# **POLICE & CRIME COMMISSIONER FOR THAMES VALLEY**

**MINUTES OF THE LEVEL 1 MEETING HELD IN THE CONFERENCE ROOM, POLICE HEADQUARTERS, KIDLINGTON, OXON**

**22 JANUARY 2019 COMMENCING AT 10.30AM AND CONCLUDING AT 12.20PM**

Present:

A Stansfeld (Chair and Police & Crime Commissioner) (OPCC)

Chief Officers present:

F Habgood (Chief Constable) (TVP)

J Campbell (Deputy Chief Constable) (TVP)

M Barber (Deputy Police & Crime Commissioner) (OPCC)

P Hammond (Chief Executive) (OPCC)

L Waters (Director of Finance) (TVP)

I Thompson (Chief Finance Officer & Deputy Chief Executive) (OPCC)

M Chappell (Head of Comms) (TVP)

P Smith (Property Service, Strategy Manager)

Present:

C Roberts (Executive Assistant to the PCC/DPCC) - Minutes (OPCC)

C Heinrich (Communications & Engagement Manager) (OPCC)

S Stokes (Communications & Engagement Officer) (OPCC)

Others Present:

K Ahmed (Observer/Scrutiny Officer, Police & Crime Panel)

Michael Race (BBC Oxford)

Tom Williams (Oxford Mail)

Mel Bloor (ITV Meridian)

Mark Emery (ITV Meridian Cameraman)

Apologies:

Christine Kirby

**APOLOGIES**

The Chair welcomed all to the meeting and noted the apologies. The Police & Crime Commissioner (PCC) indicated that Agenda item 2, the draft Minutes of the CIEP meeting would not be covered today as this was still in draft form but would be dealt with at the next Level 1 meeting in March.

**34. MINUTES OF THE LAST MEETING HELD ON 26 NOVEMBER 2018**

The PCC went through the minutes and actions of the Level 1 meeting held on 26 November 2018.

Action 21: A meeting was now fixed to take place between Paul Hammond (PH), Gary Evans (GE) and DCC John Campbell (DCC Campbell) in Q4 on 11 March 2019 to discuss an approach to responding to published recommendations on the HMICFRS Reports.

Action 23: The PCC confirmed the consultancy costs in relation to Reading Police Station had been received by him on the 21 January 2019.

Action 28: Ian Thompson (IT) confirmed that he would provide an update as to the Council Tax figures from Reading Council and Slough Council later on in today’s meeting.

Action 30: (IT) would update the PCC on Reserves, Balances and Provisions when presenting Agenda item 12.

The Minutes were **CONFIRMED** as a true record and **ENDORSED** by the PCC.

**35. DRAFT MINUTES OF THE CIEP MEETING DATED 12 DECEMBER 2018**

The draft Minutes of the CIEP meeting held on 12 December 2018 would be covered in the next Level 1 meeting on 26 March 2019 once they had been approved.

**36. REVENUE MONITORING REPORT 2018/19**

At the end of December 2018 the overall 2018/19 revenue budget was £0.379m underspent against profile and, the year-end position was predicted to be a net overspend of £0.083m.

Linda Waters (LW) highlighted to the PCC that the Force had started the year with 3,770 FTE which was 108 officers below the approved establishment although but there was now only a shortfall of 59 officers and would be back on target within the next financial year. The Force had planned for the extra demand of police shortages and anticipated the PCC’s approval to recruit 90 case investigators.

For police overtime, the budget was currently overspent by £0.939m which reflected the Force’s decision to utilise overtime to help with the shortage of police officers, compounded by the rising demand. The forecast overspend was £1.2m which was fully funded by the underspend on police pay. The Force PCSO target strength was 418 FTEs which consisted of 392 grant/TVP funded posts and 26 joint partnership funded posts. The Force currently had 28 joint partnership posts which were occupied. The current strength was 374 FTE, which was 44 below establishment.

At the end of December 2018 the police staff strength was 2,918 FTEs which included agency and case investigators. The year-end establishment target was 3,011 FTEs which comprised the combined Force operational establishment and OPCC of 2,701 FTEs with a total current strength of 2,642 FTE. This also included the regional collaborative service units which had an establishment of 310 FTEs and a current strength of 276 FTEs. This was slightly lower than predicted but this was where next year’s plan comes in if the Force can keep case investigators until the police numbers had increased in certain areas.

