

21st March 2013

Allocation of Reserves

Purpose of the report

1. To invite the views of the Committee on the level and allocation of reserves.

Background and Main Considerations for Members

2. On 22nd November 2012 the usable reserves held by Wiltshire Police Authority transferred to the Police and Crime Commissioner. The reserves were valued in the Statement of WPA's Accounts for 2011/12 in the sum of £20,660,000. Their value is forecast to increase to £21,824,000 by 31st March 2013.
3. Attached to this report are details of the usable reserves from the WPA Statement of Accounts for 2011/12, and what the draft Police and Crime Plan says about reserves.
4. Police and Crime Commissioners must have regard to the Home Office's Financial Management Code of Practice for the Police Service of England and Wales. It says on reserves and provisions:

'The PCC should establish a policy on reserves (including how they might be used by the Chief Constable) and provisions in consultation with the Chief Constable. This should have due regard to the need to ensure the ongoing funding of policing activities and the requirement to meet exceptional or extraordinary policing operations.'

General reserves should be held by the PCC and managed to balance funding and spending priorities and to manage risks. This should be established as part of the medium-term financial planning process...

- Locally agreed financial regulations and schemes of consent should:
 - Contain full details of how the reserves and provisions policy will operate locally;
 - Ensure that the annual budget ... includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities without the need for additional approval;
 - Make provision for budgets to be carried forward from one financial year to the next.'
5. In the Police and Crime Plan I say:

'All reserves have been transferred to the Office of the Police and Crime Commissioner, but this is only an interim arrangement. Those reserves which are held against risk should be transferred to the body that holds that risk, and so I will review with the Chief Constable both general and specific reserves that are held and transfer to him those reserves which are linked to an operational risk he carries.'

All the other reserves will be subject to review within the commissioning process. Where additional reserves are thought to be required, sums will be withheld to increase the reserve. However, where I identify reserves which are greater than prudently required, I will look to use them for 'invest to save' or 'pump priming' initiatives. What I will not do is use reserves to fund recurring expenditure. I am keenly aware of the projected income shortfall expected in future years, and it is for this reason that I have maintained the precept at the current level'.

I recognise that the Chief Constable should have an operational reserve (Contingency and Risk), and I seek the views of the Constabulary, to be endorsed by the Independent Audit Committee, as to the level that reserve should be held at.

With regard to the OPCC, I have in mind, subject to the observations of the Audit Committee, to hold the reserves in the following categories for the period of the Police and Crime Plan.

- a) General reserve
- b) Estate reserve
- c) Technology reserve
- d) Innovation reserve.

The General Reserve should recognise all risks other than those covered by the operational reserve, and funds held but not commissioned.

The OPCC has responsibility and ownership of the Estate, and there needs to be a reserve maintained for future development and, potentially, to recognise the new relationship in estate matters with Wiltshire and Swindon Councils.

The establishment of a technology reserve recognises that in a digital age the cost of both office based and mobile technology is rising exponentially, even though the useful life of such technology is always reducing.

The innovation reserve recognises the need to encourage innovative ways of reducing crime and disorder. In the Police and Crime Plan I have proposed the creation of a £1 million innovation fund to pump-prime community and voluntary sector crime reduction and offender rehabilitation initiatives.

Risk Assessment

- 6. The proposals for the reserves in this report accommodate the need to cover risks.

Equality Assessment

- 7. No equality issue arises from the subject matter of this report.

Collaboration Assessment

- 8. The reserves may be used to support working in partnership with Wiltshire Council and Swindon Borough Council, and the joint commissioning of services.

Recommendation

- 9. The Committee's views on the proposals for the reserves set out in this report are invited.

Angus Macpherson
Police and Crime Commissioner for Wiltshire