 FTE more police officers during 2020/21 but it is unknown whether the funding will cover all of the costs of the additional recruitment for the whole year.

9. Potential police officer recruitment plans from a financial perspective for 2020/21 were discussed and it was noted that the force will need to have 1335 FTE Police Officers to meet its share (72 FTEs) of the Uplift allocation in 2020/21. The financial plans at present would allow for recruitment of 425 new officers over the next three financial years.

10. Potential staff recruitment plans were also discussed and it was noted that staff growth of 22 FTEs to provide 'resilience' had been indicated as required and these posts were briefly discussed at the Executive Board. The cost implications of these posts have been incorporated within the current financial plans.
11. The current expected financial gap was discussed and the proportion of government grant increase was considered against the potential precept increase.
12. Discussions took place in relation to the precept consultation and the expected timescales, it was noted that the timescale will be much shorter than anticipated and public consultation will be conducted through a survey on the PCC Website. Presentations will also be delivered by the PCC and Chief Constable to local Councillors within full Council meetings for each of the four local authorities in relation to the precept.

Action – LD to update the documentation used for the 2019/20 precept which outlined factors of Force action.

Date of Next Meeting

13. The next Scrutiny, Delivery and Performance meeting has been arranged for Monday 2nd December – 13:30.

QUESTIONS

Item 4 - HMICFRS PEEL Inspection 2019 – Update

1. The PCC would like an update on the above to include:
 - a) What work has been completed since the inspection?
 - b) A further request for a date for the submission to the PCC of a strategic plan; and
 - c) The PCC has written to the Home Secretary and would like to see assurance from the Force that the areas outlined within the letter will be delivered by the Force.

Item 5 - Neighbourhood Survey – Update

2. Could the Force provide an initial debrief on the response and results of the survey and confirm how the findings will be analysed?

Item 6 - Modern Day Slavery – Letter from Independent Anti-Slavery Commissioner Dame Sara Thornton

3. On 15 October the Independent Anti-Slavery Commissioner wrote to all forces regarding her concern that the number of offenders referred to the CPS for charging advice or decision was now beginning to fall and feared that it would lead to fewer prosecutions and convictions over the next few years. In drawing this to the Force's attention she asked forces to reassure themselves that officers and staff were doing all they could to bring traffickers to justice by asking the Force to respond to the following questions.
 - a) Are you confident that modern slavery and human trafficking is treated as serious organised crime in your force?
 - b) Are you using the full range of powers in the Modern Slavery Act to tackle the criminal exploitation of children and vulnerable adults as they are trafficked along county lines? (Slavery and Trafficking Risk and Prevention Orders are great ways to restrict the activities of traffickers).
 - c) Do your officers have the right expert advice and support to help them to investigate modern slavery and human trafficking and present strong cases to the CPS?

The PCC would like to Force to provide an update on their response to the above questions.


**Report of the Chief Finance Officer
to the Chief Constable**
10 October 2019
Corporate Financial Monitoring Report to 30th September 2019
Introduction

This report provides assurance that the revenue and capital plans for 2019/20 are being delivered, that financial risks to the plan are being monitored and managed, and that remedial action is being taken where necessary.

Summary Headlines

The tables below set out the forecast outturn position as at 30th September 2019. The forecast incorporates the impact of actions agreed to deliver financial targets.

Budget Monitoring Summaries to 30th September 2019

The year-end forecast position is for a overspend of £60K a change of £60K from the Period 5 report.

Revenue	Annual Budget	Forecast Outturn	Previous Forecast	Change
	£000s	£000s	%	£000s
Pay Budgets				
Police	70,554	576	0.8%	605
PCSO	4,055	(231)	(5.7%)	(220)
Staff	18,324	(520)	(2.8%)	(520)
Total Pay & Allowances	92,933	(175)	(0.2%)	(135)
Total Non-Pay Budgets	36,207	235	0.6%	135
Total Expenditure	129,140	60	0.0%	0

The overspend on Police pay and allowances of £576k comprises a (£70k) underspend on Police pay, mainly relating to the additional 0.5% on the core police pay rise offset set by additional unbudgeted leavers and retirements. The pressure on Police overtime has increased to £646k, an increase of £191k from period 5. This primarily relates to the costs incurred on two major incidents in the month of September which have a combined cost of £110K and are forecast to cost £130k. In addition the on-going cost of other Major incidents and the continued cost of Police Officer overtime to support the Force control room have contributed to the overall increase. As noted in previous reports the overspend also contains costs in relation to the Teesport Protests, specialist operations for local policing, continued CNYMIT operations undertaken by our officers and the use of Police Officers to support the Force Control room operations due to the delay in recruitment into the 41 vacant staff posts.

The (£231k) underspend on PCSO's relates to delays in the recruitment to the vacant posts and the movement of PCSO's into Police office roles.

Staff pay and allowances is forecast to underspend by (£520k) due in the main to the revised recruitment profile within the Force Control room. The savings resulting for these delays have been utilised to offset the pressures incurred from the increase in the pay rise (Police and Staff), for overtime incurred in the continuation of the work on the previous year's CNYMIT operations where Cleveland Police Officers were used due to capacity issues within the unit and on Staff overtime relating to the Force Control Room operations.

The forecast overspend on Non-Pay budgets is £235k and is detailed further in this report. The main overspends comprise of an increase in costs for premises relating to the contract cleaning in-line with the revised living wage rise, an increase in the utilities charges across the estate and the rates charge for the CSH amounting to £160k in total, an increase in pension costs of £73k to £148k, comprising the impact of medical retirements and a back dated claim for an injury pension, awarded in September of £80k. In addition an £80k increase in the cost of the insurance premiums following the return to the Force of the Control Room staff and the change in the policy excess on the motor insurance, an increase in the Professional Fees cost of £65k mainly related to legal and Barrister fees and an increase in the workload of Forensics of £70k. These are offset with savings identified against External Support relating to the NERSOU Police Transformation Project (£180k) and (£20k) for the North East Fingerprint Bureau and savings on Custody (£50k) and Sopra Steria (£35k) budgets.

In summary the Force is facing some significant pressures in relation to the cost of Major incidents and back dated pension awards which by their nature are difficult to predict and forecast. These pressures are being partly mitigated by the underspends on pay budgets. The current forecast only includes projections to cover the cost of known incidents and this in its self presents a financial risk to the Force. It is essential therefore that we continue to closely monitor and evaluate expenditure across all areas of the Force in order to ensure we continue to maintain the financial stability of the Force.

Capital Monitoring Statement to 30th September 2019

Capital	Annual Budget	Forecast Outturn		Previous Forecast	Change
	£000s	£000s	%	£000s	£000s
Estates Schemes	2,187	2	0.1%	2	0
Equipment Replacement	448	4	0.9%	4	0
ICT Schemes	4,439	(9)	(0.2%)	(9)	0
Fleet Replacement	807	0	0.0%	0	0
Total Capital	7,881	(3)	(0.0%)	(3)	(0)

The 2019/20 capital budget has been reduced by £951k following the changes to several schemes as outlined in Appendix 4. ICT reviewed their capital programme and returned a total of £1,150k across four schemes. £950k of the original £1,000k budget from the Workforce Agility Phase 2 & 3 has been returned to the OPCC to cover the revenue costs of the Microsoft Licences which have now been purchased. £200k from Digital Evidence Transfer, Digital First and National Law enforcement Database Programme (NLEDP) has been returned to the OPCC as the schemes are no longer required. The £40k capital budget for the Stockton HQ rewire has been deferred to the 2020/21 capital programme. Further Capital funding has been approved from the Proceeds of Crime Act for a CMP upgrade with a budget of £40k and £5k for Phones for the Force Intelligence function as part of the Workforce Agility Phase 1. The SAN disc refresh has been added to the

capital programme at a cost of £138k and an increase of £56k has been made to the Investigate Analytical software project, both are being funded from revenue contributions.

As can be seen from the table above the capital expenditure programme is forecast to underspend by (£3k), unchanged from period 5. This relates to the savings identified against the Automated PDR scheme (£9k) offset against the cost of refurbishment of the Learning Development Centre £2k and additional requirements within the Occupational Health Case Management system £4k.

Revenue Budget

On 20th February 2019, the PCC allocated the Force a revenue budget of £128,215k for 2019/20. Changes to the budget are set out at Appendix 1 resulting in a revised budget of £129,140. A detailed analysis of expenditure for the year is given at Appendix 2.

Key Risks

The key risks to the delivery of a balanced revenue budget were set out in the LTFP and are restated at Appendix 3. These risks will be monitored at least monthly throughout the year. The major risks are:

- The Chief Constable of Cleveland currently has 93 claims lodged against him with the Central London Employment Tribunal in respect of the challenge to the Police Pension Scheme 2015. These cases were brought due to changes to public sector pensions in 2015, which also affected other public sector schemes including the police pension scheme. The Government appealed to the Supreme Court against this decision, but this was unsuccessful and we are awaiting further details of the financial implications of this ruling.
- The number and cost of historic case reviews in any one year is unpredictable.
- The additional revenue costs should pay awards be higher than those assumed within the LTFP. This risk has materialised for Police Officer pay in year with the pay award being agreed at 0.5% above the 2% allowed in the LTFP. However this pressure has been mitigated by forecast saving on the staff budget.
- A cyber-attack on key forensic supplier resulted in temporary withdrawal of their services and is likely to result in higher than expected forensic costs during the 2019/20 financial year. Although this service is now operational again the risk remains as the ability of the provider to deal with the backlog of work and the associated costs are yet to be determined.
- A recent decision at the court of appeal in regards to Evans & Ashcroft V CC of South Wales Police will affect injury retired officers who may have had their injury pensions over deducted since 2010. Our pension administrators, XPS, are currently completing the force's assessment and have identified 214 affected officers. Their initial indication in terms of financial magnitude is that this judgement could cost the force in the region of £100k although this is subject to change as the full assessment is not as yet completed. As this is only an indicative cost this report does not include any provision for this nor does it include any predictions for future costs associated with this judgement. As further information is made available the CFM will be updated.

Police Pay & Allowances

The forecast year-end position against the police pay and allowances is for an overspend of £576k (£605k in Period 5) due to a £646k pressure on overtime and a underspend of (£70k) on Police pay. The change of £29k from Period 5's report is primarily due to the (£220k) savings identified on police pay from one resignation and six officers retiring earlier than originally forecasted, offset by an additional £191k overtime pressure within in the Force Control Room, on Major Incidents and within Domestic Abuse.

The year-end forecast for Police Officer pay is (£70k) underspend, with £155k relating to the increase in pay rise, an increase of £70k in national insurance costs on Unsocial hours and Overtime, a £260k pressure from Promotions, Temporary Promotions and Acting, £30k additional requirements within the executive team during the period of transition, an under achievement of sickness and maternity pay of £125k and a movement of officers from collaborative posts to the Core policing of £145k. This has been offset with savings of (£510k) from early retirements, (£330k) through resignations and medical retirements and (£15k) from changes to the recruitment profile.

The year-end forecast for police overtime is for a £646k overspend as a result of the Teesport protests £110k, specialist operations for local policing of £95k, overtime to be incurred during the transition / implementation of the new processes within the Force Control Room of £97k, and £310k on Major incidents and £34K general overtime. This does not include any overtime costs associated with Operation Phoenix which is being funded separately by the OPCC.

