



To: Business Coordination Board
From: Chief Finance Officer – OPCC
Date: 21 January 2013

BUDGET AND PRECEPT 2013/14 AND MEDIUM TERM FINANCIAL STRATEGY 2013/17

1. Executive Summary

- 1.1 The Board received a 'work in progress' report on the 2013/14 Budget at its meeting 21 December 2012. This report now presents the final 2013/14 Budget and Precept for approval and submission to the Police and Crime Panel. It outlines the approach to finalising the Commissioner's Police and Crime Plan.
- 1.2 The MTFS sets out a four-year financial outlook for the Police and Crime Commissioner and the Constabulary and captures the costs of delivering the Policing and Crime Plan.
- 1.3 The Provisional Grant Settlement for 2013/14, including details of Community Safety Fund Grant was announced on 19th December 2012. The reduction in Formula Grant (-1.6%) was slightly less than forecast (-1.9%). The allocation of Community Safety Grant was higher than expected. Details of the Provisional Settlement, which is now out to consultation, are set out in Appendix 2.

2. Recommendation

- 2.1 The Board is recommended to approve the budget, council tax and precept as set out in the report, for submission to the Police and Crime Panel. Specifically:-
 - a) To approve the Net Budget Requirement of £131,579 (Appendix 1 row 45)
 - b) To approve the precept of £45.544m (Appendix 1 row 47) to be levied on the collection authorities and to be received in 10 equal instalments in accordance with the 'fall-back' provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995 (see Appendix 6)

- c) Approve the Band D Council Tax of £177.93 (1.96% increase) giving the following amounts for each property band:-

Band	Council Tax		Band	Council Tax
A	£118.62		E	£217.47
B	£138.39		F	£257.01
C	£158.16		G	£296.55
D	£177.93		H	£355.86

- d) To note that some areas of work will be finalised during the production of the Police and Crime Plan and prior to 1 April 2013.

3. Background

- 3.1 The Commissioner is required to notify the Panel of the proposed precept by 1 February. The Panel is required to review the precept by 8 February. The Panel does have a power to veto the proposed level and if requested the Commissioner would need to submit a revised precept by 15 February for review by the Panel by 22 February. This timetable has been established to allow the Precept to be settled by the end of February. The Panel's schedule of meetings in January and February of this year accommodate this timetable should it be needed.

4. Police and Crime Plan

- 4.1 The budget enables delivery of the Commissioner's Police and Crime Plan. The Police Reform and Social Responsibility Act 2011 places a responsibility on Police and Crime Commissioners to issue a Police and Crime Plan within the financial year they are elected i.e. by 31 March 2013. The Commissioner must keep the Plan under review and may at any time vary the Plan.
- 4.2 The Commissioner intends to build on the Local Policing Plan 2012-15 in order to formulate the Police and Crime Plan 2013-16. This approach will build on previous good work and provide a solid platform and direction for further development and update through the year.
- 4.3 The updated Plan will incorporate the Commissioner's priorities for ensuring efficiency and effectiveness in policing and tackling crime and based on the issues of importance to the public (e.g. fighting anti-social behaviour, burglary and response to calls). The Plan will also be updated to reflect the Constabulary's latest strategic assessment and risk matrix, the implications of the budget and precept 2013/14 and the medium term financial strategy, as well as the wider crime role and other functions of the Commissioner.
- 4.4 The Commissioner intends to keep the plan under systematic review through the year, to ensure it supports efficiency and effectiveness and reflects what the public tell him. Based on a programme of reviews of delivery and efficiency and the issues the public identify, sections will be updated through the year.
- 4.5 Commissioners must consult Chief Constables on their draft plans before they are sent to the Police and Crime Panel for consideration. Commissioners must have

regard to the crime and disorder reduction priorities set by partners, the strategic direction of the criminal justice system and the national Strategic Policing Requirement.

