


For public release

**POLICE AND CRIME COMMISSIONER (PCC) FOR LINCOLNSHIRE
REQUEST FOR DECISION**

REF: 04/2018
DATE: 9 January 2018

SUBJECT	FINANCIAL GOVERNANCE REPORT 2016/17
REPORT BY	FORCE CHIEF FINANCE OFFICER (FCFO)
CONTACT OFFICER	SHARON CLARK, FCFO TELEPHONE 01522 558042
EXECUTIVE SUMMARY AND PURPOSE OF REPORT To present the Financial Governance Report 2016/17 for the Police and Crime Commissioner for Lincolnshire.	
RECOMMENDATION	<i>That the Financial Governance Report 2016/17 appended to this report be approved.</i>
POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE I hereby approve the recommendation above, having considered the content of this report.	
Signature: 	Date: 9/1/18

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

A1. INTRODUCTION AND BACKGROUND

1. The purpose of the Financial Governance report is to provide details of those Financial and Procurement activities required under Financial and Contract Regulations to be reported on an annual basis.
2. The report is broken down into the following sections:
 - Overall financial performance
 - Procurement
 - Debt recovery
 - Insurance
 - Treasury management
 - Corporate Finance Team.

3. The report was presented at the Resource Governance meeting on 26th July 2017, for agreement and noting. It is now incorporated into this decision request to recognise that it has been received and to make the Financial Governance Report available.

A2. LINKS TO POLICE AND CRIME PLAN AND PCC'S STRATEGIES/PRIORITIES

4. The Financial Governance Report provides monitoring information on financial and procurement activities, allowing the Police and Crime Commissioner to monitor and review the use of resources.

B. FINANCIAL CONSIDERATIONS

These have been included in the Financial Governance Report.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

The Police Act 1996 and the Code of Practice on Financial Management requires the Chief Finance Officer to advise the PCC on the safeguarding of assets, including risk management and insurance. Implementation of the arrangements is delegated to the Force.

Under Section 14 of the Police Act 1996, the PCC is required to set up and is responsible for the Police Fund. All money received must be paid into this fund and all expenditure met from it. The Secretary of State has issued a statutory code of practice under Section 39 of the 1996 Act. This recommends that day to day responsibility for financial management should be delegated to the Chief Constable within the scope of Standing Orders and Financial Regulations. Nonetheless, the Chief Finance Officer has a specific duty under the Code of Practice on Financial Management "to secure treasury management including loans and investments". However, for operational reasons, the Chief Finance Officer has delegated the daily management of loans and investment work to the Force Chief Finance Officer, this work is undertaken by the Strategic Partner with a daily authorisation process undertaken to ensure all of the activities are approved.

D. PERSONNEL AND EQUALITIES ISSUES

There are no direct personnel, equal opportunities or diversity issues arising from consideration of this report.

E. REVIEW ARRANGEMENTS

The Financial Governance Report is the detail of the necessary annual review of financial and procurement activities against strategies and regulations.

F. RISK MANAGEMENT

The PCC's insurance arrangements form a key part of the overall approach to risk management. The levels of retained excess held on policies are designed to balance risk and the cost to the revenue budget of insurance provision.

The PCC and Force Risk Registers include sections on the Treasury Management activities; regular control and operational reviews are undertaken.

G. PUBLIC ACCESS TO INFORMATION

Information in this form along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC's website within one working day of approval. However, if release by that date would compromise the implementation of the decision being approved, publication may be deferred. An explanation for any deferment must be provided below, together with a date for publication.

Is the publication of this form to be deferred? No

If Yes, for what reason:



Until what date:

Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate part 2 form.

Is there a part 2 form? No

If Yes, for what reason:

ORIGINATING OFFICER DECLARATION

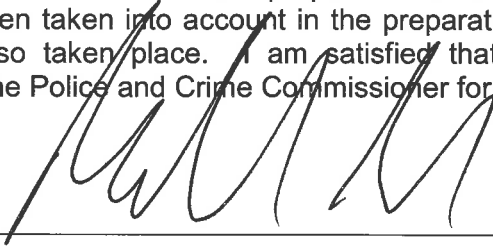
	Initial to confirm
Originating Officer: CC's Chief Finance Officer recommends this proposal for the reasons outlined above.	se
Chief Constable: The Chief Constable has been consulted on this proposal	
Financial advice: The PCC's Chief Finance Officer has been consulted on this proposal.	BF
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. Consultation outlined above has also taken place. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lincolnshire.

Signature:



Date: 5/1/18

<i>Security Classification</i>	
<i>Disclosable under FOIA 2000</i>	Yes
<i>Contact/Author</i>	Sam Gell, Force Accountant
<i>Telephone/Ext number</i>	8042
<i>Department/Area</i>	Corporate Finance
<i>Date created</i>	19 July 2017
<i>Chief Officer Approved by</i>	Sharon Clark FCFO
<i>Attachments:</i> <i>Appendix A Financial Performance Annual Report 2016/17</i> <i>Appendix B Annual Procurement Review 2016/17</i> <i>Appendix C Debt recovery</i> <i>Appendix D Insurance services</i> <i>Appendix E Annual Treasury Management Review 2016/17</i> <i>Appendix F Corporate Finance Team – performance in 2016/17</i>	

RESOURCES GOVERNANCE MEETING

MEETING DATE: 26 JULY 2017

FINANCIAL GOVERNANCE AND PERFORMANCE 2016/17

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

The report covers:

- Overall financial performance
- Procurement
- Debt recovery
- Insurance
- Treasury management
- Corporate Finance Team.

APPENDIX A

FINANCIAL PERFORMANCE – ANNUAL REPORT 2016/17

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 2016/17 Revenue Outturn Report, the 2016/17 Capital Outturn Report and the 2016/17 Financial Statements.

The following is a summary of the main conclusions.

Value for Money continues to be an area of strength.

Financial health is generally sound. However, the budget in 2017/18 relies on an injection of earmarked reserve funding, whilst the Medium Term Financial Plan (MTFP) for 2018/19 and 2019/20 is based on the key assumption that the funding formula review would bring additional funding into Lincolnshire. The position of the funding formula review is currently unclear but further information is now not expected before September 2017. Developing a range of contingency plans should the funding formula review be delayed or be less favourable for Lincolnshire than initially expected, will be a key task for the current year.

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 has been made to secure fairer funding for Lincolnshire in the government grant distribution. There has been some success in promoting Lincolnshire's case with Home Office ministers and officials and recognition of the position in Lincolnshire from statements made in the Home Office that the current formula allocation disadvantages Lincolnshire. However, the situation has changed following recent events and the general election in June 2017, and the outcome of the funding review remains uncertain at present.

