



Police and Crime Panel

Date Thursday 6 February 2020
Time 10.00 am
Venue Committee Room 2, County Hall, Durham

Business

Part A

**[Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement]**

1. Apologies for absence
2. Substitute Members
3. Minutes of the meeting held on 9 January 2020 (Pages 3 - 8)
4. Declarations of interest, if any
5. Recent media activity - Report of the Office of the Police, Crime and Victims' Commissioner (Pages 9 - 12)
6. Precept 2020/21 - Report of Office of the Police, Crime and Victims' Commissioner (Pages 13 - 18)
7. Revenue and Capital Budgets 2020/21, Medium Term Financial Plan 2020/21 to 2023/24 and Revenue and Capital Budget 2019/20 - Report of the Acting Police, Crime and Victims' Commissioner (Pages 19 - 62)
8. Transforming Probation - Report of the Office of the Police, Crime and Victims' Commissioner and Presentation by Jeanne Trotter, Acting Head of Policy (Pages 63 - 70)
9. PCVC Decision Records - Report of the Acting Police, Crime and Victims; Commissioner (Pages 71 - 74)
10. HMICFRS Overview of 2020 and updates on current items - Report of Acting Police, Crime and Victims' Commissioner (Pages 75 - 78)
11. Such other business, as in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch
Monitoring Officer

County Hall
Durham
29 January 2020

To: **The Members of the Police and Crime Panel**

Durham County Council

Councillors D Boyes, P Crathorne, L Howvels (Chair), J Nicholson, S Quinn,
A Savory and M Simmons

Darlington Borough Council

Councillors H Crumbie, Dulston and B Jones (Vice-Chair)

Independent Co-opted Members

Mr N J H Cooke and Mr D K G Dodwell

Contact: Ian Croft

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DURHAM COUNTY COUNCIL

At a Meeting of **Police and Crime Panel** held in Committee Room 1A , County Hall, Durham on **Thursday 9 January 2020 at 2.00 pm**

Present:

Councillor L Hovvels (Chair)

Durham County Council:

Councillors D Boyes, P Crathorne, J Nicholson and M Simmons

Darlington Borough Council:

Councillor B Jones (Vice Chair)

Independent Co-opted Members:

Mr N J H Cooke and Mr D K G Dodwell

Prior to the commencement of the meeting the Chair referred to the recent sad death of Ron Hogg, Police, Crime and Victims' Commissioner. Members of the Panel stood for a minute's silence as a mark of respect.

1 Apologies for absence

Apologies for absence were received from Councillors Crumbie and Dulston.

2 Substitute Members

There were no substitute members in attendance.

3 Declarations of interest

There were no declarations of interest.

4 Minutes

The minutes of the meetings held on 17 October 2019 were confirmed as a correct record and signed by the Chairman.

5 Recent Media Activity

The Panel noted a report of the Media and Engagement Officer, Office of the Police, Crime and Victims' Commissioner which provided an update of press

coverage concerning the work of the Acting Police, Crime and Victims' Commissioner since the previous meeting (for copy see file of Minutes).

6 Countering Terrorism

The Panel received a presentation from DI Alfie Keane, Durham Constabulary and Jon Carling, Acting Chief Executive, Office of the Acting Police, Crime and Victims' Commissioner about activity relating to counter terrorism (for copy of slides see file of Minutes).

The presentation covered the UK approach to counter terrorism and focused on the work undertaken by Durham Constabulary to prevent and address it locally, in partnership with other organisations and with the community. The presentation also looked at how the PCVC held the Constabulary to account.

The Chair thanked DI Keane and Jon Carling for their informative presentation on an issue of such great importance.

7 Precept Consultation

The Panel considered a report of the Acting Chief Executive, Office of the Police, Crime and Victims' Commissioner regarding consultation on the level of the policing precept in 2020/21 (for copy see file of Minutes).

S White, Acting PCVC informed the Panel that normally he would formally present his proposals for the precept to the Panel at its meeting on 6 February 2020, after the consultation in January which would have taken place following the notification of Government grant and also capping proposals. However, because a General Election had taken place on 12 December 2019 the announcement of the level of Government grant and any capping proposals were not yet known.

The Acting PCVC informed the Panel that for any consultation to be meaningful, facts and figures were needed and he was frustrated that as yet these were not yet known. It was hoped that this information would be known by mid-January, but this would not allow for the normal four-week consultation period to take place.

Councillor Boyes considered this to be an unsatisfactory state of affairs in that the settlement would not be known until mid-January but the precept proposals needed to be presented to the Panel early February. This would not allow for the normal period of consultation and Councillor Boyes questioned how meaningful any consultation may be and asked whether consultation could take place on a number of predicted scenarios.

The Acting PCVC replied that the Medium-Term Financial Outlook had assumed an increase of 2%, but if this was consulted on and then a greater increase was needed, this could be difficult when a lower figure had been consulted on. The Acting PCVC informed the Panel that he would not be looking to increase the precept by any more than was necessary.

The Acting PCVC informed the Panel that he had a statutory duty to consult on his precept proposals and that he would communicate what he could when the settlement figure was known.

Resolved:

That the report be noted.

8 Quarterly Performance Report

The Panel considered a report of the Acting PCVC which provided an update on performance against the Police, Crime and Victims' Plan 2018-21 (for copy see file of Minutes).

Councillor Boyes referred to the table at Paragraph 35 of the report which showed that Durham had dropped from quartile three to quartile four regarding public confidence in how the police and council were dealing with the crime and anti-social behaviour issues in their area. The Acting Chief Executive replied that a working group had been established to assess the reasons why this measure was so different to that for only the police and an interim report for this working group would be available for the next Panel meeting at the beginning of February. The working group was led by the County Council.

Resolved:

That the report be noted.

9 PCVC Commissioning Activity

The Panel considered a report of the Acting Police, Crime and Victim's Commissioner which provided an update of key considerations at the Commissioning Boards between July and December 2019.

C Oakley, Head of Governance and Commissioning, Office of the Police, Crime and Victims' Commissioner informed the Panel that funding decisions for 2020/21 had been put on hold until the Commissioning board meeting to be held on 29 January 2020 when central government funding should be clarified.

Resolved:

That the report be noted.

10 PCVC Decisions

The Panel noted a report of the Acting Police, Crime and Victims' Commissioner which provided an update on the decision register for 2019 and the forward plan (for copy see file of Minutes).

11 HMICFRS- Inspection Report: Joint inspection of police custody

The Panel noted a report of the Acting Police, Crime and Victims' Commissioner which provided details of the findings of a recent unannounced Joint Custody Inspection of Durham Constabulary by HMI Prisons and HMI Inspectorate of Constabulary and Fire and Rescue Services (for copy see file of Minutes).

12 National Association of Police Fire and Crime Panels

The Panel considered a report of the Head of Legal and Democratic Services, Durham County Council regarding membership of the National Association of Police, Fire and Crime Panels (for copy see file of Minutes).

J Slee, Overview and Scrutiny Officer, Durham County Council informed the Panel that the role of the National Association was to identify and promote best practice and provide a collective voice for Panels. The Association had recently removed the requirement for members to pay a membership fee.

Councillor Boyes was supportive of joining the Association as a means of sharing best practice and perhaps learning from the work of other Panels and questioned what the finance arrangements may be for reimbursement of Members attending Association events.

The Overview and Scrutiny Officer replied that expenses were currently borne by Members host authorities, however, clarity would need to be obtained on expenses of the Independent Co-opted Members.

Resolved:

That the Chair of the Durham Police and Crime Panel advise the Chair of the National Association of Police, Fire and Crime Panels that Durham Panel wish to join the Association.

13 Conference Feedback Report

The Panel noted a report of the Head of Legal and Democratic Services, Durham County Council which provided feedback from the National Conference for Police (Fire) and Crime Panels held on 19 November 2019 (for copy see file of Minutes).

The Chair of the meeting was of the opinion that the following item of business was of sufficient urgency to warrant consideration because of the lateness of the government announcement on police funding for 2020/21.

14 Funding Announcement

The Panel agreed that a letter be sent from to all local MP's to stress the need for the announcement of government grant funding for 2020/21 to be made as soon as possible. The Acting Police, Crime and Victims' Commissioner informed the Panel that he would write to the Minister along the same lines.

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Police and Crime Panel

6 February 2020

Recent media activity**Report of the Office of the Police, Crime and Victims' Commissioner****1. Purpose**

This paper provides an update of press coverage concerning the work of the Police, Crime and Victims' Commissioner since the previous meeting.

2. Top stories in the press and broadcast media

Press coverage since the last meeting has included:

- CBE Awarded to Ron Hogg
- Funeral of Ron Hogg
- New start bags give lifeline to victims
- PCVC Team give back a little (volunteering at RE-FUSE Chester le Street)
- Visit to Kings Church Food Bank
- Quarterly performance report
- Launch of the police precept consultation

3. Social media activity

- 7497 followers on Twitter (6th highest number amongst PCCs)
- 5,016 followers and 5,141 likes on Facebook (2nd highest number amongst PCCs)
- 304 followers on the PCVC Instagram Account (6th highest number amongst PCCs that use it)

Top tweets:

- **December 2019**
 - 33.6K impressions – Announcement of the passing of Ron Hogg
 - 21.5K Impressions – Announcement of CBE for Ron Hogg
- **January 2019**
 - 11.8K Impressions – Funeral of Ron Hogg.
 - 9k impressions - The [#MakeYourselfHeard](#) campaign was launched last year to raise awareness of the [#SilentSolution](#) system and how to get police help when you're too scared to speak This system encourages a 999 caller who is unable to make a noise/speak to press 55 to alert us to an emergency pic.twitter.com/gtasSQFN5z

Top Facebook posts:

- **December 2019**
 - 104.1K reach – Announcement of the passing of Mr Ron Hogg
 - 9.4K Reach – Announcement of the CBE for Ron Hogg

- **January 2019**

- 43.4 reach – Funeral of Ron Hogg
- 4.6k reach - Watch out for these FAKE Amazon emails - we've had over 400 reports about them! [#PhishyFridays](#)

4. Columns

Monthly columns will start again in the Teesdale Mercury and the Advertiser series, probably after the PCC elections, covering how to reduce crime in rural communities.

5. Recommendations

Panel Members are recommended to note the information contained in this report.

Sarah Harris
Media and Engagement Officer

Appendix 1: Risks and Implications

Finance

None

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Children's Act 2004

None

Stakeholder/Community Engagement

None

Environment

None

Collaboration and Partnerships

None

Value for Money and Productivity

None

Potential Impact on Police and Crime Plan Priorities

Positive coverage of activity will help to boost confidence in policing.

Commissioning

None

Other risks

None

| | |
|------------------|--|
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Police and Crime Panel

6 February 2020

Precept 2020/2021



Report of the Office of the Police, Crime and Victims' Commissioner

Purpose

1. To update the Panel on the process for setting the Policing precept for 2020-21, and to seek the Panel's support for an increase of £10 per household per year for properties in Band D, and commensurate increases for other properties.

Background

2. Normally in December every year, the Police, Crime and Victims' Commissioner (PCVC) is informed by the Home Secretary of the amount of Government grant that will be provided for policing for the following financial year. That enables the PCVC to formulate plans for the level of precept that he will need to ask Council Tax payers to contribute, in order to deliver policing in County Durham and Darlington in line with the Police, Crime and Victims' Plan. The Government normally puts a cap on the level of precept increase.
3. This year, the timing of the General election made it impossible for the Government to announce police funding allocations in December, and they were instead announced on 22 January. The Government cap on an increase was made known at the same time. Nonetheless, there was still a statutory requirement for the PCVC to inform the Panel of the proposed level of precept in 2020-21 by 1 February, and to carry out consultation before that date.

Funding in 2020/21

4. Government funding for policing in Durham and Darlington is the subject of the Medium-Term Financial Plan paper, covered elsewhere on the agenda for this meeting. The headlines are as follows:
 - Police grant to increase from £80.7m to £88.2m, an increase of £7.5m or 9.3%. This comprises the 'Operation Uplift' funding for extra Police Officers in Durham Darlington, with no additional funding beyond that.
 - Capital funding to reduce from £0.5m to £0.1m, a reduction of £400,000.
 - PCVC enabled to increase funding from the precept from £42.3m to a maximum of £44.9m, an increase of £2.6m, or 6%. The increase for the council tax payer is 4.87% or £10 for a Band D property.
 - Total funding to increase from £123m to £133.1m, an increase of £10.1m or 8.2%.

