



REPORT BY THE POLICE, FIRE AND CRIME COMMISSIONER (PFCC) AND THE CHIEF FINANCE OFFICER

PFCC PROPOSED POLICE PRECEPT

REVENUE BUDGET 2020/21, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN

Purpose of the Report

To present the 2020/21 Police Precept Proposal and the additional considerations contained within it.

Executive Summary

This report, and the precept proposal within it, is the culmination of several months' work by the Office of the Police and Crime Commissioner (OPFCC), supported by Force colleagues and taking account of public and stakeholder consultation and key government announcements.

Following the announcement of the final Police Grant settlement, the Police, Fire and Crime Commissioner (PFCC) has considered current and future funding levels, together with the factors included within his Police and Crime Plan, the consultation, the Spending Review (SR2015) and the Spending Review 2019 (SR2019).

Furthermore, the PFCC has, together with the OPFCC Chief Financial Officer (S151), considered the financial planning guidance included in the national Police Uplift Programme, shared with Force S151 Officers by the national operational lead.

The national police uplift financial planning assumptions have assisted in the development of three Medium Term Financial Plan (MTFP) scenarios considered as part of the budget and precept discussions.

The PFCC has received briefings and updates on the police grant settlement and acknowledges the assumption contained within it that PFCCs will increase their precept locally at £10 in 2020/21.

In considering the budget for 2020/21 and the proposed level of precept, the PFCC has conducted, and been informed by, a consultation of 1250 residents of Northamptonshire undertaken by Social and Market Strategic Research (SMSR).

The PFCC has reviewed the adequacy and level of reserves to ensure that funds are still available to support investment in innovative solutions and ensure the level is adequate to meet one off short term funding shortfalls.

Given the significant financial impact of the national police uplift programme on the MTFP, the PFCC and S151 have also reviewed reserve levels to ensure that if none of the national uplift financial assumptions outlined in this report come to fruition, then the MTFP “worst case” scenario can still be balanced from reserves over a three year period.

Whilst there was a better than anticipated settlement in 2020/21, the PFCC has recognised that there is a significant financial impact in planning to achieve 1500 officers. Whilst financial planning assumptions have been received from the national operation uplift programme lead, these are caveated that the funding plans may be affected by the outcome of the Spending Review 2020 (SR20) and review of year 1 of the uplift. Therefore, the funding settlement only gives certainty for one year.

This uncertainty could result in financial challenges over the medium term if future national funding indications are not met. The proposed precept balances those challenges with recruiting additional officers to meet the operational challenges the public and the Chief Constable have said are a priority.

The PFCC has been briefed on the current and emerging operational and demand challenges and these have informed discussion on the budget allocation to the Force for 2020/21 and future years.

The budget for 2020/21 includes 83 additional police officers announced in the 2019/20 precept and has been increased to reflect a further 57 police officers as part of the national police officer uplift programme, increasing police officer numbers to 1367 by March 2021.

In line with the national uplift programme predictions, the budget and Medium Term Financial Plan (MTFP) also includes police officer increases of 76 in 2021/22 and 57 in 2022/23. Whilst these are subject to final funding confirmation in the Spending Review 2020, these predictions will increase total police officer establishment for Northamptonshire to 1500 by March 23.

Based on these predictions, police officer numbers in Northamptonshire are due to increase by over 20% (273 police officers) between the periods March 2019 to March 2023.

The PFCC has ring fenced the sum of £750K in 2020/21 to support the Chief Constable’s operational priorities.

The PFCC has also set aside funding from within his the OPFCC Commissioning and Delivery Budgets to deliver the following additional initiatives:

- £300K set aside to support domestic abuse commissioning intentions
- £450K set aside to support initiatives to reduce re-offending
- £250K set aside to support Crime Prevention Initiatives
- £464K set aside to continue the work of the Early Intervention Youth Grant (funded by the Home Office until 31/3/2020) for a further year which provides targeted interventions to young people involved or at risk of becoming involved in serious violence.
- Further resources have also been set aside to support Burglary and Serious and Organised Crime initiatives alongside expansion of the mental health triage scheme and a pilot scheme to support veterans coming into Police custody.

The policing budget and precept also seeks to take forward the statutory duty to collaborate for the three emergency services. This means that the services should be actively seeking opportunities to work together to deliver more efficient and effective public services.

Both Fire and Police Budget agreements for 2020/21 will again demonstrate the PFCC commitment to collaboration, including greater integration between police and fire and rescue to reinvest in frontline services. It is the PFCC's expectation that, over time, the following areas will be delivered:

- Shared Services
- Shared Estates Strategy
- Shared Prevention Approaches
- Operational Interoperability

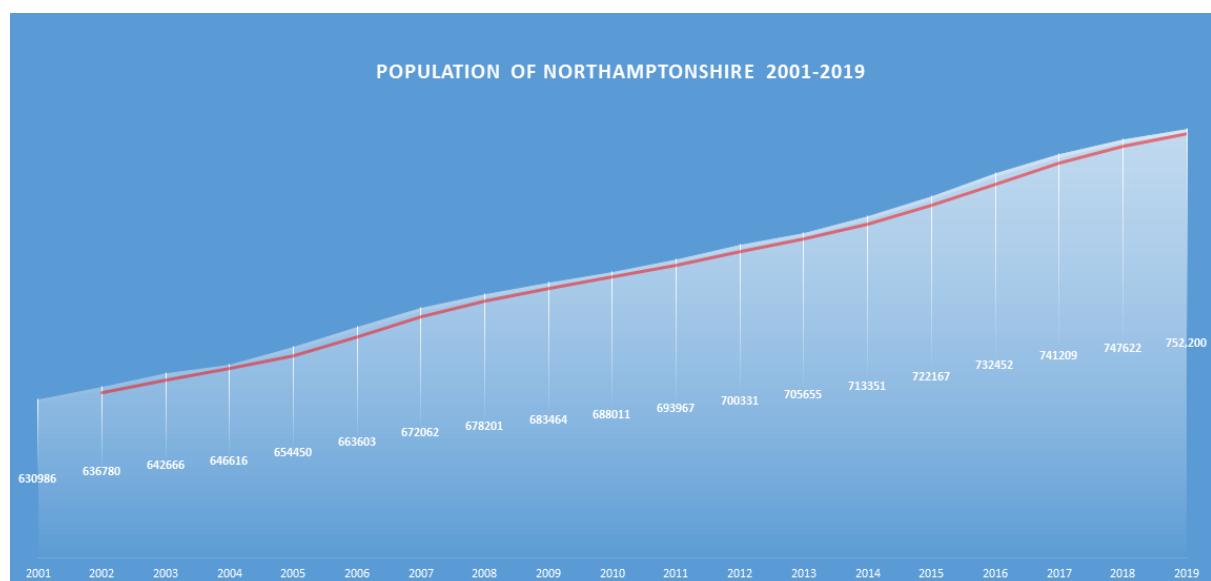
After careful consideration of the factors included within this report, the PFCC is proposing a precept increase of £10 a year (equivalent to 20 pence per week). for the 2020/21 financial year in order to increase and invest in police officers, build a sustainable base budget to maintain and safeguard policing services across the force area and make additional investment into essential and evolving demand areas for Northamptonshire.

Background

In considering his precept proposal for 2020/21, the PFCC has reviewed a wide number of factors, including the significant population increase in Northamptonshire over the period 2001 to 2019. With the opportunities that an increase in population brings there is also an impact on demand for public services, especially the police.

The Medium Term Financial Plan (MTFP) makes a prudent assumption that the taxbase will increase by 1.75% per annum over the five year period. This equates to an increase of almost 18,000 Band D by 2024/25. The Joint Strategic Needs Assessment (JSNA) Demography Insight Pack 2019 outlines that Northamptonshire's population has increased by 29.9% over the 30 years, compared with 17.7% across England. It also estimates this will increase by a further 14% by 2041.

The graph below demonstrates this population increase for the period 2001 to 2019.

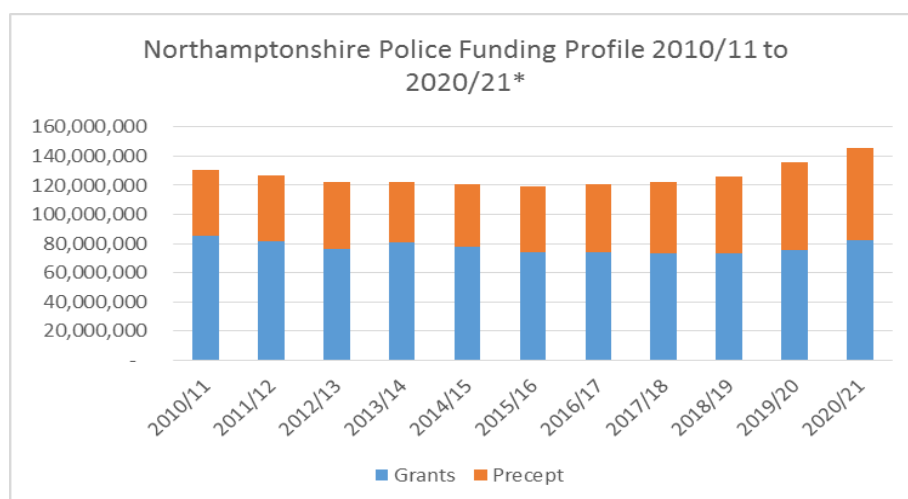


Source: ONS and JSNA

Police central funding has not kept pace with this population increase and whilst local council taxbase increases have contributed to total funding, central government grants, which form over 50% of local police funding, have not.

