

DYFED-POWYS POLICE AUTHORITY

Minutes of the Finance & General Purposes Committee

12th December 2011 at 9.30am

Present: Cllr J T Davies (Chair)
Prof I Roffe JP
Mr J K Howell JP
Mr A M S Kenwright
Cllr M Hodges
Cllr G Hopkins
Mrs H M Thomas
Mrs A Williams
Cllr P Cooper

Officers in attendance: Mr K Reeves, Chief Executive
Mr A Bevan, Chief Financial Officer
Mr N Ingram, Assistant Chief Constable (*Items 8 & 18 only*)
T/CI I Thomas, Operations (*Item 20 only*)
Miss D Jones, Financial Controller
Mr E Harries, Head of Financial Management
Mr P Jeremy, Head of Commercial Services
Mr G Lemon, Policy Officer
Sgt P Herdman, Police Federation (*Items 8 & 18 only*)

Observers: Mrs D Humfryes
Mrs L Pepper

FGP26 Apologies for Absence

There were no apologies.

FGP27 Declarations of Interest

Mrs Thomas declared a personal interest in relation Agenda Item 17, and indicated that she would withdraw from the meeting at the appropriate juncture.

FGP28 (i) To consider the minutes of the meeting of 12th September 2011

Cllr Davies highlighted two textual inaccuracies on page 2 of the minutes in respect of FGP5 (it should have read that the minutes were 'approved') and FGP7 (it should have stated 'amend' instead of 'amended'). Members agreed that the minutes of the last meeting were a true and accurate record, subject to the above amendments.

RESOLVED

That the minutes of the Finance and General Purposes Meeting on 12th September be agreed as a true and accurate record (subject to above amendments)

(ii) To consider the Action Log

Members also considered the action log. All agreed actions had been completed or were in the process of being completed.

FGP29 Matters arising

There were no other matters arising.

Members agreed to consider Agenda Items 5 (ii) – (iv), but deferred consideration of Items 5 (i) and (v) until later on in the Agenda.

FGP30 To consider reports of the Chief Financial Officer

(i) Revenue budget outturn report

Mr Bevan presented the report and reminded Members that in setting the budget for the current financial year the Authority faced a cash reduction in central government grants of 5.1% which equated to £3.1 million. Mr Bevan indicated that cost reduction measures totalling £5.1 million had been included in order to provide a balanced budget.

Mr Bevan highlighted key parts of the report. Referring to the summary budget position to the end of October 2011, Mr Bevan indicated that the original budget had been adjusted to take into account reductions in staff costs resulting from voluntary redundancies. Mr Bevan stated that a total of £646k had been reduced from basic pay budgets which represented the part year cost saving from voluntary redundancies to date. Mr Bevan also indicated that the total cost of the voluntary redundancies to date was £1.013million and that this had been funded from reserves.

Mr Bevan informed Members that the Authority's expenditure during the 7 month period was £51.413 million against a budget of £52.412 million – and to that end the Authority had achieved an underspend of £0.999 million.

Mr Bevan stated that although the main area of concern was overtime payments in respect of the summer riots, it was important to point out that this amount was recoverable. Cllr Davies asked about the total Dyfed-Powys expenditure on the riots, Mr Bevan indicated that the cost to Dyfed-Powys was £542,000.

Mr Jeremy updated Members as to the forensic medical services contract. Cllr Davies asked about the change in the project to deliver a nurse led-service with a doctor available 24 hours per day. Mr Jeremy stated that it was difficult recruiting sufficient doctors to provide the appropriate level of service, and 80% of the tasks required of a forensic healthcare professional could be carried out by a nurse. Hence, Mr Jeremy stated that the Force had moved to a nurse-led provision. Cllr Hodges asked whether this variation adversely affected the level of service provided. Mr Jeremy indicated that on the contrary, the move to a nurse-led provision would allow for a more responsive and timely service.

Prof Roffe raised the issue of medical evidence and stated that it would be important to ensure that a nurse-led provision would not have an adverse effect on successful prosecutions.