The Force had decided to bring the Custody provision in-house from April 2019 with an extra £0.5m included in the current year’s budget to mitigate the risks in relation to service provision but at this stage, it was not expected to be fully required, hence an underspend of £0.35m was forecasted.

Chief Constable Habgood (CC Habgood) highlighted that Thames Valley Police (TVP) had the highest turnover rate in the country for loss of officers who were now either taking retirement after 30 years’ service or approximately 100 transfers out to other forces, some of which were going to the MET but TVP were losing officers to other forces due to resignations and some officers going back to their roots but it was also the cost of living in the Thames Valley area which also had a key part to play. TVP do attract people into the Force and (CC Habgood) could provide the numbers to the PCC should this be required. The PCC noted that this was a great loss for TVP. CC Habgood noted that TVP had removed the A-Level qualification for internal applicants to join the Force and there would be a change in the future for entry programmes and Apprenticeships. PCSOs needed to have a ‘Certificate of Knowledge of Policing’ and the Force were looking at funding the cost of this certificate. This would be a challenge for TVP for any PCSOs but it was noted that PCSOs do have a lot of experience in their field.

The PCC **NOTED** and **APPROVED** the contents of the Revenue Monitoring Report.

**37. CAPITAL MONITORING REPORT 2018/19**

The Monitoring of the Annual Capital Budget for 2018/19 was the third report for this financial year which included spend and known commitments up to the end of December 2018. This report was to be read in conjunction with the Medium Term Capital Plan (MTCP) report.

In July, the PCC approved the updated MTCP budget for 2018/19 at £37.673m. which was subsequently uplifted to £41.673m to include support for the CMP project. To date, including annual provisions, a revised active budget of £27.777m was being drawn upon for progressing schemes. It was noted that £23.7m had already been committed and that the report highlighted an overspend of £1.2m. There have been many changes since the last report but matters had been relatively quiet over the last few months.

The report identified initial budget re-phasing of £8.642m into later years which is reflected in the draft MTCP. It should be recognised that the re-phasing would likely change further over the coming months before the close of the year.

The original contractors employed to carry out the refurbishment project for Milton Keynes police Station entered administration in November 2018 and their contract was terminated. Property Services and Procurement commenced negotiations to source another contractor to complete the outstanding work in Milton Keynes and one had now been appointed and was due to start in February (which unfortunately was a further two months delay).

The PCC noted that costs were high in relation to Imber Court at Sulhamstead with a possible overspend of up to £0.215m for this project although Property Services were actively trying to manage the project to deliver closer to the budget. Finance acknowledged this position and had recommended the use of Optimism Bias reserve in order to support if this was required. The forecast outturn was currently being reviewed.

The Windows 10 project, was progressing well. The project hoped to be delivered on or within budget and was expected to be completed by the end of 2019/20 with 1000 laptops being rolled out as part of this project.

The PCC noted that both the Contact Management Platform (CMP) and Enterprise Resource Planning (ERP) were on schedule. The CMP programme was continuing to work towards a delivery date of April 2019. The current projections remained within the overall budget with some contingency expected to be drawn upon. Work was continuing with the programme manager to assess the financial impact of any changes.

The ERP programme was currently progressing through the ‘build phase’ with the scheduled ‘go-live’ date being November 2019, but this was now subject to an outstanding decision on the payroll module. In addition to the current budget, there was a risk of an increase to third party costs of £0.3m due to the joint Surrey, Sussex and TVP decision to wait for the latest version of the Duties Module. The likelihood of this additional payment was now part of the overall commercial decision for ERP especially given the payroll issue.

The PCC acknowledged the updated 2018/19 Capital Budget and **NOTED** the active budget, spend to date and budget variances. The PCC **NOTED** the proposed re-phasing of the budget.

**38. TREASURY MANAGEMENT REPORT 2018/19**

The PCC approved the Treasury Management Strategy Statement for 2018/19 at the Level 1 meeting on 23 January 2018. This report explained how the Office of the Police and Crime Commissioner (OPCC) was complying with the agreed strategy and provided performance information for the period 1 April to 31 December 2018.

(IT) noted that the Economic Update was out of date but the three key issues weighing on the market at present were Brexit, the US Government shutdown and the Interest Rate Forecast (assuming Brexit was dealt with by 31 March 2019).