5. Panel members are aware that the Government is expected to undertake a review of the Police Funding Formula over the next few years. That may mean a reduction in funding, which makes the case for protecting the Constabulary's baseline budget.
6. To achieve the £133.1m, it will be necessary to increase precept by the maximum permitted, i.e. £10 per household per year, for properties in Council Tax Band D. If this were to take place, the implications for each Council tax Band would be as follows:

| Council Tax Band | Police Precept 2019/20 | Proposed annual increase for 2020-21 | Proposed police precept for 2020-21 |
|------------------|------------------------|--------------------------------------|-------------------------------------|
| | £ | £ | £ |
| Band A | 136.83 | 6.66 | 143.49 |
| Band B | 159.63 | 7.78 | 167.41 |
| Band C | 182.44 | 8.88 | 191.32 |
| Band D | 205.24 | 10.00 | 215.24 |
| Band E | 250.85 | 12.22 | 263.07 |
| Band F | 296.46 | 14.44 | 310.9 |
| Band G | 342.07 | 16.26 | 358.33 |
| Band H | 410.48 | 20.00 | 430.48 |

Consultation

7. Consultation has been taking place in January, and will continue until the Panel meeting.
8. The consultation arrangements include a number of consultation events, with Area Action Partnerships in County Durham and in the Cornmill Centre in Darlington, on the following dates:

County Durham

| Date | AAP |
|----------|---------------------------------|
| 08.01.20 | 4 Together (Ferryhill) |
| 08.01.20 | Mid Durham (Brandon/Ushaw Moor) |
| 16.01.20 | Bishop & Shildon (BASH) |
| 16.01.20 | Spennymoor |
| 22.01.20 | Durham |
| 22.01.20 | Teesdale |

| | |
|----------|-------------------------------|
| 27.01.20 | East Durham Rural Corridor |
| 27.01.20 | Chester le Street |
| 28.01.20 | Greater Aycliffe and Midridge |
| 29.01.20 | Derwent Valley (Consett) |
| 30.01.20 | 3 Towns (Crook) |
| | |

Darlington

| | |
|----------|-----------------|
| 30.01.20 | Cornmill Centre |
| 04.02.20 | Cornmill Centre |

9. The Government funding announcement was not made until 22 January, and so it was not possible to be specific about a precept rise at many of the meetings listed above, but in all cases it was made clear that an increase would be likely.
10. In addition, the PCVC has been running an on-line survey, and an awareness-raising campaign on social media. A press release was circulated to local media on 23 January to gain the attention of the press and broadcast media, and material has also been placed on the ODPCVC website.
11. At all the consultation meetings, the following arguments were put forward:
 - Operation Uplift will be welcome, with 68 additional Officers to be in post by March 2021.
 - Their recruitment and training will occur during 2020-21, and therefore the benefits of the Uplift will take time to be realised.
 - The Constabulary has lost 380 Police Officers as a consequence of funding reductions since 2010, and the Uplift (ultimately providing 220 additional Officers by March 2023) will only partly mitigate this.
 - Demands on policing are increasing complex and resource-intensive – for example, cybercrime has increased, as have reported cases of high-harm crimes such as trafficking, modern slavery, domestic abuse and sexual violence.
 - The Constabulary continues to have to invest in equipment and estates, in order to enable the high standard of policing which local people quite rightly expect.
 - Neighbourhood Policing remains a priority.
12. Noting that Operation Uplift, i.e. the increase in Government grant, will only cover the additional Police Officers and some associated costs, it will be necessary to increase the precept to cover rising costs in other areas and to avoid an impact on effectiveness and efficiency.
13. With those arguments in mind, consultation meetings were told that an increase in the precept would be necessary.
14. The on-line survey has generated the following results:

Question:

Despite Durham Constabulary being one of the most efficient force in the country, crime continues to rise and more investment is needed. Would you spend an extra 20p per week in order to further invest in local policing?

| | |
|--------------|-----------------------|
| Yes | 128 responses (53.8%) |
| No | 67 responses (28.1%) |
| I'd pay more | 43 responses (18.1%) |
| <u>Total</u> | 238 responses |

15. In addition, respondents were asked to provide additional comments. A summary of typical comments is listed below:
- Happy to pay more, force is overstretched need more funding etc.
 - Happy to pay more if more of a policing presence is seen.
 - Willing to accept if used for a certain area of policing.
 - Not happy to pay more, no benefits seen each year.
 - Commissioner post is costly and of dubious value.
16. In addition to the support shown by survey respondents, panel members should note that, at the public meetings, there were few objections to an increase and many expressions of support.
17. At the time of writing the survey has been operating for five days, and more responses are expected before the Panel meets on 6 February. An update on consultation findings will be provided to the Panel, verbally, at the Panel meeting.

Summary

18. Given the overall support for an increase, and the clear need to support Policing beyond the constraints of Uplift funding, the Panel is recommended to support an increase in precept of £10 per household per year for Band D properties.
19. At the meeting on 6th February I will present feedback to the Police and Crime Panel. Under Schedule 5 of the Police Reform and Social Responsibility Act 2011, the Police and Crime Panel is required to review the proposed precept, and to make a report on it (the Panel are to determine the manner of this report). The report can include recommendations on the level of the precept. The panel has the power to veto the proposed precept, which requires a two-thirds majority in favour of a veto.

Recommendation

20. The Panel is recommended to:

- a. Note the current position of the consultation and the expected outcome;
- b. Consider my proposal for a 4.87% precept increase;
- c. Decide whether to veto my proposal;
- d. Produce a report.

Steve White

Acting Police, Crime and Victims' Commissioner

| | |
|------------------|--|
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Appendix 1: Risks and Implications

Finance

The outcome of consultation will influence the size of the PCVC's, and the Constabulary's, budget in 2019-20

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Children's Act 2004

None

Stakeholder/Community Engagement

A consultation exercise has taken place as set out in the report

Environment

None

Collaboration and Partnerships

None

Value for Money and Productivity

None

Potential Impact on Police and Crime Plan Priorities

Size of budget will influence delivery of priorities

Commissioning

None

Other risks

None

Police and Crime Panel**6 February 2020****Revenue & Capital Budgets 2020/21
Medium Term Financial Plan 2020/21 to 2023/24
Revenue & Capital Budgets 2019/20****Report of the Acting Police, Crime and Victims'
Commissioner**

Purpose of Report

1. To present to Police and Crime Panel the precept for 2020-21 and associated report.

Background

2. I am required to set a precept for the coming financial year and present it to the Police and Crime Panel for consideration. Attached at Appendix A is the full report considered at the Executive Board held on the 27th January 2020 which considered the Revenue & Capital Budgets of 2020/21, Medium Term Financial Plan 2020/21 to 2023/24, and Revenue & Capital Budgets 2019/20. They show a number of challenges facing the constabulary in the coming years. These include, the need to avoid revenue deficits in the coming years, the need to invest in estate, ICT and Fleet and also, the potential depletion of the majority of reserves.
3. The proposal therefore, is to increase precept by £10 at band D in order to ensure a continued delivery of efficient and effective policing services. This has been subject to public consultation which will be considered elsewhere within the agenda.

Recommendation

4. The panel is requested to consider the report and Appendix.

Steve White**Acting Police, Crime and Victims Commissioner**

Appendix 1: Risks and Implications

Finance

As outlined in the report.

Staffing

n/a

Equality and Diversity

n/a

Accommodation

n/a

Crime and Disorder

n/a

Children's Act 2004

n/a

Stakeholder/Community Engagement

n/a

Environment

n/a

Collaboration and Partnerships

n/a

Value for Money and Productivity

n/a

Potential Impact on Police and Crime Plan Priorities

n/a

Commissioning

n/a

Other risks

| | |
|-------------------------|--|
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Executive Board

27 January 2020

Revenue & Capital Budgets 2020/21
Medium Term Financial Plan 2020/21 to 2023/24
Revenue & Capital Budgets 2019/20



Joint Report of PCVC Chief Finance Officer and Chief Constable

Introduction

1. The purpose of this report is to enable the Police Crime and Victims' Commissioner (PCVC) to:
 - Set the revenue budget and issue the policing precept for 2020/21,
 - Approve the capital budget for 2020/21,
 - Approve the revised revenue & capital budgets for 2019/20,
 - Approve the treasury management policy and strategy for 2020/21,
 - Approve the medium term financial plan,
 - Consider the robustness of the estimates and adequacy of reserves.
2. The covering report is divided into the following sections:
 - Background
 - Grant Settlement
 - 2020/21 Council Tax requirement
 - Reserves
 - Key risks
 - Cost control
 - Capital Budget
 - Medium term Financial Plan 2020/21 to 2023/24
3. The Prudential Code is included in appendix 2
4. The Medium Term Financial Plan is attached as appendix 3
5. Appendix 4 gives details of the robustness of the estimates

Background

6. The financial settlement for 2020/21 (received January 2020) announced increased Government funding to Police Forces to compensate for the uplift in Police Officer numbers.

7. The Medium Term Financial Plan in Appendix 3 outlines estimated future year's funding levels. Whilst a balanced budget for the next 3 financial years can be achieved under the proposed spending plan, this is based on the estimated funding levels continuing for the uplift programme. However years 4 and beyond give risk to rapidly rising deficits.
8. The settlement allowed a Council Tax increase of £10 for Band D for 2020/21. Whilst recognising the impact of any increase in Council Tax on the finances of households in County Durham and Darlington, in view of the future budgetary challenges referred to later, it is the view of officers that it is more important than ever, so far as is possible, to protect the base budget by increasing the Council Tax.
9. The Government have announced that they intend to review the police funding formula allocation between Forces for future years. Our understanding, based on previous exemplifications published in 2015, is that Durham could potentially lose up to £10m per annum from the changes. In terms of timing, any new formula could only be introduced in 2022/23 at the earliest. A separate report has been produced showing how such a reduction would be financed.

Grant Settlement

10. The final Local Government Finance Settlement, together with the Police Grant Report for 2020/21, has been put before the House of Commons. Central funding for 2020/21 has been set at £95.48m, an increase of £7.9m from 2019/20. This increase is to fund the uplift of 68 police officers and includes almost £1.9m in ring-fenced grant which will only be released when the target for the officer uplift for the year is reached. This represents a challenge for the Force and a recruitment timetable has been agreed in September 2019 which will be monitored internally and nationally. The Settlement for future years is based on current best estimates and includes further funding for additional uplift of officers. It is not known whether future years will include any portion of ring-fenced grant.

| | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Police Grant | 43,034 | 46,406 | 53,217 | 56,200 | 56,200 |
| Ring-fenced Grant | - | 1,896 | - | - | - |
| DCLG General Grant | 37,173 | 39,805 | 39,805 | 39,805 | 39,805 |
| Legacy Council Tax Freeze Grants | 6,110 | 6,110 | 6,110 | 6,110 | 6,110 |
| Pension Grant | 1,260 | 1,260 | 1,260 | 1,260 | 1,260 |
| Central Gov't Funding | 87,577 | 95,477 | 100,392 | 103,375 | 103,375 |

11. As well as general grant, there will continue to be other specific grants in 2020/21 for example capital grant and counter terrorism grant.
12. The government has announced the 2020/21 Council Tax capping criteria at £10. This report recommends a £10 increase at Band D.

13. Every 1% variation in the Band D Council Tax affects the Council Tax Requirement by £0.37m. A £10 increase in Council Tax, which is the maximum increase recommended to avoid a referendum and is a 4.87% rise, would result in an increase to the base budget of £1.73m for every year in the future. This would increase the Band D precept from £205.24 to £215.24 per annum, an increase of £10 per annum, which is 19p per week. The impact on the majority of households in County Durham and Darlington which are Band A properties, would be an increase of £6.66 from £136.83 to £143.49 per annum, which is equivalent to 13p per week.

14. The Government has created a number of ‘top sliced’ funding streams as follows:

| Police Funding | 2018/19 (£m) | 2019/20 (£m) | 2020/21 (£m) |
|---|-------------------------|-------------------------|-------------------------|
| o/w Reallocations and adjustments | 945 | 1,029 | 1,121 |
| PFI | 73 | 73 | 73 |
| Police technology programmes | 495 | 495 | 498 |
| Arm’s length bodies | 63 | 63 | 73 |
| Top-ups to NCA and ROCUs | | 56 | 57 |
| Serious Organised Crime strategy implementation | 42 | 90 | 140 |
| Police transformation fund | 175 | 175 | |
| Special Grant | 93 | 73 | 81 |
| Pre-charge bail | 4 | 4 | 2 |
| Police Uplift Programme | | | 16 |
| National operational policing units | | | 3 |
| Police Commercial Organisation | | | 4 |
| National Capability Programmes | | | 47 |
| Forensics | | | 29 |
| Police Now | | | 7 |
| Serious Violence Strategy | | | 39 |
| Safe Streets Fund | | | 10 |
| Counter Terrorism | | | 32 |
| Prúm | | | 2 |
| Science, Technology and Research | | | 8 |

The Force is yet to receive details of any allocation from the above.

