FINANCIAL GOVERNANCE AND PERFORMANCE 2021/22

This report includes details of issues required to be reported under the Financial Contract and Procurement Regulations. It also includes the annual reports agreed as part of arrangements for performance management.

The report covers:

- Overall financial performance (Appendix A);
- Procurement (Appendix B);
- Debt recovery (Appendix C);
- Insurance (Appendix D);
- Treasury Management Annual Report (Appendix E);

APPENDIX A

FINANCIAL PERFORMANCE – ANNUAL REPORT 2021/22

The Commissioner's Financial Strategy requires the preparation of an annual report on financial performance covering the issues agreed within the Financial Strategy.

Full details of financial performance in the year are set out in the 2021/22 Revenue Outturn Report, the 2021/221 Capital Outturn Report and the 2021/22 Financial Statements. The following is a summary of the main conclusions:

Value for Money continues to be an area of strength. Planned savings were achieved and an underspend was achieved for 2021/22.

Financial health was generally sound despite the global coronavirus pandemic. The budget for 2021/22 and the following 3 years were in a balanced position prior to the Covid-19 pandemic in 2020/21. The impact of prolonged Covid lockdowns on employment levels and the general economy means that the UK will, in all likelihood, be facing another period of government austerity in the medium term. Public sector pay restrictions have already been announced for 2021/22. Whilst the government remains committed to the Police Uplift Programme to deliver the additional 20,000 police officers, reductions in the core Police grant are possible. This would mean that once again, the force may be facing the need to implement cost reductions to balance the budget in future years. To ensure that limited funding is best used to support key priorities, the Force plans to conduct a Priority Based Budgeting (PBB) exercise in 2022/23. This will follow the end of the 10 year strategic partnership contract with G4S and the transfer back of the majority of the outsourced services to the force. This will give Lincolnshire Police the control and flexibility to design an organisational structure which delivers the key priorities, is responsive to future demand, and offers best value for money for the local taxpayers. Audits of core financial processes have received satisfactory levels of assurance with a small number of recommendations for improvement. These reviews inform the overall review of governance arrangements and provide assurance that the controls which the organisation relies upon to manage are suitably designed, consistently applied and effective.

Considerable effort continues to be made to promote Lincolnshire's case for fairer funding in the government grant distribution. In the meantime, the PCC continues to pursue opportunities to secure one-off funding to support policing in Lincolnshire. The Home Office awarded Lincolnshire £4.3m of Special Grant funding in March 2021 which provides the opportunity for further investment in a range of service areas.

The current political and economic uncertainty will continue to impact on future central Government expenditure with a consequent potential impact on police funding. Continuing sound financial control and planning will also be important to delivering financial balance into the medium term. Reserves have been used to support the revenue budget over recent years but following three successful special grant applications, sound financial management has allowed some measure of topping up of the depleted general reserves.

Insurance and procurement are described in detail in separate appendices;

The following table provides a narrative on some of the key financial health indicators:

REF	INDICATOR	NARRATIVE	2020/21	2021/22
Financial health				
1	Risk & General reserves	2021/22 Risk Based Reserves maintained around the mid-point of a target range based on a financial risk assessment. 2020/21 Maintained around the minimum level of a target range based on a financial risk assessment, currently around 4% of total annual expenditure.	4.4%	Slightly Under (£9.1m) *Range £6.1m - £13.3m, the mid-point of which is £9.7m*
2	Borrowing	Annual cost of debt repayment and interest not to exceed 5% of annual income.	0.7%	0.3%
3	Internal control	All core financial systems to receive "significant assurance" internal audit conclusions.	No (80%)	Yes (100%)
4	Accounting	Unqualified external audit opinion on the annual financial statements.	Expected	Expected
Fairer funding				
5	Government grant	Increased share of national police grant.	No	No
6	Spending	Lower than national average spending per head of population (Net Revenue Expenditure estimates, excluding national policing and PCC)	19.6% lower	18.01% lower
7	Spending	Unqualified VfM Conclusion from the external auditor.	Expected	Expected
Financial performance				
8	Revenue budget management	More than 50% of budgets managed to within 1%.	33%	32%
9	Capital programme management	Actual capital spending managed to more than 80% of the approved programme.	52%	47%
10	Income from fees and charges	Annual Income from fees and charges (with the exception of mutual aid) to exceed £1m.	£1.6m	£1.6m

REF	INDICATOR	NARRATIVE	2020/21	2021/22
11	Income collection	Average number of debtor days not to exceed 30.	32 days	36 days
12	Payments	More than 90% of undisputed invoices to be paid within 30 calendar days.	93%	91%
13	G4S contract – finance functions	100% of G4S contractual targets achieved.	98%	100%
Treasury management				
14	Interest earned	Interest rate on investments higher than average bank rate (0.72% during period).	0.17% above BR	0.06% below BR
15	Interest paid	Interest paid on new long term borrowing less than average government borrowing rate.	No new long-term borrowing	No new long-term borrowing
Procurement				
16	Extent of competition	Percentage of spending via national and regional frameworks and other competitive processes	71%	37%
17	Major contracts	Savings achieved on major contracts	£306k	£62k

APPENDIX B
PROCUREMENT

The Strategic Procurement Unit (SPU) seeks to secure best value in all aspects of procurement through the delivery of a professional procurement service to the Force and PCC. During 2021/22, the SPU comprised a total of three G4S staff, two of whom are fully MCIPS qualified.

The service provided covers, but is not limited to, provision of advice to officers and staff on a wide range of procurement issues and regulations, tenders/mini competitions, award of contracts and implementation of the most suitable procurement arrangements and requirements to meet operational and support service needs. In 2021/22 the unit awarded 103 contracts for the Police and Crime Commissioner/Lincolnshire Police with a total value of £30.281 million, with 26 of them being awarded under the EMPLS standard terms and conditions. These contracts are detailed in Table 1.

From the award of these contracts, it is estimated that savings totalling approximately £62k have been achieved in 2021/22.

In addition, Lincolnshire Police utilise many government/police and local authority collaborative/framework arrangements for a wide range of goods and services. It is estimated up to around 77 arrangements have been utilized to a greater or lesser degree. Spend on these arrangements varies year to year dependent on revenue/capital requirements but is estimated to be approximately £12.8 million pounds per annum (31% of total spend). The SPU has been instrumental in the “adoption” of many of these arrangements.

During the year, 34 contracts were required to be awarded without formal competition comprising a total value of £2.185 million. A description of these contracts together with justification from the user department is given in Table 2.