Treasury management, insurance, procurement and Corporate Finance team performance are described in detail in separate appendices.

The completion of a programme of reviews of financial processes is a key task in the Corporate Finance Business Plan for 2017/18.

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

REF	INDICATOR	NARRATIVE	2015/16	2016/17
Financial health				
1	General reserves	Maintained around the mid-point of a target range based on a financial risk assessment, currently around 5% of total annual expenditure.	5.2%	4.8%
2	Borrowing	Annual cost of debt repayment and interest not to exceed 5% of annual income.	2.3%	2.2%
3	Internal control	All core financial systems to receive "significant assurance" internal audit conclusions.	No	No
4	Accounting	Unqualified external audit opinion on the annual financial statements.	Yes	Not yet complete but draft ISA 260 indicates an unqualified opinion
Fairer funding				
5	Government grant	Increased share of national police grant.	No	No
Value for money				
6	Spending	Unqualified VFM Conclusion from the external auditor.	Yes	Yes
7	Spending	Lower than national average spending per head of population	25% lower	20% lower
Financial performance				
8	Revenue budget management	More than 50% of budgets managed to within 1%.	40%	31%
9	Capital programme management	Actual capital spending managed to more than 80% of the approved programme.	76%	92%
10	Income from fees and charges	Annual Income from fees and charges (with the exception of mutual aid) to exceed £1m.	£1.4m	£1.3m
11	Income collection	Average number of debtor days not to exceed 30.	75	36
12	Payments	More than 90% of undisputed invoices to be paid within 30 working days.	92%	90%
13	G4S contract – finance functions	100% of G4S contractual targets achieved.	99.9%	100%
Treasury management				
14	Interest earned	Interest rate on investments higher than average bank rate (0.25% during period).	0.54%	0.25%

REF	INDICATOR	NARRATIVE	2015/16	2016/17
15	Interest paid	Interest paid on new long term borrowing less than average government borrowing rate.	n/a	n/a
Procurement				
16	Extent of competition	Percentage of spending via national and regional frameworks and other competitive processes	24% Min.	56% Min.
17	Major contracts	Savings achieved on major contracts	£67.0k	£124.8k

REF	INDICATOR	NARRATIVE	2015/16	2016/17
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17	Major contracts	Savings achieved on major contracts	£67.0k	£124.8k

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 2016/17, the SPU comprised a total of two G4S staff, one of whom is fully MCIPS qualified and one who is in the process of completing Level 4 MCIPS.

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 2016/17 the unit awarded 68 contracts for Lincolnshire Police with a total value of £15.657 million, with 15 of them being awarded under the PCC standard terms and conditions. These contracts are detailed in Table 1.

From the award of these contracts it is estimated that savings totaling approximately £125k have been achieved in 2016/17.

In addition, Lincolnshire Police purchase from many government, police and local authority collaborative/framework arrangements for a wide range of goods and services. It is estimated that up to 65 arrangements have been utilised to a greater or lesser degree. Expenditure on these arrangements varies from year to year dependent on revenue/capital requirements but is estimated to be in excess of £5 million per annum as a minimum. The SPU has been instrumental in using many of these arrangements.

During the year, 10 contracts were awarded without formal competition, comprising a total value of £507k. A description of these contracts, together with the justification from the user department, is given in Table 2.

**TABLE 1: STRATEGIC PROCUREMENT UNIT
CONTRACTS AWARDED 01/04/2016 TO 31/03/2017**

Award Date	File Reference	Description
01/04/2016	4894	Supply of Non Half Hourly Electricity Brown Energy at Non-HQ Sites for period 01/04/2016 to 31/03/2017
04/04/2016	4978	Home Office Subscription charges for covert authorities for period 01/04/2016 – 31/03/2017
04/04/2016	4971	Covert Vehicle Hire for period 01/04/2016 – 31/03/2017
06/04/2016	4972	Boston Custody Access Works
13/04/2016	4957	Home Office Contributions for period 01/04/2016 - 31/03/2017
06/05/2016	4955	Supply of Electricity (half hourly) to HQ and Grantham for period 01/04/2016 – 31/03/2017
06/05/2016	4893	Supply of Gas to all Sites for period 01/04/2016 - 31/03/2017
16/05/2016	4892	Valuation Services for Finance for period 01/06/2016 – 31/05/2021
17/05/2016	4934	Replace passenger lift at Lot 1 Louth Police Station and Lot 2 Spalding Police Station
25/05/2016	4935	Supply & install 4 new gas fired heating boilers at Lot 1 Louth Lot 2 Spalding
03/06/2016	4911	Average Speed Camera System - A16 Crowland
03/06/2016	4895	National Office Products Contract led by South West Police for period 01/10/2016 – 30/09/2019
13/06/2016	5002	Purchase of 9 Vauxhall Vivaro Panels Vans in Glacier White with Cell Conversion
15/06/2016	4939	Hire of venue for Police Communicator courses and Annual Conference for period 01/10/2016 – 31/03/2017
06/07/2016	4977	Passive Fire / Fire Doors at Boston
19/07/2016	4990	Ablution refurbishment and general redecoration works at Skegness & Gainsborough Police Station
22/07/2016	4921	Creation of a memorial garden at Police HQ
25/07/2016	5011	Purchase of 6 Vauxhall Corsa
01/08/2016	4995	Supply & install Emergency Backup UPS Systems & bypass switches in HQ Main Server Room

Award Date	File Reference	Description
04/08/2016	5014	Purchase of 1 Volvo in white
16/08/2016	5029	Professional fees for service delivery and management of Partnership contract for period 25/07/2016 – 31/12/2016
02/09/2016	5030	Employee Benefits - Childcare Vouchers for period 01/09/16 – 31/08/17
05/09/2016	5000	Re-Roofing to the HQ Server/Workshop Roof
08/09/2016	4976	Supply of Diesel, Kerosene and Heating Oil for period 01/10/2016 – 30/09/2018
12/09/2016	5021	Bluelight Project at HQ - alteration works Project Order Form for preliminary works
14/09/2016	4944	Temporary Agency staff from 01/10/2016 – 30/09/2019
21/09/2016	5041	Purchase of 10 Vauxhall Astras
23/09/2016	5035	Home Office Contributions 01/04/2016 to 31/03/2017 - ICCE & Prison Recalls Services Charges
28/09/2016	5053	MJ/AT/2016 Investigation costs incurred by Warwickshire Police
03/10/2016	5024	Renewal of ABM Pegasus Source Management and Communications & Covert/Surveillance Authorities for period 01/11/2015 – 31/03/2017
20/10/2016	5009	Vehicle Lubricants national contract led by GMP for period 05/10/2016 – 04/10/2018
21/10/2016	4996	NUMS Body Armour Solution for period 21/10/2016 – 01/04/2023
24/10/2016	5051	Purchase of 4 Vauxhall Astras
24/10/2016	5049	Purchase of 4 BMWs
24/10/2016	5050	Purchase of 7 Vauxhall Corsas
28/10/2016	5042	Autopsy services for 2016/17
28/10/2016	5055	Purchase of 4 Vauxhall Corsas
28/10/2016	5054	Purchase of 10 Vauxhall Astras
03/11/2016	5032	Bluelight Project at HQ - Contract 1 - alteration works to Residential Block and windows

