



Mr Robert Fousert
Chairman, Police and Crime Panel for Cheshire
c/o Cheshire East Council
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Middlewich Road
Sandbach
CW11 1HZ

David Keane

Stockton Heath Police Station
Grappenhall Road
Stockton Heath
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WA4 2AF

Date: 31 January 2019

Our Ref:
DK/PCC/

Your Ref: Tel: 01606 364000

Email:
police.crime.commissioner@cheshire.pnn.police.uk

Dear Mr Fousert

Re: Precept 2019/20

I enclose details of the proposed precept for 2019/20 for consideration at your meeting on 08 February 2019.

As my Chief Finance Officer, Clare Hodgson, briefed the Panel informally on 16 January 2019, Cheshire Constabulary's income from Central Government has decreased by £16.6m (13.4%) since 2010/11. In the same period, the Constabulary and the PCC have delivered over £60m savings and a further £1.3m are proposed as part of the current budget report (as seen in table 5). Additionally I have minimised the net cost of investment in complex policing demands by reprioritising resources from lesser priority areas.

Conversely, whilst funding has decreased, demand has increased, especially in more complex areas such as cyber-crime. This has led to increasing pressure on resources at a time when the Constabulary has lost 135 officers since 2010 as a result of funding cuts. In the face of future financial uncertainties and the fast moving pace of complex demands, it is vital that the Acting Chief Constable has the resources necessary to protect the public of Cheshire as well as deliver commitments at a national level.

In announcing the 2019/20 Provisional Police Grant Settlement service on 13 December 2018, the Home Secretary and the Minister of State for Policing and the Fire Service said:

"We are extremely grateful to you and your officers for your dedication and hard work to keep our communities safe. We are also very grateful for the police's engagement with us on understanding the changing nature of demand, and the capabilities you need to respond. We know that crime is changing and becoming more complex, and that you are facing increasing demands on your resources."

The provisional statement announced an additional £970m of funding for policing, £813m of which is for local policing. However, of this £509m (63%) is assumed to come from a precept increase of £24 per annum for a band D equivalent property. Cheshire's share of the increase is £14m, of which £9.7m (69%) relates to the assumed £24 precept increase. These figures were confirmed in the Final Settlement announcement made on 24th January 2019. The amount provided centrally (£4.3m) does not fully cover inflation and pension increases.

As part of the settlement the Government also set out its expectations from policing which include continued efficiencies through collective procurement and shared services, progress to resolve challenges in investigative resource including the recruitment of more detectives,

the maintenance of a SOC response to manage local threats and national priorities and the use of smart data to deliver £50m productivity gains in 2019/20.

For Cheshire, this means that to begin to address the negative impact of austerity on policing and to meet increasingly complex demands, Government expectations and the priorities of the police and crime plan, it is necessary to raise the precept by the £24 per annum assumed by central Government. A lower amount would not allow the Constabulary to address these issues and to increase the numbers of front line resources. An increase of £24 is therefore proposed which would allow an increase in frontline resources taking the establishment to 2046 Officers and 200 PCSOs as stated in the budget report.

I am not comfortable with Government shifting the burden of police funding onto the local tax payer and I have spent the last year lobbying them for a properly funded police service for Cheshire residents. Unfortunately, the Government do not appear to have listened to the calls made by Police and Crime Commissioners nationally for a centrally funded and meaningful cash injection to adequately fund our police services.

The decision to propose this increase has not been reached lightly and has followed consultation with both the public of Cheshire and local business leaders as well as advice from the Acting Chief Constable in relation to the level of resources needed to protect people.

More than 1,900 local people responded to the public consultation with 67 per cent of respondents supporting a £24 increase to the precept and many stating they would be happy to pay more than £2 per month to help ensure the police service in Cheshire is properly funded to tackle many of the growing issues we face.

This budget will ensure that the Acting Chief Constable has the resources needed to keep Cheshire safe. The result will be the ability to maintain services and to take on the new complex demands. This forms the basis of the Medium Term Financial Strategy that I approved for 2019-21 at Management Board today (31 January 2019).

In accordance with legislation, I submit this precept proposal for the Panel's consideration on 08 February 2018 and should be grateful for your response by the statutory deadline of 08 February 2018.

Yours sincerely



David Keane
Police & Crime Commissioner

MANAGEMENT BOARD

DECISION NO. 2019/04

DATE: 31 JANUARY 2019

2019/20 BUDGET AND COUNCIL TAX PRECEPT

Executive Summary:

The Commissioner is required to set an annual budget and issue a precept (the Commissioner's element of council tax) taking into account Government grant funding, precept regulations, operational demands and resource requirements to deliver the Police and Crime Plan and meet the Strategic Policing Requirement.

Over £60m of savings have already been delivered by Cheshire Constabulary and the Police and Crime Commissioner since 2010. A further £1.3m of efficiencies have been identified for 2019/20 as part of the budget planning process.

Additional funding of £970m nationally was announced in the 2019/20 Police Settlement. Cheshire's share of the funding is £14m however, of this £9.7m (69%) relates to a Government assumption of a £24 per annum precept increase for band D properties (with a pro rata increase for other bandings).

Cheshire have lost 135 officers since 2010 as a result of reduced central funding. Demands on policing have also increased, particularly in more complex areas such as cyber-crime. A precept increase of £24 per annum would be a small step towards addressing these losses.

The report contains the following:

- Appendix 1 – Detailed 2019/20 budget report
- Appendix 2 – Budget and Precept Setting Timetable
- Appendix 3 – Robustness of Estimates
- Appendix 4 – Capital Programme 2019/20
- Appendix 5 – Capital Strategy
- Appendix 6 – Reserves Strategy

Recommendation: That:

- (1) the Police & Crime Panel be notified that it is proposed to increase the police element of council tax by £24 p.a. (13.6% for a Band D equivalent property for 2019/20, from £176.44 to £200.44; i.e. by £2 per month, in line with the flexibility in precept increase permitted by the Government;
- (2) the net budget requirement for the financial year commencing 1 April 2019 be set at £182,791,245.
- (3) the proposed 2019/20 precepts be as follows:-

	Number of Band D equivalent houses	Precept on Collection Fund £
Cheshire East	149,517.54	29,969,296
Cheshire West and Chester	121,757.60	24,405,093
Halton	34,950.00	7,005,378
Warrington	67,892.00	13,608,272
Total	<u>374,117.14</u>	<u>74,988,039</u>

- (4) the surplus of collection funds allocated to the Commissioner of £840,612 included in the budget be noted;
- (5) the £2.269m funding in support of Additional Policing Services as set out in of Table 3, be approved;
- (6) the net commitments and unavoidable demand pressures of £3.787m as set out in Table 4 of the report, be approved;
- (7) the establishments of 2046 police officers and 200 PCSOs be approved;
- (8) the savings proposals for 2019/20, totalling £1.3m as set out in the budget report, be approved;
- (9) the financial health targets for monitoring purposes as set out below, be approved:-
 - (i) *Reserves*
That the level of general reserves, after allowing for potential financial risks be maintained, at no lower than 3% of the net budget and that this be monitored by the Commissioner on a quarterly basis.
 - (ii) *Revenue Spending*
That the Chief Constable maintains revenue spending within 1% of the net budget and that this is monitored by the Commissioner on a quarterly basis.

(iii) *Capital Programme Management*

That the Chief Constable maintains the projected capital outturn at a level that does not vary from the original capital programme by more than 20%. The total capital programme includes the new schemes for 2019/20 and those schemes brought forward from previous years. This target is to be monitored by the Commissioner on a quarterly basis.

(iv) *Debt*

That the Chief Constable collects at least 50% of debtor income within one month of the invoice being raised.

(v) *Prudential Indicators*

That the actual prudential indicators be monitored by the Commissioner on an annual basis against the indicators set in the budget.

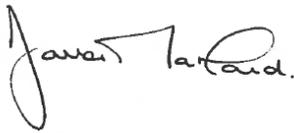
(10) the Capital Strategy in Appendix 5 be approved; and

(11) the Reserves Strategy in Appendix 6 be approved.

I submit these recommendations for approval.

Signature

Date 31 January 2019



Acting Chief Constable

I have reached the following decision:

Approval of the recommendations.

My rationale for this decision is:

This decision provides a balanced budget for 2019/20. This will enable Cheshire Constabulary to meet increased costs due to inflation, to deliver policing services for the people of Cheshire in accordance with the priorities set out in the Police and Crime Plan and continue to address increasingly complex policing demands in a robust, sustainable and efficient way. The increase in the police element of Council Tax is necessary to maintain effective frontline policing in light of the ongoing underfunding of policing by the Government, and is supported by the outcome of public consultation.

Signature

Date 31 January 2019



Police & Crime Commissioner

PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

INTRODUCTION AND BACKGROUND

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2019/20 and meet his statutory duty to set a precept. The proposed budget follows a “disappointing” annual cash settlement from Central Government where the Commissioner said the Government has once again shifted the burden of police funding onto the local Cheshire taxpayer.
2. In December, the Government announced that Cheshire Constabulary would receive funding to cover unavoidable pressures on policing but it assumes that Cheshire taxpayers will fund almost two thirds of this through an increase of the policing precept.
3. The Government has recognised that we need more money for policing but it is putting the burden on local taxpayers. Cheshire Constabulary has made more than £60 million worth of savings since 2010 but with non-pay budgets now over stretched, we have a stark choice to either fund this locally or significantly cut policing numbers.
4. By funding policing through raising council tax, the Government is passing the burden to local residents. But without an increase to the precept, the funding offered for 2019/20 is insufficient to cover existing costs, let alone inflation and increasing demand on our resources.

FINANCIAL COMMENTS

5. The financial comments are included in the appendices to this report.

LEGAL COMMENTS

6. There are no specific legal comments associated with the report.

EQUALITY COMMENTS

7. There are no specific equality comments associated with the report.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Is there a Part 2 form – NO

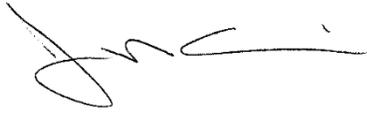
Contact Officer: Wendy Bebbington, Head of Finance

Tel. No.: 01606 362035

Email: wendy.bebbington@cheshire.pnn.police.uk

CHIEF OFFICER DECLARATION:

I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.



