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**Gwent Police
and Crime Panel**

**Panel Heddlu
a Throseddu Gwent**

For all enquiries relating to this agenda please contact Charlotte Evans
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Date: 4th December 2015

Dear Sir/Madam,

A meeting of the **Gwent Police and Crime Panel** will be held at the **Connect Gwent Victims Hub, Blackwood Police Station, Blackwood Rd, Pontllanfraith, Blackwood, Gwent NP12 2XA** on **Friday, 11th December, 2015 at 10.00 am** (Panel Pre-Meeting at 9.30am) to consider the matters contained in the following agenda.

A G E N D A

	Pages
1	Declarations of Interest.
2	Apologies for Absence.
3	To approve and sign the following minutes:-
4	Gwent Police and Crime Panel held on 11th September 2015. 1 - 6
5	Verbal update by the Police and Crime Commissioner for Gwent.
6	Gwent Police and Crime Panel Recorded Complaints and Conduct Matters Register. 7 - 14
7	Gwent Police and Crime Panel Review of Panel Procedures. 15 - 18
8	Treasury Management 2015-16 Update Report. 19 - 26
9	Treasury Management Strategy 2016/17 to 2018/19. 27 - 76
10	Medium Term Financial Plan 2016/17 to 2020/21. 77 - 114
11	Venue for Future Meetings.
12	Forward Work Programme. 115 - 116

MEMBERSHIP:

Councillor Mostyn Lewis, Blaenau Gwent
Councillor Mrs Christine Forehead, Caerphilly County Borough Council
Councillor Colin Peter Mann, Caerphilly County Borough Council
Councillor Mrs Gaynor Denise Oliver, Caerphilly County Borough Council
Councillor Phil Seabourne, Torfaen County Borough Council
Councillor Peter Clarke, Monmouthshire County Borough Council
Councillor Mrs Frances Taylor, Monmouthshire County Borough Council
Councillor Omar Ali, Newport City Council
Councillor John Guy, Newport City Council
Councillor David Williams, Newport City Council

Co-opted Members- Mr P. Nuttall and Ms J. Smith

By Invitation

Mr D. Garwood-Pask, Office of the Gwent Police and Crime Commissioner
Mr I. Johnston, Gwent Police and Crime Commissioner
Mr P. Harris, Deputy Gwent Police and Crime Commissioner
Mr J. Farrar, Chief Constable
Mrs S. Bosson, Office of the Police and Crime Commissioner for Gwent

And Appropriate Officers.

Gwent Police
and Crime Panel

Panel Heddlu
Gwent a Throseddu

GWENT POLICE AND CRIME PANEL

MINUTES OF THE MEETING HELD AT CIVIC CENTRE, NEWPORT ON FRIDAY 11TH SEPTEMBER 2015 AT 10AM

Present:

Councillor F. Taylor - Monmouthshire County Council - Vice Chair (Presiding)

Councillors Mrs C. Forehead, C Mann and G.D. Oliver - Caerphilly County Borough Council
Councillors O. Ali and D. Williams - Newport City Council
Councillors M. Lewis - Blaenau Gwent County Borough Council
Mr P Nuttall - Co-opted Member

By invitation:

Mr I. Johnston - Police and Crime Commissioner for Gwent
Mrs S. Bosson - Chief Executive, Office of the Police and Crime Commissioner for Gwent
Mr D. Garwood-Pask - Chief Finance Officer/Deputy Chief Executive, Office of the Police and Crime Commissioner for Gwent
Mr J. Williams – Assistant Chief Constable, Gwent Police

Together with:

Ms A. Price (Interim Deputy Monitoring Officer and Head of Democratic Services),
Mrs C. Forbes-Thompson (Scrutiny Research Officer) and Ms C. Evans (Committee Services Officer).

Observing:

Councillor Mrs Lisa Winnett – Blaenau Gwent County Borough Council
Councillors Mrs Norma Parrish and Miss Jessica Powell – Torfaen County Borough Council

1. DECLARATIONS OF INTEREST

Councillor F. Taylor wished it noted she is an independent community member of Aneurin Bevan University Health Board

Mr P. Nuttall wished it be noted that he is a trustee of the Bridge to Cross Charitable Trust.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor J. Guy (Newport City Council) and Ms J. Smith.

3. MINUTES – 19TH JUNE 2015

Resolved that the minutes of the Gwent Police and Crime Panel meeting held on 19th June 2015 (minute no. 1 – 9) were approved as a correct record.

4. 'ARE VICTIMS' SERVICES MAKING A DIFFERENCE?' – POLICE AND CRIME PANEL THEMATIC REVIEW OF VICTIMS' SERVICES AND SUPPORT

The Gwent Police and Crime Panel, at a previous meeting, requested that a thematic review be conducted to consider the Police and Crime Plan Priority 1: To deliver the best quality of service available. As a result, the Panel considered Victim Services and Members conducted interviews with service users and invited support officers from the Connect Gwent, Victim Support Hub (Connect Gwent) to attend the meeting.

The Commissioner introduced the report and introduced Marianne Seabright, Wellbeing Practitioner and Community Psychiatric Nurse and Natalie Williams, Embrace Young Victim Officer/Young Persons Independent Sexual Violence Advisor (ISVA) to the meeting.

The Commissioner explained that the scrutiny process was welcomed and encouraged the Panel to consider reviews on other priorities within the Police and Crime Plan in the future. It was noted that the journey to Connect Gwent was not an easy one and considerable work was required and implemented in order to raise public confidence in the Force and in particular in victim satisfaction and ensuring that people receive the appropriate care and support. Crime Statistics have seen an improvement and support services for victims of Anti-Social Behaviour is under consideration. Connect Gwent has been a huge success and is having a positive impact on Victims of Crime and public confidence. In addition, it was noted that Age Cymru will also be joining the support network at Connect Gwent.

The Panel highlighted that the purpose of the review was to determine whether Victims Services make a real difference, and invited further information on the support services provided. The Wellbeing Practitioner and Community Psychiatric Nurse (CPN) explained that Connect Gwent provides a path-finder service, referrals are received and suitable services located and implemented in a timely manner. Support services are continued for as long as the victim requires and until suitable provision is available. The support offered varies, depending on the case and complexity. The CPN position is jointly funded by the Health Board and the Commissioner. One of the key benefits to this approach is that the CPN has access to health data, which provides a clearer, more effective and joined up service., in addition to the member of staff, the Hub have access to health data, which provides a more clear, effective and joined up service.

The Embrace Young Victim Officer/ Young Persons ISVA explained that the services she provides is usually based around the child. A home visit would be conducted and age appropriate support provided in order to gather more information around the incident and the support required. Communication is undertaken with the School and Social Services and any other interested agencies and age appropriate activities are conducted, which assist the child to acknowledge their feelings, understand the process and receive the appropriate support up to and through the Court process.

A Member, in noting the positive work being conducted, queried if there are any gaps in services. The Officer highlighted that, whilst the Service is exceptional and beneficial, if the specialist officer is on leave/ sick/ unavailable, there is no service available, in addition, there are no other specialist officers in their field to discuss cases with or conduct joint visits.

A Member queried the Victim Volunteer system and its take up. Officers explained that there is an excellent programme in place and often victims of crime can be enthusiastic to assist others in similar situations and give something back.

The Panel thanked the Support Officers for attending the meeting and for their feedback and welcomed Assistant Chief Constable Julian Williams to provide further information on Victim Satisfaction.

The Panel noted that in June 2012, 'overall satisfaction' for victims of crime was 81.8% and for victims of ASB at 78%. Significantly, during this period, these figures decreased to lows of

'overall satisfaction' for victims of crime at 78.1% and for victims of anti-social behaviour (ASB) at 75.1%. In June 2015 'overall satisfaction' for victims of crime had risen to 81.0% and 77% for victims of Anti Social Behaviour (ASB).

It was noted that, in an attempt to increase the satisfaction of Victims, and in addition to Connect Gwent, a CARES (Contact with Victims; Assessment of Vulnerability and appropriate support; Record and report all interaction; interaction Ends correctly; Supervision) initiative has been applied and communicated across the Force to ensure that Victims are receiving a quality and appropriate service. The Panel noted that, whilst the figures demonstrated significant improvement, there was a lag of 3 months and it was agreed that an update would be provided to the Panel in 12 months.

The Panel thanked the Assistant Chief Constable for the presentation and discussion ensued. A Panel Member raised concerns about possible Force mergers and the resultant communication difficulties within a large Force and the impact on Victims. The Assistant Chief Constable highlighted that within Gwent there is a sense of personal pride and value for the area they work within, therefore messages and communications are easier to get across to Officers and implement.

The Panel discussed ASB and the plans to incorporate ASB Support Services within Connect Gwent. Evidence has demonstrated that there can be some significant psychological impacts to victims of ASB and as a result, consideration has been given to expanding the services within Connect Gwent.

The Panel noted the report, thanked the Office of the Gwent Police and Crime Commissioner for their support during the process and the Gwent Police and Crime Panel Support Officers for the significant work to arrange the review. Comments and feedback following the review would be fed back to the Commissioner in due course.

5. VERBAL UPDATE BY THE POLICE AND CRIME COMMISSIONER FOR GWENT

The Panel were asked to note that the annual Her Majesty's Inspectorate of Constabulary Police Effectiveness, Efficiency and Legitimacy (HMIC PEEL) inspection has been conducted, which considers the overall performance of the force and policing; the effectiveness of the force to uphold their responsibilities including cutting crime, protecting the vulnerable, tackling anti-social behaviour and dealing with emergencies; value for money and whether the force operates fairly, ethically and within the law. The outcome of the inspection is expected to be published in the coming weeks and the Panel would be provided with an update at the next meeting.

The Commissioner discussed Complaints and it was noted that the Home Secretary has proposed changes within the Complaints Handling Process and that Police and Crime Commissioners take over the responsibility for the Police Complaints process. A Low Level Complaints Unit will be implemented shortly, which will consist of two members of staff and, with the support of the Professional Standards Department, will enable complaints to be dealt with more swiftly. There is a statutory framework within which police complaints work and these issues will continue to be dealt with by the force.

The Panel were asked to note that the meeting with the Commissioner and Community Councils on 15th September 2015, at Penallta House, Caerphilly CBC was cancelled due to lack of response. The Panel noted that communications were distributed to the Town and Community Councils in August, during the recess period. It was requested that the Panel be included in future invitations and that they are sent prior to August Recess.

Finally, the Commissioner invited the Panel to the Annual Gwent Police Choir Concert in December, invitations would be sent to Local Authorities in due course.

A Member sought clarification on recent media information highlighting that Police and Crime Commissioners would gain control of Fire Services. It was noted that there is a proposed merger, however, this is only relevant in England as Fire Services are a devolved service.

6. VERBAL UPDATE BY THE CHIEF FINANCE OFFICER

The Panel noted that the Medium Term Financial Plan (MTFP) was presented in detail at the previous meeting and no changes have been made to the figures since this time. However, a 5% Central Government Funding cut has been applied to the MTFP year on year. Preparations are underway for the setting of the Precept and it is anticipated that precept growth could slightly offset the cuts; additional impacts such as inflation and in-service pressures would also affect the MTFP.

The 2015 Comprehensive Spend Review (CSR) is being conducted by the Treasury, with its findings released on the 25th November 2015. In addition, the Funding Formula is currently under consultation with Police Commissioners and Police Forces. The current Funding Formula, which has not been in use in recent years, is out for consultation, with one option for change being a simplified version which only takes into consideration a number of socio-economic factors such as population, deprivation, public houses and council tax, which will be weighted based upon statistical analysis. There appears to be however, no direct consideration of non- crime data in its suggested options for revision. Furthermore, any transition arrangements arising from Commissioner's new funding allocations from a revised formula may take into account the level of reserves held by individual Commissioners. The Commissioner added that there will be some Forces that are set to gain from the formula and some will suffer, but a comprehensive response to the consultation will be provided on a Welsh Level, Commissioner Level and on behalf of all Chief Finance Officers through the Police and Crime Commissioner Treasurers' Society (PACCTS).

A Panel Member sought further information on the formula and in particular, the varying Council Tax contributions received from Local Authorities. The Officer clarified that the proposed formula revision considers a Commissioner's ability to raise Council Tax and not the amount received in total.

The Panel were asked to note that a detailed MTFP and budget update would be provided at the next meeting, at which point the OPCC would have received further contributing information such as the findings of the CSR, the Chancellor's Autumn Statement, response information following the Funding Formula Consultation and a clearer idea on the Funding Formula considerations and implementation. The Panel were however assured that a Policy has been established which provides detailed information on the Commissioner's Reserves position, which may be considered during the CSR and Funding Formula Review.

In addition, the Panel noted that an Induction Training Session was provided for new Members of the Panel, an invitation was extended to the rest of the Panel to attend a refresher session if required.

7. POLICE AND CRIME COMMISSIONER FOR GWENT 2016/17 BUDGET SETTING TIMETABLE

The budget setting timetable outlined the various processes and meetings which consider the overall budget of the Office of the Gwent Police and Crime Commissioner and deadline dates for decision making, precept and budget setting to ensure that a balanced budget can be delivered for the upcoming financial year and provisions are made for future years.

The Panel noted that at a meeting next week, the timetable will be scrutinised thoroughly to ensure that relevant considerations have been put in place to ensure a robust and balanced budget to ensure service delivery. Further financial information on the budget and MTFP would be presented to the Panel at the next meeting.

8. FORWARD WORK PROGRAMME

The Panel considered the upcoming Reports and dates and noted the Forward Work Programme. Positive feedback was noted on the review and Victim Support Services and the Panel discussed the possibility of conducting further themed reviews in the future.

In addition, it was noted that a Twitter Account has now been implemented for the Gwent Police and Crime Panel and the main information, updates and outcomes from the Panel as well as correspondence from the Office of the Gwent Police and Crime Commissioner will be retweeted.

The Panel thanked the Officers for the reports and the meeting closed at 12.17 pm.

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SUBJECT: GWENT POLICE AND CRIME PANEL RECORDED COMPLAINTS AND CONDUCT MATTERS REGISTER

DATE: 11TH DECEMBER 2015

1. PURPOSE OF REPORT

- 1.1 This report provides Members of the Panel with an overview of the complaints received by the Panel for the period from November 2012 to November 2015.

2. LINKS TO STRATEGY

- 2.1 The Police Reform and Social Responsibility Act 2011 requires the establishment of a Police and Crime Panel within each police force area to support and challenge the local Police and Crime Commissioner. The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2011 provides the legislative background to the handling of complaints by the Panel and the Police and Crime Panels (Application of Local Authority Enactments) Regulations 2012 also provides procedural requirements for the Panel.

3. BACKGROUND

- 3.1 The Gwent Police and Crime Panel ("the Panel") was established in November 2012 following the first elections for Police and Crime Commissioners. The Panel has statutory responsibilities as to the handling and determination of certain complaints made against the PCC and DPCC. The Panel agreed its procedure for the handling of complaints on 15th February 2013.
- 3.2 Under this procedure the Panel has delegated its functions to the Head of Legal and Governance at Caerphilly County Borough Council (the Gwent Police and Crime Panel's Host Authority) who must consult with the Chair and Vice Chair and the two co-opted members of the Gwent Police and Crime Panel in determining type of complaints received and the strategy for managing complaints for local resolution and the Panel's final resolution of complaints. The Chief Executive of the Gwent Police and Crime Commissioner's Office is consulted on the strategy for determining whether complaints are considered by the Panel or referred to the Independent Police Complaints Commission (IPCC) or a third party.
- 3.3 As part of the procedure, the Panel also agreed a protocol for managing complaints to ensure that complaints received are dealt with in a timely fashion, correctly identified as being complaints which fall to the Gwent Police and Crime Panel for action and other complaints, for example, about the PCC's staff or Gwent Police are directed as appropriate.

4. COMPLAINTS DATA

- 4.1 The total number of complaints for the period from November 2012 to December 2015 is 14.

4.2 There are three categories of complaints with the corresponding outcomes;

- A Complaint - a general complaint about the PCC or DPCC that is not a Conduct Matter or a Serious Complaint, or is a complaint that ceases to be investigated by the Independent Police Complaints Commission or a police force. The Panel is responsible for the informal resolution of these complaints.
- A Conduct Matter - a matter where there is an indication (whether from the circumstances or otherwise) that the PCC and/or DPCC may have committed a criminal offence. Conduct matters can arise without a Complaint being made (for example, press stories). The Gwent Police and Crime Panel must notify the IPCC of Conduct Matters. The IPCC are responsible for considering all Conduct matters.
- A Serious Complaint - a complaint about the conduct of the PCC or DPCC which constitutes or involves, or appears to constitute or involve the commission of a criminal offence. The Gwent Police and Crime Panel must notify the IPCC of Serious Complaints. The IPCC are responsible for considering all Serious Complaints.

4.3 The breakdown of the complaints is as follows;

Type	No of Complaints	% of Complaints
Complaints	12	86%
Conduct matter	1	7%
Serious Complaints	1	7%

4.4 A number of the complaints were submitted by the same complainants so although there are 14 complaints, there are actually only 6 different complainants with the following breakdown;

	No of Complaints	% of Complaints
Complainant 1	3	21%
Complainant 2	4	29%
Complainant 3	4	29%
Complainant 4	1	7%
Complainant 5	1	7%
Complainant 6	1	7%

4.5 The outcome of the complaints is as follows;

	No of Complaints	% of Complaints
Referred to IPCC	2	14%
No further action	11	79%
Further information requested	1	7%

4.6 There have been no trends identified or areas of concern for consideration by the Panel at one of its meetings, monitoring will continue. One of the complaints has been identified as vexatious and another as repetitious.

4.7 The Panel has not received any complaints since June 2014. Correspondence has been received since this date making complaints against the Police and this is always referred appropriately. This is consistent with other Police and Crime Panels across Wales.

4.8 The Panel's website includes a section on Complaints but this could be made more accessible for users to ensure that any appropriate complaints are received. Panel Members

are asked to view and comment on the content of the website (www.gwentpcp.org.uk) in relation to Complaints and suggest any improvements that can be made.

5. FINANCIAL IMPLICATIONS

- 5.1 This handling of complaints is funded using the existing resources within the Home Office Grant.

6. EQUALITIES IMPLICATIONS

- 6.1 Monitoring of complaints by the Panel addresses the statutory duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 as any specific complaints to the Panel around alleged discrimination can be considered as well as the monitoring of complaints from people who fall under the categories protected by the Equality Act 2010.

7. CONSULTATION

- 7.1 There are no consultation responses that have not been reflected in the recommendations of this report.

8. RECOMMENDATION

- 8.1 The Panel:
- a. Note the information provided in relation to Complaints,
 - b. Consider whether the website content in relation to Complaints needs to be amended to make it more accessible.

9. REASONS FOR THE RECOMMENDATIONS

- 9.1 To comply further improve the operation of the Gwent Police and Crime Panel.

10. STATUTORY POWERS

- 10.1 Police Reform and Social Responsibility Act 2011.

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Appendices

Appendix 1: Recorded Complaints and Conduct Matters Register (Opened December 2012)

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Gwent Police
and Crime Panel

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**RECORDED COMPLAINTS AND CONDUCT MATTERS REGISTER
(OPENED DECEMBER 2012)**

No	Date of Receipt	Summary of Complaint	Complaint Category (Serious Complaint, Conduct Matter or Complaint)	Intended Action	Other Information
1.	11 Dec 2012	Complaint against PCC of electoral fraud at Police and Crime Commissioner election 2012.	Serious Complaint Outcome - Not considered a complaint	Referred to IPCC 19 Dec 2012	Complainant informed that complaint referred to IPCC 19 Dec 2012. Allegation that Gwent did not properly investigate this issue was passed to the Chief Constable on 19 Dec 2012. IPCC referred complaint back to Panel on 31 Dec 2012. Panel wrote to Complainant to confirm they would take no further action 30 Jan 2013.
2.	13 Feb 2013	Complaint against PCC referred to the Panel by IPCC. The complaint makes wide ranging accusations of perjury, treason, torture and murder. The Complainant	Complaint Outcome - Not considered a complaint	Take no further action	Recommendation to take no further action made to Members on 19 Feb 2013. Members agreed and letter sent to complainant on 13 March 2013.

		makes similar allegations against the police, courts, banks, and politicians more generally.			
3.	29 April 2013	Complaint against PCC about 1. Appointment process for the DPCC. 2. The DPCC's alleged membership of the Masons. 3. PCC Lied during a radio interview	Complaint 1. Outcome - not considered a complaint. 2. Outcome - not considered a complaint. 3. Complaint	1. Take no further action. 2. Take no further action. 3. Complaint for informal resolution	1 and 2 – Recommendation to take no further action as letter sent to complainant on 8 th May 2013. 3 – Referred to Chief Executive of OGPCC. The Chief Executive confirms the PCC mistakenly believed he could not reveal the name of his proposed deputy. Draft decision sent to Complainant on 30 July. No comments received from Complainant or PCC on draft decision. Final decision issued on 13 th July 2013.
4.	20 May 2013	Complaint against PCC referred to the Panel by Met Police	Complaint	Take no further action	Recommendation to take no further action as letter sent to complainant on 13 March 2013. Same complaint as item 2 above
5.	17 May 2013	Complaint against PCC about a refusal to provide papers relating to previous complaints and PCC not properly investigating complaints made against the Chief Constable.	Complaint	Take no further action	Recommendation to take no further action as letter sent to complainant on 7 June 2013.
6.	9 July 2013	Complaint against PCC about outstanding complaints	Complaint	Further information request from Complainant 17 July 2013	
7.	22 July 2013	Complaint against PCC about alleged failure of OGPCC to register as a data controller	The Complaint relates to the Office of Gwent PCC rather		

		by 22 November 2013.	than the PCC or Deputy PCC. Complaint transferred to OGPCC 23 July 2013.		
8.	24 July 2013	Complaint from against PCC about Chief Constable's testimony to the Home Affairs Select Committee on 2 nd July 2013. Complainant claims that Chief Constable's words amount to PCC breaching the Police Act 1996 Part V Section 91	Complaint	Take no further action as the complaint is vexatious	Letter to Complainant sent 30 th July 2013.
9.	23 October 2013	Complaint against PCC referred to the Panel by Met Police	Complaint	Take no further action as the complaint is a repetitious	Substantially the same complaint as items 2 and 4 above. Recommendation to take no further action approved by Members. Letter send to Complainant on 24 October 2013
10.	8 th October 2013	Complaint against PCC. Claims that previous complaints have not been dealt with satisfactory, asking for Chief Constable to be dismissed, making complaints against Chief Constable and OGPCC staff.	Complaint	Take no further action as complaints already considered and decision made to take no further action	Recommendation to take no further action as the complaint is repetition of past complaints. Letter sent to Complainant on 31 Oct 2013.
11.	23 October 2013	Complaint forwarded by OGPCC. It makes various insults and complaints about OGPCC staff and Gwent Police Officers but not new complaints about PCC or	Complaint	Take no further action	Recommendation to take no further action as the complaint is repetition of past complaints. Letter sent to Complainant on 31 Oct 2013.

