

# JOINT MANAGEMENT BOARD



Date: Wednesday 07 July 2021

Time: 11.30am

Venue: CR5, Cheshire Constabulary HQ, Clemonds Hey, Oakmere Road, Winsford, CW7 2UA

Due to current Government Covid-19 restrictions, members of the public may wish to observe the meeting **virtually via Microsoft Teams**. Any member of the public who wishes to observe this meeting is asked to register their interest by midday on Tuesday 06 July 2021 via email [police.crime.commissioner@cheshire.police.uk](mailto:police.crime.commissioner@cheshire.police.uk). A link to enable access to the meeting and joining instructions will then be provided to all attendees in advance of the meeting.

## AGENDA

### Part 1 - Public Items

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### Part 2 - Private Items

*The following matters will be considered in private as they involve the likely disclosure of exempt information as defined in the Freedom of Information Act 2000, in accordance with the section indicated below:*

<b>Item</b>	<b>Section</b>
<i>Part 2 Minutes of Meeting held on 09 June 2021</i>	(31) Law Enforcement (43) Commercial Interests
<i>Joint Strategic Risk Register</i>	(31) Law Enforcement (43) Commercial Interests
<i>Section 22a Collaboration Agreement: Collaboration Between Cheshire Constabulary and North Wales Police for the 24/7 Provision of Telecommunications Data</i>	(31) Law Enforcement
<i>Joint Management Board Action Log</i>	(31) Law Enforcement (43) Commercial Interests
<i>Joint Management Board Forward Plan</i>	(31) Law Enforcement (43) Commercial Interests

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- 8 SECTION 22A COLLABORATION AGREEMENT: COLLABORATION BETWEEN CHESHIRE CONSTABULARY AND NORTH WALES POLICE FOR THE 24/7 PROVISION OF TELECOMMUNICATIONS DATA -
- 9 JOINT MANAGEMENT BOARD ACTION LOG -
- 10 JOINT MANAGEMENT BOARD FORWARD PLAN -

**For further information about this Agenda, please contact:  
Matt Walton on 01606 364000 or Mandy Guest on 01606 365036**

**MINUTES OF THE MANAGEMENT BOARD HELD ON 09 JUNE 2021 IN CR7, CHESHIRE  
CONSTABULARY HQ, CLEMONDS HEY, OAKMERE ROAD, WINSFORD, CW7 2UA**

*Present:* J Dwyer, Police & Crime Commissioner  
M Roberts, Chief Constable

Office of the Police & Crime Commissioner  
M Walton, Head of Governance & Compliance

Cheshire Constabulary  
J Cooke, Deputy Chief Constable  
J Gill, Assistant Chief Officer  
D Bryan, Head of Legal  
P Woods, Head of Planning & Performance  
W Bebbington, Head of Finance  
S Meegan, Chief Inspector (Staff Officer)

No members of the public observed Part 1 of the meeting.

***Part 1 - Public items***

**1. MINUTES OF MEETING HELD ON 13 MAY 2021**

The minutes of the meeting held on 13 May 2021 were approved.

**2. JOINT STRATEGIC RISK REGISTER**

The Commissioner's and the Chief Constable's Joint Strategic Risk Register was presented for consideration and approval.

The Commissioner and Chief Constable approved the following recommendation:

- 1) The Joint Strategic Risk Register, risk analysis and action overview, be approved.

The rationale was that the decision would ensure that the effective management of strategic risk supports the delivery of high quality policing services.

**3. ANNUAL RISK MANAGEMENT REPORT 2020**

In line with the 2020/21 internal audit plan, a review of Risk Management had been undertaken. The Audit received a 'High Assurance' but made three low level recommendations within the final audit report. One of those recommendations was that in order to fulfil their governance responsibilities, the Joint Audit Advisory Committee and the Joint Management Board need to receive assurances in relation to the overarching risk management systems and controls in place, in addition to their respective regular review of the Joint Strategic Risk Register.

An Annual Risk Management Report had been documented for 2020 and was presented for consideration and approval by the Commissioner and the Chief Constable for onward submission to the Joint Audit Advisory Committee.

The Commissioner and Chief Constable approved the following recommendation:

- 1) The Annual Risk Management Report 2020 is noted and approved.

The rationale was that the decision would ensure that the effective management of strategic risk supports the delivery of high quality policing services.

**MANAGEMENT BOARD**

**DECISION NO. 2021/17**

**DATE: 07 JULY 2021**

**PROVISIONAL REVENUE AND CAPITAL OUTTURN 2020/21**

**Executive Summary:**

The purpose of this report is to provide the Commissioner with the provisional outturn financial position for 2020/21, pending External Audit review.

For the 2020/21 financial year, the Commissioner set a gross revenue budget of £229.2m (net £195.6m), together with a capital investment programme of £7.6m. Capital slippage identified at 2019/20 outturn along with additional approved budget changes during the year have resulted in a total budgeted capital programme of £9.7m.

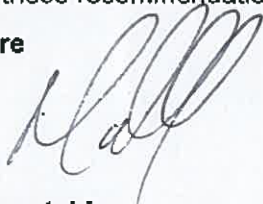
At the end of 2020/21, the outturn shows a provisional £0.8m underspend on the revenue budget (0.4% variance to budget). Carry forwards are requested to support specific commitments for 2021/22, including those arising from the impact of the coronavirus pandemic. The provisional capital programme outturn is £4.6m against the total budget of £9.7m, representing 48% of the revised Capital Programme. This is mainly due to the impact of Covid-19 on Estates schemes, delays to vehicle deliveries and the rescheduling of IT projects to 2021/22.

**Recommendation: That:**

- (1) the provisional revenue outturn, set out in Appendix 1 be noted;
- (2) carry forwards outlined in Appendix 1, totalling £2.6m (including £0.9m in respect of additional Covid-19 pressures grant received on 25/3/2021), be approved; and
- (3) the provisional capital outturn be noted and slippage outlined in Table 3, totalling £4.7m, be approved.

I submit these recommendations for approval.

**Signature**



**Date 07 July 2021**

**Chief Constable**

I have reached the following decision:

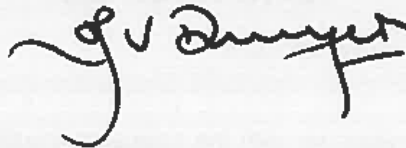
*Approval of the recommendations*

My rationale for this decision is:

The decision will ensure a balanced outturn position for 2020/21 and enable carry forwards and the financing of the 2020/21 capital programme to be finalised to feed into the 2020/21 Statement of Accounts.

Signature

Date 07 July 2021



Police & Crime Commissioner

## **PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE**

### **INTRODUCTION AND BACKGROUND**

1. The purpose of this report is to provide the Commissioner with the provisional outturn financial position for 2020/21 revenue and capital budgets. In addition, the report will provide details of performance against the agreed financial health targets.

### **BACKGROUND**

2. On 31 January 2020, the Commissioner set a gross revenue budget of £229.2m (net £195.6m), together with a capital investment programme of £7.6m. Capital slippage identified at 2019/20 outturn along with additional approved budget changes during the year have resulted in a total budgeted capital programme of £9.7m.

### **PROVISIONAL REVENUE OUTTURN**

3. The provisional revenue outturn at 31 March 2021 is £0.8m underspent, representing 0.4% of the net budget which is within the financial health target to maintain revenue spending within 1% of the net budget.

### **PROVISIONAL CAPITAL OUTTURN**

4. The provisional capital programme outturn is £4.6m against the total budget of £9.7m, representing 48% of the revised Capital Programme, which is above the capital expenditure financial health target that states outturn should not vary from the Capital Programme by more than 20%. This is mainly due to the impact of Covid-19 on Estates schemes, unavoidable delays to vehicle deliveries and the rescheduling of IT network projects to 2021/22.

### **FINANCIAL COMMENTS**

5. The financial comments are included in the appendices to this report.

### **LEGAL COMMENTS**

6. There are no specific legal comments associated with the report.

### **EQUALITY COMMENTS**

7. There are no specific equality comments associated with the report.

**Public access to information**

*Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.*

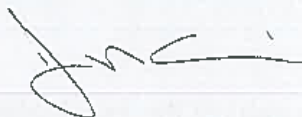
Is there a Part 2 form - No

Contact Officer: Wendy Bebbington, Head of Finance

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**CHIEF OFFICER DECLARATION (Assistant Chief Officer - Julie Gill):**

*I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.*



Signature

Date 09 June 2021

**CHIEF FINANCE OFFICER DECLARATION (Clare Hodgson):**

*I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.*



Signature

Date 14 June 2021

## **CAPITAL AND REVENUE EXPENDITURE: 2020/21 PROVISIONAL OUTTURN**

### **PURPOSE OF THE REPORT**

1. The purpose of this report is to provide the Commissioner with the provisional outturn financial position for 2020/21 revenue and capital budgets. In addition, the report will provide details of performance against the agreed financial health targets.

