



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR THAMES VALLEY

Report for Decision: 2013 - 002

Reserves, balances and provisions

Executive Summary:

The report provides information on the estimated level of reserves and balances' currently held and explains how some of these will be applied over the next four years to help support the revenue budget and capital programme.

Recommendation:

The Police and Crime Commissioner (PCC) is asked to:

1. NOTE the levels of reserves and balances currently held and;
2. APPROVE the planned application of reserves over the next four years to help support the revenue budget and capital programme

Police and Crime Commissioner

I hereby approve the recommendation above.

Signature

Date 21.1.13

PART 1 – NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 1.2 Under Section 25 of the Local Government Act 2003, chief finance officers have a duty to report on the robustness of budget estimates and the adequacy of reserves when the PCC is considering his/her council tax requirement.
- 1.3 Attached at Annex 1 is a detailed report which provides information on the level of reserves, balances' and provisions currently held, and explains how these will be applied in coming years to help support the revenue budget and capital programme.

2 Issues for consideration

- 2.1 The PCC needs to ensure that sufficient cash reserves are maintained over the medium to long term term to ensure that future planned and unplanned (i.e. one-off emergency) operations and/or events can be funded without having a detrimental impact on normal day to day operational activities.

3 Financial comments

- 3.1 The PCC's policy is to maintain general balances around a guideline level of 3% of annual net revenue expenditure with an absolute minimum of 2.5%. As Table 2 in the Annex shows, although £2.815m of general balances will be applied over the next four years to support the revenue budget and/or capital programme, the estimated level of general balances at 31st March 2017 (£11.449m) equates to 3.01% of the net revenue budget in 2013/14, which is marginally above the target 3% level.
- 3.2 The PCC also maintains earmarked reserves and an insurance provision to fund specific initiatives or meet areas of future spending. Earmarked revenue reserves are planned to reduce from £29.248m on 31st March 2013 to around £22.1m by the end of 2016/17. Further information is provided in paragraphs 15 to 18 in Annex 1 and in Appendix 3. The insurance provision is fully funded and the adequacy of the reserve is assessed annually by a firm of qualified actuaries.
- 3.3 Although capital reserves will be fully utilised by the end of the four year planning period future capital programmes can be scaled back to reflect the new lower level of capital resources or earmarked revenue reserves can be applied to fund priority capital investment schemes.

4 Legal comments

- 4.1 The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for meeting estimated future expenditure when calculating the council tax requirement.

5 Equality comments

5.1 No specific equality or diversity issues to report.

6 Background papers

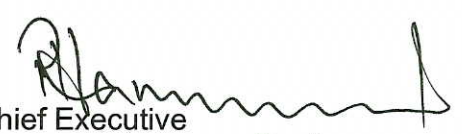

6.1 Local Government Finance Act 1992

6.2 Report to the Police Authority dated 16 November 2011

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Is the publication of this form to be deferred? No
Is there a Part 2 form? No

Name & Role	Officer
Head of Unit This report has been produced in consultation with the Director of Finance. It is fully consistent with and should be read alongside the Revenue Budget report 2013/14 and the Capital Programme report 2013/14 to 2016/17.	PCC Chief Finance Officer
Legal Advice This report meets the requirement of the Local Government Finance Act	Chief Executive
Financial Advice This report meets the requirement of the Local Government Finance Act	PCC Chief Finance Officer
Equalities and Diversity No specific implications arising from this report	Chief Executive

OFFICER'S APPROVAL

We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.	
We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.	
 Chief Executive	Date 25/01/2013
 Chief Finance Officer	Date 23-1-13

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