FINANCIAL GOVERNANCE AND PERFORMANCE 2022/23

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);
- Commercial Activity (Procurement & Contract Management) (Appendix B);
- Debt recovery (Appendix C);
- Insurance (Appendix D);
- Treasury Management Annual Report (Appendix E)

APPENDIX A

FINANCIAL PERFORMANCE – ANNUAL REPORT 2022/23

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 2022/23 Revenue Outturn Report, the 2022/23 Capital Outturn Report and the 2022/23 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 2022/23.

Financial health was generally sound. The budget for 2023/24 is balanced for the first two years of the medium term financial plan with use of reserves and a plan for savings included; however budget gaps in excess of £10m emerge beyond 2024/25, once reserves have been depleted such that no further non-recurrent support can be provided. These gaps are based on maintaining the police officer numbers at the PUP target of 1,186; it is clear that without additional funding, this cannot be maintained. Significant reductions in service levels will be required to bridge a budget gap of this magnitude, including reductions in police officer numbers.

The delivery of savings of a further c. £10m in 2025/26, in addition to savings already planned of £3m for that year, will require measures to be implemented during 2024/25 to ensure that the full year effect is delivered during 2025/26. A detailed delivery plan will be required for incorporation into the budget for 2024/25.

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 £1.92m of Special Grant funding in May 2023 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 will also be key to maintaining financial balance into the medium term as reserves to support the revenue budget will be depleted.

Insurance and procurement performance are described in detail in separate appendices;

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

REF	INDICATOR	NARRATIVE	2021/22	2022/23
Financial health				
1	Risk & General reserves	Risk Based Reserves maintained around the mid-point of a target range based on a financial risk assessment.	Slightly Under (£9.1m) *Range £6.1m - £13.3m, the mid-point of which is £9.7m*	Slightly Under (£9.1m) *Range £6.4m - £13.8m, the mid-point of which is £10m*
2	Borrowing	Annual cost of debt repayment and interest not to exceed 5% of annual income.	0.3%	0.8%
3	Internal control	All core financial systems to receive "significant assurance" internal audit conclusions.	Yes (100%)	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
Value for Money				
6	Spending	Lower than national average spending per head of population.	18.01% lower	14.4% 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%.	32%	26%
9	Capital programme management	a) Actual capital spending managed to more than 80% of the approved programme b) More than 50% of individual programme budget lines manage actual capital spending of 80% or more.	47%	57% 32%
10	Income from fees and charges	Annual Income from fees and charges (except for mutual aid) to exceed £1m.	£1.6m	£1.8m
11	Income	Average number of debtor days not to	36 days	64 days

REF	INDICATOR	NARRATIVE	2021/22	2022/23
	collection	exceed 30.		
12	Payments	More than 90% of undisputed invoices to be paid within 30 working days.	91%	90%
Treasury management				
13	Interest earned	Interest rate on investments higher than average bank rate (2.32% during period).	0.06% below BR	0.09% below BR
14	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
Commercial and Contract Management				
15	Extent of competition	Percentage of spending via national and regional frameworks and other competitive processes.	37%	54%
16	Major contracts	Savings achieved on major contracts.	£64k	£79k
17	Contract exceptions	Value of Exception Penalties enforced on major contracts	£85.1k*	£58.2k

* G4S Partnership Contract data

APPENDIX B

COMMERCIAL AND CONTRACT MANAGEMENT DEPARTMENT (CCM)

The Commercial and Contract Management Department (CCM) seeks to secure best value in all aspects of procurement and contract management through the delivery of a professional procurement and contract management service to both the Force and PCC. During 2022/23 following the end of the Strategic Partnership, the Force and PCC merged the Commercial Partnership Team and the Strategic Procurement Unit to establish the CCM Department. This new Department went live on 1st September 2022 to manage the whole commercial lifecycle, from the commencement of the procurement to the end of the contract, including full contract management for those contracts deemed to warrant this requirement (based on risk to the Force/PCC and contract value). The CCM comprises currently of a total of six staff, three of whom are fully MCIPS qualified and two who hold extensive commercial management experience acquired within the Commercial Partnership Team; the unit has also held two vacancies during the period, for which recruitment will be commenced in 2023/24.

The service provided includes, 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. The Department also provides extensive strategic contract management for all major contracts, from mobilisation to the end of the contract and is the conjunct between the Force/PCC and the contractor.

In 2022/23 the Department awarded 142 contracts for the Police and Crime Commissioner/Lincolnshire Police with a total value of £35.167 million, with 14 of them being awarded under the EMPLS standard terms and conditions and seven have been classified at 'Gold' standard in terms of the contract management activity. These contracts are detailed in Table 1.

From the award of these contracts, it is estimated that savings totalling approximately £78.6k have been achieved through the procurement process; and through contract management £58.2k has been enforced via contract exception reports in 2022/23.

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 86 arrangements have been utilised 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 £16.1 million per annum (29% of total spend). The CCM has been instrumental in the "adoption" of many of these arrangements.

During the year, 43 contracts were required to be awarded without formal competition comprising a total value of £3.080 million. A description of these contracts together with justification from the user department is given in Table 2.

A total of 71 retrospective purchase orders (raised after the invoice has been received) have been raised by the Force during the year, with a total value of £137k. The CCM have investigated these suppliers and the level of spend to see 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 were below £25k. The CCM will

liaise 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 was carried out to complete novating all Contracts held by G4S under the Strategic Partnership Contract to the Police and Crime Commissioner.

TABLE 1: COMMERCIAL AND CONTRACT MANAGEMENT DEPARTMENT CONTRACTS AWARDED 01/04/2022 TO 31/03/2023

Award Date	File Reference	Description
04/04/2022	PCC/PROC/0910	Renewal of Support & Maintenance for Oracle Licences
07/04/2022	PCC/PROC/1014	APCC annual subscription 2022/23
07/04/2022	PCC/PROC/1008	Purchase of Vehicles
07/04/2022	PCC/PROC/1007	Purchase of Vehicles
13/04/2022	PCC/PROC/1013	Fuel cards
19/04/2022	PCC/PROC/1024	IL4 security encryption and firewalls (PSN for Policing)
22/04/2022	PCC/PROC/1016	LOMPET IT equipment procurement
25/04/2022	PCC/PROC/1018	DPC Lincs/Leics User Satisfaction Surveys 2022/23
25/04/2022	PCC/PROC/0901	National Police Chiefs Council Drugs National Tactical Delivery Coordinator Consultancy
26/04/2022	PCC/PROC/0528	Airwave Coverage Contract Managed Service (GOLD STATUS)
29/04/2022	PCC/PROC/0874	REDACTED
05/05/2022	PCC/PROC/0974	Provision of Temporary Agency Staff
06/05/2022	PCC/PROC/0810	Provision and Installation of Average speed camera system on A631 & support
10/05/2022	PCC/PROC/0875	Wi-fi upgrade - Provision of Additional Meraki Units plus 3 years maintenance
10/05/2022	PCC/PROC/0718	REDACTED
13/05/2022	PCC/PROC/1039	Driver Offender Tag Project 2021 - 2023
16/05/2022	PCC/PROC/1036	Purchase of Vehicles – Response Team