Signature

Date 30 January 2019

CHIEF OF STAFF DECLARATION:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.



Signature

Date 30 January 2019

REVENUE BUDGET AND COUNCIL TAX 2019/20

PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2019/20 and meet his statutory duty to set a precept. An overview of the statutory requirements regarding budget and precept setting and the interaction with the Police and Crime Panel is attached in Appendix 2.

INTRODUCTION & FINANCIAL BACKGROUND

2. The Commissioner is required to set an annual budget and precept taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.
3. The MTFS covers the period 2019 to 2021 due to the spending review in 2019 and the significant uncertainties of funding levels beyond then. The MTFS is augmented by strategies relating to reserves, value for money and other associated documents which support financial planning and management. The current MTFS is available on the Commissioner's website via the following link – www.cheshire-pcc.gov.uk.
4. On the 13 December 2018, the Government issued the 2019/20 Provisional Police Grant Settlement as announced in an oral statement and a letter to the Home Affairs Select Committee by the Minister for Policing and the Fire Service Nick Hurd MP. Summary details are as follows:
 - £161 million increase in Government grant funding – investment of £146 million in increasing core grant funding by 2.1% in 2019/20
 - Up to £509 million from additional Council Tax precept. Commissioners have the flexibility to increase precept by up to £24 for a band D equivalent property in order to ensure that local policing services are equipped to face the rising challenges for policing within the UK.
 - A further £152m in specific funding for pensions costs. Following the Chancellor's announcement at the Budget, specific additional funding will be provided for cost increases above those estimated at Budget 2016.
 - A £59 million year on year increase in counter terrorism police funding and £24 million in armed uplift funding from the Police Transformation Fund.
5. As a condition of the 2018/19 Settlement, the police and Commissioners were required to make progress on efficiency, productivity, mobile digital working and financial transparency. In response, policing nationally developed a plan to make commercial and back office savings which are on track to be delivered. Also, without exception, all forces published financial reserves strategies as required. For the 2019/20 Settlement, the Government has

again placed conditions against the funding which the police and Commissioners are required to deliver in order to secure further funding within the 2019 Spending Review. These conditions are set out in the following four priorities:

- The Government will expect to see continued efficiency savings in 2019/20 through collective procurement and shared services. The Government need to see national approaches to procuring forensics, vehicles and basic equipment such as helmets. In the case of forensics, this is not about financial savings, but working together to maintain an efficient market that supports the needs of policing and the criminal justice system as a whole.
- The Government will expect major progress to resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, including recruiting more detectives to tackle the shortfall. The Government will work with the College of Policing and the National Police Chiefs' Council to support forces to make this change by accelerating their action plan on investigations, making full use of the innovation offered by Police Now.
- Improving productivity including smarter use of data, and further development of digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains in 2019/20.
- Furthermore, the Government expect forces to maintain a Serious and Organised Crime (SOC) response that spans the identification and management of local threats as well as support for national and regional priorities. This response should be built around the disruption of local SOC threats alongside SOC prevention, safeguarding, partnerships and community engagement.

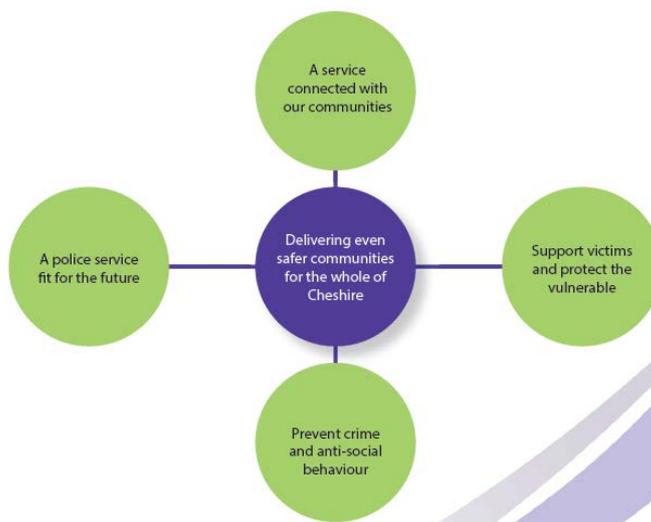
6. It is important to make clear that while Cheshire Constabulary will receive additional funding in government grant; this will not fully cover the day-to-day running costs which are increasing every year due to pay and price inflation nor the pension deficit. Planning has focused on the objectives set by the Police and Crime Plan. It has built upon the priorities set and investments made to date by the Commissioner and the requirements set by the Home Office specifically around the improvement of digital and productivity as laid out in the conditions attached to the settlement.
7. In order to maintain policing within Cheshire; to further develop the levels of policing that rising crime demands; to continue with the focus on local policing that has been a recent hallmark of the Constabulary and which needs to become embedded; to enhance the protection provided to the public and to develop a modern force for the digital era based on the traditional values of a locally based neighbourhood policing, the level of precept will need to rise by the maximum level permitted.
8. Before the settlement was announced, the Commissioner and Acting Chief Constable warned that Cheshire Constabulary could lose 250 police officers over the next two years as a result of £12 million savings it estimated the Government would require it to make should the levels of funding remain as previously forecast. The Commissioner said post the autumn budget: "the Chancellor claims austerity is over but policing in Cheshire is still feeling the brunt of severe Government cuts. I have serious concerns about the Constabulary's financial position and the pressure it's under with the complexity of crime increasing and

resources diminishing. The Government has cut and cut again at our budget and our already thin blue line is now at breaking point. Despite saving more than £60 million since 2010, we estimate that we will be required to save millions more over the next two years. With non-pay budgets now over stretched, we'll have no choice but to streamline our frontline workforce. Reducing officer numbers would have a significant impact on how we deliver vital services to residents of Cheshire.”

9. With the settlement not providing sufficient funding to cover the full cost of the pension uplift, nor meet the impact of inflation, and placing the requirement to meet the shortfall upon local precept, any further savings will need to come from officer reductions if this flexibility were not allowed. Should the Commissioner decide to increase the precept using the full flexibility allowed at £24, the additional funding would cover all inflationary cost pressures in 2019/20, maintain investments made to date and allow a modest uplift in service provision with additional officers and PCSOs and support training in investigative resources. This will ensure the Constabulary is fit for the future to meet the policing challenges as well as build on the strategic vision of the Police and Crime Plan to have a service connected to the public to ensure it delivers even greater public safety. These proposals are set out later in this report.

POLICE & CRIME PLAN 2016-21

10. In the Police and Crime Plan, the Commissioner states his vision for policing in Cheshire. The plan sets out a vision in which Cheshire will have a Constabulary focused on community policing and putting victims first. The legacy will be a police service fit for the future which is connected with, based within and accessible to local communities – real neighbourhood policing. After consulting the public, the Commissioner set out four main priorities as follows:



STRATEGIC POLICING REQUIREMENT

11. Whilst many threats can be tackled by individual police forces within their own force areas, national threats such as terrorism, civil emergencies, serious and organised crime, public order and a national cyber security incident require a coordinated or aggregated response in which resources are brought together from a number of police forces. Forces often need to work collaboratively and with other partners, national agencies or national arrangements to

ensure such threats are tackled effectively. The Strategic Policing Requirement (SPR) is the outcome of the Home Secretary's statutory duty to set out what are, in their view, the national threats at the time of writing and the appropriate national policing capabilities required to counter those threats.

12. The implementation of the SPR is the responsibility of the Chief Constable and the Commissioner. In reviewing the MTFs, the proposed budget and the proposed efficiency savings and investments, the Chief Constable is satisfied that this will enable the Constabulary to meet the requirements of the SPR; protect the public of Cheshire and achieve the priorities of the Police & Crime Plan.

POLICING DEMANDS

13. The Constabulary is required under the Strategic Policing Requirement to ensure that it maintains sufficient resources in a number of specialist areas (including firearms officers) to respond to national requirements. The current threat level from international terrorism in the UK is SEVERE – meaning an attack is highly likely. The Constabulary was a major responder in the immediate and longer-term aftermath of the Manchester terrorist attack in 2017. Other significant events such as the nerve agent attack in Salisbury have also required responses and learning in relation to Chemical Biological Radiological and Nuclear (CBRN) responses and scene preservation. Public Order capabilities also forms part of the Strategic Policing Requirement with the Constabulary seeing examples in recent years of policing protest activity in relation to the local badger cull and to potential fracking sites.
14. Due to the geography of Cheshire and its proximity to Merseyside and Greater Manchester, there are also significant demands in relation to Serious and Organised Crime. There are organised crime groups who reside outside of the Force area but who operate in parts of Cheshire dealing drugs and or committing theft offences. The strategic road network within Cheshire can help to facilitate this traveling criminality although the Constabulary has strong capabilities to tackle these crime types and detect and apprehend these criminals. In particular, the Constabulary has seen an increase in relation to 'County Lines' activities whereby young, often vulnerable, children are exploited by organised criminal gangs to traffick and sell drugs across different police force areas.
15. Demand in relation to Hate Crime has significantly increased in recent years, up almost 70% in 2018 compared to 2016. There are a number of factors influencing this increase including:
 - Improvements in crime recording processes – particularly in relation to public order offences, and improvements in identifying hate offences relating to disability and sexual orientation.
 - Increased reporting of offences particularly following UK based terrorist incidents and key dates associated with Brexit.
16. The Constabulary continues to take reports of hate crime seriously and is developing its response in line with recent HMICFRS inspection reports 'Understanding the difference: the initial police response to hate crime' and a 'joint inspection involving the handling of disability hate crime'.

