

**Police and Crime Board, 7<sup>th</sup> November 2018 13:45 – 16:45**

**Venue: Room 1 P09, City Hall, Bristol**

**Attendees:**

- **Police and Crime Commissioner**
- **Chief Constable**
- **Deputy Chief Constable**
- **Director of People and Organisation Development**
- **OCC CFO**
- **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 and Right Culture)**

- a. Assurance Report (specific assurance on organisational values and the people strategy, leadership, people survey, representative workforce and police staff recruitment)
- b. Performance Overview
- c. Quest – Victim Satisfaction (Ian Smith)

**4. Decisions** (to be signed at the meeting)

- 2018-020 Local Police and Crime Plan - BANES

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

**6. Key Organisational Risks and Issues**

**7. Finance:**

- a. Q2 Outturn
- b. OPCC Mid-Year Outturn and 19/20 Budget Report
- c. Half-Year Treasury Management Report
- d. MTFP verbal update on progress and issues

**8. Quarterly HR Data**

**9. Major Projects:**

- a. Highlight Report
- b. Intelligence & Tasking Service Redesign

**10. A.O.B**

- **Future Funding of Police Education and Qualifications Framework.**

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

**Date of the Next Meeting: 12<sup>th</sup> December 2018, 13:00 – 17:00**

## **DRAFT Minutes of the Police and Crime Board, 7<sup>th</sup> November 2018**

### **Attendees:**

Sue Mountstevens, Police and Crime Commissioner  
Andy Marsh, Chief Constable  
John Smith, OPCC CEO  
Mark Simmonds, OPCC CFO  
Sarah Crew, Deputy Chief Constable  
Nick Adams, OCC CFO  
Mark Milton, Director of People and Organisational Development  
Michael Flay, Governance Secretariat Manager  
Alaina Davies, Resources Officer

### **1. Apologies**

Karin Takel, OPCC Strategic Planning and Performance Officer

### **2. Minutes and Action Update**

The Board agreed the minutes from the Police and Crime Board Meeting held on 11<sup>th</sup> October 2018 and discussed the actions update:

- Lighthouse referrals – see victim satisfaction update below. The PCC asked to receive regular updates on issues with Lighthouse referrals and any backlogs.
- Neighbourhood Policing – an update was given on the implementation of the new Neighbourhood Policing Model. It is early days but the signs are positive with reduced log numbers and higher morale. Officers are reporting that this has allowed them time to problem solve. There has been lots of social media coverage of officers being out and about in the community more with the help of mobile technology.

### **3. Performance against the Police and Crime Plan**

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

The Constabulary launched their new Mission, Vision and Values today and the two organisations need to ensure that they are consistent with the new wording going forward which is as follows:

- Mission: Serve, Protect, Respect
- Vision: Outstanding Policing for Everyone
- Values: Caring, Courageous, Inclusive, Learning

The launch was received positively. The strategies that sit underneath the Mission, Vision and Values are important and what will take the Force to Outstanding. This again highlights the need to have a clear message for the

public about what is meant by the Mission, Vision and Values and what the priorities are.

The Constabulary have built a good leadership foundation over the past twelve months with leadership and coaching programmes. There is more work still to do and a measure of the success of this work will, in time be results of the staff survey.

It is positive that the Constabulary are now seeking views and experience from neurodiverse staff.

The PCC sought assurance that the Constabulary are still working towards 10% of recruitment of officers being BaME. A proposal for more ways to increase representation is being presented to the next meeting of the Constabulary Management Board (CMB) and then Police and Crime Board (PCB).

## **b) Performance Overview**

The results of a deep dive on file quality issues will be reported to the next Criminal Justice Board.

## **c) Quest – Victim Satisfaction**

An update was given on Lighthouse referrals, Victims Satisfaction and VCOP (Victims Code of Practice) compliance. It was agreed that some work should be done to establish a starting point to measure improvement against. Also work is required on improving the way victim satisfaction is surveyed ensuring it is more tailored to the crime type/severity e.g. dwelling burglary would get a different police response to a shed burglary but currently the same victim survey would be issued. The PCC was assured that 90% of all dwelling burglaries are attended but that this would not always be within the 1 hour if the offender had left the scene.

The PCC and the Chief Constable agreed that there needs to be a clear message to the public regarding the services which can realistically be provided by Avon and Somerset Police within existing resources. The Force are looking to be rated as Outstanding at what they do and need to work with the PCC to send out a clear message on what the priorities are.

The Board discussed ASB (Anti-Social Behaviour) satisfaction and whilst it is hoped that this will improve following implementation of the new Neighbourhood Policing Model, the Constabulary did highlight that this now purely reflects ASB. A lot of work has been done on crime recording to ensure that other crimes are not incorrectly being recorded as ASB. With this in mind it may be difficult to see huge improvements in this area as it will be made up of minor complaints.

Improving the culture around victim care and referrals was discussed. This falls into the new organisational values which were launched today.

The Constabulary are also looking at ways that technology can help automate referrals and in some circumstances automatically update people. The PCC is keen that even in circumstances where there is no update to give contact should still be made with victims.

#### **4. Decisions**

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

**2018/020 Local Police and Crime Plan (BANES)** – agreement to adopt the ‘Joint Community Safety Plan’, with immediate effect, to serve as the PCC’s local police and crime plan for Bath and North East Somerset. The Decision Notice will be signed and published on the PCC’s website.

#### **5. Chief Constable’s Update**

The Chief Constable raised the following:

- Concerns regarding police funding continue.
- Concerns regarding Violence levels. The Constabulary are working with community leaders.
- Performance – discussion regarding where the focus should be.

#### **6. Key Organisational Risks and Issues**

Further to the Victim Satisfaction discussion VCOP compliance will be discussed at the Police and Crime Plan Workshop on Friday. It is recognised that there is a weakness in the capability and capacity of staff understanding when to make victim referrals.

#### **7. Finance:**

##### **a. Q2 Outturn Verbal Update**

The Constabulary confirmed that there is £3m set aside for MFSS (Multi-Force Shared Services) costs, which includes what has already been paid. Of the projected underspend £2m is earmarked for additional work on burglary and drugs and £2m will be going towards Capital. Plans for the burglary and drugs work will be presented to CMB and then to PCB in December 2018 or January 2019.

The PCC asked for the detail of the forecast £14.3m of Capital expenditure reported. This will be provided but the largest proportion on this spend supports the digital programme.

Updates were given on current Estates issues. IT expenditure is currently being looked at as part of the re-design – a Business Case is due to be presented at the next Programme Board and then December CMB.

The PCC asked for a breakdown of the unfunded posts mentioned in the report at the next PCB.

#### **b. OPCC Mid-Year Outturn and 19/20 Budget Report**

The OPCC CFO reported that the Commissioning budget for 2019/20 is flat but that it is proposed the OPCC Office budget is increased by £40k as a result of the following:

- 2% pay increase
- Staff Capacity
- Increase in the budget for Cost of Appeals (the lead officer advises to budget for more cases going forward)
- Higher actuarial costs for year-end accounts
- Increase in panel costs such as LQC training, Joint Audit Committee (JAC) recruitment and training costs and Misconduct Hearing Panel training

Some savings have been made (which are detailed in the report) to offset the some of the above increases.

The Complaints Triage Manager will be transferring from the Constabulary but the increased cost of this in the OPCC Staffing costs will be offset by the equal value saving in the Constabulary budget.

The OPCC Office and Commissioning budgets are built into the wider MTFP (Medium Term Financial Plan).

#### **c. Half-Year Treasury Management Report**

The OPCC CFO reports no new debt yet although borrowing will possibly be needed by the end of the year. Operating within the prudential indicators. Investment returns show a marginal improvement.

Each year there is slightly less cash – the low point this year will be £30m cash.

#### **d. Medium Term Financial Plan Verbal Update on Progress and Issues**

The Constabulary are working on the MTFP. The PCC is keen that no decisions are made until after the provisional settlement announcement on 6<sup>th</sup> December 2018 with regard to the pensions issue and how this impacts the MTFP. The Constabulary reported that they expect to be in a position to balance the 2019/20 budget but are less certain about the 2020/21 budget.

### **8. Quarterly HR Data**

The vacancy level was discussed and the Constabulary explained that the figure quoted is not a true reflection of the position as they are still working through issues such as temporary posts, unfunded posts and post MFSS structures. A true picture should emerge by the end of December 2018.

## 9. Major Projects

### a) Highlight Report

Estates updates given during the 2018/19 Q2 Financial Performance agenda item. Fleet discussion. There was a request for a forward looking review of DEMS which will be reported to the next Programme Board.

### b) Intelligence & Tasking Service Redesign

This Business Case is for information and was approved at the last CMB.

## 10. A.O.B

### Future Funding of Police Education and Qualifications Framework

The Board discussed the starting pay for Police Constables (PCs) under the new Police entry routes. Constabularies have discretion to decide the starting salaries of new PCs within the range of Point 0 £19,971 and Point £23,124 (although the 2% pay rise has not yet been applied to these figures).

The PCC and the Chief Constable are keen to recognise in the starting salary that whilst new PCs will be getting a degree once qualified, which they have not had to pay for, they will not be predominantly classroom based and will be faced with a very challenging and risky job. The age ranges of those the Constabulary are looking to attract also need to be considered e.g. if the starting salary is lower then people in their mid-twenties and older may be discouraged from applying.

It was also highlighted that the degree conversion will not be available initially from April 2019 (which allows graduates to complete a degree in policing quicker). There is a risk that this may initially put graduates off applying.

The PCC gave a steer on her opinion of the starting salary for PCs and that this should increase over the 3 years to be no lower once they graduate than the current salary for a PC once they have qualified.

The Constabulary will inform the PCC when the contract is in place and she can inform the public of the details.

### Tri-Force

The Board discussed negotiations. It is important to agree a model which is efficient and effective. The need to be mindful of consultation timescales was highlighted.

## 11. Publication

The following items were agreed for publication:

- 11<sup>th</sup> October 2018 Police and Crime Board Agenda

- 11<sup>th</sup> October 2018 Police and Crime Board Minutes

**Actions List:**

See Exempt Actions List

**Date of the Next Meeting: 12<sup>th</sup> December 2018**



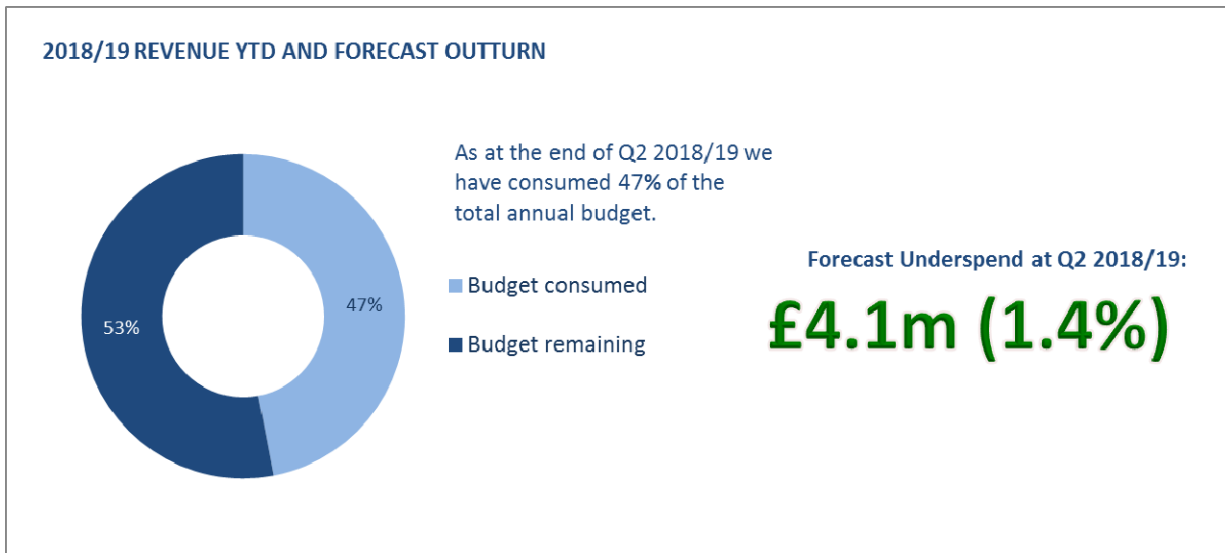
<b>MEETING:</b> Constabulary Management Board	<b>DATE:</b> 25 <sup>th</sup> October 2018	<b>AGENDA NO:</b> Item 7a
<b>DEPARTMENT:</b> Finance	<b>AUTHOR:</b> Chloë CORNOCK Suzanne GIMBER	<b>COG SPONSOR:</b> Nick ADAMS
<b>NAME OF PAPER:</b> 2018/19 Q2 Financial Performance Report	<b>PURPOSE OF THE PAPER:</b> Information	<b>OPEN SESSION</b>

**1. PURPOSE OF REPORT AND BACKGROUND**

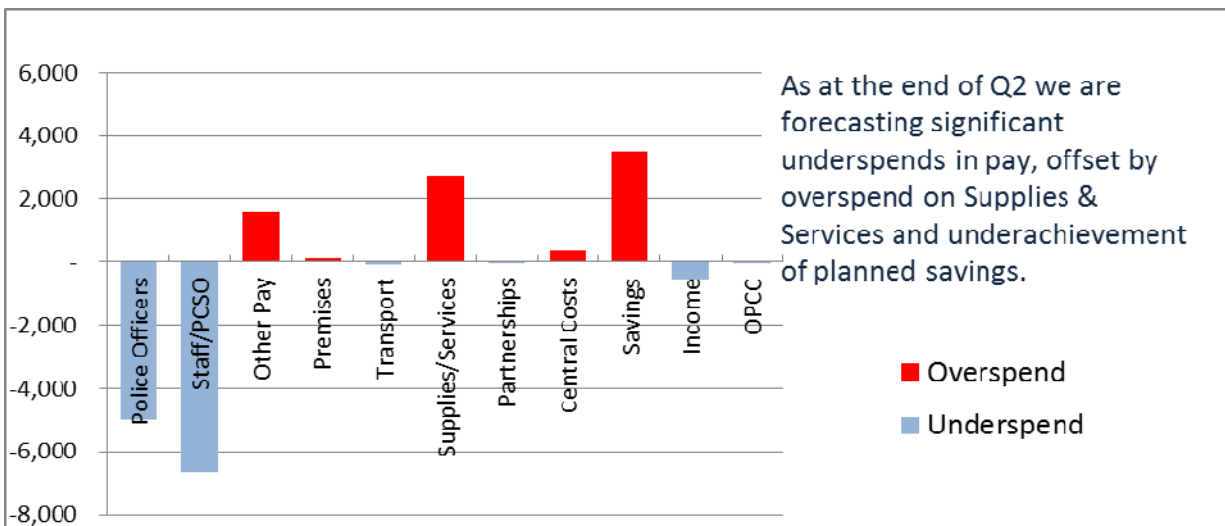
The purpose of this report is to provide an update on the revenue budget and capital programme performance against the plan for 18/19. The attached Appendices A and B includes details of the outturn revenue position as at 30<sup>th</sup> September 2018, and Appendices C and D provide more detailed information about overtime spend against budget, Appendix E provides the forecast position for the capital programme.