A total of 94 retrospective purchase orders (raised after the invoice has been received) have been raised by the Force during the year, with a total value of £657K. The SPU have investigated these suppliers and the level of spend if the same items/services have been ordered from the same suppliers; and found that the total annual value for all of these suppliers except one (this was in relation to consultancy services for the Strategic Partnership Contract exit) is below £25k. The SPU has liaised with the relevant user departments to enable processes to be put in place to try and reduce the number of retrospective orders going forward.

During this financial year, work commenced on novating all Contracts held by G4S under the Strategic Partnership Contract to the Police and Crime Commissioner/Force and will be completed in FY 2022-23.

TABLE 1: STRATEGIC PROCUREMENT UNIT CONTRACTS AWARDED 01/04/2021 TO 31/03/2022

Award Date	File Reference	Description
01/04/2021	PCC/PROC/0618	Insurance Services (Excluding Brokerage Services) Lots 1-5
01/04/2021	PCC/PROC/0599	Forensic Vehicle Data Acquisition System with Static Data Initialisation Systems (SDIS) and Dual Antenna Unit with 1 year licence
20/04/2021	PCC/PROC/0611	National Management Centre 2021-2022
20/04/2021	PCC/PROC/0610	Subscription for 2021-2022
20/04/2021	PCC/PROC/0587	3D Laser Scanner including training and support/maintenance
05/05/2021	PCC/PROC/0505	Children and Young Person's Sexual Violence Support Services (CHISVA)
27/05/2021	PCC/PROC/0513	Postal Charges – CTO pre-paid envelopes postage charges for all traffic, summons and fixed penalty offences
28/05/2021	PCC/PROC/0563	Supply of water and drainage
01/06/2021	PCC/PROC/0708	Consultancy for the Future Service Provision Programme in terms of all ICT aspects and advice
02/06/2021	PCC/PROC/0666	SDIS support
02/06/2021	PCC/PROC/0665	EROS CORE support
02/06/2021	PCC/PROC/0515	Refurbishment of Holbeach
07/06/2021	PCC/PROC/0663	Consultancy for organisational change - cultural assessment and min 60 consultancy days
09/06/2021	PCC/PROC/0626	Calibrations and communications for speed cameras
14/06/2021	PCC/PROC/0651	Foreign Nationals Solution - Overseas visitor registration portal (OVRO)
06/07/2021	PCC/PROC/0726	Purchase of Armed Response Vehicle
07/07/2021	PCC/PROC/0725	Purchase of Divisional Response Vehicles
09/07/2021	PCC/PROC/0802	Level 7 - Master of Studies (MSt) in Applied Criminology and Police Management (Senior Leaders Master's Degree Apprenticeship) "MSt (SLMDA)

Award Date	File Reference	Description
09/07/2021	PCC/PROC/0237	Delivery of Level 7 Senior Leadership Management Degree Apprenticeships (SLMDA)
12/07/2021	PCC/PROC/0740	Purchase of Vehicle
12/07/2021	PCC/PROC/0738	Purchase of Cell Vans
15/07/2021	PCC/PROC/0742	FSP Collaborative Commercial Partnership
15/07/2021	PCC/PROC/0694	FME Services- Medical Services in Custody and Sexual Offence Examination Combined
16/07/2021	PCC/PROC/0728	Chorus software
16/07/2021	PCC/PROC/0517	Purchase of LIMA radio frequency (RF) kits
19/07/2021	PCC/PROC/0734	Wellbeing - Psychological Consultant Support
26/07/2021	PCC/PROC/0715	Second Additional FT Independent Sexual Violence Advisor (ISVA) post
03/08/2021	PCC/PROC/0723	Lincolnshire EBP Analyst Apprenticeship Course
12/08/2021	PCC/PROC/0749	Purchase of Vehicles - Road Policing Team
12/08/2021	PCC/PROC/0748	Purchase of Vehicles - Road Policing Team
25/08/2021	PCC/PROC/0750	Victim Support Outreach Service
26/08/2021	PCC/PROC/0711	Crisis Support Telephone Services
17/09/2021	PCC/PROC/0578	Managed Vehicle Recovery Scheme
23/09/2021	PCC/PROC/0744	Chorus software - Analyser licences and cloud hosting costs
30/09/2021	PCC/PROC/0770	Scheme for Community panel for public consultation
30/09/2021	PCC/PROC/0741	Development of a Community Place Based Initiative
30/09/2021	PCC/PROC/0732	Provision of Temporary Agency Staff
30/09/2021	PCC/PROC/0560	Office Products (stationery, batteries, paper, computer consumables, etc)

Award Date	File Reference	Description
30/09/2021	PCC/PROC/0523	Interpreters and translations managed service
05/10/2021	PCC/PROC/0772	Purchase of Vehicles
14/10/2021	PCC/PROC/0771	REDACTED
18/10/2021	PCC/PROC/0776	Direct Network Services for Emergency Services Network
19/10/2021	PCC/PROC/0778	Treasury Management Services
26/10/2021	PCC/PROC/0777	Consultancy services for resourcing and demand planning for Response and CID Officers
01/11/2021	PCC/PROC/0758	REDACTED
03/11/2021	PCC/PROC/0773	Business travel and accommodation
12/11/2021	PCC/PROC/0801	Purchase of CSI Vans
16/11/2021	PCC/PROC/0809	Purchase of Vehicle
18/11/2021	PCC/PROC/0746	Consultancy for the Future Service Provision Programme in terms of all ICT aspects and advice
18/11/2021	PCC/PROC/0710	Communications and Media Support Services for PCC
26/11/2021	PCC/PROC/0765	Supply and fit of tyres
30/11/2021	PCC/PROC/0737	Provision of Cleaning Services including laundry services, dust mats, solar PV and window cleaning
07/12/2021	PCC/PROC/0760	EMOPPS Armoury Refurbishment
10/12/2021	PCC/PROC/0763	Mobile alarms - maintenance of temporary alarms
16/12/2021	PCC/PROC/0736	Provisions of Custody Services including ambient meals
17/12/2021	PCC/PROC/0716	Additional FT Independent Sexual Violence Advisor (CHISVA) post
22/12/2021	PCC/PROC/0831	ANPR Infrastructure Safer Streets Ingoldmells
31/12/2021	PCC/PROC/0701	Replacement of Windows at Gainsborough & Skegness Stations