5. Budget Processes to Date

- 5.1 During the autumn the outgoing Police Authority oversaw work to update the 2012/16 Medium Term Financial Plan to 2013/17. The first draft 2013/17 MTFP used the forecasts set out in the budget report to the Police Authority in February 2012, which included a 2% increase in council tax. At that stage the budget gap for 2013/14 was estimated at £2.8m. Anxious to leave the finances in good order, the Authority asked the Chief Constable to identify a 'Plan B' for balancing the budget if, for any reason, the Organisational Support work was delayed.
- 5.2 Appendix 1 sets out the updated 2013/17 Medium Term Financial Strategy including the 2013/14 budget which is now based on detailed budget work undertaken by the Constabulary over the last couple of months.
- 5.3 Appendix 5 sets out the assumptions underpinning the budget and MTFs.
- 5.4 The budget is presented as balanced at this stage and Table 1 below sets out in broad terms how the budget has been balanced and Table 2 shows a high level analysis of the total budget.

Table 1 – Budget changes 2012/13 to 2013/14

	£m	% change
Budget 2012/13	127.6	
Base pressures (including pay awards, increments, employer's pension and NI costs, inflation)	2.9	2.20%
Neighbourhood Policing Grant (PCSOs) rolled into Formula Grant	3.6	2.80%
2012/13 deferred savings financed from reserves (one year only)	1.2	0.90%
Less:		
Savings and efficiencies (note)	-3.7	-3.10%
Net Budget Requirement 2013/14	131.6	2.90%
Note	£m	
Police Staff	0.3	
Training	1.1	
Supplies & Services	0.6	
Air Support	0.5	
Collaboration	0.3	
Capital Financing	0.2	
Ill-health Pensions	0.5	
Other savings & efficiencies	0.2	
Total savings & efficiencies	3.7	

Table 2 – High Level Budget Analysis

	£000	
Policing Budget - delegated to the Chief Constable	127,261	97%
Office of the Police and Crime Commissioner (OPCC)	866	1%
Community Safety/Crime Reduction Grants (OPCC)	928	1%
Capital Financing	2,679	2%
Use of Reserves (Collection Funds deficit)	-155	0%
Net Budget Requirement	131,579	100%

Council Tax Base, Collection Funds

- 5.5 Final council tax base figures and details of estimated losses/surpluses on collection funds as at 31 March 2013 have now been received. Net losses on collection funds are estimated at £155k and will be financed from the General Reserve (see Appendix 6). Compared to 2012/13 the council tax base for 2013/14 has increased by 1.4% after allowing for receipt of Council Tax Support Grant. In broad terms this means that the effect of the introduction of Council Tax Support Schemes (replacing Council Tax Benefit Schemes) has been cash neutral for the Commissioner.

Precept

- 5.6 Careful consideration has been given to the pros and cons of accepting the 2013/14 Council Tax freeze grant. Cambridgeshire Police Authority accepted a freeze grant, equivalent to a 2.5% council tax increase in 2011/12. This grant, £1.2m, is expected to end in 2014/15.
- 5.7 If the Commissioner was to accept a further freeze grant for 2013/14 (payable for 2 years) this would lead to a steep “cliff edge” reduction to funding of approximately £1.7m (in 2015/16), requiring a dramatic decrease in services or increase in precept to balance the budget. Cambridgeshire’s spending on policing is one of the lowest in the country; a dramatic decrease in budget could have a profound impact on the performance of policing in Cambridgeshire. However it is recognised that accepting the freeze grant would reduce costs for local residents, at a time of austerity when some people are experiencing real hardship.
- 5.8 During the election campaign the Commissioner had stated he would ensure value for money with no extra burden on council tax. The Consumer Prices Index increase to Sept 2012 was 2.2% and the basic state pension will increase by 2.5% in April. The Police Authority had included a 2% council tax increase assumption in its forward planning, below the rate of inflation. It should also be noted that the council tax freeze grant for 2013/14 is equivalent to 1%. Acceptance of the freeze grant would have required an additional £500k in savings to be found.
- 5.9 It is therefore proposed that the council tax freeze grant is rejected and that the council tax is increased by 1.96% from £174.51 per annum to £177.93, an additional 6 pence per week at Band D. This will provide some mitigation against the 1.6% reduction in government grant, thereby protecting services. Informed by his engagement during the election campaign the Commissioner believes that this 1.96%

increase balances the public's expectations of police visibility with affordability of tax rises.

