



NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

5 February 2019

REPORT BY THE POLICE, FIRE AND CRIME COMMISSIONER (PFCC) AND THE CHIEF FINANCE OFFICER

PFCC PROPOSED POLICE PRECEPT

REVENUE BUDGET 2019/20, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN

1. Purpose of the Report

- 1.1 To present the 2019/20 Police Precept Proposal and the additional considerations contained within it.

2. Recommendation

- 2.1 The Police Fire and Crime Panel is **RECOMMENDED** to endorse:
 - a. The proposal to increase the 2019/20 Police Precept by £24 per annum (10.86%) for a Band D Council Tax to £245.04 (from £221.04 in 2018/19) for police purposes.
- 2.2 Note the information presented in this report, including:
 - a. The statement of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget, the Medium Term Financial Plan and the adequacy of financial reserves.
 - b. The total 2019/20 net budget requirement of £137.314m, including:
 - i. The intention of the PFCC to set a Council Tax Precept Requirement for 2019/20 of £60.131m (£52.957m in 2018/19).
 - ii. The future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational mitigations and additional considerations identified.
 - iii. That any changes required, either by Government grant alterations or through amended council tax base and surplus/deficit notifications received from the

collecting authorities, may be balanced either through Force Efficiency Savings or through a transfer to or from Reserves.

- iv. The current MTFP and the anticipated savings required.
- v. The Capital Programme and the review of the ICT element within the programme.
- vi. The reserves strategy and proposed use of reserves.

3. Executive Summary

- 3.1 This report, and the precept proposal within it, is the culmination of several months' work by the Office of the Police, Fire and Crime Commissioner (OPFCC), supported by Force colleagues and taking account of public and stakeholder consultation and key government announcements.
- 3.2 Following the announcement of the final Police Grant settlement, the Police, Fire and Crime Commissioner (PFCC) has considered current and future funding levels, together with the factors included within his Police and Crime Plan, the consultation, the Spending Review (SR2015) and the Chancellor's 2018 Autumn Statement.
- 3.3 The PFCC has also considered the analysis provided to PFCCs by the Police and Crime Treasurers Society (PACCTS) technical team which showed that between the period 2010/11 and 2019/20, government formula funding to Northamptonshire Police has reduced.
- 3.4 The PFCC has been briefed on the current and emerging operational and demand challenges and these have informed discussion on the budget allocation to the Force for 2019/20 and future years.
- 3.5 The PFCC has considered the significant and unprecedented £3m adverse impact of pension valuation changes on the Force revenue budget. Whilst police grant has increased and a specific pensions grant of £1.3m has been allocated to Northamptonshire to mitigate this impact, these are not sufficient to meet the total cost and there is still a shortfall of £300k per annum to be met.
- 3.6 The PFCC has received briefings and updates on the grant settlement and acknowledges the assumption contained within it that PFCCs will increase their precept locally at £24 in 2019/20, increasing the previous government assumption of £12.
- 3.7 If the PFCC increases the precept in line with the provisional grant assumptions at the £24 level, then total funding to the PFCC has increased by £10.206m in cash terms.
- 3.8 The PFCC has reviewed the budget and precept which is in light of the feedback received from public consultation and his Police and Crime Plan priorities.
- 3.9 These factors have enabled him to review and reprioritise all available revenue and capital financing resources available to him. As a consequence of changes to the capital programme and the OPFCC budget, the PFCC is able to increase the resources given to the Force above the total funding increase as follows:

- a. To increase the budget delegated to the Force in 2019/20 to £130.265m, a total increase of £11.6m in cash terms.
- b. Of this amount £3m relates to additional council tax from increasing the precept to £24 from £12 as originally planned for 2019/20. The PFCC and Chief Constable have carefully considered the results and comments from the public consultation and will ring fence this funding to provide additionality and improve police visibility and service in areas that the public have said are a priority. These would include:
 - A significant investment in neighbourhood policing, including more dedicated officers and staff
 - An improved response for victims of burglary and a renewed focus on the prevention and detection of crimes
 - Greater focus on anti-social behaviour and tackling street level drug dealing
 - Greater emphasis on tackling crime in rural areas

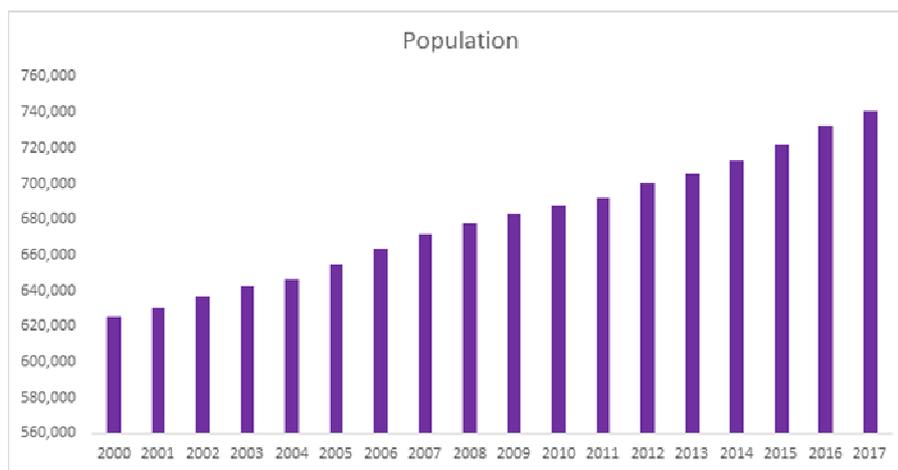
The PFCC and Chief Constable are working on detailed plans and will bring them forward to the Police and Crime Panel in April 2019.

- c. These investments will complement the three year programme of growth and investment detailed within this report and implemented by the PFCC.
- 3.10 The PFCC has reviewed the adequacy and level of reserves to ensure that funds are still available to support investment in innovative solutions and ensure the level is adequate to meet one off short term funding shortfalls, should this be required.
 - 3.11 Whilst there was a better than anticipated settlement in 2018/19 and 2019/20, the PFCC has recognised that there are further financial challenges facing the Police over the medium term and the proposed precept balances those challenges with the operational challenges the public and the Chief Constable have said are a priority.
 - 3.12 In considering the proposed level of precept, the PFCC has conducted, and been informed by, a consultation of 4,513 residents of Northamptonshire.
 - 3.13 However, after that time, the financial challenge is not over and there is a shortfall on the Medium Term Financial Plan by 2022/23; but the demands and challenges will continue to increase further in future years.
 - 3.14 Additionally, the policing budget and precept seeks to take forward the statutory duty to collaborate for the three emergency services. This means that the services should be actively seeking opportunities to work together to deliver more efficient and effective public services.
 - 3.15 Both Fire and Police Budget agreements for 2019/20 will demonstrate the PFCC commitment to collaboration, particularly highlighted greater integration between police and fire and rescue to reinvest in frontline services. It is the PFCC's expectation that, over time, the following areas will be delivered:
 - Shared Enabling Services
 - Shared Estates Strategy
 - Shared Prevention Approaches
 - Interoperability

- 3.16 If PCCs were given continued precept flexibility in future years, then not only could this help balance the budget in the medium term but could also provide additional resources to invest in policing and go some way towards meeting new and increasing demands.
- 3.17 After careful consideration of the factors contained within this report, the PFCC is proposing a precept increase of £24 (10.86%) for the 2019/20 financial year in order to invest in the areas that the Chief Constable and the public have highlighted as a priority, and to build a sustainable base budget to maintain and safeguard policing services across the force area and make additional investment into essential and evolving demand areas for Northamptonshire.

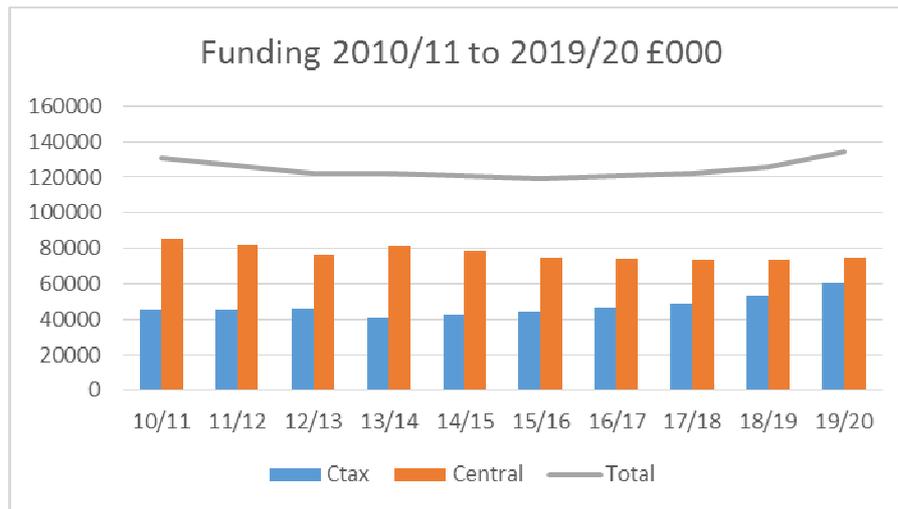
4. Background

- 4.1 In considering his precept proposal for 2019/20, the PFCC has reviewed a wide number of factors, including the significant population increase in Northamptonshire over the period 2000 to 2017. With the opportunities that an increase in population brings there is also an impact on demand for public services, especially the police.
- 4.2 The graph below demonstrates how the population in the county has steadily increased by over 18% since 2000 and by circa 10% in the ten years to 2017.