**2. EXECUTIVE SUMMARY**

The revenue position is forecasting to be **£4.1m underspent at the end of the financial year**. We anticipate that all of this underspend will be needed to both fund the pledges made to the PCC for targeted operations around both drugs and burglary, as well as to fund capital thereby enabling us greater flexibility to manage emerging pressures in our medium term revenue forecasts.



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



**Police Officer Pay & Allowances** – These are £3.6m/5.4% underspent YTD, with prediction of £5.0m/3.7% underspend at year end.

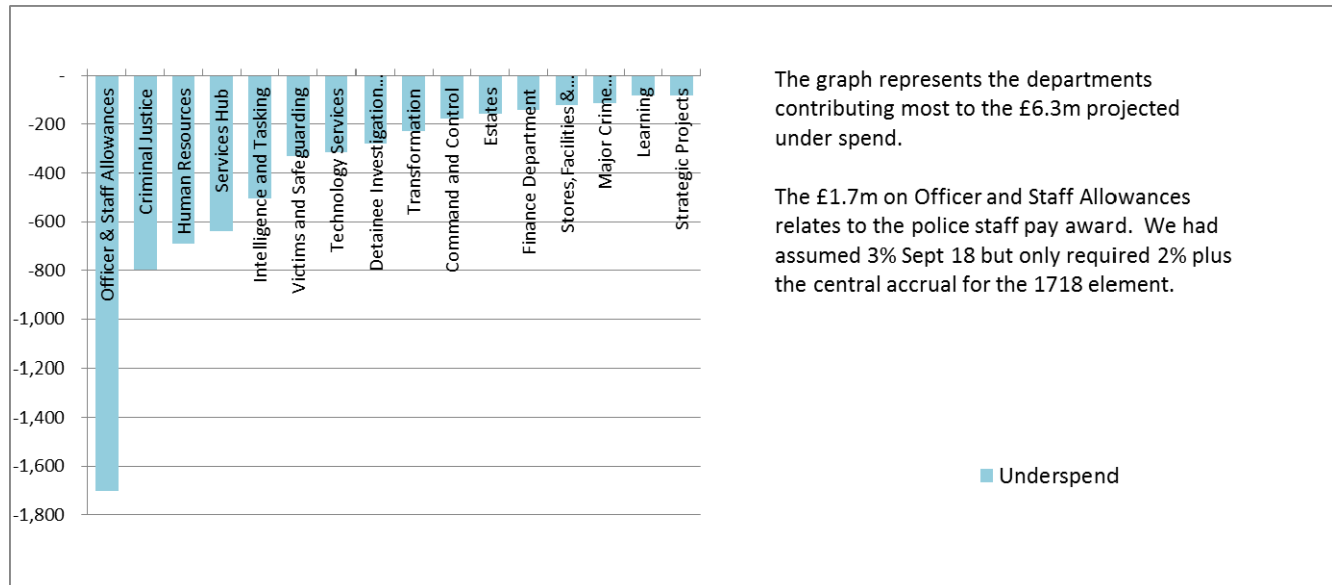
The slowing of the underspend rate is as a result of the assumptions made around recruitment to the end of the year, namely 160 IDLDP + 36 Transferees in the period October – March 19. The figures have also been adjusted for expected retirements, ordinary leavers and medical pensioners. Spend to date on bonus payments for PC / DCs in Investigations is £100k. No further projections have been made about bonus payments at this time, although we recognise that options and schemes are being considered here.

The main areas driving the £5.0m predicted overspend are:

- Patrol £1.5m – PCs 33 FTE under strength as per the Sept establishment pack;
- Investigations £0.9m – PCs 49 FTE understrength as per the Sept establishment pack;
- Officer & Staff Allowances £1.5m – This is made up of £625k saving on the police pay award as we had initially assumed the 1% bonus paid in Sept 17 would become permanent. In addition £750k was put aside to cover NI on allowances. The related spend is in the individual departments but vacancies are so significant the NI budgets are not under pressure.

**Police Staff Pay & Allowances** – These are £3.2m/8.4% underspent YTD, with prediction of £6.3m/8.3% underspend at year end.

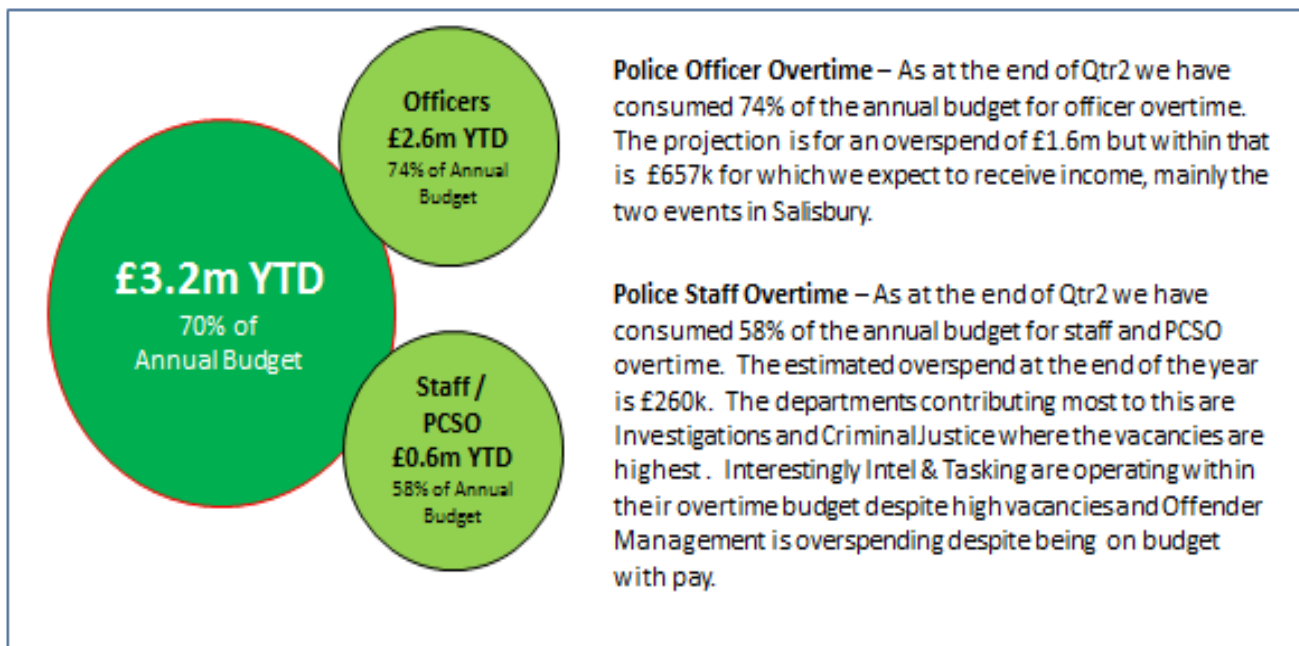
The projection as at Qtr3 assumes no improvement in the picture for police staffing levels with the exception of 11 FTE Investigative Support in Investigations for the period Oct – Mar 18



**PCSO Pay & Allowances** – These are £0.4m/6.5% underspent YTD, with prediction of £0.3m/2.8% underspend at year end.

PCSO Pay shows a reduction in the rate of underspend as we are assuming intakes of 20 FTE in Nov, Jan & March.

**Overtime**



**Police Officer Overtime** – As at the end of Qtr2 we have consumed 74% of the annual budget for officer overtime. The projection is for an overspend of £1.6m but within that is £657k for which we expect to receive income, mainly the two events in Salisbury.

**Police Staff Overtime** – As at the end of Qtr2 we have consumed 58% of the annual budget for staff and PCSO overtime. The estimated overspend at the end of the year is £260k. The departments contributing most to this are Investigations and Criminal Justice where the vacancies are highest. Interestingly Intel & Tasking are operating within their overtime budget despite high vacancies and Offender Management is overspending despite being on budget with pay.

**S&S – Communications and Computing costs** - The projected overspend is £1.7m.

Of this, the major factor is Tech Services, where the forecast overspend in this area is £1.6m, reflecting the below forecasts which largely result from the commitments at the end of our Southwest One contract and the extension of our SAP system:

	Forecast	Budget	(Under) / Over Spent
	£'000	£'000	£'000
Software Support Costs	1,700	0	1,700
Hardware Maintenance Costs	640	100	540
Novated Contracts	635	1,317	(682)
SAP Support	558	0	558
Data Deletion	118	0	118
<b>TOTALS</b>	<b>3,651</b>	<b>1,417</b>	<b>2,234</b>
Offset - forecast underspend in mobile data			(600)
<b>TOTAL IT Directorate Comms and Computing</b>			<b>1,634</b>

**Supplies & Services – Other costs** - The YTD £2.9m underspend is driven mainly by the remaining budget relating to MFSS -£2.2m. The budget is made up of the £1.9m for MFSS Licences and £0.3m which was not required to fund the staff budgets. The projected spend shows an overspend of £0.8m/5.3%, which is reflective of us including a provision for our remaining liabilities into MFSS.

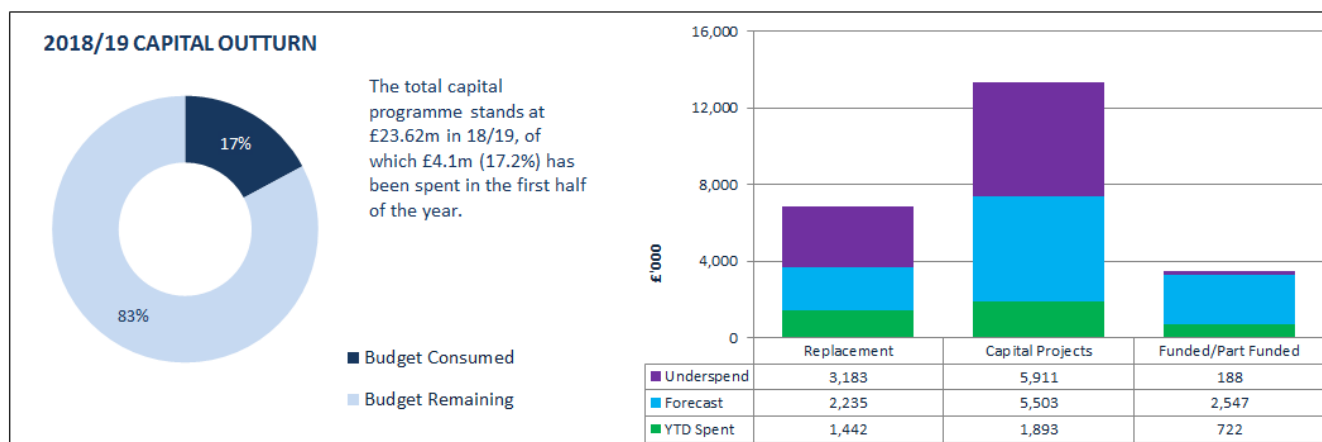
**Transfers to / from reserves** - The forecast variance against budget of £0.9m almost entirely relates to the Speed Enforcement Unit, where we estimate the income generated will exceed the cost of the unit and this surplus will be taken to our road safety reserve at the end of the year.

**Outstanding Saving Target** - The Enabling Services Review is estimated to offset the £3.8m outstanding saving target to the tune of £2.0m. The majority of this is in the police staff pay underspend line, and will be adjusted for within the next quarter. The £0.25m saving shown here is the balance of the estimated saving for Learning as the police staff underspend does not reflect the full impact of the reductions that will be realised from the 'to be' structure.

### Income – Other

The estimated over achievement of income is representative of the mutual aid income we are expecting for the Salisbury operations (Op Fairline & Fortis), which offsets some of the overtime overspends reported above.

### Capital Expenditure



The capital programme is forecasting **£14.3m of expenditure** this financial year, which reflects 60.7% of our plan. This compares to a YTD spend of £4.1m, reflecting further significant capital expenditure expected in the remaining half of the year, particularly in relation to our digital and infrastructure programmes. The forecast has reduced this quarter due the MFSS costs being removed, delays in the IT expenditure due to the re-design work currently being undertaken, infrastructure projects are likely to complete in 19/20 now rather than 18/19 and uncertainty on the requirements for vehicle to be purchased.

### 3. PART ONE – 18/19 REVENUE BUDGET PERFORMANCE

The revenue position is forecasting to be £4.1m/1.4% underspent at the end of the financial year.

The subjective position 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

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Neighbourhood Policing	13,484	13,804	(320)	(2.3%)	27,384	27,362	22	0.1%
Road Safety	14	119	(105)	(88.0%)	102	175	(73)	(41.5%)
Offender Management	2,507	2,444	63	2.6%	4,980	4,851	129	2.7%
Victims and Safeguarding	2,036	2,156	(120)	(5.6%)	3,789	4,160	(370)	(8.9%)
<b>DIRECTORATE TOTAL</b>	<b>18,042</b>	<b>18,522</b>	<b>(481)</b>	<b>(2.6%)</b>	<b>36,256</b>	<b>36,548</b>	<b>(292)</b>	<b>(0.8%)</b>

#### YTD Variances

**Neighbourhood** - significant variance for PCSO's due to the number of vacancies. Along with this there is a year to date over achievement on the income and Supplies and Services are not spent to budget, however these underspends are being offset against the overspends on Police Staff Pay (Top slice) and Transport costs.

**Road Safety** - variance reported due to the amount of income that has been received year to date and the equipment budget not being spent to budget allocation for the year so far.

**Offender Management** - variance is due to Police pay which has an average of 1.50 FTE unfunded officer posts along with the pressure of the top slice that will not be met at this stage. There is also an overspend on staff pay, as well as staff overtime is showing an overspend with the majority being worked in the IRiS South, these are all being slightly offset by an overachievement of Course Fees and Rehabilitation budgets not yet being fully utilised.

**Victims & Safeguarding** – The department is carrying police staff vacancies contributing to the YTD underspend, 17 FTE as per the Sept establishment pack (£87k). The other line underspent YTD relates to an agreement to distribute personal alarms through Tesco where no costs have been incurred to date (£37k).

