

Nottinghamshire Police and Crime Commissioner

Notice of Decision



Nottinghamshire

POLICE & CRIME COMMISSIONER

Author:	Charlotte Radford
Tel:	0115 9670999 Ext 8012005
E-mail:	Charlotte.radford@nottinghamshire.pnn.police.uk
Date Received*:	07.02.14
Ref*:	2014/004

*to be inserted by Office of PCC

TITLE: Precept, Revenue, MTFP, Reserves Strategy, 4 Year Capital Programme and Treasury Management Reports 2014-15

EXECUTIVE SUMMARY:

The attached reports have been approved in principle by the Commissioner ahead of the Police & Crime Panel meeting on 3rd February 2014.

The Police & Crime panel met and supported the Commissioners decision to increase the precept by 1.96%.

The Precept report details the levies to be made on the Billing Authorities and the increase on a Band D rate of 1.96% taking the cost to £172.98.

The Revenue report details how the revenue expenditure will be incurred during 2014-15 in support of the Police & Crime Plan priorities.

The MTFP (Medium Term Financial Plan) forecasts the revenue expenditure anticipated over the next 4 years and the current financial gaps.

The Reserves Strategy details the levels of reserves both General and Earmarked and their intended use.

The 4 Year Capital Programme details the proposed capital projects by the force particularly investing in IT and Estates.

The Treasury Management Strategy supports the 4 Year Capital Programme and details how the capital expenditure will be financed.

All of the reports provide the conclusion to a detailed and thorough process which included listening to the public, partners and stakeholders on how further efficiencies could be delivered and where appropriate included within the decisions made.

INFORMATION IN SUPPORT OF DECISION: (e.g report or business case)



Precept Report
2014-15 03-02-14.dc



BUDGET REPORT
2014-15 V2 Live vers



2014-15 FINAL MTFP
report (2).docx



4 Year Capital
Programme.docx



FINAL Treasury
management strategy



Reserves Strategy
2014-15 Sept 13.doc

Is any of the supporting information classified as non public or confidential information?**

No

✓

Yes

Nottinghamshire Police and Crime Commissioner
Notice of Decision

DECISION:

The Commissioner is requested to formally approve the reports listed above. He is particularly requested to approve:

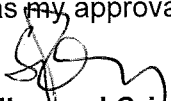
- The Band D Council Tax rate of £172.98 providing £50.5m in revenue funding for 2014-15.
- The Revenue Expenditure budget of £193.8m for 2014-16.
- The assumptions currently being made within the MTFP
- The Capital Programme of £8.397m for 2014-15 and the proposals for the following three years.
- The Treasury Management Strategy, which supports the Capital Programme, provides the Investment Strategy and sets the prudential and treasury limits within which we must operate.

DECLARATION:

I confirm that I do not have any disclosable pecuniary interests in this decision and I take the decision in compliance with the Code of Conduct for the Nottinghamshire Office of the Police and Crime Commissioner. Any interests are indicated below:

The above request has my approval.

Signature:



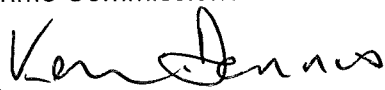
Date:

1/2/14.

Nottinghamshire Police and Crime Commissioner**OFFICER APPROVAL**

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

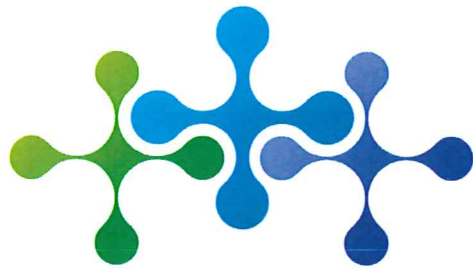
Signature:



Date:

11/2/14

Chief Executive



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2014-15

3rd February 2014

The Police & Crime Commissioners

Precept 2014-15

The Nottinghamshire Police & Crime Commissioner is proposing a precept increase of up to 1.96% for the 2014-15 financial year.

This builds upon the commitment made during the election campaign to increase the number of police officers and Police Community Support Officers (PCSO's). Although this has been difficult with further cuts in funding, numbers have increased in 2013-14 and further recruitment will take place in 2014-15. The budget report on today's agenda details further the plans for 2014-15 and the potential risks relating to the efficiencies that need to be achieved.

The detailed budget for 2014-15, the Medium Term Financial Plan, the Reserves Strategy, the 4 Year Capital programme and the Treasury Management Strategy are provided for information purposes to the Police & Crime Panel. These have been drawn together to support the Police and Crime Plan, which has been refreshed and which the panel have received and which is currently out for consultation.

This report is an update on that issued for the agenda papers today. This is due to timing: the billing authorities are not required to provide final tax base calculations and collection fund balances until 31st January. The final submissions were received late on Friday and therefore the report has been updated and tabled to today's meeting with actual figures declared.

When setting the budget and capital programme for the forthcoming financial year the Police and Crime Commissioner must be satisfied that adequate consideration has been given to the following:

- **The Government policy on police spending** – The current economic climate is improving slowly, but the Government policy continues to reduce public sector spending.
- **The medium term implications of the budget and capital programme** - The separate report sets out the Medium Term Financial Plan, which is regularly received and updated.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy report covers the CIPFA Prudential Code, which evaluates whether the capital programme and its revenue implications are prudent, affordable and sustainable. The implications of borrowing to finance the unsupported element of the capital programme are incorporated within the proposed revenue Budget for 2014-15 and the Medium Term Financial Plan.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2014 is £7 million which is higher than the minimum 2% level in the approved reserves strategy and is considered by the Chief Finance Officer to be an adequate level for the year ahead. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy, are adequate to cover the purposes for which they are held and provide some robustness against the risks identified within the budget. The Chief Finance Officer also confirms that the budgeted insurance provision is fully adequate to meet outstanding claims.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are covered in **Section 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed 1.96% maximum increase in the Police & Crime Precept on the Council Tax.
- **The impact on Council Tax** - This is covered in **Section 7** of this report.
- **The risk of referendum** – The limit set for requiring a referendum is a 2% increase on the precept for Police and Crime Commissioners. The proposed increase of up to 1.96% is just below the limit set (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2014-15 the Billing Authorities have consulted on proposed changes to the local Council Tax Support Schemes introduced in 2013-14. There continues to be an impact on collection rates as a result of the changes that have had to be introduced locally, to meet the 10% cut in Government grant funding.

The Billing Authorities are working hard to keep collection rates up and as a consequence all have seen an increase in estimated tax bases. This is also partly due to an increase in the number of new properties in each area.

The estimated tax base as notified by the unitary and district councils (Billing Authorities) has increased by 2.06% overall. This information has to be confirmed in writing by 31 January, the statutory deadline.

Tax base	Band D Properties 2013/14 No	Band D Properties 2014/15 No	Change %
Ashfield	29,870.30	30,256.20	1.29
Bassetlaw	31,409.55	31,893.84	1.54
Broxtowe	31,907.95	32,188.65	0.88
Gedling	34,396.13	34,912.38	1.50
Mansfield	26,524.26	26,943.82	1.58
Newark & Sherwood	36,015.10	36,233.47	0.61
Nottingham City	56,786.00	59,949.00	5.57
Rushcliffe	38,948.00	39,373.00	1.09
Total	285,857.29	291,750.36	2.06

It is intended that any negative impact from a change between the estimated tax base and the actual tax base will be met from reserves.

2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. In 2013-14 this provided the Police and Crime Commissioner with a total surplus amount of £95,610. This has increased to £447,893 for 2014-15. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2013-14	2014-15
	£	£
Ashfield	0	62,867
Bassetlaw	0	57,929
Broxtowe	8,764	26,288
Gedling	53,885	57,966
Mansfield	9,040	0
Newark & Sherwood	0	0
Nottingham City	0	147,589
Rushcliffe	23,921	95,254
Total	95,610	447,893

It is intended that the surplus will be transferred to balances to contribute towards the request for use of reserves for the transformational change programme.

3. COUNCIL TAX FREEZE GRANT

In 2011-12 the Government offered a freeze grant equivalent to a 2.5% increase in the council tax for four years. Within the June 2013 Comprehensive Spending Review this grant has been extended until March 2016.

For 2014-15 the government has offered a further freeze grant equivalent to a 1% increase in Council Tax.

Consequently, the Police & Crime Commissioner has had to consider how taking the freeze grant with a short term benefit compares with a rise in the level of precept, and how each impact on the council tax paying people of Nottinghamshire.

The freeze grant would mean that the council tax payers would not see an increase in the police and crime element of their bills. However, the freeze grant will cease to exist after 2015-16 and therefore creates a further gap in balancing the income and expenditure of the OPCC.

An increase in the precept in 2014-15 would see a long term benefit to the funding of the OPCC, but would also require the council tax payers to pay an additional £3.33 per annum (Band D equivalent properties).

Therefore, the freeze grant proposal for 2014-15 does not provide financial stability for the long term and consequently, the decision taken has been to increase the council tax charge.

4. COUNCIL TAX SUPPORT GRANT

There are two elements of the Council Tax Support Grant received by Commissioners for each Policing area:

- The New Burdens element being paid to those Billing Authorities that adopt schemes that comply with the criteria set by Government to ensure that low income households do not face an extensive increase in their council tax. There has been no indication that this funding will continue for precepting authorities.
- As part of the settlement announcement the Home Office has combined the payment relating to freeze grants with the amount identified last year as Council Tax Support. These will be treated outside the grant system as Legacy Council Tax Grants and total £9.7m for 2014-15.

5. CONSULTATION

Business Community

The Commissioner has specifically met with representatives from the County and City business communities at a meeting on the 28th November 2013 of the Nottinghamshire County Council Business Engagement Group; the 2014-15 budget was the main agenda item. Members of the group represent 18,000 businesses. The Commissioners proposed Budget and precept consultation documents were circulated to NBEG members.

Consultation with the Public, Stakeholders and Interested Parties

The Commissioner and his Deputy have consulted and engaged with members of the public, stakeholder businesses and partner organisations as part of the in Police and Crime Plan and deciding upon the proposed precept levels.

Throughout the last year the Commissioner has attended approximately 140 local events and meetings to discuss local policing concerns with residents, victims of crime and partners. This has helped shaped the refreshing of the plan.

The Commissioner met with representatives of the business community of the City and County on the 28th November 2013 at a meeting at the Nottinghamshire County Council Business Engagement Group.

The Commissioner's consultation programme will not be fully completed until the end of January 2014.

Nottinghamshire County Council Citizen's survey (2013) findings shows that the majority of the respondents (56%) would continue to pay more towards policing, with 13% saying they would not.

In relation to making potential further savings across areas of police business the most popular response were savings could be generated was the Office of the Police and Crime Commissioner (41%) and policing support functions (back office) 30%. The least favoured by respondents were local policing (89%) and investigative support (88%).

With regard to the refreshing of the police and crime plan priorities nearly all respondents (95%) rated all current priorities as important or very important. Some respondents (17%) provided further details of other priorities they felt could be added. Top three priorities were:

- Improving response times and more police officers on the beat (49%)
- Be tough on offenders and give harsher sentences (10%)
- Re-open police stations and more staffed police stations? (9%)

Public Stakeholder Forum - BMER Communities

On the 7th January 2014 the Commissioner met with representatives from BMER communities at Nottinghamshire Deaf Society. Attendees identified a number of priority areas in which they wish to see improvement by Nottinghamshire Police. These included:

- community engagement and empowerment;
- communication and listening to the communities' needs;
- community confidence in local policing;
- police representation of their communities;
- victim focus;
- respect for individuals;
- capability and competence of officers;
- accessibility and visibility of policing within local communities.

Public Stakeholder Forum – Women's Groups

On the 14th January 2014 the Deputy Commissioner met with representatives of Women's groups. The discussion saw the identification of aftercare support for survivors and victims after investigation and training for staff to raise their awareness of cultural sensitivity when dealing with victims of child sexual exploitation and grooming.

With regard to the proposed precept increase, 20% (2) stated they would be prepared to pay more towards policing. This compared to 50% (5) who stated they were not and a further 30% (3) who stated that they may be prepared to pay more.

In relation to identifying which business areas where possible savings could be made, the group suggested the following:

- Roads Policing;
- Specialist Operations;
- Support Functions;
- Nottinghamshire Office of the Police and Crime Commissioner.

Further consultation is being undertaken by the Commissioner with other stakeholders and young people groups during January 2014. An update on the findings from these engagement events and City Respect survey 2013 will be provided at the Police and Crime Panel meeting on the 3rd February 2014.

6. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police & Crime Commissioners to determine whether their 'relevant basic amount of council tax' for a year is excessive, as excessive increases trigger a council tax referendum. From 2012-13 onwards, the Secretary of State is required to set out principles annually, determining what increase is excessive. For 2014-15 the principles state that, for Police and Crime Commissioners, an increase of more than 2% in the basic amount of council tax between 2013-14 and 2014-15 is excessive.

For 2014-15 the relevant basic amount is calculated as follows:

Formula:

$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}}$	$= \text{Relevant basic amount of council tax}$
--	---

Nottinghamshire 2014-15 calculation:

$\frac{\pounds 50,470,404.01}{291,770.17}$	$= \pounds 172.98$
	(1.96%)

With a 2% increase the Band D equivalent charge would be £173.04.

