

Police and Crime Board, 30th October 2017, 13:00-17:00

Venue: OPCC Meeting Room

Attendees:

- **PCC**
- **Chief Constable**
- **Deputy Chief Constable**
- **Constabulary CFO**
- **Director of People and Organisation Development**
- **OPCC CEO**
- **OPCC CFO**
- **OPCC Head of Communications**
- **OPCC Strategic Planning and Performance Officer**

To support the carrying out of the PCC's statutory functions including overseeing delivery of the Police and Crime Plan, being the forum for formal decision making by the PCC and otherwise allowing for the PCC to scrutinise the work, performance, key projects and budget of the Constabulary and other partners.

AGENDA

1. Apologies

2. Minutes and Actions

3. Performance against Police and Crime Plan (Focus on Strategic Priority 3 – Right People, Right Equipment, Right Culture)

- a. Assurance Report (Specific assurance on Representative Workforce, Citizens in Policing, Recruitment & Selection and Engagement with Communities)
- b. SPR Assurance
- c. Performance Overview
- d. CSE Evaluation

4. Decisions (to be signed at the meeting)

- 2017/009 – CJ Transformation SRO
- 2017/016 – Award of DS3000 Support Contract
- 2017/020 – Sale of Bishopsworth
- 2017/021 – Sale of Bournville
- 2017/022 – Sale of Bower Ashton
- 2017/023 – Sale of Ilminster
- 2017/024 – Sale of Southmead

5. Chief Constable's Update (any risks or issues that the Chief Constable wishes to raise)

6. Key Organisational Risks and Issues

7. HR Quarterly Report

8. Major Projects

- a. Programme Highlight Report
- b. Service Design and Development
- c. Digital
- d. Infrastructure
- e. Verbal Updates

9. Finance

- a. 2017/18 Q2 Financial Performance Report
- b. OPCC Mid-Year Budget Report
- c. Half-Year Treasury Management Report

10. Professional Standards Department Quarterly Update

11. A.O.B

12. Publication (agree any items for publication other than the Minutes and Decision Notices)

Date of the Next Meeting: 1st December 2017, 13:00 – 17:00

DRAFT Minutes of the Police and Crime Board, 30th October 2017

Attendees:

Sue Mountstevens, Police and Crime Commissioner
Andy Marsh, Chief Constable
Sarah Crew, Deputy Chief Constable
Julian Kern, OCC CFO
Mark Milton, Director of People and Organisational Development
John Smith, OPCC CEO
Mark Simmonds, OPCC CFO
Rebecca Hehir, OPCC Head of Communications
Karin Takel, OPCC Strategic Planning and Performance Officer
Jen Farman, Deputy Chief Constable's Staff Officer
Sean Price, Head of Business Improvement
Will White, Head of Protect
Dan Wood, Head of Strategic Service Improvement
Vicky Ellis, PA to OPCC CEO & CFO

1. Apologies

None

2. Minutes and Action Update

The Board agreed the minutes from the last Police and Crime Board on 4th October 2017 and discussed updates on the actions:

- Response times in Tri Force assurance report – The Constabulary are dip sampling incident logs to ascertain the circumstances and provide some context and more accurate information. Will report to next Board. The PCC commented that as there are no KPI's in Tri Force it is difficult to know what good looks like.
- Power outages – The structured de-brief has been shared with the PCC. Full report to be completed in November, will be brought to the December Police and Crime Board. It was noted that RSM are also focussing on capability.
- Officer visibility map – The OPCC Head of Comms will be shown the visibility app soon.
- Staff disclosing ethnicity – There are opportunities to improve this when the MFSS system goes live.
- OCG management summit – this is with Supt Carolyn Belafonte to arrange.
- Baseline for employee measures – agreed in a meeting with OPCC Strategic Planning and Performance Officer – complete.
- Introduction of spit guards – The Chief is keen to implement the use of these. ACC Cullen is taking forward. Should be complete by January.
- The MFSS actions to be covered under the agenda item.
- MASH's – the thresholds are different for adult and children so local meetings held to discuss – local variations.

- Chief Constable has redrafted the foreword to the Crime Prevention Strategy – copy to be shared with the PCC.

3. Performance against the Police and Crime Plan

a) Assurance Report (Focus on Strategic Priority 3 – Right People, Right Equipment, Right Culture)

The PCC queried if there was any learning in relation the recruitment for BAME candidates. The Director of People and Organisational Development noted that the closer we mentor candidates the better they do and the more we know about them so the mentoring will continue to be a key factor in the BAME recruitment plans. It was noted that in the last round there were less candidates from this background but a higher conversion, so the recommendation is to encourage quality time with a smaller number of candidates and to be more sophisticated about which events the recruitment team attend. It is important to link in with the local command teams better.

The Board discussed the promotion boards and the disproportionate outcome for women. The PCC queried whether external panel members could be invited to observe the process and provide feedback. It was noted that due to the amount of time required it is difficult for them to provide the commitment to all interviews. Consideration could be given to a drop in approach similar to that adopted by the Federation. It was noted that there is an unconscious bias briefing for the promotion board panel ahead of the boards. It was agreed to invite a member of the OPCC to attend an unconscious bias briefing. The Constabulary will bring an update on the promotion boards to the Board in 4 months' time.

The next Citizens Academy begins 21st February and it was agreed it would be good to invite those who have recently expressed negative views of the police to attend.

The Director of People and Organisation Development advised that they are training community assessors for candidate recruitment. The PCC confirmed that she had already received positive feedback about this from the community.

b) Strategic Policing Requirement (SPR) Assurance Report

In terms of Tri-Force Governance the PCC would like to see more engagement with other Forces around this. The PCC asked the Chief Constable what his plans were around firearms uplift. The Chief confirmed he believes the Force are light on capability and is scoping options but has no immediate plans to uplift pending the details of the Financial Settlement being available. If Firearms officers are not available in force when required the plan is go to mutual aid, then Operation Temperer support. The Constabulary are assessing the position according to Threat, Harm, Risk.

The Chief noted that is becoming necessary to fundamentally think about the service options and stated it would be important to engage with the public regarding any choices and consequences.

The PCC stated it would be helpful to have an update on the Chief's thoughts regarding firearms for January to inform the budget and precept work.

The PCC commented that HMIC had reported that the Force needed to improve on mapping OCGs previously – are they assured they are now accurate? The Deputy Chief Constable advised they are in the process of moving to regional mapping for consistency and are assured they have now improved consistency. The PCC advised she has been raising this with council leaders as she has met with them.

The Board discussed the funding of the ROCU and queried whether the government will be top slicing PCCs in order to fund this after 2019. The CFOs believed it will be a direct cut so will consider how to show this in the MTFP. The OCC CFO will raise it at the next Finance Directors meeting.

c) Performance Overview

Overview

Abstraction Management featured as the theme for directorate assurance in October. November will focus on positive outcomes. The PCC queried what good looked like in this area. The Head of Business Improvement advised that the force are trending a sustained improvement, in comparison to national figures in particular in burglary.

The Board discussed the Crime levels and the difference is over a 12 month rolling period. It was acknowledged that it is a complicated picture – some crime is falling and others are increasing – the same methodology has been used over a number of years so the trend is still valid.

There has been a seasonal reduction in the number of call logs in the last month (from around 400 at peak to around 200) that need to be dealt with but there is still some work to do in this area, as there are potentially a number of unsatisfied victims linked to these. It was noted it is important to be clear with victims about what service they can expect.

Investigations Directorate

It was noted there has been an increase in the number of Organised Crime Groups (OCGs). The Constabulary are identifying and recording OCGs better. Niche is still bedding in and supervisors getting used to it, the number of supervisor reviews of OCG is expected to increase as this happens.

Neighbourhood & Partnership Directorate

The Constabulary have plans in place to share the learning from the top demand grids where a reduction in demand has been seen. There has been a noticeable increase in the use of the Qlik apps, so officers are using this tool to understand the demand better. The Deputy Chief Constable thanked C/Insp Colston for his work in driving this increase.

Masterclasses in the Qlik apps are being provided to ensure local officers are comfortable in the use of this tool.

Road Safety

The Constabulary have only used Killed and Seriously Injured as a measurement in the performance report. The PCC would like to see more measures in this section. For example how many hours have roads been shut for. It was noted there are more suggestions in the Road Safety Strategy. The PCC would like more information in order to lobby for more action, such as managed motorways – how effective are they?

Criminal Justice

The PCC requested a copy of the updated Custody HMIC Action Plan.

Complaints

The number of complaints received by the Constabulary on a monthly basis does not seem to have come down as much as expected following the introduction of body worn video cameras.

d) CSE Evaluation

The Topaz Pilot has achieved the aims as set out. A series of workshops are due to be held to inform a business case which will be presented to the Change Board before coming to the Police and Crime Board. It was noted it would be good to see how the Topaz approach might apply to modern slavery cases.

4. Decisions

Please note that Decision Notices are published on the PCC website on the Decisions page under the Openness section.

2017/009 Criminal Justice (CJ) Transformation Senior Responsible Officer (SRO) – Agreed. The Decision Notice will be signed and published on the PCC's website.

2017/016 Award of DS3000 Support Contract – Agreed. The Decision Notice will be signed and published on the PCC's website.

2017/020 Sale of Bishopsworth – Agreed. The Decision Notice will be signed and published on the PCC's website.

2017/021 Sale of Bournville – Agreed. The Decision Notice will be signed and published on the PCC's website.

2017/022 Sale of Bower Ashton – Agreed. The Decision Notice will be signed and published on the PCC's website.

2017/023 Sale of Ilminster – Agreed. The Decision Notice will be signed and published on the PCC's website.

5. Chief Constable's Update

The Chief Constable raised the follow areas for discussion:

- MFSS Transition
- Data Analytics and link to latest Data Protection legislation changes known as GDPR

6. Key Organisational Risks and Issues

The Board discussed the recent inaccurate media coverage implying forces are funded on the basis of the number of crimes.

7. Human Resources (HR) Quarterly Report

The Board discussed the vacancy levels. The Constabulary are currently recruiting from a pool of candidates to address these and have put on two extra officer training courses this year. There will still be a shortfall once the pool of candidates have all been accepted and the Constabulary therefore plans to hold an internal recruitment programme which is expected to fill the gaps.

It is estimated a further 200 officers will be required in 2018/19.

The OPCC CFO and the Director of People and Organisation Development are meeting to agree the information that is provided in the HR Quarterly Report.

8. Major Projects

a) Programme Highlight Report

It was noted that the MFSS project is currently the most important in terms of risk. A Programme Director has now been appointed and an ASC dedicated MFSS Project Manager has been identified so this should reduce some of the risks. Issues include governance and collaboration.

b) Service Design and Development

Will be covered in the Police and Crime Board Extraordinary meeting.

c) Digital

Over 1000 handsets issued so far and training ongoing.

d) Infrastructure

The options for Southmead were discussed, including space at Southmead Hospital. The Chief Constable and the PCC would like to visit this option.

Alternative options for Shepton Mallet are being explored and will be presented to the Infrastructure Board.

Options for the Road Safety Unit were discussed, further work on this was requested by the Constabulary Management Board.

9. Finance

a) 2017/18 Q2 Financial Performance Report

The Board noted that the Constabulary are now forecasting a slightly bigger underspend.

b) OPCC Mid-Year Budget Report

The Board noted that the agreed 2% pay award for staff will add additional pressure to the budget.

c) Half-Year Treasury Management Report

No issues with this report.

10. Professional Standards Department Quarterly Update

The PCC had no comments on the supplied report.

11. A.O.B

Ownership and Operation of the M32 Average Speed Cameras agreed by the PCC.

12. Publication

The following items were agreed for publication:

- 4th October 2017 Police and Crime Board Agenda
- 4th October 2017 Police and Crime Board Minutes

Actions List:

See Exempt Actions List

Date of the Next Meeting: 1st December 2017

MEETING: Police and Crime Board	Date: 30 th October 2017	Agenda No
DEPARTMENT: Finance and Business Services	AUTHOR: Nick Adams	9a
NAME OF PAPER: 2017/18 Q2 Financial Performance Report		COG Sponsor: Julian Kern

1. PURPOSE OF REPORT AND BACKGROUND

The purpose of this report is to provide an update on the revenue budget and capital programme performance against the plan for 17/18. The attached Appendices A and B includes details of the outturn revenue position as at 30th September 2017, and Appendices C and D provide more detailed information about overtime spend against budget, Appendix E provides the position in relation to the delivery of savings, and Appendix F provides the forecast position for the capital programme. These are then summarised in our dashboard format at Appendix G, alongside other key financial performance information.

2. EXECUTIVE SUMMARY

Our revenue position is **forecasting an underspend of £4.56m/1.6% by the end of the financial year.** Of this, an underspend of £4.45m/1.6% relates to the performance against Constabulary managed budgets, and an underspend of £0.11m/2.2% relates to the performance against PCC managed budgets.