#### FORECAST Variances

**Road Safety** - significant variance is due to the projected overachievement income.

**Offender Management** - variance is due to the projection of over established posts in police pay along with top slice as well as the under achievement at this stage of the income as there are discussions taking place about the MAPPA advisors contributions.

**Victims & Safeguarding** - there are savings of £144K resulting from the restructure, which have not been taken into account in these figures as yet. There is significant variance on police staff pay due to vacant posts. In conjunction with this there is the added underspend on the subscriptions as there will be a new contract for the personal alarms for victims which has yet to be agreed.

#### RESPONSE

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Command and Control	8,853	8,832	21	0.2%	17,484	17,674	(189)	(1.1%)
Patrol	23,414	24,639	(1,225)	(5.0%)	48,224	49,520	(1,296)	(2.6%)
Detainee Investigation Support	2,919	3,120	(201)	(6.4%)	5,815	6,281	(466)	(7.4%)
<b>RESPONSE</b>	<b>35,186</b>	<b>36,591</b>	<b>(1,404)</b>	<b>(3.8%)</b>	<b>71,524</b>	<b>73,475</b>	<b>(1,951)</b>	<b>(2.7%)</b>

#### YTD Variances

**Patrol** - variance is due to the vacancies that exist in Patrol which has slightly been offset by the overspend on overtime which is again due in the main to the vacancies. Travel remains underspent as does supplies and services - this is due to the equipment not yet bought in full.

**Detainee Investigation Support** - variance is due to the vacancies of both Police officer and police staff

#### FORECAST Variances

**Command & Control** - variance in this area is due to the forecast vacant staff posts.

**Patrol** - variance is due to the number of vacant officer posts and the way they are funded (standard unit cost used for budget is higher than actual average costs which reflects large number of recruits in this areas).

**Detainee Investigation Support** - variance is due to the number of vacancies of both officers and staff.

**OPERATIONAL SUPPORT**

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Criminal Justice	5,283	6,344	(1,060)	(16.7%)	11,702	12,060	(358)	(3.0%)
Operations	3,658	3,529	130	3.7%	7,318	7,139	179	2.5%
Operations Major Incidents	66	65	2	2.9%	188	207	(19)	(9.2%)
Intelligence and Tasking	5,825	6,102	(278)	(4.6%)	11,855	12,319	(464)	(3.8%)
<b>OPERATIONAL SUPPORT</b>	<b>14,833</b>	<b>16,039</b>	<b>(1,207)</b>	<b>(7.5%)</b>	<b>31,063</b>	<b>31,725</b>	<b>(662)</b>	<b>(2.1%)</b>

**YTD Variances**

**Criminal Justice** - Speed Enforcement surplus income over costs accounts for £0.8m of the variance here. A further £0.3m is from underspends against both Doctor and Interpreters fees which are incurred as required.

**Operations** – overspend here relates to costs in relation to rechargeable operations which we are yet to receive income for.

**Intel & Tasking** - underspend is due to staff vacancies.

**FORECAST Variances**

**Criminal Justice** – forecast underspend is as a result of staff vacancies (£341k) and doctor call our fees (£246k) which relates to credits received for breach of service provision. These are offset by £149k under achievement on licencing income as a result of a change in the renewal process.

**Operations** – variance driven by one-off purchase of a Drone which is an authorised overspend.

**Intel & Tasking** - underspend is due to staff vacancies.

**INVESTIGATIONS**

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Investigation	11,720	12,474	(755)	(6.0%)	24,578	24,927	(349)	(1.4%)
Investigation Major Incidents	517	406	110	27.2%	929	842	87	10.3%
<b>INVESTIGATION</b>	<b>12,237</b>	<b>12,881</b>	<b>(644)</b>	<b>(5.0%)</b>	<b>25,508</b>	<b>25,770</b>	<b>(262)</b>	<b>(1.0%)</b>

**YTD Variances**

**Investigations** - the YTD underspend is due to the level of vacancies across the Directorate.

**Major Incident** - this is incurring costs on operations being carried out for other Forces, which will be recharged in due course.

**FORECAST Variances**

**Investigations** – forecast underspend is reflective of vacancies, but recognises the planned transfer of PCs from Patrol to Investigations and the temporary appointment of 11 x S4 Investigation Support Officers.

**Major Incident** - forecast overspend which is based on costs incurred in the first six months of the year. Given

the nature of operations it is difficult to accurately predict costs.

### **COLLABORATIONS**

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tri-force Specialist Operations	5,796	6,022	(226)	(3.7%)	12,010	11,730	280	2.4%
Scientific Investigations	1,669	1,697	(28)	(1.6%)	6,735	6,720	15	0.2%
Major Crime Investigations	2,358	2,445	(86)	(3.5%)	4,493	4,781	(288)	(6.0%)
South West ROCU	3,015	3,015	0	0.0%	3,015	3,015	0	0.0%
Special Branch	519	526	(8)	(1.5%)	1,039	1,040	(2)	(0.2%)
Black Rock	206	197	9	4.7%	788	788	0	0.0%
Counter Terrorism Specialist Firearms	382	434	(52)	(12.1%)	613	815	(202)	(24.8%)
Tri Force ACC	65	63	2	3.2%	96	84	12	14.6%
<b>COLLABORATION</b>	<b>14,010</b>	<b>14,399</b>	<b>(388)</b>	<b>(2.7%)</b>	<b>28,788</b>	<b>28,972</b>	<b>(185)</b>	<b>(0.6%)</b>

#### **YTD Variances**

**CTSFO** - variance is reflective of officer vacancies.

**MCIT** - variance is reflective of both officer and staff vacancies.

#### **FORECAST Variances**

**CTSFO** - variance reflects continued forecast vacancy position.

**MCIT** - variance reflects continued forecast vacancy position.

### **INFORMATION TECHNOLOGY**

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
IT Directorate	9,650	5,834	3,815	65.4%	16,102	14,811	1,291	8.7%
SWOne Unitary Charge	1,585	1,660	(75)	(4.5%)	1,585	1,660	(75)	(4.5%)
<b>IT DIRECTORATE</b>	<b>11,235</b>	<b>7,495</b>	<b>3,740</b>	<b>49.9%</b>	<b>17,688</b>	<b>16,472</b>	<b>1,216</b>	<b>7.4%</b>

#### **YTD Variance**

Variance of £3.8m is reported at Quarter 2 for the IT Directorate. The main drivers for the variances include SW1 exit costs at £1.4m, which relates to both software and hardware provisions. In addition a YTD variance of £2.2m is reported against licences and national systems, this variance is mainly down to profiling of budgets and

therefore represents a planning issue.

### FORECAST Variance

The forecasted year end position for the IT Directorate is £1.3m at Quarter 2 against planned budget. The forecasted position is an improvement on the YTD actuals as there is a significant saving against pay (-£0.3m) and mobile telephony (-£0.5m) yet to be fully realised. However, there remains some risk associated with mobile telephony due to delays in billing and therefore the actual saving could be reduced.

### FINANCE AND BUSINESS SERVICES

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under)	Forecast Outturn	Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Estates	6,173	6,169	4	0.1%	11,704	11,622	82	0.7%
Stores, Facilities & Evidential Property	1,664	2,104	(441)	(20.9%)	3,779	3,944	(165)	(4.2%)
Transport Services	1,892	2,100	(208)	(9.9%)	4,493	4,510	(17)	(0.4%)
Services Hub	2,536	2,712	(176)	(6.5%)	5,166	5,855	(689)	(11.8%)
Finance Department	783	769	15	1.9%	1,393	1,483	(90)	(6.0%)
Strategic Procurement Services	233	256	(22)	(8.7%)	424	507	(83)	(16.4%)
Corporate Information Management	250	153	97	63.3%	249	154	95	61.5%
<b>F&amp;BS DIRECTORATE</b>	<b>13,532</b>	<b>14,264</b>	<b>(732)</b>	<b>(5.1%)</b>	<b>27,209</b>	<b>28,075</b>	<b>(866)</b>	<b>(3.1%)</b>

### YTD Variances

**Stores, Facilities & Evidential Property** - variance is being driven by staff pay (-£0.1m) and supplies & services (-£0.3m), in particular a large variance is being reported against uniform expenditure.

**Transport Services** - variance is being generated by under-establishment in our vehicle technicians, as well as savings against transport related costs such as tyres, repairs and maintenance and hire vehicle costs.

**Services Hub** - variance is a result of savings against supplies and services (-£0.09m) and third party payments (£0.05m).

**Strategic Procurement** - variance is largely driven by vacancies against police staff pay.

**CIM** - variance is due to the removal of pay budgets for savings targets as the department was disbanded under the Enabling Services Review, but some individuals remained in post during the first few months of the year.

### FORECAST Variances

**Stores, Facilities & Evidential Property** - variance is mainly against police staff pay at -£0.1m and supplies & services at -£0.03m, offset by some pressures generated on the managed print services as the rollout continues and we operate using two suppliers.

**Transport Services** – Forecast position of (£17k) represents the under established position for vehicle technicians (£37k), offset by overtime covering these vacancies £24k. Fuel is predicted to overspend £151k due to increased cost rather than usage, this is offset by savings on insurance, tyres and hired vehicle costs (£183k). Income budgets are under achieving as the level of staff vacancies is impacting on the capacity for external work.



**Services Hub** - variance is largely driven against police staff pay. The admin budget has seen an allocation of £0.5m budget applied for police staff costs, however currently the pay expenditure for admin roles sits in local departments (this will be corrected going forward).

**Finance Department** - variance is mainly pay and relates to savings under the Enabling Services Review yet to be adjusted for.

**Strategic Procurement** - variance is being driven by pay as the department holds a number of vacancies.

**CIM** – The YTD position (as above) is not forecast to change through to the end of the year now.

#### **PEOPLE AND ORGANISATIONAL DEVELOPMENT**

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	1,971	2,235	(264)	(11.8%)	3,894	4,419	(526)	(11.9%)
Staff Associations	384	360	24	6.8%	735	679	56	8.3%
Learning	2,488	2,332	156	6.7%	4,889	4,654	235	5.0%
Legal Services	555	434	121	27.8%	922	783	139	17.8%
Occupational Health	387	379	8	2.1%	879	690	189	27.4%
Health & Safety	47	45	2	4.2%	97	91	6	6.7%
<b>P&amp;OD Directorate</b>	<b>5,832</b>	<b>5,784</b>	<b>47</b>	<b>0.8%</b>	<b>11,416</b>	<b>11,316</b>	<b>100</b>	<b>0.9%</b>

#### **YTD Variances**

**HR Operations** - variance is being driven by police staff pay (-£0.21m) and supplies & services (-£0.5m) in particular expenditure against advertising.

**Staff Associations** - variance is being driven by expenditure on leadership review (£0.04m) and savings against Wellbeing (-£0.02m).

**Learning** - variance is largely being driven by approved budget pressure on Taser costs (£0.29m) and savings against police officer pay (-£0.11m).

**Legal Services** - variance is a result of unachievable income target due to legislation change - Subject Access Request is free of charge under GDPR £104k. The department also has an approved overspend of £20k relating to laptops bid for from the underspend.

#### **FORECAST Variances**

The forecasted year end position for the People & Organisational Development Directorate is £0.23m at Quarter 2 against planned budget.

**HR Operations** - variance is largely driven by staff pay as the department holds a number of vacancies.

**Learning** - variance is largely driven by approved budget pressure on Taser costs £0.29m.

**Legal Services** - variance is a result of unachievable income target due to legislation change - Subject Access Request is free of charge under GDPR, as well as approved overspend as highlighted above.

**Occupational Health** - is reporting a forecasted year end position of £0.19m against the planned budget. The variance is being driven by staff pay £0.9m and unachievable scrutiny savings £0.07m.

**TRANSFORMATION & IMPROVEMENT**

	YTD				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Transformation	399	528	(129)	(24.4%)	819	1,046	(227)	(21.7%)
Improvement	1,057	1,170	(114)	(9.7%)	2,206	2,327	(121)	(5.2%)
Force Crime & Incident Registrar	121	112	9	8.2%	231	226	5	2.2%
Strategic Projects	1,165	1,266	(101)	(7.9%)	2,383	2,853	(470)	(16.5%)
Corporate Communications	412	435	(23)	(5.3%)	838	869	(32)	(3.6%)
Professional Standards Department	939	881	58	6.6%	1,915	1,760	155	8.8%
<b>T&amp;I DIRECTORATE</b>	<b>4,093</b>	<b>4,392</b>	<b>(299)</b>	<b>(6.8%)</b>	<b>8,391</b>	<b>9,082</b>	<b>(691)</b>	<b>(7.6%)</b>

**YTD Variances**

**Professional Standards** - variance is being driven by Police Pay £0.06m (unfunded posts).

**Transformation** - underspend driven entirely by police staff vacancies.

**Improvement** – underspend relates to 2.65 FTE vacant officer posts.

**FORECAST Variances**

**Professional Standards** - variance is largely driven by Police Pay £0.11m due to two unfunded PC posts.

**CENTRAL COSTS**

	YTD Actual				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under )	Over/ (Under )	Forecast Outturn	Annual Budget	Over/ (Under )	Over/ (Under )
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Pensions	4,057	4,948	(891)	(18.0%)	10,144	10,489	(344)	(3.3%)
Officer & Staff Allowances	(84)	2,873	(2,957)	(102.9%)	1,157	4,627	(3,470)	(75.0%)
Central Costs	(1,315)	1,287	(2,602)	(202.2%)	4,122	3,964	157	4.0%
Central Savings	0	(3,646)	3,646	(100.0%)	(250)	(3,646)	3,396	(93.1%)
Student Officers	909	974	(65)	(6.7%)	2,570	2,855	(285)	(10.0%)
<b>CENTRAL COSTS</b>	<b>3,567</b>	<b>6,436</b>	<b>(2,869)</b>	<b>(44.6%)</b>	<b>17,742</b>	<b>18,288</b>	<b>(545)</b>	<b>(3.0%)</b>

**YTD Variances**

**Pensions** - £0.9m YTD relates to medical pensions (we budget for one per month and only 2 to date) as well as not receiving invoice yet for our pension deficit payments.

**Officer & Staff Allowances** – variance is the pay award saving (assumed 3%, required 2%), and central accrual for the 17/18 element of the police staff Sept 17 pay award (which we could release to local budgets but given

underspends elsewhere reported this is not considered necessary) and £420k NI on overtime budget held centrally.

**Central Costs** – underspend relates to the remaining budget relating to MFSS -£2.2m. The budget is made up of the £1.9m for MFSS Licences and £265k which was not required to fund the staff budgets.

