

## Thames Valley Police and Crime Panel 29 January 2016

Agenda Item	Page No
<b>8 SCRUTINY OF THE PROPOSED PRECEPT - QUESTIONING OF THE POLICE AND CRIME COMMISSIONER</b> Attached is the Revenue Estimates 2016/17 and the Medium Term Financial Plan 2016/16 to 2019/20 for consideration.	<b>1 - 42</b>

For information on the Medium Term Capital Plan 2016/16, the Reserves, Balances and Provisions and PCC Financial Strategy please see supplement pack.

This page is intentionally left blank



# FINANCIAL STRATEGY 2015



## 1. INTRODUCTION

This financial strategy sets out how Thames Valley Police (i.e. the Police and Crime Commissioner (PCC) and the Force) will structure and manage their finances to support the delivery of the aims and objectives of the service, as set out in the 4 year Police and Crime Plan supported by the Chief Constable's Annual Delivery Plan, and to ensure sound financial management and good stewardship of public money.

The current Police and Crime Plan covers the period 2013 to 2017. This will be updated next year to cover the period 2017 to 2021.

## 2. OVERVIEW - NATIONAL

On 20<sup>th</sup> October 2010 the Chancellor announced the results of the Coalition Government's Spending Review 2010. Government funding for the police service in England and Wales would be cut by 20% in real terms over the four year period 2011/12 to 2014/15.

On 17<sup>th</sup> December 2014 the Home Office announced additional cuts in police funding for 2015/16. Because they increased their 'topslice' for Home Office initiatives (e.g. Police Innovation Fund) from £90m to £177m all PCCs received a cash reduction of 5.1% in their annual Police Grant, which is equivalent to a 7% reduction in real-terms funding.

The Chancellor will announce the results of the Government's next spending review, covering the four year period 2016/17 to 2019/20, on 25<sup>th</sup> November 2015. The expectation is that unprotected government departments such as the Home Office will face real-terms reductions of between 25% and 40%.

On 21<sup>st</sup> July the Home Office commenced an 8 week consultation on new police funding arrangements in England and Wales. Their intention is to implement the new funding formula

## Agenda Item 8

with effect from 1 April 2016. Over 1700 responses were submitted. On 8<sup>th</sup> October the Home Office issued an updated funding model, including exemplifications based on 2015/16 grant levels, for further consultation. However, this time the response period is just 3 weeks. The outcome of this exercise will not be known until the provisional police grant settlement is announced in the week commencing 14th December 2015.

### 3. AN OVERVIEW - LOCAL

In order to deliver balanced budgets with fewer resources nearly £71m of cash savings have been identified and removed from the revenue budget over the last five years (i.e. between 2011/12 and 2015/16); an overall cash reduction of around 19%.

The latest Medium Term Financial Plan indicates that further budget cuts of at least £50m will be required over the next four years (i.e. 2016/17 to 2019/20) but there are a considerable number of uncertainties and risks underlying the funding assumptions, hence the actual figure could be significantly higher.

Against this tide of significant and ongoing government grant reductions and local budget cuts, TVP continues to be an area of rapid population growth; its population is projected to increase by 18% over the 25 year period 2012 to 2037. This will significantly affect the volume, nature and profile of the demand for services. In addition, although it is recognised that traditional crime is falling, emerging crimes such as cyber crime, child sexual exploitation (CSE), female genital mutilation (FGM) and human trafficking are increasing the demand and complexity of policing. Furthermore, the Government's focus for policing is also changing, from neighbourhood policing at the very local level to potential collaboration of blue light emergency services at the other extreme.

The reduced availability of finance will clearly be a significant potential constraint on operational policing for the foreseeable future. The financial challenge facing TVP over the next few years is significant, extremely challenging and will require changes in all aspects of service delivery including frontline policing. In order to deliver the level of budget cuts outlined in the medium term financial plan tough choices will continue to have to be made.

However, the fact that we have identified and planned for the unavoidable budget reduction, and have a proven productivity strategy and priority based budgeting process in place to deliver both cashable efficiency savings and productivity improvements, is a clear advantage. HMIC's PEEL inspection programme looks at how efficient forces are. For the October 2015 report TVP achieved a "Good" grade overall and, in relation to the specific question "How

sustainable is the forces financial position for the short and long term”, an “Outstanding” grade.

However, there are still a few, but vitally important, residual budget and funding uncertainties that will impact on TVP finances and implementation of this strategy over the next few years, including:

- The CSR announcement in November
- The amount set aside (or top-sliced) from police grant to fund government projects and priorities such as the Innovation Fund, expanded HMIC and IPCC functions
- The final decision on the new policing funding formula and the application of dampening
- Changes in the taxbase over the next few years
- The size of local council tax increases in TVP
- The funding for national initiatives such as the replacement for Airwave, Emergency Services Mobile Communications Programme (ESMCP).

Regardless of the financial challenges the overriding requirement is to provide an efficient and effective policing service. The Police and Crime Plan supported by the Force’s annual delivery plan explains how we plan to deal with Government priorities and requirements, as well as providing a policing service which meets the local needs of the people of Thames Valley, with the financial resources available to us.

#### **4. THE FINANCIAL STRATEGY**

The following section sets the financial strategy which TVP will follow in order to achieve its goals and priorities, whilst balancing available finance and spending ambitions. The vision of the financial strategy is to:

- **Protect the delivery of priority services as far as reasonably possible;**
- **Plan effectively and realistically for the known reduction in external income in coming years;**
- **Ensure that revenue and capital funds are maximised to support policing and crime priorities as set out in the Police and Crime Plan;**
- **Continuously strive to improve efficiency and achieve value for money**
- **Demonstrate proper accountability of our use of public funds**

## Agenda Item 8

To achieve this vision we will aim:

- To plan realistically for the significant reduction in government grant income
- To produce realistic estimates for each area of structural reform or major budget reduction.
- To deliver stability in TVP budgets by ensuring that changes from year to year in resources available and the financing implications of those changes are, as far as possible, predicted and managed.
- To make the best use of limited resources, continually striving to improve resource usage and management, to invest in prioritised services and deliver efficiencies.
- To use new, innovative ways of examining all areas of police business in order to identify and implement the significant level of budgets cuts now required, e.g. Priority Based Budgeting
- To effectively account for and report on the use of resources.
- To provide appropriate and adequate information and advice to facilitate decision making, including costing data.
- To have in place sound financial processes to control, monitor and account for expenditure.
- To maintain an appropriate level of general balances, earmarked reserves and insurance provision, to ensure financial stability and to provide opportunities to fund the one-off costs of, e.g. structural reform, technology investment to facilitate long term efficiencies, for invest to save initiatives and investment for performance.
- To work closely with other forces and partners, where appropriate, to deliver cost savings and improve resilience and performance (e.g. collaboration with other forces).
- To work closely with partners (e.g. for community safety and victim services) to commission services in an efficient and effective manner

- To use benchmarking and other tools to challenge and demonstrate the achievement of value for money. We will challenge spending pressures and the spending norms; not simply accept them as a 'given'
- To promote effective internal audit of financial management and control arrangements
- To embed effective risk management arrangements throughout the organisation
- To ensure our asset portfolio is of an optimum size and maximise the utilisation and efficiency of our asset portfolio.

## **5. EXTERNAL INFLUENCES ON THE FINANCIAL STRATEGY**

The following factors will be considered and taken into account during the annual planning process and will be reflected in medium term financial forecasts, the annual revenue and capital budgets and monitoring expenditure thereafter:

- Outcome of the PCC elections in May 2016
- UK and global economy, including the size of public debt
- Annual reductions in government grant allocations
- Government assumptions on future council tax increases
- The referenda limits for council tax increases
- New ways of working (e.g. the duty on PCCs and chief constables to explore and pursue opportunities to deliver services in collaboration with public and private sector partners)
- New arrangements for delivery of national and specialist policing services (e.g. the Strategic Policing Requirement, NPAS)
- Likely withdrawal of partner funds
- Government changes to procurement (e.g. national framework arrangements, changes to EU regulations)
- Legislative changes (e.g. Health & Safety, Disability Act, Policing Reform)
- Operational demands and the changing pattern of Crime.
- Population growth in the Thames Valley (an estimated extra 400,000 people over the next 25 years)

## **6. FUNDING OBJECTIVES**

To make the best use of limited and/or finite resources for revenue and capital spend, TVP will seek to:

- Identify and sell surplus and/or inefficient assets to provide funding for future capital investment and to reduce revenue running costs
- Identify suitable investment schemes to reduce costs and/or improve performance
- Ensure that whole life costing of investment options is undertaken to improve decision making
- Maximise grant funding opportunities, taking into account any long-term impact on the budget
- Maximise income generation wherever possible through trading activities and external funds, within the capacity of the Force and without impacting adversely on operational policing
- Maximise collaboration and partnership working where it improves service effectiveness, reduces costs and improves efficiency without introducing undue risk to service delivery
- Increase council tax income as appropriate to alleviate the impact of budget reductions on operational policing services

## **7. MEANS OF DELIVERY**

The following key documents will be produced or actions undertaken:

- An annual revenue budget that supports and complements the Police and Crime Plan and [Force] annual delivery plan, within the parameters set by government for expenditure capping.
- A medium term financial plan based on a realistic assessment of pay and price increases; national, regional and local policing requirements; an estimate of future grant allocations, cashable efficiency savings and other budget reductions, council tax base and the overall surplus or deficit on collection funds and, finally, government pronouncements on capping.



