

## RESERVES

### Purpose

1. This paper briefs the panel on the level and allocation of my reserves.

### Background

2. In setting the annual budget I am required to review my reserves with advice from my Chief Finance Officer. The optimisation of reserves is an important part of financial planning and as such I have a reserves and provisions policy. This policy was updated in December 2013 and a copy was provided to the panel as part of the Medium Term Financial Strategy.

### Reserve levels

3. I hold reserves for 3 purposes;
  - Risk – to provide a level of cover for unexpected or one off events
  - Investment – one off funding available for investment in projects which improve services or efficiency
  - Partnership – funds held on behalf of other organisation provided to me for a specific purpose
4. At the start of the year I held £15.565m of revenue reserves. During the year I have used finances in a number of areas and reviewed the reserves. In light of the review I have decided to reduce my general risk reserve from 4% to 3% freeing up in excess of £1m to invest in the estate.
5. Appendix A shows the detail on the revenue reserves which is summarised below;

Reserve Type	Actual 1/4/13 £m	Est. Used £m	Trfs £m	Est 31/03/2014 £m
Investment	8.691	-4.787	2.983	6.887
Partnerships	0.198	-0.178	0.000	0.020
Risk	6.676	-0.555	-0.483	5.638
	15.565	-5.520	2.500	12.545

6. There is a net transfers figure due to the £2.5m underspend forecast for 2013-14.

## **Capital**

7. My four year capital plan estimates £19.237m of spend during that period. This is financed by a mixture of grant, revenue contributions, capital receipts and capital reserves. The total funding allocated for this period is £19.537m which allows £0.300m to finance any capital variations. Within the £19.537m is £8.035m of capital reserve.
8. Whilst the capital reserve does include some estates investment it does not include the impact of future large scale projects such as HQ and Salisbury. When these projects are approved it is likely that funds will be transferred from the Estates Transformation Reserve to the capital plan.

## **Legal**

9. I am required to receive advice from my Chief Financial Officer surrounding my reserves. The Chief Financial Officer is content that my reserves are adequate to manage risk.

## **Conclusion**

10. My review of reserves has identified that I have available one-off finances to cover risks which I hold. The level of reserves also allows me to invest in improving the service. With reserves being one off I am always minded of the future, ensuring that plans exist to ensure that the long term financial viability of the organisation is not compromised.

**Angus Macpherson**  
Police and Crime Commissioner