

**Governance and Scrutiny Board (GSB), 1<sup>st</sup> June 13:00 – 15:30**

**Venue: Port Onys Room, Police HQ**

**Attendees:**

- **Police and Crime Commissioner**
- **Deputy Police and Crime Commissioner**
- **Chief Constable**
- **Deputy Chief Constable**
- **Chief Officer – People and Organisational Development**
- **OCC CFO**
- **OPCC Chief of Staff**
- **OPCC Deputy Chief of Staff**
- **OPCC CFO**
- **OPCC Head of Commissioning and Partnerships**
- **OPCC Strategic Planning and Performance Officer**

**AGENDA**

<b>Item No</b>	<b>Item Name</b>	<b>Time</b>
<b>1</b>	<b>Apologies</b>	
<b>2</b>	<b>Minutes and Action Updates</b>	<b>5 Minutes</b> [all updates to be submitted by the paper deadline]
<b>3</b>	<b>Chief Constable's Update</b> (any risks or issues that the Chief Constable wishes to raise)	<b>Up to 15 minutes</b>
<b>4</b>	<b>Key Organisational Risks and Issues</b>	<b>Up to 10 minutes</b>
<b>5</b>	<b>Performance against Police and Crime Plan:</b> a. Integrated Performance and Quality Report b. Quarterly Serious Violence Update c. Strategic Threat Assessment d. Strategic Policing Requirement	<b>Up to 45 minutes</b> [reports will have been read in advance. A max of 5 mins is allowed to highlight any key points or recs on each report before moving to questions/discussion]
<b>6</b>	<b>People and Organisational Development Update</b> (Including updates on Culture, Training and Leadership Academy)	<b>Up to 15 minutes</b>
<b>7</b>	<b>Finance:</b> a. 2021/22 Outturn Report b. Annual Treasury Management Report c. Proceeds of Crime Revenue Update and Business Case	<b>Up to 30 minutes</b> [reports will have been read in advance. A max of 5 mins is allowed to highlight any key points or recs on each report before moving to

		questions/discussion]
<b>8</b>	<b>Major Projects:</b> Highlight Report	<b>Up to 10 minutes</b> [oral report on red or amber rated only]
<b>10</b>	<b>A.O.B</b>	<b>5 minutes</b>
<b>11</b>	<b>Publication</b> (agree any items for publication other than the Minutes and Decision Notices)	

**Date of the next Governance and Scrutiny Board: 6<sup>th</sup> July, 13:00 – 15:30**

**DRAFT Minutes of the Governance and Scrutiny Board (GSB), 1<sup>st</sup> June 2022 13:00 – 15:30****Venue: Port Oyns Room, Police HQ****Attendees:**

Mark Shelford, Police and Crime Commissioner  
 Claire Hiscott, Deputy Police and Crime Commissioner  
 Nikki Watson, Deputy Chief Constable  
 Alice Ripley, OPCC Chief of Staff  
 Sally Fox, OPCC Deputy Chief of Staff  
 Paul Butler, OPCC Interim CFO  
 Nick Adams, OCC CFO  
 Dan Wood, Chief Officer – People and Organisational Development  
 James Davis, Delivery Manager – Portfolio  
 Alaina Davies, OPCC Resources Officer

Item No	Item Name
1	<p><b>Apologies</b></p> <p>Sarah Crew, Chief Constable            Marc Hole, OPCC Head of Commissioning and Partnerships            Ben Valentine, OPCC Strategic Planning and Performance Officer</p>
2	<p><b>Minutes and Action Updates</b></p> <p>The Board agreed the minutes of the Governance and Scrutiny Board (GSB) held on 5<sup>th</sup> May 2022.</p> <p>Action Updates:</p> <p>Serious Violence – the first quarterly serious violence report is on the agenda for discussion under section 5 and will reported quarterly going forward.</p> <p>Performance dashboard – the Constabulary continues to work with the Office of the Police and Crime Commissioner (OPCC) to develop a performance dashboard to be reported to GSB to measure delivery against the new Police and Crime Plan.</p> <p>Proceeds of Crime Business Case – a business case for new investment in posts is on the agenda under section 7.</p> <p>People and Organisational Development - the Constabulary will meet with the OPCC to discuss the best format for continued reporting of Leadership Academy updates and capturing more information on exit questionnaire where people have reported experiencing or witnessing bullying and harassment.</p> <p>Training – the Constabulary is exploring the potential to offer life skills training to support the workforce, particularly during times of economic hardship.</p> <p>Data Sharing – open action for the Constabulary to liaise with the PCC where they face any issues in terms of data sharing that he can lend his support to.</p>

<p><b>3</b></p>	<p><b>Deputy Chief Constable's Update</b> (any risks or issues that the Deputy Chief Constable wishes to raise)</p> <p>The Deputy Chief Constable raised the following:</p> <ul style="list-style-type: none"> <li>• Societal changes – monitoring the effect of societal changes as a result of the situation in Ukraine, the cost of living crisis etc on policing.</li> <li>• Answering 999 calls – positive that Avon and Somerset is first in the new 999 call handling performance league tables for average answer times. A number of forces are approaching Avon and Somerset for learning.</li> <li>• Summer Demand – entering the busy summer demand period and bolstering resources to meet the demand. The Constabulary is currently at demand level 1 with the bank holiday weekend ahead.</li> <li>• With the Government's Beating Crime Plan and the change in HMICFRS the Constabulary anticipates a change of focus to hard data and performance outcome measures. The Leapwise review of governance structures includes performance.</li> <li>• Work continues on culture and leadership.</li> </ul> <p>The PCC asked what was being done to formally recognise the work of the Control Room in being first in the call handling league tables for answering 999 calls. Whilst the 999 call answering time is positive the waiting time for 101 calls was highlighted for improvement.</p> <p>The OPCC raised the issue of increased demand that may be placed on the control room from people being more susceptible to doorstep lending in the face of the cost of living crisis. The OPCC sought assurance that the Control Room will, where appropriate, be referring people to the specialist organisations that are set up to respond to this.</p>
<p><b>4</b></p>	<p><b>Key Organisational Risks and Issues</b></p> <p><u>Confidence in the Avon and Somerset Police</u>  Results from the local confidence survey show a 12 month rolling rate which is the lowest in the 7 year history of the survey and the OPCC asked if it is known what is driving this and what action the Constabulary intends to take as a result. The lack of national data inhibits the ability to benchmark against forces nationally. The force has been in contact with other forces regarding their locally surveys and they are also seeing reductions in confidence which would suggest that national influences are a large driver.</p> <p>The Constabulary have been looking to what is specifically affecting confidence in the local survey such as feelings of safety, particularly reported by females. The Constabulary is looking to the learning from Bluestone and Soteria and working with partners on places of safety.</p> <p>The PCC would like to know what the geographical areas are where there are specific areas of concern. The Constabulary are working with partners (Health and Local Authorities) on data and this can be reported in August. The Constabulary would want the full data picture to avoid directing resources to the wrong places.</p> <p><u>Strangulation and Suffocation</u>  The OPCC asked a number of questions regarding the training planned regarding the new strangulation and suffocation offence coming into force by summer 2022. The Constabulary have commissioned an organisation called DA Matters to deliver training in the Autumn which incorporates all the changes. 3,956 people have been identified to</p>

	<p>undertake training who deal with domestic abuse. Training will be concluded within a 9 month period and does include coercive control. This is police training but the Constabulary will work with partners to make sure they are aware of the training.</p>
<p><b>5</b></p>	<p><b>Performance against Police and Crime Plan:</b></p> <p><b>a. Integrated Performance and Quality Report</b></p> <p>The golden thread of the PCC’s manifesto and the Police and Crime Plan is reassuring the public that the police are there for them and a big part of that is police visibility. The Constabulary have the functionality to track the proportion of time officers spend outside of police premises (63% on average dependent on the role) and so it is thought the that the decrease in visibility is more of a perception than a reality. It was noted that a lot of crime is complex such as domestic abuse and sexual violence and is therefore not visible – this needs to be balanced with the prevention that comes from visible policing.</p> <p>The National Street Safe app is a Home Office app which is a central way for the public to anonymously report places that feel unsafe and this information is available to local forces. This local data has been built into a Qlik app. Now that this is embedded Corporate Communications plan to increase internal awareness.</p> <p>The OPCC sought assurance that prevention work would continue through the summer demand period with Op Remedy now supporting Investigations. There is a risk to this proactive work but the Constabulary have to prioritise demand within the resources available – there are a number of events Op Remedy will still support through the summer. Neighbourhoods will support Response teams only on jobs within their own patches and the PCC was assured that PCSOs will remain in their patches with no changes to their roles. Once Response is up to strength and all accredited for use of Taser and response driving this will reduce the need for support from Neighbourhoods policing.</p> <p>The Constabulary confirmed that they have learned from the communication around Op Demand. An internal briefing has been given which will be followed by an external briefing to all partners.</p> <p>The DPCC sought assurance that the 999 calls downgraded from 101 are appropriately reviewed regarding the seriousness when the threat is thought to have reduced.</p> <p><b>b. Strategic Threat Assessment (STRA)</b></p> <p>The Board discussed how the Constabulary use the information in the STRA as part of a strategic planning process. Strategic intelligence requirements are cascaded through briefing tools and local tasking meetings.</p> <p>The PCC asked if the Constabulary are confident that the system is flexible enough to adapt to new threats. It is a national intelligence model which always has a lag. The Constabulary look to the National Crime Agency (NCA) for emerging threats that may apply locally. The PCC sought assurance on the formal process for intelligence sharing with the Regional Organised Crime Unit (ROCU).</p> <p><b>c. Strategic Policing Requirement (SPR)</b></p> <p>It was noted that from next year a new topic is being added to the national threats category which is Violence against Women and Girls (VAWG).</p>

	<p>Civil Emergencies – remains high due to capacity, training and other pressures. It was noted that 1 uplift post is being invested in this area. The PCC asked if Operational Analysis Simulation could be considered.</p> <p>A couple of changes have been made since the last six-monthly assessment as follows:</p> <ul style="list-style-type: none"> <li>• Child Sexual Abuse/Child Sexual Exploitation – has moved from medium to high. This reflects the situation in terms of detective accreditation and the strategic threat on a national scale. This is an area of growing demand. More resource is being allocated to this area as part of uplift.</li> <li>• Organised Crime – has moved from low to medium. There is a new lead for this area of business. The shortage of analysts needed to accurately identify groups was discussed. It was noted that the Disrupt Panels with Local Authorities came to a halt due to Covid and the Constabulary is now working with partners to get these back up and running – the PCC offered to lend support to this in liaising with partners if needed.</li> <li>• Forensics – has moved up to medium due to demand. The Constabulary is working with partners in the South West to address issues. The high staff turnover was discussed and it is thought this could be due to staff moving onto better paid roles once trained.</li> </ul> <p><b>d. Quarterly Serious Violence Update</b></p> <p>This is a new quarterly report as part of a tier 1 thematic. Serious Violence includes Rape and Serious Sexual Offences (RASSO) and Domestic Abuse (DA) but these are not included in this reporting as they have their own specific focus.</p> <p>Domestic homicides and sexual assault numbers are up but domestic rape numbers are down and the DPCC asked if this was thought to be due to a lack of reporting.</p> <p>The reasons for the drop in the number of Organised Crime Groups (OCGs) over the last couple of years were discussed. Analytics capability, leadership and the pandemic have all been contributing factors. The change in leadership in this area of business will have an immediate impact.</p> <p>The impact of Home Office GRIP funding was discussed and it was noted that the OPCC Head of Commissioning and Partnerships has linked in with the Constabulary regarding sharing positive news stories.</p> <p>The OPCC was informed that hotspots are reviewed quarterly and new ones usually added annually.</p> <p>The Board discussed knife bins and the progress on plans, policy and locations.</p>
<p><b>6</b></p>	<p><b>People and Organisational Development Update</b> (Including updates on Culture, Training and Leadership Academy)</p> <p>The PCC asked about the recruitment process for Intelligence Analysts. Recruitment is from the local market and internally but the competition from other organisations with a better rate of pay was flagged as an issue. The Constabulary will be doubling down on the problem solving activity and bringing forward a proposal for market factors. The PCC suggested a number of attraction ideas the Constabulary may wish to consider such as attendance at military resettlement events, liaising with universities and working with other organisation on a rotation of staff.</p>

	<p>The PCC asked if anything can be done with regional partners to address the challenge of capacity and demand within HR but they are also facing the same issues. Proposals will be brought forward soon for an option to have resources available quickly.</p> <p>There is an increasing risk in certain areas of business of being priced out of the market when it comes to attraction of staff and this needs to be addressed. The two CFOs and Chief Officer for People and Organisational Development will meet to discuss this.</p>
7	<p><b>Finance:</b></p> <p><b>a. 2021/22 Revenue and Capital Financial Report</b></p> <p>The Constabulary CFO gave a short presentation on the 2021/22 Revenue and Capital Financial Report. 98% of the budget was spent with £6.8m underspend before adjustments to a break even position. Areas of underspend and overspend were highlighted as per the report.</p> <p>The PCC sought clarification that the overtime overspend was in addition to the annual budget for overtime and how much this was affected by Covid, COP 26, G7 etc.</p> <p>Other areas of overspend include Premises costs as a result of increased utilities, repairs and maintenance and Transport due to fuel increases.</p> <p>Income for the year was highlighted which included a £2m accounting error in relation to the Ministry of Justice victims commissioning grant the PCC receives. It was explained that it came to light there was an error in reconciliation between what was built into the Medium Term Financial Plan (MTFP) and what was on the finance system. As a result the MTFP will need to be adjusted going forward and the following 2 key actions have been agreed:</p> <ul style="list-style-type: none"> <li>• A line by line reconciliation will be done to match the budget to the MTFP; and</li> <li>• The OCC CFO and OPCC CFO will have sight of the grant funding receipts as they come in for additional oversight.</li> </ul> <p>In order to provide assurance the PCC requested a full review of the incident, the process which led to it and planned measures that will be put in place to ensure there is no error of this type in the future. The Internal Auditors will be examining this and the OPCC CFO is going to speak with them about the resources available – the PCC would like this done by August 2022 as long as it can be carried out robustly within this timescale.</p> <p>It was noted that £5.9m went into the capital reserve and £2.2m into the Victims and Commissioning Reserve (as per the above).</p> <p>Capital expenditure was noted. Supply chain challenges were discussed particularly in relation to Fleet. The PCC asked what the contingency is if there comes a point where vehicles become out of spec.</p> <p>It was noted that the Draft Statement of Accounts is due at the July GSB and Joint Audit Committee (JAC) with the final Statement of Accounts due for publication in September 2022.</p> <p><b>b. Annual Treasury Management Report</b></p> <p>The Commissioner noted the report on performance and assurance of operating within</p>

	<p>the framework and parameters. The OPCC CFO highlighted that interest performance is down again substantially.</p> <p><b>c. Proceeds of Crime Revenue Update and Business Case</b></p> <p>The Proceeds of Crime six-monthly update was noted and the recommendation within the business case approved.</p>
<b>8</b>	<p><b>Major Projects:</b> Highlight Report</p> <p>Updates were given on the amber rated projects (Trinity Rd, NEP, Bath Collaboration and Data Strategy). The OPCC asked to be kept updated on the planning regarding Trinity Rd.</p>
<b>10</b>	<p><b>A.O.B</b></p> <p>None</p>
<b>11</b>	<p><b>Publication</b> (agree any items for publication other than the Minutes and Decision Notices)</p>

**Date of the next Governance and Scrutiny Board: 6<sup>th</sup> July 2022, 13:00 – 15:30**



<b>MEETING:</b>	<b>DATE:</b>	<b>AGENDA NO:</b> 7a
<b>DEPARTMENT:</b> Finance and Business Services	<b>AUTHOR:</b> Kulbinder Konsal / Emma Snailham	<b>COG Sponsor:</b> Nick Adams
<b>NAME OF PAPER:</b> 2021/22 Revenue and Capital Financial Performance Report	<b>PURPOSE OF THE PAPER:</b> Endorsement & Approval	<b>OPEN SESSION</b>

## 1. PURPOSE OF REPORT AND BACKGROUND

The purpose of this report is to provide the revenue budget and capital programme outturn results for 2021/22 and ask for the endorsement and approval from the Governance and Scrutiny Board. The attached Appendices A and B includes details of the outturn revenue position as at 31st March 2022, Appendix C includes information about our reserves and provisions and Appendix D provides the outturn position on our capital programme.

