



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

## **Decision Application WPC20143**

### **2020/21 ADDITIONAL RESERVE TRANSFERS**

<b>Application Date:</b>	August 2020	<b>Name of Applicant:</b>	Sara Ansell, Treasurer
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**Application Decision Reference: WPC20143**

#### **1. Summary of the application**

The PCC set the budget and precept in February 2020 for the 2020/21 year. The approved budget allowed for a draw down from reserves of £3.856m. Since the budget was set the PCC has also approved the creation of a £0.500m earmarked reserve to finance costs arising from the Covid pandemic which can be draw down as necessary and most probably in 2020/21. He receives regular budget monitoring reports and holds monthly holding to account meetings to discuss the budget position. The forecast at the end of quarter 1 is an overspending position and therefore seeks approval for a further £0.828m draw down from reserves, if required at year end, to meet the anticipated shortfall in mutual aid and safer roads income in 2020/21.

#### **2. Background information:**

The quarter 1 Money matters report was shared with the PCC in late July and shows a total forecast overspend against the 2020/21 approved budget of £2.577m. The report considers the levels of revenue spending and income compared to the approved budget, and includes a comprehensive narrative regarding any significant variances or fluctuations. The report also provides an update on the achievement of the in-year savings target, the reserve transfers and projections over the medium term, and the levels of capital spending and their financing. The report also makes recommendations to the PCC regarding the forecast position, particularly around the anticipated shortfalls in income from mutual aid, and also from the road safety/NDORS scheme, the latter largely as a result of the Covid pandemic.

The 2020/21 approved budget includes a draw down from reserves of £3.856m. Since setting the budget a further £0.500m has been set aside into an earmarked reserve to finance any costs arising from the Covid pandemic.

The quarter 1 forecast includes the full draw down of £3.856m from earmarked reserves as approved, and a further £0.358m against the £0.500m Covid reserve, and seeks approval for a further £0.828m to be draw down from the relevant

earmarked reserves to ensure the budget is financed appropriately. Based on the forecast this leaves a remaining balance of £1.391m to be financed in year through savings and efficiencies. The PCC and the Chief Constable have and will continue to hold more detailed discussions on this to ensure that spending can be brought within budget or can be fully financed in 2020/21. This position will continue to be monitored during the remainder of the year, and as part of the budget setting and medium term financial planning process.

The £0.500m income reserve was deliberately reinstated at the end of March 2020 to manage the risk regarding fluctuations in income to reduce the potential impact on in year budgets and service provision. Given the current circumstances it seems appropriate to approve the use of this reserve to meet the majority of the shortfall in mutual aid income. The future year income budget for mutual aid will be considered more fully during the 2021/22 budget process, along with a full review of earmarked reserve provision. The shortfall in NDORS income has arisen due to classroom speed awareness courses being paused during the pandemic. Online courses are taking place, and it is envisaged that once safe to do so classroom courses will resume. The shortfall in income arising from these temporary measures can be met from the safer roads reserve to minimise any impact on in year services.

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

**YES**

#### **List of additional information/report**

a) Quarter 1 Money matters report - confidential

### **4. Expected benefits (non financial)**

The additional draw downs from reserves will help to ensure that the forecast overspend can be financed and that there will be minimal impact on the provision of in year services.

### **5. Impact of not approving the application**

The budget will not be balanced if the additional transfers from reserves are not undertaken, based on the current forecast and more significant savings would have to be identified in year to finance the shortfalls in these income streams. The income reserve is specifically held to manage fluctuations like this, so the transfer from the income reserve seems appropriate in this instance.

### **6. Costs**

#### **Revenue:**

Shortfalls in income are anticipated, so a further draw down from the income and safer roads reserve is sought to finance the shortfalls and the consequential

impact on the budget. If income recovers during the remainder of the year, the final reserve transfer values will be amended accordingly.

**Capital:**

**7. Savings:**

Not applicable.

**8. Equality and Diversity Implications:**

All relevant policies are relevant to the budget, but there are no direct implications from this decision

**9. Treasurer's comments**

The financial implications of the transfers from reserves are fully addressed throughout this decision notice. The budget position will continue to be monitored during the remainder of the year and also as part of the budget process for next year, which will be commencing in early September 2020. A full review of the medium term financial plan including reserves will also be undertaken at this point to ensure that the PCC's spending plans are affordable and that services can be provided efficiently and effectively, protect people from harm and provide value for money. If the forecast position for 2020/21 improves during the remainder of the year, the required transfers from reserves will be adjusted accordingly, within the provisions of this approval, at the year end.

**10. Legal/Monitoring Officer comments**

The budget will not be balanced if these additional transfers from reserves are not made.

The income reserve is specifically held to manage fluctuations like this, so the transfer from the income reserve seems appropriate in this instance. If the forecast position for 2020/21 improves during the remainder of the year, the required transfers from reserves will be adjusted accordingly, within the provisions of this approval, at the year end.

**Decision of the Police and Crime Commissioner**

To approve the further draw down of reserves as follows:

- To transfer from the income reserve of up to £0.500m to partially offset the forecast shortfall in mutual aid income and,
- To transfer from the safer roads reserve up to £0.328m to offset the forecast shortfall in NDORS income.

**PCC Signature:**

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

**Date of Decision:** 25 August 2020