Award Date	File Reference	Description
03/11/2016	5065	Supply of Batons and Holders for period 03/11/2016 – 02/06/2017
07/11/2016	5052	Renewal of Oracle Enterprise Licences for period 24/11/2016 – 05/04/2018
10/11/2016	5067	Framework led by North Wales for the Provision of Footwear for period 10/11/2016 – 30/09/2018
11/11/2016	5010	First Floor Office Space Refurbishment works at Boston Police Station
14/11/2016	4945	EMOpSS Vehicle Conversions
14/11/2016	5066	Purchase of 4 Vauxhall Vivaro Panel Vans in Glacier White with cell conversion
17/11/2016	5036	Advice on & procurement of Communications and Media Services for period 01/12/2016 – 31/05/2017
18/11/2016	5048	Bluelight Project at HQ - alteration works Contract 2
08/12/2016	4998	Financial and Personal Data Services for period 01/11/2016 – 30/04/2017
21/12/2016	5056	Construct and re-model the existing rear car park at Boston Police Station
17/01/2017	5095	Framework for supply of waterproof and protective garments for period 17/01/2017 – 23/02/2019
25/01/2017	5003	External Forensic Services Provision - East Midlands Regional Contract for period 01/01/2017 – 31/03/2024
27/01/2017	5069	Selected Medical Practitioners (SMP) - interim contract for period 01/12/2016 – 30/04/2017
31/01/2017	5089	Support and maintenance for SENTINEL ASB Case Management System for period 01/02/2017 – 31/01/2018
09/02/2017	5109	Purchase of 2 x Volvo XC70
15/02/2017	5062	Integrated Restorative Justice Services for period 01/04/2017 – 31/03/2019
17/02/2017	5013	Carry out replacement Fire Doors and Passive Fire to Skegness and Louth (cancelled & re-ran tender)
22/02/2017	5115	EMOpSS Contribution for BWV
01/03/2017	5092	Professional fees for service delivery and management of Partnership contract for period 01/01/2017 – 31/03/2017
03/03/2017	4862	Regional Covert Vehicle Hire tender led by EMSCU (Notts) for period 01/12/2016 – 30/11/2018

Award Date	File Reference	Description
08/03/2017	5124	Home Office Subscription charges for Covert Authorities for period 01/04/2017 – 31/03/2018
16/03/2017	5135	Business Travel Contract for period 01/09/2017 - 10/11/2018
16/03/2017	5007	Intranet Redevelopment
22/03/2017	5132	HQ Alterations for Bluelight Project - resurface car park & replace heat emitters to Garage block
23/03/2017	5107	Professional fees regarding BC evaluation/benefits of Policing Non-Crime - ICT Regional Platform for period 01/01/2017 – 31/03/2017
28/03/2017	4839	Integrated Sexual Violence Support Services (CHISVA) for period 01/04/2017 – 30/09/2017
28/03/2017	5139	Surfacing to the Overflow car park at HQ
28/03/2017	5138	Police Pension Administration Contract for period 01/04/17 – 31/03/2019
30/03/2017	4926	Face to Face interpreters for Custody for period 01/04/2017 – 31/03/2021
TOTAL	68	

**TABLE 2: STRATEGIC PROCUREMENT UNIT
EXCEPTIONAL PURCHASE ACTION
CONTRACTS AWARDED 01/04/16 TO 31/03/17**

**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
04/04/16	4971	45	THRIFTY CAR RENTAL (T/A SCOT GROUP LTD) Provision of Covert vehicle hire for period 01/04/16 to 31/03/17	Due to the sensitive nature of this contract it is not able to be advertised and therefore a formal tender process cannot be undertaken. The existing supplier has provided an excellent service over the last few years. A benchmarking exercise has been undertaken and shows that the prices with Thrifty are very competitive.	Facilities Management
16/08/16	5029	40	SARAH FARMER CONSULTING LTD Professional fees for review of service delivery and management of Partnership Contract for period 25/07/16 to 31/12/16	Due to the complex nature of the contract and the requirements to have sufficient knowledge of both the Police Service and the Partnership arrangements, along with the overall knowledge of the contract it is important for consistency purposes that a single professional service is used.	Commercial Partnership Team
03/10/16	5024	42	ABM UK LTD Renewal of ABM Pegasus Source Management and Covert/Surveillance Authorities Support and maintenance for period 01/11/15 to 31/03/17	The previous Contract expired on 31/10/15 and was "held in trustee" due to the supplier not agreeing to the contract being novated to G4S. ABM and G4S could not reach an agreement on the contract Terms and Conditions as they each wanted their own terms to prevail, therefore Lincolnshire Police has renewed this contract directly under the existing Terms of the contract. ABM own the products and therefore no other suppliers are able to support these systems.	IT

Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
28/10/16	5042	89	UNIVERSITY OF LEICESTER Autopsy Services for 2016/17	Home Office autopsies must be carried out by an approved Home Office pathologist. The local Home Office approved supplier is University of Leicester.	
07/11/16	5052	95	ORACLE CORPORATION UK LTD Renewal of Oracle Enterprise licences for period 24/11/16 to 05/04/18	As Oracle own these licences, there is no benefit in competing this requirement as any other supplier/reseller will only add costs. Joining the CCS MoU will give some flexibility should Lincolnshire Police need to increase or decrease their number of licences.	IT
14/11/16	4945	40	JACK HODSON LTD EMOpSS vehicle conversions	A mini-competition process under a Crown Commercial Services framework was initially undertaken for this requirement commencing on 06/09/16. The framework was due to expire on 02/10/16 and it was hoped that the evaluation of submissions and the award of the contract could be completed with this timescale. However this was not possible due to other work demands. The replacement framework being tendered by Sussex and Surrey Police would not be awarded in time to be able to undertake a new mini-competition process due to the tight timescales required for ordering these conversions. Therefore an exceptional purchase action was sought to award a contract on the same terms as those used in the original mini-competition process to the highest scoring bidder.	Facilities Management
31/01/17	5089	25	VANTAGE TECHNOLOGIES LTD Renewal of support and maintenance for SENTINEL ASB Case Management system for period 01/02/17 to 31/01/18	It is envisaged that a formal tender process for a new system will be completed during the next financial year; therefore this is a 12 month extension for the existing supplier in the interim period.	Local Policing East