Police Pay breakdown

Description	Full Year Amount £000s	Change from periods 5 to 6 £000s
Overtime	646	191
Acting & Temporary promotion	260	0
Additional 0.5% pay rise	155	0
Movement of Officers between Core & Collaboration roles	145	0
Maternity/Sickness Savings	125	0
Increase in Unsocial & NI on overtime	70	0
Backfill DCC/ACC	30	0
Early retirement	(510)	(170)
Leavers/Medical	(330)	(50)
Recruitment Profile	(15)	0
Total	576	(29)

The budget was set on the basis of having an average of 1,233 FTE police officers throughout the year with a changing number each month in accordance with the leaver and recruitment profiles. Further funding has been confirmed from the PCC for an additional 6 posts to bring the total budget to 1239 FTE. The PCC has agreed to fund an additional 24 officers in year giving a revised total of 1263. The revised budget comprises 1046 FTE in Core Policing, 149 in collaborations, 49 in Home Office Special Grant funded posts, 13 on secondment and 6 in PCC funded posts. As at the 30th September the total number of officers in post is 1,245 FTE with 1,044 FTE in Core Policing (including the 6 funded by the OPCC), 143 FTE in collaborations, 43 FTE in Home Office Special Grant Funded posts and 15 on secondments.

Police Officer Attrition	As At 30/09/19	Forecast to March	As At 31/03/20 Total	To 31/03/20 LTFP	Variance to LTFP
FTE at 1st April	1209		1209	1239	-30
Additional PCC Funding	24	0	24	24	0
Retirements	-25	-19	-44	-31	-13
Medical Retirements	-6	-2	-8	-8	0
Other Leavers	-11	-5	-16	-12	-4
Other changes	-1	0	-1	0	-1

Recruitment	55	43	98	51	47
Total	1245	17	1262	1263	-1

It is forecast that we will recruit 98 Police officers in by the year end (55 recruited to date), this is inclusive of the 24 officers that the PCC has funded. This will result in a forecasted year-end establishment of 1,262 officers.

Police Community Support Officers Pay & Allowances

The forecast year-end position against the PCSO pay and allowances is for an underspend of (£231k) a change (£11k) from period 5. As detailed below:-

PCSO Pay Breakdown

Description	Full Year Amount £000s	Change from periods 5 to 6 £000s
Overtime	(1)	(1)
Police Office Recruitment	(345)	0
Leaver	(35)	0
Vacant post	(55)	0
Shift Allowance	(10)	0
PCSO Recruitment	240	0
Other	(25)	(10)
Total	(231)	(11)

The budget was set on the basis of having an average of 116 FTE PCSOs (plus an additional 15 FTE funded by the PCC) throughout the year with a changing number each month in accordance with the leaver and recruitment profiles. The actual number of PCSOs in post as at 30th September was 110 FTE, with 98 in core posts and 12 in the OPCC funded posts.

PCSO Attrition	As At 31/09/19	Forecast to March	As At 31/03/20 Total	01/04/19 to 31/03/20 LTFP	Variance to LTFP
FTE at 1st April	126		126	131	-5
Leavers	-19	0	-19	0	-19
Other changes	3	0	3	0	3
Recruitment	0	17	17	0	17
Total	110	17	127	131	-4

It is anticipated that there will be a recruitment of PCSO's comprising 17 officers in November 2019 to bring the year-end PCSO FTE to 127. The proposed recruitment plans are subject to change once the outcomes of the current structural review are known.

Police Staff

The forecast year-end position against the police staff and allowances is for an underspend of (£422k), a change of £98k from period 5. Delays in the recruitment of additional staff into the Force Control Room have resulted in this saving. However the saving is being released to help mitigate pressures noted within this report. The (£520K) underspend comprises (£560k) underspend on staff pay and a net £40k pressure on Staff overtime relating to the forecasted overtime costs within the Force Control Room. The budget has been increased by £3,936k for the return of the Force Control Room staff from Sopra Steria. The budget has been re-allocated from the Sopra Steria contract charges line in Non-Pay.

The staff pay budget in the LTFP was set based on having 423 FTE police staff in post at the 1st April. This has now increased by 129 FTE for the Force Control Room staff giving a total FTE of 552. The budgeted FTE split is 465 FTE in core policing, 30 FTE in collaborations, 31 FTE in HIU and 26 FTE funded by the PCC for the enhancement of Neighbourhood Policing. As at the 30th September FTE in post were 460, with 386 FTE in core staff posts, 28 FTE in collaborations, 26 FTE in HIU and 20 FTE in the PCC funded Neighbourhood roles.

The recruitment for the other vacant posts identified in the 2019/20 budget is underway with the majority of the forecasted start dates in the last quarter of 2019/20. If the recruitment to these posts is brought forward there will be a financial cost to the force.

Non-Pay Budgets

The forecast year-end position against the non-pay budget is an overspending of £235k, an increase of £100k from Period 5.

The major variances are set out below:

Non-Pay Summary

Description	Full Year Amount £000s	Change from periods 5 to 6 £000s
Steria Charges	(35)	(10)
Premises	160	0
Custody	(50)	0
Other Police Pension Costs	148	73
Transport	(43)	(8)
External Support	(200)	0
National IT Charges	10	0
Insurance	80	0
Change and Contingency	(34)	61
Communications	20	0
Forensics	70	0
Maintenance Agreements	(5)	0
Computing	14	(21)
Surgeons & Medical Costs	10	5
Professional Fees	65	0
Other Equipment & Furniture	10	0
External Training, Seminars	0	0
Agency Staff	5	0

Other	10	0
Uniforms	0	0
Total	235	100

Steria Charges – (£35k) underspend

The forecasted year-end position for Steria charges is for an underspend of £35k, (a £10K increase from period 5) relating to savings on the 50:50 shared costs offsetting the procurement of additional Oracle database and software Licences following the return to the force of the control room staff. The budget has been reduced by £3,936k following the return of the Control Room staff to the Force.

Premises - £160k overspend

The forecasted year-end position for premises is for an overspend of £160k, (unchanged from period 5), due to an increase in costs of the utility charges at M8 and CSH, the contract cleaning in-line with the revised living wage rise and the rates charge for the CSH. The estates re-active maintenance budgets have seen significant costs in the first six months, which will limit the available resources across the remainder of the financial year. Significant costs in respect of the Learning and Development Centre floor & roof and the failure of gates at RPU & Covert site has meant that we have had to review our expenditure plans to ensure the budget comes in on target across the estates function for this financial year.

The impact of the above means that the Force has only £50K to support re-active costs over the remaining six months of the year. The estates team will pro-actively manage this budget to deliver some small projects whilst maintaining a small reserve for possible major failures. This position will be reviewed monthly and if the reserve is not required later in the year it will be released to fund additional projects in the plan.

Custody – (£50k) underspend

The forecasted year-end position for Custody is for an underspend of (£50k), (unchanged from Period 5) as a result of the revised contract price that came into effect from July 2019.

Other Police Pension - £148k overspend

The year-end forecasted position for Other Police Pension is for a £148k overspend, (a change £73K from period 5), due to the increased contribution to the Ill-Health Pension Capital Equivalent for the officers that have been medically retired in this financial year and a backdated injury pension award of £80K in period 6. Reserves are available to be released by the PCC if required at year end to fund the projected overspend.

Transport – (£43k) underspend

The forecasted year-end position for Transport is for an underspend of (£43k), (a £7K increase from period 5) due to a slight increase in the savings identified against petrol and vehicle repairs and maintenance.

External Support – (£200k) underspend

The forecasted year-end position for External Support is for an underspend of (£200k), (unchanged from period 5), relating to savings identified against the NERSOU Police Transformation Project (£180k) and (£20k) for the North East Fingerprint Bureau.

National IT Charges - £10k overspend

The forecasted year-end position for National IT charges is for an overspend of £10k (unchanged from period 5), as a result of increased charges relating to Minerva and NABIS.

Insurance - £80k overspend

The forecasted year-end position for Insurance is for an overspend of £80k, (unchanged from period 5), as a result of an increase in the cost of the premiums following the return to the Force of the Control Room staff and the change in the policy excess on the motor Insurance.

Communications - £20k overspend

The forecasted year-end position for Communications is for an overspend of £20k, (unchanged from period 5), relating to Landline telephone and airwaves usage charges.

Forensics - £70k overspend

The forecasted year-end position for Forensics is for an overspend of £70k (unchanged from period 5), due to the higher levels of usage and an increase in the contract price. A cyber-attack on the key forensic supplier resulted in the temporary withdrawal of their service. The service was reinstated at the end of July, however the ability of the provider to deal with the backlog of work and the associated costs are yet to be determined. This has been raised as a risk in appendix 3.

Maintenance Agreements – (£5k) underspend

The forecasted year-end position is for an underspend of (£5k), (unchanged from period 5) relating to savings identified against the charges for the ICCS system, offsetting an increase in the charges for the Textburst system.

Computing - £14k overspend

The forecasted year-end position for Computing is for an overspend of £14k, (a reduction of £21K from period 5) relating to savings identified across general ICT costs.

Surgeons and Medicals - £10k overspend

The forecasted year-end position for Surgeons & Medicals is for an overspend of £10k (a increase of £5K from period 5) due to additional occupational health and counselling costs. The increase in recruitment will create a pressure on the medical costs and has the potential to increase the overspend.

Professional Fees - £65k overspend

The forecasted year-end position for Professional Fees is for a £65k overspend (unchanged from period 5) due to a £50k pressure on legal advice and associated barristers fees which will be part funded by the insurance reserve, £8k in executive for a training skills audit and £7k in HR through medical and injury on duty reports.

Other Equipment & Furniture - £10k overspend

The forecasted year-end position for Other Equipment and Furniture is for a £10k overspend, (unchanged from period 5) as a result of additional equipment requirements within Occupational Health & Standards & Ethics departments.

External Training – Breakeven

The forecast is to breakeven at present, but the entire annual budget has been allocated. Any further training requirements will have to be requested on an individual approval basis.

Agency Staff - £5k overspend

The forecasted year-end position for Agency Staff is for a £5k overspend, (unchanged from period 5) due to the temporary reception staff at the CSH.

Other – £10k overspend

The forecasted year-end position for Other is for an overspend of £10k, (unchanged from period 5) due to a £35k pressure on interpreter fees offset with (£20k) savings identified against the Development fund and (£5k) savings on refreshments and hospitality.

Collaborations

Cleveland, Durham and North Yorkshire Dogs Unit (CDNYDU)

The Cleveland budget for the joint unit is £879k. The forecasted year-end position is to breakeven.

Cleveland Durham Specialist Operations Unit (CDSOU)

The Cleveland budget for the joint unit is £5,279k. The forecasted year-end position is to breakeven.

Cleveland and North Yorkshire Major Incident Team (CNYMIT)

The Cleveland budget for the joint unit is £1,825k. The forecasted year-end position is to breakeven.

North East Region Specialist Operations Unit (NERSOU)

The Cleveland budget for NERSOU is £1,950k. The forecasted year-end position for NERSOU is to breakeven.

National Police Air Services (NPAS)

The Cleveland budget for NPAS is £822k. The forecasted year-end position for NPAS is to breakeven.

Capital Budget

On 20th February 2019, the PCC allocated the Force a capital budget of £6,134k for 2019/20 plus £811k of schemes that were deferred from 2018/19 for a total approved in the LTFP of £6,945k. In addition, a further scheme was deferred at the 2018/19 year-end for £150k and schemes totalling £1,737k were brought forward from 2018/19 bringing the approved 2019/20 budget to £8,832k. Changes approved by the PCC (or the Chief Constable's CFO under delegated authority) in year resulting in a revised capital budget of £7,881k are set out at Appendix 4, with a full breakdown of schemes shown at Appendix 5.

Key Risk

The key risk to delivery of the capital programme has been slippage against the delivery plan. Although funding is earmarked for each scheme and can be re-provided the following year, the

resources required to deliver the schemes in the new financial year places a greater burden on the delivery teams.

Update on Key Schemes

Points to note are:

Cleveland Community Safety Hub (CCSH) – Total budget of £316k

Building works for the CCSH commenced in March 2017 and the building became operational in July 2018. The budget is closely monitored by the Project Board and expenditure follows contractual obligations which were re-phased to mirror the changes in the scope of the scheme. The majority of the work on the Community Safety Hub was completed in 2018/19 with the final contract payments and the removal of the excess soil scheduled during 2019/20. A total of £39k has been spent to date on additional works and contractual payments.