The Somerset Technical Team undertake technical analysis of local government, fire and policing settlements for PCCs and have summarised the funding settlements each year since 2010/11 (excluding council tax surplus). This analysis has been updated to reflect the 2020/21 settlement. It will be updated again when all PCCs have set their precepts.

The table below reflects that in 2010/11, the public of Northamptonshire contributed 34% towards Northamptonshire Police Funding and by 2020/21, they are forecast to contribute 43%.



This analysis also highlights that whilst council tax has income has increased from approximately £43m to over £63m during this period, grants totalling £82m in 2020/21 are still lower in cash terms than the £86m of grants received in 2010/11.

Band D Council Tax levels vary significantly for Police and Crime Commissioners across the country and the PFCC strongly believes that the current funding formula does not best serve the residents of Northamptonshire, meaning that local residents are required to fund a higher level of the policing bill than they would in other areas. He will continue to seek a fairer funding settlement on behalf of the residents of Northamptonshire.

Previous Precept Strategies

The precept proposal for 2020/21 is the fourth year of investing in Northamptonshire Police and over this period, the PFCC will have increased funding to the Chief Constable by almost £26m. In addition, he has also taken forward Commissioning and Delivery priorities over this period as follows:

2017/18

- Investment in the Service Delivery Model , increasing over 50 frontline roles

2018/19

- Investment in a further 22.5 posts across areas such as Serious and Organised Crime, Rape and Serious Sexual Offences, Missing persons. Police and Fire Interoperability and Inspection Assurance

2019/20

- Investing in 83 extra police officers over two years to enable the introduction of a geographically based policing model with increased local accountability
- Investing in essential equipment and resources to support Investigation Teams
- Increased locally available specialist operational resources in Road Crime Team and Dog Section
- Investing in Early Intervention Delivery Team
- Investing in Youth Work Delivery Team
- Investing in Counselling Support to support Early Intervention
- Developing a Rural Crime Strategy towards tackling crime in rural areas
- Establishment of the Road Safety Alliance

2020/21

- Investing in 83 extra police officers over two years to enable the introduction of a geographically based policing model with increased local accountability
- Together with the national uplift, investing in a further 57 police officers
- Continued operational growth and capability in Roads Policing and Dog Section
- Ring fencing the sum of £750K for operational priorities to be agreed with the Chief Constable.
- Investing in Domestic Abuse support (for the estimated 16,000 victims per year)
- Supporting initiatives to reduce re-offending
- Supporting Crime Prevention Initiatives
- Continue the work of the Early Intervention Youth Grant, working with partners to provide targeted interventions to young people involved or at risk of becoming involved in serious violence.
- Further resources have also been set aside to support Burglary and Serious and Organised Crime initiatives alongside expansion of the mental health triage scheme and a pilot scheme to support veterans coming into Police custody

Public Consultation on the Level of the Precept

The 2020/21 Precept proposal is the fourth precept proposed by Stephen Mold during his term as Police and Crime Commissioner.

In the past year, in line with many colleagues, the PFCC has campaigned locally, regionally and nationally about the challenging funding position for Police, specifically Northamptonshire. Whilst it is pleasing that a better settlement than expected has been received for 2020/21, and the additional police officers welcome, the lack of certainty for funding, particularly in respect of the officer uplift after 2020/21 remains a concern.

The PFCC's office commissioned Social and Market Strategic Research, an independent research organisation, to undertake a consultation to seek the views of residents who pay council tax in Northamptonshire about the precept level for Policing and the Fire & Rescue Service for 2020/21.

An interviewer-led telephone questionnaire was designed by SMSR and OPFCC staff. Interviews were conducted with 1250 residents of Northamptonshire between the

23rd December 2019- 22nd January 2020, using random quota sampling to ensure the sample was representative.

All 1250 respondents were asked for their views on the policing precept:

More than two thirds of residents (71%) were willing to pay an increase for policing, with 43% prepared to pay £10 or more.

Respondents were given the opportunity to comment on the consultation, together with stating how good a job the Police and the Fire and Rescue Service were doing. The full results will be placed on the OPFCC website in due course.

In formulating his precept strategy, the PFCC has considered the consultation carefully.

Precept Considerations included in the Police Grant Settlement

The 2020/21 Referendum Principles for Policing were issued as part of the Police Grant Settlement on the 22 January 2020.

For 2020/21 the threshold for policing has been set at £10 (compared to £24 in 2019/20 and £12 in 2018/19) in line with the joint letter from the Home Secretary, the Rt Hon Priti Patel MP and the Minister of State for Policing and the Fire Service, the Rt Hon Kit Malthouse MP.

The letter set out the context behind the increased funding envelope, if PCCs use their precept flexibility to the maximum. It also set out expectations and conditions for the increase as follows:

We are giving police forces £700 million for the recruitment of 6,000 additional officers by the end of March 2021, which represents an increase of almost 10% of the core grant funding provided last year. Assuming full take up of precept flexibility, overall funding for Police and Crime Commissioners (PCCs) will increase by £915 million to £13.1 billion next year.

This Government is determined to strengthen our police service and tackle the level of crime, particularly violent crime, across our country. Having already recruited the first of the 20,000 additional officers, this Government is sending a clear message that it is delivering on the people's priorities and keeping our streets safe.

The 2020/21 funding settlement, which has been laid in Parliament today, gives the police the investment they need to deliver on that promise. Taking all funding from the Government and PCCs' precept raising power into account, up to an extra £1.1 billion will be available for investment in policing in 2020/21. Force level allocations are included as an annex to this letter.

The letter further summarised that:

We are enabling Police and Crime Commissioners to increase precept by up to £10 for a Band D equivalent property, which, if all PCCs in England use in full, will raise up to £248 million additional funding for local priorities.

Whilst the letter confirmed that the first 6,000 officers and the £168m ring-fenced funding for 2020/21 would be based on the existing funding formula, no such confirmation has been received for future years. Whilst the MTFP assumes officer and funding allocations in line with the existing formula for Northamptonshire, however, it is possible these may be revised in the future.

The Comprehensive Spending Review 2015 (SR2015)

On 25 November 2015 the Chancellor of the Exchequer announced the outcome of the SR2015. The SR2015 detailed the spending settlements for each government department over the four year period 2016/17 to 2020/21.

Contained within both the detail of the Chancellor's Autumn Statement and the provisional grant settlements for this period was the assumption that PCCs will increase their precept locally by 1.99% each year for the period of the SR to ensure that police spending is protected.

The provisional settlements for the past three years from 2018/19 to 2020/21 have revised those assumptions, with expected increases of £12, £24 and £10 respectively.

The next spending review was scheduled for 2019. However, given tight timescales and the challenges on the parliamentary timetable, this was not possible and as such a one year SR2019 was issued on 4 September 2019.

The Spending Review 2019 (SR2019)

On 4 September 2019, the newly appointed Chancellor of the Exchequer, Sajid Javid MP announced the outcome of the Spending Round 2019 (SR2019), also referred to as the 'Spending Review'. The SR2019 set out public spending totals for the financial year 2020/21.

The detail of the spending review was considered by the Technical Team as follows:

"Prior to the statement, the Chancellor stated that it wasn't "just about numbers on a spreadsheet – it's about making sure our public services have the funding they need to make a meaningful difference to people's lives" and during his speech stated that the SR2019 represented the "fastest increase in day-to-day spending in 15 years", totalling a £13.8bn increase. Mr Javid also highlighted that this was the first SR in 15 years to protect each government department's funding in real terms.

In respect of policing, an extra £750 million for policing has been committed to start the process of recruiting an additional 20,000 additional officers by 2023. This £750 million *does not* include capital grant, however some of this money will be spent on capital items relating to the recruitment of Police Officers, such as cars and uniforms. The government has set a target of *up to* 6,000 new officers by the end of 2020/21."

The detail of the spending review and the implications for PCCs would be included in the Police Grant Settlement, anticipated at that time in December 2019.

Police Funding Formula

Since 2014/15, policing bodies have received their formula funding solely from the Home Office which subsumed the former DCLG grants (including previous funding from Business Rates).

The current formula gives an impact for Northamptonshire being significantly underfunded per head of population.

Work had been underway on a review of the formula with an initial view of implementation in 2018/19 and in his letter to PFCC's on the 19 December 2017 on the Provisional Police Grant Settlement for 2018/19, the then Minister advised: "In the context of changing demand and following my engagement with Police leaders, providing funding certainty for 2020/21 is my immediate priority. We will revisit the funding formula at the next spending review."

However, the funding formula review has not been covered within the Police Grant Settlement for 2020/21, therefore, timescales remain uncertain.

The PFCC still firmly believes that Northamptonshire is not served well by the current formula and does not reflect the challenges and demands of policing in the fast growing county Northamptonshire. In October 2018, he wrote to MPs, requesting their support to review the formula. In 2019/20, the Police, Fire and Crime Panel also wrote to support such a review.

The 2019/20 HMICFRS Value for Money profiles show that Northamptonshire receive the 27th lowest grant funding per head of population across all forces. As the Northamptonshire population continues to grow at a faster rate than the national average, the gap will continue to increase if the formula is not changed. The PFCC and CC will continue to take every opportunity to seek a fairer funding formula on behalf of the residents of Northamptonshire.