## 2. EXECUTIVE SUMMARY

During 2021/22 the Constabulary has been managing the recovery from the Covid-19 pandemic whilst delivering on the Government's target to increase officer numbers. The outturn presented shows a **break-even revenue position for 2021/22 once year-end adjustments have been made**. The underlying performance before other year-end adjustments and planned contribution to capital was **£6.8m/2.0%** underspend, of which £6.6m/1.9% relates to performance against Constabulary managed budgets and £195k/0.1% against PCC managed budgets.

The underlying outturn reported includes a £2.0m underspend balance which has come to light as we have been closing the 2021/22 financial year. This balance is the result of an error we have identified in accounting for the Ministry of Justice (MoJ) grant funding for victims services when we have set the 2021/22 budget. Prior to 2021/22 we accounted for the £2.0m grant funding received from the MoJ as part of the overall funding against which we balanced our forecast expenditure. In 2021/22 we amended this presentation to move this grant funding into our budget requirement, thereby accounting for this ring-fenced grant funding correctly by offsetting the commissioned expenditure rather than increasing core police funding. However, as we have built the budget in our finance system we have not adjusted for this, and therefore we have missed this funding within our reporting. This error has impacted on the 2021/22 outturn, and will have a recurring impact on the MTFP which once adjusted will mean our MTFP forecasts will improve by £2.0m p.a. We recognise that this error is both unfortunate and frustrating, and have instigated a review to identify lessons learnt and implement an action plan to ensure that this will not be repeated.

The underlying revenue outturn position includes the following highlights:-

- **Police Officers Pay and Allowances** – has underspent by £2.2m/1.4%. This is in line with our Q3 forecast and is a reflection of continuing recruitment activity to deliver against our officer uplift target. There has been increased recruitment activity during the year as a result of an increase in police officer leavers particularly over the last six months. Our head count target for 2021/22 was 3,108 with actuals reported at 3,130, resulting overall in a surplus of +22 against the national target;
- **Police Officer Overtime** – has overspent by £1.0m/15.1%. The overtime is predominantly driven by operational activities supporting COVID enforcement and mutual aid for COP26 and

G7. Overspend generated by these operational events is therefore offset by either mutual aid contributions or through specific earmarked funding granted by central government. In addition, we have seen overtime being incurred in areas where we continue to see high levels of vacancies. The closer we can get towards implementing our future post uplift operating models the more we would expect to see our overtime spend come in line with budget;

- **Police Staff Pay and Allowances** – has underspent by £2.8m/3.1%. The majority of this reported underspend is within the IT directorate (£2.0m) as result of the recent restructure and recruitment challenges which we have reported on in earlier reports. Other departments with significant vacancies include; Performance and Insight £396k; Criminal Justice £382k; Operation Remedy £259k, and Major Crime Investigations £223k. The Investigations directorate is reporting an over spend of £780k on police staff pay and this is driven by the additional Police Staff Investigators supporting the directorate, offset by the officer vacancies they have while we rebuild our investigative capacity;
- **Police Staff Overtime** - has overspent by £475k/35.1%. The staff overtime is largely driven by the vacancies, both in officer and other staff roles. In some cases this has also reflected the need to maintain service continuity while managing sickness and absences due to Covid-19 restrictions being in place. Areas showing overspends include; Investigations £104k; Command and Control £72k; Intelligence and Tasking £57k; Service Hub & Stores £46k; and Major Crime Investigation Team £40k;
- **PCSO's Pay and Allowances** – has overspent by £1.1m/9.4%. The over spend reflects the organisational decision to bolster our capacity around PCSO resourcing and supervisor capability in the short term. This position remains under regular review;
- **PCSO overtime** – has overspent by £68k/194.2%. This is driven mainly in support of Covid enforcement and is offset by the funding received for this activity;
- **Pensions** – has overspent by £148k/1.7%. This is due to a cost of 18 medical retirements agreed during the year. The budget was set at the start of the year for an average of 12 medical retirements per annum;
- **Premises** – has overspent by £484k/3.5%. The reported overspend is driven by a number of factors; increasing energy costs (wholesale price increases); additional training facilities to support the delivery of the PCDA rollout; unplanned remedial work at key sites such as the Bridewell, KSH and Wilfred Fuller; and transfer of costs from capital to revenue which does not meet the criteria of adding additional value to our assets;
- **Transport Costs** – has overspent by £93k/1.9%. This is wholly attributable to increasing fuel prices. Since April 21 fuel prices have increased by approximately 30.0%, outstripping the forecasts we made when setting the budget. These cost pressures have been somewhat offset by underspends on travel budgets as Covid-19 restrictions have seen less travel undertaken;
- **Communication and Computing Costs** – has overspent by £1.5m/8.8%. During the course of the year, we have seen a number of budget pressures in support of IT efficiency, contractual changes and organisational growth. Where required these have been reflected in the forward forecasts in our MTFP;
- **Supplies and Services** – has underspent by £123k/0.8%. This small reported underspend masks some areas of budget pressure (e.g. provision for our share of national costs of enquiries into historic operations), offset by some areas of continued underspend driven predominantly by the ongoing restrictions for Covid-19 which have curtailed certain areas of spend (e.g. training) during the year;
- **Transfers To / From Reserves** – has underspent by £1.0m/69%. This result recognises that we have transferred more in from reserves in support of expenditure than was originally planned

when the budget was set. These funds include the use of £0.7m of carry forwards in support of regional collaboration budgets where we are the host force on behalf of the SW region, and the use of £0.5m of reserve funding to support Covid-19 enforcement costs. These have been offset by some small transfer to reserves for earmarked funds, including asset incentivisation (£149k) and pension remedy funding (£88k);

- **Capital Financing Costs** – underspent by £381k/2.2%, this mainly represents the difference between the allocated funding in 2021/22 and that which was actually spent. The remaining balance has been earmarked for the ongoing capital programme as outlined in the Medium Term Financial Plan and is therefore part of the capital transfer to reserves mentioned above;
- **Income Special Grants** – overachieved by £1.6m/13.0%. As outlined above due to the budgeting and presentational changes of the MoJ grant funding this variance has now been accounted for as a special grant within Central budgets. This allows us to account for the difference appropriately;
- **Income Other** – overachieved by £2.7m/20.1% against the planned income budget. There are a number of factors that have contributed to this reported position and they include-
  - Mutual aid income for national operations (e.g. COP 26 and G7) – £1.6m;
  - Increase requests for support in the movement of abnormal loads – £185k;
  - New funding to help clear backlog of victims and safeguarding work caused by the Covid-19 pandemic – £140k;
  - Additional income relating to apprenticeship incentive payments – £222k;
  - An increase in our rechargeable income within Operations – £279k;
  - An increase to our training income – £234k.

The £6.8m underlying underspend has been accounted for, following discussion and agreement with the PCC CFO, as follows:-

- **Provisions review** – We have reviewed the provisions held on our balance sheet, and have recognised a net reduction to these provisions of £2.3m, thereby increasing the total balance we need to account for to £9.1m. This movement in provisions is predominantly driven by the movement in the insurance provision which has decreased by £1.5m as a result of the latest review of our self-insurance fund that identified a surplus in insurance provision based on latest estimates. We have also released the £0.9m provision for claims relating to the McCloud pension ruling because the government has paid out compensation on these claims during 2021/22 and set a precedent for other similar claims. We have released £20k of our debt management provision. To offset this decrease in provisions we have topped up our legal provisions by £0.1m;
- **Carry Forwards** – We have carried forward £1.0m in support of commitments at year-end, which were unable to be completed, across Constabulary budgets. Of this carry forward £0.3m has been set aside to support ongoing activities in Collaborations;
- **Ring-fenced revenue reserves** – We have made transfers to reserves where it's recognised we should ring-fence this funding for specific future purposes. This includes a transfer of £9k to the Hinkley Point reserve in support of our ongoing policing of this development in West Somerset, and £145k underspend from the PCC controlled budgets which has been transferred to the victims and commissioning reserve to support the reducing reoffending work. We have also transferred £1.8m of the £2.0m adjusted for the MoJ grant (as outlined above) to the victims and commissioning reserve, with the difference used to correct for funding difference on our forecast council tax income guarantee funding;

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- **Capital funding** – In recognition of the reported deficit on our forward capital plan (as reported in our MTFP approved earlier in the year), and in recognition of the likely inflationary pressures on our capital programme in light of current climate, we have transferred the residual £5.9m underspend balance to capital financing reserves.

The table below summarises these movements in our final accounting adjustments:-

	<b>£'000</b>
<b>Underlying reported underspend</b>	<b>6,788</b>
Net movement on provisions	+2,320
Carry forwards in support of committed areas of spend	-1,016
Funding adjustment for council tax income guarantee	-178
Ring-fenced revenue reserves – Hinkley point	-9
Ring-fenced revenue reserves – victims commissioning	-2,010
Ring-fenced capital reserves – capital funding	-5,895
<b>Residual balance</b>	<b>-</b>

We have spent £10.5m on **capital** expenditure this financial year (42.7% of plan). During the year this spend has included:-

- Replacement of IT end user devices (e.g. laptops and mobile phones) - £4.7m
- Replacement of vehicles in our fleet - £2.4m
- Estates projects and repairs - £1.3m
- Capital equipment purchases (e.g. ANPR replacement) - £0.5m

The main reason for the capital underspend compared to original plan is due to the review and re-focus of the Yeovil project under the South Somerset review and the resourcing issues within ICT causing delays in projects progress.

Of the capital underspend, £2.3m is being carried forward to support commitments at year-end, which adds to £6.2m which we had already re-profiled when the MTFP was completed earlier this year.

### 3. PART ONE – 21/22 REVENUE BUDGET PERFORMANCE

A **breakeven position** has been recorded at the end of the 21/22 financial year, with an under spend of **£6.8m/2.0%** recorded before carry forward, provisions and final reserve adjustments were made.

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Employee Costs	276,705	278,912	(2,207)	(0.8%)	-	(2,207)	(0.8%)
Non-Employee Costs	84,362	83,607	755	0.9%	6,659	7,414	8.9%
Savings Target	-	780	(780)	(100.0%)	-	(780)	(100.0%)
Income	(30,602)	(26,243)	(4,360)	(16.6%)	(20)	(4,379)	16.7%
<b>CONSTABULARY SUB-TOTAL</b>	<b>330,465</b>	<b>337,057</b>	<b>(6,593)</b>	<b>(2.0%)</b>	<b>6,641</b>	<b>48</b>	<b>0.0%</b>
Miscellaneous & Grants	(1,464)	(1,464)	-	0.0%	-	-	0.0%
<b>CONSTABULARY TOTAL</b>	<b>329,000</b>	<b>335,593</b>	<b>(6,593)</b>	<b>(2.0%)</b>	<b>6,641</b>	<b>48</b>	<b>0.0%</b>
OPCC	1,686	1,757	(71)	(4.0%)	23	(48)	(2.7%)
Commissioning	3,406	3,529	(124)	(3.5%)	124	-	0.0%
<b>TOTAL REVENUE EXPENDITURE</b>	<b>334,091</b>	<b>340,879</b>	<b>(6,788)</b>	<b>(2.0%)</b>	<b>6,788</b>	<b>-</b>	<b>0.0%</b>

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

#### **NEIGHBOURHOOD & PARTNERSHIP DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Neighbourhood Policing	32,876	33,718	(842)	(2.5%)	9	(833)	(2.5%)
Road Safety	16	156	(140)	(89.5%)	-	(140)	(89.5%)
Offender Management	5,756	7,049	(1,293)	(18.3%)	-	(1,293)	(18.3%)
Victims and Safeguarding	4,331	4,434	(103)	(2.3%)	-	(103)	(2.3%)
Citizens in Policing	535	592	(57)	(9.6%)	-	(57)	(9.6%)
<b>DIRECTORATE TOTAL</b>	<b>43,514</b>	<b>45,949</b>	<b>(2,434)</b>	<b>(5.3%)</b>	<b>9</b>	<b>(2,425)</b>	<b>(5.3%)</b>

The Neighbourhood Directorate has underspent by £2.4m/5.3% against its planned budgets.

**Neighbourhood Policing** – underspent by £833k/2.5%. Overall Police staff costs were over spent but are offset by police officer underspends due to the sequencing delay in uplift posts that have yet to be filled. PCSO's remained over established as detailed in the PCSO's trajectory. Overtime has under spent and this is due to an increase in budget for the year. Income as had been reported previously under achieved due to the adjustment of an Bristol City Council invoice for 5 PCSO's and we were unable to invoice the BRI as they were not provided with an officer during the year due to sickness.

**Road Safety** – underspent by £140k/89.5%. This is largely due to an overachievement of income from policing abnormal loads. Overtime is over spent however, this relates to overtime escorting abnormal loads and is offset by income received.

**Offender Management** – underspent by £1.3m/18.3%, mainly relating to officer pay. A full year budget was allocated for the uplift of officers, but several officer positions are still to be filled. Police staff are also under spent which is due to some staff being moved to Neighbourhood during the year, but the budget will not move until the new financial year. Overtime has over spent due to demand in the department.

**Victims & Safeguarding** – underspent by £103k/2.3%. Police Officer pay is slightly under spent, this is due to a part time officer being in post. Staff costs are over spent, and this is due to vacancy factor and training posts. The under spend is as a result of income from the Home Office to cover work backlogs caused by the pandemic and also income for part time MARAC posts. There is also an underspend for Third Party payments for Children and Adult boards

**Citizens in Policing** – underspent by £57k/9.6%. The under spend in this area is due to the Inspector posts being held to part cover the Chief Inspector post in the Neighbourhood Directorate. There is also a small under spend in Police Staff pay due to a vacant position. Over spends on transport and subsistence can be attributed to Specials that will have worked additional shifts due to Covid. There is also an approved spend for the Mini Police which has resulted in Supplies and Services being over spent. Income for the regional Citizens in Policing coordinator has been received but this is the last year as the regional role ended at the end of December 2021.

