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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  
(Tel: 01443 864210 Email: [evansca1@caerphilly.gov.uk](mailto:evansca1@caerphilly.gov.uk))

**Date: 20th January 2017**

Dear Sir/Madam,

A meeting of the **Gwent Police and Crime Panel** will be held at the **The Chamber, County Hall, Rhadyr, Usk, Monmouthshire, NP15 1GA** on **Friday, 27th January, 2017 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.	
To approve and sign the following minutes: -	
3     Gwent Police and Crime Panel held on 9th December 2016.	1 - 10
4     Verbal update by the Police and Crime Commissioner for Gwent.	11 - 12
5     Delivering a Safer Gwent - Police and Crime Plan 2017-2021 (Draft for Consultation).	13 - 54
6     Police and Crime Budget and Precept Proposal 2017/18.	55 - 70
7     Treasury Management Update Report.	71 - 82
8     Treasury Management Strategy 2017/18 to 2019/20.	83 - 126
9     Forward Work Programme.	127 - 128

### **MEMBERSHIP:**

Councillor Mostyn Lewis, Blaenau Gwent County Borough Council  
Councillor Mrs Lisa Winnett, Blaenau Gwent County Borough Council  
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 Mrs Norma Parrish, Torfaen County Borough Council  
Councillor Jessica Powell, Torfaen County Borough Council  
Councillor Peter Clarke, Monmouthshire County Borough Council  
Councillor 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- Mrs G. Howells and Mr P. Nuttall

**By Invitation**

Mrs S. Curley, Office of the Gwent Police and Crime Commissioner  
Mr D. Garwood-Pask, Office of the Gwent Police and Crime Commissioner  
Mr J. Farrar, Chief Constable, Gwent Police  
Mr J. Cuthbert, Office of the Gwent Police and Crime Commissioner  
E. Thomas, Office of the Gwent Police and Crime Commissioner

And Appropriate Officers.

Gwent Police  
and Crime Panel

Panel Heddlu  
Gwent a Throseddu

## GWENT POLICE AND CRIME PANEL

**MINUTES OF THE MEETING HELD IN THE CHAMBER, COUNTY HALL,  
RHADYR, USK, MONMOUTHSHIRE, ON FRIDAY 9TH DECEMBER 2016 AT 10.00 A.M.**

Present:

Councillor J. Guy – Chair  
Councillor F. Taylor – Vice Chair

Councillor M. Lewis and Mrs L. Winnett - Blaenau Gwent County Borough Council  
Councillors C.P. Mann and Mrs G.D. Oliver - Caerphilly County Borough Council  
Councillors O. Ali and D. Williams - Newport City Council  
Councillors Mrs N. Parrish - Torfaen County Borough Council

By invitation:

Mr J. Cuthbert - Police and Crime Commissioner for Gwent  
Ms E. Thomas – Deputy Police and Crime Commissioner for Gwent  
Mrs S. Curley - Chief of Staff, Office of the Police and Crime Commissioner for Gwent  
Mr D. Garwood-Pask - Chief Finance Officer, Office of the Police and Crime Commissioner for Gwent  
Mr N. Taylor – Head of Performance, Planning and Partnerships

Together with:

Mrs C. Forbes-Thompson (Interim Head of Democratic Services)  
C. Evans (Committee Services Officer)

### **1. WEB-CASTING**

The Chair reminded those present that the meeting was being filmed and would be made publicly available in live and archive form via the Gwent Police and Crime Panel website.

### **2. DECLARATIONS OF INTEREST**

Councillor J. Guy wished it noted that he is Member of both Gwent and Newport Neighbourhood Watch.

Councillor Mrs L. Winnett wished it noted that she is a member of the Local Crime Prevention Panel and an Animal Welfare Lay Visitor for Gwent Police.

Councillor M. Lewis wished it noted that his Son-in-Law is a Police Officer for South Wales Police.

In addition, Councillor Lewis declared a Personal Interest in Item 9, details of which are minuted with the respected item.

### **3. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Mrs C. Forehead and Mrs G. Oliver (Caerphilly County Borough Council) and P. Clarke (Monmouthshire County Council).

### **4. MINUTES – 16TH SEPTEMBER 2016**

RESOLVED that the minutes of the Gwent Police and Crime Panel meeting held on 16th September 2016 (minute no. 1 - 8) be approved as a correct record.

In discussing the minutes, a Member raised a query in relation to the Estates Strategy and sought confirmation that there would be no further closures of stations, with particular reference to Abertillery Police Station, during the Commissioners term in Office. The Commissioner explained that the Estates Strategy is currently under review and a further update report will be provided at a later meeting, in which future plans for stations would be highlighted.

A Member sought further information on the Commissioner's involvement with local Groups to tackle Cyber Crime. It was noted that significant efforts are underway in order to tackle the issue and further updates on local involvement would be provided outside of the meeting.

In addition, it was noted that the Minute referring to Budget setting should refer to the UK Minister for Policing and the Fire Service, as opposed to the Welsh Minister.

### **5. MINUTES – 17TH NOVEMBER 2016 (SPECIAL).**

RESOLVED that, and subject to it being noted that the meeting was held in Newport Civic Centre, the minutes of the Special meeting of the Gwent Police and Crime Panel held on 17th November 2016 (minute no. 1 - 3) be approved as a correct record.

### **6. VERBAL UPDATE BY THE POLICE AND CRIME COMMISSIONER FOR GWENT**

The Police and Crime Commissioner for Gwent provided an update on his time in office to date.

#### Police and Crime Plan Update

The Panel noted that the Commissioner's draft Police and Crime Plan is currently being developed, and would be presented for consideration at the Panel meeting in January 2017. A consultation process has been undertaken and emerging priorities include:

- Crime Prevention
- Supporting Victims
- Community Cohesion
- Anti-Social Behaviour
- Effective Service Delivery

A final version of the Plan would be presented to the Panel in March 2017 prior to its publication.

In addition, the Commissioner highlighted the high profile cases of modern day slavery, trafficking and the increasing Cyber related Crimes, all of which would be included within the plan.

The Panel discussed Cyber Crime and Modern day Slavery and were pleased to note that these are a priority. The Commissioner explained that Cyber Crime is on the increase and many people have been targeted by online scams. An initiative 'Get Safe Online' has been developed with the Police and Key Partners to advise on issues and to provide people with the skills to identify scams. Assistance has been provided by the City of London Police for some of the more sophisticated crimes, which are often based overseas.

#### Her Majesty's Inspectorate of Constabulary (HMIC) PEEL Inspection

HMIC has provided its report to the force regarding the recent inspection on PEEL: Police Efficiency 2016. The Panel noted that the Force had been rated overall as 'Good' for examining the understanding of demand, use of police resources to manage that demand and planning towards future challenges and threats. In addition, the Commissioner was pleased to report that some areas were denoted as 'outstanding', particularly investment in technology and the ability to move forward therefore to deal with changing demand and priorities.

#### Recruitment

The Panel were pleased to note that the force is currently recruiting for Constables. In total 591 applications were received by the force and 44 applicants transferred scores from other processes. Of all candidates, 322 progressed through shortlisting and 242 were invited to an assessment centre, with a further assessment for 71 still awaited in 2017. The results have not yet been received from the College of Policing; however interviews are scheduled to take place during the week commencing 12th December 2016 with a view to intake in the New Year.

The Commissioner highlighted that there has been an increase in applications from members of the Black Minority Ethnic (BME) communities.

A Panel Member queried the recruitment process and, as a result of the additional training, the number of drop outs from the programme. The Commissioner explained that the numbers were low, however would provide an accurate analysis to the Panel. It was however noted that the quality of Constables coming through the programme was excellent and that Officers are posted to frontline positions from day 1.

#### Operation Emerald – Pill Disorder

Between 20th October and 6th November 2016 Operation Emerald was implemented within Pill in direct response to disorder within the Community. As a result of policing activity, a number of persons were arrested for offences contravening the including Public Order Act, including violent disorder and affray.

The Commissioner has been leading discussions with the Chief Constable, Assembly Member, Community Leaders, Registered Social Landlords and the Public Service Boards to co-ordinate a response and plan actions for a way forward. An update will be provided to the Panel once plans have been agreed.

The Panel discussed the recent disturbances and significant concerns were expressed for the crime levels and economic conditions and in particular, the implications and pressures on the Police and other Public Services within Gwent. In response, the Commissioner explained that there has been a number of negative press releases about the area. However, a number of support services and interventions are in place and there are positive examples to report, for

example the cooperation of many parts of the community with partner and third sector agencies and the 2 primary schools which are noted to be exemplar flagships. In addition, the Commissioner extended his gratitude for the work of the local Ward Representative.

#### Transparency Quality Mark

The Commissioner explained that the Office of the Police and Crime Commissioner for Gwent (OPCC) has been awarded the CoPaCC Transparency Quality Mark. This is an annual review undertaken by CoPaCC (an organisation specialising in police governance) to determine if Commissioners are meeting their statutory transparency responsibilities as set out in the Specified Information Order.

The Commissioner and Panel extended their congratulations to all the staff involved and commended them on the hard work to achieve the prestigious award.

#### White Ribbon Day

The White Ribbon Campaign is the largest effort in the world of men working to end men's violence against women.

The Commissioner supported Gwent Police's Unison Branch to raise awareness of the elimination of violence against women and girls. In addition the Commissioner attended national Light Candle events to raise awareness.

The Panel were pleased to note the work undertaken to tackle Domestic Abuse, however, it was highlighted that there are a significant number of men who experience Domestic Abuse, which should also be a key prevention priority. The Commissioner acknowledged the comments and it was noted that, whilst work is underway to tackle all forms of Domestic Abuse, regardless of gender group, it is more commonly reported amongst women and girls.

#### Update on the Third Sector Liaison Officer

At the Panel meeting in September a further update was requested regarding the Third Sector Liaison Officer post that had been funded by the Commissioner. The Strategic Commissioning Board agreed that due to the future focus of the role moving away from the police and crime agenda, that match funding would be sought from other partner organisations. Whilst this was on-going the Commissioner agreed to fund the role until the end September 2016. Ultimately it was acknowledged in September 2016 that funding had not been accessed from partners and therefore the role ended on 30 September 2016.

#### Policing Vision 2025 – NPCC

National Police Chiefs Council have published a report entitled "Policing Vision 2025". The Panel noted that the Model will be reflected within the Police and Crime Plan.

#### Welsh Government Modern Slavery Leadership Group

The Panel noted that a Welsh Government Modern Slavery Leadership Group has been established, for which the Gwent Commissioner is representing the 4 Commissioners in Wales. A Conference will be held in the Spring of 2017 on Modern Slavery.

The Panel discussed recent cases and Police intervention across Gwent, to tackle Modern Slavery. It was noted that the Commissioner hopes to bring expertise to the role, as the representative for Welsh Commissioners, drawing on his own experience and responsibility for Tackling Modern Slavery in the Welsh Assembly.

## Estates Strategy

The Commissioner is in the process of reviewing and developing a revised Estate Strategy. It is intended that the revised document will be presented to the Panel in March 2017.

The Panel discussed the Strategy and it was noted that Caerphilly is the largest town in Gwent and does not currently have a permanent Police presence, therefore there are plans to open a new Police Station in Caerphilly.

## Engagement

The Commissioner continues to drive forward with engagement, with Public Surgeries being held and one to one discussions taking place with constituents. The Commissioner extended his offer to attend local Councillor Surgeries across Gwent and urged the Panel to highlight this to their colleagues.

## Strategic Commissioning Board

The Deputy Police and Crime Commissioner for Gwent provided an update on the Strategic Commissioning Board, which she chairs on behalf of the Commissioner.

It was noted that the first meeting of the Strategic Commissioning Board met 2 weeks ago and was well attended by 5 Local Authorities, the Health Board, South Wales Fire and Rescue, Registered Social Landlords, National Probation Service, Community Rehabilitation Company, Officers of the OPCC, Gwent Police and Third Sector Representatives. Tributes were paid to the previous Commissioner and Deputy Commissioner, Ian Johnston and Paul Harris and their hard work during their term was acknowledged. The Group has had a successful track record, and has been responsible for initiatives such as Connect Gwent. The recent meeting has considered the priorities of the Commissioner, Jeff Cuthbert and the challenges expected during the tenure and there was considerable focus on Safer Gwent.

The Panel were asked to note that the next meeting, which is scheduled in the New Year, will consider the priorities for the next 4 years.

## **7. SAFER GWENT**

The Safer Gwent group (formally known as Gwent Community Safety Leads Group prior to the inception of Police and Crime Commissioners in 2012) was formally proposed by the Police and Crime Commissioner, following a Task and Finish Group on 22nd January 2015 and comprises of a Gwent Police Representative, Community Safety Leads in each Local Authority Area and the five Local Authority Community Safety Managers and Social Landlords.

The purpose of the group is to 'Provide collaborative opportunities to inform and redesign the community safety landscape on a regional basis in support of local delivery'. Through the agreed strategic priorities and use of existing funding opportunities, Safer Gwent supports the commissioning of community safety services such as the regional provision of Independent Domestic Violence Advisors for Gwent, Positive Futures and Community Safety staff across the five Local Authority areas.

As part of the Safer Gwent agenda, a Partnership Analyst was appointed in September 2016 to provide analytical capability to the group and to produce a Gwent level Strategic Assessment document to inform the Safer Gwent work programme, drive the governance of Community Safety across Gwent, ensure joined up delivery in support of the Police and Crime Plan and Community Safety Partners' areas of work, as well as being used as an integral part



of the data collection and analysis currently being used by Public Service Boards to inform their situational analysis in support of the Wellbeing and Future Generations programme planning.

The Panel noted that at a recent meeting of the Safer Gwent Group questions were raised regarding the governance and future of the group and the duplication of work alongside that of some local Community Safety Partnerships/Teams. As a result, a meeting has taken place to discuss the possibility of Safer Gwent becoming a more formal group as opposed to its current status as an advisory group. Further meetings will be taking place to discuss this, with the possibility of commissioning a piece of work to investigate future options.

The Panel thanked the Officer for the detailed report and discussed the importance of effective partnership working and collaboration for the success of the Programme.

A Member sought further information on the outcomes of the group and what impact this would have on Community Safety. The Officer confirmed that the outcomes are determined at the beginning of a programme, each of the partners contribute to the programme and identifying the outcomes.

A Member queried the funding for Safer Gwent and it was confirmed that the programmes are funded by partners, with nearly £600,000 paid from the Commissioner's Community Safety Fund.

## **8. FORCE COMMUNICATION SUITE PROGRESS REPORT**

The Deputy Police and Crime Commissioner, Eleri Thomas introduced the report, which was provided in response to concerns raised regarding the 101 Service and a request made at a recent Panel visit to the Communication Suite.

The report provided details of a number of key services delivered through the Gwent Police Communication Suite, which include Public Contact via telephony, email and social media (999, 101, switchboard); Incident log and police resource management (dispatch of officers to calls); Crime Recording, quality assurance and finalisation and Critical incident management including firearm deployment, pursuits, etc.

The aim is to provide a prompt, quality service to everyone who contacts Gwent Police, accurately and consistently identifying threat, risk or harm issues and managing limited force resources appropriately to mitigate these risks.

The Panel noted that, historically, the force has faced significant challenge trying to achieve these aims. Good performance has been sporadic and a number of issues have contributed to this including inappropriate resource management, negative culture of staff, ineffective working practice, disjointed technology providing limited capability for comprehensive risk assessment and relatively poor relations with operational staff. Consequently, a wholesale review was commissioned under the force Staying Ahead Programme of change and a full business case was approved by the Programme Board. Implementation commenced on 15th March 2016 with the introduction of the new command and control system, STORM. This was delivered on time, within budget and implementation was deemed a success. The company providing STORM made comment that our implementation was the first in the country to be delivered on time and with the least amount of issues. Simultaneously, the new risk assessment, THRIVE was introduced and the processes concerning incidents and crime recording was also changed. However, to implement such substantial change all at once was recognised as challenging for staff. Mitigation in the form of significant training and additional expert floor walkers was provided. The introduction of all incidents in to NICHE has now provided the force with an ability to provide a true, one system intelligence picture to enhance



its capability to identify and manage risk.

It was noted that service delivery was further challenged due to a significant movement of staff. As a direct consequence of moving to a single, omni-competent role for all operators, over 30 staff decided to take redundancy. In the last 12 months the force has also recruited over 70 new operators to maintain establishment figures. The loss of vast numbers of experienced staff and the requirements to train and develop competence for all the new operators has contributed to the challenge.

Consequently, service levels fell well below acceptable parameters during April and May 2016, however, since June 2016 levels have been improving.

The implementation plan recognised the significant challenge and risk to maintain service delivery whilst on the journey of change, however, at the conclusion of the project, the suite will be substantially better placed to deliver a quality service well into the future with a more robust and flexible workforce.

The Panel thanked the Deputy Commissioner and Officers for the report and discussion ensued around the issues raised at the visit to the Communication Suite. It was acknowledged that there have been significant issues during the implementations of the new systems, which has lead to an increase in call drop offs and frustration from the public regarding the 101 Service. It was noted that there are still improvements to be made and challenges faced during the implementation of the systems, which included the loss of expert staff, and a requirement to train new personnel. The Panel noted that the enhancements to the service will continue until March 2017, however were assured that there would be significant improvements to the service in the future.

A Member sought further information on the reason for the failure of the 101 system. It was explained that there had been a National dissatisfaction in the service, with a number of technical issues; in Gwent, this was particularly apparent as a direct impact of implementing a new system. All of the changes came at once, with had a knock on effect on the effectiveness of the service.

The Panel discussed the average waiting time, which was outlined as 2 minutes within the report, and discussed incidents in which members of the public were waiting for 30 minutes or more to report suspicious activity and as a result the calls are terminated before speaking to an operator. The Panel were assured that feedback would be taken back to the Communications Suite, and to the Chief Constable, however, Members were advised that when reporting an intelligence log, contact 101, for an incident or crime occurring, contact 999.

A Member raised their concerns for access to the 101 service for people with hearing impairment, it was noted that the 999 service had a provision in place, however there is nothing in place for the 101 service. An update was requested at the Communication Suite visit, but has not been received. The Deputy Commissioner thanked the Member for raising the issue and assurance was given that this would be actioned to ensure there is a mechanism in place and a further update report would be provided to the Panel in due course.

## **9. MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2021/22**

The report provided the Panel with the updated Medium Term Financial Projections (MTFP) for 2017/18 to 2021/22.

The Panel noted that the financial projections for the financial years 2017/18 to 2021/22, identify a recurring deficit of £12.023m by 2021/22, as a result and as part of the on-going Staying Ahead Programme, the financial projections therefore provide a requirement to deliver recurring efficiency schemes amounting to £12.023m.

The report outlined a number of challenges faced by Commissioners across Wales, which included implications from the Comprehensive Spending Review (CSR) which has required the delivery of significant financial efficiencies and budget reductions and it is anticipated that this theme will continue for the life of this Parliament through subsequent CSRs. The future financial challenge to 2021/22 is exacerbated by the Home Office's review of the Police Funding Formula. It was noted that the current formula is in need of review and, following a 'false start' to the review process, the review is back on track and hoping to produce its findings by February/March 2017, with an implementation date of the 2018/19 financial year. Importantly however, early exemplifications from the Home Office received during 2015 identified a £6m cut in Central Government Core Grant to Gwent, therefore the Commissioner could be faced with a £6m cash cut in addition to the underlying cuts forecast from the effect of the Government's austerity programme. It is also likely that this cut will not be actioned in one fell swoop, but transitional arrangements will affect the cut over a number of financial years.

The Panel noted that the MTFP report is to be presented to the Joint Audit Committee on the 21st December 2016, whereby Members will consider and comment on the budget setting process as per the terms of reference of the Committee.

The report outlined that the Provisional Police Settlement for 2017/18, which would provide the expected levels of Central Government Core Grant that individual Commissioners may receive, is not due to be announced until around mid December, therefore the MTFP is based upon estimated funding assumptions, which indicate a further reduction in the level of funding from the Home Office both in terms of year on year reductions and an anticipated revision to the Police Funding Formula.

In addition, the report outlined an assumption that there will be an increase by 3.99% in 2017/18 Council Tax precept and Home Office are yet to announce the level of capital funding for 2017/18.

The Panel were assured that the financial planning process will continue for both the Revenue and Capital budgets in line with the 2017/18 Budget Setting Timetable, presented and confirmed by the Joint Audit Committee on the 15th September 2016. Receipt of the provisional settlement in December will greatly crystallise the position and better inform the budget setting process and a further update would be provided at the next meeting.

The Panel thanked the Officer for the detailed report and sought further information on Risk Management. The Officer explained that a key risk would be partnership working, with the austerity measures making budgets ever tighter, there are further pressures on partner budgets, therefore key programmes and projects could be at risk.

A Member sought further information on Risk and sustainability, with particular reference to the budget cuts and staffing. It was highlighted that the cuts are coming from Central Government, which have to be managed locally. The austerity measures will have a significant impact on the Force, and there may be a point to which the service will not be sustainable on the level of funding provided.

Members discussed the impact of the precept on budgets and the risks should the assumed budget settlement not be presented and noted the risks associated with the budget. In addition, it was noted that where possible, investments are made to deliver priorities of the Police and Crime Plan, whilst ensuring there is sufficient funding for serious incidents and to

meet the budget and savings requirements.

#### **10. GWENT POLICE AND CRIME PANEL RECORDED COMPLAINTS AND CONDUCT MATTERS REGISTER**

Councillor M. Lewis declared a personal interest in this item, and left the meeting during its consideration.

The report provided Members of the Gwent Police and Crime Panel (the Panel) with an overview of the complaints received for the period from November 2015 to November 2016.

In February 2013, a procedure for the handling of complaints made against the Police and Crime Commissioner for Gwent (PCC) or Deputy Police and Crime Commissioner for Gwent (DPCC) was agreed, which 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 Panel, in determining the type of complaints received and the strategy for managing complaints for local resolution and the Panel's final resolution of complaints. In addition, a protocol for managing complaints was agreed in order to ensure that complaints are dealt with in a timely fashion and are correctly identified as being complaints.

The Panel noted that the total number of complaints received for the period November 2015 to November 2016 was 5. 1 was determined to be a conduct matter, which was referred to the IPCC for determination; the remaining 4 were determined to be complaints. The Panel considered the complaints and requested further information from 1 and determined no further action from the others.

There have been no trends identified or areas of concern for consideration by the Panel, and monitoring will continue. Other correspondence has also been received during the past year with complaints against the Police and this is always referred appropriately.

The Gwent Police and Crime Panel thanked the Officer for the report and noted its contents.

#### **11. FORWARD WORK PROGRAMME**

The Panel noted the draft Forward Work Programme, which outlined future reports and meeting dates of the Gwent Police and Crime Panel for 2017.

Officers outlined additional reports to be added to the Programme, which included updated on the Quality of Service Review, Police and Crime Plan, Medium Term Financial Plan, Strategic Commissioning Board, Precept/Budget Setting and Treasury Management Strategy.

The meeting closed at 12.45 p.m.

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## **PCC Oral Update**

### **1. Operation Emerald – Pill Disorder**

There has been a discussion at the Newport Public Service Board (PSB) to take forward a partnership approach to the issues experienced in Pill and central Newport. The Cohesive Communities sub group of the PSB has developed a positive multi agency action plan. Good progress is being made by partners and the Police are engaged with the local community. Positive engagement is also being planned with community residents and businesses. A specific meeting of the PSB is to take place on Pill at the beginning of February.

### **2. Appointment of New Deputy Chief Constable**

Our Assistant Chief Constable Julian Williams has been appointed as the new Deputy Chief Constable and took up the role on the 1<sup>st</sup> January 2017. Chief Superintendent Emma Ackland is currently Acting Assistant Chief Constable.

