


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

REF: 16/2017  
DATE: 16 June 2017

<b>SUBJECT</b>		<b>ALLOCATION TO RESERVES 2016/17 OUTTURN</b>
<b>REPORT BY</b>	<b>Commissioners Chief Finance Officer &amp; Force Chief Finance Officer</b>	
<b>CONTACT OFFICER</b>	<b>Sharon Clark, Force Chief Finance Officer</b> <b>Tel: 01522 558042</b>	
<b>EXECUTIVE SUMMARY AND PURPOSE OF REPORT</b>		
<p>The revenue and capital outturn for 2016/17 has been completed; the formal accounts have been prepared and will be subject to audit. This decision is required on the outturn position in order to support the prepared accounts.</p> <p>This will:</p> <ul style="list-style-type: none"><li>• Provide the reserve totals required to support the totals used in the preparation of the 2016/17 financial statements.</li><li>• Confirm that the previously agreed funding is carried forward for those projects where there has been slippage.</li><li>• Make funding available for unavoidable cost pressures.</li></ul>		
<b>RECOMMENDATION</b>	<p><i>It is recommended that:</i></p> <ol style="list-style-type: none"><li>1. <i>The proposed reserves at 31<sup>st</sup> March 2017 as set out in table A of the report are agreed;</i></li><li>2. <i>That the proposed changes to the capital Programme set out in Table B are agreed</i></li><li>3. <i>That the proposed carry forward of capital spending and funding as set out in Table B is agreed.</i></li><li>4. <i>That the proposed reserves be adjusted to reflect any changes to the provisional accounts by the Chief Finance Officer in consultation with the Police and Crime Commissioner.</i></li></ol>	

<b>POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE</b>	
I hereby approve the recommendation above, having considered the content of this report.	
<b>Signature:</b> 	<b>Date:</b> 16/6/17

## A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

### A1. INTRODUCTION AND BACKGROUND

1. The Commissioner maintains a general, unallocated reserve and a series of earmarked reserves for specific purposes.

#### General Reserve

2. The requirement for a General Reserve for general financial risks is based on a financial risk assessment. The current assessment suggests that reserves for general risks should be maintained at around 5% of total annual expenditure. The amount for 2016/17 is £5.8 million. The existing level of reserve is £5.629 million and it is proposed to maintain the reserve at this level for the purposes of preparing the financial statements.

#### Existing Earmarked Reserves

3. The following is proposed in relation to the earmarked reserves:

- **Budget Flexibility** – This reserve has been increased by £0.508 million to £5.029 million to provide for the revenue budget requirement in 2017/18 and 2018/19.
- **Capital Financing** – This reserve has been increased by £0.331 million to £0.652 million to make provision for the increased cost of external borrowing.
- **Major Incident** - The revenue budget for Major Incidents is based on an average year in terms of incidents occurring. Actual Expenditure in 2016/17 was £0.949 million against a revenue budget of £0.600 million. The reserve will therefore be maintained at the long term level of £1.850 million.
- **Insurance** – This reserve is required to meet Insurance claims which are outside of the annual Revenue budget provision, the reserve is maintained at the level of £0.903 million. A further £0.097 million has been added to allow for the increased cost of claim settlements post Ogden.
- **Partner Agency Funding** – Reserve of £0.121 million to be carried forward into 2017/18.
- **Performance and Productivity Reserve** – This reserve funds the one off cost of projects which will improve performance or productivity, or lead to cash savings. After allowing for spend in 2016/17, this leaves an uncommitted balance of £0.355 million. It is proposed to earmark a further £0.645 million against this reserve to bring the total back up to £1 million. It is then proposed to allocate £0.016 million for developing the on line advice and services for members of the public and victims of crime.  
Decision 009/2017 "Transformation of Firearms Licensing" approved the use of £0.089 million of this reserve. This is no longer required as the amount is to be funded from the 2017/18 ICT capital programme.
- **Development and Partnership Working Reserve** – £0.040 million was released for the cost of website and intranet site developments, with only £0.030 million being required. So it is proposed £0.010 million is added back to this reserve. Reserve of £0.847 million to be carried forward into 2017/18.
- **Mobile Data Costs Reserve** – Reserve of £0.009 million to be carried forward into 2017/18.
- **Proceeds of Crime Act Reserve** – This reserve is required to carry forward the Force share of the distributed funds received from the Home Office, the

reserve is released to fund specific posts within the Economic Crime Unit in 2016/17 £0.018 million is required in the revenue account.