17. Unfortunately, the Constabulary has seen increases in the number of major and serious crimes being investigated during 2018. There have been 12 recorded homicides during 2018 compared to 8 in 2016. There have seen significant increases in rape and sexual offences over recent years. The number of recorded rape offences in Cheshire has almost doubled from 503 in 2016 to 1,000 in 2018. Again, there are a number of factors influencing this increase including improved crime recording process, increases in historic and 'institutional' offences, increased victim confidence and increased opportunities for offending including those facilitated by websites and social media.
18. The Constabulary is also dealing with increased offences relating to Domestic Abuse, with almost 15,000 offences recorded in 2018 compared to fewer than 8,000 in 2016. Again there are a number of factors influencing this increase including improved crime recording practices, the introduction of additional offences such as stalking (with more than 270 offences recorded in 2018) and changes to the recording of harassment (which saw more than 4,000 offences recorded in 2018). Responding to domestic abuse and protecting vulnerable people remains a priority area for the Constabulary and its partners.
19. There are increases in demand from investigations of offences that require a digital media strategy. The proliferation of mobile devices has meant that that in more investigations there is the potential for digital evidence creating additional demands to extract evidence contained on these devices and in dealing with its disclosure effectively through any criminal justice process.
20. Cheshire has followed the national pattern during 2018 in relation to increases in offences involving knives with the Constabulary again supporting the national operation (Operation SCEPTRE) aimed at tackling knife crime, as well as conducting local operations throughout the year.
21. The Constabulary continues to see high demand in relation to missing persons including that associated with mental health conditions. In half of all incidents involving adults, the missing person has a mental health condition. HMICFRS recently published its report 'Policing and Mental Health – picking up the pieces' and expressed 'grave concerns about whether the police should be involved in responding to mental health problems to the degree they are'. The Constabulary continues to work with partners across health and social care sectors to develop its response to missing persons and those with mental health conditions.
22. Against this backdrop of increasing demands, the public of Cheshire still consistently rate local visible presence as among their top priorities for the police and the Constabulary are committed to providing local beat management teams and Police Community Support Officers to provide a visible presence and respond to local community concerns relating to crime and anti-social behaviour.

2019/20 BUDGET PROPOSALS

23. Under the PEEL review, HMICFRS judged *"The Constabulary has maintained a good understanding of demand; its use of resources to manage demand is judged to be good; and its planning for future demand is assessed to be outstanding."*

24. Planning to develop budget options has taken account of the four key priorities within the Police & Crime Plan; the Strategic Policing Requirement; as well as the operational and organisational risks identified within the Force Management Statement.
25. The approach the Constabulary has taken has been to understand demand and risk, identify efficiencies, seek invest to save options and focus on-going investment and sustainable growth in areas where it can deliver even safer communities for the whole of Cheshire.
26. The following sections outline the key priorities included within the 2019/20 budget proposals.

a) Connected with our Communities

A priority has been to continue to invest in the foundations laid over the past 12 months to ensure the Constabulary is connected with communities, building on the strong neighbourhood footprint across the Local Policing Units (LPUs). The development of communities with identified PCSOs and community bases is now embedding and building confidence within communities. This provides the opportunity to manage future demand resolving local community safety issues, build community capacity to dealing with local concerns such as ASB and road safety issues and be more locally accountable to communities - building trust and confidence, delivering real neighbourhood policing.

Subject to the flexibilities offered in terms of precept increase, a range of proposals are put forward to build upon the investments made to date in the 122 communities with additional PCSOs (communities) based on public feedback, changing local government boundaries and operational experience. It will also give the opportunity to develop and embed a more preventative approach to cyber-crime, allowing a further uplift in PCSOs for each LPU.

The proposals subject to the decisions and precept options include additional training and equipment for PCSOs, professionalising the role and including speed detection devices to enable greater local accountability and responsiveness to local community priorities.

b) Support Victims & Protect Vulnerable People

Supporting victims of crime to cope and recover remains a focus through the services of Cheshire Cares, as well as other specialist commissioned services. The support to victims of fraud and cyber offences have been a concern as the volume of this type of offence reported and unreported grows with the use of digital technology.

Cheshire Cares is the main support service for victims of crime. The additional recorded crime in 2018/19 has been absorbed as opposed to a growth in funding, but the proposals include the additional uplift for specialist services for sexual offences given the growing demand.

Provision has also been included within the budget in the short term, to fund the Appropriate Adult Service to comply with the statutory requirement of policing at a cost of £25k giving a voice for the most vulnerable of victims and working within the Criminal Justice system with a view to greater joint commissioning going forward.

It is proposed the investment made for victims of fraud in the 2018/19 budget will be built upon with additional training to support victims of cyber-crime focusing on prevention, together with additional one year Home Office funding for a dedicated unit to pump prime

activity with the intention of mainstreaming this post 2020/21 subject to budgetary pressures.

Reducing domestic abuse, supporting victims and managing perpetrators is a key priority across all the sub regional partners. Subject to decision in relation to the precept, a proposal is put forward to increase officer numbers and realign existing investigation capacity to provide an enhanced local policing response to victims of domestic abuse. This would for the first time, provide dedicated resources in relation to domestic abuse and crimes that target vulnerable people within each LPU.

c) Prevent Crime and Anti-social Behaviour

The Constabulary is showing increased demand in a number of areas, some as a result of improved crime recording (for which the Constabulary was awarded '*Outstanding*' in October 2018 by HMICFRS), but genuine increases are being seen locally and nationally in relation to acquisitive crime, sexual offences and cyber-crime. Increasingly complex social issues such as mental health and substance misuse are causal factors and the Constabulary recognises the need for a more preventative approach. These budget proposals seek to meet the increased operational demands and risks in relation to vulnerable victims and offenders.

Subject to the level of precept, the proposals retain the existing partnership resources, with specific focus on developing improved working across the sub region in relation to managing offenders, including domestic abuse perpetrators, mental health and licensing. The footprint and work within schools is retained, continuing the focus on primary schools that was invested in through additional PCSOs in the 2018/19 budget. This also retains the crime prevention capabilities and working with the local authorities on the extensive regional developments, with the potential to expand existing schemes such as secure by design, community accreditation and the potential for income through planned developments with the support of the Commissioner.

With limited resources and to ensure the highest level of services are provided, there is a need to collaborate on some specialised areas such as armed policing. There are two areas in which the Constabulary collaborate, the North West Armed Policing which leads on all firearms training, compliance and interoperability across the region; and secondly, the Cheshire and North Wales Police Armed Alliance which operates a joint firearms and dogs unit offering increased resilience and coverage. The majority of the costs are linked to people and therefore, the cost increases relate in the main to pay awards.

d) Fit for the future

In order to be fit for the future the Constabulary needs to skill and equip its officers and staff with the right training, equipment and technology to effectively investigate crimes in the digital era and meet the rigorous evidential standards.

The Constabulary needs to maintain development of its key systems to create and maintain an environment fit for the future in terms of wellbeing and support, and the key 'tools to do the job' in an increasingly complex environment. Work to support this takes the form of maintaining and enhancing support systems in place. These developments are all in line with the national digital agenda and keep Cheshire up to date with police technology in the UK. The investments in the agile and flexible delivery have ensured an infrastructure that

can underpin improved visibility within communities, and savings in non-pay linked into old IT links to building are included in this budget's proposed non pay savings.

The Constabulary has set up a Digital Transformation Portfolio to deliver the force's digital strategy. The current programmes within that portfolio link directly to the objectives of the Police and Crime Plan and to ensure further alignment with National Capabilities with the NPCC 2025 vision. The Board that governs this work ensures that investment is optimised and that new transformation opportunities are considered. The Board also oversees broader digital initiatives, to ensure that resources are appropriately aligned and the work prioritised, monitor the progress of the digital programme and resolve issues that may compromise delivery and benefits realisation.

The Constabulary must remain a responsive service to maintain public confidence but with the increase in cyber related and enabled crime; options are proposed to invest in training for all frontline staff and technology to ensure it remains fit for the future.

These proposals build on the investment in technology and people skills to date to ensure the Constabulary is fit for the digital era and can respond to digital crime investigations and case preparation with partners, improve public contact, meet national requirements and maximise the information held to make the public safe and target the most dangerous people.

Maintaining the integrity of investigations and robust evidential standards is paramount to maintain public confidence. The proposals therefore include a number of other areas of service demands in relation to national ISO accreditation standards including Forensics and Collision Investigation National Work, as well as the updated technology for Tasers.

27. Table 1 shows the proposed revenue budget for 2019/20. The impact of the threats and demands place upon policing; commitments required; proposed savings and the total funding available to the Commissioner have been reflected within the proposals and are detailed in the following sections. The budget proposals have been developed as the product of a detailed prioritised based budgeting (PBB) process which examines all areas of the budget and matches resources according to risk.

Table 1: Proposed Revenue Budget 2019/20	£000
2018/19 Gross Expenditure Budget	200,585
Pay, Pension and Price Inflation	9,368
Investment in additional policing services	2,269
Commitments & Unavoidable Demand Pressures	3,787
Savings	(1,300)
2019/20 Gross Expenditure Budget	214,709
Other income and specific grants	(31,917)
2019/20 Net Budget Requirement	182,792
Financed by:	
Police Grant	(61,941)
Formula Funding	(45,022)
Council Tax Precept (proposed £24 pa increase)	(74,988)
Surpluses on Collection Funds	(841)
2019/20 Net Budget Requirement	(182,792)

RISKS

28. For 2019/20 there is a reasonable degree of certainty as the Final Grant Settlement has now been received. However, there remain some outstanding issues affecting next year such as the counter terrorism grant. Any changes to the funding will be reported to the Commissioner as soon as they are known together with the associated proposed changes to the budget.
29. As with any assumptions there are risks that the actual outcome will be different. There are key assumptions included within this proposed budget could impact significantly such as pay awards where a 0.5% movement in the pay award would have a potential £0.77m impact on the budget. Reserves are held to provide flexibility in-year for such incidences and the Reserve Strategy included within this report covers this in more detail.

INFLATION

30. Inflation in both pay and price terms is applied to budgets where appropriate. Pay inflation covers the September pay award for both officers and staff and changes to National Insurance etc., which Commissioners have had to self-fund.
31. In addition to the standard pay and price increases, this year has seen a significant uplift to the cost of pensions. HM Treasury (HMT) announced changes to the discount rate for unfunded public sector pensions on 6 September 2018. This, combined with the earlier announcement at Budget 2016, has resulted in a reduction to the discount rate from 3% to 2.4%, and has the effect of increasing the employer contributions 22.1% to 31.8% from April 2019. Estimated cost is £5.448m.
32. 2019/20 is the last year of the three year uplifts to Local Government Pension Schemes employers' contributions before their next valuation at the end of March 2019. The

2019/20 increased cost is £0.255m. Any increase arising from the next valuation will not impact until April 2020 and this will need to be considered as part of the 2020/21 budget.