- 5.10 Details of the precepts due from each collection authority net of any loss or surplus on the collection fund are set out at Appendix 6.

Workforce

- 5.11 There are plans to increase by 10 the number of constables in local policing during 2013/14 compared to historic planning assumptions of constable numbers. Constable numbers will be maintained with planned intakes of new recruits during the remainder of 2012 and during 2013/14.
- 5.12 As at January 2013, 179 PCSOs are employed. It is planned to reduce the establishment to 180 (from 195) from April 2013.
- 5.13 The budgeted number of Police Staff will reduce slightly (to 834 ftes) and the recruitment freeze remains in place, although a contingency budget has been put in place to recruit additional staff to support call handling, if the current improvement in service cannot be maintained and public confidence in this service remains low.
- 5.14 The current police officer workforce plans are shown in Appendix 3.

Capital Financing

- 5.15 The Commissioner wishes to ensure that from 1 April 2013 the Capital Programme can be fully funded without external borrowing. In the future, capital spending will be financed by increased revenue funding, unless the capital investment is to support structural investment for transformational change.
- 5.16 However, it is understood that the policy of the Police Authority was to use borrowing to finance the capital programme and there are legacy schemes which may require historically agreed borrowing to be drawn down. Work is in hand to quantify the effects of this new policy. This change in policy will inform a new Treasury Management Strategy going forward. The Capital Programme 2013/17 is elsewhere on the Agenda.

Community Safety Grants

- 5.17 The Government has established a Community Safety Fund for 2013/14, and from it has allocated funding to Police and Crime Commissioners (instead of local authorities).
- 5.18 It had been expected that the allocation for 2013/14 would reduce by 50% and plans were being made on that basis. When the figures were announced in December 2012, the Commissioner's allocation was £928k (2012/13 £815k). Final confirmation is awaited from the Home Office as to precisely which funding streams are deemed included in the grant. The Commissioner will initially make a full years funding available to partners at 2012/13 levels and a report elsewhere on the Agenda sets out the proposed arrangements for the allocation of grants in 2014/15 and beyond. More details will be included in the Police and Crime Plan. In 2014/15 Community Safety Grant will become part of the general Formula Grant allocation.
- 5.19 The Chief Constable also makes some crime reduction/community safety grants from his delegated budget. There are no plans, currently, to change these allocations in 2013/14 although the Commissioner will wish to ensure that all grants are distributed

in a coordinated way and their impact on the reduction of crime and disorder maximised.

Office of the Police and Crime Commissioner

- 5.20 The Commissioner has made a public commitment to reducing the costs of his office from April 2013 by 10%. The detail is set out in Appendix 4 and for clarity shows the last full year budget for the outgoing Police Authority and the first full year budget for the OPCC. Essentially the reduction is possible because the costs of the Commissioner and Deputy are much less than the costs of the 17 member Police Authority.

Robustness of estimates

- 5.21 Under Section 25 of the Local Government Act 2003, the Commissioner's Chief Financial Officer is required to report on the robustness of the estimates made for the purposes of the budget calculations.
- 5.22 Work on the 2013/14 budget began effectively in early 2012. Given the amount of change in the organisation, the budget has been put together by the Finance Team.
- 5.23 Over the last few years the force has been able to deliver savings ahead of schedule. This has slightly eased the pressure on preparation of the 2013/14 budget. However the future remains very challenging.
- 5.24 The Authority's and Constabulary's arrangements for budget preparation and monitoring are tried and tested and the scrutiny of both under and overspendings seeks to ensure that any underspends are built into the following year and that action is being taken to address overspends.