<http://corporate.gwent.police.uk/nc/cy/news/article/article/gwent-police-appoints-new-deputy-chief-constable/>

### **3. Update on the Welsh Language Standards**

Work towards implementation of the standards is well underway. An internal Welsh Language Board has been established to support activity across the Force and the Office of the Police and Crime Commissioner (OPCC) where applicable and is attended by the Deputy Police and Crime Commissioner and the Policy Officer with responsibility for Welsh Language.

With the support of the OPCC, Gwent Police will host a visit of the Welsh Language Commissioner on 25<sup>th</sup> January 2017. The visit aims to provide context for some of the challenges to the standards and will involve a session in the Force Control Suite, observation of training provision and a tour of the new Custody Suite combined with a 'ride along' with the Area Support Unit and Neighbourhood Policing Team.

A recruitment process has been undertaken to appoint a Welsh Language Officer and a joint Welsh Language Translator. Candidates have been shortlisted and interviews will take place on the 24<sup>th</sup> January. The Deputy Police and Crime Commissioner has been involved in the appointments process.

### **4. Update on 101**

Performance at the first Point of Contact has continued to improve. In December 2016 101 calls were answered within a service response time of 60 seconds; this equates to 64.2% of the total of calls received. This is the highest level the suite has achieved to date since the new model was

introduced, continuing previous months' improvements. The average wait time for calls to be answered has decreased in this period to 1 minute and 22 seconds. This is the lowest wait time since the new working model was introduced. The Communications Suite leadership team is confident that this will reduce further with the imminent introduction further system improvements.

## **5. Public Surgeries**

Public Surgeries have recently been reintroduced and have already taken place in Caerphilly and Duffryn with one planned for Ebbw Vale on 18<sup>th</sup> February 2017. Further Surgeries will be planned and advertised via the OPCC website, Gwent NOW and various other channels.

## **6. All Wales Modern Slavery Event**

The Commissioner will be hosting an All Wales Modern Slavery Event on the 22nd March 2017 which has been organised in partnership with the Welsh Government.

**WORD DRAFT: Police and Crime Plan for consultation with the Police and Crime Panel. Document to be subject to editing prior to translation and design.**



## **DELIVERING A SAFER GWENT POLICE AND CRIME PLAN 2017-2021**

me Plan 1



**Contents (Page numbers to be inserted on redraft):**

- 1. Introduction from the Police and Crime Commissioner**
- 2. Foreword by Chief Constable**
- 3. Vision, Values and Key Principles**
- 4. The Context of Policing and Crime in Gwent**
- 5. The Police and Crime Priorities for Gwent**
- 6. Monitoring, Performance and Scrutiny**
- 7. Working Together to Make Gwent Safer: Partnerships and Collaboration**
- 8. Conclusion by the Police and Crime Commissioner**
- 9. Glossary**

## **1. Introduction from the Police and Crime Commissioner**



I trust that this Plan will reassure the public that the safety and well-being of communities and citizens of Gwent is paramount.

In drawing up this Plan, I have considered current local policing requirements, consulted widely with the community of Gwent, partners and other stakeholders and also taken into account the national policing requirements to ensure that the priorities reflect the police and crime issues facing all of us and the diverse needs of our communities.

As a result of all these considerations, together with the results of my local Police and Crime Plan consultation, I have decided that my policing priorities for Gwent will be:

- 1. Crime Prevention**
- 2. Supporting Victims**
- 3. Community Cohesion**
- 4. Tackling Anti-Social Behaviour**
- 5. Effective Service Delivery**

The main focus of the Plan will be on preventing crime and I will look to provide the best service possible to improve community safety, protection for vulnerable people and to provide support for victims of crime, with a particular focus on victims of serious harm.

My Plan will shape decisions around transformation and how we can make best use of our resources to help keep people safe and provide an effective, accessible and trusted service that also provides value for money to the people of Gwent.

Catching criminals remains an overall priority for policing, both in Gwent and nationally. Beyond the focus of my five local priorities for Gwent, I will work with the Chief Constable to ensure that Gwent Police plays a full role in contributing to dealing with national and regional threats from terrorism and serious and organised crime.

The national Policing Vision 2025 recently set by Police and Crime Commissioners (PCCs) and Chief Constables across England and Wales, highlights that Globalisation continues to accelerate and present new challenges which is resulting in the policing landscape becoming more complex. The vision will help to support the way that I provide local policing services which will continue to prevent and therefore reduce crime by adapting to new threats and challenges whilst at the same time ensuring that we are able to meet our commitment to the Strategic Policing Requirement (SPR) on a national level.

The increasing number and magnitude of cyber-crime requires a co-ordinated effort between the police, businesses, Governments and those with cutting edge insights into the future of technology. No single organisation can afford to tackle this real and growing threat alone. As a result, tackling cyber-crime has been woven into the fabric of this Plan.

An important element when creating this Plan was to ensure that the Well Being of Future Generations (Wales) Act 2015 is intrinsically linked to everything we do. Although policing is not devolved to Wales, the principles laid out in the Act are relevant to us and are essential to ensure the Police help to contribute to the well-being of people in Gwent.

Only through strong collaborative working with key partners and public services can we seek to provide the best possible quality of life for our citizens, in particular our most vulnerable. Through efficient joined-up working, we can prevent and reduce levels of crime, resulting in fewer victims. This is why there is a clear focus on ensuring strong collaborative working with other key partners throughout this Plan. I will provide leadership with the Chief Constable to drive the most effective joined up services for the public of Gwent.

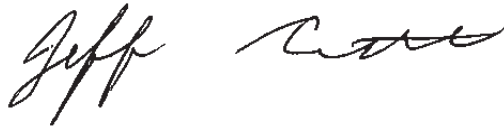
I am also committed to the provision of bilingual services in order to fully engage with the Welsh-speaking members of our communities. I will work with the Chief Constable to ensure that the Welsh Language Standards are being met and upheld within my Office and across Gwent Police as a whole.

Another significant challenge I face is the issue of a reduced budget. You can rest assured that this is a matter that the Chief Constable and I are well prepared for and one which I am actively working to address to ensure that we can maintain front-line policing as much as possible. This will require a significant focus on high quality service delivery, utilising effective use of resources and embracing new technologies, whilst ensuring value for money and that reduced crime levels are achieved.

The nature of crime is changing rapidly and will continue to do so over the period of this Plan. The world of policing could look very different in four or five years' time and

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we need to be flexible enough to adapt to those changes. As your PCC, I will continue to listen to your issues and concerns and work with you to make Gwent a safer place to live and work.



**Jeff Cuthbert**

**Police and Crime Commissioner for Gwent**

**Contact the Commissioner**

Email: [commissioner@gwent.pnn.police.uk](mailto:commissioner@gwent.pnn.police.uk)

Tel: 01633 642 200

Web: [www.gwent.pcc.police.uk](http://www.gwent.pcc.police.uk)

Twitter: @GwentPCC

Facebook: [www.facebook.com/gwentpcc](http://www.facebook.com/gwentpcc)

You can even download the **GwentPCC App**



**I welcome correspondence in Welsh and English.**

## **2. Foreword By Chief Constable**



The Police and Crime Plan 2017-2021 places the needs of communities in Gwent at the centre of local policing delivery. I am pleased to have worked closely to support the OPCC in reflecting the priorities that are important to the public.

This Plan demonstrates how Gwent Police will focus on harm to victims, particularly vulnerable people, enabling an inclusive service to be delivered, and tackling those areas of crime that impact upon society. The Plan enables clear direction to be given to my officers and staff, ensuring that they identify and respond to calls for service from all communities in Gwent.

Gwent Police's purpose is to 'Protect and Reassure' our communities. We have identified the values that we recognise as essential in doing so. In delivering our service we will continue to be:

- Caring
- Fair
- Trusted
- Responsive
- Professional

However the nature of policing is changing. We need to be well placed to respond on a national as well as a local level. This Plan will ensure that we address key issues and threats to community safety and stay connected with the public.

Preventing crime and reducing the impact of crime within Gwent is core to our service delivery. In responding we will support victims, protect the vulnerable and promote understanding in our activities towards wider community cohesion. We recognise the harm that Anti-Social Behaviour (ASB) causes to people's lives and will continue to work with our partners to tackle it effectively. The recognition given to these priorities within the Police and Crime Plan 2017 -2021 ensures we remain focussed upon these important issues in Gwent.

**Jeff Farrar**  
**Chief Constable of Gwent Police**

### **3. Vision, Values and Key Principles**

I have a legal duty to publish a Plan which sets out my police and crime priorities. These priorities will provide the strategic direction for crime and policing services in Gwent from 2017 to 2021. In order to determine the policing priorities for Gwent, there are key values and principles that drive what we do.

These values are strengthened by a vision that the people of Gwent have confidence in their crime and policing services which make them feel safe in their communities. The key principles of this Plan entail:

- Ensuring that I have an open, honest and transparent way of working with the public in which I will engage, listen, feedback and make a difference;
- Promoting police accessibility and visibility with the Chief Constable to ensure that uniformed presence is organised and deployed as effectively as possible;
- Being alert to the changing nature of crime so that we are able to meet challenges such as: cyber-crime, child sexual exploitation, safeguarding concerns, sexual abuse and people trafficking, including slavery;
- Building and maintaining cohesion and communication with all communities within Gwent so that people feel confident that the Police understand their varied needs while ensuring that respect for equality, diversity, and human rights underpins everything we do;
- Getting the balance right between provision and reassurance, which includes having a responsive police service, well located police stations and the use of modern forms of communication and technology to ensure officers are contactable and can provide an efficient, effective and economic service;
- Having regard to the needs, safeguarding and welfare of children and vulnerable adults, such as those experiencing crisis, individuals living with mental health issues and our older citizens;
- Continuing to improve partnership working with public services and the voluntary sector to support joint working which will deliver my priorities;
- Continuing to support the national SPR by providing resources and assistance when required;
- Providing an effective and efficient criminal justice system for Gwent;
- Providing robust commissioning of services to deliver my priorities;

- Implementing the Welsh Language Standards to ensure that the Welsh language is given equal status to the English language;
- Building a strong and positive relationship with Governments to ensure that effective schemes which support policing, such as the provision of Police Community Support Officers (PCSOs) in Gwent, are maintained; and
- Ensuring that the people who work in my Office and Gwent Police feel valued and supported in carrying out their work and are provided with opportunities to develop and progress through the delivery of an effective people Plan.

### **A Commitment to Equality and Wellbeing**

One of the pledges I made during the election campaign was to ensure that the principles of social justice and fairness become the cornerstone of policing practice in Gwent. This means in terms of policing, that people are treated equally and with respect and that disadvantage and poverty are tackled. This remains the case and I will continue to play an active role in ensuring that my priorities, and the policing service that delivers them, fully support this.

I will provide leadership to ensure the policing contribution to the partnership work to implement the Wellbeing of Future Generations Act follows the seven key wellbeing goals of the Act.

To deliver this work, each Local Authority in Gwent has established a Public Service Board (PSB). The purpose of PSBs is to improve the economic, social, environmental and cultural well-being in its area by strengthening joint working across all public services in Wales.

I am committed to the implementation of the United Nations Convention on the Rights of the Child (UNCRC) and will ensure that its principles are embedded in our work to implement the Wellbeing of Future Generations Act 2015.

Each PSB is currently preparing a plan setting out its objectives and the steps it will take to meet them. This is called a Local Well-being Plan. It must say:

- Why the PSB feels its objectives will contribute within its local area to achieving the wellbeing goals; and
- How it has had regard to the assessment of Local Wellbeing in setting its objectives and steps to take.

As invited statutory participants to PSBs, Gwent Police and I will evidence our cooperation in all of our planning and delivery programmes in support of the partnership approach that will be the main stay of the PSBs work in Gwent. I will



make sure that the objectives of my Plan are aligned with the PSB Well Being Plans to ensure a co-ordinated response to service planning and delivery.

Further information can be found at: <http://gov.wales/topics/people-and-communities/people/future-generations-act/?lang=en>

## **Joint Strategic Equality Plan 2016 – 2020**

In April 2016, my Office and Gwent Police published our first Joint Strategic Equality Plan (SEP) 2016-2020. This has been developed as a result of surveys conducted by my Office and Gwent Police, ongoing engagement and consultation with communities throughout the year, and identified requirements in practice relating to diversity matters.

The SEP shows how my Office and Gwent Police, in the exercise of both our internal and external functions, will have due regard to:

- Eliminating unlawful discrimination, harassment, and victimisation;
- Advancing equality of opportunities between people who share [protected characteristics](#) (people who are treated differently) and those who do not, and;
- Fostering good relations between people who share protected characteristics.

The main objectives for the joint SEP are;

### **Equality Objective One**

**Hate Crime and Domestic Abuse:** To identify abuse and harassment where it impacts on communities and individuals, and act effectively to prevent and challenge this behaviour, as well as bringing offenders to justice.

### **Equality Objective Two**

**Legitimacy and Fairness:** To ensure that policing activities, in particular, stop and search and encounters involving use of force, are carried out in a way that is lawful, proportionate, non-discriminatory, and fosters positive relations between communities and the Police.

### **Equality Objective Three**

**Access, Engagement and Cohesion:** To ensure the delivery of our services is influenced by the views of people that share Protected Characteristics and that the work that we do promotes inclusivity and cohesion.

### **Equality Objective Four**

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**Creating a Representative Workforce and Promoting Fairness:** Work towards a workforce that is reflective of the demographics of Gwent, and ensure that everyone working for Gwent Police and the OPCC are treated fairly and without discrimination.

#### **Equality Objective Five**

**Mental Health:** To work in partnership to improve services delivered to people experiencing mental ill health and ensure the mental health wellbeing of all personnel.

The production of the joint SEP means that the way in which we monitor and scrutinise Gwent Police's performance in relation to equality and diversity matters can be more closely linked to the Police's objectives. Although not required by statute, we will publish an annual report on how we are delivering against the objectives in the [SEP](#).

#### **Welsh Language Standards**

The Welsh Language Standards are being progressed by the Welsh Language Commissioner, under the Welsh Language (Wales) Measure 2011. By implementing these Standards we will treat the Welsh language with equal status to the English language, together with promoting and facilitating its use. This means providing a bilingual service to anyone that wishes to use Welsh in their dealings with my Office and with Gwent Police.

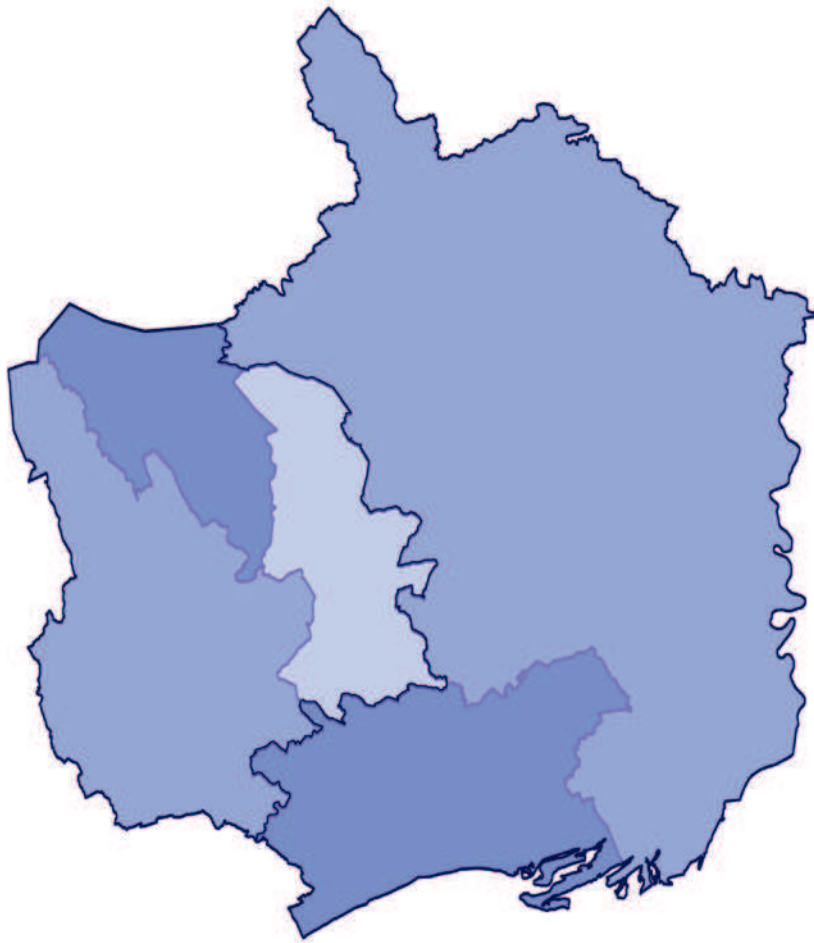
My Office and Gwent Police have jointly developed a strategy that sets out our commitment to the [Welsh language](#) and to ensure we drive the implementation of this activity, we will provide an Annual Report to the Welsh Language Commissioner to show how we have worked to deliver the standards.

#### **4. The Context of Policing and Crime in Gwent**

Gwent covers **600** square miles and has a population of over **580,000** people which has grown by **4.2%** in the past ten years. Gwent is made up of rural towns, countryside and urban areas. Nearly **4%** of the population is mixed, black and minority ethnic. Large regeneration and housing projects across Gwent will bring benefits and challenges in the years to come as will the large volumes of traffic which use the M4.

The link between deprivation, poverty and crime is well established. This is important as 12% of Gwent is defined as deprived, with Blaenau Gwent showing the highest proportion of communities being in the most deprived 10 per cent in Wales.

In Gwent it is estimated that 17,000 children are living below the poverty line. According to the Wales Rural Observatory, the proportions of low income families are just as high in rural areas as urban ones.



**NOTE: Map and info graphic above will show Geography and the East and West and demographics once completed.**

### **Local Policing Priorities**

Gwent Police operates through two Local Policing Areas aligned to the five local authorities of Blaenau Gwent, Caerphilly, Monmouthshire, Newport and Torfaen.

Gwent Police is committed to a model of local neighbourhood policing, supported by teams of flexible and increasingly collaborative specialist officers and staff who provide additional protective services to help keep people safe.

Gwent Police recognises that the nature of police work has changed significantly and is committed to investing in specialist training and technology which allows them to protect vulnerable people, prevent crime and deal with ASB effectively. This is further supported by a capability to work collaboratively, with other partners, national agencies or through national arrangements, to ensure such threats are tackled.

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Gwent Police are dedicated to meet the needs of the public they serve and are focused on delivering a service that keeps people safe.

Gwent Police also has specialist capabilities to meet threats such as terrorism, civil emergencies, serious and organised crime, public order, child sexual exploitation and cyber security incidents.

They have invested in the creation of a Triage Intelligence team which receives, validates and researches all internal and external intelligence received by the force thus providing the ability to allow the identification of, and fast time response to, threats to others.

As Cyber-enabled crime has increased, Gwent have invested in the provision of extra staff and training for officers to investigate and gather intelligence online and via information technology. An online investigation team has been embedded in the forces structure which focuses on protecting the most vulnerable from harm, and capabilities and technology have been introduced for front line officers providing the ability for officers to promptly obtain real time evidence for on-going investigations.

Gwent Police also support and run preventive programmes to advise people how to stay safe. One such specialist programme is the All Wales School Liaison Core Programme (AWSLCP) which has been developed in recognition of the role that schools and education can play in tackling ASB, substance misuse and problems associated with personal safety.

The AWSCLP approach is mainly a preventive, generalised and broad-based one that is focussed on formal lessons delivered by uniformed police in the classroom, together with supportive policing activities. The aims of the programme are; to work towards achieving a reduction in crime and disorder amongst the young people of our communities, and through the medium of education, promote the principles of positive citizenship in schools and the wider communities.

## Gwent Policing Demand



The average population of Gwent is 580,400. At the time of writing, there are **1,197** full time equivalent (fte) Gwent Police officers, meaning there is **1** Police officer for every **485** members of the public. There are also about **130** (fte) PCSOs covering Gwent with about **580** (fte) Police staff supporting front line operational policing.

During the year  
2015-2016 Gwent  
Police dealt with...

**192,948 incidents & 35,690 crimes**

### Typical daily demand for Gwent Police...



**31**  
Arrests made



**150**  
999 calls received



**512**  
Incidents recorded

**72%**

of all incidents have  
a link to computers  
or other social media



**103**

crimes recorded



4 Dwelling Burglaries



12 Thefts



6 Thefts from MV



2 Thefts of MV



28 Violent Crimes



1 Robbery



4 Sexual Assaults



**60**

Victims referred  
for support

As well  
as crime,  
officers will  
deal with...



**45**

Domestic abuse reports, 6 of which  
will result in arrest



**68**

Anti-social Behaviour  
Incidents



**3**

Complaints received  
& dealt with



**13**

Missing people, each of which will  
take 9.5 hours of police time



**3**

Injury related Road Traffic  
Accidents



**6**

People flagged as being associated  
with Mental Health Issues



## Infographic to be inserted on Gwent Police delivery.

### Strategic Policing Requirement

In addition to local demand, Gwent Police must also play its part and be in a state of readiness to tackle national and regional criminal activity and threats. These include national threats which are set out in the Home Secretary's SPR:

- Serious Organised Crime;
- Terrorism;
- National Cyber Security Incidents;
- Child Sexual Abuse and Child Sexual Exploitation;
- Civil Emergencies and Public Order; and
- People trafficking and slavery.

In considering the future focus for policing in Gwent, I must ensure that the priorities include Gwent Police's response to these threats and I will continue to work with the Chief Constable to account for the delivery of this element of the business. I will also work with my counterparts, their respective Police Services and wider regional and national partner organisations to ensure we have capacity to tackle these major threats. In particular, I will continue to promote and support WECTU (Welsh Extremism and Counter Terrorism Unit) and Tarian (which deals with Serious and Organised Crime), which are policing collaborations in Wales to ensure:

- A cohesive approach within Southern Wales to the threats of terrorism, extremism and organised crime;
- The most cost effective means of providing essential specialist police services to mitigate and reduce serious harm within Wales, particularly in relation to Terrorism and the supply of Class A drugs;
- Meaningful integration with other UK law enforcement agencies including Her Majesty's Revenue and Customs, National Crime Agency and UK Borders Agency;
- Sustainable and substantial links between local communities and UK law enforcement;
- Enhanced capability and interoperability in the deployment of police assets within Wales with emphasis on public safety and resilience; and
- The efficient and effective discharge of the respective Chief Constables statutory duties in relation to Terrorism, extremism and witness protection as a nominated protection provider.

I will be working with the Chief Constable to ensure the implementation of the Association of Police and Crime Commissioners (APCC) and National Police Chiefs Council (NPCC) "Policing Vision 2025" in the following ways:

- Aligning local policing, and where appropriate, integrating with other local public services to improve outcomes for citizens and protect the vulnerable;
- Enhancing our response to new and complex threats, developing our network and the way we deliver specialist capabilities by reinforcing and connecting policing locally, nationally and beyond, to better protect the public;
- Ensuring policing is a profession with a more representative workforce that will align the right skills, powers and experience to meet challenging requirements;
- Implementing digital policing to make it easier and more consistent for the public to make digital contact, improve our use of digital intelligence and evidence and ensure we can transfer all material in a digital format to the criminal justice system;
- Delivering police business support functions in a more consistent manner to deliver efficiency, and enhance interoperability across the police service; and
- Having clear accountability arrangements to support policing at the local and national levels.

### **The Policing and Crime Bill**

The Policing and Crime Bill, which at the time of writing is currently working its way through the House of Lords, has been developed with the intention of making policing more accountable. The Bill puts forward many changes which intend to improve transparency and streamline services.

