

HAMPSHIRE POLICE AND CRIME PANEL

Report

Date Considered:		23 January 2015	Item:	8
Title:		Budget 2015/16		
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1. Executive Summary

- 1.1. This report presents the proposed council tax precept for 2015/16 and an update of the medium term financial position presented to the Police and Crime Panel in October 2014. The report also includes feedback from public consultation undertaken by the Police and Crime Commissioner.
- 1.2. The budget is designed to assist in achieving the priorities set out in the Police and Crime Commissioner's Police and Crime Plan:
 - Improve frontline policing to deter criminals and keep communities safe
 - Place victims and witnesses at the heart of policing and the wider
 - Work together to reduce crime and anti-social behaviour in your community
 - Reducing re-offending
- 1.3. The report will also give indications of the impact on policing of council tax decisions.

2. Contextual Information

- 2.1. The Police and Crime Plan sets out the Police and Crime Commissioner's priorities, targets and success measures. These are subject to ongoing review and consultation to ensure that they remain relevant and that progress is being made. It is not possible to divide the budget into each of the priorities as much of the actions undertaken will aim to assist with more than one priority. However, the priorities are considered within the development of the budget and in the commissioning of services.

- 2.2. 2014/15 was the final year of the four year Spending Review 2010 (SR2010). The Home Office announced that during this period Government grant allocations would reduce by 20% in real terms. The Home Office stated that the real terms reduction for policing would only be 14% as annual police council tax precept increases of 3.4% were expected to offset some of the grant reductions, based on the estimates provided by the Office for Budget Responsibility.
- 2.3. In addition to the grant cuts, local decisions were taken to freeze the council tax precept for 2011/12 and 2012/13. Additional grant was received from Government to compensate, however, this is short term, with the 2011/12 grant (£2.5m) expected to cease from 2016/17 and the 2012/13 grant (£3m) having already ceased as it was only a one year grant.
- 2.4. For 2015/16, the grant has been further reduced by 5.1% in cash terms, which equates to £10m. An annual decrease of 3.2% has been assumed for 2016/17 to 2018/19 based on guidance received from HMIC, but these figures are uncertain, particularly with the General Election due in May 2015.
- 2.5. An independently facilitated public consultation event held in January 2015 found that attendees were supportive of an increase in council tax of 1.99% for 2015/16. For indicative purposes, a 1% increase in council tax is approximately equivalent to £1m, which would pay for approximately 21 police officers. An increase in council tax of 1.99% in one year would pay for 43 officers on an ongoing basis.
- 2.6. In Hampshire and the Isle of Wight a savings target of £55m was set in order to bridge the estimated budget shortfall over the SR2010 period (2011/15). The Government grant reductions were 'front-loaded', requiring £36m of the savings to be made in the first two years. Savings totalling £54.033m have been removed from the budget during this period and budget monitoring for 2014/15 shows that these are on track to be delivered. A further £2.548m has also been found as part of this programme, but due to implementation timescales has been built into the 2015/16 and 2016/17 budgets. This is £1.797m in 2015/16 and £0.751m in 2016/17. These reductions are mainly through Joint Working, with some other back office efficiencies.
- 2.7. The Operational Change Programme is a significant undertaking that reviews the vast majority of frontline services. It will deliver significant savings to cover the expected budget reductions for 2015/16 and 2016/17. A net total of £9.7m has been removed from the 2015/16 budget through this programme, which has been designed to improve the efficiency of frontline services and reduce demand on them. A major re-structure across the Force will be taking place during the period January to March 2015, which will put in place the changes required to achieve the target.
- 2.8. Initially, there will be more officers than required for the number of posts that will remain. The additional officers will work with the new structure to embed the new processes and review the changes to enable continuous

improvement. Due to the phasing of the budget reductions, these posts can be funded for 2015/16 and will reduce over the period April 2015 to March 2017, until officer numbers are at the required level for the reduced budget.

- 2.9. Joint Working (with Hampshire County Council and Hampshire Fire and Rescue Authority) and IT Network collaboration will also deliver savings in 2015/16 and 2016/17.
- 2.10. Her Majesty's Inspectorate of Constabulary (HMIC) Value for Money Profile 2013, shows that Hampshire Constabulary remains in the top quartile for Value for Money, with the 6th lowest cost per head of population out of 43 forces included in the review.
- 2.11. Final settlement figures have been announced for 2015/16, but the 2016/17 figures have had to be estimated based on current trend and figures included in Treasury publications. Assumptions used in the calculation of the Medium Term Financial Strategy are shown in appendix A.

3. Government Grant

- 3.1. At the outset of SR2010, the Government stated that during the period 2011/12 to 2014/15, Government grant for policing was expected to reduce by 20% in real terms which equated to approximately 12.5% in cash terms. The actual reduction in Government grant over that period was 17.6% in cash terms.

Table1 – Government Grant cash reductions 2011/15 after adjusting for changes in funding classifications

Govt Grant Reduction	11/12	12/13	13/14	14/15
Cash cut each year (%)	6%	6%	2%	5%
Cash cut each year (£m)	14.1	14.4	3.2	10.1
Cash cut cumulative (£m)	14.1	28.5	31.7	41.9
Cash cut cumulative (%)	6%	12%	136%	18%

- 3.2. For 2015/16, the reduction will be 5.1% in cash terms for PCC's, which equates to £10m for Hampshire. Due to the General Election to be held in May 2015, there is very little definite information available for future years grant reductions, or indeed, how long these will continue for.
- 3.3. The reduction of grant to Police and Crime Commissioners is impacted by the large increase in top-slicing that has been applied to the funding

allocation to Policing. The Provisional 2015/16 Police Funding Settlement and analysis from the Association of Police and Crime Commissioners shows that the value of top-slices has increased from £165m in 2014/15 to £251m in 2015/16, which equates to a 52% increase. Some of the top-slices such as Innovation Fund, Special Grant and PFI funding could be returned to forces. If these are excluded the value of top-slices going to other bodies such as HMIC, IPCC and the College of Policing has increased by 108%. The increase in top slicing for the IPCC is 67%.