As to the Overall Borrowing Need, the underlying need to borrow was known as the ‘Capital Financing Requirement’ (CFR). This figure was a gauge of the underlying debt position. It represented 2017/18 and prior years’ net capital expenditure which had not yet been paid for by revenue or other resources. (IT) referred the PCC to Table 1 of the Capital Financing Requirements.

Table 2 set out the Treasury position where there was still a negative net borrowing position. This meant that the level of cash investments were higher than external borrowing. (IT) noted that the organisation was in a positive position using internal cash rather than going out for loans. The PCC noting that interest rates were not known and it was extremely difficult to predict what they would be.

Table 4 provided information on short-term borrowing during 2018/19.

In terms of investment activity, at 31 December 2018 £20m had been invested in a 180 day notice account with Santander, £10m in a six month term deposit with Goldman Sachs International Bank, £22.4m in two separate 1 year deposits with Lloyds Bank and £5, invested with Dundee City Council. This breakdown was shown in Table 5 of the Fixed and Variable Term Investments.

The current forecast was that interest receipts of around £1.005m would be generated this year which was £0.505m higher than the net interest receipts budget for 2018/19 of £0.500m. However, this included a saving of £0.370m by paying the employers’ contribution to the LGPS, as administered by Bucks County Council, annually rather than monthly.

(IT) summarised the paragraph entitled UK Banks – Ring Fencing and also the Money Market Fund Regulatory Change (MMF) section which was now in the last stages of introducing new regulations.

The PCC **NOTED** and **APPROVED** the Treasury Management Report 2018/19.

**39. OPCC STRATEGIC DELIVERY PLAN 2018/19**

The Strategic Delivery Plan comprised of nine separate ‘Business Areas’, each containing a number of different ‘Actions’ together with the ‘Current Status’ on activities and progress associated with the delivery of each action to date. (PH) went through the 9 amber RAG statuses which showed areas of delays whilst providing an update at today’s meeting.

Ref 3.3 The Hub Data Quality (DQ) officer post had to be re-advertised twice but this position had now been filled and the Hub DQ was now catching up on the work.

Ref 3.5 The Service provider in Milton Keynes for TAP had announced they would be pulling out after March 2019 and negotiations would be made to explore alternative service providers to deliver this programme. Working with partners and experiencing delays had had a knock on effect.

Ref 3.6 Implementing the draft ‘audit’ plan for victim services contracts was not top priority at present as there were other more pressing demands.

Ref 3.7 There were various work procedures outlined in the Operating Manual to keep audit trails and monitor data quality/integrity as well as amendments and updates to be completed. (PH) confirmed that the OPCC wanted to make sure all of these updates were being carried out.

Ref 3.8 The Hub had experienced a huge turnover of staff in the first 6 months but a training plan was now in place and being developed to ensure staff improved their performance.

Ref 4.4 Preliminary conversations had taken place with TVP Criminal Justice (CJ) leads on alternative models to Home Office AA Framework which the Deputy PCC had been involved with. However, there was a still a need to identify someone who could take the lead on this. To monitor and seek an improved model of ensuring adequate Appropriate Adult (AA) provision for vulnerable adults in custody.

Ref 9.6 The OPCC were aware of the requirements of GDPR which had been put in place and were fine tuning the remaining procedures.

Ref 9.7 The Review of the Domestic Homicide Review (DHR) guidance for PCCs was an ongoing piece of work but was low priority due to more urgent work.

(PH) reassured the PCC that all the key elements and services to the public were still being delivered.

The PCC **NOTED** the progress with the OPCC Strategic Delivery Plan 2018/19.

**40. CAPITAL STRATEGY 2019/20 TO 2022/23**

Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The PCC noted that TVP had got rid of a lot their property while the Local Authorities were buying. This was cause for concern for the PCC.

The Capital Strategy document sets out the scope of this document and the definition of capital expenditure and was a key document for the PCC and TVP forming part of the authority’s integrated revenue, capital and balance sheet planning.

The PCC produced his Police & Crime Plan every four years covering the period 2018/19 to 2022/23. The Chief Constable produced a Force Commitment which was supported by Annual Delivery Plans. To support these overarching documents, a number of plans were in place such as the Asset Management Plan, MTFP, MTCP, Treasury Management and the Annual Investment Strategy.