		DPCC			
12.	15 November 2013	Complaint against PCC (referred from the IPCC.)	Complaint	Take no further action	Substantially the same complaint as items 2, 4 and 9 above. Recommendation to take no further action approved by Members.
13.	8 th April 2014	Anonymous complaint received by the Editor of the South Wales Argus. The allegation was forwarded to the Panel by the Chief Executive of the OPCC. The complaint alleges abuse of position by the Commissioner surrounding the arrest of his son in December 2013.	Conduct Matter	Referred to IPCC 10 April 2014	Chief executive of OPCC informed of referral on 10 April 2014.
14.	4 th June 2014	Complaint about the PCC not responding to correspondence about victim services	Complaint	Take no further action	Letter sent to Complainant 30 September 2014

Gwent Police
and Crime Panel

Panel Heddlu
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SUBJECT: GWENT POLICE AND CRIME PANEL REVIEW OF PANEL PROCEDURES

DATE: 11TH DECEMBER 2015

1. PURPOSE OF REPORT

- 1.1 This report outlines recommendations received from the Committee on the Standards in Public Life as well as recommendations following a review by the Lead Officer for the Panel.

2. LINKS TO STRATEGY

- 2.1 The Police Reform and Social Responsibility Act 2011 requires the establishment of a Police and Crime Panel (PCP) within each police force area to support and challenge the local Police and Crime Commissioner.

3. COMMITTEE ON STANDARDS IN PUBLIC LIFE

- 3.1 The Gwent PCP (the Panel) was established in November 2012 following the first elections for Police and Crime Commissioners.
- 3.2 The Panel received a letter on 27 July 2015 from the Committee on the Standards of Public Life. A copy of the letter is attached at Appendix 1 and contains the following recommendations;
- Police and Crime Panels should review the PCC's Annual Report in public session attended by the PCC as part of their annual scrutiny programme and make any recommendations as appropriate.
 - PCCs should publish a forward plan of decisions identifying the subject matter of the decision, why it is key, the meeting at which the decision is due to be taken, who will be consulted before the decision is taken and what reports/papers will be available for inspection.
 - Police and Crime Panels should produce a forward plan of work specifying, as appropriate, the information required from PCCs in order for them to carry out that work.
 - Police and Crime Panels inquire and report into the circumstances whenever a chief constable's service is brought to an end irrespective of whether the Schedule 8 scrutiny process is formally engaged.
- 3.3 These recommendations fully reflect processes that the Panel has already adopted as the former Lead Officer for the Panel attended the PCP Conference on 17th October 2014 where this was discussed. He subsequently sent a detailed response to the Committee's draft recommendations in November 2014. As part of this response the Committee was advised that the Panel has held detailed hearings in relation to the termination of a chief constables' service; the Panel has agreed a forward work programme and discussed it regularly at meetings since March 2014; the Panel has reviewed the PCC's annual report on an annual

basis since January 2014 and the PCC has a programme of work and priorities which has been considered by the Panel.

- 3.4 Panel Members will be aware that they agreed at the meeting on 19th June 2015 an Improvement Plan which incorporates the above recommendations and goes further to implement improvements to the Panel's challenge and support roles in its overview of the PCC's activity. The most significant of these was to commence comprehensive defined issue based inquiries into the PCP work programme, the first of which was conducted at the Panel's meeting on 11 September 2015. A copy of the Panel's findings from that review is attached at Appendix 2.
- 3.5 The Panel also introduced additional improvements, such as engaging more effectively with the public through a Gwent PCP Twitter account and improving Panel members understanding of the budget setting process through training. The first training session in relation to budget setting was held on 9 September 2015 and the twitter account was launched the same week - @Gwentpcp.
- 3.6 It is therefore recommended that the Panel endorses the recommendations outlined above and that a response is sent to the Committee, including this report, the report to 19 June 2015 and the Panel's Improvement Plan.

4. LEAD OFFICER'S RECOMMENDATIONS

- 4.1 The Panel adopted the Terms of Reference, Rules of Procedure and Panel Arrangements on 12 October 2012. The Panel then approved a minor amendment to the drafting of the arrangements on 7 December 2012.
- 4.2 Caerphilly County Borough Council was appointed as the Host Authority and therefore the Code of Conduct of Caerphilly County Borough Council applies to the Independent members of the Panel and the rules of Procedure were largely based on Caerphilly County Borough Council procedures.
- 4.3 In 2013, following recommendations from Wales Audit Office, Caerphilly County Borough Council adopted a process whereby a specific reminder of declarations is read out at every formal meeting and declarations of interest are published on the Council's website. This ensures transparency and openness in relation to declarations of interest. It is recommended that the Panel also adopt these processes to ensure transparency.
- 4.4 Panel Members are reminded that in May 2016 there will be an election for the Police and Crime Commissioner and that they should be mindful of the requirements of the Code of Conduct during this period. Guidance on the Purdah period is expected to be provided from the Cabinet Office.
- 4.5 A key part of the Panel's arrangements are those that relate to the expenses paid to Members of the Panel. For elected members of each authority, these are published on their local authority's website, including those which relate to being a Member of the Panel. It is recommended that the details of the expenses are also published on the Panel's website for transparency.
- 4.6 Panel Members should note that the term of office for Co-opted Members is until 31 October the same year as the PCC's elections and therefore an appointment process will be undertaken next year.

- 4.7. For information, Panel Members are reminded that Local Government Enactments also apply to the Panel, for example Part VA of the Local Government Act 1972 which relates to matters such as the meetings being open to the public, papers being published and information being made exempt. Part 11 of the Equality Act 2010 also applies to the Panel and so it is recommended that a paragraph relating to Equalities is added to all of the Panel's reports.

5. FINANCIAL IMPLICATIONS

- 5.1 This report summarises recommendations, any financial implications will depend on which changes, if any, the Panel wish to implement.

6. CONSULTATION

- 6.1 There are no consultation responses that have not been reflected in the recommendations of this report.

7. RECOMMENDATION

- 7.1 It is recommended that;
- 7.2 The Panel endorses the recommendations of the Committee of Standards in Public Life and that a response is sent to the Committee including this report, the report to 19 June 2015 and the Panel's Improvement Plan.
- 7.3 The Panel adopt the Host Authority's policy of reading out a statement on declarations of interest at every meeting and publishing any standing declarations on the Panel's website.
- 7.4 The Panel Members expenses are published on the Panel's website.
- 7.5 A paragraph relating to equalities implications is added to all reports to the Panel.

8. REASONS FOR THE RECOMMENDATIONS

- 8.1 To comply further improve the operation of the Gwent Police and Crime Panel.

9. STATUTORY POWERS

- 9.1 Police Reform and Social Responsibility Act 2011.

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Cath Forbes-Thompson, Scrutiny Manager, Caerphilly County Borough Council

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OFFICE OF THE POLICE & CRIME COMMISSIONER																
TITLE:	Treasury Management 2015-16 Update Report															
DATE:	11 th December 2015															
TIMING:	Routine															
PURPOSE:	For Information															
1.	<u>RECOMMENDATION</u>															
1.1	To inform the Police and Crime Panel of the Treasury Management Activity for the period 1 st April 2015 to 31 st October 2015.															
2.	<u>INTRODUCTION & BACKGROUND</u>															
2.1	This is the first Treasury Management Activity report in 2015/16.															
2.2	Treasury Management Activity includes investment and borrowing transactions.															
3.	<u>ISSUES FOR CONSIDERATION</u>															
3.1	<u>INVESTMENTS</u>															
3.1.1	Appendix 1 summarises investments on deposit with counterparties as at 31 st October 2015. The listing shows that the Police and Crime Commissioner's (PCC's) current investment portfolio totals £55.0m. On maturity these deposits will earn an average rate of return of 0.397%, which will amount to £0.135m of earned interest income. This shows an increase on the same position last year (£0.075m).															
3.1.2	<p>The current investment portfolio composition is shown in Table 1 below:</p> <table><tr><th>Counterparty</th><th>Deposit £'m</th><th>Portfolio %</th></tr><tr><td>UK DMO</td><td>0.00</td><td>0.0</td></tr><tr><td>Banks & Building Societies</td><td>3.00</td><td>5.5</td></tr><tr><td>Local Authorities</td><td>52.00</td><td>94.5</td></tr><tr><td></td><td>55.00</td><td>100.0</td></tr></table>	Counterparty	Deposit £'m	Portfolio %	UK DMO	0.00	0.0	Banks & Building Societies	3.00	5.5	Local Authorities	52.00	94.5		55.00	100.0
Counterparty	Deposit £'m	Portfolio %														
UK DMO	0.00	0.0														
Banks & Building Societies	3.00	5.5														
Local Authorities	52.00	94.5														
	55.00	100.0														
3.1.3	As per the 2015/16 Treasury Management Strategy all investment deposits are with counterparties that have at least an "F1/P1/A1" short term credit rating (Fitch, Moody's and Standard and Poor's).															
3.1.4	No single deposit exceeds a time limit of 364 days. There are currently three deposits, which on maturity will have been on deposit for 364 days. These are with Warrington CC - £5m (deposits of £2m and £3m) and Thurrock BC - £5m. On maturity these deposits will earn interest of £0.055m.															

3.1.5	In addition, no single or multiple deposits with a single counterparty exceeded the money limit of £3m for Banks and Building Societies and £10m for Local Authorities. There is no money limit for investments with the UK DMO.												
3.1.6	Appendix 2 details investment deposits made and repaid during the period 1 st April 2015 to 31 st October 2015. Investment interest earned on matured deposits during this period totalled £0.075m on a cash basis. The average rate of return on these deposits was 0.394%. For the financial year 2014/15 the weighted average rate of return on investment deposits was 0.353%.												
3.2	<u>BORROWING</u>												
3.2.1	The borrowing position and portfolio as at 31 st October 2015 is shown in Table 2 below: <u>Table 2</u> <table><tr><td><u>Lender</u></td><td><u>Amount Borrowed £'m</u></td><td><u>Annual Interest Rate %</u></td></tr><tr><td>Public Works Loan Board (PWLB)</td><td>4.26</td><td>5.85</td></tr><tr><td>Newport City Council</td><td>0.73</td><td>6.62</td></tr><tr><td></td><td>4.99</td><td></td></tr></table>	<u>Lender</u>	<u>Amount Borrowed £'m</u>	<u>Annual Interest Rate %</u>	Public Works Loan Board (PWLB)	4.26	5.85	Newport City Council	0.73	6.62		4.99	
<u>Lender</u>	<u>Amount Borrowed £'m</u>	<u>Annual Interest Rate %</u>											
Public Works Loan Board (PWLB)	4.26	5.85											
Newport City Council	0.73	6.62											
	4.99												
3.2.2	The PCC is repaying the interest on a quarterly basis on the principal amount due on each of the 13 PWLB loans outstanding. Repayment of the first principal amount is due on the 13 th June 2020.												
3.2.3	With regard to the loan with Newport City Council, repayments of both the principal and interest amount outstanding are made twice a year on the 30 th September and 31 st March respectively.												
3.2.4	No new borrowing has been taken out during the period 1 st April 2015 to 31 st October 2015.												
3.3	<u>EARLY REPAYMENT OF DEBT</u>												
3.3.1	The PCC continues to monitor the opportunities for the early repayment of debt. The most recent advice (obtained in November 2015) from the PCC's Treasury Management advisors (Capita Treasury Solutions) is that there are marginal annual savings in interest charges payable versus early repayment premiums (similar to the early repayment charge on a mortgage that Members will be familiar with) that could be achieved over the lifetime of each current loan.												
3.3.2	However, these savings could be bettered in the future if the PCC delays any repayment on the grounds of expecting the Bank of England base rate to rise. The rationale for this is that as the Bank of England base rate rises, then the early repayment premiums charged by lenders decrease as lenders are able to loan the returned cash to new borrowers at higher interest rates.												
3.3.3	Repayment of any of the PCC's loan debt has therefore been deferred but will continue to be reviewed each month.												

3.3.4	Members will be aware that the PCC has an earmarked reserve of £1.187m for the repayment of debt. The CFO to the PCC has agreed that the 'technical accounting entry' to commit this reserve should now take place.
3.3.5	The 'technical accounting entry' known as a Voluntary Revenue Provision (VRP) will therefore be actioned prior to the end of the financial year. This will have the effect of reducing the earmarked reserve to zero whilst at the same time reducing the PCC's Capital Financing Requirement (CFR) by the same amount.
3.3.6	Reducing the CFR by £1.187m will achieve annual savings of £0.047m (£1.187m x 4%) against the PCC's annual revenue budget each financial year as the statutory amount that the PCC is required to set aside to repay debt each year (4% of the CFR) known as the Minimum Revenue Provision will have reduced by this amount.
4.	<u>NEXT STEPS</u>
4.1	That members note the Treasury Management Activity.
5.	<u>FINANCIAL CONSIDERATIONS</u>
5.1	These are detailed in the report.
6.	<u>PERSONNEL CONSIDERATIONS</u>
6.1	There are no staffing/personnel implications arising from this report.
7.	<u>LEGAL IMPLICATIONS</u>
7.1	There are no legal implications arising from this report.
8.	<u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u>
8.1	This report has been considered against the general duty to promote equality, as stipulated under the Single Equality Plan and has been assessed not to discriminate against any particular group.
8.2	Consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998 in preparing this report.
9.	<u>RISK</u>
9.1	Treasury Management can never be risk free. In borrowing, the risk is that interest payable might be higher than necessary and in lending there is the risk of default on repayment and the risk that a better rate of return could have been achieved. Adherence to the CIPFA Code of Practice on Treasury Management is best practice in terms of balancing risk and return.

10.	<u>PUBLIC INTEREST</u>
10.1	This is a public document.
11.	<u>CONTACT OFFICER</u>
11.1	Darren Garwood-Pask, Chief Finance Officer and Deputy Chief Executive to the Police and Crime Commissioner.
12.	<u>APPENDICES</u>
12.1	<p>Appendix 1 – Investments as at 31st October 2015.</p>  <p>Appendix 1 - Current Investment List.pdf</p>
12.2	<p>Appendix 2 – Analysis of Investments Made and Repaid</p>  <p>Appendix 2 - Loans made and repaid.pdf</p>

Police and Crime Commissioner for Gwent

Investments as at 31st October 2015

Borrower	Principal (£)	Interest Rate	Interest at Maturity (£)	Start Date	Maturity Date
NATIONWIDE BUILDING SOCIETY	1,000,000	0.50%	1,288	31/07/2015	02/11/2015
WARRINGTON BOROUGH COUNCIL	3,000,000	0.60%	17,951	21/01/2015	20/01/2016
WARRINGTON BOROUGH COUNCIL	2,000,000	0.60%	11,967	22/01/2015	21/01/2016
EASTLEIGH BOROUGH COUNCIL	2,000,000	0.40%	3,595	08/06/2015	19/11/2015
EASTLEIGH BOROUGH COUNCIL	1,500,000	0.40%	2,877	08/06/2015	30/11/2015
SWINDON BOROUGH COUNCIL	2,000,000	0.35%	3,452	03/06/2015	30/11/2015
CORNWALL CITY COUNCIL	3,000,000	0.35%	5,121	05/06/2015	30/11/2015
THURROCK BOROUGH COUNCIL	2,000,000	0.41%	5,908	29/06/2015	18/03/2016
CORNWALL CITY COUNCIL	3,000,000	0.40%	8,942	03/07/2015	31/03/2016
PLYMOUTH CITY COUNCIL	3,000,000	0.35%	4,315	03/08/2015	31/12/2015
CONWY COUNTY BOROUGH COUNCIL	3,000,000	0.35%	5,523	21/07/2015	29/01/2016
SWINDON BOROUGH COUNCIL	1,500,000	0.38%	2,545	21/07/2015	31/12/2015
THURROCK BOROUGH COUNCIL	2,500,000	0.38%	4,997	21/07/2015	29/01/2016
SWINDON BOROUGH COUNCIL	2,000,000	0.35%	2,685	31/07/2015	18/12/2015
BLACKBURN WITH DARWEN BOROUGH COUNCIL	2,000,000	0.32%	2,367	05/08/2015	18/12/2015
SWINDON BOROUGH COUNCIL	1,500,000	0.35%	2,963	07/08/2015	29/02/2016
CONWY COUNTY BOROUGH COUNCIL	2,000,000	0.35%	3,951	07/08/2015	29/02/2016
BLACKBURN WITH DARWEN BOROUGH COUNCIL	1,000,000	0.32%	1,166	18/08/2015	29/12/2015
BLACKBURN WITH DARWEN BOROUGH COUNCIL	1,000,000	0.34%	1,528	18/08/2015	29/01/2016
BLACKBURN WITH DARWEN BOROUGH COUNCIL	1,000,000	0.35%	1,803	18/08/2015	22/02/2016
SWINDON BOROUGH COUNCIL	3,000,000	0.38%	6,434	07/09/2015	31/03/2016
CONWY COUNTY BOROUGH COUNCIL	1,000,000	0.31%	1,155	15/09/2015	29/01/2016
THURROCK BOROUGH COUNCIL	5,000,000	0.50%	24,932	30/09/2015	28/09/2016
NATIONWIDE BUILDING SOCIETY	1,000,000	0.46%	781	22/09/2015	23/11/2015
NATIONWIDE BUILDING SOCIETY	1,000,000	0.48%	1,092	07/10/2015	29/12/2015
CONWY COUNTY BOROUGH COUNCIL	2,000,000	0.38%	2,853	15/10/2015	29/02/2016
BLACKBURN WITH DARWEN BOROUGH COUNCIL	2,000,000	0.35%	2,340	20/10/2015	19/02/2016
Total Investments	55,000,000	0.397%	134,529		

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Police and Crime Commissioner for Gwent

Analysis of Investments Made and Repaid

Schedule of transactions relating to temporary lending of monies surplus to immediate requirements which took place during the period 1st April 2015 to 31st October 2015.