Award Date	File Reference	Description
07/01/2022	PCC/PROC/0702	ICT Support for commissioning of the OPCC websites
10/01/2022	PCC/PROC/0862	Purchase of Vehicles (Roads Policing Section)
10/01/2022	PCC/PROC/0861	Purchase of Vehicles (Dog Section)
14/01/2022	PCC/PROC/0863	Purchase of PSU Vehicles (Forcewide)
14/01/2022	PCC/PROC/0812	Consultancy services to implement Niche Migration to MS Azure Cloud Platform
18/01/2022	PCC/PROC/0787	Digital Information Display Units
27/01/2022	PCC/PROC/0867	Purchase of Vehicles
28/01/2022	PCC/PROC/0913	IBM i2 Access to All Renewal
28/01/2022	PCC/PROC/0897	Programme Manager for Niche i-Cloud Project
01/02/2022	PCC/PROC/0709	Office Furniture, Fixtures & Fittings
22/02/2022	PCC/PROC/0755	Fast Track/Crisis Counselling Provision for Adult SARC Victims and Survivors
24/02/2022	PCC/PROC/0916	Purchase of vehicles for Rural Crime Team
24/02/2022	PCC/PROC/0915	Purchase of Vehicle for Rural Crime Team
25/02/2022	PCC/PROC/0786	Annual calibration of speed cameras
01/03/2022	PCC/PROC/0766	Waste Management Services - Clinical/ Sharps/ Sanitary
03/03/2022	PCC/PROC/0873	Waste Management Services - On Site Shredding of Confidential Waste
07/03/2022	PCC/PROC/0924	Supply of Gas for all sites
07/03/2022	PCC/PROC/0923	Provision of Electricity for 8 sites
07/03/2022	PCC/PROC/0922	Supply of Electricity to Non HQ Sites
09/03/2022	PCC/PROC/0870	Waste Management Services - Domestic

Award Date	File Reference	Description
09/03/2022	PCC/PROC/0779	Police Pensions Administration and Payroll Services
09/03/2022	PCC/PROC/0714	Additional FT Independent Sexual Violence Advisor (ISVA) post
10/03/2022	PCC/PROC/0880	Programme Manager for the Future Service Provision Project - consultancy
18/03/2022	PCC/PROC/0872	Internal Audit Services
21/03/2022	PCC/PROC/0891	Calibrations and communications for speed cameras
21/03/2022	PCC/PROC/0879	Programme Director for the Future Service Provision (FSP) Project - consultancy
24/03/2022	PCC/PROC/0953	Provision of external legal advice/support
25/03/2022	PCC/PROC/0904	Pathology and Autopsy Services
28/03/2022	PCC/PROC/0972	FHQ Franking Machine Top-up Funds
28/03/2022	PCC/PROC/0963	GIS renewal
28/03/2022	PCC/PROC/0945	QAS Renewal
28/03/2022	PCC/PROC/0871	NAC Preparation for PC to Inspectors Programme
29/03/2022	PCC/PROC/0951	HQ Windows Final Phase and POLIT Accommodation Alterations
30/03/2022	PCC/PROC/0967	AITS SCIU Training
31/03/2022	PCC/PROC/1005	Apprenticeship for various G4S staff transferring back to Lincs Police
31/03/2022	PCC/PROC/1002	TASER Training Products
31/03/2022	PCC/PROC/0966	OPTO Crime Training
31/03/2022	PCC/PROC/0962	Support and maintenance of t-Police ERP system
31/03/2022	PCC/PROC/0954	LAN Cisco KIT for high capacity
31/03/2022	PCC/PROC/0950	Managed Internet access (MIA) and WAN including broadband

Award Date	File Reference	Description
31/03/2022	PCC/PROC/0947	DFU server
31/03/2022	PCC/PROC/0946	FastForm Ticketing Management Solution support and maintenance including document scanners maintenance and scan VRS licences and maintenance
31/03/2022	PCC/PROC/0926	Gazeteer licence support & maintenance for Regional Niche
31/03/2022	PCC/PROC/0764	Insurance Services (Excluding Brokerage Services) Lots 1-5
31/03/2022	PCC/PROC/0605	Selected Medical Practitioner (SMP)
TOTAL	**103**	

TABLE 2: STRATEGIC PROCUREMENT UNIT
EXCEPTIONAL PURCHASE ACTION
CONTRACTS AWARDED 01/04/21 TO 31/03/22

EXCEPTIONAL PURCHASE ACTION/TEMPLATE APPROVAL DOCUMENTATION HAS BEEN COMPLETED FOR EACH OF THE CONTRACTS BELOW IN ORDER TO JUSTIFY NOT SEEKING FORMAL COMPETITION

Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
01/04/2021	PCC/PROC/0599	34	SCENEPRO LTD Forensic Vehicle Data Acquisition System	The only supplier of such equipment which is ISO 17020 compliant and therefore procurement from any other supplier would result in evidence being discounted and discredited at court. It would also jeopardise our membership of the FCIN and would result in us not being accredited.	Serious Collisions Investigation Unit
20/04/2021	PCC/PROC/0587	75	RIEGL UK LTD 3D Laser Scanner including training and support/maintenance	The only supplier of such equipment which is ISO 17020 compliant and therefore procurement from any other supplier would result in evidence being discounted and discredited at court. It would also jeopardise our membership of the FCIN and would result in us not being accredited.	Serious Collisions Investigation Unit
01/06/2021	PCC/PROC/0708	48	EXCEPTION LTD Consultancy for the Future Service Provision Programme in terms of all ICT aspects and advice	It is known that Exception has the appropriate detailed knowledge of both Lincolnshire Police and G4S, having been involved during the initial procurement process, commercial dialogue and Partnership outsourcing Project. Under Regulation 10.2.3 it is considered that the market place for advice with regards to this contract is limited and to tender for this would substantially increase both the costs of the service and the time involved and given the time constraints involved it would not be appropriate to tender.	OPCC
02/06/2021	PCC/PROC/0666	32	CUBIC TRANSPORTATION SYSTEMS (ITMS) LTD SDIS support	Cubic are one of the companies that supply, maintain and calibrate speed cameras within Lincolnshire. Due to Home Office type Approval each manufacturer is responsible for their own equipment and the only company allowed to maintain/repair. No other company can legally supply these services to support the enforcement equipment and processing of offences from these devices.	LRSP

Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
02/06/2021	PCC/PROC/0665	46	CUBIC TRANSPORTATION SYSTEMS (ITMS) LTD EROS CORE support	Cubic are one of the companies that supply, maintain and calibrate speed cameras within Lincolnshire. Due to Home Office type Approval each manufacturer is responsible for their own equipment and the only company allowed to maintain/repair. No other company can legally supply these services to support the enforcement equipment and processing of offences from these devices.	LRSP
07/06/2021	PCC/PROC/0663	84	LYNCHPIN & ASSOCIATES LTD Consultancy for organisational change - cultural assessment and min 60 consultancy days	The methodology used, known as the Unwritten Grounds Rules (UGRs) fits well within Policing and its evidence-based approach supports use of the National Decision Making Model. The methodology has been used in other public sector organisations including policing, and has been demonstrated to make successful, purposeful changes to an organisation's culture. The UGRs methodology has been chosen by the Deputy Chief Constable as the preferred way of achieving the outcomes and benefits described above. There is only one company in the United Kingdom who are licenced to use the UGRs methodology, a local firm called Lynchpin Solutions.	Strategic Development
09/06/2021	PCC/PROC/0626	33	JENOPTIK TRAFFIC SOLUTIONS LTD Calibrations and communications for speed cameras	Jenoptik supply, maintain and calibrate speed cameras within Lincolnshire. Home Office Type Approval for these devices requires annual calibration to enable them to be legally used on the UK's roads. In addition, each site requires a method of communication to transfer offence capture data to the back office system. Due to Home Office type Approval each manufacturer is responsible for their own equipment and the only company allowed to maintain/repair and calibrate.	LRSP
09/07/2021	PCC/PROC/0237	36	UNIVERSITY OF LINCOLN Delivery of Level 7 Senior Leadership Management Degree Apprenticeships (SLMDA)	University of Lincoln International Business School was selected by the Force to provide the service for the CMDA programme due to their location to Lincolnshire Police; relationship development in preparation for potential PEQF elements and they are already set up as an Apprenticeship Provider with known and effective links to the Chartered Management Institute.	L & D

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Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
16/07/2021	PCC/PROC/0517	44	FORENSIC ANALYSTICS Purchase of LIMA radio frequency (RF) kits	LIMA is a suitably unique product which exactly fits the requirements of the RF team in Lincolnshire. This equipment is future proofed as it is 5G enabled whereas other products are not. Coupled with the other unique elements of the product means it will save the practitioners time in carrying out surveys. Other forces are looking at purchasing Lima and this would allow us to achieve and maintain accreditation easier if other forces are also using the same kit.	Digital Forensics Unit
19/07/2021	PCC/PROC/0734	50	WORKING MINDS UK Wellbeing - Psychological Consultant Support	The degree of urgency and Lincolnshire Police have been in consultation with a consultant to provide clinical guidance as to the required services, who has undertaken some scoping work considering other individuals and companies and has not found an alternative supplier that suitably meets the needs of the force.	Executive
26/07/2021	PCC/PROC/0715	94	LPFT Second Additional FT Independent Sexual Violence Advisor (ISVA) post	LPFT are the only ISVA service with existing relationships with Lincolnshire police, HMCTS and with other service providers. It would create confusion and unnecessary additionality to the existing established referral pathways if a different provider was contracted to provide the 1x FTE ISVA.	OPCC
03/08/2021	PCC/PROC/0723	33	THE OPPORTUNITY GROUP Lincolnshire EBP Analyst Apprenticeship Course	Only supplier for training requirement	L & D
26/08/2021	PCC/PROC/0711	39	I STRAKER CONSULTANCY LTD Crisis Support Telephone Services	We have explored a variety of suppliers in the EAP and Mental Health support space – none of them have experience of providing such a service.	OHU

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Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
30/09/2021	PCC/PROC/0770	40	HABIT5 LTD Scheme for Community panel for public consultation	Habit5 are currently undertaking this work on our behalf and are a specialist provider with the necessary skills to undertake panel management, consultation and statistical analysis. Habit5 are the sole data controller and they are required to give panel members the opportunity to exercise their rights over their data. The intention is to develop a specification to go out to market in March 2022 for future consultation needs. This will allow sufficient time to meet GDPR data control standards should a new provider be successful.	OPCC
30/09/2021	PCC/PROC/0732	30	BROOK STREET Provision of Temporary Agency Staff	Procurement has been working with Blue Light Commercial who is putting a new framework in place. There have been delays to the participation and implementation of this framework due to legal issues of the sub-agreement which are still being worked on. As the current contract will expire at the end of this month, this could leave a gap in any requirements for the provision of short-term agency staff during this period. By extending this current contract for another 6 months, it will give time to either finalise the participation in the BLC framework or work collaboratively with the other regional forces in establishing another framework/ contract.	HR
14/10/2021	PCC/PROC/0771	26	REDACTED Redacted	This is ongoing support for a system that is already in place and is operationally effective. This is a unique tool which has specific tailored features for law enforcement to conduct internet investigations that no other product can offer in the same way. Due to the covert nature of this solution we feel it would be inappropriate to go out to market.	ICT
19/10/2021	PCC/PROC/0778	26	LINK ASSET SERVICES Treasury Management Services	Link Treasury Services are the market leading provider of independent treasury management services to UK public service organisations. Benchmarking being a key requirement we need to be with an organisation that has sufficient similar customers to facilitate benchmarking. There is one other provider of Treasury Management services in the market. An informal market engagement with them indicated that they would be more expensive as they offer a more bespoke client service.	Corporate Finance

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Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
17/12/2021	PCC/PROC/0716	66	VICTIM SUPPORT Additional FT Independent Sexual Violence Advisor (CHISVA) post	Victim Support provide the existing commissioned well established and high quality CHISVA service. It would create confusion and unnecessary additionality to the existing established referral pathways if a different provider was contracted to provide this additional post.	OPCC
07/01/2022	PCC/PROC/0702	30	EXCEPTION LTD ICT Support for commissioning of the OPCC websites	The current OPCC website is out of date and written in a custom-built CMS. This provider has the requisite tech expertise and can commence immediately. Not being able to update the CMS currently poses a risk to the organization.	OPCC
28/01/2022	PCC/PROC/0897	90	EXCEPTION LTD Programme Manager for Niche i-Cloud Project	Under Regulation 10.2.3 it is considered that the market place for advice with regards to this contract is limited and to tender for this would substantially increase both the costs of the service and the time involved and given the time constraints involved it would not be appropriate to tender.	CPT
25/02/2022	PCC/PROC/0786	28	CUBIC TRANSPORTATION SYSTEMS (ITMS) LTD Annual calibration of speed cameras	Due to Home Office type Approval each manufacturer is responsible for their own equipment and the only company allowed to maintain/repair. No other company can legally supply these services to support the enforcement equipment and processing of offences from these devices.	LRSP
09/03/2022	PCC/PROC/0714	48	LPFT Additional FT Independent Sexual Violence Advisor (ISVA) post	LPFT are the only ISVA service with existing relationships Lincolnshire police, HMCTS and with other service providers. It would create confusion and unnecessary additionality to the existing established referral pathways if a different provider was contracted to provide this post.	OPCC

