

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

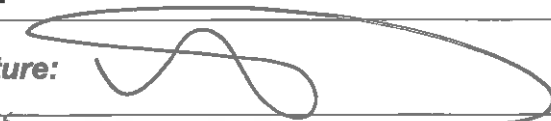
REF: 012 / 2017
DATE: 28 March 2017

SUBJECT	
ALLOCATION OF RESERVES, REVISIONS TO THE REVENUE BUDGET 2016/17 AND REVISIONS TO THE 2016/17 APPROVED CAPITAL PROGRAMME	
REPORT BY	Commissioners Chief Finance Officer & Force Chief Finance Officer
CONTACT OFFICER	Sharon Clark, Force Chief Finance Officer Tel: 01522 558042
EXECUTIVE SUMMARY AND PURPOSE OF REPORT	
This report aims to:	
<ul style="list-style-type: none">• Consider and approve the allocation of Earmarked Reserves to the Revenue Budget and the virement of existing Revenue Budget to Reserves.• Review the Revenue Spend position and make proposals for changes to the Revenue Budget 2016/17.• Highlight proposals for changes to the approved Capital Programme 2016/17.	
RECOMMENDATIONS	<ol style="list-style-type: none">1. <i>That the proposed allocation of the Earmarked reserves be approved as summarised in Paragraph 6.</i>2. <i>That the proposed establishment of the Earmarked Reserves summarised in paragraph 16 be approved.</i>3. <i>That approval is given to the proposed changes to the Revenue Budget 2016/17 as summarised in paragraph 19.</i>4. <i>That approval is given to the proposed changes of the Capital Programme 2016/17 as summarised in paragraph 29.</i>5. <i>That approval is given to the proposed changes to the Prudential Indicators as summarised in paragraph 30.</i>

POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE

I hereby approve the recommendation above, having considered the content of this report.

Signature:



Date: 31/3/17

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

A1. INTRODUCTION AND BACKGROUND

1. The Commissioner maintains a policy on the levels of balances & reserves and approved, as part of the closure of the 2015/16 accounts, a series of earmarked reserves for specific purposes.
2. Financial Regulation 17.4 states that reserves may only be used with the approval of the Commissioner. This report seeks approval to release and make changes to certain earmarked reserves.
3. It is normal at this time of the year to undertake a review of the spending position and make changes to the Budget to reflect spending priorities for the year and actions with regards to future years. This report identifies the issues which require addressing and the potential changes to the Revenue Budget to provide this funding.
4. This report also sets out the changes that are required to the Capital Programme 2016/17 and of its financing. It also looks to refresh the Prudential Indicators within the year.

Release of Reserves

5. The following amounts are currently held following an allocation as part of the closedown of the 2015/16 accounts for expenditure identified in 2016/17. It is proposed that they are allocated into the current revenue account:
 - Employee Welfare Reserve – it is anticipated that £9k will be allocated against this reserve leaving a balance of £33k remaining.
 - Development and Partnership Reserve – this is held for various development initiatives. £40k is required to be released to cover the cost of Website and intranet site developments.
 - Mobile Data (Direct Revenue Financing) – £30k has been released in the year already and a further £15k is now required to fund the capital expenditure. The funding of the capital scheme is in part from revenue funds which were set aside in 2015/16. This transfer is required to Capital Financing Charges to cover expenditure incurred on the project during 2016/17.
 - Strategic Partnership Reserve – £106k is required to cover additional G4S milestone payments in the year.
 - Operations Department of Transport Grant - All of the £83k reserve from the regional grant, for drug wipes, is expected to be released to cover costs and distribution to other forces.
 - Regional Criminal Justice - £25k will be required to be released to cover the costs of the Criminal Justice Project Officer.
 - Innovation Funds – £280k of the reserve of £749k is required to cover costs from 2015/16, the remaining £469k is no longer required as payments made to other forces have been covered from the grant and other match funding costs. So £469k can be transferred to the Budget Balancing Reserve.
6. The following table details the proposed movements from reserves:

Reserve	Reserve balance before transfer £'000	Amount to transfer £'000	Transfer to Budget Head/Account/Reserve
Released to Revenue:			
Employee Welfare	42	9	National Contributions & Central Costs
Development & Partnership	977	40	Police & Crime Commissioners Office
Mobile Data	24	15	Capital Financing Charges
Strategic Partnerships	427	106	Strategic Partnership Contract Payments
Operations Dept of Tpt Grant	83	83	EMOpSS
Regional Criminal Justice	25	25	Regional Collaborations
Innovation Funds	749*	280	Innovation Funding
Total		558	
Contribution to Earmarked Reserve:			
Innovation Funds	749*	469	Budget Balancing Reserve
Total		469	

*The Innovation Funds Reserve balance before the proposed transfers is £749k in total.

Approval is sought for the above allocation of reserves and the consequent budget virements required to the revenue account.

Establishment of Reserves

It is proposed that the following reserves be established / increased from the 2016/17 revenue budget:

7. **Include ESMCP police control room funding of £450k as a reserve**
The Allocation to Reserves 2015/16 Outturn decision approved on 05/05/16 added £350k to the capital programme in 2016/17 for the Emergency Services Mobile Communications Programme, to commence initial work and comply with Home Office timescales. Being financed from borrowing. Lincolnshire has now been allocated a grant of £450k for the control room upgrades. This grant is to be moved to an earmarked reserve to be used in 2017/18.
8. **£200k reserve for Operation Hillstar**
£200k earmarked reserve required for agency staff for Operation Hillstar that is anticipated to be started next financial year.
9. **Earmarked reserve of £21k for the post of ASB case management system administrator**
The ASB Case Management System Administrator is a new temporary post which SWPB have requested should be paid from this years police staff underspend. £21k is to be allocated to an earmarked reserve to be utilised from April 2017 to January 2018.

- Earmarking of Corporate Communications budget**
10. £59k of the current budget of Corporate Communications is to be transferred to an earmarked reserve. With £35k carried forward for the interns in 2017/18 as part of the staffing budget and £24k carried forward for the first year of Hootsuite to standardise the social media used by the Force.
- Bank Holiday reserve for maternity leave**
11. Some individuals have not taken or been granted their correct bank holiday leave whilst on maternity. The estimated cost is £60k, which is to be allocated to an earmarked reserve, as correspondence is not due to go out until April.
- Scoping out the telephony system**
12. £15k earmarked reserve required for scoping out the telephony system project. There is £1m in the capital programme for telephony replacement in 2017/18.
- Force Control Room Mental Health Nurse**
13. £60k earmarked reserve required to fund a Mental Health Nurse in 2017/18, to work in the Force Control Room, starting in April.
- Budget Balancing Reserve**
14. £1,500k is to be transferred to the Budget Balancing Reserve. There may be further transfers after the year end once the outturn is known.
- Regional Niche Reserve**
15. £357k earmarked reserve required for Regional Niche.
16. The following table details the new reserves and how they are financed:

Reserve/Financing	Movement 2016/17 £'000
Contribution to Earmarked Reserves:	
ESMCP Grant Reserve	450
Operation Hillstar Reserve	200
ASB Staff Reserve	21
Corporate Communications Reserve	59
Maternity Bank Holiday's Reserve	60
Telephony Scoping Reserve	15
Mental Health Nurse Reserve	60
Budget Balancing Reserve	1,500
Regional Niche Reserve	357
Total	2,722
Financed By:	
ESMCP Grant	(450)
Police Officers Ill Health	(200)
Police Staff Salaries	(21)
Corporate Communications	(59)
Police Officers Ill Health	(60)
Police Officer Salaries	(15)
Police Officer Salaries	(60)
Police Officer Salaries	(1,000)
Local Policing – PCSOs	(500)
Regional Niche - Income	(357)
Total	(2,722)

Approval is sought for the creation of the above reserves and the consequent budget virements required to the revenue account.