- **CATS / Niche Back office** – Reserve of £0.100 million to be carried forward into 2017/18.
- **Employee Welfare Reserve** – A further £0.025 million has been allocated to this reserve to support the Wellbeing agenda.
- **Innovation Fund (BWV)** - Reserve of £0.076 million to be carried forward into 2017/18.
- **The Data Quality Team Reserve** – is held to provide the Force contribution to a regional collaboration. Following the release of £0.027 million during the year, the actual cost was only £0.014 million so it is proposed £0.013 million is transferred back to the reserve.
- **The Strategic Partnership Reserve** is intended to provide funding for the outstanding Contract Milestone payments together with the cumulative value of service credits held for future joint expenditure initiatives. A review of the balance on this reserve shows that there is a requirement for the total provision of £0.321 million; it is therefore proposed that the balance is carried forward.
- **The Interns Reserve** is intended to cover appointments for an academic year; a carry forward of £0.040 million is required to complete the current contracts to support 2 interns.
- The following reserves were created following decision 012/2017 “Allocation of Reserves” approved 31 March 2017:
  - **Operation Hillstar** (£0.200 million)
  - **ASB Staff** (£0.021 million)
  - **Corporate Communications** (£0.059 million)
  - **Maternity Bank Holidays** (£0.060 million)
  - **Telephony Scoping** (£0.015 million)
  - **Mental Health Nurse** (£0.060 million)
  - **Regional Niche** (£0.357 million)

#### 2016/17 Reserve Requirements

4. A small number of specific items of one off cost pressure have been identified by budget managers and it is proposed that separate reserves be created from the 2016/17 outturn for these items:
  - **Crime Prevention** – £0.011 million earmarked reserve required to support the extension of the Shopwatch scheme delivered by Lincolnshire Chamber of Commerce and partners. This decision report also proposes that this £0.011 million is drawn down.
  - **Innovation R2** - £0.035 million earmarked reserve required for G4S invoice once works completed in 2017/18.
5. In addition a £0.051 million earmarked reserve is required for additional capital spend on vehicles for the **Policing Model Programme**. £0.051 million to be transferred to the DRF Policing Model Programme Reserve from revenue underspend on this project.
6. The budget for **Ill Health Retirements** is low compared to Home Office statistics, so this reserve of £0.225 million is proposed to meet expectations.
7. The **Staffing Costs** reserve of £0.100 million is proposed to be a contingency against non-achievement of the vacancy factor target and other staffing related risks.

8. The following table details the proposed movements to Earmarked Reserves:

**Table A**

<b>Reserve</b>	<b>Current Balance £'M</b>	<b>Proposed Additions £'M</b>	<b>Other Movements £'M</b>	<b>Balance at 31/03/17 £'M</b>
Budget Flexibility	4.521	0.508		5.029
Capital Financing	0.321	0.331		0.652
Major Incident	1.850	-		1.850
Insurance	0.903	0.097		1.000
Partner Agency Funding	0.121	-		0.121
Performance & Productivity	0.355	0.645	(0.016)	0.984
Development & Partnership Working	0.837	0.010		0.847
Mobile Data Costs	0.009	-		0.009
Proceeds of Crime Act	0.188	-	(0.018)	0.170
CATS / Niche Back office	0.100	-		0.100
Employee Welfare	0.033	0.025		0.058
Innovation Fund (BWV)	0.076	-		0.076
Niche Data Quality Team	0.150	0.013		0.163
Strategic Partnership	0.321	-		0.321
Interns Scheme	0.020	0.020		0.040
Operation Hillstar	0.200	-		0.200
ASB Staff	0.021	-		0.021
Corporate Communications	0.059	-		0.059
Maternity Bank Holidays	0.060	-		0.060
Telephony Scoping	0.015	-		0.015
Mental Health Nurse	0.060	-		0.060
Regional Niche	0.357	-		0.357
Crime Prevention	-	0.011	(0.011)	-
DRF Policing Model Programme	-	0.051		0.051
Innovation R2	-	0.035		0.035
Ill Health Retirements	-	0.225		0.225
Staffing Costs	-	0.100		0.100
<b>Total</b>	<b>10.577</b>	<b>2.071</b>	<b>(0.045)</b>	<b>12.603</b>