15. Police capital grant has decreased from £0.507m to £0.133m. To maintain investments in new assets this must be supplemented by revenue contributions to capital and use of capital receipts.

2020/21 Council Tax Requirement

16. The ‘*council tax bases*’ of Durham County Council and Darlington Borough Council are used to calculate the proportion of the PCVC’s total precept levied on each Council. The tax base is the estimated full year equivalent number of chargeable Band D dwellings with two or more liable adults and in respect of which tax will be received. The ‘*council tax bases*’ for 2020/21, determined by the relevant authorities and notified to the Police and Crime Commissioner, are as follows:

| Council | Notified Council Tax Base |
|----------------|--|
| | |

| | |
|----------------------------|------------|
| Durham County | 141,742.00 |
| Darlington | 33,329.30 |
| Aggregate Council Tax Base | 175,071.30 |

17. The Basic Council Tax for the Office of the Police and Crime Commissioner (OPCC) is calculated by dividing the precept by the aggregate of tax base.

$$\frac{\text{Council Tax Requirement}}{\text{Aggregate Council Tax Base}} = \text{Basic Council Tax (At Band D)}$$

18. An increase of £10 in Band D Council Tax would result in a budget of £133,220,714.

| | £ | £ |
|--|------------|-------------------|
| PCVC's Budget Requirement (based on an increase in Basic Council Tax of £10 band D) | | 133,220,714 |
| Less: | | |
| Specific Grant | 46,405,667 | |
| DCLG Grant | 39,804,922 | |
| Ring-fenced Grant | 1,895,642 | |
| Pension Grant | 1,260,381 | |
| Legacy Council Tax Grants | 6,110,124 | |
| | | 95,476,736 |
| | | 37,743,978 |
| less: | | |
| Estimated overall net surplus on Collection Funds at 31 st March 2020 | | -61,631 |
| Council Tax Requirement | | 37,682,347 |

This would mean a council tax of:

$$\frac{\text{£37,682,347}}{175,071.30} = \text{£215.24}$$

19. It is recommended that the Council Tax Requirement be set at a level that results in a £10 increase in Band D Council Tax for the year ending 31st March 2021 and

- o That in determining the Council Tax Requirement, the PCVC notes the PCVC Chief Finance Officer's report on the robustness of the estimates and

the adequacy of reserves and risks in the budget, attached as Appendices 3 and 4.

- The 'council tax base' for the whole of the Force area of County Durham and Darlington will be **175,071.30**.
- The 'basic amount of council tax' be £215.24 and the amount of council tax for each category of dwelling will be as follows:

| Valuation Band | (Proportion of Basic Amount) | Council Tax 2020/21 |
|----------------|------------------------------|---------------------|
| | | £ |
| A | (6/9) | 143.49 |
| B | (7/9) | 167.41 |
| C | (8/9) | 191.32 |
| D | Basic Amount) | 215.24 |
| E | (11/9) | 263.07 |
| F | (13/9) | 310.90 |
| G | (15/9) | 358.73 |
| H | (18/9) | 430.48 |

- The Budget Requirement is £133,220,714 and that after taking account of Police Specific Grant of £46,405,667, Ring-fenced grant of £1,895,642, DCLG of £39,804,922, Pension Grant of £1,260,381 and Legacy Council Tax Grants of £6,110,124, precepts totalling £37,682,347 be issued to Authorities as follows:

| Council | Council Tax Base | Precept (£) |
|---------------|-------------------|-------------------|
| Durham County | 141,742.00 | 30,508,548 |
| Darlington | 33,329.30 | 7,173,799 |
| | 175,071.30 | 37,682,347 |

20. Precept Instalments: Discussions with the Treasurers of the Collecting Authorities have taken place, and the dates for the payment of the precept in ten equal instalments are as follows:

(a) **Durham County Council**

- 3 April 2020
- 4 May 2020
- 2 June 2020
- 2 July 2020
- 3 August 2020
- 2 September 2020
- 2 October 2020
- 2 November 2020
- 4 December 2020
- 5 January 2021

(b) **Darlington Borough Council**

- 20 April 2020
- 27 May 2020
- 1 July 2020
- 5 August 2020
- 10 September 2020
- 15 October 2020
- 19 November 2020
- 24 December 2020
- 2 February 2021
- 9 March 2021

The precept has been consulted on and proposed by the PCVC.

Level of Financial Reserves

21. To ensure ongoing financial viability it is important that the Police Crime and Victims' Commissioner continues to maintain a suitable level of reserves. Whilst there is no general guidance on what represents a suitable level of reserves in percentage terms, it is important to take into account the various risks to be faced when coming to a view on reserve levels. It is the view of Chief Finance Officer (for the PCVC and Chief Constable) that general reserves should not be used to support day to day expenditure given: the level of funding uncertainty in future years (where the grant allocation has not been confirmed by the Home Office); localisation of council tax benefit; rising costs and council tax capping limits. Reserves should only be used to invest in capital expenditure or invest in expenditure which will lead to clear efficiencies.

22. The current policy statement on the level of reserves includes the following:

- The Police Crime and Victims' Commissioner will set aside sufficient sums in earmarked reserves as it considered prudent to do so. The PCVC Chief Finance Officer will be authorised to establish such reserves as are required, will review them for both adequacy and purpose, and report on a regular basis to the Police Crime and Victims' Commissioner.
- The Police Crime and Victims' Commissioner will aim to maintain, broadly, general reserves of between 4% and 5% of the revenue estimates which are currently about £5.329m and £6.661m respectively (based on 2020/21 revenue funding of £133.221m) subject to an annual review by the PCVC Chief Finance Officer as part of the budget process.

23. The following tables show the estimated movement in financial reserves over the period to 31st March 2023 assuming a £10 Band D Council Tax increase for 2020/21 and then 1.98% for future years.

Summary of Total Reserves

| Financial Reserves | Balance 31/3/19 | Move 2019/20 | Est Balance 31/3/20 | Move 2020/21 | Est Balance 31/3/21 | Move 2021/22 | Est Balance 31/3/22 | Move 2022/23 | Est Balance 31/3/23 |
|---------------------------|------------------------|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| General | 6,159 | 500 | 6,659 | - | 6,659 | - | 6,659 | - | 6,659 |
| Capital Grants Unapplied | 2,008 | 378 | 2,386 | 103 | 2,489 | -221 | 2,268 | -661 | 1,607 |
| Capital Contribut'ns | 54 | - | 54 | - | 54 | - | 54 | - | 54 |
| Capital Receipt | 11,716 | 4,220 | 15,936 | -2,435 | 13,501 | -5,839 | 7,662 | -7,662 | - |
| Earmarked | 4,459 | 1,000 | 5,459 | - | 5,459 | - | 5,459 | - | 5,459 |
| Total Reserves | 24,396 | 6,098 | 30,494 | -2,332 | 28,162 | -6,060 | 22,102 | -8,323 | 13,779 |

The expected use of reserves is as follows:

- £2,565m to fund capital expenditure in 2020/21
- £6,293m to fund capital expenditure in 2021/22
- £8,556m to fund capital expenditure in 2022/23

The above usage is to fund the draft capital programme and will be subject to regular review. This usage shows a significant reduction in reserves.

Key Risks

24. The following key risks with associated mitigating action and responsible persons are included within the medium term financial plan (see appendices 3 and 4 for more details):

- Revised allocation formula between Forces,
- An ageing estate portfolio putting increased pressure on facilities management budgets,
- Police officer capacity to respond to service demands,
- Flexibility to move police resources to areas of need,
- Demand continues to rise and change,
- Collaboration may require up-front costs of change,
- Uncertainty about partners' future budget plans,
- The impact of any move to multiyear pay awards,
- Uncertainty in relation to future pension costs,
- Adequate future funding of uplift.

Cost Control

Given the continual impact of austerity, cost control is more important than ever. External audit review Value for Money arrangements each year and give the PCVC and Chief Constable positive assurance in this regard. Internal audit also review financial controls and financial planning assumptions on a regular basis and their last report gave substantial assurance to the Chief Constable.

Specifically the following controls are in place:

- Monthly budget reviews are carried out in each Command.
- The Chief Finance Officer reviews the overall Force and PCVC budgets each quarter.
- Overtime is reviewed by the Force Executive and each Command monthly.
- Detailed outturn reports are produced quarterly.
- Experienced and qualified Finance staff work closely with the Commanders and Executive officers.
- The Deputy Chief Constable and Assistant Chief Officer chair the Strategic Resource Group which controls overall officer and staff numbers to ensure they remain in line with budget.
- Benchmarking is carried out regularly eg use of the VFM profiles and other external data.
- Commissioning Boards for both the PCVC and Chief Constable are in place to ensure planned changes in resources and grants are carefully considered.

Capital Budget 2020/21

Prudential Code (including Treasury Management)

25. Under the Prudential Code for Capital Expenditure, the PCVC is free to make borrowing decisions according to what is affordable. The proposed capital programme for new starts and carry forward in 2020/21 totals £7.925m of which part could be met with a contribution from Capital Receipts Unapplied. In order to reduce the impact on the 2020/21 budget, the Council Tax Requirement has been compiled on the assumption that capital receipts and a revenue contribution to capital will be used to finance the capital budget after taking account of capital grant. Technical recommendations relating to the Code are set out in Appendix 2.
26. The Prudential Code for Capital Finance in Local Authorities was introduced with effect from 1 April 2004. The key objectives of the Prudential Code are to ensure that within a clear framework the capital investment plans of the PCVC are affordable, prudent and sustainable.
27. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. Details of the requirements of the Code are included in Appendix 2 and the recommended limits are detailed below for consideration.
28. **It is recommended that the PCVC considers prudential borrowing and treasury management arrangements outlined in Appendix 2 and affirms them as the basis on which such business will be conducted in 2020/21 in order to facilitate the major capital programme outlined in the Medium Term Financial Plan.**

29. The 2019/20 capital programme is progressing. The revenue consequences of this programme have been taken into account in the 2020/21 budget and medium term financial plan. Certain projects are committed but not yet fully delivered and it is therefore necessary to allow a carry forward into 2020/21.
30. **It is recommended that the PCVC agrees the carry forward of underspends on the 2019/20 capital programme.**

Considerations under the Prudential Code

31. In considering the programme for capital investment, under the Prudential Code, the PCVC is required to have regard to the following matters:

- Affordability, e.g. implications for Council Tax. The prudential indicators have been set assuming a Council Tax increase of £10 in 2020/21 and 1.98% in subsequent years.
- Prudence and sustainability, e.g. implications for external borrowing. The implication for external borrowing of the PCVC's capital spending plans has been assessed as both prudent and sustainable in the long term.
- Value for money.
- Stewardship of assets.
- Service objectives, e.g. strategic planning for the PCVC and the Force. The PCVC has a medium term financial plan that is updated annually and that helps to ensure that both service and corporate objectives are taken account of as part of the budgetary process.
- Practicality, e.g. achievability of the forward plan. The current capital plan is deemed to be achievable.
- The 2020/21 capital programme is considered to be both realistic and achievable.
- The revised capital budget for the years 2019/20 and the proposed capital expenditure for 2020/21 to 2023/24 are detailed in the table below.

| | Outturn 2019/20 £'000 | Estimate 2020/21 £'000 | Estimate 2021/22 £'000 | Estimate 2022/23 £'000 | Estimate 2023/24 £'000 |
|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Expenditure | | | | | |
| Buildings: Major works | 740 | 1,835 | 6,107 | 7,968 | 0 |
| Buildings: Minor Works | 793 | 1,555 | 590 | 500 | 500 |
| Buildings carry forward from prior year | 0 | 340 | 0 | 0 | 0 |
| Vehicles | 1,539 | 1,350 | 1,600 | 1,600 | 1,300 |
| Vehicle carry forward from prior year | 0 | 0 | 0 | 0 | 0 |
| ICT | 2,775 | 1,395 | 2,680 | 1,375 | 1,940 |
| ICT carry forward from prior year | 0 | 1,400 | 0 | 0 | 0 |
| Equipment | 75 | 50 | 50 | 50 | 50 |
| Total | 5,922 | 7,925 | 11,027 | 11,493 | 3,790 |
| Funding | | | | | |
| Capital Grant | 0 | 0 | 0 | 794 | 1,548 |
| Special Grant | 129 | 30 | 354 | 0 | 0 |

| | | | | | |
|--------------------------------|--------------|--------------|---------------|---------------|--------------|
| Capital Receipts | 0 | 2,535 | 5,939 | 7,762 | 100 |
| Revenue Contribution | 5,793 | 5,360 | 4,734 | 2,937 | 0 |
| Strategic Reserve | 0 | 0 | 0 | 0 | 2,142 |
| Self-Financed Borrowing | 0 | 0 | 0 | 0 | 0 |
| Total | 5,922 | 7,925 | 11,027 | 11,493 | 3,790 |
| Capital Financing Costs | | | | | |
| Minimum Revenue Provision | 325 | 325 | 325 | 325 | 70 |
| Revenue Contribution | 5,793 | 5,360 | 4,734 | 2,937 | 0 |
| Contribution from Reserves | 0 | 0 | 0 | 0 | 2,142 |
| Interest Charges | 3 | 258 | 258 | 258 | 258 |
| Total | 6,121 | 5,943 | 5,317 | 3,520 | 2,470 |

Further work is underway to produce an Asset Strategy and ICT Strategy which will act as a guide for future investment.