### **REVENUE**

2. At the 31 March 2021, the provisional outturn is an £0.8m underspend subject to audit, an increase of £0.35m from the third quarter forecast. 2020/21 has been an unusual year with the ongoing welcome challenge of recruiting additional officers as part of the national uplift programme and the adverse impact of the coronavirus pandemic which has significantly affected the delivery of projects and plans. This has had a material impact both operationally and on the actual outturn expenditure which necessitates carry forward of some commitments into 2021/22.
3. The Chief Constable proposes that this provisional underspend of £0.8m is initially transferred to the MTFS reserve and then utilised to fund the following emerging priorities in 2021/22, with the balance remaining available to support future invest to save and environmental initiatives.
  - Cyber Crime initiatives - £295k
  - Domestic Abuse initiatives - £75k
  - ESN (Emergency Services Network) programme related requirements - the replacement Airwave terminals. These are required due to National ESN project delivery delays - £266k
4. In October, the Minister of State for Crime and Policing announced £30m of surge funding for increased Covid-19 enforcement. Cheshire's share of this funding was £451k which enabled the introduction of dedicated 'Covid patrols' and this initial funding was fully utilised by March 2021. On 10<sup>th</sup> February 2021, further funding was announced to support the wider pressures as a result of the pandemic and to maintain the high level of Covid-19 enforcement activity. Cheshire's share of this additional funding is £872k received on 25<sup>th</sup> March. Priorities for its use during 2021/22 have been agreed between the Commissioner and Chief Constable in line with Home Office guidance and the funding therefore forms a significant part of the carry forwards requested for approval.
5. The third quarter report highlighted that in response to the Covid-19 pandemic, the Government had launched a national public sector income loss compensation scheme to protect public sector organisations from a proportion of income losses resulting from national Covid-19 related restrictions. The Commissioner submitted claims which have been accepted, resulting in income compensation of £0.7m for 2020/21. This is included within the reported financial position of the appropriate specific services.

6. Table 1 below shows a summary provisional revenue outturn position, including carry forward commitment proposals. A full breakdown against individual departments is also included in Appendix 2.

**Table 1: Summary Provisional Revenue Outturn 2020/21**

	Revised Budget £'000	Outturn Spend £'000	Committed Carry Fwds £'000	Total Outturn £'000	Variance (under)/over £'000	%
Constabulary	197,093	193,567	2,295	195,862	(1,231)	(0.62%)
Corporate Costs	(3,528)	(3,095)	0	(3,095)	433	(12.28%)
OPCC	715	675		675	(40)	(5.56%)
Commissioning	1,339	1,072	267	1,339	(0)	(0.03%)
<b>Net Budget</b>	<b>195,620</b>	<b>192,219</b>	<b>2,562</b>	<b>194,781</b>	<b>(838)</b>	<b>(0.43%)</b>
<b>Funding:</b>						
Government grant	(114,968)	(114,968)	0	(114,968)	0	
Council tax (precept)	(80,652)	(80,653)	0	(80,653)	(1)	
<b>Funding</b>	<b>(195,620)</b>	<b>(195,621)</b>	<b>0</b>	<b>(195,621)</b>	<b>(1)</b>	
<b>Total net underspend</b>					<b>(839)</b>	

Note: The Constabulary committed carry forwards in this table include £0.872m relating to additional Covid pressures and enforcement funding received on 25<sup>th</sup> March 2021. Paragraph 4 above refers.

7. The main reasons for the increase in forecast underspend from £0.5m at Three Quarter Review to £0.8m provisional outturn are listed below.
- 7.1. Police Pay – As part of the budget setting process, the Commissioner approved an increase in police officer numbers for 2020/21, initially funded by the National Uplift programme. The Constabulary have slightly over- achieved the targeted establishment of 2,137 police officers with an actual number of 2,141 by 31 March 2021, including 60 as part of the National Police Officer Uplift Programme. Overall, the Constabulary have recruited and trained 160 officers in year. The budget for police pay is calculated on assumed starters and leavers throughout the year including retirees. The provisional outturn of £48k underspend has reduced by £155k since the third quarter, due to changes in the mixture of ranks, fewer leavers than anticipated and the recruitment of larger numbers of new constables in the final quarter.
- 7.2. Overtime - The forecast overspend of £94k at third quarter has increased by £50k to £144k provisional outturn. This is largely due to the continuing costs of Operation Thematic.
- 7.3. Local Policing – the provisional outturn underspend of £540k has increased by £208k since the third quarter forecast. The underspend is largely due to a number of PCSO and staffing vacancies earlier in the year along with unplanned income relating to the escort of abnormal loads through the County. In addition, reduced travel costs and lower general supplies and services expenditure during the pandemic have contributed to the final underspend in this area.

- 7.4. Driver Offender Retraining – This is an area significantly impacted by the Covid-19 national lockdown and social distancing measures with no physical Driver Retraining courses delivered since March 2020. Following the successful development and introduction of online courses along with the Government’s income loss compensation claim, income losses have not been as significant as originally anticipated, although the overspend has increased by £207k since the third quarter forecast to a provisional outturn overspend of £367k. This movement is due to higher than anticipated tutor costs and NDORS fees in the final quarter along with a recommendation to pass on a share (£105k) of income loss compensation scheme monies received relating to Cheshire Road Safety Group (CRSG) cameras in line with the both the Commissioner’s and Constabulary’s ongoing commitment to support the CRSG.
- 7.5. Public Contact - Positive action has been taken throughout the year to maintain the planned establishment and ensure both resilience and continued service delivery. The provisional outturn position of £599k overspend has increased by £117k from that reported at the third quarter mainly due to additional overtime costs incurred covering sickness and isolation related absence, together with fewer leavers than anticipated in the final quarter.
- 7.6. Force Intelligence – A final underspend of £107k is reported for this area, increased from £45k reported at third quarter largely due to higher than anticipated counter terrorism funding.
- 7.7. Criminal Justice – The provisional outturn underspend of £282k is £39k more than reported at third quarter. This is due to continuing vacancies, although careful management throughout the year has ensured no operational impact, through deployment of staff within the department and temporary support of front line officers.
- 7.8. Major Crime – The provisional outturn underspend of £101k is largely due to an unanticipated extension of Home Office Cyber Crime funding.

As reported at third quarter, a funding bid was submitted to the Home Office for special grant assistance in respect of a major and resource intensive ongoing investigation. This has now been approved by the Government and funding of £953k was received in March 2021, which has been ring fenced for the duration of the investigation. This grant funding has therefore initially been transferred to a new Major Investigations Reserve so that it remains available for its intended purpose.

- 7.9. Forensic Investigations – Throughout the year, there has been a high level uncertainty in the forensic services provision market which has been exacerbated by the pandemic. The forecast underspend of £115k reported at third quarter has increased by £55k to a provisional outturn of £170k underspent due to difficulties in predicting the scale and depth of analysis required.
- 7.10. Planning & Performance – the provisional outturn underspend of £135k relates mainly to lower than budgeted insurance related costs and has increased by £29k since the

third quarter report due to a reduction in broker's claims handling fees and consultancy costs.

- 7.11. Force Solicitors - the forecast underspend reported at the third quarter of £245k has reduced to a provisional outturn of £93k underspend. The movement is due to the uncertainties in predicting spend on litigation damages and costs.
- 7.12. Communications & Insight - the provisional outturn is an £81k underspend, increasing by £46k from the forecast reported at third quarter. The pandemic has led to a reduction in spend on publicity and travel costs and these savings have increased further in the final quarter.
- 7.13. Information & Technology – The provisional outturn overspend of £135k has reduced by £70k to that forecast at the third quarter. The overall overspend in this area is due mainly to a higher than anticipated increase in mobile data consumption resulting from the increase in mobile and agile working. These pressures have been addressed in the 2021/22 budget.
- 7.14. Facilities – The forecast underspend of £362k at third quarter has increased by £94k to a provisional outturn underspend of £456k. This increase is largely due to lower than anticipated stores issues and print costs compared to third quarter forecasts.
- 7.15. People – The provisional outturn overspend of £22k has increased by £129k since the third quarter forecast underspend of £107k, which is mainly due to higher than anticipated injury award settlements in the final quarter following a national court ruling.
- 7.16. Fleet – After reporting a forecast overspend of £58k at the third quarter, the provisional outturn is a £157k underspend. This movement is largely due to a reduction in fuel costs due to a further period of free fuel from BP for emergency services and the reduced need for hire cars for business trips throughout the year. In addition, insurance related costs are lower because of a reduced number of collisions during the Covid-19 lockdown.
- 7.17. Business Services Transition – At the Joint Management Board on 30th September, the Commissioner approved the Business Services Futures scheme to be funded by borrowing. In support of this, funding was set aside from the overall Constabulary underspend in the Mid-Year Review report to cover the initial associated costs.
- 7.18. Collaborations – There is a small reduction in the overall underspend forecast at the third quarter, with a provisional outturn of £125k underspend. These include both operational and support services collaborations.
- 7.19. Contingency – This has not been required in full during 2020/21, the remaining unused balance £245k.
- 7.20. Office of the Police & Crime Commissioner – a provisional outturn underspend of £40k relates to the effects of the Covid-19 pandemic. In particular this has resulted in lower general office expenses and lower business travel, training, and conferences related expenditure.