17/05/2022	PCC/PROC/1054	Purchase of Vehicles
17/05/2022	PCC/PROC/1053	Purchase of Vehicles
17/05/2022	PCC/PROC/1037	Purchase of Vehicles
19/05/2022	PCC/PROC/1042	Delivery of Rapid Acceleration Programmes as part of an Innovation Pilot Project
19/05/2022	PCC/PROC/1003	Enterprise social media management software
20/05/2022	PCC/PROC/1017	Procurement of drones
20/05/2022	PCC/PROC/0952	Endpoint - USB whitelisting encryption software
24/05/2022	PCC/PROC/1063	Tenancy agreement - Horncastle 19/4/22 - 18/4/23
30/05/2022	PCC/PROC/1062	Purchase of Laptops
31/05/2022	PCC/PROC/0811	Police Payroll Services
01/06/2022	PCC/PROC/1056	Consultancy for organisational change - cultural assessment and consultancy
01/06/2022	PCC/PROC/1065	Additional Touchscreen Audio Recorders and associated equipment and support
08/06/2022	PCC/PROC/1070	Purchase of Vehicles
08/06/2022	PCC/PROC/1071	Purchase of Vans
09/06/2022	PCC/PROC/0950-CV005	Managed Internet access (MIA) and WAN including broadband
17/06/2022	PCC/PROC/0975	MIA Hardware
23/06/2022	PCC/PROC/1098	REDACTED
24/06/2022	PCC/PROC/1074	MDT blackberrry UEM licences covered by Lincs Police
24/06/2022	PCC/PROC/1099	Consultancy services for resourcing and demand planning for Response and CID Officers
28/06/2022	PCC/PROC/1100	UFED 4PC ultimate subscription

28/06/2022	PCC/PROC/1040	Vehicle telematics solution with support
29/06/2022	PCC/PROC/1107	OTAP (Over the Air Programming) for Airwave Devices
30/06/2022	PCC/PROC/0532	Departmental Self-Drive Vehicle Hire
30/06/2022	PCC/PROC/0868	Financial & Personal Data Services
30/06/2022	PCC/PROC/1025	Scene of Crime Consumables
12/07/2022	PCC/PROC/1052	Wellbeing Psychological Consultant Support
13/07/2022	PCC/PROC/1112	Upgrade to Brant Road Speed Cameras
13/07/2022	PCC/PROC/0887	Medical Services in Custody and Sexual Offence Examination in SARC Combined (GOLD STATUS)
14/07/2022	PCC/PROC/0907	Microsoft O365 Licences Renewal
15/07/2022	PCC/PROC/1126	MIA Professional Services
19/07/2022	PCC/PROC/1109	Consultancy for the development of a Serious Violence Strategy for the OPCC
27/07/2022	PCC/PROC/1120	Niche RMS for Leicestershire
29/07/2022	PCC/PROC/1127	Niche Cloud Migration - SQL licenses
01/08/2022	PCC/PROC/1083	Replacement of Mobile Data Terminals (MDT) plus Licences (GOLD STATUS)
02/08/2022	PCC/PROC/1132	Niche Cloud Migration - Microsoft Azure ComIT
02/08/2022	PCC/PROC/1140	Cloud connect express route
05/08/2022	PCC/PROC/1125	Linked Data Strategy consultancy services
09/08/2022	PCC/PROC/1124	Change Management Consultancy Services - Phase 1 (development of requirements)
09/08/2022	PCC/PROC/1129	Crisis Support Telephone Services
18/08/2022	PCC/PROC/1133	iBase integration for C&C project

19/08/2022	PCC/PROC/1150	Programme Manager for Niche i-Cloud Project
25/08/2022	PCC/PROC/1176	Open Options Duty Management annual support (for T-Police)
26/08/2022	PCC/PROC/1105	Money coaching
30/08/2022	PCC/PROC/1055	Specialist Legal Advice for OPCC
31/08/2022	PCC/PROC/1170	Consultancy Provision for launch of QLIK Dashboard
07/09/2022	PCC/PROC/1142	Provision of Firearms Instructors Courses
09/09/2022	PCC/PROC/1147	Supply of Diesel, Kerosene & Heating/Gas Oils
13/09/2022	PCC/PROC/1067	Provision and Installation of Average speed camera system on A16 Surfleet
13/09/2022	PCC/PROC/1060	Chronicle system support for Core, Firearms, Dogs, Public Order, Armoury Modules. Single cloud hosted solution
16/09/2022	PCC/PROC/1171	Project Management Services for EMSOU Covert Ops IT Application Implementation
23/09/2022	CCM/0006	Purchase of monitors for FCR
30/09/2022	CCM/0010	Nexthink Virtualised Platform
04/10/2022	PCC/PROC/1177	DHEP Training
04/10/2022	CCM/0020	Direct Network Services for Emergency Services Network
13/10/2022	CCM/0009	Additional Independent Sexual Violence Advisor (ISVA) posts - Aug 22 to 31 Mar 2025
13/10/2022	CCM/0008	Second Additional FT Independent Sexual Violence Advisor (CHISVA) post
13/10/2022	CCM/0012	Conversion of Vehicles
13/10/2022	PCC/PROC/1057	REDACTED
17/10/2022	PCC/PROC/1148	C&C Unify telephony upgrade of hardware
17/10/2022	PCC/PROC/0909	Development, Commissioning and Hosting of OPCC and Victim Lincs Websites

19/10/2022	PCC/PROC/1097	HP Annual support and maintenance of HP 3PAR Storage/blade equipment
20/10/2022	CCM/0030	Veeam Backup Subscription Licences and basic annual support and maintenance
20/10/2022	PCC/PROC/1111	Provision of Force Medical Officer (OH Physician), SMP and adhoc OHA
20/10/2022	CCM/0021	SIMs
21/10/2022	CCM/0034	Purchase of Vehicles
31/10/2022	PCC/PROC/1119	REDACTED
01/11/2022	PCC/PROC/1178	REDACTED
15/11/2022	PCC/PROC/0869	Victim Support Outreach Service (GOLD STATUS)
21/11/2022	CCM/0088	Purchase of Vehicles
07/12/2022	CCM/0055	Consultancy services for replacement ERP Solution project
14/12/2022	CCM/0096	Upgrade of Obsolete GATSO Speed Camera Systems
19/12/2022	CCM/0108	Online Assessment of Potential New PC Recruits
21/12/2022	PCC/PROC/1058	Business travel and accommodation (GOLD STATUS)
21/12/2022	PCC/PROC/0911	CCTV Consultancy for OPCC (SGW)
22/12/2022	CCM/0105	Purchase of Vehicles
30/12/2022	CCM/0127	REDACTED
05/01/2023	CCM/0135	Purchase of Vans
05/01/2023	CCM/0134	Purchase of Vehicles
09/01/2023	CCM/0007	Wi-Fi Additional Data points on Sites
09/01/2023	CCM/0065	Specialist IT recruitment agency