At the time of writing this report there was a risk relating to the date that the Referendum Limit would be set and that this could be as low as 1.5%. Therefore, the Panel are requested to support an increase up to a maximum of 1.96% allowing the Commissioner to reconsider if the Referendum limit is lower than the 2% shown in the calculations above.

7. **RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX**

As discussed in the Budget report resources have been allocated to support the police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner including pay awards, and pension liabilities. Due regard has been given to the overall cost to the local council tax payer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).

The Commissioners proposed spending plans for 2014-15 result in a Police & Crime Precept on the Council Tax of £172.98 for a Band D property, representing an increase of 1.96%.

For comparison purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire by far the largest number of properties are in Band A.

To achieve a balanced budget with reduced grant income an increase in the Police & Crime Precept has been required. This is on top of significant budget reductions and efficiencies to be achieved in year.

The calculation of the Police & Crime Precept on the Council Tax is as follows:

	2013-14 Budget £m	2014-15 Budget £m	Increase/ Decrease £m
Budget	196.9	193.8	3.1 (-)
External Income	150.0 (-)	143.3 (-)	6.7 (+)
Collection Surplus	0.1 (-)	0.5 (-)	0.4 (-)
Reserves	1.7 (+)	0.5 (+)	1.2 (-)
Precept	48.5 (-)	50.5 (-)	2.0 (-)
Council Tax Base	285,857	291,770	5,913
Council Tax Band D	£169.65	£172.98	£3.33
Council Tax Band A	£113.10	£115.32	£2.22

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2014-15 is:

	£m	
Budgeted Expenditure	193.8	+
Less income from:		
Police & Crime Grant	133.6	(-)
Legacy Council Tax Grant	9.7	(-)
Collection Fund surplus	0.5	(-)
Net contribution to/from Balances	0.5	(+)
Police & Crime Precept on the Council Tax	50.5	(-)

The resulting precept and Council Tax levels derived from the measures contained in this report are detailed below:

Police & Crime element of the Council Tax

Band	2013-14 £	2014-15 £
A	113.10	115.32
B	131.95	134.54
C	150.80	153.76
D	169.65	172.98
E	207.35	211.42
F	245.05	249.86
G	282.75	288.30
H	339.30	345.96

Amounts to be raised from Council Tax in each billing authority area 2014-15:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	5,233,717.48	62,867	5,296,584.48
Bassetlaw	5,516,966.44	57,929	5,574,925.44
Broxtowe	5,567,992.68	26,288	5,594,280.68
Gedling	6,039,143.49	57,966	6,097,109.49
Mansfield	4,660,741.98	0	4,660,741.98
Newark & Sherwood	6,267,665.64	0	6,267,665.64
Nottingham City	10,369,978.02	147,589	10,517,567.02
Rushcliffe	6,810,741.54	95,254	6,905,995.54
Total	50,466,977.27	447,893	50,914,870.27

Collection Dates

The dates, by which the Commissioners bank account must receive the credit in equal instalments, otherwise interest will be charged.

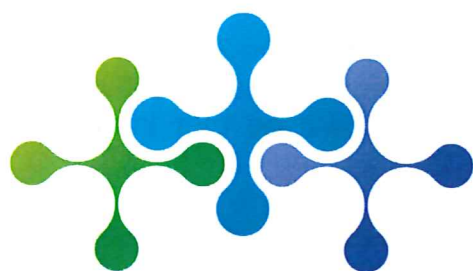
	£
<u>2014</u>	
17 April	5,091,487.00
28 May	5,091,487.03
02 July	5,091,487.03
06 August	5,091,487.03
11 September	5,091,487.03
16 October	5,091,487.03
20 November	5,091,487.03
29 December	5,091,487.03
<u>2015</u>	
03 February	5,091,487.03
10 March	5,091,487.03
	50,914,870.27

8. ROBUSTNESS OF THE ESTIMATES

The Chief Finance Officer to the Police & Crime Commissioner has worked closely with the ACO Resources and Head of Finance & Business to ensure assurance on the accuracy of the estimates can be provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers.

The budget proposed within this report represents a balanced budget. To achieve this, the force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and should this be the case then recruitment may need to be slowed or stopped and reserves may need to be used to smooth the implementation of change. The Force will work hard to achieve required reduction of £12.6m and this will be monitored by the Commissioner. There will be a further saving of £0.1m within the budgets of the Office of the Commissioner.

The balanced budget is based upon the recommended 1.96% increase in Council Tax for 2014-15.



Nottinghamshire

POLICE & CRIME COMMISSIONER

Budget 2014-15

INTRODUCTION

The Commissioner set his first challenging budget for 2013-14 and unlike previous years where the force was underspent by year end this year the force are predicting a small overspend, which will be met from reserves. Despite this much has been achieved:

- Performance continues to improve
- An independent base budget review has been undertaken highlighting areas for further improvement and providing reassurance on the areas where the force were intending to deliver savings from.
- An independent BME research study has been undertaken involving the communities in shaping things for the future.
- A conference across all stakeholders was delivered in relation to Alcohol. This has resulted in a partnership strategy and action plan.
- The Deputy Commissioner has commissioned a piece of research into Domestic Violence medium risk, which is being delivered by local third sector providers and supported by academic research by a local university.
- The Commissioner has registered interest with regional colleagues in the transforming rehabilitation agenda and is working closely with MOJ officials to enable a smooth transition.
- The Commissioner and Deputy Commissioner provided small grants to 28 third sector organisations working on police & crime plan priorities.
- The Commissioners plan to employ more police officers and PCSO's is on target for delivery over the three years.

Both the Commissioner and the deputy have been out and about throughout the City and the County meeting and engaging with the public, stakeholders and partners. They have listened to what has been said and have made the following specific inclusions to the budget for 2014-15:

- Introduction of a Rural Alert system
- The introduction of Rural special constables
- The creation of a Prevention fund
- The expansion of the GPS tagging system for an extra 20 tags to improve the management of prolific offenders
- Preparation for the commissioning of victims support and Restorative Justice services to the Commissioner from October 2014.

These new initiatives will be funded from the efficiencies identified by the force, which also include savings from regional collaboration and the transformational change programme through the target operating model. A percentage of these will be delivered in year, but more work still needs to be done. The risks relating to the delivery of these efficiencies relate to the dependency we have on regional partners and the rate at which change can be delivered and the ability of the force to drive the full level of efficiencies needed in-house. It is possible that recruitment will need to be slowed down or suspended, before ultimately considering the use of reserves if the efficiency targets don't get fully implemented.

1 BUDGET 2014-15

The Commissioner is continuing to manage further reductions in funding for the last year of the current Comprehensive Spending Review (CSR) and the probable reductions in funding in the next CSR. This budget is based on this premise and has to be taken within the context of the longer term plans of the Commissioner.

1.1. Provisional Funding Levels

The provisional funding levels have been set by the Home Office and the Department of Communities and Local Government. This anticipated funding is shown below.

Provisional Funding 2014-15	2014-15 £m
Core Grants and Funding	
Police & Crime Grant	(133.6)
Council Tax Legacy Grant	(9.7)
Sub-total Core Grants	(143.3)
Precept	(50.5)
Collection Fund (surplus)/deficit	
Total Funding available	(193.8)

Final confirmation of grant settlement will be laid before Parliament in February. It is not anticipated that there will be any changes.

At the time of writing this report we had been informed that the Referendum Limit would not be confirmed until mid-February, after the statutory deadline for Commissioners to notify the Panel of the proposed precept level. This risk continues to be monitored and managed.

There is an estimated £2.0 million required from reserves to finance one-off expenditure relating to the programme of transformational change to deliver medium to long term savings.

The precept figure above assumes that the Police & Crime Panel support the Commissioners decision to increase precept by 1.96% and that the Referendum limit remains at 2%.

The Commissioner has written to the Home Secretary in relation to single year settlements affecting our ability for medium and long term financial planning and in relation to the amount of grant withheld in the floors mechanism.

1.2 Summary Expenditure

The Commissioner is required to set a balanced budget each year for the following financial year.

With a reduction in grant income of 4.8% and increased pressures from inflation, pay awards and new responsibilities this inevitable means efficiencies have to be identified and delivered in order to balance the budget.

Expenditure 2014-15		2014-15
		£m
Previous Expenditure		196.9
In year increases		9.6
Transformation Programme costs		2.0
Sub-total Expenditure		208.7
Efficiencies		(12.7)
Use of Reserves		(2.0)
Total Net Expenditure		193.8

Inflation increases account for £2.3m of the in year increases above. This is detailed further in the sections relating to expenditure.

Further detail on expenditure and efficiencies is provided later within this report.

During 2013-14 the Commissioner requested an Independent Base Budget Review to identify any further areas where efficiencies could be found and to consider the work already underway within the force. This provided assurance that the force were looking at the areas expected and made some recommendations on where some things could be improved. These have been incorporated within the transformational change programme. Account has also been given to the recent published HMIC Value for Money Profiles.

At the time of writing this report we had just received notification of successful bids for Innovation Fund financing from the HO. We have been successful in relation to a bid for early intervention work on child abuse £42,966 and a cross agency working bid of £50,014. Regionally we have been successful in relation to a regional Forensics bid £226,000, regional ICT bid and a regional transformation team bid. Due to changes in the forces collaborating for the ICT bid the amount awarded is being verified. The amount specific to 2014-15 is also being re-calculated and there will be an opportunity to bid for additional Innovation funds in 2014-15.

2. Budget breakdown

Annex 1 details the proposed expenditure budget for 2014-15. The proposed revenue budget is £193.8m.

Net Expenditure Budget	2014-15 £m	Note
Employee	163.7	2.1
Premises	6.7	2.2
Transport	5.9	2.3
Supplies & Services	14.6	2.4
Agency & Contract Services	12.7	2.5
Pensions	3.9	2.6
Capital Financing	4.1	2.7
Transformation Programme costs	2.0	2.8
Income	(5.0)	2.9
Efficiencies	(12.7)	3.2
Use of Reserves	(2.0)	2.8
Total Net Expenditure	193.8	Annex 1

2.1 Employee Related Expenditure

The Police & Crime Commission has made a promise to increase frontline policing by 150 and PCSO's by 100 within his term of office. This budget is based upon a second year of increases towards those targets.

Despite the continuing reduction in funding available the Commissioner has made significant progress in increasing the number of Police Officers and PCSO's in line with his election promises. By April 2015 there will be 2,142 police officers an increase of 120 since 2012-13 and 375 PCSO's an increase of 75 since 2012-13.

Police Officer leavers have been higher than originally anticipated, but are expected to meet budgeted expectations for 2014-15.

A pay award has been included in the budget at 1% payable from 1st September each year. Employee expenditure accounts for approximately 85% of the total expenditure budget.

Annex 2 details the budgeted staff movement between the current year and 2014-15. Annex 3 details the budgeted police officer, police staff and PCSO numbers for 2014-15.

2.2 Premises related expenditure

Over the past few years the force estate has been reduced in order to achieve efficiencies, but also to ensure resources are allocated based upon need and to facilitate planned changes in working arrangements. Such changes will include remote working through better technologies ensuring officers are in the communities and not stations and hot-desking to ensure optimal use of the space available.

The force are currently working on a target operating model that should assist estates business planning in identifying where police stations are required and where they are no longer providing an effective service. This is supplemented by a programme to develop further co-location with partners to provide a joined up public services.

Premises related expenditure includes the provision of utility services to those properties and these are elements of the budget that are adversely affected by inflation. For 2014-15 inflation for gas and electricity has been budgeted at 7.5%.

2.3 Transport related expenditure

The Force has in place a Public Finance Initiative (PFI) for the provision of police vehicles. This agreement ensures that there is always the required number of vehicles and driver slots. However, this is an expensive agreement and requires careful management to ensure the most advantageous service is obtained from the supplier.

Hired vehicles are also used and these are obtained from a regionally tendered contract.

The fuel for the vehicles is also subject to inflationary increases and for 2014-15 this has been budgeted for at 2.5%.

2.4 Supplies and Services Expenditure

This category of expenditure captures most of the remaining items such as insurance, printing, communications, information technology (IT) and equipment.

Some of the IT systems that the Force uses are provided through national contracts that the Home Office recharge the force for. A recent notification from the Home Office sees the total cost of these systems increasing by 16% in 2014-15. This is significantly out of step with all other inflation factors.

For all other expenditure an inflation factor of 2.0% has been applied in 2014-15.

2.5 Agency & Contract Services

This category of expenditure includes agency costs for the provision of staff, professional services such as internal and external audit and treasury management, and the costs associated with regional collaboration.

A breakdown of the costs associated with this classification is summarised below:

Analysis of Agency & Contracted Services	2014-15 £m
Agency Costs	0.8
Collaboration Contributions	7.2
Community Safety Grant	3.5
Other partnership costs	1.2
TOTAL	12.7

The costs associated with the use of agency staff have been a concern for sometime and going forward will need to be very carefully managed and reduced.

Regional collaboration is shown as a joint authority as this is the basis of the collaboration agreements. The region has been challenged to deliver savings from 2014-15 onwards across those projects already in place. Nottinghamshire's element of the regional budget is £7.2m for 2014-15.