Source: ONS

- 4.3 However, police central funding has not kept pace with this population increase and whilst local council taxbase increases have contributed to total funding, central government grants, which form over 50% of local police funding, have not.
- 4.4 The Police and Crime Treasurers society (PACCTS) have summarised the funding settlements over the last ten years and these show in Northamptonshire, that whilst total funding (excluding grants and council tax surplus) for Northamptonshire police is broadly at the same level as it was 2010/11, central funding over this period has reduced in cash terms by 13% but local residents are contributing 33% more than they did in 2010/11.



Key: excludes legacy grants, specific pensions grant and council tax surplus.

- 4.5 Despite the challenging financial climate, since his first budget the PFCC, has sought to make the most of the resources available to him and has where possible, maximised investment in operational policing.

5. Previous Precept Strategies

- 5.1 The precept proposal for 2019/20 builds on two years of investment in Northamptonshire policing as follows:

2017/18

- 5.2 In his first precept in 2017/18, the PFCC invested in a new Delivery Model which was implemented during the year. By the time it was fully implemented it provided over 50 frontline Staff.
- 5.3 Building on the investment in the new Delivery Model from the first year, in 2018/19 the precept included an increase to the precept of £12 in both 2018/19 and 2019/20 and increased the Force revenue budget to provide extra investment for:
- Additional capacity in the Offender Management and Early Intervention team;
 - Additional capacity for the Management of Sex Offenders team;
 - Investment into improved ICT areas;
 - Additional capacity for the Force Change and Communication teams to improve their ability to evolve and also provide proactive links to the public to improve confidence;
 - Additional regional and local capacity and capability for cybercrime.
 - Ring fenced the sum of £1.250m for 22.5 FTE staff into priority areas: as follows:
 - Serious and organised crime
 - Rape and serious sexual offences
 - Missing persons
 - Police/Fire interoperability
 - Inspection assurance

The force has advised that posts will be filled and any vacancies backfilled by the end of the 2018/19 financial year. As detailed within the regular monitoring reports, any unspent funding is returned to the PFCC.

Additionally, the PFCC ring fenced further funding which has been taken forward and covers:

- A rural crime strategy produced towards tackling crime in rural areas.
- The establishment of a multi-agency Road Safety Alliance to support the development and implementation of plans and proposals to meet this important area to which policing contribute from the £1.3m road safety reserve.
- The establishment of a £250k Police and Crime Plan Delivery Fund which has supported funding for initiatives to support Police and Crime Plan priorities as reported to the panel in December.
- A proposal for an Invest to Save initiative for better management reporting was supported.

Furthermore, the PFCC highlighted the importance of Prevention and Early Intervention and ring fenced the sum of £1.5m for proposals to take this area forward. One area which was being considered, has been met by external grant funding of over £600k for 18 months in the area of Serious Youth Violence. Therefore, further proposals are still being considered.

6. Public Consultation on the Level of the Precept

- 6.1 The 2019/20 Precept proposal is the third precept proposed by Stephen Mold during his term as Police and Crime Commissioner.
- 6.2 In the past year, in line with many colleagues, the PFCC has campaigned locally, regionally and nationally about the challenging funding position for Police, specifically Northamptonshire.
- 6.3 During the period October to December 2018, the PFCC undertook consultation on the level of the precept to gain the views of local residents. The consultation was at a time when it was anticipated the PFCC would be considering a £12 precept following the 2018/19 budget settlement.
- 6.4 In relation to the police, participants were given the statement:

“The average household currently pays £4.25 a week towards policing. Police and Crime Commissioners have been given the power by Government to raise the policing part of your council tax by an extra £12 per year for 2019/20, which would give Northamptonshire police an extra £2.9 million towards making Northamptonshire safer”.

They were then asked in the light of this which option best represents your views:

- I would not be prepared to pay any more for policing than I do now
- I would be prepared to pay an increase of £7 a year for policing
- I would be prepared to pay an increase of £12 a year for policing
- I would be prepared to pay an increase of £22 a year for policing
- I would be prepared to pay an increase of £33 a year for policing
- Don't know

For the £22 and £33 options the following caveat was in brackets 'However due to government capping rules a public vote would need to take place costing an additional £1 million'.

- 6.5 From the responses, 11% (467) of respondents did not respond and 4% (156) said that they did not know whether they would be prepared to pay more council tax for policing or not. However, of those that stated whether they would be prepared to pay more, **58%** in total (2,087) said that they would.
- 6.6 Respondents were given the opportunity to comment on the consultation and this is included in the detailed analysis which will be available shortly on the PFCC website.
- 6.7 In formulating his precept strategy, the PFCC has considered the consultation carefully and given the importance and potential impact of the precept proposal, he has paid particular attention to the comments made by respondents.
- 6.8 The PFCC noted that alongside those who felt they were unable to pay more, there were also a large number of respondents who had supported an increase and highlighted:
- the importance of increased visible and frontline policing,
 - those who wanted to know where any investment was going to be spent, and
 - those who wanted to ensure that savings and efficiencies were being identified.
- 6.9 The PFCC has considered these comments and themes in discussion with the Chief Constable when considering the level of proposed precept.

7 Precept Strategy and 2019/20 Precept Proposal

- 7.1 The 2019/20 Draft Referendum Principles (and Council Tax: Local Referendums Briefing Paper) were issued alongside the Police Grant Report on the 13 December 2018 and these included draft referendum thresholds.
- 7.2 These documents set out the principles for “excessiveness”, which, in 2018/19 was advised as £12 for two years for policing. However, for 2019/20 the threshold was increased for policing to £24 in line with the joint letter from the Home Secretary, the Rt Hon Sajid Javid MP and the Minister of State for Policing and the Fire Service, the Rt Hon Nick Hurd MP.
- 7.3 The letter set out the context behind the increased funding envelope, if PCCs use their precept flexibility to the maximum. It also set out expectations and conditions for the increase.

We are extremely grateful to you and your officers for your dedication and hard work to keep our communities safe. We are also very grateful for the police’s engagement with us on understanding the changing nature of demand, and the capabilities you need to respond. We know that crime is changing and becoming more complex, and that you are facing increasing demands on your resources.

- 7.4 The letter further summarised that:

Taken together, this settlement should enable you to meet genuine financial pressures such as increased pensions costs and forensics costs, while investing in improved capabilities to tackle changing crime.

Overall this settlement represents the largest increase in police funding since 2010 and demonstrates our commitment to ensuring that you have the resources you need to fight crime and keep the public safe.

7.5 This equates to a maximum allowable increase of £24.00 on a Band D property for 2019/20 only, an increase of 10.86%.

7.6 After careful consideration of these factors, the PFCC is proposing a precept increase of £24 (10.86%) for the 2019/20 financial year in order to invest in the areas that the Chief Constable and the public have highlighted as a priority, build a sustainable base budget not only to maintain and safeguard policing services across the force area but also to make additional investment into essential and evolving demand areas for Northamptonshire.

8 The Comprehensive Spending Review 2015 (SR2015)

8.1 On 25 November 2015 the Chancellor of the Exchequer announced the outcome of the SR2015. The SR2015 detailed the spending settlements for each government department over the four year period 2016/17 to 2019/20.

8.2 Contained within both the detail of the Chancellor's Autumn Statement and the provisional grant settlements for this period was the assumption that PFCCs will increase their precept locally by 1.99% each year for the period of the SR to ensure that police spending is protected.

8.3 The provisional settlement for 2019/20 has revised those assumptions.

9. The Autumn Budget 2018

9.1 The Chancellor of the Exchequer delivered his Autumn Budget to Parliament on the 22 November 2017 alongside the publication of the Office for Budget Responsibility's (OBR) updated forecasts for growth and borrowing. Funding for Policing was not mentioned within the statement.

10. Police Funding Formula

10.1 Since 2014/15, policing bodies have received their formula funding solely from the Home Office which subsumed the former DCLG grants (including previous funding from Business Rates).

10.2 As highlighted below, the current formula gives an impact for Northamptonshire being significantly underfunded per head of population.

10.3 Work had been underway on a review of the formula with an initial view of implementation in 2018/19. However, in his letter to PFCC's on the 19 December 2017 on the Provisional Police Grant Settlement for 2018/19, the Minister advised: "In the context of changing demand and following my engagement with Police leaders, providing funding certainty for 2019/20 is my immediate priority. We will revisit the funding formula at the next spending review."

10.4 Latest information indicates that any funding formula changes will not be addressed within the next spending review and although there are indications that a new funding formula would be implemented in 2021/22, no details are available.

10.5 The PFCC firmly believes that Northamptonshire is not served well by the current formula, as set out in his letter to all Northamptonshire MPs in October 2018 requesting their support to:

“urgently review the way that funding is allocated to forces through the funding formula to ensure they are fair and consistent across the country. The current formula is not fit for purpose. It does not reflect the current challenges and demands of policing with larger urban police forces getting a much better deal. Northamptonshire residents are not served well by the current formula, receiving almost £17 central funding per head of population less than the national average and almost £62 less than these larger metropolitan areas. “

11. The Police Grant Settlement 2019/20

11.1 The police provisional grant settlement was issued on the 13 December 2018 and as final on the 24 January 2019. The Police and Crime Commissioners Treasurers Society (PACCTS) has scrutinised the key elements of the Settlement for which the Home Office advise is a £970m (£813m for local policing) year on year increase in police funding if all PCCs and PFCCs maximise the precept.