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Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
10/03/2022	PCC/PROC/0880	68	E2E PROJECT MANAGEMENT LTD Programme Manager for the Future Service Provision Project - consultancy	It is known that E2E Ltd has an appropriate consultant with detailed knowledge of both Lincolnshire Police and G4S, having been involved during the initial procurement process, commercial dialogue and Partnership outsourcing Project. Under Regulation 10.2.3 it is considered that the marketplace for advice with regards to this contract is limited and to tender for this would substantially increase both the costs of the service and the time involved and given the time constraints involved it would not be appropriate to tender.	OPCC
21/03/2022	PCC/PROC/0879	94	MOTIVATO LTD Programme Director for the Future Service Provision (FSP) Project - consultancy	It is known that Motivato Ltd has an appropriate consultant with detailed knowledge of both Lincolnshire Police and G4S, having been involved during the initial procurement process, commercial dialogue and Partnership outsourcing Project. Under Regulation 10.2.3 it is considered that the market place for advice with regards to this contract is limited and to tender for this would substantially increase both the costs of the service and the time involved and given the time constraints involved it would not be appropriate to tender.	OPCC
24/03/2022	PCC/PROC/0953	25	FIELD FISHER WATERHOUSE LLP Provision of external legal advice/support	This is a retrospective EPA for the provision of legal services/support by Field fisher Solicitors to the Office of the Police and Crime Commissioner (OPCC). Field fisher have particular experience in advising public authorities on complex freedom of information requests and were able to mobilise quickly to assist and support the OPCC in this case. This was particularly critical as specified information was required within certain time periods. Responding in a timely and effective way to the information request and the ICO was critical to the discharge of the OPCC's statutory function.	OPCC
28/03/2022	PCC/PROC/0972	80	PITNEY BOWES PURCHASE POWER FHQ Franking Machine Top-up Funds	The Pitney Bowes franking machine is owned by G4S and will transfer to the Force on 1st April 2022. The credit funds have been paid for by Lincs Police. The machine is required to be topped up with funds to enable external mail to be franked and delivered by Royal Mail.	Facilities Management

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Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
28/03/2022	PCC/PROC/0963	44	NEC SOFTWARE SOLUTIONS UK LTD GIS renewal	The purchase order cannot be made via a framework and insufficient time remains to carry out a competitive tender. Unusually short notice and high volume of work within department currently, relating to the G4S contract end and concurrent activity novating contracts across or procuring services in lieu of G4S provided contracts	ICT
28/03/2022	PCC/PROC/0945	30	NEC SOFTWARE SOLUTIONS UK LTD QAS Renewal	Unable to purchase software through a framework and unable to run a competitive tender due to short timescales. Unusually short notice and high volume of work within department currently, relating to G4S contract end and concurrent activity novating contracts across or procuring services in lieu of G4S provided contracts	ICT
30/03/2022	PCC/PROC/0967	45	AI TRAINING SERVICES SCIU Training	Single Training Provider able to conduct the required training programme	L & D
31/03/2022	PCC/PROC/1005	52	CORNDEL LTD Apprenticeship for various G4S staff transferring back to Lincs Police	Transfer of apprenticeships from G4S to Lincolnshire Police to enable the members of staff to complete their studies. These range from a level 3 to level 7 leadership & management study. Corndel are the provider that the apprenticeships are currently registered to, so in order to continue, we need to continue with this provider.	L & D
31/03/2022	PCC/PROC/0966	156	OPTO TRAINING LTD Crime Training	Single Training Provider able to conduct the required training programme	L & D
31/03/2022	PCC/PROC/0962	489	CAP GEMINI UK PLC Support and maintenance of t-Police ERP system	The Force will start a project to look for or renew a ERP system in 2022. Until an alternative solution or a new ERP system has been agreed the Force require for the Support and Maintenance to be renewed for the current ERP system, t-police with the current supplier Cap Gemini, as the current arrangement via G4S expires on the 31st March 2022. The force does not have any alternatives but to seek renewal with Cap Gemini due to the timeframes involved and the fact that the t-police system is currently supported by them.	ICT

DRAFT

Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
31/03/2022	PCC/PROC/0926	44	IDOX SOFTWARE LTD Gazeteer licence support & maintenance for Regional Niche	This is support for existing software. By not using the Framework arrangement via the Bramble Hub but by going direct to the Provider, a saving of 10% of contract fee will be achieved.	ICT
TOTAL	**33**	**2185**			

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APPENDIX C

DEBT RECOVERY 2021/22

The total of debtor invoices raised in 2021/22 on behalf of the PCC was £5.858m (2020/21 £7.223m).

The level of outstanding debt at 31 March 2022 was £0.716m. Most of this was money owed to the PCC by companies or public bodies.

	2020/21		2021/22	
Type of Debtor	**Amount £000s**	**% of Total Outstanding**	**Amount £000s**	**% of Total Outstanding**
Local/Central Government	1,083	94.1%	652	91.7%
Other Entities and individuals	68	5.9%	64	8.3%
Total Outstanding	**1,151**		**716**	

The age profile of this debt is shown below. This is a snapshot as at 31 March 2022.

Number of Days	**0 - 30**	**31 - 60**	**61 - 90**	**>90**	**Total Outstanding**
2021/22					
Amount Outstanding £000s	594	36	3	83	**716**
% of Outstanding Debt	83.0%	5.0%	0.4%	11.6%	
2020/21					
Amount Outstanding £000s	867	185	37	76	**1,165**
% of Outstanding Debt	74.4%	15.9%	3.2%	6.5%	

Invoices outstanding for more than 90 days include those which are subject to challenge or clarification by the debtor.

Debts written off in the year total £51,003.88 equivalent to 0.9% of the total debt raised. This includes invoices for legal court costs which have been awarded to Lincolnshire Police but have proved unrecoverable. The debts written off were subject to investigation by the appointed external Debt Recovery Agent prior to write off.

All debt write offs are approved in accordance with the Financial Regulations.

APPENDIX D INSURANCE SERVICES

1.1. The Police and Crime Commissioner's (PCC) main classes of insurance, including Motor Fleet, Public / Employers Liability and Fidelity Guarantee, cover were subject to competitive tender under EU rules at the end of 2017, for insurance services commencing 1st April 2018. Contracts were awarded for a three year period with an option to extend for two further individual years.

1.2. The Police and Crime Commissioner's (PCC) other classes of insurance cover, including Property, Business Interruption, Personal Accident and Travel were subject to a further competition via YPO's Insurance Placement for insurance services commencing 1st April 2020. A contract was awarded for a three year period with an option to extend for two further individual years.

1.3. Insurance Premium Tax (IPT) was charged at 12% on all invoices for 21/22.

1.4. The table in part 2 of this report provides an analysis of the cost of insurance for 2021/22 (includes IPT):

1.5. Insurance cover is provided for the Office of the PCC as well as Police Officers, PCSOs, Support Staff, Special Constabulary, Police Staff Volunteers, Police Cadets, Volunteer Police Support Officers and JIAC members.