Medium Term Financial Plan 2020/21 to 2023/24

32. The updated Medium Term Financial Plan is attached as Appendix 3.

33. Council Tax increases are assumed at £10 for 2020/21 and then 1.98% for 2021/22 and beyond.

34. The Local Government Provisional Finance Settlement provides details of formula grant levels for 2020/21. Settlement figures for 2021/22 onwards assume further increases to support the uplift in police officer numbers for two years.

Acknowledgement

The preparation of this budget for the PCVC has required a great deal of effort by many people. We would like to express our sincere thanks to the Chief Constable's staff and the PCVC Chief Finance Officer's staff for their invaluable support and assistance.

G Ridley

PCVC Chief Finance Officer

J Farrell

Chief Constable

Appendix 1: Risks and Implications

Finance

These are contained in the main body of the report.

Staffing

The budgetary implications for staffing are dealt within the MTFP.

Equality and Diversity

N/A

Accommodation

The capital budget has implications for the way in which accommodation will be delivered in the future.

Crime and Disorder

N/A

Human Rights

N/A

Children's Act 2004

N/A

Stakeholder/Community Engagement

A number of public consultation meetings were held to invite views on budget setting and the level of precept.

Environment

N/A

Collaboration

A full and developing programme of collaboration is in place to effectively manage austerity. The Constabulary Programme Boards will oversee VFM and productivity in relation to the delivery of the 2020/21 budget.

Value for Money and Productivity

N/A

Other risks

N/A

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PRUDENTIAL CODE

Background

1. The framework of the prudential capital finance system, which came into effect from 1st April 2004, is contained in the Local Government Act 2003. Under the Act, Government borrowing controls based on “credit approvals” were abolished with effect from 1st April 2004. The PCVC is now free to borrow and take out leases without Government consent, provided these commitments can be afforded. The Prudential Code is designed to guide the PCVC’s decision on what can be afforded. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 specifies the Prudential Code for Capital Finance in Local Authorities, issued by CIPFA, as the code of practice to which local authorities must have regard when setting and reviewing their affordable borrowing limit.
2. The key objectives of the Prudential Code are to ensure that within a clear framework the capital investment plans of the PCVC are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.
3. To demonstrate that the above objectives have been fulfilled the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Code does not include limits; these are for the PCVC to set.
4. Previously, credit approvals from Central Government set the limit of a local authority’s long-term borrowing and attracted Revenue Support Grant (RSG) towards the financing costs of loans (interest and repayment of principal). Under the current system, unless, exceptionally, a national limit is imposed, the PCVC is free to make his own borrowing decisions according to what can be afforded. Concerning borrowing up to 2010/11, Central Government support for borrowing through Formula Grant was given on the basis of a named amount of capital expenditure which borrowing will support. With effect from 2011/12 the Government determined that no new supported borrowing allocations would be made in the Spending Review period. Government support is now given in the form of capital grant only. The PCVC will take the totality of Central Government support into account in setting prudential limits.

Prudential Indicators

5. The capital expenditure estimates to be incurred for the current and future years are outlined below:

| | Estimate 2019/20 £'000 | Estimate 2020/21 £'000 | Estimate 2021/22 £'000 | Estimate 2022/23 £'000 | Estimate 2023/24 £'000 |
|-------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Expenditure | 5,922 | 7,925 | 11,027 | 11,493 | 3,790 |

6. Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

| Ratio of Financing Costs to Net Revenue Stream | Estimate 2019/20 | Estimate 2020/21 | Estimate 2021/22 | Estimate 2022/23 | Estimate 2023/24 |
|--|------------------|------------------|------------------|------------------|------------------|
| | % | % | % | % | % |
| | 4.97% | 4.46% | 3.82% | 2.46% | 1.71% |
| Financing Costs (£'000) | 6,121 | 5,943 | 5,317 | 3,520 | 2,470 |
| Net Revenue Stream (£'000) | 123,177 | 133,221 | 139,205 | 143,352 | 144,551 |

The indicator takes into account minimum revenue provision and any contributions from reserves. The net revenue stream is the amount raised from local taxation and non-specific grant income.

7. Estimates of the current and future years Capital Financing Requirement are:

| Capital Financing Requirement | Estimate 2019/20 | Estimate 2020/21 | Estimate 2021/22 | Estimate 2022/23 | Estimate 2023/24 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| | 13,373 | 13,048 | 12,724 | 12,399 | 12,329 |

The Capital Financing Requirement measures the underlying need to borrow for a capital purpose. The PCVC has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The PCVC's treasury management strategy and annual plan for 2020/21 is part of this Section (see paragraph 21 onwards).

The PCVC has at any point in time a number of cash flows both positive and negative, and manages the treasury position in terms of borrowings and investments in accordance with the approved treasury management strategy. In day-to-day cash management no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions and not simply those arising from capital spending. In contrast the Capital Financing Requirement reflects the PCVC's underlying need to borrow for a capital purpose.

8. CIPFA's Prudential Code for Capital Finance includes the following as a key indicator of prudence:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose the PCVC should ensure that gross external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

Minimum Revenue Provision (MRP) Statement

9. Previously local authorities were required to set aside some of their revenue as provision for repayment of debt. MRP was calculated each year subject to a minimum of 4% of capital financing requirement at the start of the year.
10. These rules have been replaced with a duty for an authority to provide for an amount of MRP which is considered to be "prudent". CLG has issued guidance on MRP. The regulations do not define "prudent provision".
11. The guidance explains that the broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably close to the time over which the capital expenditure will provide benefits. In the case of borrowing supported by Government through the Formula Grant system, it would be reasonable to link the period of making provision of the grant, which is 4% of the estimated supported capital expenditure and 4% equates to the repayment of debt over 25 years.
12. MRP should normally start in the financial year following the one in which the expenditure was incurred.
13. The Secretary of State recommends that a Statement of Methodology to be used by authorities be approved by the PCVC before the start of each financial year.
14. It is recommended when determining the minimum revenue provision:
 - a. **Option 2: CFR Method (MRP is equal to 4% of the non-housing capital finance requirement at the end of the preceding financial year) is used in relation to all capital expenditure before 1st April 2008, but only for capital expenditure financed by supported borrowing during 1st April 2008 to 31st March 2011.**
 - b. **Option 3: Asset Life Method (MRP is based on the life of the asset) is used for capital expenditure financed by unsupported borrowing after 1st April 2008.**

External Debt

15. In respect of external debt, it is recommended that the PCVC approves the following Authorised Limits for total external debt, gross of investments, for the next three financial years. These limits separately identify borrowing from other long-term liabilities such as finance leases. The limits are consistent with the capital financing requirement.

| Authorised Limits | Estimate 2019/20 £'m | Estimate 2020/21 £'m | Estimate 2021/22 £'m | Estimate 2022/23 £'m | Estimate 2023/24 £'m |
|-----------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing | 18.4 | 18.0 | 17.7 | 17.4 | 17.3 |
| Long term Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 18.4 | 18.0 | 17.7 | 17.4 | 17.3 |

16. The Authorised Limits are consistent with the PCVC's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with the approved Treasury Management policy statement and practices. They are based on the estimate of most likely, prudent but not worst-case scenario, with the addition of sufficient headroom over and above this to allow for operational management. An assessment of risk has been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements.

17. The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the PCVC Chief Finance Officer's estimate of the most likely prudent but not worst case scenario, without the additional headroom included within the Authorised Limit. The Operational Boundary represents a key management tool for in year monitoring by the PCVC Chief Finance Officer. Within the Operational Boundary, figures for borrowing and other long-term liabilities are separately identified.

| Operational Boundary for External Debt | Estimate 2019/20 £'m | Estimate 2020/21 £'m | Estimate 2021/22 £'m | Estimate 2022/23 £'m | Estimate 2023/24 £'m |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Borrowing | 13.4 | 13.0 | 12.7 | 12.4 | 12.3 |
| Long term Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 13.4 | 13.0 | 12.7 | 12.4 | 12.3 |

Council Tax

18. The Prudential Indicators have been calculated assuming a £10 increase in 2020/21 and 1.98% for 2021/22 and beyond.

19. The capital programme is funded by a mix of capital grants, contributions from earmarked reserves and borrowing under the prudential code.

20. The estimate of the incremental impact of this prudential borrowing, over and above capital investment decisions that have previously been taken by the Authority for Band D Council Tax, are:

| Incremental Impact on Band D Council Tax | Estimate 2019/20 | Estimate 2020/21 | Estimate 2021/22 |
|---|-------------------------|-------------------------|-------------------------|
| | % | % | % |
| | 0.00% | 0.00% | 0.00% |

Treasury Management

21. The CIPFA Code of Practice for Treasury Management in the Public Services makes the following key recommendations:

- (i) Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- (ii) Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities.
- (iii) They should acknowledge that the pursuit of best value in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

22. The PCVC has formally adopted the key recommendations of the CIPFA Code of Practice for Treasury Management in the Public Services and has created and maintains as the cornerstone for effective treasury management:

- a. A treasury management policy statement stating the policies and objectives of its treasury management activities
- b. Suitable treasury management practices (TMPs), setting out the manner in which the PCC will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

23. Reports will be presented to the PCVC on the treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in the TMPs. In implementing this strategy the PCVC will give priority to security and liquidity rather than yield. However the PCVC will aim to achieve the highest rate of interest consistent with proper levels of security and liquidity. In particular attention is drawn to the key objectives of the Investment Strategy which is firstly safeguarding the repayment of principal and interest of its investments on time and secondly ensuring adequate liquidity. The investment return is the third objective. The PCVC delegates responsibility for the execution and administration of its treasury management policies and practices to the PCVC Chief Finance Officer, who will act in accordance with the Policy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

Treasury Management Indicators

24. The PCVC has set an upper limit on its fixed interest rate exposures for 2019/20, 2020/21 and 2021/22 of 100% of its net outstanding principal sum.

25. The PCVC has further set an upper limit on its variable interest rate exposures for 2019/20, 2020/21 and 2021/22 of 30% of its net outstanding principal sums.

26. The PCVC's upper and lower limits for the maturity structure of its borrowings are as follows.

| Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate: | Upper Limit | Lower Limit |
|---|-------------|-------------|
| | % | % |
| Under 12 months | 50 | 0 |
| 12 months and within 24 months | 50 | 0 |
| 24 month and within 5 years | 50 | 0 |
| 5 years and within 10 years | 50 | 0 |
| 10 years and above | 100 | 0 |

27. The PCVC does not intend to invest sums for periods longer than 364 days. This is seen as prudent interest rate risk management.

28. It is recommended that the PCVC:

- a. Notes the prudential indicators,
- b. Approves the Minimum Revenue Provision (MRP) Statement in Appendix 2 (paragraphs 9 to 14) of this report,
- c. Determines an Authorised Limit of £18.0m and an Operational Boundary Limit of £13.0m for external debt in 2020/21.
- d. Reaffirms the adoption of the key recommendations of the CIPFA Code as detailed in paragraph 21 of this report.
- e. Sets an upper limit on the fixed interest rate exposures for 2019/20, 2020/21 and 2021/22 of 50% of the net outstanding principal sum.
- f. Sets an upper limit on the variable interest rate exposures for 2019/20, 2020/21 and 2021/22 of 30% of its net outstanding principal sums.