Use of Reserves

- 5.25 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves as part of budget setting considerations.
- 5.26 Appendix 7 sets out the Commissioner's reserves including estimated movements in 2012/13 and 2013/14.
- 5.27 The Commissioner holds a general reserve, primarily as a contingency for the cost of major police operations. Various earmarked reserves are also held for particular purposes, some of which are uncommitted. The General Reserve is expected to be well above the agreed level (2% to 4% of Net Budget Requirement) by 31 March 2013.
- 5.28 The change to capital financing policy described above has presented an opportunity to write down future 'minimum revenue provision' (MRP) repayments by using the Capital Reserve. See Appendix 7. Note: MRP is a statutory charge to the revenue account for schemes which are financed by borrowing. In effect these charges are set aside for the repayment of loans, when the loans are drawn down. The Treasury Management and Prudential Code Report will be considered by the Board in February 2013.
- 5.29 The Board will consider a full report on Reserves at its June 2013 meeting.

6. The Medium Term Outlook

- 6.1 As set out in Appendix 1 the projected budget gap in the 3 years 2014/17 is £7.3m. It is disappointing that the government has not been able to confirm grant allocations for 2014/15. One year allocations do not make for easy financial planning. 2015/16 is particularly difficult because of the ending of the four year (from 2011/12) Council Tax Freeze Grant. This adds £1.2m to the budget gap in that year.
- 6.2 The Strategic Alliance is relying upon collaboration of Organisation Support (back/middle office) and Operational Support to deal with most of the funding gap in the medium term. Any further delays with these projects may jeopardise the realisation of the required savings and necessitate another 'Plan B'.

7. Conclusion

- 7.1 The budget and MTFs presented to the Board is balanced for 2013/14 and when approved can be submitted to the Police and Crime Panel.
- 7.2 The decision to minimise borrowing to finance the Capital Programme has meant even greater scrutiny of capital investment and additional work to develop more sophisticated cash flow projections and review of the financing of existing schemes.
- 7.3 The above will require additional work on a new Treasury Management Strategy (and Prudential Indicators) but in the CFO's view any subsequent effect on the revenue budget is likely to be small. Appropriate adjustments will be made before the 1 April 2013.

BIBLIOGRAPHY

Source Document (s)	Contact Officer	Location
Budget 2013/14 and Medium Term Financial Strategy 2013/17 – Report to Business Coordination Board 21 December 2012	John Hummersone Chief Finance Officer (OPCC) T. 01480 422463 M. 07795 422740 john.hummersone@cambs.pnn.police.uk	Cambridgeshire Police & Crime Commissioner, South Cambridgeshire Hall, Cambourne Business Park, Cambourne, Cambridge, CB23 6EA