The Police Grant Settlement 2020/21

The 2020-21 Police Finance Settlement was announced on 22 January 2020 in a written statement by the Minister of State for Crime, Policing and the Fire Service, Kit Malthouse. Full details of the settlement can be found on the Home Office gov.uk pages. The Welsh Government also published information for the Welsh forces on their website.

Publication of the Police Finance Settlement was delayed due to the December 2019 general election, with Home Office ministers opting to go straight to a final settlement in the New Year. This decision meant that there was no provisional settlement or consultation over the Christmas period. Unlike the Ministry of Housing, Communities and Local Government (MHCLG), who are responsible for the local government finance settlement, the Home Office are not legally obliged to consult on their funding allocations.

Prior to the 2020-21 settlement publication the sector was expecting an additional £750m for recruitment of 6,000 officers (towards the 20,000 total), minus a reallocation for central costs. Force allocations of officer numbers had already been published and had been calculated pro-rata to core grant. In return for this additional money the Treasury had asked the Home Office to find £120m of savings from within their budget.

All PCCs and Chief Constables (CCs) received a joint letter from the Home Secretary and the Minister, setting out the Government's intentions as follows:

This Government is determined to strengthen our police service and tackle the level of crime, particularly violent crime, across our country. Having already recruited the first of the 20,000 additional officers, this Government is sending a clear message that it is delivering on the people's priorities and keeping our streets safe.

The 2020/21 funding settlement, which has been laid in Parliament today, gives the police the investment they need to deliver on that promise. Taking all funding from the Government and PCCs' precept raising power into account, up to an extra £1.1 billion will be available for investment in policing in 2020/21. Force level allocations are included as an annex to this letter.

Northamptonshire's allocation as set out in the letter equates to 57 officers.

Key features of the settlement include:

- £50m of the £750m retained centrally to support recruitment of officers
- Of the remaining £700m - £532m via un-ring fenced core grant, £168m ring fenced for successfully meeting recruitment targets.
- No other inflationary increases in core grant (see below)
- Resulting in a 7.5% increase in core funding
- £10 precept flexibility for all PCCs, or equivalent
- £92m (9%) increase in reallocations to over £1.1bn in 2020-21
- Flat cash pension grant allocations compared to 2019-20
- Reduction of 74% to capital grant funding to PCCs
- Ending of the Police Transformation Fund

For 2020/21, the reallocations have varied significantly compared to previous years, with the release of the Police Transformation Fund enabling funding to be provided to a wide range of areas as set out below:

	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)	2020-21 (£m)
o/w Reallocations and adjustments	812	945	1,029	1,120.9
PFI	73	73	73	72.8
Police technology programmes	417	495	495	498.4
Arm's length bodies	54	63	63	73.1
Top-ups to NCA and ROCUs	-	-	56	56.8
Strengthening the response to Organised Crime	28	42	90	140
Police transformation fund	175	175	175	-
Special Grant	50	93	73	80.9
Pre-charge bail	15	4	4	2.0
Police Uplift Programme				16.5
National Operational Policing Units (including football policing and wildlife crime)				2.9
Counter Terrorism				32.4
National Capability Programmes				47.0
Forensics				28.6
Serious Violence	-	-	-	38.9
PRUM (Transition from EU Systems)	-	-	-	1.8
HO STAR (Science Technology & Research)	-	-	-	8.0
Blue Light Commercial	-	-	-	3.7
Police Now				7.0
Safer Streets Fund				10.0

Source: Somerset Technical Team

In his statement, the Minister set out his intention to establish a new Strategic Change and Investment Board (SCIB) which will replace the Police Reform and Transformation Board as follows:

"I will also establish and chair an ambitious Strategic Change and Investment Board (SCIB), which will form part of the sub-governance of the National Policing Board. The Board will replace the Police Reform and Transformation Board and will coordinate, prioritise and drive investment across the policing system and have greater sight on a range of allocations to meet Government priorities around crime prevention and reduction. The SCIB will also oversee the investment in major technology programmes upgrading critical infrastructure, such as replacing the Airwave communications system with the 4G Emergency Services Network."

Pensions Grant Funding will remain at 2019/20 levels. The grant in 2019/20 needed to be supplemented by circa £300K of local funding as it did not cover the full costs. With more officers and increased salaries, if the grant remains at a consistent level, the amount required to supplement will continue to increase year on year.

Capital Grant allocations for Northamptonshire were previously forecast at £424K per annum, however, for 2020/21 they are advised as £113K. This is a significant reduction and the Capital Programme and MTFP have been updated to reflect this new level each year. There will be a financial impact on the revenue budget as other sources of funding will be required to meet capital expenditure, one of which is external borrowing.

A summary of the final core settlement assuming that the maximum precept increase is to be levied, compared to the 2019/20 actual position is as follows:

Funding Source	2019/20 Actual	2020/21 Core Settlement	2020/21 Core Settlement Increase
	£m	£m	£m
Police grant and ex-DCLG formula funding	67.803	72.877	5.074
Ring-fenced additional officer funding	0	1.602	1.602
Legacy council tax grants	6.644	6.644	0
Additional pension grant	1.300	1.272	-0.028
Total Home Office Revenue Allocations	75.747	82.395	6.648
Council Tax*	60.131	63.419	3.288
Capital Grant*	0.400	0.113	-0.287
Total 2019/20 Actual and 2020/21 Core Settlement	136.278	145.927	9.649

Note: Legacy Council Tax Grants include previous Council Tax Freeze Grants and Local Council Tax Support (LCTS).

** Denotes variances from actual revenue funding settlement to core settlement*

Whilst the core settlement includes all Home Office revenue allocations, it is based on the Office of Budgetary Responsibility (OBR) forecast taxbase estimate of 248,662.16, rather than the actual taxbase advised locally of 249,768.07. Similarly, it does not include the local council tax surplus.

Furthermore, whilst the settlement announcement has included all grant allocations, the revenue funding position would exclude capital grants. Therefore, the actual year on year funding comparison is as follows:

Funding Source	2019/20 Actual	2020/21 Actual	2020/21 Actual Increase
	£m	£m	£m
Police grant and ex-DCLG formula funding	67.803	72.877	5.074
Ring-fenced additional officer funding	0	1.602	1.602
Legacy council tax grants	6.644	6.644	0
Additional pension grant	1.300	1.272	-0.028
Total Home Office Revenue Allocations	75.747	82.395	6.648
Council Tax*	60.131	63.701	3.570
Council Tax Collection Fund Surplus*	1.436	0.675	-0.761
Total Settlement	137.314	146.771	9.457

Note: Legacy Council Tax Grants include previous Council Tax Freeze Grants and Local Council Tax Support (LCTS).

** Denotes variances from actual revenue funding settlement to core settlement*

Given the significant financial impact of the police uplift programme on the MTFP, the PFCC has written to the Minister seeking clarity of future funding assumptions given that there is uncertainty particularly with regards to the referendum limit and the uplift funding value and profile after

2020/21. Such certainty would enable a more informed consideration of funding and council tax strategies for the future.

Police Uplift Programme and Funding

In September 2019, the Government launched the national recruitment of 20,000 Police Officers. The first 6,000 of which were to be allocated in accordance with the funding formula which in Northamptonshire this equated to 19 in 2019/20 and a further 38 in 20/21, resulting in an increase of 57 officers over the period.

Funding was included for the 6,000 officers in the settlement. However, whilst the remaining 14,000 officers are still planned for, however, the funding for these will be advised as part of the Spending Review 2020.

This position has caused some uncertainty as whilst forces have assumed additional officers in line with the funding formula allocation, the funding assumptions used in the MTFPs to meet these costs have varied significantly across PCCs.

On 27 January 2020, the national lead for the police uplift programme provided guidance on the assumptions to be used for financial planning, based on high level summary information from the national uplift costing model. The information includes capital and revenue assumptions, but all grant would be given as revenue grant, intended to give forces flexibility with their budgets.

Whilst the financial planning assumptions are welcome and should bring greater coherence amongst PCCs and their Medium Term Financial Plans, a number of caveats have been highlighted as follows:

- The figures are predicated on a 70% recruitment rate for officers in each year and a 100% recruitment rate for staff.
- The allocation for 2020/21 is assumed to be fully included in the overall grant allocation.
- For years 2 and 3, much will depend on the outcome of the spending review and also on a review of year 1 of the uplift.
- It is also assumed that capital may come as revenue in years 2 and 3.
- The values for Years 2 and 3 need to reflect accurate expenditure assumptions as force level, as indicated above. This piece of work will be undertaken this year.
- It is assumed that all 20,000 officers are allocated to provincial forces although this is subject to final agreement.

In 2019/20, the funding received for police officers was £6,000 less per officer than the costs.

Given the caveats included within the national financial planning assumptions, they have been used as a best case scenario in the MTFP and will be monitored closely.

Council Tax Precept Income

The Council Tax and the level of precept is a fundamental part of the provisional grant settlement.

Income generated from the precept depends on both the level of the Band D precept and the tax base – the latter being effectively the number of properties who are required to pay council tax. Given a rising population this number is increasing and is re-estimated on a prudent basis each year for budget and financial planning purposes.

For Northamptonshire, the 2019/20 actual and 2020/21 taxbase is as follows:

	2019/20	2020/21	Change	Change
	(number)	(number)	(number)	%
Council Taxbase	245,392.20	249,768.07	4,375.87	1.78%

A 1.75% growth assumption is included within the MTFP moving forwards to reflect the growing population within the county.