## CARRY FORWARD PROPOSALS

8. In most years there are projects and plans that are not fully concluded by year end and require funding to be carried forward to allow for completion. For this financial year the impact of the pandemic has significantly changed priorities and expenditure plans and this has added to the need to carry forward funding. The following paragraphs detail the commitments in place requiring carry forward to enable delivery in 2021/22.
9. Within Local Policing, a carry forward of £100k is proposed of which £70k is to support Crime Prevention initiatives, £20k to contribute to the Safer Streets 2 project and £10k to contribute to the CWAC Working Together trauma informed service provision.
10. As a result of the pandemic there has been a delay in recruiting to the Harm Reduction Unit. Funding was allocated in 2020/21 for a pilot service provision and a carry forward of £109k is requested to enable completion of the pilot in 2021/22.
11. To continue to support the funding of key civilian investigators embedded into long running homicide and fraud cases, a carry forward of £65k is required which will also fund IT improvements essential to the effective running of future operations.
12. To meet a recent increase in the costs of insurance a carry forward of £28k is required to fund the difference between the 2021/22 budget and actual insurance premiums. This budget shortfall will then be addressed as part of the 2022/23 budget process.
13. There are a number of legal cases commenced in 2020/21 which have not been settled and therefore a carry forward of £88k is proposed to meet expected costs in 2021/22.
14. A small carry forward of £4k is requested by Communications and Insight to contribute towards hosting the ACE Awards in 2021/22. Unfortunately, due to the pandemic the department has been unable to gain as much sponsorship as previously secured.
15. A budget allocation was approved in 2020/21 to invest in a strategic partnership with specialist advisors to progress organisational and leadership development around digital transformation. The impact of Covid-19 delayed progress and resources focussed on delivering an agile workforce instead. Therefore, it is requested to carry forward the unspent budget of £60k.
16. In IT, it is proposed to carry forward £129k to cover the cost of Airwave devices that were ordered but not delivered by 31<sup>st</sup> March 2021 (£90k), to address Body Worn Video storage issues (£30k) and to replace vandalised public contact point phones installed at a number of stations (£9k).
17. A carry forward of £350k is requested in Facilities to cover a number of areas. £245k is required to cover the cost of kit procurement that was delayed in 2020/21 due to Covid-19 along with £30k to help address stores related cost pressures resulting from Brexit. Furthermore, £25k is required to cover refurbishment costs of the Force Control Centre kitchen, delayed due to the impact of Covid-19 on contractor availability and a further £50k to cover two feasibility studies; to develop the rollout of Electric Vehicle charging

points; and improve environmental performance in connection with the de-carbonisation plan.

18. A number of training plans were either delayed or unable to take place in 2020/21 due to Covid-19 restrictions including Leadership training (£80k), Domestic Abuse Matters training (£56k) and Diversity, Inclusion and Equality training (£17k). A total carry forward of £153k is therefore required to enable this training to go ahead in 2021/22.
19. The construction of a new in-house vehicle fuel facility on the Tactical Training Centre car park is proposed to increase force resilience and to strengthen contingency plans. A carry forward of £100k is requested to facilitate this, subject to further approval of detailed plans.
20. A small carry forward of £11k is requested by Professional Standards in connection with the new vetting case management system, to convert and store existing vetting records within the new system.
21. As discussed in 7.17 above, in support of the Business Services Transition programme, funding was set aside in the mid-year review report to cover the initial associated costs including revenue transition costs from the MFSS model. Carry forward of the balance (£189k) of this approval is requested to support this ongoing work during 2021/22.
22. A need to replace outdated specialist equipment (Riot Shields and Rope Access Team equipment) has recently been identified in order to meet mutual aid commitments. A carry forward of £37k is requested to enable this.
23. The Commissioner holds a number of commissioning budgets - Community Safety Fund; Safer Communities Fund; and Appropriate Adult Service. At the end of the current financial year £267k will be carried forward to facilitate delivery of a number of Community Safety initiatives which have been delayed due to Covid-19 restrictions or are currently in progress.

## PROVISIONAL CAPITAL OUTTURN

24. The capital budget is comprised as follows:

**Table 2: Capital Outturn 2020/21**

	£000
Schemes commencing in 2020/21	5,312
Previous years' schemes	2,242
Capital Budget – approved at budget setting	7,554
Additional slippage identified at 2019/20 outturn	1,557
In-year budget movements	570
<b>Revised Capital Budget 2020/21</b>	<b>9,681</b>
Forecast Slippage	(4,692)
Forecast over/(underspend)	(382)
<b>Capital Programme to be funded 2020/21</b>	<b>4,607</b>

25. The 2020/21 capital programme outturn is £4.6m. The total slippage brought forward from previous years of £3.8m was approved via a combination of the 2020/21 Budget Report and the 2019/20 Revenue & Capital Outturn report presented to the Joint Management Board on 8 July 2020. Full details are included at Appendix 3.

## 2020/21 CAPITAL EXPENDITURE

26. Total capital expenditure in 2020/21 is £4.6m (representing 48% of the revised Capital Programme). This is due to unavoidable slippage totalling £4.7m equating to around 48% of the revised capital programme for 2020/21. This is above the capital expenditure financial health target which states that outturn should not vary from the Capital Programme by more than 20%. This is largely due to the impact of Covid-19 on Estates schemes, unavoidable delays to vehicle deliveries and the rescheduling of IT network projects to 2021/22. The majority of the £4.6m expenditure relates to Fleet (£2.1m) and IT related investment (£1.5m).

27. There is additional slippage during the fourth quarter of £451k, of which £358k relates to vehicle deliveries which did not arrive in March as expected.

28. The reported underspends totalling £382k are largely unchanged from the position reported at third quarter.

## PROGRESS ON KEY/ LARGER SCHEMES

29. Fleet - Expenditure on Fleet Vehicles is £2.1m, of which £1m relates to slippage from 2019/20. For the 2020/21 programme the majority of the orders have been placed with £0.7m now slipping to 2021/22 due to long current lead times for delivery.

30. Estates Schemes – The majority of the estates schemes will now move into 2021/22. The challenges of Covid-19 have meant a redirection of estates team resources away

from projects to essential core business as usual activities; making buildings Covid-19 Safe and responding to emergencies. In addition, there has been a significantly reduced availability of contractors. Work undertaken in 2020/21 includes completion of the works at Winsford Police Station relating to the relocation of Major Investigation Team, Helpdesk at Northwich Police Station and improvements to the safety and security of access gates at a number of stations.

31. Body Armour - Rollout of new body armour is currently on hold due to Covid-19 social distancing restrictions. £28k of armour has been purchased in 2020/21 with the balance now slipping to 2021/22. The rollout is expected to re-commence in the first quarter of 2021/22 and there has been no compromise to personal safety in the interim.
32. IT Network Refresh £1.3m - Network architecture designs, statements of work and contract change notices have all been received from the supplier, however, due to the complex nature of the project it will now be completed in 2021/22.
33. IT Tablet Replacement - the budget of £478k includes £28k slippage from 2019/20. In addition the budget was increased by £47k to £525k funded entirely from the Officer Uplift Grant to recognise the additional requirements of the new uplift officers. £506k has been spent in 2020/21 with £19k slippage into 2021/22 which will cover remaining planned 2020/21 replacements.
34. IT Technology Refresh - £358k has been spent on a storage solution and £66k on mobile phones.
35. Other IT investment schemes include £186k for Agile Working Devices, £117k for Covert airwave replacement and £124k for the remaining licence purchase payment in respect of the Force Communication Solution.
36. Collaborations - £0.2m has been spent on new vehicles and equipment for the Underwater Search Unit and the Armed Alliance funded by the collaboration partners and collaboration reserves.

## **CAPITAL FINANCING**

37. The financing of the 2020/21 Capital Programme is shown in the table below.

**Table 3: Capital Financing**

	£000
Capital Receipts	1,670
General Grant	173
Specific Grant	32
Revenue Contributions	1,500
HQ IT Reserve	226
Additional contributions (Internal & External)	758
UWSU Reserve	5
Borrowing	243
<b>Total</b>	<b>4,607</b>

38. Although some of the capital spending in 2020/21 has been financed by borrowing, this relates to how capital financing is accounted for within the currently approved Treasury Management Strategy which includes internal borrowing. No new external borrowing has been taken during 2020/21.