11.2 Key features of the settlement include:

- **Headline of £970m additional funding for the service – includes**
 - £161m additional formula funding,
 - £153m of pension grant,
 - £59m additional funding for Counter Terrorism,
 - £90m additional funding to tackle Serious and Organised Crime and
 - £509m as a result of additional council tax flexibilities.
- **Of the £970m approximately £813m is for local policing**
 - £509m precept
 - £143m (£153m-£10m for NCA and CT) pension grant
 - £161m additional Funding.
- **Precept flexibility of up to £24 for all PCCs (or equivalents) in 2019-20.**
- **£161m additional grant funding** – made up of £146m increase in core grant, £12m additional NICC payments and £2.7m precept grant.
- **The settlement, including council tax and pension grant, represents an average cash increase (total funding) of 7.1% between 2018-19 and 2019-20.**
- **£160m additional Counter Terrorism funding (announced at the 2018 Autumn Budget) equivalent to an annual increase of £59m; an 8% increase on total CT funding.**
- **New Requirements - The minister’s letter refers to the requirement to “drive efficiency, productivity and effectiveness”.**

11.3 However, whilst “the 2019-20 settlement provides more funding than had been previously expected. The letter to the Home Affairs Select Committee (HASC) outlines the Policing Minister’s 4 priority areas to “drive efficiency, productivity and effectiveness next year”:

1. *Continued efficiency savings in 2019-20 through collective procurement and shared services. There will be an expectation that every force contributes substantially to procurement savings and the Home Office will be working with the police to agree the “right force level objectives for 2019-20 and 2020-21”.*
2. *Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.*

3. *Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019-20.*
4. *Maintain a SOC response that spans identification and management of local threats as well as support for national priorities.*

11.4 The Home Office have updated their taxbase assumptions based on OBR data for a 1.41% taxbase increase. Northamptonshire are predicting a 2.43% increase. This is a different formula to MCHLG who use a 4 year quadratic average and anticipate a 2.6% taxbase increase for Northamptonshire.

11.5 The reallocations (top-slice) elements have increased by £84m and are detailed further as follows:

Police Funding	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)
o/w Reallocations and adjustments	812	945	1,029
PFI	73	73	73
Police technology programmes	417	495	495
Arm's length bodies	54	63	63
Top-ups to NCA and ROCUs			56
Strengthening the response to Organised Crime	28	42	90
Police transformation fund	175	175	175
Special Grant	50	93	73
Pre-charge bail	15	4	4

11.6 Whilst additional funding in the settlement and grant has been received for pensions, this is insufficient to meet the additional cost. Therefore, the additional funds are not as much as previously anticipated. PACCTS have issued guidance to CFO's to facilitate with consistent strategic financial planning assumptions. This advice includes assuming a flat cash settlement. This has been interpreted as Home Office funding and Pension Grant.

11.7 The announcement states that the transformation fund will remain the same, in cash terms, at £175m and projects will continue to be commissioned rather than through competitive bidding. At the last PACCTS meeting the indication was that only a small amount of the 2019-20 total remains to be allocated.

11.8 Capital Grant allocations for Northamptonshire were previously forecast at £424K per annum, however, for 2019/29 they are advised as £433K, a small but welcome increase.

11.9 All information has been received in respect of tax base and collection Fund levels from the District and Borough Councils.

11.10A summary of the final settlement assuming that the maximum precept increase would be levied is shown in the table below:

Funding Source	2018/19 (£m)	2019/20 Settlement (£m)	Increase (£m)
Police Grant and ex-DCLG Formula Funding	66.408	67.803	1.395
Legacy Council Tax Grants	6.644	6.644	-
Additional Pension Grant	-	1.300	1.300
Total Provisional Home Office Revenue Allocations	73.052	75.747	2.695
Council Tax	52.957	60.131	7.174
Council Tax Collection Fund Surplus	1.099	1.436	0.337
Total	127.108	137.314	10.206
Change in Funding Envelope		10.206	10.206

Note: Legacy Council Tax Grants include previous Council Tax Freeze Grants and Local Council Tax Support (LCTS).

12. Council Tax Precept Income

12.1 The Council Tax and the level of precept is a fundamental part of the provisional grant settlement.

12.2 Income generated from the precept depends on both the level of the Band D precept and the tax base – the latter being effectively the number of properties who are required to pay council tax. Given a rising population this number is increasing and is re-estimated on a prudent basis each year for budget and financial planning purposes.

The 2018/19 actual and 2019/20 taxbases are as follows:

	2018/19 (number)	2019/20 (number)	Change (number)	Change %
Council Taxbase	239,580.49	245,392.20	5,811.71	2.43%

12.3 A 1.75% growth assumption is included within the MTFP moving forwards to reflect the growing population within the county.

12.4 Based on a proposed precept of £245.04 the total council tax increases are as follows: between 2018/19 and 2019/20 is as follows:

	2018/19 £m	2019/20 £m	Change £m	Change %
Council Tax Precept	52.957	60.131	7.174	13.55%

12.5 These can be further analysed as follows:

	£m
Council Taxbase Changes	1.284
£12 precept increase for 2019/20 already assumed in MTFP	2.945
Additional £12 precept increase anticipated in the 2019/20 settlement	2.945
Total Council Tax Increase	7.174

12.6 Whilst the taxbase changes and the first £12 precept increase were already included within the MTFP for 2019/20, the PFCC has determined that any future precept increases above this amount would have to be based on additionality in line with the views from the public consultation, meet the priorities of the Police and Crime Plan and must reflect investment in operational policing in Northamptonshire.

13. Council Tax Collection Fund

13.1 Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the "Collection Fund" by 31st January.

13.2 In 2019/20 the collection fund surplus equates to £1.436m. This reflects the significant work undertaken by Borough and District Councils during the year to ensure collection rates are maximised.

13.3 The MTFP assumes a prudent level of £0.750m in future years.

14. The Financial Challenge – Future Risks, Challenges and Uncertainties

14.1 The MTFP shows that, despite the precept flexibility in 2018/19 and 2019/20, with the additional pressures, additional pensions costs and financial challenges when the investment is implemented then the funding challenge is not over.

14.2 Whilst the PFCC has produced a balanced budget for 2019/20, this still requires anticipated savings from the force in 2019/20 and future years to ensure that the investment made can be realised.

14.3 The PFCC and his office will continue to work with the Force to meet this challenge.

14.3 Some further financial and operational risks and challenges are as follows:

- a. The unknown impact of the Funding Formula Review (anticipated to be implemented in 2020/21) on Future Funding Settlements.
- b. The impact of Pensions on the revenue budget is met partly by the police grant and partly by an additional grant, however there is still a shortfall of circa £300k. It has been assumed that this grant will continue in the spending review, but this is by no means certain.
- c. The impact of a different grant assumption to that estimated in the MTFP for the years after 2019/20. Of note, every 0.5% reduction in grant equates to circa £0.340m less available revenue per year.
- d. The full impact of revenue and capital costs and funding arrangements for the new Emergency Services Network (ESN) are still uncertain.
- e. The impact of the developments and upgrades to HR and Finance systems provided by the Multi Force Shared Services arrangements (MFSS) delivered for a number of forces. Regular updates are provided to the Panel in the monitoring report during the year.
- f. The operational and financial impact of new, emerging and increasing areas of threat and demand, including, but not limited to child sexual exploitation, adult and child sexual and domestic violent crimes, and increasing cybercrime.
- g. It is anticipated that the impact of national grants reducing or ceasing for regional developments and activities will have a significant impact from 19/20 onwards. As these are not yet quantified at this time, they have not been built into the MTFP and work is underway regionally to take forward options and efficiencies.
- h. The capital programme requirements and the investment required to take any business as usual, innovative or collaborative work forward in advance of the timings of savings.
- i. The impact of partners spending decisions which may affect services provided by the Force or PFCC.

14.5 These risks, challenges and uncertainties are under regular review and the steps already in train to help mitigate these include:

- a. The Force continue to take forward Outcome Based Budgeting and other savings opportunities.
- b. PFCC and OPFCC oversight will continue to ensure rigour and commitment takes place in meetings and identifying savings and efficiencies, at a regional and local level. This includes the regular Accountability Board, 1 to 1 meetings with the Chief Constable and attendance by the OPFCC at the Force Change Board to ensure scrutiny, challenge and full consideration of change and savings proposals.
- c. Establishment of an Enabling Services Programme.
- d. Regular review and scrutiny of the Capital Programme and the Treasury Management Strategy.

- e. Reviewing potential opportunities for Collaboration with other PFCCs and Chief Constables in the region.
- f. Regular review of the Reserves Strategy to ensure adequate reserves are in place and utilised appropriately to enable targeted investment and the smoothing of additional costs before longer term realisation of savings.

15 Budget Allocations

15.1 The PFCC will be allocating the budgets for 2019/20 are as follows:

2018/19 £m		2019/20 £m
100.458	Force	111.252
18.207	Enabling Services	19.013
118.665	Total Force	130.265
-	Enabling Services Programme	0.215
1.678	OPFCC (Office)	1.309
3.549	OPFCC Commissioning and Delivery	3.861
5.227	Managed by OPFCC	5.170
2.799	Capital Financing Costs	1.554
0.417	Transfers to/(from) reserves	0.110
127.108	Total Budget	137.314

15.2 The budget summary above reflects the following:

- Enabling Services is shown separately to reflect the areas which will be potentially in scope for the programme.
- A new budget created for the enabling services programme team.
- The OPFCC budget reflects a contribution of £400k from Fire towards staff and office costs (e.g. external audit, delivery fund, legal services and office costs) to support Northamptonshire Commissioner Fire and Rescue Authority and Enabling Services Programme. Additional posts have also been included for services brought in house such as financial adviser previously undertaken by LGSS.

2019/20 Budget to be delegated to the Chief Constable

15.3 The budget for 2019/20 takes account of the full year impact of the investment priorities agreed with the force in 2019/20 and the additional pressures and demands highlighted during the budget process in 2019/20.