**Central Savings** – variance relates to outstanding savings from the enabling services review.

#### FORECAST Variances

**Pensions** – Estimate of new medical retirements is 12 for the year. Underspend comes from against forecast for injury basic pension for the year, which is coming in lower than anticipated.

**Officer & Staff Allowances** – the projected underspend is the continuation of the YTD position identified above.

**Central Costs** – overspend reflects provision for anticipated liabilities with MFSS, offset by savings against MFSS budgets, as well as some underspends on capital funding (MRP and interest payable).

#### MISCELLANEOUS, GRANTS & SECONDEES

	YTD Actual				Forecast			
	Q1 + 2 YTD Actual	Q1 + 2 YTD Budget	Over/ (Under)	Over/ (Under)	Forecast Outturn	Annual Budget	Over/ (Under)	Over/ (Under)
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
MISCELLANEOUS	(1)	(33)	32	(98.3%)	(33)	(33)	0	0.0%
GRANTS	(10)	116	(126)	(108.4%)	150	0	150	
SECONDEES	29	0	29			0	0	

The projected overspend on grants £150k for DSP at the Airport. Grant provider has stated they will not cover accommodation costs £100k and overtime £50k.

#### 4. PART TWO – 18/19 CAPITAL BUDGET PERFORMANCE

In January 2018 the anticipated new capital plan for 18/19 totalled £20.1m with the addition of carry forwards of capital schemes in progress amounting to £3.6m at the end of 17/18. The capital plan has since been reviewed and schemes have been added, removed or profiled into future years as necessary. Further details of the capital funding are shown later in the report. These adjustments show a revised capital plan for Avon and Somerset of £23.7m for 18/19.

The table below summarises this movement:

	18/19 Plan	C/Fwd from 17/18	TOTAL Plan	Adjusts	TOTAL Revised Plan
	£'000	£'000	£'000	£'000	£'000
Asset Replacement & Renewal	6,102	472	6,574	286	6,860
Digital Programme	2,462	1,086	3,548	924	4,472
Infrastructure & Assets Programme	5,525	249	5,774	21	5,795
Service Workforce and Development programme	3,089	632	3,721	(1,301)	2,420
Other projects	350	270	620	0	620
Funded or part funded projects	2,608	893	3,501	(44)	3,457
<b>TOTAL</b>	<b>20,136</b>	<b>3,602</b>	<b>23,738</b>	<b>(114)</b>	<b>23,624</b>

**18/19 CAPITAL PROGRAMME OUTTURN**

	TOTAL Plan	Actual YTD		Forecast Outturn	Over/(Under)	
	£'000	£'000	%	£'000	£'000	%
Asset Replacement & Renewal	6,860	1,442	21.0%	3,677	(3,184)	(46.41%)
Digital Programme	4,472	766	17.13%	2,978	(532)	(33.41%)
Infrastructure & Assets Programme	5,795	294	5.1%	2,887	(2,908)	(50.18%)
Service Redesign programme	2,420	761	31.5%	1,388	(1,032)	(42.64%)
Other projects	620	72	11.6%	144	(476)	(76.84%)
Funded or part funded projects	3,457	722	20.9%	3,269	(188)	(5.44%)
<b>TOTAL</b>	<b>23,624</b>	<b>4,057</b>	<b>17.2%</b>	<b>14,343</b>	<b>(9,282)</b>	<b>(39.29%)</b>

At the end of Q2 18/19 £4.1m (17.2%) of the capital programme had been spent; further details of which are included within Appendix E. There are decisions outstanding on a number of projects within the capital plan. The capital plan is continued to be reviewed and prioritised our plans as we move forward during the year. Therefore, the forecast is against current plans and any amendment to these will further change the forecasts.

The key highlights of the capital plan are as follows:

**ASSET REPLACEMENT AND RENEWAL**

The expenditure at the end of Q2 is £1.4m (21.0% of the plan) with a forecast of £3.7m (53.6%) to the end of the financial year. The key highlights from this element of the plan are:-

- IT Renewal and replacements - £0.3m expenditure incurred to date on the data centre strategy consolidation project and network security. Due to the IT redesign the requirements for the storage, infrastructure refresh and video conferencing equipment are being reviewed, and any expenditure are likely to be incurred in 19/20 ;
- Estates rolling replacement and renewal – £0.2m expenditure to date includes the replacement of a boiler in the training block and works on the lighting upgrades, with an anticipated cost of £0.36m by the end of the financial year. It is anticipated that the replacement generator works will start in Q3, with £0.7m forecast in 18/19 and completion in early 19/20 £0.2m.
- Vehicle replacements - £1.0m has been spent to on replacement vehicles to date with a further £1.2m anticipated to be spent in 18/19, reflective of current orders. Due to delays in identifying the requirements of some vehicles and placing the orders, it is anticipated that the £1.1m will slip into 19/20;
- ANPR – Expenditure of £0.1m on replacement ANPR equipment and ANPR on strategic routes is anticipated to be incurred during 18/19. The works for upgrading the ANPR on the motorways (£50k) is currently on hold while waiting for decisions with Highways England.

**DIGITAL PROGRAMME**

Expenditure in Q2 was £0.8m (17.1% of the plan) with a forecast of £3.0m (66.6% of the plan) for 18/19. The key highlights from this element of the capital plan are as follows:-

- Digital Mobilisation – £0.8m expenditure was incurred in Q2 with a forecast expenditure for 18/19 of £2.7m, including the approved increase in budget £1.2m for the purchase of additional phones and the purchase of desktops to support the wider refresh of out computers;
- Digital Evidence – £0.3m is planned to be spent on additional body worn video cameras.

**INFRASTRUCTURE AND ASSET PROGRAMME**

In Q2 £0.2m (5.1% of the plan) was spent on the infrastructure programme the forecast expenditure in 18/19

is £2.9m (49.8% of the plan). The key highlights of this programme include:-

- New Enquiry office and neighbourhood base in Southmead is anticipated to be completed in early 19/20 £0.4m;
- Taunton response and enquiry office £0.7m;
- Work on the HQ traffic and security is due to complete in 18/19 £0.2m;
- Kenneth Steel House refurbishment works £1.0m is planned to be spent in 18/19 with the work being completed over 3 year with a total project cost £3.65m;
- Wells Neighbourhood base – The business case was approved in June and the work is due to start in 18/19 costing £0.05m and complete in 19/20 £0.15m;
- Subject to business case approval works for the new response hub in Shepton Mallett is planned to start with completion anticipated in 19/20. £0.6m.

#### **SERVICE REDESIGN AND DEVELOPMENT**

The forecast expenditure for the service redesign and development for 18/19 is £1.4m (57.4% of the plan), which includes:

- £0.7m was incurred for the purchase of SAP hardware from the exit of Southwest One;
- £0.6m is going to be incurred in 18/19 for the WAN project.
- The forecast for the ERP Solution MFSS has been removed leading to a £1.0m underspend on the budget in 18/19 (although as reported above the remaining liabilities now being recognised as revenue cost).

#### **OTHER PROJECTS**

The key highlights from this element of the capital plan are:

- £0.1 has been spent to date on the NDG DR provision;
- Voice and Data Communications – £0.1m is planned to be spent in 18/19 to complete the project;
- Site resilience for VOIP – The requirements for the £0.35m budget still need to be confirmed.

#### **FUNDED OR PART FUNDED PROJECTS**

£3.4m is anticipated to be spent in 18/19 and the key highlights from this element of the capital plan includes:

- Multi Agency Integrated Analytics – £1.9m Police transformation grant is to be received during 18/19 and working is underway to complete the project;
- CTSFO estates works – is due to complete in 18/19 costing £0.65m;
- Road safety estates works - £0.4m.

### **5. 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.

### **6. 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 are reported on within the content of this report. Wider environmental sustainability considerations are also accounted for within the budget and capital programme.

### **7. CONCLUSIONS AND RECOMMENDATIONS**

The estimated underspend of £4.1m will be used to fund the PCC promise of £1m for burglary and £1m to tackle drugs with the remainder needed to fund Capital plan, thereby allowing us more flexibility across the medium term to manage emerging revenue budget pressures.

**Members of CMB are invited to review and discuss this financial performance report.**

OFFICIAL

ANNEX A - Subjective Structure 2018/19 Revenue Outturn September 2018	YTD Actual				18/19 Projected Outturn £'000	18/19 Annual Budget £'000	Over/ (Under) £'000	Over/ (Under) %
	18/19 YTD Actual £'000	18/19 YTD Budget £'000	Over/ (Under) £'000	Over/ (Under) %				
Police Officer pay and allowances	63,733	67,366	(3,633)	(5.4%)	130,654	135,644	(4,990)	(3.7%)
Police Officer Overtime	2,618	1,636	982	60.0%	5,149	3,552	1,597	45.0%
Police Staff pay and allowances	34,238	37,397	(3,159)	(8.4%)	69,866	76,181	(6,315)	(8.3%)
Police Staff Overtime	605	459	146	31.7%	1,298	1,058	240	22.7%
PCSO pay and allowances	5,332	5,700	(368)	(6.5%)	11,069	11,387	(318)	(2.8%)
PCSO Overtime	10	1	9	635.4%	23	3	20	596.0%
Indirect Employee Expenses	1,287	1,379	(92)	(6.7%)	2,055	1,992	64	3.2%
Pensions	3,314	3,853	(539)	(14.0%)	7,339	7,704	(364)	(4.7%)
<b>EMPLOYEE COSTS</b>	<b>111,137</b>	<b>117,792</b>	<b>(6,655)</b>	<b>(5.6%)</b>	<b>227,453</b>	<b>237,521</b>	<b>(10,067)</b>	<b>(4.2%)</b>
<b>PREMISES COSTS</b>	<b>6,682</b>	<b>6,727</b>	<b>(45)</b>	<b>(0.7%)</b>	<b>12,749</b>	<b>12,624</b>	<b>125</b>	<b>1.0%</b>
<b>TRANSPORT COSTS</b>	<b>2,374</b>	<b>2,405</b>	<b>(32)</b>	<b>(1.3%)</b>	<b>4,852</b>	<b>4,934</b>	<b>(81)</b>	<b>(1.6%)</b>
<b>S&amp;S - COMMUNICATIONS AND COMPUTING COSTS</b>	<b>8,923</b>	<b>5,056</b>	<b>3,866</b>	<b>76.5%</b>	<b>14,206</b>	<b>12,496</b>	<b>1,710</b>	<b>13.7%</b>
<b>S&amp;S - FORENSICS COSTS</b>	<b>13</b>	<b>24</b>	<b>(11)</b>	<b>(44.1%)</b>	<b>56</b>	<b>46</b>	<b>10</b>	<b>22.4%</b>
<b>S&amp;S - OTHER COSTS</b>	<b>6,075</b>	<b>8,948</b>	<b>(2,873)</b>	<b>(32.1%)</b>	<b>15,273</b>	<b>14,501</b>	<b>772</b>	<b>5.3%</b>
<b>PARTNERSHIP COSTS (3RD PARTY PAYMENTS)</b>	<b>7,207</b>	<b>7,542</b>	<b>(334)</b>	<b>(4.4%)</b>	<b>14,384</b>	<b>14,410</b>	<b>(25)</b>	<b>(0.2%)</b>
<b>TRANSFERS TO/(FROM) RESERVES</b>	<b>(4,210)</b>	<b>(4,013)</b>	<b>(197)</b>	<b>4.9%</b>	<b>(3,061)</b>	<b>(3,958)</b>	<b>898</b>	<b>(22.7%)</b>
<b>CAPITAL FINANCING COSTS</b>	<b>5,734</b>	<b>5,917</b>	<b>(183)</b>	<b>(3.1%)</b>	<b>11,413</b>	<b>11,719</b>	<b>(306)</b>	<b>(2.6%)</b>
<b>OUTSTANDING SAVINGS TARGET</b>	<b>0</b>	<b>(3,646)</b>	<b>3,646</b>	<b>(100.0%)</b>	<b>(250)</b>	<b>(3,769)</b>	<b>3,519</b>	<b>(93.4%)</b>
<b>TOTAL CONSTABULARY EXPENDITURE</b>	<b>143,936</b>	<b>146,752</b>	<b>(2,816)</b>	<b>(1.9%)</b>	<b>297,078</b>	<b>300,523</b>	<b>(3,445)</b>	<b>(1.1%)</b>
INCOME - SPECIAL GRANTS	(3,761)	(3,761)	(0)	0.0%	(7,523)	(7,523)	0	0.0%
INCOME - OTHER	(7,609)	(6,189)	(1,420)	22.9%	(13,971)	(13,277)	(693)	5.2%
<b>TOTAL CONSTABULARY INCOME</b>	<b>(11,370)</b>	<b>(9,950)</b>	<b>(1,420)</b>	<b>14.3%</b>	<b>(21,493)</b>	<b>(20,800)</b>	<b>(693)</b>	<b>3.3%</b>
<b>TOTAL CONSTABULARY (exc Misc/Grants/Secondees)</b>	<b>132,566</b>	<b>136,802</b>	<b>(4,237)</b>	<b>(3.1%)</b>	<b>275,584</b>	<b>279,723</b>	<b>(4,139)</b>	<b>(1.5%)</b>
MISCELLANEOUS	(1)	(33)	32	(98.3%)	(33)	(33)	0	0.0%
GRANTS	(10)	116	(126)	(108.4%)	150	0	150	
SECONDEES	29	0	29		0	0	0	
<b>TOTAL CONSTABULARY</b>	<b>132,584</b>	<b>136,886</b>	<b>(4,301)</b>	<b>(3.1%)</b>	<b>275,701</b>	<b>279,690</b>	<b>(3,989)</b>	<b>(1.4%)</b>
OFFICE OF THE POLICE AND CRIME COMMISSIONER	635	729	(94)	(12.9%)	1,416	1,428	(12)	(0.8%)
COMMISSIONING COSTS	533	1,684	(1,152)	(68.4%)	3,317	3,368	(50)	(1.5%)
<b>TOTAL OPCC AND COMMISSIONING</b>	<b>1,168</b>	<b>2,413</b>	<b>(1,246)</b>	<b>(51.6%)</b>	<b>4,734</b>	<b>4,796</b>	<b>(62)</b>	<b>(1.3%)</b>
<b>TOTAL REVENUE EXPENDITURE</b>	<b>133,752</b>	<b>139,299</b>	<b>(5,547)</b>	<b>(4.0%)</b>	<b>280,435</b>	<b>284,486</b>	<b>(4,051)</b>	<b>(1.4%)</b>