**RESPONSE DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Command and Control	20,839	20,842	(3)	0.0%	-	(3)	0.0%
Patrol	56,575	49,249	7,326	14.9%	-	7,326	14.9%
Detainee Investigation	7,388	7,647	(259)	(3.4%)	-	(259)	(3.4%)
<b>DIRECTORATE TOTAL</b>	<b>84,802</b>	<b>77,739</b>	<b>7,062</b>	<b>9.1%</b>	<b>-</b>	<b>7,062</b>	<b>9.1%</b>

In 2021/22 there is an over spend of £7.1m/9.1% against the Response budget.

**Command & Control** – underspent by £3k/0.0%. Staff budgets were underspent by £0.2m offset by £0.1m in overtime costs. Police Officer overtime was overspent by £0.1m due to uplift of 30 FTE in IAU and officer sickness. There were additional travels costs due to dual running of a second control room in Bridgwater to provide resilience if there was a Covid outbreak.

**Patrol** – overspent by £7.3m/14.9%. The main reason for this overspend is the increase and over establishment of PCDA officers, together with a vacancy factor of £453k. Overtime costs are £237k overspent which reflects the abstraction of PCDA Students for study. Kennelling costs for dogs for 21/22 was overspent by £238k – reflecting a pressure which will need to be closely monitored.

**Detainee Investigation** – underspent by £259k/3.4%, which relates to both to police staff and police officer vacancies (approx. 6.0 FTE Staff and 9.0 FTE officers at the end of March 22). Overtime is overspent reflective of the level of vacancies in these teams.

**OPERATIONAL SUPPORT DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Criminal Justice	14,950	15,566	(616)	(4.0%)	200	(416)	(2.7%)
Speed Enforcement	(755)	(1,225)	471	(38.4%)	-	471	(38.4%)
Operations Major Incidents	(411)	247	(658)	(266.4%)	-	(658)	(266.4%)
Operations	6,981	7,193	(213)	(3.0%)	-	(213)	(3.0%)
Operation Remedy	6,711	8,019	(1,308)	(16.3%)	56	(1,251)	(15.6%)
Serious & Violent Crime	887	774	113	14.5%	-	113	14.5%
Intelligence and Tasking	10,512	10,782	(270)	(2.5%)	15	(255)	(2.4%)
Tactical Support Team	14,485	14,725	(240)	(1.6%)	5	(235)	(1.6%)
PROJECT ADDER (Drugs)	690	690	-	0.0%	-	-	0.0%
<b>DIRECTORATE TOTAL</b>	<b>54,049</b>	<b>56,771</b>	<b>(2,722)</b>	<b>(4.8%)</b>	<b>276</b>	<b>(2,446)</b>	<b>(4.3%)</b>

In 2021/22 we have under spent by £2.4m/4.3% against our Operational Support budgets. Highlights from this area of the budget include:

**Criminal Justice** – underspent by £416k/2.7%, which is after an adjustment for carry forward bids totalling £200k. The department was underspent on Police Staff Pay due to vacancies but this was offset against Police Officer Pay because of over established posts. Custody reported an under spend of £256k due to the delayed expenditure on the Custody Autism Project, further underspends on doctor call out fees, drug testing on arrest and interpreters fees. The Licensing Bureau over achieved their Income target by £134k this is due to the fact that we are at the peak of the five year firearms renewal cycle.

**Speed Enforcement Unit** – overspent by £471k/38.4%. This is mainly driven by cost recovery being £440k below target. Costs recovered through the National Driver Offender Retraining Scheme were below budget by £793k but we have seen considerable improvement in the values received since Q2. Levels seemed to increase once COVID restrictions were lifted and the Speed Enforcement team achieved full capacity. Cost recovered through the HM Court Service have seen significant improvement being £308k above budget and the department was also above budget for the costs recovered from National Highways LTD by £45k.

The Speed Enforcement Unit Team were under-established at the start of the year creating underspends of £89k but this was offset against the overtime needed to meet operational demand, creating an overspend of £60k in this area. Further underspends on equipment and course fees were offset against an increase in postage costs £70k above budget and the refurbishment of the Road Safety storage unit £30k.

**Operations Major Incidents** – underspent by £658k/266.4%. We received £1.6m income in year, the majority of which came from claiming reimbursement for resources sent to COP26 and the G7 conference. As the associated costs are not wholly captured against the major incident code this generates an excess of income. Significant costs without reimbursement include Op Hyacinth (protests) £244k, Op Hence (evictions) £90k and Op Hand (CT) £69k.

**Operations Department** – underspent by £213k/3.0%. This underspend is made up of two elements, the Operations Department (£63k) and Ops Rechargeable (£150k). Operations Department £63k underspend is on police pay and overtime costs, offset by unfunded CBRN coordinator during the first

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9 months of the year. Operations Rechargeable underspend of £150k is mainly generated by reimbursement for the claim for the Badger Cull (£124k). The remaining balance in the difference is coming from Football income.

**Operation Remedy** – underspent by £1.3m/15.6%. £900k relates to officer vacancies, offset by overtime spend of £53k. The other area of significant underspend is police staff pay £250k and this is due to carrying vacancies all year. We did not recruit into these positions, as permanent funding had not been secured. This has been resolved for 22/23 so recruitment has already taken place to fill these vacancies going forward. Lastly, Remedy has an Innovation budget of £288k and this was utilised in year to fund £50k for Westport (supporting Crime Prevention through Sport), £17k for knife bins and £50k for surveillance equipment.

**Serious & Violent Crime** – overspent by £113k/14.5%. Despite a slow start, we managed to spend the entire grant allocated for the financial year. The majority of spend was on officer overtime targeting the identified hotspots with additional patrols. The grant was also used to fund analytical support.

**Intelligence and Tasking** – underspent by £255k/2.4%. Police Staff pay underspent by £51k even with a £296k vacancy factor. This is due to vacancies and the transition while we implement the Intelligence restructure. In addition there is a large underspend against Telephone Enquiry Service £160k and this is due to a one-off refund received. We have also seen underspends in travel, course fees and Informant fees. The area of pressure for this department is overtime where we have spent £136k against an £80k budget. As vacancies are filled and the department moves to its new structure, we would expect to see an improvement in this position for 22/23.

**Tactical Support Team** – underspent by £235k/1.6%. The under spend is being driven by police officer vacancies, mainly in Firearms. This is offset by significant overtime overspend as a result of Firearms officers being required to attend training, that due to their shift pattern, can only be done on a rest day and therefore incurs overtime costs. This has been addressed for 22/23 and the new shift pattern includes dedicated training time.

**INVESTIGATIONS DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Investigation	33,159	35,988	(2,829)	(7.9%)	-	(2,829)	(7.9%)
Investigation Major Incidents	782	905	(123)	(13.6%)	130	7	0.7%
<b>DIRECTORATE TOTAL</b>	<b>33,941</b>	<b>36,893</b>	<b>(2,952)</b>	<b>(8.0%)</b>	<b>130</b>	<b>(2,822)</b>	<b>(7.7%)</b>

**Investigations** – underspent by £2.8m/7.9%. This is due to the level of police officer vacancies throughout the year. The number of vacancies on the budget have reduced during the year due to the continued recruitment via new pathways such as DHEP. It should be noted the DHEP officers spend most of their time training for the first 63 weeks, and therefore while this might reduce the underspend on pay there will be a lag before other areas of overspend (e.g. staff pay and overtime) can be expected to reduce.

**Investigation Major Incidents** – this budget is demand-led and used when overtime is required for operations outside of daily business and any investigations carried out by MCIT. The reported outturn is a small overspend of £7k/0.7% after carry forwards have been made in support of ongoing investigations at year-end.



**COLLABORATIONS**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Scientific Investigation	8,280	7,943	337	4.2%	123	459	5.8%
Major Crime Investigation	5,242	5,363	(121)	(2.3%)	117	(4)	-0.1%
South West ROCU	3,477	3,937	(460)	(11.7%)	-	(460)	-11.7%
Special Branch	1,017	1,161	(144)	(12.4%)	-	(144)	-12.4%
Black Rock	926	1,250	(324)	(25.9%)	-	(324)	-25.9%
CTSFO's	587	789	(201)	(25.5%)	67	(134)	-17.0%
SWPCP ACC	53	44	9	20.3%	-	9	20.3%
SWPPS Collaboration	425	471	(46)	(9.7%)	-	(46)	-9.7%
Regional Collaboration	363	457	(95)	(20.7%)	-	(95)	-20.7%
<b>COLLABORATIONS TOTAL</b>	<b>20,370</b>	<b>21,416</b>	<b>(1,046)</b>	<b>(4.9%)</b>	<b>307</b>	<b>(739)</b>	<b>(3.4%)</b>

In 2021/22 there was an under spend of £739k/3.4% against our Collaboration budgets after accounting for year-end adjustments. Highlights from this area of the budget include:

**Scientific Investigations** – overspent by £459k/5.8%, after accounting for a carry forward to support ongoing refurbishment works as part of the agreed business change project. The underlying overspend is reflective of much higher external submissions, reflecting operational demand, vacancies and a higher than expected number of pathology cases.

**Major Crime Investigation** – underspent by £4k/0.1%. This relates to mainly staff vacancies of £293k offset by collaboration payments of £375k. Due to the volume of investigations required, as well as in recognition of Covid-19 restrictions for large parts of the year, Officers and Staff were unable to utilise their full training, accommodation and subsistence budgets which underspent by £45k.

**SWROCU** – underspent by £460k/11.7%. It was assumed at Q3 that the full provision set aside to support Uplift delivery would be utilised however, due to recruitment lead times the full allocation was not required and therefore underspend have been returned to each force.

**Special Branch** – underspent by £144k/12.4%. Of this £166k relates to staff vacancies. This is offset by £44k of underspends being returned to the other forces within the collaboration.

**Black Rock** – underspent by £324k/25.9%. This is due to staff vacancies throughout the year and has resulted in an under spend of £645k. This is off-set by an over spend on overtime of £24k, an over spend on equipment of £191k and funding for vehicle purchases of £339k.

**Counter Terrorism Specialist Firearms** – underspent by £134k/17.0%. This is entirely due to vacancies being held throughout the year.

**INFORMATION TECHNOLOGY DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
<b>DIRECTORATE TOTAL</b>	<b>23,448</b>	<b>24,036</b>	<b>(588)</b>	<b>(2.4%)</b>	<b>162</b>	<b>(426)</b>	<b>(1.8%)</b>

An under spend of £426k/1.8% is reported for the Information Technology Directorate. The directorate

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restructured in 21/22 creating vacancies within the establishment. Recruitment has proven to be their main constraint and on average IT were 35 FTE under established, creating a Staff Pay underspend of £2.0m. Cost pressures within Communications and Computing produced overspends of £1.5m but this variance is down to growth and one-off exceptional costs that were offset against in-year budgetary savings, and where required have been reflected in the 2022/23 budget. Information Technology also reported a positive income variance, by over achieving against budget due to the recharging of RPA resources to PDS, Qlik App reimbursements for the DSIC environment hosted on behalf of national programmes and increased alarms income.

**FINANCE AND BUSINESS SERVICES DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Chief Officer Group	1,915	1,816	99	5.5%	-	99	5.5%
Evidential Property	636	677	(41)	(6.0%)	-	(41)	(6.0%)
Transport Services	5,103	4,774	329	6.9%	-	329	6.9%
Services Hub & Stores	5,892	6,361	(468)	(7.4%)	-	(468)	(7.4%)
Finance Department	1,883	1,875	8	0.4%	-	8	0.4%
Procurement Services	45	48	(3)	(5.5%)	-	(3)	(5.5%)
Estates and Facilities	14,475	14,172	303	2.1%	-	303	2.1%
FBS Delivery Programme	365	351	14	4.0%	-	14	4.0%
<b>DIRECTORATE TOTAL</b>	<b>30,315</b>	<b>30,073</b>	<b>242</b>	<b>0.8%</b>	<b>-</b>	<b>242</b>	<b>0.8%</b>

In 2021/22 there is an over spend of £242k/0.8% in the Finance and Business Service Directorate, mainly due to higher fuel prices under Transport Services and cost pressures in Estates and Facilities. Highlights from this area of the budget include:

**Chief Officer Group** – overspent by £99k/5.5%. The budget was under pressure in this financial year mainly due to two unbudgeted police officer roles, one of which has now ended and the other which continues in support of the Chief Constable’s national portfolio. In addition, there was an increased requirement to contribute to National initiatives and programmes.

**Evidential Property & Stores** – underspent by £41k/6.0%, reflecting vacancies in the Evidential Property team.

**Transport Services** – overspent by £329k/6.9%. The main reason for the over spend is higher fuel costs, which are over budget by £277k (petrol prices have increased by 30% since the start of the financial year). In addition, the Transport Services team is stable with little staff turnover at present, thereby the vacancy factor applied to pay budgets is generating a pressure here.

**Services Hub** – underspent by £468k/7.2%. There have been vacancies within the Enquiry Office, Admin Hub and Secretariat throughout the financial year generating an under spend of £222k. In addition, there have been savings on printing, stationery and postage costs and an exceptional reversal of PPE/uniform costs.

**Finance Department** – overspent by £8k/0.4%. The Finance team is fully established, therefore the vacancy factor applied to pay budgets is generating a slight pressure here.

**Strategic Procurement Services** – underspent by £3k/5.5%, reflecting slightly higher than expected income for the forensic procurement team.

**Estates & Facilities** – overspent by £303k/2.1%. The main reason for the overspend is higher building repair and maintenance costs (in particular, there have been significant works completed at Kenneth Steele House, Wilfred Fuller Operational Training Centre, the Bridewell and Cabot Park vehicle workshops). Energy costs are £51k over budget, mainly due to higher electricity prices, and we expect this pressure to continue in the following financial year. In addition, we have made an exceptional provision for £83k potential PFI restructuring costs, which was not budgeted. These overspends are partly offset by lower staff costs due to vacancies in the Estates team.

**FBS Delivery Programme** – an over spend of £14k/0.4%. The vacancy factor applied to pay budgets is generating a slight pressure here.

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

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
HR Operations	4,372	4,362	10	0.2%	-	10	0.2%
Organisational Development	1,785	2,306	(521)	(22.6%)	115	(406)	(17.6%)
Learning	7,954	8,130	(176)	(2.2%)	-	(176)	(2.2%)
Occupational Health	945	1,004	(59)	(5.9%)	24	(36)	(3.5%)
Health & Safety	103	109	(6)	(5.1%)	-	(6)	(5.1%)
Portfolio Management Office	385	341	44	12.8%	-	44	12.8%
<b>DIRECTORATE TOTAL</b>	<b>15,544</b>	<b>16,253</b>	<b>(709)</b>	<b>(4.4%)</b>	<b>139</b>	<b>(570)</b>	<b>(3.5%)</b>

In 2021/22 there is an under spend of £570k/3.5% in the People and Organisational Development Directorate. Highlights from this area of the budget include:

**HR Operations** – overspent by £10k/0.2%. This relates to overspend on staff pay due to the continuation of approved temporary roles supporting the delivery of our officer uplift as well as overspend associated with reasonable adjustments. These overspends are partially offset by savings in Supplies & Services where budget for advertising, professional fees and course fees have not been spent due to rolling out of Oleo and the Covid-19 restrictions. In addition, underspend against the Recruitment Assessment budget also contributes to reduce some of the budget pressure.

**Organisational Development** – underspent by £406k/17.6%. This is after an adjustment for carry forward of £115k for the Leadership Academy Project, so the in-year financial performance is an under spend of £521k. There have been vacancies within the Organisation Development, Diversity & Inclusion and the Federation throughout the financial year generating an under spend of £334k. In addition, there have been savings against wellbeing and LGBT conference budget. The budget for Leadership Academy Project was not fully spent due to delays in recruitment.