There are two major areas of transformation that will be delivered through regional arrangements. These relate to IT and Corporate services. Currently, Nottinghamshire is progressing on these areas with Northamptonshire and Lincolnshire. These are large scale changes that will require investment in order to be delivered. Such funding will where appropriate be made through the use of reserves and with a business case approved by the Commissioner.

2.6 Pensions

This category includes the employer contributions to the two Police Pension Schemes in place and to the Local Government Pension Scheme (LGPS) for police staff.

There are two areas of increasing costs in relation to pensions. These are the employer contribution to the LGPS and the increasing number of medical retirements of police officers.

At the time of writing this report the Chief Finance Officer and the other local Chief Finance Officers were still waiting on information from the actuarial following their triennial valuation of the pension scheme. Early indications were that the fund had performed very well with investment returns being higher than anticipated and liabilities being lower than anticipated since the last valuation in 2010. Despite this the Actuaries are still recommending an

increase to the contribution rates. This has currently been budgeted at 1% (£0.5m) for 2014-15. Once the result of the valuation is known we will be in a position to decide if it is efficient and effective to also make a one off payment to reduce the level of debt on the scheme.

The budgeting for medical retirements has become an issue in 2013-14 with the number of medical retirements and the associated costs increasing significantly above the original budget. This is currently under review with the aim of improving budgetary information.

2.7 Capital Financing Costs

This relates directly to the value of the capital expenditure in previous years. The proposed capital programme for 2014-15 is higher again than the programme for 2013-14. This will result in higher capital financing costs in 2015-16 than 2014-15. These costs are also related to the achievement of a capital programme with no slippage and where the borrowing required is made. The proposed capital programme for 2014-15 is £8.397m and the current estimated slippage from 2013-14 into 2014-15 is £4,254k with a further amount of £930k being slipped to 2015-16.

Currently, market rates are favourable and therefore the cost of borrowing is low.

2.8 Transformational Change Programme

Transformational change will be needed to balance future budgets. The force have commenced on a programme to deliver this change through a target operating model (TOM), which will design how the service will look in 2020 and the changes needed to achieve this. A team has been created to deliver this from experienced and knowledgeable staff and officers in the force. Consequently, there is a need to temporarily back fill such posts. This is one off additional expenditure and therefore it is appropriate that the cost will be met from reserves.

2.9 Income

This is not a major activity for the force. Income is currently received from other grants (e.g. PFI and Counter Terrorism), re-imbursement for mutual aid (where the force has provided officers and resources to other forces), some fees and charges such as football matches (inside the ground) other large events that the public pay to attend and from investment of bank balances short term.

This is an area under review by the force.

3. Efficiencies

During this CSR the force has delivered £42m in efficiencies without which the service provided would not have improved performance and police officer and staff numbers would have had to be cut further.

3.1 2013-14 Efficiencies

As part of the 2013-14 budget the following efficiencies were required in order to set a balance budget.

As a result of the year on year cuts and better budget planning the force have found 2013-14 to be a difficult year for remaining within budget. This is reflected by an indication that they might be making a request for use of reserves £1.7m. This puts an additional pressure on 2014-15 budgets.

The table below details the efficiencies planned and the forecast position for 2013-14:

Efficiencies 2013-14	Original £m	Forecast £m
Collaboration	0.5	0
Procurement	2.0	0.5
Estates	1.0	0.4
Corporate Services	1.0	1.5
Fleet	0.2	0.2
Operational Efficiencies	1.0	0
Vacancy Rate	2.8	2.2
Commissioners Office	0.1	0.1
TOTAL	8.6	5.5

3.2 2014-15 Efficiencies

In order to balance the budget for 2014-15 efficiencies of £12.7m need to be delivered. The force is working on delivering major transformational change for the future some of which may start to deliver savings in 2014-15.

Further consideration is being given to make further immediate in year savings (eg agency, consultants and temporary acting up arrangements).

The efficiencies identified to deliver a balanced budget in 2014-15 are summarised in the table below and supplemented by the savings to be achieved from TOM giving a total savings of £12.7m.

Efficiencies 2014-15	£m
Collaboration	0.3
Procurement	1.3
Estates	1.4
Corporate Services	2.9
Fleet	0.2
Operational Efficiencies	0
Income generation	1.2
Commissioners Office	0.1
Total	7.4

TOM savings 2014-15	£m
Collaboration	0.3
Local policing redesign	2.0
Systems Thinking	2.0
Regional ICT	1.0
Total	5.3

3.3 The Commissioner is of the view that achieving these efficiencies will be challenging. He has mapped out a programme of work and monitoring with the Force.

3.4 If these targets are not met the Commissioner has made it clear that the pace of recruitment in 2014-2015 will be slowed or stopped.

What's more he is mindful that should there be some slippage in implementing these efficiencies then some limited use of reserves may be required to smooth the implementation.

3.5 The discussion with Northamptonshire and Lincolnshire Police and Crime Commissioners is at an advanced state. There is now a real commitment to make progress quickly with regard to establishing a joint business support unit and IT strategy, which achieve a convergence and investment in new IT systems.

A programme team will be established to deliver the work over a short time frame. The cost of the programme team will be met from a combination of the Home Office Innovation Fund and reserves.

4. External Funding

There is an assessment of the financial risk in respect of external funding currently provided. In 2013/14 30 officers and 62 staff FTE's are funded through this external funding and are not added within the expenditure and workforce plans. This could be an additional pressure in 2014-15 and future years as funding pressures mount for partners.

If this external funding was to cease the Commissioner and the Chief Constable would consider the necessity for these posts and may decide not to fund from the already pressured revenue budgets.

2014-15 Budget (£m)

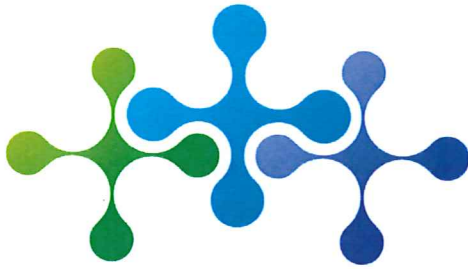
	Total Budget 2014-15
Payroll	
Police Pay & Allowances	105.8
Police Overtime	4.0
Police Staff Pay & Allowances	52.7
Police Staff - Overtime	0.5
Other Employee Expenses	0.7
	163.7
Other Operating Expenses	
Premises Running Expenses	6.7
Transport Allowances	0.7
Transport Costs	5.9
Equipment, Furniture & Materials Expenses	0.4
Clothing, Uniform & Laundry	0.2
Printing & Stationery	0.6
Comms & Computing	0.6
Miscellaneous Expenses	6.4
Supplies & Services	2.0
Agency & Contract Services	3.7
Pensions	12.7
Capital Financing	3.9
Transformational Change Programme	4.1
	2.0
	49.8
Total Expenditure	213.7
Income	
Special Services	(0.3)
Fees, Reports & Charges	(0.4)
Other Income	(4.1)
Other Operating Income	(0.2)
	(5.0)
Efficiencies	(12.7)
Use of Reserves	(2.0)
Total	193.8

Workforce Movements Budget 2013-14 v Budget 2014-15

	2013-14 Total FTE's	2014-15 Total FTE's	Movements FTE's
Police Officers			
Local Policing	1,621	1,674	53
Specialist Services	356	346	(10)
Corporate Services	33	28	(5)
Region	99	94	(5)
	2,109	2,142	33
Police Staff			
PCSO	340	375	35
Other Police Staff	1,260	1,326	66
	1,600	1,701	101
TOTAL	3,709	3,843	134

Workforce Plan FTE's

	2014-15				
	Local Policing FTE's	Specialist Services FTE's	Corporate Services FTE's	Region FTE's	Total FTE's
Police Officers					
Opening balance	1,621	356	33	99	2,109
Restructure	20	(10)	(5)	(5)	-
Retirement /					
Leavers	(69)	-	-	-	(69)
Recruitment	102	-	-	-	102
	1,674	346	28	94	2,142
Police Staff					
Opening balance	468	413	343	36	1,260
Restructure	(74)	68	5	1	-
Recruitment		25	41		66
	394	506	389	37	1,326
PCSOs					
Opening balance	335	-	-	-	335
Recruitment	40	-	-	-	40
	375	-	-	-	375
Opening Balance	2,424	769	376	135	3,704
Movement	19	83	41	(4)	139
Closing Balance	2,443	852	417	131	3,843



Nottinghamshire

POLICE & CRIME COMMISSIONER

Medium Term Financial Plan

2014-15 to 2017-18

January 2014

Commissioners Medium Term Financial Plan

Introduction

This document is part of the overall financial framework of the Police & Crime Commissioner. It builds on the budget proposed for 2014-15 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

Within the current economic climate the Government has made significant reductions in public sector finances. The level of cuts that been made to Government grants are set to continue in the short to medium term.

Within the current CSR Nottinghamshire has had to deliver £42million in efficiencies in order to balance the budget and improve performance. Early indications are that similar levels of savings/cuts will be required over the next Comprehensive Spending Review (CSR) period as the economic recovery will be very slow and prolonged.

This 20% reduction has a significant impact on Nottinghamshire as approximately 76% of budget funding comes from Grant. In 2013-14 Nottinghamshire also lost out on £10.5m in grant. This was due to receiving a flat rate decrease rather than the amount due under the Home Office funding formula. The loss of grant for 2014-15 is no longer calculated by the government offices, but with another flat rate decrease on grant Nottinghamshire's loss will remain significant and at the £10million level. The funding formula itself is under review.

The remaining 24% of funding comes from precept (Council Tax). The referendum limit is subject to review currently and could be lower than the initially indicated level of 2% for 2014-15. This together with no indicative budget figures for 2015-16 makes financial planning with any certainty difficult and unpicking decisions to cut service impossible to reverse at a later date.

Despite this the Police & Crime Commissioner has produced a Police & Crime plan, which has been refreshed to include the feedback and comments made by stakeholders, partners and the public over the last 12 months.

The Police & Crime Plan is built upon the following 7 strategic priorities:

- Protect support and respond to victims, witnesses and vulnerable people.
- Improve the efficiency, accessibility and effectiveness of the criminal justice process.
- Focus on those priority Crime types and local areas that are most affected by crime and anti-social behaviour.
- Reduce the impact of drugs and alcohol on levels of crime and anti-social behaviour.
- Reduce the threat from organised crime.
- Prevention, early intervention and reduction in re-offending.
- Spending your money wisely.

Funding

This year introduces more changes to funding for policing in Nottinghamshire. These are summarised as follows:

1. The previously separate Community Safety Grant has been combined with the former Police Grant and is now the Police & Crime Grant. This grant is no longer specific to policing as the areas of responsibility are increased to cover community safety, victims and witness services and restorative justice.
2. The Council Tax Freeze Grant (2011-12) and the Council Tax Support Grant have been combined to form the Council Tax Legacy Grant. This grant should continue until a new funding formula is created and approved.
3. The significant reduction in Council Tax base and therefore precept income for 2013-14 has been reversed partly in 2014-15 with a 2% increase in the estimated tax base for 2014-15.
4. At the time of writing this report the billing authorities had yet to declare any surplus or deficit on the collection fund accounts.
5. The Commissioner has just been notified of successful bids in relation to the Home Office Innovation Fund for 2013-14 and 2014-15. We have been successful in relation to a bid for early intervention work on child abuse £42,966 and a cross agency working bid of £50,014. Regionally we have been successful in relation to a regional Forensics bid £226,000, a regional ICT and transformational team bid. Due to changes in the forces collaborating for the ICT bid the amount awarded is being verified. The amount specific to 2014-15 is also being re-calculated and there will be an opportunity to bid for additional Innovation funds in 2014-15. It is anticipated that most of the costs for a Director of Transformation and a change management programme team will be met from this funding.

The estimated funding for the Police & Crime Commissioner over the next four years is as follows:

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m
Police & Crime Grant	133.6	127.0	121.9	117.1
Council Tax Legacy Grant	9.7	9.7	9.7	9.7
Precept	50.5	51.5	52.5	53.6
Collection fund surplus/(deficit)				
TOTAL	193.8	188.2	184.2	180.4

Collection fund balances are unknown at this stage with declarations from billing authorities not being due until 31st January. If there is a net surplus this will be transferred to the Grants & Commissioning Reserve.

Investment

The Police & Crime Commissioner has made a promise to increase frontline policing by 150 officers and 100 Police Community Support Officers (PCSO's). This budget is based upon a second year of increases towards those targets.

Despite the continuing reduction in funding available the Commissioner has made significant progress in increasing the number of Police Officers and PCSO's in line with his election promises. By April 2015 there will be 2,142 police officers an increase of 120 since 2012-13 and 375 PCSO's an increase of 75 since 2012-13.

Police Officer leavers have been higher than originally anticipated, but are expected to meet budgeted expectations for 2014-15.

Savings and efficiencies

During the current CSR efficiencies totalling £42m will be delivered. Early indications are that the next CSR will seek further cuts at similar levels (20%). All of this is becoming harder to achieve whilst maintaining the current level and quality of service. This can be seen through the Force indicating a slight overspend in 2013-14 financial year.