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ANNEX B - Mgt Structure 2018/19 Revenue Outturn Sept 2018	YTD Actual				18/19 Projected Outturn £'000	18/19 Annual Budget £'000	Over/ (Under) £'000	Over/ (Under) %
	18/19 YTD Actual £'000	18/19 YTD Budget £'000	Over/ (Under) £'000	Over/ (Under) %				
Neighbourhood Policing	13,484	13,804	(320)	(2.3%)	27,384	27,362	22	0.1%
Road Safety	14	119	(105)	(88.0%)	102	175	(73)	(41.5%)
Offender Management	2,507	2,444	63	2.6%	4,980	4,851	129	2.7%
Victims and Safeguarding	2,036	2,156	(120)	(5.6%)	3,789	4,160	(370)	(8.9%)
<b>NEIGHBOURHOOD &amp; PARTNERSHIP</b>	<b>18,042</b>	<b>18,522</b>	<b>(481)</b>	<b>(2.6%)</b>	<b>36,256</b>	<b>36,548</b>	<b>(292)</b>	<b>(0.8%)</b>
Command and Control	8,853	8,832	21	0.2%	17,484	17,674	(189)	(1.1%)
Patrol	23,414	24,639	(1,225)	(5.0%)	48,224	49,520	(1,296)	(2.6%)
Detainee Investigation Support	2,919	3,120	(201)	(6.4%)	5,815	6,281	(466)	(7.4%)
<b>RESPONSE</b>	<b>35,186</b>	<b>36,591</b>	<b>(1,404)</b>	<b>(3.8%)</b>	<b>71,524</b>	<b>73,475</b>	<b>(1,951)</b>	<b>(2.7%)</b>
Criminal Justice	5,283	6,344	(1,060)	(16.7%)	11,702	12,060	(358)	(3.0%)
Operations	3,658	3,529	130	3.7%	7,318	7,139	179	2.5%
Operations Major Incidents	66	65	2	2.9%	188	207	(19)	(9.2%)
Intelligence and Tasking	5,825	6,102	(278)	(4.6%)	11,855	12,319	(464)	(3.8%)
<b>OPERATIONAL SUPPORT</b>	<b>14,833</b>	<b>16,039</b>	<b>(1,207)</b>	<b>(7.5%)</b>	<b>31,063</b>	<b>31,725</b>	<b>(662)</b>	<b>(2.1%)</b>
Investigation	11,720	12,474	(755)	(6.0%)	24,578	24,927	(349)	(1.4%)
Investigation Major Incidents	517	406	110	27.2%	929	842	87	10.3%
<b>INVESTIGATION</b>	<b>12,237</b>	<b>12,881</b>	<b>(644)</b>	<b>(5.0%)</b>	<b>25,508</b>	<b>25,770</b>	<b>(262)</b>	<b>(1.0%)</b>
Triforce Specialist Operations	5,796	6,022	(226)	(3.7%)	12,010	11,730	280	2.4%
Scientific Investigations	1,669	1,697	(28)	(1.6%)	6,735	6,720	15	0.2%
Major Crime Investigations	2,358	2,445	(86)	(3.5%)	4,493	4,781	(288)	(6.0%)
South West ROCU	3,015	3,015	0	0.0%	3,015	3,015	0	0.0%
Special Branch	519	526	(8)	(1.5%)	1,039	1,040	(2)	(0.2%)
Black Rock	206	197	9	4.7%	788	788	0	0.0%
Counter Terrorism Specialist Firearms	382	434	(52)	(12.1%)	613	815	(202)	(24.8%)
Tri Force ACC	65	63	2	3.2%	96	84	12	14.6%
<b>COLLABORATION</b>	<b>14,010</b>	<b>14,399</b>	<b>(388)</b>	<b>(2.7%)</b>	<b>28,788</b>	<b>28,972</b>	<b>(185)</b>	<b>(0.6%)</b>
Technology Services	9,650	5,834	3,815	65.4%	16,102	14,811	1,291	8.7%
SWOne Unitary Charge	1,585	1,660	(75)	(4.5%)	1,585	1,660	(75)	(4.5%)
<b>INFORMATION TECHNOLOGY DIRECTORATE</b>	<b>11,235</b>	<b>7,495</b>	<b>3,740</b>	<b>49.9%</b>	<b>17,688</b>	<b>16,472</b>	<b>1,216</b>	<b>7.4%</b>
Estates	6,173	6,169	4	0.1%	11,704	11,622	82	0.7%
Stores, Facilities & Evidential Property	1,664	2,104	(441)	(20.9%)	3,779	3,944	(165)	(4.2%)
Transport Services	1,892	2,100	(208)	(9.9%)	4,493	4,510	(17)	(0.4%)
Services Hub	2,536	2,712	(176)	(6.5%)	5,166	5,855	(689)	(11.8%)
Finance Department	783	769	15	1.9%	1,393	1,483	(90)	(6.0%)
Strategic Procurement Services	233	256	(22)	(8.7%)	424	507	(83)	(16.4%)
Corporate Information Management	250	153	97	63.3%	249	154	95	61.5%
<b>FINANCE &amp; BUSINESS SERVICES DIRECTORATE</b>	<b>13,532</b>	<b>14,264</b>	<b>(732)</b>	<b>(5.1%)</b>	<b>27,209</b>	<b>28,075</b>	<b>(866)</b>	<b>(3.1%)</b>
Human Resources	1,971	2,235	(264)	(11.8%)	3,894	4,419	(526)	(11.9%)
Staff Associations	384	360	24	6.8%	735	679	56	8.3%
Learning	2,488	2,332	156	6.7%	4,889	4,654	235	5.0%
Legal Services	555	434	121	27.8%	922	783	139	17.8%
Occupational Health	387	379	8	2.1%	879	690	189	27.4%
Health & Safety	47	45	2	4.2%	97	91	6	6.7%
<b>PEOPLE &amp; ORGANISATIONAL DEVELOPMENT DIRECTORATE</b>	<b>5,832</b>	<b>5,784</b>	<b>47</b>	<b>0.8%</b>	<b>11,416</b>	<b>11,316</b>	<b>100</b>	<b>0.9%</b>
Transformation	399	528	(129)	(24.4%)	819	1,046	(227)	(21.7%)
Improvement	1,057	1,170	(114)	(9.7%)	2,206	2,327	(121)	(5.2%)
Force Crime & Incident Registrar	121	112	9	8.2%	231	226	5	2.2%
Strategic Projects	1,165	1,266	(101)	(7.9%)	2,383	2,853	(470)	(16.5%)
Corporate Communications	412	435	(23)	(5.3%)	838	869	(32)	(3.6%)
Professional Standards Department	939	881	58	6.6%	1,915	1,760	155	8.8%
<b>TRANSFORMATION &amp; IMPROVEMENT DIRECTORATE</b>	<b>4,093</b>	<b>4,392</b>	<b>(299)</b>	<b>(6.8%)</b>	<b>8,391</b>	<b>9,082</b>	<b>(691)</b>	<b>(7.6%)</b>
Pensions	4,057	4,948	(891)	(18.0%)	10,144	10,489	(344)	(3.3%)
Officer & Staff Allowances	(84)	2,873	(2,957)	(102.9%)	1,157	4,627	(3,470)	(75.0%)
Central Costs	(1,315)	1,287	(2,602)	(202.2%)	4,122	3,964	157	4.0%
Central Savings	0	(3,646)	3,646	(100.0%)	(250)	(3,646)	3,396	(93.1%)
Student Officers	909	974	(65)	(6.7%)	2,570	2,855	(285)	(10.0%)
<b>CENTRAL COSTS</b>	<b>3,567</b>	<b>6,436</b>	<b>(2,869)</b>	<b>(44.6%)</b>	<b>17,742</b>	<b>18,288</b>	<b>(545)</b>	<b>(3.0%)</b>
<b>TOTAL CONSTABULARY (exc Misc/Grants/Secondees)</b>	<b>132,566</b>	<b>136,802</b>	<b>(4,237)</b>	<b>(3.1%)</b>	<b>275,584</b>	<b>279,723</b>	<b>(4,139)</b>	<b>(1.5%)</b>
MISCELLANEOUS	(1)	(33)	32	(98.3%)	(33)	(33)	0	0.0%
GRANTS	(10)	116	(126)	(108.4%)	150	0	150	#DIV/0!
SECONDEES	29	0	29	#DIV/0!	0	0	0	#DIV/0!
<b>TOTAL CONSTABULARY</b>	<b>132,584</b>	<b>136,886</b>	<b>(4,301)</b>	<b>(3.1%)</b>	<b>275,701</b>	<b>279,690</b>	<b>(3,989)</b>	<b>(1.4%)</b>
OFFICE OF THE POLICE AND CRIME COMMISSIONER	635	729	(94)	(12.9%)	1,416	1,428	(12)	(0.8%)
COMMISSIONING COSTS	533	1,684	(1,152)	(68.4%)	3,317	3,368	(50)	(1.5%)
<b>TOTAL OPCC AND COMMISSIONING</b>	<b>1,168</b>	<b>2,413</b>	<b>(1,246)</b>	<b>(51.6%)</b>	<b>4,734</b>	<b>4,796</b>	<b>(62)</b>	<b>(1.3%)</b>
<b>TOTAL REVENUE EXPENDITURE</b>	<b>133,752</b>	<b>139,299</b>	<b>(5,547)</b>	<b>(4.0%)</b>	<b>280,435</b>	<b>284,486</b>	<b>(4,051)</b>	<b>(1.4%)</b>



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Police Officer Overtime September 2018	Actual Spend £000						TOTAL	YTD Budget	YTD Variance	YTD %
	Apr	May	Jun	Jul	Aug	Sep				
Neighbourhood Policing	3.5	4.3	7.2	7.7	11.4	5.9	40.0	35.4	4.6	12.8%
Road Safety	-	-	-	-	-	-	-	-	-	-
Offender Management	0.6	1.6	1.2	2.0	1.3	2.6	9.3	10.5	1.2	-11.6%
Victims and Safeguarding	2.1	0.3	0.1	1.9	0.1	-	4.5	4.4	0.1	3.0%
<b>NEIGHBOURHOOD &amp; PARTNERSHIP</b>	<b>6.2</b>	<b>6.2</b>	<b>8.5</b>	<b>11.6</b>	<b>12.8</b>	<b>8.5</b>	<b>53.8</b>	<b>50.3</b>	<b>3.5</b>	<b>6.9%</b>
Command and Control	-	-	-	-	-	-	-	2.2	2.2	-100.0%
Patrol	73.7	147.5	166.8	69.6	63.7	157.4	678.7	574.0	104.7	18.2%
Detainee Investigation Support	4.2	5.4	9.7	3.6	2.5	6.9	32.2	28.7	3.5	12.2%
<b>RESPONSE</b>	<b>77.9</b>	<b>152.9</b>	<b>176.6</b>	<b>73.1</b>	<b>66.2</b>	<b>164.3</b>	<b>710.9</b>	<b>604.9</b>	<b>106.0</b>	<b>17.5%</b>
Criminal Justice	10.8	12.0	14.1	6.6	9.9	14.1	67.5	51.3	16.2	31.6%
Operations	54.8	156.7	153.6	105.9	148.2	142.0	761.2	110.9	650.3	586.5%
Operations Major Incidents	-	11.8	6.6	2.4	1.2	1.9	4.0	41.2	37.2	-90.3%
Intelligence and Tasking	-	6.2	5.7	5.1	3.0	4.2	5.8	37.8	20.1	-53.1%
<b>OPERATIONAL SUPPORT</b>	<b>47.6</b>	<b>181.1</b>	<b>175.3</b>	<b>116.8</b>	<b>164.2</b>	<b>165.6</b>	<b>850.5</b>	<b>241.2</b>	<b>609.2</b>	<b>252.6%</b>
Investigation	22.8	53.2	67.4	56.6	49.3	73.5	322.7	215.0	107.7	50.1%
Investigation Major Incidents	-	5.0	19.7	31.9	53.9	58.7	189.7	214.7	25.0	-11.6%
<b>INVESTIGATION</b>	<b>17.8</b>	<b>72.9</b>	<b>99.3</b>	<b>110.5</b>	<b>107.9</b>	<b>104.0</b>	<b>512.3</b>	<b>429.7</b>	<b>82.7</b>	<b>19.2%</b>
Triforce Specialist Operations	27.0	47.8	58.5	45.4	49.9	66.5	295.2	132.1	163.1	123.5%
Scientific Investigations	-	0.0	-	-	-	-	0.0	-	0.0	-
Major Crime Investigations	-	0.8	2.7	1.4	0.1	0.3	5.9	8.9	2.9	-33.1%
South West ROCU	-	-	-	-	-	-	-	-	-	-
Special Branch	1.3	2.0	2.8	2.6	0.7	0.8	10.1	4.8	5.3	109.2%
Black Rock	-	-	-	-	-	-	-	-	-	-
Counter Terrorism Specialist Firearms	0.3	1.7	0.6	1.5	45.2	4.5	53.7	4.0	49.7	1243.9%
Tri Force ACC	-	-	-	-	-	-	-	-	-	-
<b>COLLABORATION</b>	<b>27.9</b>	<b>54.2</b>	<b>63.3</b>	<b>49.6</b>	<b>96.0</b>	<b>74.1</b>	<b>365.0</b>	<b>149.8</b>	<b>215.3</b>	<b>143.8%</b>
Technology Services	-	-	-	-	-	-	-	-	-	-
SWOne Unitary Charge	-	-	-	-	-	-	-	-	-	-
<b>INFORMATION TECHNOLOGY DIRECTORATE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Estates	-	-	0.0	-	-	-	0.0	-	0.0	-
Stores, Facilities & Evidential Property	-	-	-	-	-	-	-	-	-	-
Transport Services	-	-	-	-	-	-	-	-	-	-
Services Hub	1.0	-	-	-	-	-	1.0	-	1.0	-
Finance Department	-	-	-	-	-	-	-	-	-	-
Strategic Procurement Services	-	-	-	-	-	-	-	-	-	-
Corporate Information Management	-	-	-	-	-	-	-	-	-	-
<b>FINANCE &amp; BUSINESS SERVICES DIRECTORATE</b>	<b>1.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>	<b>-</b>
Human Resources	0.6	0.2	0.0	-	-	-	0.8	-	0.8	-
Staff Associations	-	-	-	-	-	-	-	0.1	0.1	-100.0%
Learning	-	-	-	1.9	-	0.2	2.1	2.2	0.0	-1.4%
Legal Services	-	-	-	-	-	-	-	-	-	-
Occupational Health	-	-	-	-	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-	-	-	-	-
<b>PEOPLE &amp; ORGANISATIONAL DEVELOPMENT DIRECTORATE</b>	<b>0.6</b>	<b>0.2</b>	<b>0.0</b>	<b>1.9</b>	<b>-</b>	<b>0.2</b>	<b>2.9</b>	<b>2.3</b>	<b>0.6</b>	<b>26.7%</b>
Transformation	-	-	-	-	-	-	-	-	-	-
Improvement	-	0.3	0.3	-	-	0.2	0.2	2.4	2.2	-90.7%
Force Crime & Incident Registrar	-	-	-	-	-	-	-	-	-	-
Strategic Projects	-	0.0	-	-	-	-	0.0	-	0.0	-
Corporate Communications	-	-	-	-	-	-	-	-	-	-
Professional Standards Department	0.0	-	0.8	-	0.2	0.1	1.2	0.7	0.5	61.4%
<b>TRANSFORMATION &amp; IMPROVEMENT DIRECTORATE</b>	<b>-</b>	<b>0.3</b>	<b>0.0</b>	<b>1.1</b>	<b>-</b>	<b>0.2</b>	<b>0.4</b>	<b>1.4</b>	<b>1.7</b>	<b>-54.7%</b>
Pensions	-	-	-	-	-	-	-	-	-	-
Officer & Staff Allowances	27.2	19.7	21.9	14.5	14.5	21.5	119.3	154.4	35.1	-22.8%
Central Costs	-	0.0	0.0	-	-	-	0.0	-	0.0	-
Central Savings	-	-	-	-	-	-	-	-	-	-
Student Officers	-	-	0.2	0.0	-	0.5	0.7	-	0.7	-
<b>CENTRAL COSTS</b>	<b>27.2</b>	<b>19.7</b>	<b>22.1</b>	<b>14.5</b>	<b>14.5</b>	<b>21.9</b>	<b>120.0</b>	<b>154.4</b>	<b>34.4</b>	<b>-22.3%</b>
<b>TOTAL CONSTABULARY (exc Misc/Grants/Secondees)</b>	<b>205.7</b>	<b>487.2</b>	<b>546.2</b>	<b>377.9</b>	<b>461.9</b>	<b>538.9</b>	<b>2,617.8</b>	<b>1,635.7</b>	<b>982.1</b>	<b>60.0%</b>
MISCELLANEOUS	0.5	0.2	0.6	0.4	0.2	0.2	0.5	-	0.5	-
GRANTS	15.8	11.5	9.6	14.5	26.0	11.1	36.6	73.9	37.3	-50.5%
SECONDEES	2.1	2.3	2.5	4.9	1.9	0.3	14.0	18.9	4.8	-25.6%
<b>TOTAL CONSTABULARY</b>	<b>224.1</b>	<b>500.9</b>	<b>558.9</b>	<b>396.9</b>	<b>438.0</b>	<b>550.1</b>	<b>2,668.9</b>	<b>1,728.4</b>	<b>940.5</b>	<b>54.4%</b>
OFFICE OF THE POLICE AND CRIME COMMISSIONER	-	-	-	-	-	-	-	-	-	-
COMMISSIONING COSTS	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPCC AND COMMISSIONING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE EXPENDITURE</b>	<b>224.1</b>	<b>500.9</b>	<b>558.9</b>	<b>396.9</b>	<b>438.0</b>	<b>550.1</b>	<b>2,668.9</b>	<b>1,728.4</b>	<b>940.5</b>	<b>54.4%</b>