Although the proposal to merge policing and fire services only relates to England, there will also be a number of changes to the policing service in Wales which I will need to consider.

One of the proposals that I have welcomed is the move to stop children and young people being detained under the Mental Health Act in police custody as a 'place of safety'. This will be restricted for adults too. I intend to work closely with Aneurin Bevan University Health Board (ABUHB) to ensure that alternative, more appropriate 'places of safety', can be provided where people have access to the support they need.



## **Public Engagement and Consultation on the Priorities for the Plan**

I want to be a visible and inclusive PCC and I am determined to ensure that people understand the real value of this post. I have developed a Communications and Engagement Strategy which is committed to ensuring that all members of the community, as far as practicable, have the opportunity to take part in my engagement activities.

Community engagement provides people with an opportunity to have a greater say in how policing services are provided for them and to become actively involved in decision making which relates to their local service provision.

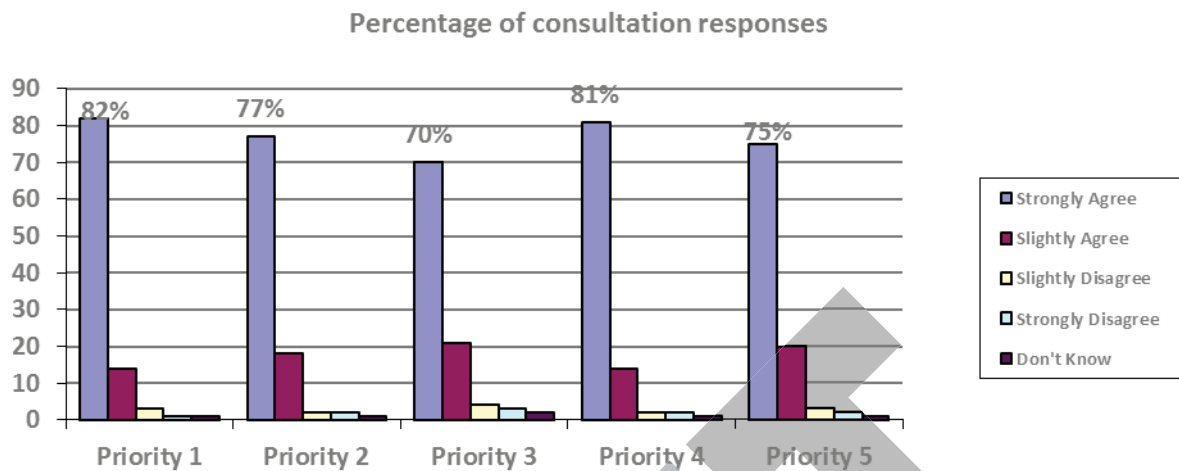
Only by listening to people's issues and concerns, and putting the needs of the individual at the heart of what we do, can we seek to provide the best possible quality of life for our citizens. This is why I will continue to host and attend surgeries and engagement events during times which are convenient to the public over the next four years.

Since being elected into office in May 2016, my officers and I attended **266** events, forums, meetings and discussion groups to actively engage with communities, partners and organisations across Gwent. This has enabled me to gather their views on local policing to inform the focus and priorities of this Plan.

I ran a web based consultation between August and October 2016 which resulted in **759** people responding indicating that most respondents were in favour of all my priorities.

The five priority issues people were asked to comment on were crime prevention, providing support for victims of crime, community cohesion, dealing with anti-social behaviour and effective service delivery.

**The graph below provides further information relating to responses received.**



The diagram below illustrates the most common topics respondents raised as being important when considering the police and crime priorities.

Observations relating to 'officers' were mainly associated with accessibility and visibility in communities.



Full report on the consultation and findings of the survey can be accessed on the PCC's website. [\(LINK TO REPORT WILL BE INSERTED ONCE PUBLISHED\)](#)

The key themes from the consultations carried out were:

- **101**

**People highlighted a poor service which had unacceptable waiting times which caused them to abandon calls or call 999 instead.**

The length of time it takes to contact Gwent Police using 101 was a regular complaint made to me. The Chief Constable and I acknowledge there is an ongoing issue with the 101 system in Gwent as well as across England and Wales.

We have recently introduced a new IT system for 101 and are currently recruiting new call handlers which will improve the service. In December 2016 the average wait time for calls had decreased to less than 2 minutes, but we will continue to work to further improve this system and I will monitor until the matter is resolved.

- **Gwent NOW**

**People commented that Gwent NOW doesn't provide sufficient information and could be more locally focussed for users. They also stated that the language used relied on too much jargon.**

Gwent NOW is a free community messaging system for the Gwent area that allows people to register to receive the latest crime notifications and community news happening in their local neighbourhood.

Gwent NOW is a relatively new system which provides a valuable source of information for the community. I am continuing to review the system with the Chief Constable and have been feeding back community comments on the use of it which will ensure it meets the needs of Gwent residents in the future.

- **Anti-Social Behaviour**

**ASB was a strong theme resulting from my engagement. People commented that patrolling had a positive effect on reducing incidents and, to support this, communities should be more involved in coming up with ways to address local matters.**

ASB blights many communities in Gwent, but, it is not just the responsibility of the Police. I understand that this is important to individuals and communities and have therefore made it the focus of one of the priorities for this Plan.

- **Police Funding and Number of Officers and Staff**

**People were understanding of the impact of recent police funding cuts but pointed out that there needs to be more officers carrying out high profile patrolling.**

The police service is facing some tough financial challenges and we have seen officer numbers reduced in Gwent over the last six years as a result of Government cuts. Despite the issue of a reduced policing budget from Central Government, I am committed to maintaining front-line policing in Gwent as much as possible.

Unfortunately, a reduction in funding has previously meant a reduction in officers and staff. However, we have now created an affordable policing model that is capable of changing to meet local demands based upon sensible financial planning. As a result, we are well placed to meet future challenges, a part of which is a continuous recruitment program for new officers and staff. Gwent Police has recently completed the recruitment and training of 100 new police officers.

With the growing threat of cyber-crime and with the very nature of policing rapidly changing, I want to ensure that the citizens of Gwent have a police service that provides public re-assurance and crime solving capacity fit for the 21<sup>st</sup> Century. I also want to ensure that the public can access the police service when they need them whilst recognising that this does not always require a visible presence.

PCSOs are on patrol and are in constant daily contact with the local community, providing valuable intelligence for the police and playing an important role in engaging with our communities.

You can rest assured that I will certainly be making the case to retain the PCSOs that the Welsh Government fund to ensure community engagement continues and to provide reassurance to our communities.

- **Police Engagement with the Community and Councils**

**People welcomed the opportunity to speak directly to me about policing and wanted to ensure it continued in a meaningful way.**

Engagement with the public will remain a key focus for the Chief Constable and me. It is our intention that all community and town council meetings will have representation by at least their local PCSO every month. As this does not appear to be happening in a number of wards, I will work with the Chief Constable to ensure that the agreed attendance at local level is met.

I will be actively engaging with Local Authority Councils and their scrutiny committees, as well as the Health Board.

### **Feedback from Consultation with Partners**

There is a long history of excellent partnership working across Gwent and I will continue to ensure that these links are maintained. I will also explore new opportunities to work with partners to deliver against this Plan during these challenging economic times.

I welcomed the responses from Members of Parliament, Assembly Members, local Councillors and partnership organisations to my consultations on this Plan. They made relevant comments around: local policing, community cohesion, collaboration, safeguarding and prevention programmes. I look forward to working with them further.

Most problems are best solved by the whole community working together and this approach is strongly embedded in the way we work here in Gwent. The Third Sector is a vital partner in helping to achieve the priorities in this Plan. As PCC, I will continue to maintain and establish strong links between the voluntary and community sector, and my Office, and develop opportunities and services that meet the emerging needs of our communities.

Only through strong partnership working with other organisations, and by putting the needs of the individual at the heart of what we do, can we seek to provide the best possible quality of life for our citizens.

Some current examples of partnership working involving my Office:

- I have continued my commitment to roll out the **Partnership Fund**, which awards cash seized from criminals under the Proceeds of Crime Act and from the sale of unclaimed found property, to projects in Gwent. I will give grants to assist charities, voluntary organisations and community groups involved in activities that have a positive impact in preventing crime and ASB on the communities they serve in Gwent whilst at the same time contributing towards delivering my specific areas of focus.
- The provision of a **Mental Health Nurse** is a jointly funded project with our health partners, to work within the Police control room to ensure individuals living with mental health issues receive the right level of support and intervention.

This approach confirms my commitment to continue to support the key principles outlined within the Wales Mental Health Crisis Care Concordat. This is a joint agreement between the Welsh Government and 28 key

Gwent Police and Crime Plan **20**

organisations and partners throughout Wales which highlights how we will work together to help people going through a mental health crisis. It aims to help reduce the number of people detained inappropriately in police cells and drive out the variation in standards across Wales.

- **Connect Gwent** is the first ever multi-agency service of its kind in Wales which provides positive and lasting support to victims of crime, helping them to cope and recover. The service has brought together a range of agencies and organisations under one roof to provide enhanced support to victims of crime. The service is designed to ensure victims are supported inside and outside the criminal justice process and that they receive the support, information and guidance they need to cope with their victimisation and to assist recovery.
- Women are supported and diverted away from the criminal justice system via projects such as **Women's Pathfinder** which is a Wales-wide initiative aiming to reduce offending and reoffending by women in Wales by providing an integrated approach focusing on the specific needs of women. One key part of this work is the Diversion Scheme which aims to divert women at a low risk of reoffending away from the criminal justice system and into comprehensive packages of intervention and support at the earliest opportunity.
- My office has also helped fund and support the rollout of the **Positive Futures** programme across Gwent. Positive Futures is a sport based inclusion programme which uses sports and physical activity to divert young people away from crime and ASB. Nearly 10,000 individuals throughout Gwent engage with the programme annually and the police have noted a reduction in incidents of ASB in areas where the programme is active.

### **The Cost of Policing In Gwent**

**NOTE: The financial information contained in this draft is based on 2016/17 financial figures for iterative purposes only and will be finalised following consultation once actual funding is known.**

The majority of the resources available to me to deliver this Plan will be needed to fund operational policing. Robust processes have been developed over many years, to identify the funding required to provide the people of Gwent with an effective, efficient and sustainable police service. The budgetary process commences early in the financial year, providing detailed Medium Term Financial Projections (MTFPs) that identify new pressures and savings opportunities.

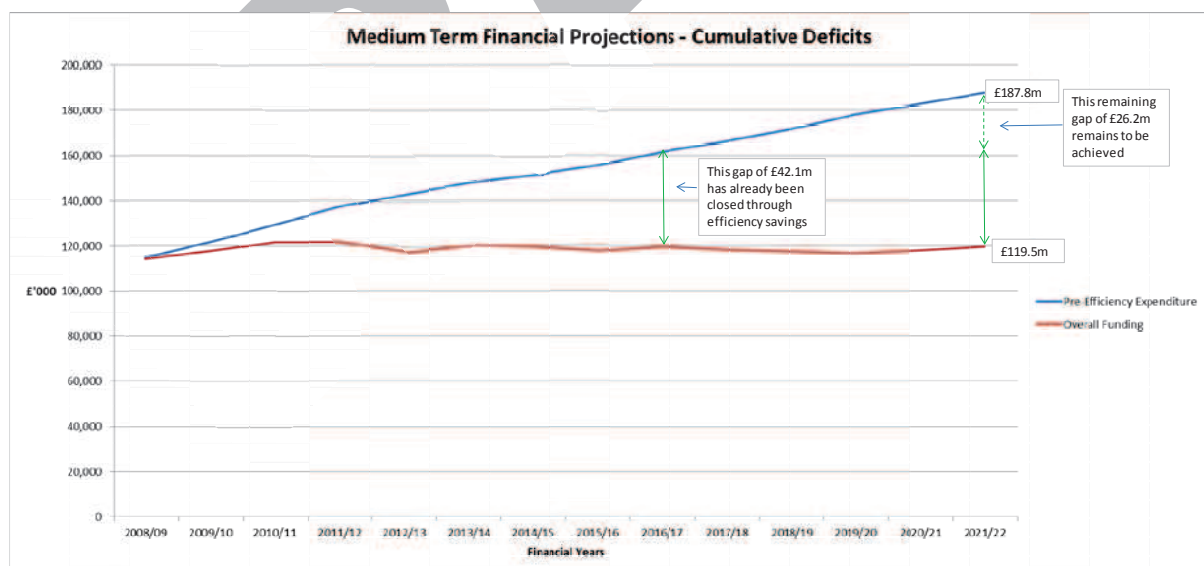
The future financial challenge to 2021/22 is made more difficult by the Home Office's review of the police funding formula. By way of background, once the overall size of the policing budget is determined by the Home Office (via the austerity programme),

then the amount of funding provided to respective PCCs is determined by the police funding formula.

It has been well publicised that the current formula is out-dated, overly complex, opaque and in need of review. Following a 'false start' to the review process during the latter half of 2015, the review is back on track and hoping to produce its findings by February/March 2017, with an implementation date of the 2018/19 financial year.

Importantly however, early figures from the Home Office received during 2015, show the effect of the then revised police funding formula being suggested, identified a **£6m** cut in Central Government Grant to Gwent. It could be expected therefore, that the Home Office will continue with their approach now the review is back on track, this could mean that from the 2018/19 financial year onwards, I could be faced with a **£6m** cash cut in addition to the underlying cuts forecast from the effect of the Government's austerity programme. It is also likely that transitional arrangements will be applied to the cut over a number of financial years.

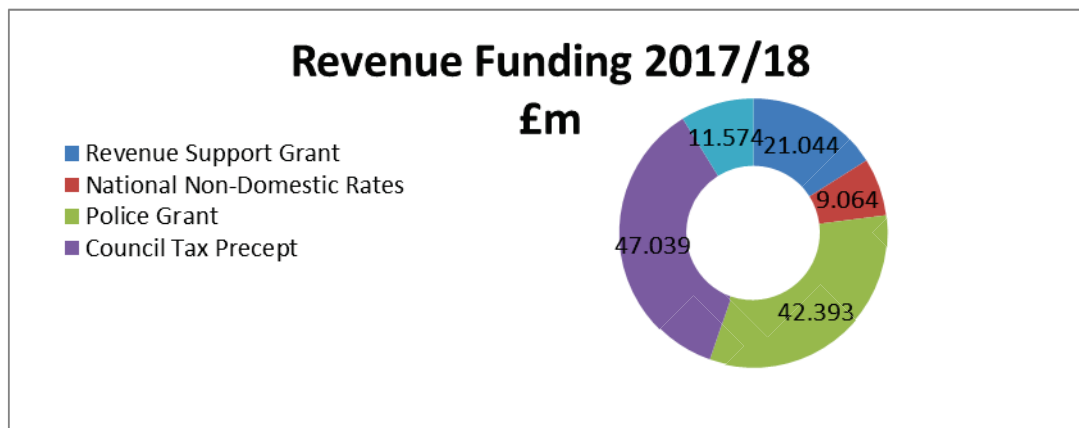
The MTFP is constantly under review and the latest update is included below in graphical form. By way of context, since the start of the UK Government's current austerity programme in 2010, Gwent Police has delivered **£42.1m** of cashable efficiency savings to March 2017. These savings have been achieved by more accurately matching resources with demand; through transforming the entire policing delivery model to protect front-line policing.



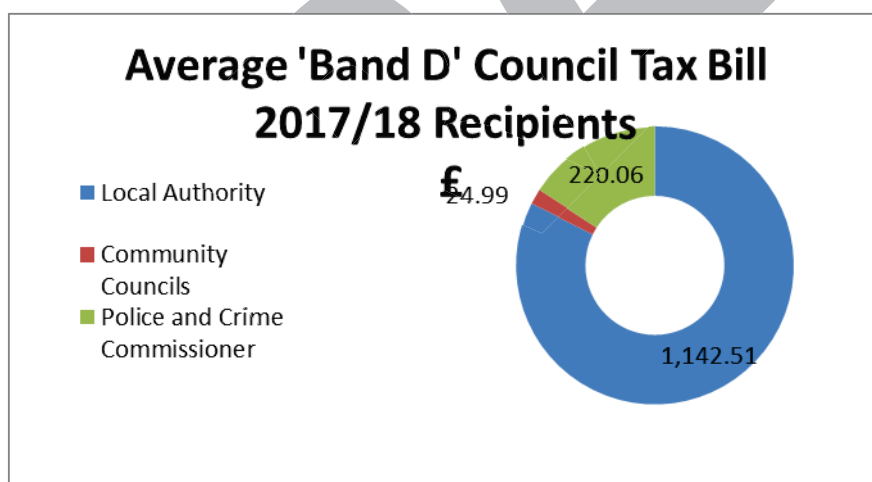


## Police and Crime Budget

I have now set a budget of **£131.114m** to deliver this Plan in 2017/18. This is funded from the following sources:



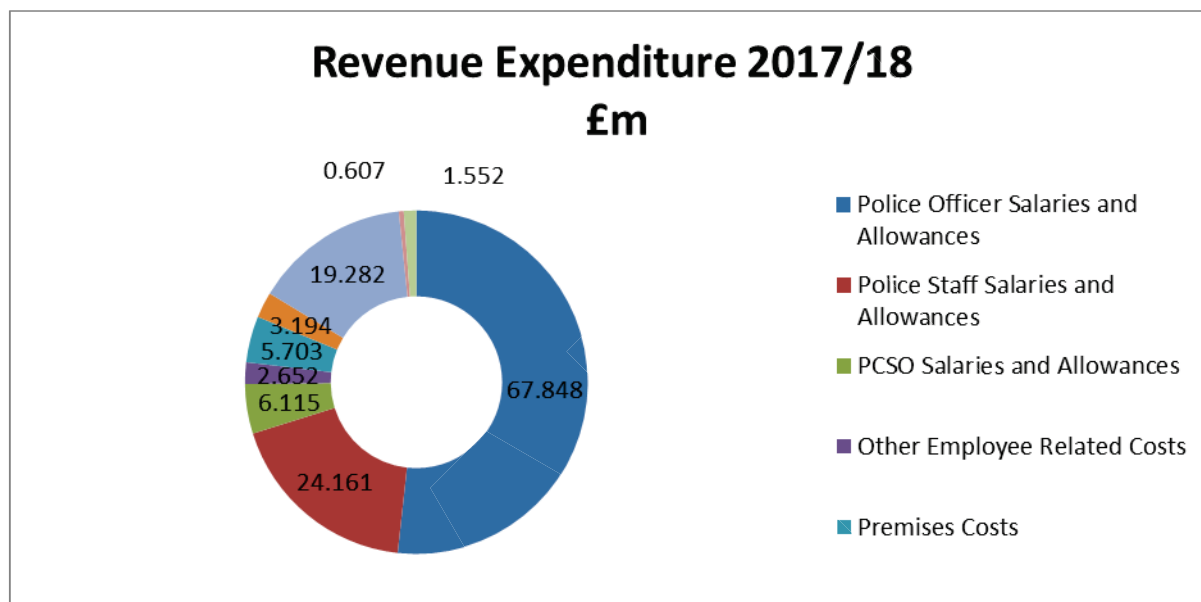
A key source of my budget is the policing part (known as the precept) of local council tax bills. I took the decision to raise the precept by **X.XX%** for 2017/18 in light of the ongoing financial challenges that lay ahead. This is equal to an additional **£X.XX** for the average household, taking the amount payable per annum for policing and crime services to **£XXX.XX**.



**NOTE: Formatting of chart will be addressed in redraft**

Having consulted extensively over the last year, I am confident that the majority of Gwent residents have accepted the need for an increase in precept. While I will continue to gauge local opinion on this matter, I have based my MTFP planning assumptions on a **X.XX%** increase in the precept year on year.

The overall allocation of budget to deliver this Plan next year is shown below. Within these figures the budget for my office is **£3.081m** of which **£0.830m** is to run the OPCC and **£2.251m** to directly commission services from providers other than the Chief Constable such as Safer Gwent and Connect Gwent. The remainder of the budget **£128.033m** is provided to the Chief Constable to deliver operational policing to meet the requirements of this Plan.



#### **4. The Police and Crime Priorities for Gwent**

**The policing priorities for Gwent for 2017- 2021 are: Crime Prevention, Supporting Victims, Community Cohesion, Tackling Anti-Social Behaviour and Effective Service Delivery.**

I will be working with the Chief Constable and other partners to deliver against them and will utilise the current Her Majesty's Inspectorate of Constabulary (HMIC) Police Effectiveness Efficiency Legitimacy (PEEL) performance framework as a template for doing so.

PEEL is the programme in which HMIC draws together evidence from its annual all-force inspections. The evidence is used to assess the effectiveness, efficiency and legitimacy of the police. HMIC has introduced these assessments so that the public will be able to judge the performance of their force and policing as a whole.

The **effectiveness** of a force is assessed in relation to how it carries out its responsibilities including cutting crime, protecting the vulnerable, tackling ASB, and dealing with emergencies and other calls for service.

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Its **efficiency** is assessed in relation to how it provides value for money.

Its **legitimacy** is assessed in relation to whether the force operates fairly, ethically and within the law.

The Chief Constable will provide a detailed annual Delivery Plan of the activities proposed to achieve the outcomes required to meet my priorities from a policing perspective. My Office will also produce an annual Business Plan which will detail its contribution towards the outcomes. The results of the progress against all activities will be reported each year in my Annual Report.

Following the enactment of the Wellbeing of Future Generations Act 2015, we are at the start of a fundamental shift towards one public service. I am a statutory invitee to each of the five Public Service Boards (PSBs) in Gwent and I will work with partners to improve economic, social, environmental and cultural well-being. We are all responsible for making Gwent a place where people want to live and work.

Ultimately, working with the Chief Constable and partners, I want to ensure that;

- People who live in, work in, or visit Gwent are safe;
- People who live in, work in, or visit Gwent feel safe;
- Policing and crime services are delivered demonstrating value for money, and;
- The OPCC and Gwent Police are employers that people want to work for.

## **1. CRIME PREVENTION**

**Taking action to prevent crime by working with partner organisations and communities to tackle crimes that present the greatest threat, harm and risk and especially those crimes committed against the most vulnerable.**

**Police, Partners and my Office will achieve this by:**

- Proactive prevention and partnership working to seek to reduce all crime across Gwent with a focus on cyber-crime;
- Reducing re-offending in Gwent;
- Using the most appropriate outcome to deal with people who offend;

- Identifying and progressing innovative and tested partnership initiatives that focus on the early interventions to address crime and causes of offending behaviour;
- Reducing the availability of illicit drugs and educating and raising awareness of the impacts of drug and alcohol misuse;
- Working with partners in the development and implementation of initiatives to support and protect our most vulnerable groups.
- Dealing effectively with the threat of terrorism and the potential impacts on our communities.

**I will measure success in delivering against this priority based on:**

- People in Gwent saying that they feel safe and are safe;
- People in Gwent are and feel less affected by crime and ;
- The provision of diversionary schemes for all;
- Offenders are brought to justice quickly and dealt with using the most appropriate means;
- Evidence of positive outcomes for example community resolutions, and;
- Reductions in people reoffending and in particular the youth offending rates;

## **2. SUPPORTING VICTIMS**

**Provide excellent support for all victims of crime with a particular focus on preventing further serious harm. This includes but is not limited to those at risk of:**

- Violence against women, domestic abuse and sexual violence;
- Child sexual abuse and exploitation;
- Being/becoming a high risk missing person;
- Hate crime;
- Human trafficking, and;
- Modern slavery.

I am committed to addressing crimes against and supporting victims from vulnerable groups, such as:

- Older people;
- Children; and
- Individuals living with mental health and / or illicit drug and alcohol addictions.