To achieve the level of service cuts required through the medium term financial plan the force have been developing a change programme to deliver transformational change through a target operating model (TOM). This will by 2020 result in the service being provided in a different way.

The journey towards transformational change started with the reduction in police estate, which in itself will deliver vital revenue savings and better working relationships with partners and stakeholders through co-location.

The table below summarises the savings plans currently in place for the next two years:

Efficiencies	2014-15 £m	2015-16 £m
Collaboration	0.3	1.1
Procurement	1.3	
Estates	1.4	
Corporate Services	2.9	
Fleet	0.2	
Income generation	1.2	
Commissioners Office	0.1	0.1
TOTAL Efficiencies	7.4	1.2

In addition to the efficiencies planned it is anticipated that the TOM will start to deliver savings in 2014-15 and these are summarised as:

TOM savings	2014-15 £m	2015-16 £m
Collaboration	0.3	4.2
Local policing re-design	2.0	2.6
Systems thinking	2.0	1.5
Regional ICT	1.0	1.0
Total TOM Savings	5.3	9.3

The Commissioner is conscious of the risks associated should the efficiencies and savings identified not be achieved in the year that they are required and that achieving them will be a challenge.

If these targets are not met the Commissioner has made it clear that the pace of recruitment in 2014-2015 will be slowed or stopped. What's more he is mindful that should there be some slippage in implementing these efficiencies then some limited use of reserves may be required to smooth the implementation, but it envisaged that these would be repaid over the medium term. Business cases are due with the Commissioner for approval before 31st March and these will identify savings into the longer term.

Collaboration

The East Midlands region incorporates the policing areas of Derbyshire, Leicestershire, Lincolnshire and Northamptonshire with Nottinghamshire. This is a large region which has been collaborating for several years. Regional Collaboration has been developing and each of the Police & Crime Commissioners are keen for it to deliver more both financially and in performance terms.

Recently the region has made bids to the Home Office Innovation Fund some of which have been successful. This will ensure that the collaboration between Nottinghamshire, Northamptonshire and Lincolnshire will be able to pick up pace and will establish a joint business support unit and IT strategy, which achieve a convergence and investment in new IT systems. Some additional funding may be required from reserves.

Collaboration at a local level is also being developed this includes local authorities and other emergency services.

Expenditure

Traditionally expenditure budgets are incrementally changed from the previous year's net expenditure to allow for inflation and savings. During 2013-14 the Commissioner had an independent review of the base budget undertaken. This review identified some areas where further efficiencies might be delivered and provided assurance on the areas that the force was already reviewing.

The expenditure requirements of the Force and the Office of the Police & Crime Commissioner are continuously reviewed and monitored to ensure value for money. The role and responsibility of the Commissioner is to set a balanced budget assured that the force has robust systems in place for producing a full budget.

Officers, staff and PCSO's account for almost 85% of budgeted net expenditure and as such are a major asset for the organisation. The pace at which police officers, PCSO's and staff leave the organisation can fluctuate year on year, but this is budgeted for. Savings arise as officers retire at the top of the grade are replaced with new recruits on lower grades. The revenue budget report details the assumptions made for budgeting purposes.

Net movement in officers provides savings and additional cost pressures. Additional costs are the result of recruiting more officers, staff and PCSO's. Savings are achieved as retiring and leaving officers on the top of their rank are replaced by new recruits at the start of their careers.

Inflation and pay awards provide a significant cost pressure. This is constantly reviewed for accuracy.

Net Expenditure requirements are provided below:

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m
Previous year net expenditure	196.9	195.8	185.3	193.2
Net changes for pressures	11.6	(10.5)	7.9	7.0
Net expenditure requirement	208.5	185.3	193.2	186.2

Summary

In conclusion there are robust plans in place to deliver an ambitious investment plan of additional officers, staff and PCSO's, whilst ensuring a balanced budget for 2014-15.

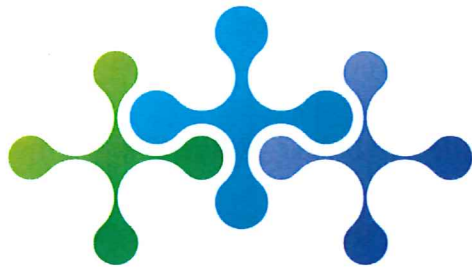
There is still work to do to achieve the required savings plans for 2015 through to 2018, but the work started on transformation should enable balanced budgets to be set.

There is still risk in relation to future grant settlements and a possibility that these may be cut by more than has been estimated.

The summary financial position is as detailed below:

	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m
<u>Policing element</u>				
Net Expenditure	203.9	188.5	188.8	181.8
Savings efficiencies & reserves	(14.6)	(7.6)		
sub-total	189.3	180.9	188.8	181.8
<u>Grants & Commissioning</u>				
Net Expenditure	4.6	4.5	4.4	4.4
Savings efficiencies & reserves	(0.1)	(0.1)		
sub-total	4.5	4.4	4.4	4.4
Total net expenditure	193.8	185.3	193.2	186.2
<u>Financing available</u>				
Grants	143.3	136.7	131.7	126.8
Precept	50.5	51.5	52.5	53.6
Total Financing	193.8	188.2	184.2	180.4
Contribution (from)/to Reserves incl above	(2.0)	2.9		
Further savings required			9.0	5.8

The Commissioner is of the view that achieving the levels of efficiencies shown above will be challenging. He has mapped out a programme of work and monitoring with the Force. If these targets are not met the Commissioner has made it clear that the pace of recruitment will be slowed or stopped. Any slippage in the achievement of the efficiencies may result in the limited use of reserves. Where reserves are used it is expected that these would be repaid over the medium term.



Nottinghamshire

POLICE & CRIME COMMISSIONER

4 Year Capital Programme
2014-2018

1. Introduction

The Commissioner is supportive of capital expenditure which improves the efficiency and effectiveness of the service provided to the public of Nottinghamshire.

The majority of capital expenditure relates to the buildings and IT systems.

There is however, recognition that better purchasing power and consistency of capital purchases can be achieved through regional collaboration. Over the past few years this is one area that has developed. There is now a regional Procurement team and plans to develop a regional IT team. In the lead up to these being put into place there has been collective agreement on what IT systems to replace collectively and consequently consistency in IT business planning within the forces.

Estates

The money spent on estates is spent to maintain and refurbish the buildings that the Commissioner will be retaining. Over the past few years the number of properties owned has been reduced to reflect need and to generate valuable revenue savings, which will be used to provide local policing.

The decision to reduce the size of the estate follows reviews and consultation. Indeed, Mansfield Woodhouse is an example in 2013-14 where consultation in relation to the decision being made resulted in a better local solution. The initial decision to sell the police station resulted in the public and local councillors expressing serious concerns over a potential reduction in police visibility. Consequently, in working with the local authority an alternative solution was developed ensuring local police would remain local, in fact in a more central and visible place than previously. This demonstrates that the force and Commissioner have listened to the concerns raised and have been receptive to alternative solutions which still deliver revenue savings, but also respond to the concerns that the public had. This process will be replicated with any further decisions for potential closure.

Closure does not always mean a reduction in access to service or police visibility. Wherever, possible local solutions such as co-location are sought and this has resulted in bases in local authority buildings and shops. This is something that will continue to be explored.

Estates is also an area for regional collaboration although this is at a much earlier stage of development.

ICT

Investment in IT solutions is key to ensuring officers remain out in the neighbourhoods and not stuck behind desks within stations. Investment in software and hardware that facilitates the efficiency and effectiveness of the service is also a key reason to collaborate across forces. Common IT systems will enable crime investigations to be more effective back office services to be more efficient.

The discussion with Northamptonshire and Lincolnshire Police and Crime Commissioners is at an advanced state. There is now a real commitment to make progress quickly with regard to establishing a joint business support unit and IT strategy, which will achieve a convergence and investment in new IT systems.

A programme team will be established to deliver the work over a short time frame. The cost of the programme team will be met from a combination of the Home Office Innovation Fund and reserves.

The IT programme proposed reflects the decisions also being taken at a regional level.

Other Capital Expenditure

Smaller items of expenditure include Body Armour, storage for evidence and firearms.

2. Capital Programme 2014-15

The Capital budget for 2014-15 builds upon the existing 4 years capital programme and considers new business cases for proposed business cases. Slippage from the 2013-14 capital programme is currently estimated at £4,254k into 2014-15 and £930k into £2015-16. These are not included below as they will be subject to change by the end of the year. If slippage into 2014-15 is greater than £4,254k it is expected that there will be projects of a corresponding amount slipped from 2014-15 into 2015-16.

The proposed programme can be summarised as follows:

Estates Programme 2014-15	Original Budget £000	Revised Budget £000
Original Estates Programme	2,696	526
Schemes approved in 2013-14		533
Potential new schemes		1,270
Total Estates Programme	2,696	2,329

Information Services Programme 2014-15	Original Budget £000	Revised Budget £000
Original IT Programme	1,822	547
Schemes approved in 2013-14		1,750
Potential new schemes		3,141
Total Information Services Programme	1,822	5,438

Other Capital Programme 2014-15	Original Budget £000	Revised Budget £000
Original Other Capital Programme	130	130
Schemes approved in 2013-14		
Potential new schemes		500
Total Other Capital Programme	130	630

TOTAL CAPITAL PROGRAMME – 2014-15

£8,397,000

Detailed programmes for 2014-15 are provided in **Appendix A**.

All potential new schemes will be approved by the 31st March 2014 on an individual project basis from the business cases submitted. This will take account of the transformation work arising from the Target Operating Model.

3. 4 year Capital Programme

This also builds upon the previously approved 4 Year programme. The proposed 4 year programme can be summarised as follows:

Estates Budget	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total 4 Yr plan £000
Original Estates Prog.	526	789	275	175	1,765
Schemes approved 2013-14	533	225			758
Potential new schemes	1,270	6,500	3,295	50	11,115
Total Estates Programme	2,329	7,514	3,570	225	13,638

Information Services Budget	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total 4 Yr plan £000
Original IT Prog.	547	450	1,100	0	2,097
Schemes approved 2013-14	1,750				1,750
Potential new schemes	3,141	2,560			5,701
Total Information Services	5438	3,010	1,100		9,548

Other Capital Budget	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total 4 Yr plan £000
Original Other Capital Prog.	130	130	130		390
Schemes approved 2013-14					
Potential new schemes	500	100	200	150	950
Total Other Capital Programme	630	230	330	150	1,340

The Total Capital programme for each year is:

TOTAL CAPITAL PROGRAMME	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total 4 Yr plan £000
All Schemes	8,397	10,754	5,000	375	24,526

Detailed programmes for 2014-18 are provided in **Appendix B**.

4. Financing

Capital expenditure is financed from capital grant, capital receipts, internal and external borrowing.

In general terms we receive approximately £1.8million in capital grant allocations each year. Capital receipts fluctuate depending on which property is up for sale and how desirable the building is. Capital receipts are utilised to reduce MRP charges to the revenue account so are offset against short life assets in the year after receipt. Capital grant and capital receipts can only be used for capital expenditure purposes.

Borrowing makes up the majority of financing and some of our historical expenditure is financed internally from balances (eg reserves and provisions), but this is reducing as the economy improves and bank transactions stabilise. External borrowing is currently undertaken towards the latter part of the financial year and takes advantage of the current low rates for short to medium term borrowing. This is all part of the Treasury Management strategy, which is a separate report on today's agenda.