RESOLVED

That the report be noted

(ii) Capital budget outturn report

Mr Bevan presented the report, indicating that in the year to date (to October 2011) capital expenditure amounted to a total of £3.8 million. Mr Bevan then highlighted some of the key estates projects and initiatives.

Cllr Hodges referred to the Combined Emergency Services Centre in Llandrindod Wells, and stated that concerns had been brought to his attention in respect of the timely payment of construction workers which had led to a number of them walking off site. Mr Jeremy stated that he was not aware of these concerns. Cllr Hodges also queried the slippage in the contract. Mr Jeremy confirmed that there was a slippage in the contract of some four or five weeks, but stated that it was hoped that this would be recovered in the coming months.

Mrs Thomas asked about the future use of the Technium building in Llanelli. Mr Jeremy stated that although the exact details were not currently known, the agreement between the Welsh Local Government Association and Carmarthenshire County Council was to maintain the 'Technium concept' so to promote and encourage, for example, new businesses.

Given that the purchase of the Technium did not go ahead, Members asked about the situation in respect of the new custody suite in Llanelli. Mr Jeremy confirmed that the Force was still looking at the Dafen Industrial Estate area in Llanelli as the location for the new suite as it met all the criteria.

Prof Roffe asked about the custody suite in Friars Park. It was confirmed that the suite was no longer in use and that the only operational custody suite in Carmarthenshire was at Llanelli, with the occasional use of the suite at Ammanford. In light of this, Cllr Davies indicated that it was important for the custody suite project in Llanelli to be progressed as quickly as possible.

Mr Bevan referred to the Penparcau office in Aberystwyth and indicated that to prevent the planned closure of the office, Aberystwyth Town Council had offered to fund the costs associated with the Office for the next five years. As a result, members were invited to consider recommending to the Police Authority the continued presence of the Force at the office for the next five years. Members agreed to take this recommendation to the Police Authority on 19th December 2011.

Mr Bevan informed Members that in order to cope with the extra electricity supply required by the Strategic Co-ordination Centre (SCC), Western Power had to install a small sub-station adjacent to the new building. As a result of this it was necessary to grant freehold title to Western Power for a small parcel of land to accommodate the sub-station. Mr Bevan recommended that delegated authority be given to the Chief Executive to execute the relevant legal documentation. Members agreed to take this recommendation to the Police Authority on 19th December 2011.

RESOLVED

1. That the report be noted

2. That the following recommendations be taken to the Police Authority on 19th December 2011:

(i) To retain Force presence at the Penparcau Office in Aberystwyth for the next five years (subject to the final terms being formally agreed)

(ii) To delegate authority to the Chief Executive to execute legal documentation in respect of the transfer of land to Western Power

(iii) Mid-year treasury management report

Ms Jones presented the report, indicating that in compliance with the requirements of the CIPFA Code of Practice it provided Members with a summary of treasury management activity until the end of October 2011.

Ms Jones stated that as a result of the volatility experienced by the economy in recent months, credit ratings for many of the UK's banks and building societies had reduced. Ms Jones stated that in light of this, the main objective was to protect the principal amounts currently invested.

Ms Jones informed Members that the amount invested at the end of October 2011 was £26.6 million, and highlighted the various institutions within which that money was invested. Ms Jones indicated that a number of those investments had matured and re-investments were only being made with the Debt Management Office.

Ms Jones highlighted the budgeted income which indicated that the Authority's budgeted income interest receipts were down significantly in the year to date. Ms Jones also updated Members as to the Icelandic Bank investments, stating that dividends would continue to be received in respect of the investments with KSF and Heritable. It was estimated that a total of £845,000 would be received in respect of KSF against an investment of £1 million, resulting in a loss of £155,000. In respect of Heritable it was estimated that a total of £881,000 would be received against an investment of £1 million, so resulting in a loss of £119,000.

Ms Jones provided Members with the treasury advisors interest projections, indicating that it was projected that interest rates would not increase until 2014.

Ms Jones informed Members that the Chief Financial Officer was provided with monthly briefings/updates on treasury management in order to closely monitor developments in this area.