**Learning** – underspent by £176k/2.2%. This is due to vacancies within the department throughout the financial year generating an under spend of £220k. £228k relates to police officer vacancies, particularly trainer assessors and driver trainers. Learning staff are currently 5.39 FTE over established generating an over spend of £8k. The underspend is offset by an overspend against DHEP fees and £147k budget pressure as result of extension hire of the temporary gymnasium for PCDA and PCSO training due to Covid-19 restrictions and social distancing rules.

**Occupational Health** – underspent by £36k/3.5%. There have been two vacancies within the department throughout the financial year generating an under spend of £31k. In addition there have been £24k savings in supplies & services budget as result of COVID-19 restrictions and working from

home however this is largely offset by overspend on Physiotherapy costs.

**Portfolio Management Office** – overspent by £44k/12.8%. This relates to the approved budget pressure of spend on Knowledge Academy for business change virtual training £38k and Formal Constabulary Governance review £82k.

#### **LEGAL & COMPLIANCE DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
<b>DIRECTORATE TOTAL</b>	<b>2,375</b>	<b>2,200</b>	<b>175</b>	<b>8.0%</b>	<b>136</b>	<b>311</b>	<b>14.1%</b>

**Legal Services & Compliance** – The year-end position is an over spend of £311k/14.1%. This is mainly due to Legal costs and services and an additional top up to legal provision at year-end, therefore increasing the over spend. Salaries were under established throughout the year however, there is a slight over spend due to vacancy factor. Income over achieved, which has helped to reduce the over, spend.

#### **CHIEF OF STAFF DIRECTORATE**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Performance and Assurance	1,709	1,888	(179)	(9.5%)	-	(179)	(9.5%)
Performance and Insight	1,300	1,758	(459)	(26.1%)	-	(459)	(26.1%)
Strategic Projects	161	72	89	124.9%	-	89	124.9%
Corporate Communications	980	968	11	1.2%	-	11	1.2%
Professional Standards	2,436	2,507	(71)	(2.8%)	-	(71)	(2.8%)
<b>DIRECTORATE TOTAL</b>	<b>6,585</b>	<b>7,194</b>	<b>(608)</b>	<b>(8.5%)</b>	<b>-</b>	<b>(608)</b>	<b>(8.5%)</b>

In 2021/22 there is an under spend of £608k/8.5% in the Chief of Staff Directorate. Highlights from this area of the budget include:

**Performance & Assurance** – underspent by £179k/9.5%. There have been vacancies within the department throughout the financial year generating an under spend of £153k. In addition, there have been savings in Supplies & Services where budget for professional fees and course fees have not been fully spent.

**Performance & Insight** – underspent by £459k/26.1%. There have been various vacancies within the department throughout the financial year generating an under spend of £396k. The recently approved P&I business case has added further 7.0 FTE vacancies to the authorised establishment. The department is 6.66 FTE under established as at end of March. Several positions have been filled but start dates are pending vetting. Income from the Data Accelerator Project also contributes to the under spend.

**Corporate Communications** – overspent by £11k/1.1%. The department had been over-established by 0.25 FTE from May 2021 - Jan 2022, therefore the vacancy factor applied to pay budgets is generating a slight pressure here.

**Professional Standards** – underspent by £71k/2.8%. There have been vacancies within the department throughout the financial year generating an under spend of £72k. Overtime has been worked to cope

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with the pressure built up as a consequence of significant recruitment campaigns and resource commitments to support the regional vetting collaboration. There have been £18k savings against the hearings budget which also contributes to the under spend.

**Strategic Projects** – overspent by £89k/125%. The budget was under pressure in this financial year mainly due to two unbudgeted police staff roles for the ERP project. Funding for the ERP Programme Director and Head Business Readiness & Change was in the ERP capital programme.

**CENTRAL COSTS**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
Pensions	8,184	8,102	83	1.0%	(938)	(855)	(10.6%)
Officer & Staff Allowances	(1,408)	(491)	(917)	186.6%	-	(917)	186.6%
Central Costs	8,744	10,144	(1,400)	(13.8%)	6,419	5,019	49.5%
Central Savings	0	780	(780)	(100.0%)	-	(780)	(100.0%)
Student Officers	1	-	1	0.0%	-	1	0.0%
Covid-19 Costs	-	-	-	0.0%	-	-	-
<b>CENTRAL COSTS</b>	<b>15,251</b>	<b>18,534</b>	<b>(3,013)</b>	<b>(16.3%)</b>	<b>5,481</b>	<b>2,468</b>	<b>13.3%</b>

In 2021/22 we have overspent by £2.5m/13.3% in central costs, however this is after we have completed all year-end accounting to take underspends reported elsewhere to earmarked reserves and provisions. Highlights from this area of the budget include;

**Pensions** – This budget relates to medical retirements and injury pension awards and we are reporting an under spend of £855k/10.6%. Before any accounting for provisions, the pension budget reported an over spend of £83k. This is variance is largely due to the number of medical retirements, which has increased from 12 at Quarter 3 to 18 claimants by year-end. The movement thereafter is made by the release of the McCloud pension remedy provision. The McCloud provision has been released following the settlement of these cases by the Home Office during the year. There remain a number of outstanding cases, however it is not assumed that these will similarly be overseen by the Home Office and therefore we are no longer required to make a local provision for these liabilities.

**Officer & Staff Allowances** – this represents the under spend on centralised budgets for police officer allowances and pay reserves held in year. The main factors are:

- £87k savings against NI and officer and staff allowances such as Comp Grant, Housing allowance and Tutorship payments;
- £180k budget saving on apprenticeship levy payments. This was additional budget set aside to top up our payments towards the apprenticeship levy;
- £333k for additional income for Officer Uplift program (£186k) and backdated payment for direct entry Superintendent from College of Policing (£147k);
- £317k for unplanned income received for apprenticeship levy payments.

**Central Costs** – The £5.0m/49.5% overspend is after all year-end adjustments and provisions have been complete. The notable movements includes;

- Release of £1.5m provision relating to our self-insurance fund;
- Accounting for £2.0m movement for the MoJ grant funding which was previously accounted under the funding section of the MTFP. This has been transferred from the funding section to

special grants under Central costs for this year only and will be corrected going forward;

- Transfer of £1.8m to the victims commissioning reserve because of budgeting and presentational errors which were identified as part of our closedown procedures. This net amount reflects the MoJ grant funding (£2.0m), offset by the council tax guarantee income adjustment (£0.2m);
- £5.8m increase to capital financing reserve in support of future delivery of the capital program.

**Central Savings** – The £780k represents in-year savings identified from existing budgets. The variance on central savings will be used to increase capital-financing reserve in support of future delivery of the capital program. Where these savings are recurring they were removed from our future budgets in our MTFP.

**Covid-19 Costs** – A breakeven position is reported for this budget area. In total we spent £0.5m in support of COVID enforcement and this expenditure is offset by release of grant funding that we received from the Home Office at the end of March 21.

**MISCELLANEOUS, GRANTS AND SECONDEES**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
MISCELLANEOUS	-	-	-	0.0%	-	-	0.0%
GRANTS	(1,464)	(1,464)	-	0.0%	-	-	0.0%
SECONDEES	-	-	-	0.0%	-	-	0.0%

These items are reported on separately from our main budget as they represent areas of spend which can otherwise distort the presentation of financial information. The £1.4m comprises of the Serious Violence grant (£774k) and Project Adder grant (£690k).

**POLICE & CRIME COMMISSIONER MANAGED BUDGETS**

	21/22 Underlying Outturn	21/22 Annual Budget	Over/ (Under) Underlying Outturn		21/22 Year-end adjusts	Over/ (Under) After y/e adjusts	
	£'000	£'000	£'000	%	£'000	£'000	%
OPCC	1,686	1,757	(71)	(4.1%)	23	(48)	(2.7%)
COMMISSIONING COSTS	3,406	3,529	(124)	(3.5%)	124	-	0.0%
<b>OPCC TOTAL</b>	<b>5,092</b>	<b>5,287</b>	<b>(195)</b>	<b>(3.7%)</b>	<b>147</b>	<b>(48)</b>	<b>(0.9%)</b>

There was an underlying underspend of £48k in relation to pay and non-pay budgets. This outturn is reported after £2k has been carried forward, and £145k have been transferred back into the victims and commissioning reserve to support commissioning activities in 2021/22.

**YEAR-END ADJUSTMENTS – PROVISIONS AND RESERVES**

The table below shows how the **£6.8m/2.0%** underspend has been accounted for as shown in the above analysis:

	£'000
<b>Underlying reported underspend</b>	<b>6,788</b>
Net movement on provisions	+2,320
Carry forwards in support of committed areas of spend	-1,016
Funding adjustment for council tax income guarantee	-178
Ring-fenced revenue reserves – Hinkley point	-9
Ring-fenced revenue reserves – victims commissioning	-2,010
Ring-fenced capital reserves – capital funding	-5,895
<b>Residual balance</b>	<b>-</b>

At the end of the financial year, it is necessary for us to make provisions for known liabilities the timing or value of which remains uncertain. As part of our year-end adjustments we have reviewed these provisions, the significant provision movements are explained by:-

	£'000
Reduction in our self-insurance provision following independent review	1,499
Removal of our provision for McCloud Pension remedy claims	938
Reduction in our provision for bad debts	20
Less; Increase in our provision for legal costs	(136)
<b>Reduction in provision</b>	<b>2,320</b>

After accounting for these adjustments, as well as the use of provisions during the year, our provision balances as at the end of 2021/22 are:-

	Bal as at 1st April 2021	Movement During Year	Bal as at 31st March 2022
	£'000	£'000	£'000
Insurance provision	9,932	(2,622)	7,311
Legal Services provision	238	136	374
Ill-health retirements provision	618	642	1,259
Historic overtime and case review provision	2,804	391	3,195
Pensions claims provision	938	(938)	0
<b>TOTAL PROVISIONS</b>	<b>14,530</b>	<b>(2,391)</b>	<b>12,139</b>

The reduction in provisions has the effect of increasing the year-end balance to be accounted for from £6.8m to £9.1m. In considering the accounting for this balance we have reviewed our reserve position, taking into account the risk assessed review of the general fund completed by the OPCC CFO in January as well as the movements on reserves during the year. Following this review we have accounted for this balance as follows:-

- Transfer of £9k underspend against Hinkley Point policing funding to earmarked reserve in support of future commitments;
- Transfer £145k of underspends against OPCC managed budgets to the victims and



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commissioning reserve on behalf of the PCC to support future commissioning activities;

- Carry forward £1,016k in support of unfulfilled commitments at the end of the financial year;
- Transfer of £178k to funding to support the shortfall on the council tax income guarantee funding received during 2021/22, thereby enabling us to protect the residual held in earmarked reserve to support 2022/23 and 2023/24 funding as set out in the MTFP;
- Transfer a net £1,864k additional transfer to victims and commissioning reserve on behalf of the PCC to support commissioning activities, recognising the adjustment required to account for the MoJ grant funding (net of the funding adjustment above).
- £5,895k to fund capital from revenue contribution.

The following table provides a summarised version of our reserve position (a full breakdown is provided at Appendix C):-

	Bal as at 31 <sup>st</sup> March 2021	Movement During Year	Bal as at 31 <sup>st</sup> March 2022
	£'000	£'000	£'000
Earmarked revenue reserves - discretionary	7,483	(2,728)	4,755
Earmarked revenue reserves – non-discretionary	7,342	730	8,073
Earmarked revenue reserves – capital and PFI	24,216	4,408	28,624
Capital receipts reserve	5,602	773	6,375
Council tax income guarantee	414	3	417
General Fund	12,000	-	12,000
<b>TOTAL USEABLE RESERVES</b>	<b>57,057</b>	<b>3,186</b>	<b>60,243</b>

Our useable reserve levels have increased by £3.2m/5% over the course of the year. The following points of note are highlighted:-

- Our discretionary reserve levels have decreased by £2.7m. The Budget support reserve (£1.0m) and Covid Enforcement Reserve (£1.0m) are no longer required and our Carry forward reserves have decreased from last year by (£0.4m);
- Our non-discretionary reserves have increased by £0.7m, which is mainly as a result of increases for, Victims and Commissioning Reserve (£1.0m), Proceeds of Crime Reserve (£0.1m) and a new reserve for costs relating to managing the administration of the pension remedy following the Governments response to the McCloud ruling (£0.1m). This is offset with reductions in several reserves including Regional Programme Reserve (£0.7m), and SWROCU (£0.1m);
- Our capital and PFI reserves have increased by £4.4m, which mainly represents the utilisation of revenue underspend to support the funding of our future capital plans;
- Our capital receipts reserve has increased by £0.8m, reflecting property sales through the year: Williton Police Station, and a former police house property.

**DEBT MANAGEMENT**

The bad debt provision for 2021/22 is £172k, a decrease of £19.6k from 20/21. Debt over 90 days old has reduced by £697k over the course of the year.



**4. PART TWO – 21/22 CAPITAL BUDGET PERFORMANCE****21/22 CAPITAL PROGRAMME OUTTURN**

	Total Plan	Actual Outcome		Over/ (Under)		Re-profile to 22/23
	£'000	£'000	%	£'000	%	£'000
Asset Replacement & Renewal	13,900	8,302	59.7%	(5,598)	(40.3%)	2,061
Digital Projects	3,558	590	16.6%	(2,968)	(83.4%)	170
Estate Projects	5,622	632	11.2%	(4,989)	(88.7%)	235
Other projects	690	258	37.3%	(432)	(62.6%)	-
Funded or part funded projects	1,205	681	56.5%	(524)	(43.5%)	-
<b>TOTAL</b>	<b>25,075</b>	<b>10,464</b>	<b>41.7%</b>	<b>(14,611)</b>	<b>(58.3%)</b>	<b>2,466</b>

At the end of 21/22 we had spent £10.5m (41.7%) of the capital programme, and we were £14.6m under our original plan. The main reasons for the under spend are the re-profiling of the Yeovil project to review the South Somerset area. In addition, IT replacement costs have been re-profiled due to some resourcing challenges and supplier delays.

We have already re-profiled £6.2m of the under spend to future years in the MTFP. We are now carrying forward an additional £2.3m to next year's plan, meaning a total of £8.5m is being re-profiled to future years.

Further details of the capital plan are included within Appendix D.

**ASSET REPLACEMENT AND RENEWAL**

At the end of 2021/22 £8.3m (60.8%) of our original plan had been used and we are £5.3m under budget. The key highlights from this element of the capital plan are:-

- ICT Replacement – £4.7m spent on projects including end user devices (£4.2m), Airwave handsets (£0.4m), servers and network security (£0.1m). Against our ICT renewal plans there has been an under spend of £3.6m, which is wholly a result of delays in resourcing and progressing our digital infrastructure transformation;
- Estates Replacement – £0.7m spent on projects including the Wincanton accommodation (£0.2m), Boiler replacement (£0.2m) and WSM Enquiry office (£0.1m). Against the estate renewal plan we have an under spend of £0.3k as a result of supply issue for the delivery of UPS for the data centre and under-utilisation of the building fabric budget plan;
- Fleet Replacement – £2.4m spent on vehicle replacement, mainly within the Tactical support team. Due to the global supply chain challenges some deliveries have fallen in to 22/23 along with the conversion of other vehicles delivered late into March, therefore we will be carrying forward £1.3m of the £1.4m underspend in to 22/23;
- Capital Equipment Replacement – £0.5m spent on capital equipment renewal, including £0.2m on replacement Automatic Number Plate Recognition (ANPR) hardware and a new laser scanner for our collision investigations team.