Award Date	File Reference	Contract Value £'000	Provider & Description	User Justification as detailed in the Exceptional Purchase Action Form	Department
01/03/17	5092	26	SARAH FARMER LTD Professional fees for review of service delivery and management of Partnership Contract for period 01/01/17 to 31/03/17	Due to the complex nature of the contract and the requirements to have sufficient knowledge of both the Police Service and the Partnership arrangements, along with the overall knowledge of the contract it is important for consistency purposes that a single professional service is used.	Commercial Partnership Team
23/03/17	5107	50	GARY BANDY & SARAH FARMER CONSULTING LTD Professional fees for BC evaluation/benefits of Policing Non-Crime – ICT Regional Platform for period 01/01/17 to 31/03/17	Due to the complex nature of the contract and the requirements to have sufficient knowledge of both the Police Service and the Partnership arrangements, along with the overall knowledge of the contract it is important for consistency purposes that a single professional service is used.	Commercial Partnership Team
28/03/17	4839	55	VICTIM SUPPORT Extension of integrated sexual violence support services (CHISVA) for period 01/04/17 to 30/09/17	This service was going to be incorporated into the regional tender process for ISVA to be undertaken by NHS England. However, the decision has now been taken for this to be kept separate therefore this contract has been extended for six months following the publication of an unchallenged Voluntary Ex Ante Transparency (VEAT) notice in OJEU to enable enough time for Lincolnshire Police to undertake an EU Open tender process.	OPCC
TOTAL	10	507			

APPENDIX C

DEBT RECOVERY 2016/17

The total of debtor invoices raised in 2016/17 on behalf of the PCC was £14.673m, (2015/16 £14.314m).

The level of outstanding debt at 31 March 2017 was £6.274m. Most of this was money owed to the PCC by companies or public bodies.

Type of debtor	2015/16		2016/17	
	Amount £000s	% of total outstanding	Amount £000s	% of total outstanding
Individuals	47	0.5%	66	1.05%
Companies	52	0.5%	53	0.85%
Public bodies	9,128	99%	6,153	98.10%
Total outstanding	9,227		6,272	

The age profile of this debt is shown below. This is a snapshot as at 31 March 2017.

Number of days	0 -30	31-60	61-90	>90	Total
2016/17					
Amount outstanding £000s	6,195	16	12	51	6,272
% of outstanding debt	98.7%	0.3%	0.2%	0.8%	
2015/16					
Amount outstanding £000s	8,968	113	130	16	9,227
% of outstanding debt	97.2%	1.2%	1.4%	0.2%	

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 £14,321 equivalent to 0.09% 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) insurance cover was subject to competitive tender under EU rules in the winter of 2014, for insurance services commencing 1st April 2015. Contracts were awarded for a three year period with an option to extend for two further individual years. This is the second year of the contract, with insurance provision provided by:

Type of Cover	Provider
Property	Risk Mgmt Partners (AIG)
Business Interruption	Risk Mgmt Partners (AIG)
Personal Accident and Travel	Risk Mgmt Partners (AIG)
Motor Fleet	Travelers
Public /Employers Liability	Zurich Municipal
Fidelity Guarantee	Zurich Municipal
Engineering including Inspection	Zurich Municipal

- 1.2. The Insurance Premium Tax (IPT) was charged at 9.5% on all invoices for 2016/17.
- 1.3. The following table provides an analysis of the cost of insurance for 2016/17 (includes IPT):

COST		
Type of Cover	2016/17 £000s	2015/16 £000s
Property & Business Interruption	53.0	49.8
Personal Accident and Travel	2.6	2.4
Motor Fleet	88.7	76.1
Multi Liability Policy	177.9	164.0
Engineering including Inspection	4.3	3.3
Total	326.5	295.6

- 1.4. A summary of the cover provided under each policy is set out in the Appendix.
- 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), 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.

Third Party Property Damage

- 1.7. The current Motor Fleet policy with Travelers provides £20M of cover in respect of Third Party Property Damage (previously £50M with Zurich). In December 2015, an extensive market exercise was carried out by the PCC's brokers, HIBL to obtain quotations for an Excess of Loss policy to provide an increased £50M limit. Cover was subsequently placed with AIG Europe Ltd for the period 16th December 2015 to 31st March 2017.
- 1.8. Motor Fleet includes an additional premium this year for Airside Insurance. The policy commenced 8th June 2016 and covers vehicles driving airside.

Employers and Public Liability Claims Handling

- 1.9. Since 1st April 2015, Employers Liability and Public Liability claims which are below the deductible are handled by East Midlands Police Legal Services. However, cover afforded by the Zurich policy is such that any claims over the deductible at any time in the future would be handled by Zurich, and a claims handling fee is charged to ensure that employees and infrastructure is in place to deal with such claims. In 2016/17 the claims handling fee was £5,000 (£14,035 in 2015/16). During the 2016/17 renewal discussions with Zurich in March 2016, the Force negotiated on the level of this fee.

Loss Recovery Insurance

- 1.10. There was an additional premium for Loss Recovery in 2016/17, which provides cover for the preparing, negotiating and administering of material damage and business interruption claims over £5,000.

Claims History

- 1.11. The following tables summarise the claims experience over the period from October 2009 to 31st March 2017.
- 1.12. 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.

Computer Claims

- 1.13. None in the last 10 years.

Employers Liability Claims

Policy Year	Number of Claims	Sum of Net Paid £000s	Sum of Remaining Reserve £000s	Sum of Total Experience £000s
1 st Nov 2009 – 31 st Oct 2010	6	57.3	-	57.3
1 st Nov 2010 – 31 st Oct 2011	11	83.4	-	83.4
1 st Nov 2011 – 31 st Oct 2012	12	119.5	420.0	539.5
1 st Nov 2012 – 31 st Oct 2013	8	16.5	-	16.5
1 st Nov 2013 – 31 st Mar 2015	4	-	-	-
1 st Apr 2015 – 31 st Mar 2016	1	-	-	-
1 st Apr 2016 – 31 st Mar 2017	1	-	4.0	4.0
Total	43	276.7	424.0	700.7

Public Liability Claims

Policy Year	Number of Claims	Sum of Net paid £'000	Sum of Remaining Reserve £'000	Sum of Total Experience £'000
1 st Nov 2009 – 31 st Oct 2010	38	47.6	-	47.6
1 st Nov 2010 – 31 st Oct 2011	31	22.5	140.0	162.5
1 st Nov 2011 – 31 st Oct 2012	49	79.5	81.0	160.5
1 st Nov 2012 – 31 st Oct 2013	40	362.8	300.0	662.8
1 st Nov 2013 – 31 st Mar 2015	26	28.3	86.7	115.0
1 st Apr 2015 – 31 st Mar 2016	31	22.8	151.0	173.8
1 st Apr 2016 – 31 st Mar 2017	16	-	173.3	173.3
Total	231	563.5	932.0	1,495.5