- An annual capital budget produced in accordance with the Capital Policy Statement.
- A funded medium term capital plan
- An annual treasury management and investment strategy, including the prudential indicators
- Financial awareness training will be provided to appropriate senior police officers and staff to enable them to manage their budgets effectively

## **8. GOVERNANCE**

The planning, decision making and monitoring arrangements in TVP are set out below:

- TVP will adopt Financial Regulations including Contract Regulations to codify its financial management policies. The Chief Constable will issue more detailed Financial Instructions to complement and support these Regulations
- After consideration of any recommendations received from the Police and Crime Panel with regard to the proposed council tax precept, the PCC will approve the annual revenue budget, medium term financial plan, the medium term capital programme and its annual treasury management and investment strategy in January each year
- Day to day responsibility for management of the operational budget is undertaken by the Chief Constable, in accordance with the approved joint corporate governance framework.
- Budgets will be continually monitored to ensure that all expenditure is in line with the PCC's and Force's strategic objectives. Revenue and capital monitoring reports will be presented by the Chief Constable to the PCC on a regular basis, as determined by the PCC in consultation with the Chief Constable.
- The PCC's Chief Finance Officer will provide regular reports on the adequacy of reserves, balances and provisions

## Agenda Item 8

- Annual Financial Statements will be approved and published by the Chief Constable and the PCC in accordance with statutory timescales

Approved by: Police and Crime Commissioner

Date: 29 October 2015

Review date: October 2016



**Report for Decision to the Policy, Planning and Performance (Level 1) Public Meeting on 18<sup>th</sup> January 2016**

**Title: Medium Term Capital Plan 2016/17 – 2019/20**

**Executive Summary:**

The purpose of this report is to present the medium term capital plan (MTCP) for 2016/17 to 2019/20 to the PCC for formal approval. The Programme has continued to be extensively reviewed since it was initially presented in October, with both existing and new projects assessed for achievability and overall financial impact within planned implementation timescales.

The aim of the draft MTCP is to support service delivery of the PCC's Police and Crime Plan and the Force's long term strategy. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing strategies with significantly less resources.

The 2016/17 to 2019/20 MTCP, recommended for approval today, comprises schemes costing £69.133m gross expenditure over the 4 year period. This includes £5.505m of projects previously identified in the 2015/16 capital plan, but which have been rephrased to allow for planning and tendering procedures. The MTCP is fully funded but requires the use of up to £1.493m Improvement and Performance reserve. No external borrowing is needed but at the end of the four year capital programme period all available capital reserves will have been fully utilised.

It should be noted that the plan does not currently include provision for future development of the Digital Policing Programme (DPP) as these plans are still being developed. Business cases are expected to be available by the end of March 2016.

During December 2015 a number of collaborative Innovation Grant funding bids were submitted to the Home Office by Thames Valley, Hampshire, Surrey and Sussex relating to new and existing 2016/17 schemes. The total Innovation Fund for all forces in 2016/17 is £55m, reduced from £70m in previous years and it is understood that around £20m has already been allocated through prior year bids, reducing the available fund size to around £35m. No new 2016/17 Innovation Grant Funding has been assumed within the MTCP financing, but any award would improve the Force funding position.

It is anticipated that a further MTCP update will be presented to the PCC early in the new financial year (June or July) to reflect any Home Office awards relating to Innovation funding and provide further information on future Digital Policing costs.

**Recommendation:**

The PCC is asked to:

- Approve the draft capital programme for 2016/17 in the sum of £28.405m as set out in Table 1
- Approve the financing of the capital expenditure as set out in Table 2.
- Approve the 4 year Medium Term Capital Plan (2016/17 to 2019/20) for planning purposes at £69.133m (including re-phasing) as set out in Table 1.
- Approve the application of up to £1.493m from the Improvement and Performance reserve to help finance the overall investment plan.

**Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**

**Date**

**Purpose & Introduction**

1. The purpose of this report is to present the draft Medium Term Capital Plan (MTCP) for 2016/17 to 2019/20 for formal approval. The PCC was initially presented with the draft Plan at the end of October 2015. Since then the plan has continued to be reviewed, with both existing and new projects assessed and challenged for inclusion in the draft MTCP. The draft Plan presented today (Appendix 1), totals £69.133m gross expenditure.
2. At this stage it is estimated that over the four year programme period, all capital reserves will be utilised and up to £1.493m from the Improvement and Performance reserve will also be required to fully fund the MTCP. The reserve funding may not be required however, dependant on the award of Innovation Grant, the level and timing of capital receipts and the final timings and costs of projects. It should also be stated that future scope and costs relating to Digital Policing (DPP) are still being defined and are not included in the current programme of works. Additional reserve funding may be required to support this.

**Draft Medium Term Capital Plan – Overview**

3. The aim of the draft MTCP is to support service delivery prioritised and aligned to the PCC’s Police and Crime Plan objectives and the Force’s long term strategy. The Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems and providing the framework for delivering innovative policing strategies with fewer resources.
4. The draft plan is compiled with full reference to the current financial climate and the drive to reform the methods for delivering the policing service to maximise the level of resources directed to priority areas and improve the overall productivity levels. The draft plan also reflects the provision police finance settlement for 2016/17.

5. Key focuses of the draft MTCP are:
- To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; finalising the HQ accommodation strategy, improving core training facilities and progressing the Asset Management Plan to deliver long term savings.
  - To ensure provision is made for ICT Technology that continues to maintain and develop the existing infrastructure and invests in the core technologies required to provide innovative digital policing services.
  - The maintenance and replacement of other core assets where necessary e.g. vehicles and radios. This now includes provision for the Emergency Services Mobile Communications Project (EMSCP), the national replacement of airwave services.
6. The cost and funding estimates within this draft capital programme are based on the best information available at the time. This can be standard building costs, desktop estimates or an estimate based on the experience of another force. Future inflation is reviewed annually as part of the budget development process and included where appropriate.

**Draft Capital Programme – Summary**

7. The draft MTCP builds on the existing capital plan approved in July 2015.
8. All existing and proposed new schemes are sponsored by chief officer leads and are reviewed by CCMT taking into consideration the strategic priorities of the PCC, the operational priorities of the Force and the risk associated with each scheme. The assumptions, scope and costs underlying each scheme are challenged as are the schemes themselves to ensure they remain justified given the economic climate. Figures within the draft MTCP reflect this and, as a consequence, some revisions have been made to existing programme schemes, as well as new ones introduced.
9. The planned gross expenditure within the draft MTCP totals £69.133m. This is summarised in Table 1 below and includes projects previously identified in the 2015/16 capital plan (£5.505m), which have been rephrased to allow for planning and tendering procedures. A more detailed analysis is provided in Appendix 1.

**Table 1: Summarised Draft Capital Programme**

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Property	7.342	9.527	9.695	2.517	<b>29.081</b>
ICT	16.590	2.437	1.387	1.077	<b>21.491</b>
SECTU / Tactical Firearms					
Equipment & Radio	1.445	3.954	0.479	0.150	<b>6.029</b>
Vehicles	3.028	3.097	3.168	3.240	<b>12.533</b>
<b>Totals</b>	<b>28.405</b>	<b>19.015</b>	<b>14.729</b>	<b>6.984</b>	<b>69.133</b>

10. Funding of the draft programme takes into account the current remaining capital reserves, grant funding, anticipated capital receipts from asset sales, revenue contributions and the use of earmarked reserves. It is now estimated that over the four year period there will be a requirement to draw down additional funding of up to £1.493m from the Improvement and Performance revenue reserve and at the end of the 4 year period all capital reserves will be fully utilised.

11. Funding of the draft capital programme is shown in Appendix 1, Schedule 7. The bottom row in this table shows the balance of accumulated capital reserves at the end of each financial year. This implies that at the end of 2016/17 and 2017/18 there will be a negative balance, i.e. that we plan to spend more in those years than we can afford to fund from available reserves and forecast capital income over those years.
12. In practice this is not expected to happen since planned expenditure is rarely incurred according to the original profile which is why a new capital monitoring process was introduced earlier this financial year. The profile of actual expenditure will be monitored very closely to ensure that we do not commit more resources than we can afford to fund. However, in the unlikely event that planned expenditure does occur as per schedules 1 to 5 then officers will present options to the PCC on how this expenditure could be funded pending the receipt of capital grant, capital receipts and other capital income.