Medium Term Financial Strategy 2013/17

Appendix 1

		Budget	Forecast	Forecast	Forecast	Forecast
		2012/13	2013/14	2014/15	2015/16	2016/17
	Ref.	£'000	£'000	£'000	£'000	£'000
Local Policing Expenditure						
Police Officer Pay	1	51,093	45,580	45,932	46,671	47,376
Police Officer Overtime	2	1,911	1,880	1,880	1,880	1,880
Police Pensions	3	13,826	11,815	11,861	12,051	12,232
Police Staff	4	2,645	16,839	17,129	17,675	17,975
Police Staff Overtime	5	49	203	203	203	203
PCSO Pay & Allowances	6	5,983	5,762	5,935	6,113	6,296
Total Local Policing Expenditure	7	75,507	82,079	82,940	84,593	85,962
Business Support Expenditure						
Police Officer Pay	8	433	1,333	1,338	1,359	1,380
Police Staff	9	21,348	7,552	7,680	7,811	7,944
Training	10	761	650	700	700	750
Other Employee Expenses	11	36	35	36	36	36
Police Pensions	12	117	286	287	292	296
Premises Costs	13	4,019	3,860	3,967	4,077	4,191
Transport Costs	14	2,280	2,438	2,522	2,609	2,700
Supplies & Services	15	13,609	12,805	13,237	13,568	13,907
Third Party Payments	16	683	959	976	995	1,013
Total Business Support Expenditure	17	43,286	29,918	30,743	31,447	32,217
Collaboration Expenditure						
Collaboration General	18	847	530	254	242	235
Procurement	19	239	234	238	242	241
Armed Policing	20	2,397	2,304	2,312	2,349	2,385
Scientific Services	21	2,592	2,606	2,606	2,606	2,645
Major Crime	22	3,449	3,419	3,419	3,419	3,471
Protective Service	23	176	174	174	174	177
Professional Standards	24	868	861	869	878	891
Roads Policing Unit	25		4,898	4,898	4,898	4,971
Dogs Unit	26		767	767	767	778
Special Branch	27		618	618	618	627
ERSOU	28	984	962	1,001	1,041	1,056
Helicopter	29	903	470	470	470	470
Kings Lynn PIC	30	856	688	706	723	734
Total Collaboration Expenditure	31	13,311	18,531	18,332	18,427	18,681
Community Safety / Crime Reduction Grants (OPCC)	32		928	928	928	928
Capital Financing Costs						
Revenue Contribution to Capital	33		1,140	1,200	1,300	1,400
Interest	34	508	491	473	454	435
Minimum Revenue Provision	35	2,411	1,038	1,002	968	935
Finance Lease	36	10	10	10	10	10
Total Capital Financing Costs	37	2,929	2,679	2,685	2,732	2,780
GROSS REVENUE EXPENDITURE	38	135,033	134,135	135,628	138,127	140,568
Grant - Community Safety	39		-928	-928	-928	-928
Grant - Other	40	-3,862	-11	-11	-11	-11
Income - Other	41	-2,139	-1,462	-1,498	-1,536	-1,574
Total Income	42	-6,001	-2,401	-2,437	-2,475	-2,513
NET REVENUE EXPENDITURE	43	129,032	131,734	133,191	135,652	138,055
Contributions +To /- From Reserves	44	-1,417	-155	0	0	0
NET BUDGET REQUIREMENT (NBR)	45	127,615	131,579	133,191	135,652	138,056
Budget -Decrease / +Increase Year on Year				1.2%	1.8%	1.8%
Financed by:						
Total Formula Grant	46	77,852	80,211	78,606	77,034	75,494
Precept	47	48,793	45,544	47,135	48,792	50,496
Council Tax Freeze Grant	48	1,173	1,173	1,173	0	0
Council Tax Support Grant	49	0	4,807	4,740	4,740	4,740
Collection Fund - Deficit / +Surplus	50	-202	-155	0	0	0
TOTAL FINANCING	51	127,615	131,579	131,654	130,567	130,730
BUDGET GAP						
Cumulative	52	0	0	-1,537	-5,086	-7,326
Year on Year	53			-1,537	-3,548	-2,241
Band D Council Tax £	54	£174.51	£177.93	£181.49	£185.12	£188.82

Details of Provisional Grant Settlement 2013/14

1. Formula Grant

A 1.6% cash reduction for 2013/14 compared to our assumption of 1.95%. We are better off by £278k.

Neighbourhood Policing Grant rolled into formula funding pot and 2012/13 baseline adjusted.

Grants will be directly payable by DCLG and Home Office and outside the business rates retention scheme (unlike fire and rescue authorities).

No figures published for 2014/15 (in light of further reduction to Home Office budget).

No changes to damping arrangements. Damping has been applied to ensure all policing bodies receive the 1.6% cash reduction.

Beyond 2014/15 - The Home Office confirmed that the Home Secretary 'will be commissioning a fundamental review of the Formula once PCCs are established in their roles and able to engage fully in the review process'. This is expected to begin in early 2013.