(IT) ran through the document making reference to Capital Sustainability noting that beyond the next four years, almost all capital investment would have to be funded from revenue contributions. This was expected to be during a continued period of revenue pressure and uncertainty. The capital programme in TVP was changing with less reliance on accumulated capital grants and reserves and more dependent on revenue contributions and borrowing.

As to Project Funding, once an approved capital project had been initiated, proportionate project funds would be released to project managers in stages. This would be known as ‘Stage Gates’ rather than the funding being released in full at the start of the project.

TVP’s Funding Strategy and Capital Policies sets out policies and priorities in relation to funding capital expenditure and investment as well as the Partnerships and relationships with other organisations.

Finally, one of the biggest risks at present was the Funding Capacity Risk. This was the risk that identified project costs which were either understated or escalated during the project lifecycle, for example if the project scope changed. This risk was mitigated by the identified monitoring process and controls. However, a further key mitigating factor was the management of the Optimism Bias Reserve.

The PCC **NOTED** and **APPROVED** the Capital Strategy 2019/20 to 2022/23.

**41. PROPERTY ASSET MANAGEMENT PLAN REFRESH**

The Property Asset Management Plan refresh was familiar to the PCC and Peter Smith (PS) went through the details to update him. The Property Asset Management Plan (AMP) establishes the overall strategic direction for management of the estate and provides the context for making key decisions on the future of individual properties and investment priorities. The draft 2018 AMP covers the period 2018-2022 and was reviewed by the Chief Constable’s Management Team (CCMT) in December 2018, and reflects their required changes.

A total of 107 property interests have been disposed since 2010, currently leaving 96 ‘overt’ sites. The disposal programme has generated a cumulative net capital receipt since 2010 of circa £35m and a net revenue saving, based on a 3 year average cost, of circa £4m per annum with other departmental imposed budget reductions under the Productivity Plan.

The proportion of estate floor area that was owned was still gradually increasing, currently at 88% and up from 72% in 2010. It was not expected to change significantly in the near future having only two remaining large leased facilities, one being a training facility and the other a specialist facility.

Of all the remaining sites now assessed, excluding car parking areas and land, 99% of the portfolio floor area was objectively rated either fit for purpose (78%) or generally fit for purpose (21%). One small property in Reading was now vacant pending disposal and was rated not fit for purpose.

Where operational collaboration opportunities were identified, it was the intention that the AMP would support them. Operational collaborative arrangements so far have not had any significant accommodation impact, although they have increased occupancy at regional covert hub sites in the TVP area and another force area with the potential for a significant consolidation project in the future. Hampshire Constabulary was now utilising part of the Force’s REC archive facility.

In conclusion, in terms of the estate, there were no fundamental gaps to speak of and performance was good and supporting service delivery. PS noted that an estate strategy for Sulhamstead was being developed in view of emerging pressures.

The PCC **REVIEWED** and **ENDORSED** the recommendations set out in the (AMP).

**42. REVENUE ESTIMATE 2019/20**

The report provided information on the provisional police funding settlement for 2019/20 and recommended a draft revenue budget and council tax precept for the PCC to approve, subject to any final notifications on the council tax base from local authorities.

The key headlines of the £970m additional funding for the police service nationally included:

* £161m additional formula funding;
* £153m pension grant;
* £59m additional funding for Counter Terrorism;
* £90m additional funding to tackle Serious and Organised Crime; and
* £509m as a result of additional council tax flexibilities.

This additional funding given by the government, had given the organisation the flexibility to spend on policing. A letter to the Home Affairs Select Committee (HASC) outlined the Policing Minister’s four priority areas to ‘drive efficiency, productivity and effectiveness next year’.

The recent changes to the way in which police pensions were calculated meant that the police service, as well as other unfunded schemes, would see a sharp increase in costs. These costs for the Police, were now estimated to be approximately £330m nationally (£302m for police officers and a further £28m for MPs and civil servants). In 2019/20 the Treasury provided forces with an additional £142.5m pensions grant in addition to the £161m core funding. In some forces, the combined grant covered the full pension costs but in Thames Valley, there was still a shortfall where a balance would need to be funded locally in the sum of £0.7m.

(IT) summarised the reallocations/top-slices for 2019/20. The special grant had decreased from £93m to £73m; the grant total rose last year as the Home Office anticipated additional funding for the Commonwealth Heads of Government Summit.