### **The Capital Programme – New or revised Major Schemes**

#### **Property schemes**

13. These schemes are necessary to meet a combination of key priorities, including maintaining operational performance and capacity as well as strategic asset management. The significant changes to the property projects since October are:
  - **Milton Keynes Police Station** – The existing £3m project of site wide works has been extended by £0.600m, to be fully funded from third party contributions. The works will enable the future AMP release of Bletchley Police Station.
  - **AMP replacement programme updated** – The process of reviewing the estate is an iterative and ongoing process taking into consideration changes in how we deliver policing services supported by improvements in ICT and technology and the opportunities to co-locate with partners. The next formal iteration of the AMP is planned for June 2016.
  - **AMP fit-out costs** - In order to facilitate the AMP estate transition, it is estimated that additional fit-out costs will total £0.751m during the MTCP period.
  - **Property project inflation** – Inflation of £0.546m for property related projects and a further £1.284m for AMP projects has been included across the MTCP period to reflect extraordinary market conditions, principally driven by the high volumes of property related works being conducted in the Thames Valley area, which is reducing the availability of contractors to compete for our works.

#### **Technology Schemes**

14. The ICT Technology section of the MTCP was updated in July 2015 to reflect the new 5 year ICT strategy. This resulted in the inclusion of capital funding to invest in ICT 'Technical Debt' (i.e. historical under-investment) and Infrastructure Enablers, alongside identifying reserve funding to support the implementation of the strategy. This position remains unchanged however implementation of the ICT strategy could identify future additional technology opportunities which are not included within this plan.
15. The following new schemes and adjustments to existing change programmes have been included which add **£8.692m** to the four year capital programme:

- **Web Options Strategy** - This project develops a collaborative intranet, internet and knowledge management solution with Hampshire Constabulary to update and improve the current costly and dated web systems employed across the 2 forces. This will enable an enhanced digital 101 / Contact Management Programme (CMP) approach to customer contact. An innovation fund bid has been submitted to the Home Office seeking grant funding for this project.
- **Fingerprints – End to End System** - This bid seeks to identify an IT system to manage digital transfer, comparison and storage of crime scene fingerprints from capture to Court presentation. Process efficiencies are expected to be achieved and an Innovation fund bid has been submitted.
- **Computer Triaging** - This bid enables the triaging of digital forensic evidence capture to reduce High Tech Crime Unit (HTCU) demand through the use of new specialist ICT hardware & software. Innovation funding has been sought to support this project.
- **ERP - £4.00m** - The existing ERP provision has been adjusted to reflect the maximum capital funding impact; the conclusion of the current tendering process will provide the actual revenue / capital split. A full business is being prepared and will be available at the start of February. An innovation bid has been submitted to seek funding for this collaborative project by Sussex.
- **Contact Management Programme (CMP)** – As scoping of the CMP project has continued, detailed analysis of works required with our partner, Microsoft, has resulted in a revised estimate of costs from the supplier, which has been robustly challenged. In addition, new architectural components have been put in place through this project that will provide the foundation for other programmes, including Digital Policing (DPP). This bid now includes costs associated with search facilities that were previously identified separately, extended project team costs to reflect revised implementation timescales and a contingency to mitigate the risk of further budget increase requests. The revised cost base will require additional budget approval from both TVP and Hampshire.
- **Digital Policing Programme (DPP) – Costs tbc** – The DPP programme is currently delivering projects around smart phones, in car WIFI and Body Worn Video. In addition, scoping work has been undertaken to identify which digital capabilities will provide the most benefit to officers and staff in transforming service delivery. The implementation plans for DPP are being developed based on prioritised delivery but, at the present time, future budgetary requirements are not yet available. Work, currently being commissioned and expected to run until March 2016, will define business cases for prioritised areas and help inform future costs. Once these are known they will be brought to the PCC for a decision on funding. **Any additional investment is likely to require funding from the earmarked Improvement and Performance reserve.**

#### **Equipment & Radio**

16. The equipment scheme includes a very limited provision for essential radio replacements pending the ESMCP (see below), as well as Automatic Number Plate Recognition (ANPR) and the basic equipment bid. The annual provision for equipment is set at a nominal £0.100m p.a. and its usage is reviewed by the Director of Finance. The annual provision for ANPR is £0.100m, which includes replacement of old equipment and funding to support partnership expansion bids.

17. **ESMCP – Airwave Replacement Project.**

The Emergency Service Mobile Communications Programme is a nationally led project to replace all critical voice channels with a digital solution and broadband coverage for all 3 emergency services. Local implementation is being managed as a collaborative project with Hampshire. Project implementation is currently expected to jointly cost £4.901m, with the TVP share being £2.686m, excluding the purchase of replacement devices, for which a further estimated allowance of £1.644m is shown bringing total costs for TVP to £4.330m. Assurances have been received from the Home Office that funding will be received to support the change programme, including the purchase of devices and this is reflected in the funding assumptions. The funded period is expected to cover 12 months before and 12 months after transition, and total circa £3.735m for TVP, including expected specific grant for devices. Funding approval is sought to cover ICT and implementation costs prior to the Home Office funding period which, for TVP, is £0.595m.

**Vehicles**

18. The vehicle replacement provision is used to maintain the capacity and efficiency of the Force's vehicle fleet. The programme is based on a dynamic replacement model created by Chiltern Transport Consortium which recognises the impact of both age and usage on the vehicle life cycle to identify the most economical replacement point for each vehicle. A review of the size and composition of the fleet is included within the Priority Based Budgeting review but the majority of this work will be driven by the new operating model currently under development. Previously included inflationary and funded growth of £0.864m has been reduced to £0.269m primarily due to the impact of the new vehicle contract.

**Funding of the Medium Term Capital Plan 2016/17 to 2019/20:**

19. The MTCP, recommended for approval today, comprises schemes costing £69.133m gross expenditure over the 4 year period. This includes £5.505m of projects previously identified in the 2015/16 capital plan, but which have been re-phased to allow for planning and tendering procedures. Funding of the MTCP is detailed in schedule 7 of Appendix 1 attached.
20. Capital receipts of £43.820m from Asset Management Plan (AMP) disposals, house sales, shared equity repayments and vehicle sales are expected to provide significant support to the overall plan over the 4 year period, AMP sales provide £35.265m of this funding. It should be noted that whilst a prudent approach to capital receipts in relation to both amounts and timing has been adopted, the receipts may vary from planned profiles.
21. Capital grant allocations have been cut in the recent Police Grant Settlement, reducing central funding by £4.610m over the 4 year MTCP. The annual capital grant for next year is now just £1.7m and, in the absence of firm information from the Home Office, we have assumed that this amount will continue to be received in future years also. This reduction in grant funding has been managed by increasing Direct Revenue Financing, included in the revenue medium term financial plan (MTFP), by £5.7m over the period. This will support the overall capital programme.
22. Some elements of how the nationally driven ESMCP programme are to be funded are still uncertain. We have assumed that specific grant will be made available to cover elements of the transition and the cost of replacement devices. At present the costs and grant are estimates and may change, but total funding is assumed to be £3.735m, including devices.



23. During December 2015 a number of collaborative Innovation Grant funding bids were submitted to the Home Office by Thames Valley, Hampshire, Surrey and Sussex relating to new and existing 2016/17 schemes. Nationally the Innovation Fund has been reduced from £70m to £55m, of which around £20m has already been allocated. At this time no new 2016/17 Innovation Grant Funding has been assumed within the MTCP financing, but any award would improve the Force funding position. Decisions are expected towards the end of the current financial year.
24. The MTCP will require a some support from earmarked Improvement and Performance reserve to balance the MTCP over the 4 year period. It is therefore requested that the PCC formally approves the use of up to £1.493m of reserves as part of the budget approval process.
25. It should be reiterated that work continues to identify the financial impact of DPP and this may result in an application to the PCC for further funding from the Improvement & Performance reserve.
26. The change to the use of reserves is reflected in the separate report on Reserves & Balances which details the overall reserve position over this planning period.
27. Beyond the draft MTCP period, financial considerations are likely to become increasingly acute; one-off windfall sales of finite assets such as police houses will become less prevalent, partner funding is likely to reduce and revenue reserves and support will become even more limited. It is therefore crucial that investment decisions support the long term development of the Force. In essence the PCC has a cash-limited opportunity to continue to shape the Force to be able to operate effectively in an increasingly hostile financial environment and, once done, future reshaping will be far more difficult to accomplish with the limited resources available thereafter.

### **Alternative funding Solutions**

28. Over the coming years, particularly beyond the draft Plan period, alternative funding solutions may be required. This may include a return to borrowing, e.g. for the AMP 'invest to save' initiatives, although this in itself puts further pressure on revenue budgets to fund resultant borrowing costs. Alternatively, projects could be funded by a revenue contribution to capital which avoids the on-going interest charges, but will require further revenue savings to offset the additional DRF.