- 15.4 There has been a significant amount of scrutiny and challenge on the Force budget for 2019/20, and as part of these discussions and negotiations, the PFCC has sought and received assurances on how the assumptions and budgets have been calculated.
- 15.5 These negotiations commenced in December 2018, continued in January 2019 and have culminated in a number of far reaching and robust professional discussions of the budget requirement, the financial challenges, the precept options available and a review of the MTFP, assumptions and associated risks.
- 15.6 The proposed budget delegated to the Force for 2019/20 is £130.265m, an increase of £11.6m on 2018/19.

	£m	£m
Force Budget and Cash Limit for 2018/19		118.665
Anticipated Pay and Inflationary Pressures and savings (net)		2.598
Provisional Cash Limit for 2019/20		121.263
Transfers between PFCC and CC budgets for delivery of services	0.200	
Additional Officer Pensions Cost	3.000	
Adjusted Cash Limit for 2019/20		124.463
Transformational Pressures	1.016	
Unavoidable Regional and National Pressures	0.374	
Other demand Pressures agreed with the PFCC	1.352	
Force Base Budget for 2018/19		127.205
Additional Operational Investment		3.060
Force Budget and Cash Limit for 2019/20		130.265

- 15.7 The following areas are highlighted:
- Transfers between the PFCC and the CC mainly relate to premises costs for Warwick House.
 - Pay includes the full year impact of the September 2018 and anticipated 2019 Pay increases. Every 1% pay award above 2% is circa £1m.
 - Police pensions have been detailed elsewhere in this report.
 - Transformational pressures includes revenue costs of ICT developments, improvements to detained property processes.

- e. Unavoidable pressures include national and local costs, together with the costs of other regional systems such as Niche.
- f. Other demand pressures agreed with the PFCC include contingencies for as yet unquantified Home Office ICT charges and levies, operational requirements and systems such as MFSS and rent, rate and utilities inflation. The majority of these will be ring fenced for allocation.
- g. Efficiency savings of £0.619k have been built into the budget to reflect the agreed contribution to investment as part of the 2019/20 investment. This will increase where any overspends from 2018/19 would need to be repaid and any additional pressures or challenges, if not agreed to be funded by the PFCC would need to be met from additional savings.
- h. Additional operational investment are the priorities identified by the PFCC where the Chief Constable will develop plans to improve police visibility and service in areas that the public have said are a priority.

These would include:

- A significant investment in neighbourhood policing, including more dedicated police officers and staff
- An improved response for victims of burglary and a renewed focus on the prevention and detection of crimes
- Additional resources to bolster the rural crime teams and support policing in rural areas
- Greater focus on tackling street level drug dealing

The PFCC and Chief Constable will bring details of the plan for this investment to the Police, Fire and Crime Panel meeting in April 2019.

16 Enabling Services Programme

16.1 At the Police and Crime Panel meeting in December, the Panel were advised that a team has been developed to take forward the enabling services programme and work to the Chief Fire Officer, Chief Constable and PFCC in its delivery.

16.2 The Enabling Services programme team has been created to support this priority area.

	2019/20
	£m
Staffing costs	0.200
Training, Travel and Other Costs	0.015
Total Budget	0.215

16.3 An earmarked reserve of £0.400m has been created from 2019/20 to facilitate the work of the enabling services programme. It is envisaged that once the programme has developed and implemented its plan of work, that efficiencies will be identified for Fire and Policing in the areas of estates, enabling services and interoperability,

16.4 Once identified and agreed, these efficiencies will be built in to Fire and Policing's revenue budgets and savings plans.

17 2019/20 Budgets Managed by the Police, Fire and Crime Commissioner

17.1 The OPFCC undertakes a wide range of delivery and commissioning activities. These are reported throughout the year to the Police, Fire and Crime Panel in detail and the main budgets are summarised below:

2018/19	Budget Area	2019/20	2019/20	2019/20
£m		Total	NCFRA	OPFCC
		£m	£m	£m
1.678	OPFCC Staff and Office Budget	1.669	(0.360)	1.309

	Commissioning and Delivery			
0.010	ICT	0.026		0.026
0.093	Research & Public Involvement	0.092	(5)	0.087
0.049	Communications	0.060	(5)	0.055
2.113	Commissioning	1.956		1.956
0.843	Early Intervention	1.263		1.263
0.080	Delivery and Accountability	0.120		0.120
0.111	Complaints	0.124	(20)	0.104
0.250	Police and Crime Plan Delivery Fund	0.260	(10)	0.250
3.549	Total Commissioning and Delivery	3.901	(0.040)	3.861

5.227	Total Budgets Managed by the PFCC	5.570	(0.400)	5.170
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17.2 In 2019/20, the Office of the PFCC has taken on the governance of the Fire and Rescue service and this has included bringing in house some of the services previously undertaken by NCC and/or LGSS, either by contract such as legal services or staff by finance advisor services.

- 17.3 Whilst the majority of support services will still be provided by LGSS to the Fire Authority, the PFCC has reviewed his office structure and a net two additional posts have been added to the Finance area to support the extra Fire responsibilities and funded from the Fire Governance contribution, together with some additional commissioning resource.
- 17.4 Where Fire costs can be reasonably estimated, they have been, otherwise, a figure of 15% has been used to reflect the total funding formula share for 2018/19. This methodology is consistent with the updated Financial Management Code of Practice to ensure integrity and transparency of both Fire and Policing Funds.
- 17.5 The OPFCC comprises mainly staff costs, the ICT operating budget, internal and external audit fees, Joint Independent Audit Committee (JIAC) allowances and subscriptions to the APCC and NPCC.
- 17.6 Following the contribution from Fire, the OPFCC staff and office budget has reduced by a net £0.369m between 2018/19 and 2019/20.
- 17.7 Following the contribution from Fire, the OPFCC Commissioning and Delivery Budgets have increased by a net £312k to reflect the full year cost of the early intervention initiatives and cover:
- Commissioning of services such as custody healthcare, Victims Voice, Out of Court disposals and support for domestic and sexual abuse services.
 - Early intervention covers a contribution to children's safeguarding boards and Youth offending team in addition to the newly established county coordination support posts. For 2019/20 it will also include consultancy support and the additional youth work posts in line with the briefing to the Police and Crime panel earlier in the year.
 - Delivery and Accountability includes support to dealing with crime in rural areas, modern slavery, crime prevention in addition to neighbourhood alert and crimestoppers.
 - Complaints relate to the new legislative responsibilities on which Panel members have been briefed on and will be taken forward in 2019/20.
 - Public Involvement, Communications, ICT and Research and Analysis provide support, communication and promotion of key messages and work closely gathering information from wider stakeholder groups.
 - The PFCC remains keen to support initiatives which are in the early stages of planning or which arise during the year, which have not been included within 2019/20 budgets. After launching his initiative in 2018/19, he has decided to continue to ring fence the sum of £0.250m and support such initiatives which support the priorities contained within his Police and Crime Plan.

18. Medium Term Financial Plan (MTFP)

- 18.1 The Medium Term Financial Plan has been updated to 2022/23 to provide a longer term view which will enable informed decision making to take place for the period of the plan. This is not without its challenges, given that there is only a firm government announcement of funding for 2019/20 and a new spending review and funding formula is anticipated after this time.

18.2 The MTFP is attached in more detail at Appendix 1.

18.3 Key assumptions that have been included in seeking to outline the financial challenge for the medium term are:

- a. That the council tax base grows at 1.75% per annum (source: professional prudent estimate based on the local position over the last three years).
- b. Precept will increase by £24 in 2019/20 and is based on a 1.99% increase thereafter.
- c. There is no new council tax freeze grant from 2016/17 onwards and all existing council tax freeze grants continue (source: as detailed within the SR2015).
- d. Government funding (including pensions grant) continues at existing levels (source: in line with national PACCTS estimates).
- e. Pay increases are assumed at 2% for all years (source: As per PAACTS estimates).
- f. That the Force will make the £619k required savings identified within its budget and will find savings to meet additional pressures should they arise.
- g. No additional, unfunded responsibilities are given to the Force or the PFCC.
- h. Funding for regional collaborations will remain consistent.
- i. Reserves can fund any invest to save projects.
- j. Further borrowing beyond the capital programme is not required.

18.4 Taking into account the assumptions contained in this report, the MTFP has been reviewed, the year 2023/24 added to the Plan and the position is as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Budget Requirement	137.314	140.518	145.865	149.019	153.405
Anticipated Funding	(137.314)	(138.898)	(141.253)	(143.698)	(146.234)
Shortfall	-	1.620	4.612	5.321	7.171

18.5 The future shortfalls are based on the key assumptions and precept increases identified above which includes the additional investment. Whilst investment has been assumed in full from 2019/20, it is likely that this will take some time to become fully operational.

18.6 It is evident that ongoing savings will need to be sought to balance the budget in the longer term and there will be a requirement for savings to be identified to balance the budget each year from 2020/21 and demands and challenges will continue to increase further in future years.

18.7 Whilst it is anticipated that there will be some, efficiency savings to be identified and implemented by the “Enabling Services Programme”, these have not been built into the MTFP. Once identified, these will form the basis of savings plans which will identify efficiencies for both Fire and Policing and will be built in when any estimates are validated.

18.8 Any changes to precept and grant assumptions will impact on the MTFP.

18.9 Whilst there are sufficient reserves available to offset the shortfall in 2020/21, there will also be investment opportunities which would also require funding and future demands and risks which may transpire.