## RESERVES

39. The Reserves Strategy for 2020/21 was approved as part of the Medium Term Finance Strategy on 31 January 2020. One of the financial health target states that the level of general reserves, after allowing for potential financial risks, be maintained at no lower than 3% of the net budget. The 2020/21 net budget is £195.6m and the provisional outturn general reserves position remains at £5.8m at the end of 2020/21 equating to 3%.
40. Subject to approval of the proposed carry forward commitments together with the transfer of final underspend to the MTFS Reserve, the overall provisional reserves outturn position will be as shown in table 4 below.

**Table 4: Revenue & Capital Reserves (as 31 March 2021)**

	£000	£000
<b>General Fund</b>		<b>5,773</b>
<b>Earmarked Revenue Reserves</b>		
Medium Term Financial Strategy Reserve	3,563	
Carry Forward Reserve	2,812	
Redundancy Reserve	783	
POCA Reserve	456	
Op Hummingbird Reserve	923	
Hardship Loan Reserve	50	
Pay and Pension Reserve	830	<b>9,417</b>
<b>Earmarked Capital Reserves</b>		
Revenue Reserve for Capital Expenditure	1,955	
ESN Reserve	1,555	
Capital Receipts	856	
Unapplied Capital Grants Reserve	0	<b>4,366</b>

	£000	£000
<b>Total Cheshire Reserves</b>		<b>19,556</b>

41. As lead force Cheshire holds a number of Collaboration Reserves on behalf of partner forces for which Cheshire has a share in line with the relevant collaboration agreements. The largest of these is the Underwater Search Unit which is held for asset replacement, subject to all partner forces agreement. The Collaboration Reserves held by Cheshire equate to approximately 11% of the total reserves held.

**Table 5: Collaboration Reserves (as 31 March 2021)**

	£000	£000
Underwater Search Unit	863	
Armed Police Alliance	476	
NW AP Collaboration	25	
Dog Alliance	349	
MFSS Fund	348	
Cheshire Resilience Forum	320	
National Blue Light Procurement	153	<b>2,534</b>
<b>Total</b>		<b>2,534</b>

## OUTSTANDING DEBT

42. Monitoring outstanding debt and taking action to ensure efficient and timely recovery is an important function in the governance of the budget. The Constabulary has a financial health target to collect at least 50% of debtor income within one month of it being raised. The position at 31 March 2021 is as follows:

**Table 6: Outstanding Invoiced Debt**

	£000
Within 1 Month	62
Within 1 to 2 Months	46
2 Months or more	155
Other Public Sector	386
<b>Total Invoiced Debt</b>	<b>648</b>

43. The Constabulary is currently collecting 68% of debt within one month, which falls within the financial health target. Debt is regularly monitored and outstanding debt pursued. Where appropriate payment plans are put in place to ensure payment is made and only when all avenues have been exhausted, or it is no longer economically viable to pursue is a request for the debt to be written off submitted.

## SUMMARY

44. In summary, the Constabulary is currently reporting a provisional outturn position of £0.8m (0.4%) underspend for revenue and £0.4m underspend on capital subject to approval of proposed carry forward commitments and final audit. Service delivery

remains at the forefront of the organisation and revenue budgets have been monitored regularly throughout the year to ensure priorities are met.

## APPENDIX 2

## BUDGET MONITORING 2020/21

	Full Year Budget	Outturn Spend	Committed Carry Fwds	Total Outturn	Variance (under)/over	
Police Officer Pay	£000	£000	£000	£000	£000	%
Police Pay	108,125	108,078	0	108,078	(48)	(0%)
Police Officer Overtime	2,677	2,821	0	2,821	144	5%
<b>Total Police Officer Pay</b>	<b>110,802</b>	<b>110,898</b>	<b>0</b>	<b>110,898</b>	<b>96</b>	
Local Policing						
Local Policing	8,003	7,363	100	7,463	(540)	(7%)
Driver Offender Retraining	(1,743)	(1,376)	0	(1,376)	367	(21%)
Public Contact	11,003	11,602	0	11,602	599	5%
Ops & Regional Support	278	241	37	278	0	0%
<b>Total Local Policing</b>	<b>17,542</b>	<b>17,830</b>	<b>137</b>	<b>17,967</b>	<b>426</b>	
Investigations						
Public Protection Directorate	2,242	2,101	109	2,210	(32)	(1%)
Force Intelligence	2,612	2,505	0	2,505	(107)	(4%)
Department of Criminal Justice	4,229	3,947	0	3,947	(282)	(7%)
Major Crime Directorate	1,378	1,212	65	1,277	(101)	(7%)
Forensic Investigation	5,334	5,164	0	5,164	(170)	(3%)
<b>Total Investigations</b>	<b>15,795</b>	<b>14,929</b>	<b>174</b>	<b>15,103</b>	<b>(692)</b>	
Centrally Delivered Services						
Planning & Performance	2,025	1,863	28	1,891	(135)	(7%)
Force Solicitors	1,170	988	88	1,076	(93)	(8%)
Communications & Insight	1,086	1,001	4	1,005	(81)	(7%)
Strategic Change & Portfolio Management	711	609	60	669	(42)	(6%)
Command	499	508	0	508	8	2%
<b>Total Centrally Delivered Services</b>	<b>5,491</b>	<b>4,968</b>	<b>180</b>	<b>5,148</b>	<b>(343)</b>	
Business Services						
Information & Technology	10,351	10,356	129	10,485	135	1%
Procurement	338	328	0	328	(10)	(3%)
Finance	693	683	0	683	(11)	(2%)
Facilities	10,940	10,134	350	10,484	(456)	(4%)
People	9,349	9,217	153	9,370	22	0%
Fleet	2,960	2,703	100	2,803	(157)	(5%)
Information Management	813	773	0	773	(40)	(5%)
Professional Standards	459	366	11	377	(82)	(18%)
Business Services Futures	0	61	189	250	250	-
<b>Total Business Services</b>	<b>35,903</b>	<b>34,622</b>	<b>932</b>	<b>35,554</b>	<b>(349)</b>	
Collaborations						
Collaborations - Force Operations	8,838	8,577	0	8,577	(261)	(3%)
Collaborations - Support Services	45	45	0	45	(0)	(0%)
Collaborations - MFSS	2,433	2,569	0	2,569	136	6%
<b>Total Collaborations</b>	<b>11,315</b>	<b>11,191</b>	<b>0</b>	<b>11,191</b>	<b>(125)</b>	
Contingency	245	0	0	0	(245)	(100%)
Covid pressures grant received 25/3/21	0	(872)	872	0	0	0%
Corporate Costs	(3,528)	(3,095)	0	(3,095)	433	(12%)
<b>TOTAL CONSTABULARY COSTS</b>	<b>193,565</b>	<b>190,473</b>	<b>2,295</b>	<b>192,768</b>	<b>(798)</b>	
Office of the Police & Crime Commissioner						
Office of PCC	715	675	0	675	(40)	(6%)
Office of PCC - Commissioning	1,339	1,072	267	1,339	(0)	(0%)
<b>Total Office of the Police &amp; Crime Commissioner</b>	<b>2,054</b>	<b>1,747</b>	<b>267</b>	<b>2,014</b>	<b>(40)</b>	
<b>TOTAL SERVICE COSTS</b>	<b>195,620</b>	<b>192,219</b>	<b>2,562</b>	<b>194,781</b>	<b>(838)</b>	<b>(0.4%)</b>