Table 2 – Police Funding Top-Slicing and Local Impact

	National Amount £m	Impact for PCC Hants £m	Allocated to PCC Hants £m
Top-Slice			
Private Finance Initiatives	72.8	2.04	0.00
Ordinance Survey	1.7	0.05	0.00
Independent Police Complaints Commission (for the transfer of integrity functions)	30.0	0.84	0.00
Police Innovation Fund	70.0	1.96	1.40
College of Policing (for direct entry schemes)	4.6	0.13	0.00
City of London National and International Capital City Grant	2.8	0.08	0.00
HMIC (for PEEL inspection)	9.4	0.26	0.00
Police Knowledge Fund	5.0	0.14	0.00
Major Programmes	40.0	1.12	0.00
Police Special Grant	15.0	0.42	0.00
Top-Slice Subtotal	251.3	7.04	1.40
Re-Allocation			
Welsh Top-Up	12.5	0.35	0.00
Counter Terrorism Police Grant	564.0	15.79	3.28
Council Tax Freezes for London	30.4	0.85	0.00
Council Tax Freeze Grants			
- 2011/12 freeze grant	58.8	1.65	2.52
- 2013/14 freeze grant	7.3	0.20	0.00
- 2014/15 freeze grant	2.7	0.08	0.00
Total Top-Slice & Re-Allocation	1,178.30	32.99	8.59

- 3.4. Table 2 shows that the total amount of funding taken from the Policing allocation for top-slices and reallocation results in £32.99m less direct grant funding for the PCC for Hampshire. Some of that funding will be allocated back to the PCC for Hampshire via specific grant. The current amount is £8.59m, but more could be received if recently submitted Innovation Fund bids are successful. Thus the current net reduction in funding to the PCC as a result of top-slices and re-allocations is £24.4m.

- 3.5. As in previous years, all Police and Crime Commissioners will receive the same percentage reduction to their general grant, rather than applying the agreed funding formula which would result in some police bodies losing more and some less each year. This process has the effect of reducing the amount of funding Hampshire and the Isle of Wight should receive according to the agreed funding formula. The amount of funding 'lost' in 2013/14 was £10m pa (appendix B). The Home Office will not be using the formula until a new formula is introduced in circa 2016, therefore, the damping 'loss' for 2014/15 and 2015/16 will not be published but will be similar to the £10m 'loss' in 2013/14 which has a significant impact on the budget and the service that can be provided.
- 3.6. The Police and Crime Commissioner will receive council tax support grant again of £10.4m, which is equivalent to 10% of the council tax precept in 2012/13, to reduce the impact of the loss of council tax precept expected from lower council tax bases as a result of the changes to council tax support made in 2013/14. The decisions taken by local billing authorities regarding council tax support impact directly on the council tax base and, therefore, on the amount of precept that the Police and Crime Commissioner will receive.
- 3.7. The Police Authority accepted a precept freeze for 2011/12 and 2012/13. In return, a council tax freeze grant equivalent to 2.5% (£2.5m) for 4 years (2011/15) was received for freezing council tax in 2011/12. That has been extended and it is now expected that the final year of receipt will be 2015/16. For Local Authorities under the DCLG, indications have been made that this grant will continue and be built into the base grant, however, it has been stated that this will not apply to Police bodies. The council tax freeze grant for 2012/13 has ceased as this was a one-off grant equivalent to a 3% council tax increase (£3m) in 2012/13 only.
- 3.8. Therefore, the total grant receivable relating to council tax is £10.4m for council tax support grant plus £2.5m for the 2011/12 council tax freeze, which comes to £12.9m. This is the same cash value as received in 2014/15.

4. Council Tax

- 4.1. In 2013/14 and 2014/15, precept increases of 3.4% and 1.99% respectively have been approved. These were the maximum allowed within the referendum limit.
- 4.2. Using the average gross salary cost of a police officer of £47,000, Table 3 below gives illustrative sensitivity analysis of the potential impact of council tax decision on police officer numbers. Table 3 shows an approximation of how many police officers could be 'protected' by the increase in council tax funding made available.

Table 3 – Impact on police officer numbers of council tax decisions

Annual increase in council tax precept	15/16	16/17	17/18	18/19
0%* with freeze grant	21*	0	0	0
1% per annum	21	43	65	87
2% per annum	43	87	131	177
3% per annum	64	130	198	269

*The 0% increase in 15/16 assumes that a 1% freeze grant is received in 2015/16 only.

- 4.3. Table 3 shows that an annual council tax precept increase of 2% would pay for 170 police officers more by 2018/19 compared to a 0% increase in precept over the same period. It should be noted that the estimated value of grant reduction exceeds the value of the council tax increase in each of these scenarios and therefore total funding will reduce in every year. Therefore, the council tax increase is more likely to protect officer numbers rather than increase them.
- 4.4. In 2014/15, 27 of the 31 shire Police and Crime Commissioners in England did not freeze council tax and therefore did not take the grant offered. The average increase for shire police bodies in England in 2014/15 was 1.7%. The 2014/15 council tax precept for Hampshire remained in the bottom quartile. A chart of shire police bodies' 2014/15 band D council tax rates is shown in appendix C.
- 4.5. The Secretary of State has confirmed that in 2015/16 precept increases of 2% or more will be considered excessive and would trigger a referendum. The 1.99% proposal would not trigger a referendum. No information has been received regarding future referendum limits for 2016/17 onwards, but it has been assumed that the 1.99% limit will continue to be used going forwards.

5. Budget 2016/17

- 5.1. The budget is shown at appendix D, with a summary of the budget for the Office of the Police and Crime Commissioner is included at appendix E.
- 5.2. The 2014/15 budget report showed a shortfall of £8.247m, after including savings expected from Joint Working. This gap has now been closed due to the Operational Change Programme (OCP) and the changes currently being implemented to re-structure the Force. A breakdown of the savings has been included at appendix F.
- 5.3. The additional top-slice which has resulted in a reduced budget for 2015/16 has been possible to cover at short notice due to the OCP being well prepared and due to go live by April 2015. Sufficient officers have left the Force to enable the required savings to be made in 2015/16.

However, this will leave a larger shortfall than expected in 2016/17, requiring £2m of savings to be found.

- 5.4. Inflation has been included at 2.5% across most standard expenditure, but where more accurate information is available, such as specific contracts, these values have been used. Due to the current falling prices on vehicle fuel, the inflation rate has been reduced from 5% to 2.5% for 2015/16.
- 5.5. Pay has been increased at 1%, in line with the Government's pledge to keep public sector pay increases to this level or below. However the staff pay increase for 2014/15 has not yet been settled, so the assumption may be affected by the outcome of current negotiations, as well as any future decisions.
- 5.6. As in previous years, there have been budget pressures in some areas which will need to be met. The majority of these are ICT costs, which are necessary to maintain the current systems that the Force relies on. There is also an increase in legal costs, due to recent changes in legislation. Growth and budget pressures are set out in appendix G.