Motor Claims Handling

- 1.14 Since April 2015, motor claims handling services are provided by Cunningham Lindsay. The claims team handle all “fault” motor claims and a few “non-fault” motor claims involving a third party, at a fixed price of £140 per claim. In 2016/17, 37 claims were processed amounting to £5,180. All other “non-fault” claims are managed by Hendersons on behalf of the PCC.
- 1.15 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
1 st Nov 2009 – 31 st Oct 2010	55	129.2	-	129.2
1 st Nov 2010 – 31 st Oct 2011	73	86.6	3.5	90.1
1 st Nov 2011– 31 st Oct 2012	63	87.0	-	87.0
1 st Nov 2012– 31 st Oct 2013	63	119.8	25.0	144.8
1 st Nov 2013– 31 st Oct 2014	67	42.1	24.0	66.1
1 st Nov 2014 – 31 st Mar 2015	18	27.3	6.1	33.4
1 st Apr 2015 – 31 st Mar 2016	65	32.3	11.7	44.0
1 st Apr 2016 – 31 st Mar 2017	70	20.0	94.2	114.2
Total	474	544.3	164.5	708.8

Other Policies

- 1.16 In the last 7 years, there have been no claims on the other policies held by the PCC.

Review of Settlements

- 1.17 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.
- 1.18 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 between £50k and £100k consist of five Public Liability claims. Current ongoing claims with a reserve in excess of £100k consist of one Public Liability claim and one Employer Liability claim.

SUMMARY OF INSURANCE COVER

EMPLOYERS LIABILITY - **Excess £250,000 each loss**
 - **Limit of Indemnity £40,000,000 (Terrorism £5m)**

The Force is covered in respect of legal liability for claims for bodily injury, illness, disease or death suffered by any person under a contract of service or apprenticeship with the Force when the injury etc. arises out of or in the course of their employment. Cover includes legal costs and expenses of the Force. Cover is based on the salary budget of the PCC and CC.

Principal extensions to the cover provided are:

- Contractual Liability
- Indemnity to Principal
- Cross Liabilities
- Unsatisfied Court Judgements/Awards
- Health and Safety at Work Act
- Canteen, Social, Sports and Welfare Organisation, First Aid, Fire and Maintenance of Force premises.

PUBLIC AND PRODUCTS LIABILITY - **Excess £250,000**
 - **Limit of Indemnity £40,000,000 (Terrorism and Financial Loss £5M)**

Cover provides indemnification in respect of legal liability for claims arising from death/injury/disease or loss/damage to property arising in connection with the functions of a PCC and CC. This includes claims for unlawful arrest and false imprisonment, covers all legal costs and expenses recoverable by the claimant together with all costs incurred by the Force.

Principal extensions to the cover provided are:

- Indemnity to Principal
- Acts of Sub Contractors
- Loss of or damage to employees', members' or visitors' property or vehicles and property in the custody or control of the Force.
- Sports and welfare facilities, fire and first aid services
- Personal indemnity to any employee
- Joint Insured/Cross Liability Clauses
- Damage to temporarily occupied premises
- Wrongful arrest and assault
- Malicious Prosecution
- Punitive and Exemplary damages
- Defective Premises Act 1972
- Lifts, Cranes and Steam Pressure Vessels

PROPERTY - Excess £5,000 each loss
- Limit of Indemnity £30,000,000 Storm and Flood any one occurrence
/£60,000,000 aggregate, All other perils £50,000,000 any one occurrence

Cover is provided from any loss arising from fire, lightening, aircraft, explosion and storm.

Principal extensions to the cover provided are:

- Money cover
- Goods in Transit/Outside Storage
- Automatic Reinstatement of Sums Insured
- Public Authority Clause
- Capital Additions Clause
- Adjustment clause - Annual Declaration
- Workmen's clause
- Interest of all persons in Properties
- Interest of various lessors of equipment
- £2,500 for the personal effects of:
 - any employee
 - any other visitor

BUSINESS INTERRUPTION - Excess as insured under other parts of the policy

Business interruption is cover for loss arising from fire, lightening, aircraft, explosion and storm damage to the value of £10 million.

Principal extensions to the cover provided are:

- Public Utilities
- Denial of Access
- Infectious / Contagious disease
- Auditors Fees / Accountants Charges
- Payment on Account
- Material Damage Provision Waiver
- Automatic Reinstatement

PROFESSIONAL INDEMNITY - Excess £250,000 each loss
- Limit of Indemnity £2,000,000

Indemnity for any sum that the Force is legally liable to pay arising from any claims made during the period of insurance as a direct result of the negligence in the conduct or execution of non-statutory activities and duties carried out for a fee.

Principal extensions to the cover provided are:

- Automatic Reinstatement of loss
- Mitigation Costs
- Loss of Documents
- Self Employed Persons

MOTOR FLEET - Excess £250,000 each loss
- Limit of Indemnity £50,000,000

Third party cover is provided for any vehicle that is owned by the Force, hired or leased to it or borrowed by it.

Principal extensions to the cover provided are:

- Full cover for any non-police vehicle temporarily in the custody or control of a police officer or whilst such a vehicle is being used for police purposes.
- Claims arising out of the deliberate acts of drivers
- Employees vehicle used on police business
- Towing of trailers/disabled vehicles
- Unauthorised movement of vehicles

AVIATION - Excess £500 each loss

Cover is provided for aircraft owned or operated by other persons/organisations and chartered/leased to the Force limited to "top up" their own insurance.

FIDELITY GUARANTEE - Excess £20,000 each loss

Cover is provided up to a limit of £15.0 million for named posts in the Force and PCC and £1.5 million for any other employee. Strong internal control systems are used as evidence to limit the premium on this policy.

Principal extensions to the cover provided are:

- Auditors' fees/Professional Accountants charges
- Automatic Reinstatement of loss

ENGINEERING INSPECTION - Excess None

This is not a standard insurance policy. It provides for a statutory inspection of engineering equipment to minimise the potential liability to the PCC.

PERSONAL ACCIDENT - Excess None

Cover is provided for accidental death or bodily injury to support staff and volunteers, excluding special constables.

A scale of benefits applies, which is dependent upon the severity of the injury to the individual.

BUSINESS TRAVEL - Excess None

Cover is provided for police officers and support staff up to a maximum of £1,000 for property losses where bodily injury is sustained and a maximum of £500 where it is not. This policy also covers medical expenses outside of the UK.