33. For non-pay items, the inflation applied is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. The following table shows the inflation applied.

Table 2: Inflation	2019/20 £000
Pay inflation (subject to national negotiations)	2,908
Pension Increases – Officers and Staff Schemes	5,703
Price (non-pay) inflation	757
Total Inflation	9,368

INVESTMENT IN ADDITIONAL POLICING SERVICES

34. As part of the Commissioner’s commitment to local policing, a named PCSO was assigned to each community. For 2019/20, this initiative goes a step further and allows alignment to all wards, giving flexibility for new ward boundaries. While this does not take the level of PCSOs back to pre-austerity levels it does provide a small uplift. PCSOs are now community based, accessible by their communities and more efficient and effective consequently.
35. Since austerity started Cheshire has lost 135 officers (6.3%) and this budget proposal, based on a potential £24 increase, would allow a modest step towards reversing some of the losses incurred and the impact felt as a result of austerity. It is anticipated that the increased funding will provide an additional 7 PCSOs and 43 officers. This would bring the establishments to:
- Police Officers – 2046
 - PCSOs - 200
36. Cyber Crime continues to increase in complexity due to advances in technology in an ever-changing environment. This now forms a significant part of reported crime and generally goes unreported. Enforcement has been invested regionally and nationally, and locally prevention is key to reducing victims and the impact on individuals. The Constabulary continually assesses its capability to respond to the threat that online crime presents to the community; in particular, to vulnerable members of the community who are sadly often targeted. In recognition of this, it is proposed that a dedicated cyber-crime support team is created in each Local Policing Unit to coordinate and support the delivery of cyber-crime prevention activity.
37. It is estimated that 1 in 4 women and 1 in 8 men are impacted by domestic abuse. This remains a priority for partners given the significant impact it has on community safety and wellbeing. Subject to decision in relation to the precept, a proposal is put forward to increase officer numbers to support a realignment of existing investigation capacity and to provide an enhanced local policing response to victims of domestic abuse. This would be through additional officers to support the investigative capacity in relation to domestic abuse and in support of the most vulnerable victims of other crimes at a local level. This will

support existing and recommissioned domestic violence advocate schemes and aim to reduce repeat victimisation estimated to be 1 in 5.

Table 3: Additional Policing Services	2019/20 £000
Local Policing – PCSOs per community	2,269
Cyber Crime / Domestic Abuse	
Investigative Capacity	
Total	2,269

COMMITMENTS, UNAVOIDABLE DEMAND PRESSURES & INVESTMENTS

38. Commitments come from two sources, the impact of decisions taken in previous years that have a financial impact in 2019/20 and the financial impact of external decisions and changes such as the introduction of a new financial burden or change in legislation. The following table shows the commitments; unavoidable operational demand pressures and proposed investment in the Police & Crime Plan objectives included within the 2019/20 proposed budget.

Table 4: Commitments, Unavoidable Demand Pressures & Investments	2019/20 £000
Carry forward from 2018/19	(60)
Increase in interest payments	111
Increase in loan repayment (MRP)	729
Revenue contribution to capital / contingency	815
Business Rates - uplift	56
Forensics	400
Body Worn Video - on-going & financing costs	221
North West Regional Organised Crime Unit	56
Temporary and permanent staffing changes	682
Pension Sanction Charges	50
Investment in the Police & Crime Plan objectives	727
Total	3,787

39. Savings made in 2018/19 included a number of items where only a part-year delivery was achievable in-year. As such the full year impact (i.e. the rest of the saving) can be achieved in 2019/20 and is shown in the £60k carry forward.

40. Prior to the start of austerity, capital grant funding of around £2m was received each year. This helped fund annual replacement of vehicles, IT and operational equipment and maintenance of police buildings. Since austerity this grant funding has severely reduced and currently stands at around £0.6m. This is insufficient to meet the annual replacement programme let alone investment in new technology. As such, with limited reserves held, the need to borrow has increased. Borrowing incurs on-going costs of interest payments and the funding set aside to repay the loan. As borrowing incurs costs, there has been a programme of increasing year on year a contribution to fund the capital programme to a level of £3m to meet the annual replacement programme with borrowing limited to invest

to save or invest to increase efficiency. Overall, this has increased costs by £1.74m, of which £0.4m is a one-off contribution based on the additional collection fund surplus due for 2019/20, subject to outturn.

41. Business rates are payable on the Commissioner's estate and there is a small increase required for 2019/20 of £56k.
42. There are two other unavoidable cost demands for Forensics and the regional SOC unit. The Forensics is subject to a national work plan to ensure the continuity of a viable service that is stable but retains value for money. The final cost of this is as yet unknown but indication is it will be in the regional of £0.4m. The regional SOC unit recharges all partner forces and there is an estimated £0.056m uplift required in recognition of the inflationary pressures on the current budget. Finally, there is a requirement to pay pension sanction changes in line with current legislation and £50k has been set aside for this purpose.
43. Subject to the maximum precept increase expected as part of the Government's provisional settlement being approved, a further £0.7m is proposed to be invested in line with the Police & Crime Plan, covering the areas set out in paragraph 20 a) to d). Included within this are several temporary staff roles that are to be funded by the additional collection fund surplus due for 2019/20.

SAVINGS

44. While there has been additional funding for policing, this is not sufficient to meet the cost of inflation and increasing demands. Therefore, it is imperative that all budgets are reviewed to ensure value for money is achieved. All non-pay budgets have been reviewed in depth and the following £1.3m savings have been identified. This is against a background of over £28m non-pay savings already made since austerity began.

Table 5 – Savings	2019/20 £000		2019/20 £000
Catering	(6)	Information Technology	(225)
Collaboration	(29)	Media	(34)
Contracts	(123)	Overtime	(30)
Equipment	(30)	Print/Post/Stationery	(42)
Property	(154)	Stores	(70)
Fuel	(51)	Subscriptions/fees	(59)
General	(155)	Transport	(32)
In-sourcing services	(186)	Events	(74)

45. Of the above savings just over £1m comes from the back office support functions such as HR £0.1m; IT £0.3m; Estates Department £0.3m and Communications £0.03m. This emphasises the deliberate intention to protect front-line services.

COUNCIL TAX PRECEPT

46. A precept is levied on the Council Tax for policing in Cheshire. It is the responsibility of the Commissioner to set the level of precept as part of the budget setting process. While the

decision is the Commissioner's, the Government has placed a capping limit for a number of years on the level on year on year increase that can be applied. As part of the Provisional Settlement published in December 2017, the Minister of State for Policing and the Fire Service announced that Commissioners could raise their precept by up to £2 per month, subject to conditions set out in paragraph 5.

47. To calculate the level of Council Tax funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, housing benefits etc. Compared to 2018/19, the overall taxbase has increased by 6674.84. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

Table 6: Proposed Precepts 2019/20

			Number of Band D Equivalentents	Precept on Collection Fund £
Cheshire East			149,517.54	29,969,296
Cheshire West & Chester			121,757.60	24,405,093
Halton			34,950.00	7,005,378
Warrington			67,892.00	13,608,272
TOTAL			374,117.14	74,988,039
Band	Proposed 2019/20 £	Actual 2018/19 £	Change per year £	Change per week £p
A	133.63	117.63	16.00	0.31
B	155.90	137.23	18.67	0.36
C	178.17	156.84	21.33	0.41
D	200.44	176.44	24.00	0.46
E	244.98	215.65	29.33	0.56
F	289.52	254.86	34.66	0.67
G	334.07	294.07	40.00	0.77
H	400.88	352.88	48.00	0.92

48. In addition to the above precept, each of the four local authorities holds a council tax collection fund which is a separate fund that records the income and expenditure relating to Council Tax. Any surplus or deficit on the fund is either due to or paid for by the individual authorities, the Police & Crime Commissioner and Cheshire Fire Authority. The amount declared surplus and payable to the Commissioner in 2019/20 amounts to £0.841m.

COMMISSIONING

49. In 2019/20, the approach to commissioning will focus on victims of crime with the aim of ensuring that appropriate services are in place for those unfortunate enough to become victims of crime, in order to help them to cope with their ordeal and recover as best they can. The main supporting service for victims across Cheshire is Cheshire CARES and can be accessed by victims of crime whether or not they make a formal complaint to the police.

Cheshire CARES supports victims from the outset and throughout any Criminal Justice process.

50. The Commissioner has additional responsibilities to have specialist services available, e.g. to support victims of rape and sexual abuse, child sexual abuse, domestic abuse as well as to provide a restorative justice service. The cost of Cheshire CARES and other commissioned services are funded through allocation provided from the Ministry of Justice. The funding allocation for the 2019/20 Victims Grant is £1.2m. The Commissioner will continue to work with partners across all sectors to identify and address gaps and/or emerging areas for victims' services and drive the effectiveness of the service commissioned through the victim's grant fund in 2018/19. The forthcoming years commissioning will build upon existing services and aim to maximise opportunities, both singularly and in partnership, to provide great value for money and better outcomes for our communities.
51. Since 2012/13, the specific community safety funding ceased and was incorporated into the main grant for policing. For 2019/20, despite the significant financial challenges faced by policing the Commissioner has protected the level of community safety funding at £1.02m. In Cheshire, the funding will continue to be focused on driving community safety and crime prevention initiatives to meet the priorities of the Police & Crime Plan 2016-21. The Commissioner will place specific focus on improving services for women in contact, or at risk of contact with the criminal justice system.
52. Partnership working will continue to be crucial in achieving shared objectives for Cheshire residents. This will include continued close working with partners across the criminal justice and community safety arena, the local voluntary and community sector as well as the county's Youth Justice Service. The Commissioner will seek to allocate funding to deliver even better and more measurable outcomes from residents of Cheshire.
53. For 2019/20 the Commissioner will allocate £40,000 from the community safety fund to provide a Safer Communities Fund of £100,000. This is aimed at supporting local and community level initiatives across Cheshire. Focus will continue to be placed on ensuring that funding is targeted at community focused, and where possible, sustainable projects. Funding awards are capped at £5,000 and need to demonstrate the benefits to the local community through an application process

CAPITAL PROGRAMME

54. In addition to the revenue budgets, a programme of capital investment is proposed for 2019/20. This programme links to the 'invest to save' programmes such as new technology and the annual replacement cycle for assets such as vehicles.
55. Funding for these comes from Government general and specific grants, reserves held by the Commissioner, contributions and borrowing. Given that borrowing will need to increase to support this level of investment, it is vital that capital expenditure is prioritised to generate savings for future years, to help protect local policing services. Details of the proposed programmes and their associated funding are shown below.