Other Estates Schemes

Learning and Development Centre – Budget £15k

The work on the Learning Development Centre refurbishment has been completed with a £2k overspend on the £15k budget due to minor price changes.

Billingham station rewire – Budget £51k

A total of £1k has been spent to date on the final elements of the first phase from 2018/19. The plan is for the second phase to commence work in late 2019/20.

Estates Replacement Windows – Budget £25k

Purchase orders have been raised for this scheme in line with the budget with 90% of the work now completed and final snagging phase in progress. Payment for the work will be made once this is completed.

Emergency Lighting and Fire Alarms – Budget £20k

The plan is for the work on the Emergency Lighting and Fire Alarms to begin in January 2020.

Car park refurbishments – Budget £10k

The estates team are waiting to see the extent of any damage caused over the winter months and spend this capital budget accordingly.

Proposed new building for Office Accommodation – Budget £1,750k

Work is underway on the options for the new office accommodation and further information will be provided once firm decisions have been made.

Equipment Scheme

ANPR Replacement Programme – Budget £230k

There has been £8k spent in the year to date. The procurement exercise is being administered by Durham Police with a tender award expected imminently.

Taser – Budget £57k

There has been £51k spent to date and additional orders will be placed to fully spend the budget. Most of the Tasers have been delivered and are being utilised throughout the Force.

Investigate Analytical Software – Budget £96k

The budget for this scheme has been increased by £56k which is being financed from revenue contributions. Following a successful procurement exercise, orders have been placed for the software which will fully utilise the budget.

Occupational Health Case Management System – Budget £40k

There is a forecasted £4k overspend on the Occupational Health Case Management System as a result of additional MI Database requirement and delays in the scheme. The contract has now been awarded and delivery is expected to be in the final quarter of the year.

ICT schemes

As in previous years the complexities involved with the ICT requirements will have an effect on the delivery and timing of the key ICT schemes. The schemes that have commenced to date are:

ESMCP – Budget £66k

The national scheme is not expected to be progressed until 2024. The only anticipated costs are for resourcing, which is being reviewed. Once this has been determined, the remainder of the budget is to be returned to the OPCC.

Microsoft Licensing – Budget £78k

The SCCM licence has been ordered and the full budget has been spent for this scheme.

Corevet – Budget £12k

The budget has been fully spent and the Corevet system is now fully operational.

Intelligent Call Handling – Budget £4k

This budget was carried forward from 2019/20 and is part of the upgrade in the Control Room which is on-going.

Digital Interview Recording Equipment – Budget £500k

The scheme has been fully scoped and is currently undergoing procurement. The order is expected to be placed in January 2020 with delivery anticipated by the end of the financial year.

Networked CCTV Solution – Budget £150k

The solution has been procured and is being implemented. The full budget is expected to be spent by the year end.

Windows Server Upgrade – Budget £25k

This scheme will be fully spent in 2019/20 but is dependent on the Windows upgrade to version 10 from version 7 which is part of the Microsoft licencing project which should be in place by January 2020. The server will then be procured once the estate is fully functional with Windows 10.

ACESO Upgrade – Budget £103k

The scheme is subject to a national procurement delay which is not expected to be until April 2020. Once the delay has been confirmed then a decision will be taken whether to purchase outside of the national procurement exercise or to carry the budget forward.

Web Based Mapping/Gazatter Service – Budget £25k

An order has been placed for the scheme which is expected to be fully spent by the year end.

Automated PDR – Budget £11k

A total of £2k has been spent on the ICT resourcing elements of this scheme and the scheme is now complete resulting in a (£9k) underspend.

Workforce Agility Project Phase 1 – Budget £822k

A total of 390 laptops and 630 mobile phones have been distributed to Officers under Phase 1 of the Agile project. Work is ongoing to deliver the remaining laptops and phones in October and development of the apps will be complete by the end of the year. The budget will be fully spent.

DFU Servers – Budget £8k

Costs of £3k have been incurred at the end of September with additional tapes to be purchased before the end of the financial year.

Replacement DCS System – Budget £100k

This scheme will continue to be monitored closely as there is the potential for slippage into 2020/21 but work is underway on writing the specifications for a tender exercise for the replacement DCS system.

Power BI Professional Desktop – Budget £31k

An evaluation stage is currently in progress following trials from different suppliers and once a full assessment is completed the system will be procured. This is expected to be in December 2019.

ERP discovery, procurement & mobilisation – Budget £750k

This is currently on-going and will be delivered by October 2020, with £750k budget allocated in 2020/21.

Workforce Agility Phase 2 & 3 – Budget £383k

The project to deliver the additional Laptops and Mobile phones is due to commence in October 2019 and will be fully spent by the end of the financial year.

Digital Evidence Management System (DEMS) – Budget £651k

Phase 1 of DEMS is to be delivered in 2019/20 but there may be some slippage into 2020/21. The budget includes IT staff resources for the implementation of the project. The procurement exercise has commenced and the tender is expected to be awarded in January 2020. The DEMS system should be technologically capable of including the DETS and Digital First requirements.

Single on-line Home – Budget £50k

The scheme is being delivered through a project board and the website is due to go live in November 2019. There is currently no capital cost associated with this project which will continue to be monitored and a decision made regarding the return of this budget to the PCC once the project is fully operational.

National Identity Access Management - Budget £100k

This is the NEP security scheme and £82k of orders have been placed. The remainder of the budget is to be reassessed once the initial orders have been received.

ICT Capital Resource – Budget £392k

This budget is being utilised across the ICT capital programme and is to provide the required IT staff resources to deliver the Digital Capital Programme. The budget is allocated to individual capital schemes upon approval of a business case.

CMP Upgrade/Refresh – Budget £40k

An additional scheme for the upgrade of the CMP equipment has been approved by the OPCC with funding provided from Proceed of Crime Act Income. This has been fully delivered.

SAN disk refresh- Budget £138k

An additional scheme has been approved to purchase additional storage which is to be funded from revenue contributions. The order has been placed and delivery is expected in October 2019.

Fleet schemes

Write-Offs/Uneconomical Repairs – Budget £181k

A total of £88k has been spent on 4 vehicles as at the end of September 2019 with orders being raised for a further 6 vehicles with a total value of £79k with delivery anticipated by the end of the 2019/20 financial year.

Black Box Replacement – Budget £10k

The scheme has been completed in line with the budget.

Fleet Replacement – Budget £580k

From the Fleet Replacement capital programme a total of £224k on 13 vehicles has been spent at the end of September. Further orders for 14 vehicles have been placed for a total of £317k with delivery anticipated throughout the year.

Joanne Gleeson
Chief Finance Officer
10th October 2019

**Report to the
Scrutiny, Delivery
Performance Meeting
21th November 2019**

and



**CLEVELAND
POLICE**

Appendix 1

Changes to Revenue Funding	Month Added	Change
		£000s
Initial Funding Allocation		128,215
Camera Enforcement Unit	Apr-19	59
Additional Police Officers	May-19	594
Secondment Police Officer Contribution	May-19	350
Staff Roles Transferring to PCC	Sep-19	(82)
Rose Awards contribution	Sep-19	3
Development Fund	Sep-19	1
Funding allocation at Month 6		129,140

Appendix 2

Budget Monitoring Statement to 30th September 2019

	Annual Budget	Budget to Date	Actual to date	Variance to Date	Forecast Outturn
	£000s	£000s	£000s	£000s	£000s
Pay Budgets					
Police Pay & Allowances	69,006	34,218	33,701	(517)	(70)
Police Overtime	1,548	851	1,725	873	646
Total Police Pay & Allowances	70,554	35,069	35,425	356	576
PCSO Pay & Allowances	4,050	2,025	2,146	121	(230)
PCSO Overtime	5	2	0	(2)	(1)
Total PCSO Pay & Allowances	4,055	2,027	2,146	119	(231)
Staff Pay & Allowances	18,265	9,133	8,211	(922)	(560)
Staff Overtime	59	30	86	56	40
Total Staff Pay & Allowances	18,324	9,163	8,297	(866)	(520)
Total Pay & Allowances	92,933	46,259	45,869	(391)	(175)
Non Pay Budgets					
Steria Charges	14,554	7,277	7,206	(71)	(35)
Premises	3,498	1,749	1,991	242	160
Custody	2,491	1,246	1,232	(14)	(50)
Other Police Pension Costs	3,022	1,511	1,921	410	148
Transport	1,459	730	797	67	(43)
External Support	1,453	727	1,076	350	(200)
National IT Charges	903	452	459	8	10
Insurance	1,100	550	1,145	595	80
Change & Contingency	274	158	122	(36)	(34)
Communications	949	475	494	19	20
National Police Air Service	352	174	157	(17)	0
Forensics	972	486	499	13	70
Maintenance Agreements	441	220	258	38	(5)
Computing	876	469	732	263	14
Surgeons & Medical Costs	322	161	224	63	10
Professional Fees	753	376	588	211	65
Other Equipment & Furniture	1,042	459	542	83	10
External Training, Seminars	753	376	387	11	0
Office Equipment & Expenses	231	115	86	(30)	0
Agency Staff	5	3	15	12	5
Other	427	213	226	13	10
Uniform	331	166	114	(52)	0
Total Non-Pay	36,207	18,091	20,270	2,179	235
Total Expenditure	129,140	64,350	66,138	1,788	60
Memo Information					
CDNYD	879	437	449	12	0
CDSOU	5,279	2,628	2,663	35	0
CNYMIT	1,825	909	878	(30)	0
NERSOU	1,950	966	1,518	552	0

Appendix 3

Long Term Financial Plan (LTFP) 2019/20 to 2022/23 – Assessment of Risks

Risk	Detail	Mitigation
Changes to the future funding formulas for Police Forces.	<p>The Policing Minister is committed to reforming the police funding formula and will bring forward proposals for public consultation.</p> <p>The current assumptions do not factor in any adverse impact as a result of a revised formula.</p> <p>Based on what is currently known of the proposals, this is a prudent assumption; however, it does present a potential risk.</p> <p>Current indications are that no changes will be made before the new CSR which is due in 2020.</p>	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
Future year's funding is lower than forecast.	The Police settlement was for a one year period. This presents a potential risk if funding was to change dramatically as a result of external issues such as Brexit.	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
Pay awards are higher than those assumed in the LTFP.	<p>The LTFP assumes that pay will rise by 2% from September 2019.</p> <p>This risk has materialised in year for Police Officer pay with the pay award being agreed at 2.5%. However this pressure has been mitigated by forecast saving on staff the staff budget</p>	Use of the Pay reserve and/or more radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration should the reserve not cover the extra in-year costs.

Risk	Detail	Mitigation
A higher than forecast level of major incidents.	The number and cost of major incidents in any one year in unpredictable.	<p>There is sufficient flexibility in the plan to absorb some additional costs depending on the magnitude and the time of year the issue becomes known.</p> <p>The Joint CNYMIT has introduced additional resilience into the system. The PCC may absorb any additional costs in total or part through the use of reserves or other income.</p>
The continued acceleration of Police Officer and PCSO leavers above the planned profile outstripping our ability to recruit.	Pay budgets have been set based on assumptions in respect of officers and staff leaving and additional recruits being brought in. Should the number of leavers outstrip our ability to recruit this could result in capacity gaps and generate a material underspending.	Should a capacity gap emerge, service levels will be delivered through targeted overtime and the continued employment of police staff investigators along with a further recruitment of transferee Police Officers.
National mandation.	In recent years there has been national mandation of systems e.g. Pentip, resulting in unplanned costs to the Force.	<p>There is sufficient flexibility in the plan to absorb some additional costs depending on the magnitude and the time of year the issue becomes known.</p> <p>The PCC may absorb any additional costs in total or part through the use of reserves or other income.</p>
Police Pension Scheme 2015.	Test case on new pension scheme with risk due to Gender/Race inequality. The case is in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The court of Appeal ruled in December 2018 that the Government's changes to pension with regard to judges and fire fighters were discriminatory on the grounds of age. These cases were brought due to changes to public sector pensions in 2015, which also affected other public sector schemes including the police pension scheme. The Government's appeal to the Supreme Court was unsuccessful and this ruling	Cleveland has contributed to the NPCC legal defence of this case. Cleveland has at present 93 claims from Police Officers. No further detail is available on the impact to the Chief Constable but should there be a financial impact, more radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.