### **Financing of the Draft Capital Programme**

29. Recommended financing of the draft capital programme 2016/17 to 2019/20 is set out in table 2 below:

	<b>2016/17</b>	<b>Total 4 years</b>
	<b>£m</b>	<b>£m</b>
Capital grant (inc ACPO TAM)	10.724	14.891
Capital receipts	15.415	43.820
Revenue contributions	0.840	6.260
Revenue reserves (Risk Management reserve)	0.268	0.461
Revenue reserves (Improv & Perf) to be approved.	0	1.493
Third party contributions	0.708	1.308
Safer Roads Partnership	0.450	0.900
<b>Total Financing</b>	<b>28.405</b>	<b>69.133</b>

### Issues for Consideration:

30. Whilst the figures included in the draft capital programme are as accurate as possible it should be noted that a number of elements will continue to be developed and result in future change requests. These include:
- **Asset Management Plan (AMP)** schemes still require firm solutions to be identified; hence costs will be subject to variation. The timing of AMP schemes are partly dependant on availability within the market. In addition, currently leased premises will continue to be considered for purchase where it makes sound financial sense to do so. These are in addition to current AMP works.
  - **Sale of Land** - The future development of Gowell Farm in Bicester into eco-housing, if successful, will generate a significant capital receipt that is currently not included in the funding projections (schedule 6) due to uncertainty over scope and timing. When realised, this income will support future capital projects.
  - **Programme flexibility** – As demonstrated by scoping exercises within the CMP, the developmental nature of some change programmes have resulted in budget revisions. The nature and pace of ICT development and change is therefore likely to increase uncertainty around budget provisions in this area. Programmes in the early stages of development such as the Digital Policing Programme (DPP) are likely to identify additional technology which will be evaluated on a cost benefit basis when identified. **Future budget requirements for DPP are still to be identified and are currently not financed within the MTCP.**
  - **Income** – Funding arrangements relating to ESMCP are still to be finalised and will provide some uncertainty over the next few months.
  - **Innovation Fund** – A number of bids have been submitted by both TVP and partner forces to secure innovation funding. We are currently not assuming any successful grant awards therefore any additional grant would improve the financing position in Schedule 6. Notification of grant success is normally expected around the end of the current financial year.
  - **Global economic pressures** - It should be noted that there is some risk that global economic pressures could influence the Government's ability to maintain future grants at expected levels. Due to reducing capital grant allocations the use of direct revenue financing has been increased. This could be at risk if future revenue settlement figures are lower than expected.

### Conclusion & Recommendation

31. Despite a positive Police Revenue Grant Settlement, the Police Capital Grant allocation was reduced significantly. The Force continues to progress through a period of considerable and sustained financial pressure and changes to the profile of policing demand. Investment remains essential to ensure the Force becomes leaner and more efficient in its use of resources. Utilising rapidly developing ICT technology to enable future collaborations to reduce costs, improve access to and for the public, and assisting in delivering our priorities is a fundamental requirement for the modern police service.

32. The schemes included in the 2016/17 draft MTCP are considered by CCMT to be essential for enabling and improving future service provision through a more efficient estate and the use of technology.
33. The MTCP presented today for approval identifies total planned spend of £69.133m over the 4 year period 2016/17 to 2019/20. This includes £5.505m of re-phased 2015/16 approved projects. Although no additional external borrowing is required, a modest appropriation from the Improvement and Performance reserve of up to £1.493m is sought to fund and balance the MTCP over the 4 years.
34. It should be reiterated that Innovation Grant has been applied for which, if successful would support the overall financial position however there is also an awareness that plans for the Digital Policing Programme are still being developed and future years costs are yet to be identified.
35. The PCC is therefore asked to consider the following:
- Approve the draft capital programme for 2016/17 in the sum of £28.405m as set out in Table 1
  - Approve the financing of the capital expenditure as set out in Table 2.
  - Approve the 4 year Medium Term Capital Plan (2016/17 to 2019/20) for planning purposes at £69.133m (including re-phasing) as set out in Table 1.
  - Approve the application of up to £1.493m from the Improvement and Performance reserve to help finance the overall investment plan.

**Legal comments**

36. The capital programme is an integral part of the overall budget package which the PCC must consider each year. These reports are presented to the PCC, in compliance with the requirements of the Prudential Code and will demonstrate that capital investment plans are affordable, sustainable and prudent.

**Equality comments**

37. No specific implications arising from this report

**Background papers**

Annual capital programme 2015/16  
 The MTFP 2016/17 to 2019/20  
 Reserves, Balances & Provisions report - January 2016

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

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

Name & Role	Officer
<p><b>Head of Unit</b> The Medium Term Capital Plan presented for approval today supports service delivery of the PCC's Police and Crime Plan and the Force's long term strategy. It is fully funded but requires the use of up to £1.493m earmarked reserves. There will be an updated MTCP presented early in the new financial year to recognise any Innovation funding award and clarity of future DPP costs.</p>	Director of Finance
<p><b>Legal Advice</b> No specific issues arising directly from this report</p>	Chief Executive
<p><b>Financial Advice</b> The Chief Constable is proposing a 4 year Medium Term Capital Programme which supports delivery of the PCC's Police and Crime Plan. The budget requires the use of a further £1.493m Improvement &amp; Performance reserve to fund the overall programme. Capital reserves will be fully utilised by the end of the 4 year planning period</p>	PCC Chief Finance Officer
<p><b>Equalities &amp; Diversity</b> No specific implications arising from this report</p>	Chief Executive

**OFFICER'S APPROVAL**

<p>We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.</p>	
<p>We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.</p>	
<p>Director of Finance</p>	<p>Date 11<sup>th</sup> January 2016</p>
<p>Chief Finance Officer</p>	<p>Date 11<sup>th</sup> January 2016</p>

### SCHEDULE 1 : DRAFT CAPITAL EXPENDITURE FORECAST SUMMARY

Jan-16

	Revised	Re- phased from	New Spend	Total	2017/18	2018/19	2019/20	Total 2016 to 2020	Later Years	Schedule Reference
	2015/16 £000	2015/16 £000	2016/17 £000	2016/17 £000	£000	£000	£000	£000	£000	
Property	3,736	765	6,577	7,342	9,527	9,695	2,517	29,081	-	Schedule 2
ICT/ Business changes	10,701	4,690	11,900	16,590	2,437	1,387	1,077	21,491	-	Schedule 3
SECTU/ Tactical Firearms	951				-	-	-		-	Schedule 4
Equipment & Radio Replacement	2,414	50	1,395	1,445	3,954	479	150	6,029		Schedule 5
Vehicles	3,237		3,028	3,028	3,097	3,168	3,240	12,533	-	Schedule 6
<b>Total to be financed</b>	<b>21,039</b>	<b>5,505</b>	<b>22,900</b>	<b>28,405</b>	<b>19,015</b>	<b>14,729</b>	<b>6,984</b>	<b>69,133</b>	<b>-</b>	

REF	<b>SCHEDULE 2: PROPERTY SCHEMES</b>							Total 2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20 £000	Later years £000
	Total Cost Inc Prior Spend £000	Total 2015/16 £000	Re- phased 2015/16 £000	New Spend 2016/17 £000									
	<b>Corporate Schemes</b>												
	HQ South - C, D, E & G block (Work and Demolition)	3,600	2,000	376	820	1,196						1,196	
	St Aldates Police Station	893	84	30	236	266	234					500	
	Sulhamstead - Imbert Court	2,200	25		125	125	1,500	550				2,175	
	Sulhamstead - Teaching Block	1,880	850	209	810	1,019						1,019	
	Sulhamstead - White House	1,650	0		0	0	30	1,220			400	1,650	
	Milton Keynes- site wide works	3,600	50	50	750	800	2,750					3,550	
	Banbury Driving school refurbishment	490	417		60	60		175			40	60	
	inflation allowance	546	0		51	51	280					546	
	<b>Asset Management Plan (AMP)</b>												
	<b>Asset Management Plan (AMP) total</b>	<b>18,120</b>	<b>195</b>	<b>100</b>	<b>3,457</b>	<b>3,657</b>	<b>4,633</b>	<b>7,657</b>	<b>2,077</b>	<b>17,924</b>	<b>0</b>		
	<b>Carbon Management Works</b>												
	Carbon Management Works: REC, Officer Safety Training Centre Sulhamstead & HQ South A-Block	1,204	0	0	268	268	100	93	0	461	0		
	<b>Custody Estate Programme</b>												
	Custody suites - TYP Sites -Milton Keynes	2,751	115			0							
	<b>Total Property</b>	<b>36,934</b>	<b>3,736</b>	<b>765</b>	<b>6,577</b>	<b>7,342</b>	<b>9,527</b>	<b>9,695</b>	<b>2,517</b>	<b>29,081</b>	<b>0</b>		