The OPCC launched a public consultation survey on 19 December 2018 with a closing date of 9 January 2019. In total 8,031 people voted of which 5,599 or 69.7% of the public were in support of the proposed £24.00 council tax increase.

(CC Habgood) noted that when he last brought his draft budget proposals to the PCC in November there was a potential shortfall of £13m of pension costs and he had seen increasing demand around vulnerability and reports on complex areas of business. The Force had looked at the budget and needed to balance this over the next four years, finding £15m on today’s estimates which was a significant amount to find.

In compiling the Medium Term Financial Plan (MTFP), (CC Habgood) ran through the assumptions that had been used on the basis of the plan for the next four years as well as inflation, noting that inflation costs over £10m per year and had to come out of the increase in the precept. (CC Habgood) continued to summarise the paragraphs entitled Committed Growth, Current Service as Improved Service.

The main areas of additional investment, being funded through the increased council tax precept (£8.5m) were under the following schemes:

* Improved Services to the Public through Contact Management of £1.3m;
* Increasing Local Front Line Policing and Service Delivery of £2.5m;
* Improved Investigative Capacity and Process for Complex Crimes of £2.2m; and
* Increasing the Digital Development Programme £2.5m

When looking at the areas of investment, they were in line with the Police & Crime Plan. Details of these posts would change around the ability to recruit but would be discussed at a CCMT meeting on 14 February 2019, subject to approval.

As to establishment changes, (CC Habgood) noted that over the last seven years the Force had experienced reductions in both police staff and police officer posts. Work was still in progress to identify the most effective mix of resources and CCMT were constantly reviewing the balance of resources against demand.

As well as planning and assumptions, there were a number of risks and issues which had yet to be quantified and (CC Habgood) summarised these on both a national and local level, noting in particular the potential conclusion of the Brexit discussions and the consequential impact this may have on police funding and grant allocations.

Section 25 of the Local Government Act 2003 places a duty on the Chief Finance Officer to report on the robustness of the estimates and the adequacy of the reserves. (IT) explained the various risks on the budget and also the mitigating actions. He was satisfied that reserves were being used appropriately and the general reserve was at an adequate level.

The draft revenue budget is balanced in all 4 years (i.e. 2019/20 to 2022/23) with a £24 increase in council tax in 2019/20 followed by 2% per annum thereafter.

The MTFP provides for inflationary increases and limited investment to address some service and performance issues by increasing our resources, both police officers and police staff, alongside investing in the technology to make our staff more productive. The investment has only been possible because of the additional flexibility in the council tax precept.

The Force continues to prioritise its work on the Productivity Strategy to ensure resources are directed to priority areas and that services are delivered in the most effective and efficient manner. This work focuses the drive for continuous improvement, improved efficiency and alignment of resources with demand. It will continue to release savings in future years in order to address future unquantified demands and provide additional resource to reinvest in priority policing areas

The MTFP requires revenue savings of at £15.1m over the next four years. This is over and above the £101m of cash savings already removed from the base budget in the last eight years (i.e. 2010/11 to 2018/19) meaning that, over the twelve year period in excess of £116m will have been taken out of the base revenue budget.

The PCC **AGREED** to notify the police and Crime Panel that:

* That the council tax requirement for 2019/20 be set at £186.562m.
* The revenue estimates for 2019/20 as set out in Appendix 1
* That the police element of the council tax for 2019/20 be set at £206.28 for properties in Band D, with the charge for other bands as set out in Table 1.

**Table 1 – Council tax 2019/20**

|  |  |  |
| --- | --- | --- |
| Property  Band | Relevant  Proportion | PCC Element of the  Council Tax £ |
| A | 6/9 | 137.52 |
| B | 7/9 | 160.44 |
| C | 8/9 | 183.36 |
| D | 9/9 | 206.28 |
| E | 11/9 | 252.12 |
| F | 13/9 | 297.26 |
| G | 15/9 | 343.80 |
| H | 18/9 | 412.56 |

**43. MEDIUM TERM CAPITAL PLAN 2019/20 TO 2022/23**

The purpose of this report was to present the Medium Term Capital Plan (MTCP) for the next four years from 2019/20 to 2022/23 to the PCC for his formal approval of both the capital plan for the coming financial year and for the following three financial years for planning purposes.