Revenue Budget Changes

It is proposed that the following changes are made to the 2016/17 Revenue Budget:

Allocate underspend of £1,500k to fund historic pensions deficit

17. £1,500k is to be allocated to fund the historic pensions deficit. This payment will be made in 2016/17.

Include Transformational Funding of £1,569k

18. £1,569k is to be added to the Revenue Budget in 2016/17 for Policing Transformation, which is financed by the Transformational Fund grant. This is part of £2.8m of regional funding for 2016/17. Lincolnshire is responsible for claiming and distributing the grant between partners. The main revenue expenditure will be on the dedicated change team.
19. The following table details the proposed revenue budget changes:

	Amount £'000	From Budget Head/ Funding	To Budget Head
Historic Pensions Deficit	1,500	Police Officer Salaries (£250k) Earned Income & Recharges (£300k) Police Staff Salaries (£400k) M&M Vehicles £200k) Community Safety Grants & Contrib. (£350k)	Historic Pension Costs
Transformational Funding Income	(1,569)	Grants Received	Transformational Funding (Income)
Transformational Funding Expenditure	1,569	Grants Applied	Transformational Funding (Expenditure)

Approval is sought for the above changes to the 2016/17 Revenue Budget.

Capital Programme 2016/17

20. The following table summarises the current approved Capital Programme. The programme includes the original figures agreed in Decision Report Reference 004-2016 "Budget Report" and subsequent approved changes.

Item	Original Programme 2016/17 £'000	Approved Changes £'000	Current Approved Programme £'000
Building Maintenance and Improvements	1,500	1,021	2,521
Vehicle Replacement	1,000	-	1,000
Blue Light Collaboration	4,156	-	4,156
ICT Projects	500	(64)	436
EM Non-Crime ICT Platform	-	-	-
ESMCP	-	350	350
Total Expenditure	7,156	1,307	8,463
Funding:			
Borrowing	2,543	940	3,483
Borrowing PIF	2,078	-	2,078
Grants	457	162	619
Innovation Fund Grant	2,078	-	2,078
Other Sources	-	205	205
Total Funding	7,156	1,307	8,463

21. Recent reviews of the Capital Programme have highlighted the following changes are required to the Programme:

Include Transformational Funding of £1,322k

22. £1,322k has been added to the capital programme for the East Midlands non-crime ICT platform, which will run as part of the previously installed NICHE system. To be financed by the Transformational Fund grant. This is part of £2.8m of regional funding for 2016/17. Lincolnshire are the lead Force for procuring the services (from G4S) and responsible for claiming and distributing the grant between partners.

Reprofile £2,512k of Blue Light expenditure to future years

23. Due to slippage on the project works, the Blue Light programme for 2016/17 is to be reduced by £2,512k. This money will now be spent in future years. The financing by the Innovation Fund grant is to remain at £2,078k on the assumption that the grant being claimed is as per the original bid. The match funding to be financed from borrowing is to be reduced by £2,062k as only £16k match funding is required, with the total Blue Light capital spend being forecast at £2,094k for 2016/17. The remaining financing balance of £450k is to be removed from borrowing.

LRSP in Year Cameras spend

24. £198k needs adding to the capital programme for the purchase of average speed monitoring cameras for the Lincolnshire Road Safety Partnership. This will be financed in full by grant from the Road Safety Partnership, through the Lincolnshire County Council.

ICT Project - Mobile Data

25. The Mobile Data project has an approved overspend of £15k. The current budget of £30k needs increasing to £45k, to match the expenditure. Financing will be from the Mobile Data earmarked reserve.