## Data processing

Ref	SCHEDULE 3: ICT SCHEMES and BUSINESS CHANGE	Total Cost Inc Prior Spend £000	Total 2015/16 £000	Re-phased 2015/16 £000	New Spend		Total 2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20	Later years
					2016/17 £000	2019/20 £000						
	<b>ICT CORE SCHEMES</b>											
	<u>Data processing</u> Data Processing - New Data Centre, existing servers, ICT security and tools.	2,316	223	-	1,328	270	1,328	270	270	225	2,093	-
	<u>End Point Devices</u> End Point Devices - Desktops and Laptops, Tablets and handheld devices.	3,646	319	-	764	867	764	867	844	852	3,327	-
	<u>Connectivity infrastructure</u> Connectivity infrastructure -Sepsna, Wifi & Xcryptos	1,250	1,184	-	66	-	66	-	-	-	66	-
	<u>Storage Infrastructure</u> Storage Infrastructure including - HTC & BWV	345	45	-	100	100	100	100	100	-	300	-
	<b>Sub Total Core Schemes</b>	<b>7,557</b>	<b>1,771</b>	<b>-</b>	<b>2,258</b>	<b>1,237</b>	<b>2,258</b>	<b>1,237</b>	<b>1,214</b>	<b>1,077</b>	<b>5,786</b>	<b>-</b>
	<b>BUSINESS CHANGE &amp; IMPROVEMENT</b>											
	<b>Existing schemes due for completion this year</b>											
	<u>DESKTOP OPERATING SYSTEM MIGRATION</u> Desktop Operating System (Initial and Secondary Engagement) & PSN Migration	3,280	1,847	733	-	733	733	-	-	-	733	-
	<u>CONTACT MANAGEMENT SYSTEM (CMS)</u> Contact Record Management, Multimedia, Command & Control replacement and Firearms Management System.	4,302	3,452	-	-	-	-	-	-	-	-	-
	<u>RECORDS MANAGEMENT SYSTEM (RMS)</u> Records Management System - Structured Data Repository, Replacement Crime & Intelligence, Mispers, Warrants, IOM, Records Evidence.	3,404	75	475	475	475	950	-	-	-	950	-
	<u>MOBILE ACCESS TO OPERATIONAL DATA AND PROTECTIVE MONITORING</u> Mobile Access to Operational Data including Body Worn Video, Electronic Witness Signatures and Digital Case Files plus Protective Monitoring.	564	6	-	175	-	175	-	-	-	175	-
	<u>ENTERPRISE RESOURCE PLANNING (ERP)</u>											

## Data processing

Ref	SCHEDULE 3: ICT SCHEMES and BUSINESS CHANGE	Total Cost Inc Prior Spend £000	Total 2015/16 £000	Re- phased 2015/16 £000	New Spend		2017/18 £000	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20 £000	Later years £000
					2016/17 £000	2017/18 £000					
	Business Management Software - HR, Duties and Finance.	1,000	50	-	950	-	-	-	950	-	
	<u>Digital Policing</u> Digital Policing - including End User Devices	2,446	1,375	325	350	200	173	-	1,048	-	
	<u>Technical Debt</u>	3,129	1,800	1,329	-	-	-	-	1,329	-	
	<u>Infrastructure Enabler</u>	498	-	498	-	-	-	-	498	-	
	<u>Livelihood Replacement</u> Livelihood (Document Storage) Replacement	630	50	580	-	-	-	-	580	-	
	<u>ICCS Hardware refresh</u> ICCS - Integrated Comms Control System - Hardware refresh	275	275	-	-	-	-	-	0	-	
	<u>CCTV Restructure</u> CCTV Restructure -Partners to match fund	750	-	750	-	-	-	-	750	-	
	<u>New ICT related bids</u> Total New ICT related bids	8,692	-	-	7,692	1,000	-	-	8,692	-	
	<b>TOTAL- ICT Specific Schemes</b>	28,970	8,930	4,690	9,642	1,200	173	-	15,705	-	
	<b>TOTAL- ICT</b>	36,527	10,701	4,690	11,900	2,437	1,387	1,077	21,491	-	



REF	SCHEDULE 4: ACPO TAM funded	Total Cost Inc Prior Spend £000	Total	Re-phased from	New Spend			Total	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20 £000	Later
					2015/16 £000	2016/17 £000	2017/18 £000					
	Equipment CTU & CTU	242	242	-	-	-	-	-	-	-	-	
	Vehicles CTU & CTU	489	489	-	-	-	-	-	-	-	-	
	Buildings	225	225	-	-	-	-	-	-	-	-	
	Equipment	-	-	-	-	-	-	-	-	-	-	
	- Firearms Support Arrangement	(5)	(5)	-	-	-	-	-	-	-	-	
	<b>TOTAL ACPO TAM funded</b>	<b>951</b>	<b>951</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

REF	SCHEDULE 5: Equipment & Radio	Total Cost Inc Prior Spend £000	Total	Slippage from	New Spend			Total	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20 £000	Later
					2015/16 £000	2016/17 £000	2017/18 £000					
	Annual Provision	507	100	-	100	100	100	100	100	400	-	
	Video Conferencing	164	-	-	-	-	-	-	-	-	-	
	TSU equipment	434	-	-	-	-	-	-	-	-	-	
	Safer Roads	3,075	1,901	-	450	450	450	450	450	900	-	
	SEROOU	511	-	-	-	-	-	-	-	-	-	
		<b>4,691</b>	<b>2,001</b>	<b>-</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>100</b>	<b>100</b>	<b>1,300</b>	<b>-</b>	
	ANPR - further static sites- partner funded	520	41	13	50	63	50	50	50	213	-	
	ANPR - replacement of installations/infrastructure	378	91	37	50	87	50	50	50	187	-	
	<b>ANPR</b>	<b>898</b>	<b>132</b>	<b>50</b>	<b>100</b>	<b>150</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>	<b>-</b>	
	<b>Airwave replacement- ESMCP - overall project</b>	<b>2,686</b>	<b>72</b>	<b>-</b>	<b>674</b>	<b>674</b>	<b>1,660</b>	<b>279</b>	<b>-</b>	<b>2,614</b>	<b>-</b>	
	<b>Airwave replacement- ESMCP - Devices</b>	<b>1,644</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,644</b>	<b>-</b>	<b>-</b>	<b>1,644</b>	<b>-</b>	
	National radio system upgrade - ESMCP TVP costs	<b>4,330</b>	<b>72</b>	<b>-</b>	<b>674</b>	<b>674</b>	<b>3,304</b>	<b>279</b>	<b>0</b>	<b>4,258</b>	<b>-</b>	
	Radio Replacements - Covert	876	74	-	50	50	-	-	-	50	-	
	Radio Replacements - Officers	2,752	23	-	21	21	-	-	-	21	-	
	Radio Replacements - Vehicles	810	113	-	-	-	-	-	-	-	-	
	<b>ICT -Airwave</b>	<b>8,768</b>	<b>281</b>	<b>-</b>	<b>745</b>	<b>745</b>	<b>3,304</b>	<b>279</b>	<b>-</b>	<b>4,329</b>	<b>-</b>	
	Safer roads/ other grants	-	-	-	-	-	-	-	-	-	-	
	<b>Total Equipment &amp; Radio Replacement</b>	<b>14,357</b>	<b>2,414</b>	<b>50</b>	<b>1,395</b>	<b>1,445</b>	<b>3,954</b>	<b>479</b>	<b>150</b>	<b>6,029</b>	<b>-</b>	

CSG REF	SCHEDULE 6: VEHICLES	Total Cost Inc Prior Spend £000	Revised	Re-phased from	New Spend			Total	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20 £000	Later
					2015/16 £000	2016/17 £000	2017/18 £000					
	TVP Vehicle Replacement	15,608	3,075	-	3,028	3,028	3,028	3,168	3,240	12,533	-	
	Vehicle Telematics (tba)	162	162	-	-	-	-	-	-	-	-	
	others - SRP/ADDITIONA	-	-	-	-	-	-	-	-	-	-	
	<b>Total Vehicle Replacement</b>	<b>15,770</b>	<b>3,237</b>	<b>-</b>	<b>3,028</b>	<b>3,028</b>	<b>3,097</b>	<b>3,168</b>	<b>3,240</b>	<b>12,533</b>	<b>-</b>	

## SCHEDULE 7: RESOURCES REQUIRED TO FINANCE THE CAPITAL PROGRAMME

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total 2016/17 to 2019/20 £000
<b>Estimated funding generated during year</b>						
Capital Receipts including AMP		12,740	9,425	12,100	1,000	35,265
- House Sales	2,398	2,025	920	1,530	1,480	5,955
- House Shared Equity repay	3,450	200	200	200	200	800
- Vehicle Sales	441	450	450	450	450	1,800
Revenue Contributions						
DRF	-	700	2,200	1,800	1,000	5,700
General Reserves- Approved by PA	-	-	-	-	-	0
Third Party Contributions						
S106 Contributions	137	108	200	200	200	708
ANPR Contributions	-	-	-	-	-	0
Other Contributions	-	600	-	-	-	600
Capital Grants						
General	2,966	1,729	1,729	1,729	1,729	6,914
ACPO TAM grants (SECTU or T66)	956	-	-	-	-	0
Other government Departments/agencies	-	-	-	-	-	0
Assumed Home Office Funding for ES	-	152	3,304	279	-	3,735
Reserves						
Earmarked Reserves -						
Improvement & Performance	68	-	-	-	-	68
Risk Management Reserve	-	268	100	93	-	461
For Approval - New funding from Imp & Perf	-	-	-	1,493	-	1,493
Other Income						
Safer Roads Partnership	875	450	450	-	-	900
Serocu Vehicles	140	140	140	140	140	560
Innovation Fund -CMP	968	-	-	-	-	0
Innovation Fund - Telematic	89	-	-	-	-	0
Innovation Fund -DP	262	-	-	-	-	0
<b>Resources Available</b>	<b>13,200</b>	<b>19,562</b>	<b>19,118</b>	<b>20,014</b>	<b>6,199</b>	<b>64,891</b>
<b>Total Resources Programme Requi</b>	<b>21,039</b>	<b>28,405</b>	<b>19,015</b>	<b>14,729</b>	<b>6,984</b>	<b>69,133</b>
<b>Shortfall / Surplus in year</b>	<b>-7,839</b>	<b>-8,844</b>	<b>103</b>	<b>5,284</b>	<b>-785</b>	
<b>Available Capital Reserves as at 1/4/2014</b>	12,081					
<b>Balance of Capital Reserves</b>	<b>4,242</b>	<b>-4,602</b>	<b>-4,499</b>	<b>785</b>	<b>-0</b>	



**Report for Decision to the 'Policy, Planning and Performance' [Level 1] Public Meeting on 18<sup>th</sup> January 2016**

**Title: Reserves, Balances and Provisions**

**Executive Summary:**

The report provides information on the level of reserves, balances and provisions currently held and explains how some of these will be applied over the next four years to help support the revenue budget and capital programme.