Capital Programme 2014-15

Estates

Original Schemes	Original Budget £000	Revised Budget £000	Description
Access Control Improvement works	20	20	To replace the site and building access system throughout the Force
Bunkered Fuel Tank works	75	75	To replace, decommission or remove tanks that have either reached the of their recommended life or will do so in the near future
Canning Circus Refurbishment	190	0	To refurbish the police station to meet current standards. This project is for upgrading of the existing non-custody
CCTV (non custody) Improvement works	20	20	CCTV systems across the Force
Central Police Station refurbishment	480	0	Design and refurb costs for a new City Divisions HQ. Note a new scheme is now proposed replacing the original proposal
Custody Improvement works	25	25	To undertake Safer Detention works to meet Home Office Guidance
Emergency Works	150	150	A contingency budget for an emergency that requires capital funds
Energy Initiatives	109	109	Schemes consistent with the Carbon Management Plan target of improving energy consumption to a 30% reduction in CO2 emissions by 2015
Estates review	50	50	All known specific schemes are included
Flat Roofs Replacement	7	7	Funds to replace defective flat roofs

HQ Kennel upgrade	20	20	To fund works in improve the kennel facilities and meet current guidance
Retford New Police Station	1,500	0	New Retford shared service Police base replaces previous plan for sole building. Note a much smaller refurbishment project is now proposed.
Share service schemes	50	50	All know specific schemes are included
TOTAL ORIGINAL ESTATES PROGRAMME	2,696	526	

Estates Approved in 2013-14 Schemes	Original Budget £000	Revised Budget £000	Description
FHQ 1 st & 2 nd floor office alterations		118	FHQ office alterations to create agile working spaces
New Conference Facilities		340	Create new conference facilities at FHQ to replace the Arrow Centre
Mansfield Police Station Kitchen improvements		75	Update facilities
Total Approved in 2013-14 Schemes		533	

Estates Proposed New Schemes	Original Budget £000	Revised Budget £000	Description
Committed expenditure projects		15	Business Cases to be supplied by the Force for approval by 31 st March 2014
Essential expenditure projects		1,000	
Desirable expenditure projects		255	
Total Proposed New Schemes Estates		1,270	

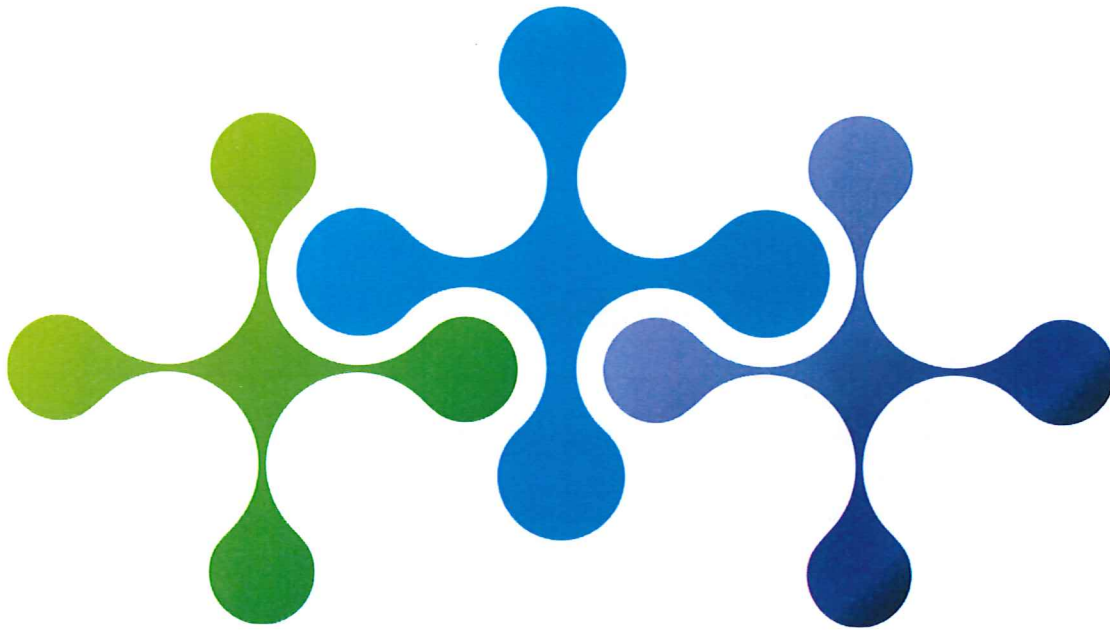
Information Services Original Schemes	Original Budget £000	Revised Budget £000	Description
Command & Control Replacement	150	0	
Enhancements to Confidential Network	400	0	25% contribution to regional cost
ICCS replacement	500	0	Improving the availability, capacity and continuity of storage
Improvements to Digital Investigation Storage	300	300	To meet the needs of the Digital Investigation Unit
Mobile ANPR for Fleet	22	22	To meet additional needs of the vehicle fleet. £22k of spend has been brought into 2013/14. The 4 year programme spend has been consequently reduced.
Regional Licensing Various Products	100	100	
Regional Project Storage	250	125	Note £125k spend on this project has been brought into 2013/14. The 4 year programme cost has been consequently reduced
Storage Solutions	100	0	Provide flexible, scaleable, affordable, robust and supported digital storage solution for Nottinghamshire Police. Note £100k of spend on this project has been brought into 2013/14. The 4 year programme spend has been consequently reduced.
TOTAL ORIGINAL INFORMATION SERVICES PROGRAMME	1,822	547	

Information Services Approved in 2013-14 Schemes	Original Budget £000	Revised Budget £000	Description
Airwave Device Replacement		1,250	Replace all outdated airwave equipment
Mobile Data remote Working		500	To improve efficiency by allowing system access away from stations
Total Approved in 2013-14 Schemes		1,750	

Information Services Proposed New Schemes	Original Budget £000	Revised Budget £000	Description
Committed expenditure projects		316	Business Cases to be supplied by the Force for approval by 31 st March 2014
Essential expenditure projects		2,825	
Desirable expenditure projects			
		3,141	

Other Capital Original Schemes	Original Budget £000	Revised Budget £000	Description
Body Armour	50	50	
Equipment Contingency	30	30	
Replacement of non slot vehicles	50	50	Provide vehicle to the Chief Officer Team
TOTAL ORIGINAL OTHER CAPITAL PROGRAMME	130	130	

Other Capital Proposed New Schemes	Original Budget £000	Revised Budget £000	Description
Committed expenditure projects			Business Cases to be supplied by the Force for approval by 31 st March 2014
Essential expenditure projects		400	
Desirable expenditure projects		100	
Total Other Capital Proposed New Schemes		500	



**The Nottinghamshire Office of the Police & Crime
Commissioner**

Treasury Management Strategy Statement
Minimum Revenue Provision Policy Statement and
Annual Investment Strategy

2014/15

Contents

		Page
1.	Introduction	1.
1.1	Background	1.
1.2	Reporting requirements	1.
1.3	Treasury Management Strategy for 2014-15	2.
1.4	Training	2.
1.5	Treasury management consultants	3.
2.	The Capital Prudential Indicators 2014-15 – 2017-18	4.
2.1	Capital Expenditure	4.
2.2	The Commissioners borrowing need	4.
2.3	Minimum Revenue Provision (MRP) policy statement	5.
2.4	Core funds and expected investment balances	6
2.5	Affordability prudential indicators	7
2.6	Ratio of financing costs to net revenue stream	7
2.7	Incremental impact of capital investment decisions on council tax	7
3.	Borrowing	8
3.1	Current portfolio position	8
3.2	Treasury Indicator: limits to borrowing activity	9
3.3	Prospects for interest rates	9
3.4	Borrowing strategy	11
3.5	Policy on borrowing in advance of need	12
3.6	Debt rescheduling	13
4.	Annual Investment Strategy	14
4.1	Investment policy	14
4.2	Creditworthiness policy	15
4.3	Country limits	17
4.4	Investment policy	18
4.5	Investment risk benchmarking	19
4.6	End of year investment report	19
5.	Section 151 Officer Role	20
5.1	The Treasury Management role of the section 151 officer	20
	APPENDIX	
	Approved Countries for Investment	21

1. INTRODUCTION

1.1 Background

The Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Police and Crime Commissioner's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Commissioner's capital plans. These capital plans provide a guide to borrowing need, and longer term cash flow planning to ensure that the NOPCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans. If advantageous debt previously borrowed may be restructured to meet NOPCC risk or cost objectives.

The responsible officer for treasury management is Chief Finance Officer to the Police & Crime Commissioner (CFO).

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

1.2 Reporting requirements

The Commissioner is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans, prudential indicators and borrowing plans.
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time).
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators.
- an investment strategy (the parameters for managing investments)

A mid-year treasury management report – This will update the Commissioner with the capital position regarding capital, and amend prudential indicators as necessary. It also monitors whether the treasury activity is meeting the strategy and whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The responsibility for scrutiny lies with the Commissioner supported by the Audit and Scrutiny Panel. The above reports are reviewed at the Strategic Resources and Performance meetings of the Commissioner.

1.3 Treasury Management Strategy for 2014-15

The strategy for 2014-15 covers two main areas:

Capital issues

- the capital plans and the prudential indicators.
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position.
- treasury indicators which limit the treasury risk and activities of the NOPCC.
- prospects for interest rates.
- the borrowing strategy.
- policy on borrowing in advance of need.
- debt rescheduling.
- the investment strategy.
- creditworthiness policy.
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires that the responsible officer ensures that relevant personnel receive adequate training in treasury management. This especially applies to the Commissioner who is responsible for scrutiny.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The NOPCC uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The NOPCC recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The CFO will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2014-15 – 2017-18

The Commissioner's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, to give an overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Commissioner's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The Commissioner is asked to approve the capital expenditure forecasts, excluding other long term liabilities, such as Private Finance Initiatives (PFI) and leasing arrangements, which already include borrowing instruments.

The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.

Capital Expenditure £m	2012-13 Actual	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Capital Programme	5.190	11.626	8.397	10.754	5.000	0.375
Slippage		-4.413	3.701	0.930		
Total	5.190	8.268	12.098	11.684	5.000	0.375
Financed by:						
Capital receipts	0	-1.923	-0.800	-3.229	-3.200	0
Capital grants	-2.261	-1.714	-1.800	-1.800	-1.800	-0.375
Internal resources		-4.631				
Net financing need	2.929	0	9.498	6.655	0	0

2.2 The Commissioners borrowing need (Capital Financing Requirement)

The second prudential indicator is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure, which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the borrowing requirement, these types of scheme include a borrowing facility and so the Commissioner is not required to separately borrow for these schemes.

The Commissioner is asked to approve the CFR projections below:

£m	2012-13 Actual	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Capital Financing Requirement						
Total CFR	47.298	49.717	56.503	59.020	54.567	50.258
Movement in CFR		2.419	6.786	2.517	0	0

Movement in CFR represented by						
£m	2012-13 Actual	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Net financing need for the year (above)		4.631	9.498	6.655		
Less MRP/VRP and other financing movements		-2.212	-2.712	-4.138	-4.453	-4.309
Movement in CFR		2.419	6.786	2.517		

2.3 Minimum Revenue Provision (MRP) policy statement

The NOPCC is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). Additional voluntary payments are also allowed. (voluntary revenue provision - VRP).

Communities and Local Government regulations have been issued which require the Commissioner to approve an MRP Statement in advance of each year. A variety of options are available to the Commissioner, as long as there is a prudent provision.

The Commissioner is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008, the MRP policy will be:

- **Based on CFR** – MRP will be based on the CFR (option 2);

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (option 3).

This option provides for a reduction in the borrowing need over approximately the asset's life.

Repayments included in annual PFI or finance leases are applied as MRP.

2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £m	2012-13 Actual	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Fund balances / reserves	25.397	25.397	25.397	25.397	25.397	25.397
Capital receipts	1.923	0.800	3.229	7.004	3.804	3.804
Provisions	2.646	2.646	2.646	2.646	2.646	2.646
Other	-5.271	-5.392	-5.392	-5.392	-5.392	-5.392
Total core funds	24.695	23.451	25.880	29.655	26.455	27.880
Working capital*	2.023	13.192	8.321	0.618	-0.586	-6.265
Under/over borrowing**	-9.525	-18.343	-15.901	-11.973	-7.569	-3.314
Expected investments	17.193	18.300	18.300	18.300	18.300	18.300

Working capital balances shown are estimated year end; these may be higher mid year

2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Commissioners overall finances.

The Commissioner is requested to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream

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.

%	2012-13 Actual	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Ratio	1.5	1.6	2.0	2.9	3.1	3.0

The estimates of financing costs include commitments and the proposals in this budget report.

2.7 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the four year capital programme recommended in this budget report compared to the Commissioners existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Council tax - band D	0.00	2.49	8.77	10.56	10.70

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity. The treasury management function ensures that the Commissioners cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Commissioners treasury portfolio position at March 2013, with forward projections is summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£m	2012-13 Actual	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
External Debt						
Debt at 1 April	31.686	35.415	29.016	38.244	44.688	44.639
New Borrowing	5.000	0	10.900	8.450	2.070	2.170
Borrowing repaid	-1.271	-6.399	-1.672	-2.006	-2.119	-2.225
Movement in borrowing	3.729	-6.399	9.228	6.444	-0.049	-55
Debt as at 31 March	35.415	29.016	38.244	44.688	44.639	44.584
Capital Financing Requirement	47.298	49.717	56.503	59.020	54.567	50.258
Other long-term liabilities (OLTL)	-2.735	-2.735	-2.735	-2.735	-2.735	-2.735
Underlying Borrowing Need	44.563	46.982	53.768	56.285	51.832	47.523
Under / (over) borrowing	9.148	17.966	15.524	11.597	7.193	2.939
Investments						
Investments	17.193	18.300	18.300	18.300	18.300	18.300
Change in Investments	2.811	1.107	0	0	0	0
Net Debt	18.222	10.716	19.944	26.388	26.339	26.284

Within the prudential indicators there are a number of key indicators to ensure that activities operate within well defined limits. One of these is that the Commissioner needs to ensure that its gross debt does not (except in the short term), exceed the total of the CFR in the preceding year plus the estimates of any

additional CFR for 2014-15 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Chief Finance Officer reports that the Office of the Police & Crime Commissioner complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR.

Operational boundary £m	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Total	50.000	60.000	60.000	55.000	55.000

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Commissioner. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

The Commissioner is requested to approve the following authorised limit:

Authorised limit £m	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate
Total	60.000	70.000	70.000	65.000	65.000

3.3 Prospects for interest rates

The NOPCC has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Commissioner to formulate a view on interest rates. The table below gives Capita's view.

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded in quarter 1 and 2 of 2013 to surpass all expectations. Growth prospects remain strong looking forward, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent.