Date	Borrower	Agency ratings (short term)		Rate %	Terms	Loans Made	Loans Repaid	Interest Received	Maturity date	Status
		at time of investment	as at 31/10/2015							
	Balance b/f					£ 40,500,000	£	£		
April 2015										
Loans made										
07/04/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.540%	Fixed	1,000,000			31/07/2015	REPAID
07/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	1,000,000			13/04/2015	REPAID
07/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	1,000,000			30/04/2015	REPAID
09/04/2015	CORNWALL CITY COUNCIL			0.300%	Fixed	4,000,000			30/10/2015	REPAID
14/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	4,000,000			17/04/2015	REPAID
17/04/2015	SWINDON BOROUGH COUNCIL			0.280%	Fixed	3,500,000			31/07/2015	REPAID
17/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	2,000,000			21/04/2015	REPAID
21/04/2015	KINGSTON UPON HULL			0.320%	Fixed	2,000,000			31/07/2015	REPAID
21/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	500,000			05/05/2015	REPAID
21/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	1,000,000			27/04/2015	REPAID
Loans repaid										
07/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	219		
13/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	41		
17/04/2015	GUILDFORD BOROUGH COUNCIL			0.420%	Fixed		3,000,000	4,453		
17/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		4,000,000	82		
21/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		2,000,000	55		
27/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	41		
30/04/2015	KINGSTON UPON HULL			0.500%	Fixed		1,000,000	1,945		
30/04/2015	PLYMOUTH CITY COUNCIL			0.350%	Fixed		3,000,000	863		
30/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	390		
30/04/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	158		
May 2015										
Loans made										
06/05/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	4,500,000			13/05/2015	REPAID
13/05/2015	PLYMOUTH CITY COUNCIL			0.270%	Fixed	2,000,000			31/07/2015	REPAID
13/05/2015	CONWY COUNTY BOROUGH COUNCIL			0.280%	Fixed	2,000,000			30/09/2015	REPAID
14/05/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	1,500,000			01/06/2015	REPAID
19/05/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	500,000			22/06/2015	REPAID
Loans repaid										
05/05/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		500,000	48		
06/05/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.500%	Fixed		2,000,000	2,438		
13/05/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		4,500,000	216		
29/05/2015	CORNWALL CITY COUNCIL			0.400%	Fixed		3,000,000	6,805		
29/05/2015	SWINDON BOROUGH COUNCIL			0.430%	Fixed		3,500,000	5,896		
June 2015										
Loans made										
08/06/2015	EASTLEIGH BOROUGH COUNCIL			0.400%	Fixed	2,000,000			19/11/2015	
08/06/2015	EASTLEIGH BOROUGH COUNCIL			0.400%	Fixed	1,500,000			30/11/2015	
03/06/2015	SWINDON BOROUGH COUNCIL			0.350%	Fixed	2,000,000			30/11/2015	
05/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	750,000			29/06/2015	REPAID
05/06/2015	CORNWALL CITY COUNCIL			0.350%	Fixed	3,000,000			30/11/2015	
16/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	2,500,000			29/06/2015	REPAID
29/06/2015	THURROCK BOROUGH COUNCIL			0.410%	Fixed	2,000,000			18/03/2016	
29/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	750,000			03/08/2015	REPAID
Loans repaid										
01/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,500,000	185		
19/06/2015	CONWY COUNTY BOROUGH COUNCIL			0.290%	Fixed		2,000,000	1,478		
22/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		500,000	116		
29/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		750,000	123		
29/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		2,500,000	223		
30/06/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		6,000,000	3,986		
July 2015										
Loans made										
02/07/2015	LONDON BOROUGH OF ISLINGTON	F1, P-1, A-1	F1, P-1, A-1	0.550%	Fixed	700,000			03/07/2015	REPAID
03/07/2015	NATIONWIDE BUILDING SOCIETY			0.450%	Fixed	2,000,000			28/08/2015	REPAID
03/07/2015	LONDON BOROUGH OF ISLINGTON			0.310%	Fixed	4,000,000			30/09/2015	REPAID
03/07/2015	LONDON BOROUGH OF ISLINGTON			0.310%	Fixed	2,000,000			19/10/2015	REPAID
03/07/2015	LONDON BOROUGH OF ISLINGTON			0.310%	Fixed	2,000,000			30/10/2015	REPAID
03/07/2015	CORNWALL CITY COUNCIL			0.400%	Fixed	3,000,000			31/03/2016	
03/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	1,000,000			17/07/2015	REPAID
03/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	500,000			27/07/2015	REPAID
03/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	3,000,000			03/08/2015	REPAID
07/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	5,000,000			21/07/2015	REPAID
07/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	2,000,000			19/08/2015	REPAID
21/07/2015	CONWY COUNTY BOROUGH COUNCIL			0.350%	Fixed	3,000,000			29/01/2016	
21/07/2015	SWINDON BOROUGH COUNCIL			0.380%	Fixed	1,500,000			31/12/2015	
21/07/2015	THURROCK BOROUGH COUNCIL			0.380%	Fixed	2,500,000			29/01/2016	
21/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	500,000			10/08/2015	REPAID
27/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	500,000			21/08/2015	REPAID
31/07/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.500%	Fixed	1,000,000			02/11/2015	
31/07/2015	SWINDON BOROUGH COUNCIL			0.350%	Fixed	2,000,000			18/12/2015	
Loans repaid										
03/07/2015	LONDON BOROUGH OF ISLINGTON			0.550%	Fixed		700,000	11		
17/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	781		
17/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	96		
21/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		5,000,000	479		
27/07/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		500,000	82		
31/07/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.540%	Fixed		1,000,000	1,701		
31/07/2015	SWINDON BOROUGH COUNCIL			0.280%	Fixed		3,500,000	2,819		
31/07/2015	KINGSTON UPON HULL			0.320%	Fixed		2,000,000	1,771		
31/07/2015	PLYMOUTH CITY COUNCIL			0.270%	Fixed		2,000,000	1,169		

Date	Borrower	Agency ratings (short term)		Rate %	Terms	Loans Made	Loans Repaid	Interest Received	Maturity date	Status
		at time of investment	as at 31/10/2015							
August 2015										
Loans made										
03/08/2015	PLYMOUTH CITY COUNCIL			0.350%	Fixed	3,000,000			31/12/2015	REPAID
05/08/2015	BLACKBURN WITH DARWEN BOROUGH COUNCIL			0.320%	Fixed	2,000,000			18/12/2015	
07/08/2015	SWINDON BOROUGH COUNCIL			0.350%	Fixed	1,500,000			29/02/2016	
07/08/2015	CONWY COUNTY BOROUGH COUNCIL			0.350%	Fixed	2,000,000			29/02/2016	
06/08/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	250,000			01/09/2015	
18/08/2015	BLACKBURN WITH DARWEN BOROUGH COUNCIL			0.320%	Fixed	1,000,000			29/12/2015	
18/08/2015	BLACKBURN WITH DARWEN BOROUGH COUNCIL			0.340%	Fixed	1,000,000			29/01/2016	
18/08/2015	BLACKBURN WITH DARWEN BOROUGH COUNCIL			0.350%	Fixed	1,000,000			22/02/2016	
Loans repaid										
03/08/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		750,000	180		
03/08/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		3,000,000	637		
10/08/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		500,000	68		
19/08/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		2,000,000	589		
21/08/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		500,000	86		
28/08/2015	CONWY COUNTY BOROUGH COUNCIL			0.360%	Fixed		1,000,000	1,894		
28/08/2015	SWINDON BOROUGH COUNCIL			0.400%	Fixed		3,000,000	5,753		
28/08/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.450%	Fixed		2,000,000	1,361		
September 2015										
Loans made										
07/09/2015	SWINDON BOROUGH COUNCIL			0.380%	Fixed	3,000,000			31/03/2016	REPAID
03/09/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	2,000,000			18/09/2015	
15/09/2015	CONWY COUNTY BOROUGH COUNCIL			0.310%	Fixed	1,000,000			29/01/2016	REPAID
30/09/2015	THURROCK BOROUGH COUNCIL			0.500%	Fixed	5,000,000			28/09/2016	
15/09/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	1,000,000			22/09/2015	
22/09/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.460%	Fixed	1,000,000			23/11/2015	
Loans repaid										
01/09/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		250,000	45		
18/09/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		2,000,000	205		
22/09/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		1,000,000	48		
30/09/2015	THURROCK BOROUGH COUNCIL			0.400%	Fixed		5,000,000	10,027		
30/09/2015	CONWY COUNTY BOROUGH COUNCIL			0.280%	Fixed		2,000,000	2,148		
30/09/2015	LONDON BOROUGH OF ISLINGTON			0.310%	Fixed		4,000,000	3,024		
October 2015										
Loans made										
07/10/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	500,000			26/10/2015	REPAID REPAID
07/10/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed	2,000,000			15/10/2015	
07/10/2015	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.480%	Fixed	1,000,000			29/12/2015	
15/10/2015	CONWY COUNTY BOROUGH COUNCIL			0.380%	Fixed	2,000,000			29/02/2016	
20/10/2015	BLACKBURN WITH DARWEN BOROUGH COUNCIL			0.350%	Fixed	2,000,000			19/02/2016	
Loans repaid										
15/10/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		2,000,000	110		
19/10/2015	LONDON BOROUGH OF ISLINGTON			0.310%	Fixed		2,000,000	1,835		
26/10/2015	DEBT MANAGEMENT OFFICE			0.250%	Fixed		500,000	65		
30/10/2015	CORNWALL CITY COUNCIL			0.300%	Fixed		4,000,000	6,707		
30/10/2015	LONDON BOROUGH OF ISLINGTON			0.310%	Fixed		2,000,000	2,021		
						153,950,000	98,950,000	75,494		
	Balance C/F						55,000,000			
Average rate of interest received in financial year								0.394%		

Explanation of Credit Ratings

F1 (Fitch)	Indicates the strongest capacity for timely repayment of financial commitments; may have an added '+' to denote an exceptionally strong credit feature.
A1 (S&P)	The obligator's capacity to meet its financial commitment on the obligation is strong. With this category, certain obligations are designated with a plus '+' sign. This indicates that the obligator's capacity to meet its financial commitment is extremely strong.
P1 (Moody's)	Issuers (or supporting institutions) rated Prime - 1 have a superior ability to pay short term debt obligations.

OFFICE OF POLICE AND CRIME COMMISSIONER

TITLE: Treasury Management Strategy 2016/17 to 2018/19

DATE: 11th December 2015

TIMING: Routine

PURPOSE: For Information

1.	<u>RECOMMENDATION</u> For the information of the Police and Crime Panel.
2.	<u>INTRODUCTION & BACKGROUND</u> Treasury Management covers borrowing, investing, banking and cash flow management. This report fulfils four key annual legislative requirements: (i) The setting of the Prudential Indicators relating to capital expenditure; (ii) The Minimum Revenue Provision policy; (iii) The Treasury Management Strategy; and (iv) The Investment Strategy in accordance with the Welsh Government's Guidance on Local Government Investments. The report also seeks approval for twelve Treasury Management Practices.
3.	<u>ISSUES FOR CONSIDERATION</u> The Commissioner is required to adopt and comply with the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Code of Practice on Treasury Management. The Treasury Management strategy 2016/17 to 2018/19 (Appendix A) and the Treasury Management Practices (Appendix B) are submitted for the information of the Police and Crime Panel prior to approval by the Police and Crime Commissioner.
4.	<u>NEXT STEPS</u> The capital prudential indicators demonstrate that the capital programme is affordable, prudent and sustainable and it is essential that the Commissioner is satisfied of this situation prior to formally setting the budget and council tax precept for 2016/17.
5.	<u>FINANCIAL CONSIDERATIONS</u> This is a financial report required prior to setting the budget and council tax precept for 2016/17.
6.	<u>PERSONNEL CONSIDERATIONS</u> There are no additional staff requirements stemming from this report.

7.	<p><u>LEGAL IMPLICATIONS</u></p> <p>Approval of the Treasury Management Strategy by the Commissioner is a statutory responsibility.</p>
8.	<p><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></p> <p>This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.</p> <p>Consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998 in preparing this report.</p>
9.	<p><u>RISK</u></p> <p>Treasury Management can never be risk free. In borrowing, the risk is that interest payable might be higher than necessary and in lending there is the risk of default on repayment and the risk that a better rate of return could have been achieved. Adherence to the CIPFA Code of Practice on Treasury Management is best practice in terms of balancing risk and return.</p>
10.	<p><u>PUBLIC INTEREST</u></p> <p>Once approved the Treasury Management Strategy will be published on the website.</p>
11.	<p><u>CONTACT OFFICER</u></p> <p>Darren Garwood-Pask, Chief Finance Officer and Deputy Chief Executive to the Commissioner.</p>
12.	<p><u>ANNEXES</u></p> <p>The Appendices to this report provides more details on the proposal.</p>

OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR GWENT

Treasury Management Strategy 2016/17 to 2018/19

1 INTRODUCTION

- 1.1 Treasury Management is the management of cash flows, banking, money market and capital market transactions; the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks. The treasury management service is an important part of the overall financial management of the Commissioner's affairs. The Commissioner is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Commissioner's low risk appetite, providing adequate liquidity initially before considering investment return. The second main function of the treasury management service is the funding of the Commissioner's capital plans. These capital plans provide a guide to the borrowing need of the Commissioner, essentially the longer term cash flow planning to ensure that the Commissioner can meet his capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet the Commissioner's risk or cost objectives.
- 1.2 The Commissioner's treasury activities are strictly regulated by statutory requirements and a professional code of practice, the CIPFA Code of Practice on Treasury Management. Under the Code, the Commissioner is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.
- 1.3 The adoption of a Treasury Management Strategy for 2016/17, prior to the start of the financial year, is the first of the three reporting requirements in respect of that year. This will be followed in due course by a mid-year Treasury Management report and an Annual Treasury Report before 30th September 2017, providing a selection of actual prudential and treasury indicators.

- 1.4 The Treasury Management Strategy for 2016/17 covers two main areas:

Capital Issues

- (i) The capital plans and the prudential indicators; and
- (ii) The Minimum Revenue Provision (MRP) strategy.

Treasury Management Issues

- (i) Debt and investment projections;
- (ii) Limits on borrowing activity;
- (iii) The expected movement in interest rates;
- (iv) Borrowing and investment strategies;
- (v) Treasury performance indicators; and
- (vi) Specific limits on treasury activities.

2. CAPITAL PRUDENTIAL INDICATORS 2016/17 to 2018/19

- 2.1 The Local Government Act 2003 requires the Commissioner to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the underlying capital appraisal systems. This document updates currently approved indicators and introduces new indicators for 2018/19.

- 2.2 Within this overall prudential framework there is an impact on the Commissioner's treasury management activity, as it will directly impact on borrowing or investment activity.

2.3 Capital Expenditure Plans

- 2.3.1 The capital expenditure plans are summarised below and this forms the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Commissioner to spend above this level will be considered unsupported capital expenditure.

- 2.3.2 This unsupported capital expenditure needs to have regard to:

- (i) Service objectives (e.g. strategic planning);
- (ii) Stewardship of assets (e.g. asset management planning);
- (iii) Value for money (e.g. option appraisal);
- (iv) Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- (v) Affordability (e.g. implications for the council tax); and
- (vi) Practicality (e.g. the achievability of longer term plans).

- 2.3.3 The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Commissioner's own resources.

- 2.3.4 This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Commissioner's borrowing need.
- 2.3.5 A key risk to the plans are that the level of Government support has been estimated and could therefore be subject to change.
- 2.3.6 The Commissioner is asked to approve the following summary capital expenditure projections which is the first prudential indicator:

First Prudential Indicator - Estimates of Capital Expenditure					
	2015/16 Original £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Capital Expenditure	6,110	7,395	4,209	3,700	3,260
Financed by:					
Capital Receipts	0	0	0	0	0
Capital Grants and PIF Grants	1,100	1,501	876	876	876
Reserves	5,010	5,894	3,333	2,824	2,384
Revenue	0	0	0	0	0
Net Financing Need for the Year	0	0	0	0	0

- 2.3.7 The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
- 2.4 The Commissioner's Borrowing Need (the Capital Financing Requirement)**
- 2.4.1 The second prudential indicator is the Commissioner's Capital Financing Requirement (CFR) which is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Commissioner's underlying borrowing need. Any capital expenditure in the table in paragraph 2.3.6 above which has not immediately been paid for will increase the CFR.
- 2.4.2 Following accounting changes, the CFR now includes any other long term liabilities (e.g. PFI schemes) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Commissioner's borrowing requirement, these types of scheme include a borrowing facility and so the Commissioner is not required to borrow separately for this scheme. The Commissioner currently has £4.91m of such schemes within the CFR.

2.4.3 The Commissioner is asked to approve the CFR projections below:

Second Prudential Indicator - the Capital Financing Requirement (CFR)					
	2015/16 Original £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
CFR as at 1st April	8,217	8,123	6,685	6,573	6,434
Movement in CFR during year	(132)	(1,438)	(112)	(139)	(245)
Represented by *					
Net Financing Need for the year	0	0	0	0	0
Movement in Finance Lease Liability	0	122	36	66	175
Less MRP	132	129	76	73	70
Less VRP		1,187			
Movement in CFR	132	1,438	112	139	245

3. MINIMUM REVENUE PROVISION POLICY

3.1 The Commissioner is required to pay off an element of outstanding capital borrowing each year through a revenue charge known as the Minimum Revenue Provision (MRP). It is also permissible to pay an additional amount known as a Voluntary Revenue Provision (VRP). Under Welsh Government (WG) Regulations the Commissioner has to approve an MRP Statement in advance of each year. The Commissioner is recommended to adopt the following MRP policy for 2016/17:

- (i) for all capital expenditure incurred before 1st April 2008 and all supported capital expenditure incurred since that date or in the future, the MRP policy will be 4% of the Capital Financing Requirement. This is consistent with the practice in place prior to the current regulations; and
- (ii) for all unsupported borrowing since 1st April 2008 and in the future, the asset life method will be used, i.e., the amount borrowed will be divided by the life of the asset.

4. THE USE OF THE COMMISSIONER'S RESOURCES AND INVESTMENT POSITION

- 4.1 The application of resources (capital receipts, reserves etc.) will have an on-going impact on investments. Detailed below are estimates of the year-end balances for each resource and anticipated day to day cash flow balances.

Investment Position - Year end Resources					
	2015/16 Original £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Police Fund	10,117	4,000	4,000	4,000	4,000
Earmarked Reserves	24,990	32,567	21,068	18,871	15,194
Provisions	1,791	1,617	1,617	1,617	1,617
Total Core Funds	36,898	38,184	26,685	24,488	20,811
Working Capital	4,500	4,500	4,500	3,300	3,300
Expected Investments	41,398	42,684	31,185	27,788	24,111

*Working capital balances shown are estimated year end; these may be higher mid-year.

5. AFFORDABILITY PRUDENTIAL INDICATORS

- 5.1 The previous sections cover the overall capital and control of borrowing prudential indicators. Prudential indicators are also required to assess the affordability of the capital investment plans. The Commissioner is asked to approve the third and fourth prudential indicators, which assess affordability in terms of the impact of the capital investment plans on the Commissioner's overall finances.
- 5.2 The third prudential indicator is the ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Third Prudential Indicator - Ratio of Financing Costs to Net Revenue Stream					
	2015/16 Estimate %	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
Ratio	0.25%	0.16%	0.19%	0.12%	0.13%

- 5.3 The estimates of financing costs include current commitments and the proposals in the budget report.

- 5.4 The fourth prudential indicator identifies the increased revenue costs associated with the approved three year capital programme and expresses these in terms of the increase in Band D council tax. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which is not published over a three year period.

Fourth Prudential Indicator - Incremental Increase in Council Tax Precept			
	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Ratio	0.06	0.05	0.04

6. BORROWING

- 6.1 The capital expenditure plans are set out in Section 2.3.6. The treasury management function ensures that the cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet the capital expenditure requirements. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury prudential indicators, the current and projected debt positions and the annual investment strategy.

6.2 Current portfolio position

The treasury portfolio position at 1st April 2015, with forward projections, are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Borrowing Position					
	2015/16 Original £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
External Debt					
Debt at 1st April	5,070	5,068	4,907	4,746	3,385
Expected Change in Debt	(161)	(161)	(161)	(1,361)	(161)
Other Long Term Liabilities (Finance Lease Liability - PFI) at 1st April	4,910	4,910	4,788	4,752	4,686
Expected Change in OLTL	(122)	(122)	(36)	(66)	(175)
Gross Debt at 31st March	9,697	9,695	9,498	8,071	7,735
Capital Financing Requirement at 31st March	8,085	6,685	6,573	6,434	6,189
Under/(Over) Borrowing	(1,612)	(3,010)	(2,925)	(1,637)	(1,546)

- 6.3 The related impact of the above movements on the revenue budget is shown below:

Impact on Revenue Budgets					
	2015/16 Estimate £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Revenue Budget Heading					
Interest on Borrowing	302	302	291	182	171
Investment Income	(145)	(238)	(144)	(115)	(101)
Net Police Fund Borrowing Cost	157	64	147	67	70

7. LIMITS ON BORROWING ACTIVITY

- 7.1 Within the prudential indicators there are a number of key indicators to ensure that the Commissioner operates activities within well-defined limits. For the first of these the Commissioner needs to ensure that gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. The following table is relevant for this indicator.

Limits on Borrowing Activity - Year End Position					
	2015/16 Estimate £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Gross Debt	9,697	9,695	9,498	8,071	7,735
Investments	(41,398)	(42,684)	(31,185)	(27,788)	(24,111)
Net Borrowing	(31,701)	(32,989)	(21,687)	(19,717)	(16,376)
Capital Financing Requirement	8,085	6,685	6,573	6,434	6,189
Net Borrowing < CFR	No	No	No	No	No

- 7.2 In previous years this prudential indicator was calculated by deducting investments from gross debt and comparing this figure with the Capital Financing Requirement. The new requirement to exclude investments shows that gross debt needs to be reduced below the CFR. Resources are available from investments to do this, but such action would incur penalties for early repayment of debt.
- 7.3 The next key indicator is the operational boundary. This is the limit beyond which external debt is not normally expected to exceed.

Operational Boundary for Debt at 1st April					
	2015/16 Original £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Debt	5,070	5,068	4,907	4,746	3,385
Other Long Term Liabilities	4,910	4,910	4,788	4,752	4,686
Net Borrowing	9,980	9,978	9,695	9,498	8,071

- 7.4 A further key prudential indicator representing a control on the overall level of borrowing is the Authorised Limit for External Debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Commissioner. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total plans of all Local Authorities and Commissioners, or those of a specific Authority or Commissioner, although no control has yet been exercised. The Commissioner is asked to approve the following Authorised Limit:

Authorised Limit for Debt at 1st April					
	2015/16 Original £000's	2015/16 Revised £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's
Debt	5,070	5,068	4,907	4,746	3,385
Other Long Term Liabilities	4,910	4,910	4,788	4,752	4,686
Working Capital Requirement	3,000	3,000	3,000	3,000	3,000
Net Borrowing	12,980	12,978	12,695	12,498	11,071

- 7.5 Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism.

8. PROSPECTS FOR INTEREST RATES

- 8.1 The Commissioner uses Capita Asset Services as treasury management advisor and part of their service is to provide a view on the prospects for interest rates and economic growth. The following table gives the Capita Asset Services view on the prospects for interest rates.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
Dec 2015	0.50	0.60	1.10	2.30	3.60	3.50
March 2016	0.50	0.60	1.20	2.40	3.70	3.60
June 2016	1.00	0.75	1.30	2.60	3.80	3.70
Sept 2016	1.00	0.75	1.40	2.70	3.90	3.80
Dec 2016	1.00	1.10	1.60	2.80	4.00	3.90
Mar 2017	1.00	1.30	1.80	2.80	4.10	4.00
June 2017	1.00	1.40	1.90	2.90	4.10	4.00
Sept 2017	1.00	1.50	2.00	3.00	4.20	4.10
Dec 2017	1.00	1.80	2.30	3.20	4.30	4.20
Mar 2018	1.00	1.90	2.40	3.30	4.30	4.20

Economic forecasting remains difficult with so many external influences weighing on the UK. Bank Rate forecasts, (and also Monetary Policy Committee decisions), will be liable to further amendment depending on how economic data transpires over the next year.

Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The Federal Reserve rate is likely to go up sooner and more strongly than Bank Rate in the UK. These increases will have corresponding effects in pushing up US Treasury and UK gilt yields. While there is normally a high degree of correlation between the two yields, it is expected that US yields will go up faster than UK yields. This will need to be monitored due to resulting effect on PWLB rates.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of

strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- (i) Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows;
- (ii) UK economic growth is weaker than anticipated;
- (iii) Weak growth or recession in the UK's main trading partners - the EU, US and China;
- (iv) A resurgence of the Eurozone sovereign debt crisis;
- (v) Recapitalisation of European banks requiring more government financial support; and
- (vi) Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- (i) Uncertainty around the risk of a UK exit from the EU;
- (ii) The commencement by the US Federal Reserve of increases in the Federal Reserve fund's rate in the near future, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities; and
- (iii) UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium over gilt yields.

9. BORROWING STRATEGY 2016/17 – 2018/19

- 9.1 The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Commissioner will continue a cautious approach to treasury strategy.
- 9.2 The Chief Finance Officer & Deputy Chief Executive (hereafter referred to as the CFO), under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide lower cost opportunities in the short/medium term.
- 9.3 With the likelihood of long term rates increasing, debt restructuring is likely to focus on switching from longer term fixed rates to cheaper shorter term debt, although the CFO and treasury consultants will monitor prevailing rates for any opportunities during the year.
- 9.4 The option of postponing borrowing and running down investment balances will also be considered, reducing cost and counterparty risk.

10. INVESTMENT STRATEGY 2016/17 – 2018/19

- 10.1 **Key Objectives** - The Commissioner's primary investment strategy objectives are, firstly, safeguarding the re-payment of the principal and interest of his investments on time and, secondly, ensuring adequate liquidity. The investment return is an important third objective, but not as important as the first two objectives. Following the economic background outlined above, the current investment climate has one over-riding risk consideration; that of counterparty security risk.
- 10.2 **Risk Benchmarking** – A development in the revised 2011 Codes and the Welsh Government Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements in the revised Code, although the application of these is more subjective in nature.
- 10.3 These benchmarks are simple guides (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.
- 10.4 **Security** - The Commissioner's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:
- (i) 0.9% historic risk of default when compared to the whole portfolio.
- 10.5 **Liquidity** – In respect of this area the Commissioner seeks to maintain:
- (i) Liquid short term deposits of at least £2m available with a week's notice; and
 - (ii) Weighted Average Life of investments with banks between 3 and 9 months; and
 - (iii) Note that no overdraft facility is held at Lloyds bank.
- 10.6 **Yield** - Local measures of yield benchmarks are:
- (i) Investments – Internal returns compared to the 7 day LIBID rate.

10.7 The security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	0.09%	Not applicable	Not applicable	Not Applicable	Not Applicable

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

10.8 **Investment Counterparty Selection Criteria** - The primary principle governing the Commissioner's investment criteria is the security of his investments, although the yield or return on the investment is also a key consideration. The Commissioner will not use non-specified investments i.e. investments exceeding 364 days. The Commissioner will ensure:

- (i) A policy covering types of investment, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified Investment (investments not exceeding 364 days) sections below; and
- (ii) Sufficient liquidity in investments. For this purpose procedures will be set out for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the prudential indicators covering the maximum principal sums invested.

10.9 The Assistant Chief Officer - Resources will maintain a counterparty list in compliance with the following criteria. This criteria is separate from that which chooses Specified and Non-Specified Investments as it provides an overall pool of counterparties considered high quality the Commissioner may use rather than defining what his investments are.

10.10 The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Commissioner's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Commissioner's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

10.11 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost

immediately after they occur and this information is considered before dealing. For instance a negative rating watch applying to a counterparty at the minimum of the Commissioner's criteria will be suspended from use, with all others being reviewed in light of market conditions.

10.12 The Commissioner only uses the following high credit quality counterparties:

- (i) UK banks and banks domiciled in a country other than the UK which has a minimum Sovereign long term rating of AAA, which have at least the following Fitch, Moody's and Standard and Poor's ratings (where rated):
 - Short Term – F1/A1/P1;
 - Long Term – A;
 - Individual / Financial Strength – C (Fitch / Moody's only); and
 - Support – 3 (Fitch only).
- (ii) Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks above.
- (iii) Building Societies which:
 - Meet the ratings for banks outlined above; or
 - Have assets in excess of £1bn.
- (iv) Money Market Funds – AAA;
- (v) UK Government (including gilts and the DMADF (see below));
- (vi) Local Authorities; and
- (vii) Supranational institutions.

10.13 Due care will be taken to consider the country, group and sector exposure of the Commissioner's investments. In part, the country selection will be chosen by the credit rating of the Sovereign state. In addition:

- (i) No more than £3m will be placed with any single non-UK country at any time;
- (ii) Limits in place above will apply to Group companies; and
- (iii) Sector limits will be monitored regularly for appropriateness.

10.14 Additional requirements under the Code of Practice now require the Commissioner to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

10.15 The time and monetary limits for institutions on the Commissioner's Counterparty List are as follows:

	Fitch (or equivalent)	Money Limit	Time Limit
Banks (Groups)	<i>P1/F1/A1</i>	£3m	<365days
Building Societies	<i>P1/F1/A1</i>	£3m	<365days
Money Market Funds	AAA	£3m	<365days
Local Authorities	-	£10m	<365days
UK DMO	-	None	<365days
Guaranteed Organisations	-	£3m*	<365days

**Guaranteed institutions will need to be restricted to the terms of the guarantee.*

10.16 In the normal course of the Commissioner's cash flow operations it is expected that only Specified Investments will be utilised.

10.17 The criteria for choosing counterparties set out above provide a sound approach to investment in 'normal' market circumstances. However, under exceptional market conditions the CFO may, after consulting the Commissioner, temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to 'normal' conditions. Similarly the time periods for investments may be restricted. Examples of these restrictions would be the greater use of the Debt Management Account Deposit Facility (DMADF – a Government body which accepts local authority deposits), Money Market Funds, guaranteed deposit facilities and strongly rated institutions offered support by the UK Government. The credit criteria have been amended to reflect these facilities.

10.18 Money Market Funds

Money Market Funds (MMFs) are pooled investment vehicles that offer investors the opportunity to invest in a wide range of high quality investments with combined higher credit quality than that which would normally be available if a Local Authority were investing outside of the MMF.

The underlying principles of MMFs are Security, Liquidity and Yield. The Commissioner's treasury management advisors will be able to provide advice to the Commissioner in selecting a MMF should the Commissioner wish to diversify his investment portfolio. Benefits of MMFs are:

- (i) AAA rated provides a higher credit rating than some alternatives such as individual banks;
- (ii) Diversification of assets - access to a wider range of investments diversifies risk;
- (iii) Funds in a MMF are highly liquid allowing instant access to cash should it be needed; and
- (iv) Investing in a MMF will reduce the amount of time required by Finance staff interacting with brokers, thus freeing up their time for more value adding activities.

10.19 Banking Arrangements

The Commissioner's banker is Lloyds Bank, having switched from the Co-operative Bank during 2015/16.

11. SENSITIVITY TO INTEREST RATE MOVEMENTS

- 11.1 The Commissioner is required to disclose in the accounts the impact of risks on treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to the estimated treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

Sensitivity to Interest Rate Movements		
	2016/17 Estimated +1% £000's	2016/17 Estimated -1% £000's
Interest on Borrowing	Nil	Nil
Investment Income	369	-144

12. TREASURY MANAGEMENT - LIMITS ON ACTIVITY

12.1 There are four further treasury activity limits, which were previously prudential indicators. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The Commissioner approves these limits.

	2016/17	2017/18	2018/19
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	35%	35%	35%
Maturity Structure of fixed interest rate borrowing 2016/17			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	20%	
2 years to 5 years	0%	20%	
5 years to 10 years	0%	20%	
10 years and above	20%	90%	
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£m 0	£m 0	£m 0

13. PERFORMANCE INDICATORS

13.1 The Code of Practice on Treasury Management requires the Commissioner to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Performance indicators to be used for the treasury function are:

- (i) Debt – Borrowing - Average rate of borrowing for the year compared to PWLB rates; and
- (ii) Investments – Internal returns compared with the 7 day LIBID rate.

The results of these indicators will be reported in the Treasury Annual Report.

14. TREASURY MANAGEMENT ADVISERS

14.1 The Commissioner uses Capita Asset Services as treasury management consultants. The company provides a range of services which include:

- (i) Technical support on treasury matters, capital finance issues and code compliance;
- (ii) Economic and interest rate analysis;
- (iii) Debt services which includes advice on the timing of borrowing;
- (iv) Debt rescheduling advice surrounding the existing portfolio;
- (v) Generic investment advice on interest rates, timing and investment instruments; and
- (vi) Credit ratings/market information service comprising the three main credit rating agencies.

14.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Commissioner.

15. TREASURY MANAGEMENT TRAINING

15.1 Officer training needs are assessed on appointment, as part of the PDR process and when legislation changes are announced. Officers attend seminars arranged by Capita Asset Services and other organisations. Staff within the Office of the Police and Crime Commissioner and Joint Audit Committee members also receive periodic Treasury Management training.

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APPENDIX B

SCHEDULE OF TREASURY MANAGEMENT PRACTICES (TMP's)

TMP 1 Risk Management

TMP 2 Performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities and dealing arrangements

TMP 6 Reporting requirements and management information requirements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money laundering

TMP 10 Training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

Treasury Management Practice (TMP) 1 RISK MANAGEMENT

1. CREDIT AND COUNTERPARTY RISK MANAGEMENT

1.1 CRITERIA TO BE USED FOR CREATING AND MANAGING APPROVED COUNTERPARTY LISTS/LIMITS

1.1.1 The Welsh Government issued revised Investment Guidance in April 2010, and this forms the structure of the Commissioner's policy below.

1.1.2 The key intention of the Guidance is to maintain the current requirement for Local Authorities and Police and Crime Commissioners to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires the Commissioner to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 edition). **TMP 1(1), covering investment counterparty policy requires approval each year.**

1.1.3 **Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- a) The strategy guidelines for choosing and placing investments, particularly non-specified investments;
- b) The principles to be used to determine the maximum periods for which funds can be committed;
- c) Specified investments the Commissioner will use. These are high security (i.e. high credit rating, although this is defined by the Commissioner, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year; and
- d) Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

1.1.4 The investment policy proposed for the Commissioner is:

Strategy Guidelines – The main strategy guidelines are contained in the Treasury Management Strategy.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Commissioner has the right to be repaid within 12 months if he wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

- a) The UK Government (such as the Debt Management Account Deposit Facility (DMADF), UK Treasury Bills or a Gilt with less than one year to maturity);
- b) Supranational bonds of less than one year's duration;

- c) A local authority, parish council or community council;
- d) Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. Money Market Funds, have to be rated AAA by Standard and Poor's, Moody's or Fitch rating agencies; and
- e) A body that is considered of a high credit quality (such as a bank or building society. This covers bodies with a minimum short term rating of P1/F1/A1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Commissioner has set additional criteria to set the time and amount of monies which will be invested in these bodies. Non-specified investments will not be utilised.

- 1.1.5 **The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Commissioner receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services (CAS) as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by treasury management staff and if required new counterparties which meet the criteria will be added to the list.
- 1.1.6 The Treasury Management Strategy will include suitable criteria for assessing and monitoring the credit risk of investment counterparties which will be used to construct a lending list comprising time, type, sector, country and specific counterparty limits.
- 1.1.7 Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.
- 1.1.8 The Commissioner will use credit criteria to determine creditworthy counterparties for the placing of investments.
- 1.1.9 In the event that more than one rating agency provides a credit rating for a counterparty, then the lowest common denominator approach (LCD) must be applied when determining the rating for a particular counterparty.
- 1.1.10 Treasury Management Consultants will provide a weekly update of all ratings relevant to the Commissioner and notify the Commissioner of any changes to credit ratings during the week.
- 1.1.11 The approved counterparty list and type, limit and period of investment are determined by the criteria set out in the Annual Treasury Management Strategy.
- 1.1.12 The Commissioner should not place an over reliance on credit rating information. Other market information, such as concerns raised in the quality financial press, should also be used to ascertain the credit risk of a particular counterparty.

1.2 APPROVED METHODOLOGY FOR CHANGING LIMITS AND ADDING / REMOVING COUNTERPARTIES

- 1.2.1 Credit ratings for individual counterparties can change at any time. The Chief Finance Officer & Deputy Chief Executive to the Office of the Police and Crime Commissioner (hereafter referred to as the CFO) is responsible for applying the stated credit rating criteria for selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers. This is delegated on a daily basis to staff in the treasury management function.

2. LIQUIDITY RISK MANAGEMENT

2.1 CASH BALANCES, BORROWING AND INVESTMENTS

- 2.1.1. The Commissioner will ensure adequate cash resources, borrowing arrangements and overdraft facilities, for the achievement of business/service objectives.
- 2.1.2 The Commissioner will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.
- 2.1.3 The Commissioner will maintain the following:
- liquid short term deposits of at least £2m available with a week's notice;
- 2.1.4 The Commissioner will also monitor the weighted average length of deposits so that the weighted average life of deposits is between 3 months with a maximum of 9 months.

3. INTEREST RATE RISK MANAGEMENT

3.1 Minimum/maximum proportions of variable rate debt/interest

Maximum proportion of interest on borrowing which is subject to variable rate interest.	35 %
-----------------------------------------------------------------------------------------	------

Minimum proportion of interest on borrowing which is subject to variable rate interest	0 %
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3.2 Minimum/maximum proportions of fixed rate debt/interest

Minimum proportion of interest on borrowing which is subject to fixed rate interest.	65 %
--------------------------------------------------------------------------------------	------

Maximum proportion of interest on borrowing which is subject to fixed rate interest	100 %
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3.3 Forward Dealing

Consideration will be given to dealing for forward periods dependent upon market conditions. When forward dealing is more than one week forward, the approval of the Principal Financial Accountant is required.

4. EXCHANGE RATE RISK MANAGEMENT

4.1 Approved criteria for managing changes in exchange rate levels

- a) As a result of the nature of the business, there may from time to time be exposure to exchange rate risk. This will arise from the receipt of income or the incurring of expenditure in a currency other than sterling. The Commissioner will adopt a full hedging strategy to control and add certainty to the sterling value of these transactions. This will mean that the Commissioner will eliminate all foreign exchange exposures as soon as they are identified.
- b) Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Commissioner has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

5. REFINANCING RISK MANAGEMENT

5.1 DEBT/OTHER CAPITAL FINANCING MATURITY PROFILING, POLICIES AND PRACTICES

- 5.1.1 The organisation will ensure that its borrowing, private finance and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal financing, if required, which are competitive and as favourable to the Commissioner as can be reasonably achieved in light of the market conditions prevailing at the time.
- 5.1.2 The Commissioner will actively manage relationships with counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

6. LEGAL AND REGULATORY

6.1 REFERENCES TO RELEVANT STATUTES AND REGULATIONS

The treasury management activities of the Commissioner shall comply fully with legal statute and the regulations. These are:

- a) CIPFA's Treasury Management Code of Practice 2011;
- b) CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities;

- c) CIPFA Standard of Professional Practice on Treasury Management;
- d) The Prudential Code for Capital Finance in Local Authorities (2011 Edition);
- e) Local Government Act 2003;
- f) BoE Non Investment Products Code (Updated November 2011);
- g) Standing Orders relating to Contracts;
- h) Financial Standing Orders, Regulations and Procedures;
- i) The Commissioner's Manual of Governance and Scheme of Delegation; and

6.2 PROCEDURES FOR EVIDENCING THE ORGANISATION'S POWERS/AUTHORITIES TO COUNTERPARTIES

The Commissioner will prepare, adopt and maintain, as the cornerstones for effective treasury management:-

- a) a Treasury Management Strategy Statement, stating the overriding principles and objectives of his treasury management activities and, as an integral part of that Statement; and
- b) Treasury Management Practices, setting out the manner in which the Commissioner will achieve those principles and objectives, and prescribing how he will manage and control those activities.

6.3 REQUIRED INFORMATION FROM COUNTERPARTIES CONCERNING THEIR POWERS/AUTHORITIES

Lending shall only be made to counterparties on the authorised list.

6.4 STATEMENT ON THE ORGANISATION'S POLITICAL RISKS AND MANAGEMENT OF SAME.

The CFO shall take appropriate action with the Commissioner and the Chief Executive to respond and manage appropriately political risks.

7. FRAUD, ERROR AND CORRUPTION, AND CONTINGENCY MANAGEMENT

7.1 DETAILS OF SYSTEMS AND PROCEDURES TO BE FOLLOWED, INCLUDING INTERNET SERVICES

Authority:

- a) Loan procedures are defined in the Commissioner's Financial Standing Orders, Regulations and Procedures; and
- b) The Scheme of Delegation sets out the appropriate delegated levels. All loans and investments, are negotiated by authorised persons.

Occurrence:

- a) A detailed register of loans and investments is maintained and independently checked to the ledger balance;
- b) Adequate and effective cash flow forecasting records are maintained on the Treasury Management spreadsheet to support the decision to lend or borrow;
- c) A written acknowledgement of the deal is sent promptly in the case of borrowing from or lending to another counterparty; and
- d) All transactions placed through the brokers are confirmed by a broker note showing details of the loan arranged.

Completeness:

- a) The loans register is updated to record all lending and borrowing. This includes the date of the transaction, brokerage fees etc.

Measurement:

- a) The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy;
- b) The Treasury Management spreadsheet automatically calculates periodic interest payments of Public Works Loans Board (PWLb) and other long term loans. This is used to check the amount paid to these lenders; and
- c) Rates generated are compared with other local authorities and against the Treasury Strategy Statement.

Timeliness:

- a) The Assistant Financial Accountant Treasury Management ensures that money borrowed or lent is repaid on time.

Regularity:

- a) All lending is only made to institutions on the Approved List;
- b) All loans raised and repayments made go directly to and from the Commissioner's bank accounts;
- c) Limits on value are set for every category of specified and non-specified investments and institution;
- d) Brokers have a list of named officials authorised to perform loan transactions;
- e) There is adequate insurance cover for employees involved in loans management and accounting;
- f) The control totals on the Treasury Management spreadsheet for borrowing and lending are regularly reconciled with the ledger balance sheet codes under the direction of the Principal Financial Accountant (PFA).
- g) There is a separation of duties in the Section between the repayment of a loan and its checking and authorisation;
- h) The bank reconciliation is carried out regularly from the bank statement to the financial ledger; and
- i) The Assistant Financial Accountants have up to date financial code lists.

Security:

- a) The Treasury Management Investment spreadsheet can only be accessed by a password; and

- b) Payments can only be authorised by nominated persons, using the Lloyds Bank On-line Banking System. The list of signatories having previously been agreed with the current provider of our banking services.

Substantiation:

- a) The Treasury Management spreadsheet balances are proved to the balance sheet ledger codes at the end of each month and at the financial year end. Working papers are retained for audit inspection.
- b) A debt charge/investment income listing is produced every time the debt charges/investment income is recalculated for budget monitoring purposes. A debt charge/investment listing is also produced at the financial year end and this document is retained for audit inspection. The method of accounting for unrealised losses or gains on the valuation of assets within the funds will comply with best CIPFA Accounting Code of Practice by reflecting the market value of the fund in the balance sheet. This will be agreed with external auditors.

7.2 EMERGENCY AND CONTINGENCY PLANNING ARRANGEMENTS

If the Treasury System PC fails the software can be reinstalled on another PC that will then be able to access the appropriate files on the network. The Shared Resource Service (SRS) backs up the data on a daily basis.

CHAPS payments are normally made using the Lloyds Link On-line Banking System. Balances can also be obtained from the same system. In the event of failure of the electronic system, alternative arrangements can be made by fax or e-mail.

7.3 INSURANCE COVER DETAILS.

The PCC has general 'Fidelity' insurance cover of £1m, increased to £3m for specific posts within the Finance Department. This covers the loss of cash by fraud or dishonesty of employees and carries a £10,000 excess level.

The Commissioner also has a 'Business Interruption' cover of £1m as part of his insurance arrangements.

8. MARKET RISK MANAGERMENTS

8.1 DETAILS OF APPROVED PROCEDURES AND LIMITS FOR CONTROLLING EXPOSURE TO INVESTMENTS WHOSE CAPITAL VALUE MAY FLUCTUATE (GILTS, CDS, etc.)

The Commissioner currently does not invest in instruments where capital value can fluctuate.

TMP 2 PERFORMANCE MEASUREMENT

2.1 METHODOLOGY TO BE APPLIED FOR EVALUATING THE IMPACT OF TREASURY MANAGEMENT DECISIONS

The Commissioner carries out efficiency reviews on a rolling programme basis.

2.2 POLICY CONCERNING METHODS FOR TESTING VALUE FOR MONEY IN TREASURY MANAGEMENT

2.2.1 Frequency and processes for tendering

The process for advertising and awarding contracts will be in line with Contract Standing Orders.

2.2.2 Banking services

Banking services will be re-tendered in accordance with Contract Standing Orders.