Risk	Detail	Mitigation
	could have significant implications however costs and funding implications are as yet unknown.	
Evans & Ashcroft V the Chief Constable of South Wales	A recent decision at the court of appeal in regards to Evans & Ashcroft V CC of South Wales Police will affect injury retired officers who may have had their injury pensions over deducted since 2010. Our pension administrators, XPS, are currently completing the force's assessment and have identified 214 affected officers. Their initial indication in terms of financial magnitude is that this judgement could cost the force in the region of £100k although this is subject to change as the full assessment is not yet completed. As this is only an indicative cost a provision has not been made	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration or the use of reserves.
Employment Tribunals.	An earmarked reserve has been set up to cover the cost of implementation.	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
Allard V the Chief Constable of Cornwall.	A court determination in the case of Allard v the Chief Constable of Cornwall in respect of historic on-call payments for specific staff groups has created a significant financial pressure for forces nationally. A Provision has been created to mitigate the force against the costs that the Allard judgement made this determination on.	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
Historic Case Review	Further work will take place with regards to historic case reviews following the establishment of the Cold Case Unit within the CNYMIT.	More radical options will be developed including further reductions in officers, PCSO and staff numbers and the use of further inter-force collaborations.
Forensic Supplier	Cyber-attack on our key forensic supplier resulted in the temporary withdrawal of their services. The service was reinstated at the end of July, but plans are still being formulated on how the service	There is sufficient flexibility in the plan to absorb some additional costs depending on the magnitude. Should this prove insufficient more radical options will be developed including further reductions in

Risk	Detail	Mitigation
	is recommenced. In recent weeks this service has come back on line; however the risk remains as the ability of the provider to deal with the backlog of work and the associated costs are yet to be determined	officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.

Changes to Capital Funding	Month Added	Change
		£000s
2019-20 Capital Programme		6,134
Schemes deferred from 2018/19		811
Funding Allocation in LTFP		6,945
Additional Scheme deferred from 2018/19		150
Schemes carried forward from 2018/19		1,737
Total Capital funding		8,832
CMP Upgrade/Refresh	Jun-19	40
Stockton Rewire- deferred	Jun-19	(40)
Workforce agility phase 2 and 3	Jul-19	(950)
Digital evidence transfer (DETS)	Jul-19	(50)
Digital First	Jul-19	(100)
National law enforcement database programme (NLEDP)	Jul-19	(50)
Mobile Agility Project Phase 1	Jul-19	5
San Disk refresh- funding from revenue	Sep-19	138
Investigate Analytical Software- additional funding from revenue	Sep-19	56
Funding allocation at Month 6		7,881

Capital Monitoring Statement to 30th September 2019					
	Annual Budget	Budget to Date	Actual to Date	Variance to Date	Forecast Outturn
	£000s	£000s	£000s	£000s	£000s
Estates Schemes					
Cleveland Community Safety Hub	316	0	39	39	0
Learning and Development Centre	15	15	17	2	2
Billingham Station Rewire	51	5	1	(4)	0
Estates Replacement Windows	25	13	2	(11)	0
Emergency lighting & Fire alarms	20	10	0	(10)	0
Car park refurbishments	10	2	0	(2)	0
Proposed new building for office accomodation	1,750	0	0	0	0
Total Estates Schemes	2,187	45	59	14	2
Equipment Replacement					
ANPR Replacement Programme	230	115	8	(107)	0
TASER	57	24	51	27	0
NERSOU TSU	25	13	11	(2)	0
Investigate Analytical Software	96	20	0	(20)	0
Occupational Health Case Management System	40	20	0	(20)	4
Total Equipment Schemes	448	192	70	(122)	4
ICT Schemes					
EMSCP	66	33	1	(32)	0
Microsoft Licensing	78	39	78	39	0
Corvet	12	12	12	0	0
Intelligent Call Handling	4	4	0	(4)	0
Digital Interview Recording Equipment	500	250	0	(250)	0
Networked CCTV Solution	150	75	146	71	0
Windows Server Upgrade	25	12	0	(12)	0
ACESO Replacement	103	52	0	(52)	0
Web Based Mapping/Gazatter Service	25	25	0	(25)	0
Automated PDR	11	11	2	(9)	(9)
Workforce Agility Project Phase 1	822	411	398	(13)	0
DFU Servers	8	8	3	(5)	0
Replacement DCS system	100	50	0	(50)	0
Power BI Professional Desktop	31	15	0	(15)	0
ERP discovery, procurement & mobilisation	750	375	0	(375)	0
Workforce Agility Phase 2 & 3	383	0	0	0	0
Digital evidence management (DEMS)	651	325	0	(325)	0
Single on-line home	50	25	0	(25)	0
National identity access management (NIAM)	100	50	0	(50)	0
ICT Capital Resource	392	0	0	0	0
CMP Upgrade/Refresh	40	40	40	(0)	0
SAN disk refresh	138	138	0	(138)	0
Total ICT Schemes	4,439	1,950	680	(1,270)	(9)
Fleet Replacement					
Write off / Uneconomical Repairs	181	88	88	0	0
Black Box Replacement	10	10	10	0	0
Fleet Replacement	580	290	224	(66)	0
NERSOU vehicles	36	18	18	0	0
Total Fleet Replacement	807	406	340	(66)	0
TOTAL CAPITAL	7,881	2,592	1,149	(1,445)	(3)

**Report of the Chief Finance Officer of the PCC
To the Police and Crime Commissioner for Cleveland**

18th November 2019

Status: For Approval

**2019/20 Budget Monitoring – Report to the end of September
2019**

1. Executive Summary

1.1 Purpose of the Report

On the 20th February 2019 the PCC agreed the revenue Budget for 2019/20 which was based on the receipt of income totalling £145,365k. This report is to provide the PCC with an update on all areas of the budget, including forecasts of how much income will actually be received during the year, the progress against the budget to date and forecasts on the expenditure for the remainder of the financial year.

7. Recommendations

The PCC is asked to note:

- 2.1 The Office of the PCC's budget of £880k is expected to underspend by £50k during 2019/20.
- 2.2 The Corporate Services budget of £9,920k is expected to underspend slightly, by £75k, at this point of the financial year.
- 2.3 The £5,440k to support PCC Initiatives and Victims and Witnesses Services, including £1,430k to invest in Neighbourhood Policing and £1,000k to increase the Police Officer Establishment is forecast to underspend by £360k at this stage of the financial year; which includes a projected cost of £250k for Operation Phoenix.
- 2.4 It is currently forecast that the income received by the PCC will be £1,115k more than the revised budget.
- 2.5 The Force is currently forecasting to overspend by £60k.

- 2.6 The total forecast outturn at the end of September is that there will be an overall underspend of £600k however this is before the impact of the National Uplift of Police Officers and any decisions around the acceleration of Police Officer recruitment in 2019/20.
- 2.7 The PCC is asked to approve the accelerated recruitment of Police Officers in line with the proposals set out in sections 5.3 to 5.10 within this report.

7. Reasons

- 3.1 When setting the budget for the financial year 2019/20 the PCC allocated the income forecast to be received during the year, of £145,365k, into the following areas:
- £880k to run the Office of the PCC
 - £5,440k to support PCC Initiatives and Victims and Witnesses Services
 - £9,920k for Corporate Services
 - £128,215k to the Police Force
 - £2,120k to the Capital Programme
 - This will be supported by £950k from General Reserves and £260k from Earmarked Reserves.

The following sections will look at the above areas in more detail and provide updates and forecasts for each area, including any changes that have been made since the original budget was approved and set.

3.2 Income and Funding

The PCC set the budget based on receiving income and funding of £145,365k during 2019/20 from the areas summarised in the table below, the in-year changes, the actual levels of income forecast to be received and variances are shown below. In addition to current year figures the comparator figures for 2018/19 is also shown.

2018/19 Budget	In Year Changes	2018/19 Revised Budget	2018/19 Outturn	Variance	Summary of Income to be Received by the PCC	2019/20 Budget	In Year Changes	2019/20 Revised Budget	2019/20 Forecast Outturn	Variance
£000s	£000s	£000s	£000s	£000s	Funding	£000s	£000s	£000s	£000s	£000s
(45,508)	0	(45,508)	(45,508)	(0)	Police Grant	(46,497)	0	(46,497)	(46,497)	0
(37,992)	0	(37,992)	(37,992)	0	RSG/National Non Domestic Rate	(38,756)	0	(38,756)	(38,756)	0
(83,500)	0	(83,500)	(83,500)	(0)	Government Grants	(85,253)	0	(85,253)	(85,253)	0
(34,582)	0	(34,582)	(34,582)	0	Precept	(38,784)	0	(38,784)	(38,784)	0
(800)	0	(800)	(800)	0	Council Tax Freeze Grant	(800)	0	(800)	(800)	0
(6,868)	0	(6,868)	(6,868)	0	Council Tax Support Grant	(6,868)	0	(6,868)	(6,868)	0
(42,251)	0	(42,251)	(42,251)	0	Precept related funding	(46,452)	0	(46,452)	(46,452)	0
(6,157)	(2,643)	(8,800)	(9,743)	(943)	Specific Grants	(7,291)	0	(7,291)	(8,396)	(1,105)
(2,737)	(934)	(3,671)	(4,247)	(576)	Partnership Income/Fees and Charges/Misc Income	(2,893)	(425)	(3,318)	(3,413)	(95)
(8,894)	(3,577)	(12,471)	(13,989)	(1,518)	Other Funding	(10,184)	(424)	(10,609)	(11,809)	(1,200)
(134,644)	(3,577)	(138,222)	(139,740)	(1,518)	Total	(141,890)	(424)	(142,315)	(143,514)	(1,200)
					Special Grant	(3,475)	0	(3,475)	(3,390)	85
					Total Overall Funding	(145,365)	(424)	(145,790)	(146,904)	(1,115)

3.3 In Year Changes

Only minor changes to the core budget, totalling £425k, have been made to the income budget, at this stage, resulting primarily from an increase of £59k, relating to the Driver Training Income to set the non-pay budget for this area of work and £350k in relation to Secondment income.

3.4 In terms of the secondment income, the budget assumes, from a financial perspective that £352k of income will be received from Police Officers who are on secondment and this would equate to around 6/7 FTEs. The report from the Force shows that there are currently 15 Police Officers on secondment.

3.5 While the additional income from the Secondments is being made available to the Force to support back fill of those secondments it is perhaps worth the PCC understanding why secondments are at this level, given the resource challenges and vacancies that currently exist within the Force.

3.6 The budget available to the Force for 2019/20 has therefore increased by £409k to reflect these income changes.

3.7 Income Forecasts

As you would expect, the vast majority of the income the PCC will receive during 2019/20 has already been agreed and little or no variances will be expected against the originally budgeted figures for Government Grant funding or Precept related funding.

3.8 The areas where variances may occur will predominantly be in relation to Partnership Funding, Fees and Charges and Miscellaneous Income with some variances possible against Specific Grants.