(LW) went through the capital programme summary and noted that the planned gross expenditure within the MTCP totalled £70.976m, which included £8.642m of project budget re-phased from 2018/19 reflecting the re-planning and tendering processes.

The Optimum Bias Reserve would only be drawn upon if needed, on a project by project basis. However, some Optimum Bias (OB) funding may not be required if the projects completed within their original budget allocation. The recent OB reserve reviewed based on the MTCP submitted at today’s meeting suggested a revised OB of £12.769m would be advisable. At this time, it was felt that the existing reserve of £9.129m would be sufficient and would be managed and reviewed as the projects progressed through the plan period. (LW) was very conscious that there would be additional investment schemes coming through later. Any new future capital projects that had been approved, would be included with a specific OB allocation assigned to the scheme cost, or separately within the capital programme. (LW) was not recommending monies being moved into OB but would make recommendations to the PCC in two years’ time.

The ICT 5 year Strategy Roadmap and Digital Policing plans that were made and approved last year were continuing to progress to modernise the legacy infrastructure and to create a solid technology platform from which forces could continue to transform working practices. This year a number of bids from across the Force affecting ICT were being prioritised as essential by both (CCMT) and partner forces. Some of these were completely new and some were supporting existing programmes and areas of work. These bids totalled £3.779m. In addition (CCMT) prioritised a further £2.130m of potential TVP specific projects that would either improve volume or complex crime investigations or were development opportunities. In total, there were £5.909m of new bids within the programme.

The PCC referred back to page 237 for the replacement of Reading Police Station as this still remained an important part of the estate programme. The PCC noted that there were too many unknowns over the next few years for Reading Police Station and would be difficult to comment.

The PCC:

* **Approved** the draft capital programme for 2019/20 in the sum of £26.978m as set out in Table 1, which includes £8.642m of re-phased budget from 2018/19.
* **Approved** an increase in borrowing from £5m to £10m for the Reading Police Station replacement project.
* **Approved** the overall financing of the capital expenditure as set out in schedule 7 of Appendix 1.
* **Approved** the overall 4 year Medium Term Capital Plan (2019/20 to 2022/23) for planning purposes at £70.976m (including re-phasing) as set out in Table 1.
* **Recognised** the restated Optimism Bias Reserve calculation of £12.769m and acknowledge that the existing reserve of £9.129m will be managed and reviewed as the Force progresses through the plan term.

**44. TREASURY MANAGEMENT STRATEGY 2019/20**

The draft report was considered and endorsed by the Joint Independent Audit Committee at the meeting on 7 December 2018. The Treasury Management Strategy Statement (TMSS) included the proposed borrowing and investment strategies and set out the prudential indicators and treasury management activity limits for the period 2019/20 to 2022/23 that provide the OPCC treasury service with an operational performance and control framework within which the relevant functions were undertaken.

(IT) introduced the (TMSS) and the reporting requirements of providing a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of services as well as an overview of how the associated risks were managed and the implications for future financial sustainability.

The PCC was required to receive and approve (as a minimum), three main reports each year which incorporated a variety of policies, estimates and actuals.

The Treasury Management Consultants used by the OPCC were Link Asset Services although, the PCC recognised that responsibility for treasury management decisions remained with the organisation at all times and would ensure that undue reliance was not placed upon the external service providers.

The PCC’s capital expenditure plans were the key driver of treasury management activity. The output from the capital expenditure plans were reflected in prudential indicators. The second prudential indicator was the PCC’s Capital Financing Requirement (CFR). The CFR was the total historic outstanding capital expenditure which had not yet been paid for from both revenue or capital resources and essentially a measure of the PCC’s underlying borrowing need. (IT) noted that at Table 2 on page 263 there was a type in the ‘Movement in CFR for 2020/21 estimate’ where this figure should have read 8.805 rather than 3.805.

The capital expenditure plans provided details of the service activities of the PCC. The treasury management function ensures that the PCC’s cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet this service activity. The PCC’s borrowing portfolio position as at 31 March 2018 with forward projections was set out in Table 5 on page 265 which showed the actual external debt against the underlying capital borrowing need which highlighted any over or under borrowing.

Table 9 on page 271 set out of the treasury indicators and limits.