The net forecast position includes the following highlights:-

- Police officer pay and allowances are forecasting to underspend by £3.4m/2.6%, but officer overtime is forecasting to overspend by £0.7m/15.7% - creating a **combined forecast underspend of £2.7m on police officers.** This position includes the revised forecast for pay following the announcements on the Police Pay awards. Police officer pay underspends are predominantly focussed in Patrol (£2.0m/4.1%), Investigations (£1.6m/7.4%), CTF SO (£0.4m/58.3%), Neighbourhood Policing (£0.3m/2.0%) and MCIT (£0.1m/4.8%), offset by overspends in Victim & Safety (£0.1m/21.8%), Criminal Justice (£0.2m/5.3%), Intelligence & Tasking (£0.3m/6.1%), and Operations (£0.3m/4.8%). Police Officer overtime overspends are largely falling in Investigations (£0.3m/59.3%), Intelligence & Tasking (£0.1m/107.6%), and Tri-Force (£0.2m/77.6%);
- Staff pay and allowances are forecasting to underspend by £1.2m/1.7%, but staff overtime is forecasting to overspend by £0.30m/28.9% - creating a **combined forecast underspend of £0.9m on staff.** This position assumes a pay award of 1% (as budgeted for) as there has been no confirmed decision here (if it were to be a 2% pay award then the forecast underspend would reduce by c. £340k), and is also inclusive of **£0.56m spend on redundancies.** Staff pay includes a number of underspending areas, including Detainee Investigation (£0.2m/6.3%), Victim & Safeguarding (£0.1m/2.1%), Criminal Justice (£0.2m/2.0%), Intelligence & Tasking (£0.7m/10.1%), Human Resources (£0.2m/5.5%), offset by overspends in Command & Control (£0.4m/3.1%), Business Improvement (£0.1m/3.8%), and Finance & Business Services (£0.1m/4.4%). Police Staff overtime overspends are occurring in Investigations (£0.1m/1,297.6%), Transport (£0.1m/124.8%), and Criminal Justice (£0.1m/67.4%);
- PCSO pay and allowances are forecasting to underspend by £0.4m/3.3% across our Neighbourhood Policing areas;
- Other Supplies and Services costs are forecast to underspend by £0.3m/2.8% which is a consequence of a number of areas of over and underspending;
- Supplies and Services – Communications and Computing Costs are forecast to underspend by

£0.1m/0.9% as a consequence on a number of items in Technology services such as licences £0.2m, but slightly offset by small overspends in a number of areas;

- Partnership costs are forecast to underspend by £0.2m/1.1%, the main reasons for this are £0.1m Southwest One Unitary Charge due to a reduction in SAP Hosting and WAN charges, £0.1m Finance & Business Services reduction in North Somerset EO charge, £0.1m Strategy & Transformation reduction to the Regional programme team due to vacancies although this is partly offset by £0.1m Operations due to spend on mutual aid at football matches;
- Our savings balance forecast shows an over achievement of savings of £0.4m although a number of these are one offs in this year only and will therefore not continue into next years target;
- Income is forecasting to marginally over-achieve budget by £0.6m/2.7%, this is due to a number of areas such as Hinkley Point, Football Matches and additional rental income;

The capital programme is forecasting **£24.2m of expenditure** this financial year, which reflects 74.9% of our plan. This compares to a YTD spend of £7.4m, reflecting further significant capital expenditure expected in the final half of the year. The forecast underspend against our capital programme reflects in some areas uncertainty around the timing of projects, as well as some permanent underspends against projects that have (or are forecast to) reach completion.

3. PART ONE – 17/18 REVENUE BUDGET PERFORMANCE

An underspend of **£4.56m/1.6%** is forecast at the end of Q2 of the 17/18 financial year.

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Employee Costs	225,790	109,295	48.4%	223,091	(2,699)	(1.2%)
Non-Employee Costs	68,644	34,565	50.4%	67,857	(786)	(1.1%)
Savings Target	113	(271)		(271)	(383)	
Income	(21,837)	(11,280)	51.7%	(22,241)	(584)	(2.7%)
CONSTABULARY SUB-TOTAL	272,710	132,310	48.5%	268,257	(4,453)	(1.6%)
Miscellaneous & Grants	0	(266)		0	0	
CONSTABULARY TOTAL	272,710	132,044	48.4%	268,257	(4,453)	(1.6%)
OPCC	1,354	581	42.9%	1,341	(13)	(1.0%)
Commissioning	3,488	849	24.4%	3,393	(95)	(2.7%)
TOTAL	277,552	133,474	48.1%	272,991	(4,561)	(1.6%)

The above reflects the subjective position presented, which is supported by more detail provided at Appendix A. The remainder of part one will focus on the management structure presentation of our budget, which is shown in more detail at Appendix B.

NEIGHBOURHOOD & PARTNERSHIP

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Neighbourhood Policing	26,662	12,802	48.02%	26,025	(636)	(2.4%)
Road Safety	290	245	84.54%	320	30	10.2%
Offender Management	4,787	2,346	49.01%	4,785	(1)	(0.0%)
Victims and Safeguarding	4,127	2,041	49.45%	4,056	(71)	(1.7%)
NEIGHBOURHOOD & PARTNERSHIP	35,866	17,434	48.61%	35,187	(679)	(1.9%)

During the first half of the year we have consumed 48.6% of Neighbourhood & Partnership budgets. We're forecasting an underspend of £0.7m/1.9% by the end of the financial year. Highlights from this area of the budget include:-

- **Neighbourhood Policing** – an underspend of £0.6m/2.4% is forecast. This is largely a consequence of underspends on police officer pay and allowances (£0.3m/2.0%), and PCSO pay and allowances (£0.4m/3.3%), offset by overspends transport (£0.1m/117.3%). An over-achievement of income in relation to Hinkley Point policing is forecast, but this is offset by forecast transfer to reserves at the end of the year to reflect the ring-fenced nature of this funding;
- **Victims & Safeguarding** – an underspend of £0.07m/1.7% is forecast. This is largely a consequence of underspends on police staff pay and allowances (£0.07m/2.1%) but these are offset by the equivalent overspend on police officer pay and allowances, and supplies & services (£0.07m/121.2%) due to an over accrual relating to personal alarms.

RESPONSE

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Command and Control	17,283	8,775	50.78%	17,754	471	2.7%
Patrol	50,650	24,092	47.57%	48,609	(2,041)	(4.0%)
Detainee Investigation Support	6,093	2,879	47.25%	5,826	(267)	(4.4%)
TOTAL RESPONSE	74,026	35,746	48.29%	72,190	(1,836)	(2.5%)

During the first half of the year we have consumed 48.3% of our Response budgets. We're forecasting an underspend of £1.8m/2.5% by the end of the financial year. Highlights from this area of the budget include:-

- **Command & Control** – an overspend of £0.5m/2.7% is forecast. This is the net result of a forecast overspend on police staff pay and allowances (£0.4m/3.1%), indirect employee expenses of £0.1m due to cost of redundancies offset by an underspends on police staff overtime (£0.1m/21.8%);
- **Patrol** – an underspend of £2.0m/4.0% is forecast. This forecast is entirely driven by underspends against officer pay and allowances budgets (£2.0m/4.1%). This reflects a continued forecast of vacancies in this area;
- **Detainee Investigations** - an underspend of £0.3m/4.4% is forecast. This is purely down to vacancies creating an underspend on officer and staff pay and allowances;

OPERATIONAL SUPPORT

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Criminal Justice	11,771	6,252	53.11%	11,957	186	1.6%
Business Improvement	3,045	1,636	53.73%	3,170	126	4.1%
Operations	7,319	3,763	51.41%	7,722	403	5.5%
Operations Major Incidents	242	106	43.60%	242	(0)	(0.0%)
Intelligence and Tasking	12,706	5,972	47.00%	12,553	(153)	(1.2%)
OPERATIONAL SUPPORT	35,083	17,729	50.53%	35,645	562	1.6%

During the first half of the year we have consumed 50.5% of our Operational Support budgets. We're forecasting an overspend of £0.6m/1.6% by the end of the financial year. Highlights from this area of the budget include:-

- **Criminal Justice** – an overspend of £0.2m/1.6% is forecast. This is the result of overspends in police officer pay and allowances (£0.2m/5.3%) due to being over established and therefore unable to achieve pay top slice, police staff pay and allowances (£0.2m/2.0%) due to vacancies, an under achievement of speed enforcement income of (£0.06m/1.4%), offset against underspends on police staff pay in the speed enforcement unit;
- **Business Improvement** – an overspend of £0.1m/4.1% is forecast. This is entirely due to the

overspends on pay, including redundancy cost, reflecting the time taken to implement the new structure of this team following the PBR changes;

- **Operations** – an overspend of £0.4m/5.5% is forecast. This is the net result of an overspend on police officer pay and allowances (£0.3m/4.8%) due to being over established, partnership costs (£0.1m/792.4%) due to mutual aid requirements at the policing of high profile football events and other small overspends transport and subsistence, this is offset by an over achievement of income (£0.1m/7.0%) due to football events (inc mutual aid to other forces);
- **Intelligence & Tasking** – an underspend of £0.1m/0.6% is forecast. This is predominantly the result of an overspend on police officer pay and allowances (£0.3m/5.6%), police officer overtime (£0.2m/166.6%), offset by an underspend on police staff pay and allowances (£0.6m/8.6%). These forecasts assume reductions in level of vacancies over the second half of the year.

INVESTIGATION

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Investigation	24,174	11,393	47.13%	23,053	(1,121)	(4.6%)
Investigation Major Incidents	758	316	41.76%	758	0	0.0%
INVESTIGATION	24,932	11,709	46.97%	23,811	(1,120)	(4.5%)

During the first half of the year we have consumed 47.0% of our Investigation budgets. We're forecasting an underspend of £1.1m/4.6% by the end of the financial year. This is the result of underspends in police officer pay and allowances (£1.6m/7.7%) due to very high vacancies, partly offset with overspends on police officer overtime (£0.3m/59.3), police staff overtime (£0.1m/1297.6%) and some small overspends on transport;

COLLABORATION

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Tri-Force Specialist Operations	11,650	5,636	48.38%	11,480	(170)	(1.5%)
Scientific Investigations	6,584	1,669	25.34%	6,594	11	0.2%
Major Crime Investigations	4,646	2,258	48.61%	4,486	(159)	(3.4%)
South West ROCU	2,331	2,331	100.00%	2,331	0	0.0%
Special Branch	1,014	466	45.91%	927	(87)	(8.6%)
Black Rock	721	158	21.94%	717	(4)	(0.6%)
Counter Terrorism Specialist Firearms	739	194	26.29%	515	(223)	(30.3%)
COLLABORATION	27,684	12,712	45.92%	27,051	(633)	(2.3%)

During the first half of the year we have consumed 45.9% of our Collaboration budgets. We're forecasting an underspend of £0.6m/2.3% by the end of the financial year, although. Highlights from this area of the budget include:-

- **Tri Force Specialist Operations** – an underspend of £0.2m/1.5% is forecast based on indications from Q1 Tri-Force report of underspends particularly in our partner forces. Whilst this forecast is continued at this time, emerging indications from partners is that there position is changing which may therefore see this underspend reduced in future forecasts;
- **Major Crime Investigation** – an underspend of £0.2m/3.4% is forecast. This is the result of vacancies within the unit;
- **Counter Terrorism Specialist Firearms** – an underspend of £0.2m/30.3% is forecast. This is the result of 9 vacancies within the unit, 3 will be filled as soon as officers are released in Wilts/Glos and the remaining 6 after the October SFO course ;

ENABLING SERVICES

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Chief Officers and Staff Office	1,809	1,097	60.66%	1,962	153	8.5%
Southwest One Unitary Charge	9,182	5,626	61.27%	9,062	(120)	(1.3%)
Estates	11,078	5,588	50.45%	10,974	(103)	(0.9%)
Technology Services	8,626	5,235	60.69%	8,413	(213)	(2.5%)
Transport Services	4,519	2,146	47.49%	4,586	67	1.5%
Professional Standards	1,495	746	49.89%	1,496	1	0.1%
Human Resources	3,396	1,109	32.64%	3,202	(194)	(5.7%)
Occupational Health & Safety	758	410	54.05%	867	109	14.4%
Corporate Learning & Development	4,535	2,309	50.91%	4,623	88	1.9%
Staff Associations and Support Groups	613	246	40.22%	495	(117)	(19.1%)
Strategy & Transformation (see below)	3,616	1,412	39.04%	3,649	32	0.9%
Corporate Information Management	943	438	46.47%	939	(4)	(0.4%)
Corporate Communications	828	390	47.08%	807	(21)	(2.5%)
Legal Services	714	438	61.29%	774	60	8.4%
Corporate Services	4,266	1,378	32.31%	4,131	(135)	(3.2%)
Finance and Business Services	3,757	1,844	49.08%	3,680	(77)	(2.0%)
ENABLING SERVICES	60,134	30,412	50.57%	59,661	(473)	(0.8%)

During the first half of the year we have consumed 50.6% of our Enabling Services budgets. We're forecasting an underspend of £0.5m/0.8% by the end of the financial year. Highlights from this area of the budget include:-

- **Chief Officers and Staff Office** – an overspend of £0.15m/8.5% is forecast. This overspend relates to staff and officer budgets which includes 2.2 unfunded posts, £42k overspend on partnership costs and £44k overspend on Police Now;
- **Technology Services** – an underspend of £0.2m/2.5% is forecast. This is predominantly the result of underspends on communications and computing costs (£0.2m/2.4%);
- **Human Resources** – an underspend of £0.2m/5.7% is forecast. This is due to underspends of 168k on police pay and allowances, and £19k on transport costs;
- **Occupational Health & Safety** – an overspend of £0.11m/14.4% is forecast. This is due to overspends on indirect employee expenses relating to Direct Medical Intervention budget and the £70k savings still to be found that the department is committed to;
- **Corporate Services** – an underspend of £0.1m/3.2% is forecast. This is due to underspends of £76k on stationery and postage following centralisation and £30k on mileage claims.