2.2.3 Money-broking services

The Commissioner will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of brokers will be established which takes account of both prices and quality of services.

2.2.4 Consultants'/advisers' services

The Commissioner currently uses CAS as treasury management consultants. The contract for this service is let in accordance with Contract Standing Orders.

2.2.5 Policy on External Managers

The Commissioner's current policy is to manage cash flow surpluses and deficits in-house. This policy will be kept under review.

2.3 METHODS TO BE EMPLOYED FOR MEASURING THE PERFORMANCE OF THE ORGANISATION'S TREASURY MANAGEMENT ACTIVITIES

2.3.1 Performance measured against Annual Treasury Strategy Statement targets.

2.3.2 Compliance to CIPFA Code of Treasury Practice.

2.3.3 Expenses contained within approved budget.

2.4 BENCHMARKS AND CALCULATION METHODOLOGY

2.4.1 Debt management

- a) Average rate on all external debt;
- b) Average rate on external debt borrowed in previous financial year;

- c) Average rate on internal borrowing;
- d) Average period to maturity of external debt;
- e) Average period to maturity of new loans in previous year; and
- f) Comparison with UK average for public sector bodies.

2.4.2 Investment.

- a) The performance of in house investment earnings will be measured against the 7 day LIBID rate.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 FUNDING, BORROWING, LENDING, AND NEW INSTRUMENTS/TECHNIQUES:

3.1.1 Records to be kept

The Finance Department maintains a treasury management spreadsheet. All loan transactions and investments are recorded using this system.

The following records will be used relative to each loan or investment:

- a) Daily cash projections;
- b) Telephone and email rates;
- c) Dealing slips for all money market transactions – including rate changes;
- d) PWLB loan schedules;
- e) Temporary loan receipts;
- f) Market bond certificates;
- g) Special loan certificates; and
- h) Brokers confirmations for deposits/investments.

3.1.2 Processes to be pursued

- a) Cash flow analysis;
- b) Maturity Analysis;
- c) Security Analysis;
- d) Liquidity Analysis (Weighted Average Life);
- e) Yield Analysis;
- f) Ledger reconciliations;
- g) Review of borrowing requirement;
- h) Monitoring of projected loan charges, interest and expenses costs;
- i) Collation of monthly performance information; and
- j) Monitoring against Prudential Limits.

3.1.3 Issues to be addressed

3.1.3.1. In respect of every decision made the organisation will:

- a) Above all be clear about the nature and extent of the risks to which the organisation may become exposed;
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained;
- c) Be content that the documentation is adequate both to deliver the organisation's objectives and protect the organisation's interests, and to deliver good housekeeping;
- d) Ensure that third parties are judged satisfactory in the context of the organisation's creditworthiness policies, and that limits have not been exceeded; and
- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the organisation will:

- a) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund;
- b) Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;
- c) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use; and
- d) Consider the on-going revenue liabilities created, and the implications for future plans and budgets.

3.1.3.3 In respect of investment decisions, the organisation will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions; and
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the organisation to changes in the value of its capital.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1. APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

- a) Borrowing;
- b) Lending;
- c) Debt repayment and rescheduling;
- d) Consideration, approval and use of new financial instruments and treasury management techniques;
- e) Managing the underlying risk associated with the capital financing and surplus funds activities;
- f) Managing cash flow;
- g) Banking activities;
- h) Leasing; and
- i) Managing the underlying exchange rate risk associated with business activities.

4.2. APPROVED INSTRUMENTS FOR INVESTMENTS

All investments will comply with the Annual Treasury Management Strategy and the guidance issued by the Welsh Government on Investment Strategy issued under Section 15(1)(a) of the Local Government Act 2003. The instruments available for investment and the limitations on their use will be listed in the appendix to the Annual Treasury Management Strategy.

4.3. APPROVED METHODS AND SOURCES OF RAISING CAPITAL FINANCE

Finance will only be raised in accordance with the Prudential Code. The Commissioner has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
European Investment Bank	●	●
Market (long-term or temporary)	●	●
Market (Lender Option Borrower Option)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing

- a) Government and EC Capital Grants;
- b) Lottery monies;
- c) Private Finance Initiative/Public Private Partnerships;
- d) Operating leases; and
- e) Joint arrangements.

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The CFO has delegated powers in accordance with Standing Orders, Financial Regulations, the Scheme of Delegated Powers and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

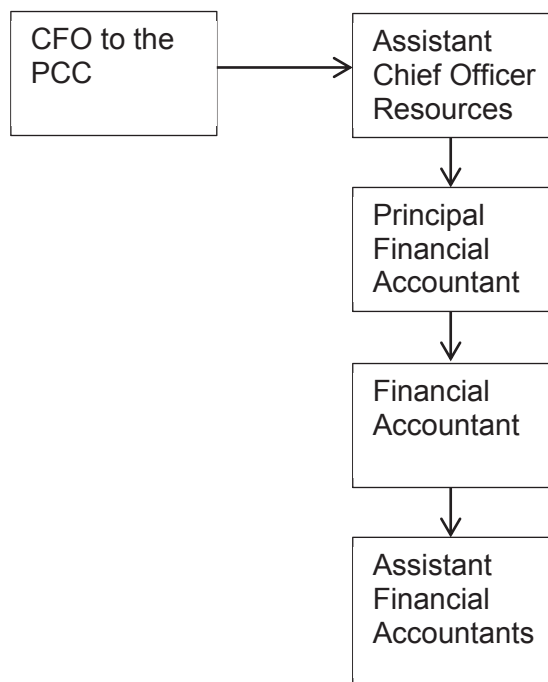
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- 5.6 List of approved brokers**
- 5.7 Policy on brokers' services**
- 5.8 Policy on taping of conversations**
- 5.9 Direct dealing practices**
- 5.10 Settlement transmission procedures**
- 5.11 Documentation requirements**

5.1 LIMITS TO RESPONSIBILITIES/DISCRETION

- a) The CFO will be responsible for recommending amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- b) The CFO will approve the segregation of responsibilities; and
- c) The CFO will receive and review external audit reports concerning treasury management and put recommendations to the Joint Audit Committee and/or Commissioner.

5.2 TREASURY MANAGEMENT ORGANISATION CHART



5.3 STATEMENT OF DUTIES/RESPONSIBILITIES OF EACH TREASURY POST

5.3.1 CFO

- a) The CFO will:
 - i. Recommend clauses, treasury management policy / practices for approval, reviewing the same on a regular basis, and monitoring compliance;
 - ii. Submit treasury management policy reports as required;
 - iii. Submit budgets and budget variations in accordance with Financial Regulations and Procedures;
 - iv. Receive and review management information reports;

- v. Review the performance of the treasury management function and promote best value reviews;
 - vi. Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
 - vii. Ensure the adequacy of internal audit, and liaising with external audit; and
 - viii. Recommend on appointment of external service providers in accordance with standing orders.
- b) The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments;
 - c) Power to borrow and invest may be delegated to members of the Finance Section. The Assistant Financial Accountant Treasury Management (or staff authorised by the Principal Financial Accountant (PFA) to act as temporary cover for leave/sickness) must conduct all dealing transactions;

5.3.2 Assistant Financial Accountant – Treasury Management

The responsibilities of this post will be: -

- a) Execution of transactions;
- b) Adherence to agreed policies and practices on a day-to-day basis;
- c) Maintaining relationships with third parties and external service providers;
- d) Monitoring performance on a day-to-day basis;
- e) Submitting management information reports to the PFA; and
- f) Identifying and recommending opportunities for improved practices.

5.3.3 Principal Financial Accountant (PFA)

- a) The PFA will manage the day to day operation of the Treasury function.
- b) The PFA will ensure that the Treasury Management Strategy and TMP's are adhered to, and if not will bring the matter to the attention of the CFO as soon as possible;
- c) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the PFA to be satisfied that the proposed transaction does not breach any statute, external regulation or the Financial Regulations and Procedures; and
- d) It is also the responsibility of the PFA to ensure that the Commissioner complies with the requirements of The Non Investment Products Code (formerly known as

The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.3.4 Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the CFO reports regularly to the Commissioner on treasury policy, activity and performance.

5.3.5 Monitoring Officer

The responsibilities of this post will be: -

- a) Ensuring compliance by the CFO with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice; and
- c) Giving appropriate advice to the CFO when advice is sought.

5.3.6 Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and procedures;
- b) Reviewing division of duties and operational practice;
- c) Assessing value for money from treasury activities; and
- d) Undertaking probity audit of treasury function.

5.4 ABSENCE COVER ARRANGEMENTS

In the absence of the Assistant Financial Accountant - Treasury his/her treasury management duties are carried out by the PFA or a member of staff in the Finance Department nominated by the PFA, this will usually be the Financial Accountant or the Assistant Financial Accountant – Financial Statements.

5.5 DEALING LIMITS

Dealing limits are set out in the Annual Treasury Management Strategy.

5.6 LIST OF APPROVED BROKERS

A list of approved brokers is maintained within the Finance Department and a record of all transactions recorded against them.

5.7 POLICY ON BROKERS' SERVICES

It is the Commissioner's policy to allocate business to the brokers offering the best rate on the day.

5.8 POLICY ON TAPING OF CONVERSATIONS

It is not Commissioner's policy to tape brokers' conversations.

5.9 DIRECT DEALING PRACTICES

Direct dealing contacts are established with the Commissioner's own bank and several other banks and building societies via the use of Business Reserve Accounts. Direct dealing can bring additional benefits e.g. may take smaller amounts for deposits and may lend direct as well saving on broking fees.

5.10 SETTLEMENT TRANSMISSION PROCEDURES

The Assistant Financial Accountant – Treasury Management will produce documentation to support the transaction set up within the Lloyds Link system. An approved signatory will authorise the payment within Lloyds Link.

5.11 DOCUMENTATION REQUIREMENTS

For each deal undertaken, a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGMENTS

6.1 ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT

- 6.1.1 The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Commissioner for approval before the commencement of each financial year.

The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter term variable interest rates. For instance, this organisation may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

- 6.1.2 The Treasury Management Strategy is concerned with the following elements:-

- a) The current Treasury portfolio position;
- b) The prospects for interest rates;
- c) The limits placed by this organisation on treasury activities;
- d) The expected borrowing strategy;
- e) The expected temporary investment strategy;
- f) The policy concerning retention of the set aside capital receipts;
- g) The expectations for debt rescheduling;
- h) Borrowing requirements; and
- i) Any extraordinary treasury issue.

- 6.1.3 The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

6.2 ANNUAL INVESTMENT STRATEGY

- 6.2.1 One of the consequences of the introduction under the Local Government Act 2003 of the Prudential Code for Capital Finance in Local Authorities, was the withdrawal of the approved investment regulations. In place of the regulations, guidance on investment practice was formally issued by the Welsh Government requiring all local authorities to formulate an annual investment strategy to be adopted by the Commissioner prior to the start of the financial year.

- 6.2.2 The Annual Investment Strategy will cover the following:

- a) Investment Principles;
- b) Specified and Non-Specified Investments;

- c) Permitted Investments;
- d) Liquidity;
- e) Security of Capital;
- f) Investment Limits; and
- g) External Fund Managers.

6.3 POLICY ON INTEREST RATE EXPOSURE

- 6.3.1 The Commissioner approves before the beginning of each financial year the following treasury limits:-
- a) The amount of the overall borrowing limit which may be outstanding by way of short term borrowing; and
 - b) The maximum proportion of interest on borrowing which is subject to variable rate interest.
- 6.3.2 The CFO is responsible for incorporating these limits into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the CFO shall submit the changes for approval to the Commissioner.

6.4 ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY

An annual report will be presented to the Commissioner at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

- a) A comprehensive picture for the financial year of all treasury policies, plans, activities and results;
- b) Transactions executed and their revenue (current) effects;
- c) Report on risk implications of decisions taken and transactions executed;
- d) Monitoring of compliance with approved policy, practices and statutory / regulatory requirements;
- e) Monitoring of compliance with powers delegated to officers;
- f) Degree of compliance with the original strategy and explanation of deviations;
- g) Explanation of future impact of decisions taken on the organisation;
- h) Measurements of performance; and
- i) Report on compliance with CIPFA Code recommendations.

6.5 MANAGEMENT INFORMATION REPORTS

Management information reports will be prepared every month by the Principal Financial Accountant and will be presented to the CFO.

These reports will contain the following information: -

- a) A summary of transactions executed and their revenue (current) effects;
- b) Measurements of performance including effect on borrowing charges/investment income; and
- c) Degree of compliance with original strategy and explanation of variances.

6.6 PERIODIC MONITORING COMMITTEE REPORTS

The Commissioner will receive and consider as a minimum:

- a) An annual treasury strategy before the commencement of the new financial year;
- b) An annual investment strategy before the commencement of the new financial year; and
- c) An annual treasury management activity report before the 30th September after the year end to which it relates; and
- d) A mid-year monitoring report.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 STATUTORY/REGULATORY REQUIREMENTS

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices.

7.2 ACCOUNTING PRACTICES AND STANDARDS

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to the Police Service in Great Britain. The Commissioner adopts in full the principles set out in CIPFA's 'Code of Best Practice and Guide for Treasury Management in the Public Services' (the 'CIPFA Code and Guide'), together with those of its specific recommendations that are relevant to this organisation's treasury management activities.

7.3 LIST OF INFORMATION REQUIREMENTS OF EXTERNAL AUDITORS.

The following information is required by the external auditor:-

- a) Reconciliation of loans interest and premiums paid to financial ledger by loan type;
- b) Maturity analysis of loans outstanding;
- c) Calculation of loans interest and debt management expenses;
- d) Annual Treasury Report;
- e) Calculation of Revenue Interest;
- f) Analysis of any Deferred Charges;
- g) Principal and interest charges from Treasury Management records; and
- h) Interest accruals calculation from Treasury Management records.

7.4 Monthly Budget Monitoring Report

This report will consider year to date and forecast outturn against budget with variances examined in terms of interest and expense rates derived from the treasury management records.

7.5 Budget Setting Exercise

A budget for interest paid and received, expenses and minimum revenue provision is prepared as part of a budget setting exercise.

TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 ARRANGEMENTS FOR PREPARING/SUBMITTING CASH FLOW STATEMENTS

The Assistant Financial Accountant - Treasury Management responsible for day to day treasury management activities maintains a rolling annual cash flow budget, which is revised daily.

8.2 LISTING OF SOURCES OF INFORMATION

In drawing up cash flow projections the following sources of information are used:

- a) Payroll for salaries, national insurance, superannuation and income tax information;
- b) Treasury Management spreadsheet for interest and loans principal payments;
- c) Precept income;
- d) Grant income;
- e) Pensions lump sums;
- f) Police pension account surplus/deficit payments;
- g) Income forecasts; and
- h) Creditor payment schedules.

8.3 BANK STATEMENT PROCEDURES

Bank Statements are reconciled against payment and income records on the General Ledger. Finance staff check all items going through the financial ledger to the Bank Statement and investigate discrepancies. Presented cheque information is also uploaded and recorded against cheques drawn, general ledger and bank statements.

8.4 PAYMENT SCHEDULING AND AGREED TERMS OF TRADE WITH CREDITORS

The policy is to pay creditors within 30 days of the invoice date and this effectively schedules the payments. Certificated payments to sub-contractors must be paid within 14 days.

8.5 ARRANGEMENTS FOR MONITORING DEBTORS / CREDITORS LEVELS

The creditors section provides the PFA with monthly statistics of invoices paid and the percentage paid within 30 days.

8.6 PROCEDURES FOR BANKING OF FUNDS

All money received by officers on behalf of the Commissioner will without unreasonable delay be paid to the Cashier or deposited in the Commissioner's bank

accounts. Details are included in the Financial Regulations and Financial Procedures.

8.7 PRACTICES CONCERNING PREPAYMENTS TO OBTAIN BENEFITS

All prepayments must be authorised by the CFO.

TMP 9 MONEY LAUNDERING

9.1 Statutory Requirements

The Commissioner is not directly required to implement the requirements of the Money Laundering Regulations 2003, but the implications of the Terrorism Act 2000, the Anti-Terrorism, Crime and Security Act 2001 and The Proceeds of Crime Act 2002 place an onus of responsibility on individuals associated with treasury process to consider its implications. It follows that officers involved in treasury management activities must be alert to the possibility that the Commissioner may become the subject of an attempt to involve him in a transaction involving the laundering of money and aware of their reporting responsibility in those circumstances.

9.2 PROCEDURES FOR ESTABLISHING IDENTITY / AUTHENTICITY OF LENDERS

The Commissioner does not accept loans from individuals. All material loans are obtained through brokers, from other local authorities or from authorised institutions. Receipts will normally be paid by BACS or cheques and the relevant bank will be required to comply with money laundering regulations for their customer. Any cash deposits must without delay be reported to the CFO as the nominated Money Laundering Reporting Officer (MLRO).

9.3 METHODOLOGIES FOR IDENTIFYING SOURCES OF DEPOSITS

In the course of its Treasury activities, the Commissioner will only lend money to or invest with those counterparties that are on his approved lending list.

9.4 REPORTING PROCEDURES

- a) Any person in the organisation having reasonable grounds for suspecting money laundering must report their suspicions without delay to the CFO, as nominated Money Laundering Reporting Officer;
- b) On receipt of a disclosure the MLRO should consider, in the light of all information, whether it gives rise to such knowledge or suspicion; and
- c) If the MLRO determines that the information or matter should be disclosed he should do so to the National Criminal Intelligence Service.

9.5 TRAINING

Relevant employees must be made aware of their responsibilities relating to money laundering and receive appropriate training in recognising and dealing with transactions which may be related to money laundering.

TMP 10 TRAINING AND QUALIFICATIONS

- 10.1** Details of staff and relevant member training needs will be identified as part of the Personal Development Reviews.
- 10.2** Training and training updates will be provided as appropriate on the Treasury Management system
- 10.3** Treasury Management seminars will be attended as appropriate.
- 10.4** The CFO and Assistant Chief Officer – Resources, are committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

11.1 DETAILS OF CONTRACTS WITH SERVICE PROVIDERS, INCLUDING BANKERS, BROKERS, CONSULTANTS, ADVISERS

11.1.1 Banking services

- a) Name of supplier of service is the Lloyds Bank. The branch address is 1 Gwent Square, Town Centre, Cwmbran, NP44 1XN.
- b) Contract commenced in December 2014.
- c) Cost of service is dependent on transaction volumes through the account.

11.1.2 Treasury Management Advisors

Capita Asset Services
40 Dukes Place
London
EC3A 7NH

11.1.3 Money-broking services

Names of suppliers of service:

Martin Brokers (UK) plc
Prebon Yamane
Tradition UK Limited
Icap

11.2 PROCEDURES AND FREQUENCY FOR TENDERING SERVICES

See TMP2

TMP 12 CORPORATE GOVERNANCE

12.1 LIST OF DOCUMENTS TO BE MADE AVAILABLE FOR PUBLIC INSPECTION

Statement of Accounts (PCC Group and Chief Constable)

Annual Budget

3 Year Capital Plan;

Treasury Management Strategy

Mid Year Monitoring Report(s)

Annual Treasury Report

Annual Investment Strategy

Relevant Decisions of the Commissioner

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<u>OFFICE OF THE POLICE & CRIME COMMISSIONER</u>	
TITLE:	Medium Term Financial Plan 2016/17 to 2020/21
DATE:	3rd December 2015
TIMING:	Routine
PURPOSE:	For Consideration
1.	<u>RECOMMENDATION</u>
1.1	To consider the Medium Term Financial Projections for 2016/17 to 2020/21.
2.	<u>INTRODUCTION & BACKGROUND</u>
2.1	This report shows the group financial projections for the financial years 2016/17 to 2020/21, which identify a recurring deficit of £15.455m by 2020/21.
2.2	As part of the on-going Staying Ahead Programme, the financial projections include estimated recurring efficiency schemes amounting to £13.222m.
2.3	The 2016/17 budget setting round is planned to be the first year of the 2015 CSR. The preceding 2010 and 2013 CSR periods (2011/12 to 2014/15 and 2014/15 to 2015/16) required the delivery of significant financial efficiencies and budget reductions. It is anticipated that this will continue to be a requirement under CSR 2015. The Staying Ahead Programme was initiated to address these targets and to the end of 2014/15, has delivered cumulative recurring savings of £31.692m.
2.4	This budget setting round was also intended to be the first year of a fundamental revision to the Police Funding Formula. However, following consultation during the summer months, the Home Office discovered a flaw in the calculation of the new formula and decided to defer its introduction until 2017/18.
2.5	The Medium Term Financial Projections (MTFPs) reflect an estimated impact of CSR 2015, but do not reflect the recent announcement of the 2015 Spending Review. It currently indicates that a balanced budget can be achieved for 2016/17 after the application of £6.153m of potential Staying Ahead efficiency schemes and the use of £0.920m of non-recurring reserves.
2.6	The MTFP report will be presented to the Joint Audit Committee on the 3 rd December 2015. Members will then consider and comment on the budget setting process as per the terms of reference of the Committee.
3.	<u>ISSUES FOR CONSIDERATION</u>
3.1	Police Funding Announcement 2016/17
3.2	The Provisional Police Settlement for 2016/17 is not due to be announced until the 17th December 2015.
3.3	The MTFP is based upon estimated funding assumptions, which now indicate a further reduction in the level of funding from the Home Office, above that anticipated in the MTFP presented when determining the 2015/16

	budget.
3.4	The Home Office are yet to announce the level of capital funding for 2016/17.
3.5	Council Tax Increases 2016/17 (Appendix 1a)
3.6	The MTFP assumes that the Band D council tax precept will increase by 4.00% in 2016/17 and continue at this level throughout the projections. The Council Tax Base is assumed to be maintained at the growth rate for 2015/16 of 1.08%.
3.7	It has been assumed that there will be no further impact from the Council Tax Support Scheme in 2016/17.
3.8	The incremental impact of change to the growth in precept away from the projected growth rate of 4.00% is shown at Appendix 1a.
3.9	Medium Term Financial Projections 2016/17 to 2020/21
3.10	The current MTFP is shown at Appendix 1b, with the detailed assumptions, service pressures/developments and efficiency initiatives which support the projections at Appendices 2 to 4c.
3.11	Members will note that although a balanced budgetary position could be achieved in 2016/17 through the use of reserves, the estimated impact of CSR 2015, coupled with internal assumptions beyond this, present further funding pressures. It is forecast that this will form a recurring funding deficit of £15.455m by 2020/21.
3.12	Funding Assumptions (Appendix 2)
3.13	<p>On the 25th November 2015, the Chancellor of the Exchequer, George Osborne MP, announced the outcome of the Spending Review 2015. This details the spending settlements for each government department over the next four years (2016/17 to 2019/20).</p> <p>Whilst early indications suggested that significant reductions should be expected for police funding, in his Autumn Statement, the Chancellor stated that “now is not the time for further police cuts, now is the time to back our police and give them the tools to do the job.”</p> <p>Overall funding, including funding for Counter Terrorism, has been cut by 1.3% in real terms over the four years, However a number of topslices are expected to fund additional schemes notably, Counter terrorism, transformational funding to support efficiency and reform, increased capability for firearms, cyber-crime and child exploitation and the Emergency Services Mobile Communications Programme. It was also highlighted that the ability “to raise Council Tax will mean a flat real settlement for policing as a whole.”</p> <p>This marked change in Government direction for police funding has been welcomed nationally by Police and Crime Commissioners and Chief Constables. However, further details are anticipated from the Home Office in the coming weeks, and the effect this announcement will have upon individual settlements will not become clear until the provisional police funding settlement for 2016/17 is issued. This is expected on the 17th December 2015.</p>