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Police Staff Overtime September 2018	Actual Spend £000						TOTAL	YTD Budget	YTD Variance	YTD %		
	Apr	May	Jun	Jul	Aug	Sep						
Neighbourhood Policing	0.0	1.3	0.6	0.8	0.9	1.0	4.6	4.2	0.4	8.8%		
Road Safety	-	-	-	-	-	-	-	-	-	-		
Offender Management	0.3	3.1	2.8	3.7	2.8	0.8	13.5	5.0	8.6	173.3%		
Victims and Safeguarding	-	0.9	1.4	1.5	1.8	0.9	6.9	9.3	-	2.5	-26.4%	
<b>NEIGHBOURHOOD &amp; PARTNERSHIP</b>	-	<b>0.6</b>	<b>5.8</b>	<b>4.9</b>	<b>6.3</b>	<b>4.6</b>	<b>4.0</b>	<b>25.0</b>	<b>18.5</b>	<b>6.5</b>	<b>35.1%</b>	
Command and Control	30.3	24.2	36.8	13.4	12.7	29.7	147.1	136.4	10.8	7.9%		
Patrol	-	-	-	0.2	0.1	-	0.5	-	-	0.5	-	
Detainee Investigation Support	-	0.4	2.0	2.4	1.6	1.4	2.0	9.0	15.4	-	6.3	-41.3%
<b>RESPONSE</b>	<b>29.9</b>	<b>26.2</b>	<b>39.4</b>	<b>15.2</b>	<b>14.2</b>	<b>31.7</b>	<b>156.7</b>	<b>151.7</b>	<b>4.9</b>	<b>3.2%</b>		
Criminal Justice	7.3	11.5	15.2	11.4	12.1	18.7	76.3	51.4	24.9	48.4%		
Operations	1.8	1.7	2.9	2.0	2.8	2.8	14.0	2.2	11.8	543.2%		
Operations Major Incidents	0.2	1.1	0.9	0.4	0.8	2.2	5.6	4.2	1.4	34.8%		
Intelligence and Tasking	0.1	4.4	5.2	3.9	2.4	4.3	20.3	20.8	-	0.4	-2.1%	
<b>OPERATIONAL SUPPORT</b>	<b>9.5</b>	<b>18.6</b>	<b>24.2</b>	<b>17.7</b>	<b>18.2</b>	<b>28.1</b>	<b>116.2</b>	<b>78.5</b>	<b>37.7</b>	<b>48.1%</b>		
Investigation	-	4.4	10.0	11.4	8.6	10.2	9.7	45.5	3.7	41.8	1140.6%	
Investigation Major Incidents	-	3.7	9.3	8.7	17.5	15.6	17.1	72.1	65.5	6.6	10.1%	
<b>INVESTIGATION</b>	-	<b>0.7</b>	<b>19.4</b>	<b>20.1</b>	<b>26.1</b>	<b>25.8</b>	<b>26.8</b>	<b>117.5</b>	<b>69.1</b>	<b>48.4</b>	<b>70.0%</b>	
Triforce Specialist Operations	0.2	-	-	-	0.0	-	0.0	0.2	0.6	-	0.4	-68.5%
Scientific Investigations	-	6.4	15.1	5.4	7.1	6.8	4.5	32.6	25.7	6.9	26.9%	
Major Crime Investigations	0.8	4.2	2.8	6.3	4.9	2.2	21.2	7.4	13.8	186.9%		
South West ROCU	-	-	-	-	-	-	-	-	-	-	-	
Special Branch	0.2	0.5	-	0.0	-	-	0.7	0.2	0.4	174.1%		
Black Rock	-	-	-	-	-	-	-	-	-	-	-	
Counter Terrorism Specialist Firearms	-	-	-	-	-	-	-	-	-	-	-	
Tri Force ACC	-	-	-	-	-	-	-	-	-	-	-	
<b>COLLABORATION</b>	-	<b>5.2</b>	<b>19.8</b>	<b>8.2</b>	<b>13.5</b>	<b>11.7</b>	<b>6.7</b>	<b>54.7</b>	<b>33.9</b>	<b>20.8</b>	<b>61.2%</b>	
Technology Services	-	0.4	1.1	0.6	0.8	2.7	1.9	6.6	28.0	-	21.4	-76.3%
SWOne Unitary Charge	-	-	-	-	-	-	-	-	-	-	-	
<b>INFORMATION TECHNOLOGY DIRECTORATE</b>	-	<b>0.4</b>	<b>1.1</b>	<b>0.6</b>	<b>0.8</b>	<b>2.7</b>	<b>1.9</b>	<b>6.6</b>	<b>28.0</b>	-	<b>21.4</b>	<b>-76.3%</b>
Estates	1.9	-	0.4	1.2	0.6	0.7	0.3	4.3	1.4	2.9	208.4%	
Stores, Facilities & Evidential Property	1.5	1.8	2.0	2.5	4.3	1.2	13.3	7.7	5.7	74.0%		
Transport Services	-	0.7	7.7	5.6	6.5	5.5	6.6	31.2	21.0	10.2	48.3%	
Services Hub	1.1	4.2	5.5	4.1	4.6	5.8	25.3	12.1	13.3	109.9%		
Finance Department	1.7	0.5	-	1.3	-	0.7	2.7	-	-	2.7	-	
Strategic Procurement Services	-	-	-	0.1	-	0.1	-	-	-	-	-	
Corporate Information Management	0.1	-	-	-	0.0	-	0.1	-	-	0.1	-	
<b>FINANCE &amp; BUSINESS SERVICES DIRECTORATE</b>	<b>5.6</b>	<b>13.9</b>	<b>14.4</b>	<b>15.0</b>	<b>15.0</b>	<b>13.2</b>	<b>77.0</b>	<b>42.2</b>	<b>34.8</b>	<b>82.6%</b>		
Human Resources	2.7	2.9	3.8	1.3	1.4	1.1	13.2	2.5	10.7	428.1%		
Staff Associations	-	-	0.1	0.0	0.0	-	0.1	0.2	-	0.2	-	
Learning	2.0	4.4	2.4	1.5	2.2	1.1	13.5	1.3	12.2	948.0%		
Legal Services	-	-	-	-	-	-	-	-	-	-	-	
Occupational Health	-	-	-	-	-	-	-	-	-	-	-	
Health & Safety	-	-	-	-	-	-	-	-	-	-	-	
<b>PEOPLE &amp; ORGANISATIONAL DEVELOPMENT DIRECTORATE</b>	<b>4.7</b>	<b>7.4</b>	<b>6.2</b>	<b>2.8</b>	<b>3.6</b>	<b>2.3</b>	<b>26.9</b>	<b>3.8</b>	<b>23.2</b>	<b>610.9%</b>		
Transformation	-	-	-	0.0	-	-	0.0	-	-	0.0	-	
Improvement	0.4	0.2	-	0.2	0.0	0.1	-	0.5	0.5	0.0	2.1%	
Force Crime & Incident Registrar	-	-	-	-	-	-	-	-	-	-	-	
Strategic Projects	-	-	-	0.3	-	-	0.3	-	-	0.3	-	
Corporate Communications	-	0.3	1.2	1.3	1.3	0.9	1.1	5.3	8.9	-	3.5	-40.0%
Professional Standards Department	0.1	1.5	0.3	-	1.5	1.7	-	0.2	1.9	1.1	0.8	76.8%
<b>TRANSFORMATION &amp; IMPROVEMENT DIRECTORATE</b>	<b>0.2</b>	<b>2.8</b>	<b>1.4</b>	<b>0.1</b>	<b>2.7</b>	<b>0.8</b>	<b>8.1</b>	<b>10.5</b>	<b>-</b>	<b>2.4</b>	<b>-23.0%</b>	
Pensions	-	-	-	-	-	-	-	-	-	-	-	-
Officer & Staff Allowances	4.2	4.4	4.6	5.2	3.9	4.2	26.5	24.5	2.0	8.2%		
Central Costs	-	-	-	-	-	-	-	-	-	-	-	
Central Savings	-	-	-	-	-	-	-	-	-	-	-	
Student Officers	-	-	-	-	-	-	-	-	-	-	-	
<b>CENTRAL COSTS</b>	<b>4.2</b>	<b>4.4</b>	<b>4.6</b>	<b>5.2</b>	<b>3.9</b>	<b>4.2</b>	<b>26.5</b>	<b>24.5</b>	<b>2.0</b>	<b>8.2%</b>		
<b>TOTAL CONSTABULARY (exc Misc/Grants/Secondees)</b>	<b>47.2</b>	<b>119.3</b>	<b>124.1</b>	<b>102.6</b>	<b>102.5</b>	<b>119.7</b>	<b>615.3</b>	<b>460.8</b>	<b>154.5</b>	<b>33.5%</b>		
MISCELLANEOUS	-	2.5	2.6	-	0.1	0.2	0.0	-	0.2	-	0.2	-
GRANTS	1.3	0.8	1.0	1.1	1.2	2.3	7.7	2.8	4.9	179.1%		
SECONDEES	3.1	3.8	3.1	1.2	0.5	0.3	12.0	-	-	12.0	-	
<b>TOTAL CONSTABULARY</b>	<b>49.2</b>	<b>126.5</b>	<b>128.0</b>	<b>105.1</b>	<b>104.3</b>	<b>122.3</b>	<b>635.2</b>	<b>463.5</b>	<b>171.7</b>	<b>37.0%</b>		
OFFICE OF THE POLICE AND CRIME COMMISSIONER	-	0.2	-	1.5	-	0.4	2.0	3.1	-	1.1	-34.5%	
COMMISSIONING COSTS	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL OPCC AND COMMISSIONING</b>	-	<b>0.2</b>	-	<b>1.5</b>	-	<b>0.4</b>	<b>2.0</b>	<b>3.1</b>	-	<b>1.1</b>	<b>-34.5%</b>	
<b>TOTAL REVENUE EXPENDITURE</b>	<b>49.2</b>	<b>126.6</b>	<b>128.0</b>	<b>106.6</b>	<b>104.3</b>	<b>122.7</b>	<b>637.3</b>	<b>466.7</b>	<b>170.6</b>	<b>36.6%</b>		

Appendix E Capital Programme September 2018 - Q2 18/19	TOTAL BUDGET	YTD		FORECAST	
	2018/19 £000	Q2 YTD Actual £'000	% Total Budget	Year-End Forecast £'000	Over/(Under) £'000
<b>ROLLING REPLACEMENT and RENEWAL - Excluding Change Portfolio</b>					
Information and Communication Systems	1,935	274	14.2%	305	(1,630)
Estates	1,276	205	16.1%	1,028	(248)
Fleet	3,341	952	28.5%	2,213	(1,128)
Plant, Machinery and Equipment	308	11	3.6%	131	(177)
<b>ROLLING REPLACEMENT and RENEWAL TOTAL</b>	<b>6,860</b>	<b>1,442</b>	<b>21.0%</b>	<b>3,677</b>	<b>(3,183)</b>
<b>CAPITAL PROJECTS</b>					
DIGITAL PROGRAMME	4,472	766	17.1%	2,978	(1,494)
INFRASTRUCTURE AND ASSETS PROGRAMME	5,795	294	5.1%	2,887	(2,908)
SERVICE REDESIGN AND DEVELOPMENT PROGRAMME	2,420	761	31.4%	1,388	(1,032)
OTHER PROJECTS	620	72	11.6%	144	(476)
<b>CAPITAL PROJECTS TOTAL</b>	<b>13,307</b>	<b>1,893</b>	<b>14.2%</b>	<b>7,397</b>	<b>(5,910)</b>
<b>FUNDED OR PART FUNDED PROJECTS</b>					
ICT FUNDED SCHEMES	1,973	139	7.0%	1,973	0
ESTATES FUNDED SCHEMES	1,225	456	37.2%	1,106	(119)
FLEET FUNDED SCHEMES	172	110	64.0%	173	1
EQUIPMENT FUNDED SCHEMES	87	17	19.5%	17	(70)
<b>FUNDED OR PART FUNDED PROJECTS TOTAL</b>	<b>3,457</b>	<b>722</b>	<b>20.9%</b>	<b>3,269</b>	<b>(188)</b>
<b>CAPITAL PROGRAMME TOTAL</b>	<b>23,624</b>	<b>4,057</b>	<b>17.2%</b>	<b>14,343</b>	<b>(9,281)</b>

**AVON AND SOMERSET POLICE AND CRIME BOARD**  
**07<sup>th</sup> November 2018**

**OPCC OUTTURN REPORT 2018 - 2019 and**  
**OPCC BUDGET 2019 - 2020 proposals**

**REPORT OF THE PCC's CHIEF FINANCE OFFICER ("CFO")**

**PURPOSE OF THE REPORT**

1. This report sets out an update on the forecast budget outturn position for the Office of the PCC ("OPCC") in 2018/19 and also set out proposals for the OPCC budget and use of reserves in 2019/20.
  