CENTRAL COSTS

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Pensions	9,924	5,345	53.85%	10,523	598	6.0%
Officer & Staff Allowances	2,747	957	34.82%	2,445	(302)	(11.0%)
Central Costs (inc unadjusted savings)	1,061	(65)	(6.14%)	971	(90)	(8.5%)
Central Savings	183	(271)	(148.08%)	(271)	(453)	(248.1%)
Student Officers	1,071	602	56.18%	1,045	(26)	(2.4%)
CENTRAL COSTS	14,986	6,567	43.82%	14,713	(273)	(1.8%)

This area of the budget covers a number of different aspects of our costs, including where we make adjustments to reflect the draw down against reserves to temporarily fund spend elsewhere within the

budget. The YTD position is impacted by the planned drawdown against reserves which is explained below. The forecast shows an underspend, as explained.

- **Officer and Staff Allowances** – an underspend of £0.3m/11.0% is forecast, made up of underspends against Housing & TRA allowances, standby allowance, staff pay reserve, apprenticeship levy and holiday pay on overtime;
- **Pensions** – an overspend of £0.6m/6.0% is forecast. This is the consequence of the £184k Pension Deficit Lump Sum no longer being paid by SW1 and £170k outstanding ESA payments estimated above the provision available and the balance due to and additional ill health retirements due to the budgeting for 12 and 16 expected has incurred £250k costs;
- **Central Savings** – when the 17/18 budget was set there was a residual balancing figure which required further savings to be identified and brought forward. This original balance was £1.4m (see first column of appendix E). Against this we have recognised more than the £1.4m of savings, including savings for which are all detailed in appendix E.

Once all these adjustments have been accounted for the balance for central savings stands at £0.4m over achievement but a lot of these are only one off this year. The residual underlying saving requirement still stands at £1.3m and this will be rolled forward and addressed through the MTFP.

STRATEGY & TRANSFORMATION

The Constabulary continues to run a number of strategic projects, including joint programmes with partners. The total budget for these programmes, including the cost of the strategic change management team, is £3.6m. The table below provides a summary of budget, actual and forecast position as at the end of Q2:-

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Strategy & Transformation	1,188	533	44.9%	968	(220)	(18.5%)
Infrastructure	296	135	45.6%	282	(14)	(4.7%)
Service Design and Development	461	344	74.6%	948	487	105.6%
Digital Programme	1,117	335	30.0%	1,051	(66)	(5.9%)
Regional Collaboration Programme	554	65	11.7%	400	(154)	(27.8%)
TOTAL	3,616	1,412	39.0%	3,649	33	0.9%

During the first half of the year we have consumed 39.0% of our Strategic Projects budgets. We are forecasting an overspend of £0.03m/0.9% by the end of the financial year, albeit given the very fluid nature of these programmes this forecast will be subject to further change. Highlights from this area of the budget include:-

- Strategy & Transformation – the low spend to date and forecast underspend is due to the number of vacancies which were initially carried whilst this team was established following PBR;
- Service Design and Development – the forecast overspend here largely reflects the costs associated with MFSS transformation project, and include the abortive costs of Hants CC (having determined not to progress with their option), some additional costs associated with supporting data migration activity, and some additional staffing capacity to help with the transformation project;
- Regional Collaborations Programme – our contribution towards the regional programme costs will be transferred quarterly in arrears from the holding codes, this is likely to increase the forecast underspend as they too have high vacancies still to fill across a number of projects.

MISCELLANEOUS, GRANTS AND SECONDEES

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
Miscellaneous	0	(123)		0	0	
Grants	0	(154)		0	0	
Secondes	0	11		0	0	

These items are reported on separately from our main budget as they represent areas of spend which can otherwise distort the presentation of financial information:-

- Grants – this reflects the balance on our specific grants codes. The YTD position reflects receipt of funds yet to be expended or returned across a number of grant budgets. These include EU Protect Grant, NHS offender health grant, CTFSO and Integrated Offender Management related grants. Any residual balances at year-end will either be ring-fenced and carried forward or returned to the grant provider if appropriate.

POLICE & CRIME COMMISSIONER MANAGED BUDGETS

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
OPCC	1,354	581	42.88%	1,341	(13)	(1.0%)
Commissioning	3,488	849	24.35%	3,393	(95)	(2.7%)
OPCC Total	4,842	1,430	29.53%	4,731	(108)	(2.2%)

The OPCC budget is the subject of separate reports by the OPCC Chief Finance Officer.

OVERTIME BUDGETS AND SPEND

As previously reported overtime budgets have seen significant overspends, with an overspend of £1.87m/49.8% on officer overtime, and £0.88m/93.6% on staff overtime recorded in 16/17. This section of the report will therefore seek to continue to monitor our forecast overtime spend.

	Annual Budget £'000	YTD Actual £'000	YTD % Annual Budget	Forecast Outturn £'000	Over/ (Under) £'000	Over/ (Under) %
POLICE OFFICER OVERTIME						
Neighbourhood & Partnership	156	62	39.7%	132	(24)	(15.3%)
Response	1,401	701	50.0%	1,433	32	2.3%
Operational Support	1,101	454	41.2%	1,246	145	13.2%
Investigation	895	498	55.6%	1,189	294	32.8%
Collaboration	348	278	79.9%	607	259	74.4%
Enabling Services	7	8	114.3%	18	11	157.1%
Central Costs	511	193	37.8%	489	(22)	(4.3%)
Misc/Grants/Secondes	88	58	65.9%	98	10	11.4%
Police Officer Overtime TOTAL	4,506	2,252	50.0%	5,212	706	15.7%
POLICE STAFF/PCSO OVERTIME						
Neighbourhood & Partnership	26	39	150.0%	75	49	188.5%
Response	348	138	39.7%	288	(60)	(17.2%)
Operational Support	220	152	69.1%	375	155	70.5%
Investigation	135	114	84.4%	248	113	83.7%

Collaboration	79	42	53.2%	94	15	19.0%
Enabling Services	128	84	65.6%	195	67	52.3%
Central Costs	103	26	25.2%	65	(38)	(36.9%)
Misc/Grants/Secondees	8	41	512.5%	13	5	62.5%
Police Staff/PCSO Overtime TOTAL	1,054	637	60.4%	1,354	300	28.5%
TOTAL	5,560	2,889	52.0%	6,566	1,006	15.3%

As the above table demonstrates we are forecasting to overspend by £1.0m/15.3% on overtime budgets, with £0.7m/15.7% forecast as overspend on officer overtime budgets and £0.30m/28.5% overspend on staff overtime budgets.

This trend of overspends is a continuation of the pressures which were highlighted and reported on throughout 2016/17. Although this is a lot lower than last year, budgets were reviewed and changed to reflect budgets for regular activities such as football and Op Cobb with a corresponding income budget for the income that will be received and this has eliminated any known variances and allows us to now focus on areas that are spending above the budget. Also these forecasts may reduce if vacancies are to be filled although as we have seen previously in the report this is unlikely due to the expected reduction in officer numbers.

- **Operational Support** – The primary pressure in this area is against police officer budgets where the forecast is an overspend of £0.3m/22.7%. Intelligence & Tasking (£0.15m/111.5%) in the Force Surveillance Team are creating the largest overtime overspends for officers overtime. Criminal Justice overspend (£0.1m/52.3%) due to Custody and SEU vacancies.
- **Investigation** – This area are forecasting overspends on both officers overtime (£0.3m/32.8%), and on staff overtime (£0.1m/83.7%). This is largely due to the number and vacancies and use of zero hour contracts although is a lot lower than this time last year and a reduction of £26k included due to estimated recruitment, however it may also be the case that the underlying level of budget provided here needs to be reviewed – and we will flag this emerging issue through our MTFP development.
- **Collaborations** – This area is forecasting overspends predominantly on officers overtime (£0.3m/74.4%) which is as a result of vacancies across the collaboration, as well as additional demand linked to heightened threat levels.
- **Enabling Services** – An overspend is forecast on staff overtime (£0.06m/52.3%) mainly in transport due to staffing issues and an increase in workload due to increased commissioning activity.

The actual spend across the quarter suggests that the issue in relation to overtime is still high, but work is continuing to reduce the forecast overspends. We will continue to monitor and report the spend position closely, and would continue to encourage SLT's to maintain their regular oversight of this issue as well so that where possible we can bring our overtime spend more in line with budgets.

4. PART TWO – 17/18 CAPITAL BUDGET PERFORMANCE

In February 2017 the anticipated new capital plan for 17/18 totalled £22.1m with the addition of carry forwards of capital schemes in progress amounting to £8.0m at the end of 16/17. The capital plan has since been reviewed and schemes have been added, removed or profiled into future years as necessary. Also the budget for the digital mobilisation project has been profiled to match the forecasted expenditure for 17/18 by bring forward the 18/19 budgets into the current year. These adjustments show a revised capital plan for Avon and Somerset of £31.6m for 17/18 (£32.3m including regional projects).

The table below summarises this movement:-

2017/18 Capital Plan	17/18 Plan £'000	C/Fwd from 16/17 £'000	TOTAL Plan £'000	Adjustments £'000	TOTAL Revised Plan £'000
Rolling replacement and renewal	6,722	2,412	9,134	(1,314)	7,820
Other Projects	1,523	1,713	3,236	(725)	2,511
Service design and development Prog	625	0	625	1,461	2,086
Digital Prog	7,082	508	7,590	3,462	11,052
Infrastructure Prog	5,931	3,269	9,200	(1,355)	7,845
Regional Prog	250	132	382	(125)	257
TOTAL Avon & Somerset Schemes	22,133	8,034	30,167	1,404	31,571
Memorandum Items	0	989	989	(293)	696
TOTAL	22,133	9,023	31,156	1,111	32,267

17/18 CAPITAL PROGRAMME OUTTURN

	TOTAL Plan £'000	YTD Consumption against plan £'000	% of Plan	Forecast Outturn £'000	C/Fwd to 18/19 £'000	Over/ (Under) £'000	Over/ (Under) %
Rolling replacement and renewal	7,820	3,101	39.7%	6,370	(618)	(832)	(10.6%)
Other Projects	2,511	269	10.7%	1,553	(250)	(708)	(28.2%)
Service design and development Prog	2,086	0	0.0%	1,785	(301)	0	0.0%
Digital Prog	11,052	2,215	20.0%	10,021	(635)	(396)	(3.6%)
Infrastructure Prog	7,845	1,455	18.5%	4,000	(2,322)	(1,523)	(19.4%)
Regional Prog	257	0	0.0%	0	0	(257)	(100.0%)
TOTAL A&S	31,571	7,040	22.3%	23,729	(4,126)	(3,716)	(11.8%)
Memorandum Items	696	356	51.1%	588	0	(108)	(15.6%)
TOTAL Plan	32,267	7,396	22.9%	24,317	(4,126)	(3,824)	(11.85%)

At the end of Q2 £7.4m (22.9%) of the capital programme has been spent; further details of which are included within Appendix F. Decisions are still outstanding on a number of projects within the capital plan. The forecasts will be reviewed as more information becomes available throughout the year. More details are included within each area of the report within Appendix F.

It should be noted that we continue to review and prioritise our plans as we move forward. Therefore the forecast is against current plans, and any amendment to these will further change these forecasts.

ROLLING REPLACEMENT AND RENEWAL

In Q2 £3.1m (39.7%) of the plan has been consumed, with a forecast of £6.4m (81.5%) by the end of the financial year. The key highlights from this element of the capital plan are:

- IT Renewal and Replacements – It is anticipated that 0.4m of the IT replacement programme will be spent during 17/18. The budget for network security of £0.3m will be carried forward into 18/19 and the £0.4m for infrastructure refresh may be avoided as a result of the cloud strategy;
- Estates Rolling Replacement and Renewal – £0.4m expenditure is planned including on a replacement boiler (£0.1m) and electrical systems (£0.26m). Expenditure to the end of Q2 was £5k and £165k respectively;
- Vehicle Replacements – The £5.4m budget was updated to reflect the anticipated delivery

dates of the replacement vehicles from the manufacturers resulting in a revised budget of £4.6m. At the end of Q2 £2.7m (58.3%) of the replacement programme has been spent to date. It is anticipated that a further £1.6m will be delivered by the end of the financial year to give a total spend of £4.3m in 17/18. Further commitments are planned to be made during this financial year once decisions have been reached, with anticipated delivery dates in early 18/19;

- In-Vehicle Tracking – All the devices have been fitted within the vehicles, however there are outstanding technical problems. The final payment will be made when the issues are resolved;
- ANPR – Expenditure on the replacement ANPR equipment to end Q2 was £91k (46.9%) and this budget is likely to be fully spent depending on the number of faults and repairs carried during the last half of the year. The work on the strategic routes is planned to be fully spent by the end of the financial year. The works for upgrading the ANPR on the motorways £50k is currently on hold while waiting for decisions with the Highways England;
- Tri-Force Equipment – Additional survey and ARV equipment is due to be purchased in this financial year £0.2m. Expenditure to the end of Q2 was £31k.