6. Medium Term Financial Strategy 2015/16 and Future Years

- 6.1. This report is focused on the 2015/16 budget, but makes references to future financial years as decisions taken for 2015/16 could significantly impact on the medium term position. No information is available on the budget settlement for 2016/17 or beyond, therefore estimates have been included within the projections based on previous Government statements and proposed allocations to the Home Office by the Treasury.
- 6.2. The MTFs at appendix D shows an estimated budget shortfall of £17m by 2018/19 assuming 1.99% council tax precept increases from 2015/16 onwards. This is having already removed over £80m of savings since 2011/12. The sensitivity analysis at the foot of appendix D shows the impact of different levels of council tax precept increase. A council tax freeze each year would increase the shortfall by £8m by 2018/19.
- 6.3. Proposed changes to employers' National Insurance rates will involve a significant increase for the year 2016/17, which it is estimated will impact the budget to the effect of £3.6m. Budgeted employees, pension contribution rates and inflation have been included as per appendix A. This includes an increase for police staff pension lump sum from £3.690m in 2013/14 to £4.752m by 2016/17. In some cases such as electricity, inflation factors will be known as they are included within multi-year contracts. In most cases inflation is unknown. A default rate of 2.5% has been used where inflation is unknown. This is in line with current inflation rates.
- 6.4. A number of partnerships are supported across the Force. These included the ACPO Criminal Records Office (ACRO) which is wholly funded by the Home Office, ACPO, fees and European funding. Staff at ACRO are officially employed by the Chief Constable. The costs of supporting ACRO are recharged. In addition, a surety is held in reserves

to guard against any liabilities. Less financially significant partnerships exist with the Local Criminal Justice Board, Youth Offending Team (YOT) and Community Safety Partnerships.

7. Capital Programme including Estate Development Programme

- 7.1. The Capital Programme set out in appendix H is as per the version in the Medium Term Financial Strategy. It includes approved capital schemes and bets estimates for schemes that are still subject to final business case approval (marked with a '#'). The cost of financing the capital expenditure shown for 2015/16 is included within the revenue budget calculations for capital financing.

8. Reserves and Financial Stability

- 8.1. The Police and Crime Commissioner has used reserves to pay for the cost of changes that are required to meet the financial challenge. Reserves exist to mitigate the increased risk created by the current financial climate. The Risk Reserve specifically exists to provide mitigation against any short notice announcements from Government that negatively impact on the financial position and to mitigate against under achievement of savings. The Transformation Reserve funds new initiatives that aim to improve performance and deliver efficiencies.
- 8.2. The level of reserves continues to be reviewed by auditors to ensure that suitable reserves are in place to reduce the risk of the financial challenges faced, but that reserves are not unnecessarily held to the extent that is detrimental to current service delivery.
- 8.3. The reserves include some amounts that are ring-fenced and not available for use by the Police and Crime Commissioner, for example, circa £11m of reserves are held on behalf of ACRO. The Reserves Strategy is set out in appendix I.

9. Consultation

- 9.1. Public consultation is undertaken on an ongoing basis by the Police and Crime Commissioner. This year a consultation event was held on Saturday 10 January facilitated by Firebrand, an independent research company. An interim report on the consultation day held on Saturday 10 January can be found attached to this report under Appendix 1.

In addition, the Office of the Police and Crime Commissioner is running an online survey which asks the public for their views on the precept. The survey can be found at <http://www.surveygizmo.com/s3/1926009/37038bc2b584> and closes on 20 January. The results of the online survey and the full report from the public consultation day will be presented at the Police and Crime Panel meeting on 23 January.

10. Risks

- 10.1. Plans are already in place through the change programmes to make further savings due to expected further reductions in Government grant. There is a risk that reductions in grant, inflation or new additional expenditure will be greater than forecast, hence further savings will be required. The position will continue to be closely monitored and, if required, the Risk Reserve can provide some one-off assistance to allow time for changes to be implemented.
- 10.2. The change programme requires significant reduction in the number of police officers across the Force. The Operational Change Programme will remove 535fte posts, which will be a combination of police officer and police staff posts, but not PCSO posts. As officers cannot be made redundant, these savings will only be made if the required number of officers choose to leave. At present, this is on track, but could change in future.
- 10.3. Council tax bases and collection funds have been revised as a result of the Localism Act changes to council tax benefit. There is a risk that the provisional information received is inaccurate. This is mitigated by close liaison with other local authority partners.

11. Recommendations

- 11.1. It is recommended that the Police and Crime Panel agree the proposed precept increase of £3.07 (Band D), which is an increase of 1.99%, in line with proposed Police and Crime Commissioner decision as follows:
- a) The 2015/16 budget is as set out in this report at appendix D, based upon a £3.07 (Band D), which is 1.99%, precept increase
 - b) The Police and Crime Commissioner in Hampshire's basic Council Tax for the year beginning 1 April 2015 be £157.33 per annum at Band D
 - c) The Police and Crime Commissioner for Hampshire's basic Council Tax for the year beginning 1 April 2015 for each band be as set out in appendix C
 - d) The Council Tax requirement for the Police and Crime Commissioner for Hampshire for the year beginning 1 April 2015 will be £101,924,558.64* as per appendix C
 - e) Precepts are issued totalling £101,924,558.64* on the billing authorities in Hampshire and the Isle of Wight requiring payment, in such instalments and on such dates set by them and previously notified to the Police and Crime Commissioner for Hampshire, in proportion to the tax base of each billing authority's areas as determined by them and set out in appendix C.

* The council tax bases provided by billing authorities are estimates at the time of writing the report so may be subject to change when finalised.

Appendix A

Inflation and Assumptions

Employees (FTEs)	2015/16	2016/17	2017/18	2018/19
Officers	3,068.83	2,853.83	2,853.83	2,853.83
Staff	1,804.13	1,806.13	1,803.13	1,803.13
PCSOs	333.00	333.00	333.00	333.00
Total	5,205.96	4,992.96	4,989.96	4,989.96

Basic Pay	Sept 2015	Sept 2016	Sept 2017	Sept 2018
Officer pay	1.00%	1.00%	1.00%	1.00%
Staff pay	1.00%	1.00%	1.00%	1.00%

Basic Pay	2015/16	2016/17	2017/18	2018/19
Officer pay	101.00%	101.00%	101.00%	101.00%
Staff pay	101.00%	101.00%	101.00%	101.00%

National Insurance	2015/16	2016/17	2017/18	2018/19
Below UAP Average - officers	10.52%	13.80%	13.80%	13.80%
Below UAP Average -staff	10.86%	13.80%	13.80%	13.80%
Above UAP Average	13.80%	13.80%	13.80%	13.80%

Pensions	2015/16	2016/17	2017/18	2018/19
Actual rate if in scheme:				
Officers	24.20%	24.20%	24.20%	24.20%
Staff	13.10%	13.10%	13.10%	13.10%

Budgeted rate (based on scheme membership)				
Officers	23.33%	23.33%	23.33%	23.33%
Staff	11.32%	11.32%	11.32%	11.32%

Police staff lump sum (£)	4,367,500	4,751,900	4,751,900	4,751,900
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Government Grant	2015/16	2016/17	2017/18	2018/19
Grant Reduction	5.1%	3.2%	3.2%	3.2%