Table 7: Capital Programme	£000
Prior Years	2,928
Annual Replacement Schemes:	
Fleet Vehicles	1,777
IT and Communications	643
New Schemes:	
Estates	1,301
IT and Communications	1,108
Equipment	169
Additional Vehicles	336
Total Capital Programme	8,262

56. Full details of the individual schemes within the capital programme are provided in Appendix 4 of this report. The proposed funding for the above capital investment is set out in the following table.

Table 8: Capital Financing	£000
Government Grants	661
Capital Receipts	2,461
Revenue Contribution to Capital	1,000
External Contributions to Capital	467
HQ IT Reserve	209
Borrowing Requirement	3,464
Total Capital Financing	8,262

ROBUSTNESS OF ESTIMATES

57. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in the preparation of this proposed budget. Details of how this requirement is met are in Appendix 3.

RESERVES

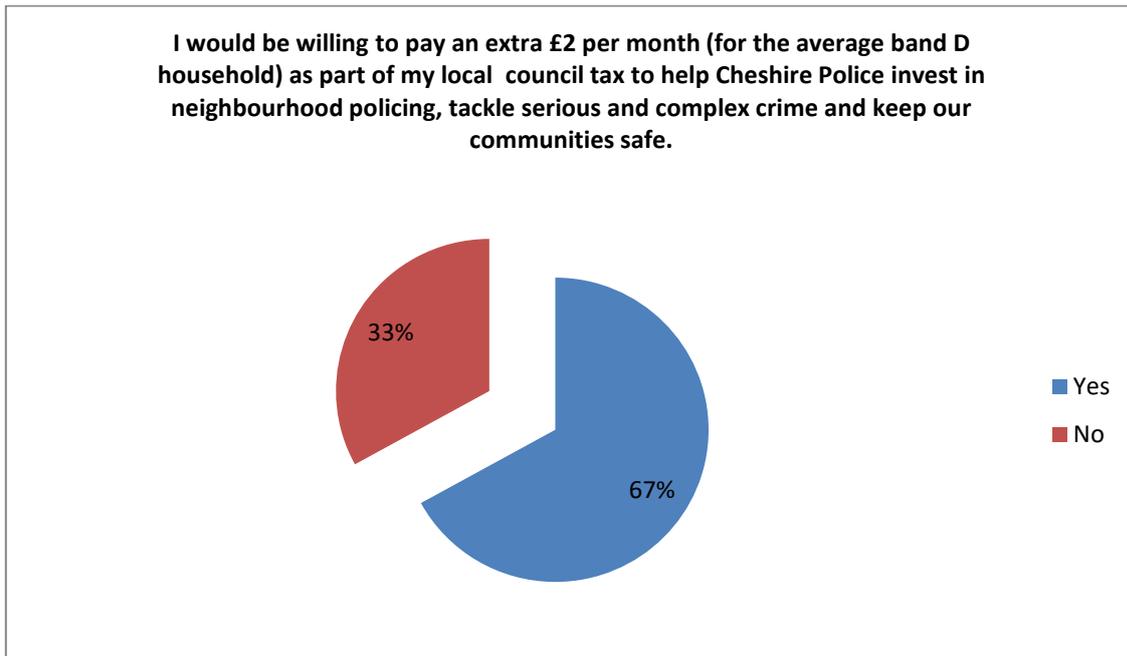
58. Section 25 of the Local Government Act 2003 also places a requirement on Chief Finance Officers to formally report on the adequacy of the reserves. The Chief Finance Officers assess this in the context of the strategic, operational and financial risks and opportunities facing the Commissioner and the Constabulary. The Reserves Strategy is included in Appendix 6.
59. While holding reserves is a recognised and recommended financial management tool, the levels of such reserves must remain prudent, appropriate to the level of risk and opportunity and not excessive.

CONSULTATION WITH THE PUBLIC AND BUSINESS RATEPAYERS

60. The Government announced in the Provisional Funding Settlement in December 2018 that police forces nationally would receive additional funding to cover unavoidable pressures on policing. However, it built a fixed policing precept increase into the equation, meaning the Government assumed that two thirds of this additional funding would come from the local taxpayer.
61. Cheshire Constabulary has made more than £60 million worth of savings since 2010 but with non-pay budgets now over stretched, the Constabulary has a stark choice to either fund this locally or significantly cut policing numbers.
62. The Commissioner has sought views from Cheshire residents and business owners on whether the policing precept should be increased at the rate suggested by Government (£2 per month for a Band D household with other bands increasing in the same proportion) or whether there should not be an increase at all.
63. A consultation exercise was undertaken between 8 and 27 January 2019 using an online and paper survey. Local residents were encouraged to complete the survey via social media such as Twitter, Facebook and Cheshire Police Alert. The Commissioner visited key hubs across Cheshire to seek views via face-to-face.
64. Roadshows took place on the following dates in the locations as detailed below:
 - Saturday 12 January – The Market Centre, Crewe
 - Monday 14 January – The Market Square, Ellesmere Port
 - Tuesday 22 January – Sainsbury’s, Macclesfield
 - Wednesday 23 January – Morrisons, Widnes
 - Friday 25 January – Golden Square Shopping Centre, Warrington
65. The key messages provided at the roadshows and via the survey were that an extra £2 per month would help Cheshire Police invest in neighbourhood policing, tackle serious and complex crime and keep communities safe.
66. Local residents and business owners were asked to state whether they agreed with the following statement:

I would be willing to pay an extra £2 per month (for the average band D household) as part of my local council tax payment to help Cheshire Police invest in neighbourhood policing, tackle serious and complex crime and keep our communities safe.
67. The consultation ended on at midnight Sunday 27 January 2019. It received a total of **1,909** public responses, which were collated via the online survey and at the roadshow events.
68. The majority of the responses were received via the online survey (1,386) while the remainder (523) were collated at the five roadshow events in Crewe, Ellesmere Port, Macclesfield, Widnes and Warrington.

69. 67% of respondents agreed to support a £2 per month increase to the precept, while 33% were not willing to support any increase in the policing precept.



70. The table below shows the breakdown of responses by the roadshow vs. the online survey.

Roadshow / Online	Consultation Options		Total
	<i>Willing to support an extra £2 per month</i>	<i>Not willing to support paying any extra</i>	
Roadshow	422	101	523
Online	849	537	1,386
Total	1,271	638	1,909
Percentage	67%	33%	

BUDGET AND PRECEPT SETTING TIMETABLE**PURPOSE**

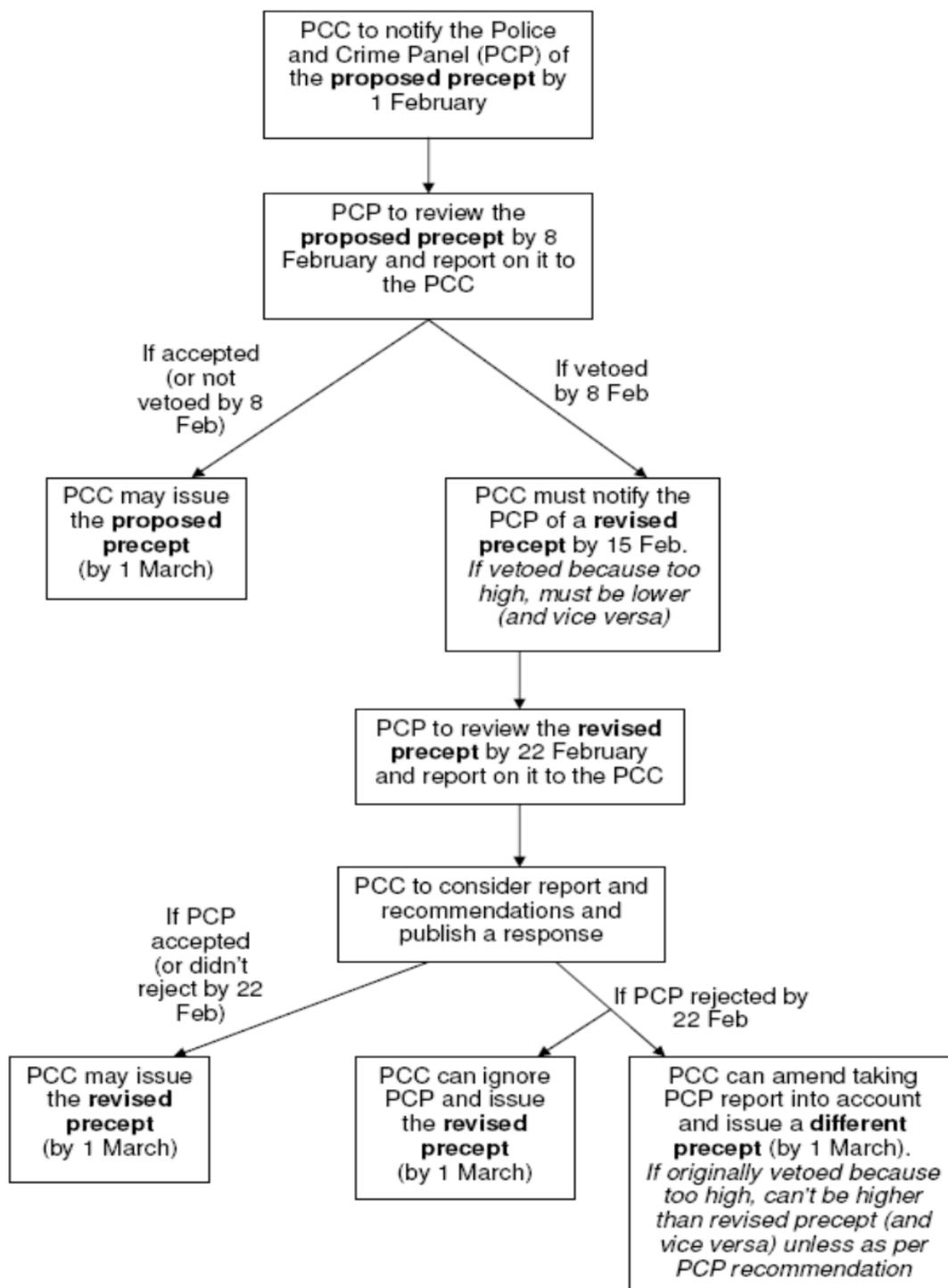
To provide the Commissioner with an overview of the statutory requirements regarding budget and precept setting and the interaction with the Police and Crime Panel. It also provides a copy of the internal timetable developed to enable the Commissioner to meet the statutory timetable.