2. **OPCC Commissioning and Grants**
  - 2.1 The PCC's victims commissioning, community safety and grant budget for 2018/19 was agreed as £3.44 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 This budget continues to support core commissioned services for Victims; community safety; drugs and alcohol referral services; Restorative justice; services to support victims and tackle offending in CSE and CSA and to fund Mental Health triage service in the Force control room.
  - 2.4 The Victims services budget in 2018/19 and 2019/20 is stated net of £1.94 million funding from the MoJ for victims services of which £0.9 million is a contribution to the Integrated Victim Care Lighthouse service provided by the Constabulary. The balance is used to commission third party support and advocacy services for victims.
  - 2.5 The third party Victims support and advocacy services are subject to the required re-commission process being implemented by OPCC at the time of writing.
  - 2.6 The budget proposed for 2019/20 is £3.44 million which supports the planned grants and commissioning work agreed with the PCC. This is materially unchanged from the current year and is set out in the table below.

## OPCC Commissioning and Grants 2018/19 outturn and draft 2019 20 budget

Cost Area £'000s	Budget <u>2018 19</u>	Forecast <u>2018 19</u>	Draft Plan <u>2019 20</u>
Custody and courts (drugs & alcohol) referral service	565	554	554
Victims incl. SARC, CSE & CSA	1,724	1,687	1,734
NHSE ISVAs Funding	119	119	119
CSE Partner Contributions	223	223	223
Appropriate Adults (net of ptrn contributions)	52	41	52
Mental Health triage (net of ptrn contributions)	159	159	159
Restorative Justice	179	179	180
Police & Crime Grants (community safety & YOT)	740	740	740
Commissioning other 3 <sup>rd</sup> party work	20	20	20
<b>SUB TOTAL</b>	<b>3,781</b>	<b>3,722</b>	<b>3,781</b>
Less income NHSE	(119)	(119)	(119)
CSE Partner Contributions	(223)	(223)	(223)
<b>NET TOTAL</b>	<b>3,439</b>	<b>3,380</b>	<b>3,439</b>

### 2.7 Planned Use of Victims & Commissioning reserve

There is £500k available for use in this reserve and the earmarked projects to be funded from these reserves, as follows:

***Criminal Justice Transformation (100k)*** – this work is underway with funding finalised at £150k made up of £75k from PCC and £75k from mixture of ASC, CPS, HMCTS and HMP Bristol. The OPCC

will also pick up ASC share and other related project costs making total PCC funding of circa £100k. This has supported the recruitment of a SRO by OPCC with oversight from the CJ Board.

**Commissioning Support (£50k)** – We have recruited a fixed term post to support the commissioning team over a very busy period during the next 18 months including the recommissioning of the victims support and advocacy services.

**Out of court / Checkpoint scheme (circa £250k)** – to develop a pilot of a Checkpoint/Navigator style approach (operational successfully in Durham since 2015). The programme aims to reduce the number of victims of crime by reducing reoffending and improving life chances. The programme offers eligible offenders a fixed duration contract to engage with services as an alternative to prosecution and offers interventions to address the underlying reasons for the crime being committed, with the aim of preventing reoffending. Not all offences qualify for the Checkpoint programme. Serious offences such as rape, robbery or murder will not be eligible. The offender is supported through the process by a specialist ‘navigator’ who completes a detailed needs assessment and creates a tailored contract with interventions specific to the offender.

#### **Reducing reoffending SRO and various projects (£45k)**

This work started in March 2018 led by the OPCC CEO and a Fast Track Civil Service secondee and will now be continued with the appointment in September 2018 of a dedicated SRO for 12 months. The SRO will be 50% funded by OPCC and 50% by the Prison service.

### **OFFICE OF THE PCC (OPCC) Budget**

#### **Outturn report for 2018/19**

3. The PCC set an office budget for 2018/19 of £1.36 million which 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 2018/19 is forecast to be on budget. (see table below). The main variances are -  
Savings in:
  - Custody visiting has been run on a reduced OPCC coverage due to long term sickness in the team and the underlying costs are lower; and
  - Savings have been achieved in external audit fees;Offset by cost increases from:
  - Higher cost of appeals this year due to more complex appeals rather than higher volume of police appeal tribunals.
5. The PCC proposes a small increase in the OPCC budget in 2019/20 to:
  - absorb pay awards for staff based on national awards,
  - to absorb a small two day/week change to existing capacity,
  - to absorb the higher cost of professional fees and police appeals. The detail is set out below, and
  - Complaints. Under the Police and Crime Act changes were brought in requiring the PCC to take over responsibility for reviews carried out by the Constabulary currently into complaints where the complainants are not satisfied with the outcome of the complaint but it is not a criminal/gross misconduct matter which will remain within the remit of the Independent Office of Police Conduct – this work is currently carried out by a member of police staff based in PSD – they work 2 days a week and their work is at least 80% taken up with the work which transfers to the PCC under the Act.

Following advice, the role, its budget and the individual will transfer to the OPCC when the Act is implemented. It is currently expected that the change will come in in March 2019 and this is now being built in to the OPPCC budget – but is an equal saving from the Force budget –so net neutral.

### **OPCC Budget proposals for 2019/20**

6. The OPCC budget therefore has the following upward pressure next year:
  - Pay rises of 2% = £22k
  - Small increase in OPCC staff capacity = £11k
  - Costs of the complaints triage manager transferred from the Constabulary = £20k (note: this will create an equal value saving in the Constabulary budget so net neutral)
  - Higher professional fees and hires budget uplift = £20k for: cost of police appeals tribunals = £10k uplift based on four more complex hearings /annum; and higher actuarial costs for year-end accounts = £10k (based on a significant unplanned uplift at last year-end);
  - Net increase in Panel costs = £5k including: JAC budget to allow for training and hire of new Members; LQC training, misconduct hearing panel training
7. This is offset by:
  - Savings in professional fees & hires budget from the cost of a regional OPCC policy officer no longer required = £15k
  - Savings in OPCC office and stationary costs = £1k
  - Savings in the OPCC custody visiting scheme savings = £2k
8. The revised OPCC budget before any further savings will be £1.39 million in 2019/20 after adjusting for the budget transfer from the Constabulary.
9. The previous published MTFP predicted a cost of £1.37 million after pay inflation but did not foresee the complaints triage. The increased professional fees and tribunal costs.
10. Efficiency savings have been made in the OPCC budget each year since 2012. The OPCC senior team are reviewing the budget to consider if any further savings are possible.
11. However, the Avon & Somerset OPCC remains one of the lowest cost operations in the country per head of population, with restricted capacity to make any further savings.
12. The last (October 2016) HMIC value for money profiles that published data for OPCC offices (this data is no longer published) 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 was 118 and the average for the 'most similar group' was 109.
13. 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 OPCC in England & Wales.

**Summary OPCC Office Budget report and 2019/20 proposals:**

<b>Cost Area £'000s</b>	<b>Budget <u>2018/19</u></b>	<b>Forecast <u>2018/19</u></b>	<b>Draft Budget <u>2019/20</u></b>
1. Staff costs incl. PCC and training.	1,010	1,010	<b>1,060</b>
2. Transport & travel	16	16	16
3. PANELS = Audit, annual accounts and joint audit committee; LQCs; Misconduct Panel	123	116	128
4. Subscriptions: APCC, APACE, PaCCTS, ICT co	30	30	30
5. Communications, media, PR	40	40	40
6. Treasury mngt	67	67	67
7. FEES & HIRES = Legal fees, Regional policy officer, Appeals costs, Actuarial & other professional fees	40	41	<b>45</b>
8. Office stationary, ICT, events	17	15	16
9. Custody Visiting & other volunteers	15	10	13
<b>Budget transfer from Constabulary</b>	<b>0</b>	<b>0</b>	<b>(17) Complaints triage mngt.</b>
<b>Total</b>	<b>1,358</b>	<b>1,345</b>	<b>1,398</b>

**RECOMMENDATIONS and ACTION**

14. The PCC and Police & Crime Board are invited to review and discuss the OPCC budget outturn for 2018/19 and the budget issues and proposals for 2019/20.



## **POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET**

**7<sup>TH</sup> NOVEMBER 2018**

### **TREASURY MANAGEMENT MID-YEAR REPORT 2018-19**

#### **Report of the PCC's Chief Finance Officer**

## **1. Summary**

- 1.1. The Treasury Management Strategy for 2018-19 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. The rebound in quarterly GDP growth in Q2 to 0.4% appeared to overturn the weakness in Q1 which was largely due to weather-related factors. However, the detail showed much of Q2 GDP growth was attributed to an increase in inventories. Year on year GDP growth at 1.2% also remains below trend.

Oil prices rose by 23% over the six months to around \$82 a barrel. UK Consumer Price Inflation (CPI) for August rose to 2.7% year on year, above the consensus forecast and that of the Bank of England's in its August Inflation Report, as the effects of sterling's large depreciation in 2016 began to fade.

The most recent labour market data for July 2018 showed the unemployment rate at 4%, its lowest since 1975. The 3-month average annual growth rate for regular pay, (i.e. excluding bonuses), was 2.9% providing some evidence that a shortage of workers is providing support to wages. However real wages (i.e. adjusted for inflation) grew only by 0.2%, a marginal increase unlikely to have had much effect on households.

The Bank of England made no change to monetary policy at its meetings in May and June, however unexpectedly hawkish minutes and a 6-3 vote to maintain rates at the June meeting convinced the market that the Bank wanted to raise rates at the earliest opportunity, as long as data remained supportive. The rise was duly delivered at the August meeting, the unanimous decision taking Bank Rate to 0.75%.

Having raised rates in March, the US Federal Reserve again increased its target range of official interest rates in each of June and September by 0.25% to the

current 2%-2.25%. Markets now expect one further rise in 2018.

The trade war between the US and China escalated as tariffs announced by the Trump administration appeared to become an entrenched dispute, damaging not just China but also other Asian economies in the supply chain. The fallout, combined with tighter monetary policy, risks contributing to a slowdown in global economic activity and growth in 2019.

The EU Withdrawal Bill, narrowly made it through Parliament. With just six months to go until Article 50 expires on 29th March 2019, neither the Withdrawal Agreement between the UK and the EU (which will be legally binding on separation issues and the financial settlement), nor its annex (which will outline the shape of their future relationship), have been finalised, extending the period of economic uncertainty.

Gilt yields displayed marked volatility during the period, particularly following Italy's political crisis in late May, when Government Bond yields saw sharp moves akin to those at the height of the European financial crisis, with falls in yield in safe-haven UK, German and US government bonds. Over the period, despite the volatility, the overall change in gilt yields was small. The 5-year benchmark gilt only rose marginally from 1.13% to 1.16%. There was a larger increase in 10-year gilt yields from 1.37% to 1.57% and in the 20-year gilt yield from 1.74% to 1.89%.

As gilt yields have a direct correlation to PWLB borrowing rates, the movements, and particularly the Italy induced downward dip in late May, can be seen in Tables 2 and 3 in Appendix A.

LIBID rates based on the Intercontinental Exchange LIBOR fixings show that there was barely any movement in rates from April to the end of June. This changed after the June Monetary Policy Committee meeting minutes were released, as the Bank implied an impending rise in rates. Rates along the curve rose in line with the expected 0.25% increase, but the curve flattened once it was delivered, due to the meeting minutes stating that "Any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent".

1-month, 3-month, 6-month, and 12-month LIBID rates averaged 0.46%, 0.60%, 0.71%, and 0.87% respectively over the period. All periods mentioned above closed on year-to-date highs of 0.60%, 0.68%, 0.78%, and 0.94% respectively.

Rates paid by banks to Local Authorities have continued to be volatile and non-uniform, being based on individual institutions' wholesale funding requirements at any given time.

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: -

	<b>Balance on 31/03/2018 £m</b>	<b>Debt Matured / Repaid £m</b>	<b>New Borrowing £m</b>	<b>Balance on 30/09/2018 £m</b>	<b>Increase/ Decrease in Borrowing</b>
Short Term Borrowing	0.00	0.00	0.00	0.00	0.00
PWLB	28.032	0.588	0.00	27.444	-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
<b>Total Borrowing</b>	<b>39.807</b>	<b>0.588</b>	<b>0.00</b>	<b>39.219</b>	<b>-0.588</b>

The overall rate paid on PWLB loans has increased marginally from 3.73% at 31<sup>st</sup> March to 3.75% at 30<sup>th</sup> September. This is as a result of repayment of EIP loans at a lower rate than the average. The average market loan rate at 30<sup>th</sup> September remained the same at 4.30%.

The average rate of interest payable across the total debt portfolio of £39.2m was 3.91% at 30<sup>th</sup> September, up from 3.88% 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.