The PCC would not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance would be within approved Capital Financing Requirement estimated would be considered carefully to ensure value for money could be demonstrated and that the PCC could ensure the security of such funds.

As to Country limits, the PCC determined that it would only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). This list of countries that qualified were set out at Appendix 5.3 (page 281) at the back of this report.

The PCC **CONSIDERED** and **APPROVED** the recommendations set out in the Treasury Management Strategy Statement for 2019/20 incorporating the Minimum Revenue Provision Policy Statement and the Annual Investment Strategy.

**45. RESERVES AND BALANCES**

The report provided information on the level of reserves, balances and provisions currently held and explained how some of these would be applied over the next four years to help support the revenue budget and capital programme.

TVP currently complies with the seven key CIPFA principles to assess the adequacy of reserves as set out in Table 1 on page 287.

General balances required to cover financial risks and uncertainties were:

* Unforeseen emergencies
* Changes in the demand for policing
* Managing the timing of making savings
* Costs of national programmes
* Funding the first 1% of costs for major events
* Uneven cashflows

Table 2 on page 290 showed the current and forecast level of general balances (Predicted Level). The current forecast level of general balances as at 31 March 2019 was £18.929m which equated to 4.47% of the draft net revenue budget requirement in 2019/20 which was not a bad position to currently be in.

(IT) continued to summarise Compliance with Home Office guidance on police reserves as well as Provisions.

A revenue provision existed for meeting ongoing claims under a self-insurance scheme. The insurance provision had recently been assessed by the actuary, Marsh. Their provisional assessment of total liabilities as at 31 March 2010 was £8.34m which was £0.26m higher than the existing provision on 1 April 2019. (IT) noted that if this stayed like this, the organisation would need to move monies to ensure stability.

In conclusion the current policy was to maintain revenue general balances close to an operational guideline level of 3.0% of the net annual revenue budget, with an absolute minimum level of 2.5%. The latest estimate of general balances as at 31 March 2019 was £18.9m which equated to 4.5% of the net revenue budget in 2019/20 and based on current planning assumptions, the level of general balances should stay at about the 3% guideline level through to 2022/23. This was an acceptable and appropriate position to be in although the organisation did not know at this stage the exact level of government grant support that would be received in future years especially beyond 2019/20. This was an adequate situation at the moment but would not be after four years.

(IT) then went through the Appendices for Risk and Sensitivity Assessment and the Scoring Table on pages 296 and 297 with references made to numbers 1 and 2 as well as Summary of Revenue and Capital Balances and Analysis of Earmarked Revenue Reserves for Home Office as set out on pages 299 and 300.

The PCC:

* **NOTED** the level of reserves and balances currently held
* **APPROVED** in principle the planned application of reserves over the next four years to help support the revenue budget and capital programme, in particular the proposed drawdown from the Improvement & Performance Reserve as shown in Table 4 in Annex 1.

**46. DECISIONS TAKE UNDER DELEGATED POWERS**

The report detailed the decisions that had been taken in accordance with the Scheme of Governance in the period 1 November to 31 December 2018.

(LW) spoke about the Scheme of Governance which included a number of delegations from the Chief Constable to the Director of People to facilitate effective day-to-day management. During this period 8 applications were granted to extend occupational sick pay on behalf of members of police staff and 2 applications approved to permit late inward transfer of pension rights during this period.

Between 1 November and 31 December 2018 the following payments were made:

* Under Public Liability – 12 payments under £10,000 had been made totalling £11,117.22;
* Under Employers Liability – 1 payment had been made totalling £300.00;
* Ex-gratia payments – 2 payments had been made totalling £680.00;
* Employment Tribunal settlements – 1 settlement had been made for £45,000 in this period.

Finally, (LW) ran through the contractual decisions set out on page 307 (Appendix A).

The PCC **NOTED** the decisions and **APPROVED** the recommendations given by Chief Officers during the period 1 November 2018 to 31 December 2018.

The PCC wanted to thank Charlotte Roberts (CR) for the comprehensive set of minutes produced and also wished to thank (IT/LW) for all figures supplied at today’s meeting as well as thanking (CC Habgood) and (DCC Campbell).

The meeting concluded at 12.20pm.

**DATE OF NEXT MEETING**

Level 1 Meeting 26 March 2019 at 10.30am at Thames Valley Headquarters South, Conference Hall.