Non-pay	2015/16	2016/17	2017/18	2018/19
Gas	7.00%	7.00%	7.00%	7.00%
Electricity	9.00%	9.00%	9.00%	9.00%
Cleaning	3.00%	2.50%	2.50%	2.50%
Vehicle fuel	2.50%	5.00%	5.00%	5.00%
Grants	0%	0%	0%	0%
Other	2.50%	2.50%	2.50%	2.50%

Appendix B

Damping adjustments for policing bodies 2013/14

Policing Body	£
Northumbria	21,646,837
Cumbria	16,146,262
West Mercia	11,289,920
Cheshire	11,174,685
City of London	10,838,105
North Yorkshire	9,415,888
Merseyside	8,833,009
Lancashire	7,700,476
Surrey	6,257,140
Durham	6,074,960
Kent	5,822,489
Devon & Cornwall	3,605,644
Wiltshire	2,613,964
Gloucestershire	1,862,431
Sussex	1,402,612
Cleveland	1,341,929
Suffolk	1,134,057
Warwickshire	1,075,715
Essex	91,308
Norfolk	29,685
Lincolnshire	-237,331
South Yorkshire	-1,807,926
Dorset	-1,938,371
Derbyshire	-2,145,554
Staffordshire	-2,366,873
Northamptonshire	-2,511,967
Hertfordshire	-2,953,793
Bedfordshire	-3,028,976
Humberside	-3,693,512
Thames Valley	-4,258,419
Cambridgeshire	-4,495,316
Leicestershire	-4,796,405
West Yorkshire	-5,416,798
Greater London Authority	-6,752,890
Greater Manchester	-6,921,089
Hampshire	-10,088,267
Nottinghamshire	-10,477,328
Avon & Somerset	-10,711,010
West Midlands	-43,755,289

Appendix C**Council Tax Precept**

Council tax at each band								
Band	A	B	C	D	E	F	G	H
£	104.89	122.37	139.85	157.33	192.29	227.25	262.22	314.66

Collection authority tax bases and share of precept 2015/16

Collection authority	Tax base	Precept (£)
Basingstoke and Deane	61,635.30	9,697,081.75
East Hampshire	47,352.21	7,449,923.20
Eastleigh	42,660.34	6,711,751.29
Fareham	41,630.20	6,549,679.37
Gosport	25,640.40	4,034,004.13
Hart	37,981.04	5,975,557.02
Havant	38,846.07	6,111,652.19
Isle of Wight	49,535.00	7,793,341.55
New Forest	69,194.00	10,886,292.02
Portsmouth	53,277.20	8,382,101.88
Rushmoor	29,751.47	4,680,798.77
Southampton	58,563.70	9,213,826.92
Test Valley	45,322.00	7,130,510.26
Winchester	46,450.38	7,308,038.29
Total	647,839.31	101,924,558.64

May require updating when council tax bases are confirmed

Police Precepts 2014/15

	Shire police authorities	Band D 2013/14 Precept	Band D 2014/15 Precept	Increase
		£	£	%
1	Sussex	138.42	141.17	1.99%
2	Essex	141.48	144.27	1.99%
3	Kent	141.47	144.28	1.99%
4	Hertfordshire	147.82	147.82	0
5	Cheshire	153.21	153.21	0
6	Hampshire	151.25	154.26	1.99%
7	Lancashire	152.93	155.97	1.99%
8	Bedfordshire	153.50	156.55	1.99%
9	Durham	156.48	159.59	1.99%
10	Thames Valley	157.39	160.52	1.99%
11	Wiltshire	157.77	160.91	1.99%
12	Devon & Cornwall	162.93	166.16	1.99%
13	Suffolk	166.77	166.77	0
14	Derbyshire	166.95	170.22	1.96%
15	Avon & Somerset	168.03	171.37	1.99%
16	Nottinghamshire	169.65	172.98	1.96%
17	Leicestershire	173.87	176.48	1.50%
18	Humberside	173.12	176.57	1.99%
19	Staffordshire	177.61	177.61	0
20	Cambridgeshire	177.91	181.33	1.92%
21	West Mercia	178.72	182.28	1.99%
22	Warwickshire	180.96	184.56	1.99%
23	Dorset	183.51	187.11	1.96%
24	Lincolnshire	190.12	193.90	1.99%
25	Northamptonshire	193.20	197.04	1.99%
26	Cleveland	198.28	202.24	2.00%
27	Norfolk	200.80	204.75	1.97%
28	Gloucestershire	203.68	207.73	1.99%
29	Cumbria	204.66	208.62	1.93%
30	North Yorkshire	204.55	208.62	1.99%
31	Surrey	207.54	211.68	1.99%
Average Precept		172.08	175.05	1.71%
Hampshire difference from average		£20.79		
Hampshire 2014/15 council taxbase		636,185.36		
Difference from average x taxbase		£13,226,704		

Appendix D

Budget 2015/16 and Medium Term Financial Strategy

Medium Term Financial Strategy 2014/15 to 2018/19	Revised Budget 2014/15	Inflation	Efficiency Savings	Growth & Budget Pressures	Other changes	Forward Budget 2015/16	Forecast Budget 2016/17	Forecast Budget 2017/18	Forecast Budget 2018/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Funding:									
Expected amount from General Grants	(194,122)	0	0	0	9,919	(184,203)	(178,308)	(172,603)	(167,079)
Council tax freeze and benefit grant	(12,944)	0	0	0	(0)	(12,944)	(10,424)	(10,424)	(10,424)
Council tax precept	(98,138)	0	0	0	(3,787)	(101,925)	(104,004)	(106,125)	(108,293)
Council tax collection fund surplus	(1,542)	0	0	0	(618)	(2,160)	(485)	(485)	(485)
Total amount funding expected:	(306,745)	0	0	0	5,514	(301,231)	(293,222)	(289,637)	(286,282)
Office of the PCC									
PCC Expenses and Grants	2,984	11	0	0	531	3,526	3,428	2,811	2,832
Estates	12,772	385	(294)	0	103	12,965	12,974	13,380	13,805
Capital Financing (net)	4,192	0	0	0	55	4,247	5,233	5,145	4,894
Interest on Balances	(500)	0	0	0	0	(500)	(500)	(500)	(500)
Contributions to / (from) Reserves:	(1,160)	0	0	0	303	(857)	(782)	(187)	(187)
Net Expenditure owned by Office of the PCC	18,288	396	(294)	0	992	19,381	20,352	20,649	20,844
Police Services									
Expenditure:									
Employees	258,385	2,558	(15,576)	0	321	245,688	238,437	240,671	243,078
Transport	5,182	132	(10)	0	93	5,397	5,602	5,816	6,039
Travel and Subsistence	2,776	66	(1)	0	(6)	2,835	2,902	2,971	3,040
IT and Communications	3,503	89	0	0	42	3,634	3,765	3,818	3,953
Supplies and Services	29,160	748	3,594	970	543	35,014	35,147	35,377	35,967
Premises	602	14	0	0	(38)	578	594	611	782
National Levies	1,879	50	0	0	138	2,067	2,119	2,172	2,226
Grants Paid	254	6	0	0	1	261	268	274	281
Total Expenditure on Police Services:	301,740	3,664	(11,993)	970	1,093	295,474	288,833	291,709	295,366
Income:									
Service Income	(9,539)	(202)	(50)	0	(315)	(10,106)	(10,313)	(10,520)	(10,730)
Additional Specific Grants	(3,743)	(1)	0	0	227	(3,518)	(3,519)	(3,520)	(3,521)
Total Income on Police Services:	(13,283)	(203)	(50)	0	(88)	(13,624)	(13,832)	(14,040)	(14,251)
Net Expenditure on Police Services:	288,458	3,461	(12,043)	970	1,005	281,850	275,000	277,669	281,114
Amount from General Grants and Taxation:	306,745	3,857	(12,337)	970	1,996	301,231	295,352	298,318	301,958
Budget (surplus)/ shortfall:	0	3,857	(12,337)	970	7,511	0	2,131	8,681	15,677
<i>Effect of alternative precept increases:</i>									
0% increase each year						1,989	6,149	14,771	23,884
1% increase each year						991	4,140	11,742	19,822
2% increase each year						(13)	2,105	8,642	15,631
3% increase each year						(1,011)	56	5,491	11,316
Savings included in budget			(12,337)			(12,337)	(12,947)	(245)	(245)
Savings to be identified			0	0		0	2,131	8,436	15,432