STATUTORY REQUIREMENTS

The statutory requirements for precepting authorities to set a budget and issue a precept for the next financial year are set out in Chapters 3, 4, and 5 of the Local Government Finance Act 1992. They include significant detail on how budget estimates and the precept must be calculated. The Police Act 1996 and the Police Reform and Social Responsibility Act 2011 amended these provisions for the change to police authorities and Police and Crime Commissioners respectively but the basic statutory requirements remain the same.

Schedule 5 of the Police Reform and Social Responsibility Act 2011 and The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 provide further detail on the process the Commissioner must follow for notifying the Police and Crime Panel of the proposed precept by 1 February of the relevant financial year (Section 3 of the 2012 Act). They also cover the interaction between the Panel and the Commissioner leading to the determination of the precept by the Commissioner by 1 March. The process is set out with the due dates diagrammatically in Annex A.

PCC PRECEPT APPROVAL (Final Regulations)



ROBUSTNESS OF ESTIMATES

Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in preparing the budget.

The Commissioner has a policy and expenditure planning process which takes account of the service scenario and financial scenario in some detail for 2019-22. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2019/20 borrowing levels have also been guided by the prudential indicators for 2019-22.

For 2019/20, full consideration of these issues had led to:

- Policy and expenditure proposals that reflect the Government's Provisional Police Grant Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
- A proposed capital financing budget based on 2019/20 capital programme.

When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to date data. However, it should be noted that there are a number of areas where the actual impact could vary from the estimates used in setting the budget. The main areas are:

- Pay awards, pension increases, national reviews of pay & inflation
- Service financial performance (i.e. variances on budgets)
- Ability to achieve projected savings
- Operational demands

To provide for all potential scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need. For 2019/20 £3.7m has been provided for pay and price increases.

There are many factors that can affect financial performance in year including under or over-achievement of efficiency savings, income and other financial targets. The Commissioner takes a number of steps to minimise the impact by:

- Seeking wherever possible to explore in full the implications and achievability of policy and expenditure options before the budget is set.
- Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take early action in reporting and responding to projected variances.
- Quarterly reporting of the projected budgetary outturn supplemented by monthly exception reports to prompt remedial action if necessary.
- Creation of appropriate and proportionate contingencies.

It should be noted that while every effort is taken to ensure the budget is balanced, there is always the possibility of variances to the budget occurring. This is one of the reasons why the Commissioner holds reserves against unanticipated cost pressures.

CAPITAL PROGRAMME 2019/20

	£'000	£'000
Scheme approved in prior years		2,928
Annual Replacement Schemes :		
Fleet Vehicles	1,777	
IT and Communications	<u>643</u>	2,420
Estates :		
ABE Suites Improvements	50	
CCTV Upgrades - Whole Estate	25	
Replacement Chiller Units - Blacon PS	50	
Runcorn PS - Reroofing	300	
Safety/Security improvements to automatic access gates	76	
Crewe LPU - Phase 1	<u>800</u>	1,301
IT and Communications :		
Network Refresh	640	
Technology Refresh – E-Forensics	60	
End of life - Network Equipment	200	
Kiosk Management Console *	17	
Vehicle Telematics *	<u>191</u>	1,108
Equipment :		
Trucams	40	
Cheshire EVO8 ANPR Camera Refresh	56	
Regional EVO8 ANPR Camera Refresh	40	
Vehicle ANPR Tablet Update – Reg 109	21	
Fleet Workshop Equipment	<u>12</u>	169
Additional Vehicles :		
Under Water Search Unit	110	
Armed Policing Alliance Vehicles	<u>226</u>	336
		<u><u>8,262</u></u>

* Starred items - require further approval before actual spend can be incurred

CAPITAL STRATEGY 2019 TO 2024

1. INTRODUCTION

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities was updated in December 2017 establishing a framework that supports local strategic planning, asset management and appropriate options appraisal.
- 1.2. The objectives of the Prudential Code are to ensure that the capital plans of an organisation are affordable, prudent and sustainable and the treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

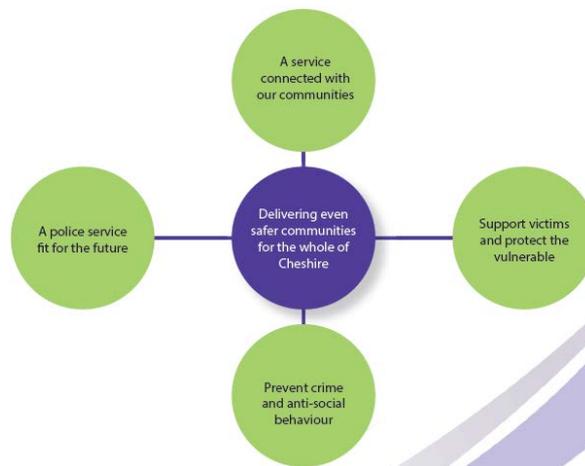
2. DEFINITION

- 2.1. To utilise the full extent of the Prudential Code and its framework, it is essential that there is a clear understanding of what is capital expenditure. Unless expenditure qualifies as capital it will normally fall outside the scope of the Code and its framework and be charged to revenue in the period in which its goods or services were received. If expenditure does qualify as capital, there are opportunities to finance such spend from any capital receipts held or to spread the cost over future years in line with the life of the asset(s) purchased.
- 2.2. In the main, expenditure must meet one or more of the following conditions for it to be classified as capital:
 - Spend results in the acquisition, construction or enhancement of an asset (tangible or intangible) in accordance with 'proper practices';
 - Spend meets one of the definitions specified in regulations made under the 2003 Local Government Act; or
 - The Secretary of State makes a direction that the expenditure can be treated as capital.

3. CONTEXT

- 3.1. The capital programme requirements of the police sector nationally are by nature limited in comparison to other public sector organisations such as local authorities who have diverse responsibilities to prioritise including Schools, Housing, Highways and Economic Development. Certainly this is true of Cheshire Police with our capital expenditure plans largely limited to replacing essential operational assets (e.g. Vehicles, Equipment, Communications Infrastructure) together with individual ad-hoc capital investment schemes required to meet national demands (e.g. Requirements related to the national Emergency Services Network project) or aimed at improving efficiency and operational performance/priorities. An example of this is the approved scheme to build a new modern Joint Police and Fire Station in Crewe, which will be delivered in partnership with Cheshire Fire and Rescue service by 2021.
- 3.2. In the Police and Crime Plan, the Commissioner states his vision for policing in Cheshire. The plan sets out a vision in which Cheshire will have a Constabulary focused on

community policing and putting victims first. The legacy will be a police service fit for the future which is connected with, based within and accessible to local communities – real neighbourhood policing. After consulting the public, the Commissioner set out four main priorities as follows:



- 3.3. The Commissioner is committed to rolling medium term revenue & capital plans (Summarised in a Medium Term financial Strategy – MTFS) that usually extend for 3-4 years. The plans are drawn up, reassessed and extended annually and if required re-prioritised to enable the Constabulary to achieve the aims and objectives established in the PCC’s Police and Crime Plan and to support national drivers like the National Policing Vision for 2025.
- 3.4. Prior to the start of austerity, capital grant funding of around £2m was received each year. This helped fund annual replacement of vehicles, IT and operational equipment and maintenance of police buildings. Since austerity this grant funding has severely reduced and currently stands at around £0.6m. This is insufficient to meet the annual replacement programme let alone investment in new technology. As such, with limited reserves held, the need to borrow has increased. Borrowing incurs on-going costs of interest payments and the funding set aside to repay the loan in due course. As borrowing incurs costs, there has been a programme of increasing year on year revenue contributions to fund the capital programme in order to meet the annual replacement programme, with borrowing limited to invest to save or invest to increase efficiency.
- 3.5. Key focuses of the Capital Programme plans, all aligned achieving the Commissioners priorities above are:
- To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites and improving core training facilities.
 - The replacement of other core assets where necessary, e.g. vehicles, operational equipment and communication infrastructure.
 - Development of improved capability.

- To ensure provision is made for Digital Change Technology to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- Invest to Save Schemes.

3.6. The plans acknowledged the constrained financial position of the Commissioner and maximise both the available financial resources and the capacity that the Constabulary has to manage change projects.

4. GOVERNANCE

4.1. The annual budget setting process is an ongoing process with the Strategic Change team and other key stakeholder groups assisting departmental managers to identify change proposals and develop business cases for future capital investment requirements and ideas aligned with the Police and Crime Plan priorities.

4.2. Business cases must explicitly identify the organisational requirement, rational, deliverables, benefits, links to OPCC and/or Constabulary Priorities, and costs in terms of both capital investment and ongoing Revenue consequences.

4.3. Based on an agreed budget setting timetable, business cases will be submitted for presentation to and scrutiny review by the Force Leadership Team along with an initial view of potential affordability. Prioritisation is then made, taking into account the following in order of priority:

- Unavoidable (statutory, contractual, or tortuous liability);
- Operational Need (Enables continuity of agreed service delivery levels and priorities);
- Police and Crime Plan Improvement Priority;
- Other (efficiency, invest to save, leverage of external funding, etc).