**DIGITAL PROGRAMME**

At the end of 2021/22 £0.6m (17%) of the plan had been consumed and our costs were £3.0m under budget, mainly due to projects being delayed and re-profiled to future years. The key highlight from

this element of the capital plan are:-

- Digital Mobilisation – We spent £0.2m in the year on the ERP and CCTV projects. We have re-profiled other projects (Case Management Solution and GDPR) to next year;
- National Systems – We have incurred £0.4m on the National Enabling Programme during the year.

### **INFRASTRUCTURE AND ASSET PROGRAMME**

At the end of 2021/22 £0.6m (11%) of the plan had been consumed and we are £5.0m under budget, mainly due to the re-focus of the South Somerset project. We are re-profiling £0.2m of the under spend to next year. The key highlights from this element of the capital plan are:-

- Yeovil – We are £4m under budget on the New Yeovil Police station project. Due to the review and decision to re-focus our original plans for Yeovil with the new South Somerset review currently underway. The remaining spend originally expected has been re-profiled to future years through the MTFP process;
- Bath Neighbourhood base – We have consumed £0.2m against the budget of £0.4m and the project is coming under budget with the main construction complete and the project due to be finished in Q1 of 22/23;
- Broadbury road – We have an under spend of £0.3m due to delays in the tendering process and only spend on surveys and consultant fees has been incurred;
- Electric car charging – No spend incurred this year due to delays in supplies of kit and so this will be carried forward into 22/23;
- Bristol Trinity Road – No spend incurred during 21/22 as a result of delays to the planning process. A decision on planning is expected in Q1 of 22/23.

### **OTHER PROJECTS**

Within Other projects we have spent £0.3m on our new mobile policing platform ('Pronto') implementation and the Internet Child Abuse Team (ICAT) encrypted hard drives. We had a planned spend of £0.7m which has resulted in an under spend of £0.4m, reflecting elements of the spend on Pronto being classified as revenue and not capital.

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

Within our plan we have also progressed capital spend for which we receive direct funding, often on behalf of collaborations which we host within Avon and Somerset. Spend on funded projects includes £0.7m on vehicles for the South West Regional Organised Crime Unit (SWROCU) (£0.2m), Counter Terrorism Policing South West (CTPSW) (£0.1m) and our Blackrock Specialist training centre collaboration (£0.3m). This resulted in an underspend of (£0.5m) due to vehicles not being delivered on time for SWROCU.

### **CAPITAL FUNDING**

To fund our capital spend for 21/22 we have firstly utilised the general purpose grant (£0.27m) and vehicle sales income (£0.2m) against our fleet replacement costs. Within Digital projects and funded projects there has been £0.23m of specific grant funding for spend incurred on the ESN project and CTPSW assets.

Revenue contributions of £7.0m has been fully utilised against replacement and renewal, as well as in support of projects such as Pronto and our leadership academy.

We have used £50k of borrowings taken in 20/21 to fund the Bath co-location and Broadbury Road

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projects. We plan to allocate the remaining £1.1m of existing borrowing against projects which will be progressed during 22/23.

The remaining project spend has been funded through both partner contributions and our General Capital reserve.

	Funding Available	Utilisation of Funding	Funding C/Fwd into 21/22
	£'000	£'000	£'000
General purpose capital grant	269	269	-
Specific capital grant	604	229	375
Direct revenue contributions	7,706	7,706	-
Capital contributions from partners	35	35	-
Borrowings	1,132	50	1,081
Earmarked capital reserves	255	19	236
General capital reserves	18,859	2,617	16,242
Capital receipts	6,375	-	6,375
<b>TOTAL Funding</b>	<b>35,235</b>	<b>10,925</b>	<b>24,309</b>
Movement in Creditors		- 462	
<b>Total Capital Programme</b>	<b>35,235</b>	<b>10,463</b>	<b>24,309</b>

**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 and Chief Constable work closely on the development of the annual budget in the context of a five year medium term financial plan. This ensures that we maintain a close view on the future and are able to bring forward plans to ensure we can continue to balance our revenue budgets and fund our capital investments, in good time. Wider environmental sustainability considerations are also accounted for within the budget and capital programme, and we would expect this to become more of a feature of the investments we will need to make as we transition our assets away from traditional fuels.

**7. CONCLUSIONS AND RECOMMENDATIONS**

Our revenue performance pre-outurn adjustments and corrections was on target with a provisional underspend of £4.7m in comparison to our Q3 forecast of £4.4m, an overall movement of £0.3m. The reported underspends were mainly driven in our police staff pay and allowances costs, significant movement in our supplies & service costs and an improved income position.

However, during the year-end process we identified an error in how we had budgeted for MOJ victims

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grant funding (£2.0m). In order to correct for this error the necessary adjustments for the 2021/22 financial year-end has the effect of increasing the pre-adjusted underspend from £4.7m to £6.8m.

We have accounted for this underspend after discussion and agreement with the PCC CFO. This has included releasing a further £2.3m from provision following our year-end review of these balances. The accounting of this balance has increased our reserves, in particular our victims and commissioning reserve (balance at end of 21/22 stands at £3.1m) and our capital financing reserve (balance at the end of 21/22 stands at £23.0m).

Our capital performance has been constrained over the year and against our original plan, spending only £10.5m or 41.7% of the plan. The main reasons for the under spend is the re-focus of the Yeovil project which will now be reviewed under the South Somerset project. In addition, IT replacement costs have been re-profiled due to resourcing issues and supplier delays. We will look to re-profile our future capital plans, and report these back as part of our Q1 reporting in July 2022.

**Members of GSB are invited to review and discuss this financial performance report, and agree upon the proposed reserve accounting outlined at Appendix C.**

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ANNEX A - Subjective Structure 2021/22 Revenue Outturn	21/22 Outturn pre adjust	21/22 Annual Budget	Over/ (Under)	Carry Forwards	Provisions	Reserves	Funding Adjustments	21/22 Outturn post adjust	21/22 Annual Budget	Over/(Under)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Police Officer pay and allowances	154,043	156,243	(2,201)	0	0	0	0	154,043	156,243	(2,201)	(1.4%)
Police Officer Overtime	7,894	6,857	1,036	0	0	0	0	7,894	6,857	1,036	15.1%
Police Staff pay and allowances	88,925	91,757	(2,831)	0	0	0	0	88,925	91,757	(2,831)	(3.1%)
Police Staff Overtime	1,827	1,352	475	0	0	0	0	1,827	1,352	475	35.1%
PCSO pay and allowances	13,365	12,222	1,143	0	0	0	0	13,365	12,222	1,143	9.4%
PCSO Overtime	103	35	68	0	0	0	0	103	35	68	194.2%
Indirect Employee Expenses	1,879	1,925	(45)	0	0	0	0	1,879	1,925	(45)	(2.4%)
Pensions	8,668	8,520	148	0	0	0	0	8,668	8,520	148	1.7%
<b>EMPLOYEE COSTS</b>	<b>276,705</b>	<b>278,912</b>	<b>(2,207)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276,705</b>	<b>278,912</b>	<b>(2,207)</b>	<b>(0.8%)</b>
<b>PREMISES COSTS</b>	<b>14,508</b>	<b>14,024</b>	<b>484</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,508</b>	<b>14,024</b>	<b>484</b>	<b>3.5%</b>
<b>TRANSPORT COSTS</b>	<b>5,017</b>	<b>4,924</b>	<b>93</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,017</b>	<b>4,924</b>	<b>93</b>	<b>1.9%</b>
<b>S&amp;S - COMMUNICATIONS AND COMPUTING COSTS</b>	<b>18,386</b>	<b>16,902</b>	<b>1,485</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,386</b>	<b>16,902</b>	<b>1,485</b>	<b>8.8%</b>
<b>S&amp;S - FORENSICS COSTS</b>	<b>56</b>	<b>91</b>	<b>(35)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>91</b>	<b>(35)</b>	<b>(38.8%)</b>
<b>S&amp;S - OTHER COSTS</b>	<b>15,390</b>	<b>15,478</b>	<b>(88)</b>	<b>31</b>	<b>(2,301)</b>	<b>0</b>	<b>0</b>	<b>13,120</b>	<b>15,478</b>	<b>(2,358)</b>	<b>(15.2%)</b>
<b>PARTNERSHIP COSTS (3RD PARTY PAYMENTS)</b>	<b>16,312</b>	<b>16,160</b>	<b>152</b>	<b>(171)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,140</b>	<b>16,160</b>	<b>(20)</b>	<b>(0.1%)</b>
<b>TRANSFERS TO/(FROM) RESERVES</b>	<b>(2,335)</b>	<b>(1,381)</b>	<b>(955)</b>	<b>1,154</b>	<b>0</b>	<b>7,769</b>	<b>178</b>	<b>6,765</b>	<b>(1,381)</b>	<b>8,145</b>	<b>(590.0%)</b>
<b>CAPITAL FINANCING COSTS</b>	<b>17,029</b>	<b>17,410</b>	<b>(381)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,029</b>	<b>17,410</b>	<b>(381)</b>	<b>(2.2%)</b>
<b>SAVINGS ACHIEVED</b>	<b>0</b>	<b>780</b>	<b>(780)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>780</b>	<b>(780)</b>	<b>(100.0%)</b>
<b>TOTAL CONSTABULARY EXPENDITURE</b>	<b>361,067</b>	<b>363,299</b>	<b>(2,232)</b>	<b>1,013</b>	<b>(2,301)</b>	<b>7,769</b>	<b>178</b>	<b>367,726</b>	<b>363,299</b>	<b>4,427</b>	<b>1.2%</b>
INCOME - SPECIAL GRANTS	(14,277)	(12,638)	(1,639)	0	0	0	0	(14,277)	(12,638)	(1,639)	13.0%
INCOME - OTHER	(16,325)	(13,605)	(2,720)	0	(20)	0	0	(16,345)	(13,605)	(2,740)	20.1%
<b>TOTAL CONSTABULARY INCOME</b>	<b>(30,602)</b>	<b>(26,243)</b>	<b>(4,360)</b>	<b>0</b>	<b>(20)</b>	<b>0</b>	<b>0</b>	<b>(30,622)</b>	<b>(26,243)</b>	<b>(4,379)</b>	<b>16.7%</b>
<b>TOTAL CONSTABULARY (exc Misc/Grants/Secondees)</b>	<b>330,465</b>	<b>337,057</b>	<b>(6,592)</b>	<b>1,013</b>	<b>(2,320)</b>	<b>7,769</b>	<b>178</b>	<b>337,104</b>	<b>337,057</b>	<b>48</b>	<b>0.0%</b>
MISCELLANEOUS	(1)	0	(1)	0	0	1	0	0	0	0	0.0%
GRANTS	(1,464)	(1,464)	0	0	0	0	0	(1,464)	(1,464)	0	0.0%
SECONDEES	(0)	0	(0)	0	0	0	0	(0)	0	(0)	0.0%
<b>TOTAL CONSTABULARY</b>	<b>329,000</b>	<b>335,593</b>	<b>(6,593)</b>	<b>1,013</b>	<b>(2,320)</b>	<b>7,770</b>	<b>178</b>	<b>335,640</b>	<b>335,593</b>	<b>48</b>	<b>0.0%</b>
OFFICE OF THE POLICE AND CRIME COMMISSIONER	1,686	1,757	(71)	2	0	21	0	1,709	1,757	(48)	(2.7%)
COMMISSIONING COSTS	3,406	3,529	(124)	0	0	124	0	3,529	3,529	0	0.0%
<b>TOTAL OPCC AND COMMISSIONING</b>	<b>5,092</b>	<b>5,287</b>	<b>(195)</b>	<b>2</b>	<b>0</b>	<b>145</b>	<b>0</b>	<b>5,239</b>	<b>5,287</b>	<b>(48)</b>	<b>(0.9%)</b>
<b>TOTAL REVENUE EXPENDITURE</b>	<b>334,091</b>	<b>340,879</b>	<b>(6,788)</b>	<b>1,016</b>	<b>(2,320)</b>	<b>7,915</b>	<b>178</b>	<b>340,879</b>	<b>340,879</b>	<b>0</b>	<b>0.0%</b>