**Police, Partners and my Office will achieve this by:**

- Ensuring victims of crime in Gwent receive a victim-centered service which provides the best possible service and support they need to cope and recover;
- Working with partners to protect vulnerable people from domestic abuse, sexual violence and female genital mutilation;
- Working with partners to provide victims and witnesses with the information and support they require, when they require it;
- Working effectively and collaboratively with partners in Gwent and nationally to effectively tackle all forms of crime including human exploitation and modern slavery; and
- Safeguarding the most vulnerable people and communities including children, older people and people living with mental health conditions.

**I will measure success in delivering against this priority based on:**

- Victims in Gwent are more satisfied with the service they receive;
- People in Gwent feel more confident to report crimes and incidents;
- Victims in Gwent experience fewer repeat incidents and crimes;
- Successful outcomes from the provision of a victim support service provided via (Connect Gwent); and
- Having a better understanding of victim needs so that victims receive the best possible service.

### **3. COMMUNITY COHESION**

**Ensure that the Police, partners and my office engage with communities to encourage, help and support them to work together to keep themselves safe.**

**Police, Partners and my Office will achieve this by:**

- Obtaining the views of all communities on policing and crime matters and ensuring the services provided meet the diverse needs of our communities;
- Ensuring a commitment to equality and diversity which promotes respect and cohesion through engagement with our communities and which supports an environment where crime and disorder are not tolerated;
- Gwent Police and the OPCC have healthy, value led workforces that truly represent the communities they serve, and;
- Working with our communities to minimise the effect of organised crime and reduce radicalisation and the growth of extremism;

**I will measure success in delivering against this priority based on:**

- The people of Gwent have an improved level of confidence in policing, are safer, feel safer and are more empowered and more cohesive;
- Our diverse communities agree that they are being consulted and engaged with and that their voices are being heard;
- Evidence that we are accessible to all and that we have listened to and responded to the views of our diverse and less visible and confident communities;
- Evidencing that Gwent Police has a healthy value led workforce that truly represents the communities it serves;
- The community agrees that substance misuse, organised crime and terrorism are being dealt with effectively, and;
- Work with partners to reduce the harm associated with hate incidents.

#### **4. TACKLING ANTI-SOCIAL BEHAVIOUR**

**Ensuring the Police work closely with partner organisations to tackle ASB effectively.**

**Police, Partners and my Office will achieve this by:**

- Listening to and working with local people and individuals to identify causes and solutions to local ASB issues;
- Working with Safer Gwent partners to design a well organised joint approach to dealing with ASB;
- Active prevention and partnership working using resources effectively to deal with ASB and repeat ASB incidents across Gwent;
- Identifying and progressing innovative and tested partnership initiatives that focus on early intervention and address anti-social and offending behaviour, and;
- Working with partners to provide diversionary activity and increase awareness of the impact of ASB;

**I will measure success in delivering against this priority based on:**

- People in Gwent being less affected by the impact of ASB;
- People in Gwent are experiencing fewer incidents of ASB;
- Working with communities and partners to support local efforts to deal with ASB in their areas;
- The successes achieved by the organisations provided with money via my Partnership Fund;
- The successful outcomes and impact achieved by Safer Gwent;
- Individuals and communities are satisfied that incidents of ASB are dealt with effectively;
- Working with victims to increase the awareness and use of community resolutions where applicable;



- People knowing the most appropriate organisation to go to in order to address their concerns, and;
- People tell us that they feel more empowered and informed to deal with localised issues.

## **5. EFFICIENT AND EFFECTIVE SERVICE DELIVERY**

**Ensuring that Gwent Police and my Office are high performing organisations which value and invest in our staff to achieve value for money in delivering impressive services that meet the needs of all our communities.**

**Police and my Office will achieve this by:**

- Ensuring the police are proactively engaging with our diverse communities in Gwent to measure the effectiveness of the service delivered;
- Ensuring that the police are accessible and responsive to the needs of communities and individuals who will be treated with fairness and respect;
- Ensuring that officers and staff are organised and deployed as effectively as possible based upon our understanding of risk and local demand;
- Getting the balance right between provision and reassurance, which includes having well located police stations and using modern forms of communication, technology and transport to ensure officers can provide an efficient and effective service;
- Ensuring we have productive workforces with the capability and capacity to meet demand locally and nationally
- Working with the criminal justice system to ensure a coherent and integrated focus on reducing reoffending and providing services that meet the needs of victims and witnesses;
- Improving partnership working with other public services and the voluntary sector to support joint working with Gwent Police and my Office in preventing crime and reducing demand;
- Building a strong and positive relationship with Governments to ensure that effective schemes which support policing, such as the Welsh Government's initiative to provide PCSOs, are maintained;
- Continuing to work to minimise the impact of cuts to the police budget which have the potential to affect front line policing. This includes realising opportunities to work with other organisations, using the effective

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commissioning of services, to provide the best outcomes and ensure that issues are dealt with by the right organisations; and

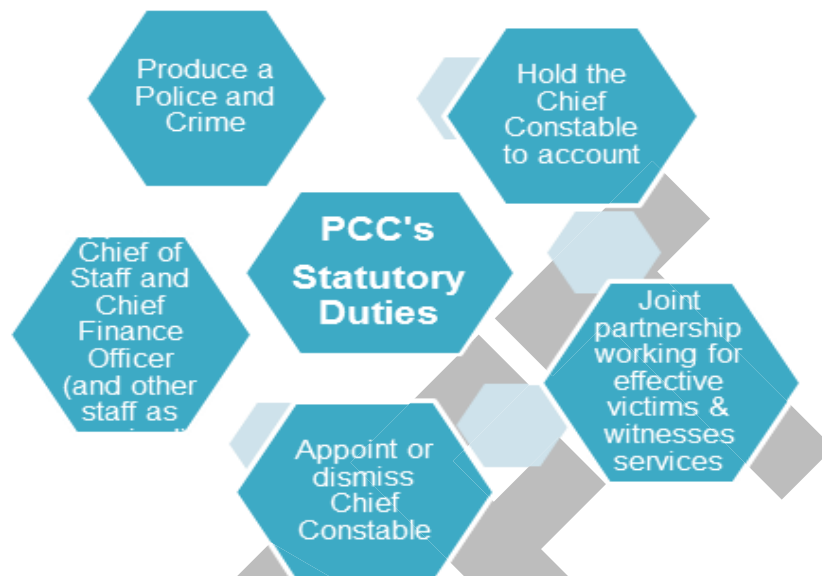
- Delivering a People Plan to value and invest in our staff and develop people with the skills and abilities to provide excellent policing services that meet the needs of the community, the organisation and the individual.

**I will measure success in delivering against this priority based on:**

- People in Gwent will be confident in their PCC and the policing service;
- Victims will be satisfied with the service they receive;
- Positive feedback and reassurance received via inspections;
- Evidence of best practice and continuous improvement being used;
- Evidencing that our organisations and staff are productive;
- Evidencing that our respective workforces believe that they are treated fairly and that they represent the wider community of Gwent;
- Evidencing of digital leadership and new ways of working are utilised efficiently;
- A satisfied and professional workforce that believe they are treated fairly and feel supported;
- Achieving a balanced budget and providing value for money; and
- Evidence of collective working and using shared resources appropriately.

**6. Monitoring, Performance and Scrutiny**

As PCC, I am responsible for maintaining an efficient and effective police service for the people of Gwent.



**NOTE: Revised info graphic highlighting the roles and responsibilities of the PCC currently being designed to replace the above and will be inserted in updated version.**

I hold the Chief Constable to account for the delivery of the police service required. I carry out this duty by monitoring and scrutinising all the activities of Gwent Police. The Chief Constable, officers and staff are responsible for delivering policing and maintaining public order and are accountable in law for the exercise of police powers. They are responsible for delivering the operational requirements of this Plan as provided by the priorities.

Whilst I am ultimately responsible to the people of Gwent, my activities, plans and processes are overseen and monitored by the Police and Crime Panel on your behalf.

### **Gwent Police and Crime Panel**

The [Gwent Police and Crime Panel](#) provide support and challenge to me in carrying out the functions of my role. They focus on important strategic actions and decisions I make, including whether I have:

- Achieved the aims set out in this Plan;

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- Considered the priorities of community safety partners; and
- Consulted appropriately with the public and victims of crime.

The Panel does not scrutinise the Chief Constable's performance.

### **Holding the Chief Constable to Account**

I meet regularly, both formally and informally, with the Chief Constable to satisfy myself, on your behalf, that Gwent Police is meeting its obligations. In addition, I regularly have a range of meetings to support the delivery of the Police and Crime Plan priorities. To assist with this, my Manual of Corporate Governance outlines how I will hold the Chief Constable to account on your behalf. It ensures that there is an open, mutually supportive, but constructively challenging relationship between us.

The Police are also subject to an inspection regime by HMIC who independently assesses policing across a variety of activity from neighbourhood policing to serious crime including terrorism.

In preparing their reports, HMIC ask the questions which citizens would ask, and publish the answers in an accessible form. They provide authoritative information to allow the public to compare the performance of their Police Service against others, and I use their findings to work with the Chief Constable to drive improvements in our local service delivery.

We also utilise any findings provided by the Independent Police Complaints Commission (IPCC) to improve service delivery. The IPCC oversees the police complaints system in England and Wales and sets the standards by which the police should handle complaints. It is not part of the policing service but works to secure and maintain public confidence in the system with its recommendations being used to influence positive changes to policing in order to meet customer service requirements.

### **Strategy and Performance Board**

Additionally, I hold a Strategy and Performance Board (SPB) the purpose of which is to:

- Provide a decision making forum where I can, when appropriate, consult with the Chief Constable on decisions;
- Provide a forum at which I can hold the Chief Constable to account for the delivery of policing in Gwent;
- Consider any matters relating to how the policing service is being delivered in Gwent;
- Monitor and manage delivery of the Police and Crime Plan, and;
- Review and monitor how the budget is being managed.

SPB meetings are usually held in public, but are not public meetings. The [agendas and minutes](#) are available on my website.

### **OPCC Executive Board**

The OPCC Executive Board (the Board) is a forum in which the PCC monitors progress against the OPCC work plan. The Board is responsible for monitoring the effective operation of the OPCC.

The Board is responsible for:

- Reviewing progress and agreeing appropriate action required by the OPCC to facilitate the delivery of the Police and Crime Plan and appropriate governance arrangements;
- Reviewing and monitoring the budget and allocation of assets and funds to the Chief Constable and the budget of the OPCC;
- Identifying OPCC matters to be brought to the attention of the Chief Constable, Police and Crime Panel, Community Safety partners, Criminal Justice partners and other public, private or voluntary sector stakeholders;
- Supporting the PCC to ensure effective public engagement;
- Reviewing of grants awarded by the PCC and the implementation of the PCC's Police and Crime Commissioning Strategy.

### **The Joint Audit Committee (JAC)**

Further oversight and support is provided by the JAC, the purpose of which is:

- To provide independent assurance to the PCC and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment;
- Provide independent scrutiny of Gwent Police and OPCC's financial performance; and
- To oversee the financial reporting process adapted from Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees Practical Guidance for Local Authorities

The Committee provides comments, advice and assurance on matters relating to the internal control environment of Gwent Police and the .

### **Audit**

The Wales Audit Office (WAO) comment on whether the PCC and Chief Constable have appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources. They audit our financial statements and provide an opinion on whether the financial statements give a 'true and fair' view of whether they have been properly actioned in accordance with relevant legislation, directions or regulations, and applicable accounting standards.

External audit plans and reports, including the Annual Audit Letter, are considered by the JAC at appropriate times in its annual cycle of meetings.

There is a duty upon both Chief Constable and I to maintain an effective internal audit function. The Public Sector Internal Audit Standards (PSIAS) require Internal Audit to provide essential assurance on the adequacy and effectiveness of systems of internal control. They also provide assurance in relation to the management of financial and operational business risks, corporate governance and the entire control framework.

Internal Audit provide regular update reports to the JAC on the progression of their annual Internal Audit plan, including setting out any areas of concern.

### **The Public of Gwent**

I have already said that ultimately I am accountable to the people of Gwent. To that end, I have a comprehensive engagement and reporting programme, using a

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number of social media methods, which provides opportunities for me to inform you about what I am doing on your behalf and of the outcomes achieved.

I will also continue to hold public meetings and surgeries in local communities so that you can talk to me directly about your issues and concerns and how my Office and Gwent Police might work with you to make Gwent a safer place to live and work.

For details of my engagement program and activities, please see my website at; [www.gwentpcc.police.uk](http://www.gwentpcc.police.uk)

## **7. Working Together to Make Gwent Safer - Partnerships and Collaboration**

### **Partnerships Working**

On a number of occasions I have stated my support for partnership working. I therefore welcome the approach to partnership working which forms the main focus for the Well-being of Future Generations (Wales) Act which requires all devolved public services in Wales to collaborate for the benefit of the citizen and particularly for future generations. The Chief Constable and I are statutory invitees to the PSBs that will manage this collaboration and we intend to play a full part in everything PSBs seek to achieve.

**Other collaboration opportunities are provided by the following organisations and boards which help make Gwent safe:**

#### **Safer Gwent**

Safer Gwent was established by my Office in 2015 and works with key community safety partners across the five local authority areas. It provides an organised and joined-up approach to achieve better outcomes in tackling issues such as preventing crime, ASB, preventing reoffending and supporting victims. Safer Gwent meets bi-monthly and aims to work collectively to address regional safety issues that impact on local communities.

Through its agreed strategic priorities and by using existing funding opportunities, Safer Gwent also supports the commissioning of community safety services and to date has awarded £560,981 towards a range of projects in Gwent.

This partnership approach has recently received recognition as Good Practice by the WAO in its 2016 report, [Community Safety in Wales](#).

### **Violence Against Women and Girls, Domestic Abuse and Sexual Violence (VAWDASV) Board**

Violence Against Women and Girls, Domestic abuse and Sexual Violence (VAWDASV) accounts for around 10% of all violent crime within Gwent. This

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translates to over 12,000 men and women who report incidents of abuse and violence within their home, and approximately 20,000 children that witness this abuse. Preventing this crime happening in the first place is therefore a core element which forms part of this Police and Crime Plan.

The Welsh Government 'Ending Violence Against Women and Girls, Domestic abuse and Sexual Violence Act 2015' provides strategic leadership and a framework for delivering real change for all victims and survivors of these crime in Wales.

Through attendance at the Gwent VAWDASV board, which is chaired by the National Independent Advisor on VAWDASV, I will ensure that we will play our part to deliver against the aims of the Act to reduce incidents of this type of crime in the first instance but to fully support victims when offending does occur.

### **Gwent Local Criminal Justice Board**

The Gwent Local Criminal Justice Board (GCJB) is a non-statutory partnership which brings together the core criminal justice agencies (i.e. police, crown prosecution service, courts and probation) together with a range of key stakeholders (e.g. legal services commission, victim support, police authority, prisons, courts board, etc.) in order to improve the efficiency and effectiveness of the local criminal justice system.

The GCJB is responsible for delivering area level contributions to deliver a fair, efficient and effective Criminal Justice System.

### **The All Wales Criminal Justice Board**

The All Wales Criminal Justice Board promotes closer partnership working between criminal justice agencies and community safety partnerships, providing a multi-agency strategic approach to issues which impact on the quality of life of those living in our communities.

The Board includes representatives from the Police, Her Majesty's Court Service (HMCS), Youth Justice Board (YJB), Victim Support, NHS Wales, Crown Prosecution Service (CPS), National Probation Service, Welsh Government, National Offender Management Service (NOMS), Ministry of Justice, and the Legal Services Commission.

I attend the All Wales Criminal Justice Board with my PCC colleagues in Wales and I will explore how the strategic nature of this board supports and complements the work of the local Criminal Justice Boards.

### **All Wales Policing Group**

The PCCs and the Chief Constables from all four Welsh Police Services meet every quarter for the All Wales Policing Group. The group considers current and future policing requirements for Wales and how this links into the national policing model. It

enables discussion on key strategic issues and identifies how we can best work together to prevent crime and protect victims of crime from serious harm in support of local needs whilst meeting national policing requirements.

### **Welsh Government**

Although policing is not devolved, the Welsh Government is committed to supporting policing, and particularly community policing in Wales. Given that all other public services in Wales, including the other emergency services, are devolved it is clearly very important to maintain a strong and positive relationship with the Welsh Government. Although not obliged to, the Welsh Government pays for 101 PCSOs in Gwent.

## **8. Police and Crime Commissioner's Concluding Remarks**

What is very clear during the writing of this Plan is that crime is changing rapidly and the impact on policing is changing equally rapidly.

The most common issue raised with me in all my engagement events, since my election, is the issue of police visibility (i.e. "Bobbies on the beat"). At times this included the provision of Police Stations.

I recognise the importance of providing reassurance for local communities and that forms part of this Plan. But I must take account also of the dramatically changing nature of crime.

Roughly half of all crime in England and Wales is cyber based; and it's growing. This is made clear in earlier parts of this Plan. The impact that this has on policing is significant. Police Officers and staff will need to have a very different skill set from Officers and staff of ten or even five years ago.

Likewise we've seen a marked increase in people trafficking and modern slavery. This is not just an issue of desperate and vulnerable people from overseas being trafficked by people smugglers, because many of those trafficked (and this has been highlighted in recent cases locally), have come from other parts of the UK.

These are just two examples of changes in crime that must be taken into account fully by the Gwent Police.

Partnership working has always been part of the Police's approach to planning and operational work. However, this has been ratcheted-up significantly since the introduction of the Wellbeing of Future Generations (Wales) Act 2015 which has placed collaboration between all devolved public services on a statutory basis

through PSBs. Policing is not a devolved service yet but, nevertheless, the four Welsh Police Forces, and the PCCs, are full partners within the relevant PSBs. People are not really concerned about whether a public service is devolved or not. What they expect is that all public services will work together for the benefit of individuals and communities. We will help to drive partnership working so that, through our collective efforts, we get the very best possible service for the citizens of Gwent.

I believe that it's likely that policing will be devolved (as are all the other key public services) to the Welsh Government at some point. Therefore it's very important that we maintain a good relationship with the Welsh Government. For their part, the Welsh Government demonstrates their support for community safety by providing money for 101 PCSOs across Gwent.

Nothing will happen, of course, to an acceptable standard, if finance is not adequate. At the time of writing we are not sure how much money will be provided by the UK Government longer term. We have a reasonable indication of the budget for this coming Financial Year but because the formulae used to calculate future amounts for each Elected Policing Body Area is under review we can't be sure about future funding yet. It is sensible and prudent for me to assume, at this stage, that central funding will fall and that I must consider raising more money locally to make sure that Gwent police have adequate funding levels. I will need to consider this annually throughout my term of office and will do so following consultation with the people of Gwent.

I hope that these concluding remarks, and indeed the whole of this Plan, shows that the picture around policing is complex and that a strong partnership with other public services is the right way forward. In this spirit, I want to make it clear that there will be regular reviews of the Plan so that changes in the nature of crime, its impact on society, and changes in technology, will be taken into account fully and adjustments made where necessary.

## **9. Glossary**

**1. Acquisitive crime** - Acquisitive crime is defined as an offence where the offender derives material gain from the crime. Examples include, shoplifting, burglary, theft, and robbery;

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2. **APCC** - The Association of Police and Crime Commissioners (APCC) is the national body that supports PCCs, and other local policing bodies across England and Wales, to provide national leadership and influence change in the policing and criminal justice landscape;
3. **Community Resolution** – A Community Resolution is a nationally recognised of enabling the police to deal proportionality with lower level crime or ASB and is primarily aimed at first time offenders where genuine remorse has been expressed, and where the victim has agreed that they do not want to police to take more formal action;
4. **CPS – The Crown Prosecution Service** (CPS) is the principal public **prosecuting** agency for conducting criminal **prosecutions** in England and Wales. It is headed by the Director of Public **Prosecutions** (DPP). **Commissioning** - Commissioning is the “process of identifying needs within the population and of developing policy directions, service models and the market, to meet those needs in the most appropriate and cost effective way”;
5. **HMCTS** – Her Majesty’s Courts and Tribunals Service is responsible for the administration of criminal, civil and family courts and tribunals in England and Wales. HMCTS is an executive agency, sponsored by the Ministry of Justice;
6. **NOMS - The National Offender Management Service** makes sure people serve the sentences and orders handed out by courts, both in prisons and in the community. They are accountable for how prisons are run in England and Wales. They also oversee probation delivery in England and Wales through the National Probation Service and community rehabilitation companies;
7. **NPCC – The National Police Chiefs’ Council** helps the police cut crime and keep the public safe by joining up the operational response to the most serious and strategic threats. They focus on operational delivery and developing national approaches on issues such as finance, technology and human resources;
8. **Outcome Rates** – Show how all crimes recorded by the police are dealt with;
9. **Organised Crime** – organised crime is serious crime planned, coordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain;
10. **PCSO - PCSO's** are uniformed staff whose role is to support the work of police officers within the community. Their role is to assist the police in certain areas, acting as the eyes and ears on the streets. **PCSO's** particularly work to reassure the public and to tackle the social menace of ASB;
11. **Social justice** – Social justice is defined as ‘promoting a just society by challenging injustice and valuing diversity.’ It exists when all people share a common humanity and therefore have a right to equitable treatment, support for their human rights, and a fair allocation of community resources;

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**12. YJB – The Youth Justice Board** for England and Wales (YJB) is a non-departmental public body created by the Crime and Disorder Act 1998 to oversee the youth justice system for England and Wales. It is sponsored by the Ministry of Justice, and its Board members are appointed by the Secretary of State for Justice.

**13. Volume crime** - 'Volume Crime' includes the majority of offences which are committed in England and Wales, and as such have a significant impact on many victims.