Based on a proposed precept of £10 the total council tax increases are as follows: between 2019/20 and 2020/21 is as follows:

	2019/20	2020/21	Change	Change
	£m	£m	£m	%
Council Tax Precept	60.131	63.701	3.570	5.94%

These can be further analysed as follows:

	£m
Council Taxbase Changes	1.072
£10 precept Increase	2.498
Total Council Tax Increase	3.570

Council Tax Collection Fund

Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the "Collection Fund" in January.

In 2020/21 the collection fund surplus equates to £0.675m. This reflects the significant work undertaken by Borough and District Councils during the year to ensure collection rates are maximised.

In 2019/20, this level was £1.436m, therefore, the MTFP assumes a prudent level of £0.750m in future years.

The Financial Challenge – Future Risks, Challenges and Uncertainties

The MTFP shows that whilst the PFCC has produced a balanced budget for 2020/21, there is a lack of certainty after this, particularly in respect of national uplift funding for additional officers. Whilst the national uplift programme financial planning assumptions have been helpful, they have been caveated.

To understand and mitigate this uncertainty, the PFCC is modelling three scenarios for the MTFP. The worst case scenario is that if only minimal national funding is available under the Spending Review 2020, there will be sufficient levels of reserves available to mitigate this and ensure the budget can be managed over three years.

Even under the middle case scenario, there will be a requirement to realise efficiencies and the PFCC and his office will continue to work with the Force to meet this challenge.

Some further financial and operational risks and challenges are as follows:

- a. The unknown impact of the Funding Formula Review on Future Funding Settlements.
- b. The impact of a different core grant assumption to that estimated in the MTFP for the years after 2020/21. Of note, every 1% reduction in grant equates to circa £0.730m less available revenue per year.
- c. The full impact of revenue and capital costs and funding arrangements for the new Emergency Services Network (ESN) are still uncertain.
- d. The impact of the developments and upgrades or changes to HR and Finance systems currently provided by the Multi Force Shared Services arrangements (MFSS) delivered for a number of forces and any future direction in this regards. Regular updates are provided to the Panel in the monitoring report during the year.
- e. The operational and financial impact of new, emerging and increasing areas of threat and demand, including, but not limited to, child sexual exploitation, adult and child sexual and domestic violent crimes and increasing cybercrime. It is anticipated that the additional officers will assist in the challenge of meeting such demands.
- f. It is anticipated that the impact of national grants reducing or ceasing for regional developments and activities would have a significant impact.
- g. The capital programme requirements and the investment required to take any business as usual, innovative or collaborative work forward in advance of the timings of savings. The reduction in capital grant has had an impact on the revenue costs of the capital programme and this is built into the MTFP.
- h. The impact of partners' spending decisions which may affect services provided by the Force or PFCC.

These risks, challenges and uncertainties are under regular review and the steps already in train to help mitigate these include:

- a. The Force continue to take forward Outcome Based Budgeting and other savings opportunities.
- b. PFCC and OPFCC oversight will continue to ensure rigour and commitment takes place in meetings and identifying savings and efficiencies, at a regional and local level. This includes the regular

Accountability Board, 1 to 1 meetings with the Chief Constable and attendance by the OPFCC at the Force Change Board to ensure scrutiny, challenge and full consideration of change and savings proposals.

- c. Appointment of the joint Director of Transformation with Northamptonshire Fire, to take forward opportunities for shared services for Fire and Police.
- d. Taking forward a joint estates strategy with Fire, to maximise the opportunities for both services from sharing buildings
- e. Regular review and scrutiny of the Capital Programme and the Treasury Management Strategy.
- f. Reviewing potential opportunities for Collaboration with other PFCCs and Chief Constables in the region.
- g. Regular review of the Reserves Strategy to ensure adequate reserves are in place and utilised appropriately to enable targeted investment and the smoothing of additional costs before longer term realisation of savings.

Budget Allocations

2019/20		2020/21
£m		£m
111.252	Force	113.386
19.013	Enabling Services	21.951
-	Ring -fenced for Operational Priorities	0.750
130.265	Total Force	136.087
0.215	Enabling Services programme	-
1.309	OPFCC (Office)	1.406
1.524	Enabling Services and OPFCC (Office)	1.406
3.861	OPFCC Commissioning and Delivery	5.452
5.385	Total OPFCC Managed Budgets and Enabling Se	6.858
1.554	Capital Financing Costs	3.726
0.110	Transfers to/(from) reserves	0.100
137.314	Total Budget	146.771

The budget summary above reflects the following:

- Enabling Services has now been incorporated within Fire and Police budgets and a reduction made in the OPFCC office budget to reflect the cost of the Director of Transformation.
- The OPFCC budget reflects a contribution of £329K (reduced from £400K in 2019/20) from Fire towards staff and office costs.

2020/21 Budget to be delegated to the Chief Constable

The budget for 2020/21 takes account of the full year impact of the investment priorities and additional 83 police officers agreed with the force in 2019/20, together with any additional pressures and demands highlighted during the budget process in 2020/21 and the additional 57 officers from the national police uplift programme.

Over the past three years, the PFCC has issued a letter to the Chief Constable outlining the agreed conditions associated with the Force budget for the forthcoming year and has sought updates on their progress. This process has continued during 2019/20.

There has been a significant amount of scrutiny and challenge on the Force budget for 2020/21, and as part of these discussions and negotiations, the PFCC has sought and received assurances on how the assumptions and budgets have been calculated. With the significant financial increase in the force budget, is intended to build on and develop these scrutiny arrangements further.

The Chief Constable has been working on the budget and assumptions since September 2019 and the negotiations with the PFCC commenced in December 2019, continued in January 2019 and have culminated in a number of far reaching and robust professional discussions of the budget requirement, the financial challenges, the precept options available and a review of the MTFP, assumptions and associated risks.

The proposed budget delegated to the Force for 2020/21 is £136.087m, an increase of £5.822m on 2018/19.

	£m	£m
Force Budget and Cash Limit for 2019/20		130.265
Anticipated Pay and Inflationary Pressures and savings (net)		1.845
Provisional Cash Limit for 2020/21		132.110
Transfers between PFCC and CC budgets for delivery of services	0.136	
Additional Pay and Inflation Pressures agreed with PFCC	1.069	
Adjusted Cash Limit for 2020/21		133.315
Other Unavoidable National, Regional and Collaboration Pressures	0.603	
Other demand Pressures agreed with the PFCC	1.719	
Police Overtime Review	-0.300	
Force Base Budget for 2019/20		135.337
Ring fenced for Operational Investment		0.750
Force Budget and Cash Limit for 2020/21		136.087

The following areas are highlighted:

- a. Transfers between the PFCC and the CC mainly relate to the Force share for the joint Director of Transformation, National Police Chief Council subscriptions and bank charges.
- b. Pay includes the full year impact of the September 2019 and anticipated 2020 Pay increases have been built in at 2.5%. Every 1% pay award above this is circa £1m.
- c. Police pensions have been detailed elsewhere in this report.
- d. Unavoidable pressures include national and local costs, together with the costs of other regional systems such as Niche.
- e. Other demand pressures agreed with the PFCC include contingencies for as yet unquantified Home Office ICT charges and levies, operational requirements and systems such as MFSS and rent, rate and utilities inflation. The majority of these will be ring fenced for allocation.
- f. Efficiency savings of £300K have been built into the budget to reflect the agreed overtime efficiency savings.
- g. Additional operational investment of £750K has been ring fenced for the PFCC and the Chief Constable to agree operational priorities to support areas identified within the Police and Crime Plan and where the public have said are a priority.

2020/21 Budgets Managed by the Police, Fire and Crime Commissioner

The OPFCC undertakes a wide range of delivery and commissioning activities. These are reported throughout the year to the Police, Fire and Crime Panel in detail.

In 2020/21, the budget for the joint role Director of Transformation has been included in Fire and Policing budgets, and as such, there is no separate budget for Enabling Services and the main budgets can be summarised below:

2019/20						2020/21				
OPFCC	ES	Sub-Total	NCFRA	Total		OPFCC	ES	Sub-Total	NCFRA	Total
£m	£m	£m	£m	£m		£000	£000	£000	£000	£000
1,670	214	1,884	- 360	1,524	OPFCC Staff and Office Budget	1,709	-	1,709	- 303	1,406
					Commissioning and Delivery					
26		26		26	ICT	15		15		15
92		92	-5	87	Research and Public Involvement	120		120	-5	115
60		60	-5	55	Communications	65		65	-5	60
1,956		1,956		1,956	Commissioning	2,482		2,482		2,482
-		-		-	Domestic Abuse Initiatives	300		300		300
285		285		285	Early Intervention	290		290		290
240		240		240	Counselling....	240		240		240
					Youth Offending and Safeguarding Board	225		225		225
243		243		243	Youth Work	503		503		503
495		495		495	Continuation of Early Intervention Youth Fund	464		464		464
-		-		-	Delivery and Accountability	381		381		381
120		120		120	Customer Service - Complaints	133		133	-6	127
124		124	-20	104	Police and Crime Plan Delivery Fund	260		260	-10	250
260		260	-10	250						
3,901	-	3,901	- 40	3,861		5,478	-	5,478	- 26	5,452
					Total Budgets Managed by the PFCC					
5,571	214	5,785	- 400	5,385		7,187	-	7,187	- 329	6,858

Key: ES, Enabling Services, NCFRA: Northamptonshire Commissioner Fire and Rescue Authority

Where Fire costs can be reasonably estimated, they have been; otherwise, a figure of 15% has been used to reflect the total funding formula share for 2019/20. This methodology is consistent with the updated Financial Management Code of Practice to ensure integrity and transparency of both Fire and Policing Funds.