09/01/2023	CCM/0153	Airwave Coverage Contract Managed Service
10/01/2023	CCM/0077	Change Management Consultancy Services - Phase 2 (implementation and training)
12/01/2023	CCM/0146	Data Principles Services Platform Selection and Build
16/01/2023	PCC/PROC/1173	Office Furniture, Fixtures & Fittings
27/01/2023	CCM/0188	Airwave Peripherals
31/01/2023	CCM/0189	Purchase of vehicles
01/02/2023	CCM/0142	Additional FT Independent Sexual Violence Advisor (ISVA) post
02/02/2023	CCM/0144	Second Additional FT Independent Sexual Violence Advisor (ISVA) post
06/02/2023	CCM/0154	CSI Replacement Camera equipment
08/02/2023	CCM/0031	Meddbase - OHU Software System
10/02/2023	CCM/0183	TPAC Driver Training
13/02/2023	CCM/0191	Supply of water and drainage
16/02/2023	CCM/0200	GIS - NPS Software Licence, Maintenance and Support April 23 - Mar 24
23/02/2023	CCM/0184	Grant - Homicide Prevention Funding - Training
24/02/2023	CCM/0192	Supply of Gas for all sites (V6 & L6)
24/02/2023	CCM/0193	Provision of Electricity for 8 sites (V6 & L6) & Non HQ sites Brown Energy (Non Half Hourly - L6) (GOLD STATUS)
07/03/2023	CCM/0186	Chief Officer Training
10/03/2023	CCM/0214	CycFreedom 3 Cloud hosted software support and maintenance.
10/03/2023	PCC/PROC/1143	Provision of Force Medical Officer (OH Physician) and SMP
13/03/2023	CCM/0216	Wellbeing Psychological Consultant Support Extension for 6 months and additional costing for Jan to Mar 2023

14/03/2023	CCM/0210	Procurement of laptops
16/03/2023	CCM/0111	Mobile phone/ MDT refresh
16/03/2023	CCM/0159	Grant - Homicide Prevention Funding
20/03/2023	CCM/0084	Upgrade to Speed Camera Systems on Lincoln Broadgate and A16 Louth
20/03/2023	CCM/0225	Niche RMS (Regional) (GOLD STATUS)
23/03/2023	CCM/0233	DI Pro with Lace Carver Licences
24/03/2023	CCM/0333	Provisions of Motorcycle PPE
27/03/2023	CCM/0294	QAS Nametracer Pro V6
27/03/2023	CCM/0132	Police Pensions Administration and Police Payroll Services
28/03/2023	CCM/0215	Gazeteer licence support & maintenance for Regional Niche (ADS Mapping, Bluelight Gazeteer, MapInfo Professional & Runtime, SinglePoint AddressBase, XDM Module & XDM Police Template)
28/03/2023	CCM/0220	Adobe Acrobat DC Pro
29/03/2023	CCM/0198	BT Landline and Broadband charges
30/03/2023	CCM/0129	Insurance Services Lot 1: Employers Liability, Public Products Pollution Liability, Professional Indemnity; Lot 2: Fidelity Guarantee
30/03/2023	CCM/0129	Insurance Services: Lot 3 - Motor Fleet
30/03/2023	CCM/0229	Annual charges for co-location data centre services (Service Delivery Management Annual Charges, Service Desk Services Annual Charges, Annual Space Charge, Space Charge Adjustment, Communications Equipment Hosting Charge, Internet Annual Charge SDC01, Power Charge Annual)
30/03/2023	CCM/0219	Provision of CBRN Comms and Headsets
30/03/2023	CCM/0213	REDACTED
30/03/2023	CCM/0223	Fuel cards

30/03/2023	CCM/0207	Mobile alarms - maintenance of temporary alarms
30/03/2023	CCM/0145	Insurance Services (Lot 1 MD, BI & Money; Lot 2 Contract Works; Lot 3 PA & Travel)
31/03/2023	CCM/0252	Purchase of Vehicles
31/03/2023	CCM/0212	Purchase of Vehicles
31/03/2023	CCM/0209	Procurement of vehicles
31/03/2023	CCM/0307	REDACTED
31/03/2023	CCM/0316	NUMS Lite - supply of Patrol Officer uniforms
TOTAL	**142**	

TABLE 2: COMMERCIAL AND CONTRACT MANAGEMENT DEPARTMENT
EXCEPTIONAL PURCHASE ACTION
CONTRACTS AWARDED 01/04/22 TO 31/03/23

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

Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
25/04/2022	PCC/PROC/ 0901	80	Nexus UK Investigations Ltd	National Police Chiefs Council Drugs National Tactical Delivery Coordinator Consultancy	Having previously done this role as a D/Ch. Supt. in Bedfordshire, Mark brings extensive knowledge to the position. As this has not gone out to tender, considerable time and money has been saved in appointing Mark. Further, Mark is the current incumbent in this role and has delivered and continues to deliver against his objectives. Retaining Mark in this role ensures continuity and stability with other forces and the Home Office. Additionally, due to Mark's working knowledge and existing contact base in this area, there are no training requirements or the necessity to 'network' which would've required an investment in time and money to bring Mark up to speed with the requirements of the role.	Executive
10/05/2022	PCC/PROC/ 0718	93	REDACTED	REDACTED	Mini trial established that this supplier's products were a better product	Digital Forensics Unit
13/05/2022	PCC/PROC/ 1039	80	Carewhere	Driver Offender Tag Project 2021 - 2023	Provider received money from Innovate UK initially to develop the concept and associated technology. They are the only company that has this technology. This project is to prove that these ankle tags will work in the CJ system and Lincs Police are the CJ host.	Operations Support

Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
19/05/2022	PCC/PROC/ 1042	60	GoMad Thinking	Delivery of Rapid Acceleration Programmes as part of an Innovation Pilot Project	The suppliers have unique intellectual property and experience of delivery the Go Mad Results Framework. The Results Framework provides a unique and structured thinking approach to enable leaders, managers, and staff to solve problems and achieve goals on a continual daily basis and creates a common, shared language throughout an organisation. While there are other methodologies, they are not as simple to use and accessible. Another methodology without this focus would be far less likely to succeed and get us to where we need to be.	Strategic Development
01/06/2022	PCC/PROC/ 1056	84	Lynchpin and Associates Ltd	Consultancy for organisational change - cultural assessment and consultancy	As the UGRs methodology is not provided by any other supplier in the United Kingdom, it is not possible to run a competitive tendering process. In addition, Lynchpin Solutions have previously worked with Lincolnshire Police from July 2020 to March 2022 in helping the force to understand its organisational culture and to create a culture by design. This work naturally follows from the previous one; and Lynchpin Solutions have built up a considerable experience of the force, it's culture and relationships with key personnel that enable the continuing delivery of services using the UGRs methodology.	Strategic Development
01/06/2022	PCC/PROC/ 1065	42	David Horn Communications Ltd	Addn'l Touchscreen Audio Recorders and associated equipment, and support	Supplier of existing equipment to be used to maintain uniformity	ICT