A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt, in some countries, continue to rise to levels that compound already existing concerns. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Dec 2013	0.50	2.50	4.40	4.40
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.40	4.40
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.50	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.20	5.00	5.10
Jun 2016	0.50	3.30	5.10	5.20
Sep 2016	0.75	3.50	5.10	5.20
Dec 2016	1.00	3.60	5.10	5.20
Mar 2017	1.25	3.70	5.20	5.30

Borrowing Strategy

The NOPCC is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Commissioners reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2014-15 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate to US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.*

Any decisions will be reported to the Commissioner at the next available opportunity.

Treasury Management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Commissioner's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Commissioner is requested to approve the following treasury indicators and limits:

£m	2014-15	2015-16	2016-17	2017/18
Interest rate exposures				
	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%
Limits on variable interest rates based on net debt	100%	100%	100%	100%
Limits on fixed interest rates:				
• Debt only	100%	100%	100%	100%
• Investments only	100%	100%	100%	100%
Limits on variable interest rates				
• Debt only	50%	50%	50%	50%
• Investments only	100%	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2014-15				
	Lower		Upper	
Under 12 months	0%		30%	
12 months to 2 years	0%		40%	
2 years to 5 years	0%		50%	
5 years to 10 years	0%		70%	
10 years and above	0%		100%	

3.4 Policy on borrowing in advance of need

The NOPCC will not borrow more than or in advance of its needs purely in order to profit from the investment of extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Commissioner can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 18 months in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.5 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Commissioner at the earliest opportunity

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Commissioners investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Commissioners investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the NOPCC has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using our ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Furthermore, the Commissioners officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Chief Finance Officer will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita Asset Services in producing its colour codings which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

4.2 Creditworthiness policy

The primary principle governing the Commissioners investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the OPCC will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Commissioners prudential indicators covering the maximum principal sums invested.

The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Commissioner for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the OPCC may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Commissioners minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Commissioners criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Capita Asset Services our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Commissioner criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the OPCC will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAAand have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- i. Short term – F1, P-1, A-1
 - ii. Long term – A
 - iii. Viability / financial strength – BB- (Fitch) C- (Moody)
 - iv. Support – 1 (Fitch only)
- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
 - Banks 3 – The Commissioners own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
 - Bank subsidiary and treasury operation -. The Commissioner will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.

The above are limited to £5m for up to 3 months under current market conditions. Where the financial markets start to make an improvement the duration of the investment can be increased with the CFO's prior approval, under delegated powers, to no more than 12 months.

Where the Bank is A rated (long term) (lowest common denominator) this is limited to £2m for up to 100 days.

- Building societies will be used if it meets the ratings for banks outlined above.
- Money market funds with instant access – Limited to £7m in any one MMF, with delegated authority for the CFO to approve temporary increase to £10m.
- Enhanced money market funds with up to 7 day notice access - Limited to £3m in any one MMF, with delegated Authority for the CFO to approve temporary increase to £5m.
- UK Government (including gilts and the DMADF) - up to a limit of £10m up to 12 months.
- Local authorities, parish councils, other Police & Crime Commissioners etc - Limited to £5m with each for up to 2 years. The CFO under delegated authority can extend either the duration or the financial limit in specific cases.

Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Commissioners investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 25%/£5m will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

Use of additional information other than credit ratings. Additional requirements under the Code require the Commissioner to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Commissioners counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	AAA	£5m	1 yr
Banks 1 medium quality	AA-	£5m	1 yr
Banks 1 lower quality	A	£2m	1 month
Banks 2 – part nationalised	N/A	£5m	1yr
Limit 3 category – Commissioners banker (not meeting Banks 1)	AA	£5m	1 day
UK Govt - DMADF	AAA	Unlimited	6 months
Local authorities	N/A	£5m	2 yr
Enhanced money market funds with instant access	AAA	£5-10m	liquid
Enhanced money market funds with notice	AAA	£3-5m	liquid

4.3 Country Limits

The Commissioner has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 3 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.25%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

Capita's suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

2014/15	0.50%
2015/16	0.50%
2016/17	0.75%
2017/18	2.25%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the NOPCC's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Commissioner is requested to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days				
£m	2014/15	2015/16	2016/17	2017/18
Principal sums invested > 364 days	£5m	£5m	£5m	£5m

For its cash flow generated balances, the NOPCC will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Commissioners maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.06% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Commissioner seeks to maintain:

- Bank overdraft - £0.5m
- Liquid short term deposits of at least £2.0m available with instant access.
- Weighted average life benchmark is expected to be 1 month, with a maximum of 6 months.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

4.6 End of year investment report

At the end of the financial year, the OPCC will report on its investment activity as part of its Annual Treasury Report.

5. THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer is the Chief Financial Officer to the PCC. The CFO is responsible for the following:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports.
- submitting budgets and budget variations.
- receiving and reviewing management information reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit, and liaising with external audit.
- recommending the appointment of external service providers.

APPENDIX: Approved countries for investments

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- France
- Hong Kong
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- Saudi Arabia



Nottinghamshire

POLICE & CRIME COMMISSIONER

Reserves Strategy 2014-15

Review Date: September 2014

January 2014

Reserves Strategy 2014-15

Background

1. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Act require precepting authorities (and billing authorities) in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. In England and Wales, earmarked reserves remain legally part of the General Reserve, although they are accounted for separately.
3. There are other safeguards in place that help to prevent Police & Crime Commissioners over-committing themselves financially. These include:
 - The balanced budget requirement (local government Act 1992 s32 and s43).
 - Chief Finance Officers duty to report on the robustness of estimates and adequacy of reserves (Local Government Act 2003 s25) when the Police & Crime Commissioner is considering the budget requirement.
 - Legislative requirement for each police & Crime Commissioner to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
 - The requirements of the Prudential Code
 - Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
4. These requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to the Police & Crime Commissioner if there is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Commissioner will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the Police & Crime Commissioner must consider the s114 notice within 21 days and during that period the Force is prohibited from entering into new agreements involving the incurring of expenditure

5. Whilst it is primarily the responsibility of the Police & Crime Commissioner and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual Police and Crime Commissioners or authorities in general.
6. CIPFA's Prudential Code requires the Chief Finance Officers to have full regard to affordability when making recommendations about the Commissioners future capital programme. Such consideration includes the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the Commissioner is required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. There is a requirement for three-year revenue forecasts across the public sector and this is achieved through the Medium Term Financial Plan (MTFP). The Comprehensive Spending Review (CSR) has provided the Commissioner with details of proposed revenue grant for two years and capital grant settlement for one year. This provides limited ability to focus on the levels of reserves and application of balances and reserves.
7. CIPFA and the Local Authority Accounting Panel do not accept that there is a case for introducing a generally acceptable minimum level of reserves. Commissioners on the advice of their Chief Finance Officers should make their own judgements on such matters taking into account all relevant local circumstances. Such circumstances will vary between local policing areas. A well-managed organisation, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed organisation will ensure that the reserves are not only adequate, but also are necessary.
8. Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for authorities. However, the government has undertaken to apply this only to individual authorities in the circumstances where the authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty. This would also apply to Police & Crime Commissioners. This accords with CIPFA's view that a generally applicable minimum level is appropriate, as a minimum level of reserve will be imposed where an authority is not following best financial practice.

Current Financial Climate

9. The pressures on public finances currently and for the medium term are intense. Therefore, the ability to retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
10. Over the past few years the total amount held in reserves has increased due to year on year underspends. The amount now held in reserves is comparable with the national average. During 2013-14 an estimated £2m will be used from reserves in line with approvals made by the Commissioner during the year; with a further estimated £2m being required in 2014-15.
11. The Medium Term Financial Plan identifies risks in achieving the required savings to ensure balanced budgets over future years. Specifically working with significantly reduced tax base for the purposes of calculating the policing precept and early indication that the next CSR will require managing the finances with a further 20% reduction in grant funding will see the need for reserves to be managed effectively.

Types of Reserve

12. When reviewing the medium term financial plans and preparing the annual budgets Commissioners should consider the establishment and maintenance of reserves. These can be held for four main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
 - A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately, but remain legally part of the general reserve.
 - The economic climate and the safety of the Commissioner's financial assets. This would link closely with the Treasury Management and Prudential Code Strategy.
13. Commissioners also hold other reserves that arise out of the interaction of legislation and proper accounting practice. These reserves are not resource-backed and cannot be used for any other purpose, are described below:

- The Pensions Reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes.
 - The Revaluation Reserve – this is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or revalued downwards or disposed of.
 - The Capital Adjustment Account – this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system.
 - The Available-for-Sale Financial Instruments Reserve – this is a reserve that records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets.
 - The Financial Instruments Adjustment Reserve – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund.
 - The Unequal Pay Back Pay Account – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the general fund.
 - Collection Fund Adjustment account – this is specific to the changes in accounting entries relating to the Collection Fund Accounts held by the Billing Authorities.
 - Accumulated Absences Account – this account came into being with the implementation of IFRS and represents the value of outstanding annual leave and time off in lieu as at 31st March.
14. Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation, such as the Capital Grants Unapplied.

15. In addition Commissioners will hold a Capital Receipts Reserve. This reserve holds the proceeds from the sale of assets, and can only be used for capital purposes in accordance with the regulations.
16. For each earmarked reserve held by the Commissioner there should be a clear protocol setting out:
 - The reason for/purpose of the reserve
 - How and when the reserve can be used
 - Procedures for the reserves management and control
 - A process and timescale for review of the reserve to ensure continuing relevance and adequacy
17. When establishing reserves, Commissioners need to ensure that they are complying with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

Nottinghamshire Police & Crime Commissioner Reserves

18. This document aims to provide an over-arching strategy that defines the boundaries within which the approved budget and Medium Term Financial Plan (MTFP) operate.

The General Reserve

19. It has previously been established that General Reserves will be maintained at a level above the minimum of 2.0% of the total net budget.
20. The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event.
21. Similarly the General Reserve should be set at a prudent and not excessive level, as holding high level of reserves can impact on resources and performance. As such the maximum level of General Reserves is 5.0% of the total net budget.
22. Authorisation to finance such expenditure must be obtained in advance from the Commissioners Chief Finance Officer, in accordance with the scheme of delegation and the protocol between the Chief Constable and the Chief Finance Officer. Where time permits the request should be supported by a business case.

23. As the net budget position changes the level of General Reserve must be monitored to ensure the minimum level is maintained.
24. **Appendix A** details the elements that make up the current General Reserves balance and the levels of risk attached to each of these elements. These are indicative and may not be exhaustive as new risks emerge. This does not include the Jointly Controlled Operations general reserve of £0.074m.

Earmarked Reserves

25. Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Commissioner to identify such areas of expenditure and set aside amounts that limit future risk exposure (e.g. balancing budget shortfalls in the MTFP).
26. Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with other forces to provide a specific service (for example Air Support Unit).
27. Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve.
28. **Appendix B** details for each of the earmarked reserves that existed at the start of the 2013-14 financial year and their estimated balance by 31st March 2014.

Details of those available for use in 2014-15 are given below:

Medium Term Financial Plan (MTFP) Reserve

29. The medium term financial plan of the Commissioner is under constant review and changes as new and reliable information becomes available.
30. The original purpose of this reserve is to alleviate financial pressure on the budgets in future years.
31. The support from this reserve is only one-off support and as such cannot be used to finance ongoing commitments.
32. The previously agreed strategy for utilising this reserve has been reviewed in light of the Comprehensive Spending Review and as such this reserve will now be utilised to finance the cost of organisational changes and as an investment to facilitate new savings. In addition to this the reserve will also be utilised smooth budget pressures as they arise.

33. The Precept and Budget Reports approved in February 2013 showed an over funding of £1.7m in 2013-14. It was agreed that this would be transferred to reserves and utilised with the agreement of the Police & Crime Commissioner in the ways identified in this strategy and supported by a detailed business case.
34. In line with revised revenue forecast positions reported during the year it is intended that budget underspends from the 2013-14 financial year will be added to this reserve. None have been identified to date in 2013-14.
35. The Medium Term Financial Plan has a risk assessment in relation to achieving the efficiencies identified. As such this reserve may be used for balancing the accounts should the efficiencies not be realised. Before considering the use of reserves recruitment will need to be slowed down or stopped.
36. **Appendix C** shows how the remainder of this reserve has been initially allocated over the next four years. It should be noted that there is a shortfall between budget and funds available in 2014-15, 2015-16 and 2016-17, which may require the use of reserves to finance all or part of the shortfall, depending on the level of further savings that can be achieved. No estimate has been included at this stage.

PCC Transition

37. Initially this was set up as a prudent measure to cover the costs known and unknown associated with the transition from Police Authority governance to governance by the Police & Crime Commissioner. The costs were kept to a minimum and totalled £54k.
38. Subsequently, this reserve is being used for Stage 2 transition costs. These are currently estimated to be £50k approximately.

Grants & Commissioning Reserve

39. This is a new reserve in 2013-14. It is intended that underspends on the OPCC budget and the Grants and Commissioning budget are swept into here to provide for future needs in this growing area of work.
40. If there is a net surplus on the collection fund declared for 2014-15 this will be transferred to this reserve.