The OPFCC comprises mainly staff costs, the ICT operating budget, internal and external audit fees, Joint Independent Audit Committee (JIAC) allowances and subscriptions to the APCC and NPCC.

The costs of the OPFCC office on the policing budget have reduced by £118K, which is net of a reduction in Fire income of £71K

The OPFCC Commissioning and Delivery Budgets have increased by a net £1.591m to reflect the full year cost of the early intervention and youth initiatives, together with the following additional priorities:

- £300K to be Invested in Domestic Abuse support (for the estimated 16,000 victims per year)
- £450K to support initiatives to reduce re-offending
- £250K supporting Crime Prevention Initiatives
- £464K to continue the work of the Early Intervention Youth Grant (funded by the Home Office until 31/3/2020), working with partners to provide targeted interventions to young people involved or at risk of becoming involved in serious violence.
- Further resources have also been set aside to support Burglary and Serious and Organised Crime initiatives alongside expansion of the mental health triage scheme and a pilot scheme to support veterans coming into Police custody

Customer Services relates to the new team set up to meet the legislative changes that give Commissioner a greater role in police complaints, strengthening the independence of the process and increasing public confidence

Public Involvement, Communications, ICT and Research and Analysis provide support, communication and promotion of key messages and work closely gathering information from wider stakeholder groups.

The PFCC remains keen to support initiatives which are in the early stages of planning or which arise during the year, which have not been included within 2020/21 budgets. After launching his initiative in 2018/19, he has decided to continue to ring fence the sum of £0.250m and continue with the grant schemes currently in place.

Medium Term Financial Plan (MTFP)

The Medium Term Financial Plan has been updated to 2024/25 to provide a longer term view which will enable informed decision making to take place for the period of the plan. This is not without its challenges, given that there is only a firm government announcement of funding for 2020/21 and a new spending review and funding formula is anticipated after this time.

The MTFP is attached in more detail at Appendix 1 and key assumptions that have been included in seeking to outline the financial challenge for the medium term are:

- a. That the council tax base grows at 1.75% per annum (source: professional prudent estimate based on the local position over the last three years).
- b. Precept will increase by £10 in 2020/21 and is based on a 1.99% increase thereafter.(source: best professional estimate)
- c. There is no new council tax freeze grant from 2016/17 onwards and all existing council tax freeze grants continue (source: as detailed within the SR2015).
- d. Government funding (including pensions grant) continues at existing levels, increased for officer uplift grant at a slightly reduced level than 2020/21 (source: in line with national PACCTS estimates).
- e. Pay increases are assumed at 2.5% for all years (source: As per PAACTS estimates).
- f. That the Force will make the £300k required overtime savings identified within its budget and will find savings to meet additional pressures should they arise.
- g. That the police officer uplift programme will continue to be allocated to provincial forces in line with the current methodology and that funding assumptions are based on the three scenarios
- h. No additional, unfunded responsibilities are given to the Force or the PFCC.(the additional legislative responsibilities of Fire Governance and customer service complaints have been included within the budget)
- i. Funding for regional collaborations will remain consistent.
- j. Reserves can fund any invest to save projects
- k. Further borrowing beyond the capital programme is not required.

Taking into account the assumptions contained in this report, the MTFP has been reviewed and extended to 2024/25 across three scenarios as follows:

Consistent assumptions across all scenarios include:

- 2.5% Pay Award assumptions,
- 1.99% precept (after 2020/21)
- 1.5% Police Grant Inflation after 2022/23

And the following Police Officer establishment profile:

- 2020/21 1367 police officer establishment
- 2021/22 1443 police officer establishment
- 2022/23 1500 police officer establishment

The three different scenarios are as follows:

Worst Case Scenario

Assumes £28,000 per police officer from 2021/22.

Mid Case Scenario

Assumes 75% of the national programme uplift forecast to reflect that it is heavily caveated until the Spending Review 2020.

Best Case Scenario

Assumes national programme uplift forecast.

The MTFP scenarios can be summarised below:

(Surplus)/Shortfall	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Worst	0	2.958	5.295	5.699	6.077
Mid	0	0.463	1.384	1.750	2.069
Best	0	(1.078)	(1.171)	(827)	(547)

When put in context of total budget, these are as follows:

- The worst case shows a cumulative shortfall of £6.077m by 2024/25 and equates to 3.7% of total budget of £169.393m.
- The mid case shows a cumulative shortfall of £2.069m, equivalent to 1.2% of total budget of £169.393m.
- The best case results in a cumulative surplus of £547K by 2024/25, equivalent to 0.3% of £169.393m.

The variance between the three scenarios reflects the impact of the different funding assumptions for the remaining police officers from the uplift programme over the five year period.

Depending on the SR2020, it is likely that there will be a requirement for savings to be identified to assist in balancing the budget each year from 2021/22.

Whilst it is anticipated that there will be some efficiency savings to be identified and implemented from shared support services and Estates, these have not been built into the MTFP. Once identified, these will form the basis of savings plans which will identify efficiencies for both Fire and Policing and will be built in when any estimates are validated.

Any changes to precept and grant assumptions will impact on the MTFP.

In determining his precept intentions, the PFCC has sought to ensure that there are sufficient reserves available to offset the shortfalls identified in the most likely scenario and the worst case scenario until 2022/23. It is likely that there will also be investment opportunities which would also require funding and future demands and risks which may transpire.

Capital Programme 2020/21 to 2022/23

The capital programme has been reviewed and updated regularly throughout the year and is supported by a range of strategies:

- The Estates Strategy
- The Fleet Strategy
- The ICT Strategy

The Estates Strategy has been updated as a joint estates strategy across Fire and Policing. Once published, the Treasury Management and Capital Strategies will be updated to reflect this.

Work has taken place to identify future potential ICT requirements and given the significant level of investment in ICT and technology in both the Capital Programme and the revenue budget, the ICT strategy will be subject to close scrutiny during 2020/21, to ensure the benefits of such investments can be effectively captured and realised.

The Capital Programme is summarised in Appendix 2. The revenue consequences of the proposed programme have been taken into account in the development of the revenue budget and will be reviewed as part of the 2019/20 outturn. The realisation of Capital receipts and re-profiling of the programme has enabled the PFCC to reallocate additional resources to the Force in his plan.

The capital programme was considered by PFCC and the Force at their meeting on the budget in December 2019 and this scrutiny will continue with detailed reviews of the programme on a quarterly basis moving forwards.

The Commissioner is required to approve a “Treasury Management Strategy” each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.

This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

The Treasury Management Strategy will be updated to reflect the Estates Strategy, Capital Programme and Capital Grant implications from the settlement and where possible will be finalised and available on the PFCC website by April 2020. It is usual practice for the Joint Independent Audit Committee (JIAC) to consider these key documents prior to being placed on the website.

Use of Reserves

In considering the budget, the MTFs and level of precept options, it is important to look closely at the size, level and type of reserves held by the PFCC to ensure that they are adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget.

There is also a need to ensure they are not excessive and in 2018 the Home Office announced their intention to review reserves and provide greater transparency for the public. In continuing to meet this requirement, the updated Reserves Strategy is attached at Appendix 3, and this will be published on the PFCCs website to aid transparency.

Two types of Reserve are held and these, together with estimated balances are as follows:

General Reserve

There is a General Reserve which is estimated at 31/3/20 to be £4.835m. This represents just over 3% of total funding in both 2018/19 and 2020/21. This level is in keeping with the PFCC's guideline level.

On current forecasts our General reserve will remain within guideline levels until 2023/24.

It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

Earmarked Reserves

As at the 31/3/2020 it is estimated that the PFCC will hold £10.843m in Earmarked Reserves. These are detailed in the Strategy at Appendix 3.

The 2018 national PAACTS survey highlighted that whilst Northamptonshire's general and earmarked reserve levels were within the lowest quartile nationally, they were within acceptable professional guidelines.

Precept proposal

After careful consideration of the factors included within this report, the PFCC is proposing a precept increase of £10 (4.08%) for the 2020/21 financial year in order to increase and invest in police officers, build a sustainable base budget to maintain and safeguard policing services across the force area and make additional investment into essential and evolving demand areas for Northamptonshire.

In making this proposal, the PFCC is extraordinarily grateful to those who took part in the precept surveys which showed the willingness of the public in Northamptonshire to pay more in order to safeguard and develop policing in the county.

Robustness of the Budget –Statement of the PFCC S151 Chief Finance Officer

Section 25 of the Local Government Act 2003, places a duty on the Chief Finance Officer to make a report to the PFCC on:

- The robustness of the estimates included within the budget
- The adequacy of the reserves and balances

The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.

In her considerations, the Chief Finance Officer is mindful of other associated statutory safeguards designed to support the authority

- Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the chief financial officer has personal responsibility for such administration.
- Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget
- The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates
- The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report in consultation with the Monitoring Officer, if there is or is likely to be unlawful expenditure or an unbalanced budget

This report has highlighted the detailed budget setting process that has taken place and also highlighted the assumptions included within the budget and the MTFP to ensure the budget is as realistic, deliverable and achievable as possible.

The office of the Police, Fire and Crime Commissioner and the Chief Constable's executive team, budget holders and the finance team have worked closely and harmoniously to deliver the draft budget proposals.