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ANNEX B - Management Structure 2021/22 Revenue Outturn	21/22 Outturn pre adjust	21/22 Annual Budget	Over/ (Under)	Carry Forwards	Provisions	Reserves	Funding Adjustments	21/22 Outturn post adjust	21/22 Annual Budget	Over/(Under)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Neighbourhood Policing	32,876	33,718	(842)	0	0	0	9	32,885	33,718	(833)	-2.5%
Road Safety	16	156	(140)	0	0	0	0	16	156	(140)	-89.5%
Offender Management	5,756	7,049	(1,293)	0	0	0	0	5,756	7,049	(1,293)	-18.3%
Victims and Safeguarding	4,331	4,434	(103)	0	0	0	0	4,331	4,434	(103)	-2.3%
Citizens in Policing	535	592	(57)	0	0	0	0	535	592	(57)	-9.6%
<b>NEIGHBOURHOOD &amp; PARTNERSHIP</b>	<b>43,514</b>	<b>45,949</b>	<b>(2,434)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>43,524</b>	<b>45,949</b>	<b>(2,425)</b>	<b>-5.3%</b>
Command and Control	20,839	20,843	(3)	0	0	0	0	20,839	20,843	(3)	0.0%
Patrol	56,575	49,249	7,325	0	0	0	0	56,575	49,249	7,325	14.9%
Detainee Investigation Support	7,388	7,648	(260)	0	0	0	0	7,388	7,648	(260)	-3.4%
<b>RESPONSE</b>	<b>84,802</b>	<b>77,739</b>	<b>7,062</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84,802</b>	<b>77,739</b>	<b>7,062</b>	<b>9.1%</b>
Criminal Justice	14,195	14,341	(145)	200	0	0	0	14,395	14,341	54	0.4%
Operations Major Incidents	(411)	247	(658)	0	0	0	0	(411)	247	(658)	-266.4%
Operations	6,981	7,193	(213)	0	0	0	0	6,981	7,193	(213)	-3.0%
Operation Remedy	6,711	8,019	(1,308)	56	0	0	0	6,767	8,019	(1,251)	-15.6%
Serious & Violent Crime	887	774	113	0	0	0	0	887	774	113	14.5%
Intelligence and Tasking	10,512	10,782	(270)	15	0	0	0	10,527	10,782	(255)	-2.4%
Tactical Support Team	14,485	14,725	(240)	5	0	0	0	14,490	14,725	(235)	-1.6%
ADDER Drugs	690	690	0	0	0	0	0	690	690	0	0.0%
<b>OPERATIONAL SUPPORT</b>	<b>54,049</b>	<b>56,771</b>	<b>(2,722)</b>	<b>276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,325</b>	<b>56,771</b>	<b>(2,446)</b>	<b>-4.3%</b>
Investigation	33,159	35,988	(2,829)	0	0	0	0	33,159	35,988	(2,829)	-7.9%
Investigation Major Incidents	782	905	(123)	130	0	0	0	911	905	7	0.7%
<b>INVESTIGATION</b>	<b>33,941</b>	<b>36,893</b>	<b>(2,952)</b>	<b>130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,070</b>	<b>36,893</b>	<b>(2,822)</b>	<b>-7.7%</b>
Scientific Investigation	8,280	7,943	337	123	0	0	0	8,402	7,943	459	5.8%
Major Crime Investigation	5,242	5,363	(121)	117	0	0	0	5,359	5,363	(4)	-0.1%
South West ROCU	3,477	3,937	(460)	(0)	0	0	0	3,477	3,937	(460)	-11.7%
Special Branch	1,017	1,161	(144)	0	0	0	0	1,017	1,161	(144)	-12.4%
Black Rock	926	1,250	(324)	0	0	0	0	926	1,250	(324)	-25.9%
Counter Terrorism Specialist Firearms	587	789	(201)	67	0	0	0	655	789	(134)	-17.0%
SWPCP ACC	53	44	9	0	0	0	0	53	44	9	20.3%
SWPPS Collaboration	425	471	(46)	0	0	0	0	425	471	(46)	-9.7%
Regional Collaboration	363	457	(95)	0	0	0	0	363	457	(95)	-20.7%
<b>COLLABORATION</b>	<b>20,370</b>	<b>21,416</b>	<b>(1,046)</b>	<b>307</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,677</b>	<b>21,416</b>	<b>(739)</b>	<b>-3.4%</b>
Technology Services	23,448	24,036	(588)	162	0	0	0	23,610	24,036	(426)	-1.8%
<b>INFORMATION TECHNOLOGY DIRECTORATE</b>	<b>23,448</b>	<b>24,036</b>	<b>(588)</b>	<b>162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,610</b>	<b>24,036</b>	<b>(426)</b>	<b>-1.8%</b>
Chief Officer Group	1,915	1,816	99	0	0	0	0	1,915	1,816	99	5.5%
Evidential Property	636	677	(41)	0	0	0	0	636	677	(41)	-6.0%
Transport Services	5,103	4,774	329	0	0	0	0	5,103	4,774	329	6.9%
Services Hub & Stores	5,892	6,361	(468)	0	0	0	0	5,892	6,361	(468)	-7.4%
Finance Department	1,883	1,875	8	0	0	0	0	1,883	1,875	8	0.4%
Strategic Procurement Services	45	48	(3)	0	0	0	0	45	48	(3)	-5.5%
Estates and Facilities Department	14,475	14,172	303	0	0	0	0	14,475	14,172	303	2.1%
FBS Delivery Programme	365	351	14	0	0	0	0	365	351	14	4.0%
<b>FINANCE &amp; BUSINESS SERVICES DIRECTORATE</b>	<b>30,315</b>	<b>30,073</b>	<b>242</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,315</b>	<b>30,073</b>	<b>242</b>	<b>0.8%</b>
HR Operations	4,372	4,362	10	0	0	0	0	4,372	4,362	10	0.2%
Organisational Development	1,785	2,306	(521)	115	0	0	0	1,900	2,306	(406)	-17.6%
Learning	7,954	8,130	(176)	0	0	0	0	7,954	8,130	(176)	-2.2%
Occupational Health	945	1,004	(59)	24	0	0	0	969	1,004	(36)	-3.5%
Health & Safety	103	109	(6)	0	0	0	0	103	109	(6)	-5.1%
Portfolio Management Office	385	341	44	0	0	0	0	385	341	44	12.8%
<b>PEOPLE &amp; ORG DEVELOPMENT DIRECTORATE</b>	<b>15,544</b>	<b>16,253</b>	<b>(709)</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,683</b>	<b>16,253</b>	<b>(570)</b>	<b>-3.5%</b>
Legal & Compliance	2,375	2,200	175	0	136	0	0	2,511	2,200	311	14.1%
<b>LEGAL &amp; COMPLIANCE DIRECTORATE</b>	<b>2,375</b>	<b>2,200</b>	<b>175</b>	<b>0</b>	<b>136</b>	<b>0</b>	<b>0</b>	<b>2,511</b>	<b>2,200</b>	<b>311</b>	<b>14.1%</b>
Performance & Assurance	1,709	1,888	(179)	0	0	0	0	1,709	1,888	(179)	-9.5%
Performance & Insight	1,300	1,758	(459)	0	0	0	0	1,300	1,758	(459)	-26.1%
Strategic Projects	161	72	89	0	0	0	0	161	72	89	124.9%
Corporate Communications	980	968	11	0	0	0	0	980	968	11	1.2%
Professional Standards Department	2,436	2,507	(71)	0	0	0	0	2,436	2,507	(71)	-2.8%
<b>DIRECTORATE OF THE CHIEF OF STAFF</b>	<b>6,585</b>	<b>7,194</b>	<b>(608)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,585</b>	<b>7,194</b>	<b>(608)</b>	<b>-8.5%</b>
Pensions	8,184	8,102	83	0	(938)	0	0	7,246	8,102	(855)	-10.6%
Officer & Staff Allowances	(1,408)	(491)	(917)	0	0	0	0	(1,408)	(491)	(917)	186.6%
Central Costs	8,744	10,144	(1,400)	0	(1,518)	7,759	178	15,163	10,144	5,019	49.5%
Covid 19	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Central Savings	0	780	(780)	0	0	0	0	0	780	(780)	-100.0%
Student Officers	1	0	1	0	0	0	0	1	0	1	0.0%
<b>CENTRAL COSTS</b>	<b>15,521</b>	<b>18,534</b>	<b>(3,013)</b>	<b>0</b>	<b>(2,456)</b>	<b>7,759</b>	<b>178</b>	<b>21,002</b>	<b>18,534</b>	<b>2,468</b>	<b>13.3%</b>
<b>TOTAL CONSTABULARY (exc Misc/Grants/Secondees)</b>	<b>330,465</b>	<b>337,057</b>	<b>(6,592)</b>	<b>1,013</b>	<b>(2,320)</b>	<b>7,769</b>	<b>178</b>	<b>337,104</b>	<b>337,057</b>	<b>48</b>	<b>0.0%</b>
MISCELLANEOUS	(1)	0	(1)	0	0	0	1	0	0	0	0.0%
GRANTS	(1,464)	(1,464)	0	0	0	0	0	(1,464)	(1,464)	0	0.0%
SECONDEES	(0)	0	(0)	0	0	0	0	(0)	0	(0)	0.0%
<b>TOTAL CONSTABULARY</b>	<b>329,000</b>	<b>335,593</b>	<b>(6,593)</b>	<b>1,013</b>	<b>(2,320)</b>	<b>7,770</b>	<b>178</b>	<b>335,640</b>	<b>335,593</b>	<b>48</b>	<b>0.0%</b>
OFFICE OF THE POLICE AND CRIME COMMISSIONER	1,686	1,757	(71)	2	0	21	0	1,709	1,757	(48)	-2.7%
COMMISSIONING COSTS	3,406	3,529	(124)	0	0	124	0	3,529	3,529	0	0.0%
<b>TOTAL OPCC AND COMMISSIONING</b>	<b>5,092</b>	<b>5,287</b>	<b>(195)</b>	<b>2</b>	<b>0</b>	<b>145</b>	<b>0</b>	<b>5,239</b>	<b>5,287</b>	<b>(48)</b>	<b>-0.9%</b>
<b>TOTAL REVENUE EXPENDITURE</b>	<b>334,091</b>	<b>340,879</b>	<b>(6,788)</b>	<b>1,016</b>	<b>(2,320)</b>	<b>7,915</b>	<b>178</b>	<b>340,879</b>	<b>340,879</b>	<b>0</b>	<b>0.0%</b>

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<b>APPENDIX C RESERVES AND PROVISIONS</b>		<b>Bal as at 1st April 2021</b>	<b>Movement during year</b>	<b>Adjusts</b>	<b>Total movement</b>	<b>Bal as at 31st March 2022</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>DISCRETIONARY RESERVES</b>	1. Carry Forwards - 98503	1,172	(1,110)	709	(401)	770
	2. Operations reserve - 98526	1,500			0	1,500
	3. Overtime Liability - 98541	1,000			0	1,000
	4. Buildings and sustainability - 98500/98525	290			0	290
	5. Transformation reserve - 98515	195			0	195
	6. Covid Enforcement reserve -98544	1,327		(1,327)	(1,327)	(0)
	7. Budget support reserve -98545	1,000	(1,000)		(1,000)	0
	8. New PCC reserve -98546	1,000			0	1,000
	<b>TOTAL Discretionary Earmarked Revenue Reserves</b>	<b>7,483</b>	<b>(2,110)</b>	<b>(618)</b>	<b>(2,728)</b>	<b>4,755</b>
<b>NON-DISCRETIONARY RESERVES</b>	9. Regional Programme Reserve - 98540	991	(797)	95	(702)	289
	10. SWROCU reserve - 98529	352	(247)	158	(90)	262
	11. Proceeds of crime reserve - 98523	938		149	149	1,086
	12. Detained Property reserve - 98508	386	(16)		(16)	370
	13. Grants carried forward - 98527	621	251	(39)	212	834
	14. Hinkley Point - 98531	521		9	9	531
	15. Road Safety - 98530	1,004	1	(15)	(13)	991
	16. Local Resilience Forum Reserves - 98533/98510	290	64		64	353
	17. Victims and Commissioning Reserve - 98537	2,091	(974)	2,010	1,036	3,127
	18. Miscellaneous Balances Reserve - 98538	149	(6)	(1)	(7)	142
	19. Pension Fund McCloud 98547	0	88		88	88
	<b>TOTAL Non-Discretionary Earmarked Revenue Reserves</b>	<b>7,342</b>	<b>(1,636)</b>	<b>2,366</b>	<b>730</b>	<b>8,073</b>
<b>TOTAL Earmarked Revenue Reserves</b>		<b>14,826</b>	<b>(3,746)</b>	<b>1,748</b>	<b>(1,998)</b>	<b>12,828</b>
<b>CAPITAL/PFI</b>	20. Capital Financing reserve - 98100	18,859		4,103	4,103	22,961
	21. Capital earmarked reserves - 98104	95	140		140	236
	22. PFI Change Reserve - 98539	457			0	457
	23. PFI Sinking Fund Reserve - 98536	4,804	165		165	4,969
	<b>TOTAL Earmarked Capital and PFI Reserves</b>	<b>24,216</b>	<b>306</b>	<b>4,103</b>	<b>4,408</b>	<b>28,624</b>
24. Tax income guarantee reserve - 98511	414	3		3	417	
<b>TOTAL EARMARKED RESERVES</b>		<b>39,455</b>	<b>(3,438)</b>	<b>5,851</b>	<b>2,413</b>	<b>41,868</b>
General Fund - 98800	12,000	0		0	12,000	
<b>TOTAL REVENUE RESERVES</b>		<b>51,455</b>	<b>(3,438)</b>	<b>5,851</b>	<b>2,413</b>	<b>53,868</b>
Capital Receipts Reserve - 98106	5,602	773	0	773	6,375	
<b>TOTAL USEABLE RESERVES</b>		<b>57,057</b>	<b>(2,664)</b>	<b>5,851</b>	<b>3,186</b>	<b>60,243</b>
<b>PROVISIONS</b>	Insurance Provision	9,932		(2,622)	(2,622)	7,311
	Legal Services Provision	238		136	136	374
	Ill-health retirements and terminations Provision	618	(617)	1,259	642	1,259
	UCPI provision	2,804		391	391	3,195
	Pensions claims Provision	938		(938)	(938)	0
<b>TOTAL PROVISIONS</b>	<b>14,530</b>	<b>(617)</b>	<b>(1,774)</b>	<b>(2,391)</b>	<b>12,139</b>	
<b>TOTAL RESERVES AND PROVISIONS</b>		<b>71,587</b>	<b>(3,281)</b>	<b>4,076</b>	<b>795</b>	<b>72,382</b>

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Appendix D - 2021/22 Capital Programme Outturn	MTFP	C/F	Adjs	Total Budget	2021 actual spend	Over /(Under) spend to 2021 budget	C/F 22/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Information and Communication Systems	7,843	468	0	8,311	4,744	-3,568	619
Estates	686	299	0	985	666	-319	164
Fleet	3,523	222	27	3,772	2,377	-1,395	1,269
Equipment	408	178	0	586	515	-71	
<b>Total Replacement and Renewal Programme</b>	<b>12,460</b>	<b>1,168</b>	<b>27</b>	<b>13,654</b>	<b>8,302</b>	<b>-5,352</b>	<b>2,051</b>
Digital Projects	3,131	427	0	3,558	590	-2,968	70
Estates Projects	4,921	468	0	5,389	632	-4,757	235
<b>Total Programme</b>	<b>8,053</b>	<b>895</b>	<b>0</b>	<b>8,947</b>	<b>1,223</b>	<b>-7,725</b>	<b>305</b>
Regional Programme	100	0	0	100	0	-100	0
Other Projects	650	0	40	690	258	-432	0
Funded / Part Funded Projects	0	0	1,205	1,205	681	-524	0
<b>Total Capital Programmes</b>	<b>21,263</b>	<b>2,062</b>	<b>1,272</b>	<b>24,597</b>	<b>10,464</b>	<b>-14,134</b>	<b>2,356</b>



# POLICE AND CRIME COMMISSIONER FOR AVON AND SOMERSET

1 JUNE 2022

## ANNUAL TREASURY MANAGEMENT REPORT 2021-22

### Report of the Chief Finance Officer

#### 1. Purpose of the Report

- 1.1 The purpose of the report is to inform the Police and Crime Commissioner of the key matters arising from Treasury Management activities during the last financial year. It reports on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and treasury management practices (TMPs).

#### 2. Background

- 2.1 The CIPFA definition of Treasury Management is:

*“The management of the PCC’s investments and cash flows, its banking and capital market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.”*

- 2.2 The PCC's treasury management activities are regulated by a variety of professional codes, statutes, and guidance. The Local Government Act 2003, (the Act), provides the powers to borrow and invest as well as providing controls and limits on these activities. Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act. The SI requires the Authority to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. A Revised edition of this code was published in late December 2021. The SI also requires the Authority to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services. A Revised edition of this code was also published in late December 2021. Under the Act the Department for Levelling Up, Housing, and Communities (DLUHC) has issued Investment Guidance to structure and regulate the Authority's investment activities. This was updated in February 2018, effective from 1st April 2018.
- 2.3 The CIPFA Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and, as a minimum, formally report on their treasury activities and arrangements to the Police and Crime Commissioner mid-year and after the year-end. These reports enable those tasked with implementing policies and undertaking transactions to demonstrate they have properly fulfilled their responsibilities and enable those with ultimate responsibility/governance of the treasury management function to scrutinise and assess its effectiveness and compliance with policies and objectives.

#### 2.4 This report:

- Is prepared in accordance with the CIPFA Treasury Management and Prudential Codes.
- Presents details of capital financing, borrowing, debt-rescheduling and investment activities.
- Reports on the risk implications of treasury decisions and transactions.
- Gives details of the outturn position on treasury management transactions in 2021-22.
- Confirms compliance with treasury limits and Prudential Indicators or explains non-compliance.

2.5 The report is to the Police and Crime Commissioner and is in addition being submitted to the Governance and Scrutiny Board that has responsibility for scrutiny of the Treasury Management function.