## APPENDIX 3

<u>DETAILS OF CAPITAL SCHEMES</u>	Financial Year	Revised Budget £000	2020/21 Out-turn £000	Total Slippage £000	Over / - Under £000
Capital Scheme					
Space monitoring survey equipment *	2020/21	40	0	0	(40)
Replacement flat roof - Blacon DHQ *	2020/21	100	0	100	0
General estate property upgrades – welfare improvements (various sites) *	2020/21	60	0	60	0
Helpdesk Private Space for Public Reporting*	2020/21	75	0	75	0
TTC lighting upgrade *	2020/21	200	0	200	0
Centralised heating controls *	2020/21	100	0	100	0
A/C, lighting and heating controls at Blacon DHQ *	2020/21	30	0	30	0
Lighting Middlewich and Runcorn Custody *	2020/21	30	0	30	0
Macclesfield PS upgrade lighting to 3 floors *	2020/21	50	0	50	0
Replacement of Body Armour	2020/21	450	28	422	0
Technology Refresh - Network, Servers, Laptop, Desktop	2020/21	414	424	0	10
Network Refresh	2020/21	1,280	0	1,280	0
Tablet Refresh	2020/21	478	506	19	46
Wide Area Network Replacement	2020/21	250	0	250	0
Covert Airwave replacement	2020/21	200	118	11	(71)
Agile Working Devices	2020/21	271	186	59	(26)
Technology Refresh – E-Forensics	2020/21	40	21	19	0
Forensics Equipment - Replacement DCS4 Specialist Equipment	2020/21	60	57	0	(3)
ANPR Management Server Refresh	2020/21	35	5	36	6
ANPR Infrastructure Development	2020/21	75	12	63	(0)
ANPR Mobiles - New builds 20/21	2020/21	27	24	3	(0)
Cheshire EVO8 ANPR Camera Refresh	2020/21	52	49	3	0
Cheshire Mobile Surveillance Equipment Refresh x 2	2020/21	46	41	0	(5)
SOC Equipment	2020/21	227	79	148	(0)
Armed Policing Alliance Vehicles	2020/21	220	45	175	0
Annual Vehicle Replacement Programme	2020/21	1,842	1,060	658	(123)
Saving due to Vehicle Telematics	2020/21	(123)	0	0	123
Workshop capital equipment	2020/21	12	7	3	(2)
<b>Total 2020/21 approvals</b>		<b>6,541</b>	<b>2,661</b>	<b>3,795</b>	<b>(85)</b>
<u>Multiple Year Schemes</u>					
Estates Strategy Phase 1 (helpdesks)	2018/19	40	12	0	(28)
Estates Reconfiguration	2018/19	64	86	0	22
Estates Essential Maintenance	2018/19	77	3	60	(14)
Property & Exhibit Management	2018/19	191	135	10	(46)
ABE Suites Improvements	2019/20	30	0	30	0
CCTV Upgrades - Whole Estate	2019/20	12	3	0	(10)
Replacement Chiller Units - Blacon PS	2019/20	36	0	36	0
Runcorn PS - Reroofing	2019/20	300	0	300	0
Safety/Security improvements to automatic access gates	2019/20	60	21	40	1
ESN - end user equipment (Year 2)	2018/19	126	33	94	(0)
FCS	2018/19	222	124	97	0
Technology Refresh	2019/20	5	5	0	0
IT Capacity	2018/19	130	67	15	(48)
End of life - Network Equipment	2019/20	27	24	0	(3)
Technology Refresh – E-Forensics	2019/20	2	0	0	(2)
Laser Scanner (Collision Investigations)	2019/20	59	59	0	(0)
ANPR Mobiles	2019/20	6	6	0	0
ANPR Fixed and deployable Camera	2019/20	68	51	17	0
Road Safety Equipment	2019/20	10	0	10	0
Trucams	2019/20	40	0	40	0
Regional EVO8 ANPR Camera Refresh	2019/20	40	0	0	(40)
Vehicle ANPR Tablet Update – Reg 109	2019/20	17	10	7	(0)
Drones	2019/20	41	35	5	0
Annual Vehicle Replacement	2019/20	1,041	1,041	0	0
Vehicle Telematics	2019/20	50	51	0	1
Workshop capital equipment	2019/20	5	7	0	2
UWSU	2019/20	267	5	130	(132)
Armed Policing Alliance Vehicles	2019/20	176	169	7	0
<b>Total Prior Year Approvals</b>		<b>3,140</b>	<b>1,945</b>	<b>897</b>	<b>(297)</b>
<b>Total Capital Programme 2020/21</b>		<b>9,681</b>	<b>4,607</b>	<b>4,692</b>	<b>(382)</b>

**MANAGEMENT BOARD**

**DECISION NO. 2021/18**

**DATE: 07 July 2021**

**TREASURY MANAGEMENT OUTTURN REPORT 2020/21**

**Executive Summary:**

The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice for Treasury Management recommends that those charged with governance are updated on treasury management activities regularly by way of a strategy at the start of the year, a mid-year review and outturn report.

The attached outturn report sets out the year end positions for interest earned and paid during 2020/21 together with the prudential and treasury management indicators which demonstrate compliance with the code.

Shorter term investment interest rates were barely above zero for the whole of 2020/21 following the impact of the coronavirus pandemic leading to two cuts in Bank Rate in March 2020 from 0.75% to 0.25% on 11th March and then to the current 0.10% on 19th March 2020 in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. As a result, it has been impossible to generate significant levels of investment income during 2020/21. As per the approved Treasury Strategy for 2020/21, no new long term borrowing was taken out during the year.

**Recommendation:** that Management Board;

- 1) Note the report on treasury management activity for 2020/21; and
- 2) The prudential and treasury management outturn indicators as detailed in the report be noted.

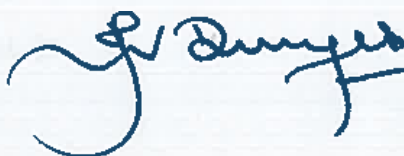
I have reached the following decision:

*Approval of the recommendations*

My rationale for this decision is:

The treasury management outturn report shows compliance with the prudential indicators and demonstrates that the Treasury Strategy will help maximise returns whilst maintaining security of assets. This supports my commitment to ensure effective stewardship and the efficient use of public funds.

**Signature**



**Date 07 July 2021**

**Police & Crime Commissioner**

## PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

### INTRODUCTION

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) define Treasury Management as “*the management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*”
2. The associated Code of Practice for Treasury Management recommends that those charged with governance are updated on treasury management activities regularly by way of a strategy at the start of the year, a mid-year review and an outturn report.
3. The annual outturn review is attached in Appendix 1 and sets out details of the treasury management activities undertaken in 2020/21. It also considers compliance with Treasury Management Practices (TMPs) during the year.
4. This report includes details of:
  - a) the Authority's loans portfolio position at 31 March 2021;
  - b) the Authority's investment portfolio position at 31 March 2021;
  - c) a summary of performance for the year 2020/21;
  - d) the Authority's performance in 2020/21 against the key Prudential Indicators;
5. Management Board should be aware that all the 2020/21 figures in the report remain subject to audit.

#### Public access to information

*Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.*

Is there a Part 2 form - No

Contact Officer: Jerry Faulkner, Chief Accountant

Tel. No.: 01606 366482

Email: [jerry.faulkner@cheshire.pnn.police.uk](mailto:jerry.faulkner@cheshire.pnn.police.uk)

#### CHIEF OFFICER DECLARATION (Assistant Chief Officer - Julie Gill):

*I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is consistent with the PCC's Police & Crime Plan and priorities.*

Signature

28 June 2021

**CHIEF FINANCE OFFICER DECLARATION (Clare Hodgson):**

*I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.*

**Signature**



**23 June 2021**

TREASURY MANAGEMENT OUTTURN 2020/21

The Economy and Interest Rates

1. Investment returns, which had already been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. The expectation for interest rates within the treasury management strategy for 2020/21 was that the Bank Rate would continue at the start of the year at 0.75% before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic in March 2020 which caused the Monetary Policy Committee to cut the Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.
2. While the Commissioner has maintained a cautious approach to investing, he is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
3. Investment balances have been kept to a minimum through the agreed strategy of initially using reserves and balances where possible to support current capital programme expenditure, rather than immediately borrowing externally from the financial markets. Earlier or additional external borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. This approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.
4. The table below provides a summary of the Public Works Loan Board (PWLB) maturity loan borrowing rates comparing the start of the year and the end of the year and provides a picture of how the rates moved throughout the year.

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2020	1.89%	1.92%	2.10%	2.58%	2.32%
31/03/2021	0.79%	1.18%	1.71%	2.19%	1.99%
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Date	04/01/2021	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
Date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.43%	1.50%	1.81%	2.33%	2.14%

## Outlook for 2021/22

5. The Coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March 2020 to cut the Bank Rate to first 0.25%, and then to 0.10%, it subsequently left the Bank Rate unchanged at its subsequent meetings, including its last meeting in May 2021, although some forecasters had suggested that a cut into negative territory could happen. However, at that last meeting, it was stated that financial institutions were not prepared for implementing negative rates.
6. The new economic forecasts by the Bank of England imply that the date at which the conditions for tighter monetary policy might be in place, e.g. a 4.5% unemployment rate and 2.0% inflation rate, has come forward by at least a year, from the end of 2023 to the end of 2022. The Bank's forecast for CPI inflation stays above 2.0% for the next two years. That suggests at least one rate hike will be needed to keep inflation at the 2.0% target. The Monetary Policy Committee will be keen to implement a series of increases in Bank Rate as soon as possible in order for it to become a usable tool when the next economic downturn comes along.
7. The vaccination programme is well underway in the UK and further easing of social distancing restrictions is expected late in June/July. A combination of excess savings, pent-up demand and a range of government incentives should see for a positive summer in the UK. Markets expect the economy to grow between 6% and 7.5% this year and by 5.4% in 2022, with a potential deceleration in growth thereafter. This will allow the economy to reach its pre-COVID level by the first quarter of next year.
8. The furlough scheme continues to support the labour market, keeping unemployment relatively low, while a fall in the participation rate also means that the labour market may be less tight at present. Markets expect unemployment to peak at 5.7% by the end of the year, as the furlough scheme ends and the majority of workers are re-absorbed by the labour market.