Appendix E**Budget owned by the Office of the Police and Crime Commissioner**

The entries shown within the Net Expenditure owned by the Office of the Police and Crime Commissioner are analysed further below to show the cost of activities undertaken specifically by the OPCC and the cost of those activities that are owned by the OPCC but apply corporately across the OPCC and Constabulary.

MTFS ref	Budget sub-heading	Budget 2015/16 £
PCC	OPCC Employees related	915
PCC	OPCC Premises related	131
PCC	OPCC Travel & Subsistence	59
PCC	OPCC Supplies & Services	407
PCC	OPCC Grants Paid	4,072
PCC	OPCC Gross Expenditure	5,584
PCC	OPCC Specific Grant	(2,058)
Reserves	OPCC Use of Reserves	(670)
	OPCC Net Expenditure sub-total	2,856

MTFS ref	Budget sub-heading	Budget 2015/16 £
Estates	Corporate Premises related	12,825
Cap Fin	Corporate Capital Financing	4,247
Interest	Corporate Interest on Balances	(500)
Reserves	Corporate Use of Reserves	(187)
	Corporate costs owned by the OPCC sub-total	16,385

MTFS ref	Budget sub-heading	Budget 2015/16 £
	OPCC Net Expenditure sub-total	2,856
	Corporate costs owned by the OPCC sub-total	16,385
	Net Expenditure owned by the OPCC Total	19,241

The specific grant relates to funding from the Ministry of Justice for victims, witnesses and restorative justice. The cost of the Community Safety Fund (CSF) which is £1.715m in 2015/16 still sits with the OPCC but the specific grant that was received for CSF is now part of the general grant.

A further explanation of the use of specific grant, CSF and reserves is given in the Police and Crime Commissioner's Commissioning Plan.

The Police and Crime Commissioner's Commissioning Plan and Commissioning Funding

The Commissioning Plan for 2013/17 has been published on the Police and Crime Commissioner's website. It is the result of conferences, multi agency workshops and many discussions with service providers, users, and statutory and voluntary agencies. The Commissioner will establish a commissioning programme that focuses funding and activity on clear priorities derived from the Police and Crime Plan and further developed with partners and service users. The Commissioning themes are as follows:

Theme	Details	Police and Crime Plan Priority
Domestic and Sexual Abuse	The Commissioner's focus will be on preventing domestic and sexual abuse through working with education and other partners, supporting work with perpetrators, and supporting people who have experienced domestic and sexual violence.	3, 4
Data and Technology	To improve the availability of crime data.	1, 4
Children, Families and Young People	Prevention of crime requires focused work with young people including those on the cusp of the criminal justice system. The Commissioner will support the Troubled Families projects and will look for ways to support families of offenders to prevent reoffending. The Commissioner will work with Children's Services and will look at safeguarding issues.	3, 4
Victims and Witnesses	In April 2014, additional funding for supporting victims of crime was available to the Commissioner and a commissioning approach adopted.	2
Preventing Substance Misuse	Preventing substance misuse, supporting people to stop misusing, and supporting families	3, 4
Anti Social Behaviour	The Commissioner will work with local Authorities and local Community Safety Partnerships (CSPs) to reduce the incidence of anti social behaviour.	3, 4
Preventing Reoffending	The Commissioner will support the work of Integrated Offender Management (IOM) services and wishes to ensure stability of service while changes are taking place within the management of the probation service.	3, 4
Restorative justice	To develop ideas and approaches towards Restorative Justice.	4

The Commissioning fund is made up of the Community Safety Fund, which is included in the main police grant from 2014/15, the Victims Support Services grant (including Restorative Justice Services) from the Ministry of Justice and the Commissioning Reserve, made up from the £2.001m that was set aside in 2013/14 only, to be able to provide funding to support the attainment of the Police and Crime Plan priorities. The level of the Commissioning funding and the projected spend from each of these funds can be found in the appendix and further explanation to each can be found below. The application process for organisations to apply for grants and funding (excluding the small grants fund) for 2014/15 opened on Monday 13 January and ran until Friday 31 January 2014.

Community Safety Fund

- 1 The Community Safety Fund was previously administered by District Council based Community Safety Partnerships who spent it to met priorities decided in local strategic needs assessments.
- 2 The fund was then transferred to top tier authorities. This made no difference in the three unitary authority areas, but within Hampshire it led to the creation of the County Strategy Group for Crime and Disorder, whose aim was to achieve consensus about spending.
- 3 When the Police and Crime Commissioner role was created the Community Safety Fund was transferred, and the Commissioner now has a unified budget for Hampshire, Portsmouth, Southampton, and the Isle of Wight.

Victims and Witnesses

- 1 Funding for support for Victims and Witnesses, including funding the charity, Victim Support, is currently administered through the Ministry of Justice (MoJ).
- 2 The majority of the funding currently held by MoJ is being devolved to PCCs in stages. £704,207 has come to the Commissioner in 2013/14 to fund development and capacity building. There is a requirement and expectation that most of this will be spent by the end of the financial year but as the money wasn't announced until November 2013 there is flexibility with this.
- 3 Funding for a range of specialist services will be devolved in October 2014, and funding for the Victim Support service itself, will be devolved in April 2015.