### **3. Treasury Management Framework**

3.1 The Office of the Police and Crime Commissioner (PCC) has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this, and the Prudential Code, and other regulatory requirements. Treasury Management activities are structured to manage risk as a priority and then to optimise performance and ensure that borrowing activities are undertaken in a prudent, affordable, and sustainable basis.

3.2 It is acknowledged that effective treasury management provides support to the business and service objectives of the PCC.

3.3 During 2021-22, Somerset County Council (SCC) has managed Treasury Management activities. As from 1st April 2020, a new contract had been signed, for Treasury Management services to be supplied to the Police, by SCC, for a period of 3 years.

3.4 The PCC delegates responsibility for the implementation and monitoring of its treasury management policies and practices, and the execution and administration of treasury management decisions, to me as Chief Finance Officer.

### **4 The Economy and Events in 2021-22 including Interest and PWLB Rates**

4.1 All Treasury Management decisions are made in a dynamic environment in which market sentiment, and rates for borrowing and investment are subject to constant change from many different factors. Any volatility in markets makes risk management, forecasting and decision making more difficult. In order to give context, and to help appraise the effectiveness of Treasury Management activity during any given year, it is important to understand the economic, financial, and other external factors that affect Treasury Management decisions. Here follows a brief review of the key issues for 2021-22.

- 4.2 The continuing economic recovery from the coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period. Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022.
- 4.3 UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series.
- 4.4 The labour market began to tighten as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and labour market data for the three months to January 2022 showed the unemployment rate at 3.9%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay.
- 4.5 Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.
- 4.6 In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report.
- 4.7 GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record 7.5% year-on-year in March, the ninth successive month of rising inflation.
- 4.8 The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and indicated further increases should be expected in the coming months.

- 4.9 The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.
- 4.10 Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed. The 5-year UK benchmark gilt yield began the quarter at 0.82% before rising to 1.41%. Over the same period the 10-year gilt yield rose from 0.97% to 1.61% and the 20-year yield from 1.20% to 1.82%.
- 4.11 The Sterling Overnight Rate (SONIA) averaged 0.39% over the quarter. 1-month, 3-month, 6-month, and 12-month Money Market rates averaged 0.12%, 0.23%, 0.37%, and 0.50% respectively over the period. A summary of PWLB and key benchmark lending rates is included below.

**PWLB Rates 2021-22 (Maturity rates unless stated)**

	5 Year	5 Year EIP	10 Year	15 Year EIP	30 Year	50 Year
01/04/2021	1.40	1.16	1.93	1.71	2.41	2.22
30/04/2021	1.40	1.16	1.91	1.70	2.34	2.13
31/05/2021	1.30	1.15	1.90	1.69	2.34	2.15
30/06/2021	1.36	1.15	1.81	1.62	2.25	2.07
31/07/2021	1.30	1.14	1.65	1.50	2.00	1.80
31/08/2021	1.32	1.18	1.66	1.51	2.01	1.80
30/09/2021	1.61	1.39	2.01	1.84	2.37	2.16
31/10/2021	1.77	1.63	2.03	1.92	2.15	1.90
30/11/2021	1.56	1.43	1.81	1.70	1.88	1.56
31/12/2021	1.80	1.66	2.00	1.90	2.17	1.88
31/01/2022	2.08	1.98	2.28	2.19	2.42	2.15
28/02/2022	2.19	2.10	2.44	2.31	2.63	2.42
31/03/2022	2.45	2.36	2.63	2.53	2.78	2.58
<b>Average 2021-22</b>	<b>1.65</b>	<b>1.50</b>	<b>1.98</b>	<b>1.84</b>	<b>2.27</b>	<b>2.04</b>
Minimum	1.25	1.09	1.59	1.44	1.80	1.45
Maximum	2.57	2.49	2.72	2.64	2.90	2.68
Spread	1.32	1.40	1.13	1.20	1.10	1.23
<b>Average 2020-21</b>	<b>1.70</b>	<b>1.64</b>	<b>2.01</b>	<b>1.86</b>	<b>2.51</b>	<b>2.33</b>
<b>Difference in average</b>	<b>-0.05</b>	<b>-0.14</b>	<b>-0.03</b>	<b>-0.02</b>	<b>-0.24</b>	<b>-0.29</b>

### Money Market Rates 2021-22 (Money Market Rates from Bloomberg)

	O/N	7-Day	1- Month	3- Month	6- Month	12- Month	2-Yr SWAP
01/04/2021	-0.06	0.05	0.02	0.00	0.09	0.15	0.28
30/04/2021	-0.06	0.05	0.04	0.00	0.05	0.15	0.31
31/05/2021	0.01	0.05	0.04	0.00	0.05	0.15	0.31
30/06/2021	-0.06	0.05	0.04	0.05	0.10	0.15	0.37
31/07/2021	-0.06	0.05	0.04	0.05	0.11	0.17	0.43
31/08/2021	-0.06	0.05	0.04	0.05	0.10	0.19	0.48
30/09/2021	-0.06	0.05	0.03	0.11	0.16	0.19	0.72
31/10/2021	-0.06	0.08	0.10	0.21	0.45	0.70	1.23
30/11/2021	0.01	0.02	0.04	0.16	0.31	0.52	1.06
31/12/2021	0.06	0.20	0.14	0.35	0.22	0.52	1.19
31/01/2022	0.06	0.22	0.32	0.48	0.66	1.02	1.19
28/02/2022	0.40	0.41	0.48	0.78	1.08	1.40	1.19
31/03/2022	0.75	0.70	0.61	1.17	1.33	1.57	1.19
<b>Average 2021-22</b>	<b>0.05</b>	<b>0.15</b>	<b>0.12</b>	<b>0.23</b>	<b>0.37</b>	<b>0.50</b>	<b>0.76</b>
Minimum	-0.08	0.01	-0.50	-0.01	0.05	0.15	0.26
Maximum	0.75	0.70	0.89	1.18	1.52	1.57	1.23
Spread	0.83	0.69	1.39	1.19	1.47	1.42	0.97
<b>Average 2020-21</b>	<b>-0.08</b>	<b>-0.07</b>	<b>-0.05</b>	<b>0.01</b>	<b>0.07</b>	<b>0.17</b>	<b>0.17</b>
<b>Difference in average</b>	<b>+0.13</b>	<b>+0.22</b>	<b>+0.17</b>	<b>+0.22</b>	<b>+0.30</b>	<b>+0.33</b>	<b>+0.59</b>

## 5 Treasury Outturn for 2021-22

### 5.1. The Portfolio Position as at 31st March 2022

The Treasury portfolio at the start and the end of the financial year is set out below:

	31st March 2021 £m	31st March 2022 £m
<b><u>Long-term Borrowing</u></b>		
PWLB	34.282	32.396
Market Loans (LOBOs)	11.775	11.775
Market Loans (Short-term)	0.000	0.000
Total	46.057	44.171
Average rate	3.56%	3.53%
<b><u>Short-term Investments</u></b>		
Cash on call	10.64	9.64
Deposits	48.00	48.00
CCLA Property Fund	3.00	3.00
Total	61.64	60.64
Average rate	0.49%	0.65%

## 5.2 Borrowing

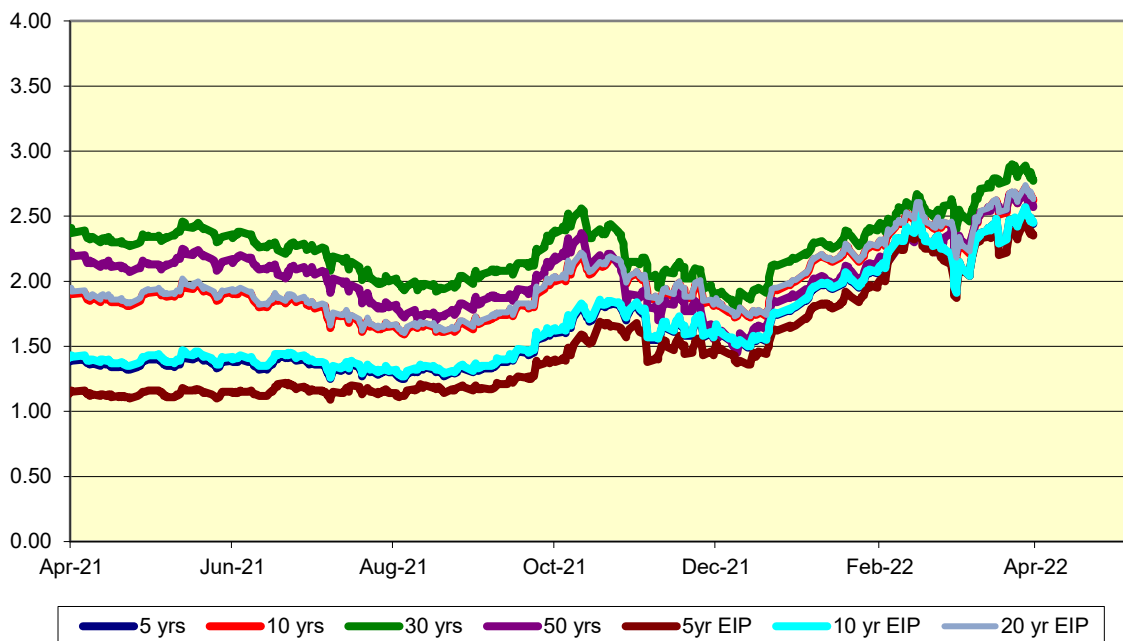
5.2.1 The PCC did not need to be a short-term borrower during the year, as cash flow was managed to avoid this. Balances are deliberately worked hard so as to be minimal at the low point of the monthly working capital cycle. Cash on call of £9.64m at year-end would not normally be this high but is largely a cash flow timing issue in that Pensions and Creditors of £10m were paid on 1<sup>st</sup> and 4<sup>th</sup> of April 2022.

5.2.2 The capital funding requirement for 2021-22 was largely driven by the progress of many smaller programmes and change projects. The exact timing of the proposed expenditure was not certain, but more frequent smaller amounts were anticipated. The balance sheet forecast indicated that the PCC may have a need to borrow up to £4m in 2021-22, and a further £1.8m in 2022-23. A passive borrowing strategy, borrowing funds internally, was deemed appropriate during the year, as the cost of carry remained elevated. Any required borrowing was to be taken as late in the year as was deemed prudent in the volatile rate environment. The benefits of this strategy were constantly monitored and weighed against the risk of shorter-term rates rising more quickly than expected.

5.2.3 PWLB rates across all durations inevitably ended the year higher than in March 2021. Rates had been trading within a fairly narrow band up until the end of August, but as inflation expectations rose, imminent base rate rises were anticipated at the end of 2021. With Russia invading Ukraine in February, rates rose further and faster caused by the ‘flight to safety’ and fears of ever greater inflation. As a result of the above, 5-year, 10-year and 50-year maturity rates averaged 1.65%, 1.98%, and 2.04% respectively for 2021-22, and at 31st March 2022 were 2.45%, 2.63%, and 2.58%.

5.2.4 Spreads across all shorter maturities were most volatile, the five-year Maturity rate showing a maximum of 2.57% and a minimum of 1.25%, and the 10-year Maturity rate a maximum of 2.72% and a minimum of 1.59%, producing spreads of 1.32% and 1.13% respectively during the year. A summary of rates can be seen in the table on page 4, and graphically below: -

**Movements in PWLB rates (April 2021 - March 2022)**



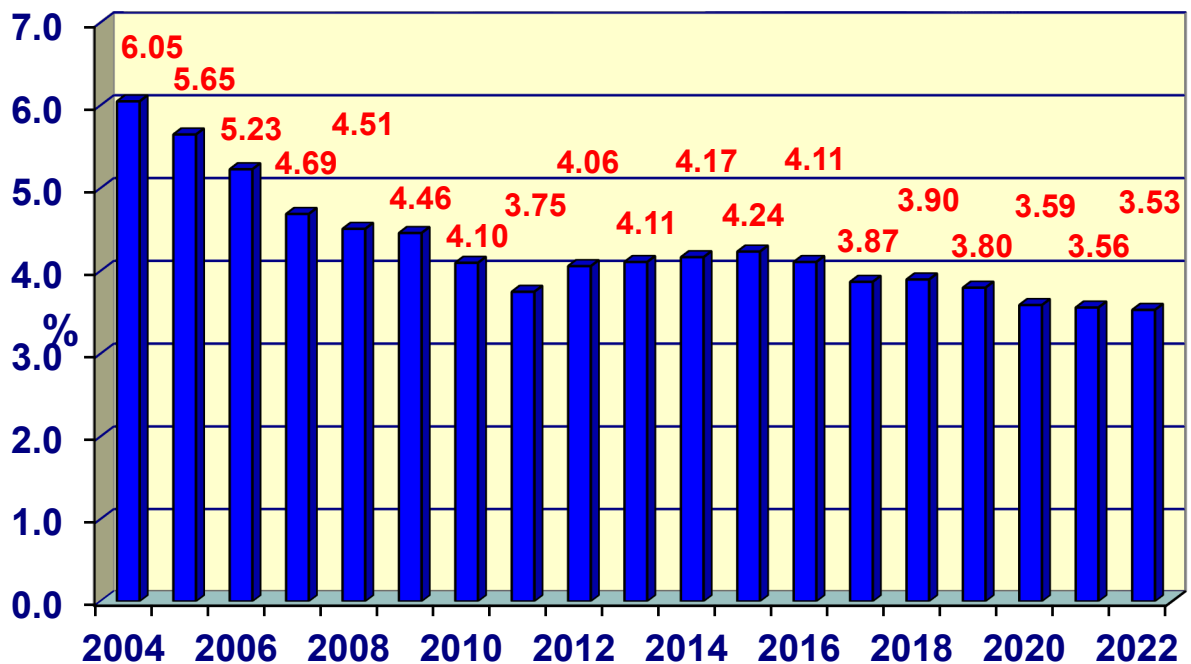
5.2.5 No debt rescheduling was undertaken during the year, as repayment premiums remained at elevated levels.

5.2.6 No LOBO loans had an option to call during the period. The total of market loans remained at £11.775m at year-end, the average rate being 4.3%.

5.2.7 Scheduled repayments of existing EIP loans during the year totalled just under £1.11m, and a £776,000 25-year maturity loan at 7.50% reached maturity and was repaid. It was anticipated that £4m of new borrowing may have been necessary during 2021-2022, but to avoid the cost of carry, a passive borrowing strategy, borrowing funds internally was deemed the appropriate approach for most of the year, particularly as investment balances were high due to the £51.0m pensions top-up received in July; .

5.2.8 The overall rate for PCC PWLB loans at year end of 3.25% was lower than the 3.31% at the end of 2021 because of the scheduled repayment of EIP and the 25-year maturity loans. The combined LOBO and PWLB rate at year-end 2022, was 3.53%, down from 3.56% as a result of the aforementioned PWLB activity. Annual figures for comparison are highlighted in the graph below: -

### Average Interest Rate of debt





### 5.3 Lending

5.3.1 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.