## Portfolio Position at 31 March 2021

9. A summary of the Commissioner's long term borrowing and investments at 31 March 2021 is shown in Table 1, including the equivalent position for 31 March 2020 for reference.

<b>Table 1 – Portfolio Position</b>		
	31 Mar 21 £000	31 Mar 20 £000
Long Term Borrowing	27,873	27,873
Investments	(24,364)	(13,170)
Net Borrowing / (Investments)	3,509	14,703

10. Long term borrowing as at 31 March 2021 included PWLB maturity loans totalling £21.873m together with a £6m maturity loan from Dexia Bank. During 2020/21, there was no new external borrowing.

11. Investment balances have increased during 2020/21 due mainly to this reflecting a snapshot of cash balances as at 31 March each year. Most notably the unavoidable capital programme expenditure slippage due to the impact of Covid-19 on Estates schemes, resulting delays to vehicle deliveries and the rescheduling of IT projects to 2021/22. In addition, the Covid-19 pandemic has also significantly impacted on the delivery of revenue projects and plans in 2020/21. This has necessitated requests to carry forward of a number of planned revenue expenditure commitments into 2021/22.
12. Towards the end of 2020/21, significant new Government funding was received in respect of a Major investigation (£0.9m) and additional Covid-19 pressures (£0.8), to be spent in 2021/22. Together with the capital and revenue project expenditure slippage referred to above this has resulted in a temporary increase in available cash balances at 31 March 2021.

## Treasury Management Performance 2020/21

### Investments

13. In the current climate it is impossible to generate significant levels of investment income. Investment income in 2020/21 is £55k, reduced from the £164k generated in 2019/20. This year-on-year decrease is mainly due to the 0.10% base rate throughout the whole of 2020/21 leading to available investment rates with suitable counterparties being barely above zero.
14. The Investment Strategy continues with a cautious approach to its choice of counterparties. As at 31 March 2021, the Commissioner's investments are with Santander, Handelsbanken, Aberdeen Liquidity Money Market Fund and Barclays (flexible call account), all of which are used regularly to manage day to day cashflows. Other investment counter-parties used during 2020/21 were Lloyds Bank of Scotland and Federated Investors Money Market Fund.
15. There have been no known instances of non-compliance with Treasury Management Practices (TMPs) during the year.

### Borrowing

16. The amount of borrowing as at 31 March 2021 is £27.873m. During 2020/21 interest rates have been monitored and no debt rescheduling took place during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unwise and costly. In line with the approved 2020/21 Treasury Management Strategy, no new external borrowing was undertaken.
17. The Commissioner currently remains in an under-borrowed position, which means that historically decisions have been made to internally finance expenditure as opposed to external borrowing. This is a prudent means of financing cash spend at a time when the cost of borrowing is higher than the level of interest earned on holding cash balances.

18. Both the 2020/21 Treasury Management Mid-Year Review report and the approved Treasury Management Strategy 2021/22 highlighted that as capital reserves and therefore cash resources available are being used to fund the ongoing capital programme historic levels of under borrowing were no longer sustainable. The position at 31 March 2020 was £2m under-borrowed and the current target level is between £3m-£4m through until 2024.
19. The actual outturn position at 31 March 2021 is £1m under-borrowed. This is temporarily below the target level due to the higher than forecast capital expenditure slippage into 2021/22 which, when spent, will increase under borrowing back towards the target level.
20. At this point maintaining under-borrowing at c£3m going forward is considered to be manageable and a sensible target position in view of poor returns that can be achieved on cash balances invested against the cost of borrowing. This position will be monitored throughout 2021/22.
21. The actual maturity structure of current borrowing is shown below in Table 2. This indicator is designed to be a control over an authority having large concentrations of fixed rate debt which need to be replaced at times of uncertainty over interest rates. The limits set represent sensible boundaries and are intended to draw attention to potential issues before they arise. There are currently no potential issues.

	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual 31/3/21</b>	<b>Amount</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>£000</b>
Under 12 months	15	0	0	0
12 months and within 24 months	15	0	0.4	99
24 months and within 5 years	25	0	12.1	3,385
5 years and 10 years	25	0	0	0
10 years and above	95	50	87.5	24,389

## Prudential and Treasury Indicators

22. The Commissioner must approve Prudential and Treasury Indicators annually, to reflect the impact of the capital programme on the Authority's financial position. Table 3 below shows performance in 2020/21 against the indicators, which were approved by the Commissioner in January 2020.

Prudential Indicators	2020/21 Indicator £000	2020/21 Outturn £000	Comment
Capital expenditure	7,554	4,607	Capital programme slippage due to impact of Covid-19 on Estates
<u>Capital financing requirement</u>			

<b>Table 3: Prudential and Treasury Indicators</b>			
- Borrowing requirement	30,689	28,889	schemes, delays to vehicle deliveries and the rescheduling of IT projects to 2021/22
- Other long term liabilities	17,380	17,380	
Total	48,069	46,268	
Annual change in capital financing requirement	(1,212)	(2,246)	
Gross borrowing requirement: (Under) / Over borrowing	(2,816)	(1,016)	Capital programme slippage results in temporary reduction from target level of under-borrowing.
Ratio of financing costs to net revenue stream	1.20%	1.18%	
Treasury Indicators	2020/21 Indicator £000	2020/21 Outturn £000	
Authorised limit for external debt	53,253	53,253	Set 31/1/20, No change during 2020/21
Operational boundary for external debt	50,253	50,253	
Actual external debt			
- Borrowing	27,873	27,873	
- Other long term liabilities (PFI)	17,380	17,380	
Total	45,253	45,253	
Upper limit of fixed interest rate exposure	100%	100%	
Upper limit of variable interest rate exposure	25%	0%	No variable rate loans held or planned
Upper limit for principal sums invested for over 364 days	£nil	£nil	No longer term investments held or planned.

23. The above data shows that the organisation remained within both the authorised limit and operational boundary for external debt. These are limits on the amount of external debt permitted and include both loans and financial leases such as the PFI scheme.
24. Capital expenditure was lower than the budgeted indicators due to higher than anticipated slippage into 2021/22 (paragraph 11 refers).

## Conclusion

25. Investment interest rates have remained very low throughout the year and are forecast to remain low in the upcoming financial year. Opportunities for seeking improved returns will continue to be pursued within the approved confines of the Investment Strategy.
26. Borrowing levels remain sustainable. No new long term borrowing was taken out in 2020/21 in line with the Treasury Management Strategy 2020/21 approved on 31 January 2020.

**JOINT MANAGEMENT BOARD**

**DECISION NO. 2021/19**

**DATE: 07 JULY 2021**

**JOINT STRATEGIC RISK REGISTER**

**Executive Summary:**

The Commissioner's and the Chief Constable's Joint Strategic Risk Register is presented for consideration and approval.

**Recommendation: That**

1. The Joint Strategic Risk Register, risk analysis and action overview, be approved;
2. Risk 3 is de-escalated from the Joint Strategic Risk Register;
3. The change in likelihood score in relation to risk 7 be agreed; and
4. That 2 new risks be considered for inclusion on the Joint Strategic Risk Register.

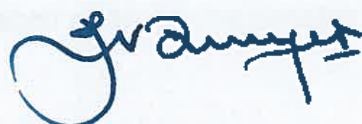
We have reached the following decision:

*Approval of the recommendations*

Our rationale for this decision is:

To ensure that the effective management of strategic risk supports the delivery of high quality policing services.

**Signature**



**Date 07 July 2021**

**Police & Crime Commissioner**

**Signature**



**Date 07 July 2021**

**Chief Constable**

## **PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE**

### **INTRODUCTION AND BACKGROUND**

1. The Joint Strategic Risk Register, documents all risks that the Chief Constable and the Commissioner identify as having the potential to prevent the organisation from achieving the strategic objectives.
2. The Joint Strategic Risk Register is attached at Appendix 1 in part 2 of this report.

### **ISSUES FOR CONSIDERATION**

3. Consultation has been undertaken with risk owners/action owners of existing risks and the Senior Command Team.
4. The Joint Strategic Risk Register was considered and noted by the Joint Audit Advisory Committee on 24 February 2021.
5. The impact assessments/implications/risks are detailed for each risk on the Joint Strategic Risk Register.