18.10 The PFCC will continue to seek fairer funding for Northamptonshire and a review of the funding formula, then not only could this help balance the budget in the medium term but this could also provide additional resources to invest in policing and go some way towards meeting new and increasing demands.

19. Capital Programme 2019/20 to 2022/23

19.1 The capital programme has been reviewed and updated regularly throughout the year and is supported by a range of strategies:

- The Estates Strategy
- The Fleet Strategy
- The ICT Strategy

19.2 The capital programme is set out in Appendix 2. The revenue consequences of the proposed programme have been taken into account in the development of the revenue budget. The realisation of Capital receipts and re-profiling of the programme has enabled the PFCC to reallocate additional resources to the Force in his plan.

19.3 The capital programme was considered by PFCC and the Force at their meeting on the budget in December 2018 and this scrutiny will continue with detailed reviews of the programme on a quarterly basis moving forwards.

19.4 The Commissioner is required to approve a “Treasury Management Strategy” each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.

19.5 This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

19.6 The Treasury Management Strategy was approved by the PFCC at the meeting in January 2019 and this, together with the new Capital Strategy will be published on the OPFCC website by April 2019.

20. Use of Reserves

20.1 In considering the budget, the MTFP and level of precept options, it is important to look closely at the size, level and type of reserves held by the PFCC to ensure that they are

adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget.

20.2 There is also a need to ensure they are not excessive and in 2018 the Home Office announced their intention to review reserves and provide greater transparency for the public. In continuing to meet this requirement, the updated Reserves Strategy is attached at Appendix 3, and this will be published on the PFCCs website to aid transparency.

20.3 Two types of Reserve are held and these, together with estimated balances are as follows:

General Reserve

There is a General Reserve which is estimated at 31/3/19 to be £4.117m. This represents just over 3% of total funding in both 2018/19 and 2019/20. This level is in keeping with the PFCC's guideline level.

It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

Earmarked Reserves

By the end of 2019/20, it is estimated that the PFCC will hold £7.553m in Earmarked Reserves. These are highlighted below and detailed in the Strategy at Appendix 3.

Earmarked Reserve	31/3/19 £m
Pensions	0.962
Insurance	1.082
Invest to save	0.640
Collaboration	0.697
Safer Roads	1.437
PFCC Initiatives/Early Intervention	1.535
Victims Services	0.218
Operational Equipment	0.200
Developer Contributions	0.382
Enabling Services Programme	0.400
Total Earmarked Reserves	7.553

20.4 The 2018 national PAACTS survey highlighted that whilst Northamptonshire's general and earmarked reserve levels were within the lowest quartile nationally, they were within acceptable professional guidelines.

21. Precept proposal

- 21.1 After careful consideration, the PFCC is proposing a precept increase of £24 (10.86%) for the 2019/20 financial year in order to invest in the areas that the Chief Constable and the public have highlighted as a priority, it will also build a sustainable base budget to maintain and safeguard policing services across the force area and will make additional investment into essential and evolving demand areas for Northamptonshire.
- 21.2 In making this proposal, the PFCC is extraordinarily grateful to those who took part in the precept surveys which showed the willingness of the public in Northamptonshire to pay more in order to safeguard and develop policing in the county.

22. Robustness of the Budget –Statement of the PFCC Chief Finance Officer

- 22.1 The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2011, requires the PFCC's Chief Finance Officer to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The PFCC is required to have regard to the report of the Chief Finance Officer and the report must be given to the Police Fire and Crime Panel.

- 22.2 The CFO statement is as follows:

“At the meetings with the Force in December 2019 and January 2019, both the Force Assistant Chief Officer (Finance and Resources) and I attended to provide assurance to the Board that these factors have been considered. At that meeting and since that date, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted and discussed.

During the preparation of the budget I have been given full access to the budget model and have been consulted on the assumptions being made and methodologies and where possible aligned these with national PAACTS colleagues. I have received responses to queries and/or points of clarification and where I have sought changes then they have been incorporated.

I have worked with the PFCC to agree or require changes to base budget pressures proposed by the Force. Whilst the process has progressed for 2019/20 budget, I will continue to work with the Force during 2019/20 to further refine the budget process for future years.

I will work with the OPFCC and the Force to review and consider the proposals for operational investment from the Force in the areas identified within this report in order for a plan to be prepared and shared by the Force in a timely manner. I will work closely with the PFCC and the Force to monitor the implementation of this investment and to allocate resources to meet these costs when required.

The Force Finance Team have reviewed the outcome based budgeting (OBB) savings and other savings identified to date and I, or my OPFCC colleagues have attended these meetings and have received details on where further work is required or where timescales have altered.

The PFCC recognises that even with an £11.6m increase, the force budget for 2019/20 will be challenging. The force budget already assumes some savings requirements and that further savings will be required to meet additional demands and pressures, together with the potential force overspend in 2018/19.

However, these challenges are mitigated in part by the widening of the outcome based budgeting exercise, that the PFCC will continue with his commitment to investing in technology that provides efficiencies and supporting the work of the enabling services programme.

I am supportive of the continued development of the Force capital and revenue budget monitoring report and further developments in the finance area, with particular attention to the Multi Force Shared Service arrangements and the upgrade programme. I am assured that this will be considered as part of the accountability process to ensure that any variations from budget are quickly identified to enable early action or decisions to be taken.

I have reviewed the detailed calculations in arriving at the budget requirement and council tax precept and options and find these to be robust. I also have sought and received authorisations from billing authorities in relation to taxbase and council tax surplus/deficits and I am grateful to all partners for their support in doing so.

The Chief Constable and his team have been fully involved in the budget discussions and has discussed his revenue and capital requirements for 2019/20 with the PFCC. The Chief Constable has implemented Star Chambers to review Force resources and identify investment proposals and the OPFCC will be represented at these events.

It has been possible for the PFCC to develop a budget that supports most of the operational pressures and demands and gives the opportunity for further operational investment to support the delivery of the priorities set out in the Police and Crime Plan.

There is an operational contingency available to the Chief Constable, and sufficient general reserves available should operational demands require access to these. Earmarked reserves are in place for specific requirements and in his budget the PFCC has identified further priority areas for earmarked reserves, in line with the Police and Crime Plan 2017-21.

In coming to my conclusion on the robustness of the budget I have also reviewed the Capital Programme and Reserves Strategy.

The sections in this report on “Future Risks, Challenges and Uncertainties” and the “MTFP” highlight significant unknown issues moving forwards in the medium term. Whilst a balanced budget is available for 2019/20, after that time, the landscape is less certain and it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the MTFP.

I conclude, therefore, that the budget for 2019/20:

- 1. Has been prepared on a robust basis, and*
- 2. includes investment to help manage demand and increase efficiency and/or capacity, and*
- 3. in the short term, the budget is stable and reserves are adequate, however,*
- 4. the financial landscape after 2019/20 is less certain and the MTFP identifies a need for further savings and the MTFP will be under regular review as savings plans progress. “*

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

The budget and proposed precept provide the resources for the delivery of the Police and Crime Plan. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.

HUMAN RESOURCES IMPLICATIONS

ENVIRONMENTAL IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

Risks and mitigations have been highlighted in the report.

LEGAL IMPLICATIONS

The PFCC is required to notify a precept to the billing authorities by the 1st March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

List of Appendices

Appendix 1 Medium Term Financial Plan
Appendix 2 Capital Programme 2019/20 to 2023/24
Appendix 3 Reserves Strategy

Background Papers

Police Grant Report – 24 January 2019
Council Tax Referendum Principles – 13 December 2018

Persons to Contact

Mrs H King, Chief Finance Officer, Office of the Police, Fire and Crime Commissioner

Agenda Item No: 8 Appendix 1

NORTHAMPTONSHIRE POLICE Medium Term Financial Plan

2018/19 £'000		<i>£24 Precept increase and 1.99% in future years</i>				
		2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
REVENUE BUDGET - OPERATIONAL						
66,741	Police Officers	70,218	71,675	73,393	74,362	76,024
25,667	Police Staff	24,302	24,254	25,277	26,396	27,691
3,557	PCSOs	3,590	3,591	3,760	3,942	4,150
4,993	Non-Pay	10,701	10,095	10,235	10,377	10,523
(500)	Efficiency Target	(619)	-	-	-	-
18,207	REVENUE BUDGET - ENABLING SERVICES	19,013	19,439	20,662	20,488	21,069
-	INVESTMENT	3,060	3,060	3,060	3,060	3,060
118,665	TOTAL FORCE	130,265	132,114	136,387	138,625	142,517
-	Enabling Services Programme	215	215	-	-	-
1,678	OPCC (Office)	1,309	1,309	1,524	1,524	1,524
3,549	OPCC (Commissioning & Delivery)	3,861	4,161	4,161	4,461	4,461
912	Capital Financing - MRP	491	1,254	2,061	2,496	2,767
354	Capital Financing - Interest	63	355	622	803	1,026
1,533	Capital Financing - RCCO	1,000	1,000	1,000	1,000	1,000
417	Transfer to Reserves	200	200	200	200	200
-	Transfer from Reserves	(90)	(90)	(90)	(90)	(90)
8,443	TOTAL NON-FORCE	7,049	8,404	9,478	10,394	10,888
127,108	TOTAL GROUP	137,314	140,518	145,865	149,019	153,405
Funding						
(66,408)	Main Police Grant	(67,803)	(67,803)	(67,803)	(67,803)	(67,803)
-	Pension Grant	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)
(6,644)	Legacy Grants	(6,644)	(6,644)	(6,644)	(6,644)	(6,644)
(52,957)	Precept	(60,131)	(62,401)	(64,756)	(67,201)	(69,737)
(1,099)	Collection Fund Surplus	(1,436)	(750)	(750)	(750)	(750)
(127,108)	TOTAL FUNDING	(137,314)	(138,898)	(141,253)	(143,698)	(146,234)
-	FUNDING (SURPLUS) / DEFICIT	-	1,620	4,612	5,321	7,171
Precept						
£221.04	Band D Council Tax	£245.04	£249.92	£254.89	£259.96	£265.14
239,580	Tax Base	245,392	249,687	254,056	258,502	263,026
Assumptions:						
	Home Office Grants	0.00%	0.00%	0.00%	0.00%	0.00%
	Precept (%)	10.86%	1.99%	1.99%	1.99%	1.99%
	Tax Base Growth (%)	2.43%	1.75%	1.75%	1.75%	1.75%