1.6. The PCC's brokers, Henderson Insurance Brokers Limited (HIBL) an Aon company, provide advice on insurance terms and cover level and renegotiations of premiums. Renewal information is provided annually; any changes to our exposure such as changes in vehicle numbers, wages and property value increase or decreases would result in the premiums being adjusted up or down accordingly.

Employers and Public Liability Claims Handling

1.7. Employers Liability and Public Liability claims over the deductible are handled by Risk Management Partners, while those under are handled by East Midlands Police Legal Services.

Claims History

1.8. Paragraphs 1.9 and 1.11 of this document summarise the claims experience over the period from April 2016 to 31st March 2022.

1.9. The Sum of Net paid column relates to the actual amount paid out in respect of claims, the Sum of Remaining Reserve represents the estimate of the amount still to be paid in respect of claims, with the Sum of Total Experience therefore being the total potential cost of the claims.

Employers Liability Claims

Policy Year	Number of Claims	Sum of Net paid £000s	Sum of Remaining Reserve £000s	Sum of Total Experience £000s
1st Apr 2015 – 31st Mar 2016	4	7.9	275	282.9
1st Apr 2016 – 31st Mar 2017	5	23.3	-	23.3
1st Apr 2017 – 31st Mar 2018	2	105.9	80	185.9
1st Apr 2018 – 31st Mar 2019	4	8.7	27	35.7
1st Apr 2019 – 31st Mar 2020	2	-	9.5	9.5
1st Apr 2020 – 31st Mar 2021	1	-	10	10
1st Apr 2021 – 31st Mar 2022	1	4.4	-	4.4
Total	**19**	**150.2**	**401.5**	**551.7**

Public Liability Claims

Policy Year	Number of Claims	Sum of Net paid £000s	Sum of Remaining Reserve £000s	Sum of Total Experience £000s
1st Apr 2015 – 31st Mar 2016	40	271.1	-	271.1
1st Apr 2016 – 31st Mar 2017	33	114.9	-	114.9
1st Apr 2017 – 31st Mar 2018	17	34.2	55	89.2
1st Apr 2018 – 31st Mar 2019	30	44.9	60	104.9
1st Apr 2019 – 31st Mar 2020	22	37	58.6	95.6
1st Apr 2020 – 31st Mar 2021	39	8.4	156.6	165
1st Apr 2021 – 31st Mar 2022	36	0.6	199.7	200.3
Total	**217**	**511.1**	**529.9**	**1,041.0**

Motor Claims Handling

1.10 Since April 2018, motor claims handling services have been provided by Gallagher Bassett on behalf of Risk Management Partners. The claims team handle all “fault” motor claims and a few “non-fault” motor claims. All other “non-fault” claims are managed by Hendersons on behalf of the PCC.

1.11 Insurance cover is provided for damage to third parties. The PCC is self-insured in respect of accidental damage to police vehicles as the premiums for comprehensive insurance would be far in excess of the cost of repairs.

Policy Year	Number of Claims	Sum of Net paid £000s	Sum of Remaining Reserve £000s	Sum of Total Experience £000s
1st Apr 2015 – 31st Mar 2016	71	38.8	-	38.8
1st Apr 2016 – 31st Mar 2017	73	88.7	-	88.7
1st Apr 2017 – 31st Mar 2018	83	46.2	-	46.2
1st Apr 2018 – 31st Mar 2019	79	18.9		18.9
1st Apr 2019 – 31st Mar 2020	73	37	5	42
1st Apr 2020 – 31st Mar 2021	58	2.1	1.2	3.3
1st Apr 2021 – 31st Mar 2022	75	-	72	72
Total	**512**	**231.7**	**78.2**	**309.9**

Computer Claims

1.12 None in the last 10 years.

Other Policies

1.13 In the last 10 years, there have been no claims on the other policies held by the PCC.

Review of Settlements

1.14 To comply with Financial Regulations, it is required that the annual report includes the following occurrences in the financial year:

- Settlements made in excess of £25k,
- Ex gratia payments in excess of £10k and
- The position in respect of claims estimated at over £50k.

1.15 Three payments has been made in excess of the £25k settlement limit and no payments have been made in excess of the £10k Ex Gratia limit. Current ongoing claims with a reserve above £50k consist of two Public Liability claims, one Employers Liability claims and no motor insurance claims.

APPENDIX E: ANNUAL TREASURY MANAGEMENT REVIEW 2021/22

1. Introduction

The Police & Crime Commissioner (PCC) is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2021/22 the minimum reporting requirements were that the PCC should receive the following reports:

- an annual treasury strategy in advance of the year (PCC decision 014-2021 25/03/21);
- a mid-year treasury update report (Joint Independent Audit Committee paper 11/11/2021);
- an annual review following the end of the year describing the activity compared to the strategy (this report).

The regulatory environment places responsibility on the JIAC for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the policies previously approved by the PCC.

The PCSB confirms that it has complied with the requirement under the Code to scrutinise treasury management reports.

2. The PCC's Capital Expenditure and Financing

The PCC undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the PCC's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

Capital Expenditure and Financing (£m)	2020/21 Actual	2021/22 Revised Budget	2021/22 Actual
Capital expenditure	6.4	12.3	6.8
Financed in year	2.9	0.3	2.0
Unfinanced capital expenditure	3.6	12.0	4.8

Note that £5.995m of the 2021/22 revised budget has been carried forward into 2022/23.

3. The PCC's Overall Borrowing Need

The PCC's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the PCC should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and next two financial years. This essentially means that the PCC is not borrowing to support revenue expenditure. This indicator allowed the PCC some flexibility to borrow in advance of it's immediate capital needs in 2021/22. The table below highlights the PCC's gross borrowing position against the CFR. The PCC has complied with this prudential indicator.

Gross Borrowing and CFR (£m)	31-Mar-21 Actual	31-Mar-22 Revised Budget	31-Mar-22 Actual
Capital Financing Requirement	42.0	51.4	40.9
Borrowing	29.3	28.4	28.4
Other long term liabilities*	3.4	0.0	0.0
Over / (under) borrowing	(9.3)	(23.0)	(12.5)

Following the end of the G4S Strategic Partnership at 31 March 2022, the finance lease liabilities have now been cleared.