3.9 Specific Grants

- 3.10 There is a large forecast over recovery of income in this area of £1.1m and therefore it is important to understand this further:
- 3.11 Loan Charges Grant – the PCC receives a Loan Charges grant that relates to debt incurred before 1990. In setting the budget for 2019/20 it was assumed that £100k would be received in this year, which would be the penultimate year of this grant. With the final grant payment to be received in 2020/21 of £1.1m. We now know that the final payment of £1.213m will be received during 2020/21, in cash terms, but is applicable to 2019/20 in accounting terms.
- 3.12 In accounting terms the PCC will record £1m more income in 2019/20 than expected but will have £1m less than expected in 2020/21. This will be 'smoothed' across the financial year through the movements on General Fund.
- 3.13 Notification after setting the 2019/20 has been received that grants for Prevent - £54k and Heroin and Crack action grant - £44k will be received. These grant generate a further underspend of £98k in total.
- 3.14 There is also a timing difference of £213k relating to the receipt of the Youth Intervention Fund. The budget assumed £437k would be received in 2019/20 however £213k of this was received last year and therefore an overspend is being recorded in this area.
- 3.15 The £213k received last year however has been earmarked and will be released from Reserves so that the full project will be delivered in line with the bid and award of funding.
- 3.16 In addition to the above overall underspend on Specific Grants there is a small forecast over recovery on other income of £95k. This is after increasing the income budget for those areas referred to in 3.3.
- 3.17 The Office of the PCC
The 2019-20 budget of £880k for the Office of the PCC is split into the following areas:

Original 2018/19 Budget	Budget YTD	Spend YTD	Over/ (Under) spend YTD	PCC Budget	Original 2019/20 Budget	Budget YTD	Spend YTD	Over/ (Under) spend YTD	2019-20 Forecast Outturn	2019-20 Forecast Over/(Under)
£000	£000	£000	£000	Category of Spend	£000	£000	£000	£000	£000	£000
680	680	684	4	Staff Pay and Allowances (Incl. NI and Pension)	781	391	391	0	781	0
5	5	11	6	Other Pay and Training	5	3	88	86	5	0
215	215	192	(23)	Supplies and Services	202	101	52	(49)	194	(8)
10	10	9	(1)	Transport	10	5	2	(3)	9	(2)
(50)	(79)	(133)	(55)	Miscellaneous Income	(119)	(60)	(67)	(8)	(159)	(40)
860	831	764	(68)	Total Budget	879	440	466	26	829	(50)

3.18 Position as at the end of September 2019

The table at 3.17 above shows the forecast position for 2019-20. Forecasts show that expenditure for 2019-20 is expected to be slightly below budget primarily as a result of the secondment, on a part time basis, of the Chief Executive to support the PFCC in North Yorkshire.

3.19 At this stage a small underspend of £50k is forecast

3.20 Corporate Services

Corporate Services budgets include the costs of the PFI contracts, strategic contract management, asset management costs, treasury management and planning.

3.21 The Corporate Services budget for 2019/20 was set at £9,920k, as per the table below which also shows the forecast spend and outturn at this stage of the year.

Original 2018/19 Budget	Revised 2018/19 Budget	2018/19 Actual Spend	2018-19 Over/ (Under)	Corporate Services Budget	Original 2019/20 Budget	Revised 2019/20 Budget	Budget YTD	Spend YTD	Over/ (Under) spend YTD	2019/20 Forecast Outturn	2019-20 Forecast Over/ (Under)
£000s	£000s	£000s	£000s	Category of Spend	£000s	£000s	£000s	£000s	£000s	£000s	£000s
465	584	565	(19)	Staff Pay and Allowances (Incl. NI and Pension)	600	694	347	284	(63)	628	(66)
94	94	1,014	920	Supplies and Services	114	114	57	86	29	153	39
1	1	12	11	Transport	1	1	1	4	4	11	10
1,820	577	563	(14)	PFI - Urlay Nook	1,830	1,830	915	747	(168)	1,822	(8)
5,240	1,654	1,509	(145)	PFI - Action Stations	5,325	5,325	2,663	2,669	6	5,319	(7)
1,855	6,414	6,399	(15)	Asset Management	2,050	2,050	1,025	1,033	8	2,007	(44)
9,475	9,324	10,062	737	Total Budget	9,920	10,014	5,007	4,823	(184)	9,939	(75)

3.22 A small underspend of £75k is currently forecast in this area is predominantly related to lower than forecast interest payable.

3.23 The underspend from 2018/19, along with delays in the delivery of some of the capital programme from 2018/19 has resulted in higher cash balances. As a result this means that the loan forecast to be needed to support the Capital programme in 2019/20 will no longer need to be taken out in the current year, although it is still expected to be needed in future years.

3.24 PCC Initiatives and Victims and Witnesses Services

The PCC allocated an original budget of £5,440k to support Community Safety and PCC Initiatives, deliver Victims and Witnesses services, invest in Neighbourhood Policing and increase the Police Officer establishment during 2019/20. £1,823k was allocated to the Community Safety and PCC Initiatives budget, £1,087k to Victims and Witnesses Services, £1,430k to invest in Neighbourhood Policing and £1m to increase the Police Officer establishment. The position as at the end of September is as per the below table:

	Original 2019/20 Budget	Current 2019/20 Budget	Budget YTD	Spend YTD	Over/ (Under) spend YTD	2019/20 Forecast Outturn	2019-20 Forecast Over/ (Under)
<u>PCC Initiatives and Victims and Witnesses</u>	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Category of Spend							
PCC Initiatives	1,823	1,823	912	687	(224)	1,769	(54)
Investment in Neighbourhood Policing	2,430	1,836	918	0	(918)	2,140	(290)
Victims and Witnesses Services	1,087	1,087	543	433	(110)	1,071	(16)
Community Safety Fund	100	100	50	29	(21)	0	0
Total Budget	5,440	4,846	2,423	1,150	(1,273)	4,980	(360)

3.25 The Force have put plans in place to increase the Police Officer Establishment by 24 FTEs during the current year – however by the time that the recruitment takes place the forecast cost of these new recruits in 2019/20 is expected to be circa £600k. This would have resulted in a forecast underspend of £540k on this line as there are also several current vacancies within the wider Neighbourhood Policing investment fund.

3.26 The Force has however started work on Operation Phoenix which is described as a 'major campaign focused on protecting the vulnerable, targeting criminals and tackling serious violence.'

3.27 'Operation Phoenix will see an improved public service, more help for vulnerable people; such as those suffering domestic abuse and more officers tackling serious violence.'

3.28 The Operation is 'about working smarter and focussing on certain key areas – such as vulnerability, violent crime and outstanding workloads –providing additional resources to get the job done.'

3.29 It is expected that the Force will look to access £250k of the underspend from this area to support this Operation which has reduced the forecast underspend.

7. Police Force

- 4.1 The vast majority of the funding available to the PCC has been provided to the Police Force. The Force was initially allocated a budget of £128,215k for 2019/20, this has since increased by £925k, to £129,140k. This is as a result of setting the expenditure budget for costs associated with the Driving Training scheme, additional budgets providing from secondments, as referred to earlier in this report and £594k to support the recruitment of 24 additional Police Officers. The summary of how this is forecast to be spent, including forecast outturns are included in the table below:

Police Force Financial Summary	Original 2019/20 Budget	Revised 2019/20 Budget	Forecast Spend in 2019/20	2019/20 Forecast (Under)/ Overspend
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Pay				
Police Pay	67,662	69,006	68,936	(70)
Police Overtime	1,468	1,548	2,194	646
Staff Pay	14,550	18,265	17,745	(520)
Police Community Support Officer Pay	4,055	4,050	3,820	(230)
Pay Total	87,735	92,870	92,695	(174)
Major Contracts				
Outsourcing Contract	18,490	14,554	14,519	(35)
Custody and Medical Contract	2,491	2,471	2,420	(51)
Major Contracts Total	20,981	17,025	16,939	(86)
Non-Pay Budgets				
Other Pay and Training	744	803	825	22
Injury and Medical Police Pensions	2,993	2,997	3,144	147
Premises	3,501	3,498	3,657	159
Supplies and Services	7,534	7,829	8,049	220
Transport	1,471	1,459	1,416	(43)
External Support	3,257	2,659	2,474	(185)
Non-Pay Total	19,498	19,245	19,566	320
Total Planned Force Expenditure	128,215	129,140	129,200	60

- 4.2 A small overspend of £60k is forecast by the Force at this stage of the financial year, which is covered in a report from the Force elsewhere on today's agenda.
- 4.3 It is expected that this forecast overspend will reduce as the year develops, as it has from the forecast overspend of £115k reported at the end of June.
- 4.4 It is important to recognise that these forecasts do not include the impact of the recently announced Police Pay Award settlement for 2019/20.
- 4.5 The award of a 2.5% pay award, was 0.5% higher than was allowed for within the 2019/20 budget, is expected to result in an increased cost on Police Pay of circa £155k in 2019/20 and £350k per annum thereafter.

4.6 The PCC has a Pay Reserve, which was set up to manage this type of scenario, totalling £1m. This reserve will be released, as needed this year, to support these additional costs, and any that may result from a higher settlement for Police Staff too.

4.7 If the higher pay awards are not reflected in future Government Grant settlements then further savings will be needed in future years to be able to contain these costs within the resources available to the PCC.

4.8 Reserves

The 2019/20 budget was to be supported by £1,210k from Reserves. This is made up of the following transactions:

- £75k to the PFI Reserve.
- £75k to the Insurance/Legal Reserve
- £150k from the Community Safety Fund
- £260k from the Commissioning Reserves
- £950k from the General Fund.

4.9 In addition to this, £2,120k was to be used to support the Capital Programme during 2019/20.

4.10 Current forecast for movements on Earmarked and General Reserves to the end of 2019/20 are included within the table below, this includes not using the £950k from General Reserve in the current, the release of the additional Commissioning Reserves for the Youth Intervention Fund and the release of other specific earmarked reserves in line with the use they were intended for.

	Balance at 31 March 2019 £000	Tranfers In 2019/20 £000	Tranfers Out 2019/20 £000	Balance at 31 March 2020 £000
Funding for projects & programmes over the period of the current MTFP				
Direct Revenue Funding of Capital	(3,659)	(2,202)	5,889	28
Community Safety Initiatives Fund	(241)		150	(91)
PCC Change Reserve	(100)		84	(16)
Digital Forensics	(245)		245	0
Airwaves Project	(166)		166	0
CP Change Reserve	(500)		0	(500)
Commissioning Reserves	(569)		279	(291)
Road Safety Initiatives Fund	(658)		0	(658)
Sub Total	(6,137)	(2,202)	7,088	(1,252)
Funding for projects & programmes beyond the current MTFP				
PFI Sinking Fund	(288)	(75)		(363)
Incentivisation Grant	(512)	(80)	80	(512)
Police Property Act Fund	(63)			(63)
Sub Total	(863)	(155)	80	(938)
General Contingency				
Legal/Insurance Fund	(431)	(75)		(506)
Injury Pension Reserve	(245)			(245)
Urlay Nook TTC	(81)			(81)
NERSOU	(146)			(146)
Collaboration Reserve	(1,036)			(1,036)
Pay Reserve	(1,000)			(1,000)
Revenue Grants Unapplied	(137)		28	(109)
Sub Total	(3,076)	(75)	28	(3,123)
	0			0
Total Earmarked Reserves	(10,077)	(2,432)	7,196	(5,313)
General Reserves	(5,992)	(950)	950	(5,992)
Unapplied Capital Grants	(1,517)	(526)	1,693	(350)
Total Usable Reserves	(17,586)			(11,655)

7. Overall Budget Summary

- 5.1 At the end of September 2019 the follow table summarises the finances of the PCC, including forecasts of the expected outturn in each area.