	<p>Due to the uncertainty over the true impact upon individual finances and the delay in the fundamental revision to the Police Funding Formula, the MTFP continues to reflect the assumption that Central Government Funding, will reduce by 7.00% in 2016/17 and in each year through to the end of the MTFP. This will obviously be revised upon receipt of the provisional settlement on the 17th December 2015 and reflected in the PCC's Proposed Precept Report, which will be presented to the Panel on the 22nd January 2016.</p> <p>It is anticipated that Home Office (HO) Specific Grants and Welsh Government (WG) Specific Grants will remain at levels consistent with the 2015/16 projections.</p>
3.14	The Council Tax Precept is assumed to increase by 4.00% in 2016/17 and remain at that level of annual growth to the end of the MTFP. This is consistent with the growth rates reflected in the 2015/16 projections. The Council Tax Base is assumed to increase at a rate consistent with the growth in 2015/16. No further impact of the Council Tax Support Scheme is anticipated before the end of the financial projections.
3.15	Expenditure Assumptions (Appendices 2 and 3)
3.16	The assumptions for pay awards, allowances, enhancements and non-staff inflation remain consistent with those used in the 2015/16 budget setting round, with the exception of pay awards, which are anticipated to increase by 1.00% in 2016/17, before rising to 1.50% in future years.
3.17	Expenditure developments and pressures have been identified during the detailed budget preparation, which are not able to be absorbed within the existing budget. These are shown at Appendix 3. Future years reflect an estimate of the unknown pressures that will arise, to ensure that a more realistic assessment of the funding pressures is shown.
3.18	It has been identified that the proposed move to a single state pension is likely to have a major impact upon the chargeable rates of Employer National Insurance. It is currently assessed that this will become a significant cost pressure in 2016/17 of approximately £2.541m. As further details are announced, a more accurate assessment will be made of this pressure.
3.19	No additional revenue costs from capital investment have been reflected as yet, however this cannot be discounted as the respective ICT, Estate and Fleet Strategies are progressed.
3.20	Value For Money profiles 2015
3.21	The Value For Money (VFM) profiles have been produced by Her Majesty's Inspectorate of Constabulary (HMIC) for the past five financial years. The main purpose of these profiles is to help forces compare performance and costs. They are designed for use by force management, Police and Crime Commissioners as well as the HMIC. The comparisons are across all English and Welsh forces, but exclude the Metropolitan Police and City of London Police, due to their uniqueness of data.
3.22	The final profiles have been received and a detailed commentary will be presented in the PCC's Proposed Precept Report on the 22 nd January 2016.

3.23	Efficiency Opportunities (Appendices 4a to 4c)
3.24	Appendix 4a shows budget reductions identified through the detailed budget setting process.
3.25	Appendix 4b shows the efficiencies identified through the acceleration of existing schemes together with new opportunities that have arisen since the previous budget setting cycle.
3.26	The Staying Ahead Programme has a schedule of planned work to review functions and departments across the whole of the organisation. The initial emphasis of the eighth phase of the programme was on the operating side of the organisation, which delivered significant savings for 2015/16. The subsequent programme of works has far more of an emphasis on the supporting functions, both operational and enabling. The identification of future recurring savings and the associated delivering timescales is progressing and is indicatively shown at Appendix 4c. Since the majority of these savings are still formative, a sensitivity risk assessment has been made that assumes 20% of the planed savings will be delivered in the subsequent year.
3.27	Police Officer and Police Staff Flightpaths (Appendices 5a and 5b)
3.28	Appendices 5a and 5b indicate how police officer and police staff establishments could reduce over the following four years. The police officer flightpath reflects progress against the New Operating Model, which was introduced in April 2015. The police staff flightpath indicates the potential progression against indicative future operating numbers - Phase 8 of the Staying Ahead Programme will redefine these targets. The flightpaths receive continued scrutiny by Chief Officers, to ensure performance against the Staying Ahead Programme and the impact upon the MTFP.
3.29	Financial Performance to 30th September 2015 (Appendix 6a and 6b)
3.30	These Appendices shows the group financial performance as at 30th September 2015, which shows savings of £2,255,000 against budget. As part of the Staying Ahead Programme, the 2015/16 budget proposal included a requirement for £6,027,000 of in-year efficiency schemes against the CSR target.
3.31	Police Officer Salaries and Allowances show total savings against budget of £1,379,000 (Appendix 6a, Line 1). The authorised budget reflects the new operating model, together with non-recurrent funding for transitional roles and the Staying Ahead Programme. As the transition is completed during the year, these non-recurrent savings will be moved to the Identified Savings (Appendix 6a, Line 16). The savings are mainly due to the reduction in head count, but also comprise of timing differences from incremental salary increases and lower than anticipated officer allowance payments.
3.32	At the end of September 2015, the actual police officer establishment stood at 1,198.63 wte, 5.63 wte above the authorised operating model of 1,193.00 wte. This is consistent with flight-path profiling.
3.33	Police Staff Salaries and Allowances show total savings of £344,000

	(Appendix 6a, Line 2). This reflects being below the current authorised establishment. It is anticipated that the majority of these savings will be recognised as recurring efficiencies and moved to the Identified Savings (Appendix 6a, Line 16).
3.34	At the end of September 2015, the actual establishment stood at 803.79 wte (including 101.0 wte Welsh Government funded PCSOs and 77.26 wte Force funded PCSOs), against the current authorised establishment of 866.94 wte. The vacancies are partly offset by 27 wte agency staff currently in Force.
3.35	<p>At the end of September 2015, the PCSO Salaries and Allowances showed savings of £97,000 which are as a result of being 5.69 wte below the authorised establishment of 183.95 wte.</p> <p>As vacancies arise in the PCSO establishment, the savings will be recognised as recurring efficiencies and moved to the Identified Savings (Appendix 6a, Line 16).</p>
3.36	To provide further information with respect to the workforce numbers, Appendix 6b shows an analysis of both Police Officer and Police Staff establishments by Strategic Workstream.
3.37	Police Officer Overtime and Enhancements have overspent by £242,000 (Appendix 6a, Line 16). This reflects the overtime worked up to the end of August 2015. These are predominately in relation to core Force activities and are undergoing scrutiny by the Chief Officer Team.
3.38	At the end of September 2015, Police Staff and PCSO Overtime and Enhancements showed combined overspendings of £75,000; this relates to overtime in core Force activities and Enhancements, worked up to the end of August 2015, and is undergoing scrutiny by the Chief Officer Team.
3.39	Other Employee Related Costs (Appendix 6a, Line 7) show overspendings of £291,000 to the end of the period. Training cost savings of £178,000 are partly offset by overspendings in relation to Police Pension Capital Equivalent Charges and Injury Pensions (£465,000) and Recruitment Costs (£5,000). The Training savings will be monitored by the Training Strategy Group. The Pension overspendings are as a result of additional injury pension costs, injury gratuity payments and the accelerated timing of medical retirements.
3.40	Premises Costs show savings of £319,000 (Appendix 6a, Line 8). The main contributors to this are Repairs (£120,000), Utilities (£97,000), Cleaning and Waste Management (£33,000), Contracts and Testing (£28,000), Business Rates (£25,000) and Rent (£14,000). These variances will be monitored throughout the year to identify recurring saving opportunities.
3.41	Transport Costs (Appendix 6a, Line 9) show savings of £272,000. The main contributors are Fuel Costs (£193,000), Fleet Repairs (£64,000), Police Vehicle Recovery (£19,000) and Vehicle Hire (£18,000). These are partially offset by overspendings on Mileage Expenses (£8,000), non-NPAS Helicopter Costs (£6,000) and Travel and Subsistence (£9,000). The areas of saving will be monitored during the year, to identify the financial effect of the remodelling of the fleet to compliment the new operating model. Recurrent

	savings will be moved to the Identified Savings (Appendix 6a, Line 16).
3.42	<p>At the end of September 2015, Supplies and Services show savings of £250,000 (Appendix 6a, Line 10). The principal areas of savings are Operational Equipment (£122,000), Communication Links (£119,000), Uniforms (£65,000), Printing, Postage and Stationery (£21,000), Airwave (£24,000), Interpreter Services (£13,000), Toner Cartridges (£10,000) and Other Professional Services (£4,000).</p> <p>These are partially offset by overspendings on Legal Expenses (£120,000), Non-Operational Equipment (£5,000) and Computer Hardware (£4,000).</p> <p>The majority of these variances are anticipated to be due to timing, but will be monitored throughout the year for the identification of efficiency savings.</p>
3.43	<p>The 2015/16 budget included a requirement for £6,027,000 of efficiency scheme savings to be achieved. Following the implementation of the new operating model, the majority of these have been mapped; however, £373,000 of savings could not be specifically identified against budget areas and were therefore shown in Identified Recurring Savings (Appendix 6a, Line 16). As these saving schemes are fully identified during the year, the appropriate budgets will be reduced.</p> <p>To the end of September 2015, efficiencies of £1,554,000 have been identified in conjunction with the Staying Ahead Programme.</p>
3.44	Investment Income shows a surplus of £37,000 to the end of September. This continues to reflect the reduced level of returns being experienced in the market and the avoidance of risk in choosing investment opportunities.
3.45	At the end of September 2015, Other Income showed surpluses of £147,000. The main contributors to this are Police Specific Prosecutions (£95,000), Vehicle Sales (£38,000), Firearms Licensing (£30,000), Vehicle Recovery Scrappage Income (£24,000), Reports (£13,000), Rental Income (£11,000), Insurance Claims (£11,000), Training (£5,000) and Abnormal Loads (£2,000). These are partly offset by Income Generation (£85,000). These variances will be monitored throughout the year.
3.46	Forecast Outturn
3.47	This year presents many challenges in determining the potential revenue outturn.
3.48	The Voluntary Exit Scheme for Police Officers whilst generating significant exit payments will also provide salary savings. These will both however, be affected by the number of officers ultimately leaving under the scheme and the timing of their departure from the Force.
3.49	Over the coming months, the implementation of efficiency schemes under the Staying Ahead Eight Programme, will present many changes to the Force's establishments, for example, PCSOs, Force Communications Suite, Corporate Communications, PPU etc. These will present salary savings, pump-priming costs and, potentially, redundancy costs, but these are dependent upon the timing and scope of implementation.
3.50	Through the sale of properties, the implementation of the Estates Strategy will present receipts to support the Capital Programme, together with revenue savings in relation to Utilities, Rentals and Maintenance costs.

	These are dependent upon the timing and scope of implementation.
3.51	The remodelling of the Fleet to compliment the New Operating Model has presented savings in Vehicle Repair and Maintenance. In addition, the major reduction in fuel prices since budget setting has generated significant savings. The continuation of the later could fluctuate greatly depending upon world markets, which makes accurate forecasting difficult to predict.
3.52	The review of the Joint Scientific Investigation Unit is on-going and is anticipated to result in a reduction of the collaborative establishment. This will generate recurring savings and, potentially, redundancy costs, but are dependent upon the timing and scope of implementation.
3.53	The above areas, coupled with the continuing implementation of the New Operating Model, make the production of accurate, meaningful forecasts increasingly more complicated to compile. As a result, the production of the detailed forecast outturn has been deferred until more meaningful projections can be produced and verified for accuracy. However it is estimated that the forecast outturn will be in the region of £2,000,000.
3.54	Recurring savings identified during the year have been reflected in the bottom-up budget setting exercise.
3.55	Capital Programme (Appendix 6c)
3.56	The Revised Annual Budget on proposed schemes for 2015/16 is £7,395,000.
3.57	The Programme for 2015/16 will be funded from Home Office funding in the form of Capital Grant and Innovation Fund Grant, combined with Specific Earmarked Reserves.
3.58	Expenditure to date amounted to £957,000 of which £573,000 related to Force Projects, £219,000 to Information Systems, and £154,000 to Vehicle purchases and £11,000 to Estate Schemes.
3.59	Reserves (Appendix 7)
3.60	Appendix 7 provides a forecast summary of the PCC's Reserves and Sinking Funds to 2019/20. This reflects all movements that can currently be estimated, including the delivery of the Commissioner's Capital Strategies. This forecast will be further refined following confirmation of the Capital Programme and the central funding for 2019/20.
3.61	Outstanding Issues and Unquantifiable Risks
3.62	<p>Whilst the MTFP is designed to reflect the most up to date intelligence, a number of outstanding issues and unquantifiable risks remain, which cannot currently be reflected. In summary these are:-</p> <ul style="list-style-type: none"> • Confirmation of the Provisional Central Government Funding; • The impact of any future review of the Funding Formula; • Confirmation of the Council Tax Bases for 2016/17; • Future delivery of the Staying Ahead Programme; • Emerging cost pressures; and

	<ul style="list-style-type: none"> • Unplanned initiatives and the international dimension.
3.63	Capital Programme 2016/17 (Appendix 8)
3.64	The initial 2016/17 Capital Programme is shown at Appendix 8, and will be refined as the ICT, Fleet and Estate strategies are confirmed. All of the schemes currently proposed aim to deliver long-term benefits to the organisation, i.e. appropriate estate provision, fit for purpose fleet, maximum returns on ICT investment. However, due to the current level of capital grant, it will be necessary to utilise reserves and potentially undertake future borrowing to ensure sufficient funding is available.
4.	<u>NEXT STEPS</u>
4.1	<p>The financial planning process will continue for both the Revenue and Capital budgets in line with the 2016/17 Budget Setting Timetable, presented and confirmed by the Joint Audit Committee on the 16th September 2015.</p> <p>Receipt of the provisional settlement in December will greatly crystallise the position and better inform the budget setting process.</p>
5.	<u>FINANCIAL CONSIDERATIONS</u>
5.1	These are detailed in the report.
6.	<u>PERSONNEL CONSIDERATIONS</u>
6.1	The successful delivery of a balanced recurring budget will have significant staffing and personnel issues, which form part of the implementation of the Staying Ahead Programme. The realisation of vacancies through natural wastage is key to the delivery of savings and this is closely monitored on a regular basis. Slippage or non-attainment of anticipated natural wastage may require other options to be considered.
7.	<u>LEGAL IMPLICATIONS</u>
7.1	There are no legal implications arising from this report.
8.	<u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u>
8.1	The content of this report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.
8.2	In preparing this report, consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998.
9.	<u>RISK</u>
9.1	<p>The risks relating to this report are being managed through the Staying Ahead Programme and are detailed below:</p> <ul style="list-style-type: none"> a) Financial: <ul style="list-style-type: none"> i Loss of 'assumed' precept income;

	<ul style="list-style-type: none"> ii Impact of the localisation of council tax support; iii Withdrawal of funding by partners (HO, WG and Local Authorities); iv Increased 'last resort' demand due to others withdrawing service; and v Failure of Government to deliver on national issues (e.g. pay bill, de-cluttering). <p>b) Organisational:</p> <ul style="list-style-type: none"> i Partners re-trench from collaborative ventures (WG settlement); and ii Failure of key efficiency schemes to deliver. <p>c) Societal:</p> <ul style="list-style-type: none"> i Increased crime due to economic and political climate; and ii Lack of staff turnover due to limited job opportunities.
10.	<u>PUBLIC INTEREST</u>
10.1	This is a public document.
11.	<u>CONTACT OFFICER</u>
11.1	Darren Garwood-Pask, Chief Finance Officer
12.	<u>ANNEXES</u>
12.1	Appendix 1a – Medium Term Financial Projections 2016/17 to 2020/21
12.2	Appendix 1b – Medium Term Financial Projections 2016/17 to 2020/21
	Appendix 2 – Medium Term Financial Projections 2016/17 to 2020/21 – Assumptions
12.3	Appendix 3 – Identified Budget Pressures
12.4	Appendix 4a – Identified Budget Reductions
12.5	Appendix 4b – Staying Ahead Schemes delivered in 2015/16
12.6	Appendix 4c – Future Staying Ahead Schemes
12.7	Appendix 5a – Police Officer Flightpath to March 2020
12.8	Appendix 5b – Police Staff Flightpath to March 2020
12.9	Appendix 6a to 6c – Group Financial Revenue Performance to September 2015
12.10	Appendix 7 – PCC Reserves and Sinking Funds
12.11	Appendix 8 – Capital Programme 2016/17 to 2020/21

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2016/17 to 2020/21
At 11th November 2015

Assumption		Base Growth (Provisional)	Precept Growth	Total Growth	Increase / (Decrease)
Base Growth (Estimated)	Precept Growth				
%	%	£	£	£	£
1.08%	5.00%	484,356	2,266,844	2,751,200	454,226
1.08%	4.50%	484,356	2,039,731	2,524,087	227,113
1.08%	4.00%	484,356	1,812,618	2,296,974	0
1.08%	3.99%	484,356	1,808,333	2,292,689	-4,285
1.08%	3.50%	484,356	1,587,648	2,072,004	-224,970
1.08%	3.25%	484,356	1,474,092	1,958,448	-338,526
1.08%	3.00%	484,356	1,360,535	1,844,891	-452,083
1.08%	2.99%	484,356	1,356,250	1,840,606	-456,368
1.08%	2.75%	484,356	1,246,979	1,731,335	-565,639
1.08%	2.66%	484,356	1,206,270	1,690,626	-606,348
1.08%	2.50%	484,356	1,133,422	1,617,778	-679,196
1.08%	2.25%	484,356	1,019,866	1,504,222	-792,752
1.08%	2.00%	484,356	906,309	1,390,665	-906,309
1.08%	1.75%	484,356	792,753	1,277,109	-1,019,865
1.08%	1.50%	484,356	679,196	1,163,552	-1,133,422
1.08%	1.25%	484,356	567,782	1,052,138	-1,244,836
1.08%	1.00%	484,356	454,226	938,582	-1,358,392
1.08%	0.75%	484,356	340,669	825,025	-1,471,949
1.08%	0.50%	484,356	227,113	711,469	-1,585,505
1.08%	0.25%	484,356	113,557	597,913	-1,699,061
1.08%	0.00%	484,356	0	484,356	-1,812,618

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2016/17 to 2020/21
At 11th November 2015

		(a)	(b)	(c)	(d)	(e)	(f)
	Appendix	2015/16 Actual £'000s	2016/17 Forecast £'000s	2017/18 Forecast £'000s	2018/19 Forecast £'000s	2019/20 Forecast £'000s	2020/21 Forecast £'000s
1 Effect of Pay Awards and Increments		2,326	1,371	2,022	2,051	2,080	2,111
2 Non-Staff Inflation		594	388	610	645	683	722
3 Loss of Home Office Grant Funding		-	-	-	-	-	-
4 In Service Pressures / Developments	2	1,466	4,209	959	1,046	1,170	1,170
5 Identified Savings	3	(6,130)	(1,702)	(104)	(97)	(60)	(60)
6 Unavoidable Cost Increases		(1,744)	4,266	3,488	3,645	3,873	3,943
7 Gross Budget Movement		(1,744)	4,266	3,488	3,645	3,873	3,943
8 Recurring Base Budget Brought Forward		119,518	117,774	122,040	125,528	129,173	133,046
9 Projected Budgetary Requirement		117,774	122,040	125,528	129,173	133,046	136,989
10 % Increase on Previous Years Base Budget		-1.46%	3.62%	2.86%	2.90%	3.00%	2.96%
Funded from :							
11 Funding							
12 Central Government Funding							
13 Police Grant		(43,220)	(40,195)	(37,381)	(34,765)	(32,331)	(30,068)
14 Revenue Support Grant		(16,609)	(15,446)	(14,365)	(13,359)	(12,424)	(11,554)
15 National Non-Domestic Rates		(13,088)	(12,171)	(11,319)	(10,527)	(9,790)	(9,105)
16 Total Central Government Funding		(72,917)	(67,813)	(63,066)	(58,651)	(54,546)	(50,727)
17 Council Tax		(44,857)	(47,154)	(49,569)	(52,109)	(54,778)	(57,584)
18 Total Funding		(117,774)	(114,966)	(112,634)	(110,760)	(109,324)	(108,311)
19 Projected Recurring Deficit / (Surplus) Before Efficiencies		-	7,073	12,893	18,413	23,722	28,677
20 Efficiencies							
21 Accelerated Delivery / Additionality of Staying Ahead Scheme Savings	4	-	(2,298)	(2,298)	(2,298)	(2,298)	(2,298)
22 Future Year Staying Ahead Scheme Savings	5	-	(3,855)	(7,198)	(9,725)	(10,697)	(10,923)
23 Reserve Utilisation		-	-	-	-	-	-
24 Projected Recurring Deficit/ (Surplus) After Efficiencies & Reserve Utilisation		-	920	3,396	6,389	10,726	15,455