Cllr Cooper asked whether or not there was a limit as to the amounts that could be invested. Ms Jones stated that up to £6 million can be invested in each institution, although advice received from professional treasury management advisers was not to invest too much money at any given time. Cllr Hodges questioned whether or not more money could be invested into those banks that are part owned by the government in order to receive more interest payments. Adding to Ms Jones' point, Mr Bevan stated that it was important to act upon the advice that was given by professional advisers employed by the Force/Authority, and that their advice was not to invest any further at present.

Prof Roffe commended the Force on the approach to treasury management and supported the aim to achieve security and liquidity. Prof Roffe stated that in managing public money, it was essential to manage risk and commented that it was clear that the Force was doing so.

RESOLVED

That the report be noted

FGP31 To receive a report on Local Government Pension Scheme Employer Discretions

Mr Bevan presented the report to Members, and highlighted the proposed changes to the discretions available for use by the Authority under the provisions of the Local Government Pension Scheme (LGPS).

A total of 6 changes were proposed in respect of the LGPS (Benefits, Contributions, Membership) Regulations 2007 (as amended).

Members agreed to approve the proposed changes.

RESOLVED

That the recommended changes to employer discretions be approved

FGP32 To receive a report from the Chief Executive on the mileage rate allowance for volunteers

Mr Reeves presented the report to Members, reminding Committee that the HMRC tax free rate for mileage had been increased from 40 to 45 pence per mile, and that

the Members Expenses and Allowances Scheme had recently been amended to include this new rate.

Mr Reeves informed Members that the estimated cost to the Authority of paying the new rate to volunteers would be in the region of £565 a year.

Members agreed unanimously that volunteers should be able to benefit from the new rate, and resolved to recommend to the Police Authority that this be approved.

RESOLVED

That a recommendation be taken to the Police Authority on 19th December to increase the mileage rate for volunteers from 40 pence to 45 pence per mile (*in line with the HMRC tax free mileage rate*)

ACC N Ingram and Sgt P Herdman entered the meeting.

FGP33 To receive a verbal update from the Chief Executive on progress in respect of the transition to Police and Crime Commissioners (PCC)

Mr Reeves gave a verbal update to Members, indicating that a number of key documents had been circulated, one of which was a protocol setting out the working relationship between the PCC and the Chief Constable. Mr Reeves said that the Financial Code of Governance for the PCC was almost finalised.

Mr Reeves informed Members that certain difficulties were being experienced in respect of the emerging legislation, and there were a number of issues in relation to the arrangements in Wales, particularly in respect of the administration of Police and Crime Panels. Mr Reeves informed Members that discussions were on-going between the Welsh Local Government Association and the Home Office in the hope of arriving at a compromise that would enable local authorities to fulfil the support role in respect of the Panels.

Mr Reeves informed Members that the PCC would be formally introduced in London on 16th January 2012 as there was an incumbent PCC in the form of the Mayor, although it was likely that most of the PCC duties would be undertaken by the Deputy Mayor.

Members were informed that the Home Office wished to see PCPs operating before the introduction of PCCs.

Mr Reeves stated that there were a number of issues to be resolved in the coming months, and indicated that further updates would be provided to Members as developments emerged.

In respect of VAT, Mr Bevan informed Members that the legislation provided that the PCC, like local authorities, would be able to recover VAT. However, in respect of the

Chief Constable, who was able to recover VAT under the current arrangements, the position was unclear. Therefore, as the budget for running the Force would be given to the Chief Constable/Force who would in turn incur VAT liability there was a clear issue that needed to be addressed.

Members were also made aware of some conflicting legislation in respect of PCCs, PCPs and the relevant powers. Mr Reeves informed Members that a number of regulations were awaited in order to clarify these anomalies.

Cllr Davies referred to concerns in respect of community safety for which the PCC would have a financial responsibility. Mr Reeves confirmed that the PCC would hold a community safety budget and would be able to commission community safety services. Mr Reeves stated that this was substantially different from the current arrangement, and in respect of the relationship with local authorities it tilted the balance of power in favour of the PCC.