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the PCC does not have the power to borrow above this level. The table below demonstrates that during 2021/22 the PCC has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the PCC during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Authorised Limit and Operational Boundary (£m)	2021/22
Authorised limit	46.0
Maximum gross borrowing position during the year	28.4
Operational boundary	41.0
Average gross borrowing position	28.8
Financing costs as a proportion of net revenue stream	2.44%

4. Treasury Position as at 31 March 2022

At the beginning and the end of 2021/22 the PCC's treasury position (excluding finance leases) was as follows:

Treasury Position (£m)	31-Mar-21 Principal	31-Mar-22 Principal
Total debt	29.3	28.4
Capital Financing Requirement	42.0	40.9
Other long term liabilities	3.4	0.0
Underlying Borrowing Need	38.6	40.9
Over / (under) borrowing	(9.3)	(12.5)
Total investments	8.9	14.2
Net debt	20.4	14.2

The maturity structure of the debt portfolio was as follows:

Maturity Structure (£m)	31-Mar-21 Actual	31-Mar-22 Actual
Under 12 mths	1.1	1.1
12 mths and within 24 mths	0.8	0.9
24 mths and within 5 yrs	2.5	2.4
5 yrs and within 10 yrs	3.4	3.0
10 yrs and within 20 yrs	2.1	1.1
40 yrs and within 50 yrs	20.0	20.0

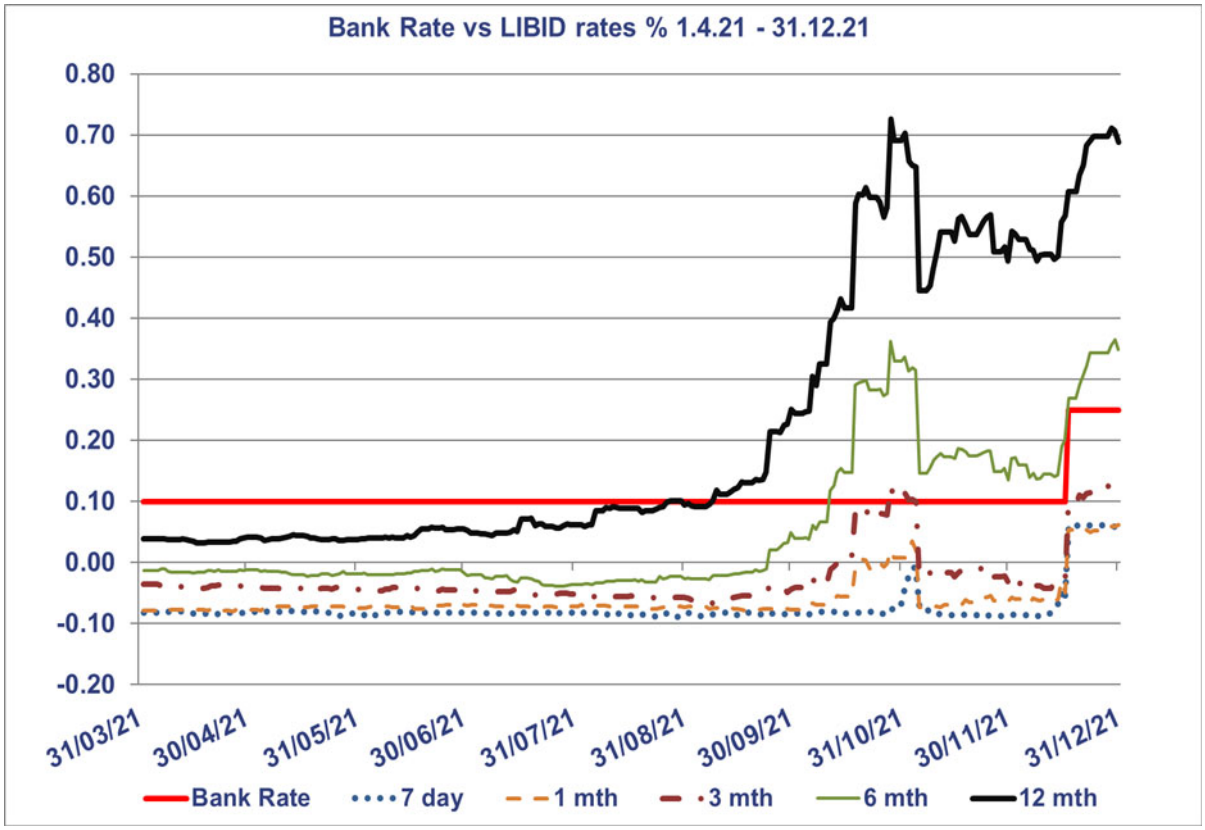
The maturity structure of the investment portfolio was as follows:

Investments (£m)	31-Mar-21	31-Mar-22
Longer than 1 year	-	-
Up to 1 year	6.6	14.2
Total	6.6	14.2

All investments were made for up to one year.

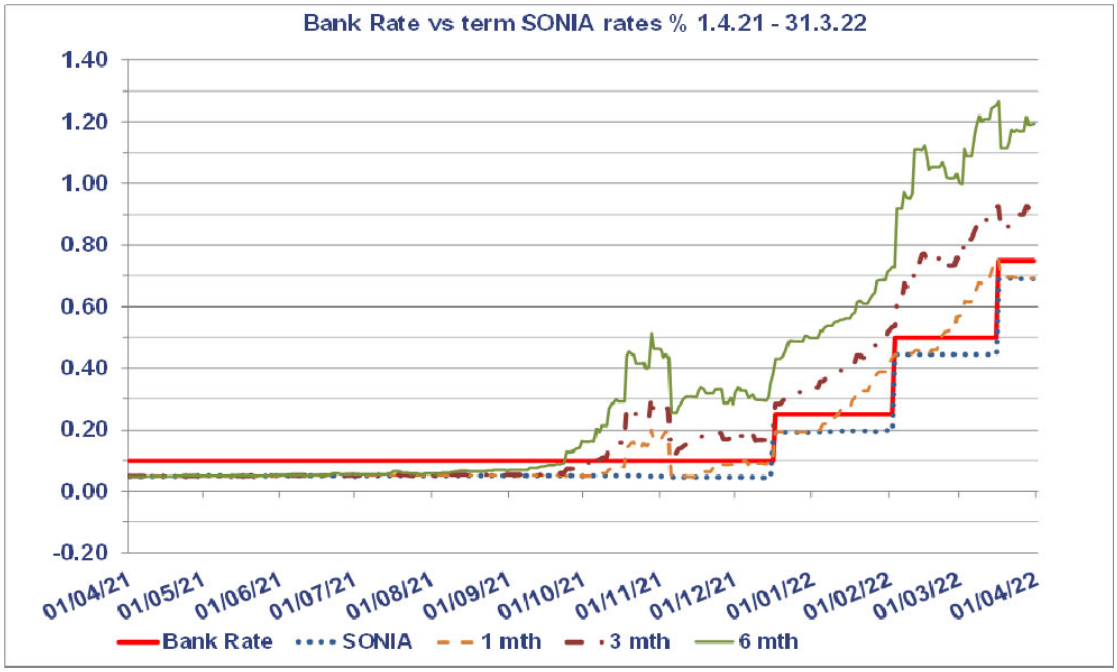
5. The Strategy for 2021/22

5.2 Investment strategy and control of interest rate risk



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.25	0.06	0.06	0.14	0.36	0.73
High Date	17/12/2021	29/12/2021	31/12/2021	31/12/2021	30/12/2021	28/10/2021
Low	0.10	-0.09	-0.08	-0.07	-0.04	0.04
Low Date	01/07/2021	27/08/2021	17/09/2021	08/09/2021	27/07/2021	08/07/2021
Average	0.11	-0.07	-0.05	-0.01	0.09	0.31
Spread	0.15	0.15	0.14	0.20	0.40	0.68