In the Autumn Statement 2012 the Chancellor announced that a spending review would take place in the first half of 2013 to set detailed spending plans for 2015/16 only. A further spending review for the years beyond 2015/16 is therefore expected in late 2015, following the general election.

2. Community Safety Funding

Allocation is £928k, higher than expected. Government has not published a list of the funding streams. However the Home Office has said that the following funding streams are ending this year (and presumably deemed to be in the 2013/14 allocation):-

Drug Interventions Programme (DIP), DIP Drug Testing Grant, Community Safety Partnership Funding, Youth crime and substance misuse prevention activities, Positive Futures, Communities Against Guns, Gangs and Knives Programme, Community Action Against Crime: Innovation Fund and Safer Future Communities; Ending gang and youth violence funding.

Home Office has been asked for further clarification and we are checking with our partners if they receive any of the more obscure funding streams.

3. Localised Council Tax Support Funding

DCLG has just published our figure as £4.81m (£4.74m was previously notified). This grant will make up the shortfall in precept from lower tax base.

4. Council Tax

Referendum limit set at 2%. On 19 December 2012 the Secretary of State announced that as a general rule a 2% referendum principle would apply to all principal local authorities, PCCs and Fire and Rescue authorities, meaning that a positive local referendum result would be needed for council tax increases above 2%, with exceptions for those local authorities, PCCs and Fire and Rescue authorities where their Band D council tax was in the lower quartile for their category of authority. Cambridgeshire Police does not fall within this category. Council

Tax Freeze Grant details confirmed - A local elected policing body will be eligible for the grant providing it does not increase the basic amount of council tax in 2013/14, compared to 2012/13. The grant will be equivalent to a 1% increase in the PCC's 2012/13 Band D amount multiplied by the council tax base for 2013/14, which will not be reduced for the element of the tax base receiving council tax support. This will mean the grant will be calculated in the same way as in previous years. Indicative Grant £494k.

5. Capital Grant

£1.169m for 2013/14.

6. Consultation

The Provisional Settlement and is open to consultation until 15 January 2013. A formal response on behalf of Police and Crime Commissioners has been prepared and submitted by the Police and Crime Commissioners' Treasurers' Society.

Workforce Projections – Police Officers

Police Officer Establishment FTE				2012/13	2012/13	2013/14
				FTE	FTE	FTE
					Revised	
Local Policing				986.4	988.5	998.5
Policing Support and 2nd Phase Collaboration				256.0	239.6	239.6
Collaboration (Protective Services)				82.6	92.4	97.8
Police Officers outside planned structures (temporary)				45.3	31.9	13.3
Total				1,370.3	1,352.4	1,349.2

Police Officer Financing Estimates				2012/13	2012/13	2013/14
				FTE	FTE	FTE
					Revised	
Local Policing				42,937	43,022	45,392
Policing Support and 2nd Phase Collaboration				1,817	1,122	1,145
Collaboration (Protective Services)				8,737	9,982	10,251
Police Officers outside planned structures (temporary)				1,987	1,351	563
Total				55,478	55,477	57,352

Office of the Police and Crime Commissioner (OPCC)

Budget reduction 2011/12 (last full year of Police Authority) to 2013/14 (first full year of the OPCC)	2011/12 Budget	2013/14 Budget	Change	
	£000	£000	£000	
Members Allowances	217			
Members Trav, Training etc	50			
Police and Crime Commissioner		70		
Police and Crime Commissioner - employers NI		7		
Deputy Police and Crime Commissioner		28		
Deputy Police and Crime Commissioner - employers NI		2		
Travel/Conferences etc		10		
	267	117	-150	
OPCC Staffing (incl Chief Executive and CFO) (9.8 fte in 2013/14)	427	466	39	Increased capacity for new functions
Other OPCC staff costs	9	24	15	Training, recruitment and travel, additional employers pension costs (£10k) etc.
Legal fees	40	40	0	
External Audit Fees	85	65	-20	
Internal Audit costs	46	46	0	
Other office and running expenses	96	108	12	Corporate subscriptions, IT costs, custody visitors, accommodation costs etc.
Total costs of Police Authority members and Exec Office	970			
Total costs of the OPCC		866	-104	-11%