### **Capital Programme**

9. The 2016/17 Capital Programme was overall underspent by £0.577 million. There has been slippage in the programme and early spending on the Bluelight collaboration. It is proposed to carry forward £1.136 million to allow completion of the agreed projects. This is shown in Table B below.
10. It is proposed that £0.239 million for **Building Schemes** is carried forward for projects commenced that are incomplete, with financing from borrowing.
11. It is proposed that £0.395 million for **Vehicles** is carried forward for late deliveries of vehicles, with financing from borrowing.

12. It is proposed that £0.077 million for the **Policing Model** is carried forward for vehicles and ICT requirements, with financing from DRF and the Performance and Productivity Reserve.
13. It is proposed that £0.010 million for **Mobile Data** is carried forward for project completion, with financing from grant brought forward.
14. It is proposed that £0.276 million for **ESMCP** is carried forward as the project has been reprofiled, with limited spend in 2016/17. Financing is from borrowing.
15. It is proposed that £0.134 million for **Book On Book Off** is carried forward as the project timing has been reprofiled, with financing from the Performance and Productivity Reserve.

**Table B**

<b>Proposed Carry-Forward of Capital Spending and Funding</b>	<b>Amount £'M</b>
<b>Capital Spending</b>	
Building Schemes	0.239
Vehicles	0.400
Policing Model	0.077
Mobile Data	0.010
ESMCP	0.276
Book On Book Off	0.134
<b>Total Spending</b>	<b>1.136</b>
<b>Capital Funding</b>	
Borrowing	0.915
DRF	0.211
Grant	0.010
<b>Total Funding</b>	<b>1.136</b>

**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.

**B. FINANCIAL CONSIDERATIONS**

Included within the 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.

**D. PERSONNEL AND EQUALITIES ISSUES**

None.

**E. REVIEW ARRANGEMENTS**

The Outturn position will be subject to External Audit review and will be reported as part of the formal Accounting Statements.

**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.

**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.

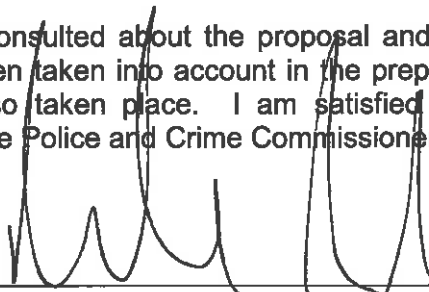
**Is there a part 2 form? No**

**If Yes, for what reason:**

## ORIGINATING OFFICER DECLARATION

	Initial to confirm
<b>Originating Officer:</b> PCC's Chief Finance Officer recommends this proposal for the reasons outlined above.	
<b>Financial advice:</b> The PCC's Chief Finance Officer has been consulted on this proposal. The CC's Chief Finance Officer has been consulted on this proposal.	 
<b>Monitoring Officer:</b> The PCC's Monitoring Officer has been consulted on this proposal	
<b>Chief Constable:</b> The Chief Constable has been consulted on this proposal	

## OFFICER APPROVAL

<p><b>Chief Executive</b></p> <p>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.</p>	
<p><b>Signature:</b> </p>	<p><b>Date:</b> 16/6/17</p>