Treasury Management Policy Statement

1. The PCVC defines the treasury management activities as:

“The management of the organisation’s 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 PCVC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. The PCVC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives and is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Treasury Management Practices

1. **TMP1 – Treasury Risk Management**

1.1. *The PCVC Chief Finance Officer shall:*

- Design, implement and monitor all arrangements for the identification, management and control of the treasury management risks shown below;
- Report at least annually on the adequacy/suitability thereof; and
- Report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the PCVC's objectives in this respect, all in accordance with the procedures set out in **TMP6 Reporting requirements and management information arrangements**.

1.2. *Liquidity*

The PCVC will ensure adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable at all times to have the level of funds available which are necessary for the achievement of service objectives.

1.3. *Interest Rates*

The PCVC will manage exposure to fluctuations in interest rates with a view to containment of net interest costs, or securing interest revenues, in accordance with the amounts provided in the Revenue Estimates in accordance with **TMP6 Reporting requirement and management information arrangement**.

1.4. *Credit and Counterparties*

The PCVC regards a prime objective of the treasury management activities to be the security of the principal sums invested. A formal counterparty list will be maintained and the named organisations and limits will reflect a prudent attitude towards organisations with which funds may be deposited, and will limit the

PCVC's investment activities to the instruments, methods and techniques referred to in **TMP4** *Approved Instruments, methods and techniques*.

1.5. *Re-scheduling and Re-financing of Debt*

The PCVC will ensure that all borrowing, private financing and partnership arrangements will be negotiated, structured and documented, and the maturity profile of debt will be managed with a view to obtaining terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

Relationships with counterparties in these transactions will be managed 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.

1.6. *Legal and Regulatory*

The PCVC will ensure that all treasury management activities comply with its statutory powers and regulatory requirements. The PCVC will demonstrate such compliance, if required to do so, to all parties with whom he deals in such activities. In framing the credit and counterparty policy under **TMP1** *Treasury Risk Management*, the PCVC will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions effected with the organisation, particularly with regard to duty of care and fees charged.

The PCVC will seek to minimise the impact of future legislative or regulatory changes on treasury management activities so far as it is reasonably able to do so.

1.7. *Fraud, Error and Corruption, and Contingency Management*

The PCVC will seek to ensure that the circumstances which may expose the PCVC to the risk of loss through fraud, corruption or other eventualities in his treasury management dealings are identified. Accordingly, he will design and implement suitable systems and procedures and will maintain effective contingency management arrangements to counter such risks.

1.8. *Market Risk*

The PCVC will seek to ensure that stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums invested.

2. TMP2 - BEST VALUE AND PERFORMANCE MEASUREMENT

2.1. The PCVC will actively work to promote best value in treasury management activities. The treasury management function will be the subject of regular reviews to identify scope for improvement.

3. TMP3 - DECISION-MAKING AND ANALYSIS

- 3.1. The PCVC will maintain full records of treasury management decisions, and of the processes and practices applied in reaching those decisions to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account.

4. TMP4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

- 4.1. The PCVC will undertake treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy.

5. TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

- 5.1. The PCVC's treasury management activities will be properly structured in a clear and open fashion and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of treasury management activities for the reduction of the risk of fraud or error and for the pursuit of optimum performance.
- 5.2. The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 5.3. If and when the PCVC intends, as a result of lack of resources or other circumstances, to depart from these principles, the PCVC Chief Finance Officer will ensure that the reasons are properly reported in accordance with **TMP6 Reporting requirements and management information arrangements**, and the implications properly considered and evaluated.
- 5.4. The PCVC Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover.
- 5.5. The PCVC Chief Finance Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.
- 5.6. The PCVC Chief Finance Officer will fulfil all delegated responsibilities in respect of treasury management in accordance with the PCVC's Treasury Management Policy Statement, Treasury Management Practices and the CIPFA Standard of Professional Practice on Treasury Management.

6. TMP6 - REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1. Regular reports will be prepared for consideration by the PCVC on:

- The implementation of the treasury management policies;
- The effects of decisions taken and the transactions executed in pursuit of those policies;
- The implications of changes resulting from regulatory, economic, market or other factors affecting treasury management activities; and the performance of the treasury management function.

6.2. As a minimum, the PCVC will receive:

- An Annual Report on the strategy and plan to be pursued in the forthcoming year;
- A half yearly report providing an update on treasury management activities (PCVC borrowing and investments and a national economic forecasts);
- An Annual Report on the performance of the treasury management functions in the previous year and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and Treasury Management Practices.

7. TMP7 - BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1. The PCVC will account for treasury management activities in accordance with appropriate accounting practices and standards and with statutory and regulatory requirements.

7.2. The PCVC will ensure that his auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles and that such information and papers demonstrate compliance with external and internal policies and approved practices.

8. TMP8 - CASH AND CASH FLOW MANAGEMENT

8.1. All PCVC monies shall be aggregated for treasury management purposes and will be under the control of the PCVC Chief Finance Officer. Cash flow projections will be prepared on a regular and timely basis and the PCVC Chief Finance Officer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1.2** Liquidity.

9. TMP 9 - MONEY LAUNDERING

- 9.1. Procedures will be enforced for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this area is properly trained.

10. TMP 10 - STAFF TRAINING AND QUALIFICATIONS

- 10.1. The PCVC will seek to appoint individuals to the treasury management function who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The PCVC Chief Finance Officer will recommend and implement the necessary arrangements.

11. TMP 11 - USE OF EXTERNAL SERVICE PROVIDERS

- 11.1. When external service providers are employed by the PCVC, the PCVC Chief Finance Officer will ensure that this is done for reasons which have been submitted to a full evaluation of the costs and benefits. The terms of their appointment and the methods by which service providers' value will be assessed will be properly agreed and documented, and subjected to regular review.
- 11.2. Where feasible and necessary, a spread of service providers will be used to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, PCVC Procedural Rules and Financial Regulations plus legislative requirements will always be observed. The monitoring of such arrangements rests with the PCVC Chief Finance Officer.

12. TMP 12 - CORPORATE GOVERNANCE

- 12.1. The PCVC is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 12.2. The PCVC has adopted and implemented the key recommendations of the Code of Practice on Treasury Management in the Public Services. This, together with other arrangements that the PCVC Chief Finance Officer will put in place, is considered vital to the achievement of proper corporate governance in treasury management, and the PCVC Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Treasury Management Strategy 2020/21

In implementing this strategy, the PCVC will give priority to security and liquidity, rather than yield. However, the PCVC will aim to achieve the highest rate of interest consistent with the proper levels of security and liquidity. In order to achieve this, the strategy deals with the use of specified investments, non-specified investments and the liquidity of investments.

The strategy also covers the PCVC's approach to borrowing and the use of external managers.

1) Borrowing Strategy 2020/21

The uncertainty over future interest rates increases the risks associated with treasury activity. As a result, the PCVC will take a cautious approach to its treasury strategy.

Long-term fixed interest rates are at risk of being higher over the medium term, and short term rates are expected to rise, although more modestly. The PCVC Chief Finance 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.

Continuing to postpone borrowing and running down investment balances will also be considered. This would reduce counterparty risk and hedge against the expected fall in investments returns.

2) Investment Strategy 2020/21

a) Key Objectives

- i) The primary objectives of the PCVC's investment strategy are firstly safeguarding the repayment of the principal and interest of investments on time and secondly ensuring adequate liquidity. The investment return is the third objective. With the current economic background the current investment climate has one over-riding risk consideration; that of counterparty security risk.

b) Risk Benchmarking

- i) Yield benchmarks are currently widely used to assess investment performance.
- ii) These benchmarks are simple targets (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 depending on any changes. Any breach of the benchmarks will be reported, with supporting reasons in the Annual Report.

- iii) Security: The PCVC's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is 0.03% historic risk of default when compared to the whole portfolio (based on the credit rating of the institutions that the PCVC invests with; the length of time of the investments; and the historical rate of default of similar rated counterparties). This rate is provided by our treasury management advisors and the rate of 0.03 is considered extremely low risk.
- iv) Liquidity: In respect of this area, the PCVC seeks to maintain:
 - (1) Bank overdraft of £0.5m,
 - (2) Liquid short term deposits of at least £2.0m available with a week's notice,
 - (3) Weighted Average Life benchmark is expected to be 0.25 years (3 months), with a maximum of 0.5 years (6 months).
- v) Yield: Local measure of yield benchmarks is:
 - (1) Investments - Internal returns above the 7 day London Interbank Offered Rate (LIBOR) and as a guide the current rate of LIBOR is 0.68% (as at January 2020).

c) Investment Counterparty Selection Criteria

- i) The primary principle governing the PCVC's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the PCVC will ensure:
 - (1) Maintenance of a policy that covers both the categories of investment types to be invested in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
 - (2) Sufficient liquidity in investments and for this purpose will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the PCC's prudential indicators covering the maximum principal sums invested.
- ii) The PCVC Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to the PCVC for approval as necessary. These criteria are separate to those which choose Specified and Non-Specified investments, as they provide an overall pool of counterparties considered high quality that the PCVC may use, as opposed to defining what the investments are.
- iii) The rating criteria use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the PCVC'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 PCVC's criteria, the other does not, the institution will fall outside of 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.

- iv) 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 counterparty at the minimum PCVC criteria will be suspended from use, with all others being reviewed in light of market conditions.

d) Specified Investments

- i) Specified Investments are defined as those satisfying the following conditions:
 - (1) Denominated in sterling,
 - (2) To be repaid or redeemed within 12 months of the date on which the investment was made,
 - (3) Do not involve the acquisition of share capital or loan capital in a body corporate,
 - (4) Are made with the UK Government, local authorities, parish councils, community councils, or with a body or in an investment scheme which has been awarded a high credit rating by a credit agency.
- ii) The criteria for providing a pool of high quality investment counterparties are:

(1) Banks 1 - Good Credit Quality

The PCVC will only use banks which:

- (a) Are UK banks
- (b) And have, as a minimum, the following Fitch, Moody's and Standard & Poors credit ratings (where rated):
 - (i) Short Term: F1
 - (ii) Long Term: A-

(2) Banks 2 - Guaranteed Banks with suitable Sovereign Support

- (a) In addition, the PCVC will use banks whose ratings fall below the criteria specified above if all of the following conditions are met:
- (b) Part nationalised UK banks- Royal Bank of Scotland
- (c) These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.

(3) Banks 3 - The PCVC's own banker for transactional purposes if the bank falls below the above criteria although in this case balances will be minimised in both monetary size and time.

(4) Building Societies

(a) The PCVC will use all Societies which meet the ratings for banks outlined above.

(5) Money Market Funds: AAA

(6) UK Government (including gilts and the Debt Management Account Deposit Facility (DMADF))

(7) Other Local Authorities, Parish Councils etc.

e) Non - Specified Investments

i) Non-Specified investments are those not meeting the definition in the Specified Investments section above. It is proposed that during 2020/21, the PCVC will not invest in Non-Specified Investments, including those to be repaid or redeemed more than 12 months from the date on which the investment was made.

f) Use of additional information other than credit ratings

i) Additional requirements under the Code of Practice now require the PCVC 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.

g) Time and Monetary Limits applying to Investments

i) The time and monetary limits for institutions on the PCVC's Counterparty List are as follows:

| | Long term Rating) | Money Limit | Time Limit |
|------------------------------------|--------------------------|--------------------|-------------------|
| Banks 1 category high quality | AA | £5m | 1 year |
| Lloyds Bank | A | £7m | 1 year |
| Banks 1 category medium quality | A- | £5m | 6 months |
| Banks 2 category-part nationalised | N/A | £5m | 1 year |
| DMADF | AA+ | Unlimited | 6 months |
| Local Authorities | N/A | £5m | 1 year |
| Money market funds | AAA | £3m per fund | Liquid |

- ii) Due to the uncertainty in the financial markets it is recommended that the Investment Strategy is approved on a similar approach to previous years which will provide officers with the flexibility to deal with any unexpected occurrences. Officers will restrict the pool of available counterparties from these criteria to safer instruments and institutions. Currently this involves the use of the DMADF, AAA rated Money Market Funds and institutions with higher credit ratings than those outlined in the investment strategy or which are provided support from the Government. Investments are being maintained short term to also improve the security of investments.

h) Sensitivity to Interest Rate Movements

- i) 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.
- ii) The estimated impact of a 1% increase in interest rates to the estimated treasury management income for the PCVC in 2020/21 is an increase of £80,000. A decrease in interest rates is unlikely and any impact would not be material.

3) External Managers (Other than those relating to the Pension Fund)

- i) The PCVC may, upon the recommendations of the PCVC Chief Finance Officer, appoint one or more external managers to manage the short-term investment of surplus PCVC money. Any such managers appointed are to be bound by this Treasury Management Policy Statement.