OTHER PROJECTS

By end Q2 £0.3m (10.7%) has been consumed, with a forecast of £1.6m/61.8% by the end of the financial year. The key highlights from this element of the capital plan are:

- Voice and Data Communications – This project is due for completion by the end of 17/18. A review has been made of the outstanding commitments and it is anticipated that £0.4m will be required to complete the project, leaving £0.7m as a permanent underspend;
- Site resilience for VOIP – It is anticipated that £0.3m of the £0.5m budget will be spent during 17/18 to complete this project;
- LAN refresh switches – It is anticipated that £0.4m will be spent during 17/18;
- Project Atlas (Niche) – At the end of Q2 £0.1m has been spent to date. The disaster recovery site project is due for completion in 17/18 totalling £0.2m;

SERVICE REDESIGN AND DEVELOPMENT

This project is the replacement of the existing ERP solution (SAP) with the MFSS (Multi Force shared service) solution, of which the anticipated cost in 17/18 is £1.8m.

DIGITAL PROGRAMME

The expenditure to the end of Q2 is £2.2m (20.4%), with an anticipated full year forecast of £10.0m (90.7%). The key highlights are as follows:-

- Emergency Services Network – This scheme is part of the national programme to replace the current airwave system. The upgrade to the control room phase 1 (£0.2m) is due for completion during 17/18 and phase 2 is anticipated to be completed in 18/19, in readiness for this scheme to go live in the South West region in 21/22;
- Digital Mobilisation – £2.1m expenditure has been incurred by the end of Q2 on the project, with a forecasted expenditure of £9.4m in 17/18. £2.5m from the budget set aside from 18/19 has been brought forward into 17/18 as the laptops are being purchased earlier than originally anticipated;
- Digital Evidence – at the end of Q2 £0.1m has been spent on the development work for the Digital Evidence management system (Evidence works), with a forecasted expenditure of £0.3m at the end of 17/18. £0.5m for storage and £0.1m for CPS data links is now deferred to 18/19.

INFRASTRUCTURE AND ASSET PROGRAMME

The expenditure at end of Q2 is £1.5m (18.5%) and the anticipated forecast to the end of the financial year is £4.0m (51.0%). The key highlights of this programme include:

- Work has commenced on several schemes and is due to complete during 17/18 including:-
 - Wilfred Fuller VC Operational Training Centre (£0.7m). Q2 expenditure £0.6m;
 - North Somerset Police Centre is completed with £0.1m forecast for remaining costs;
 - Regional Drug and Chemical Labs (£0.5m). Q2 expenditure £0.4m;
 - Nailsea Enquiry Office and SSN (£0.1m). Q2 expenditure £0.1m;
 - Fire Service HQ Occupation (£0.37m). Q2 expenditure £0.27m;
 - Cheddar Police Station (£0.3m);
 - Williton Police station due for completion Dec 2017 with a forecasted cost of £0.12m;
 - CTSFO Estates Works (£0.7m);
- Several schemes are awaiting approval before progressing during 17/18. At this stage it has been assumed that only feasibility costs will be spent by the end of 17/18 and are more likely to be carried forward into the 18/19 capital plan. The forecast will be reviewed as we go through the financial year and decisions are made. The schemes are as follows:-
 - Taunton Police Station Response (£0.5m);
 - New A303 East Response Hub (£0.5m);
 - Shepton Mallett Response Hub (£0.25m);
 - Bradley Stoke enquiry office (£0.15m);
 - Kenneth Steel House Accommodation (£1.0m);
- Other schemes expected to receive approval during 17/18 and that works are likely to commence within the current financial year include:-
 - New Generator project (£0.3m);
 - Provision of additional storage at HQ (£0.1m) – subject to approval;
 - Southmead replacement projects (£0.5m).

REGIONAL PROGRAMME

This includes the upgrade to the STORM system (£0.3m). The project is currently on hold, however if this does not go ahead as a regional project Avon and Somerset may need to upgrade the current system.

MEMORANDUM ITEMS

The expenditure for the Regional Organised Crime Unit was £0.1m in Q1, with the final fees and retentions still outstanding giving a full year forecast of £0.6m. The purchase of this building is funded through regional funds.

The £0.3m funding received to support the new air support base is going to be returned to NPAS as they are undertaking the work to complete the new base.

5. PART THREE – 17/18 FINANCIAL HEALTH INDICATORS

Details of financial indicators for 17/18 are provided in Appendix F. Highlights include:-

- a) Revenue budget summary: This highlights that during the first half of 17/18 we have consumed 48% (£133.5m) of the budget, and forecast an underspend 1.6% (£4.56m) by the end of the year;
- b) Revenue budget over/(under) spends: This shows the breakdown of the budget into its constituent

subjective elements, and enables the reader to see at a glance whether that area of the budget is over or underspent during 17/18. As demonstrated by the graph underspends are primarily occurring in officer pay. Overspending is forecast in our other pay budgets. All of these over and under spends have been explained in the above report;

- c) Overtime Budgets: This shows the position in relation to overtime spend for both police officers and police staff. As is shown here 49.3% of the budget has been consumed by the end of Q2, both officer and staff overtime running ahead of budget and forecasting overspends. As highlighted above this is a continuation of pressures seen last year, and whilst represents an improvement it needs to continue to be closely monitored by SLT's throughout the force;
- d) Capital budget summary: This provides a visualisation of the actual position in relation to the capital programme, as reported above. As demonstrated by this, we consumed 22% of the plan by the end of Q2;
- e) Supplier Payments: This section provides an update on our performance for paying suppliers within 30 days (measured against the receipt of the invoice at our scanning department less 2 days for posting). As is demonstrated here, during the first half of 17/18, we have paid 93.8% of our suppliers within this 30 day timescale;
- f) Borrowing and Investments: Here we provide an update on our total borrowings (£40.8m) compared to the total approvals for borrowing (£58m), as well as the average rate we're paying on our borrowing (3.87%). In addition we also show the amount of cash held on deposit as at 30th Sept 2017 (£65.3m), and the average rate of interest we received on these cash balances during the first half of 17/18 (0.54%).

6. EQUALITY ANALYSIS

All business cases in support of change, both with revenue and capital implications are subject to an equality impact assessment. This way we can ensure that those decisions on how we allocate our funding across budgets and plans are cognisant of equality issues.

7. SUSTAINABILITY

Sustainability is important in regard to ensuring the organisation is living within both its financial limits (financial sustainability) as well as within its environmental limits through ensuring effective and efficient use of natural resources. In fulfilling the objectives in terms of financial sustainability, the PCC has adopted the set of Key Financial Health Indicators which were originally adopted by the Police Authority and which are reported on within the content of this report. Wider environmental sustainability considerations are also accounted for within the budget and capital programme.

8. CONCLUSIONS AND RECOMMENDATIONS

Our revenue headline performance (underspend of £4.56m/1.6%), represents a significant shift from that which was forecast at the end of Q1. This increase in underspend reflects the emerging projection around vacancies which are set to continue throughout the year. Actions to bring these forecast vacancies down will include potential increases to recruitment numbers in short-term, and this may have the effect of reducing the underspends being forecast here.

The overtime spend position has shown positive movement, reflecting in part improved budgeting around Operation Cobb, as well as ongoing control being brought about by managers and leaders throughout the Constabulary. An overspend is still forecast here, and this largely reflects current and forecast vacancies. Through discussions with budget holders in preparation for the presentation of our MTFP (due to be presented at November CMB) there are areas of the organisation that are now suggesting that overtime spend at current levels is unlikely to significantly reduce further even if vacancies are filled – and this might therefore require us to make greater consideration of the

appropriateness of our overtime budgets into the medium term.

Our capital spend continues to reflect a large number of projects and initiatives underway, however there does appear to be some success in realising permanent underspends against budget which is to be welcomed in the context of our wider capital affordability concerns. More work is now needed to develop longer-range forecasts for capital spend, and we will look to develop this over the next couple of months with intention to bring this emerging picture back to CMB at its December meeting.

Members of Police and Crime Board are invited to review and discuss this financial performance report, and to support the actions identified.

Appendix A - Subjective Structure 2017/18 Revenue Outturn September 2017 - QUARTER 2	YTD Actual				Q2 Forecast Outturn			
	17/18 YTD Actual	17/18 YTD Budget	Over/ (Under)	Over/ (Under)	17/18 Projected Outturn	17/18 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Police Officer pay and allowances	64,060	65,461	(1,401)	(2.1%)	128,219	131,590	(3,371)	(2.6%)
Police Officer Overtime	2,193	2,185	8	0.4%	5,114	4,418	695	15.7%
Police Staff pay and allowances	31,679	33,098	(1,419)	(4.3%)	68,048	69,205	(1,157)	(1.7%)
Police Staff Overtime	595	536	59	11.0%	1,340	1,040	301	28.9%
PCSO pay and allowances	5,309	5,541	(232)	(4.2%)	10,680	11,043	(363)	(3.3%)
PCSO Overtime	6	2	3	136.9%	11	4	7	157.0%
Indirect Employee Expenses	1,114	548	567	103.5%	1,796	1,235	560	45.4%
Pensions	4,338	4,139	200	4.8%	7,883	7,253	630	8.7%
EMPLOYEE COSTS	109,295	111,510	(2,215)	(2.0%)	223,091	225,790	(2,699)	(1.2%)
PREMISES COSTS	6,078	6,260	(182)	(2.9%)	11,829	11,890	(61)	(0.5%)
TRANSPORT COSTS	2,190	2,392	(202)	(8.5%)	4,866	4,930	(64)	(1.3%)
S&S - COMMUNICATIONS AND COMPUTING COSTS	5,865	5,985	(120)	(2.0%)	10,164	10,260	(96)	(0.9%)
S&S - FORENSICS COSTS	4	44	(40)	(91.5%)	56	62	(6)	(10.1%)
S&S - OTHER COSTS	5,787	6,039	(252)	(4.2%)	11,721	12,062	(341)	(2.8%)
PARTNERSHIP COSTS (3RD PARTY PAYMENTS)	10,768	10,943	(175)	(1.6%)	20,545	20,783	(237)	(1.1%)
TRANSFERS TO/(FROM) RESERVES	(2,949)	(2,761)	(188)	(6.8%)	(2,487)	(2,455)	(32)	(1.3%)
CAPITAL FINANCING COSTS	6,822	6,775	48	0.7%	11,165	11,113	52	0.5%
OUTSTANDING SAVINGS TARGET	(271)	166	(436)	263.4%	(271)	113	(383)	340.1%
TOTAL CONSTABULARY EXPENDITURE	143,589	147,353	(3,763)	(2.6%)	290,678	294,547	(3,869)	(1.3%)
INCOME - SPECIAL GRANTS	0	0	0	0.0%	0	0	0	0.0%
INCOME - OTHER	(11,280)	(11,005)	(275)	2.5%	(22,421)	(21,837)	(584)	(2.7%)
TOTAL CONSTABULARY INCOME	(11,280)	(11,005)	(275)	2.5%	(22,421)	(21,837)	(584)	(2.7%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	132,310	136,348	(4,038)	(3.0%)	268,257	272,710	(4,453)	(1.6%)
MISCELLANEOUS	(123)	0	(123)	0.0%	0	0	0	
GRANTS	(154)	(157)	3	0.0%	0	0	0	
SECONDEES	11	0	11	0.0%	(0)	0	(0)	
TOTAL CONSTABULARY	132,044	136,191	(4,148)	(3.0%)	268,257	272,710	(4,453)	(1.6%)
OFFICE OF THE POLICE AND CRIME COMMISSIONER	581	652	(72)	(11.0%)	1,341	1,354	(13)	(1.0%)
COMMISSIONING COSTS	849	1,751	(901)	(51.5%)	3,393	3,488	(95)	(2.7%)
TOTAL OPCC AND COMMISSIONING	1,430	2,403	(973)	(40.5%)	4,734	4,842	(108)	(2.2%)
TOTAL REVENUE EXPENDITURE	133,474	138,594	(5,121)	(3.7%)	272,991	277,552	(4,561)	(1.6%)