APPENDIX E : ANNUAL TREASURY MANAGEMENT REVIEW 2016/17

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 2016/17. 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 2016/17 the minimum reporting requirements were that the PCC should receive the following reports:

- an annual treasury strategy in advance of the year (PCC decision 005-2016 25/02/2016)
- a mid-year treasury update report (Resource Governance Paper 07/11/2016)
- 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 Resource Governance Board 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 Resource Governance Board confirms that it has complied with the requirement under the Code to scrutinise treasury management reports.

2. The Economy and Interest Rates

The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate

moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

3. Overall Treasury Position as at 31 March 2017

At the beginning and the end of 2016/17 the PCC's treasury position was as follows:

Treasury Position	31 March 2016 Principal	31 March 2017 Principal
Total debt	£13.4m	£12.3m
CFR	£30.6m	£29.3m
Adjustment for G4S ICT assets (finance lease)	(£7.0m)	(£6.6m)
Over / (under) borrowing	(£10.2m)	(£10.4m)
Total investments	£7.7m	£6.1m
Net debt	£5.7m	£6.2m

4. The Strategy for 2016/17

The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, (starting in quarter 1 of 2017), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

5. The Borrowing Requirement and Debt

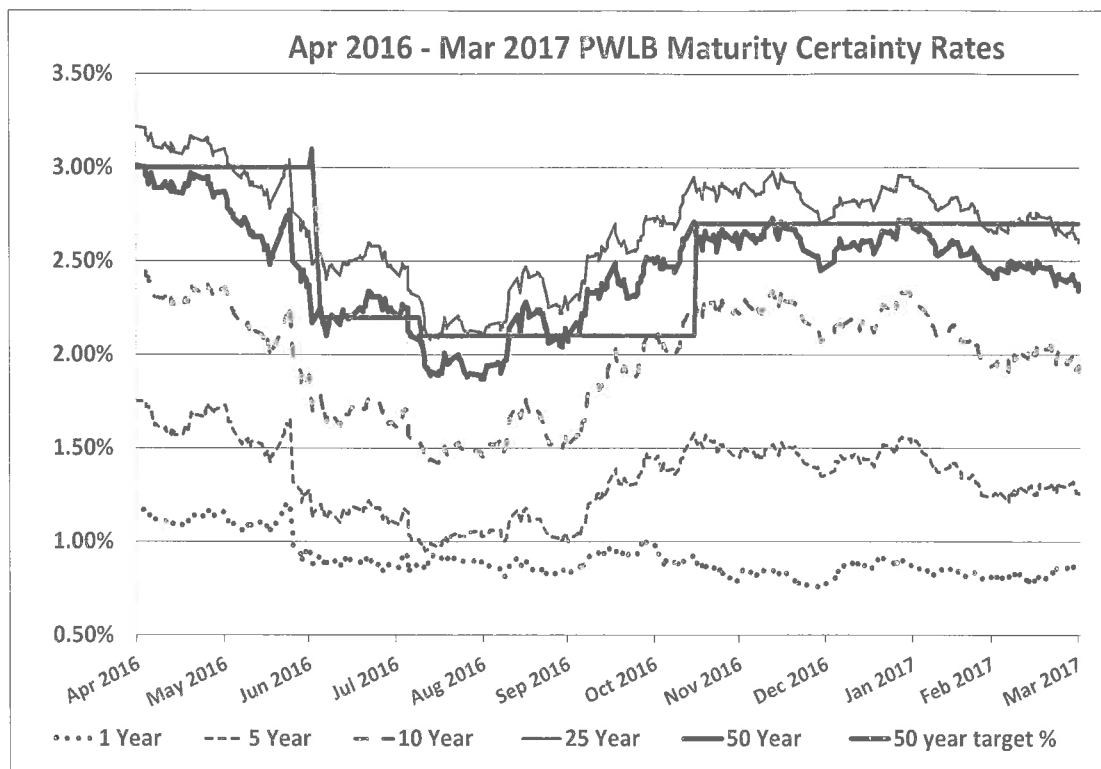
The PCC's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31 March 2016 Actual	31 March 2017 Budget	31 March 2017 Actual
Total CFR	£30.6m	£36.1m	£29.3m

The CFR is lower than the budget mainly due to the underlying need to borrow being lower than anticipated.

6. Borrowing Rates in 2016/17

PWLB certainty maturity borrowing rates - the graph below shows how PWLB certainty rates have fallen from April to June and then gained fresh downward impetus after the referendum and Bank Rate cut, before staging a partial recovery through to December and then falling slightly through to the end of March.



7. Borrowing Outturn for 2016/17

Borrowing

There has been temporary borrowing in the year. Namely 3 loans totalling £3.8m borrowed for an average of 10 days at an interest rate of 0.55%. Interest paid of £491 with an admin fee of £25.

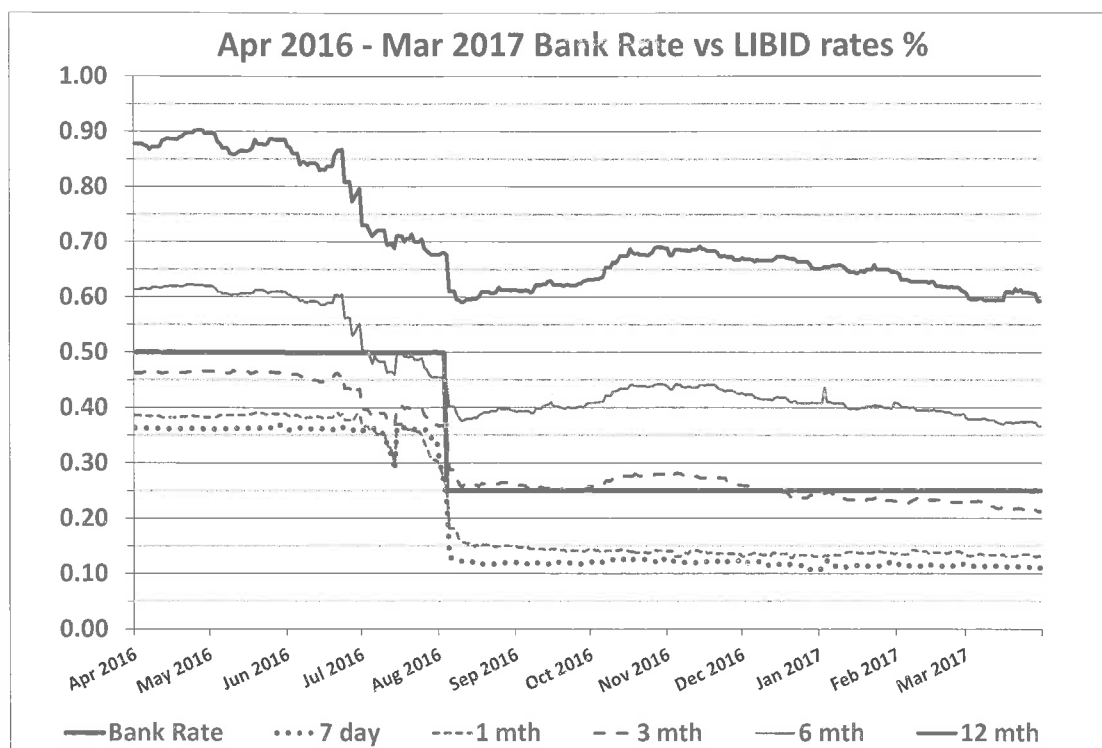
Rescheduling

There was no rescheduling requirement during the year. The average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable in any case.