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
28/06/2022	PCC/PROC/ 1100	76	REDACTED	REDACTED	No frameworks available for direct award, and this is support of existing equipment, therefore no other provider can supply.	Digital Forensics Unit
30/06/2022	PCC/PROC/ 0532	50	Feathers Vehicle Hire	Departmental Self-Drive Vehicle Hire	To put something formal in place whilst awaiting the introduction of a Regional Framework arrangement which is expected to go live early in FY 2023/24.	Fleet
12/07/2022	PCC/PROC/ 1052	100	Working Minds UK	Wellbeing Psychological Consultant Support	Previous studies identified Working Minds UK as the best option for Lincolnshire Police. The Force seeks to extend the current agreement, ensuring consistency whilst the new process is developed.	Health & Care
13/07/2022	PCC/PROC/ 1112	46	Truvelo UK	Upgrade to Brant Road Speed Cameras	Due to Home Office type Approval each manufacturer is responsible for their own equipment and the only company allowed to supply, install, maintain/repair and calibrate them. By upgrading the existing sites, not only do we provide value for money but it allows us to make better use of our existing Truvelo digital speed camera by rotating it between the site at Stamford and these two sites on Brant Road. This will improve safety and increase effectiveness of our enforcement operations. As we intend to use the existing Truvelo digital camera at these sites, only Truvelo can provide the site upgrades for the reasons outlined above.	LRSP
19/07/2022	PCC/PROC/ 1109	34	Applestone Consulting	Consultancy for the development of a Serious Violence Strategy for the OPCC	The recommended contractor has previously been engaged by Public Health to deliver a serious violence needs assessment for Lincolnshire which will underpin the strategy development. If another contractor was	OPCC

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
					engaged there would be further cost incurred as they would need additional contracted days to gain an understanding of the needs assessment prior to commencing this requirement. This provider has the requisite expertise and knowledge and is able to commence immediately – the aim is to have the strategy in place by the end of October to inform financial planning and commissioning (OPCC and partner agencies).	
09/08/2022	PCC/PROC/ 1124	68	Pragmatics 3D	Change Management Consultancy Services - Phase 1 (development of requirements)	There is a pressing need to review and prioritise activity and to understand where resources are currently deployed to projects / programmes in order to implement more control and assurance. This supplier has a detailed knowledge of the Force following their involvement in the Future Services Programme. As such, they are in a position to start the relevant workstream as outlined in their proposals without delay and without familiarisation with the force. This provides a unique insight to the force that other providers would not have within the time constraints.	Executive
09/08/2022	PCC/PROC/ 1129	39	I Straker Consultancy Ltd	Crisis Support Telephone Services	We had previously explored a variety of suppliers in the EAP and Mental Health support space – none of them were found to have experience of providing the service required. Having undertaken a review of usage, it has been agreed to extend this contract for a further 12-months. This is to cover the Occupational Health Service transition back into force and will allow the new OH Team to have become embedded.	Health & Care

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
					Going forward, a review of the Framework shall be undertaken in 2023 to ascertain possible alternatives.	
19/08/2022	PCC/PROC/ 1150	61	Exception Ltd	Programme Manager for Niche i-Cloud Project	Due to the complex nature of the Programme and the requirements to have sufficient knowledge of both the Police Service and NICHE and in-depth ICT Technical knowledge it is difficult to obtain such a requirement on the open market. Bluelight Commercials have been used to assist in the procurement activity to ensure that best value for money and all other appropriate procurement activity has been adhered too or not.	CPT
26/08/2022	PCC/PROC/ 1105	50	Octopus Moneycoach	Money coaching (a/w full details from HR)	We are seeking this exception as we recognise as an employer that we need to respond to our colleagues needs now – not in several months' time. Going through a tender process would delay the availability of the services and support which our colleagues need access to now. Research has been undertaken separately to ensure that what we can receive from Octopus MoneyCoach is fit for us as an employer.	Health & Care
30/08/2022	PCC/PROC/ 1055	50	JMW Solicitors LLP	Retrospective - Specialist Legal Advice for OPCC	This is a retrospective EPA for the provision of specialist legal services by JMW Solicitors LLP to the Police and Crime Commissioner (PCC) in relation to Op. Motala, which is being led by the Independent Office for Police Conduct. JMW have relevant experience, knowledge and expertise, and were able to mobilise quickly in supporting and aiding the PCC. This was particularly critical as certain disclosures were required to be made in a timely and	OPCC

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
					effective way. Securing appropriate and trustworthy legal advice and support was necessary to meet that goal.	
31/08/2022	PCC/PROC/ 1170	54	Perfect Image Ltd	Consultancy Provision for launch of QLIK Dashboard	G4S entered into a contract with Perfect Image Ltd – the contract has fully novated from G4S to Lincolnshire Police. Perfect Image have provided and implemented Lincolnshire Police with the QLIK solution which is a business intelligence tool used by various departments across Lincolnshire Police. Lincolnshire Police now need to bring back in a consultant from Perfect Image (who will be vetted) who worked on the original project when the solution was implemented in the Force.	Strategic Development
07/09/2022	PCC/PROC/ 1142	26	West Midlands Police	Provision of Firearms Instructors Courses	This course and qualification is only provided by a small number of police forces and supply is limited to centres licensed and approved by the College of Policing. CNC have a course running in October, but we have two candidates already on that one. Resilience and candidate availability preclude that course. There is also a course in Thames Valley in the new year which is not an option due to the availability of the candidates.	Operations Support
16/09/2022	PCC/PROC/ 1171	60	REDACTED	REDACTED	REDACTED	Executive
30/09/2022	CCM/0010	85	Voodoo Technology Ltd	Nexthink Virtualised Platform	This contract has been novated from G4S to Lincs Police. Because of the service it is necessary to use the existing provider for this solution. The renewal needs to be in place by 30th Sept 2022 when existing 3 year contract	ICT

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
					expires. As such it is not possible to run a full tender process and even a mini-competition under a Framework arrangement would take the Force beyond the current expiry date leaving it without the service provision.	
04/10/2022	PCC/PROC/ 1177	140	Police NOW	DHEP Training	Police NOW are the only provider in the UK that provide this offer of a combined intensive training course, recruitment and DHEP combination as such there is no alternative tender option to meet these requirements.	L & D
13/10/2022	CCM/0009	168	Lincolnshire Partnership NHS Foundation Trust (LPFT)	Additional Independent Sexual Violence Advisor (ISVA) posts - Aug 22 to 31 Mar 2025	LPFT as the existing commissioned ISVA provider are included within the multi-agency referral pathway document which is signed off by the Lincolnshire Adults Safeguarding Board and the Lincolnshire Childrens Safeguarding Partnership. LPFT are the only ISVA service with existing relationships Lincolnshire police, HMCTS and with other service providers. Due to the impact of the pandemic, there continues to be a delay in charging decisions and a backlog of trials waiting to be heard. Victims of Sexual Violence require support for longer whilst waiting to give evidence and the established ISVA service is best placed to provide that support.	OPCC