Mr Reeves also informed Members that at a recent speech Policing Minister Nick Herbert stated that the PCC would be responsible for commissioning victim support services.

RESOLVED

That the verbal update be noted

Mrs Waters entered the meeting.

In order to accommodate attending officers, Members agreed to alter the running order of the Agenda.

The meeting moved to exempt session and Item 18 on the Agenda.

FGP34 Exclusion of the Press and Public

RESOLVED

That the press and the public be excluded from the meeting during consideration of the following 2 items of business pursuant to section 100A (4) of the Local Government Act 1972 as they involve the likely disclosure of exempt information as defined in paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the Act.

FGP35 To receive a report on Special Priority Payments (SPP) [PUBLIC SUMMARY]

Mr Bevan presented the report to Members and highlighted the financial implications for each of the available options in respect of SPPs. Sgt Herdman provided Members with an update as to view of the Police Federation. ACC Ingram provided Members with an operational perspective in respect of the payment of SPPs.

Mr Herdman was asked to leave the meeting whilst the Committee considered legal advice. Mrs Waters presented Members with a briefing from Counsel as to the legal implications. Mrs Waters, the Chief Financial Officer and Chief Executive further elaborated on Counsel's advice and the parameters of the Scheme.

Members discussed the matter in detail before making the following resolutions

RESOLVED

That the following be recommended for approval by the Police Authority on 19th December 2011:

- 1. That 'Option 2' be approved (i.e. a maximum payment of £500 be made to 20% of police officers in qualifying roles)**
- 2. That an average payment of £500 be paid to those officers working on-call arrangements on an ex gratis basis as 'on call' fell outside the parameters of the Scheme (*The Assistant Chief Constable was asked to draw up suitable arrangements in this request*)**

Sgt Herdman returned to the meeting and was informed of the Committee's decision.

ACC Ingram and Sgt Herdman left the meeting.

FGP36 To receive a report on a request to write off injury on duty pensions

Mrs Thomas declared a personal interest and withdrew from the meeting.

Mrs Waters presented the report to Members.

Cllr Cooper left the meeting.

RESOLVED

That recovery of the monies not be pursued given the circumstances

Mrs Thomas returned to the meeting.

The meeting returned to open session and Item 9 on the Agenda.

FGP37 To receive an annual report from Legal Services in relation to civil claims

Mrs Waters presented the report to Members and highlighted claims of particular note. This included a claim for in excess of £100,000 which the Force was able to negotiate to a settlement of £25,000.

Mr Howell asked why a claim for £50,000 had resulted in a settlement of £60,000. Mrs Waters stated that the Force was required to pay for damage to a vehicle which increased the overall settlement.

RESOLVED

That the report be noted

T/CI Ian Thomas entered the meeting.

The meeting moved to exempt session and item 20 on the Agenda.

FGP38 Exclusion of the Press and Public

RESOLVED

That the press and the public be excluded from the meeting during consideration of the following item of business pursuant to section 100A (4) of the Local Government Act 1972 as they involve the likely disclosure of exempt information as defined in paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the Act.

FGP39 To receive an update report on the National Police Air Service

T/CI Thomas presented the report to Members.

RESOLVED

- 1. That the report be noted**
- 2. That the Authority continues to raise concerns in respect of the NPAS**

T/CI Thomas left the meeting.

The meeting returned to open session and to Items 5 (i) and (v) on the Agenda.

FGP 40 To consider reports of the Chief Financial Officer (Continued)

First draft revenue budget 2012/15 (Open Version)

Mr Bevan presented the report and reminded Members of the unprecedented public sector budget cuts. Mr Bevan stated that the Authority was facing a 6.7% cash reduction in funding in 2012/13. Mr Bevan stated that the budget proposals for 2012/13 required a net revenue budget of £95.674 million as compared to £97.337 million in 2011/12. This equated to a 1.71% decrease.

Mr Bevan explained that in order to fund the budget there was a council tax funding requirement of £41.634 million for which a council tax increase of 5% was needed.