Repayments

In 2016/17 the PCC repaid £1.1m principal on PWLB loans. The outstanding debt has an average interest rate of 4.46% and an average remaining life of 10 years.

8. Investment Rates in 2016/17



After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.

9. Investment Outturn for 2016/17

Investment Policy – the PCC's investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy approved by the PCC on 25 February 2016. 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 investment activity during the year conformed to the approved strategy, and the PCC had no liquidity difficulties.

Investments held by the Police and Crime Commissioner - the Police and Crime Commissioner maintained an average balance of £16.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.25%. Interest receipts during the year were £41k, against a budget of £50k. Call account rates have come down again this year, so 2 Money Market Funds are now being utilised.

The PCC held £6.1m of investments as at 31 March 2017; a breakdown of the investments held is in Appendix 2.

During the year, no investments were outstanding with counterparties that were not on the PCC's approved list.

In the financial year 2016/17 there was one instance where the bank account has been overdrawn. £604k was overdrawn for one night, incurring charges and interest of £327; these charges were met by G4S.

Appendix 1: Prudential and Treasury Indicators

During 2016/17, the PCC complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2015/16 Actual £000	2016/17 Original £000	2016/17 Actual £000
Capital expenditure	3,825	7,156	6,357
Capital Financing Requirement	30,620	36,130	29,261
External debt	13,383	15,391	12,313
Investments <ul style="list-style-type: none"> Under 1 year 	7,700	5,817	6,050

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 (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the PCC is not borrowing to support revenue expenditure. This indicator allows the PCC some flexibility to borrow in advance of its immediate capital needs in 2017/18.

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 2016/17 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 is 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.

	2016/17
Authorised limit	£38m
Maximum gross borrowing position	£13.4m
Operational boundary	£33m
Average gross borrowing position	£12.8m
Financing costs as a proportion of net revenue stream	2.01%

Ratio of financing costs to net revenue stream	31 March 2016 actual	2016/17 original	31 March 2017 actual
Financing costs to net revenue stream	2.29%	2.19%	2.01%
Incremental impact of capital investment decisions	31 March 2016 actual	2016/17 original	31 March 2017 actual
Increase in Police and Crime Commissioner tax (band D) per annum	£0.10	£1.00	£0.21

The increase in PCC tax per annum has reduced in part as no new borrowings were undertaken in 2016/17. New borrowings were anticipated in the original plan.

Treasury Position	31 March 2016 Principal	31 March 2017 Principal
Fixed rate funding:		
-PWLB	£13.2m	£12.2m
Variable rate funding:		
-Transferred Debt	£0.2m	£0.1m
Total debt	£13.4m	£12.3m
CFR	£30.6m	£29.3m
ICT asset lease	(£7.0m)	(£6.6m)
Over/ (under) borrowing	(£10.2m)	(£10.4m)
Total investments	£7.7m	£6.1m
Net debt	£5.7m	£6.2m

The maturity structure of the debt portfolio was as follows:

	31 March 2016 actual	31 March 2017 actual
Under 12 months	£1.2m	£1.0m
12 months and within 24 months	£0.9m	£0.9m
24 months and within 5 years	£2.6m	£2.5m
5 years and above	£8.7m	£7.9m

Appendix 2: Investments List as at 31 March 2017

Capita Colour Coding	Suggested maximum investment duration	Borrower	Principal (£)	Interest Rate	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
Orange	12 months	HSBC Bank Plc	50,000	0.00%	Call	AA-	0.000%
Yellow	Up to 5 years	Black Rock MMF	2,000,000	0.15%*	MMF	AAA	0.000%
Yellow	Up to 5 years	Insight MMF	4,000,000	0.18%*	MMF	AAA	0.000%
		Total Investments	6,050,000	0.17%			0.000%

*Variable interest rate. The net average monthly yield for March 2017.

Investments are all less than 1 year.

CORPORATE FINANCE TEAM – PERFORMANCE IN 2016/17

APPENDIX F

Overall performance in 2016/17 was sound. Accounting and the preparation of statutory financial statements were completed efficiently with the establishment of a new detailed plan and monitoring arrangements. The quality of working papers had been previously identified as an issue by external audit; the auditor has commented that the 16/17 working papers were much improved, and it is anticipated that this will be reflected in their final reporting. Budget preparation progressed well. The improvements in core financial systems and in budget monitoring information previously identified were consolidated during the year.

A financial management review based on the CIPFA model was undertaken during 2015/16, involving the views of a number of stakeholders and documentation used and provided. This identified a series of actions to be progressed during 2016/17 in order to provide an improved financial management service. Although progress was made in a number of areas, e.g. the introduction of a new Procure to Pay process, full progress was hampered by the loss of key staff (the Force CFO role was vacant for 4 months of the year). The appointment of a new Force CFO from January 2017 has provided new momentum to this project; the action plan has been updated and several actions are currently in progress with completion expected during 2017/18.

Achievement on the key tasks set out in the Corporate Finance Business Plan for 2016/17 is described below.