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
13/10/2022	CCM/0008	124	Victim Support	Additional FT Independent Sexual Violence Advisor (CHISVA) post	Victim Support as the existing commissioned CHISVA provider are included within the multi-agency referral pathway document which is signed off by the Lincolnshire Adults Safeguarding Board and the Lincolnshire Safeguarding Childrens Partnership. Victim Support have membership on the on the Lincolnshire Childrens Partnership CSA Working Group and are contributing to on going work to enhance the multi-agency referral pathway for children and young people affected by sexual violence and abuse.	OPCC
20/10/2022	PCC/PROC/ 1111	56	Drs Direct	Provision of Force Medical Officer (OH Physician), SMP and adhoc OHA	The OHP services was previously procured by the East Midlands Occupational Health Unit (EMOHU) with an external supplier (RPS Ltd). The intention had been for Lincolnshire Police to take onboard the contract with RPS Ltd when occupational health services were brought back into force (01/10/22). Unfortunately, RPS Ltd were no longer able to provide OHP services to Lincolnshire Police. The project team subsequently approached eight other suppliers of which Drs Direct Ltd was able to fulfil all the Force's OH resourcing requirements at short notice.	Health & Care
01/11/2022	PCC/PROC/ 1178	104	REDACTED	REDACTED	No frameworks available. This is a renewal for an existing sensitive contract and as such not deemed appropriate to advertise	Digital Forensics Unit

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
14/12/2022	CCM/0096	101	Cubic Transportation System	Upgrade of Obsolete GATSO Speed Camera Systems	Cubic supply, maintain and calibrate Gatso 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 is the only company allowed to supply, install, maintain/repair and calibrate them.	LRSP
19/12/2022	CCM/0108	120	College of Policing	Online Assessment of Potential New PC Recruits	The Online Assessment is a mandatory stage of the recruitment process for PC New Recruits. The College of Policing are the only provider of this service, and there are currently no alternate suppliers	HR
30/12/2022	CCM/0127	69	REDACTED	REDACTED	REDACTED	Executive

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
09/01/2023	CCM/0007	61	Selmec Lincoln Ltd	Wi-Fi Additional Data points on Sites	The main reason is the urgent requirement to install Wi-Fi across the Force estate as soon as possible as this is crucial to operational requirements, which include, updates to Airwave Radio's and use of Wi-Fi calling on MDT's in areas with a poor signal/reception. Selmec are available to mobilise and commence work within 2-4 weeks of receipt of instruction to proceed via purchase order.	ICT
09/01/2023	CCM/0065	74	Global Resourcing	Specialist IT recruitment agency	Whilst the supplier is on the CCS G-cloud Framework – the framework does not allow for contingent labour (temporary). Therefore, due to urgency of fulfilling this role due to continued resourcing constraints/pressures with the IT department preliminary discussions with the Head CCM has been held and EPA was deemed best route forward.	ICT
01/02/2023	CCM/0142	96	Lincolnshire Partnership NHS Foundation Trust (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 path ways if a different provider was contracted to provide the 1x FTE ISVA.	OPCC

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
02/02/2023	CCM/0144	94	Lincolnshire Partnership NHS Foundation Trust (LPFT)	Additional FT Independent Sexual Violence Advisor (ISVA) post	LPFT as the existing commissioned ISVA provider are included within the multi-agency referral pathway document which is signed off by the Lincolnshire Adults Safeguarding Board and the Lincolnshire Childrens Safeguarding Partnership. LPFT are the only ISVA service with existing relationships Lincolnshire police, HMCTS and with other service providers. Due to the impact of the backlog of trials waiting to be heard, victims of Sexual Violence require support for longer whilst waiting to give evidence and the established ISVA service is best placed to provide that support.	OPCC
08/02/2023	CCM/0031	33	Medical Services	Meddbase - OHU Software System	The original procurement activity for this requirement was less than the £25k delegated limit and involved obtaining three quotes and followed the relevant procurement guidelines. However, on further examination of the requirement, there are additional costs that were not known about initially that has resulted in the total contract value falling above the threshold for when a formal tender process should have been undertaken. There are no available frameworks which can be utilised to provide this service. As competition has been sought and various options/suppliers evaluated, this seems the most sensible procurement route without having to duplicate a competitive process. This Contract will be published on Contracts Finder and BLPD2.	Health & Care

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
10/02/2023	CCM/0183	72	Durham Police Authority	TPAC Driver Training	Provision only carried out by relevant Police Authorities - Durham Police have availability and more cost effective	Operations Support
23/02/2023	CCM/0184	54	Cambridge Centre	Grant - Homicide Prevention Funding - Training	Only available supplier to carry out the training	Community Safety
07/03/2023	CCM/0186	40	GoMad Thinking	Chief Officer Training - Go Mad	The suppliers have unique intellectual property and experience of delivery the Go Mad Results Framework. The force has recently participated in a successful Proof of Concept (PoC) with Go Mad, which has produced significant benefits for the force. It is recognised that for the force to be able to continue using the Go Mad methodologies, it is essential the Executive Team are trained to be able to lead in this way; and this will also start a 'trickle down' effect on problem solving and innovation that will continue to provide the cultural impacts required.	Executive
13/03/2023	CCM/0216	125	Working Minds UK	Wellbeing Psychological Consultant Support Extension	Due to time constraints and staff shortages within the department an extension was award for 6 months to enable an appropriate ITT tender process to be implemented	Health & Care
16/03/2023	CCM/0159	69	University of Lincoln	Grant - Homicide Prevention Funding	EPA awarded as Lincolnshire University had already completed work around the Homicide Prevention and to obtain a new supplier would have incurred additional costs to re-evaluate this provision.	Community Safety
23/03/2023	CCM/0233	28	REDACTED	REDACTED	Existing licence renewal and these are the sole supplier of the software that requires these licences.	Digital Forensics Unit