	Original 2019/20 Budget	Revised 2019/20 Budget	Forecast Spend in 2019/20	2019/20 Forecast (Under)/ Overspend
Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Government Grant	(85,253)	(85,253)	(85,253)	0
Council Tax Precept	(38,784)	(38,784)	(38,784)	0
Council Tax Freeze Grant	(800)	(800)	(800)	0
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	0
Funding for Net Budget Requirement	(131,706)	(131,706)	(131,706)	0
Specific Grants	(7,291)	(7,291)	(8,396)	(1,105)
Partnership Income/Fees and Charges	(2,893)	(3,318)	(3,413)	(95)
Total Funding	(141,890)	(142,315)	(143,514)	(1,200)
Special Grant	(3,475)	(3,475)	(3,390)	85
Total Overall Funding	(145,365)	(145,790)	(146,904)	(1,115)
Office of the PCC Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Total Planned Expenditure	880	879	829	(50)
PCC Initiatives/Victims and Witness	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
PCC Initiatives	3,576	3,759	3,415	(344)
Victims and Witnesses Services	1,864	1,087	1,071	(16)
Total Planned Expenditure	5,440	4,846	4,486	(360)
Corporate Costs	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staff Pay	600	694	624	(70)
Non Pay Expenditure	115	115	168	53
PFI's	7,155	7,155	7,141	(14)
Asset Management	2,050	2,050	2,007	(44)
Total Corporate Costs	9,920	10,014	9,939	(75)
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Pay				
Police Pay	67,662	69,006	68,936	(70)
Police Overtime	1,468	1,548	2,194	646
Staff Pay	14,550	18,265	17,745	(520)
Police Community Support Officer Pay	4,055	4,050	3,820	(230)
Pay Total	87,735	92,870	92,695	(174)
Major Contracts Total	20,981	17,025	16,939	(86)
Non-Pay Budgets				
Other Pay and Training	744	803	825	22
Injury and Medical Police Pensions	2,993	2,997	3,144	147
Premises	3,501	3,498	3,657	159
Supplies and Services	7,534	7,829	8,049	220
Transport	1,471	1,459	1,416	(43)
External Support	3,257	2,659	2,474	(185)
Non-Pay	19,498	19,245	19,566	320
Total Planned Force Expenditure	128,215	129,140	129,200	60
(Surplus)/Deficit	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
(910)	(910)	(2,450)	(1,540)	
Planned Transfers to/(from) General Fund	(950)	910	1,850	940
Contribution to Capital Programme	2,120	2,120	2,120	0
Planned Transfers to/(from) Earmarked Reserves	(260)	(260)	(260)	0
Net (Surplus)/Deficit After Reserves	(0)	1,860	1,260	(600)

5.2 At this stage of the financial year an under spend of £600k is forecast.

5.3 Increases in Police Officer Numbers

- 5.4 A significant amount of preparation work has been undertaken by the Force to enable the delivery of increases in Police Officer numbers, over the next 3 ½ years, in line with the proposals from the Prime Minister to increase Police Officers nationally by 20,000 FTEs.
- 5.5 As part of year 1 (2020/21) of the National Uplift Programme Cleveland has been allocated 72 additional officers. To support the early recruitment of the first 24 FTEs in 2019/20, and to put in place the resources needed to enable this to happen, the PCC has been allocated additional funding of £345k.
- 5.6 To maximise the benefit and availability of these Officers as soon as possible the Force have been asked to produce a recruitment plan to recruit these Police Officers during 2019/20 so that they become available for deployment as quickly as possible.
- 5.7 Plans have been developed that can recruit an additional 90 FTEs between November and March 2020. This would result in the Force having approximately 1,335 FTE Police Officer by the end of the current financial year.
- 5.8 This would be 72 FTEs over the 2019/20 establishment and currently unaffordable within the resources available to the Chief Constable, as the expected cost of the phased recruitment of these resources would be around £545k more than the Force have factored into their original financial plans.
- 5.9 Through a combination of the £345k additional Home Office funding and the release of £200k of the £600k under spend referenced in this report then the PCC has sufficient funding to be able to support this accelerated recruitment.
- 5.10 It is likely that there will also be additional costs incurred in a number of areas, such as recruitment, HR, payroll and vetting to enable this to happen. These costs along with costs that result from additional kit and equipment will be picked up from the remaining £400k forecast underspend as needed.

6. Implications

6.1 Finance

There are no financial implications other than those mentioned above.

6.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to the attention of the PCC.

6.3 Human Rights Act

There are no Human Rights Act implications arising from this report.

6.4 Sustainability

This report is part of the process to establish sustainable annual and medium term financial plans and maintain prudent financial management.

6.5 Risk

The expenditure budgets are very tight and are being actively managed to deliver against the priorities and plans whilst staying within budget. The capacity to absorb unexpected costs and pressures, such as the recently announced higher than expected Police Pay Awards is therefore very limited, especially on a recurring basis.

7. Conclusion

7.1 Small underspends have begun to develop in many areas, most of which couldn't have been predicted when setting the 2019/20 budget and many of which will ultimately have little impact on service delivery for the public.

7.2 However filling PCSO vacancies and increasing the establishment of Police Officers will have an impact if these are not achieved.

7.3 Plans are now in place to deliver both an accelerated recruitment of Police Officers and higher levels in both the current and future years. It will be vital that these plans are delivered and updates on progress will need to be provided to the PCC on a regular basis.

Michael Porter
PCC Chief Finance Officer

AGENDA ITEM 7C

Cleveland Police Long Term Financial Plan (LTFP) 2020/21 to 2023/24 Update

Status: For Noting

Purpose of the Report

The purpose of the Long Term Financial Plan (LTFP) is to demonstrate the Force's operational plan is affordable, financial stability can be maintained, and funding is targeted to those activities that best make our communities safer and stronger.

Accordingly, this report sets out the progress in the preparation of the 2020/21 – 2023/24 revenue and capital spending plans that underpin delivery of the Force's strategy. It is based on the current LTFP that was approved on the 20th February 2019 and will be the subject of further change in line with the Chief Constables vision.

Recommendation

The PCC is requested to note the current progress in the preparation of the revenue and capital budget proposal for 2020/21 and the Long Term Financial Plan (LTFP) for 2021/22 – 2023/24.

Force Financial Strategy

The primary aim of our financial strategy is to maintain financial stability and protect service provision through identifying sufficient savings to secure a rolling four year balanced position in order to:

- Provide a high degree of certainty to operational commanders about the resources at their disposal in the short to medium term
- Provide time and space to work up considered savings plans for the more challenging future years.

The grant settlement for 2020/21 has yet to be confirmed and as such the funding plans outlined in this report are based on those reported in the 2019/20 - 2022/23 LTFP. However the Government has made a national commitment to fund an increase of 20,000 Police Officers and associated support staff. This plan reflects Cleveland share of this increase amounting to an additional 240 Police Officers. The funding in relation to support staff has been defined and the Force will receive funding for up to 78 FTE over the period of the plan. The funding will be allocated over a three year period in tranches of 40%, 70% and finally 100%. Associated non pay costs are assumed to be cost neutral if this proves not to be the case an update will provided in the final report in February 2020. The Force continues to review expenditure plans for the future years so that funding can be redirected to areas of highest need to ensure that the outcomes from available funding are optimised.

Towards 2025 : The road to improvement

Towards 2025 – The road to improvement sets a clear strategic direction for the Force. The document specifics the current challenges the organisation faces which were highlighted in the HMICFRS report dated 27th Sept. 2019. The document address each of the causes for concern (listed below) and the plans to address them.

- Understanding demand and strategic plan
- Public engagement, communication and scrutiny
- Protecting vulnerable people.
- Prevention of crime & antisocial behaviour.
- Workforce engagement and treating workforce fairly

- Ethical behaviour and culture

The document also sets out the Forces vision in a new “Plan on a page” and details the plans for the Governance structure and performance management framework.

Key to the overall strategy is that prevention must be the golden thread that is at the heart of everything we do. To achieve this aim we are:-

- Putting police officers back into neighbourhoods to focus on crime & antisocial behaviour.
- Increase problem solving capability across the Force.
- Improving our response to the most vulnerability in our community across all areas

This Long Term Financial Plan will be developed in line with commitments within the Towards 2025 strategy.

REVENUE

Summary Position 2020/21 – 2023/24

The latest summary position is set out in the table below.

Projected Force Income and Expenditure	2020/21	2021/22	2022/23	2023/24
	£000's	£000's	£000's	£000's
Funding from the OPCC	(135,815)	(138,570)	(144,095)	(146,976)
Police Pay & Allowances	77,493	81,600	84,475	87,001
PCSO / Staff Pay & Allowances	28,329	32,395	33,444	34,389
Total Pay & Allowances	105,822	113,995	117,919	121,390
Non Pay Expenditure	31,747	26,596	27,028	27,525
	137,569	140,591	144,947	148,915
Planned Surplus / (Deficit)	(1,754)	(2,021)	(852)	(1,939)

The establishment profiles assumed in the plan are set out below.

Funded Establishment	2019/20	2020/21	2021/22	2022/23	2023/24
Core Funded Police Officers	1,183	1,183	1,183	1,183	1,183
HIU	50	50	0	0	0
PCC Precept 2019/20	24	24	24	24	24
Police Officer Growth (Uplift)	0	127	228	240	240
OPCC Neighbourhood Funded Police Officers	6	6	6	6	6
Total Police Officer Establishment	1,263	1,390	1,441	1,453	1,453
Core Funded PCSO's	116	116	116	116	116
OPCC Neighbourhood Funded PCSO's	15	15	15	15	15
Total PCSO Establishment	131	131	131	131	131
Core Funded Police Staff	366	508	508	508	508
Staff Growth (Uplift)	0	45	60	52	52
Staff Growth (Resilience)	0	21	21	21	21
Historic Investigation Unit	31	31	0	0	0
Force Control TUPE transfer (May 19).	129	0	0	0	0
OPCC Neighbourhood Funded Police Staff	26	26	26	26	26
Total Police Staff Establishment *	552	631	615	607	607
Total Establishment	1,946	2,152	2,187	2,191	2,191

*Note: The TUPE transfer of Sopra Steria staff will take place on the 1st Oct 2020. The detail and final numbers are yet to be defined and are therefore not included in the table above.

Allocated Funding

This report is based on 2019/20 funding allocations as the final settlement for 2020/21 onwards has yet to be finalised. However the base position has been adjusted to reflect the increase in funding in order to deliver on the Government's commitment to fund an additional Police Officers and Staff over the length of the plan.

The final budget will be reviewed in line with the transformational work that is currently underway and assessed against the final grant settlement.

Pay Budgets

The paybill is the largest single element of the overall cost base at 76.9% of the budget. The Force continues to reshape the workforce to deliver an effective blend of skill sets and experience to meet an ever-changing demand profile and address the concerns raised in Towards 2025 plan.

Points to note are:

- Pay awards have been assumed at 2.5% per annum from September 2020.
- Provision has also been made for the Apprenticeship levy which commenced in 2017/18. This will cost the Force approximately £339k in 2020/21.
- It is assumed that recruitment plans will maintain the workforce numbers as detailed in the establishment tables above.

Police Officers

Funding in this plan provides for an average 1,390 FTE officers during 2020/21. The year-end position as at the 31st March 2021 is forecast to be 1,416 which is an increase of 210 from April 2019 position. It is anticipated that the FTE will further rise to an average of 1,453 over the life of the plan.

The Force is subject to demands which are variable both in terms of costs and frequency and as such difficult to plan and budget for. These can range from the

increased demand around protests and demonstrations, increasing costs in relation to major incidents where the associated costs are not covered by the scope of the collaboration with North Yorkshire eg: scene guards etc. A proportion of the savings identified below have been reallocated to provide an overtime / mutual aid contingent fund to lessen the impact on "Business as usual" budgets and mitigate the overall risk.