Air Support Operational Reserve

41. Until the 1st October 2013 Nottinghamshire and Derbyshire operated a Joint Air Support Service. This reserve was to cover unexpected expenditure specifically relating to this joint service.
42. On 1st October 2013 the Air Support Unit transferred to the National Police Air Support Service (NPAS) therefore there no longer is s need for this reserve. The balance of £90,000 will be transferred to the Grants and Commissioning reserve.

Public Finance Initiative (PFI) Reserve

43. This is a reserve for the possibility of an extraordinary event relating to this significant contract. This is a prudent reserve to maintain.

Jointly Controlled Operations (Regional Collaboration) Reserve

44. There are a growing number of areas where collaborative working is undertaken with other Regional Policing areas. EMSOU is providing collaboration for specialised policing services, such as Major Crime and Forensics. Collaboration has also extended beyond Police Operation Services to include areas such as Legal Services, Procurement and Learning and Development.
45. The Police & Crime Commissioners meet to make decisions and agree further areas of collaboration. They would also approve the use of this reserve for regional activity.
46. The reserve exists to finance activities of regional collaboration above those identified within the annual budget.

Property Act Fund Reserve

47. This reserve relates to the value of property sold where the Commissioner can retain the income for use in accordance with the Property Act.

Drug Fund

48. This reserve relates to a historical balance in the accounts and is money for initiatives that reduce drug related crime.

Revenue Grants

49. This reserve combines the small amounts of grant income on completed projects where the grant conditions do not require repayment. Cumulatively they create a sizeable reserve. The use of this reserve will be subject to evaluation of any risk of repayment and the submission of a business case.

Animal Welfare Reserve

50. This reserve was established ahead of a scheme being finalised for the welfare of animals specifically police dogs on retirement as working animals. Once a scheme is established this reserve will finance any approved expenditure relating to ongoing welfare as a result of work related injuries.
51. At the time of updating this strategy the proposed scheme was in the process of being approved.

Tax Base & Transition

52. The timing of data for the production of the Police & Crime budget and precept is such that estimated tax base data will have to be used for the budget and precept report. Actual data from billing authorities is not required to be provided until 31st January. As a result the estimated precept to be collected may vary once the actual data is shown and use of this reserve negates the need to revise the budget breakdown.
53. The ongoing reforms being made by billing authorities in relation to their council tax support schemes remain a concern. The changes being made and their impact on the calculation of the council tax base have a direct impact on how much can be raised from council tax for police and crime.
54. This reserve will also be used to finance the OPCC's contribution to Single Person Discount Reviews. These reviews are undertaken once every 3-4 years and are planned for 2013-14. Where the reviewer successfully identifies that the Single Person Discount is not applicable and the record remains unchanged for 6 months a fee is due to the reviewing company. No fee is paid for unchanged details or where there is a new application within 6 months at that property. This is a jointly commissioned piece of work between Billing Authorities and Precepting Authorities. The benefit is achieved in a higher tax base for the following year and this usually is far more substantial than the initial costs to cover the fees.

Procedure for Use of Reserves

55. The use of reserves requires approval of the Chief Finance Officer to the Commissioner and the Commissioner.
56. All requests should be supported by a business case unless there is an approved process for use, such as the Animal Welfare Reserve.
57. On occasion where an urgent request is being made this should comply with the protocol between the Chief Constable and the Chief Finance Officer to the Commissioner.

Monitoring

58. The level of Reserves is kept under continuous review. The Commissioner receives reports on the levels of reserves as part of the Medium Term Financial Plan updates together with the Annual strategy in January and the out-turn position in June each year.

Risk Analysis

59. Any recommendations that change the planned use of Reserves reported within the Annual Budget and Precept Reports will take account of the need for operational policing balanced against the need to retain prudent levels of Reserves.
60. However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 2% (with a maximum level of 5%) of total net budget has been set for the General Reserve.
61. The significant risks that have been considered, but which will also be kept under review are:
 - Current Employment Tribunals relating to A19 with a worse case estimate of £3.5m.
 - The budget report highlights potential risks in being able to achieve the required efficiencies and savings during 2014-15. This may need to be supplemented by the use of reserves to smooth budget pressure whilst transformational change delivers the savings.

- Stage 2 transfer costs will be minimal and is no longer a risk at the level identified in the previous reserves strategy.
- The ability to seek financial assistance from the Home Office for major incidents has been diminished and can no longer be relied upon.
- The need to finance organisational change and redundancies will have an impact on the use of reserves, although this is also reducing in value and risk.
- The ability to recover significant overspends by divisions and departments would be very difficult in the current financial climate.
- The instability of the Financial Markets means that the investments we make with balances are currently exposed to greater risk. This is negated by the Treasury Management Strategy, but returns on investment have reduced significantly since 2007-08.
- The grant settlement within the current CSR has been extremely curtailed. There is also an indication of further significant cuts within the next CSR. There remains a gap in funding for the next 3 years and potentially beyond this.
- Should the Commissioner and Force be faced with two or more of the above issues at the same time then the reserves may be needed in full.
- Once utilised there is very little opportunity for reimbursing the level of reserves through precept due to referendum limits or grant, due to the impact it would have operationally.

CFO Opinion

It is my opinion that the current level of reserves whilst healthy are not excessive especially when compared with the averages level of reserves held within all local authorities and within the police and crime sector.

The CLG has published local authority data on levels of reserves as part of the LA Revenue Expenditure and Financing England series. This is shown below and compared with Police & Crime Reserves and Nottinghamshire Police & Crime Reserves.

Type	Highest		NOPCC
General Reserves	Met 6%	Average all types of LA 5%	3.5%
Earmarked Reserves	Average all types of LA 16%	Shire OPCC 11%	9.3%

The reserves have grown within the past few years as the force went through a process of change during which time underspends against budget resulted. Tighter budget management means that underspends of this level are not likely; indeed the possibility of over spends against budget becomes a greater risk.

It will be probable that small levels of overspend will need to use of reserves to finance them. But this is not sustainable and the force will need to work hard to deliver against the programme of efficiencies.

STRATEGY REVIEW

This strategy will be reviewed annually and the Police & Crime Commissioners approval sought.

During the year changes may occur in the MTFP, which affect this strategy. Such changes will be monitored by the Chief Finance Officer and reported to the Commissioner for approval.

Charlotte Radford (CPFA)
Chief Finance Officer

Reserves Risk Assessment
2014-15

GENERAL RESERVE

RISK	IMPACT	PROBABILITY	Min £m	Max £m	Proposed for 2014-15 £m
Major Incident(s) Unbudgeted expenditure	Any amount under 1% of net budget is to be funded by the authority. Amounts over 1% of net budget are subject to Home Office application approval	Single Incident amounting to less than 1% of net budget. Medium Multiple incidents amounting to over 1% of net budget. Medium Single incident amounting to over 1% of net budget. Low	2.1	4.2	4.2
Major Disaster (e.g. natural)	Operation policing affected and resources diverted. (e.g. through building being inaccessible and disaster recovery plan being auctioned)	LOW	0.5	1.0	0.5
Partnership Support	Funding for posts and PCSO's withdrawn. This has also been risk assessed as part of the budget assumptions.	Medium to HIGH	0.5	4.6	1.2
Counterparty failure	If invested balances were tied up in a process to recovery there would be an immediate impact on the revenue budget (possibly short term).	LOW	0.5	5.0	0.5
Employment Tribunals and other litigation	Direct impact on revenue budgets	LOW	0.1	0.5	0.1
Insurance	Emerging Risks and late reported claims	To date no claims of this type have affected the accounts. Low to MEDIUM	0.3	0.7	0.5
TOTAL					7.0

Appendix B

Earmarked Reserves Assessment

RISK/RESERVE	PURPOSE	HOW AND WHEN IT WILL BE USED	Management and control	Review	Estimated Balance at 31.03.14 £m
Medium Term Financial Plan (MTFP)	To provide against financial shortfalls identified within the MTFP	Soothing peaks and troughs in financing the MTFP	Chief Finance Officer & Commissioner	Minimum twice annually	14.314
PCC Transition	To cover cost associated with PCC transition and Stage 2 transition	During the year cost will be charged to a separate cost centre and will be charged to the reserve at year end.	Chief Finance Officer	Ongoing	0.416
Grants & Commissioning	To collate small balances within revenue accounts to provide funding for this growing area of work.	To meet specific requirements relating to Grants and Commissioning.	Chief Finance Officer	Ongoing	0.090
PFI reserve	To fund PFI related expenditure	Extraordinary event relating to the contract	Chief Finance Officer	Annually	0.258
JCO – Jointly Controlled Operations	To provide for unexpected expenditure relating to regional collaboration.	Decisions relating to the use of this fund follow the regional governance arrangements.	EM meeting of the PCC's.	Annually	0.271

Property Act Fund	Income from the sale of property act confiscations	To be determined by the Police & Crime Commissioner	PCC and CFO	Annually	0.083
Drug Fund	For use in reducing drug related crime	To be determined by the Police & Crime Commissioner	PCC and CFO	Annually	0.057
Revenue Grants	Balances on grants not required to be repaid	To be determined by the Police & Crime Commissioner	PCC and CFO	Annually	2.973
Animal Welfare	To set up a scheme for animal welfare on retirement as working animals	Scheme to be established in 2013-14	Set up November 2012.	During 2013-14	0.019
Tax Base	To iron out fluctuations caused between estimated and actual tax base data. Also to assist with risk relating to the removal of redistributed business rates in future years.	Annually to balance the budget. Every 3-4 years to finance Single Person Discount Review	Chief Finance Officer	Annually	0.230 TBC
TOTAL					18.711

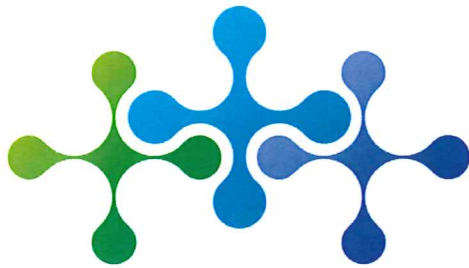
Tables to show the use of General Reserves

	2014-15			2015-16			2016-17			2017-18		
	01.04.14 balance £m	Use in year £m	01.04.15 balance £m	01.04.15 balance £m	Use in year £m	01.04.16 balance £m	01.04.16 balance £m	Use in year £m	01.04.17 balance £m	01.04.17 balance £m	Use in year £m	01.04.18 balance £m
General Reserve	7.000	0	7.000	7.000	0	7.000	7.000	0	7.000	7.000	0	7.000
EMSOU general reserve	0.074		0.074	0.074		0.074	0.074		0.074	0.074		0.074
% of net budget	3.6%			3.6%			3.5%		3.6%	3.6%		

Tables to show the use of Earmarked Reserves

<u>Earmarked Reserves</u>	2014-15			2015-16			2016-17			2017-18		
	01.04.14 balance £m	Use in year £m	01.04.15 balance £m	01.04.15 balance £m	Use in year £m	01.04.16 balance £m	01.04.16 balance £m	Use in year £m	01.04.17 balance £m	01.04.17 balance £m	Use in year £m	01.04.18 balance £m
MTFP	14.314	(2.000)	12.314	12.314	TBC	12.314	12.314	TBC (0.003)	12.311	12.311	TBC	12.311
PCC Transition	0.416	(0.416)	0									
Grants & Commissioning	0.090	0.416	0.506	0.506		0.506	0.506		0.506	0.506		0.506
PFI	0.258	0.036	0.294	0.294	0.036	0.330	0.330	0.036	0.366	0.366	0.036	0.402
JCO	0.271		0.271	0.271		0.271	0.271		0.271	0.271		0.271
Property Act Fund	0.083		0.083	0.083		0.083	0.083		0.083	0.083		0.083
Drug Fund	0.057		0.057	0.057		0.057	0.057		0.057	0.057		0.057
Revenue Grants	2.973		2.973	2.973		2.973	2.973		2.973	2.973		2.973
Animal welfare	0.019	(0.001)	0.018	0.018	(0.001)	0.017	0.017	0.003	0.020	0.020	(0.001)	0.019
Tax Base	0.230	TBC	0.230	0.230		0.230	0.230		0.230	0.230		0.230
TOTAL	18.711	0.035	16.746	16.746	0.035	16.781	16.781	0.036	16.817	16.817	0.035	12.852

Please note at the time of this review there were gaps in balancing the budget for 2014-15, 2015-16 and 2016-17. These gaps may require use of the MTFP Reserve in order to set a balanced budget.