**Recommendation:**

The Police and Crime Commissioner (PCC) is asked to:

1. NOTE the levels of reserves and balances currently held, and
2. APPROVE, in principle, the planned application of reserves over the next four years to help support the revenue budget and capital programme

**Police and Crime Commissioner**

I hereby approve the recommendation above.

**Signature**

**Date**

## **PART 1 – NON-CONFIDENTIAL**

### **1 Introduction and background**

- 1.1 The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for meeting estimated future expenditure when calculating the council tax requirement.
- 1.2 Under Section 25 of the Local Government Act 2003, chief finance officers have a duty to report on the robustness of budget estimates and the adequacy of reserves when the PCC is considering his/her council tax requirement.
- 1.3 Attached at Annex 1 is a detailed report which provides information on the level of reserves, balances and provisions currently held, and explains how these will be applied in coming years to help support the revenue budget and capital programme.

### **2 Issues for consideration**

- 2.1 The PCC needs to ensure that sufficient cash reserves are maintained over the medium to long term to ensure that future planned and unplanned (e.g. one-off emergency) operations and/or events can be funded without having a detrimental impact on normal day to day operational activities.

### **3 Financial comments**

- 3.1 The PCC's policy is to maintain general balances around a guideline level of 3% of the annual net revenue expenditure budget with an absolute minimum of 2.5%. As Table 2 in the Annex shows, general balances are expected to stay above the 3% level throughout the 4 year planning period although there are an increasing number of financial and budget risks that may alter this situation very quickly. The main budget risks for 2016/17 are set out in Appendix 2.
- 3.2 The PCC also maintains earmarked reserves and an insurance provision to fund specific initiatives or meet areas of anticipated future spending. Earmarked revenue reserves are planned to reduce from £33.8m on 31st March 2015 to around £21.5m by the end of 2019/20, including £2.7m in the Conditional Funding Reserve which is not available to support general operational policing. Further information is provided in paragraphs 13 to 19 in Annex 1 and in Appendix 2. The insurance provision is currently fully funded and the adequacy of the reserve is assessed annually by a firm of qualified actuaries.
- 3.3 Capital reserves will be fully utilised by the end of the current four year planning period which means future capital programmes will have to be scaled back to reflect the new lower level of capital resources available or alternative sources of funding (e.g. borrowing) will need to be found.

### **4 Legal comments**

- 4.1 The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for

meeting estimated future expenditure when calculating the council tax requirement.

**5 Equality comments**

5.1 No specific equality or diversity issues to report.

**6 Background papers**

6.1 Local Government Finance Act 1992

6.2 LAAP Bulletin 99 – July 2014 – Local authority reserves & balances

<p><b>Public access to information</b>          Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.</p>
<p><b>Is the publication of this form to be deferred? No</b></p>
<p><b>Is there a Part 2 form? No</b></p>

<b>Name &amp; Role</b>	<b>Officer</b>
<p><b>Head of Unit</b>            This report has been produced in consultation with the Director of Finance. It is fully consistent with and should be read alongside the draft revenue estimates and draft capital programme reports.</p>	PCC Chief Finance Officer
<p><b>Legal Advice</b>            This report meets the requirement of the Local Government Finance Act</p>	Chief Executive
<p><b>Financial Advice</b>            This report meets the requirement of the Local Government Finance Act</p>	PCC Chief Finance Officer
<p><b>Equalities and Diversity</b>            No specific implications arising from this report</p>	Chief Executive

**STATUTORY OFFICERS' APPROVAL**

<p>We have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.</p>	
<p>We are satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.</p>	
<p>Director of Finance</p>	<p>Date: 8 January 2016</p>
<p>Chief Finance Officer</p>	<p>Date: 8 January 2016</p>



## Introduction

1. This report provides information on the estimated level of reserves, balances and provisions currently held and explains how some of these will be applied over the next four years to help support the revenue budget and capital programme.

## NATIONAL GUIDANCE

2. In July 2014, CIPFA issued updated guidance on the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken in account locally in making an assessment of the appropriate level of reserves and balances to be held.

## GENERAL REVENUE BALANCES

### Background

3. In order to assess the adequacy of unallocated general reserves (otherwise known as general balances) when setting the budget the PCC, on the advice of the two chief finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, such as flooding, as well as internal risks, for example the ability to deliver planned efficiency savings.
4. Table 1 examines how Thames Valley Police (TVP) currently complies with the 7 key CIPFA principles to assess the adequacy of reserves.

**Table 1: Compliance with the 7 key principles**

<b>Budget assumptions</b>	<b>Current situation in Thames Valley</b>
The treatment of inflation and interest rates	<p>TVP makes full and appropriate provision for pay and price rises.</p> <p>An informed assessment is made of interest rate movements.</p> <p>All individual expenditure and income heads in the revenue budget are prepared and published at estimated outturn prices.</p>
Estimates of the level and timing of capital receipts	TVP makes a prudent assumption of future capital receipts.
The treatment of demand led pressures	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>The Chief Constable retains 2 central reserves to help finance large scale or corporate operations or issues. These are the 'Major Operations Reserve' and the 'Tasking Fund Reserve'.</p> <p>The Force was able to fund the additional costs arising from the August 2011 disorder from within budget.</p> <p>The Force has already identified £36m of cash savings which will be removed from the budget over the next four years (2016/17 to 2019/20).</p>

	<p>This is over and above the £72m of cash savings that have been removed from the base budget in the last five years (i.e. 2011/12 to 2015/16). This cumulative level of budget reduction (at least £108m) will inevitably mean that operational budgets will now come under even greater pressure and/or risk of overspending in future years.</p> <p>Some government grants (e.g. DSP) are announced annually in advance and are cash limited. Any new policing pressures arising during the year will have to be funded from TVP's own resources.</p> <p>TVP has created a number of earmarked revenue reserves to help finance specific, ad-hoc, expenditure commitments. Appropriations are made to and from these reserves on an annual basis, as required.</p> <p>Finally, general balances are used as a last resort to manage and fund demand-led spending pressures.</p>
<p>The treatment of planned efficiency savings/productivity gains</p>	<p>The Force has consistently achieved its annual efficiency target.</p> <p>All indications are that the £12.8m of planned productivity strategy savings removed from the budget in 2015/16 will be fully achieved.</p> <p>As explained above, over £72m of cash savings has already been taken out of the base budget with a further £36m required over the next four years.</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 PCC as part of the medium term planning process. Where relevant, any additional costs are incorporated in the annual revenue budget and/or capital programme.</p> <p>There is clearly a risk that local authority partners will continue to withdraw funding as their own budgets are squeezed, or that the continued financial 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>TVP has created a number of earmarked revenue reserves and provisions to meet specific expenditure items. These are referred to in more detail below.</p> <p>TVP maintains an insurance provision; the adequacy of which is determined annually by a firm of qualified insurance actuaries.</p> <p>The access criteria for special grants state that PCCs may be required to fund up to 1% of their net budget requirement themselves before</p>



	Government considers grant aid. This applies on an annual basis.
The general financial climate to which the authority is subject.	<p>Austerity will continue until at least 2020 although police grant allocations are better than previously expected. Based on current forecasts TVP will require cash savings of at least £36m over the next four years simply to balance the budget and address the new demands placed on the service. The draft revenue budget now contains a proposal to redeploy police officers in 2016/17 and later years and also to invest in priority and innovative service areas</p> <p>Interest rates are expected to continue at their current level (0.5%) until at least June 2016, thus suppressing investment income returns.</p> <p>The 4 year medium term financial plan reflects our local 'best estimate' of future inflation rates and increases in government grants and contributions.</p>

5. The current policy is to maintain general balances around a guideline level of 3% of annual net revenue expenditure budget, with an absolute minimum level of 2.5%.
6. The current and forecast level of general balances is set out in Table 2 below.