#### **Impact assessments/implications/risks**

6. The impact of ineffective management/mitigation of risk is detailed within the risk register.

### **OPTIONS**

7. The mitigating actions for each risk are detailed within the Joint Strategic Risk Register.

### **FINANCIAL COMMENTS**

8. Any financial implications where known have been detailed as part of the risk.

### **LEGAL COMMENTS**

9. Any legal implications where known have been detailed but would be considered at the time if the probability of the risk increased.

### **EQUALITY COMMENTS**

10. Any equality issues will be dealt with as they arise.

### **BACKGROUND DOCUMENTS**

Document Titles
None

**Public access to information**

*Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.*

Is there a Part 2 form - Yes

The information is confidential and not for publication because it involves the likely disclosure of exempt information as defined in the Freedom of Information Act 2000 and in accordance with the Section 31 Law Enforcement & Section 43 Commercial Interest.

Contact Officer: Louise Willis - Planning Performance & Risk Manager

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**CHIEF OFFICER DECLARATION (Deputy Chief Constable - Julie Cooke):**

*I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.*



Signature

Date 29 June 2021

**CHIEF FINANCE OFFICER DECLARATION (Clare Hodgson):**

*I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.*



Signature

Date 05 July 2021

**MANAGEMENT BOARD**

**DECISION NO. 2021/20**

**DATE: 07 JULY 2021**

**SECTION 22A COLLABORATION AGREEMENT: COLLABORATION BETWEEN  
CHESHIRE CONSTABULARY AND NORTH WALES POLICE FOR THE 24/7  
PROVISION OF TELECOMMUNICATIONS DATA**

**Executive Summary:**

Cheshire Constabulary is currently in a collaboration pilot with North Wales Police for Telecoms SPoC on-call provision resourced by FIB. The pilot began on 30/09/19.

The on-call Telecoms SPoC provision pilot has allowed for development of a business case for a full collaboration to create a single team to provide 24/7 on duty Telecoms SPoC provision for both Forces, in accordance with the NPCC Business Case for SPoC resilience (Feb 2020). North Wales Police will be the lead force for the purpose of a collaboration.

The Agreement has now been prepared and is ready for approval and sign off.

**Recommendation:**

1. The terms of the S22a Agreement be approved and the Agreement be signed by the Chief Constable and Police & Crime Commissioner.

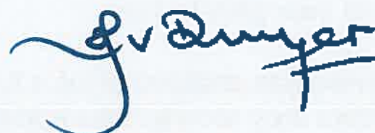
We have reached the following decision:

*Approve the recommendation*

My rationale for this decision is:

The collaboration will create a single team to provide 24/7 on duty Telecoms SPoC provision for both Cheshire Constabulary and North Wales Police in accordance with the NPCC Business Case for SPoC resilience.


**Signature**



**Date 07 July 2021**

**Police & Crime Commissioner**

**Signature**



**Date 07 July 2021**

**Chief Constable**

## **PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE**

### **INTRODUCTION AND BACKGROUND**

1. Following an initial approach by North Wales Police the on-call collaboration pilot has been running between the 2 forces since September 2019 for the out-of-hours provision of telecommunications data.
2. Prior to the pilot, both forces provided separate out of hours Single Point of Contact (SPoC) functions for their respective forces. The facility is a requirement as Communication Service Providers (CSPs) will only provide information to nationally accredited SPoCs. The acquisition of communications data outside of normal working hours is essential for the management of high risk missing persons, 'Grade 1 – life at risk' and 'Grade 2 – urgent operational necessity' scenarios. The services most frequently used are call data records and live location based data to assist in locating high risk missing persons, dealing with 'crime in action', or supporting arrest attempts for serious criminal offences.
3. A joint project was commissioned in July 2020 to develop a business case in close liaison with Cheshire Constabulary. The brief was to create a single team providing a 24/7 on-duty telecoms SPoC service thus negating the need for on-call arrangements.
4. The collaboration pilot was extended until 31/03/21 to enable business case development for a full collaboration. The pilot was extended again and is currently scheduled to run until 30/9/21 (approved at 18/3/21 Change Board). It is under regular review and will end upon Section 22a production and sign off and following sign off, implementation of the agreed option of a 24/7 on-duty telecoms SPoC service.

### **RATIONALE FOR THE PROPOSAL**

5. Demand for communications data and the complexity of it will continue to increase. During the 4 year period from April 2016 to March 2020, Cheshire Constabulary has seen a 44% increase in data applications, from 3177 to 4573.
6. Collaboration provides greater resilience for both forces due to the increased number of staff available to provide out of hours cover. It facilitates the provision of assistance to the respective forces in the event of critical systems failure.
7. The pilot of 10 SPoCs on a combined rota demonstrated greater resilience and less on-call duties for the staff. This has improved staff welfare by reducing the impact on their working hours and the disruption to their private lives.
8. A reduction in the impact on core business has enabled SPoCs to be upskilled and now undertake analytical work on the data they receive thus adding value to the product provided to the applicant.
9. Nationally there is an expectation that the NPCC will soon recommend a move to 24/7 provision to meet the ever increasing volumes and complexity of communications data. A collaborative solution would reduce the level of investment required to achieve a 24/7 provision by individual forces.

## **BUSINESS BENEFITS**

### **10. Improved staff wellbeing**

Staff will no longer be on-call and required to work during the day and then be available throughout the night to process urgent oral applications with the consequence of disturbed sleep. They will be able to plan for their days off without the need now to be on-call at a weekend and unable to leave their homes.

### **11. Improved staff retention**

The improved pay and terms and conditions will make the position of a Communications Data (CD) SPoC a desirable position. In view of the extensive training required to become accredited and continued professional development requirements, staff are more likely to remain in these posts.

### **12. Reduce the requirement to increase staff year on year**

Neither force can create a 24/7 standalone without significant investment, however by joining resources through the collaboration they will be able to provide that level of service to both forces and be better positioned to address the predicted future demands.

### **13. Increase in the number of communications data applications**

SPoC staff have historically been responsible for training officers and staff in the benefits of CD for their investigations. SPoC staff will be in a better position to provide this training which in turn will lead to the submission of more applications.

### **14. Improved service out of hours for Grade 1 and 2 urgent applications**

In addition, there will be resilience out of hours, meaning staff will be available to deal with more than one application at the same time.

### **15. Reduce time taken to identify vulnerable victims**

The ability to locate a high-risk missing person is time critical and with more than one SPoC on duty out of hours, all staff can be utilised to process applications, leading to improved times for the return of any CD product.

### **16. Improved continuous professional development**

Communications Data is constantly changing as new technology comes to the market which requires staff to be continually upskilling and learning new systems. The ability to have a more settled work rota which isn't disrupted by out of hours call out will greatly assist staff in having the quality time for CPD.

### **17. Improved compliance with communications data legislation will be achieved, as during the out of hours periods there will be 2 or 3 staff on duty to verify each other's work.**

### **18. Reduced backlog of applications for communications data**

Backlogs of applications are a regular occurrence and with a 24/7 service, staff can extend the time that they process applications to 24 hours a day, 7 seven days a week.

### **19. Reduce need for overtime hours to police staff**

Staff are paid overtime mainly during out of hours work when processing urgent oral applications. As staff will be available out of hours and will be on duty there should be no requirement for overtime to be accrued.

20. As part of the implementation an assessment of benefits will take place.

## EVALUATION CRITERIA

### EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS

21. Please see S22a Collaboration Agreement;

- Paragraph 3 Governance and Accountability
- Paragraph 4 & Section 4 Management Board
- Paragraph 22 Review and Variation of Agreement
- Paragraph 24 Withdrawal

### RESOURCING MODEL AND COST TO CONSTABULARY

**Option 3 - A joint collaboration team is formed consisting of 12 staff and 1 manager providing 24/7/365 service.**

22. Budgeted costs for Cheshire Constabulary for 2021/22 stand at **£248,022**:

- 5 x Sc6 SPoCs
- 1 x SO1/2 SPoC Manager
- Overtime and on-call costs

23. Summary of investment to get to 24/7/365 via a stepped approach is:

Budgeted Costs	NWP		Cheshire	
	£	FTE	£	FTE
<b>Existing</b>	£219,842	4	£248,022	6
<b>Step 1 – equality in grade + FTE</b> NWP recruit 2 FTE & Cheshire adopt NWP paycales	£89,414	2	£47,598	0
<b>Step 1 – Recruit SPOC Manager</b> Recruit SPOC Manager (estimated at NWP POC sp 45)	£29,226	0.5	£29,226	0.5
<b>Step 2 – 24/7/365 entitlements</b>	£78,742		£93,820	
<b>Total</b>	£417,224	6.5	£418,666	6.5

- An additional £76,824 would be required initially to bring the Cheshire Constabulary team to parity of grading 6 FTE (£47,598) and recruit 1 FTE shared SPOC Manager (£29,226 each). Currently each force has a manager who performs the role of a SPoC (including on-call duties) as well as managing the team. This option recommends only one

manager to oversee the management of the staff from both forces within normal business hours. N.B. This role was evaluated April 2021 at PO(B) top of scale £52,786 shared cost.