Competed Fund

One-off funding in 2014/15 of £131,733 via the MoJ to support priority categories of victims of crime to help them cope with immediate impacts of crime and, as far as possible, recover from the harm they have experienced.

The Commissioning Reserve

This is a one off amount that can be rolled forward. It is to be used to

1. **Stabilise the Community Safety Fund at £1.6m.** Given the history of the CSF and the fact that it has declined in absolute terms over the last few years, there has been significant instability in the sector and year on year cuts to important services. By guaranteeing to stabilise funding the Commissioner has made a significant step to address this, at least for the next three years. The CSF will be used for services that can expect their funding to continue year on year, again providing stability in the sector
2. **Uplift CSF in line with inflation.** Again this will help providers ensure their services are stable and sustainable.
3. **Fund the Innovation Grant at £300,000 for two years.** This grant gives more flexibility to service providers and commissioners to come forward with new ways of working and addressing the issues that we face. Whereas the CSF will be used for services that can expect their funding to continue there will not be the same commitment with Innovation Grant funding
4. **Fund commitments made before the Commissioning Plan was in place.** The Commissioner and Assistant Commissioners worked actively with services and providers in 2013/14, the period before the Commissioning Plan was agreed. This resulted in a limited number of commitments which have resulted in new and innovative services being able to start up. Some of the Commissioning Reserve is being used to honour those commitments and enable those developments.

Commissioning Budget

Victim & Witnesses Grant Funding 2013/14

Income:	Ministry of Justice Funding Received	704,207
		704,207
Expenditure:	PPP Grants	26,300
	Other Grants	34,600
	24hr Domestic Violence line	50,000
	Needs Assessment	5,218
	Victim Support Call Centre Options	9,979
	Staff: Commissioning staff - Victims & Witnesses	10,000
	Staff: Commissioning staff - RJ	10,000
	Ministry of Justice Funding carried forward to 2014/15	558,110
		704,207

Victim & Witnesses Grant Funding 2014/15

Income:	Ministry of Justice Funding carried forward from 2013/14	580,110
	Ministry of Justice Funding Received 2014/15	661,887
		1,241,997
Expenditure:	World Cup DV Cars	4,037
	Provider Development	33,150
	Commissioning Grants - Restorative Justice	65,346
	Commissioning Grants - Victims & Witnesses	230,577
	Referral & Associated Funding	406,273
	Call Centre & Response Service Procurement	30,000
	CSF grants - Victims & Witnesses	253,336
	Victims of sexual violence & domestic violence	44,013
		175,265
		1,241,997

Victim & Witnesses Grant Funding 2015/16

Income:	MofJ Funding Received-Victims & Witnesses	1,625,000
	MofJ Funding Received-Restorative Justice	433,000
		2,058,000
Expenditure:	Victim Care Service	400,000
	Domestic Violence Contract (HCC)	180,000
	Victim Voice	30,000
	SARC Support Worker	30,000
	CSF grants - Victims & Witnesses	985,000
	Restorative Justice	433,000
		2,058,000

Community Safety Fund 2014/15

Income:	Home Office Funding	1,389,000
	Commissioning Reserve	211,000
	Commissioning Reserve - Small Grants	75,000
	Virement to Innovations Grant	-60,000
		1,615,000
Expenditure:	Community Safety Fund grants	1,540,000
	Small Grants fund	75,000
		1,615,000

Community Safety Fund 2015/16

Income:	Home Office Funding	1,345,000
	Commissioning Reserve	295,000
	Commissioning Reserve - Small Grants	75,000
		1,715,000
Expenditure:	Community Safety Fund grants	1,440,000
	Youth Offending Teams	200,000
	Small Grants fund	75,000
		1,715,000

Community Safety Fund 2016/17

Income:	Home Office Funding	1,302,000
	Commissioning Reserve	379,000
		1,681,000
Expenditure:	Community Safety Fund grants	1,481,000
	Youth Offending Teams	200,000
		1,681,000

Innovations Grant Fund

Income:	Commissioning Reserve	600,000
	Virement from Community Safety Fund 2014/15	60,000
		660,000
Expenditure:	Innovation Grants 2014/15	360,000
	Innovation Grants 2015/16	300,000
		660,000

PCC Competed Fund (2014/15 Only)

Income:	Ministry of Justice Funding Received	131,733
		131,733
Expenditure:	Nepali Domestic Violence Project	30,000
	Young Persons' Independent Sexual Violence Advisor	30,000
	Crisis Workers at the SARC	29,869
	Ongoing Support for Young Victims	41,864
		131,733

Commissioning Reserve

Income:	Commissioning Reserve	1,956,500
Expenditure:	Community Safety Fund (over 3 years)	885,000
	Innovation Grant Funding (over 2 years)	600,000
	Community Safety Fund - Small grants (over 2 years)	150,000
	Community Speed Watch funding	140,000
	Neighbourhood Watch funding	20,000
	Diversionary Scheme research	30,000
	Perpetrator Scheme research	30,000
	Off the Record grant	5,000
		1,860,000
	Commissioning Reserve remaining	96,500

Victim Support Call Centre CSPs	Options Appraisal on delivery models for Victim Support
Referral & Associated Funding	Funding for Community Safety Partnerships to support victims of ASB
Crime Analysis	Referral and associated funding remaining with MoJ for 2014/15
Diversionary Scheme	New proposal for jointly funding crime analysis
Perpetrator Scheme	Research into effectiveness of diversionary schemes
	Research into effectiveness of Perpetrator schemes - domestic & sexual abuse

Appendix F

Savings & Efficiencies

Department / Savings Programme		Unit	Description	2015/16			
				Non-Pay £'000s	Pay £'000s	Total £'000s	FTE
OCP	CUSTODY AND CRIMINAL JUSTICE	CJD HQ	Remove one management level post	0	-53	-53	-1
		CUSTODY	Reduce posts as Custody Centres are rationalised	0	-68	-68	-1
OCP	LOCAL POLICING	Remove current structure	Restructure due to Operational Change Programme	0	-115,554	-115,554	-2,678
OCP	SERIOUS CRIME DIRECTORATE	Remove current structure	Restructure due to Operational Change Programme	0	-23,463	-23,463	-536
OCP	TASKING AND CO-ORDINATION	Remove current structure	Restructure due to Operational Change Programme	0	-10,622	-10,622	-288
OCP	NEIGHBOURHOODS & PREVENTION	New structure	Restructure due to Operational Change Programme	3,601	37,468	41,068	1,027
OCP	RESPONSE & PATROL	New structure	Restructure due to Operational Change Programme	2,489	37,859	40,347	884
OCP	INVESTIGATIONS	New structure	Restructure due to Operational Change Programme	2,546	39,984	42,530	930
OCP	INTELLIGENCE TASKING & DEVELOPMENT	New structure	Restructure due to Operational Change Programme	2,819	13,054	15,873	332
OCP	MANAGEMENT OF RISK	FIREARMS LICENSING UNIT	Increase in income due to timing of licence renewals	-50		-50	
OCP	PUBLIC INTERFACE	CALL MANAGEMENT	Introduction of Resolution Centre	0	131	131	11
OCP		PARTNERSHIPS			-211	-211	-3
ECP	POLICE & CRIME COMMISSIONER	ESTATES	Revenue savings from rationalisation of estate	-214		-214	
JW	CORPORATE SUPPORT	JOINT WORKING	Joint working staff TUPE'd, therefore cost now external	3,891	-4,664	-773	-139
Collab	CORPORATE SUPPORT	ICT	Savings from SEPSNA contract	-307		-307	
Other	CORPORATE SUPPORT	FACILITIES	Reduce posts as buildings	-80		-80	
Other	CENTRAL	Winsor Review	3rd phase of CRTP removal	-581	0	-581	0
Other	CENTRAL	Allowances	Reduced posts and effect of historical changes to allowances	-427	0	-427	0
Total				13,686	-26,139	-12,453	-461