The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.

The Statement of the PFCC Chief Finance Officer

At the meetings with the Force in December 2019 and January 2020, I attended, together with the acting deputy S151 officer to provide assurance to the PFCC and the CC that these factors have been considered. At that meeting and since that date, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted and discussed.

During the preparation of the budget I have been given full access to the budget model and have been consulted on the assumptions being made and methodologies and where possible aligned these with national PAACTS colleagues.

I have received responses to queries and/or points of clarification and where I have sought changes then they have been incorporated.

I have worked with the PFCC to agree or require changes to base budget pressures proposed by the Force. Whilst the process has progressed for 2020/21 budget, I will continue to work with the Force and the PFCC during 2020/21 to further refine the budget process for future years.

I will work with the OPFCC and the Force to review and consider the £750K ring fenced operational proposals for operational investment from the Chief Constable when they have been agreed. I will work closely with the PFCC and the Force to monitor the implementation of this investment and to allocate resources to meet these costs when required.

The Force Finance Team have reviewed the outcome based budgeting (OBB) savings and other savings identified to date and I or my OPFCC colleagues have attended these meetings and have received details on where further work is required or where timescales have altered.

In preparing the MTFP, the Chief Finance Officer has modelled a number of scenarios on behalf of the PFCC, with the final range of scenarios based on prudent assumptions based on the best information available.

The PFCC has been advised of the assumptions underpinning the MTFP scenarios and recognises the impact of assumed precept increases and police officer uplift funding on the model and that there is no funding certainty after 2020/21.

The Force budget already assumes some savings requirements and that further savings will be required to meet additional demands and pressures, and or meet the full impact of operational uplift if required. I am assured that the force budget for 2019/20 is forecast to come in on or close to budget.

However, the uncertainty challenges are mitigated in part by the PFCC's continued commitment to investing in technology that provides efficiencies and supporting the work of the enabling services programme.

I am supportive of the continued development of the Force capital and revenue budget monitoring report and further developments in the finance area, with particular attention to the Multi Force Shared Service or other system arrangements and the upgrade programme. I am assured that this will be considered as part of the accountability process to ensure that any variations from budget are quickly identified to enable early action or decisions to be taken.

I have reviewed the detailed calculations in arriving at the budget requirement and council tax precept and options and find these to be robust. I also have sought and received authorisations from billing authorities in relation to taxbase and council tax surplus/deficits and I am grateful to all partners for their support in doing so.

The Chief Constable and his team have been fully involved in the budget discussions and they have discussed his revenue and capital requirements for 2020/21 with the PFCC.

It has been possible for the PFCC to develop a budget that supports most of the Force operational pressures and demands and gives the opportunity for further operational investment to support the delivery of the priorities set out in the Police and Crime Plan.

There is an operational contingency available to the Chief Constable, and sufficient general reserves available should operational demands require access to these. Earmarked reserves are in place for specific requirements and in his budget the PFCC has identified further priority areas for earmarked reserves, in line with the Police and Crime Plan 2017-21.

In coming to my conclusion on the robustness of the budget I have also reviewed the Capital Programme and Reserves Strategy.

The sections in this report on “Future Risks, Challenges and Uncertainties” and the “MTFP” highlight significant unknown issues moving forwards in the medium term.

Whilst a balanced budget is available for 2020/21, after that time, the landscape is less certain and it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the three MTFP scenarios which have been modelled. Funding certainty for both precepts and Government Grant is required to enable effective planning for the PFCC and the Chief Constable for the future.

I conclude, therefore, that the budget for 2020/21:

- 1. Has been prepared on a robust basis, and*
- 2. includes an additional 273 police officers by March 2023, however, long term funding certainty is essential to plan effectively. The MTFP will be under regular review to ensure this can take place.*
- 3. includes investment to help manage demand and increase efficiency and/or capacity, and*
- 4. in the short term, the budget is stable and reserves are adequate to mitigate the impact of the worst and mid case scenarios on the MTFP in the short term, however,*
- 5. the financial landscape after 2020/21 is less certain and two of the MTFP scenarios identify a need for further savings if funding streams are not as forecast by the national uplift programme. The PFCC will continue to push for certainty and the MTFP will be under regular review as savings plans progress.*

List of Appendices

Appendix 1 Medium Term Financial Plan

Appendix 2 Capital Programme

Appendix 3 Reserves Strategy

Background Papers

Police Grant Report – 24 January 2020

Persons to Contact

Mrs H King, Chief Finance Officer, Office of the Police, Fire and Crime Commissioner

Appendix 1

NORTHAMPTONSHIRE POLICE Medium Term Financial Plan

Medium Term Financial Plan						£10 Precept increase in 2020/21														
						WORST - Uplift at £28k/officer					MID - 75% Uplift Claim based on national figures					BEST - 100% Uplift Claim based on national figures				
2019/20		2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	2023/24	2024/25				
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
71,898	Police Officers	74,777	79,533	82,742	85,486	88,148	74,777	79,533	82,742	85,486	88,148	74,777	79,533	82,742	85,486	88,148				
24,303	Police Staff	25,284	25,912	26,554	27,212	27,887	25,284	25,912	26,554	27,212	27,887	25,284	25,912	26,554	27,212	27,887				
3,590	PCSOs	3,747	3,833	3,924	4,018	4,114	3,747	3,833	3,924	4,018	4,114	3,747	3,833	3,924	4,018	4,114				
975	Other Pension Costs	823	827	835	843	852	823	827	835	843	852	823	827	835	843	852				
486	Other Employee Expenses	449	456	467	478	490	449	456	467	478	490	449	456	467	478	490				
1,317	IT & Communications	809	825	842	859	876	809	825	842	859	876	809	825	842	859	876				
88	Estates & Facilities	96	75	76	78	80	96	75	76	78	80	96	75	76	78	80				
261	Transport	215	218	220	223	226	215	218	220	223	226	215	218	220	223	226				
15,305	Supplies & Services	13,548	13,641	13,904	14,171	14,445	13,548	13,641	13,904	14,171	14,445	13,548	13,641	13,904	14,171	14,445				
(6,352)	Income	(6,062)	(6,167)	(6,305)	(6,447)	(6,592)	(6,062)	(6,167)	(6,305)	(6,447)	(6,592)	(6,062)	(6,167)	(6,305)	(6,447)	(6,592)				
(619)	Efficiency Target	(300)	-	-	-	-	(300)	-	-	-	-	(300)	-	-	-	-				
111,252	CHIEF CONSTABLE - OPERATIONAL	113,386	119,153	123,259	126,921	130,526	113,386	119,153	123,259	126,921	130,526	113,386	119,153	123,259	126,921	130,526				
19,013	ENABLING SERVICES	21,951	23,578	23,602	24,194	24,816	21,951	23,578	23,602	24,194	24,816	21,951	23,578	23,602	24,194	24,816				
-	Ring-Fenced Budgets	750	-	-	-	-	750	-	-	-	-	750	-	-	-	-				
130,265	CHIEF CONSTABLE BUDGET	136,087	142,731	146,861	151,115	155,342	136,087	142,731	146,861	151,115	155,342	136,087	142,731	146,861	151,115	155,342				
1,524	OPCC (Office)	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406	1,406				
3,861	OPCC (Commissioning & Delivery)	5,452	5,452	5,752	5,752	5,752	5,452	5,452	5,752	5,752	5,752	5,452	5,452	5,752	5,752	5,752				
492	Capital Financing - MRP	1,756	2,983	4,706	4,326	4,325	1,756	2,983	4,706	4,326	4,325	1,756	2,983	4,706	4,326	4,325				
63	Capital Financing - Interest	110	664	968	1,337	1,468	110	664	968	1,337	1,468	110	664	968	1,337	1,468				
1,000	Capital Financing - RCCO	1,860	1,000	1,000	1,000	1,000	1,860	1,000	1,000	1,000	1,000	1,860	1,000	1,000	1,000	1,000				
200	Transfer to Reserves	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100				
(90)	Transfer from Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
7,050	TOTAL NON-FORCE	10,684	11,606	13,932	13,920	14,051	10,684	11,606	13,932	13,920	14,051	10,684	11,606	13,932	13,920	14,051				
137,314	TOTAL GROUP	146,771	154,336	160,793	165,035	169,393	146,771	154,336	160,793	165,035	169,393	146,771	154,336	160,793	165,035	169,393				
Funding																				
(67,803)	Main Police Grant	(72,877)	(74,479)	(76,607)	(79,380)	(80,571)	(72,877)	(74,479)	(79,102)	(83,329)	(84,579)	(72,877)	(74,479)	(80,643)	(85,906)	(87,195)				
(1,300)	Pension Grant	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)				
-	Officer Uplift Grant	(1,602)	(2,128)	(1,624)			(1,602)	(4,623)	(3,041)			(1,602)	(6,164)	(4,054)						
(6,644)	Legacy Grants	(6,644)	(6,644)	(6,644)	(6,744)	(6,845)	(6,644)	(6,644)	(6,644)	(6,744)	(6,845)	(6,644)	(6,644)	(6,644)	(6,744)	(6,845)				
(60,131)	Precept	(63,701)	(66,105)	(68,601)	(71,190)	(73,878)	(63,701)	(66,105)	(68,601)	(71,190)	(73,878)	(63,701)	(66,105)	(68,601)	(71,190)	(73,878)				
(1,436)	Collection Fund Surplus	(675)	(750)	(750)	(750)	(750)	(675)	(750)	(750)	(750)	(750)	(675)	(750)	(750)	(750)	(750)				
(137,314)	TOTAL FUNDING	(146,771)	(151,378)	(155,498)	(159,336)	(163,315)	(146,771)	(153,873)	(159,409)	(163,285)	(167,323)	(146,771)	(155,414)	(161,964)	(165,862)	(169,940)				
0	FUNDING (SURPLUS) / DEFICIT	(0)	2,958	5,295	5,699	6,077	(0)	463	1,384	1,750	2,069	(0)	(1,078)	(1,171)	(827)	(547)				
Precept																				
£245.04	Band D Council Tax	£255.04	£260.12	£265.29	£270.57	£275.96	£255.04	£260.12	£265.29	£270.57	£275.96	£255.04	£260.12	£265.29	£270.57	£275.96				
245,392	Tax Base	249,768	254,139	258,586	263,112	267,716	249,768	254,139	258,586	263,112	267,716	249,768	254,139	258,586	263,112	267,716				
Assumptions:																				
	Home Office Grants	7.48%	0.00%	0.00%	1.50%	1.50%	7.48%	0.00%	0.00%	1.50%	1.50%	7.48%	0.00%	0.00%	1.50%	1.50%				
	Precept (%)	4.08%	1.99%	1.99%	1.99%	1.99%	4.08%	1.99%	1.99%	1.99%	1.99%	4.08%	1.99%	1.99%	1.99%	1.99%				
	Precept (£)	£10.00	£5.08	£5.18	£5.28	£5.38	£10.00	£5.08	£5.18	£5.28	£5.38	£10.00	£5.08	£5.18	£5.28	£5.38				
	Tax Base Growth (%)	1.78%	1.75%	1.75%	1.75%	1.75%	1.78%	1.75%	1.75%	1.75%	1.75%	1.78%	1.75%	1.75%	1.75%	1.75%				
	Uplift per officer		£28,000	£28,000				£60,825	£52,425				£81,100	£69,900						