Provision of £720k per annum has been made for 8 medical retirements in each year of the plan. Medical retirements have been occurring at approximately 8-10 per annum so this may prove to be insufficient. However, each retirement incurs a one-off payment of twice the average pensionable salary of the individual (approximately £90k) to the pension fund. Consequently, providing for more retirements would have a significant impact on any savings that would have to be made.

Police Community Support Officers (PCSOs) to be updated

Funding has been provided for 116 FTE PCSOs over the lifetime of the plan. The PCC holds funding for an additional 15 FTE roles that have been agreed to enhance neighbourhood policing. This funding will be drawn down immediately as all 15 PCSO's are already in post. It brings the establishment for PCSOs to 131 FTE.

Police Staff

Funding has been provided for:

- 508 FTE Core Police Staff roles (inclusive of Force Control Room)
- 45 FTE Core Police Staff roles (funded from Operation Uplift) increasing to maximum of 60 over the term of the LTFP
- An additional 21 FTE roles have been identified to provide resilience
- 31 FTE in the Historical Investigation unit part funded by Special grant

The establishment figures do include the staff roles identified for Operation Uplift but the financial impact is not included as it is deemed to be cost neutral. That is, will be fully funded through extra grant. If this assumption is not accurate and the roles are not fully funded this will be highlighted in the final LTFP presented to the PCC in February 2020 specifying the extra burden on the revenue budget.

The PCC holds funding for an additional 26 FTE roles that have been agreed to enhance neighbourhood policing and support issues relating to Restorative justice and Domestic Abuse. This brings the establishment for staff to 631 FTE.

During the financial year 2020/21 (1st October 2020) a further TUPE transfer of the remaining Sopra Steria staff will take place. The final numbers are as yet unknown and a further update will be provided in a future report.

The number of police staff has increased post 2018/19 with the requirement to recruit police staff for the Historic Investigations Unit. The plan includes the cost of these staff until the end of 2020/21. This is subject to an annual review with the Home Office but they have confirmed that the investigation is likely to take several years to complete. Should the funding cease for this investigation then those police staff recruited will be subject to redundancy should they have worked with the force for more than two years. There is no redundancy cost built into this plan as the initial bid stated that there would be exit costs associated with the staff and this should be recoverable from the Home Office. The anticipated costs associated with these redundancies would be in the region of £120k to £180k depending on the length of the service the staff would have been employed by Cleveland Police. As a means of

mitigating this risk we will actively manage the workforce to flex in line with the completion or cessation of these investigations.

Pension Schemes

Police Officer Scheme

The plan includes employer contribution rates of 31% of Police pensionable pay. However in 2020/21 the fund will be subject to a triennial review which may have a significant impact on future year's employer contribution rates.

Following the ruling in the Evans & Ashcroft V Chief Constable of South Wales case, it is anticipated that the Force will be subject to back dated claims and increased future Police injury pension costs. The plan does not take account of these anticipated costs and the Force is awaiting final costs from the pension administrator.

Police Staff (including PCSOs) Pension Scheme

The triennial revaluation of the Local Government Pension Scheme (LGPS) will take place in March 2020. The plan is based on current employers' contribution rate of 15.6%. Any increase in contribution rates will pose a risk to the future years of the plan should this rate increase.

Non Pay Budgets

An overall inflation uplift of 2.5% has been provided each year. This will be allocated to specific budget heads in accordance with need e.g. business rates; utilities, RPI pension uplifts, living wage adjustment & contractual uplifts etc. and has been costed at approx. £900k in 2020/21.

All non-pay budgets have been reviewed and adjusted in respect of savings or unavoidable pressures.

The revenue consequences of the capital schemes are also factored into the budget.

Significant Pressures within the LTFP

Although the PCC continues to try to provide a stable financial platform, the impact of unavoidable cost pressures means that all expenditure will have to be scrutinised and only approved if it fits within the overall plan. The plan provides for the following significant pressures:

- Microsoft Licences costs £515K from 2020/21
- Collaboration : NERSOU Transition fund £204K from 2020/21
- Potential increase in NAPS £200K from 2020/21
- Impact of SAN refresh programme/Maintenance £200K from 2020/21
- Increase in condition survey budget £100K from 2020/21
- Insurance Premium's Employers liability / Motor £80K from 2020/21
- Increase in Forensic costs £50K from 2020/21
- CCTV : Kinesense £38K from 2020/21
- Single on Holmes: National Website £30K from 2020/21
- Investment in "Employee engagement" £14K from 202//21

Savings Programme

In order to offset the significant pressures above the Force continues to review its Non-pay budgets and has identified the following savings which are incorporated in the LTFP:-

- Sopra – Steria contract reductions £1,056K from 2020/21
- Re-shaping of the Cloud Storage facility £433K from 2020/21

- Re-allocation of Change & contingency fund £167K from 2020/21
- Reallocation of Everyone matters budget to OPCC £25K from 2020/21
- NETIC cost reduction £17K from 2020/21

Collaboration

The Force participates in several collaborative units; CDSOU, IDU, CNYMIT, NERSOU. It is anticipated that the Integrated Dogs Unit (IDU) collaboration will be disbanded as at the 31st March 2020. Each Force will then be responsible for its own Dogs capability moving forward. The costs associated with this decision are included with the capital and revenue plans. The provision of the Camera Safety partnership is also being reviewed and will come back in house with effect from 1st April 2020. The impact of both of these structural changes is estimated to be £200K recurring.

At the time of writing this report it is assumed that the cost of the remaining collaboration units will increase in line with the overall cost assumptions applied to Cleveland core budgets; ie: pay 2.5% and inflation where applicable etc. Work continues with the lead Forces of the respective units to finalise the budgets for the period of the plan.

Risks in the Plan

Key to the successful delivery of this financial plan is the underlying recruitment plans to ensure the increase in police officer numbers are achieved. The recruitment plan is reviewed on a monthly basis and as required appropriate actions are taken to address issues.

The funding for the increase in police officer numbers is being unwritten by the OPCC until the funding plans from the Government are finalised. This presents a risk if the actual funds allocated do not equate to those built in to the plan.

CAPITAL

The capital programme for 2020/21 onwards is currently being consulted upon. There are significant areas of spend forecast over the next four years including the national digitisation agenda and the implications of bringing back our current outsourced services with Sopra Steria.

All of these requirements will be put through a thorough business case review which includes both anticipated costs as well as highlighting any capacity issues.

The business cases will then be reviewed in line with the capital finance and resources available.

A full detailed capital programme will be brought to the PCC for ratification in February 2020.

Implications

Finance

There are no financial implications other than those mentioned above.

Diversity & Equality

There are no diversity or equality issues arising from this report.

Human Rights Act

There are no Human Rights Act implications arising from this report.

Sustainability

This report is part of the process to establish sustainable annual and long term financial plans to underpin sustainable service delivery and maintain prudent financial management.

Conclusion

The LTFP is forecast a deficit of £6.6M over the term of the plan. The Force is reviewing options to address this deficit whilst at the same time addressing the concerns and performance issues highlighted in the HMICFRS report.

Richard Lewis
Chief Constable
21st November 2019

Classification of Expenditure	Budget 2020/21 £000's	Budget 2021/22 £000's	Budget 2022/23 £000's	Budget 2023/24 £000's
A: POLICE PAY & ALLOWANCES	75,705	79,676	82,623	85,303
B: POLICE OVERTIME	1,788	1,924	1,852	1,698
C: STAFF PAY & ALLOWANCES	24,318	28,254	29,174	30,012
D: PCSO PAY & ALLOWANCES	4,011	4,141	4,270	4,377
E: OTHER PAY & TRAINING	822	851	879	889
F: POLICE PENSIONS	3,177	3,277	3,377	3,477
G: PREMISES	3,843	3,994	4,159	4,339
H: SUPPLIES & SERVICES	19,049	13,554	13,626	13,763
I: TRANSPORT	1,501	1,535	1,571	1,607
J: EXTERNAL SUPPORT	3,410	3,437	3,467	3,500
M: RECURRING / NON-RECURRING SAVINGS	-56	-53	-52	-51
Grand Total	137,569	140,591	144,947	148,915

Report of the Chief Finance Officer to the Police and Crime Commissioner

31st October 2019

Capital & Treasury Management Report Q2 2019/20

1. Purpose

- 1.1 This report outlines the key elements of the capital and treasury management activity for the period 1st April 2019 to 30th September 2019.
- 1.2 Prudential Indicators are required to be set each year by the Cipfa Prudential code of Practice and this report measures the performance against these indicators for 2019/20.

2. Capital Schemes

- 2.1 The PCC allocated the Force a capital budget of £6,134K for 2019/20 plus £961k of schemes that were deferred from 2018/19. In addition, schemes totalling £1,737k were brought forward from 2018/19 bringing the approved 2019/20 budget to £8,832k.
- 2.2 The monitoring of capital budgets is undertaken monthly and has resulted in additional schemes totalling £239k being added to the programme which are being funded from revenue. Five schemes have been removed from the capital programme. One scheme totalling £40k has been deferred until 2020-21 and £1,150k from 4 schemes will fund the Microsoft licences which are now renewed annually. The current approved capital budget is £7,881k
- 2.3 The capital expenditure up to 30 September 2019 has been reported in detail in the Corporate Financial Monitoring report and is summarised as:

Capital expenditure 2019/20	£000
Cleveland Community Safety Hub	39
Estates Schemes	20
Equipment Schemes	70
ICT Schemes	680
Fleet Replacement Scheme	340
Total	1,149

- 2.4 The Police and Crime Commissioner agreed the Capital Strategy in line with the CIPFA Prudential Code on the 28th February 2019. The capital schemes are in line with the capital strategy.

3. Treasury Management

- 3.1 Local Authorities' (including Police and Crime Commissioner's) Treasury Management activities are prescribed by the Local Government Act 2003. The Police and Crime Commissioner may borrow or invest for any purpose relevant to its functions, under any enactment, or 'for the purpose of the prudent management of its financial affairs' and is required to agree a Treasury Management Strategy annually which provides a number of prudential indicators that are required to be monitored.
- 3.2 The Police and Crime Commissioner agreed the Treasury Management Policy, the Prudential Indicators and Annual Investment strategy for 2019/20 in line with the CIPFA Prudential Code on 28th February 2019.
- 3.3 The Treasury Management activity in year is measured in terms of investments, cash balances and borrowing which is detailed below.

4. Investments and Cash Balances

- 4.1 From 1 April 2019 to 30 September 2019, the PCC made total investments of £94.8m which were invested in accordance with the approved Investment Strategy.
- 4.2 At 30th September 2019 the PCC had a balance of £2.9m with the National Westminster Bank, £13.0m with the Lloyds Banking Group and £7.0m invested with Aberdeen Standard, again in accordance with the Investment Strategy.
- 4.3 The graph at Appendix A sets out the actual and forecast cash balances for the first half of the financial year and shows these in comparison to the previous three years.
- 4.4 The Bank of England Base rate is currently 0.75% following the increase in August 2018 from 0.5%. The current interest rate from NatWest was increased in October 2018 to 0.3% for investments over £1m (0.2% for investment under £1m). The budget for interest receivable in 2019/20 is £50k and the actual interest received at the end of Q1 is £30.8k. We estimate the interest for 2019/20 will be £90k, as the pension top-up grant was paid early July and significant investments have been made. We have increased our portfolio of investments in line with the Treasury management policy to include Aberdeen Standard Liquidity Funds which has a slightly higher rate of return than deposits at NatWest and still provides the flexibility of being on-call.

5. Borrowing

- 5.1 No loans have been taken out to date with the Public Works Loans Board in 2019/20. One repayment of principal for £2.772m was made in September 2019. The loan profile is set out in Appendix B.
- 5.2 At 30th September 2019, the PCC had £28.292m of outstanding long term loans with PWLB. There is also borrowing associated with PFI schemes totalling £21.654m, giving a total of £49.946m.