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2016/17 to 2020/21
Assumptions

Description	2015/16 Budgeted	2016/17 Proposed	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	Source
<u>Police Officers</u>							
Pay Awards	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	CFO estimate endorsed by Welsh Force comparisons
<u>Police Staff</u>							
Pay Awards	2.20%	1.00%	1.50%	1.50%	1.50%	1.50%	CFO estimate endorsed by Welsh Force comparisons
<u>Indirect Staff Costs</u>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	CFO estimate endorsed by Welsh Force comparisons
<u>Non Staff Inflation</u>							
General (Including Rates)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	CFO estimate endorsed by Welsh Force comparisons
Utilities - Gas/Electric	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate endorsed by Welsh Force comparisons
Utilities - Water	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate endorsed by Welsh Force comparisons
Petrol	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate endorsed by Welsh Force comparisons
Diesel	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate endorsed by Welsh Force comparisons
<u>Funding</u>							
Police Funding	-5.11%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	Final Police Settlement 2015/16. CFO estimate of 2016/17 funding
Council Tax Base Increase	1.08%	1.08%	1.08%	1.08%	1.08%	1.08%	Actual Growth for 2015/16. Estimated for 2016/17 onwards
Council Tax Precept Increase (Appendix 1b)	3.99%	4.00%	4.00%	4.00%	4.00%	4.00%	Police and Crime Commissioner for Gwent - January 2015

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2016/17 to 2020/21
In Service Pressures / Developments
At 11th November 2015

Expenditure Area	Expenditure Description	2016/17 £	2017/18	2018/19	2019/20	2020/21	Comments
1 All Areas	Contingent Pressures Fund	0	1,000,000	1,000,000	1,000,000	1,000,000	Indicative value of pressures likely to arise in each future year
2 Police Officer Salaries and Allowances	Single State Pension	2,541,000					Indicative estimation of legislative changes
3	National Insurance Rebate	170,000					Indicative estimation of legislative changes
4	Unsocial Hours Allowance	13,694					Impact of pay award on allowance
5 Police Staff Salaries and Allowances	Police Staff Salaries	224,484					Investment in PPU MASH
6 Police Officer Overtime and Enhancements	Police Officer Bank Holiday Enhancements	(360,000)	(120,000)	(120,000)			Resource Levels yet to be confirmed
7 Police Staff Overtime and Enhancements	Police Staff Bank Holiday and Weekend Enhancements	16,715					To correct under-budgeting in 2015-16
8 Other Employee Related Costs	Medical Costs - Vaccinations	7,000					Increase due to probationer recruitment
9	Medical Treatments - Other	15,000					Increased demand for treatment
10	Officer Pensions - Injury Payments	173,820					Increased level of pensioners receiving pension payments
11	Officer Pensions - Capital Equivalent Charges	293,704					Level of funded required to accommodate increased volume
12 Premises Costs	Premise Costs - Operational Training Facility	25,681					Leased property at Mamhilad Park
13	Radio Site Rental	4,000					Mynydd Y Llan - commitment to allow siting of mast
14	Building Insurance	4,000		(4,000)			Landlord increase levied at Mamhilad Park
15 Supplies & Services	Legal Fees	67,608					Increased level in legal costs at hearings
16		36,000					Appointment of legally qualified chair for hearings
17	Court Fees and Transcripts	15,000					Increased level of costs incurred
18	OHU Force Medical Advisor	20,000					New contractual arrangements for Force Medical Examiner and Senior Medical Advisor
19	Partnership Costs	42,322					Professional fees incurred outside the parameters of the MCC collaborative contract
20		78,000					Inflationary increase to SRS service provision
21		18,372					Regional representation across four Welsh forces
22		2,000					Contribution to national MAPPA project team
23	Regional Collaboration Fees	(20,000)					Non-recurrent funding in 2015/16 to support regional operational activities
24		12,000					Joint Emergency Services Group Co-ordinator
25		2,000					All Wales Co-ordinator for Citizens in Policing
26		340,860					Collaborative costs for provision of Mobile Data service
27		3,000					Collaborative training environment within NICHE system
28		45,000					Anticipated costs of collaborative Disaster Recovery service
29	Other Professional Services	8,000					NACE STRAP Accreditation
30		20,000					Contribution to national NICHE project team
31	Computer SW Repair and Maint	91,000	(91,000)				Licencing costs for new ERP System
32		1,250					Licencing costs for property bar coding system
33		8,000					Network Security Licencing
34		2,000					Increase in Coroner's Court System Licencing
35	Landline Rental	(150,000)					Removal of 2015/16 funding for dual telephony provision
36	WAN Links	33,000					Service to allow communication with NPAS Helicopter Fleet
37	External Internet	8,000					Replacement of existing service provision
38	Compensation to Public	6,878					Volume and value of compensation made
39	Witnesses Expenses	20,000					Volume demands for protection and safeguarding of witnesses
40 Contribution to Police Computer Co.	Police ICT Systems	70,000	70,000	70,000	70,000	70,000	Anticipated increase in charges levied for national ICT systems
41 Development Reserve	Development Funds	100,000	100,000	100,000	100,000	100,000	BTCG development fund
42 Sinking Funds	PFI Sinking Fund	72,817					Increase in net annual cost of service PFI Sinking Fund
43 Other Income	Sale of PCC Vehicles	26,538					Reduction in income to reflect reduction in Fleet size
44	Partnership Income	78,176					Reduction in income to reflect volume of officers provided to Youth Offending Service
45	Regional Collaboration Income	21,771					Correction to collaborative funding arrangements for Witness Protection
46		4,208,690	959,000	1,046,000	1,170,000	1,170,000	

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2016/17 to 2020/21
Identified Budgetary Savings
At 11th November 2015

Description	2016/17	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£
Potential Savings					
1 Transitional Rent Allowance	(41,436)	(41,436)	(20,718)	0	0
2 Housing Allowance	(89,242)	(30,000)	(60,000)	(60,000)	(60,000)
3 Compensatory Grant	(32,313)	(32,313)	(16,156)	0	0
4 Competency Related Threshold Payments	(165,100)	0	0	0	0
5 Police Officer Bonus Scheme	(50,000)	0	0	0	0
6 Staff Seconded In	(60,000)	0	0	0	0
7 Employee Insurance	(16,744)	0	0	0	0
8 Alarm Contract	(10,400)	0	0	0	0
9 Refrigeration Units Service	(16,320)	0	0	0	0
10 Chlorination of Water Tanks	(16,320)	0	0	0	0
11 CCTV	(6,000)	0	0	0	0
12 Rents	(150,970)	0	0	0	0
13 Specials and Volunteer Mileage	(20,000)	0	0	0	0
14 Driver Hire	(1,561)	0	0	0	0
15 Hotel Accommodation	(9,026)	0	0	0	0
16 Meal Allows	(10,000)	0	0	0	0
17 Vehicle Hire -External	(30,000)	0	0	0	0
18 Other Helicopter Hire	(50,000)	0	0	0	0
19 Petrol	(53,030)	0	0	0	0
20 Diesel	(228,574)	0	0	0	0
21 Vehicle Insurance	(24,758)	0	0	0	0
22 Protective Clothing	(30,000)	0	0	0	0
23 Uniforms	(65,622)	0	0	0	0
24 Pedal Cycle Clothing & Kit	(15,000)	0	0	0	0
25 Stationery	(7,500)	0	0	0	0
26 Books & Publications	(5,000)	0	0	0	0
27 Dangerous Dogs Act	(10,502)	0	0	0	0
28 Police Pension Contract Fees	(4,610)	0	0	0	0
29 Legal Fees	(20,000)	0	0	0	0
30 Regional Collaboration Fees	(25,704)	0	0	0	0
31 Telephony Investigation Costs	(40,000)	0	0	0	0
32 Research Consultants	(40,202)	0	0	0	0
33 Business Consultancy	(25,916)	0	0	0	0
34 Other Professional Services	(263,920)	0	0	0	0
35 Toner Cartridges	(30,000)	0	0	0	0
36 Prisoners Meals	(5,000)	0	0	0	0
37 Trsfr & Custody of Prisoners	(31,469)	0	0	0	0
38 Total	(1,702,239)	(103,749)	(96,874)	(60,000)	(60,000)

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2016/17 to 2020/21
Staying Ahead Scheme Savings Delivered in 2015/16
At 11th November 2015

	2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s
Scheme							
1 Corporate Communications	(341)						(341)
2 Disclosure Unit	(42)						(42)
3 Drug Intervention Programme	(35)						(35)
4 Finance Department	(31)						(31)
5 All Wales Schools Liaison (Co-ordination)	(9)						(9)
6 Force Planning Post	(50)						(50)
7 Transitional Police Officer Posts	(1,453)						(1,453)
8 Community Support Officers	(336)						(336)
9 Scheme Savings for Year	(2,298)	0	0	0	0	0	(2,298)

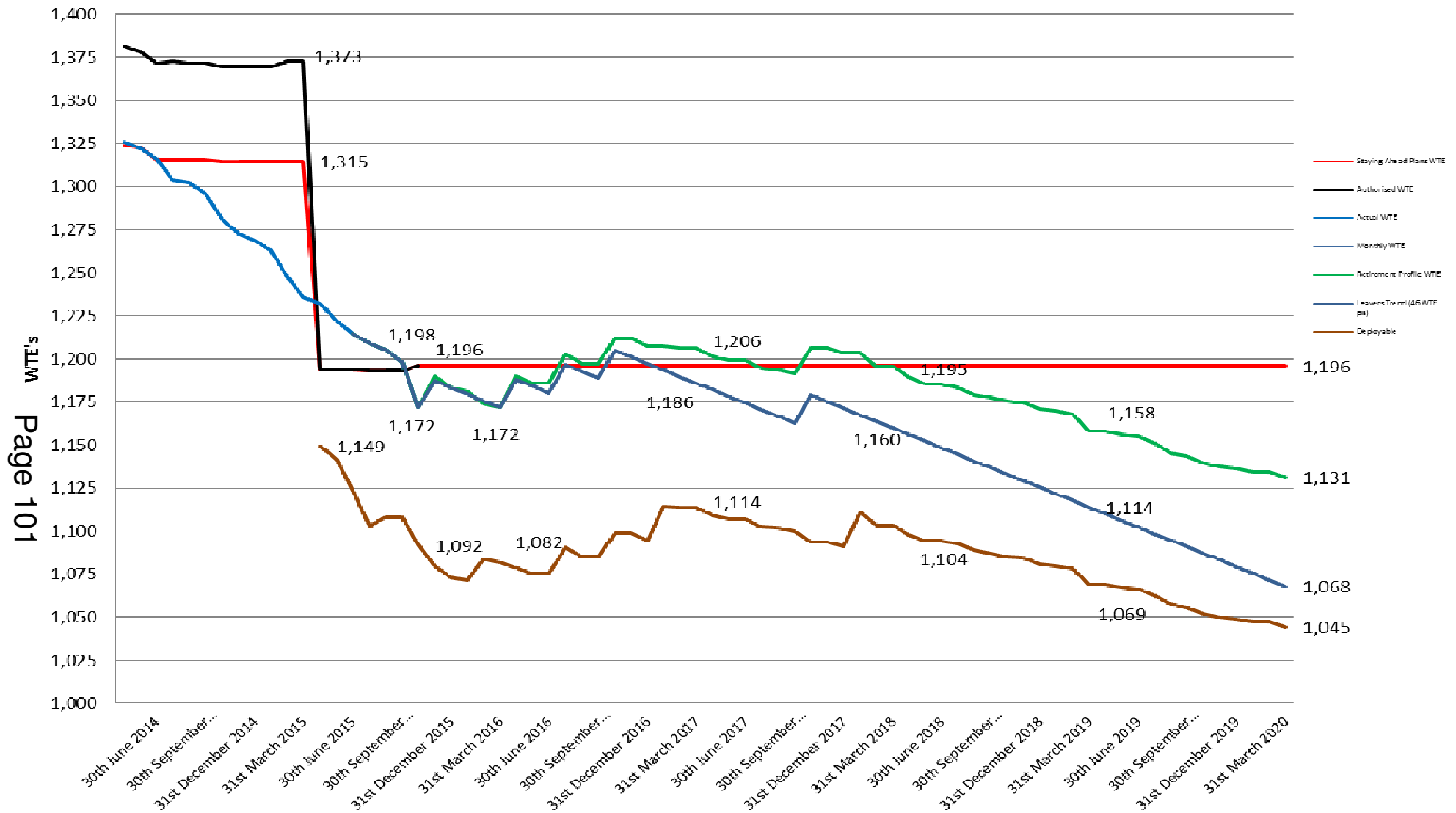
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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
Staying Ahead Phase 8 Schemes 2016/17 to 2020/21 and Other Savings Initiatives
at 11th November 2015

	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	Total £'000s
A Cumulative Savings Brought Forward	0	(3,855)	(7,198)	(9,725)	(10,697)	
B Scheme						
1 Police Officer - Step Down Model	(1,498)	0	0	0	0	(1,498)
2 Community Support Officers	(336)	(336)	(672)	0	0	(1,344)
3 Forensic Science Service	(100)	0	0	0	0	(100)
4 Pathology	(5)	0	0	0	0	(5)
5 Livescan Service	(5)	0	0	0	0	(5)
6 Safeguarding Boards	(53)	0	0	0	0	(53)
7 OWL System	(36)	0	0	0	0	(36)
8 Travel Costs - Air Fares	(15)	0	0	0	0	(15)
9 Alarm Contracts	(10)	0	0	0	0	(10)
10 Business Rates	(10)	0	0	0	0	(10)
11 Operational Equipment	(70)	0	0	0	0	(70)
12 Transitional Police Officer Posts	(767)	(383)	0	0	0	(1,150)
13 Intelligence Analysis	(284)	(284)	0	0	0	(568)
14 Intelligence Gathering	(137)	(137)	0	0	0	(274)
15 Photographic Image Recovery	(184)	0	0	0	0	(184)
16 Fingerprints	(170)	0	0	0	0	(170)
17 Operational Support Command Team	(76)	(76)	0	0	0	(151)
18 Other Forensic Services	(122)	0	0	0	0	(122)
19 Professional Standards	(45)	(45)	0	0	0	(90)
20 Major Investigations	(72)	(99)	(27)	0	0	(197)
21 Access	(14)	(105)	(194)	(208)	(104)	(624)
22 Staff Association Support	0	(32)	(32)	0	0	(63)
23 Custody Medical Provision	(44)	(44)	0	0	0	(88)
24 Custody Interpretation	0	(15)	(15)	0	0	(30)
25 Custody provision for Borders Agency	0	(25)	(25)	0	0	(50)
26 Police Specified Proceedings	0	(275)	0	0	0	(275)
27 National Police Air Service Contributions	0	(50)	0	0	0	(50)
28 Police Dog Purchase	0	(19)	0	0	0	(19)
29 External Training Courses	0	(121)	0	0	0	(121)
30 Medical Treatments	0	(15)	0	0	0	(15)
31 PPU - Reduction after MASH Implementation	(148)	0	0	0	0	(148)
32 Corporate Communications	(5)	0	0	0	0	(5)
33 Telecommunication savings from VOIP	(138)	(138)	0	0	0	(275)
34 Mobile Data	(50)	(50)	0	0	0	(100)
35 Computer Hardware / Software	(55)	(105)	(50)	0	0	(210)
36 SRS - Additional Partners	0	(50)	(50)	0	0	(100)
37 Paper Costs	0	(12)	0	0	0	(12)
38 Fuel	(13)	(41)	(57)	(29)	0	(139)
39 Vehicle Repair and Maintenance	(35)	(35)	(35)	0	0	(105)
40 Hotel Accommodation	(5)	0	0	0	0	(5)
41 Property Lease cessation - collapse of Estate	(250)	(390)	(1,259)	(375)	0	(2,274)
42 Waste Management	0	(45)	0	0	0	(45)
43 Uniform	(4)	0	0	0	0	(4)
44 Pedal Cycle Uniform	(15)	0	0	0	0	(15)
45 Development Funds	(50)	(50)	0	0	0	(100)
46 Collaboration	0	0	0	0	0	0
C Savings for Year	(4,819)	(2,975)	(2,415)	(611)	(104)	(10,923)
Sensitivity Risk Assessment	964	(369)	(112)	(361)	(122)	
D Cumulative Savings Carried Forward	(3,855)	(7,198)	(9,725)	(10,697)	(10,923)	

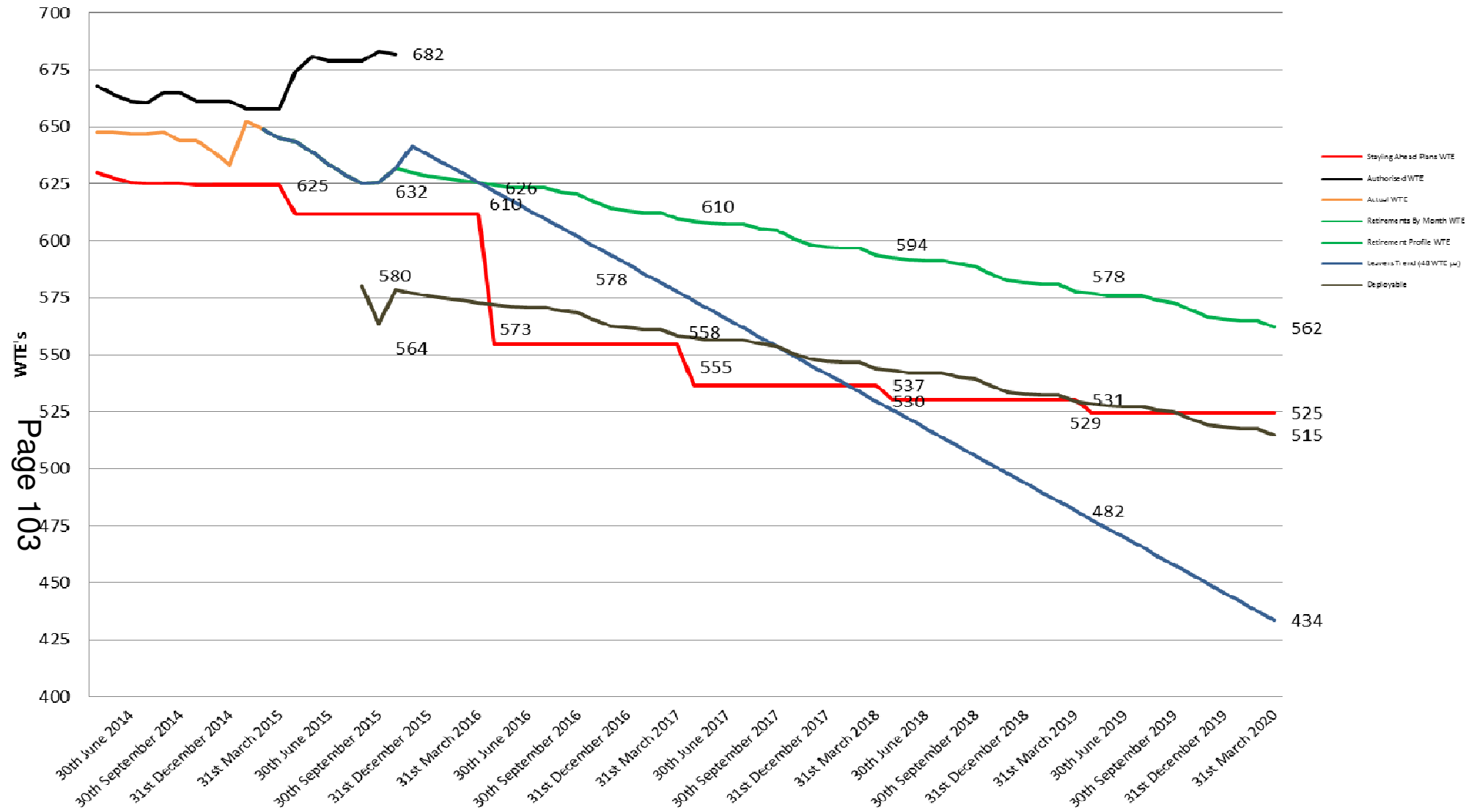
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Police Officer Establishment - Flight Path at 31st October 2015



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Police Staff (Excluding PCSOs) Establishment - Flight Path at 31st October 2015



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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
2015/16 Revenue Budget - Gwent Police Group
Performance to 30th September 2015