<b>Bank or Building Society</b>			
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-	*	Toronto-Dominion Bank	

Thuringen			
Oversea-Chinese Banking		United Overseas Bank	*
<b>Sterling CNAV Money Market Funds</b>		<b>Other Counterparties</b>	
Deutsche	*	Debt Management Office	
Federated Prime Rate	*	Local Authorities (2)	*
Invesco Aim	*	CCLA Property Fund	*
Insight	*		
LGIM	*		
Standard Life	*		
SSGA	*		

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

The ringfencing of the big four UK banks - Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc – is complete. The transfer of their business lines into retail (ringfenced) and investment banking (non-ringfenced) is progressing and will need to be completed by the end of 2018.

There were a few credit rating changes during the period. Moody's downgraded Barclays Bank plc's long-term rating to A2 from A1 and NatWest Markets plc to Baa2 from A3 on its view of the credit metrics of the entities post ringfencing. Upgrades to long-term ratings included those for Royal Bank of Scotland plc and NatWest Bank to A2 from A3 by Moody's and to A- from BBB+ by both Fitch and Standard & Poor's (S&P). Lloyds Bank plc and Bank of Scotland plc were upgraded to A+ from A by S&P and to Aa3 from A1 by Moody's.

Moody's also upwardly revised the outlook on Canadian banks from Negative to Stable.

Reflecting its perceived higher risk, the Credit Default Swap (CDS) spread for non-

ringfenced bank NatWest Markets plc rose relatively sharply over the period to around 96bps. The CDS for the ringfenced entity, National Westminster Bank plc, has held steady below 40bps. Although the CDS of other UK banks rose marginally over the period, they continue to remain low compared to historic averages.

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

### **UK Institutions**

Barclays Bank, Goldman Sachs International Bank, National Westminster Bank, and RBS - **a maximum period of 100 days;**

Bank of Scotland, Close Brothers Ltd, HSBC Bank, Lloyds Bank, Nationwide Building Society, Santander UK, and Standard Chartered Bank - **a maximum period of 6 months;**

### **Non-UK Institutions**

Landesbank Hessen-Thüringen, OP Corporate Bank, and all Australian and Canadian Banks - **a maximum period of 6 months.**

Nordea Bank, Rabobank, Svenska Handelsbanken, DBS Bank, OCBC, and UOB - **a maximum period of 13 months.**

To diversify the portfolio, two deposits were with UK Local Authorities. This allowed for longer-dated maturities with excellent creditworthiness and an appropriate yield.

**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-eight deposits totalling over £246m were made during the first half of the year. The average weighted maturity, or duration of investments as at 30<sup>th</sup> September was 82 days, or 2.75 months.

### **CCLA Property Fund:**

**In July, the PCC placed a further £1m investment in the CCLA Property Fund. As a reminder**, 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 more in the CCLA Property Fund was driven by the original 2 key factors i.e. diversifying away from unsecured Bank deposits, and to mitigate the risk of negative returns (real negative returns, or inflation adjusted returns) posed by the low interest rate environment.

**The current yield of circa 4.2% net** will provide approximately £125,000 of income per annum, circa £100,000 more than if invested in cash at current rates.

**Yield:** As at 30<sup>th</sup> September cash balances (Inc-Property) stood at £77.92m (£65.32m in 2017-18) and had averaged just under £63.6m for the year-to-date

(£60.8m 2017-18). The average return for the year-to-date was 0.81% Including Property and 0.68% excluding property. **This is an improvement from last year - 0.55% and 0.48% respectively for 2017-18.** When compared to the target 0.93% (BBA 7-day LIBID + 50 bps) overall returns have under-performed by 0.08%. This has produced investment income in the order of £258k during the period (£90k more than for the same period 2017-18 on average balances of nearly £2.8m more.

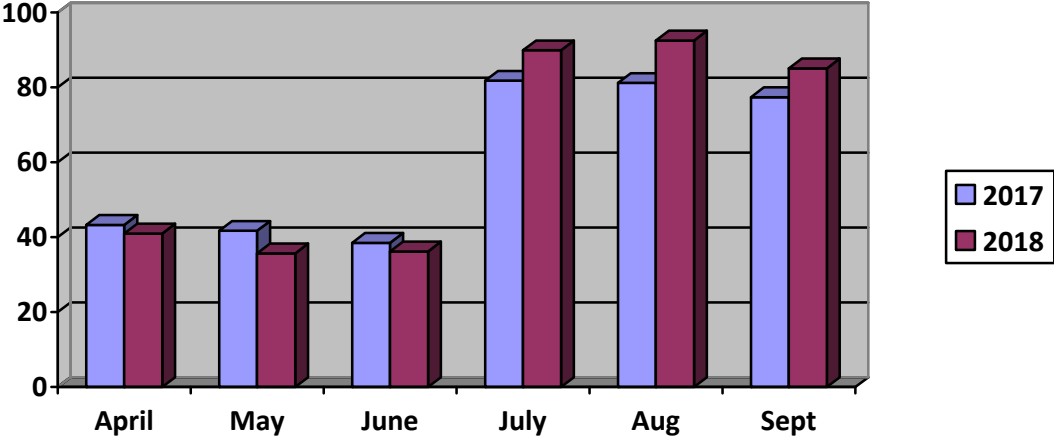
By comparing returns with money market rates in Table 1 of Appendix A, it can be seen that investment cash performance (Ex-Prop) has slightly under-performed the average market rate for 6-month LIBID of 0.71%, by 0.03%, for the period. This return is 0.08% above the average 3-month LIBID rate and has been achieved with a conservative portfolio that averaged under 3-months duration.

The significant one-off pension top-up payment of £64.3m 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 again coincided with a time that a potential rate rise was not priced in by all available counterparties.

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

	<b>Balance on 31/03/2018 £m</b>	<b>Percentage of portfolio / Rate</b>	<b>Balance on 30/09/2018 £m</b>	<b>Percentage of portfolio / Rate</b>	<b>Increase/ Decrease in Lending / Rate</b>
Call & Notice A/cs & MMFs (Short-term)	0.06	0.19%	15.92	20.43%	+£15.86m
Deposits (Longer-term)	31.00	93.76%	59.00	75.72%	+£28.0m
CCLA Property Fund	2.00	6.05%	3.00	3.85%	+£1.0m
<b>Total Lending</b>	<b>33.06</b>	<b>0.83%</b>	<b>77.92</b>	<b>0.93%</b>	<b>+£44.86m / +0.10%</b>

### **Average monthly cash balances – current year vs. prior year**



## 2.4 Compliance with Prudential Indicators

The PCC can confirm that it has complied with its Prudential Indicators for 2018-19. Indicators agreed by the Finance Committee and actual figures as at 30<sup>th</sup> September are included below: -

	2018-19 £m	As at 30-09 £m	
Authorised limit (Excludes PFI)	60	39.2	
Operational boundary (borrowing only)	55	39.2	
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 30-09-18
Under 12 months	30%	0%	3.0%
>12 months and within 24 months	30%	0%	10.1%
>24 months and within 5 years	25%	5%	13.3%
>5 years and within 10 years	25%	0%	9.5%
>10 years and within 20 years	35%	0%	22.0%
>20 years and within 30 years	15%	0%	0.0%
>30 years and within 40 years	45%	10%	42.1%
>40 years and within 50 years	30%	0%	0%
50 years and within 75 years	0%	0%	0%
	2018-19 £m	As at 30-09 £m	
Prudential Limit for principal sums invested for periods longer than 364 days	30	3	



## 2.5 Outlook for Quarters 3 & 4

Having raised policy rates in August 2018 to 0.75%, the second rate rise in 9 months, the Bank of England's Monetary Policy Committee (MPC) has maintained expectations of a slow rise in interest rates over the forecast horizon.

The MPC has a definite bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. While policymakers are wary of domestic inflationary pressures over the next two years, it is believed that the MPC members consider both that (a) ultra-low interest rates result in other economic problems, and that (b) higher Bank Rate will be a more effective weapon should downside Brexit risks crystallise, and cuts are required.

The UK economy still faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. Central bank actions and geopolitical risks, such as prospective trade wars, have and will continue to produce significant volatility in financial markets, including bond markets. Some upward movement from current borrowing levels is expected, based on interest rate projections, the strength of the US economy, and the ECB's forward guidance on higher rates. However, volatility arising from both economic and political events will continue to offer borrowing opportunities.

A table of forecast rates to September 2021 is shown below.

	Dec 18	Mar 19	Jun 19	Sep 19	Dec 19	Mar 20
Upside Risk	0.00	0.00	0.00	0.25	0.25	0.25
Base Rate	0.75	1.00	1.00	1.25	1.25	1.25
Downside Risk	0.00	-0.50	-0.50	-0.75	-0.75	-0.75

	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sept 21
Upside Risk	0.25	0.25	0.50	0.50	0.50	0.50
Base Rate	1.25	1.25	1.25	1.25	1.25	1.25
Downside Risk	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75

### **Revisions to CIPFA Prudential and Treasury Management Codes and Guidance, and MHCLG Investment Guidance:**

Some Local Authorities have been investing in non-financial assets, with the primary aim of generating profit. Others have entered into very long-term investments or provided loans to local enterprises or third-party entities as part of regeneration or economic growth projects.

The National Audit Office and the Public Accounts Committee raised concerns about Local Authority (investment) behaviour, including: -

- Local Authorities are exposing themselves to too much financial risk through borrowing and investment decisions
- There is not enough transparency to understand the exposure that LA's have as a result of borrowing and investment decisions
- Members do not always have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving

As a result of concerns of the growth of esoteric investments, and the subsequent review, CIPFA published new versions of the Prudential Code for Capital Finance in Local Authorities (Prudential Code) and the Treasury Management Code of Practice; However, it has yet to publish the local authority specific Guidance Notes to the latter.

MHCLG also published revised Investment Guidance which came into effect from April 2018.

The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by Full Council (or equivalent) covering capital expenditure and financing, treasury management and non-treasury investments. The PCC will be producing its Capital Strategy later in 2018-19 for approval by Finance Committee for the 2019-20 financial year.

Both the CIPFA Code and government guidance require the PCC to invest its funds prudently, and to continue to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield.

The PCC's objective when investing money remains to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The PCC does not currently, and has no immediate plans to 'invest' in esoteric schemes.

## **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 2018-19. 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 PCC has invested a further £1m in the CCLA Property Fund.

Cash Investment returns are well above the average rate for 3-month LIBID, and are only 3 basis points lower than the average 6-month LIBID return. (If the Property investment were included, it would be 0.10% higher than 6-month and 0.06% less than the 12-month LIBID rate). This has been achieved with a conservative portfolio that averaged just under 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 reviewed by the PCC's CFO.

The PCC's CFO also holds quarterly meetings with SCC Treasury officers to discuss performance, the economic and financial environment, and any tactical and strategic responses to be implemented. These have been held in April and July 2018.

Mark Simmonds  
CFO for PCC Avon & Somerset

## 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 based on Intercontinental Exchange LIBOR rates)

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
01/04/2018	0.50	0.35	0.36	0.39	0.59	0.70	0.88	1.10
30/04/2018	0.50	0.35	0.37	0.39	0.59	0.68	0.85	1.05
31/05/2018	0.50	0.35	0.36	0.37	0.49	0.59	0.76	0.93
30/06/2018	0.50	0.34	0.36	0.38	0.55	0.66	0.84	1.01
31/07/2018	0.50	0.33	0.5	0.56	0.67	0.78	0.93	1.11
31/08/2018	0.75	0.58	0.58	0.6	0.68	0.77	0.92	1.10
30/09/2018	0.75	0.58	0.59	0.6	0.68	0.78	0.94	1.15
<b>Average</b>	<b>0.58</b>	<b>0.42</b>	<b>0.43</b>	<b>0.46</b>	<b>0.60</b>	<b>0.71</b>	<b>0.87</b>	<b>1.06</b>
<b>Maximum</b>	<b>0.75</b>	<b>0.58</b>	<b>0.59</b>	<b>0.6</b>	<b>0.68</b>	<b>0.78</b>	<b>0.94</b>	<b>1.16</b>
<b>Minimum</b>	<b>0.5</b>	<b>0.33</b>	<b>0.35</b>	<b>0.37</b>	<b>0.48</b>	<b>0.59</b>	<b>0.75</b>	<b>0.89</b>
<b>Spread</b>	<b>0.25</b>	<b>0.25</b>	<b>0.24</b>	<b>0.23</b>	<b>0.20</b>	<b>0.19</b>	<b>0.19</b>	<b>0.27</b>

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
03/04/2018	128/18	1.68	2.04	2.42	2.73	2.71	2.54	2.47
30/04/2018	167/18	1.63	2.06	2.51	2.86	2.86	2.69	2.63
31/05/2018	207/18	1.50	1.91	2.36	2.74	2.72	2.56	2.49
30/06/2018	251/18	1.60	1.97	2.38	2.74	2.74	2.60	2.55
31/07/2018	295/18	1.66	2.04	2.44	2.80	2.80	2.66	2.61
31/08/2018	339/18	1.69	2.03	2.42	2.80	2.80	2.67	2.62
30/09/2018	380/18	1.75	2.13	2.53	2.91	2.91	2.80	2.76
<b>Low</b>		<b>1.48</b>	<b>1.87</b>	<b>2.29</b>	<b>2.67</b>	<b>2.67</b>	<b>2.52</b>	<b>2.45</b>
<b>Average</b>		<b>1.66</b>	<b>2.04</b>	<b>2.45</b>	<b>2.82</b>	<b>2.81</b>	<b>2.67</b>	<b>2.61</b>
<b>High</b>		<b>1.77</b>	<b>2.19</b>	<b>2.63</b>	<b>3.00</b>	<b>3.01</b>	<b>2.89</b>	<b>2.84</b>
<b>Spread</b>		<b>0.29</b>	<b>0.32</b>	<b>0.34</b>	<b>0.33</b>	<b>0.34</b>	<b>0.37</b>	<b>0.39</b>

**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
03/04/2018	128/18	1.84	2.06	2.43	2.65	2.73	2.75
30/04/2018	167/18	1.82	2.09	2.53	2.77	2.81	2.89
31/05/2018	207/18	1.68	1.94	2.38	2.64	2.75	2.76
30/06/2018	251/18	1.75	1.99	2.39	2.64	2.75	2.77
31/07/2018	295/18	1.82	2.06	2.46	2.70	2.81	2.83
31/08/2018	339/18	1.82	2.05	2.44	2.68	2.80	2.83
30/09/2018	380/18	1.91	2.16	2.55	2.79	2.91	2.94
	<b>Low</b>	1.66	1.89	2.31	2.56	2.67	2.70
	<b>Average</b>	1.82	2.06	2.47	2.71	2.82	2.84
	<b>High</b>	1.95	2.22	2.65	2.89	3.00	3.03
	<b>Spread</b>	0.29	0.33	0.34	0.33	0.33	0.33