**Durham Police & Crime Commissioner
Medium Term Financial Plan
2020/21 to 2023/24**

Introduction

The prevailing national financial climate has transformed the way in which we perceive the delivery of public services. The Policing Service now has an imperative to evidence value for money and deliver a consistently high level of services with shrinking financial resources. The austerity measures which have prevailed in recent years will continue to require the delivery of value for money and the bearing down on costs.

This plan demonstrates in financial terms how the Police Crime and Victims' Commissioner (PCVC) will strive to achieve his vision for policing in County Durham and Darlington. The plan provides an outline of the demands and consequential revenue resource requirements of the PCVC and Constabulary for the four financial years commencing 1st April 2020. The plan also details the proposed five year capital programme and the revenue consequences of that programme.

Durham Constabulary has embraced a corporate scorecard approach called "Plan on a Page". This strategic financial plan has been compiled in a way which reflects those strategic intentions and has been developed alongside the local Policing Plan.

The plan is owned by both the PCVC and Constabulary. Individual and collective responsibility is exercised over the management of performance and resources. Governance arrangements are in place to ensure that the PCVC holds the Constabulary to account through regular reporting of issues. Within the Constabulary, internal accountability meetings are regularly held to ensure objectives are met.

Purpose

The purpose of this financial planning document is to provide a basis for determining:

- The level of resources which are likely to be available in the future to deliver national and local priorities;
- The future demands upon the revenue budget;
- The impact of external factors;
- The financial implications of partnership working;
- The amount of capital investment which is required to achieve corporate objectives;
- The revenue consequences of such capital investment;
- The future reserve levels of the PCVC;
- The impact of additional demands on the level of council tax levied by the Police Crime and Victims' Commissioner;
- The main financial risks facing the PCVC and Constabulary.

Strategic Planning Principles

In constructing its financial plans the PCVC benefits from following the principles below:

- *Ensure that finance contributes to improved outcomes by ensuring finance follows priorities.*
- *To ensure overall financial stability.*
- *Set a comprehensive, timely, balanced and realistic budget;*
- *Take into account pay and price inflation, risk management, and achievability of savings targets;*
- *Follow its treasury management policy;*
- *Follow its reserves policy;*
- *Raise awareness of and communicate key financial messages both internally and externally;*

The medium term financial plan has been compiled following the established principles that have been adopted by the PCVC and within the following further conditions:

- *Budgets set will be affordable and not jeopardise the financial stability of the PCVC in either the short or long term;*
- *Precept increases will be kept to a minimum consistent with the provision of effective and efficient services;*
- *All spending plans will need to demonstrate that they can achieve value for money and support best value principles;*
- *Spending will be agreed only when the necessary funding is identified and approved;*
- *External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs to the PCVC;*
- *The PCVC's finances will be publicised to stakeholders in an open and transparent manner;*
- *Customers and citizens will be involved in the budget process.*

Key Strategic Areas & Objectives

The approach to strategic planning is now shaped by the prevailing drive to demonstrate value for money in a time of reducing resources. The Constabulary has created a strategy map (Plan on a Page) based on a balanced scorecard approach. This has enabled colleagues across the Constabulary to understand how their activities link with and support delivery of the key outcomes required that will help to achieve the PCVC and Constabulary's Vision.

The Vision:

“Durham Constabulary will deliver excellent policing inspiring confidence in victims and our communities by protecting neighbourhoods, tackling criminals and solving problems around the clock, proud to deliver value for money policing across County Durham and Darlington.”

There are two key objectives that Durham Constabulary are focussed on delivering for the citizens of County Durham & Darlington:

Inspire Confidence

Consistently deliver excellent levels of satisfaction

The strategy map is structured into four key areas which enable the Constabulary to identify:

- What we need to be best at (Core Deliverables),
- What we need to help us (Enabling Factors),
- The resources we need (Resources),
- Use the money effectively (Value for Money).

Each key area describes a number of strategic objectives that informs where the PCVC and Constabulary need to focus their attention and resources. The process collects each strategic objective and identifies key linkages ensuring alignment to the corporate vision. The strategic objectives supporting each key area are:

- What we need to be best at (Core Deliverables):
 - Protecting Neighbourhoods - 'Ensure proactive approaches, with partners, to identify & protect vulnerable people',
 - Tackling Criminals - 'To have fewer victims and reduce re-offending',
 - Solving Problems – 'Ensure consistent approaches, with partners, to prevent harm and deter people from becoming involved in crime',

- What we need to help us (Enabling Factors):
 - Effective Service Provision
 - Information Management,
 - Organisational Attitudes and Behaviours.

- The resources we need (Resources):
 - Our People – ‘People who are supported and have the capacity and capability to deliver’,
 - Our Stuff – ‘Have the right resources to help us do the job’.

- Use the money effectively (Value for Money):
 - Ensure a balance budget,
 - Be financially innovative,
 - Identify & consider collaborative opportunities which bring tangible benefits & realise efficiencies
 - Prepare for funding changes & austerity
 - Reduce overtime and other major overspends
 - Have a fully costed & funded capital plan with aligned capital investment,
 - Have a suitable medium term and long term financial plan with identified contingencies.

Revenue Expenditure

Financial Planning Assumptions

The key income planning assumptions have been driven by funding announced in the provisional government figures and have been collated on a table and explained in detail in the previous section on police service funding.

The key expenditure related planning assumptions are reflected in the attached table

| | Estimate 2020/21 | Estimate 2021/22 | Estimate 2022/23 | Estimate 2023/24 |
|---|---------------------|---------------------|---------------------|---------------------|
| Officer Pay Inflation (from September each year) | 2.5% | 2.5% | 2.5% | 2.5% |
| Officer Pension Contribution Increase | 0% | 0% | 0% | 0% |
| Staff Pay Inflation | 2.5% | 2.5% | 2.5% | 2.5% |
| Police Staff Pension Contribution Decrease (including lump sum payment) | 2% | 0% | 0% | 0% |
| Police Officer Vacancy Factor | 0% | 0% | 0% | 0% |
| Police Staff Vacancy Factor | 4.0% | 3.0% | 3.0% | 3.0% |
| Energy & Fuel Inflation | 1.5% | 1.5% | 1.5% | 1.5% |
| Other Non-Pay Inflation (except where contractually based) | 0% | 0% | 0% | 0% |
| Council Tax Increase Band D | £10 | 1.98% | 1.98% | 1.98% |
| Tax Base Growth | 1.0% | 1.0% | 1.0% | 1.0% |
| Other Income Inflation | 0% | 0% | 0% | 0% |

In relation to Government grant, assumptions for 2021/22 and 2022/23 are based on estimated uplift figures using standard capitation rates.

Work Force Planning

The following table shows expected workforce numbers at the end of each financial year.

| | Outturn 2019/20 | Estimate 2020/21 | Estimate 2021/22 | Estimate 2022/23 | Estimate 2023/24 |
|------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| Officers | 1,150.0 | 1,198.0 | 1,288.0 | 1,356.0 | 1,356.0 |
| PCSO's | 145.0 | 145.0 | 145.0 | 145.0 | 145.0 |
| Staff | 997.0 | 999.5 | 992.5 | 992.5 | 992.5 |
| Apprentices | 55.0 | 55.0 | 55.0 | 55.0 | 55.0 |
| PCVC | 16.8 | 16.8 | 16.8 | 16.8 | 16.8 |
| Total FTE | 2,363.8 | 2,414.3 | 2,497.3 | 2,565.3 | 2,565.3 |

These figures are kept under continuous review.

This table considers the impact of all the income and revenue assumptions and identifies the Budget 2020/21 for approval.

| Budget Heading | Estimate 2019/20 | Estimate 2020/21 | Estimate 2021/22 | Estimate 2022/23 | Estimate 2023/24 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Employees | 104,058 | 111,067 | 117,657 | 123,678 | 129,520 |
| Premises | 4,315 | 4,650 | 4,700 | 4,749 | 5,204 |
| Transport | 2,039 | 2,172 | 2,200 | 2,226 | 2,225 |
| Supplies and Services | 9,076 | 10,926 | 10,931 | 10,880 | 10,783 |
| Joint & Other Authorities | 2,081 | 2,086 | 2,238 | 2,240 | 2,136 |
| <u>less</u> | | | | | |
| Income | | | | | |
| Customer & Client Receipts | (2,216) | (4,084) | (4,472) | (4,589) | (3,964) |
| Collaboration income | (1,003) | (745) | (745) | (745) | (745) |
| Secondment Income | (494) | (401) | (249) | (256) | (263) |
| Interest | (75) | (125) | (125) | (125) | (125) |
| Special Grants | (585) | (582) | (582) | (582) | (582) |
| <u>plus</u> | | | | | |
| Contribution To/ From (-) Reserve | 0 | 0 | 0 | 0 | 0 |
| Capital Financing Costs | 3,733 | 5,943 | 5,317 | 3,520 | 328 |
| Police Constabulary Costs | 120,929 | 130,907 | 136,870 | 140,996 | 144,517 |
| Victims Commissioning Grant | (728) | (728) | (728) | (728) | (728) |
| PCVC commissioning | 1,555 | 1,555 | 1,555 | 1,555 | 1,555 |
| Community Safety Grant | 478 | 478 | 478 | 478 | 478 |
| PCVC Costs | 943 | 1,009 | 1,030 | 1,051 | 1,073 |
| Net Expenditure | 123,177 | 133,221 | 139,205 | 143,352 | 146,895 |
| Funded by | | | | | |
| DCLG Grant | (37,173) | (39,805) | (39,805) | (39,805) | (39,805) |
| Police Grant | (43,034) | (46,406) | (53,217) | (56,200) | (56,200) |
| Ring-fenced Grant | 0 | (1,896) | 0 | 0 | 0 |
| Council Tax Support Grant | (6,110) | (6,110) | (6,110) | (6,110) | (6,110) |
| Pension grant | (1,260) | (1,260) | (1,260) | (1,260) | (1,260) |
| Council Tax | (35,600) | (37,744) | (38,813) | (39,977) | (41,176) |
| Total Funding | (123,177) | (133,221) | (139,205) | (143,352) | (144,551) |
| (Surplus) / Deficit | - | - | - | - | 2,344 |

Comment:

- The latest HMIC Value for Money Profiles has been used to identify areas for potential efficiency savings.
- A detailed workforce plan has been produced which compliments this plan.

Scenario planning

The Home Office still have plans to review the funding formula allocation between Forces in future years. Our understanding, based on previous exemplifications published in 2015, is that Durham could potentially lose up to £10m per annum from the changes. A separate report will be produced which outlines how such a potential funding reduction would be financed.

Capital Expenditure

The enclosed capital summary sets out proposed expenditure for capital projects for 2019/20 to 2023/24 and the associated funding options. The PCVC received £0.507m in 2019/20 and expects to receive £0.133m in future years.

There are a number of options open to the PCVC to funding capital expenditure and these include capital receipts, use of reserves or revenue contributions to capital. The balance of funding would be generated from borrowing which would incur interest charges at prevailing market rates (unless the PCVC enters into specific term borrowing arrangements such as fixed interest rates over a fixed borrowing term).

The impact of capital receipts generated from the sale of land owned by the PCVC for development of commercial or housing purposes has been included in the funding.

Revenue Impact of the Capital Programme

The PCVC can determine to meet part of the capital requirement through applying capital receipts, making revenue contributions, applying reserves, and/or (under the provisions of the Prudential Code) borrowing.

The associated future capital financing charges as a result of this provisional programme have been determined based upon the expected lifespan of the asset, generally as follows: Motor Vehicles (4 years); ICT Systems (5 years); ANPR and other Equipment (10 years); Minor Building Work (20 years); Major New Buildings (40 or 60 years).

Grant is applied to those assets with the shortest lifespan. The capital receipts arising from the sale of the police headquarters' site have been used to partly fund the capital programme from 2016/17 onwards.