Capital Programme 2019/20-2024/25

	Total	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Programme		Budget (Revised)					
	£m	£m	£m	£m	£m	£m	£m
ICT							
ICT Strategy	27.838	3.770	5.283	4.166	7.666	4.280	2.673
ESN and Other ICT Projects	5.776	0.295	0.947	4.034	0.500	-	-
Total ICT projects	33.614	4.065	6.230	8.200	8.166	4.280	2.673
Estates	26.433	5.751	12.834	1.425	4.025	0.775	1.623
Vehicles	9.675	1.486	2.093	1.209	1.809	1.269	1.809
Other Operational Equipment	2.005	0.804	0.306	0.150	0.150	0.150	0.4450
Total Programme	71.727	12.106	21.463	10.984	14.15	6.474	6.550



NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER RESERVES STRATEGY (REVISED JANUARY 2020)

Reserves Strategy

Reserves are a key part of medium-term financial planning – other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. Decisions on these are inter-linked. Consequently some organisations will need to maintain reserves at higher levels than others.

All publicly funded organisations should have a reserves strategy to demonstrate transparency and accountability, to comply with best practice financial management and to justify the levels of reserves held.

The PFCC maintains reserves to provide a measure of protection against risk. Without this protection, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels).

The term "reserves" has a variety of technical and every day meanings, depending on the context in which it is used. For the purposes of this Strategy it is taken to mean funds set-aside at the PFCC's discretion for general or specific future purposes.

Reserves are required to protect and enhance the financial viability and in particular:

- To maintain a degree of in-year financial flexibility;
- to enable the PFCC to deal with unforeseen circumstances and incidents;
- to set aside monies to fund major developments in future years;
- to enable the PFCC to invest to transform and achieve improved service effectiveness and efficiency;
- to set aside sums for known and potential liabilities;
- to provide an operational contingency at service level.

Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term; however they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA guidance LAAP 99 published July 2014 states:

"Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term"

The Reserves Strategy assumes that the Medium Term Financial Plan [MTFP] is broadly balanced on a sustainable basis across the five year planning period. Reserves should reflect the agreed financial strategy and should represent the quantified impact of risks and opportunities over the planning period, weighted for their probability.

National Guidance and Compliance with Home Office Guidance on Police Reserves

The 2014, CIPFA guidance included the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.

In the written statement that accompanied the Provisional Police Grant report on 19th December 2017, the Minister stated *“you may be aware that police reserves currently stand at around £1.6bn, which compares to £1.4bn in 2011. We will be changing guidance to PFCCs to ensure that police officers and the public have access to more detailed information on how PFCCs intend to use this public money.”* This strategy complies with the Ministerial requirement.

On 31 March 2018, the Minister for Policing and the Fire Service published new guidance on the information that each PFCC must publish in terms of Police Reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- Funding for specific projects and programmes beyond the current planning period.

As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

The forecast reserves as at 31/3/2020 are summarised across the Home Office headings as follows:

Reserve	Balance as at 31/3/2020	Planned Expenditure on projects and programmes over next 3 years	Funding for specific projects and programmes beyond 2022/23	As a general contingency or resource to meet other expenditure needs
	£m	£m	£m	£m
General	4.835	0.000	0.000	4.835
Pensions	0.917	0.000	0.000	0.917
Insurance	1.607	0.000	0.000	1.607
Invest to Save	0.404	-0.404	0.000	0.000
Collaboration	0.524	0.000	0.000	0.524
Carry Forwards	0.000	0.000	0.000	0.000
Capital	0.000	0.000	0.000	0.000
Safer Roads	1.387	-0.708	-0.462	0.217
Additionality	2.341	-1.000	0.000	1.341
PFCC Initiatives	2.313	-0.150	0.000	2.163
Victims Services	0.384	-0.325	-0.059	0.000
Operational Equipment	0.200	0.000	0.000	0.200
Developer Contributions	0.366	-0.300	-0.066	0.000
Enabling Services Programme	0.400	-0.400	0.000	0.000
	15.678	-3.287	-0.587	11.804

General Reserve

In order to assess the adequacy of the unallocated general reserve when setting the budget the PFCC, on the advice of the two finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.

Whilst there is no prescribed level of reserves that PFCCs should hold; it is influenced by individual discretion, local circumstances, and advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance in LAAP Bulletin 99 (2014) specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

“The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the authority”

However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority doesn't act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties. LAAP Bulletin 99 (2014) specifies that minimum level of reserves can be imposed on specific circumstances:

“Minimum level of reserves will only be imposed where an authority is not following best financial practice”

CIPFA indicate a general reserve level is typically between 2% and 3% of net budget requirement and this is consistent with the results of a survey by the PACCTS Technical Support Team where the majority of PFCC’s across the country reporting a Strategy of holding minimum general reserves at 3% net revenue expenditure.

In determining the PFCC’s position, Appendix A outlines how Northamptonshire currently comply with the 7 key CIPFA principles which can be used to assess the adequacy of reserves.

Given that the PFCC is required to meet the first 1% of any special grant requirement, and the level and range of earmarked reserves available to the PFCC, it seems prudent that the current policy is to maintain general reserves at a guideline level of 3% of annual net revenue expenditure, with a minimum of 2.5%.

The 2018/19 outturn increased the General Reserve and at present, there are no plans to use the General Reserve during the period of the MTFP. However, with forecast budget increases, there is a need to ensure the level of general reserves keeps pace to ensure minimum and guideline levels are achieved as follows:

Year	Budget £m	2.50%	3%
2019/20	137.314	3.43	4.12
2020/21	146.771	3.67	4.40
2021/22	154.336	3.86	4.63
2022/23	160.793	4.02	4.82
2023/24	165.035	4.13	4.95
2024/25	169.393	4.23	5.08

These levels change each year and forecast general reserve plans are above the minimum level in all years and the guideline level until 2021/22.

Earmarked Reserves

In addition to the General reserve, the PFCC holds a number of reserves which are earmarked for specific purposes.

The predicted position for each earmarked reserve as at 31/3/2020, together with an outline of its specific purpose is attached at Appendix B.

At the 31/3/2020, it is estimated that the PFCC will hold £10.843m in Earmarked Reserves which are as follows:

Pensions – This reserve is used to smooth the impact of ill-health retirements and to meet the costs of any ill—health or injury retirements in excess of budget provision across years.

Insurance – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

Invest to save – this reserve was set aside to fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC.

Collaboration – this reserve relates to previous years underspends on regional collaboration and funds held for regional asset replacements. Each PCC holds their share of the regional reserves and is set aside to meet future regional costs.

Carry Forwards – this reserve relates to previous years Force underspends which are ring fenced and carried forward for use in future years. None are currently anticipated.

Safer Roads – this reserve relates to funds in excess of expenditure for use in line with specific criteria for equipment or road safety initiatives. Following the 2018/19 budget initiatives, a Road Safety Alliance has been set up with partners which will produce priorities and the PFCC's reserve is used to fund specific road safety grants and is used to fund the policing priorities from this.

Additionality Reserve – this reserve is mainly used to smooth the timing impact of recruitment and staffing levels on the revenue budget.

PFCC Initiatives/Early Intervention – this is to deliver funding towards the specific initiatives of the Commissioner arising from the Police and Crime Plan.

Victims Services – this is to support investment and projects for victims services in future years. This reserve also holds any balances transferred in from Victims Voice at year end.

Operational Equipment – this is a newly created reserve to smooth the impact on the revenue budget in respect of the cost of replacing operational equipment, rather than impacting disproportionately on the budget in any one year.