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CAPITAL PROGRAMME												
	Assumed Asset Life	Total Scheme from 01/04/17	2017/18 Expenditure	2018/19 Approved at Police & Crime Panel	Add 2017/18 Slippage	Other Adjustments	Revised 18/19 Budget	2019/20 Estimate inc. slippage	2020/21 Estimate inc. slippage	2021/22 Estimate inc. slippage	2022/23 Estimate inc. slippage	2023/24 Estimate
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CHANGE PROGRAMME												
Interoperability Programme	3	120	62	-	12	-	12	-	-	-	-	-
Tianman	3	42	-	-	-	21	21	-	-	-	-	-
Criminal Justice-Interoperable CJ NICHE	5	133	103	30	17	-	47	-	-	-	-	-
TOTAL CHANGE PROGRAMME		295	165	30	29	21	80					
INFORMATION SERVICES - ISD Strategy												
Legacy - IT	3	(0)	-	25	14	-	39	-	-	-	-	-
Agile Working	3	240	237	678	1,107	(1,785)	0	-	-	-	-	-
IT Strategy - Known & scheduled	3	730	-	-	-	410	410	-	320	-	-	-
Web & Proxy Filtering Upgrade/Replacement	5	25	-	-	-	-	-	25	-	-	-	-
IntraNet Review	5	25	-	-	-	-	-	25	-	-	-	-
Anti-Virus Replacement	5	30	-	-	-	-	-	30	-	-	-	-
Jabber Guest	3	40	-	-	-	-	-	40	-	-	-	-
HTCU Open-Source Platform	7	40	-	-	-	-	-	40	-	-	-	-
Voice AI	5	50	-	-	-	-	-	50	-	-	-	-
DEMS (digital evidence Mment sytem)	7	500	-	-	-	-	-	500	-	-	-	-
EWMF (eWorkforce Mment)	7	240	-	-	-	-	-	240	-	-	-	-
Clk - Business Intelligence	3	87	-	-	-	87	87	-	-	-	-	-
IT Strategy - Known not scheduled	3	-	-	-	-	-	-	-	-	-	-	-
Command & Control Replacement/Upgrade	7	2,000	-	-	-	-	-	1,000	1,000	-	-	-
Secure Unsupported Software Environment (SUSE)	3	50	-	-	-	-	-	50	-	-	-	-
Office 365 Team	5	270	-	-	-	-	-	270	-	-	-	-
Disaster Recovery	3	250	-	-	-	250	250	-	-	-	-	-
Office 365 Infrastructure	3	670	-	-	-	100	100	570	-	-	-	-
IT Toolset	3	100	-	-	-	25	25	75	-	-	-	-
IT Strategy - Decisions to be made	3	350	-	-	-	250	250	100	-	-	-	-
IT Replacement Equip.	3	3,138	99	386	860	104	1,350	-	350	437	446	456
Replacement Laptops/desktops (Lenovo X1)	3	1,250	-	-	-	-	-	1,000	250	-	-	-
Replacement Mobile Phones (Samsung S8)	3	900	-	-	-	-	-	450	450	-	-	-
Replacement Monitors	4	150	-	-	-	-	-	100	50	-	-	-
Replacement Peripherals	4	150	-	-	-	-	-	100	50	-	-	-
IT Infrastructure Hardware Replacement	3	1,912	69	275	544	91	910	-	-	306	311	316
Replacement/Upgrade ESX Hosts	5	130	-	-	-	-	-	30	100	-	-	-
Replacement/Upgrade Server	5	80	-	-	-	-	-	40	40	-	-	-
Replacement/Upgrade Storage	5	100	-	-	-	-	-	100	-	-	-	-
Replacement LAN	5	200	-	-	-	-	-	200	-	-	-	-
Telephony Services Upgrade IVR (currently NetCall)	5	20	-	-	-	-	-	20	-	-	-	-
Telephony Services Upgrade ACD (currently Aspect)	5	250	-	-	-	-	-	250	-	-	-	-
Photocopier Replacement Programme	7	334	145	51	66	(95)	22	97	70	-	-	-
INFORMATION SERVICES - Other Projects		14,311	550	1,415	2,591	(563)	3,443	5,402	2,680	743	757	772
Emergency Services Network (Airwaves replacement)	10	3,107	5	250	244	-	494	-	3,034	-	-	-
Business Intelligence	3	52	4	-	48	-	48	-	-	-	-	-
Tri Force Regional IT Transformation Fund Match Funding	3	1,793	1,592	-	201	-	201	-	-	-	-	-
Fusion (Oracle re-implementation)	5	2,968	1,331	1,568	(0)	-	1,568	-	-	-	-	-
TOTAL INFORMATION SYSTEMS PROGRAMME		22,161	3,481	3,233	3,085	(563)	5,755	5,402	5,714	743	757	772
PROPERTY - Estates Strategy												
Northamptonshire HQ (inc. Training facility (31 WHP))	40	20,021	-	6,600	-	(6,580)	20	5,000	1,000	4,667	4,667	4,667
Learning and Development Centre (LDC)	40	20	-	-	-	-	-	-	-	-	-	-
Radio Mast	40	74	-	15	70	-	85	-	-	-	-	-
Property Enhancements	40	1,950	103	188	259	(70)	377	370	300	300	250	250
Towcester	40	50	50	-	20	(20)	-	-	-	-	-	-
Brackley	40	-	-	-	-	-	-	-	-	-	-	-
Pytchley	40	30	-	-	-	-	-	30	-	-	-	-
Robert Street	40	30	-	-	-	-	-	-	30	-	-	-
Desborough	40	-	-	-	-	-	-	-	-	-	-	-
Earls Barton	40	-	-	20	-	(20)	-	-	-	-	-	-
Yardley Chase	40	-	-	10	-	(10)	-	-	-	-	-	-
Campbell Square	40	750	-	-	-	-	-	500	250	-	-	-
Daventry	40	250	-	-	-	-	-	250	-	-	-	-
Firearms Range	40	1,450	-	500	-	(250)	250	-	-	-	1,200	-
Force CCTV	10	250	-	-	-	-	250	-	-	-	-	-
Wellingborough	40	250	-	250	-	(100)	150	100	-	-	-	-
Weston Favell	40	1,500	-	-	-	-	-	-	1,500	-	-	-
Other investment required	10	35	-	-	-	35	35	-	-	-	-	-
PROPERTY - Other Projects		26,639	153	7,583	349	(6,765)	1,167	6,250	3,080	4,967	6,117	4,917
21st Century Estate (NAH)	40	6,691	6,201	320	-	-	320	-	-	-	-	-
21st Century Estate (NAH) - AIRWAVES & MOBILE	40	88	-	-	-	-	-	-	-	-	-	-
Accessibility Fund	40	173	-	25	25	(2)	48	25	25	25	25	25
Criminal Justice Centre	40	350	-	200	-	-	200	-	150	-	-	-
Op EVO Original Budget	40	77	74	-	3	-	3	-	-	-	-	-
New Estates Strategy 2017-18 (Op EVO)	40	723	723	-	107	(107)	-	-	-	-	-	-
TOTAL PROPERTY PROGRAMME		6,062	6,998	545	135	(109)	571	25	175	25	25	25
VEHICLES												
Vehicle Purchases (mixed replacement)	3	7,675	1,141	1,083	108	-	1,191	1,086	1,083	1,121	1,057	963
SDM Corsas (5 Year replacement)	5	108	-	54	-	-	54	-	-	-	-	54
Chief Officer Vehicles (4 year replacement)	4	120	-	-	-	-	-	60	-	-	-	60
Contract Inflation	3	100	-	-	-	-	-	21	20	21	20	18
SRT Vehicles	3	396	-	66	-	-	66	66	66	66	66	66
TOTAL VEHICLES PROGRAMME		8,399	1,141	1,203	108		1,311	1,233	1,169	1,208	1,143	1,161
OPERATIONAL EQUIPMENT												
ANPR Equipment programme (RCU)	3	490	102	60	-	-	60	61	62	63	63	63
Procurement of Body Worn Video	3	808	98	87	13	-	100	261	87	87	87	87
Taser Uplift (Force)	5	366	90	130	-	-	130	194	-	-	-	-
Firearms Body Worn Video	5	152	-	-	76	-	76	-	76	-	-	-
TOTAL OPERATIONAL EQUIPMENT		1,815	290	277	89		366	516	225	150	150	150
COMPLETED SCHEMES												
Digital Recording	3	-	-	-	-	-	-	-	-	-	-	-
CIFFA Statement of Accounts Tool (BRB)	3	19	19	-	-	-	-	-	-	-	-	-
GRAND TOTAL		67,411	12,247	12,871	3,795	(7,416)	9,250	13,425	10,363	7,093	8,192	7,025
Grant (provisional TBC and maybe subject to topslice)												
Borrowing Requirement				424	-	-	424	424	424	424	424	424
Capital Receipts - Property				8,378	(6,038)	-	2,340	9,661	8,588	5,603	6,702	5,535
Safer Roads Team Reserves				3,408	1,475	(66)	4,883	2,274	-	-	-	-
Anticipated Home Office Grants				66	(66)	-	-	66	66	66	66	66
EMSOU Vehicle Grant				-	-	-	-	-	-	-	-	-
TFC Home Office Grant				-	-	-	-	-	-	-	-	-
(ESN / Innovation Fund)				-	-	-	-	-	-	-	-	-
Funded by long term Dilapidations				429	(404)	-	25	-	285	-	-	-
Budgeted RCCO as per MTFP				166	1,412	-	1,578	1,000	1,000	1,000	1,000	1,000
Total Funding				12,871	-	(3,621)	9,250	13,425	10,363	7,093	8,192	7,025



**NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER
RESERVES STRATEGY (REVISED JANUARY 2019)**

1. Reserves Strategy

- 1.1. Reserves are a key part of medium-term financial planning – other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. Decisions on these are inter-linked. Consequently some organisations will need to maintain reserves at higher levels than others.
- 1.2 All publicly funded organisations should have a reserves strategy to demonstrate transparency and accountability, to comply with best practice financial management and to justify the levels of reserves held.
- 1.3 The PFCC maintains reserves to provide a measure of protection against risk. Without this protection, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels).
- 1.4 The term "reserves" has a variety of technical and every day meanings, depending on the context in which it is used. For the purposes of this Strategy it is taken to mean funds set-aside at the PFCC's discretion for general or specific future purposes.
- 1.5 Reserves are required to protect and enhance the financial viability and in particular:
 - To maintain a degree of in-year financial flexibility;
 - to enable the PFCC to deal with unforeseen circumstances and incidents;
 - to set aside monies to fund major developments in future years;
 - to enable the PFCC to invest to transform and achieve improved service effectiveness and efficiency;
 - to set aside sums for known and potential liabilities;
 - to provide an operational contingency at service level.

- 1.6 Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term; however they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA guidance LAAP 99 published July 2014 states:

“Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term”

- 1.7 The Reserves Strategy assumes that the Medium Term Financial Plan [MTFP] is broadly balanced on a sustainable basis across the five year planning period. Reserves should reflect the agreed financial strategy and should represent the quantified impact of risks and opportunities over the planning period, weighted for their probability.

2. National Guidance and Compliance with Home Office Guidance on Police Reserves

- 2.1 The 2014, CIPFA guidance included the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.
- 2.2 In the written statement that accompanied the Provisional Police Grant report on 19th December 2017, the Minister stated *“you may be aware that police reserves currently stand at around £1.6bn, which compares to £1.4bn in 2011. We will be changing guidance to PFCCs to ensure that police officers and the public have access to more detailed information on how PFCCs intend to use this public money.”* This strategy complies with the new Ministerial requirement.
- 2.3 On 31 March 2018, the Minister for Policing and the Fire Service published new guidance on the information that each PFCC must publish in terms of Police Reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
 - Funding for specific projects and programmes beyond the current planning period.
 - As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

2.4 The forecast reserves as at 31/3/19 are summarised across the Home Office headings as follows:

Reserve	Balance as at 31/3/19 £m	Planned Expenditure on projects and programmes over next 3 years £m	Funding for specific projects and programmes beyond 2021/22 £m	As a general contingency or resource to meet other expenditure needs £m
General	4.117	-	-	4.117
Earmarked				
Pensions Ill Health	0.962	0.500	0.462	
Insurance	1.082			1.082
Invest to Save	0.640	0.640		
Collaboration Reserves	0.697		0.697	
Carry Forwards	-			
Safer Roads	1.437	0.771	0.666	
PFCC Initiatives Fund	1.535	1.535		
Victims Services	0.218	0.218		
Operational Equipment Reserve	0.200			0.200
Developer Contributions	0.382	0.382		
Enabling Services Programme	0.400	0.400		
Total Earmarked	7.553	4.446	1.825	1.282
Total Reserves	11.670	4.446	1.825	5.399

3. General Reserve

- 3.1 In order to assess the adequacy of the unallocated general reserve when setting the budget the PFCC, on the advice of the two finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.
- 3.2 Whilst there is no prescribed level of reserves that PFCCs should hold; it is influenced by individual discretion, local circumstances, advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance in LAAP Bulletin 99 (2014) specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

“The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid

understanding) so long as that advice is tailored to the circumstances of the authority”

3.3 However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority doesn't act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties. LAAP Bulletin 99 (2014) specifies that minimum level of reserves can be imposed on specific circumstances:

“Minimum level of reserves will only be imposed where an authority is not following best financial practice”

3.4 CIPFA indicate a general reserve level is typically between 2% and 3% of net budget requirement and this is consistent with the results of a survey by the PACCTS Technical Support Team where the majority of PFCC's across the country reporting a Strategy of holding minimum general reserves at 3% net revenue expenditure.

3.5 In determining the PFCC's position, Annexe A outlines how Northamptonshire currently comply with the 7 key CIPFA principles which can be used to assess the adequacy of reserves.

3.6 Given that the PFCC is required to meet the first 1% of any special grant requirement, it seems prudent that the current policy is to maintain general reserves at a guideline level of 3% of annual net revenue expenditure (£3.813m for 2018/19), with a minimum of 2.5% (£3.178m for 2018/19).

3.7 The 2018/19 budget increased the General Reserve by £417K which was originally intended to be used in 2019/20 to mitigate the cost of year 2 budget investment agreed in 2018/19, this is not required with the 2019/20 settlement. At present, there are no plans to use the General Reserve during the period of the MTFP, therefore, the forecast level of £4.117m as at the 31/3/19 equates to the following:

Year	Budget £m	Minimum level of Reserves at 2.5% £m	Guideline level of Reserves at 3% £m
2018/19	127.108	3.178	3.813
2019/20	137.314	3.433	4.119
2020/21	138.898	3.472	4.166
2021/22	141.253	3.531	4.238
2022/23	143.698	3.592	4.311
2023/24	146.234	3.656	4.387

3.8 These levels change each year and forecast general reserve plans are above the minimum level in all years and the guideline level until 2021/22.

4. Earmarked Reserves

4.1 In addition to the General reserve, the PFCC holds a number of reserves which are earmarked for specific purposes.

4.2 The predicted position for each earmarked reserve as at 31/3/19, together with an outline of its specific purpose is attached at Annexe B.

4.3 At the 31/3/19, it is estimated that the PFCC will hold £7.553m in Earmarked Reserves which are as follows:

Pensions £0.962m – This reserve is used to smooth the impact of ill-health retirements and to meet the costs of any ill—health or injury retirements in excess of budget provision. Unexpectedly during 2018/19, costs of these retirements were in excess of budget provision, therefore, the PFCC supported use of this reserve in accordance with this strategy.

In advance of the next LGPS actuarial review, the Force and PFCC CFO will discuss with the Local Government Pension Scheme and Actuary whether there is the potential of utilising some of this reserve to minimise future actuarial increases in future years. The forecast within this strategy models this assumption.

Insurance £1.082m – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

Invest to save £0.640m – this reserve was set aside to fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC. Some of this reserve was utilised in 2018/19 and current plans assume that this reserve will be utilised by 31/3/22.

Collaboration £0.697m – this reserve relates to previous years underspends on regional collaboration. Each PCC holds their share of the regional reserves and is set aside to meet future regional costs.

Carry Forwards - £0m – this reserve relates to previous years Force underspends which are ring fenced and carried forward for use in 2019/20. None are currently anticipated.

Safer Roads £1.437m – this reserve relates to funds in excess of expenditure for use in line with specific criteria for equipment or road safety initiatives. Following the 2018/19 budget initiatives, a Road Safety Alliance has been set up with partners which will produce priorities and the PCC's reserve will be used to Fund the policing priorities from this.

PFCC Initiatives/Early Intervention £1.535m – this is to deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan, of which £1m is ring fenced for early intervention initiatives.

The PFCC recognises the work of the prevention and early intervention board and has asked for proposals to be prepared to support investment in this important area in future years.

Victims Services £0.218m – this is to support investment and projects for victims services in future years. It is anticipated this reserve will be spent by 31/3/22.

Operational Equipment £0.200m – this is a newly created reserve to smooth the impact on the revenue budget in respect of the cost of replacing operational equipment, rather than impacting disproportionately on the budget in any one year.

Developer Contributions £0.382m – this is a newly created reserve to collect the drawn down developer contributions awarded to the PFCC in line with S106 planning arrangements. These funds will be released in accordance with the terms of the agreements, it is envisaged this will be by 31/3/22. The reserve only accounts for the estimates once they have been drawn down.

Enabling Services Programme £0.400m – this is a newly created reserve from OPFCC budget underspends during 2018/19. The reserve will be used to meet the programme costs, rather than impacting directly on the annual policing revenue budget. The reserve is assumed to be utilised within three years and it is anticipated that the Enabling Services programme will bring efficiencies to the annual revenue budgets of OPFCC and the Force, in conjunction with efficiencies in Fire.

Once the programme has identified and costed efficiencies, they will be built in to the MTFP with the intention of adding the £400K programme investment to the PCC Initiatives Reserve, ideally in 2020/21 which will be allocated to fund the Serious Youth Violence Initiative on conclusion of the grant funding. These considerations will be built into the reserve strategy once the plans have been prepared and costed.

- 4.4 The forecast balance on the reserves, taking into account a prudent estimate of timings for proposals which are currently being developed is detailed within Annexe C.