The following table contains a summary of capital expenditure by asset category.

| | Outturn 2019/20 £'000 | Estimate 2020/21 £'000 | Estimate 2021/22 £'000 | Estimate 2022/23 £'000 | Estimate 2023/24 £'000 |
|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Expenditure | | | | | |
| Buildings: Major works | 740 | 1,835 | 6,107 | 7,968 | 0 |
| Buildings: Minor Works | 793 | 1,555 | 590 | 500 | 500 |
| Buildings carry forward from prior year | 0 | 340 | 0 | 0 | 0 |
| Vehicles | 1,539 | 1,350 | 1,600 | 1,600 | 1,300 |
| Vehicle carry forward from prior year | 0 | 0 | 0 | 0 | 0 |
| ICT | 2,775 | 1,395 | 2,680 | 1,375 | 1,940 |
| ICT carry forward from prior year | 0 | 1,400 | 0 | 0 | 0 |
| Equipment | 75 | 50 | 50 | 50 | 50 |
| Total | 5,922 | 7,925 | 11,027 | 11,493 | 3,790 |
| Funding | | | | | |
| Capital Grant | 0 | 0 | 0 | 794 | 1,548 |
| Special Grant | 129 | 30 | 354 | 0 | 0 |
| Capital Receipts | 0 | 2,535 | 5,939 | 7,762 | 100 |
| Revenue Contribution | 5,793 | 5,360 | 4,734 | 2,937 | 0 |
| Strategic Reserve | 0 | 0 | 0 | 0 | 2,142 |
| Self-Financed Borrowing | 0 | 0 | 0 | 0 | 0 |
| Total | 5,922 | 7,925 | 11,027 | 11,493 | 3,790 |
| Capital Financing Costs | | | | | |
| Minimum Revenue Provision | 325 | 325 | 325 | 325 | 70 |
| Revenue Contribution | 5,793 | 5,360 | 4,734 | 2,937 | 0 |
| Contribution from Reserves | 0 | 0 | 0 | 0 | 2,142 |
| Interest Charges | 3 | 258 | 258 | 258 | 258 |
| Total | 6,121 | 5,943 | 5,317 | 3,520 | 2,470 |

The most significant capital expenditure is explained over the next few paragraphs and a table showing detailed planned expenditure between 2019/20 and 2023/24 is included at the bottom of this section.

Estates

The primary focus for the Estates programme will be outlined in the new Estates Strategy and will be subject to further consideration by the PCVC.

There will still be a regular buildings improvement and maintenance programme undertaken for the rest of the Estate.

Fleet

The fleet replacement programme is kept under constant review and it is planned to spend a relatively consistent figure each year on vehicles.

ICT

The new ICT Strategy will outline the capital schemes to be delivered over the period covered by the plan. A large proportion of the ICT expenditure in the capital

programme relates to mobile working. Another key scheme is the national requirement for all Forces to upgrade their emergency services communications.

The following table includes details of new capital expenditure by asset category.

Planned Capital Expenditure from 2020/21 to 2024/25

| | Outturn 2019/20 £'000 | Estimate 2020/21 £'000 | Estimate 2021/22 £'000 | Estimate 2022/23 £'000 | Estimate 2023/24 £'000 |
|--|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Expenditure | | | | | |
| Property capital carry forward from prior year | | 340 | | | |
| Major Works Projects | 740 | 1,835 | 6,107 | 7,968 | 0 |
| Minor Works Projects | 793 | 1,555 | 590 | 500 | 500 |
| Estates total | 1,533 | 3,730 | 6,697 | 8,468 | 500 |
| Motor Vehicles | 1,539 | 1,350 | 1,600 | 1,600 | 1,300 |
| ICT Capital carry forward from prior year | | 1,400 | | | |
| National Requirements | 211 | 45 | 1,800 | 0 | 0 |
| Infrastructure Technology Refresh | 449 | 455 | 800 | 825 | 985 |
| Digital Evidence | 488 | 0 | 0 | 0 | 150 |
| Mobile Working | 728 | 0 | 0 | 325 | 325 |
| Client devices | 210 | 695 | 0 | 25 | 450 |
| Business Applications | 689 | 200 | 80 | 200 | 30 |
| ICT total | 2,775 | 2,795 | 2,680 | 1,375 | 1,940 |
| Equipment | 75 | 50 | 50 | 50 | 50 |
| Grand Total | 5,922 | 7,925 | 11,027 | 11,493 | 3,790 |

Key Risks

The following are the key risks contained within the plan

| Risk | Mitigating Action | Person Responsible |
|--|---|---|
| Loss of funding due to reallocation between Forces | <ul style="list-style-type: none"> Workforce planning to reduce officer/staff numbers Cost reduction plans to be developed and implemented Maximise precept income | <ul style="list-style-type: none"> PCVC Chief Finance Officer |
| An ageing estate portfolio putting increased pressure on facilities management budgets | <ul style="list-style-type: none"> Agree and deliver capital programme time Effective project planning | <ul style="list-style-type: none"> PCVC Chief Finance Officer / PCVC |
| Police officer capacity to respond to service demands | <ul style="list-style-type: none"> Allocating resource to priority activities | <ul style="list-style-type: none"> Commanders/Exec |

| Risk | Mitigating Action | Person Responsible |
|---|--|--|
| | <ul style="list-style-type: none"> • Deliver agreed training programme. • Productivity measurement and management • Strategic Assessment agreed and implemented | |
| Flexibility to move police resources to areas of need | <ul style="list-style-type: none"> • Plan on a page promulgated across the organisation • Regular Force threat and risk meetings • Update workforce plan • Targeted reviews to be carried out | <ul style="list-style-type: none"> • Force Executive / Tasking & Coordination |
| Demand continues to rise | <ul style="list-style-type: none"> • Introduction of new Strategic Demand Management Command • On-going crime prevention/detection and problem solving initiatives. • Productivity measurement and management • Deliver agreed training programme • New shift pattern introduced for officers and PCSOs | <ul style="list-style-type: none"> • Heads of Commands |
| Collaboration may require up-front costs of change | <ul style="list-style-type: none"> • Identify 'invest to save' budget/reserve | <ul style="list-style-type: none"> • PCVC Chief Finance Officer/Exec/PCVC |
| Move to multiyear pay award | <ul style="list-style-type: none"> • Include in planning assumption • Calculate cashflow loss | <ul style="list-style-type: none"> • PCVC/CC Chief Finance Officer |
| Uncertainty in relation to future pension costs | <ul style="list-style-type: none"> • Police officers, request grant funding (national issue) • Staff, identify corresponding savings | <ul style="list-style-type: none"> • PCVC/CC Chief Finance Officer |

| Risk | Mitigating Action | Person Responsible |
|-----------------------------------|--|---|
| Adequate future funding of uplift | <ul style="list-style-type: none"> • Ensure influence, where possible, of national financial position | <ul style="list-style-type: none"> • PCVC/CC Chief Finance Officer |

Monitoring and Review

This financial plan will be subject to continuous review and forms part of the overall planning processes within the PCVC and Constabulary. This will ensure that an accurate future financial forecast is maintained to give an indication as to the affordability of spending plans which in turn will be fed into the corporate planning process.

The content of this plan will be kept under review as part of normal medium term financial planning procedures.

Purpose of Report

1. The purpose of this report is to provide the Police Crime and Victims' Commissioner (PCVC) with reassurance and confidence in the accuracy and quality of the financial estimates for the years 2019/20 to 2023/24, and more importantly the budget for the coming financial year 2020/21.
2. The robustness of the financial estimates considers important factors such as risks facing the PCVC and the adequacy of financial reserves to enable the PCVC to have flexibility in dealing with any unplanned events that may have a significant financial consequence during the course of the budget year 2020/21.

Background

3. Police Crime and Victims' Commissioner and local authorities decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services.
4. The decision on the level of the council tax must be taken before the coming financial year begins and that level cannot be changed during the year, so allowances for risks and uncertainties that may create an increase in service costs or a loss of income must be made by:
 - a. Making realistic and prudent allowances in the financial estimates for the policing services provided, and also,
 - b. Ensuring that there are adequate reserves in place that can be drawn on to help manage the impact of any incident or eventuality that causes the PCVC to exceed the budget estimates in 2020/21 for the delivery of policing services to the community of County Durham and Darlington.
5. Section 25 of the Local Government Act 2003 requires that the PCVC's Chief Financial Officer reports to the PCVC when considering the budget and council tax on the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that the PCVC will have authoritative advice available to him prior to making the budget setting decisions.
6. Section 25 also requires the PCVC to consider this report when making decisions about the budget.

Critical Role of Risk Management

7. There is considerable (continuous) attention given to the risks facing the delivery of policing services in County Durham and Darlington. Each of the risks identified by the Force is allocated to and formally assessed by a strategic programme board.
8. When each board meets the risk registers are modified to reflect new risks, or to reflect the best available information and the impact of mitigating actions. The list of risks below have already been identified and considered by the appropriate board.

9. In setting the budget the risks facing the PCVC are influenced by the uncertainties of the economic environment and the level of expenditure reductions in the Policing Service and the wider public sector, all of which present difficulties in delivering a balanced budget. The key risks have been identified in the Budget report.
10. The Annual Governance Statement gives assurance in relation to the organisation's arrangements for the management of risk and ensuring proper arrangements are in place for governing its affairs and looking after the resources at its disposal.

Robustness of Estimates

11. The budget process has involved the senior leadership teams in each Command, who have considered and evaluated a variety of service delivery options that balance the twin needs of maintaining service delivery and balancing the budget.
12. These options, identifying areas where savings can be made to provide the resources to fund the unavoidable service pressures, have been reported to the PCVC and his Executive, which includes the Chief Constable and the PCVC's Chief Financial Officer.
13. The key income and expenditure related planning assumptions are reflected in the attached table

| | Estimate 2020/21 | Estimate 2021/22 | Estimate 2022/23 | Estimate 2023/24 |
|---|---------------------|---------------------|---------------------|---------------------|
| Officer Pay Inflation (from September each year) | 2.5% | 2.5% | 2.5% | 2.5% |
| Officer Pension Contribution Increase | 0% | 0% | 0% | 0% |
| Staff Pay Inflation | 2.5% | 2.5% | 2.5% | 2.5% |
| Police Staff Pension Contribution Decrease (including lump sum) | 2% | 0% | 0% | 0% |
| Police Officer Vacancy Factor | 0% | 0% | 0% | 0% |
| Police Staff Vacancy Factor | 4.0% | 3.0% | 3.0% | 3.0% |
| Energy & Fuel Inflation | 1.5% | 1.5% | 1.5% | 1.5% |
| Other Non-Pay Inflation (except where contractually based) | 0% | 0% | 0% | 0% |
| Council Tax Increase Band D | £10 | 1.98% | 1.98% | 1.98% |
| Tax Base Growth | 1.0% | 1.0% | 1.0% | 1.0% |
| Other Income Inflation | 0% | 0% | 0% | 0% |

In relation to Government grant, assumptions for 2021/22 and 2022/23 are based on estimated uplift figures using standard capitation rates.

14. In relation to the robustness of the above table, the following should be noted:
 - Pay inflation. A pay increase of 2.5% has been budgeted. All police officer posts are budgeted for, therefore the police office pay budget should not be overspent given that the force maintains a separate budget to fund medical retirements.

In respect of police staff pay, a small vacancy factor is built in to the pay budget to reflect anticipated leavers during the year. In recent years neither the police officer pay budget nor police staff pay budget have been overspent.

- Pension increases. The McCloud/Sargeant claims, relating to the career average pension schemes, will lead to changes in the Police Pension scheme. These are currently being assessed, and so in the face of this uncertainty, the police pension rate has remained at 31% as advised nationally. This will also impact the staff pension and the actuaries have included a provision for this in the revised pension contribution rate.
- Energy and Fuel. The increases are based on the latest guidance available.
- Other non-pay Inflation. The 0% increase is a general provision. Whilst some budgets are reducing in price as a result of improved procurement and reduced demand it is equally valid to state that some budgets are under constant cost pressure. In recent years, supplies and services budgets have been underspent within the force.
- Council Tax. This will be subject to the maximum permitted limit by Central Government.
- Tax Base Growth. This has been based on recent growth rates.
- Other Income Inflation. In recent years income budgets have been over-achieved therefore the budget estimates are considered reasonable.
- Officer numbers are increased based on the uplift projections. Staff roles have also increased to support the additional officers.

15. Given the uncertainty about the future resources available to the PCVC at the time of preparing this report, the estimates beyond 2020/21 are at present set out with the best available information at the time of this report. There have as yet been no indications of future years funding allocation by the Home Office.

Adequacy of Reserves

16. The CIPFA Local Authority Accounting Panel (LAAP) has issued a guidance note on Local Authority Reserves and balances (LAAP Bulletin 77) to assist local authorities in determining the adequacy of reserves. This guidance is not statutory, but compliance is seen as best practice.

17. The guidance however, states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of the budget. Each Police and Crime Commissioner and local authority should take advice from its Chief Financial Officer and base its judgement on local circumstances.

18. The current policy statement on the level of reserves includes the following:

- a. The PCVC will set aside sufficient sums in earmarked reserves as considered prudent to do so. The PCVC Chief Finance Officer will be authorised to establish such reserves as are required, will review them for both adequacy and purpose, and report on a regular basis to the Police Crime and Victims' Commissioner.*
- b. The PCVC will aim to maintain, broadly, general reserves of between 4% and 5% of the revenue estimates currently £5.329m and £6.661m respectively (based on 2020/21 revenue funding of £133.221m) subject*

to an annual review by the PCVC Chief Finance Officer as part of the budget process.