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## OFFICE OF POLICE AND CRIME COMMISSIONER

**TITLE:** Police & Crime Budget and Precept Proposal 2017/18

**DATE:** 27th January 2017

**TIMING:** Routine

**PURPOSE:** For Decision

**1. RECOMMENDATION**

That the Commissioner considers the budget proposals and background information covered in the Annexe and Appendices to this submission and approves, subject to consultation with the Police and Crime Panel:

- (i) A budget requirement for 2017/18 of £120,942,177;
- (ii) The planned efficiency savings in 2017/18 of £7.480m and further planned efficiency savings of £9.357m detailed in Appendix 4, 5a and 5b of the Annexe to this submission;
- (iii) The further proposed utilisation of the Reserves and Committed Funds (Appendix 7)
- (iv) The initial Capital Programme as described in Appendix 8; and
- (v) The 2017/18 proposed precept to be levied in respect of general expenses of £49,455,388 (equivalent to a Council Tax Band D of £228.84) and that this sum be apportioned to each City/County/County Borough Council according to the following table:

Unitary Authorities	£	Tax Base Band D Equivalent
Blaenau Gwent	4,607,439	20,133.89
Caerphilly	13,659,421	59,689.83
Monmouthshire	10,420,849	45,537.71
Newport	13,185,752	57,619.96
Torfaen	7,581,927	33,132.00
<b>Total</b>	<b>49,455,388</b>	<b>216,113.39</b>

The precept shown in the above table generates the following amounts of council tax for the various bands:

Council Tax Band	£
A	152.56
B	177.99
C	203.41
D	228.84
E	279.69
F	330.55
G	381.40
H	457.68
I	533.96



2.	<p><b><u>INTRODUCTION &amp; BACKGROUND</u></b></p> <p>The Commissioner is required to determine the budget for 2017/18 and then set the council tax precept following consultation with the Police and Crime Panel. The greater part of the budget will be allocated for operational purposes, but an element needs to be retained to cover the cost of the Office of the Police and Crime Commissioner and commissioning of services from organisations other than the Chief Constable.</p>
3.	<p><b><u>ISSUES FOR CONSIDERATION</u></b></p> <p>In determining the budget requirement for 2017/18, the Commissioner has had regard to the Police and Crime Plan; the Association of Police and Crime Commissioners (APCC)/National Police Chiefs' Council (NPCC)/Police and Crime Commissioners Treasurers' Society (PACCTS) submission regarding 'Future Levels of Funding for Police Services'; the Strategic Policing Requirement; the Chief Constable's view of the financial resources required to deliver the operational requirements of the Plan; the level of resources to be allocated for commissioning other than from the Chief Constable; and the cost of running the Office of the Police and Crime Commissioner.</p>
4.	<p><b><u>NEXT STEPS</u></b></p> <p>The Police and Crime Panel are required to review the proposed precept and make a report to the Commissioner on the proposed precept (whether it vetoes the precept or not) by the 8<sup>th</sup> February 2017.</p>
5.	<p><b><u>FINANCIAL CONSIDERATIONS</u></b></p> <p>This is a major financial report with clear financial implications. These are fully articulated within the Annexe and Appendices.</p>
6.	<p><b><u>PERSONNEL CONSIDERATIONS</u></b></p> <p>The majority of the Policing and Crime Budget covers employees' salaries and employer's contributions. It follows that in the current situation, where core grant funding is reducing, the number of employees will inevitably fall. Addressing the situation in a sensible and timely manner as part of budget preparation demonstrates the actions of a good employer.</p>
7.	<p><b><u>LEGAL IMPLICATIONS</u></b></p> <p>Setting the budget requirement and precept are statutory responsibilities of the Commissioner.</p>
8.	<p><b><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></b></p> <p>This proposal 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>In preparing this report, consideration has been given to the requirements of</p>

	the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998.
<b>9.</b>	<b><u>RISK</u></b> A timely decision on the precept will minimise the risk of failing to achieve the statutory deadline.
<b>10.</b>	<b><u>PUBLIC INTEREST</u></b> This report will be placed on the website of both the Commissioner and the Police and Crime Panel.
<b>11.</b>	<b><u>CONTACT OFFICER</u></b> Darren Garwood-Pask, Chief Finance Officer to the Police and Crime Commissioner for Gwent.
<b>12.</b>	<b><u>ANNEXES</u></b> The Annexe to this report and its appendices provide full details in support of the proposal.

**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Financial Projections 2017/18 to 2021/22**  
**At 27th January 2017**  
**Impact of Incremental Precept Changes**

<b>Assumption</b>					
<b>Base Growth (Estimated)</b>	<b>Precept Growth</b>	<b>Base Growth (Provisional)</b>	<b>Precept Growth</b>	<b>Total Growth</b>	<b>Increase / (Decrease)</b>
<b>%</b>	<b>%</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
1.10%	5.00%	519,393	2,377,247	2,896,640	479,772
1.10%	4.50%	519,393	2,139,522	2,658,915	242,047
1.10%	4.00%	519,393	1,901,797	2,421,190	4,322
1.10%	3.99%	519,393	1,897,475	2,416,868	0
1.10%	3.50%	519,393	1,664,073	2,183,466	(233,402)
1.10%	3.25%	519,393	1,545,210	2,064,603	(352,265)
1.10%	3.00%	519,393	1,426,348	1,945,741	(471,127)
1.10%	2.99%	519,393	1,422,026	1,941,419	(475,449)
1.10%	2.75%	519,393	1,307,486	1,826,879	(589,989)
1.10%	2.66%	519,393	1,264,263	1,783,656	(633,212)
1.10%	2.50%	519,393	1,188,623	1,708,016	(708,852)
1.10%	2.25%	519,393	1,069,761	1,589,154	(827,714)
1.10%	2.00%	519,393	950,899	1,470,292	(946,576)
1.10%	1.75%	519,393	832,036	1,351,429	(1,065,439)
1.10%	1.50%	519,393	713,174	1,232,567	(1,184,301)
1.10%	1.25%	519,393	594,311	1,113,704	(1,303,164)
1.10%	1.00%	519,393	475,449	994,842	(1,422,026)
1.10%	0.75%	519,393	356,587	875,980	(1,540,888)
1.10%	0.50%	519,393	237,724	757,117	(1,659,751)
1.10%	0.25%	519,393	118,862	638,255	(1,778,613)
1.10%	0.00%	519,393	0	519,393	(1,897,475)

**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Financial Projections - 2017/18 to 2021/22**  
**Medium Term Financial Projection**

	(a)	(b)	(c)	(d)	(e)	(f)
	2016/17 Actual £'000s	2017/18 Forecast £'000s	2018/19 Forecast £'000s	2019/20 Forecast £'000s	2020/21 Forecast £'000s	2021/22 Forecast £'000s
1 Effect of Pay Awards and Increments	1,371	949	1,936	2,133	2,165	2,197
2 Non-Staff Inflation	388	526	563	583	618	616
3 Apprenticeship Levy Scheme	-	369	-	-	-	-
4 In Service Pressures / Developments	6,059	6,805	(1,846)	1,155	(745)	(100)
5 Accelerated Staying Ahead Savings	(6,053)	(7,480)	(96)	(60)	(60)	(60)
6 Unavoidable Cost Increases	1,765	1,168	557	3,810	1,977	2,653
7 Gross Budget Movement	1,765	1,168	557	3,810	1,977	2,653
8 Recurring Base Budget Brought Forward	117,774	119,539	120,707	121,265	125,075	127,052
9 Projected Budgetary Requirement	119,539	120,707	121,265	125,075	127,052	129,705
10 % Increase on Previous Years Base Budget	1.50%	0.98%	0.46%	3.14%	1.58%	2.09%
11 Funding						
12 Central Government Funding						
13 Police Grant	(42,393)	(40,904)	(38,086)	(35,324)	(32,618)	(31,965)
14 Revenue Support Grant	(21,044)	(20,748)	(20,333)	(19,926)	(19,528)	(19,137)
15 National Non-Domestic Rates	(9,063)	(9,835)	(9,638)	(9,446)	(9,257)	(9,071)
16 Total Central Government Funding	(72,501)	(71,487)	(68,057)	(64,696)	(61,402)	(60,174)
17 Council Tax	(47,039)	(49,455)	(51,943)	(54,557)	(57,300)	(60,182)
18 Total Funding	(119,539)	(120,942)	(120,000)	(119,252)	(118,702)	(120,356)
<b>19 Projected Recurring Deficit / (Surplus) Before Efficiencies</b>	-	(235)	1,265	5,822	8,351	9,349
<b>20 Efficiencies</b>						
21 Future Year Staying Ahead Scheme Savings	-	-	(1,282)	(5,807)	(8,332)	(9,357)
<b>22 Reserve Utilisation</b>	-	-	-	-	-	-
<b>23 Projected Recurring Deficit / (Surplus) After Efficiencies &amp; Reserve Utilisation</b>	-	(235)	(17)	15	19	(8)

**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Financial Projections - 2017/18 to 2021/22**  
**Budget Assumptions**

1. <u>Establishment</u>	2017/18		2018/19		2019/20		2020/21		2021/22	
	Numbers	Pay Award	Numbers	Pay Award	Numbers	Pay Award	Numbers	Pay Award	Numbers	Pay Award
a Police Officers	1,236.00	1.00%	1,236.00	1.50%	1,195.00	1.50%	1,165.00	1.50%	1,165.00	1.50%
b Police Staff	597.00	1.00%	597.00	1.50%	572.00	1.50%	547.00	1.50%	547.00	1.50%
c Community Support Officers	131.00	1.00%	131.00	1.50%	131.00	1.50%	131.00	1.50%	131.00	1.50%

d Establishments reflect authorised structures, including those that have been agreed by the Staying Ahead Programme Board.

e Accelerated Savings have been crystallised into estimated 2017/18 base.

f Establishments, where applicable, include budgets for vacant posts.

g No funding is included for posts that are provided temporarily i.e. "amber posts". The costs of these posts are covered by vacancies.

h All salary costs have been zero based in their calculation.

i Non- salary costs have been assessed and reflected using one of the following methodologies:-

- i Actual 2016/17 expenditure
- ii Forecasted 2016/17 expenditure
- iii Estimate based on average of actual 2015/16 and forecasted 2016/17 expenditure

2. <u>Premises</u>	2017/18		2018/19		2019/20		2020/21		2021/22	
	Numbers	Inflation	Numbers	Inflation	Numbers	Inflation	Numbers	Inflation	Numbers	Inflation
a Properties	50		50		50		50		50	
b Energy		5.00%		5.00%		5.00%		5.00%		5.00%
c Repairs		2.00%		2.00%		2.00%		2.00%		2.00%

d Corporate Financing of Ystrad Mynach PFI Scheme assumed to be rescheduled in 2018/19.

e Accelerated Savings have been crystallised into estimated 2017/18 base.

f Reductions in the Estate footprint, together with the replacement of the Headquarters building, will impact upon the estimates.

g Premises costs have been assessed and reflected using one of the following methodologies:-

- i Actual 2016/17 expenditure
- ii Forecasted 2016/17 expenditure
- iii Estimate based on average of actual 2015/16 and forecasted 2016/17 expenditure

3. <u>Transport</u>	2017/18		2018/19		2019/20		2020/21		2021/22	
	Numbers	Inflation	Numbers	Inflation	Numbers	Inflation	Numbers	Inflation	Numbers	Inflation
a Vehicles	361		361		361		361		361	
b Fuel		5.00%		5.00%		5.00%		5.00%		5.00%
c Other costs		2.00%		2.00%		2.00%		2.00%		2.00%

d Changes in the Fleet Establishment will impact upon these estimates.

e Accelerated Savings have been crystallised into estimated 2017/18 base.

f Transport costs have been assessed and reflected using one of the following methodologies:-

- i Actual 2016/17 expenditure
- ii Forecasted 2016/17 expenditure
- iii Estimate based on average of actual 2015/16 and forecasted 2016/17 expenditure

4. <u>Supplies and Services</u>	2017/18	2018/19	2019/20	2020/21	2021/22
	Inflation	Inflation	Inflation	Inflation	Inflation
a All categories	2.00%	2.00%	2.00%	2.00%	2.00%

b Accelerated Savings have been crystallised into estimated 2017/18 base.

c Supplies and Services costs have been assessed and reflected using one of the following methodologies:-

- i Actual 2016/17 expenditure
- ii Forecasted 2016/17 expenditure
- iii Estimate based on average of actual 2015/16 and forecasted 2016/17 expenditure

5. <u>Income</u>	2017/18	2018/19	2019/20	2020/21	2021/22
	Inflation	Inflation	Inflation	Inflation	Inflation
a All categories	2.00%	2.00%	2.00%	2.00%	2.00%

b Grants are assumed to be maintained at 2016/17 levels, and have not been increased for inflationary growth.

c Income has been assessed and reflected using one of the following methodologies:-

- i Actual 2016/17 expenditure
- ii Forecasted 2016/17 expenditure
- iii Estimate based on average of actual 2015/16 and forecasted 2016/17 expenditure

6. <u>Funding</u>	2017/18	2018/19	2019/20	2020/21	2021/22
	Impact	Impact	Impact	Impact	Impact
a Central Government	-1.40%	-2.00%	-2.00%	-2.00%	-2.00%
b Council Tax Base	1.10%	1.00%	1.00%	1.00%	1.00%
c Council Tax Growth	3.99%	3.99%	3.99%	3.99%	3.99%

d Assumption of £2m cut per annum between 2018/19 and 2020/21 as an impact of the Funding Formula Revision.

**7. PCC Budget**

a The net budget, for the purposes of this model, have been increased each year by 2% to reflect the impact of inflation.

b The base figure for 2016/17 is £2.629m and has been projected forward as follows:-

2017/18	2018/19	2019/20	2020/21	2021/22
£'000	£'000	£'000	£'000	£'000
2,743	2,792	2,844	2,897	2,950

**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Financial Projections - 2017/18 to 2021/22**  
**Service Pressures and Budget Developments**

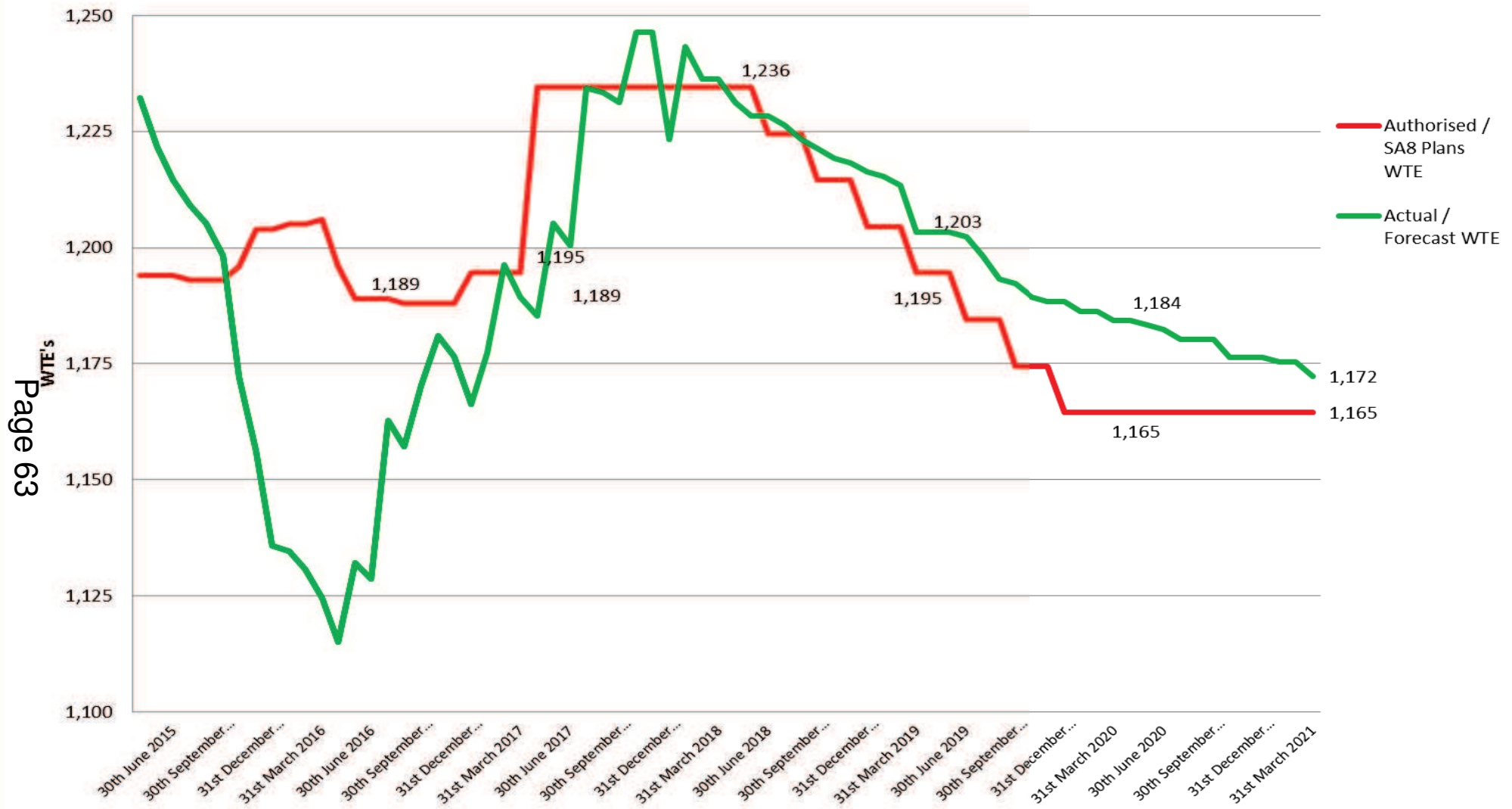
	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
<b>1. Establishments</b>					
a Adjustment to number of Bank Holiday days	(120,000)	(120,000)			
b Apprenticeship Levy	368,615				
c Holiday Pay Top Up	208,000				
d Local Government Pension Scheme - Past Service Deficit	2,000,000	(2,000,000)			
<b>2. Premises</b>					
a Property Rental (Alway)	6,000				
b Contract Cleaning	18,000				
c Rented Property insurances		(4,000)			
<b>3. Transport</b>					
a Casual Mileage (PNB Rate change)	(5,000)				
<b>4. Supplies and Services</b>					
a CAID NPCC Contribution	3,000				
b Regional Crimestoppers Manager	10,000				
c ICCE and Prison Recalls Service Charges	36,000				
d Telephone investigation costs	5,000				
e Cyber Server maintenance	2,000				
f Support System Licencing	(91,000)				
g BTCCG Developments	100,000	100,000	100,000	100,000	100,000
h FIRMS Project - recurrent system costs	184,000	178,000	55,000	(45,000)	
i Body Armour Replacement			1,000,000	(1,000,000)	
j Taser Replacement				200,000	(200,000)
k Revenue Contribution to Capital	76,783				
<b>5. Known Emerging Pressures</b>					
a Proactive Capabilities / Training	1,684,660				
b Hidden Crime / Protecting Vulnerable People / Modern Slavery	706,589				
c Tackling Cyber Criminality	500,576				
d Investment in People and Talent Management	265,350				
e Mental Health Training	240,000				
f FPOC Triage Service	400,000				
g Welsh Language Standards Implementation/Maintenance	200,000				
h Public Confidence Research	24,850				
i Street to Suite Custody Process	350,000				
<b>6. Total</b>	<b>7,173,423</b>	<b>(1,846,000)</b>	<b>1,155,000</b>	<b>(745,000)</b>	<b>(100,000)</b>

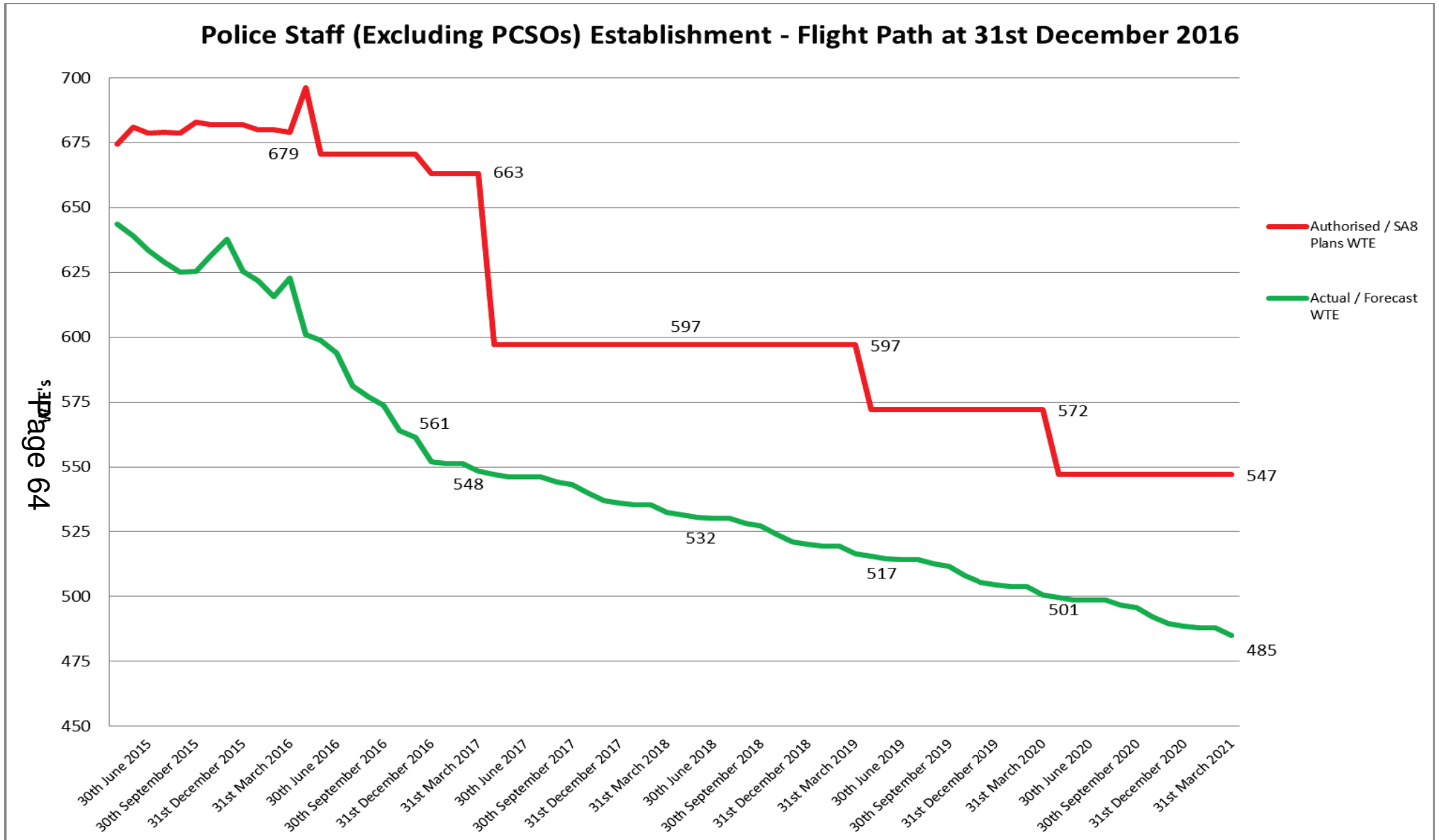
**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Revenue Projections 2017/18 to 2021/22**  
**Staying Ahead Phase 8 Schemes 2018/19 to 2021/22 and Other Savings Initiatives**  
**at 27th January 2017**

	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s	Total £'000s
<b>A Cumulative Savings Brought Forward</b>	<b>0</b>	<b>1,282,000</b>	<b>5,807,000</b>	<b>8,332,000</b>	
<b>B Value For Money Profiles Indicative Schemes</b>					
1 Local Policing	0	0	1,000,000	0	1,000,000
2 Flexible Working Practices	0	250,000	250,000	0	500,000
3 Custody Provision	0	0	0	200,000	200,000
4 Roads Policing	0	1,100,000	200,000	0	1,300,000
5 Dogs Section	0	200,000	0	0	200,000
6 Advanced Public Order	0	500,000	0	0	500,000
7 National Police Air Service	100,000	0	0	0	100,000
8 Scientific Investigation Support	100,000	0	0	0	100,000
9 ICT Services	250,000	200,000	200,000	300,000	950,000
10 Estates and Facilities Management	0	350,000	350,000	0	700,000
11 Performance and Change Management	0	200,000	200,000	0	400,000
12 Administrative Support	0	100,000	0	0	100,000
13 Professional Standards	0	125,000	125,000	125,000	375,000
14 Enabling and Support Services	0	200,000	200,000	300,000	700,000
15 Police and Crime Commissioner	0	0	0	100,000	100,000
<b>C Other Schemes</b>					
1 Capital Borrowing Costs	332,000	0	0	0	332,000
2 Corporate Financing of PFI	500,000	0	0	0	500,000
3 Multi Agency Safeguarding Hub	0	1,300,000	0	0	1,300,000
<b>D Savings for Year</b>	<b>1,282,000</b>	<b>4,525,000</b>	<b>2,525,000</b>	<b>1,025,000</b>	<b>9,357,000</b>
<b>E Cumulative Savings Carried Forward</b>	<b>1,282,000</b>	<b>5,807,000</b>	<b>8,332,000</b>	<b>9,357,000</b>	



### Police Officer Establishment - Flight Path at 31st December 2016





Police and Crime Commissioner for Gwent  
Establishment Summary as at 31st December 2016