Appendix B - Mgt Structure 2017/18 Revenue Outturn September 2017 - QUARTER 2	YTD Actual				Q2 Forecast Outturn			
	17/18 YTD Actual	17/18 YTD Budget	Over/ (Under)	Over/ (Under)	17/18 Projected Outturn	17/18 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Neighbourhood Policing	12,802	13,138	(335)	(2.6%)	26,025	26,662	(636)	(2.4%)
Road Safety	245	241	4	1.8%	320	290	30	10.2%
Offender Management	2,346	2,440	(94)	(3.8%)	4,785	4,787	(1)	(0.0%)
Victims and Safeguarding	2,041	2,144	(103)	(4.8%)	4,056	4,127	(71)	(1.7%)
NEIGHBOURHOOD & PARTNERSHIP	17,434	17,962	(528)	(2.9%)	35,187	35,866	(679)	(1.9%)
Command and Control	8,775	8,636	139	1.6%	17,754	17,283	471	2.7%
Patrol	24,092	25,134	(1,041)	(4.1%)	48,609	50,650	(2,041)	(4.0%)
Detainee Investigation Support	2,879	3,031	(152)	(5.0%)	5,826	6,093	(267)	(4.4%)
RESPONSE	35,746	36,801	(1,054)	(2.9%)	72,190	74,026	(1,836)	(2.5%)
Criminal Justice	6,252	5,911	341	5.8%	11,957	11,771	186	1.6%
Business Improvement	1,636	1,486	150	10.1%	3,170	3,045	126	4.1%
Operations	3,763	3,693	70	1.9%	7,722	7,319	403	5.5%
Operations Major Incidents	106	234	(129)	(54.9%)	242	242	(0)	(0.0%)
Intelligence and Tasking	5,972	6,330	(358)	(5.7%)	12,553	12,706	(153)	(1.2%)
OPERATIONAL SUPPORT	17,729	17,654	75	0.4%	35,645	35,083	562	1.6%
Investigation	11,393	12,099	(706)	(5.8%)	23,053	24,174	(1,121)	(4.6%)
Investigation Major Incidents	316	738	(421)	(57.1%)	758	758	0	0.0%
INVESTIGATION	11,709	12,836	(1,127)	(8.8%)	23,811	24,932	(1,120)	(4.5%)
Triforce Specialist Operations	5,636	5,776	(140)	(2.4%)	11,480	11,650	(170)	(1.5%)
Scientific Investigations	1,669	1,651	17	1.0%	6,594	6,584	11	0.2%
Major Crime Investigations	2,258	2,370	(112)	(4.7%)	4,486	4,646	(159)	(3.4%)
South West ROCU	2,331	2,331	0	0.0%	2,331	2,331	0	0.0%
Special Branch	466	515	(50)	(9.7%)	927	1,014	(87)	(8.6%)
Black Rock	158	180	(22)	(12.3%)	717	721	(4)	(0.6%)
Counter Terrorism Specialist Firearms	194	366	(172)	(46.9%)	515	739	(223)	(30.3%)
COLLABORATION	12,712	13,190	(478)	(3.6%)	27,051	27,684	(633)	(2.3%)
Chief Officers and Staff Office	1,097	849	248	29.2%	1,962	1,809	153	8.5%
Southwest One Unitary Charge	5,626	5,869	(243)	(4.1%)	9,062	9,182	(120)	(1.3%)
Estates	5,588	5,815	(226)	(3.9%)	10,974	11,078	(103)	(0.9%)
Technology Services	5,235	5,322	(87)	(1.6%)	8,413	8,626	(213)	(2.5%)
Transport Services	2,146	2,316	(170)	(7.3%)	4,586	4,519	67	1.5%
Professional Standards	746	743	2	0.3%	1,496	1,495	1	0.1%
Human Resources	1,109	1,226	(117)	(9.6%)	3,202	3,396	(194)	(5.7%)
Occupational Health & Safety	410	343	67	19.4%	867	758	109	14.4%
Corporate Learning & Development	2,309	2,304	5	0.2%	4,623	4,535	88	1.9%
Staff Associations and Support Groups	246	311	(65)	(20.8%)	495	613	(117)	(19.1%)
Strategy & Transformation	1,412	1,343	69	5.1%	3,649	3,616	32	0.9%
Corporate Information Management	438	471	(33)	(7.0%)	939	943	(4)	(0.4%)
Corporate Communications	390	417	(28)	(6.6%)	807	828	(21)	(2.5%)
Legal Services	438	381	57	15.0%	774	714	60	8.4%
Corporate Services	1,378	1,484	(106)	(7.2%)	4,131	4,266	(135)	(3.2%)
Finance and Business Services	1,844	1,739	105	6.0%	3,680	3,757	(77)	(2.0%)
ENABLING SERVICES	30,412	30,935	(523)	(1.7%)	59,661	60,134	(473)	(0.8%)
Pensions	5,345	5,200	145	2.8%	10,523	9,924	598	6.0%
Officer & Staff Allowances	957	1,086	(130)	(12.0%)	2,445	2,747	(302)	(11.0%)
Central Costs (inc unadjusted savings)	(65)	(177)	112	(63.2%)	971	1,061	(90)	(8.5%)
Central Savings	(271)	236	(506)	(214.8%)	(271)	183	(453)	(248.1%)
Student Officers	602	626	(24)	(3.8%)	1,045	1,071	(26)	(2.4%)
CENTRAL COSTS	6,567	6,971	(404)	(5.8%)	14,713	14,986	(273)	(1.8%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	132,310	136,348	(4,038)	(0)	268,257	272,710	(4,453)	(0)
MISCELLANEOUS	(123)	0	(123)		0	0	0	
GRANTS	(154)	(157)	3		0	0	0	
SECONDEES	11	0	11		(0)	0	(0)	
TOTAL CONSTABULARY	132,044	136,191	(4,148)	(3.0%)	268,257	272,710	(4,453)	(1.6%)
OFFICE OF THE POLICE AND CRIME COMMISSIONER	581	652	(72)	(11.0%)	1,341	1,354	(13)	(1.0%)
COMMISSIONING COSTS	849	1,751	(901)	(51.5%)	3,393	3,488	(95)	(2.7%)
TOTAL OPCC AND COMMISSIONING	1,430	2,403	(973)	(40.5%)	4,734	4,842	(108)	(2.2%)

Appendix C Officer Overtime September 2017 - QUARTER 2	Year To Date				Forecast Outturn			
	17/18 TOTAL Actual	17/18 YTD Budget	Over/ (Under)	Over/ (Under)	17/18 Projected Outturn	17/18 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Neighbourhood Policing	46	49	(3)	(6.0%)	95	117	(22)	(18.5%)
Road Safety	0	0	0	0.0%	0	0	0	#DIV/0!
Offender Management	10	14	(4)	(26.1%)	25	34	(10)	(28.0%)
Victims and Safeguarding	6	2	4	196.9%	13	5	8	165.9%
NEIGHBOURHOOD & PARTNERSHIP	62	65	(3)	(4.1%)	132	156	(23)	(14.9%)
Command and Control	2	2	(0)	(18.8%)	4	5	(1)	(18.8%)
Patrol	663	658	6	0.9%	1,356	1,330	27	2.0%
Detainee Investigation Support	36	33	3	9.4%	72	66	6	8.8%
RESPONSE	701	692	8	1.2%	1,433	1,401	32	2.3%
Criminal Justice	75	58	17	30.0%	162	118	44	37.4%
Business Improvement	1	2	(1)	(51.0%)	3	6	(3)	(51.0%)
Operations	211	188	24	12.5%	763	756	7	1.0%
Operations Major Incidents	86	131	(45)	(34.1%)	131	131	0	0.0%
Intelligence and Tasking	80	41	39	94.4%	187	90	97	107.6%
OPERATIONAL SUPPORT	454	420	34	8.1%	1,246	1,101	145	13.2%
Investigation	352	227	125	55.0%	789	495	294	59.3%
Investigation Major Incidents	146	403	(257)	(63.7%)	400	400	0	0.0%
INVESTIGATION	498	630	(132)	(20.9%)	1,189	895	294	32.8%
Triforce Specialist Operations	249	143	106	74.3%	545	307	238	77.6%
Scientific Investigations	0	0	0	0.0%	0	0	0	#DIV/0!
Major Crime Investigations	17	10	7	69.2%	36	21	16	76.4%
South West ROCU	0	0	0	0.0%	0	0	0	#DIV/0!
Special Branch	8	5	2	48.6%	13	11	2	19.9%
Black Rock	0	0	0	0.0%	0	0	0	#DIV/0!
Counter Terrorism Specialist Firearms	4	4	(0)	(2.0%)	12	10	3	28.2%
SPECIALIST OPERATIONS	278	162	116	71.2%	607	348	259	74.3%
Chief Officers and Staff Office	0	0	0	0.0%	0	0	0	#DIV/0!
Southwest One Unitary Charge	0	0	0	0.0%	0	0	0	#DIV/0!
Estates	0	0	0	0.0%	0	0	0	#DIV/0!
Technology Services	0	0	0	0.0%	0	0	0	#DIV/0!
Transport Services	0	0	0	0.0%	0	0	0	#DIV/0!
Professional Standards	1	1	0	27.2%	2	2	0	27.1%
Human Resources	0	0	0	0.0%	0	0	0	#DIV/0!
Occupational Health & Safety	0	0	0	0.0%	0	0	0	#DIV/0!
Corporate Learning & Development	6	2	4	192.3%	15	5	10	192.1%
Staff Associations and Support Groups	0	0	(0)	(100.0%)	0	0	(0)	(100.0%)
Strategy & Transformation	0	0	0	0.0%	0	0	0	#DIV/0!
Corporate Information Management	0	0	0	0.0%	0	0	0	#DIV/0!
Corporate Communications	0	0	0	0.0%	0	0	0	#DIV/0!
Legal Services	0	0	0	0.0%	0	0	0	#DIV/0!
Corporate Services	0	0	0	0.0%	0	0	0	#DIV/0!
Finance and Business Services	0	0	0	0.0%	0	0	0	#DIV/0!
ENABLING SERVICES	8	3	5	150.5%	18	7	10	140.5%
Pensions	0	0	0	0.0%	0	0	0	#DIV/0!
Officer & Staff Allowances	97	98	(1)	(1.3%)	389	394	(5)	(1.2%)
Central Costs (inc unadjusted savings)	95	115	(19)	(16.7%)	100	117	(16)	(14.1%)
Student Officers	(0)	0	(0)	0.0%	(0)	0	(0)	#DIV/0!
CENTRAL COSTS	193	213	(20)	(9.6%)	489	511	(21)	(4.2%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	2,193	2,185	8	0.4%	5,114	4,418	695	15.7%
MISCELLANEOUS	3	0	3	0.0%	0	0	0	#DIV/0!
GRANTS	33	30	3	11.2%	61	61	0	0.0%
SECONDEES	22	18	5	26.0%	37	27	10	38.3%
TOTAL CONSTABULARY	2,252	2,233	19	0.8%	5,212	4,506	706	15.7%
OFFICE OF THE POLICE AND CRIME COMMISSIONER	0	0	0	0.0%	0	0	0	#DIV/0!
COMMISSIONING COSTS	0	0	0	0.0%	0	0	0	#DIV/0!
TOTAL OPCC AND COMMISSIONING	2,252	2,233	19	0.8%	5,212	4,506	706	15.7%

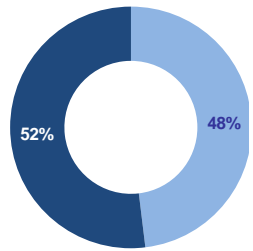
Appendix D Staff Overtime September 2017 - QUARTER 2	Year To Date				Forecast Outturn			
	17/18 TOTAL Actual	17/18 YTD Budget	Over/ (Under)	Over/ (Under)	17/18 Projected Outturn	17/18 Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Neighbourhood Policing	6	4	2	53.0%	13	10	3	28.8%
Road Safety	2	0	2	0.0%	2	0	2	#DIV/0!
Offender Management	15	1	14	1,588.1%	35	2	33	1,548.1%
Victims and Safeguarding	19	7	11	151.1%	33	17	16	0.0%
NEIGHBOURHOOD & PARTNERSHIP	41	12	29	234.3%	82	29	53	181.1%
Command and Control	126	153	(27)	(17.7%)	263	333	(70)	(20.9%)
Patrol	0	0	0	0.0%	0	0	0	#DIV/0!
Detainee Investigation Support	13	6	7	110.3%	27	15	13	84.5%
RESPONSE	139	160	(20)	(12.6%)	291	348	(57)	(16.3%)
Criminal Justice	87	53	34	63.4%	199	119	80	67.4%
Business Improvement	5	3	2	56.7%	11	6	5	0.0%
Operations	10	3	7	255.8%	21	8	13	158.1%
Operations Major Incidents	5	38	(33)	(87.0%)	38	38	0	0.0%
Intelligence and Tasking	47	22	24	107.3%	107	49	58	117.9%
OPERATIONAL SUPPORT	153	120	33	27.9%	376	220	155	70.5%
Investigation	62	4	58	1,597.4%	122	9	113	1,297.6%
Investigation Major Incidents	53	126	(73)	(57.9%)	127	127	0	0.0%
INVESTIGATION	114	129	(15)	(11.5%)	248	135	113	83.4%
Triforce Specialist Operations	1	1	(0)	(5.2%)	1	1	0	0.0%
Scientific Investigations	31	15	16	104.2%	69	60	9	15.1%
Major Crime Investigations	10	8	2	19.5%	22	17	5	26.6%
South West ROCU	0	0	0	0.0%	0	0	0	100.0%
Special Branch	0	0	0	38.5%	1	1	0	0.0%
Black Rock	0	0	0	0.0%	0	0	0	0.0%
Counter Terrorism Specialist Firearms	1	0	1	0.0%	2	0	2	0.0%
SPECIALIST OPERATIONS	42	24	18	0.0%	94	79	15	0.0%
Chief Officers and Staff Office	2	11	(9)	(81.4%)	5	23	(18)	0.0%
Southwest One Unitary Charge	0	0	0	0.0%	0	0	0	0.0%
Estates	0	0	0	0.0%	0	0	0	#DIV/0!
Technology Services	0	0	0	0.0%	0	0	0	0.0%
Transport Services	47	20	26	128.1%	110	49	61	0.0%
Professional Standards	(0)	0	(1)	(166.1%)	0	1	(1)	0.0%
Human Resources	2	1	1	34.2%	5	4	0	0.0%
Occupational Health & Safety	0	0	0	0.0%	0	0	0	0.0%
Corporate Learning & Development	9	1	7	575.5%	19	3	16	0.0%
Staff Associations and Support Groups	0	0	0	0.0%	0	0	0	0.0%
Strategy & Transformation	2	0	2	0.0%	2	0	2	0.0%
Corporate Information Management	1	1	(0)	(21.0%)	1	2	(0)	0.0%
Corporate Communications	9	9	(0)	(3.5%)	20	21	(0)	(2.4%)
Legal Services	0	0	0	0.0%	0	0	0	#DIV/0!
Corporate Services	12	6	5	81.2%	27	23	5	0.0%
Finance and Business Services	2	1	1	64.3%	5	3	1	0.0%
ENABLING SERVICES	84	52	32	61.3%	195	128	67	51.9%
Pensions	0	0	0	0.0%	0	0	0	#DIV/0!
Officer & Staff Allowances	13	21	(8)	(36.9%)	52	83	(31)	(37.1%)
Central Costs (inc unadjusted savings)	13	21	(8)	(38.4%)	13	21	(8)	(38.1%)
Student Officers	0	0	0	0.0%	0	0	0	#DIV/0!
CENTRAL COSTS	26	42	(16)	(37.7%)	65	104	(39)	(37.3%)
TOTAL CONSTABULARY (exc Misc/Grants/Secondees)	601	539	62	11.5%	1,351	1,044	307	29.4%
MISCELLANEOUS	0	0	0	0.0%	0	0	0	#DIV/0!
GRANTS	13	2	11	483.6%	6	6	0	0.0%
SECONDEES	27	1	26	2,845.0%	0	1	(1)	(82.7%)
TOTAL CONSTABULARY	641	542	99	0.0%	1,357	1,051	307	0.0%
OFFICE OF THE POLICE AND CRIME COMMISSIONER	0	3	(3)	(92.4%)	8	8	0	0.0%
COMMISSIONING COSTS	1	0	1	0.0%	0	0	0	0.0%
TOTAL OPCC AND COMMISSIONING	642	545	97	17.8%	1,365	1,058	307	29.0%

