



Report for Decision: PCC 2017/005

Title: Reserves, Balances and Provisions

Executive Summary:

The report provides information on the level of reserves, balances and provisions currently held and explains how some of these will be applied over the next three 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.
2. APPROVE that £0.306m be transferred from the Chiltern Transport Consortium reserve to the Improvement & Performance reserve.
3. APPROVE, in principle, the planned application of reserves over the next three years to help support the revenue budget and capital programme, in particular:
 - a) the proposed drawdown from the Improvement & Performance Reserve as shown in Table 4 in Annex 1.

Police and Crime Commissioner

I hereby approve the recommendation above.

Signature

Date 10-2-17

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 to ensure that future planned and unplanned (e.g. 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 the annual net revenue expenditure budget with an absolute minimum of 2.5%. As Table 2 in the Annex shows, general balances are expected to stay above the 3% level throughout the 3 year planning period although there are an increasing number of financial and budget risks that may alter this situation very quickly. The main budget risks for 2017/18 are set out in Appendix 1.
- 3.2 The PCC also maintains earmarked reserves and an insurance provision to fund specific initiatives or meet areas of anticipated future spending. Earmarked revenue reserves are planned to reduce from £32.3m on 31st March 2016 to around £9.5m by the end of 2019/20, including £3.0m in the Conditional Funding Reserve which is not available to support general operational policing. Further information is provided in paragraphs 13 to 20 in Annex 1 and in Appendix 2. The insurance provision is currently fully funded and the adequacy of the reserve is assessed annually by a firm of qualified actuaries.
- 3.3 Capital reserves will be fully utilised by the end of the current three year planning period which means future capital programmes will have to be scaled back to reflect the new lower level of capital resources available or alternative sources of funding (e.g. borrowing) will need to be found.

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 LAAP Bulletin 99 – July 2014 – Local authority reserves & balances

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

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 draft revenue estimates and draft capital programme reports.	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

STATUTORY OFFICERS' 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.

Director of Finance

Date: 9 February 2017

Chief Finance Officer

Date: 9 February 2017