**Table 2: Predicted level of general balances**

	£m	% of 2016/17 Draft Budget
<b>Balance as at 1 April 2015</b>	<b>17.617</b>	<b>4.56%</b>
Forecast revenue surplus 2015/16	0.039	
Transferred to CTC reserve	- 0.026	
Planning and asset management fees	- 0.139	
Late notification of council tax information for 2015/16	-0.065	
Additional bank holidays	- 0.570	
Offset under-recovery of interest receipts	- 0.450	
<b>Forecast balance as at 31 March 2016</b>	<b>16.406</b>	<b>4.25%</b>
Planning and asset management fees	- 0.139	
<b>Forecast balance as at 31 March 2017</b>	<b>16.267</b>	<b>4.21%</b>
Planning and asset management fees	- 0.139	
Additional bank holidays	- 0.190	
<b>Forecast balance as at 31 March 2018</b>	<b>15.938</b>	<b>4.12%</b>
<b>Forecast balance as at 31 March 2019</b>	<b>15.938</b>	<b>4.12%</b>
<b>Forecast balance as at 31 March 2020</b>	<b>15.938</b>	<b>4.12%</b>

## **Commentary of the Table**

7. The current forecast level of general balances at 31 March 2016 is £16.406m which equates to 4.25% of the draft net revenue budget in 2016/17. However, after funding a small number of one-off budget initiatives over the next four years the estimated level of general balances at 31<sup>st</sup> March 2020 falls to £15.938m, which equates to 4.12% of the draft net revenue budget in 2016/17. This is above the guideline level of 3%.
8. Overall this represents an adequate level of reserves over the four year planning period to provide sufficient financial contingency cover whilst the Force continues to implement the significant level of service changes and associated budget cuts required to balance the budget over the next 4 years. It must be borne in mind that the successful implementation and delivery of these service and budget plans may, in turn, be affected by external decisions and events outside of our direct control that could impact on our local planned savings and/or spending commitments, e.g. level of future grant allocations and/or referendum limits for council tax increases.
9. There are also a significant number of budget risks, as set out below, which may require a drawdown on reserves during 2016/17.

## **Risk and Sensitivity Analysis**

10. Attached at Appendix 1 is the Risk and Sensitivity Analysis for General Balances for 2016/17. This provides the PCC with more accurate, timely and risk based information on the type of issues that may have significant potential implications for the level of general reserves held, both now and in the near future.
11. The Appendix has been produced in accordance with the Force Risk Model and scores the likelihood of each risk occurring, and the impact that it would have on the level of general balances currently held, on a scale of 1-5 (with 5 being 'high risk' / 'high impact', respectively). The two scores are then multiplied to provide an aggregate risk score. The risks in the Appendix are ranked in order, with high risk, high impact issues being shown at the top of the list.
12. The three biggest risks are firstly, that due to factors outside its direct control (e.g. police officers not leaving or retiring as quickly as planned) there is an overspend on the police pay budget during 2016/17. Secondly, that the Force is unable to deliver, in full, the £15.6m of planned cash savings to be removed from the base budget during 2016/17 and thirdly, the additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government

## **EARMARKED REVENUE RESERVES**

13. The predicted position at 31 March 2016 for each earmarked revenue reserve - which has a specific purpose and particular timescale for its expenditure - is shown in Table 3 below.
14. The predicted annual movement in each reserve over the next 4 years is shown in Appendix 2. This shows that by the end of 2019/20 the overall level of earmarked reserves will be £21.5m, including £2.7m in the Conditional Funding Reserve which is not available to help with general operational policing.

**Table 3: Earmarked reserves**

Reserve	Balance at 1 April 2015 £m	Predicted Movement in year £m	Forecast Balance 31.3.16 £m	Purpose of Reserve
Risk management reserve	0.461	- 0.000	0.461	To help 'pump prime' future risk management or carbon reduction initiatives.
Transport reserve	0.273	0.186	0.459	TVP share of the Chiltern Transport Consortium (CTC) reserves
Improvement and Performance reserve	23.755	- 1.037	24.718	Used to help fund one-off initiatives such as capital investment and property maintenance
Insurance	1.832	0.000	1.832	Funds held in case insurance provision proves inadequate to meet known liabilities
SEROCU	0.273	0.200	0.473	Provision held on behalf of the hosted regional organised crime unit to support infrastructure investment and risk management against in year grant cuts.
<b>Sub-total</b>	<b>28.594</b>	<b>- 0.651</b>	<b>27.493</b>	
Conditional Funding reserve	5.214	- 0.500	4.714	The Force is actively engaged in a number of projects which are funded by government grants, contributions from partner bodies and other agencies. Income received can only be spent on the specified purpose.
<b>Total</b>	<b>33.808</b>	<b>- 1.151</b>	<b>32.657</b>	

### Commentary on Table 3

15. The **Chiltern Transport Consortium** Board has agreed to limit its reserves to 3% of the devolved recharge for each force.. For Thames Valley Police this equates to around £0.165m. Any surplus above this level should be transferred to general balances unless it is held in the CTC reserve for a specific purpose such as Telematics
16. The **Improvement & Performance** Reserve is being be used to fund essential one-off expenditure items which will improve performance or deliver efficiency savings. The PCC has already agreed that £4.8m will be applied over the next 3 years to support the ICT strategy. Based on currently planning assumptions and funding requests this reserve will reduce from £25.755m as at 1<sup>st</sup> April 2015 to £16.2m by 31<sup>st</sup> March 2020.
17. The **Insurance Reserve** is being held as a contingency against future increases in premiums and/or increases in the value of assessed insurance liabilities (see paragraphs 21-23 below).
18. The **SEROCU reserve** is held on behalf of the regional organised crime unit and is for future development and investment in regional infrastructure in support of the unit, as well as being held to also support potential in year shortfalls in central grant allocations.
19. The **Conditional Funding Reserve** is likely to reduce in value by around £0.5m per annum with effect from 2015/16 as the LAA reward funds and Safer Roads Initiative monies are applied.

### **PROVISIONS**

20. 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 the Thames Valley Police has established the following provision.

## **Insurance**

21. A revenue provision exists for meeting ongoing claims under a self-insurance scheme. The insurance provision was last valued by Arthur J Gallagher in December 2015. Their provisional assessment of total liabilities on the insurance fund as at 31<sup>st</sup> March 2016 is £6.420m, which is slightly higher than their assessment last year (£6.129m) due to an increase in value of potential EL/PL claims.
22. As part of the close down process for 2015/16 officers will monitor and compare the actual fund size with the assessed liability. Any shortfall at year-end can be met from the earmarked insurance reserve which currently amounts to £1.832m (see Table 3 above).

## **CAPITAL BALANCES**

23. In addition to the earmarked revenue reserves and insurance provision referred to above, we also maintain three capital reserves. These are used to help finance the 4 year capital programme.

### **Capital grants unapplied**

24. Each year we receive an allocation of capital grant from the Home Office to help finance our capital investment plans. Unlike some other grants, which can only be used for a specific purpose or have to be spent within a particular timeframe, this grant is very flexible in that it can be applied to fund our general capital programme and can be carried forward, without penalty, until it is required to finance capital expenditure.
25. The fund balance as at 1<sup>st</sup> April 2015 was £11.9m. Based on current planning assumptions, as set out in the Medium Term Capital Plan, there should be sufficient capital resources to fund planned capital expenditure. However, the exact timing of capital expenditure and capital receipts over the 4 year period is very difficult to predict with 100% accuracy so Appendix 2 shows our current best estimate. This shows negative figures for capital grant in 2016/17 and 2017/18 but in practice this is very unlikely to happen.
26. Based on current planning assumptions capital grants and reserves will be fully utilised by the end of 2019/20.
27. Future capital investment beyond 2019/20 will largely be dependent on additional capital receipts and/or whether the PCC decides to borrow to fund new building projects.

### **Capital receipts**

28. There are three main sources of capital receipt in Thames Valley.
  - Sale of police houses
  - Sale of operational police properties to deliver the Asset Management Plan
  - Income from the sale of police vehicles is used to fund their replacements
29. The latest schedule of planned disposals and their estimated value is attached as Appendix 3.
30. To avoid having to pay 51% of all interest earned on the investment of capital receipts to the Government - as part of the loan charges grant calculation - capital receipts are applied to finance the capital programme as soon as they are received.

## CONCLUSIONS

31. Current policy is to maintain revenue general balances close to an operational guideline level of 3.0% of the net annual revenue budget, with an absolute minimum level of 2.5%. The latest estimate of general balances at 31<sup>st</sup> March 2016 is £16.406m which equates to 4.2% of the draft revenue budget in 2016/17. As explained in paragraphs 5 to 9 above there are a small number of planned uses for this money in coming years. Based on current planning assumptions the level of general balances should stay above the 3% guideline level through to 2019/20. This is an acceptable and appropriate position to be in as we continue the prolonged period of fiscal tightening and do not know, at this stage, the exact level of government grant support that we will receive in future years (i.e. beyond 2016/17).
32. Appendix 1 shows that there are a number of significant risks that may impact on the level of general balances currently held. There are three risks with a score of 8:
- due to factors outside its direct control (e.g. police officers not leaving or retiring as quickly as planned, there is an overspend on the police pay budget during 2016/17 that the PCC has been asked to fund through the use of balances , the planned
  - the Force is unable to deliver, in full, the £15.6m of planned cash savings to be removed from the base budget during 2016/17
  - the additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government
33. We have created a number of earmarked revenue reserves and an insurance provision to help fund specific initiatives or meet areas of future spending. In the main these are being applied over the next 3-4 years to finance one-off revenue and capital investment initiatives. Based on current planning assumptions, earmarked reserves will reduce from £33.8m on 31<sup>st</sup> March 2015 to £21.5m at 31 March 2020, including £2.7m in the Conditional Funding Reserve which is not available to fund general police expenditure. The application of these reserves will clearly be reviewed on an annual basis in light of current budgetary pressures and demands.
34. Based on current planning assumptions the 'Capital Grants Unapplied' reserve will be largely utilised by the end of 2019/20.