Budget Assumptions

The following assumptions (some now confirmed) underpin the estimates/forecasts:-

- Pay awards - the Chancellor's Autumn Statement confirmed a further two years of pay restraint - 1% per annum up to and including 2015/16.
- Winsor 2 may lead to a slight increase in costs; the budget assumption is cost neutral.
- General (price) inflation is now projected at 2.5% across the 4 years but for energy and fuel the assumption is 4%.
- A council tax increase of 2% in each year of the Medium Term Financial Strategy
- A formula grant reduction of 2% in 2014/15 and following years.

Share of Precept to be paid by each District/City Council in 2013/14

	Council Tax Base No.	Precept £	Collection Fund Surplus (+)/ Deficit (-) £	Total Payment Due £
Cambridge City	37,631.3	6,695,737.21	-144,864.54	6,550,872.67
East Cambridgeshire	27,680.0	4,925,102.40	-10,493.00	4,914,609.40
Fenland	26,576.0	4,728,667.68	-11,491.00	4,717,176.68
Huntingdonshire	56,358.0	10,027,778.94	64,105.00	10,091,883.94
South Cambridgeshire	57,560.1	10,241,668.59	-12,810.00	10,228,858.59
Peterborough City	50,158.0	8,924,612.94	-39,376.00	8,885,236.94
Total	255,963.4	45,543,567.76	-154,929.54	45,388,638.22

General and Earmarked Reserves - Movements

		Balance		Balance		Balance
	Ref	31 March	Estimated	31 March	Estimated	31 March
		2012	2012/13	2013	2013/14	2014
			Added to		Added to	
		£000	Reserve		Reserve	£000
			£000	Applied	£000	Applied
			£000	£000	£000	£000
Innovation Reserve	1	624		(147)		477
Carry Forward Underspending Reserve	2	1,990				1,990
Insurance Reserve	3	1,895				1,895
Ill-Health Retirement Reserve	4	627				627
Capital Reserve	5	10,908	3,200	(10,400)		3,708
Operational Maintenance Reserve	6	500		(500)		-
Collaborative Initiatives Reserve	7	1,350		(308)		1,042
Recruitment Reserve	8	474				474
Reorganisation Reserve	9	677				677
Total Earmarked Reserves		19,045	3,200	(11,355)		10,890
General Reserve	10	7,000	500			7,500
Total Reserves		26,141	3,700	(11,355)		18,390
ADD: Insurance Provision	11	741				
Total		26,882				
Net Budget Requirement		127,600				131,895
General Reserve / NBR%		5.5%				5.7%
						5.8%

Ref.	Comments
1	Financing of energy efficiency (carbon reduction) initiatives
2	Budget carry forward arrangements, in particular preventing year end 'spend up' and carry forward of unspent partnership funds.
3&11	The total held is actuarially assessed
4	The costs of ill health retirements can be high. Costs have to be fully borne by the employer (not the Home Office).
5	See Note below
6	Move to General Reserve in 2012/13 (after helicopter transfer to NPAS).
7	Financing of Athena (legacy)
8	To finance any overspends arising from early recruitment of officers.
9	The reserve is available to finance redundancy costs and the capital (one off lump sum payments to the Local Government Pension Scheme) costs of early retirement. These are one-off costs and this arrangement will assist budget planning.
10	Transfer from Operation Maintenance Reserve £0.5m in 2012/13. Financing of Losses on Collection Funds £155k in 2013/14.

Note	Capital Reserve	Added	Applied	Added	Applied
	Estimated revenue underspend 2012/13	3,200			
	Parkside Major Repairs		(300)		
	Write down of future MRP payments		(6,900)		
	Financing capital expenditure (legacy schemes)		(3,200)		(799)
		<u>3,200</u>	<u>(10,400)</u>		<u>(799)</u>