Developer Contributions – this is a newly created reserve to collect the drawn down developer contributions awarded to the PFCC in line with S106 planning arrangements. These funds will be released in accordance with the terms of the agreements. The reserve only accounts for the estimates once they have been drawn down.

Enabling Services Programme – this reserve was created during 2018/19 to meet the programme costs of shared services, rather than impacting directly on the annual policing revenue budget. The reserve is assumed to be utilised and it is anticipated that the Enabling Services programme will bring efficiencies to the annual revenue budgets of OPFCC and the Force, in conjunction with efficiencies in Fire.

Once the programme has identified and costed efficiencies, they will be built in to the MTFP.

The forecast balance on the reserves, taking into account a prudent estimate of timings for proposals which are currently being developed is detailed within Appendix C.

Provisions

The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance, Northamptonshire established an 'Insurance Provision' which is reviewed as part of the closedown process for each year.

Procedures for management and control

Any drawdown from Reserves is subject to the approval of the PFCC, on advice from the PFCC's Chief Finance Officer (CFO); or under the delegated authority of the OPFCC CFO.

The Local Government Act 2003 requires the s151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. .

The Strategy will be reviewed annually by the OPFCC CFO as part of the Budget and Precept process.

Northamptonshire Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves

Budget Assumptions (CIPFA Principles)	2020/21 Situation in Northamptonshire
The treatment of inflation and interest rates	Northamptonshire makes full and appropriate provision for pay and price increases, informed by benchmarking with peers. An informed assessment is made in the Treasury Management Strategy of interest rate movements. All income and expenditure in the budget is prepared and published at outturn prices.
Estimates of the level and timing of capital receipts	Northamptonshire has recently reviewed its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts across the programme which are being used to fund capital expenditure and minimise the impact of borrowing on the budget.
The treatment of demand led pressures	<p>The Force is required to operate and manage within its annual budget allocation. Overtime budgets are devolved within the Force to enable operational leaders to make decisions and the Chief Constable retains an operational contingency to support additional major incidents.</p> <p>On an exceptional basis, agreement is sought from the PFCC to utilise carry forwards to meet one off demand led pressures and demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>Northamptonshire have identified savings in previous years which mean that opportunities for efficiencies are less than in previous years. However, the PFCC will support investment in areas that reduce demand or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are used as a last resort to manage and fund demand led pressures.</p>

<p>The treatment of Planned Efficiency Savings/Productivity Gains</p>	<p>As part of the 2020/21 budget, the Force agreed to a £300K savings target for overtime. However, on top of this challenge, the Force and the PFCC will need to look to realise efficiencies to ensure officer numbers can be increased and maintained to assist in balancing the budget in future years.</p> <p>The Force operates a Change Steering Group which monitors investments, savings and efficiencies and is attended by OPFCC representatives.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment are reported to the PFCC as part of the medium term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p> <p>There is a risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>Northamptonshire have created a number of earmarked reserves and provisions to meet specific expenditure items and have added to these further in this strategy. Their use and balances as at 31/3/2020 are detailed in the attached appendix.</p> <p>Northamptonshire maintains an insurance provision, the adequacy of which is monitored in detail by the legal services insurance advisors, together with our insurance advisors.</p> <p>The access criteria for special grants state that PFCCS may be required to fund up to 1% of their net budget requirement themselves before the Government considers GrantAid. This applies on an annual basis.</p> <p>Northamptonshire's General Reserve provides sufficient scope to cover this eventuality.</p>

<p>The general financial climate to which the Authority is subject</p>	<p>The past three police grant financial settlements have been more positive than anticipated. For the 2019/20 budget, the PFCC and CC increased police establishment by 83 officers to 1310 over two years.</p> <p>In 2019/20, the national police uplift programme provided Northamptonshire an additional 57 officers by 31/3/21 increasing establishment to 1367. Additional increases to over 1500 officers are also forecast within the PFCC's Medium Term Financial Plan to March 2023. However, as there is no financial certainty after 2020/21, prudent best estimates have been made for future funding streams and modelled across three MTFP scenarios.</p> <p>It is anticipated that after CSR2020, these funding streams will be more certain and the MTFP will be regularly updated to support operational decision making.</p>
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RESERVES OF THE POLICE AND CRIME COMMISSIONER

2020/21 to 2023/24

	Rationale	How and when used	Level	Management and control	Risk	Review
GENERAL RESERVE	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the Commission to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of funding revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	General principle of 3% of net budget requirement, with a minimum level of 2.5%	PFCC, on advice from PFCC CFO	<p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of the Commission.</p> <p>The Commissioner would have recourse to Home Office discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk	Review
PENSIONS	<p>To meet the costs of any ill—health or injury retirements which are unbudgeted and fall directly on the Commission.</p> <p>Also to cover any significant overspend on the employer contributions to the Pension Account</p>	<p>Annually as required.</p> <p>Transfers out depend on the amount resulted from successful claims during the year.</p> <p>Historically there has been budget provided within the Force revenue budget for approximately 6 claims in a year. Any unused budget within a year would represent transfers in.</p> <p>The consideration of utilising this reserve towards the reduction on actuarial is currently in progress</p>	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	<p>Significant ill health or injury awards beyond normal profile create pressure on reserve or leave excess funds unused.</p> <p>Significant change in officer numbers or grades lead to unbudgeted employer pension contributions in-year.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk	Review
INSURANCE	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	<p>Balance will increase or reduce annually dependent on the Commission's outstanding claims record.</p> <p>Currently excess limit is £150k per claim. Higher excess levels are being reviewed which may require higher reserve levels.</p> <p>Increased in 2017/18 following advice from external audit</p>	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	<p>If no reserve is held the Commission is potentially open to significant excess and claims payments in year beyond available revenue budgets.</p> <p>Assessment by insurers needs to be realistic not unduly pessimistic.</p>	Annual
INVEST TO SAVE	To fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC.	To access the funds business case has to be demonstrated and with specific future savings to the organisation identified	Will vary according to usage and annual risk assessment.		<p>If funds were not maintained there would be no availability for Invest to save projects and such initiatives would have to be funded from the revenue budget or not implemented.</p> <p>The need of such reserve arose due to increased amount of savings that Force and the PFCC would have to find due to present economic environment and availability and funding</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk	Review
COLLABORATION	Transfers in relate to underspend on regional collaboration. Transfers out represent contribution towards regional decisions	Upon requirement on decision made to contribute towards projects in relation to regional collaborations. Decisions made on East Midlands PFCC and CC Boards	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not maintained, there would be a risk of regional projects not being supported.	Annual
CARRY FORWARDS	To fund specific expenditure requested by the force from previous year underspends in 2018/19.	Business cases provided as part of the outturn report.	Will vary according to financial outturn. Currently at NIL.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.	Annual
SAFER ROADS	For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives. The reserve is influenced by the work of the Road Safety Alliance formed in 2018/19	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	If Fund was not maintained then safety initiatives would have to be funded from the revenue budget or not implemented.	Annual
PFCC INITIATIVES/EARLY INTERVENTION	To deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	Initiatives not adequately defined or delivered hence poor VFM	Annual

	Rationale	How and when used	Level	Management and control	Risk	Review
	To provide funding to deliver radical solutions to deliver the Police and Crime Plan					
VICTIMS SERVICES	To fund specific programmes or schemes to support victims services	To access the funds business cases have to be provided.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.	Annual
OPERATIONAL EQUIPMENT	To smooth the impact of operational equipment purchases on the revenue budget	To access the funds a costed request has to be provided.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that equipment would have to be replaced from the current year's budget.	Annual
DEVELOPER CONTRIBUTIONS	To meet the additional cost of operational requirements	To access the funds a costed request has to be provided which is consistent with the conditions of the developer contribution.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that the additional costs would have to be replaced from the current year's capital programme.	Annual
ENABLING SERVICES PROGRAMME	To meet the additional cost of the programme in the short term which will support the delivery of joint shared services across Fire and Policing.	To access the funds a costed request has to be provided.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that equipment would have to be replaced from the current year's budget.	Annual

Summary of Revenue and Capital Reserves 2018/19 to 2022/23

Reserve	Forecast Balance £m	Forecast Balance £m	Forecast Balance £m	Forecast Balance £m	Forecast Balance £m	Forecast Balance £m
	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
General	4.335	4.835	4.835	4.835	4.835	4.835
Pensions	1.275	0.917	0.917	0.917	0.917	0.917
Insurance	1.607	1.607	1.607	1.607	1.607	1.607
Invest to Save	0.640	0.404	0.231	0.081	0.000	0.000
Collaboration	0.600	0.524	0.524	0.524	0.524	0.524
Carry Forwards	0.000	0.000	0.000	0.000	0.000	0.000
Capital	0.046	0.000	0.000	0.000	0.000	0.000
Safer Roads	1.605	1.387	1.141	0.895	0.679	0.433
Additionality	0.152	2.341	1.591	1.341	1.341	1.341
PFCC Initiatives	1.616	2.313	2.276	2.288	2.288	2.288
Victims Services	0.298	0.384	0.259	0.134	0.059	0
Operational Equipment	0.000	0.200	0.300	0.400	0.500	0.500
Developer Contributions	0.198	0.366	0.266	0.166	0.066	0.000
Enabling Services Programme	0.400	0.400	0.200	0.000	0.000	0.000
	12.772	15.678	14.147	13.188	12.816	12.445