Nottinghamshire

POLICE & CRIME COMMISSIONER

The Community Safety Fund 2014-5

Helping communities reduce crime and protect victims

Funding deadline: 12pm Monday 10 March 2014

Guidance Notes

1. INTRODUCTION

- 1.1 Welcome to the Nottinghamshire Police & Crime Commissioner's Community Safety Fund. The fund aims to support third sector community based organisations to support victims and reduce crime.
- 1.2 The Commissioner has recently refreshed his Police & Crime Plan, which is currently open for consultation. The refreshed draft plan is on his website on: <http://www.nottinghamshire.pcc.police.uk/Public-Information/Police-and-Crime-Plan/Refreshed-Police-and-Crime-Plan.aspx> . The Police & Crime Plan sets out the Commissioner's ambitions for crime and policing over the next five years. The Community Safety Fund provides funding for third sector community based organisations to help deliver the ambitions outlined in the Plan.
- 1.3 £250,000 has been set aside in 2014-5 for third sector organisations (ie organisations that are not for profit and non governmental, for example registered charities and social enterprises) to apply for grant funding to assist in reducing crime and protecting victims, witnesses and vulnerable people.
- 1.4 Grant application forms are available on-line at www.nottinghamshire.pcc.police.uk or on paper from:

Before 21 February 2014	24 February 2014 onwards
Katherine Potter Nottinghamshire Office of the Police and Crime Commissioner County Hall Loughborough Road Nottinghamshire NG2 3QP Tel: 0115 967 0999 extension 8012005	Katherine Potter Nottinghamshire Office of the Police and Crime Commissioner Arnot Hill House, Arnot Hill Park Arnold Nottinghamshire NG5 6LU Tel: 0115 844 5998

- 1.5 Applications are invited for up to a maximum of £25,000. Organisations may apply for more than one project.
- 1.6 Completed applications should be sent the address above or to grants@nottinghamshire.pnn.police.uk . The deadline for receipt of applications is 12pm on Monday 10 March 2014.

2. PURPOSES AND USES OF THE GRANT

- 2.1 The Community Safety Partnership Fund will fund third sector led community based initiatives to help deliver the Commissioner's refreshed Police & Crime Plan.
- 2.2 The Police & Crime Plan has a number of strategic themes and key activities, outlined on page 22 of the Plan. The Commissioner has identified a number of areas where third sector organisations are well placed to help deliver the Plan.

These are outlined below under each theme. He welcomes applications to deliver projects in these areas.

2.3 It is the areas outlined below that will score well in the evaluation of the grant applications.

2.4 **Theme 1: Protect, support & respond to victims, witnesses & vulnerable people**

New victims' services will be commissioned during 2014 and operational from April 2015. Community Safety Fund grants for 2014-5 will therefore aim to fill any gaps prior to the new services becoming operational. Successful projects must demonstrate the need for the service and that they are additional to current provision. The areas where grants would be particularly welcomed are outlined below:

- support for victims who are not currently fully supported, including hate crime victims, survivors of domestic abuse and victims of sexual violence, which may include children, women, men;
- awareness raising work with young people at risk of sexual exploitation to promote healthy relationships;
- innovative BME led projects which work in partnership with the police to build trust and understanding.

2.5 **Theme 3: focus on priority crime types and those local areas that are most affected by crime and antisocial behaviour**

The Commissioner already works with community safety partnerships to fund initiatives in the areas of highest crime in the city and county. Successful projects must demonstrate the need for the service and that they are additional to current provision. The areas where grant applications would be particularly welcomed are:

- community led initiatives to reduce antisocial behaviour;
- community led initiatives to reduce rural and wildlife crime;
- community led initiatives to improve road safety including bicycle security.

2.6 **Theme 4: reduce the impact of drugs and alcohol on levels of crime and antisocial behaviour**

The Commissioner will be working with partners to commission substance misuse services under the umbrella of his alcohol strategy. Successful projects in this theme must demonstrate the need for the service and that they are additional to current provision. The alcohol strategy is on the Commissioner's website: [add link](#)

2.7 **Theme 6: prevention, early intervention and reduction in re-offending**

The Commissioner welcomes applications under this theme in two areas:

- projects working with offenders, particularly addressing the mental health needs of offenders; and
- diversionary activity with people at risk of offending and/or anti social behaviour.

2.7.1 Projects aiming to work with offenders must address an evidenced gap in current services. Successful projects must also demonstrate that they will work in partnership with the National Probation Service and/or Community Rehabilitation Company.

2.7.2 Projects aiming to provide diversionary activity must be based on the evidence of what works and targeted in areas of need. Successful projects must demonstrate that they are additional to the work led by community safety partnerships.

2.8 Theme 7: spending your money wisely

The Commissioner welcomes projects which encourage volunteering to build safer communities.

2.9 Innovation funding

The Commissioner has set aside a small percentage of the Community Safety Fund for new and innovative projects. Organisations may apply to develop and deliver pilot projects, testing novel approaches to address need in the themes outlined above. Applications for innovation funding should include a strong evaluation element.

- 2.10 Organisations applying for this Grant must be based locally and employing local people. Applications that engage volunteers and are aiming to be self financing and therefore sustainable projects in the short to medium term will be considered favourably.
- 2.11 Organisations may apply for funding for new existing work. However, organisations applying for funding for existing projects must demonstrate strong evidence of need for their project, the impact of the work they have done so far, and that there is no other funding available. The purpose of this funding is not to shore up, or to replace, mainstream local funding.
- 2.12 Projects applying for funding must be ready to deliver. Development work will not be funded. The exception to this are projects which apply for innovation funding.
- 2.13 No additional awards will be made to recover the cost of Value Added Tax (VAT), but grant funding can be used to cover the cost of irrecoverable VAT.
- 2.14 The funding is revenue and cannot be used to purchase capital items.
- 2.15 The Commissioner will not fund projects with overheads above 10%.
- 2.16 If any organisation in receipt of this grant fails to comply with any of the conditions set out in this document, or commits any breach of faith such as misrepresentation or concealment of information, the Commissioner may require the repayment of all or part of the grant monies paid, as may be determined by the Commissioner and notified in writing to the grant recipient.

- 2.17 All grant funding must, without exception, be spent by 31 March 2015. In addition, all services purchased with the grant funding must be fully complete by 31 March 2015. Any grant which is unspent by 31 March 2015 will become repayable to the Commissioner.

3 MONITORING AND REPORTING ARRANGEMENTS

- 3.1 Successful projects will be required to report on performance and spend in the Monitoring Report available with these Guidance Notes.
- 3.2 Grants awarded of £10,000 and under will be required to complete the Monitoring Report and on completion of the project or by 31st March 2014.
- 3.3 Grants awarded over £10,000 will be required to complete the Monitoring Report by 30 October 2014 for the first six months of the project and 30 April 2015 for the remaining six months of the project.
- 3.4 All organisations receiving funding during 2014-5 will receive a monitoring visit from a staff member from Nottinghamshire Office of the Police and Crime Commissioner, who will conduct a random sample of the evidence of the project's spend, activity and outcomes.

4 ADVICE ON FUNDING APPLICATIONS

- 4.1 Nottinghamshire Office of the Police and Crime Commissioner is holding an open briefing session and a drop in advice session for organisations which are considering applying to the fund and who want to find out more about how to apply or to seek advice on whether or not their project idea might fit within the Commissioner's priorities. The events are:

- 4.2 **Monday 24 February 2pm – 3.45pm**
Community Safety Fund Briefing
Nottinghamshire Rural Community Council
Newstead Village
Notts

Please register for the briefing by emailing grants@nottinghamshire.pnn.police.uk with your contact details or calling Katherine Potter on 0115 967 0999 extension 8012005.

- 4.3 **Thursday 27 February 1pm – 4pm**
Community Safety Fund drop in advice sessions
Nottingham CVS
7 Mansfield Road
Nottingham NG1 3FB

Private 15 minute advice slots are available. Appointments must be booked in advance by contacting **xxxxxxxxxx** at Nottingham CVS **on xxxxxxxx**

- 4.4 If you are unable to attend either of the events above but have a question about your application, please contact Nicola Wade on nicola.wade11977@nottinghamshire.pnn.police.uk .

5 COMPLETING THE APPLICATION FORM

- 5.1 The person completing the form should be knowledgeable of the organisation's governance arrangements, the project for which grant funding is being requested and the partners that are part of the project and the organisations support.
- 5.2 The Police & Crime Commissioner is unable to provide grant funding to organisations that are not incorporated or fully constituted.
- 5.3 Written evidence demonstrating the active involvement and support of any partners listed as part of the project delivery must be provided prior to final approval of any project.
- 5.4 Detail on your organisations financial position is requested to evaluate the viability of the organisation in delivering the project. All sources of external funding should be recorded.
- 5.5 For grant applications for £10,000 of funding or less only one letter of support or reference is required. For those organisations applying for grants over £10,000 two references should be supplied. References should be from other Government bodies such as local authorities, health agencies or the police. We will contact referees as part of the evaluation process.
- 5.6 The terms and conditions MUST be read and agreed to before signing the declaration.
- 5.7 In evaluating the applications it may be necessary to request additional information to support your application. You will be contacted directly if this is the case.

6 ASSESSMENT

- 6.1 The deadline for funding is 12pm on Monday 10 March 2014. Applications should be submitted to grants@nottinghamshire.pnn.police.uk . Late applications will not be considered.
- 6.2 Grant applications will be assessed by two officers from the Nottinghamshire Office of the Police and Crime Commissioner. Nottingham Crime and Drugs Partnership and the Safer Nottinghamshire Board will also be asked to comment on applications and whether they fit with their own community safety programmes. Grants will be assessed against a scored matrix assessing the:
- evidence of need for the project;
 - fit with the Commissioner's priority themes and the areas outlined in numbers 2.4 – 2.9 above;
 - applicant organisation's experience of delivering similar work; and

- delivery plan (considering approach, timescale, outputs and outcomes).

6.3 Funding recommendations will then be made to the Deputy Police and Crime Commissioner the week commencing 31 March 2014.

6.4 The decision of the Deputy Police & Crime Commissioner is final and cannot be appealed against.

7 OFFER OF GRANT

7.1 Successful applications will receive a letter of grant offer by mid April 2014. This will confirm the amount and the payment dates. It may also include some conditions which need to be met before funding can be released. Acceptance of the offer and the terms and conditions will be required.

8 FUTURE FUNDING

8.1 The application form provided is for grant funding in 2014-15 only. In the current financial climate the Commissioner is unable to confirm what funding will be available in future years. However, the Commissioner is committed to working with community groups wherever possible to prevent and reduce crime and protect vulnerable people and victims.

8.2 Announcements on future funding available will be made on the Commissioner's website and through the community and voluntary services networks.

Four Year Capital Programme

	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total £000	Description
ESTATES ORIGINAL						
Access Control Improvement works	20				20	Refer to Appendix A for description
Bunkered Fuel Tank works	75				75	
Canning Circus Refurbishment	0	14			14	
CCTV (non custody) Improvement works	20				20	
Central Police Station refurbishment	0				0	
Custody Improvement works	25	25	25	25	100	
Emergency Works	150	150	150	150	600	
Energy Initiatives	109	250	50		409	
Estates review	50				50	
Flat Roofs Replacement	7				7	
HQ Kennel upgrade	20	300			320	
Retford New Police Station	0				0	
Shared Service Schemes	50				50	
Workshop Shared Service base	0	50	50		100	
New Workshop shared service Police base						
Sub total	526	789	275	175	1,765	

	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total £000	Description
ESTATES APPROVED 2013-14						
FHQ 1 st & 2 nd floor office alterations	118				118	Refer to Appendix A for description
Purchase of Police station per estates plan		225			225	
New Conference Facilities	340					
Mansfield Police Station Kitchen improvements	75					
Sub total	533	225			758	
ESTATES PROPOSALS						
NEW						
Committed expenditure projects	15				15	Business Cases to be supplied by the Force for approval by 31 st March 2014
Essential expenditure projects	1,000	5,800	3,295	50	10,145	
Desirable expenditure projects	255	700			955	
Sub total	1,270	6,500	3,295	50	11,115	
TOTAL ESTATES	2,329	7,514	3,570	225	13,638	

	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total £000	Description
INFORMATION SERVICES ORIGINAL						
Command & Control Replacement	0		150		150	Refer to Appendix A for description
Enhancements to Confidential Network	0				0	
ICCS Replacement	0		500		500	
Improvements to Digital Investigation Storage	300				300	
Mobile ANPR for Fleet	22				22	
Regional Licensing Various Products	100	100	100		300	
Regional Project Storage	125	250	250		625	
Storage Solutions	0	100	100		200	
INFORMATION SERVICES APPROVED 2013-14						
Airwave Device Replacement	1,250				1,250	Refer to Appendix A for description
Mobile Data remote Working	500				500	
INFORMATION SERVICES NEW PROPOSALS						
Committed expenditure projects	316	2,000			2,316	Business Cases to be supplied by the Force for approval by 31 st March 2014
Essential expenditure projects	2,825	560			3,385	
Desirable expenditure projects						
TOTAL INFORMATION SERVICES	5,438	3,010	1,100		9,548	

	Revised 2014-15 £000	2015-16 £000	2016-17 £000	2017-18 £000	Total £000	Description
OTHER CAPITAL ORIGINAL						
Body Armour	50	50	50		150	Refer to Appendix A for description
Equipment Contingency	30	30	30		90	
Replacement of non slot vehicles	50	50	50		150	
Sub total	130	130	130	130	390	
OTHER CAPITAL NEW PROPOSAL						
Committed expenditure projects						Business Cases to be supplied by the Force for approval by 31 st March 2014
Essential expenditure projects	400				400	
Desirable expenditure projects	100	100	200	150	550	
Sub total	500	100	200	150	950	
TOTAL OTHER CAPITAL	630	230	330	150	1,340	
TOTAL PROGRAMME	8,397	10,754	5,000	375	24,526	