Appendix E Capital Programme June 2017 - Q1 17/18	PLANNED BUDGET				FORECAST TO YEAR END			
	2017/18 £000	2016/17 C/Fwd	Adj's £000	Total 17/18 Budget	Projected forecast to Year end	Total 17/18 Budget	Budget carry forward to 18/19	Over/(Under) £'000
ROLLING REPLACEMENT and RENEWAL - Excluding Change Portfolio								
Information and Communication Systems	2,350	0	(1,200)	1,150	384	1,150	300	(466)
Estates	400	0	0	400	400	400	0	0
Fleet	3,459	2,336	(179)	5,616	5,018	5,616	318	(280)
Plant, Machinery and Equipment	513	76	65	654	568	654	0	-86
ROLLING REPLACEMENT and RENEWAL TOTAL	6,722	2,412	(1,314)	7,820	6,370	7,820	618	(832)
OTHER PROJECTS								
PROJECTS - Corporate Systems	750	523	(657)	616	298	616	220	(98)
PROJECTS - Mobile and Fixed Line Telephony/Data	600	1,100	0	1,700	1,059	1,700	0	(641)
PROJECTS - Others	173	32	(68)	137	141	137	30	34
INFORMATION AND COMMUNICATIONS SYSTEMS TOTAL	1,523	1,655	(725)	2,453	1,498	2,453	250	(705)
ESTATES (PFI BUILDINGS)	0	58	0	58	55	58	0	(3)
OTHER PROJECTS TOTAL	1,523	1,713	(725)	2,511	1,553	2,511	250	(708)
CHANGE PORTFOLIO PROGRAMME								
PROJECTS - Corporate Systems	625	0	1,461	2,086	1,785	2,086	301	0
SERVICE REDESIGN and DEVELOPMENT PROGRAMME TOTAL	625	0	1,461	2,086	1,785	2,086	301	0
PROJECTS - National Systems	289	0	31	320	223	320	97	0
PROJECTS - Digital Mobilisation	5,903	232	3,536	9,671	9,412	9,671	0	(259)
PROJECTS - Digital Evidencing (DEMS)	890	209	(105)	994	255	994	635	(104)
PROJECTS - Other	0	68	0	68	34	68	0	-34
DIGITAL PROGRAMME TOTAL	7,082	509	3,462	11,053	9,924	11,053	732	-397
PROJECTS - HQ Site refurbishment and projects (including Central Store)	3,903	2,332	(3,175)	3,060	2,611	3,060	0	(449)
PROJECTS - Estate rationalisation programme	2,028	906	1,820	4,754	1,286	4,754	2,322	(1,146)
Feasibility costs	0	31	0	31	43	31	0	12
INFRASTRUCTURE and ASSETS PROGRAMME TOTAL	5,931	3,269	(1,355)	7,845	3,940	7,845	2,322	(1,583)
REGIONAL PROGRAMME TOTAL	250	132	(125)	257	0	257	0	(257)
CHANGE PORTFOLIO PROGRAMME TOTAL	13,888	3,910	3,443	21,241	15,649	21,241	3,355	(2,237)
CAPITAL PROGRAMME TOTAL	22,133	8,035	1,404	31,572	23,572	31,572	4,223	(3,777)
MEMORANDUM - AIRCRAFT (EXCLUDED FROM ABOVE AS HELD ON BEHALF OF NPAS)								
Funding received in 2012/13 which is ring-fenced for capital/revenue costs associated with securing a permanent base for the National Police Air Service helicopter within our region. This is excluded from the above as it is funding we're holding on behalf of the national organisation.	0	298	(293)	5	5	5		0
MEMORANDUM - REGIONAL ORGANISED CRIME UNIT (EXCLUDED AS HELD ON BEHALF OF HOME OFFICE)								
This is excluded from above as funding to be received from the regional organised crime unit.	0	691		691	583	691		(108)

Avon & Somerset Police and Crime Commissioner - Sept 2017 - Q2 (17/18)

Appendix F

a) 2017/18 REVENUE YTD AND FORECAST OUTTURN

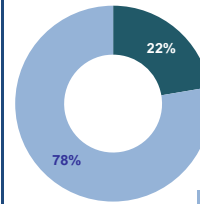


As at end of Q2 2017/18 we have consumed **48.1%** of the total annual budget.

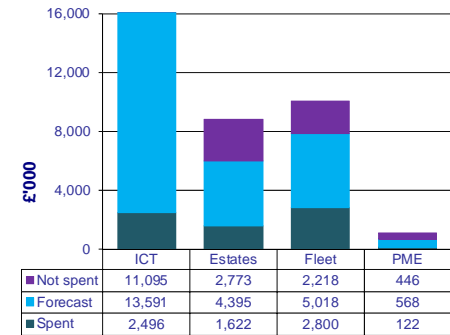
Forecast Underspend at Q2 2017/18:

£4.56m (1.6%)

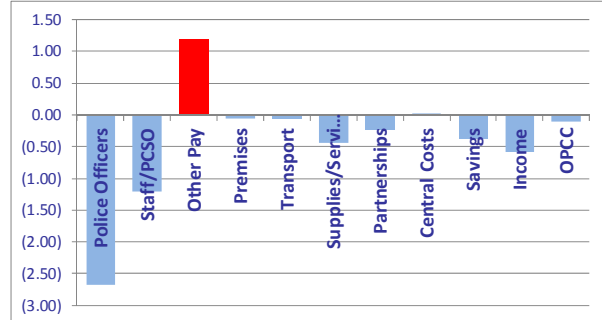
d) 2017/18 CAPITAL OUTTURN



The total capital programme stands at £31.57m in 17/18, of which £7.0m (22.3%) has been spent in the first half of the year.



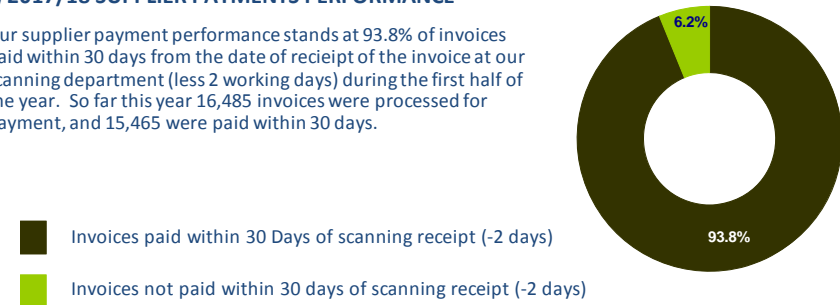
b) FORECAST REVENUE OUTTURN - OVER/(UNDER) SPENDS



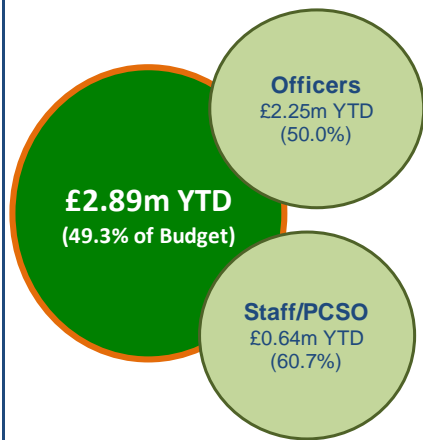
As at end of Q2 we are forecasting underspends in officer and staff pay, supplies & services, over achievement of income and savings but these are reduced by overspends in other pay.

e) 2017/18 SUPPLIER PAYMENTS PERFORMANCE

Our supplier payment performance stands at 93.8% of invoices paid within 30 days from the date of receipt of the invoice at our scanning department (less 2 working days) during the first half of the year. So far this year 16,485 invoices were processed for payment, and 15,465 were paid within 30 days.



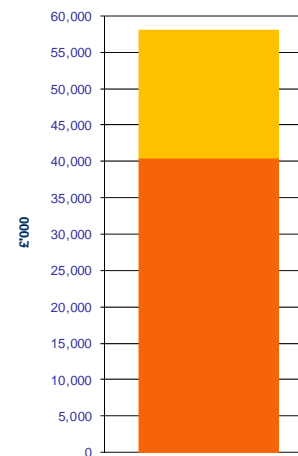
c) 2017/18 OVERTIME BUDGETS (Exc Misc/Grants)



Police Officer Overtime - Up to the end of Q2 we have consumed 50.0% of annual budget. As there are often delays between overtime being worked and claimed, the profile of our expenditure often follows a delayed pattern across the financial year. Our current forecasts show anticipated expenditure of £5.2m, which is 115.7% of our annual budget, resulting in a forecast overspend of £0.7m on police officer overtime.

Police Staff Overtime - Up to the end of Q2 we have consumed 60.7% of annual budget. Our current forecasts show anticipated expenditure of £1.4m, which is 129.0% of our annual budget, resulting in an overspend of £0.31m on staff/PCSO overtime.

f) BORROWING AND INVESTMENTS



3.87%

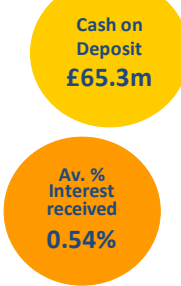
The Average Interest rate of interest we've paid on our borrowing during the first quarter of the year.

- Borrowing Taken (£40.78m)
- Borrowing approved not taken (£17.22m)

The OPCC held cash on deposit of **£65.3m** as at 30th Sept 2017

The Average Interest rate received on our cash on deposit YTD is **0.59%**.

Actual interest earned during the first quarter of the year was **£166k**. As at the end of Q2 we are forecasting to achieve income of **£275k** in this financial year, which is £100k more than originally budgeted for.



POLICE & CRIME BOARD
30th October 2017

OPCC BUDGET REPORT 2018-19 and
OPCC 2017 - 18 OUTTURN

**REPORT OF THE CHIEF FINANCE OFFICER (“CFO”) OF AVON
& SOMERSET POLICE AND CRIME COMMISSIONER (“PCC”)**

PURPOSE OF THE REPORT

1. This report sets out an update on the forecast outturn position for the Office of the PCC (“OPCC”) budget in 2017/18 and proposals for the budget and use of reserves in 2018/19.