19. Earmarked reserves have been established as a means of building up funds to meet known or predicted requirements. The level of earmarked reserves will be in the region of £5.459m at the end of March 2020.
20. The General Reserve has been set just below 5% of the revenue funding for 2020/21 and will be £6.659m at the end of March 2020.
21. The reserves are set at a level to accommodate any significant financial impact on capital or revenue expenditure in 2020/21.
22. The PCVC's approach to the management of risks alongside the PCVC's financial management arrangements suggest that the level of resources identified in the Annual Budget 2020/21 is sufficient to provide reassurance and confidence in the delivery of policing services to County Durham and Darlington.

Recommendation

23. **It is recommended that the PCVC acknowledges that the strength of the risk management processes, the adequacy of reserves and the robustness of the financial estimates give sufficient reassurance and confidence to enable him to approve the Annual Budget and the level of Council Tax for 2020/21.**

Police and Crime Panel

6 February 2020

Transforming Probation

**Report of the Office of the Police, Crime and Victims'
Commissioner**



Purpose of report

1. To give a presentation to the Panel about changes to the probation services.

Background

2. The presentation covers changes to the structure of probation services in the UK, and implications for the Police, Crime and Victims' Commissioner.
3. The presentation will be delivered by Jeanne Trotter, Acting Head of Policy for the Office of the Police, Crime and Victims' Commissioner. .

Recommendations

4. The Panel is asked to comment on the presentation.

Steve White

Acting Police, Crime and Victims' Commissioner

Appendix 1: Risks and Implications

Finance:

N/A

Staffing:

N/A

Equality and Diversity:

N/A

Accommodation:

N/A

Crime and Disorder:

N/A

Children's Act 2004:

N/A

Stakeholder/Community Engagement:

N/A

Environment:

N/A

Collaboration and Partnerships:

N/A

Value for Money and Productivity:

N/A

Potential Impact on Police Crime, and Victims' Plan Priorities:**Commissioning:**

N/A

Other risks:

N/A

| | |
|-------------------------|--|
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Transforming Probation

Police and Crime panel



What we will do to transition, stabilise and transform the system:



Design a new operating model



Establish a Dynamic Framework for partners to provide specialist services



Safely transition Offender Management into the NPS



Rationalise and modernise the Probation Service estate



Reorganise the NPS into 12 regions across England and Wales



Transform our digital infrastructure better to support practitioners

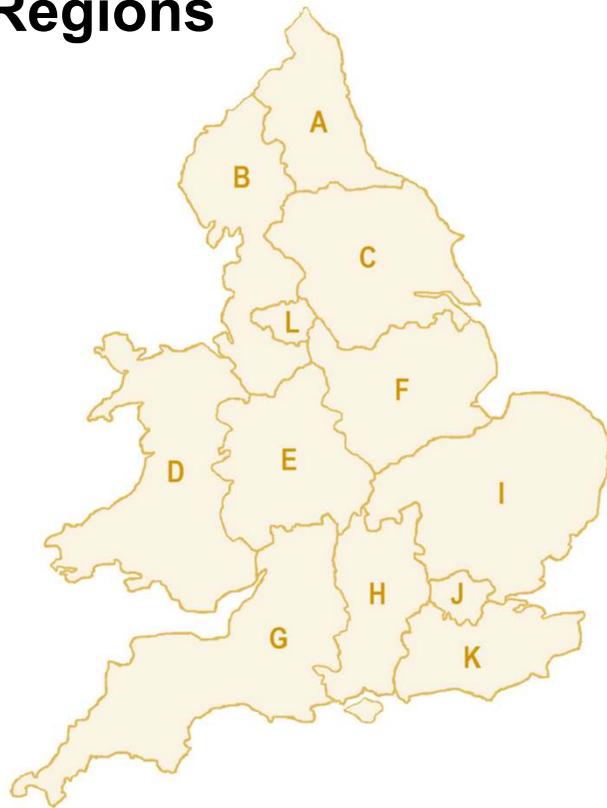


Appoint new Probation Delivery Partners



Work with the Professional Recognition Programme to develop our people

New Regions



| | Region | PCCs | LAs |
|---|------------------------|------|-----|
| A | North East | 3 | 12 |
| B | North West | 4 | 29 |
| C | Yorkshire & Humberside | 4 | 21 |
| D | Wales | 4 | 22 |
| E | West Midlands | 4 | 30 |
| F | East Midlands | 4 | 33 |
| G | South West | 5 | 30 |
| H | South Central | 2 | 30 |
| I | East of England | 7 | 52 |
| J | London | 1 | 33 |
| K | Kent, Surrey & Sussex | 3 | 37 |
| L | Greater Manchester | 1 | 10 |



Links with OPCVC

National PCC Working Group, Areas of focus

- Strategic joint-working between probation and PCCs
- Local partnership-working
- Co-commissioning
- Transparency
- Data-sharing

Key roles, responsibilities and principles

Arrangements between OPCCs and Probation should:

- be flexible to different local and regional needs
- seek to use or evolve existing partnership structures at a local or regional level.
- be integrated into the wider partnership-working environment.
- enable a wider focus on pathways to reduce reoffending.
- facilitate a link between the local, regional and national.
- enable identification of shared issues and priorities.
- create opportunities to explore co-commissioning.
- not duplicate existing structures.



Questions

Police and Crime Panel

6th February 2020

PCVC Decision Records



Report of the Acting Police, Crime and Victims' Commissioner

Purpose

1. To update Panel Members on the Police, Crime and Victims' Commissioner's decision register for 2020, and address the forward plan.

Background

Decision Making Process

2. Key decisions are made at an Executive Board comprising the PCVC, the PCVC's Chief Executive, the Chief Constable and the Joint Chief Finance Officer. Other officers of the PCVC or the Chief Constable will attend as and when required. On occasion it is necessary to take decisions outside of this process for reasons of expediency, but all relevant parties are consulted and informed.
3. All key decisions are supported by a report setting out the decision required, all relevant factors to be considered, the outcome of any consultation undertaken and the risks and implications of the course of action being recommended.
4. An online record is maintained of all key decisions taken by the OPCVC. This includes a link to any documents which are disclosable under FOI. This record includes decisions taken by the PCC or any person to whom delegated powers have been granted.
5. The PCVC will consider holding public meetings when this will provide a means of consultation on decisions (i.e. precept consultation) where there is a clear interest in actively seeking views of the community.
6. The PCVC may choose to delegate powers to any deputy appointed, his statutory officers or a senior member of police staff.
7. A record is kept of all decisions made under delegated powers detailing the factors taken into consideration, including any consultation carried out.
8. Decisions to be made by the PCVC will relate in the main to his statutory functions and financial responsibilities. A Forward Plan for key decisions to be taken over a 3 month period will be published on the PCVC's website.
9. Generally Key decisions are likely to include:
 - The preparation, drafting and issuing of the Police and Crime Plan
 - Issuing the precept

- Adopting a Medium Term Financial Plan
- Commissioning of Services
- Preparation and issue of the Annual Report
- Any decision which is considered to be of significant public interest or impact either generally or on a particular locality
- Any decision which will incur revenue expenditure in excess of £100,000
- Any decision which will incur capital expenditure in excess of £100,000
- The approval of or adoption of strategies/policies
- Key procurement decisions
- Significant changes to the police estate
- Allocation of grants

10. Details of the Police Crime and Victims' Commissioner's Decision Register 2020 can be found in Appendix 2.

Recommendation

11. That Panel Members note the contents of the report and ask any questions.

Jon Carling
Acting Chief Executive

Appendix 1: Risks and Implications

Finance

All decisions with financial implications are made with value for money as a key consideration, and are affordable within budgets.

Staffing

n/a

Equality and Diversity

n/a

Accommodation

n/a

Crime and Disorder

n/a

Children's Act 2004

n/a

Stakeholder/Community Engagement

Consultation with key stakeholders is carried out as appropriate to each decision.

Environment

n/a

Collaboration and Partnerships

Consultation with key partners is carried out as appropriate to each decision.

Value for Money and Productivity

n/a

Potential Impact on Police and Crime Plan Priorities

Decisions will impact directly or indirectly on the pursuit of Police and Crime Plan priorities.

Commissioning

Several decisions relate to commissioning of services.

Other risks

n/a

| | |
|-------------------------|--|
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Key Decisions

(Links to more detailed reports are available on the website)

| Decision Number | Decision Taker | Details |
|-----------------|----------------|--|
| 001/2020 | PCVC | The Commissioners for Durham, Cleveland and North Yorkshire have, upon the advice and recommendation of the Chief Constables for their respective policing areas, agreed to bring formal collaboration in respect of Police Dog support to a close. |
| 002/2020 | PCVC | Police Complaints Reform, PCVC responsibilities under the new Legislative Framework (Policing and Crime Act 2017). The Acting PCVC has decided to adopt Model 1 which is the mandatory requirement of PCCs that is specified by the Act. Under this model, the PCVC will act as the Review/Appeals Body, with Durham Constabulary retaining all other investigatory functions and complainant contact until resolution of the complaint. |
| 003/2020 | PCVC | The Acting PCVC agreed at Executive Board on 9 th January 2020 for the OPCVC to take ownership of the Strategic Steering Group looking at Legitimacy and Scrutiny. |
| 004/2020 | PCVC | The Acting PCVC agreed at Executive Board on 9 th January 2020 to the purchase of Airwave equipment at a cost of approximately £691,000. |

Forward Plan

- Commissioning and Grant Funding for 2020/21
- Precept Consultation 2020/21
- Joint Independent Audit Committee Meetings

Police and Crime Panel

6th February 2020

HMICFRS- Overview of 2020 and updates on current items

Report of Police, Crime and Victims' Commissioner



Purpose of report

1. To brief the Police and Crime Panel on the HMICFRS inspection landscape for 2020 and the recent County Lines and Child Protection inspections.

Summary and findings

2. This inspection schedule will renew at the start of the next financial year.
3. The inspection into Child Protection is part of an ongoing rolling national inspection programme on the topic.
4. The inspection into County Lines did not highlight any notable force specific recommendations.

Child Protection

The Child Protection inspection is part of a rolling programme of inspections on the topic. The Constabulary are currently awaiting the report's release, expected over the next quarter and Durham Constabulary will take the recommendations seriously. A report to the Panel will follow once the HMICFRS inspection report has been released.

County Lines

The inspection into County Lines was published by HMICFRS on the 10th of January 2020. The PCVC will write a letter of response to the Home Secretary, in order to fulfil responsibilities with regard to Section 55 of the Police Act 1996.

This report was carried out at a national level, and did not involve direct inspection of Durham. There are no direct recommendations in relation to the force other than generic citations expressing a need for better inter-force working on county lines issues. As always Durham Constabulary have taken the national recommendations seriously and will take them into consideration and proceed accordingly.

Known inspection schedule 2020

Some elements of planned thematic inspections for 2019/20 may be integrated into the PEEL all-force inspection programme; some may also be included in the Criminal Justice Joint Inspection Plan. It is important to note that thematic inspections are still an essential part of our programme of work and will continue to take place alongside the PEEL inspections.

Specific to the 2019/20 programme:

- senior leadership selection and development,
- counter-terrorism
- older people in the criminal justice system
- cyber-crime

HMICFRS will also continue their rolling programmes on child protection, Youth Offending Teams and crime data integrity. Crime data integrity inspections assess whether police forces record and categorise crimes correctly. This current programme of inspection is due to finish this financial year. Additionally, HMICFRS started thematic work on county line5 and TACT (Terrorism Act custody suites) in 2018/19.

The force are expecting an integrated PEEL assessment in 2020, however this has not been confirmed.

The force are currently authoring the Force Management Statement 3, which will simplify, strengthen and streamline the information that forces are asked to provide to HMICFRS.

There will be a series of yet unknown inspections that will also take place over the course of 2020, and the above list will be refreshed after the end of the financial year.

In 2019 there were three Durham Constabulary specific inspections by HMICFRS:

1. Integrated PEEL assessment
2. Joint Inspection of Custody
3. Child protection (awaiting report)

Recommendation

5. That the Panel notes the content of the report.

| | |
|-------------------------|--|
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Appendix 1: Risks and Implications

Finance

None

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Children's Act 2004

None

Stakeholder/Community Engagement

None

Environment

None

Collaboration and Partnerships

None

Value for Money and Productivity

None

Potential Impact on Police and Crime Plan Priorities

None

Commissioning

None

Other risks

None

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