6. Prudential Indicators

The Prudential Indicators were approved by the PCC for 2019/20 on 20th February 2019. The measurement of actual performance against the individual indicators is measured below.

6.1 *Ratio of Financing Costs to Net Revenue Stream*

This indicator identifies the trend in the cost of capital against the net budgetary requirement. The forecast ratio for 2019/20 is 4.8% which is in line with the actual return for 2018/19 of 5%.

Financing Costs to Net Revenue Streams	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Minimum Revenue Provision (MRP)	2,262	2,585	2,585
Interest Payable on Borrowing	4,055	3,887	3,855
Interest Receivable	(92)	(50)	(90)
Financing Costs	6,225	6,422	6,349
Net Revenue Stream	125,751	131,706	131,706
Ratio %	5.0%	4.9%	4.8%

Given that funding for PFI's is dealt with by a separate specific grant then the underlying level of funding that will be set aside to service borrowing (excluding PFI's) in 2019/20 is forecasted to be 1.4% of the Net Revenue Stream.

Financing Costs to Net Revenue Streams (Excluding PFI)	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Minimum Revenue Provision (MRP)	757	1,001	1,001
Interest Payable on Borrowing	980	1,001	968
Interest Receivable	(45)	(50)	(90)
Financing Costs	1,693	1,953	1,879
Net Revenue Stream	125,751	131,706	131,706
Ratio %	1.3%	1.5%	1.4%

6.2 *Incremental Impact of Capital Investment Decisions on Band D Council Tax*

This indicator shows the incremental impact of the additional capital expenditure that is planned in the current programme on the Band D council tax.

Council Tax	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£	£	£
Band D Impact	1.38	1.49	1.49
Precept	(34,234)	(38,435)	(38,435)
Additional Precept received from Precept Increase	(1,578)	(4,201)	(4,201)
Band D Level	226.54	250.54	250.54
Band D increase year on year	12.00	24.00	24.00
%age of precept increase funding capital costs	11.5%	6.2%	6.2%

6.3 *Level of borrowing to fund the capital expenditure*

The level of borrowing required to fund the 2019/20 capital programme is detailed below:

Capital Expenditure	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Capital Expenditure	5,600	6,945	7,881
PFI Capital Expenditure	270	355	355
Total Capital Expenditure	5,870	7,300	8,236
Funded By:			
Gross Borrowing	3,000	1,200	1,200
PFI Borrowing	0	0	0
Other Capital Resources	4,926	6,100	7,036
%age of Expenditure funded by Borrowing	51.1%	16.4%	14.6%

The actual borrowing percentage is lower in 2019/20 than 2018/19 as borrowing is only undertaken for the purchase of land and buildings.

6.4 *The PCC's Borrowing Need (The Capital Financing Requirement)*

The Capital Financing Requirement (CFR) measures the PCC's underlying need to borrow for Capital purposes and ensures that borrowing is only undertaken to fund capital assets and not support revenue expenditure.

Capital Financing Requirement	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Opening Capital Financing Requirement	15,278	14,676	14,676
Supported Borrowing	0	0	0
MRP on Supported Borrowing	(602)	(578)	(578)
Voluntary MRP	0	0	0
Closing Capital Financing Requirement	14,676	14,098	14,098
Unsupported borrowing to fund Capital Expenditure	27,682	28,882	28,882
PFI Borrowing	34,978	34,978	34,978
Total CFR Base on which MRP is calculated	77,336	77,958	77,958
MRP on Unsupported Borrowing- cumulative	(5,475)	(5,899)	(5,899)
MRP on PFI (cumulative)	(12,127)	(13,711)	(13,711)
Total CFR Base for borrowing purposes	59,734	58,348	58,348

The Capital Financing Requirement is expected to be in line with the estimate approved and MRP repayments are made in accordance with regulations.

6.5 *Limits to Borrowing Activity*

Within the Prudential indicators there are a number of indicators to ensure that the PCC operates its activities within well-defined limits.

For the first of these the PCC needs to ensure that the total borrowing net of any investments does not, except in the short term, exceed the total of the CFR.

Net Borrowing and the Capital Financing Requirement (CFR)	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Borrowing	31,064	29,492	28,292
PFI Borrowing	23,237	21,654	21,654
Investments	(7,107)	(2,000)	(10,500)
Net Borrowing	47,194	49,146	39,446
Total CFR Base for borrowing purposes	59,734	58,348	58,348

The 2019/20 forecasted total net borrowing is less than estimated and is £18,902k below the upper borrowing limit.

There are a further two prudential indicators which control or anticipate the overall level of borrowing. These are:

- The **Authorised Limit** which represents the limit beyond which borrowing is prohibited and needs to be set and revised by the PCC. Borrowing beyond this limit would be ultra vires.
- The **Operational Boundary** which is based on the probable external debt during the course of the year. It includes scope for borrowing for revenue purposes that may be required in the short term during the year.

Authorised Limit for External Debt	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Borrowing	31,064	29,492	28,292
PFI Borrowing	23,237	21,654	21,654
Provision for Temporary Borrowing	2,900	7,000	7,000
	57,201	58,146	56,946

Operational Boundary for External Debt	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Borrowing	31,064	29,492	28,292
PFI Borrowing	23,237	21,654	21,654
Provision for Temporary Borrowing	2,900	5,000	5,000
	57,201	56,146	54,946

The forecast authorised limit and operational boundary for external debt for 2019/20 is within the approved estimated limits.

6.6 Upper Limits on borrowing

This indicator identifies a maximum level of borrowing that can be made at Fixed and Variable interest rates.

Borrowing	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	%	%	%
Upper Limit on Fixed Interest Rate Exposures	100	100	100
Upper Limit of Variable Rate Exposures	25	25	25

There has been no borrowing taken out to date in 2019/20.

6.7 Upper Limits on Investments

This indicator identifies a maximum level of investments that can be made at Fixed and Variable interest rates.

Investments	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	%	%	%
Upper Limit on Fixed Interest Rate Exposures	100	100	100
Upper Limit of Variable Rate Exposures	70	70	70

£94.8m of investments have been made from 1 April 2019 to 30 September 2019 with the average split between fixed and variable interest rates being 60% to 40% which is within the 70% upper limit of variable rate exposure.

6.8 Maturity Structure of Debt

These gross limits are set to reduce the PCC's exposure to large fixed rate sums falling due for re-financing within a short timeframe.

Maturity Structure of Debt	2018/19		2019/20	
	Lower	Upper	Lower	Upper
Under 12 months	0%	50%	0%	50%
Over 12 months and under 2 years	0%	50%	0%	50%
Over 2 years and under 5 years	0%	50%	0%	50%
Over 5 years and under 10 years	0%	50%	0%	85%
Over 10 years	0%	50%	0%	100%

The actual maturity structure of debt to date in 2019/20 was under the upper limits.

6.9 Upper Limit for Sums Invested for a Period of over 364 days

This indicator sets a limit on the level of investments that can be made for more than 364 days.

Principal Sums Invested > 1yr	2018/19	2019/20	2019/20
	Actual	Estimate	Forecast
	£000	£000	£000
Maturity Profile	0	2,000	0

There have been no investment to date in 2019/20 for more than 364 days.

7. Implications

7.1 Finance

There are no financial implications arising from this report that are not included above.

7.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to the PCC's attention.

7.3 Human Rights Act

There are no Human Rights Act implications arising from this report.

7.4 Sustainability

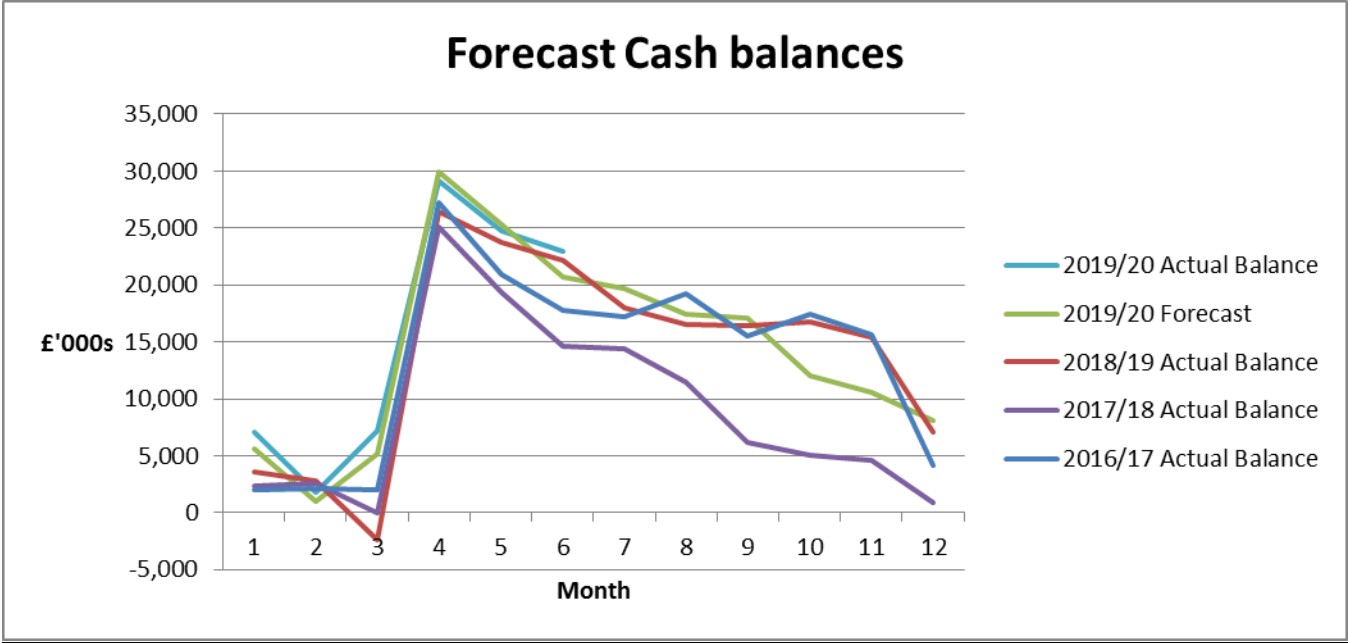
This report is part of the process to establish sustainable annual and medium term financial plans and maintain prudent financial management.

7.5 Risk

The investment strategy put forward today seeks to minimise the risks of the PCC while ensuring that the cash balances of the PCC are managed in line with proper practice and to ensure funds are available to make payments at the correct time.

Michael Porter

Appendix A – Actual v Forecast Cash Balances



Appendix B – Loan Structure at 30.9.19

LOAN NUMBER	DATE LOAN TAKEN OUT	AMOUNT £	INTEREST RATE %	MATURITY DATE	2019/20 ANNUAL INTEREST CHARGE £
496955	Loan repaid 30.9.19				70,409
496955	29.03.10	3,272,000	4.290	29/03/2021	140,753
498683	26.05.11	4,000,000	4.520	30/05/2021	181,295
499274	20.12.11	1,000,000	3.290	30/09/2022	32,990
499337	30.01.12	2,000,000	3.240	30/09/2022	64,978
501133	05.04.12	2,500,000	3.490	30/09/2023	87,489
505933	27.03.17	760,000	1.640	12/07/2024	12,498
506868	01.02.18	3,500,000	2.480	01/08/2060	87,038
506976	01.03.18	2,500,000	2.760	01/08/2038	69,189
507161	28.03.18	760,000	2.160	01/08/2025	16,461
507173	29.03.18	3,500,000	2.450	01/08/2052	85,985
507174	29.03.18	1,500,000	2.420	01/08/2030	36,399
507274	30.04.18	3,000,000	2.740	01/08/2045	82,425
TOTAL		28,292,000			967,909