- In addition, a further £93,820 would be required to fund the 24/7/365 entitlements ((shift and weekend working) – making a total of £170,644.

24. The following table outlines the cost to both forces based on the Police Grant (Alliance Formula) which equates to a split in funding of 45.40% for North Wales Police and 54.60% for Cheshire Constabulary.

	NWP	Cheshire	Total
	£	£	
Growth from existing	£197,382	£170,644	
Total to achieve 24/7/365	£379,494	£456,396	£835,890
	45.40%	54.60%	

25. In terms of growth required by each force to achieve the 24/7/365 service, the following table outlines investment required based on Police Grant model applied. Investment required by North Wales Police would be £159,652 and Cheshire Constabulary £208,374.

Growth based on funding model applied	NWP	NWP %	Cheshire	Cheshire %
Police Grant (Alliance Formula)	£159,652	45.40%	£208,374	54.60%

To add perspective, if Cheshire were to increase resources to deliver 24/7/365 service on it's own this would cost an additional £443k above current budget. Moving to this service level in collaboration with NWP therefore reduces the additional cost to Cheshire by £235k per annum.

#### ALTERNATIVE AVAILABLE OPTIONS (INCLUDING DO NOTHING)

**26. Option 1 - At the end of the current collaboration both forces return to providing their own on-call and independent SPoC units.** Budgeted costs for Cheshire Constabulary for 2021/22 stand at £248,022 for each force to retain their own on-call and SPoC capability notwithstanding the forecasted future growth and demands for communications data.

##### Risks and assumptions of Option 1

27. This option is based on a 20 year old operating model and therefore not suitable to meet current or future increases in demand for data applications. In addition, the impact on staff welfare would not be addressed and this could result in reduced resilience due to staff sickness and staff turnover.

**28. Option 2 - The current collaboration arrangements continue after March 2021 and parity of pay is obtained for the Cheshire staff whilst North Wales increase**

**staff numbers by 2 FTE.** Included within this option is the requirement to uplift the pay of the Cheshire Constabulary staff through job evaluation to secure parity of pay with their North Wales Police colleagues performing identical roles. Line management arrangements would remain separate. The forecast cost of this option for Cheshire would require a 27% budget increase.

#### Risks and assumptions of Option 2

29. This option is seen as a step to achieving the ultimate aim of a 24/7 service, however it does not sufficiently address the welfare impact of staff working on call duties for many hours in isolation. In addition there will be occasions where the European Working Time Directive for compensatory rest is not met.

#### **WIDER IMPACTS / IMPLICATIONS**

30. None envisaged.

#### **WIDER IMPACTS / IMPLICATIONS**

31. None envisaged.

#### **SUMMARY OF PREFERRED OPTION AND INDICATIVE IMPLEMENTATION PLAN**

**32. Option 3 (Preferred Option) - The current collaboration arrangements are extended to create a joint 24/7 SPoC team consisting of 12 staff and 1 manager.**

This option provides the indicative of cost creating a joint team of 12 staff working a 24/7 shift pattern and in addition, the growth of a manager post.

In order to alleviate the issue of staff being on-call during the weekday evenings and throughout the weekend it is believed that the most appropriate structure would be a full 24/7 shift pattern ensuring appropriately staffed duties during out of hours periods including some resilience for annual leave and sickness. A shift pattern consisting of 4 rotas each with 3 staff would be required working days and nights, 4 days on and 4 days off. The minimum number of staff required to achieve this pattern would be 12. This option recommends only one manager to oversee the management of the staff from both forces within normal business hours.

Although this is the most expensive option, there are numerous benefits detailed in the business case, summarised under Business Benefits section.

#### **LINKS TO THE POLICE AND CRIME PLAN PRIORITIES**

33. The business case is in line with the Police and Crime Priorities for Cheshire to deliver even safer communities for the whole of Cheshire. It will dramatically improve resilience for communications data provision to support victims and protect vulnerable people, particularly when locating high risk missing persons, dealing with 'crime in action' scenarios or supporting arrest attempts for serious criminal offences. This investment will provide a service fit for the future and meet NPCC ambitions.

## **CONSULTATION (INTERNAL & EXTERNAL)**

34. Externally, there has been extensive consultation between the Directors of Intelligence and Telecoms SPoC Managers for both Cheshire Constabulary and North Wales Police. There has also been consultation with Andy Marsden, the Account Manager for the National Communications Data Service. The evaluation of the collaboration pilot has been undertaken in consultation with Telecoms SPoCs, SPoC Managers, Chief Superintendents, Superintendents and FIMs. The outcome is overwhelmingly positive. The attached business case has been produced by North Wales Police in close partnership with Cheshire Constabulary. The business case has been approved at Change Board (signed off 3.12.20) and approved at COG (signed off 15.12.20)

## **FINANCIAL COMMENTS**

35. As per the business case, an additional £76,824 would be required initially to bring the Cheshire Constabulary team to parity of grading. In addition, a further £93,820 would be required to fund the 24/7/365 entitlements – making a total of £170,644.
36. The cost of the joint team post the above uplift will be £835,890 and it is proposed that this is split between the two forces based on the Police Grant (Alliance Formula) which equates to 45.40% for North Wales Police and 54.60% for Cheshire Constabulary (£456,396).
37. Therefore, the additional investment required for the proposed option is an estimated £208k, and this was included in the 2021/22 approved budget.

## **LEGAL COMMENTS**

38. The benefits of participating in the Collaboration are discussed in detail in the report. The increase in organisational resilience and shared staff knowledge and expertise would support the decision to continue to participate following the positive evaluation of the pilot. The S22A Collaboration Agreement has been drafted in accordance with the nationally agreed APACE model to ensure a consist approach to the key legal areas including GDPR, intellectual property, resourcing and asset ownership and exit provisions.

## **HR COMMENTS**

39. The current honorarium payments to Cheshire SPoCs are pensionable however this arrangement was only approved on a temporary basis until a final decision on the future of the collaboration was made.
40. The Manager role profile was jointly produced and then evaluated by North Wales on 30/3/21 and came out at PO(B). The SPoC role profile wording was updated to align to both Forces. This role did not require re-evaluating.
41. North Wales Police will be the lead force for the purpose of a collaboration HR model similar to the current West Coast collaboration that exists. Staff will be “seconded” to the collaboration for pay purposes only. They will remain on the establishment of their own forces and will be subject to the direction and control of their Home Chief Constable.

## EQUALITY COMMENTS

42. The Equality Impact Assessment was sent through to the HR SME's for both Forces in March 2021. It was originally completed 12/2/20 and remains valid as there has been no further change. The HR SME's will review as the project progresses under business as usual.

## DATA PROTECTION IMPACT ASSESSMENT

43. A DPIA Stage 1 screening form was completed by Cheshire on behalf of both Forces. The Data Protection Officer's have confirmed no further action is required and there is no requirement for a full DPIA, however they requested that risk assessment guidance is adhered to throughout the project (this will come under business change considerations).

## IT REQUIREMENTS

44. IT issues were identified and resolved during the collaboration pilot. These related to SPoCs having access to each other's Force systems for Command and Control and for CyComms data. IT departments from both Cheshire and North Wales were involved in this.

## PROCUREMENT REQUIREMENTS

45. There are no known procurement requirements.

## ENVIRONMENTAL COMMENTS

46. No significant impact identified. There is no requirement for a joint team to work from the same building. The pilot has shown that the SPoC role on-call lends itself to agile working and cover has been provided successfully to both forces with easy access to both forces systems. SPoCs can work from their normal place of duty or from home. The team manager would be expected to travel between forces occasionally.

## BACKGROUND DOCUMENTS

Document Titles
None

<b>Public access to information</b> <i>Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.</i>
Is there a Part 2 form - Yes
S22a Agreement. The information is confidential and not for publication because it involves the likely disclosure of exempt information as defined in the Freedom of Information Act 2000 and in accordance with Section 31 Law Enforcement.

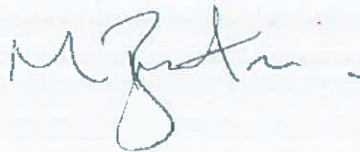
Contact Officer: Simon Roscoe, Head of Strategic Change and Portfolio Management

Tel. No.: 01606 36 5473

Email: [simon.roscoe@cheshire.pnn.police.uk](mailto:simon.roscoe@cheshire.pnn.police.uk)

**CHIEF OFFICER DECLARATION (Assistant Chief Constable - Matt Burton):**

*I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.*



**Signature**

**Date 29 June 2021**

**CHIEF FINANCE OFFICER DECLARATION (Clare Hodgson):**

*I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.*



**Signature**

**Date 06 July 2021**