2. **OPCC Commissioning and Grants Outturn 2017/18 and forward look to 2018/19**
 - 2.1 The PCC’s community safety and grant budget for 2017/18 was agreed as £3.5 million and is supported by MoJ funding for Victims services.
 - 2.2 There is a small underspend forecast this year in the commissioning and grants budget that will be transferred to the Victims and Commissioning reserve.
 - 2.3 The PCC conducted a priority based review of the grants and commissioning budget for 2017 18. This review has encompassed the need to introduce new services for CSE and CSA and Mental Health triage but not utilise reserves to fund these areas. This reduced other budget areas on the basis of priorities linked to the Police & crime Plan. There is no planned reserve draw in 2017 18.
 - 2.4 The Victims services budget in 2017/18 and 2018/19 is stated net of £1.94 million funding from the MoJ for victims services of which circa £1 million has been a contribution to the IVC Lighthouse service provided by the Constabulary and the balance used to commission third party support and advocacy services.
 - 2.5 The OPCC has marginally reduced the contribution to Lighthouse in 2018 19 to reflect savings being made in the cost of this service.
 - 2.6 The Lighthouse budget and service is under further review by ASC at time of writing.
 - 2.7 New funding from NHS England has increased the victims spend for ISVA services by £80k

**OPCC Commissioning and Grants 2017/18 outturn and draft 2018 19 budget
£'000s**

	<u>Budget 2017 18</u>	<u>Forecast 2017 18</u>	<u>Draft Plan 2018 19</u>
Drugs & alcohol referral service	622	555	565
Victims incl. SARC NHS England funded ISVA	1,695 0	1,679 0	1,724 80
Appropriate Adults (net of ptrn contributions)	41	41	52
Mental Health triage (net of ptrn contributions)	159	159	159
Restorative Justice	230	200	179
Police & Crime Grants (community safety & YOT)	740	740	740
Commissioning other 3rd party work	0	20	20
SUB TOTAL	3,487	3,394	3,519
Less new income	0	0	(80)
NET TOTAL	3,487	3,394	3,439

2.7 Planned Use of Victims & Commissioning reserve

There is £430k available for use in this reserve and £100k expected to be available from April 2018. The current plan for utilising these reserves is as follows:

Behavioural Insights CJ Transformation SRO (95k) – this work will build on the report generated from Police Transformation Fund work undertaken by the OPCC this year and will be funded by: £75k from PCC and £75k from mixture of ASC, CPS, HMCTS and HMP Bristol. The OPCC will also pick up ASC share making total PCC funding of £95k. This will allow the recruitment of a SRO by OPCC with joint panel and steering group. We expect to go ahead with recruitment in October and the post to start work in Jan 18.

Community Voice/Engagement Project (£60k) – Based on a proposal paper from OPCC we have allocated a total of £60k paid over 2 years. Work should start in 2017 following engagement with stakeholders over the next month or so.

Commissioning Support (£75k) – Based on a proposal from OPCC for support to the commissioning team over the next 18 months or so – we are recruiting a temporary post.

Reducing Reoffending/ O OCD / Checkpoint scheme (£250k) – the other area being developed is to provide a contribution to a Checkpoint/Navigator style approach linked to revised approach to O OCD, starting from April 2018. It will be a pilot with an ambition to develop a business case for further investment after say 18 months. There are links to the new Custody and Courts Referral service (replacement for AIRS and Liason and Diversion service starting April 2018).

OFFICE OF THE PCC BUDGET

3. The PCC set an office budget for 2017/18 of £1.35 million which has been remained lower than the £1.41 million level inherited from the Police Authority every year since 2012.
4. The OPCC's out-turn spend in 2017/18 is forecast to be a small underspend. (see table below).
5. The OPCC budget in 2018/19 has to absorb pay awards for staff based on national awards (forecast currently at 1%) and adjust for the change to employers pension contribution rates which made after the current budget was finalised and to provide for the Avon & Somerset PCC's share of new shared Regional OPCC officer (£15k).
6. The OPCC budget therefore has the following upward pressures next year:
 - Pay rises of 1% for staff = £10k
 - Uplift in employers pension costs TO 13.2% = £10k
 - Avon & Somerset PCC's share of new shared Regional OPCC officer = £15k.
7. The revised OPCC budget before any further savings will be £1.38 million in 2018/19
8. **SAVINGS**
Efficiency savings have been made in the OPCC budget each year since 2012. The PCC has agreed the following further savings to leave the total OPCC budget unchanged in 2018/19:
 - Reduce communications, media and PR budget by £15k
 - Reduce the budget for external fees/hires by £15k
9. Pay awards to staff at 2% would add a further £10k to the budget in 2018/19.
10. The Avon & Somerset OPCC remains one of the lowest cost operations in the country with restricted capacity to make any further savings.
11. The latest (October 2016) HMIC value for money profiles show that the Avon & Somerset PCC's Office cost per head of population is 83 pence/person per annum.

The average across all PCC's offices is 118 and the average for the 'most similar group' is 109.

12. If the average cost per head of population of 118 was applied to Avon & Somerset's 1.67 million population, then the OPCC costs would be £2 million. The Avon and Somerset PCC office is being run at just below £1.4 million per annum, which means a saving of £600,000 per annum (30%) compared to the average Office of PCC in England & Wales.

OPCC Office Budget report and 2018/19 proposals (£'000s):

Cost Area	<u>Budget 2017/18</u>	<u>Forecast 2017/18</u>	<u>Draft Budget 2018/19</u>
1. Staff costs incl. PCC and training.	990	999	1,003
2. Transport & travel	18	18	19
3. Audit, annual accounts and joint audit committee	122	122	122
4. Subscriptions: APCC, APACE, PaCCTS, ICT co	30	30	30
5. Communications, media, PR	55	51	55 (15) savings ----- 40
6. Treasury mngt	67	67	67
7. Legal & other fees Add share of regional PCC officer: (From 18/19 including the A&S share of a new regional OPCC policy officer)	40 0	25 0	40 15 (regional) (13) savings ----- 42
8. Office stationary, ICT, events	20	19	19
9. Custody visiting & volunteers	12	10	12
Total	1,354	1,341	1,354

13. Police Complaints Appeals process – expected budget change mid 2018

The PCC will take responsibility for the police complaints appeals process in 2018 and during the year it is expected that the PCC will employ the relevant manager (moving them from the professional standards department of the Constabulary) and vire the corresponding budget from the Constabulary. This has not been budgeted as the final details and timings are to be agreed and there will be no net increase in budget. The PCC's budget will be changed in 2019/20 to reflect the changes once they are finalised and the corresponding budget will be permanently transferred from the Constabulary.

RECOMMENDATIONS and ACTION

14. The PCC is invited to review and discuss the OPCC budget outturn for 2017/18 and the budget issues and proposals for 2018/19.

MARK SIMMONDS

OPCC Chief Finance Officer – OPCC. Tel. 01275 816380

POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET**POLICE AND CRIME BOARD****30th OCTOBER 2017****TREASURY MANAGEMENT MID-YEAR REPORT 2017-18****Report of the Chief Finance Officer****1. Summary**

- 1.1. The Treasury Management Strategy for 2017-18 is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (Revised 2011), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that the Police and Crime Commissioner (PCC) is informed of Treasury Management activities at least twice a year.
- 1.2. This report gives a summarised account of Treasury Management activity and outturn for the first half of the year, and ensures the PCC is embracing Best Practice in accordance with CIPFA recommendations.

2. Background**2.1. Economic Background**

UK economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these will be a constraint on economic activity in the second half of the year.

August Inflation (CPI) rose to 2.9%, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices.

The unemployment rate fell to 4.3%, its lowest since May 1975, but the squeeze on consumers intensified as average earnings grew at 2.5%, below the rate of inflation.

The unscheduled General Election in June, called to resolve uncertainty, resulted in an enhanced level of political uncertainty. Although the potential for a so-called hard Brexit may have diminished, lack of clarity over future trading partnerships, in particular future customs agreements with the rest of the EU block, is denting business sentiment and investment.

The Bank of England made no change to monetary policy at its meetings in the first half of the financial year. The vote to keep Bank Rate at 0.25% narrowed to 5-3 in June highlighting that some MPC members were more concerned about rising inflation than the risks to growth. Although at September's meeting the Committee voted 7-2 in favour of keeping Bank Rate unchanged, the MPC changed their rhetoric, implying a rise in Bank Rate in "the coming months". It also reiterated that any increase will be gradual and limited as the interest rate backdrop will have to provide substantial support to the UK economy through the Brexit transition.

In contrast to the UK, near-term global growth prospects improved. The US Federal Reserve increased its target range of official interest rates in June for the second time in 2017 by 25bps to between 1% and 1.25%, and a further similar increase is expected in its December 2017 meeting.

The Euroland economic outlook got another upgrade in September, in Bloomberg's latest economic survey. Gross domestic product is now forecast to rise 2.1 percent this year, up 0.1 percentage point compared with August, and the eighth positive reassessment in the past year.

The European Central Bank also raised its forecasts in September, to 2.2%. ECB President Mario Draghi said at the time that the expansion "continues to be solid and broad-based across countries and sectors." Against that backdrop, ECB policy makers have begun a debate on how to slow the monthly asset purchases they've used to help support the economy in recent years.

On the downside, geopolitical tensions escalated in August as the US and North Korea exchanged escalating verbal threats. The provocation from both sides helped wipe off nearly \$1 trillion from global equity markets but benefited safe-haven assets such as gold and the US dollar.

The FTSE 100 nevertheless powered away reaching a record high of 7,548 in May but dropped back to 7,377 at the end of September.

Gilt yields displayed some volatility over the six-month period with the change in sentiment in the Bank of England's outlook for interest rates, the push-pull from expectations of tapering of Quantitative Easing (QE) in the US and Europe, and from geopolitical tensions. To highlight the volatility, the yield on 5-year gilts fell to 0.35% in mid-June, but then rose to 0.80% by the end of September. The 10-year gilt yield similarly rose from their lows of 0.93% to 1.38% at the end of the quarter, and those on 20-year gilts from 1.62% to 1.94%.

As gilt yields have a direct correlation to PWLB borrowing rates, the movements, and particularly the spike upwards in September, can be seen in Tables 2 and 3 in Appendix A.

LIBID rates supplied by the British Bankers' Association show that there was barely any movement in rates out to 3-months, with a general drift down in periods beyond this. This changed dramatically in September as Mark Carney implied an impending rise in rates. Rates for 3-months and longer have risen sharply in the last couple of weeks in September.

3-month, 6-month and 12-month LIBID rates have averaged 0.18%, 0.32% and 0.53% respectively over the period from April to 30th September 2017, closing on year-to-date highs of 0.21%, 0.37%, and 0.60% respectively.

Rates paid by banks to Local Authorities have been continued to be volatile and non-uniform, being based on individual institutions' wholesale funding requirements at any given time. Some counterparties have quoted negative yields for periods up to 3-months during the first half of the year.

Tables showing the effect that economic conditions had on money market rates during the period, can be seen in Table 1, Appendix A.

2.2. Debt Management

The limited capital spending that has been incurred has been funded using internal resources in lieu of borrowing as it has been the most cost effective means of financing capital expenditure. This has lowered overall treasury risk by reducing both external debt and temporary investments.

£588k of EIP PWLB Loans has been repaid during the period.

The debt position at the beginning and end of the period are shown below: -

	Balance on 31/03/2017 £m	Debt Matured / Repaid £m	New Borrowing £m	Balance on 30/09/2017 £m	Increase/ Decrease in Borrowing
Short Term Borrowing	0.00	0.00	0.00	0.00	0.00
PWLB	29.208	0.588	0.00	28.620	-0.588
LOBOs	5.275	0.00	0.00	5.275	0.00
Other Market Loans	6.500	0.00	0.00	6.500	0.00
Total Borrowing	40.983	0.588	0.00	40.395	-0.588

The overall rate paid on PWLB loans has increased marginally from 3.70% at 31st March to 3.71% at 30th September. This is as a result of repayment of EIP loans at a lower rate than the average. The average market loan rate at 30th September remained the same at 4.30%.

The average rate of interest payable across the total debt portfolio of £40.4m was 3.88% at 30th September, down from 4.12% from the same time last year.

2.3. Investment Activity

The Guidance on Local Government Investments in England gives priority to security and liquidity and the PCC's aim is to achieve a yield commensurate with these principles.

Security of capital remained the PCC's main investment objective. This was maintained by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Current approved counterparties are listed below. Those used during the first half of the year are denoted with a star.

Bank or Building Society			
Australia & NZ Bank	*	National Westminster	
Bank of Scotland	*	Nationwide BS	*
Barclays Bank Plc		Nordea Bank AB	
Close Brothers Ltd		OP Corporate Bank (Pohjola)	*
DBS Bank	*	Rabobank	*
Goldman Sachs Int Bank	*	Santander UK	*
HSBC Bank		Standard Chartered Bank	
Lloyds Bank	*	Svenska Handelsbanken	*
Landesbank Hessen-Thuringen	*	Toronto-Dominion Bank	*
Oversea-Chinese Banking		United Overseas Bank	*
Sterling CNAV Money Market Funds		Other Counterparties	
Deutsche	*	Debt Management Office	
Federated Prime Rate	*	Local Authorities	
Invesco Aim	*	CCLA Property Fund	*
Insight	*		
LGIM	*		
Standard Life (was Ignis)	*		

SCC, as Treasury Management contractor, has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators taken into account have been:-

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

Counterparty Update

There were a few credit rating changes during the quarter. The significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2. Moody's downgraded Standard Chartered Bank's long-term rating to A1 from Aa3 on the expectation that the bank's profitability will be lower following management's efforts to de-risk their balance sheet. The agency also affirmed Royal Bank of Scotland's and NatWest's long-term ratings at Baa1, placed Lloyds Bank's A1 rating on review for upgrade, and revised the outlook of Santander UK plc and Nationwide Building Society from negative to stable. Moody's also downgraded long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment, and the ratings of the large Australian banks on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential property investors.

In response, the Authority reduced its' duration limits with Canadian Banks to 6-months from 13-months. Australian Banks already had a limit of 6-months.

S&P revised Nordea Bank's outlook to stable from negative, whilst affirming their long-term rating at AA-.