Building Scheme - SALIX funded LED lighting scheme

26. The SALIX funded LED lighting scheme which was approved to be added to the programme in June, decision report reference 013-2016, will not have any

expenditure in 2016/17. Therefore £349k is to be removed from the 2016/17 capital programme with financing from borrowing being removed. The scheme is progressing and allocations have been made in the 2017/18 capital programme for the expenditure and the repayment of the advance.

Building Scheme - Memorial Garden

27. £60k is to be added to the building programme for the memorial garden with financing from a donation.

ICT Project - CAID

28. £13k is to be added to the ICT projects for CAID with financing from a capital grant.

29. The following table summarises the proposed changes to the Programme and of its financing:

Item	Current Approved Programme £'000	Proposed Changes £'000	Proposed Programme £'000
Building Maintenance and Improvements	2,521	(289)	2,232
Vehicle Replacement	1,000	-	1,000
Blue Light Collaboration	4,156	(2,512)	1,644
ICT Projects	436	28	464
EM Non-Crime ICT Platform	-	1,322	1,322
ESMCP	350	-	350
LRSP	-	198	198
Total Expenditure	8,463	(1,253)	7,210
Funding:			
Borrowing	3,483	(799)	2,684
Borrowing PIF	2,078	(2,062)	16
Grants	619	211	830
Innovation Fund Grant	2,078	-	2,078
Transformation Fund Grant	-	1,322	1,322
Other Sources	205	75	280
Total Funding	8,463	(1,253)	7,210

Approval is sought for the proposed changes to the Capital Programme.

Changes to the Operational Boundary and Authorised Limit

30. Operational boundaries are set at the Capital Financing Requirement (CFR) level as outlined in the 2016/17 Treasury Management Strategy. It is proposed that, following the amendments to the CFR and capital programme changes in the year, the levels for 2016/17 are amended to the following:

	2016/17 Treasury Management Strategy £m	2016/17 Revised Indicator £m
Operational Boundary	20	33
Authorised Limit for External Debt	25	38

Approval to amend the levels is sought.

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

No direct links other than the most effective use of resources for Policing in Lincolnshire.

The Capital Programme assists in delivering the Asset Management Strategy, the ICT Strategy and the Business Transformation Programme.

B. FINANCIAL CONSIDERATIONS

Included within this report.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

[This should include the legal powers the PCC has for making the decision]

The proposals described in this paper respond to the requirements of the Police Reform & Social Responsibility Act 2011.

The Scheme of Arrangements and Financial Regulations require changes to the Capital Programme to be approved by the PCC having consulted with the PCC's CFO.

D. PERSONNEL AND EQUALITIES ISSUES

None.

E. REVIEW ARRANGEMENTS

The Revenue Budget and Capital Budget are subject to regular monthly review.

F. RISK MANAGEMENT

The Financial, Regulations provide a framework for the operation of Internal Control and give assurance on financial processes. The transactions within this report conform to those requirements.

Major capital schemes are controlled under the project methodology adopted by the Force with individual projects being controlled by a project Board chaired by a senior officer of the Force. Other areas of the programme are monitored and controlled by the relevant service leads and the Commercial Partnership Team.

G. PUBLIC ACCESS TO INFORMATION

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

Is the publication of this form to be deferred? No

If Yes, for what reason:

Until what date:

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

Is there a part 2 form? No

If Yes, for what reason:

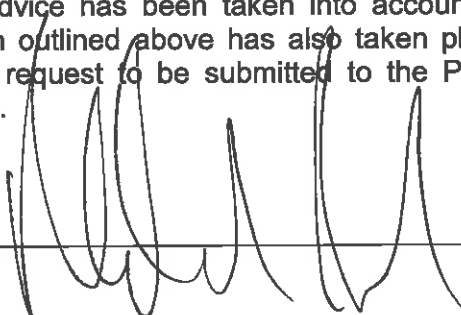
ORIGINATING OFFICER DECLARATION

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

OFFICER APPROVAL

Chief Executive

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

Signature:  **Date:** 31/3/17