Based on a Band D property, this would equate to £198.54 as compared to £189.09 in 2011/12 – an increase of 18 pence per week or £9.45 for the year.

Mr Bevan stated that the savings target for the period 2012/13 to 2015/16 was £7.266 million, and highlighted that a reduction of 1% in the council tax precept would result in a funding gap of £395,000 on a recurring basis which would jeopardise the savings plan and impact on frontline policing.

Mr Bevan reminded Members that the Welsh Government had decided not to give local authorities the additional one off grant from the UK Government to freeze council tax. Mr Bevan stated that it was understood that the Welsh Government Minister had indicated unofficially that given the current circumstances a 5% police precept increase was unlikely to be seen as excessive.

Cllr Davies acknowledged the need to achieve a balanced budget but commented that a 5% increase would be too high, particularly in relation to the proposed local authority increases which were likely to be between 2% and 3% at the most, and in relation to the approach to council tax in general. Cllr Davies suggested that any increase in council tax should be less than the previous year. Cllr Davies also stated that in setting the precept it was important to acknowledge the forecasted underspend.

Mr Bevan stated that it would be useful for the Authority to liaise with the Force at an early stage to discuss the likely increase in the precept in order to avoid the considerable budget revisions/recalculations that were required at a very late stage last year.

Mr Bevan referred to the Floor Grant funding that the government was planning to cut and stated that this could have a significant impact on the Authority, pointing to the funding of PCSOs as a potential area of difficulty. Mr Bevan also suggested that it would be a pertinent time for the Authority to start lobbying arrangements in respect of this proposed cut.

Prof Roffe thanked Mr Bevan and his team for their hard work in producing the Draft and in maintaining a well balanced budget in difficult circumstances. Prof Roffe expressed concern in relation to the reduction in neighbourhood policing funding, particularly in respect of PCSOs. Prof Roffe also suggested that a steer as to the council tax precept be given via the Authority's Financial Governance Group.

A discussion was had in relation to the funding of PCSOs. Mr Reeves informed Members that it would not be possible to fund PCSOs currently employed by the Force with the new grant funding for PCSOs that was expected from the Welsh Assembly. It was noted that the Welsh Assembly funding would require the provision of additional PCSOs.

Cllr Hopkins indicated that if council tax were to increase by 5% on an annual basis by 2015/16 the taxpayer would be paying for almost 50% of the total cost of policing. To that end, Cllr Hopkins stated that he would not support an increase of 5%.

Cllr Davies asked whether there was a consensus from Members that a 5% increase would be too high. Members were in agreement that they would not recommend to the Police Authority an increase in council tax of 5%.

In light of Mr Bevan's earlier comment and in support of Prof Roffe's suggestion, Cllr Davies suggested that there was an important role for the Financial Governance Group in respect of a specific steer as to the precept level.

Mr Bevan reiterated the importance of having discussions with the Chief Constable as to the precept level at an early stage, and well in advance of the February Police Authority meeting. Cllr Davies suggested that it could also be useful for a meeting of the Co-ordination and Policy Development Group to be arranged for early January to discuss the matter with the Chief Constable. Mr Bevan was content with either the Financial Governance Group or the Co-ordination and Policy Development Group meeting to discuss the matter with the Chief Constable, but indicated that such a meeting would need to be held as soon as possible. Mr Reeves agreed and suggested a meeting should be arranged as soon as possible after the Christmas break.

Mr Kenwright left the meeting.

Following detailed discussions, Members made the following resolutions.

RESOLVED

- 1. That a recommendation be taken to the Police Authority to consider a budget increase resulting in an increase in the Council Tax Precept level of less than the approved level for 2011/12 (i.e. 4.22%)**
- 2. That a meeting of either the Financial Governance Group or the Co-ordination and Policy Development Group be arranged as soon as possible to discuss the precept level**
- 3. That the Police Authority starts lobbying arrangements in respect of the removal of Floor Grant funding**

Cllr Davies and Mrs Pepper left the meeting.

The meeting moved to exempt session and Item 5 (v) on the Agenda.