Appendix G

Budget Pressures and Growth

Title	Ref	Owner	Priority Level	Detail	Risk	Included in Budget Proposal			
						2015/16 Proposal £'000	2016/17 Proposal £'000	2017/18 Proposal £'000	2018/19 Proposal £'000
						970	576	576	576
Data centre running costs	ICT A	Head of ICT	No Choice	Relocation and on-going running costs of externally located, commercially run data centre	ICT Services cannot be provided	70.0	105.0	105.0	105.0
Network equipment refresh	ICT F	Head of ICT	High	Replace equipment which is reaching end of life	Possible system failures	27.0	27.0	27.0	27.0
Increased support costs of replacement ICT applications	ICT H	Head of ICT	No Choice	On-going support for the replacement of current systems, where the annual cost of the new system is higher than the previous version.	Applications will cease or faults will not be fixed	714.0	285.0	285.0	285.0
Domestic Violence Protection Orders	DCC 1	Head of Legal Services	No Choice	The Crime & Securities Act 2011 gives powers to protect victims of domestic violence, but requires court orders within short timescales	Significant risks to members if the public	158.5	158.5	158.5	158.5

Appendix H

Capital Programme

Those schemes which have already been approved and are either annual programmes or projects for which full business cases and / or project appraisals have been agreed with the exception of those marked with a # which are subject to final approval	Total Scheme Cost	Cumulative Spend Prior to 2014/15	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000		£'000
Estate							
Estate Change Programme (ECP)							
# ECP Capital costs of assets	67,425	1,022	10,335	42,178	12,890	1,000	
Total Estate:	67,425	1,022	10,335	42,178	12,890	1,000	0
Technology							
Capitalisation of IT equipment							
- Unallocated			0	0	182	481	496
- Lifecycle & Altaris Hardware Refresh			384	384	384	384	384
- APD Upgrade (2013-14 MTFS ICTH)			410				
- Firewall Upgrade (2013-14 MTFS ICTF)			160				
- Load Balancing (2013-14 MTFS ICTF)			70				
- EAS Upgrade (2013-14 MTFS ICTF)			70				
- Datacentre Refresh (2013-14 MTFS ICTB)			540				
# - PHQ Decommissioning (2014-15 MTFS ICTB)				1,000			
# - Datacentre Refresh (2014-15 MTFS ICTC)				90	100	110	120
# - Network Infrastructure Refresh (2014-15 MTFS ICTD)				525	25	25	
# Replacement of desktop XP operating systems	2,188	0	1,561	627			
Replacement of Data Centre hardware (Decision 165)	760	0	760				
Mobile Information	5,112	3,487	1,121	115	389		
Body Worn Video	1,847	936	826	85			
Automatic Number Plate Recognition	639	394	245				
South East Police Shared Network Service Agreement	2,585	844	1,529	212			
Technology:	13,131	5,661	7,676	3,038	1,080	1,000	1,000
Transport							
Vehicle Replacement Programme	Annual Programme	Annual Programme	4,630	4,100	2,300	2,300	2,400
Transport:	0	0	4,630	4,100	2,300	2,300	2,400
Grand Totals:	80,556	6,683	22,641	49,316	16,270	4,300	3,400
Capital Receipts:							
Operational Buildings			(12,814)	(28,325)	(11,550)	(3,800)	(7,125)
Residential Properties			0	(220)	(808)	(1,130)	
Vehicles and fleet			(300)	(300)	(300)	(300)	(300)
Other Capital Receipts			0				
Total Capital Receipts:			(13,114)	(28,845)	(12,658)	(5,230)	(7,425)
Capital Grants and Reserves:							
Capital Grant			(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Innovation Capital Grant			(844)	(1,060)			
Revenue Contributions to Capital Outlay			(1,507)	(700)	(200)	(200)	(200)
Funded by Transformation Reserve			(2,266)	(1,358)	(447)		
Shortfall / Surplus Funding			2,111	14,553	165	(3,930)	(7,025)

Appendix I

Reserves Strategy

Background

The Chief Finance Officers have a responsibility to ensure that the level of reserves maintained is sufficient. The Police Reform and Social Responsibility Act 2011 states that only the Police and Crime Commissioner, and not the Chief Constable, is permitted to hold reserves. In Hampshire, it was agreed that this would continue to be the case after the Stage 2 transfer in May 2014.

The Chartered Institute of Public Finance and Accountancy (CIPFA) produces guidance on reserves, but the exact level of reserves to be held is left as a local decision due to the need to reflect individual circumstances. Whilst there are no firm requirements on the amount, it is clear that reserves must be held to ensure that the organisation is able to meet any unexpected liabilities. CIPFA warned that the use of reserves to deal with shortfalls in day-to-day spending would be a “recipe for significant financial problems”.

Reserves required for accounting purposes only are not covered by this strategy as they are not optional and follow proper accounting practices.

The level of reserves held is audited annually by the external auditors, currently Ernst & Young LLP.

Matters for consideration in assessing the level of reserves

The current financial climate has resulted in the Government introducing a programme of austerity measures that has reduced the amount of funding made available to many public sector organisations, including the police service. There have also been other changes as a result of the Winsor Review of police terms and conditions and changes to pension arrangements as a result of the Hutton Review. Other Government fiscal policy decisions such as the increase in employers’ national insurance contributions will have a significant impact on costs. Some of the changes made have to be implemented at relatively short notice. Therefore, the austerity programme and the resulting changes create an increased risk to financial stability which will naturally require an increase in reserves to reflect this risk.

Current reserves and levels

The General Reserve has been set at a minimum target balance of £4.500m, with an additional £1.000m added to the target (to make £5.500m) due to inherent risks associated with the significant Estate Change Programme. The balance on the General Reserve as at 31 March 2014 was £15.966m but much of this has been committed elsewhere resulting in a planned balance of £7.999m by March 2015 and £6.451m by March 2019.