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Contract Award Date	Unique Reference	Total Contracted Value (£'000)	Supplier Name	Contract Title and Description	User Justification as detailed in the Exceptional Purchase Action Form	Business Area/Department
24/03/2023	CCM/0333	40	BKS (Made To Measure) Ltd	Provisions of Motorcycle PPE	BKS are the only company with up to date PPE certification allowing them to produce and sell compliant PPE	Support Services (Stores)
27/03/2023	CCM/0294	103	NEC Software Solutions UK Ltd	QAS Nametracer Pro V6	(Initial update on 27/1/23 was that renewal wasn't required. Request for renewal now received 21/3/23) Last year this contract was put in place via an EPA. I believe the same is required with this renewal. This is not able to be put under a framework as NEC outsource this to a third party and the supplier is not willing to procure under the framework due to wanting their terms and conditions to prevail over this contract. Therefore, this is the only procurement route available.	ICT
30/03/2023	CCM/0207	27	AVR Group T/A National Monitoring Ltd	Mobile alarms - maintenance of temporary alarms	The previous contract was awarded under the GMP framework. This framework has expired and GMP is currently in the process of setting up a new framework. The new framework is expected to be available from the end of March and will be available to Lincs Police as well. GMP and other forces have put in place their own short term temporary measures with the incumbent to cover the interim period and they are happy to continue providing the service.	Community Safety
31/03/2023	CCM/0307	45	REDACTED	REDACTED	REDACTED	Executive
TOTAL	**43**	**3081**				

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APPENDIX C

DEBT RECOVERY 2022/23

The total of debtor invoices raised in 2022/23 on behalf of the PCC was £7.877m (2021/22 £5.858m).

The level of outstanding debt at 31 March 2023 was £1.393m. Most of this was money owed to the PCC by companies or public bodies.

	2021/22		2022/23	
Type of Debtor	**Amount £000s**	**% of Total Outstanding**	**Amount £000s**	**% of Total Outstanding**
Local/Central Government	652	91.7%	1,290	92.6%
Other Entities and individuals	64	8.3%	103	7.4%
Total Outstanding	**716**		**1,393**	

The age profile of this debt is shown below. This is a snapshot as at 31 March 2023:

Number of Days	**0 - 30**	**31 - 60**	**61 - 90**	**>90**	**Total Outstanding**
2022/23					
Amount Outstanding £000s	1,193	23	32	145	**1,393**
% of Outstanding Debt	85.6%	1.6%	2.3%	10.5%	
2021/22					
Amount Outstanding £000s	594	36	3	83	**716**
% of Outstanding Debt	83.0%	5.0%	0.4%	11.6%	

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 £24,124.66 equivalent to 0.3% 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, which were taken.

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 2022/23.

1.4. The table in part 2 of this report provides an analysis of the cost of insurance for 2022/23 (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, AON, 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 2015 to 31st March 2023.

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	-	7.9
1st Apr 2016 – 31st Mar 2017	4	19.6	-	19.6
1st Apr 2017 – 31st Mar 2018	2	10.9	-	10.9
1st Apr 2018 – 31st Mar 2019	4	31.7	-	31.7
1st Apr 2019 – 31st Mar 2020	1	-	-	-
1st Apr 2020 – 31st Mar 2021	3	-	330.0	330.0
1st Apr 2021 – 31st Mar 2022	2	-	2.7	2.7
1st Apr 2022 – 31st Mar 2023	2	-	26.0	26.0
Total	**22**	**70.1**	**358.7**	**428.8**

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	36	118.9	0.5	119.4
1st Apr 2017 – 31st Mar 2018	17	241.4	75.0	316.4
1st Apr 2018 – 31st Mar 2019	31	44.9	10.0	54.9
1st Apr 2019 – 31st Mar 2020	28	57.4	80.0	137.4
1st Apr 2020 – 31st Mar 2021	51	10.5	349.1	359.6
1st Apr 2021 – 31st Mar 2022	62	15.2	319.5	334.7
1st Apr 2022 – 31st Mar 2023	35	0.2	106.4	106.6
Total	**300**	**759.6**	**940.5**	**1,700.1**

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 AON 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 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	74	73.4	34.7	108.1
1st Apr 2020 – 31st Mar 2021	60	13.8	1.2	15.0
1st Apr 2021 – 31st Mar 2022	80	138.3	11.0	149.3
1st Apr 2022 – 31st Mar 2023	53	5.0	20.9	25.9
Total	**502**	**384.3**	**67.8**	**452.1**

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 Two payments have 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 five Public Liability claims, one Employers Liability claim and no motor insurance claims.

APPENDIX E

ANNUAL TREASURY MANAGEMENT REVIEW 2022/23

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 2022/23. 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 2022/23 the minimum reporting requirements were that the PCC should receive the following reports:

- an annual treasury management strategy (PCC decision Ref 022-12/07/22);
- a mid-year treasury update report (Joint Independent Audit Committee paper 05/12/2022);
- 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. A review has been undertaken and any training needs for members on treasury management issues will be addressed in the coming months.

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)	2021/22 Actual	2022/23 Revised Forecast	2022/23 Actual
Capital expenditure	6.8	9.4	5.8
Financed in year	2.0	0.2	0.5
Unfinanced capital expenditure	4.8	9.2	5.3

Note that £3.982m of the 2022/23 revised forecast expenditure has been carried forward into 2023/24.

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). This figure is a gauge of the PCC's indebtedness. The CFR results from the capital activity of the PCC and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the PCC's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the PCC's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the PCC.

Reducing the CFR – the PCC's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The PCC is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The PCC's 2022/23 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Treasury Management Strategy Report for 2022/23 on 12/07/2022.

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

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 (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) 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 2022/23. 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-22 Actual	31-Mar-23 Revised Forecast	31-Mar-23 Actual
Capital Financing Requirement	40.9	47.1	43.2
Borrowing	28.4	27.5	27.5
Over / (under) borrowing	(12.5)	(19.6)	(15.6)

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 2022/23 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)	2022/23
Authorised limit	49.0
Maximum gross borrowing position during the year	27.5
Operational boundary	44.0
Average gross borrowing position	27.9
Financing costs as a proportion of net revenue stream	2.31%

4. Treasury Position as at 31 March 2023

The PCC's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established through reporting detailed in the introduction. At the end of 2022/23 the PCC's treasury, position was as follows:

Treasury Position (£m)	31-Mar-22 Principal	31-Mar-23 Principal
Total debt	28.4	27.5
Capital Financing Requirement	40.9	43.2
Underlying Borrowing Need	40.9	43.2
Over / (under) borrowing	(12.5)	(15.6)
Total investments	14.2	9.8
Net debt	14.2	17.7

The maturity structure of the debt portfolio was as follows:

Maturity Structure (£m)	31-Mar-22 Actual	31-Mar-23 Actual
Under 12 mths	1.1	1.1
12 mths and within 24 mths	0.9	0.9
24 mths and within 5 yrs	2.4	2.2
5 yrs and within 10 yrs	3.0	2.7
10 yrs and within 20 yrs	1.1	0.7
40 yrs and within 50 yrs	20.0	20.0

The maturity structure of the investment portfolio was as follows:

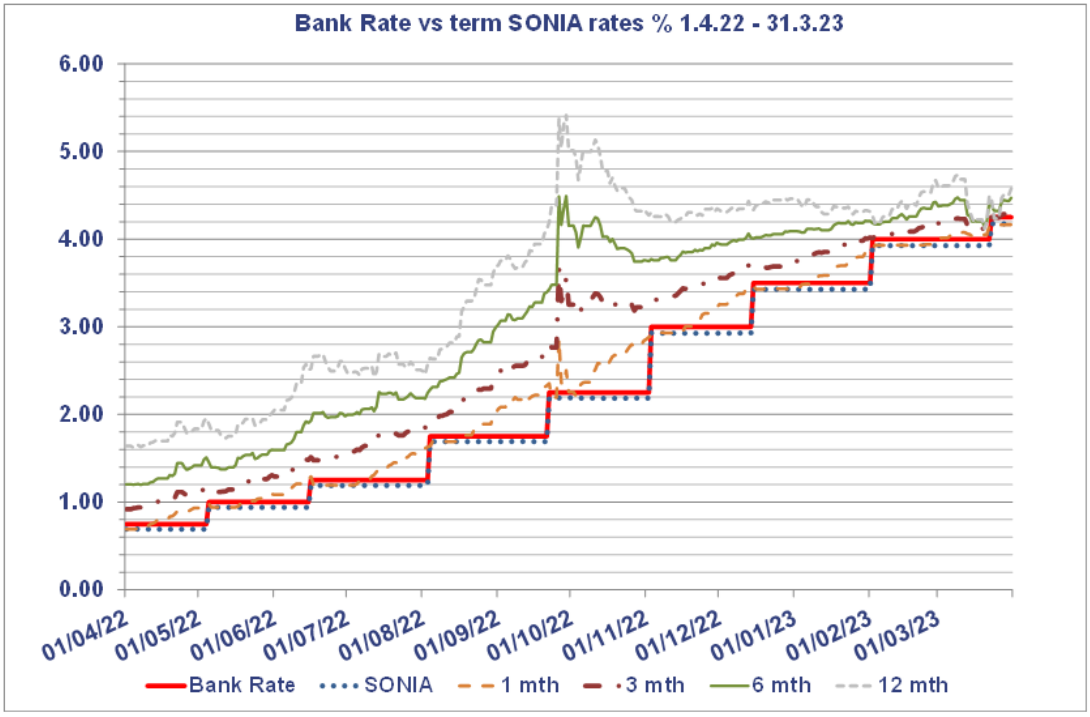
Investments (£m)	31-Mar-22	31-Mar-23
Longer than 1 year	-	-
Up to 1 year	14.2	9.8
Total	14.2	9.8

All investments were made for up to one year.

5. The Strategy for 2022/23

5.1 Investment strategy and control of interest rate risk

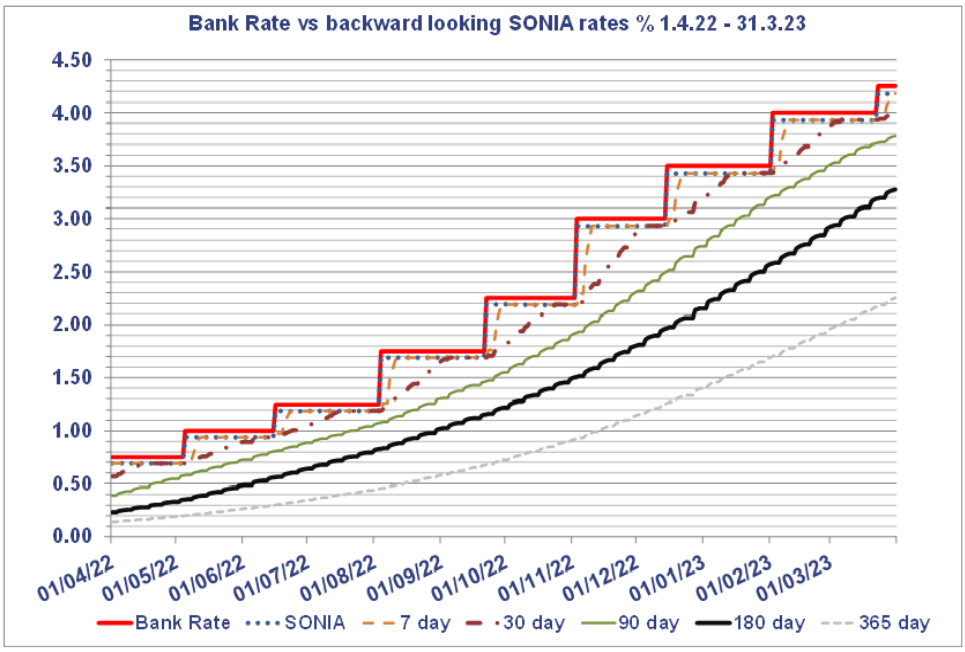
Investment Benchmarking Data – Sterling Overnight Index Average 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023

	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.25	4.18	4.17	4.30	4.49	5.41
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	2.30	2.24	2.41	2.72	3.11	3.53
Spread	3.50	3.49	3.48	3.38	3.29	3.79

Investment Benchmarking Data – Sterling Overnight Index Averages (Backward-looking) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/03/2023

	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.25	4.18	4.18	4.00	3.78	3.27	2.25
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	2.30	2.24	2.20	2.09	1.81	1.42	0.90
Spread	3.50	3.49	3.49	3.43	3.39	3.04	2.11

Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a wretched Q4 2022, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration) became more actively used.

Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

Nonetheless, 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 Great Financial Crisis of 2008/9. 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.

5.2 Borrowing strategy and control of interest rate risk

During 2022/23, 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 initially low and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry generally remained in place 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. As the cost of carry dissipated, the PCC sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this 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

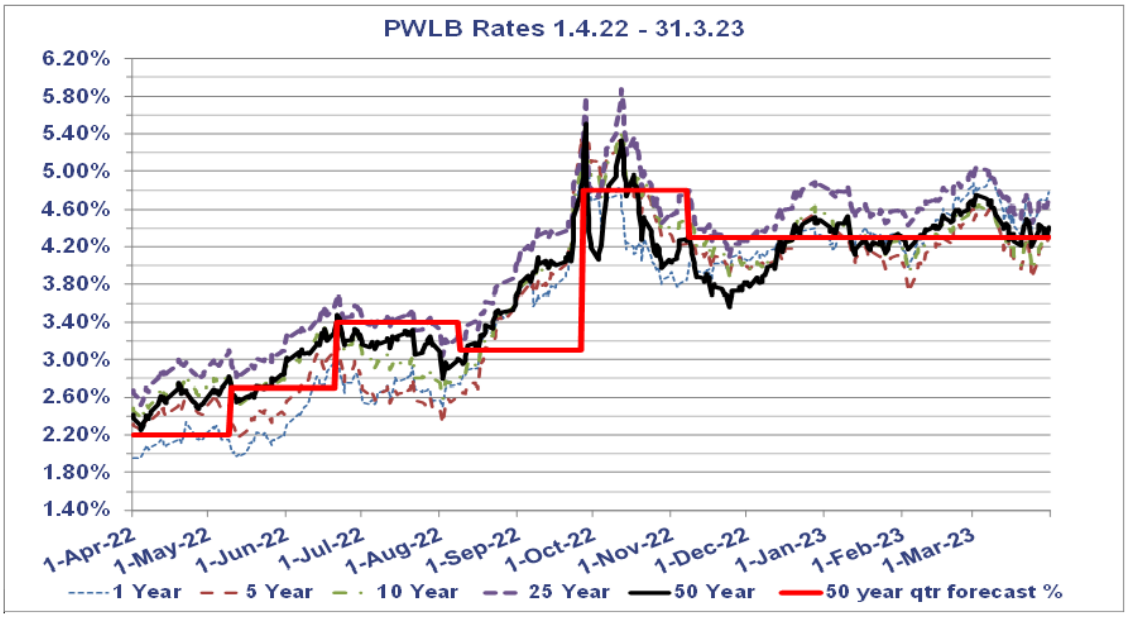
likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