5. Provisions

- 5.1 The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance, Northamptonshire established an 'Insurance Provision' which is reviewed as part of the closedown process for each year.

6. Procedures for management and control

- 6.1 Any drawdown from Reserves is subject to the approval of the PFCC, on advice from the PFCC's Chief Finance Officer (CFO); or under the delegated authority of the OPFCC CFO.
- 6.2 The Local Government Act 2003 requires the s151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. .
- 6.3 The Strategy will be reviewed annually by the OPFCC CFO as part of the Budget and Precept process.

Northamptonshire Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves

Budget Assumptions (CIPFA Principles)	2019/20 Situation in Northamptonshire
The treatment of inflation and interest rates	Northamptonshire makes full and appropriate provision for pay and price increases, informed by benchmarking with peers. An informed assessment is made in the Treasury Management Strategy of interest rate movements. All income and expenditure in the budget is prepared and published at outturn prices.
Estimates of the level and timing of capital receipts	Northamptonshire has recently reviewed its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts across the programme which are being used to fund capital expenditure and minimise the impact of borrowing on the budget.
The treatment of demand led pressures	<p>The Force is required to operate and manage within its annual budget allocation. Overtime budgets are devolved within the Force to enable operational leaders to make decisions and the Chief Constable retains an operational contingency to support additional major incidents.</p> <p>On an exceptional basis, agreement is sought from the PFCC to utilise carry forwards to meet one off demand led pressures. Additionally, demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>Northamptonshire have identified savings in previous years which mean that opportunities for efficiencies are less than in previous years. However, the PFCC will support investment in areas that reduce demand or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are used as a last resort to manage and fund demand led pressures.</p>
The treatment of Planned Efficiency Savings/Productivity Gains	As part of the 2018/29 budget, the Force agreed to a £619K savings target for 2019/20 and has identified some savings towards this. However, on top of this challenge, the Force has identified additional investment to fund and is experiencing a forecast overspend in 2018/19 which will need to be made good. The Force will therefore be looking towards savings of approximately £750K to balance the

	<p>operational requirements in 2019/20.</p> <p>The Force operate a Change Board which monitors investments, savings and efficiencies and is attended by OPFCC representatives.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment are reported to the PFCC as part of the medium term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p> <p>The budget report highlights the risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>Northamptonshire have created a number of earmarked reserves and provisions to meet specific expenditure items and have added to these further in this strategy. Their use and balances as at 31/3/19 are detailed in the attached annexe.</p> <p>Northamptonshire maintains an insurance provision, the adequacy of which is monitored in detail by the legal services insurance advisors, together with our insurance advisors.</p> <p>The access criteria for special grants state that PFCCS may be required to fund up to 1% of their net budget requirement themselves before the Government considers GrantAid. This applies on an annual basis.</p> <p>Northamptonshire's General Reserve provides sufficient scope to cover this eventuality.</p>
<p>The general financial climate to which the Authority is subject</p>	<p>In December 2017 and 2018, the Provisional Grant Settlement was more positive than anticipated. This enabled the PFCC to propose a precept increase of up to £12 for 2018/19 and £24 for 2019/20.</p> <p>The additional £12 and £24 has included investment in frontline services which needs to be funded across the life of the MTFP.</p> <p>With a new Comprehensive Spending Review Settlement due for 2020/21 and potential changes to the funding formula thereafter, longer term funding is uncertain and the medium term financial plan reflects the "best estimate" of future inflation rates and increases in government grants and contributions.</p>

**RESERVES OF THE POLICE AND CRIME COMMISSIONER
2018/19 to 2022/23**

	Rationale	How and when used	Level	Management and control	Risk	Review
GENERAL RESERVE	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the Commission to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of tax revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	<p>General principle of 3% of net budget requirement, with a minimum level of 2.5%</p> <p>Estimated £4.117m at 31.03.2019</p>	<p>PFCC, on advice from PFCC CFO</p>	<p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of the Commission.</p> <p>The Commissioner would have recourse to Home Office discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	<p>Annual</p>
PENSIONS	<p>To meet the costs of any ill—health or injury retirements which are unbudgeted and fall directly on the Commission.</p> <p>Also to cover any significant overspend on the employer contributions to the Pension Account</p>	<p>Annually as required.</p> <p>Transfers out depend on the amount resulted from successful claims during the year.</p> <p>Historically there has been budget provided within the Force revenue budget for approximately 6 claims in a year. Any unused budget within a year would represent transfers in.</p> <p>The consideration of utilising this reserve towards the reduction on actuarial is currently in progress</p>	<p>Estimated £0.962m at 31.03.19</p>	<p>PFCC, on advice from PFCC CFO</p>	<p>Significant ill health or injury awards beyond normal profile create pressure on reserve or leave excess funds unused.</p> <p>Significant change in officer numbers or grades lead to unbudgeted employer pension contributions in-year.</p>	<p>Annual</p>

	Rationale	How and when used	Level	Management and control	Risk	Review
INSURANCE	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	Balance will increase or reduce annually dependent on the Commission's outstanding claims record. Currently excess limit is £150k per claim Increased in 2017/18 following advice from external audit	Will vary according to annual risk assessment Estimated £1.082m at 31.3.2019	PFCC, on advice from PFCC CFO	If no reserve is held the Commission is potentially open to significant excess and claims payments in year beyond available revenue budgets. Assessment by insurers needs to be realistic not unduly pessimistic.	Annual
INVEST TO SAVE	To fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC.	To access the funds business case has to be demonstrated and with specific future savings to the organisation identified	Estimated £0.640m at 31.3.19		If funds were not maintained there would be no availability for Invest to save projects and such initiatives would have to be funded from the revenue budget or not implemented. The need of such reserve arose due to increased amount of savings that Force and the PFCC would have to find due to present economic environment and availability and funding	Annual
COLLABORATION	Transfers in relate to underspend on regional collaboration. Transfers out represent contribution towards regional decisions	Upon requirement on decision made to contribute towards projects in relation to regional collaborations. Decisions made on East Midlands PFCC and CC Boards	Estimated £0.697m at 31.3.19	PFCC, on advice from PFCC CFO	If funds were not maintained, there would be a risk of regional projects not being supported.	Annual
CARRY FORWARDS	To fund specific expenditure in 2019/20 requested by the force from underspends in 2018/19.	Business cases provided as part of the outturn report.	Estimated £NIL at 31.3.19 at the Force is currently experiencing an overspend position.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.	Annual

	Rationale	How and when used	Level	Management and control	Risk	Review
SAFER ROADS	<p>For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives.</p> <p>The reserve is influenced by the work of the Road Safety Alliance formed in 2018/19</p>	As required – typically informed by approved business cases for bids on the Fund.	Estimated £1.437m at 31.3.19	PFCC, on advice from PFCC CFO	If Fund was not maintained then safety initiatives would have to be funded from the revenue budget or not implemented.	Annual
PFCC INITIATIVES/EARLY INTERVENTION	<p>To deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan</p> <p>To provide funding to deliver radical solutions to deliver the Police and Crime Plan</p>	<p>As required – typically informed by approved business cases for bids on the Fund.</p> <p>Currently £1m has been earmarked for Early intervention and this will be increased by £0.5m from 2017/18 carry forwards.</p>	<p>Estimated £1.535m at 31.3.18</p> <p>PFCC priority to identify proposals in 2019/20.</p>	PFCC, on advice from PFCC CFO	Initiatives not adequately defined or delivered hence poor VFM	Annual
VICTIMS SERVICES	To fund specific programmes or schemes to support victims services	To access the funds business cases have to be provided.	Estimated £0.218m at 31.3.19	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.	Annual
OPERATIONAL EQUIPMENT	To smooth the impact of operational equipment purchases on the revenue budget	To access the funds a costed request has to be provided.	Estimated at £0.200m at 31.3.19	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that equipment would have to be replaced from the current year's budget.	Annual
DEVELOPER CONTRIBUTIONS	To meet the additional cost of operational requirements	To access the funds a costed request has to be provided which is consistent with the conditions of the developer contribution.	Estimated £0.382m at 31.3.19	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that the additional costs would have to be replaced from the current year's capital programme.	Annual
ENABLING SERVICES PROGRAMME	To meet the additional cost of the programme in the short terms which will	To access the funds a costed request has to be provided.	Estimated at £0.400m at 31.3.19	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that equipment would have to be replaced from the current year's budget.	Annual

Summary of Revenue and Capital Balances 2018/19 to 2022/23

Key: (1) Plans to be considered in 2019/20 and impact of timings estimated

Reserve	Forecast Balance £m 31/3/18	Forecast Balance £m 31/3/19	Forecast Balance £m 31/3/20	Forecast Balance £m 31/3/21	Forecast Balance £m 31/3/22	Forecast Balance £m 31/3/23
General	3.760	4.117	4.117	4.117	4.117	4.117
Pensions	1.286	0.962	0.962	0.962	0.462	0.462
Insurance	1.082	1.082	1.082	1.082	1.082	1.082
Invest to Save	0.977	0.640	0.593	0.393	-	-
Collaboration	0.779	0.697	0.697	0.697	0.697	0.697
Carry Forwards	0.167	-	-	-	-	-
Safer Roads	1.468	1.437	1.038	0.852	0.666	0.510
PFCC Commissioning and Early Intervention	1.972	1.535	1.095	0.655	0.215	-
Victims Services	0.163	0.218	0.168	0.118	-	-
Operational Equipment	-	0.200	0.200	0.200	0.200	0.200
Developer Contributions	-	0.382	0.382	0.382	-	-
Enabling Services Programme	-	0.400	0.250	-		
	11.654	11.670	10.584	9.458	7.439	7.068