Investment Benchmarking Data – Sterling Overnight Index Average 2021/22



	Bank Rate	SONIA	1 mth	3 mth	6 mth
High	0.75	0.69	0.75	0.93	1.27
High Date	17/03/2022	18/03/2022	16/03/2022	28/03/2022	17/03/2022
Low	0.10	0.05	0.05	0.05	0.05
Low Date	01/04/2021	15/12/2021	10/11/2021	14/04/2021	09/04/2021
Average	0.19	0.14	0.17	0.24	0.34
Spread	0.65	0.65	0.71	0.88	1.22

Investment returns remained close to zero for much of 2021/22. Most local authority lending managed to avoid negative rates and one feature of the year was the continued growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

While the PCC has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These

requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing counterparty risk exposure, by having fewer investments placed in the financial markets.

5.2 Borrowing strategy and control of interest rate risk

During 2021/22, the PCC maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the PCC's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and minimising counterparty risk on placing investments also needed to be considered.
A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the PCC may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

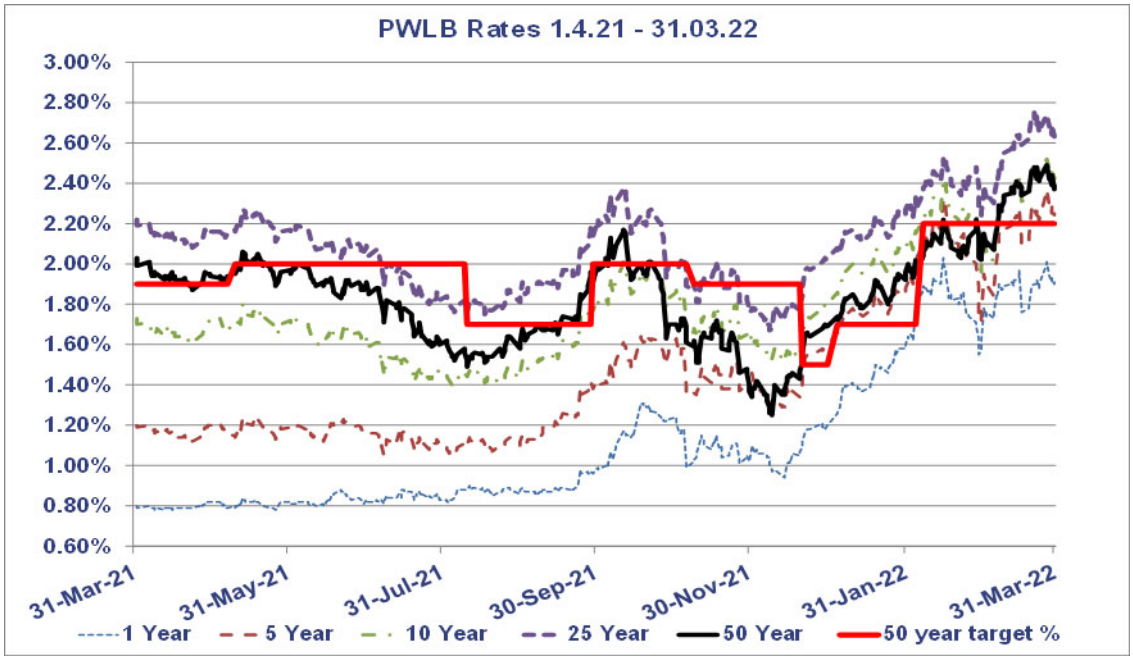
Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Finance Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- If it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered

- If it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years

Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2021/22 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00



PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

Gilt yields fell sharply from the spring of 2021 through to September and then spiked back up before falling again through December. However, by January sentiment had well and truly changed, as markets became focussed on the embedded nature of inflation, spurred on by a broader opening of economies post the pandemic, and rising commodity and food prices resulting from the Russian invasion of Ukraine.

At the close of the day on 31 March 2022, all gilt yields from 1 to 5 years were between 1.11% – 1.45% while the 10-year and 25-year yields were at 1.63% and 1.84%.
Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)

There is likely to be a further rise in short dated gilt yields and PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 to 1.25% later this year, with upside risk likely if the economy proves resilient in the light of the cost-of-living squeeze. Medium to long dated yields are driven primarily by inflation

concerns but the Bank of England is also embarking on a process of Quantitative Tightening when Bank Rate hits 1%, whereby the Bank's £895bn stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

6. Borrowing Outturn for 2021/22

Borrowing

Temporary borrowing in the year was as follows:

Amount Borrowed	Number of Days	Interest Rate	Interest Paid (£)
£1.5m	7	0.02%	5.75

There were no new loans taken out in 2021/22.

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Repayments

In 2021/22 the PCC repaid £0.8m on the principal on PWLB loans. The outstanding PWLB debt is shown below:

	31-Mar-21	31-Mar-22
Outstanding PWLB debt	£28.7m	£27.9m
Average interest rate	2.98%	2.93%
Average remaining life	36.9 yrs	36.7 yrs

7. Investment Outturn for 2021/22

Investment Policy

The PCC's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by the PCC on 25 March 2021. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The PCC held £13.4m of investments as at 31 March 2022; a breakdown of the investments held is in Appendix A1. During the year, no investments were outstanding with counterparties that were not on the PCC's approved list. Interest receipts during the year were £23k, against a budget of £18k.

Resources

The PCC's cash balances comprise revenue and capital resources and cash flow monies. The PCC's core cash resources were as follows:

Balance Sheet Resources (£k)	31-Mar-21	31-Mar-22
General Fund Balance	5,979	5,979
Earmarked Reserves	14,256	23,096
Provisions	1,389	822
Capital Grants Unapplied	0	188
Total	21,624	30,085

Appendix A1: Investments List as at 31 March 2022

Link Group Creditworthiness Colour Coding	Borrower	Principal (£)	Interest Rate	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
Yellow	LGIM MMF	4,000,000	0.42%	MMF	AAAm	0.000%
Yellow	Insight MMF	1,075,000	0.39%	MMF	AAAm	0.000%
Yellow	DMO	8,350,000	0.55%	12/04/2022	AA-	0.001%
	Total Investments	**13,425,000**	**0.50%**			**0.001%**