### Background Papers

CIPFA LAAP Bulletin 99 – July 2014 “Local authority reserves and balances”

## Risk and Sensitivity Assessment for General Balances in 2016/17

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	That, due to factors outside its direct control (e.g. police officers not leaving or retiring as quickly as planned, there is an overspend on the police pay budget during 2016/17	2	4	8	The police pay and overtime budgets are forecast to be overspent by £0.9m in 2015/16 proving that these two critical budgets are becoming increasingly more difficult to manage than in previous financial years due to due downsizing of the police officer establishment. A 1% variation on the police officer budget amounts to £2.02m. A 1% variation on the police overtime budget amounts to £0.06m
2	The Force is unable to deliver, in full, the £15.6 of planned cash savings to be removed from the base budget during 2016/17	2	4	8	The residual risk is that we won't deliver the full £20.1m, e.g. a couple of £m shortfall or slippage
3	The additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government	2	4	8	Home Office access criteria for special grants imply that the PCC will have to fund up to 1% of his net revenue budget (i.e. circa £3.8m) of these one-off costs from his own resources on an annual basis.  Mitigating 2015/16 reserve levels held are approx: <ul style="list-style-type: none"> <li>➤ Major Operations Reserve £0.5m</li> <li>➤ Tasking &amp; Coordinating £0.6m</li> </ul>
4	The Force fails to contain expenditure within agreed annual budget limits	2	3	6	Continued monitoring and scrutiny arrangements and medium term financial planning.

5	The one-off cost of delivering ongoing savings, e.g. redundancy costs, termination of contracts, etc. cannot be contained within existing budgetary provisions	2	2	4	The PCC maintains the Improvement & Performance Reserve which can be used to help fund one-off costs such as redundancies, property and ICT adaptations. However, to date these costs have been contained within the annual revenue budget.
---	--	---	---	---	---

## Risk Impact' Scoring Table

## APPENDIX 2A'

Factor	Score	Political	Economic	Social	Technology	Environmental	Legal	Other Organisational
<b>Guidance on criteria</b>		Ability to respond to HMIC / Audit Commission/ Police Authority & Home Office performance requirements, including Partnership Objectives and potential damage to reputation if not met	Level of funding and Resources	Human Rights – diversity and the damage to reputation if requirements not met / adhered to.	Examples are: all communications equipment, IT infrastructure, hardware & software. Plus any forensic capability that uses technology	Breach of legislation & / or damage to environment through contamination or pollution with potential for legal action against TVP	Health & Safety legislation and regulations. Plus personal safety and all other relevant legislation.	Ref protective marking guide 2007 relating to Public Order; safety; law enforcement & infrastructure etc
<b>Very Low</b>	<b>1</b>	Failure to meet individual operational target	Up to £100.000	Minor contravention of internal policies.	Minor ICT project delay	Insignificant impact on the environment – no breach of legislation	Local incident – local review no legal or regulatory breaches	Protect Data Loss / compromise /misuse resulting in ltd impact on personal human rights or operational activity
<b>Low</b>	<b>2</b>	Failure to meet a series of operational targets – adverse publicity	Between £100.000 and £500.000	Increasing numbers in minor contravention of internal procedures.	Short term loss of non critical ICT	Minor impact on the environment with no lasting effects – no breach of legislation	Minor incident – review protocols No adverse publicity	Restricted Data loss/compromise/ misuse resulting in limited impact to personal human rights or operational activity
<b>Medium</b>	<b>3</b>	Failure to meet a critical target – impact on an individual performance indicator - adverse internal audit report prompting timed improvement / action plan.	Between £500.00 and £1 million	Medium impact incident. Appears in local media	Longer term loss of non critical ICT	Minor impact on the environment with some short term effects – potential breach of legislation	HSE involved in significant incident. Civil litigation receiving adverse publicity and financial cost to the Force.	Confidential Data loss /compromise/misuse causing embarrassment & loss of trust in the force & an adverse impact on personal rights or operational activity
<b>High</b>	<b>4</b>	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action. Highlighted in the local media.	Between £1 million and £10 million	High impact incident. Appears in national media once	Prevention of access to intelligence placing prosecutions at risk including front line officers/staff.	Serious impact on environment with immediate and medium to long term effects – breach of legislation / local media attention	Temporary HSE intervention due to major incident. Force is prosecuted and fines. Intervention by Police Authority	Secret Data loss/compromise/ misuse resulting in serious reputational damage to the force & a severe impact to personal human rights (threat to life) or operational activity
<b>Very High</b>	<b>5</b>	Failure to meet a majority of local and national performance indicators – possibility of intervention / special measures. Picked up in the national media	Greater than £10 million	High impact incident(s) or high no of officers / staff taken to court under Human Rights / Diversity legislation. Appears in national media consistently	Damage to critical systems including loss of 999 service	Significant long-term impact on environment – breach of legislation leading to prosecution & reputation damage	Potential Corporate manslaughter charge. HSE close with adverse report Home office intervention. Taken to court by European Commission.	Top Secret Data loss/compromise /misuse resulting in sustained reputational damage to the force, impact upon national security & a serious breach of personal human rights (widespread threat to life) or operational activity



**'Likelihood' Scoring Table**

<b>Risk Likelihood</b>	<b>Score</b>	<b>Probability or Likelihood of Occurrence within the next 12 months</b>
<b>Highly Unlikely</b>	<b>1</b>	Virtually impossible to occur (0 to 5% chance of occurrence)
<b>Unlikely</b>	<b>2</b>	Very unlikely to occur (6 to 20% chance of occurrence)
<b>Possible</b>	<b>3</b>	More likely not to occur (21 to 50% chance of occurrence)
<b>Likely</b>	<b>4</b>	More likely to occur than not (51% to 80% chance of occurrence)
<b>Highly Likely</b>	<b>5</b>	Assume almost certain to occur (81% to 100% chance of occurrence)

## Summary of revenue and capital balances

	Balance 31.3.15 £m	Forecast Balance 31.3.16 £m	Forecast Balance 31.3.17 £m	Forecast Balance 31.3.18 £m	Forecast Balance 31.3.19 £m	Forecast Balance 31.3.20 £m
<b>GENERAL REVENUE BALANCES</b>	<b>17.617</b>	<b>16.406</b>	<b>16.267</b>	<b>15.938</b>	<b>15.938</b>	<b>15.938</b>
% of draft 2015/16 Net Revenue Budget	4.6%	4.2%	4.2%	4.1%	4.1%	4.1%
<b>EARMARKED REVENUE RESERVES</b>						
Risk management reserve	0.461	0.461	0.193	0.093	0.000	0.000
Transport reserve	0.273	0.459	0.325	0.325	0.325	0.325
Improvement and performance reserve	25.755	24.718	23.187	19.487	17.403	16.168
Insurance fund	1.832	1.832	1.832	1.832	1.832	1.832
SEROCU	0.273	0.473	0.473	0.473	0.473	0.473
<b>Sub-total</b>						
Conditional Funding reserve	5.214	4.714	4.214	3.714	3.214	2.714
<b>Total Earmarked Revenue reserves</b>	<b>33.808</b>	<b>32.657</b>	<b>30.224</b>	<b>25.924</b>	<b>23.247</b>	<b>21.512</b>
<b>TOTAL REVENUE RESERVES</b>	<b>51.425</b>	<b>49.063</b>	<b>46.491</b>	<b>41.862</b>	<b>39.185</b>	<b>37.450</b>
<b>CAPITAL RESERVES</b>						
Capital grant	12.081	4.242	- 3.592	- 3.489	0.787	0.002
3rd party capital contributions	0.092					
Section 106 monies	0.060	0.060	0.060	0.060	0.060	0.060
<b>Total Capital Reserves</b>	<b>12.233</b>	<b>4.302</b>	<b>- 3.532</b>	<b>- 3.429</b>	<b>0.847</b>	<b>0.062</b>
<b>Insurance provision</b>	<b>6.129</b>	<b>6.420</b>	<b>6.420</b>	<b>6.420</b>	<b>6.420</b>	<b>6.420</b>
<b>TOTAL CASH RESERVES</b>	<b>69.787</b>	<b>59.785</b>	<b>49.379</b>	<b>44.853</b>	<b>46.452</b>	<b>43.932</b>

## Forecast Capital Receipts

	Asset Management Plan £m	Housing £m	Equity loan repayments £m	Vehicles £m	Total £m
2016/17	12.740	2.025	0.200	0.450	15.415
2017/18	9.425	0.920	0.200	0.450	10.995
2018/19	12.100	1.530	0.200	0.450	14.280
2019/20	1.000	1.480	0.200	0.450	3.130
Total	35.265	5.955	0.800	1.800	43.820