In addition, a Risk Reserve has also been created to guard against the possibility of short notice reductions in funding and/or delays in delivering the

savings required to address the funding reductions. The balance on the Risk Reserve was £6.689m, but is reduced in 2014/15 by £0.973m to fund the shortfall in the 2014/15 budget caused by the late announcement of the referendum limit. Savings within the revenue budget in 2014/15 has allowed a contribution to the Risk Reserve to replenish the £0.973m used to balance the budget in 2014/15. The longer term intention is to deliver savings as required in order to leave the Risk Reserve available for investment in performance improvements once greater financial stability is achieved within the wider financial environment.

A new Estate Risk Reserve has been created in 2014/15 to provide funding towards the contingency element of the Estate Change Programme, should it be required. The balance is £2.750m.

The financial challenges are requiring the Constabulary to implement transformational change. These changes require additional investment to cover significant one-off costs such as the cost of redundancies, investment in infrastructure, investment in technology and project costs. The Transformation Reserve was created to fund the costs required. The Transformation Reserve had a balance of £24.954m as at 31 March 2014, but again this is expected to be committed to initiatives so that the balance is zero by March 2019. The criteria for accessing the Transformation Reserve ensure that all funding is used to deliver efficiency savings and/or improve performance. Therefore, all the cost of change will be recouped through year on year savings, required in order to balance future budgets with the reduced funding available.

Her Majesty's Inspectorate of Constabulary have reviewed the Constabulary's preparedness for austerity and commented favourably on the approach.

The Government has announced further financial cuts in 2015/16 which will require more transformational change, which is again likely to result in some cost. Therefore, the Change Programme needs to continue to deliver savings ahead of the actual budget reduction in order to generate reserves that can be used to pay for the next round of savings initiatives.

The Police and Crime Commissioner holds some other smaller reserves for specific purposes. These are the:

- Equipment Reserve (£1.000m) available to offset the impact of large scale equipment replacement such as the need to replace body armour when the warranty for body armour expires. This reserve will be used when needed and then replenished as the financial position allows.
- Performance Reserve (£1.700m) being used to pay for Operation Fortress which is an operation to deter criminal gangs from Southampton. This reserve is expected to be fully used by March 2015.
- Insurance Reserve (£0.894m) is available to pay for items that are not covered by the insurance contract. Research and experience has shown that it is more cost effective to hold a reserve for some things that are low risk and low probability rather than pay an insurance premium to cover them. This reserve is expected to be maintained at a similar level.

- Laboratory Reserve (£0.050m) is available to pay for renewal of equipment as part of a joint scheme with Hampshire County Council. This reserve will be used periodically and replenished in between.
- Capital (Revenue Contributions) Reserve holds funds that have been set aside from within the annual revenue budget to pay for capital schemes. This reserve will collect funds on a temporary basis as the funds will usually then be paid out in the next one or two years to cover the cost of a capital scheme.

In addition to the reserves set out above, the accounts include earmarked reserves that are ring fenced for specific purposes and are not available for other use. These include:

- ACRO Surety (£4.094m) and AVCIS Surety (£0.300m) held to cover any potential costs to the Chief Constable or Police and Crime Commissioner should ACRO cease to trade on its current basis.
- other balances of £6.656m held on behalf of ACRO.
- Safer Roads Unit (£1.653m) balances ring-fenced to be used on safer roads initiatives. This funding is planned to be used to replace existing safety cameras with digital cameras.
- Repairs and Maintenance (£3.146m) ring-fenced for essential repairs and maintenance agreed.
- Data Centre move (£0.800m) ring-fenced for moving the Data Centre from the current Police HQ which is being sold.

Reserves Position as at March 2019

The Reserves Profile shows that existing planned commitments will result in a reduction of reserves by March 2019 to £18m which is circa 6% of the annual revenue budget at that point. This assumes that there are no adverse issues that impact on the General Reserve or the Risk Reserve.

The use and level of reserves held will be kept under continual review.

Reserves Profile

Reserves	As at 31/03/14	14/15	As at 31/03/15	15/16	As at 31/03/16	16/17	As at 31/03/17	17/18	As at 31/03/18	18/19	As at 31/03/19
£000											
General Reserve:											
Commissioner carry forward											
Constabulary carry forward											
Transformation Reserve											
Unspent capital balances		(7,580)									
Underspend 13/14		(387)		(387)		(387)		(387)		(387)	
Other movements											
Balance	15,966		7,999		7,612		7,225		6,838		6,451
Transformation Reserve											
Contributions to Transformation Reserve		11,857									
Use of reserve		(7,583)		(19,969)		(8,391)		(868)		0	
Balance	24,954		29,228		9,259		868		0		0
Risk Reserve:											
Movement		0									
Balance	6,689		6,689		6,689		6,689		6,689		6,689
Estate Risk Reserve											
Movement		2,750		0		0		0		0	
Balance	0		2,750		2,750		2,750		2,750		2,750
Commissioning											
Movement		(811)		(670)		(379)		0		0	
Balance	1,976		1,165		495		116		116		116
Equipment Reserve:											
Movement											
Balance	1,000		1,000		1,000		1,000		1,000		1,000
Performance Reserve:											
Operation Fortress		(1,700)									
Balance	1,700		0		0		0		0		0
Insurance Reserve:											
Movement		0		0		0		0		0	
Balance	894		894		894		894		894		894
Laboratory Reserve:											
Used to replace equipment		(53)		(50)		(50)		(50)		(50)	
Contributed for future costs		50		50		50		50		50	
Balance	53		50		50		50		50		50
Capital (Revenue Contributions) Reserve:											
Contribution from revenue account		200		200		200		200		200	
Used to support capital programme		(1,189)		(200)		(200)		(200)		(200)	
Balance	989		0		0		0		0		0
Sub-total of Reserves available to use	54,221	(4,446)	49,775	(21,026)	28,749	(9,157)	19,592	(1,255)	18,337	(387)	17,950
% of Total Net Expenditure Budget	17.7%		16.2%		9.6%		6.7%		6.3%		6.3%
Earmarked Reserves:											
ACRO surety (£4,094k opening balance)											
AVCIS surety (£300k opening balance)											
Netley Business Plan (£128k open balance)											
Reserves which are carried on the balance sheet but are ring-fenced or committed (e.g. ACRO balances)		(1,913)		0		0		0		0	
Balance	18,970		17,057		17,057		17,057		17,057		17,057
Revenue Grants Unapplied											
Movement											
Balance	228		228		228		228		228		228
Total Revenue Reserves:	73,419	(6,359)	67,060	(21,026)	46,034	(9,157)	36,877	(1,255)	35,622	(387)	35,235