FGP41 Exclusion of the Press and Public

RESOLVED

That the press and the public be excluded from the meeting during consideration of the following 2 items of business pursuant to section 100A (4) of the Local Government Act 1972 as they involve the likely disclosure of exempt information as defined in paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the Act.

FGP 42 To consider reports of the Chief Financial Officer (Continued)

Update on the cost reduction plan

Mr Bevan presented the report.

RESOLVED

That the report be noted

The meeting returned to open session and Item 10 on the Agenda.

FGP43 To receive an update on the Procurement Strategy

Mr Bevan and Mr Jeremy presented a brief update report on the Procurement Strategy 2010-13, and indicated that a more detailed report would be presented at the meeting in February 2012.

The 'Zanzibar' Project was highlighted, a national police procurement hub similar to the well know 'Amazon' online purchasing system. Members were informed that the project would have a number of benefits including a full electronic process from requisition to payment, increased contract compliance and visibility of collaborative procurement arrangements.

Cllr Hopkins commended the Force for the significant savings achieved from collaborative contracts.

Mr Jeremy suggested that it would be useful for Members to receive an input on the Procurement Strategy/procurement activity at a future seminar where more detail could be provided.

RESOLVED

- 1. That the report be noted**
- 2. That an input on the Procurement Strategy/procurement activity be provided to a future seminar**

FGP44 To receive an update report on the Police Authority Secretariat budget

Mr Bevan presented the report and highlighted that during the second quarter of the current financial year the Authority reported a surplus of £78,900 which equated to 17.6% of the year to date budget of £448,517.

Referring to the year-end forecast, Mr Bevan highlighted that a planned surplus of £209,237 was predicated which would equate to 22% of a year-end budget of £945,972.

RESOLVED

That the report be noted

FGP45 To receive a report on the Local Government Pension Scheme (LGPS) Consultation

Mr Bevan presented the report which updated Members on the proposed changes to the LGPS and how this impacted upon scheme members and their pension provision.

Mr Bevan informed Members that a response to the government's consultation on the changes had not yet been drafted, and recommended that the Committee grant delegated authority to the Chief Financial Officer to draft a response. Members supported the recommendation.

RESOLVED

- 1. That the report be noted**
- 2. That the Chief Financial Officer be given delegated authority to respond to the consultation**

FGP46 To receive the minutes from the Audit and Review Sub-Committee

Cllr Hodges presented the minutes of the Audit and Review Sub Committee meeting of 14th November 2011.

Cllr Hodges highlighted some of the key discussions that took place at the meeting, including those relating to the review of the Professionalising Customer Services project and the Authority's Risk Register.

RESOLVED

That the minutes be received

The meeting moved to exempt session.

FGP47 Exclusion of the Press and Public

RESOLVED

That the press and the public be excluded from the meeting during consideration of the following 4 items of business pursuant to section 100A (4) of the Local Government Act 1972 as they involve the likely disclosure of exempt information as defined in paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the Act.

FGP48 To consider reports of the Chief Financial Officer (Continued)

First draft revenue budget 2012/15 (Exempt Version)

This item was considered in open session in conjunction with Agenda Item 5 (i). No exempt/redacted passages were discussed in open session.

FGP49 **To consider the exempt minutes of the meeting of 12th September 2011**

Members considered the exempt minutes of the meeting of 12th September 2011.

RESOLVED

That the exempt minutes of the 12th September 2011 be agreed as a true and accurate record

FGP50 **Matters arising**

There were no matters arising.

FGP51 **To consider a report on the Strategic Co-ordination Centre (SCC)**

Mr Bevan presented the report. Members considered the matter in detail and made the following resolution.

RESOLVED [Five Members for, one abstention]

That a recommendation not to commence with conversion work in the SCC be taken to the Police Authority on 19th December

FGP52 **Members' Reports**

There were no Member reports.

FGP53 **Race and diversity issues**

There were no race and diversity issues.

FGP54 **Any other business that the chair considers urgent**

There was no other urgent business.

Meeting concluded at 1.15pm