4.4. An updated Draft Medium Term Financial Strategy (MTFS), including a recommended Capital Programme, is then presented to the Commissioner, providing views on affordability, potential funding issues and options.

4.5. A final version of the MTFS will be presented to the Commissioner in the following January for approval, reflecting the known funding position any further developmental work on the plan. The formal PCC approval, agrees the capital budget for the following year, and acknowledges the intention for planning purposes of the remaining years of the MTFS.

4.6. Any approved budget item, capital or revenue can be 'starred' to reflect the Commissioner's agreement in principle, but no further action can be taken without further approval being obtained when more detailed plans are available.

4.7. Where in year additions to the approved Capital Programme are identified, a business case will be prepared and reviewed by the Digital Portfolio Transformation Board or Portfolio Direction Group before being submitted to the Chief Officer Group. The Chief Officer

Group will then submit to the Commissioner for consideration and approval, including details of how the new scheme is to be funded, delivered and benefits realised, noting any ongoing MTFs implications.

- 4.8. Currently approved Financial Regulations (Section 4.3) specify individual officer roles and responsibilities relating to the capital programme along with a number of key controls as follows:
- Specific approval by the Commissioner for the three year capital programme which is the key document for planning and controlling of capital expenditure;
 - 'Starred' items require further approval before expenditure can be incurred;
 - Expenditure on capital schemes not included in the programme and/or which would involve future years' commitments is subject to the approval of the Commissioner;
 - Steps are taken to enable land required for the purposes of the programme to be acquired in due time;
 - A scheme and estimate, including the associated revenue expenditure, is prepared for each capital project for approval by the Commissioner;
 - Any scheme not commenced within two years of approval will be deemed null and void and removed from the capital programme;
 - Prudential Indicators covering affordability, capital expenditure, external debt and treasury management;
- 4.9. Following approval of the capital programme, a programme manager or project manager and a user representative is identified for each capital project. That individual is responsible for managing the project implementation and delivering its objectives. For all projects within the capital programme a Chief Officer is identified as project sponsor.
- 4.10. Monitoring Progress against capital schemes is reported on at least a quarterly basis to the Digital Portfolio Transformation Board, Portfolio Direction Group and Chief Officer Group and to Management Board.
- 4.11. Once projects have been completed the programme or project manager completes a post implementation review for the major capital projects. This includes identifying at what stage the post project review will be carried out. The post project report is reviewed by the Digital Portfolio Transformation Board or Portfolio Direction Group and escalated to the Chief Officer Group if required.
- 4.12. To evaluate the actual success and outcomes of capital projects a post project review is also carried out. The depth of this review is proportionate to the scale of the project and the benefits set out in the initial Project Initiation Documentation. This review focuses on the outcomes achieved, the extent to which the benefits claimed are being realised, the actual costs, both revenue and capital, and the impact of other funding and partnership working. This information can then be used to learn lessons and make any improvements identified during project implementation.

5. FUNDING STREAMS

5.1. Capital expenditure can be funded from a number of sources as set out below:

- **Government Grants** – these are either general grants which can be used to fund any capital spend approved by the Commissioner or specific grants which can only be used to fund specific projects in line with any conditions placed with the grant;
- **Capital Receipts** – when an asset held by the Commissioner is sold, the proceeds are held in reserve to be used either to fund future capital expenditure or to repay debt. They cannot be used to fund revenue expenditure;
- **Reserves** – funds can be set aside and held in earmarked reserves if known expenditure is to be incurred at a future date. These reserves can then be used to fund such expenditure be it capital or revenue. In terms of capital expenditure, it may be known that a specific asset may need replacing in 10 years and therefore funds are set-aside each year to build up the reserve to fund the replacement. Details of the reserves held are found within the Commissioner’s Reserves Strategy;
- **External Contributions** – these are funds or grants provided by external organisations such as collaboration partners or local authorities for specifically agreed capital expenditure; and
- **Borrowing** – the Commissioner is permitted in law to take out loans or financing to fund capital expenditure. The Prudential Code sets out the requirements under which such borrowing must be undertaken including affordability, prudence and cost effectiveness. Any borrowing will incur costs for interest payable and the need to set-aside sufficient funds to repay the loan. These costs impact on the revenue budget.

6. CAPITAL PROGRAMME 2018/19 to 2023/24

6.1. The following table shows the Commissioner’s overall Capital Programme and how it is to be funded from 2018/19 to 2023/24, figures quoted include both in year approvals and schemes rolled forward from previous years. They therefore represent estimates of total capital expenditure in each year:

2018/19 Estimate £000		2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
	<u>Expenditure:</u>					
	Annual Replacement Schemes:					
1,955	Fleet Vehicles	2,963	1,677	1,754	1,800	1,800
525	IT and Communications	643	1,125	425	85	797
	New Schemes:					
821	Estates – Crewe Police Station	1,854	4,800	2,800	600	600
5,330	IT and Communications	2,104	950	4,460*	612	0
1,513	Operational Equipment	169	782	257	212	612
548	Collaboration Use/Funded Vehicles	528	0	185	0	0
10,691	Capital Expenditure	8,262	9,334	9,881	3,309	3,809
	<u>Financed by:</u>					
647	General capital grants	661	600	600	600	600
3,097	Capital Receipts	2,461	0	0	0	0
500	Revenue Contributions to Capital	1,000	1,500	2,000	2,500	3,000
2,101	External Contributions to Capital	467	0	185	0	0
209	HQ IT Reserve	209	209	209	209	209
4,137	Borrowing	3,464	7,025	6,887	0	0
10,691	Total Funding	8,262	9,334	9,881	3,309	3,809

* Includes estimated cost of requirement to purchase new Emergency Services Network (ESN) devices.

7. AFFORDABILITY

7.1. Capital expenditure plans are a key driver of treasury management activity. The funding of such plans impact on cash balances and borrowing requirements in the short and longer terms. The on-going consequences of these decisions have a direct impact on the annual revenue budget. As such, having regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, the Commissioner sets and reviews a number of prudential indicators showing the proposed capital expenditure plans, how they are to be funded, the impact on the organisation's finances and their affordability in terms of the impact on revenue budgets.

7.2. Full details and commentary on the prudential indicators are found within the Commissioner's Treasury Management Strategy 2019/20. Along with controls and limits relating to levels of capital expenditure and resulting borrowing requirements, these prudential indicators also include a specific affordability indicator, below, which provides

an indication of the impact of the above capital expenditure plans and their financing proposals on the overall finances and precept (council tax):

Treasury management Strategy 2019/20 - Table 5: Ratio of financing costs to net revenue funding

2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
0.90%	1.08%	1.26%	1.44%	1.76%	2.43%	2.39%

This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream. The estimates of financing costs include current commitments and the proposals included in the budget/medium-term financial strategy.

- 7.3. The above ratio is increasing due largely to the significant reduction in available capital grant funding since the start of austerity and the requirement to increase borrowing in order to finance the capital programme from 2018/19 onwards. The affordability of this will therefore continue to be reviewed alongside the MTFs.

8. RISK MANAGEMENT

- 8.1. Risk is the threat that an event or action will adversely affect the Commissioner's ability to achieve his desired outcomes and the Constabulary's ability to execute his strategies successfully. Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.
- 8.2. The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties. The corporate risk register sets out the key risks to the successful delivery of corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.
- 8.3. To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored. It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in complex business change programmes. Where greater risks are identified as necessary to achieve desired outcomes, the organisation will seek to mitigate or manage those risks to a tolerable level. All key risks identified as part of the capital planning process are considered for inclusion in the corporate risk register.
- 8.4. The Director of Finance and Chief Finance Officer will report jointly on the deliverability, affordability and risk associated with this Capital Strategy and the associated capital programme. Where appropriate they will have access to specialised advice to enable them to reach their conclusions.

- 8.5. Credit Risk - The risk that an organisation with which we have contracted to deliver capital projects becomes insolvent and cannot complete the agreed contract. We will ensure that robust due diligence procedures cover the appointment of partners and contractors relating to capital programme delivery. Where possible contingency plans will be identified at the outset.
- 8.6. Liquidity Risk - This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. There is also a risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes and mitigating actions taken promptly where appropriate.
- 8.7. Interest and Exchange Rate Risk - This is the risk that interest rates or exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.
- 8.8. Inflation Risk - This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.
- 8.9. Legal and Regulatory Risk - This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Commissioner will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.
- 8.10. Fraud, Error and Corruption - This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. Cheshire Constabulary has a strong ethical culture which is evidenced through our values, principles and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud and Corruption and Declaration of Interests.

9. FUTURE ACTIONS

- 9.1. This capital strategy currently looks ahead over the next 5 years to 2024. It will be reviewed to consider whether it would be appropriate and of value to extend this period to cover a longer term period of for example 10 or 20 years.
- 9.2. In view of the significant reduction in ongoing government funding towards capital programme expenditure since the commencement of austerity measures, investigation will

be made aimed at identifying alternative potential funding sources which will include the extension of partnerships and collaborations.

- 9.3. It will be continually reviewed in light of emerging and changing local issues, circumstances and priorities.

RESERVE STRATEGY 2019/20

1. In addition to the requirements covering the robustness of estimates, Section 25 of the Local Government Act 2003 also requires the Chief Finance Officer to present a report assessing the adequacy of the unallocated reserves in the context of policing threats and demands together with corporate and financial risks facing the organisation. The Commissioner needs to balance the necessity for reserves against the cost to council taxpayers and arrive at a level that is both prudent and adequate for the current climate but not excessive.
2. A Reserves Strategy sets out the reserves held, their intended usage and the strategy for ensuring the funds are maintained at an appropriate level. Reserves are held for three main purposes:
 - a. To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve
 - b. To set-aside funds for specific purposes; known or predicted pressures or future liabilities – known as earmarked reserves
 - c. To hold capital receipts from sale of assets. The use of which is restricted under legislation to the purchase of new assets or the repayment of debt.
3. In addition to the above reserves, Cheshire Constabulary act as lead force for a number of regional collaborations for which it holds reserves. These reserves are owned by all regional partners on an agreed share basis in line with each collaboration agreement.
4. Over the past year, the level of reserves held by all forces have been under scrutiny by the Home Office and it is now considered best practice to produce a reserve strategy covering the medium term financial strategy (MTFS) period.
5. Based on the audited Statement of Accounts published in July 2018, £16.4m was held in reserves of which £1.6m belongs to the regional collaborations. Annex 1 sets out the proposed usage of the reserves over the next four years in line with MTFS plans together with other known commitments and liabilities. Reserves are forecast to fall to £11.7m by the end of 2018/19 and to £9.4m by March 2023.
6. As part of the Home Office scrutiny process; it classifies reserves in three main categories:
 - a. Funding for planned expenditure on MTFS projects and programmes
 - b. Funding for specific projects and programmes beyond the current MTFS timeline
 - c. Those held as a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management.