Strategic Workstreams	Police Staff					Police Officers		
	Budgeted Wte	Actual (Incl Agency) Wte	Actual Wte	Agency Wte	Var (Excl Agency)	Officer Bud Wte	Officer Act Wte	Variance Under/(Over)
<b>Police And Crime Commissioner Controlled Establishments</b>								
Office Of Police And Crime Commissioner	14.8	17.4	17.4	0.0	(2.5)	0.0	0.0	0.0
Regional Drug Intervention Programme	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Police And Crime Commissioner Controlled Total :</b>	<b>14.8</b>	<b>17.4</b>	<b>17.4</b>	<b>0.0</b>	<b>(2.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Chief Constable Controlled Establishments</b>								
<b>Local Area Policing</b>								
<b>Local Policing Mgt Team</b>								
Local Policing Management Team	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Community Safety	0.0	4.3	4.3	0.0	(4.3)	0.0	1.0	(1.0)
Special Constabulary	0.0	1.0	1.0	0.0	(1.0)	0.0	0.0	0.0
Victim Services Hub	2.7	3.7	3.7	0.0	(1.0)	0.0	0.0	0.0
Community Support Officers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intervention & Prevention	9.0	0.0	0.0	0.0	0.0	4.0	0.0	4.0
<b>Local Policing - West Management Team</b>								
Local Policing Area - West Management Team	5.1	4.6	4.6	0.0	0.5	4.0	3.0	1.0
<b>Neighbourhood Policing Resources - West</b>								
Neighbourhood Caerphilly North - Bargoed	16.6	10.8	10.8	0.0	5.8	58.0	52.8	5.2
Neighbourhood Caerphilly North - Rhydney	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Neighbourhood Caerphilly North - Ystrad Mynach	0.0	0.0	0.0	0.0	0.0	1.0	0.0	1.0
Neighbourhood Caerphilly South - Bedwas	12.6	11.1	11.1	0.0	1.5	49.0	43.6	5.4
Neighbourhood Caerphilly South - Caerphilly	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Neighbourhood Caerphilly Central - Blackwood	21.4	17.8	17.8	0.0	3.6	59.0	55.0	4.0
Neighbourhood Caerphilly Central - Risca	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Neighbourhood Blaenau Gwent - Ebbw Vale	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Neighbourhood Blaenau Gwent - Tredegar	0.0	0.0	0.0	0.0	0.0	41.0	40.3	0.7
Neighbourhood Blaenau Gwent - Brynmawr	31.2	26.3	26.3	0.0	4.9	41.0	39.3	1.7
Neighbourhood Blaenau Gwent - Abertillery	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Neighbourhood Torfaen - Cwmbran	28.2	23.5	23.5	0.0	4.7	46.0	44.4	1.6
Neighbourhood Torfaen - Pontypool	1.0	1.0	1.0	0.0	0.0	47.0	40.4	6.6
Schools Community Officers - West	0.0	0.0	0.0	0.0	0.0	7.0	6.7	0.3
<b>Area Support - West</b>								
Area Functional Roles - West	0.0	3.6	3.6	0.0	(3.6)	7.0	8.0	(1.0)
Area Support - West	0.0	0.0	0.0	0.0	0.0	33.0	33.0	0.0
Youth Offending Teams - West	0.0	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	0.0	24.0	22.0	2.0
CID West - Intelligence	0.0	0.0	0.0	0.0	0.0	6.0	5.0	1.0
CID West - Proactive	0.0	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	0.0	20.0	17.4	2.6
CID West - Reactive	0.0	0.0	0.0	0.0	0.0	51.0	44.9	6.1
<b>Local Policing - East Management Team</b>								
Local Policing Area - East Management Team	4.0	3.0	3.0	0.0	1.0	4.0	4.0	0.0
<b>Neighbourhood Policing Resources - East</b>								
Neighbourhood Monmouthshire North - Abergavenny	16.0	14.2	14.2	0.0	1.8	32.0	31.0	1.0
Neighbourhood Monmouthshire North - Monmouth	0.0	0.0	0.0	0.0	0.0	11.0	10.0	1.0
Neighbourhood Monmouthshire North - Usk	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Neighbourhood Monmouthshire South - Chepstow	12.3	8.3	8.3	0.0	4.0	32.0	30.5	1.5
Neighbourhood Monmouthshire South - Caldicot	0.0	0.0	0.0	0.0	0.0	1.0	0.8	0.3
Neighbourhood Newport City Centre - Central	25.5	17.0	17.0	0.0	8.5	40.0	38.2	1.8
Neighbourhood Newport East - Alway	21.5	17.4	17.4	0.0	4.1	42.0	40.1	1.9
Neighbourhood Newport East - Maindee	0.0	0.0	0.0	0.0	0.0	36.0	31.8	4.2
Neighbourhood Newport West - Betws	18.0	12.0	12.0	0.0	6.0	42.0	38.3	3.7
Neighbourhood Newport West - Pill	0.0	0.0	0.0	0.0	0.0	33.0	29.0	4.0
Schools Community Officers - East	0.0	0.0	0.0	0.0	0.0	5.5	4.8	0.7
<b>Area Support - East</b>								
Area Functional Roles - East	0.0	1.0	1.0	0.0	(1.0)	7.0	7.8	(0.8)
Area Support - East	0.0	0.0	0.0	0.0	0.0	33.0	31.0	2.0
Youth Offending Teams - East	0.0	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	0.0	16.0	14.8	1.3
CID East - Public Protection	0.0	0.0	0.0	0.0	0.0	15.0	13.6	1.4
CID East - Intelligence	0.0	0.0	0.0	0.0	0.0	6.0	6.0	0.0
CID East - Proactive	0.0	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	0.0	39.0	34.0	5.0
	<b>225.2</b>	<b>180.7</b>	<b>180.7</b>	<b>0.0</b>	<b>35.5</b>	<b>903.5</b>	<b>833.3</b>	<b>70.2</b>
<b>Protective Services</b>								
<b>Protective Service Mgt Team</b>								
Protective Services Management Team	1.0	2.0	1.0	1.0	0.0	5.0	5.7	(0.7)
Diversity & Inclusion	1.0	0.0	0.0	0.0	1.0	1.0	0.0	1.0
<b>Operational Support</b>								
Operational Support - Management Team	0.0	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	0.0	5.0	5.0	0.0
Dogs Section - West	0.0	0.0	0.0	0.0	0.0	8.0	8.0	0.0
Force Communication Suite	138.1	130.3	126.3	4.0	11.8	31.0	38.4	(7.4)
Force Planning	3.4	3.4	3.4	0.0	(0.0)	4.0	4.0	0.0
Collision Investigation	1.6	0.6	0.6	0.0	1.0	4.0	5.0	(1.0)
Operational Training	3.0	3.0	3.0	0.0	0.0	2.0	3.0	(1.0)
<b>Crime Operations</b>								
Crime Operations - Management Team	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Technical Support Unit	2.0	1.0	1.0	0.0	1.0	1.0	2.0	(1.0)
Crime Syndicate 1	11.0	14.9	9.9	5.0	1.1	14.0	12.8	1.3
Crime Syndicate 2	0.0	1.0	1.0	0.0	(1.0)	12.0	8.0	4.0
Crime Syndicate 3	0.0	1.6	1.6	0.0	(1.6)	11.0	6.0	5.0
FIU & Cyber Crime	27.0	22.8	22.8	0.0	4.2	18.0	14.8	3.2
<b>Crime Support</b>								
Crime Support - Management Team	1.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0
Intelligence	0.0	0.0	0.0	0.0	0.0	4.0	1.0	3.0
Dedicated Source Unit	2.4	2.0	2.0	0.0	0.4	7.0	7.0	0.0
Special Branch	1.0	2.8	2.8	0.0	(1.8)	6.0	5.0	1.0
PPU MASH	24.8	23.6	22.6	1.0	2.2	13.0	17.6	(4.6)
	<b>217.3</b>	<b>209.1</b>	<b>198.1</b>	<b>11.0</b>	<b>19.2</b>	<b>148.0</b>	<b>145.2</b>	<b>2.8</b>
<b>Criminal Justice Department</b>								
Admin Of Justice	48.5	33.5	33.5	0.0	15.0	0.0	0.0	0.0
File Quality	0.0	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	0.0	4.0	5.0	(1.0)
Information And Data Management	33.7	30.3	28.3	2.0	5.4	0.0	2.0	(2.0)
Information And Data Management - DBS	13.6	8.5	8.5	0.0	5.1	0.0	0.0	0.0
Custody Unit	35.0	40.0	32.0	8.0	3.0	16.0	18.0	(2.0)
	<b>130.8</b>	<b>112.3</b>	<b>102.3</b>	<b>10.0</b>	<b>28.5</b>	<b>20.0</b>	<b>25.0</b>	<b>(5.0)</b>
<b>Business Support</b>								
Estates	15.4	9.3	9.3	0.0	6.1	0.0	0.0	0.0
Finance	16.7	14.8	10.8	4.0	5.9	0.0	0.0	0.0
Fleet	12.3	12.0	10.0	2.0	2.3	0.0	0.0	0.0
Procurement	5.0	5.0	5.0	0.0	0.0	0.0	0.0	0.0
Business Support	0.0	0.0	0.0	0.0	0.0	0.0	3.0	(3.0)
IRSC	16.9	16.0	12.0	4.0	4.9	0.0	0.0	0.0
Property Store Management	4.0	7.0	7.0	0.0	(3.0)	0.0	0.0	0.0
Information Security	2.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0
	<b>72.3</b>	<b>64.1</b>	<b>54.1</b>	<b>10.0</b>	<b>18.1</b>	<b>0.0</b>	<b>3.0</b>	
<b>Corporate / Service Development</b>								
ACPO	1.0	1.0	1.0	0.0	0.0	5.0	6.0	(1.0)
People Services	20.7	20.9	20.9	0.0	(0.3)	4.0	45.6	(41.6)
Service Development	45.3	37.8	36.8	1.0	8.5	11.0	9.8	1.2
Standards	7.3	7.1	6.1	1.0	1.2	13.0	13.0	0.0
Police Federation & Staff Associations	3.5	4.7	4.7	0.0	(1.2)	2.0	2.0	0.0
Legal Services	5.0	4.8	4.8	0.0	0.2	0.0	0.0	0.0
Corporate Comms	11.4	9.0	8.0	1.0	3.4	0.0	0.0	0.0
	<b>94.2</b>	<b>85.4</b>	<b>82.4</b>	<b>3.0</b>	<b>11.8</b>	<b>35.0</b>	<b>76.4</b>	<b>(41.4)</b>
<b>Collaborative &amp; Externally Funded:</b>								
Welsh Government Liaison Team	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
WITS	1.0	2.0	1.0	1.0	0.0	0.0	0.0	0.0
Local Resilience Forum	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0
Safety Camera	10.1	10.0	9.0	1.0	1.1	2.0	2.0	0.0
Breaking The Cycle	0.0	0.0	0.0	0.0	0.0	3.0	2.9	0.1
Collaboration - Niche	0.0	0.0	0.0	0.0	0.0	2.0	2.0	0.0
Collaboration - Fusion	0.0	0.0	0.0	0.0	0.0	5.0	5.0	0.0
All Wales Collaboration - Tarian	1.0	1.0	1.0	0.0	0.0	10.0	9.0	1.0
All Wales Collaboration Joint Firearms Unit	0.0	0.0	0.0	0.0	0.0	41.0	38.0	3.0
All Wales Collaboration Firearms Training	0.0	0.0	0.0	0.0	0.0	2.0	2.0	0.0
Collaboration - JSIU	62.5	29.9	28.9	1.0	33.6	1.0	1.0	0.0
Collaboration - Regional Prison Intell	0.0	0.0	0.0	0.0	0.0	2.0	2.0	0.0
Regional CTSA	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
WECTU CTIU/RART	0.0	0.0	0.0	0.0	0.0	10.0	11.0	(1.0)
Other Joint Funded / External Initiatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Corporate Projects	0.0	8.0	6.0	2.0	(6.0)	0.0	0.0	0.0
Seconded Officers	0.0	0.0	0.0	0.0	0.0	8.0	6.0	2.0
	<b>75.6</b>	<b>51.9</b>	<b>46.9</b>	<b>5.0</b>	<b>28.7</b>	<b>88.0</b>	<b>82.9</b>	<b>5.1</b>
<b>Force Total</b>	<b>830.2</b>	<b>721.0</b>	<b>682.0</b>	<b>39.0</b>	<b>139.2</b>	<b>1,194.5</b>	<b>1,165.8</b>	<b>31.7</b>

**Police and Crime Commissioner for Gwent**  
**2016/17 Revenue Budget - Gwent Police Group**  
**Performance to 30th November 2016**

	Initial Annual Budget £'000s	Revised Annual Budget £'000s	Budget to Date £'000s	Expenditure to Date £'000s	Variance to Date £'000s	Forecast Outturn £'000s
<b>Expenditure</b>						
1 Police Officer Salaries and Allowances	65,812	64,174	42,341	40,072	2,269	2,361
2 Police Staff Salaries and Allowances	22,937	22,195	14,423	15,615	(1,192)	(219)
3 PCSO Salaries and Allowances	5,324	5,264	3,359	2,728	631	1,187
4 Police Officer Overtime and Enhancements	2,036	2,146	825	1,012	(187)	190
5 Police Staff Overtime and Enhancements	1,224	1,239	668	539	129	200
6 PCSO Overtime and Enhancements	791	791	438	266	172	250
7 Other Employee Related Costs	2,652	2,654	1,792	2,364	(572)	(2,648)
8 Premises Costs	5,703	5,752	3,711	3,475	235	390
9 Transport Costs	3,194	3,206	1,555	1,367	188	698
10 Supplies and Services	19,136	20,142	11,137	10,697	440	1,465
11 Major Incident Schemes	379	379	209	208	0	0
12 Proactive Operational Initiatives	228	228	71	71	0	80
13 Contribution to Police Computer Co.	883	883	803	803	0	80
14 Capital Charges	500	500	165	147	18	(2,963)
	<b>130,798</b>	<b>129,552</b>	<b>81,498</b>	<b>79,365</b>	<b>2,133</b>	<b>1,070</b>
<b>Other Approved Revenue Requirements</b>						
15 Development Reserve	150	109	0	0	0	109
16 Identified Recurring Savings	(1,387)	1,162	0	0	0	1,162
	<b>(1,237)</b>	<b>1,271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,271</b>
<b>Income</b>						
17 Investment Income	(252)	(252)	(161)	(186)	25	25
18 Other Income	(11,322)	(12,289)	(7,098)	(7,185)	87	100
	<b>(11,574)</b>	<b>(12,542)</b>	<b>(7,259)</b>	<b>(7,371)</b>	<b>112</b>	<b>125</b>
<b>19 Net Expenditure Before Transfers</b>	<b>117,987</b>	<b>118,281</b>	<b>74,238</b>	<b>71,993</b>	<b>2,245</b>	<b>2,466</b>
<b>Transfers</b>						
20 To Earmarked Reserves (Pre-Approved)	3,553	3,582	29	29	0	0
21 Revenue Contribution to Capital Programme	498	498	0	0	0	0
	<b>4,051</b>	<b>4,080</b>	<b>29</b>	<b>29</b>	<b>0</b>	<b>0</b>
<b>22 Net Expenditure Including Transfers</b>	<b>122,038</b>	<b>122,362</b>	<b>74,267</b>	<b>72,022</b>	<b>2,245</b>	<b>2,466</b>
<b>23 Funded By:</b>						
24 Revenue Support Grant	(21,044)	(21,044)	(14,565)	(14,565)	0	0
25 National Non-Domestic Rates	(9,063)	(9,063)	(6,273)	(6,273)	0	0
26 Police Grant	(42,393)	(42,393)	(28,262)	(28,262)	0	0
27 Council Tax	(47,039)	(47,039)	(31,359)	(31,359)	0	0
28 Specific Grant Income	0	0	0	0	0	0
29 Use of General Reserves	0	0	0	0	0	0
30 Use of Earmarked Reserves	(2,499)	(2,823)	(2,823)	(2,823)	0	(834)
31 Provision Release	0	0	0	(438)	438	438
	<b>(122,038)</b>	<b>(122,362)</b>	<b>(83,281)</b>	<b>(83,719)</b>	<b>438</b>	<b>(396)</b>
<b>32 Total Funding</b>	<b>(122,038)</b>	<b>(122,362)</b>	<b>(83,281)</b>	<b>(83,719)</b>	<b>438</b>	<b>(396)</b>
<b>33 (Over)/Underspend</b>	<b>-</b>	<b>-</b>	<b>(9,014)</b>	<b>(11,697)</b>	<b>2,683</b>	<b>2,071</b>

**Police and Crime Commissioner for Gwent  
2016/17 Capital Programme  
Budget as at 30th November 2016**

<b>EXPENDITURE</b>	<b>2016/17 Programme</b>			
	Initial Annual Budget £'000s	Revised Annual Budget £'000s	Expenditure To Date £'000s	Remaining Budget £'000's
<b>Estates Schemes :</b>				
1 Estates Schemes including Minor Works	500	500	27	473
2 Replacement of HQ	0	0	0	0
3 Decommissioning of HQ	0	0	0	0
<b>4 Total Estates Schemes</b>	<b>500</b>	<b>500</b>	<b>27</b>	<b>473</b>
5 Vehicle Purchases	786	786	87	699
<b>6 Vehicle Purchases</b>	<b>786</b>	<b>786</b>	<b>87</b>	<b>699</b>
<b>7 Information Systems :</b>				
8 Disaster Recovery	0	415	240	175
9 Command & Control	0	263	142	121
10 VOIP	0	380	380	0
11 Enterprise Resource Planning System	2,487	632	0	632
12 Other IS Schemes	305	542	73	469
<b>13 Information Systems</b>	<b>2,792</b>	<b>2,232</b>	<b>835</b>	<b>1,397</b>
<b>14 Force Projects :</b>				
15 Fusion/Mobile Data	0	1,500	23	1,477
16 Other BTCG Projects / Schemes	200	200	22	179
<b>17 Total Force Projects</b>	<b>200</b>	<b>1,700</b>	<b>44</b>	<b>1,656</b>
<b>18 Overall Totals</b>	<b>4,278</b>	<b>5,218</b>	<b>994</b>	<b>4,224</b>

<b>FUNDING OF PROGRAMME</b>	Initial Annual Budget £'000s	Revised Annual Budget £'000s
19 Capital Grants	526	526
20 Supported Borrowing		
21 Use of Capital Reserves and Committed Funds	3,254	4,194
22 Revenue Contributions to Capital	498	498
23 Partnership Organisations - Capital		
24 Receipt from sale of premises		
25 Loans / Use of Revenue Funding		
26 Home Office - Innovation Grant		
27 Total Funds Available	<b>4,278</b>	<b>5,218</b>
28 Shortfall/(Surplus) in Funding	<b>0</b>	<b>0</b>

**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Revenue Projections 2017/18 to 2021/22**  
**Reserves and Committed Funds Position 2016/17**

			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	In £'000	Out £'000	Forecast Closing Balance 20/21 £'000
<b><u>REVENUE RESERVES AND COMMITTED FUNDS</u></b>																		
<b>A</b>	<b>Statutory Reserves</b>																	
1	General Reserve		4,000	0	0	4,000	0	0	4,000	0	0	4,000	0	0	4,000	0	0	4,000
2	Future Budgetary Imbalances		4,379	0	0	4,379	0	0	4,379	0	(1,265)	3,114	0	(3,114)	0	0	0	0
	<b>Sub Total</b>		<b>8,379</b>	<b>0</b>	<b>0</b>	<b>8,379</b>	<b>0</b>	<b>0</b>	<b>8,379</b>	<b>0</b>	<b>(1,265)</b>	<b>7,114</b>	<b>0</b>	<b>(3,114)</b>	<b>4,000</b>	<b>0</b>	<b>0</b>	<b>4,000</b>
<b>B</b>	<b>Committed Earmarked Funds</b>																	
1	Future PFI Commitments		11,547	1,920	(1,672)	11,795	1,892	(1,716)	11,971	1,864	(1,761)	12,074	1,836	(1,807)	12,103	1,810	(1,855)	12,058
2	Capital Programme																	
a	Capital Grant		0	582	0	582	449	0	1,031	449	0	1,480	449	0	1,929	449	0	2,378
b	Capital Receipts		0	1,626	0	1,626	0	0	1,626	0	0	1,626	0	0	1,626	0	0	1,626
c	Revenue Contribution to Capital Programme		0	498	0	498	575	0	1,073	575	0	1,648	575	0	2,223	575	0	2,798
d	Estate Works																	
i	Replacement HQ		14,719	1,161	0	15,880	0	(500)	15,380	0	(6,000)	9,380	0	(8,000)	1,380	0	(1,500)	(120)
ii	Victims' Hub		181	0	0	181	0	0	181	0	0	181	0	0	181	0	0	181
iii	Minor Works and Planned Maintenance		0	0	(500)	(500)	0	(500)	(1,000)	0	(500)	(1,500)	0	(500)	(2,000)	0	(500)	(2,500)
iv	Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e	Fleet Replacement		0	0	(786)	(786)	0	(1,350)	(2,136)	0	(910)	(3,046)	0	(2,240)	(5,286)	0	(1,405)	(6,691)
f	ICT Investment		0	0	(3,732)	(3,732)	0	(4,612)	(8,344)	0	(3,150)	(11,494)	0	(2,150)	(13,644)	0	(1,650)	(15,294)
g	Other Projects/Schemes		0	0	(200)	(200)	0	(200)	(400)	0	(200)	(600)	0	(200)	(800)	0	(200)	(1,000)
3	SA8 Change Programme																	
a	SA8 Programme Team		1,654	0	(100)	1,554	0	(100)	1,454	0	0	1,454	0	0	1,454	0	0	1,454
b	Revenue Saving Initiatives		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
i	PWLB and Newport Debt redemption		0	0	0	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
4	Other Financial Liabilities																	
a	Tribunal and Ombudsman Liabilities		149	0	0	149	0	0	149	0	0	149	0	0	149	0	0	149
b	Unspent Revenue Grants		372	0	0	372	0	0	372	0	0	372	0	0	372	0	0	372
c	3rd Party funds		220	0	0	220	0	0	220	0	0	220	0	0	220	0	0	220
d	POCA		310	150	(150)	310	150	(150)	310	150	(150)	310	150	(150)	310	150	(150)	310
e	Workstream Specific Reserves		603	0	0	603	0	0	603	0	0	603	0	0	603	0	0	603
	<b>Sub Total</b>		<b>29,755</b>	<b>5,937</b>	<b>(7,140)</b>	<b>28,552</b>	<b>3,066</b>	<b>(9,128)</b>	<b>22,490</b>	<b>3,038</b>	<b>(12,671)</b>	<b>12,857</b>	<b>3,010</b>	<b>(15,047)</b>	<b>820</b>	<b>2,984</b>	<b>(7,260)</b>	<b>(3,456)</b>
<b>C</b>	<b>Uncommitted Earmarked Funds</b>																	
1	Forecast Accelerated Efficiency Savings		5,112	2,071	0	7,183	235	0	7,418	0	0	7,418	0	0	7,418	0	0	7,418
2	Commissioning Strategy and Force Initiatives		1,670	0	0	1,670	0	0	1,670	0	0	1,670	0	0	1,670	0	0	1,670
3	Airwave		1,830	200	0	2,030	200	0	2,230	200	0	2,430	200	(2,630)	0	0	0	0
	<b>Sub Total</b>		<b>8,612</b>	<b>2,271</b>	<b>0</b>	<b>10,883</b>	<b>435</b>	<b>0</b>	<b>11,318</b>	<b>200</b>	<b>0</b>	<b>11,518</b>	<b>200</b>	<b>(2,630)</b>	<b>9,088</b>	<b>0</b>	<b>0</b>	<b>9,088</b>
<b>TOTAL REVENUE RESERVES AND COMMITTED FUNDS</b>			<b>46,746</b>	<b>8,208</b>	<b>(7,140)</b>	<b>47,814</b>	<b>3,501</b>	<b>(9,128)</b>	<b>42,187</b>	<b>3,238</b>	<b>(13,936)</b>	<b>31,489</b>	<b>3,210</b>	<b>(20,791)</b>	<b>13,908</b>	<b>2,984</b>	<b>(7,260)</b>	<b>9,632</b>
<b><u>CAPITAL RESERVES AND COMMITTED FUNDS</u></b>																		
<b>A</b>	<b>Committed Earmarked Funds</b>																	
1	Capital Grant		56	526	(582)	0	449	(449)	0	449	(449)	0	449	(449)	0	449	(449)	0
2	Capital Receipts		1,626	0	(1,626)	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Replacement Command and Control		1,161	0	(1,161)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CAPITAL RESERVES AND COMMITTED FUNDS</b>			<b>2,843</b>	<b>526</b>	<b>(3,369)</b>	<b>0</b>	<b>449</b>	<b>(449)</b>	<b>0</b>	<b>449</b>	<b>(449)</b>	<b>0</b>	<b>449</b>	<b>(449)</b>	<b>0</b>	<b>449</b>	<b>(449)</b>	<b>0</b>
<b>TOTAL RESERVES AND COMMITTED FUNDS</b>			<b>49,589</b>	<b>8,734</b>	<b>(10,509)</b>	<b>47,814</b>	<b>3,950</b>	<b>(9,577)</b>	<b>42,187</b>	<b>3,687</b>	<b>(14,385)</b>	<b>31,489</b>	<b>3,659</b>	<b>(21,240)</b>	<b>13,908</b>	<b>3,433</b>	<b>(7,709)</b>	<b>9,632</b>

