



**Philip Seccombe
Police and Crime
Commissioner
for Warwickshire**

Decision Application WPC20116 RESERVES STRATEGY 2020 - 2021

Application Date:	May 2020	Name of Applicant:	S. Ansell Treasurer
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Application Decision Reference: WPC20116

1. Summary of the application

The Commissioners is asked to approve the Reserves Strategy for 2020/21. This strategy supercedes all other reserve strategy documents and provides updated information in respect of the adequacy of reserves, the types of reserves held, reserve balances and transfers at the end of 2019/20 and over the medium term financial plan period, and the process for deploying, monitoring and reviewing the reserves strategy.

2. Background information:

The Reserves Strategy provides information on the levels of reserves currently held and explains how some of these will be applied over the next three years to help support the revenue budget and capital programme, fund the Transformation Programme, ensure the PCC and Chief Constable meet statutory responsibilities, manage critical risks and contribute towards key strategic initiatives.

The Home Office published detailed guidance on 31st January 2018 for PCC's to set out their reserves strategy. This report complies with the Ministerial requirement.

The first reserves strategy (for 2018/19) was approved in September 2018. This was updated in 2019/20 to reflect the 2018/19 outturn and the challenges arising from the alliance termination. The 2020/21 reserves strategy provides an updated position which reflects the outturn for 2019/20 and the necessary reserve transfers to finance the expenditure incurred in 2019/20 to facilitate transition from the alliance. The strategy has also been fundamentally reviewed to ensure that it provides an over-arching strategic document which considers the economic outlook, the types of reserves held, the purpose of those reserves, the process for deploying reserves, monitoring reserve levels and the adequacy of reserves including the approach taken to assess the risk around reserve levels. The cost settlement with West Mercia is reflected within the 2020/21 reserve strategy and

how this will be deployed during 2020/21 and over the MTFP. The strategy is explicit in outlining the level of general reserve which has been set at £5m and the risk assessment that is undertaken to determine that level. The strategy also outlines the various earmarked reserves, the purpose for them being held and how they will be deployed over the MTFP. All reserves are monitored regularly with the actual and forecast position reported to the PCC throughout the year with the normal budget monitoring information. Reserve levels are also reviewed more fundamentally as part of the annual budget setting process and at the end of the financial year to ensure that levels are appropriate and are in accordance with this strategy.

The 2020/21 reserves strategy is attached, it will continue to be updated annually and will be published on the Police and Crime Commissioner's website.

3. Whether additional information/report is attached to support this decision application

YES

List of additional information/report

- a) The reserves Strategy 2020/21
- b)

4. Expected benefits (non financial)

The Reserves Strategy provides information on the types of reserves, current and future anticipated balances levels and explains how some of these will be applied over the next three years to help support the revenue budget and capital programme, fund the Transformation Programme, ensure the PCC and Chief Constable meet statutory responsibilities, manage critical risks and contribute towards key strategic initiatives. This approach will support the implementation of the Police and Crime Plan objectives and effective operational policing in Warwickshire.

This strategy will meet Ministerial requirements and comply with Home Office Guidance in addition to providing a transparent record of the intentions regarding the deployment of reserves over the medium term to support the budget and financial planning.

5. Impact of not approving the application

Failure to comply with Home Office Guidance and risk reserves not being managed in an effective manner.

6. Costs

The Reserves Strategy sets out the deployment of reserves of £4.916m to support the revenue budget in 2019/20 and to fund the budget and the wider strategic initiatives over the next three years (2020/21 – 2022/23)

The Reserves Strategy sets out the deployment of reserves of £2.273m to support the capital expenditure in 2019/20. The infrastructure reserve will be utilised in the medium term to finance ongoing capital expenditure over the next three years (2020/21 – 2022/23).

The strategy outlines the current reserve balances at the 31st March 2020, and outlines how these reserves are planned to be used over the MTFP period. It also provides detail on the general reserve level being set at £5m and the risk based approach taken to setting this.

7. Savings:

There are no direct savings from this strategy, but the effective and managed deployment of reserves and their regular monitoring will ensure that public funds are used wisely in accordance with the governance framework and promote and support a value for money approach.

8. Equality and Diversity Implications:

All relevant policies apply

9. Treasurer's comments

The Reserves Strategy is an essential and important part of the overall financial strategy. It also underpins one of the primary responsibilities of the Police and Crime Commissioner, in conjunction with the Treasurer to maintain a sound financial position. The production of this document, updated annually, to reflect current challenges and circumstances ensures that best practise and current guidance is adhered to.

Reserve balances as at 1st April are £20.999m. This includes the general reserve of £5.000m. The further planned deployment of reserves over the MTFP is included within the document. It reflects planned usage of £13.858m in 2020/21 and a further £1.052m in 2021/22. Based on this approach, reserves are expected to fall to £6.089m by the end of 2022/23.

This strategy complies with Home Office guidance and provides a comprehensive overview on the reserves position and strategy for Warwickshire.

10. Legal/Monitoring Officer comments

This Reserves Strategy complies with the guidance "Police Finance Reserves Guidance" published by the home Office on 31st January 2018. It also supports the overall financial strategy.

Decision of the Police and Crime Commissioner

To approve the 2020/21 reserves strategy

A handwritten signature in black ink, appearing to read "Paul Jones". The signature is written in a cursive style with a large initial 'P' and 'J'.

PCC Signature:

Date of Decision: 3rd June 2020