Annex 2 provides analysis of the reserves in line with the above.

7. The purpose of each reserve is set out below:

General Reserves

The purpose of general reserves is to provide funding to cover specific and general risks identified in setting the budget but also in recognition of unforeseen risks and expenditure that may arise in year. Given the current levels of threats and demands facing the organisation the amount held in this reserve is deemed both prudent and adequate.

Earmarked Reserves:

Medium Term Financial Strategy (MTFS) Reserve

The origins of this reserve dates back to the start of the austerity programme and has been successfully used to support transition, implementation costs of transformational changes together with 'invest to save' projects. While the current 2019/20 Provisional Settlement has provided additional grant funding and allowed further flexibility on the level of precept, there continues to be pressures and demands including pension costs for which savings are required. Post 2020, there are no guarantees of Government funding until the spending review is complete and therefore there remains a need in the medium term to seek efficiencies and this reserve will enable such changes to be achieved.

Redundancy Reserve

It is recognised that the cost of reforms, efficiencies and restructuring can require changes to staffing levels. This reserve is held to meet any associated costs. It is anticipated that a small number of redundancies may occur in 2019 and estimated costs are included above subject to full consultation and only after any redeployment opportunities are fully explored.

Local Government Pension Scheme (LGPS) Reserves

Every three years the Actuary for the LGPS reviews the level of contributions made to the scheme against the forecast liabilities with any shortfall in funding resulting in increased employer's contributions. The LGPS was reviewed on 31 March 2016 and increased contributions were required over the last three years. To smooth the transition to the higher contribution rates, funds set aside within this reserve have now been fully utilised.

Carry Forward Reserve

This is a temporary reserve for any underspend from the previous financial year that has been approved to be spent in the following financial year. For example, should a project be delayed funding can be carried forward into the following financial year to meet the delayed spend.

Capital Reserves:

Revenue Reserve for Capital

In recognition of the decreasing level of Government Capital Grant and in order to meet the minimum asset replacement cycles, a revenue contribution is made into this reserve each year and used to finance that year's capital programme.

HQ IT Reserve

This reserve was created as part of the private finance initiative (PFI) scheme to support the replacement of computer equipment. It is supplemented each year in line with the scheme's requirement and applied to finance relevant capital.

Unapplied Capital Grants Reserve

This reserve contains the capital grant received by the Commissioner but not yet used to finance capital investment. Funding is now generally applied in full in the year it is received, with the exception of specific grants which are applied when expenditure is made – for example on the new Emergency Services Network.

Capital Receipts

Capital Receipts represents the net proceeds from the sale of assets. The use of this funding is limited by regulation to re-investment in the purchase of new assets or the repayment of debt.

Collaboration Reserves:

Armed Police Alliance

This reserve has arisen from underspends in previous financial years due to high turnover of officers. It is being utilised to support training, ammunition and other expenditure to support the training of new trainees to replace these officers.

Underwater Search Unit

Funding held on behalf of all partners for asset replacement – e.g. replacement of the boat, vehicles and equipment.

Local Resilience Forum

Cheshire Resilience Forum partners work together to prepare for emergencies, including Cheshire Constabulary, Cheshire Fire and Rescue Services and local authorities. The reserve is held to support strategic training and as a contingency for unforeseen pressures.

National Blue Light Procurement Reserve

This is a national collaboration with the reserve being held for development of the system. Work is currently being scoped in conjunction with the Home Office and spend is likely within the next year, but has yet to be approved.

Dog Alliance

The alliance with North Wales Police for the provision of dogs has been a pilot over the last year or so and this reserve is being held to support the transition to a permanent alliance. It is expected that this funding will be utilised in the short-term subject to approval.

RISKS AND FORWARD PLAN

8. There are a number of uncertainties and risks over the next few years that hold the potential of significant financial impact, not least the Government spending review due in 2019. Uncertainty over funding beyond 2020 makes planning difficult and reserves are a key tool in providing flexibility to deal with this challenge.
9. One major risk is a national programme called The Emergency Services Network (ESN) which will see the current Airwave based communication systems replaced with a new 4G

based communication service. All Airwave radios currently used by officers and staff will be replaced with a mobile phone type device which offers improved functionality. The funding of the programme and the purchase of the devices falls to the force currently although there is uncertainty over timing and costs.

10. As seen this year, the impact of changes to pensions can be significant and costly, the funding of which falls to each force. Although some additional Government funding has been provided in 2019/20 for the impact of the police pension changes, there is no certainty of what funding will be provided going forward. In addition, the Local Government Pension Scheme (LGPS) is to be valued in March 2019, the impact of which is uncertain and a risk to the revenue budget.
11. Over the period this Strategy covers there is an expectation that the majority of the current reserves will fall to a level that is unsustainable going forward given the risks set out above. To ensure financial resilience and stability the plan is to place any one-off un-budgeted income or underspends into the MTFS Reserve to ensure sufficient funding is held to meet the risks and challenges ahead, subject to approval by the Commissioner.

Annex 1

RESERVES HELD

	2018/19		2019/20		2020/21		2021/22		2022/23	
	01-Apr-18 Revenue £000	Capital 31-Mar-19 £000	01-Apr-19 Revenue £000	Capital 31-Mar-20 £000	01-Apr-20 Revenue £000	Capital 31-Mar-21 £000	01-Apr-21 Revenue £000	Capital 31-Mar-22 £000	01-Apr-22 Revenue £000	Capital 31-Mar-23 £000
Police Fund - General Reserve	£5,810	-£37	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773
<u>Earmarked Reserves: Revenue</u>										
MTFS Reserve	£1,136	£37	£0	£1,173	£0	£0	£1,173	£0	£0	£1,173
Redundancy Reserve	£882	£0	£0	£882	£0	£0	£882	£0	£0	£882
Local Govt Pension Scheme Reserve	£600	-£600	£0	£0	£0	£0	£0	£0	£0	£0
Carry Forwards Reserve	£545	-£545	£0	£0	£0	£0	£0	£0	£0	£0
	£3,163	-£1,108	£0	£2,055	£0	£0	£2,055	£0	£0	£2,055
<u>Earmarked Reserves: Capital</u>										
Revenue Reserve for Capital	£741	£0	-£741	£0	£0	£0	£0	£0	£0	£0
HQ IT Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Capital Reserve - Unapplied Grant	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Capital Receipts	£5,080	£0	-£2,828	£2,251	£0	-£2,251	£0	£0	£0	£0
	£5,821	£0	-£3,569	£2,251	£0	-£2,251	£0	£0	£0	£0
<u>Collaboration Reserves:</u>										
Armed Police Alliance Reserve	£511	£0	£33	£543	£0	£0	£543	£0	£0	£543
UVSU Reserve	£744	£0	£40	£783	£0	£0	£783	£0	£0	£783
Local Resilience Forum Reserve	£68	-£13	£0	£56	£0	£0	£56	£0	£0	£56
National Blue Light Procurement	£219	£0	£0	£219	£0	£0	£219	£0	£0	£219
Dog Alliance Reserve	£79	£0	-£79	£0	£0	£0	£0	£0	£0	£0
	£1,621	-£13	-£6	£1,601	£0	£0	£1,601	£0	£0	£1,601
TOTAL RESERVES	£16,415	-£1,158	-£3,575	£11,680	£0	-£2,251	£9,429	£0	£0	£9,429

RESERVES HELD - Home Office classification

	01-Apr-18		2018/19		2019/20		2020/21		2021/22		2022/23	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
General Reserve / Contingency:												
Police Fund - General Reserve	£5,810	-£37	£0	£5,773	£0	£0	£5,773	£0	£0	£5,773	£0	£0
MTFS Reserve	£1,136	£37	£0	£1,173	£0	£0	£1,173	£0	£0	£1,173	£0	£0
	£6,946	£0	£0	£6,946	£0	£0	£6,946	£0	£0	£6,946	£0	£0

	2018/19		2019/20		2020/21		2021/22		2022/23	
	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Funding for Projects/Programmes - current MTFS										
Local Govt Pension Scheme Reserve	£600	-£600	£0	£0	£0	£0	£0	£0	£0	£0
Carry Forwards Reserve	£545	-£545	£0	£0	£0	£0	£0	£0	£0	£0
Redundancy Reserve	£882	£0	£882	£0	£882	£0	£882	£0	£882	£0
Revenue Reserve for Capital	£741	£0	-£741	£0	£0	£0	£0	£0	£0	£0
HQ IT Reserve	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Capital Reserve - Unapplied Grant	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Capital Receipts	£5,080	£0	-£2,828	£2,251	£0	-£2,251	£0	£0	£0	£0
Armed Police Alliance Reserve	£511	£33	£543	£543	£0	£543	£0	£0	£543	£0
UWSU Reserve	£744	£0	£40	£783	£0	£783	£0	£0	£783	£0
Local Resilience Forum Reserve	£68	-£13	£0	£56	£0	£56	£0	£0	£56	£0
National Blue Light Procurement	£219	£0	£0	£219	£0	£219	£0	£0	£219	£0
Dog Alliance Reserve	£79	£0	-£79	£0	£0	£0	£0	£0	£0	£0
	£9,469	-£1,158	-£3,575	£4,734	£0	-£2,251	£2,483	£0	£2,483	£0
TOTAL RESERVES	£16,415	-£1,158	-£3,575	£11,680	£0	-£2,251	£9,429	£0	£9,429	£0