**Police and Crime Commissioner for Gwent / Heddlu Gwent Police**  
**Medium Term Revenue Projections 2017/18 to 2021/22**  
**Capital Programme 2017/18 to 2021/22**

		2016/17 £'000s	2017/18 £'000s	2018/19 £'000s	2019/20 £'000s	2020/21 £'000s	2021/22 £'000s
<b>A</b>	<b>Estate</b>						
1	Regular Capital Maintenance	500	500	500	500	500	500
2	Replacement HQ		500	6,000	8,000	1,500	
3	Decommissioning of Headquarters						1,000
<b>4</b>	<b>Total Estate</b>	<b>500</b>	<b>1,000</b>	<b>6,500</b>	<b>8,500</b>	<b>2,000</b>	<b>1,500</b>
<b>B</b>	<b>Vehicles</b>	<b>786</b>	<b>1,350</b>	<b>910</b>	<b>2,240</b>	<b>1,405</b>	<b>1,500</b>
<b>C</b>	<b>Information Systems</b>						
1	Fusion Project	1,500	1,500	1,500	500		
2	FIRMS Project:-						
2a	Enterprise Resource Planning System	632	862				
2b	Resource Planning System		400				
2c	Learning and Development System		200				
3	Disaster Recovery	415					
4	Voice Over Internet Protocol	380					
5	Command & Control	263					
6	PND Infrastructure	160					
7	Network Switches	150	150	150	150	150	150
8	Replacement SQL Server	90					
9	Checkpoint Firewall Infrastructure	40					
10	Citrix Servers (64 Bit)	40					
11	Replacement Servers	37					
12	ICT Development Contingent Growth	25	1,500	1,500	1,500	1,500	1,500
<b>13</b>	<b>Total Information Systems</b>	<b>3,732</b>	<b>4,612</b>	<b>3,150</b>	<b>2,150</b>	<b>1,650</b>	<b>1,650</b>
<b>D</b>	<b>Other BTCG Projects / Schemes</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>E</b>	<b>Total Programme</b>	<b>5,218</b>	<b>7,162</b>	<b>10,760</b>	<b>13,090</b>	<b>5,255</b>	<b>4,850</b>
<b>F</b>	<b>Funding</b>						
1	Capital Grant	526	449	449	449	449	449
2	Revenue Contribution to Capital	498	575	575	575	575	575
3	Funding from Reserves and Committed Funds	4,194	6,138	9,736	12,066	4,231	2,326
4	Capital Asset Disposal	0	0	0	0	0	1,500
<b>5</b>	<b>Total Funding</b>	<b>5,218</b>	<b>7,162</b>	<b>10,760</b>	<b>13,090</b>	<b>5,255</b>	<b>4,850</b>
<b>G</b>	<b>Surplus Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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OFFICE OF THE POLICE & CRIME COMMISSIONER																				
TITLE:		Treasury Management Update Report																		
DATE:		27 <sup>th</sup> January 2017																		
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 <sup>st</sup> April 2016 to 31 <sup>st</sup> October 2016.																			
2.	<u>INTRODUCTION &amp; BACKGROUND</u>																			
2.1	This is the first Treasury Management Activity report in 2016/17.																			
2.2	Treasury Management Activity includes investment and borrowing transactions.																			
3.	<u>ISSUES FOR CONSIDERATION</u>																			
3.1	<u>INVESTMENTS</u>																			
3.1.1	<p>Appendix 1 summarises fixed investments on deposit with counterparties as at 31<sup>st</sup> October 2016. The listing shows that the Police and Crime Commissioner's (PCC's) current fixed investment portfolio totals £53.50m. On maturity these deposits will earn an average rate of return of 0.353%, which will amount to £0.113m of earned interest income on maturity.</p> <p>Appendix 2 summarises money market investments as at 31<sup>st</sup> October 2016. The listing shows a current portfolio of £6.25m, invested across 5 triple-A rated funds. The current average yield is 0.279%, which will provide an estimated annual interest return of 0.033m, if the current investment level is maintained and rates remain stable.</p>																			
3.1.2	<p>The current investment portfolio composition is shown in Table 1 below:</p> <table><tr><th><u>Counterparty</u></th><th><u>Deposit £'m</u></th><th><u>Portfolio %</u></th></tr><tr><td>UK Debt Management Office</td><td>0.00</td><td>0.0</td></tr><tr><td>Banks &amp; Building Societies</td><td>1.00</td><td>1.67</td></tr><tr><td>Local Authorities</td><td>52.50</td><td>87.87</td></tr><tr><td>Money Market Funds</td><td>6.25</td><td>10.46</td></tr><tr><td></td><td><b>59.75</b></td><td><b>100.0</b></td></tr></table>		<u>Counterparty</u>	<u>Deposit £'m</u>	<u>Portfolio %</u>	UK Debt Management Office	0.00	0.0	Banks & Building Societies	1.00	1.67	Local Authorities	52.50	87.87	Money Market Funds	6.25	10.46		<b>59.75</b>	<b>100.0</b>
<u>Counterparty</u>	<u>Deposit £'m</u>	<u>Portfolio %</u>																		
UK Debt Management Office	0.00	0.0																		
Banks & Building Societies	1.00	1.67																		
Local Authorities	52.50	87.87																		
Money Market Funds	6.25	10.46																		
	<b>59.75</b>	<b>100.0</b>																		
3.1.3	As per the 2016/17 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). All money market funds are																			

	triple-A rated.																																			
3.1.4	<p>No single fixed term deposit exceeds a time limit of 364 days. There are currently two deposits, which on maturity will have been on deposit for 364 days. These are with Southampton City Council (£5m) and North Tyneside Metropolitan Borough Council (£3m). On maturity these deposits will earn interest of £0.032m.</p> <p>The weighted average maturity of fixed term investments as at the 31<sup>st</sup> October was 142 days and 44% of investments have a maturity of between 3 to 6 months.</p> <p>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. The most invested with one, single counterparty is £10m with London Borough of Islington.</p> <p>There is no money limit for investments with the UK Debt Management Office (DMO) however no funds are currently invested with the DMO due to the low rate of return of 0.15% (up to 3 months) and 0.10% (3 to 6 months) which is well below the average rate of return of 0.353% on the current investment portfolio.</p>																																			
3.1.5	<p>Appendix 3 details fixed term investment deposits made and repaid during the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> October 2016. Investment interest earned on matured deposits during this period totalled £0.122m on a cash basis. The average rate of return on these deposits was 0.354%. For the financial year 2015/16, the weighted average rate of return on investment deposits was 0.394%.</p> <p>Table 2 below details the movement in money market funds during the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> October 2016. Funds earned an average rate of return of 0.27% over this period.</p> <p><b>Table 2</b></p> <table><tr><th><b><u>Counterparty</u></b></th><th><b><u>Fund b/fwd £'m</u></b></th><th><b><u>Net Movement £'m</u></b></th><th><b><u>Fund c/fwd £'m</u></b></th><th><b><u>Interest Rec £'m</u></b></th></tr><tr><td>Blackrock</td><td>3.00</td><td>(2.0)</td><td>1.00</td><td>0.004</td></tr><tr><td>Goldman Sachs</td><td>3.00</td><td>(2.0)</td><td>1.00</td><td>0.006</td></tr><tr><td>HSBC</td><td>0.00</td><td>1.0</td><td>1.00</td><td>0.003</td></tr><tr><td>Morgan Stanley</td><td>3.00</td><td>(2.0)</td><td>1.00</td><td>0.006</td></tr><tr><td>Invesco</td><td>0.00</td><td>2.25</td><td>2.25</td><td>0.005</td></tr><tr><td></td><td><b>9.00</b></td><td><b>(2.75)</b></td><td><b>6.25</b></td><td><b>0.024</b></td></tr></table> <p>During the period these fund have proved a useful alternative to fixed term investments. The liquid nature of these funds with the ability to invest and redeem as and when required have helped manage unplanned cash surpluses and provided additional flexibility around the timing of settling financial commitments.</p>	<b><u>Counterparty</u></b>	<b><u>Fund b/fwd £'m</u></b>	<b><u>Net Movement £'m</u></b>	<b><u>Fund c/fwd £'m</u></b>	<b><u>Interest Rec £'m</u></b>	Blackrock	3.00	(2.0)	1.00	0.004	Goldman Sachs	3.00	(2.0)	1.00	0.006	HSBC	0.00	1.0	1.00	0.003	Morgan Stanley	3.00	(2.0)	1.00	0.006	Invesco	0.00	2.25	2.25	0.005		<b>9.00</b>	<b>(2.75)</b>	<b>6.25</b>	<b>0.024</b>
<b><u>Counterparty</u></b>	<b><u>Fund b/fwd £'m</u></b>	<b><u>Net Movement £'m</u></b>	<b><u>Fund c/fwd £'m</u></b>	<b><u>Interest Rec £'m</u></b>																																
Blackrock	3.00	(2.0)	1.00	0.004																																
Goldman Sachs	3.00	(2.0)	1.00	0.006																																
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Invesco	0.00	2.25	2.25	0.005																																
	<b>9.00</b>	<b>(2.75)</b>	<b>6.25</b>	<b>0.024</b>																																

3.2	<b><u>BORROWING</u></b>												
3.2.1	The borrowing position and portfolio as at 31 <sup>st</sup> October 2016 is shown in Table 3 below:  <b><u>Table 3</u></b> <table><tr><th><b><u>Lender</u></b></th><th><b><u>Amount Borrowed</u></b> <b><u>£'m</u></b></th><th><b><u>Annual Interest</u></b> <b><u>Rate %</u></b></th></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>0.56</td><td>6.56</td></tr><tr><td></td><td><b>4.82</b></td><td></td></tr></table>	<b><u>Lender</u></b>	<b><u>Amount Borrowed</u></b> <b><u>£'m</u></b>	<b><u>Annual Interest</u></b> <b><u>Rate %</u></b>	Public Works Loan Board (PWLB)	4.26	5.85	Newport City Council	0.56	6.56		<b>4.82</b>	
<b><u>Lender</u></b>	<b><u>Amount Borrowed</u></b> <b><u>£'m</u></b>	<b><u>Annual Interest</u></b> <b><u>Rate %</u></b>											
Public Works Loan Board (PWLB)	4.26	5.85											
Newport City Council	0.56	6.56											
	<b>4.82</b>												
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. Total interest of £0.125m has been paid for Q1 and Q2. Repayment of the first principal amount of £0.30m is due on the 13 <sup>th</sup> June 2020, although this position will be superseded when the Commissioner progresses the early repayment of this debt as per paragraph 3.3.2 below.												
3.2.3	With regard to the loan with Newport City Council, repayments of both the principal outstanding and interest due are made twice a year on the 30 <sup>th</sup> September and 31 <sup>st</sup> March respectively. Principal and interest payments made to date have totalled £0.08m and £0.02m respectively.												
3.2.4	No new borrowing has been taken out during the period 1 <sup>st</sup> April 2016 to 31 <sup>st</sup> October 2016.												
3.3	<b><u>EARLY REPAYMENT OF DEBT</u></b>												
3.3.1	For a number of years, the intention to repay debt has been considered and reported, but the recurrent benefits have been marginal. However, pending any further reduction in interest rates, the Commissioner's current Treasury Management position facilitates the early repayment of debt.												
3.3.2	In relation to the PWLB debt of 13 individual loans totalling £4.260m, Appendix 4 confirms that the premium payable to settle these loans early amounts to £1.474m. If this premium is written off over the remaining life of each individual loan, the premium payable per annum amounts to £0.209m. In addition to this cost, the Commissioner must take into account the loss of investment income from making a cash payment of £5.734m (£4.260m principal plus £1.474 premium). If a rate of return of 0.25% is assumed, then the Commissioner will forego £0.014m of investment income p.a. The transaction costs p.a. for settling the debt early therefore amounts to £0.223m p.a. On the benefit side however, the settlement of this debt will remove £0.249m of interest payments p.a., therefore providing a net benefit of £0.026 p.a., in addition to the non-financial benefits of servicing the management of the debt e.g. staff time. This financial benefit will improve as and when the individual premiums are written off.												
3.3.3	In relation to the Newport City Council debt, it is the Commissioner's intention to also redeem this debt early and dialogue to this end is ongoing. Members will be updated in due course.												

<b>4.</b>	<b><u>NEXT STEPS</u></b>
4.1	That Members note the Treasury Management Activity and also the early repayment of the Commissioner's PWLB debt.
<b>5.</b>	<b><u>FINANCIAL CONSIDERATIONS</u></b>
5.1	These are detailed in the report.
<b>6.</b>	<b><u>PERSONNEL CONSIDERATIONS</u></b>
6.1	There are no staffing/personnel implications arising from this report.
<b>7.</b>	<b><u>LEGAL IMPLICATIONS</u></b>
7.1	There are no legal implications arising from this report.
<b>8.</b>	<b><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></b>
8.1	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	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.
<b>9.</b>	<b><u>RISK</u></b>
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.
<b>10.</b>	<b><u>PUBLIC INTEREST</u></b>
10.1	This is a public document.
<b>11.</b>	<b><u>CONTACT OFFICER</u></b>
11.1	Hywel Morgan, Senior Financial Accountant
<b>12.</b>	<b><u>APPENDICES</u></b>
12.1	Appendix 1 – Current Fixed Term Investment List Appendix 2 – Current Money Market Investment List Appendix 3 – Analysis of Fixed Term Investments Made and Repaid Appendix 4 – PWLB Early Redemption Calculation

## Police and Crime Commissioner for Gwent

## Fixed Investments as at 31st October 2016

Borrower	Principal (£)	Interest Rate	Interest at Maturity (£)	Start Date	Maturity Date	Days
Blackburn with Darwen Borough Council	1,000,000	0.25000%	1,212.33	05-10-16	31-03-17	177
Blackpool Council	3,000,000	0.25000%	3,102.74	31-10-16	31-03-17	151
Eastleigh Borough Council	6,000,000	0.45000%	14,572.60	15-08-16	28-02-17	197
Leeds City Council	1,000,000	0.22000%	825.75	05-09-16	20-01-17	137
London Borough of Islington	3,500,000	0.20000%	1,610.96	07-09-16	30-11-16	84
London Borough of Islington	6,500,000	0.25000%	8,191.78	28-09-16	31-03-17	184
Nationwide Building Society	1,000,000	0.28000%	705.75	17-08-16	17-11-16	92
North Tyneside Metropolitan Borough Council	3,000,000	0.40000%	11,967.12	13-10-16	12-10-17	364
Norwich City Council	3,000,000	0.25000%	4,643.84	17-08-16	31-03-17	226
Reading Borough Council	3,500,000	0.47000%	8,653.15	21-06-16	30-12-16	192
Southampton City Council	5,000,000	0.40000%	19,945.21	07-10-16	06-10-17	364
Swindon Borough Council	3,000,000	0.47000%	6,798.90	07-06-16	30-11-16	176
Swindon Borough Council	6,000,000	0.39000%	13,463.01	05-07-16	31-01-17	210
Thurrock Borough Council	1,000,000	0.46000%	1,751.78	05-07-16	21-11-16	139
Thurrock Borough Council	1,000,000	0.45000%	1,886.30	28-09-16	28-02-17	153
Thurrock Borough Council	6,000,000	0.45000%	13,610.96	28-09-16	31-03-17	184
<b>Total Investments</b>	<b>53,500,000</b>	<b>0.35250%</b>	<b>112,942.19</b>			

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## Police and Crime Commissioner for Gwent

## Money Market Investments as at 31st October 2016

Borrower	Closing Balance (£)	Average Yield	Est Annual Interest (£)
BlackRock Institutional Sterling Liquidity Fund	1,000,000	0.23059%	6,541.89
Goldman Sachs Sterling Liquid Reserves	1,000,000	0.26622%	8,915.34
HSBC Sterling Liquidity Fund	1,000,000	0.28212%	3,321.48
Invesco AIM Short-Term Investment Company	2,250,000	0.33881%	4,846.80
Morgan Stanley Sterling Liquidity Fund	1,000,000	0.28002%	9,315.49
<b>Total Investments</b>	<b>6,250,000</b>	<b>0.27955%</b>	<b>32,941.00</b>

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## Police and Crime Commissioner for Gwent

## Analysis of Fixed Investments Made and Repaid

Date	Borrower	Agency ratings (short term)		Rate %	Terms	Loans Made £	Loans Repaid £	Int Received £	Maturity date	Status
		At time of investment	as at 31/10/2016							
<b>April 2016</b>	Balance b/f					37,000,000				
<b>Loans made</b>										
05-04-16	CORNWALL CITY COUNCIL			0.400	Fixed	3,000,000			30-09-16	REPAID
07-04-16	LONDON BOROUGH OF ISLINGTON			0.400	Fixed	4,000,000			30-06-16	REPAID
15-04-16	DEBT MANAGEMENT OFFICE			0.250	Fixed	1,000,000			18-04-16	REPAID
18-04-16	THURROCK BOROUGH COUNCIL			0.440	Fixed	2,000,000			31-10-16	REPAID
<b>Loans repaid</b>										
08-04-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1				1,000,000	1,246.58		
18-04-16	UK DEBT MANAGEMENT OFFICE						1,000,000	20.55		
29-04-16	PLYMOUTH CITY COUNCIL						2,500,000	4,195.21		
29-04-16	CONWY COUNTY BOROUGH COUNCIL						1,000,000	1,662.47		
29-04-16	PLYMOUTH CITY COUNCIL						1,500,000	2,695.89		
<b>May 2016</b>										
<b>Loans made</b>										
09-05-16	READING BOROUGH COUNCIL			0.350	Fixed	1,000,000			31-05-16	REPAID
09-05-16	READING BOROUGH COUNCIL			0.400	Fixed	2,000,000			29-07-16	REPAID
17-05-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.500	Fixed	1,000,000			17-08-16	REPAID
17-05-16	READING BOROUGH COUNCIL			0.450	Fixed	2,000,000			21-10-16	REPAID
<b>Loans repaid</b>										
31-05-16	CORNWALL CITY COUNCIL						3,000,000	5,786.30		
31-05-16	BLACKPOOL COUNCIL						2,000,000	3,945.21		
31-05-16	READING BOROUGH COUNCIL						1,000,000	210.96		
<b>June 2016</b>										
<b>Loans made</b>										
03-06-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.420	Fixed	2,000,000			22-08-16	REPAID
07-06-16	SWINDON BOROUGH COUNCIL			0.470	Fixed	3,000,000			30-11-16	
21-06-16	READING BOROUGH COUNCIL			0.470	Fixed	3,500,000			30-12-16	
<b>Loans repaid</b>										
03-06-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1				2,000,000	2,520.55		
21-06-16	PLYMOUTH CITY COUNCIL						2,000,000	2,520.55		
30-06-16	OADBY AND WIGSTON BOUROUGH COUNCIL						1,000,000	2,410.96		
30-06-16	OADBY AND WIGSTON BOUROUGH COUNCIL						4,000,000	9,534.25		
30-06-16	LONDON BOROUGH OF ISLINGTON						4,000,000	3,682.19		
<b>July 2016</b>										
<b>Loans made</b>										
05-07-16	THURROCK BOROUGH COUNCIL			0.460	Fixed	1,000,000			21-11-16	
05-07-16	SWINDON BOROUGH COUNCIL			0.390	Fixed	6,000,000			31-01-17	
05-07-16	SWINDON BOROUGH COUNCIL			0.390	Fixed	1,000,000			31-10-16	REPAID
05-07-16	NORTHAMPTON COUNTY COUNCIL			0.330	Fixed	5,000,000			28-09-16	REPAID
05-07-16	BARNSELY METROPOLITAN BOROUGH COUNCIL			0.330	Fixed	2,000,000			28-09-16	REPAID
05-07-16	LONDON BOROUGH OF ISLINGTON			0.270	Fixed	6,000,000			15-08-16	REPAID
<b>Loans repaid</b>										
29-07-16	THURROCK BOROUGH COUNCIL						2,000,000	5,185.75		
29-07-16	CORNWALL CITY COUNCIL						2,500,000	4,849.32		
09-05-16	READING BOROUGH COUNCIL						2,000,000	1,775.34		