Ring-fencing, which requires the larger UK banks to separate their core retail banking activity from the rest of their business, is expected to be implemented within the next year. In response, the Authority reduced the maximum duration of unsecured investments with Bank of Scotland, HSBC Bank and Lloyds Bank from 13-months to 6-months, as until banks' new structures are known, the different credit risks of the 'retail' and 'investment' banks cannot be known for certain.

UK bank credit default swaps continued their downward trend, reaching three-year lows by the end of June. Bank share prices have not moved in any particular pattern.

Standard Chartered Bank was re-introduced to the list in May as concerns over a volatile share price and a comparably elevated CDS level subsided, although no investments have been placed to date.

Maturities for new investments with financial institutions on the PCC's list at 30th September are currently limited as follows :-

UK Institutions

National Westminster Bank – **a maximum period of 35 Days;**
Barclays Bank, Goldman Sachs International Bank, and Standard Chartered Bank - **a maximum period of 100 days;**
Bank of Scotland, Close Brothers Ltd, HSBC Bank, Lloyds Bank, Nationwide Building Society, and Santander UK - **a maximum period of 6 months;**

Non-UK Institutions

Australian & New Zealand Bank, Landesbank Hessen-Thuringen, OP Corporate Bank and Toronto-Dominion Bank - **a maximum period of 6 months.**
Nordea Bank, Rabobank, Svenska Handelsbanken, DBS Bank, OCBC, and UOB - **a maximum period of 13 months.**

Longer-term deposits with UK Local Authorities were sought, in order to diversify the portfolio and provide a level of protection against continuing low rates, but suitable opportunities did not arise during the period due to low PWLB rates, and the skewed Authority cash flow (Circa £50m of Pensions top-up is received from Central Government in the first week of July each year).

Liquidity: In keeping with the CLG guidance, the PCC maintained a sufficient level of liquidity through the use of call accounts, Money Market Funds, and short-term deposits. No short-term loans were necessary during the period.

Seventy Six deposits totalling over £218m were made during the first half of the year. The average weighted maturity, or duration of investments as at 30th September was 115 days, or nearly 4 months.

CCLA Property Fund: In May, the Authority placed a £2m investment in the CCLA Property Fund. This Fund has been in existence for more than 25 years and is only available to Local Authorities. It is an actively managed, diversified portfolio of UK Commercial Property with a stated investment objective “to provide investors with a high level of income and long-term capital appreciation”.

The decision to invest in the CCLA Property Fund was driven by 2 key factors. Firstly, by diversifying away from unsecured Bank deposits, it would help to mitigate the increased risk posed by unsecured bank bail-in, and secondly, to mitigate the risk of negative returns (real negative returns, or inflation adjusted returns) posed by the low interest rate environment.

A full risk assessment was undertaken, and identified the main risks as depreciation in market value (there is an instant drop in value due to the bid/offer spread), and loss of liquidity. These are both mitigated by treating the investment as a longer-term hold. By identifying a suitable level of longer-term investment with reference to core balances and reserves, liquidity will not be compromised, and potential dips in market value can be patiently sat out. In the meantime, the current yield of circa 4.4% net will provide an extra £80,000 of income per annum.

Yield: As at 30th September cash balances (Inc-Property) stood at £65.32m (£65.92m in 2016-17) and had averaged just under £60.7m for the year-to-date (£63.6m 2016-17). The average return for the year-to-date was 0.54% Including Property, 0.48% excluding (0.70% 2016-17). When compared to the target (BBA 7-day LIBID + 50 bps) returns have under-performed by 0.13% (Ex-Prop), 0.07% (Inc-Prop). This has produced investment income in the order of £166k during the period (£51k less than for the same period 2016-17 on average balances of nearly £2.9m less, and a base rate that was reduced by 25bps in August 2016).

By comparing returns with money market rates in Table 1 of Appendix A, it can be seen that investment cash performance (Ex-Prop) has out-performed the average market rate for 6-month LIBID of 0.32%, by 0.16%, for the period. This return is only 0.09% below the average 12-month LIBID rate. Returns have been achieved with a conservative portfolio that averaged just over 3-months duration.

The significant one-off pension top-up payment of £51.7m in July again had a

significant effect, meaning that short-term (and thereby lesser paying) counterparties had to be used. As the top-up is more or less uniformly spent during the year, it also limits the maturity options for deposits, i.e. only a proportion can be lent in longer periods where rates are better. It unfortunately coincided with what would appear to be the low point in rates.

The table below sets out changes in the lending portfolio over the period: -

	Balance on 31/03/2017 £m	Percentage of portfolio / Rate	Balance on 30/09/2017 £m	Percentage of portfolio / Rate	Increase/ Decrease in Lending / Rate
Call & Notice A/cs & MMFs (Short-term)	4.06	11.26%	8.07	12.35%	+£4.01m
Deposits (Longer-term)	32.00	88.74%	55.25	84.60%	+£23.25m
CCLA Property Fund	0.00	0.00%	2.00	3.06%	+£2m
Total Lending	36.06	0.70%	65.32	0.55%	+£29.26m / -0.15%

2.4 Compliance with Prudential Indicators

The PCC can confirm that it has complied with its Prudential Indicators for 2016-17. Indicators agreed by the Finance Committee and actual figures as at 30th September are included below: -

	2017-18	As at 30-09	
	£m	£m	
Authorised limit (Excludes PFI)	75	40.4	
Operational boundary (borrowing only)	70	40.4	
Upper limit on fixed interest rate exposure - Debt	100%	100%	
Upper limit on variable interest rate exposure - Debt	20%	0%	
Upper limit on fixed interest rate exposure - Investments	45%	0%	
Upper limit on variable interest rate exposure - Investments	100%	100%	
Maturity structure of borrowing			
	Upper Limit	Lower Limit	As at 30-09-17
Under 12 months	30%	0%	9.1%
>12 months and within 24 months	30%	0%	2.9%
>24 months and within 5 years	35%	10%	14.9%
>5 years and within 10 years	25%	0%	9.8%
>10 years and within 20 years	30%	0%	22.4%
>20 years and within 30 years	15%	0%	0.0%
>30 years and within 40 years	20%	10%	16.1%
>40 years and within 50 years	35%	15%	24.8%
50 years and within 75 years	0%	0%	0%
	2017-18	As at 30-09	
	£m	£m	
Prudential Limit for principal sums invested for periods longer than 364 days	25	2	

2.5 Outlook for Quarters 3 & 4

The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Both consumer and business confidence remain subdued. Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages. Savings rates are at an all-time low and real earnings growth struggles in the face of higher inflation.

The Bank of England's Monetary Policy Committee has changed its rhetoric, implying a rise in Bank Rate in "the coming months". Whilst some remain unconvinced that the UK's economic outlook justifies such a move at this stage, the MPC seems to have shifted its' interpretation of the data.

This decision may still be very data dependant and for now, the forecast maintains a central case for Bank Rate at 0.25% whilst introducing near-term upside risks to the forecast as shown below. The central case is for gilt yields to remain broadly stable in the medium term, but there may be near term volatility due to shifts in interest rate expectations.

A table of forecast rates to September 2020 is shown below.

	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19
Upside Risk	0.25	0.25	0.25	0.50	0.50	0.50
Base Rate	0.25	0.25	0.25	0.25	0.25	0.25
Downside Risk	0.00	0.00	0.00	0.00	0.00	-0.25

	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20	Sept 20
Upside Risk	0.50	0.50	0.50	0.50	0.50	0.50
Base Rate	0.25	0.25	0.25	0.25	0.25	0.25
Downside Risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

Regulatory Updates

MiFID II: Local authorities are currently treated by regulated financial services firms as professional clients who can "opt down" to be treated as retail clients instead. But from 3rd January 2018, as a result of the second Markets in Financial Instruments Directive (MiFID II), local authorities will be treated as retail clients who can "opt up" to be professional clients, providing that they meet certain criteria. Regulated financial services firms include banks, brokers, advisers, fund managers and custodians, but only where they are selling, arranging, advising or managing designated investments. In order to opt up to professional, the Authority must have an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the Authority must have at least one year's

relevant professional experience. In addition, the firm must assess that personnel have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The main additional protection for retail clients is a duty on the firm to ensure that the investment is “suitable” for the client. However, local authorities are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service whether they are retail or professional clients. It is also likely that retail clients will face an increased cost and potentially restricted access to certain products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

The Authority meets the conditions to opt up to professional status and intends to do so in order to maintain their current MiFID status.

CIPFA Consultation on Prudential and Treasury Management Codes: In February 2017 CIPFA canvassed views on the relevance, adoption and practical application of the Treasury Management and Prudential Codes and after reviewing responses launched a further consultation on changes to the codes in August with a deadline for responses of 30th September 2017. The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report which will cover the basics of the capital programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit would be included in this report but other indicators may be delegated to another committee. There are plans to drop certain prudential indicators, and to drop or alter some of the current treasury management indicators.

CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018-19, although they plan to put transitional arrangements in place for reports that are required to be approved before the start of the 2018-19 financial year. It is understood that DCLG will be revising its Investment Guidance (and its MRP guidance) for local authorities in England.

2.6 Summary

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the first six months of 2017-18. As indicated in this report all treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. A risk-averse approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

In order to mitigate increased risk posed by unsecured bank bail-in, and the risk of negative returns (real negative returns, or inflation adjusted returns) posed by the low interest rate environment, the Authority has invested £2m in the CCLA Property Fund.

Cash Investment returns are well above the average rate for 6-month LIBID, and are only 9 basis points lower than the average 12-month LIBID return. (If the Property

investment were included, it would 1 basis point higher). This has been achieved with a conservative portfolio that averaged just over 3-months duration.

The PCC has pursued a passive borrowing strategy. The limited capital spending that has been incurred to date has been funded using internal resources in lieu of borrowing as it has been the most cost effective means of financing capital expenditure.

Monthly performance papers are produced by SCC Treasury Officers and meetings were held in April and July to discuss performance, the economic and financial environment, and any tactical and strategic responses to be implemented.

Appendix A

Money Market Data and PWLB Rates

The average low and high rates correspond to the rates during the financial year-to-date, rather than those in the tables below.

Table 1: Bank Rate, Money Market Rates (LIBID Rates from BBA)

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/04/2017	0.25	0.10	0.11	0.13	0.21	0.36	0.59	0.62	0.70	0.85
30/04/2017	0.25	0.10	0.11	0.13	0.20	0.35	0.56	0.56	0.63	0.79
31/05/2017	0.25	0.10	0.11	0.13	0.17	0.32	0.51	0.52	0.60	0.76
30/06/2017	0.25	0.10	0.11	0.13	0.17	0.32	0.53	0.69	0.80	0.99
31/07/2017	0.25	0.10	0.11	0.13	0.16	0.30	0.50	0.60	0.70	0.89
31/08/2017	0.25	0.10	0.11	0.13	0.15	0.28	0.47	0.53	0.61	0.78
30/09/2017	0.25	0.10	0.11	0.13	0.21	0.37	0.60	0.81	0.92	1.09
Average	0.25	0.10	0.11	0.13	0.18	0.32	0.53	0.58	0.67	0.83
Maximum	0.25	0.10	0.12	0.13	0.21	0.37	0.61	0.81	0.93	1.10
Minimum	0.25	0.09	0.11	0.12	0.15	0.27	0.46	0.44	0.49	0.63
Spread	0.00	0.01	0.01	0.01	0.06	0.10	0.15	0.37	0.44	0.47

Table 2: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
03/04/2017	129/17	1.05	1.45	2.13	2.77	2.78	2.61	2.57
28/04/2017	164/17	1.02	1.43	2.11	2.77	2.79	2.62	2.57
31/05/2017	205/17	1.05	1.57	2.03	2.69	2.71	2.55	2.50
30/06/2017	250/17	1.28	1.63	2.26	2.88	2.89	2.73	2.66
31/07/2017	292/17	1.18	1.54	2.22	2.86	2.88	2.72	2.67
31/08/2017	336/17	1.10	1.42	2.06	2.72	2.74	2.58	2.52
29/09/2017	378/17	1.34	1.79	2.38	2.94	2.95	2.78	2.72
Low		1.00	1.34	1.98	2.66	2.68	2.51	2.45
Average		1.14	1.50	2.15	2.79	2.81	2.65	2.59
High		1.36	1.82	2.42	2.98	2.99	2.84	2.77
Spread		0.36	0.48	0.44	0.32	0.31	0.33	0.32

Table 3: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
03/04/2017	129/17	1.18	1.49	2.16	2.57	2.77	2.82
28/04/2017	164/17	1.15	1.47	2.14	2.57	2.78	2.83
31/05/2017	205/17	1.13	1.40	2.05	2.48	2.69	2.74
30/06/2017	250/17	1.39	1.66	2.29	2.69	2.89	2.93
31/07/2017	292/17	1.28	1.58	2.25	2.67	2.86	2.92
31/08/2017	336/17	1.19	1.46	2.08	2.52	2.73	2.78
29/09/2017	378/17	1.51	1.82	2.41	2.77	2.95	2.98
	Low	1.12	1.37	2.01	2.45	2.66	2.72
	Average	1.25	1.53	2.17	2.59	2.80	2.85
	High	1.54	1.86	2.45	2.81	2.99	3.03
	Spread	0.42	0.49	0.44	0.36	0.33	0.31