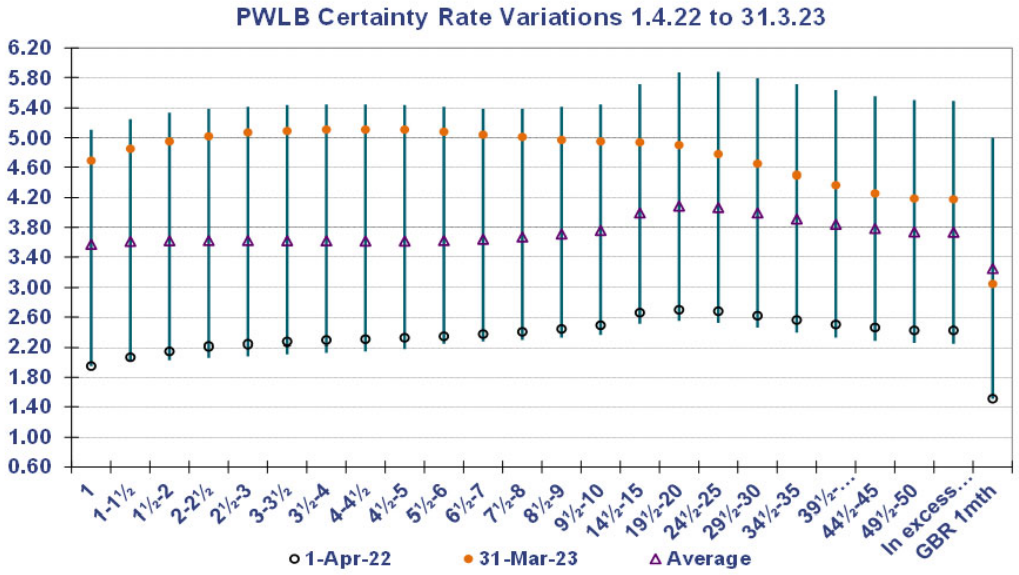
Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

Forecasts as per the approved treasury management strategy report for 2022/23 were as follows :

Link Group Interest Rate View 7.2.22	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

PWLB RATES 2022/23





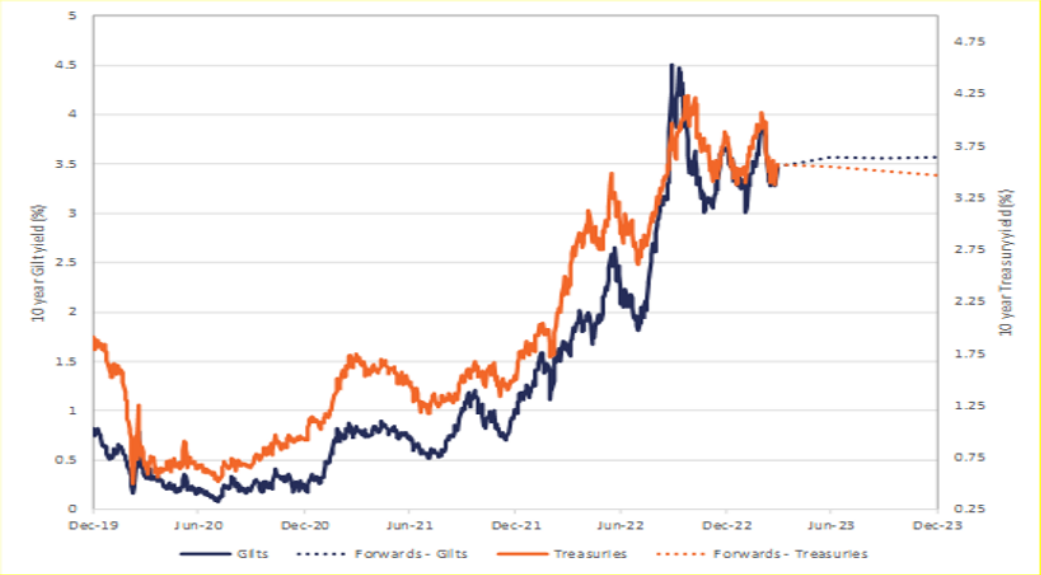
HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

PWLB rates are based on gilt (UK Government bonds) yields through HM 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. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned 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.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Graph of UK gilt yields v. US treasury yields



Gilt yields have been on a continual rise since the start of 2021, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%.

At the close of the day on 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

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)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening, but the scale and pace of this has already been affected by the Truss/Kwarteng "fiscal experiment" in the autumn of 2022 and more recently by the financial market unease with some US (e.g., Silicon Valley Bank) and European banks (e.g., Credit Suisse). The gradual reduction of the Bank's original £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 2022/23

Borrowing

There was no temporary borrowing in year and no new loans taken out in 2022/23.

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 2022/23 the PCC repaid £0.8m on the principal on PWLB loans. The outstanding PWLB debt is shown below:

	31-Mar-22	31-Mar-23
Outstanding PWLB debt	£27.9m	£27.1m
Average interest rate	2.93%	2.88%
Average remaining life	36.7 yrs	36.5 yrs

7. Investment Outturn for 2022/23

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 12 July 2022. 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 £9.5m of investments as at 31 March 2023; a breakdown of the investments held is in Appendix A1. Investment activity during the year conformed to the approved strategy and the PCC has no liquidity difficulties. During the year, no investments were outstanding with counterparties that were not on the PCC's approved list. Interest receipts during the year were £526k, against a budget of £5k.

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-22	31-Mar-23
General Fund Balance	5,979	5,979
Earmarked Reserves	23,096	28,153
Provisions	822	890
Capital Grants Unapplied	188	281
Total	30,085	35,303

Appendix A1: Investments List as at 31 March 2023

Link Group Creditworthiness Colour Coding	Borrower	Principal (£)	Interest Rate	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
Yellow	Blackrock MMF	4,000,000	4.06%	MMF	AAAm	
Yellow	DMO	5,500,000	3.91%	05/04/2023	AA-	0.000%
	Total Investments	**9,500,000**	**3.97%**			**0.000%**