Date	Borrower	Agency ratings (short term)		Rate %	Terms	Loans Made £	Loans Repaid £	Int Received £	Maturity date	Status
		At time of investment	as at 31/10/2016							
<b>August 2016</b>										
<b>Loans made</b>										
15-08-16	EASTLEIGH BOROUGH COUNCIL			0.450	Fixed	6,000,000			28-02-17	
05-08-16	THURROCK BOROUGH COUNCIL			0.260	Fixed	2,000,000			28-09-16	REPAID
16-08-16	DEBT MANAGEMENT OFFICE			0.150	Fixed	3,000,000			17-08-16	REPAID
17-08-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1	0.280	Fixed	1,000,000			17-11-16	
17-08-16	NORWICH CITY COUNCIL			0.250	Fixed	3,000,000			31-03-17	
<b>Loans repaid</b>										
15-08-16	LONDON BOROUGH OF ISLINGTON						6,000,000	1,819.73		
17-08-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1				1,000,000	1,260.27		
17-08-16	DEBT MANAGEMENT OFFICE						3,000,000	12.33		
22-08-16	NATIONWIDE BUILDING SOCIETY	F1, P-1, A-1	F1, P-1, A-1				2,000,000	1,841.10		
31-08-16	BLACKBURN WITH DARWEN BOROUGH COUNCIL						1,500,000	3,513.70		
31-08-16	HIGHLAND COUNCIL						3,000,000	7,855.89		
31-08-16	STERLING COUNCIL						1,500,000	3,472.60		
<b>September 2016</b>										
<b>Loans made</b>										
05-09-16	LEEDS CITY COUNCIL			0.220	Fixed	1,000,000			20-01-17	
07-09-16	LONDON BOROUGH OF ISLINGTON			0.200	Fixed	3,500,000			30-11-16	
28-09-16	LONDON BOROUGH OF ISLINGTON			0.250	Fixed	6,500,000			31-03-17	
28-09-16	THURROCK BOROUGH COUNCIL			0.450	Fixed	1,000,000			28-02-17	
28-09-16	THURROCK BOROUGH COUNCIL			0.450	Fixed	6,000,000			31-03-17	
<b>Loans repaid</b>										
28-09-16	THURROCK BOROUGH COUNCIL						5,000,000	24,931.51		
28-09-16	THURROCK BOROUGH COUNCIL						2,000,000	769.32		
28-09-16	NORTHAMPTON COUNTY COUNCIL						5,000,000	3,842.47		
28-09-16	BARNSELY METROPOLITAN BOROUGH COUNCIL						2,000,000	1,536.99		
30-09-16	CORNWALL CITY COUNCIL						1,500,000	3,271.23		
30-09-16	CORNWALL CITY COUNCIL						3,000,000	5,852.05		
<b>October 2016</b>										
<b>Loans made</b>										
07-10-16	SOUTHAMPTON CITY COUNCIL			0.400	Fixed	5,000,000			06-10-17	
05-10-16	BLACKBURN WITH DARWEN BOROUGH COUNCIL			0.250	Fixed	1,000,000			31-03-17	
31-10-16	BLACKPOOL COUNCIL			0.250	Fixed	3,000,000			31-03-17	
13-10-16	NORTHTYNESIDE MET BOROUGH COUNCIL			0.400	Fixed	3,000,000			12-10-17	
<b>Loans repaid</b>										
21-10-16	READING BOROUGH COUNCIL						2,000,000	3,871.23		
31-10-16	SWINDON BOROUGH COUNCIL						1,000,000	1,260.82		
31-10-16	THURROCK BOROUGH COUNCIL						2,000,000	4,725.48		
						127,500,000	74,000,000	122,078.80		
<b>Balance C/F</b>							53,500,000			
<b>Average rate of interest received April to Oct</b>				0.354						

#### 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.

<b>PWLB MATURITY</b>
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Loan ref. (In order)	Start Date	Maturity Date	Original Principal	Coupon	Current Principal Balance	Discount Rate	(Discount) /Premium	Years to Maturity	Premium Write Off p.a.	Interest Saving	Investment Income Lost p.a. 0.25%	Net Position
<b>TOTALS -----&gt;</b>					<b>£4,260,000</b>	plus margin of: <b>0%</b>		<b>£1,474,003</b>				
476063	13/06/95	13/06/20	£300,000	8.000%	£300,000	0.260%	£83,084	3.60	£23,095	-£24,000	£958	£52
476983	01/02/96	30/09/21	£410,000	8.000%	£410,000	0.390%	£151,159	4.90	£30,879	-£32,800	£1,403	-£519
478900	27/02/97	30/09/21	£567,000	7.500%	£567,000	0.390%	£195,307	4.90	£39,897	-£42,525	£1,906	-£722
480548	05/03/98	31/12/22	£230,143	6.000%	£230,143	0.600%	£74,852	6.15	£12,178	-£13,809	£762	-£868
480547	05/03/98	31/12/22	£55,857	6.000%	£55,857	0.600%	£18,167	6.15	£2,956	-£3,351	£185	-£211
482292	18/03/99	30/09/23	£277,000	4.750%	£277,000	0.670%	£76,036	6.89	£11,029	-£13,158	£883	-£1,245
483877	23/02/00	31/12/24	£560,000	5.125%	£560,000	0.870%	£186,939	8.15	£22,943	-£28,700	£1,867	-£3,889
485434	27/03/01	31/12/25	£362,000	4.750%	£362,000	0.990%	£118,708	9.15	£12,978	-£17,195	£1,202	-£3,016
486436	26/02/02	31/12/26	£142,143	5.000%	£142,143	1.100%	£53,070	10.15	£5,230	-£7,107	£488	-£1,389
486437	26/02/02	31/12/26	£304,000	5.125%	£304,000	1.100%	£117,138	10.15	£11,545	-£15,580	£1,053	-£2,982
486438	26/02/02	31/12/26	£55,857	5.000%	£55,857	1.100%	£20,855	10.15	£2,055	-£2,793	£192	-£546
487673	27/03/03	31/12/27	£444,857	4.800%	£444,857	1.200%	£166,578	11.15	£14,945	-£21,353	£1,529	-£4,879
487675	27/03/03	31/12/27	£551,143	4.900%	£551,143	1.200%	£212,109	11.15	£19,030	-£27,006	£1,908	-£6,067
									£208,761	-£249,377	£14,335	-£26,281

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## OFFICE OF POLICE AND CRIME COMMISSIONER

**TITLE:** Treasury Management Strategy 2017/18 to 2019/20

**DATE:** 27th January 2017

**TIMING:** Routine

**PURPOSE:** For Information

<b>1.</b>	<b><u>RECOMMENDATION</u></b> For the information of the Police and Crime Panel.
<b>2.</b>	<b><u>INTRODUCTION &amp; BACKGROUND</u></b> 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.
<b>3.</b>	<b><u>ISSUES FOR CONSIDERATION</u></b> The Commissioner is required to adopt and comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (2011) and the CIPFA Code of Practice on Treasury Management (2011). The Treasury Management Strategy 2017/18 to 2019/20 (Appendix A) and the Treasury Management Practices (Appendix B) are submitted for the information of the Police and Crime Panel.
<b>4.</b>	<b><u>NEXT STEPS</u></b> 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 2017/18.
<b>5.</b>	<b><u>FINANCIAL CONSIDERATIONS</u></b> This is a financial report required prior to setting the budget and council tax precept for 2017/18.
<b>6.</b>	<b><u>PERSONNEL CONSIDERATIONS</u></b> There are no additional staff requirements stemming from this report.



<b>7.</b>	<p><b><u>LEGAL IMPLICATIONS</u></b></p> <p>Approval of the Treasury Management Strategy by the Commissioner is a statutory responsibility.</p>
<b>8.</b>	<p><b><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></b></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>
<b>9.</b>	<p><b><u>RISK</u></b></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>
<b>10.</b>	<p><b><u>PUBLIC INTEREST</u></b></p> <p>Once approved the Treasury Management Strategy will be published on the website.</p>
<b>11.</b>	<p><b><u>CONTACT OFFICER</u></b></p> <p>Darren Garwood-Pask, Chief Finance Officer (Section 151 Officer) to the Commissioner.</p>
<b>12.</b>	<p><b><u>ANNEXES</u></b></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 2017/18 to 2019/20**

**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 2017/18, 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 30<sup>th</sup> September 2017, providing a selection of actual prudential and treasury indicators.

- 1.4 The Treasury Management Strategy for 2017/18 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 2017/18 to 2019/20**

- 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 2019/20.

- 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, earmarked reserves 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					
	2016/17 Original £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
<b>Capital Expenditure</b>	<b>4,209</b>	<b>5,202</b>	<b>7,162</b>	<b>10,760</b>	<b>13,090</b>
Financed by:					
Capital Receipts	0	0	0	0	0
Capital Grants and PIF Grants	876	526	526	526	526
Reserves	3,333	4,178	6,138	9,736	12,066
Revenue	0	498	498	498	498
<b>Net Financing Need for the Year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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- 2.3.7 The above financing need excludes other long term liabilities, such as Private Finance Initiative (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 £4.79m 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)					
	2016/17 Original £000's	2016/17 Estimate £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
<b>CFR as at 1st April</b>	<b>6,685</b>	<b>6,200</b>	<b>4,752</b>	<b>4,686</b>	<b>4,511</b>
Movement in CFR during year	(112)	(1,448)	(66)	(175)	(145)
Represented by *					
Net Financing Need for the year	0	0	0	0	0
Movement in Finance Lease Liability	36	36	66	175	145
Less MRP	76	56	0	0	0
Less VRP	0	1,356	0	0	0
<b>Movement in CFR</b>	<b>112</b>	<b>1,448</b>	<b>66</b>	<b>175</b>	<b>145</b>

2.4.4 The CFR projections above assume the early repayment of the Commissioner's Public Works Loan Board (PWLb) and Newport City Council debt during 2016/17. Although the Commissioner will not be required to make a MRP from 2017/18 onwards, he will still require a policy on this matter as per section 3 below.

### 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 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 2017/18:

- (i) For all capital expenditure incurred before 1<sup>st</sup> April 2008 and all supported capital expenditure incurred since that date or in the future, the MRP policy will be 4% of the CFR. This is consistent with the practice in place prior to the current regulations; and
- (ii) For all unsupported borrowing since 1<sup>st</sup> 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					
	2016/17 Original £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
Police Fund	4,000	8,379	8,379	4,888	4,000
Earmarked Reserves	21,068	39,146	33,403	23,970	9,503
Provisions	1,617	1,529	1,529	1,529	1,529
Total Core Funds	26,685	49,054	43,311	30,387	15,032
Working Capital	4,500	4,477	4,477	4,477	4,477
<b>Expected Investments</b>	<b>31,185</b>	<b>53,531</b>	<b>47,788</b>	<b>34,864</b>	<b>19,509</b>

\*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					
	2016/17 Estimate %	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
<b>Ratio</b>	<b>0.19%</b>	<b>0.12%</b>	<b>-0.16%</b>	<b>-0.14%</b>	<b>-0.09%</b>

- 5.3 The estimates of financing costs include current commitments and the proposals in the budget report. The ratio turns positive in 2017/18 as

following the early repayment of debt, the Commissioner will have no debt to service and therefore no further interest payment liabilities but will continue to receive investment income.

- 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			
	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
<b>Ratio</b>	<b>0.11</b>	<b>0.17</b>	<b>0.21</b>

## 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 1<sup>st</sup> April 2016, with forward projections, are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the CFR), highlighting any over or under borrowing.



Borrowing Position					
	2016/17 Original £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
<b>External Debt</b>					
Debt at 1st April	4,907	4,940	0	0	0
Expected Change in Debt	(161)	(4,940)	0	0	0
Other Long Term Liabilities (Finance Lease Liability - PFI) at 1st April	4,788	4,788	4,752	4,686	4,511
Expected Change in OLTL	(36)	(36)	(66)	(175)	(145)
<b>Gross Debt at 31st March</b>	<b>9,498</b>	<b>4,752</b>	<b>4,686</b>	<b>4,511</b>	<b>4,366</b>
Capital Financing Requirement at 31st March	6,573	4,752	4,686	4,511	4,366
<b>Under/(Over) Borrowing</b>	<b>(2,925)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

Impact on Revenue Budgets					
	2016/17 Estimate £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
<b>Revenue Budget Heading</b>					
Interest on Borrowing	291	292	0	0	0
Investment Income	(144)	(209)	(198)	(161)	(106)
<b>Net Police Fund Borrowing Cost</b>	<b>147</b>	<b>83</b>	<b>(198)</b>	<b>(161)</b>	<b>(106)</b>

## 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 2017/18 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					
	2016/17 Estimate £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
Gross Debt	9,498	4,752	4,686	4,511	4,366
Investments	(31,185)	(53,531)	(47,788)	(34,864)	(19,509)
Net Borrowing	(21,687)	(48,779)	(43,102)	(30,353)	(15,143)
Capital Financing Requirement	6,573	4,752	4,686	4,511	4,366
<b>Gross Debt &lt;= CFR</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

- 7.2 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					
	2016/17 Estimate £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
Debt	4,907	4,940	0	0	0
Other Long Term Liabilities	4,788	4,788	4,752	4,686	4,511
Net Borrowing	9,695	9,728	4,752	4,686	4,511

- 7.3 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					
	2016/17 Estimate £000's	2016/17 Revised £000's	2017/18 Estimate £000's	2018/19 Estimate £000's	2019/20 Estimate £000's
Debt	4,907	4,940	0	0	0
Other Long Term Liabilities	4,788	4,788	4,752	4,686	4,511
Working Capital Requirement	4,500	4,477	4,477	4,477	4,477
<b>Authorised Limit</b>	<b>14,195</b>	<b>14,205</b>	<b>9,229</b>	<b>9,163</b>	<b>8,988</b>

- 7.4 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 advisors 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		PWL B Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
Dec 2016	0.10	0.20	0.50	1.00	2.30	2.10
March 2017	0.10	0.20	0.50	1.00	2.30	2.10
June 2017	0.10	0.20	0.60	1.10	2.40	2.20
Sept 2017	0.10	0.20	0.60	1.10	2.40	2.20
Dec 2017	0.10	0.20	0.70	1.10	2.40	2.20
Mar 2018	0.25	0.30	0.70	1.10	2.40	2.20
June 2018	0.25	0.30	0.70	1.20	2.50	2.30
Sept 2018	0.25	0.30	0.80	1.20	2.50	2.30
Dec 2018	0.25	0.40	0.80	1.20	2.50	2.30
Mar 2019	0.25	0.50	0.80	1.20	2.50	2.30
Jun 2019	0.50	0.60	0.90	1.30	2.60	2.40

- 8.2 Economic forecasting remains difficult with so many external influences weighing on the UK (Brexit, US election, Chinese economy etc.). Bank rate forecasts will be liable to further amendment depending on how economic data transpires over the next year.
- 8.3 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.
- 8.4 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.
- 8.5 The US Federal Reserve rate is likely to go up sooner and more strongly than the 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.

- 8.6 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.
- 8.7 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.
- 8.8 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 2017/18 – 2019/20**

- 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 (CFO) (Section 151 Officer), 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 low short-term rates and relatively higher long term rates increasing, early debt repayment is planned to take place by the end of the 2016/17 financial year.

- 9.4 The option of postponing borrowing and running down investment balances is also considered, reducing cost and counterparty risk.

## **10. INVESTMENT STRATEGY 2017/18 – 2019/20**

- 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) 0.07% 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 12 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 London Interbank Bid Rate (LIBID).
- 10.7 The security benchmark for each individual year is:

	<b>1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>
Maximum	0.07%	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 1 year 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 1 year 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;
- (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:



	<b>Fitch (or equivalent)</b>	<b>Money Limit</b>	<b>Time Limit</b>
UK Banks (Groups)	<i>P1/F1/A1</i>	£10m	<365days
Non UK Banks (Groups)	<i>P1/F1/A1</i>	£5m	<365days
Building Societies	<i>P1/F1/A1</i>	£5m	<365days
Money Market Funds	AAA	£5m	<365days
Local Authorities	-	£10m	<2 years
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 Banking Arrangements**

The Commissioner's banker is Lloyds Bank, having switched from the Co-operative Bank during 2014/15.

### **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		
	2017/18 Estimated +1% £000's	2017/18 Estimated -1% £000's
Interest on Borrowing	Nil	Nil
Investment Income	507	-198

## 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.

	2017/18	2018/19	2019/20
<b>Interest rate Exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	100%	100%	100%
<b>Limits on variable interest rates based on net debt</b>	35%	35%	35%
<b>Maturity Structure of fixed interest rate borrowing 2017/18</b>			
	<b>Lower</b>	<b>Upper</b>	
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%	
<b>Maximum principal sums invested &gt; 364 days</b>			
Principal sums invested > 364 days	£m 10	£m 10	£m 10

## 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 advisors. 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 Personal Development Review (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.

## **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 Arrangements

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 (two years for Local Authorities); 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 (two years for Local Authorities), 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 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 (LCD) approach 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 (Section 151 Officer) 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 Finance Department.

## **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:
  - a) 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 12 months.

## **3. INTEREST RATE RISK MANAGEMENT**

### **3.1 Minimum/Maximum proportions of variable rate debt/interest**

Minimum proportion of interest on borrowing which is subject to variable rate interest.	0 %
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Maximum proportion of interest on borrowing which is subject to variable rate interest	35 %
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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 %
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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 Senior Financial Accountant (SFA) 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; and

- 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**

- 6.1.1 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 Edition);
  - 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) Bank of England Non Investment Products Code (2011);
  - g) Standing Orders relating to Contracts;
  - h) Financial Standing Orders, Regulations and Procedures; and
  - i) The Commissioner's Manual of Corporate Governance and Scheme of Delegation.

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

- 6.2.1 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**

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

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

- 6.4.1 The CFO shall take appropriate action with the Commissioner 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**

#### **7.1.1 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.

#### **7.1.2 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.

#### **7.1.3 Completeness:**

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

#### **7.1.3 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.



#### 7.1.4 Timeliness:

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

#### 7.1.4 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 SFA.
- 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.

#### 7.1.5 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.

#### 7.1.6 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; and
- 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

- 7.2.1 Emergency payments are normally made using the Lloyds Commercial 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.**

- 7.3.1 The Commissioner 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.
- 7.3.2 The Commissioner also has a 'Business Interruption' cover of £3m (with a 36 month indemnity – totalling £9,000,000) 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.)**

- 8.1.1 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**

2.1.1 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**

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

#### **2.2.2 Banking services**

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

#### **2.2.3 Money-broking services**

a) 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**

a) The Commissioner currently uses Capital Asset Solutions as treasury management consultants. The contract for this service is let in accordance with Contract Standing Orders.

#### **2.2.5 Policy on External Managers**

a) 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**

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

3.1.2 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.

#### **3.2 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.

#### **3.3 Issues to be addressed**

##### **3.3.1 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.

##### **3.3.2 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.

**3.3.3 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**

- 4.1.1 Borrowing.
- 4.1.2 Lending.
- 4.1.3 Debt repayment and rescheduling.
- 4.1.4 Consideration, approval and use of new financial instruments and treasury management techniques.
- 4.1.5 Managing the underlying risk associated with the capital financing and surplus funds activities.
- 4.1.6 Managing cash flow.
- 4.1.7 Banking activities.
- 4.1.8 Leasing.
- 4.1.9 Managing the underlying exchange rate risk associated with business activities.

### **4.2. APPROVED INSTRUMENTS FOR INVESTMENTS**

- 4.2.1 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**

- 4.3.1 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:

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
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	●	●

#### **4.3.2 Other Methods of Financing**

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

4.3.3 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**

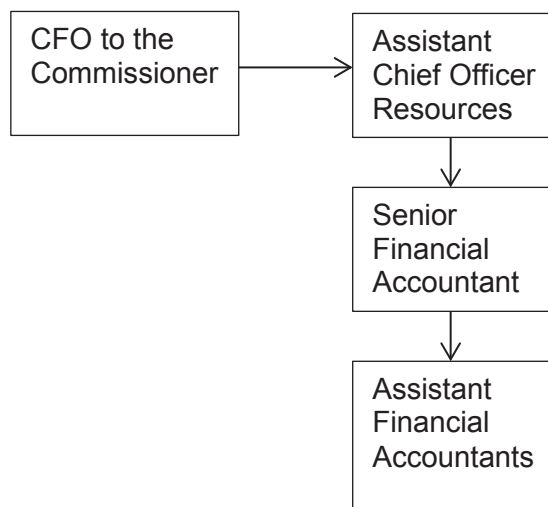
### **INDEX OF SCHEDULES**

- 5.1 Limits to responsibilities/discretion**
- 5.2 Treasury management organisation chart**
- 5.3 Statement of duties/responsibilities of each treasury post**
- 5.4 Absence cover arrangements**
- 5.5 Dealing Limits**
- 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

- 5.1.1 The CFO will be responsible for recommending amendments to the organisation's adopted clauses, Treasury Management policy statement and treasury management practices.
- 5.1.2 The CFO will approve the segregation of responsibilities.
- 5.1.3 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



**Note: The Finance Department is currently undergoing a structural review and as such a new structure will be implemented by 1<sup>st</sup> January 2017. The following responsibilities reflect current job titles, although the responsibilities will be reflected in the new job titles.**

## 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; and
- c) Power to borrow and invest may be delegated to members of the Finance Department. The Assistant Financial Accountant (or staff authorised by the SFA to act as temporary cover for leave/sickness) must conduct all dealing transactions;

### **5.3.2 Assistant Financial Accountant – Treasury Management**

- 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 SFA; and
- f) Identifying and recommending opportunities for improved practices.

### **5.3.3 Senior Financial Accountant**

- a) The SFA will manage the day to day operation of the treasury function;
- b) The SFA 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 SFA 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 SFA 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 Internal Audit**

- 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**

- 5.4.1 In the absence of the Assistant Financial Accountant his/her treasury management duties are carried out by the SFA or a member of staff in the Finance Department nominated by the SFA.

## **5.5 DEALING LIMITS**

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

## **5.6 LIST OF APPROVED BROKERS**

- 5.6.1 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**

- 5.7.1 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**

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

## **5.9 DIRECT DEALING PRACTICES**

- 5.9.1 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**

- 5.10.1 The Assistant Financial Accountant will produce documentation to support the transaction set up within the Lloyds On-Line system. An approved signatory will authorise the payment within Lloyds Commercial On-Line.

## **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), and 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.
- 6.1.2 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.
- 6.1.3 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.
- 6.1.4 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 (including Commissioners) 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**

6.4.1 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 30<sup>th</sup> 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**

6.5.1 Management information reports will be prepared every month by the SFA and will be presented to the CFO.

6.5.2 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**

6.6.1 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;
- c) An annual treasury management activity report before the 30<sup>th</sup> 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**

- 7.1.1 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.**

- 7.3.1 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**

- 7.4.1 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**

- 7.5.1 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**

- 8.1.1 The Assistant Financial Accountant 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**

- 8.2.1 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**

- 8.3.1 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**

- 8.4.1 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**

- 8.5.1 The Purchase to Pay section provides the SFA with monthly statistics of invoices paid and the percentage paid within 30 days.

### **8.6 PROCEDURES FOR BANKING OF FUNDS**

- 8.6.1 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**

- 8.7.1 All prepayments must be authorised by the CFO.



## **TMP 9 MONEY LAUNDERING**

### **9.1 STATUTORY REQUIREMENTS**

- 9.1.1 The Commissioner is not directly required to implement the requirements of the Money Laundering Regulations 2007, 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 processes 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**

- 9.2.1 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**

- 9.3.1 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**

- 9.4.1 Any person in the organisation having reasonable grounds for suspecting money laundering must report their suspicions without delay to the CFO, as nominated MLRO.
- 9.4.2 On receipt of a disclosure the MLRO should consider, in the light of all information, whether it gives rise to such knowledge or suspicion.
- 9.4.3 If the MLRO determines that the information or matter should be disclosed he should do so to the National Crime Agency.

### **9.5 TRAINING**

- 9.5.1 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; and
- 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**

- a) Martin Brokers (UK) plc;
- b) Tullett Prebon;
- c) Tradition UK Limited;
- d) ICAP; and
- e) BCG Partners.

### **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**

- a) Statement of Accounts (PCC Group and Chief Constable);
- b) Annual Budget;
- c) 3 Year Capital Plan;
- d) Treasury Management Strategy;
- e) Mid-Year Monitoring Report(s);
- f) Annual Treasury Report;
- g) Annual Investment Strategy; and
- h) Relevant Decisions of the Commissioner

## **GWENT POLICE AND CRIME PANEL FORWARD WORK PROGRAMME 2016/17**

### **CONFIRMED DATES**

#### **17th March 2017 – 10am**

- Police and Crime Plan (Final)
- Update on the Quality of Service Review
- PCC Verbal Update
- Estates Strategy

#### **16th June 2017 – 10am**

- PCC Verbal Update
- Year End Financial Report
- MTFP
- 101 Update Report

#### **15th September 2017 – 10am**

- PCC Verbal Update
- Budget Setting Timetable
- Treasury Management - Year End Report

#### **22nd December 2017 10am**

- PCC Verbal Update
- MTFP
- Treasury Management Strategy

### **Date to be Confirmed**

- Criminal Justice (Comprehensive Review)
- Treasury Management Strategy – January 2018
- Treasury Management 6 Month Update – January 2018

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