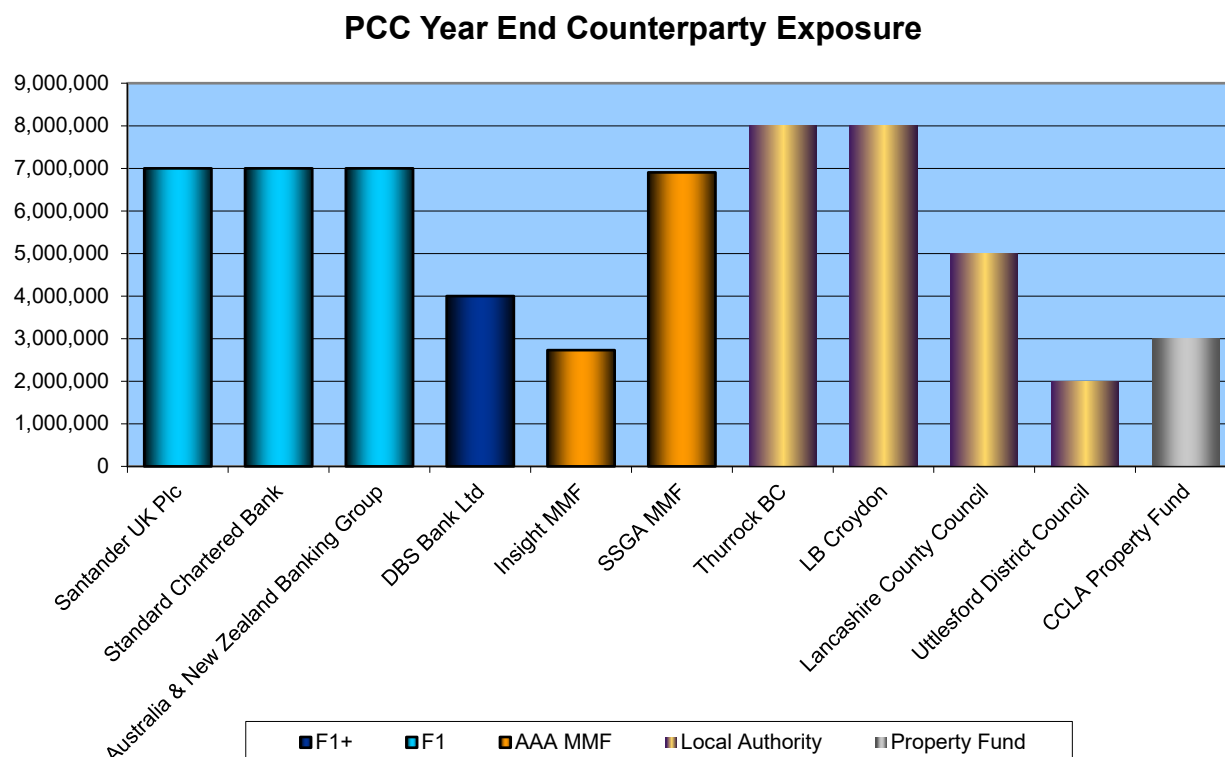
5.3.2 **Security:** Security of capital remained the PCC's main investment objective. This was maintained by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Current approved counterparties are listed below. Those used during the 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	
DBS Bank	*	Rabobank	
Goldman Sachs Int Bank		RBS	
HSBC Bank		Santander UK	*
Lloyds Bank		Standard Chartered Bank	*
Landesbank Hessen-Thuringen		Handelsbanken Plc	*
Oversea-Chinese Banking		Toronto-Dominion Bank	
		United Overseas Bank	
<b>Sterling CNAV Money Market Funds</b>		<b>Other Counterparties</b>	
Deutsche		Debt Management Office	*
Federated Prime Rate	*	Local Authorities (18)	*
Invesco Aim	*	CCLA Property Fund	*
Insight	*		
LGIM	*		
Aberdeen Standard	*		
SSGA	*		
Aviva	*		

- 5.3.3 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.
- 5.3.4 Fitch and Moody's revised upward the outlook on a number of UK banks and building societies on the PCC's counterparty list to 'stable', recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK. Fitch also revised the outlook for Nordea and Handelsbanken plc to stable.
- 5.3.5 In the first half of FY 2021-22 credit default swap (CDS) spreads were flat over most of the period and are broadly in line with their pre-pandemic levels. The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.
- 5.3.6 As duration advice has been limited to 35-days on new bank lending (and the number of counterparties recommended by SCC Advisors Arlingclose has remained significantly reduced), there have been minimal opportunities to use banks, as they are either not in the market in this period, or rates have been negligible or even negative. In order to place deposits for longer maturities, and to pick up a better yield, more deposits have been placed with UK Local Authorities. At times, this too has been difficult, as the deluge of money from Central Government has increased liquidity and reduced the number of Local Authorities looking to borrow money.
- 5.3.7 Having completed its full review of its credit advice on unsecured deposits, in late September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. Whilst this provided greater scope for investing, most funds had been tied up earlier to take better Local Authority yields when rates elsewhere were minimal.
- 5.3.8 Another means of assessing inherent risk in an investment portfolio is to monitor the duration, the average weighted time to maturity of the portfolio. The PCC portfolio reached a low of 41 days at the end of July 2021, due largely to

the fact that the £51m pensions top-up had been received and couldn't be placed on longer deposits other than Local Authorities. The year-end duration as at March 2022 was 94 days. The average duration for the year (using month-end figures) was 75 days. This average duration was 5 days less than in 2020-21.

5.3.9 The chart below shows counterparty exposures as at 31<sup>st</sup> March 2022.



5.3.10 **Liquidity:** In keeping with the DLUHC guidance, the PCC maintained a sufficient level of liquidity through the use of call accounts, MMFs, and short-term deposits.

5.3.11 **CCLA Property Fund:** The Authority has a £3m investment in the CCLA Property Fund. This Fund has been in existence for more than 25 years and is only available to Local Authorities. It is an actively managed, diversified portfolio of UK Commercial Property with a stated investment objective “to provide investors with a high level of income and long-term capital appreciation”.

5.3.12 As at 31<sup>st</sup> March 2022 the Net Asset Value of the PCC holding was £3,291,046 and a Bid Price (value at which investment could be sold) of £3,239,660. The value of the fund has been steadily increasing since April 2020 after declines in the onset of the Covid pandemic. In the meantime, the average Property Fund yield of circa 3.56% net, was circa 3.37% above cash yields, and provided £106,950 of income during the year.

5.3.13 **Yield:** Interest of over £153k was earned on cash investments during 2021-22. One factor for the decrease on the comparative figure for 2020-21 of £283k is due to base rate being held at 0.1% for the majority of the year. A second significant factor is that Arlingclose advice restricted investment with those banks on their restricted list, to 35-days for the majority of the year. Many banks are not interested in this short period, so counterparty options were extremely limited. A third factor was that lending to Local Authorities (being the only other deposit option) provided longer duration, but rates were not commensurate with similar market rates because most Local Authorities were awash with Government covid cash. At one stage there were very few LA bids in the market, and 1-year money traded as low as 0.06%.

5.3.14 In March 2021, England began a phased withdrawal from the latest lockdown as the vaccination programme continued. The market anticipated an upturn in the economy, and with supply side issues and rising energy prices stoking the spectre of inflation, bank rate rises began to be talked about in the Autumn. The historically low base rate of 0.10% had prevailed throughout most of the year, but there were 3 consecutive rises in December, February, and March as inflation took hold. The year began with negative overnight rates and a return of only 0.15% for a 1-year deposit with a bank. Local Authority rates were less than this, with 1-year money trading as low as 0.06%. During the year 1-month, 3-month, 6-month and 12-month Money Market rates were at lows of 0.02%, 0.00%, 0.05%, and 0.15% respectively.

5.3.15 1-month, 3-month, 6-month and 12-month Money Market rates averaged 0.12%, 0.23%, 0.37% and 0.50% respectively for 2021-22, 0.17%, 0.22%, 0.30%, and 0.33% more than the averages for 2020-21. .

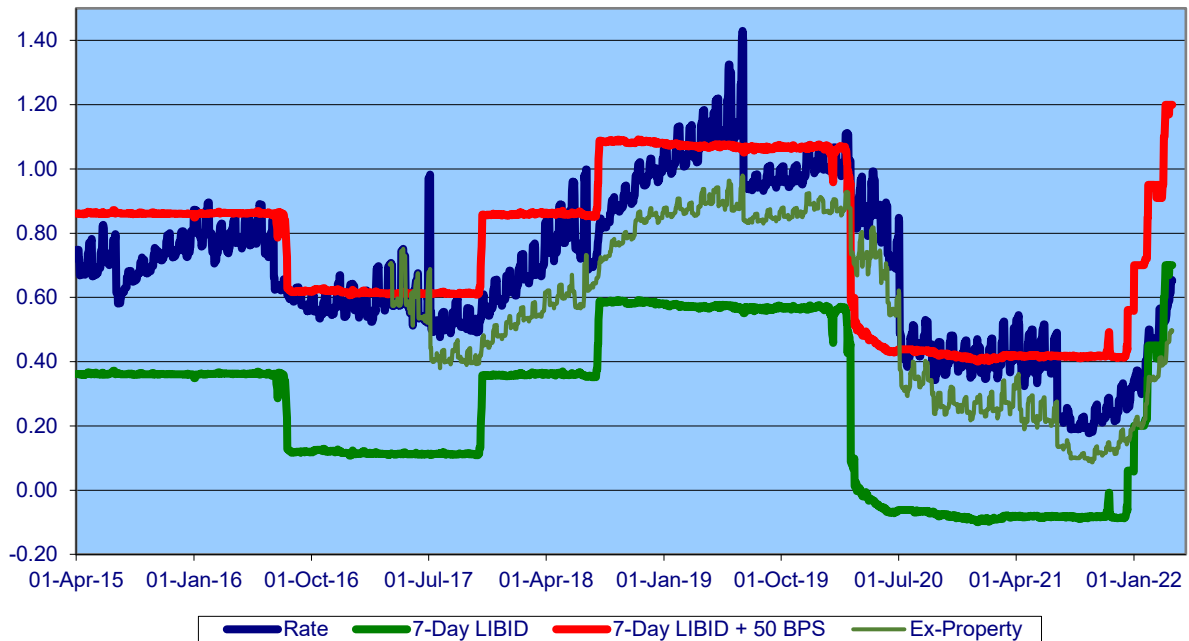
5.3.16 As at 31st March 2022 1-month, 3-month, 6-month and 12-month Money Market rates were 0.61%, 1.17%, 1.33% and 1.57% respectively. A table of rates is shown on page 5.

5.3.17 **Excluding Property.** The PCC weighted average return for the year was 0.19%, down from 0.36% for 2020-21. With the target of 7-day Money Market rate + 50bps averaging 0.65% for the period, the return represents an under-performance of 46bps (7bps 2020-21). Although under target, 0.19% does represent a return of just 4 basis points below the 3-month Money Market rate on a portfolio that averaged between 2-4 months. The graph below shows performance against benchmark. It shows a correlation between performance and times when large amounts of cash are received on grant days (return declines as shorter deposits are made and counterparties paying lesser yields are used). This is made abundantly clear when the Pension Top-up is received at the beginning of July each year (£51.0m in July 2021).

5.3.18 **Property Fund.** An investment of £3m was held in the CCLA Property Fund on 31<sup>st</sup> March 2022. To 31st March it delivered an average net income yield of 3.56%, and £106,950 cash.

5.3.19 **Including Property.** The PCC weighted average return for the year including the CCLA Property Fund was 0.32%, 0.09% above the 3-month Money Market rate of 0.23%, but 0.05% below the average 6-month rate for the year.

**PCC Performance v Benchmark - April 2015 to March 2022**



5.3.20 The PCC's investment balances stood at £60.64m as at 31<sup>st</sup> March 2022, compared to £61.64m held at 31<sup>st</sup> March 2021. The average daily balance held during the year was £81.98m, an increase of £0.3m on the previous year.

5.3.21 One hundred and ninety-two deposits totalling just over £594m were made during the year, giving an average value of investment at just under £3.1m. Total interest earned amounted to £260,591 a decrease of £142,838 on the £403,429 earned in 2020-21. The decrease in income is attributable to the factors outlined in 5.3.13.

## 5.4 Compliance & Governance

5.4.1 During the year, PCC treasury management policies, practices, and activities remained compliant with relevant statutes and guidance, namely the DLUHC investment guidance issued under the Local Government Act 2003 and the CIPFA Treasury Management and Prudential Codes.

5.4.2 The PCC can confirm that it has complied with its Prudential Indicators for 2021-22.

5.4.3 Short-term borrowing was not necessary during 2021-22, and the £44.17m debt at year-end was within the stated Prudential limit of £51m. The entire portfolio remained as fixed rate borrowing, whilst the overall rate decreased from 3.56% to 3.53%.

5.4.4 The DLUHC’s Guidance on Investments stresses security and liquidity as the primary objectives of a prudent investment policy. All lending was compliant with guidance issued by the DLUHC, with the investment strategy agreed, and activities conducted within the procedures contained in the TMPs.

5.4.5 All treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. Indicators approved for the year are set out in the left-hand columns, with actual outturns as at 31<sup>st</sup> March 2022 on the right.

	2021-22 £m	As at 31-03-22 £m
Authorised limit (borrowing only)	51	44.17
Operational boundary (borrowing only)	49	44.17

Maturity structure of borrowing	Upper Limit	Lower Limit	As at 31-03-22
Under 12 months	30%	0%	8.2%
>12 months and within 24 months	30%	0%	2.5%
>24 months and within 5 years	25%	5%	15.4%
>5 years and within 10 years	25%	0%	8.9%
>10 years and within 20 years	35%	0%	24.0%
>20 years and within 30 years	15%	0%	10.4%
>30 years and within 40 years	45%	10%	30.6%
>40 years and within 50 years	10%	0%	0.0%

	2021-22 £m	As at 31-03-22 £m
Prudential Limit for principal sums invested for periods longer than 365 days	20	3

**Credit Risk Indicator:** The PCC has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk and will be calculated quarterly.

Credit risk indicator (Actual to be below)	Target	Actual
Portfolio average credit rating (score)	A (6.0)	AA- (3.64)

5.4.6 As required by the CIPFA TM Code, a mid-year review was presented to the Police and Crime Board in November 2021.

5.4.7 Officers from the SCC Treasury Management team reported debt and investment positions and performance monthly via comprehensive reports, and at quarterly meetings with the PCC Chief Finance Officer.

#### 5.4.8 Non-Financial Assets and use of PWLB

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

As a result, HM Treasury proposed on changes to the Public Works Loan Board, which it said would attempt to “focus PWLB loans on service delivery, housing, and regeneration, and ensure that this money is not diverted into financial investments that serve no direct policy purpose”.

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023-24 financial year if they wish. As the code was published too late to be fully incorporated in the 2022-23 Treasury Strategy, it seemed sensible to fully incorporate into the Strategy for 2023-24.

To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority’s function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The TM Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version. The PCC will follow the same process as the Prudential Code, i.e. delaying changes in reporting requirements to the 2023-24 financial year.

#### 5.4.9 MiFID II

As a result of MiFID II, from 3rd January 2018 local authorities were automatically treated as retail clients but could “opt up” to professional client status, providing certain criteria was met. This included having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority have at least a year’s relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess, on an ongoing basis, that the nominated person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The PCC continues to meet the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. As a result, the PCC will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

**Paul Butler**  
**Chief Finance Officer**

*For further information please contact Alan Sanford or Anton Sweet, SCC Treasury Management, on telephone (01823) 359585 or 359584.*