	Initial Annual Budget £'000s	Revised Annual Budget £'000s	Budget to Date £'000s	Expenditure to Date £'000s	Variance to Date £'000s
Expenditure					
1 Police Officer Salaries and Allowances	65,285	65,063	32,349	30,970	1,379
2 Police Staff Salaries and Allowances	22,422	22,609	11,317	10,973	344
3 PCSO Salaries and Allowances	5,514	5,514	2,757	2,660	97
4 Police Officer Overtime and Enhancements	2,026	2,123	880	1,122	(242)
5 Police Staff Overtime and Enhancements	1,008	1,018	384	414	(29)
6 PCSO Overtime and Enhancements	522	522	217	263	(46)
7 Other Employee Related Costs	2,205	2,189	1,128	1,419	(291)
8 Premises Costs	6,024	5,825	3,238	2,919	319
9 Transport Costs	3,615	3,233	1,561	1,289	272
10 Supplies and Services	19,267	18,856	7,898	7,648	250
11 Major Incident Schemes	366	366	69	69	(0)
12 Proactive Operational Initiatives	245	220	17	17	(0)
13 Contribution to Police Computer Co.	883	883	15	15	0
14 Capital Charges	500	500	166	151	15
	129,881	128,920	61,997	59,929	2,068
Other Approved Revenue Requirements					
15 Development Reserve	100	100	0	0	0
16 Identified Recurring Savings	(373)	1,181	0	0	0
	(273)	1,281	0	0	0
Income					
17 Investment Income	(176)	(176)	(82)	(119)	37
18 Other Income	(11,159)	(11,376)	(4,595)	(4,742)	147
	(11,334)	(11,552)	(4,677)	(4,861)	184
19 Net Expenditure Before Transfers	118,274	118,649	57,320	55,068	2,252
Transfers					
20 To Earmarked Reserves (Pre-Approved)	2,207	2,185	0	0	0
21 To Capital Account	0	0	0	0	0
	2,207	2,185	0	0	0
22 Net Expenditure Including Transfers	120,481	120,834	57,320	55,068	2,252
23 Funded By:					
24 Revenue Support Grant	(17,278)	(17,278)	(9,301)	(9,301)	0
25 National Non-Domestic Rates	(12,418)	(12,418)	(6,685)	(6,685)	0
26 Police Grant	(43,220)	(43,220)	(21,610)	(21,610)	0
27 Council Tax	(44,857)	(44,857)	(22,428)	(22,428)	0
28 Specific Grant Income	0	0	0	(3)	3
29 Use of General Reserves	0	0	0	0	0
30 Use of Earmarked Reserves	(2,708)	(3,060)	(353)	(353)	0
31 Total Funding	(120,481)	(120,834)	(60,377)	(60,380)	3
32 (Over)/Underspend	0	0	(3,057)	(5,312)	2,255

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
Establishment Summary as at 30th September 2015

	Police Staff				Police Officers		
	Budgeted	Actual	Agency	Var (Excl Agency)	Officer	Officer	Variance
	Wte	Wte	Wte	Under/(Over)	Bud Wte	Act Wte	Under/(Over)
Strategic Workstreams							
Police And Crime Commissioner Controlled Establishments							
Office Of Police And Crime Commissioner	16.9	18.6	0.0	(1.7)	0.0	0.9	(0.9)
Regional Drug Intervention Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Police And Crime Commissioner Controlled Total :	16.9	18.6	0.0	(1.7)	0.0	0.9	(0.9)
Chief Constable Controlled Establishments							
Local Area Policing							
Local Policing Mgt Team							
Local Policing Management Team	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Community Safety	7.0	6.5	0.0	0.5	0.0	2.0	(2.0)
Special Constabulary	0.7	1.0	0.0	(0.2)	0.0	0.0	0.0
Local Policing - West Management Team							
Local Policing Area - West Management Team	5.1	4.6	0.0	0.5	4.0	4.0	0.0
Neighbourhood Policing Resources - West							
Neighbourhood Caerphilly	60.3	57.9	0.0	2.5	175.0	169.1	5.9
Neighbourhood Blaenau Gwent	32.4	31.4	0.0	1.0	85.0	82.6	2.4
Neighbourhood Torfaen	27.2	25.3	0.0	1.8	93.0	87.4	5.6
Schools Community Officers - West	0.0	0.0	0.0	0.0	9.0	9.3	(0.3)
Area Support - West							
Area Functional Roles - West	3.0	3.6	0.0	(0.6)	13.0	14.0	(1.0)
Area Support - West	0.0	0.0	0.0	0.0	43.0	34.0	9.0
Youth Offending Teams - West	0.0	0.0	0.0	0.0	2.0	2.0	0.0
CID West - IOM	0.0	0.0	0.0	0.0	19.0	17.0	2.0
CID West - Intelligence	0.0	0.0	0.0	0.0	7.0	9.0	(2.0)
CID West - Proactive	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CID West - Public Protection	0.0	0.0	0.0	0.0	20.0	18.5	1.5
CID West - Reactive	0.0	0.0	0.0	0.0	52.0	52.4	(0.4)
Local Policing - East Management Team							
Local Policing Area - East Management Team	4.0	4.0	0.0	0.0	4.0	4.0	0.0
Neighbourhood Policing Resources - East							
Neighbourhood Monmouthshire	23.9	24.8	0.0	(0.9)	79.0	76.2	2.9
Neighbourhood Newport	74.6	71.8	0.0	2.8	198.0	175.6	22.4
Schools Community Officers - East	0.0	0.0	0.0	0.0	7.0	4.9	2.1
Area Support - East							
Area Functional Roles - East	1.0	1.0	0.0	0.0	13.0	13.0	0.0
Area Support - East	0.0	0.0	0.0	0.0	43.0	38.0	5.0
Youth Offending Teams - East	0.0	0.0	0.0	0.0	2.0	2.0	0.0
CID East - IOM	0.0	0.0	0.0	0.0	14.0	11.0	3.0
CID East - Public Protection	0.0	0.0	0.0	0.0	14.0	15.4	(1.4)
CID East - Intelligence	0.0	0.0	0.0	0.0	7.0	6.0	1.0
CID East - Proactive	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CID East - Reactive	0.0	0.0	0.0	0.0	39.0	36.6	2.4
Protective Services	239.2	231.9	0.0	7.3	943.0	884.9	58.1
Protective Service Mgt Team							
Protective Services Management Team	0.0	0.0	1.0	0.0	5.0	6.0	(1.0)
Operational Support							
Operational Support - Management Team	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Dogs Section - East	0.0	0.0	0.0	0.0	5.0	5.0	0.0
Dogs Section - West	0.0	0.0	0.0	0.0	9.0	9.0	0.0
Force Communication Suite	130.2	128.0	0.0	2.3	22.0	44.5	(22.5)
Force Planning	4.4	3.4	0.0	1.0	5.0	5.0	0.0
Collision Investigation	2.4	1.2	0.0	1.2	4.0	6.0	(2.0)
Operational Training	3.0	3.0	0.0	0.0	2.0	3.0	(1.0)
Crime Operations							
Crime Operations - Management Team	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Technical Support Unit	2.0	1.8	0.0	0.2	1.0	1.0	0.0
Crime Syndicate 1	17.8	17.8	0.0	0.0	13.0	13.0	0.0
Crime Syndicate 2	0.0	0.0	0.0	0.0	12.0	10.8	1.2
Crime Syndicate 3	0.0	0.0	0.0	0.0	11.0	7.9	3.1
FIU & Cyber Crime	12.6	15.4	0.0	(2.8)	8.0	8.0	0.0
Crime Support							
Crime Support - Management Team	1.0	0.0	0.0	1.0	1.0	1.0	0.0
Intelligence	22.8	18.8	0.0	4.0	5.0	7.9	(2.9)
Dedicated Source Unit	6.4	6.2	0.0	0.2	7.0	8.0	(1.0)
Special Branch	4.0	2.8	0.0	1.2	6.0	7.0	(1.0)
PPU MASH	27.4	18.6	0.0	8.8	13.0	22.4	(9.4)
Total	234.1	217.0	1.0	17.1	131.0	167.5	(36.5)

Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
Establishment Summary as at 30th September 2015

	Police Staff				Police Officers		
	Budgeted	Actual	Agency	Var (Excl Agency)	Officer	Officer	Variance
	Wte	Wte	Wte	Under/(Over)	Bud Wte	Act Wte	Under/(Over)
Strategic Workstreams							
Criminal Justice Department							
Admin Of Justice	50.3	41.4	1.0	8.9	0.0	0.0	0.0
File Quality	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Police Prosecutions Team	0.0	0.0	0.0	0.0	4.0	5.8	(1.8)
Information And Data Management	42.9	43.2	3.0	(0.3)	0.0	4.0	(4.0)
Custody Unit Newport	20.2	18.2	5.0	2.0	11.0	13.0	(2.0)
Custody Unit Ystrad Mynach	13.2	13.2	0.0	(0.0)	8.0	9.0	(1.0)
	126.6	116.0	9.0	10.6	23.0	31.8	(8.8)
Business Support							
Estates	16.4	15.7	0.0	0.7	0.0	0.0	0.0
Finance	17.7	15.7	2.0	2.0	0.0	0.0	0.0
Fleet	16.8	13.0	2.0	3.8	0.0	0.0	0.0
Procurement	5.0	5.0	0.0	0.0	0.0	0.0	0.0
Business Support	1.0	1.0	0.0	0.0	0.0	0.0	0.0
IRSC	16.9	16.2	4.0	0.7	0.0	0.0	0.0
Property Store Management	4.0	5.5	0.0	(1.5)	0.0	0.0	0.0
	77.8	72.1	8.0	5.6	0.0	0.0	
Corporate / Service Development							
ACPO	1.0	1.0	0.0	0.0	5.0	5.0	0.0
People Services	20.5	19.5	2.0	1.0	4.0	5.0	(1.0)
Service Development	35.7	34.5	1.0	1.2	1.0	14.6	(13.6)
Standards	14.7	12.3	2.0	2.4	10.0	10.0	0.0
Police Federation & Staff Associations	3.5	3.5	0.0	(0.0)	2.0	2.0	0.0
Legal Services	9.0	7.6	0.0	1.4	0.0	0.0	0.0
Corporate Comms	12.4	12.0	2.0	0.4	0.0	0.0	0.0
	96.7	90.4	7.0	6.3	22.0	36.6	(14.6)
Collaborative & Externally Funded:							
Welsh Government Liaison Team	0.0	0.0	0.0	0.0	1.0	1.0	0.0
WITS	0.0	0.0	1.0	0.0	1.0	1.0	0.0
Safety Camera	9.1	8.5	0.0	0.6	2.0	2.0	0.0
Collaboration - Fusion/Niche	0.0	0.0	0.0	0.0	6.0	6.0	0.0
All Wales Collaboration - Tarian	1.0	1.0	0.0	0.0	8.0	8.0	0.0
All Wales Collaboration Joint Firearms Unit	0.0	0.0	0.0	0.0	43.0	42.0	1.0
Collaboration - JSIU	62.5	43.3	0.0	19.2	0.0	1.0	(1.0)
Regional CTSA	3.0	1.0	0.0	2.0	0.0	0.0	0.0
WECTU CTIU/RART	0.0	0.0	0.0	0.0	6.0	9.0	(3.0)
Other Joint Funded / External Initiatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Projects	0.0	4.0	1.0	(4.0)	0.0	0.0	0.0
Seconded Officers	0.0	0.0	0.0	0.0	7.0	7.0	0.0
	75.6	57.8	2.0	17.9	74.0	77.0	(3.0)
Force Total	866.9	803.8	27.0	63.1	1,193.0	1,198.6	(5.6)

Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
2015/16 Capital Programme
Performance to 30th September 2015

EXPENDITURE	Initial Annual Budget £'000s	Revised Annual Budget £'000s	Expenditure To Date £'000s	Remaining Budget £'000's
Estates Schemes :				
1 Estates Schemes including Minor Works	500	500	10	490
2 Replacement FCR	0	0	1	(1)
3 CID Hub	0	0	0	0
4 Gwent Connect (Victims Hub)	275	275	0	275
5 Total Estates Schemes	775	775	11	764
6 Vehicle Purchases	464	464	154	310
7 Vehicle Purchases	464	464	154	310
8 Information Systems :				
9 Inter-Relational Mgt System	0	71	0	71
10 Disaster Recovery	895	895	0	895
11 Command & Control	1,161	1,161	208	953
12 VOIP	368	562	0	562
13 Replacement ICCS System	500	500	0	500
14 Enterprise Resource Planning System	300	300	0	300
15 Other IS schemes	490	670	11	659
16 Information Systems	3,714	4,159	219	3,940
17 Force Projects :				
18 Fusion/Mobile Data	1,042	1,500	294	1,206
19 Other BTCG Projects / Schemes	200	497	279	218
20 Total Force Projects	1,242	1,997	573	1,424
21 Overall Totals	6,195	7,395	957	6,438

FUNDING OF PROGRAMME	Initial Annual Budget £'000s	Revised Annual Budget £'000s
22 Capital Grants	876	876
23 Supported Borrowing		
24 Use of Capital Reserves	4,694	5,894
25 Revenue Contributions to Capital		
26 Partnership Organisations - Capital		
27 Receipt from sale of premises		
28 Loans / Use of Revenue Funding		
29 Home Office - Innovation Grant	625	625
30 Total Funds Available	6,195	7,395
31 Shortfall/(Surplus) in Funding		0

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
Reserves Position 2015/16

		Original Closing Balance 14/15 £'000	Reclassified £'000	Restated Closing Balance 14/15 £'000	In £'000	Out £'000	Forecast Closing Balance 15/16 £'000	In £'000	Out £'000	Forecast Closing Balance 16/17 £'000	In £'000	Out £'000	Forecast Closing Balance 17/18 £'000	In £'000	Out £'000	Forecast Closing Balance 18/19 £'000	In £'000	Out £'000	Forecast Closing Balance 19/20 £'000
<u>REVENUE RESERVES</u>																			
A Statutory Reserves																			
1	General Reserve	6,411	(2,411)	4,000	0	0	4,000	0	0	4,000	0	0	4,000	0	0	4,000	0	0	4,000
2	Precept Top-up Reserve	2,107	(2,107)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	13/14 Accelerated Savings	2,272	(2,272)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Future Budgetary Imbalances	0	4,379	4,379	0	0	4,379	247	0	4,626	0	(1,212)	3,414	0	(2,937)	477	0	(5,597)	(5,120)
Sub Total		10,790	(2,411)	8,379	0	0	8,379	247	0	8,626	0	(1,212)	7,414	0	(2,937)	4,477	0	(5,597)	(1,120)
B Committed Earmarked Reserves																			
1	Future PFI Commitments	11,127	0	11,127	2,047	(1,645)	11,528	1,965	(1,689)	11,805	1,939	(1,733)	12,011	1,912	(1,778)	12,144	1,885	(1,825)	12,204
2	Capital Programme	4,209	(4,209)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a	Capital Grant	0	0	0	1,501	0	1,501	876	0	2,377	876	0	3,253	876	0	4,129	876	0	5,005
b	Capital Receipts	0	0	0	1,502	0	1,502	0	0	1,502	0	0	1,502	0	0	1,502	0	0	1,502
c	Estate Works																		
i	Replacement HQ	0	16,030	16,030	0	(6,000)	10,030	0	(10,000)	30	0	0	30	0	0	30	0	0	30
ii	Victims' Hub	148	0	148	0	(148)	0	0	0	0	0	0	0	0	0	0	0	0	0
iii	Minor Works and Planned Maintenance	0	0	0	0	(627)	(627)	0	(500)	(1,127)	0	(500)	(1,627)	0	(500)	(2,127)	0	(500)	(2,627)
iv	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	Fleet Replacement	0	0	0	0	(464)	(464)	0	(717)	(1,181)	0	(1,350)	(2,531)	0	(910)	(3,441)	0	(2,240)	(5,681)
e	ICT Investment	0	0	0	1,161	(5,956)	(4,795)	0	(2,792)	(7,587)	0	(1,650)	(9,237)	0	(1,650)	(10,887)	0	(1,650)	(12,537)
f	Other Projects/Schemes	0	0	0	0	(200)	(200)	0	(200)	(400)	0	(200)	(600)	0	(200)	(800)	0	(200)	(1,000)
3	SA8 Change Programme	4,766	(4,766)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a	SA8 Programme Team	0	2,079	2,079	0	(881)	1,198	0	(881)	317	0	(317)	0	0	0	0	0	0	0
b	Revenue Saving Initiatives																		
i	PWLB and Newport Debt redemption	0	1,187	1,187	653	(1,840)	0	0	0	0	0	0	0	0	0	0	0	0	0
ii	LGPS Pension Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Other Financial Liabilities																		
a	Tribunal and Ombudsman Liabilities	386	0	386	0	(386)	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Unspent Revenue Grants	204	(95)	109	0	0	109	0	0	109	0	0	109	0	0	109	0	0	109
c	3rd Party funds	207	(2)	205	0	0	205	0	0	205	0	0	205	0	0	205	0	0	205
d	POCA	331	0	331	50	(50)	331	50	(50)	331	50	(50)	331	50	(50)	331	50	(50)	331
e	Workstream Specific Reserves	741	(230)	511	0	0	511	0	0	511	0	0	511	0	0	511	0	0	511
Sub Total		22,118	9,995	32,113	6,913	(18,198)	20,828	2,891	(16,829)	6,891	2,865	(5,800)	3,956	2,838	(5,088)	1,705	2,811	(6,465)	(1,949)
C Uncommitted Earmarked Reserves																			
1	Forecast Accelerated Efficiency Savings	4,041	(4,041)	0	2,000	0	2,000	2,000	0	4,000	1,000	0	5,000	1,000	0	6,000	0	0	6,000
2	Police officer recruitment	1,016	(1,016)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Commissioning Strategy and Force Initiatives	1,672	0	1,672	0	0	1,672	0	0	1,672	0	0	1,672	0	0	1,672	0	0	1,672
4	Airwave	4,027	(2,527)	1,500	200	0	1,700	200	0	1,900	200	0	2,100	200	0	2,300	200	(2,500)	0
Sub Total		10,755	(7,584)	3,172	2,200	0	5,372	2,200	0	7,572	1,200	0	8,772	1,200	0	9,972	200	(2,500)	7,672
TOTAL REVENUE RESERVES		43,663	0	43,663	9,113	(18,198)	34,579	5,338	(16,829)	23,088	4,065	(7,012)	20,141	4,038	(8,025)	16,154	3,011	(14,562)	4,603
<u>CAPITAL RESERVES</u>																			
A Committed Earmarked Reserves																			
1	Capital Grant	0	0	0	1,501	(1,501)	0	876	(876)	0	876	(876)	0	876	(876)	0	876	(876)	0
2	Capital Receipts	1,502	0	1,502	0	(1,502)	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Replacement Command and Control	1,161	0	1,161	0	(1,161)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL RESERVES		2,663	0	2,663	1,501	(4,164)	0	876	(876)	0	876	(876)	0	876	(876)	0	876	(876)	0
TOTAL RESERVES		46,326	0	46,326	10,614	(22,361)	34,579	6,214	(17,704)	23,088	4,941	(7,888)	20,141	4,914	(8,901)	16,154	3,887	(15,438)	4,603

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Revenue Projections 2016/17 to 2020/21
Capital Programme 2016/17 to 2020/21

		2015/16 £'000s	2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s
A	Estate						
1	Regular Capital Maintenance	500	500	500	500	500	500
2	Replacement HQ						
3	Decommissioning of Headquarters						
4	Gwent Connect (Victims Hub)	275					
5	Total Estate	775	500	500	500	500	500
B	Vehicles	464	717	1,350	910	2,240	1,405
C	Information Systems						
1	Voice Over Internet Protocol	562					
2	Citrix Servers (64 Bit)	80					
3	Replacement Servers	100					
4	Main Blade Server Chassis	120					
5	Checkpoint Firewall Infrastructure	210					
6	Network Switches		150	150	150	150	150
7	Replacement SQL Server		130				
8	PND Infrastructure	160					
9	Replacement ICCS System	500					
10	Enterprise Resource Planning System	300	2,487				
11	Disaster Recovery	895					
12	Command & Control	1,161					
13	Mobile Data	1,500					
14	Inter-relational Management System	71					
15	AudioSoft Upgrade	13					
16	Vetting Management System	25					
17	Body-worn Video	259					
18	Backup Library		25				
19	ICT Development Contingent Growth			1,500	1,500	1,500	1,500
20	Total Information Systems	5,956	2,792	1,650	1,650	1,650	1,650
D	Other BTCG Projects / Schemes	200	200	200	200	200	200
E	Total Programme	7,395	4,209	3,700	3,260	4,590	3,755
F	Funding						
1	Capital Grant	876	876	876	876	876	876
2	Home Office Innovation Fund	625					
3	Funding from Reserves	5,894	3,333	2,824	2,384	3,714	2,879
4	Total Funding	7,395	4,209	3,700	3,260	4,590	3,755
H	Surplus Funds	0	0	0	0	0	0

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GWENT POLICE AND CRIME PANEL IMPROVEMENT PLAN AND DRAFT FORWARD WORK PROGRAMME 2015/16

CONFIRMED DATES

11th December 2015 – 10.00am (Blackwood Police Station)

- PCC Verbal report
- MTFP - Forecast Outturn and Precept Options
Treasury Management Strategy 2016/17 and 6th month update report 2015/16
- Complaints to the Gwent Police and Crime Panel - CCBC
- Gwent Police and Crime Panel Arrangements - CCBC

SUGGESTED DATES

22nd January 2016 – 10.00am

- PCC Verbal Report
- Precept Report

18th March 2016 – 10.00am

- Final Police and Crime Plan
- Criminal Justice (Comprehensive Review)

17th June 2016 – 10.00am

- PCC Verbal Report
- 2015/16 Year End Financial Report
- MTFP
- Annual Report
- Annual Strategic Equality Objectives Action Plan

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