REF.	KEY TASK	ACHIEVED?	COMMENTS
1	Medium Term Financial Plan – a) To develop medium term scenarios reflecting differing levels of grant and council tax. b) To establish the options potentially available to balance the budget for 2017/18. c) To assess the implications of the 2015 Spending Review. d) To continue to promote Lincolnshire's case with Home Office	✓✓✓ Largely achieved	<p>The medium term plan was developed over the course of the autumn resulting in a 3-year MTFP being approved in February 2017. The plan indicates a balanced budget, albeit being dependent upon additional police grant of £3m/£6m in the final two years of the plan period following the implementation of the funding formula review. This remains a significant risk.</p> <p>Lincolnshire has played its part in the Home Office funding formula review, with the CFO being a member of the Technical Reference Group. Unfortunately the General Election has delayed the expected consultation.</p>

REF.	KEY TASK	ACHIEVED?	COMMENTS
	<p>officials and others with influence including providing objective information and analysis.</p> <p>e) To review the capital programme in the context of longer term plans for ICT, property and other assets.</p> <p>f) To promote realistic medium term planning for regional collaborations.</p>		<p>The review of the capital programme was completed but without the benefit of the key strategies to underpin the forward plan. This will be revisited during the next budget round.</p> <p>In terms of the region, work has concentrated on developing a timetable so that the medium term planning is developed via a programme of work which will start in the summer of 2017.</p>
2	<p>Value for money –</p> <p>a) To assist the PEEL Board in delivering the Value for Money Plan 2016 including monitoring the delivery of planned savings and realising cashable benefits.</p> <p>b) To promote efficiency savings and improved value for money in regional collaborations.</p> <p>c) Develop and lead on the Priority Based Budgeting</p>	<p>✓✓</p> <p>Largely achieved</p>	<p>Planned savings were achieved.</p> <p>The PEEL Board has now been revised to consist of a Strategic Management Board (SMB) and a Change Board as a sub-committee of the SMB. The purpose of the Change Board is to approve and monitor the Force Change Programme, allowing an increased focus on benefits realisation including both cost and efficiency savings.</p> <p>Financial appraisals in business cases are improving and the introduction of a Financial Evaluation proforma in 2017/18 will ensure that costs and savings are properly identified at project inception and can be monitored more effectively. This links in with the ongoing work on benefits realisation being undertaken by the Strategic Development department.</p> <p>The Priority Based Budgeting exercise was completed in 2016/17 and is being used in 2017/18 to develop a financial contingency plan which could be implemented if the outcome of the funding formula review is not as favourable as anticipated.</p>
3	<p>Financial processes –</p> <p>a) To agree and implement a programme of process reviews.</p> <p>b) To secure t- Police benefits in</p>	<p>✓✓</p> <p>Partly achieved</p>	<p>Programme of reviews commenced. The procure to pay process automation of all procurement processes went live in September 2016 and has been very successful. Process maps have been drafted for recruit to reward and draft papers on recruit to reward have been</p>

REF.	KEY TASK	ACHIEVED?	COMMENTS
	<p>processes and management information.</p> <p>c) To incorporate resulting changes in the Financial, Contract and Procurement Regulations.</p> <p>d) To secure implementation of agreed training in relation to the Regulations and to promote awareness of the requirements and individuals' responsibilities.</p>		<p>discussed both ahead of plans being drawn up. We have also started writing training documents which will become e-learning packages.</p> <p>Follow up on Procure to pay and address any additional issues in 2017/18. Recruit to reward plan to be drafted including the new payroll system.</p> <p>Record to report paper to be drafted to agree the way forward to then document a plan.</p> <p>Intranet page to be redesigned making it more informative to budget holders etc.</p> <p>Work on t-police benefits and management information has been included within the Financial Management Review Action Plan.</p> <p>NCALT Training package for the Scheme of Delegation and the Financial, Contract and Procurement Regulations completed and training undertaken by key budget holders.</p>
4	<p>Region –</p> <p>Support the smooth transition to business as usual.</p>	<p>✓✓✓</p> <p>Achieved- Action agreed and in progress</p>	<p>The responsibility for financial monitoring and reporting of the regional collaborations for which Lincolnshire is the lead force (EMOpSS and EMCJS) will be transferred to G4S Finance in 2017/18. A handover timetable has been agreed and arrangements are being put in place.</p>
5	<p>Innovation Fund projects –</p> <p>a) To make appropriate entries and disclosures in the 2016/17 financial statements.</p> <p>b) To clarify financial management arrangements including those for new projects.</p>	<p>✓✓✓</p> <p>Largely achieved</p>	<p>Following a detailed review of the accounting entries and transactions, entries in the accounts and grant claims for the Home Office were prepared and submitted.</p> <p>Innovation fund projects fully reconciled to accounts and claim forms and new template implemented to enable monitoring of spends going forwards.</p>

REF.	KEY TASK	ACHIEVED?	COMMENTS
			In 2017/18 the process will be refined for new projects and there will be monthly reconciliations.
6	Budget Management – a) To review the outturn for 2016/17 identifying reasons for variance from budgets b) To review budget management arrangements and performance using the CIPFA Financial Management Model. c) To establish balance sheet monitoring including cash balances and consider the timing of borrowing.	✓✓✓ Largely achieved	Review of 16/17 Outturn undertaken and reported at RGM, relevant implications included within the MTFP process. CIPFA model review completed and action plan produced. Progress against the plan has been slow due to resource issues. Momentum has improved in 2016/17. Balance Sheet monitoring has made progress and reporting is now part of the monitoring routine with the process beginning to be embedded within the monitoring regime. The balance sheet report (produced quarterly) is undergoing further development work by finance team to provide more analytical content. During 2016/17, a number of financial issues were progressed, including FME (resolved via expert determination) and the financial model (concluded during the first quarter of 2017/18). A standardised approach to indexation involving service extensions was also established. KPIs for the finance service are in place but require review as part of the CIPFA Finance Review project.
7	Strategic Partnership – To address contract requirements on financial issues, the impact of new developments (e.g. the extension of services to other forces) and kpi's for finance services	✓✓ Partly achieved	Improved working arrangements with the members of the Audit committee have been achieved. 2 of the 5 members attended CIPFA FAN events in 2016/17. Various specific workshops and presentations have occurred throughout the year. The new Internal Audit provider is now embedded in the control environment.
8	Joint Independent Audit Committee – a) To support the Committee including addressing members' training needs. b) To establish working arrangements with the new internal audit provider.	✓✓✓✓ Fully achieved	

REF.	KEY TASK	ACHIEVED?	COMMENTS
9	Corporate Finance – To establish Corporate Finance's identity and promote awareness of financial issues. CIPFA Finance Review	✓✓ Partly achieved	Some of the actions identified in the CIPFA review have been achieved. These are mainly in respect of Procure to Pay and Reporting. A plan is in progress to relaunch the CIPFA Review Action Plan and the resource required is currently being identified. Some delays have been caused by changes in the senior management responsible for delivering sections of the plan, which will be addressed in June/July 2017, when new staff are in post. The action plan will be fully revised for implementation during 2017/18.
10	Blue Light – To provide financial advice	✓✓✓ Fully achieved	Programme Boards and Steering Group meeting have been attended by a representative from Finance. Financial governance arrangements were put in place and are now embedded across the partners. All quarterly reporting and grant claims were completed on time and evidenced. Finance staff have a good working relationship with Programme Director.