

Appendix A

2017/18 Earmarked Reserves - Opening and Closing Balances

Reserve	1st April 2017 - Opening Balance	Contribution 2017/18	Allocation 2017/18	31st March 2018 - Closing Balance	General Comment	Year End Balance Comment
1 Reserves held by Essex Police but managed as third party reserves						
Leased Property Dilapidation & Maintenance	£0.710m			£0.710m	Reserve for multi occupancy building for property maintenance.	This is a leased property and the reserve balance will be held until the property disposed.
Proceeds of Crime Act	£0.331m	£0.166m	(£0.129m)	£0.368m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.	Projects bid for funding during the year. There are restrictions on the activity the scheme is able to fund.
Forfeiture Monies Reserve	£0.154m	£0.199m		£0.353m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.	Projects bid for funding during the year. There are restrictions on the activity the scheme is able to fund.
Total	£1.195m	£0.365m	(£0.129m)	£1.431m		
2 Project Reserves						
7Forces Collaboration Reserve	£0.144m	£0.035m	(£0.144m)	£0.035m	Reserve set up from 7Forces underspends in 2016/17. 2017/18 Budget Setting Investment was reduced by the same amount as the reserve is to fund the shortfall of the unfunded activity in 2017/18. A small underspend is carried forward into 2018/19 to help fund 7Forces activity in 2018/19.	The majority of the reserve was utilised during 2017/18. It is planned for the balance to be used during 2018/19.
Eastern Region Special Operations Unit (ERSOU) Reserve	£0.000m	£0.219m	£0.000m	£0.219m	Reserve set up in 2017/18 for the ERSOU Regional Organised Crime Unit (ROCU) for additional funding received from the Police Transformation Fund.	The balance at year end is required to offset the £0.219m reduction in government funding in 2018/19.
Athena Reserve	£0.000m	£0.085m		£0.085m	Reserve set up from Athena underspends in 2017/18.	The in-year spend on Athena was lower than expected during 2017/18 and the funding will be spent in 2018/19.
Total	£0.144m	£0.339m	(£0.144m)	£0.339m		
3 Legal Cases Reserve						
Legal Claims Contingency	£0.900m			£0.900m	Reserve set up for the one-off funding of legal claims (Allard & Ors v Devon & Cornwall Constabulary).	The reserve funding will be required as claims are settled. At year end the legal proceedings for these claims had not been finalised.
Total	£0.900m	£0.000m	£0.000m	£0.900m		
4 Ringfenced Reserve						
Restructuring Reserve	£1.387m		(£0.382m)	£1.005m	Reserve to help fund future years restructuring costs (Redundancies, LGPS Financial Strain and relocation expenses). Funds allocated within 2016/17 original budget but costs avoided, therefore funds have been ringfenced for future years. Allocations during 2017/18 are for relocation expenses and severance costs.	There is no revenue budget available for relocation expenses or redundancies and the year end balance will fund the future one-off expenses.
Total	£1.387m	£0.000m	(£0.382m)	£1.005m		
5 Operational Reserves						
Pay Equalisation	£0.262m		(£0.262m)	£0.000m	Reserve to help fund in-year shortfalls on pay & recruitment. Reserve used in 2017/18 to help fund the 1% non-consolidated pay rise.	
Estates Improvement Plan	£0.216m			£0.216m	Reserve to fund improvements to the Essex Police estate.	The estate requires improvement and this reserve supports the revenue budget. It is planned the reserve will be zero by March 2019.
Recruitment Uplift Contingency	£0.883m		(£0.291m)	£0.592m	Contingency to help fund additional recruitment activity in 2017/18 to increase police officers to 2850ftes. Reserve funded from in-year underspends from 2016/17. Reserve will be used in 2018/19 to help fund the additional recruitment activity to increase police officers to 3000 ftes.	It was planned to use the reserve to fund the recruitment costs to support the increase in officer numbers to 2850ftes if these could not be managed within the revenue budget. Some of the additional costs were funded by existing revenue budgets, leaving a balance to help fund the early recruitment of additional 150 police officers.
Transformation Reserve	£2.410m	£1.066m	(£1.529m)	£1.967m	Reserve to help fund the one-off costs of implementing the IT, Estates and ECFRS Transformation Strategies.	The IT, Estates and ECFRS Transformation Strategies are to be implemented over several years and the reserve balance helps fund the one-off costs associated with the strategies.
Major Operational Reserve	£0.486m	£0.500m		£0.986m	It is good practice to set up a reserve for dealing with major incidents that will not be reimburse by the Home Office e.g. Colchester murders, Operation Henley. These reserves are typically 1% of the force budget. There has been a transfer of £500k from the Chief Constables Operational Carry Forward as per 2018/19 Budget Setting information.	This reserve is held as a contingency for dealing with major incidents.
Future Capital Reserve	£0.103m		(£0.103m)	£0.000m	Reserve to fund future capital projects. Funding for TV Unit Refresh and Hydra upgrade in 2017/18.	
Total	£4.360m	£1.566m	(£2.185m)	£3.761m		
6 OPFC Carry Forward Reserves						
2015/16 to 2016/17	£0.136m		(£0.136m)	£0.000m	£136k for OPFC grants are carried forward to 2017/18.	
2016/17 to 2017/18	£0.328m		(£0.328m)	£0.000m	£328k for OPFC grants are carried forward to 2017/18.	
2017/18 to 2018/19		£0.385m		£0.385m	£385k for OPFC grants are carried forward to 2018/19.	OPFC grants were under utilised in 2017/18 but have been carried forward to 2018/19 to increase the grant budget available in year.
Total	£0.464m	£0.385m	(£0.464m)	£0.385m		
7 OC Carry Forward Reserves						
2015/16 to 2016/17	£0.111m		(£0.111m)	£0.000m	£111k Chief Constables Operational Carry Forward is carried forward to 2017/18 (as per Financial Regulations).	
2016/17 to 2017/18	£0.500m		(£0.500m)	£0.000m	£500k Chief Constables Operational Carry Forward is carried forward to 2017/18 (as per Financial Regulations). The £500k has been transferred to the Major Operational Reserve as per 2018/19 Budget Setting information.	
Total	£0.611m	£0.000m	(£0.611m)	£0.000m		
Total Revenue and Capital Earmarked Reserves	£9.061m	£2.675m	(£3.915m)	£7.821m		

Appendix B

2018/19 Earmarked Reserves - Opening and Closing Balances

Reserve	01/04/2018 Opening Balance	Contribution 2018/19	Allocation 2018/19	Forecast Year End Balance	Comment
1 Reserves held by Essex Police but managed as third party reserves					
Leased Property Dilapidation & Maintenance	£0.710m			£0.710m	Reserve for multi occupancy building for property maintenance.
Proceeds of Crime Act	£0.368m		(£0.003m)	£0.365m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.353m	£0.018m		£0.371m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Total	£1.431m	£0.018m	(£0.003m)	£1.446m	
2 Project Reserves					
7Forces Collaboration Reserve	£0.035m		(£0.035m)	£0.000m	Reserve set up from 7Forces underspends in 2016/17. 2017/18 Budget Setting Investment was reduced by the same amount as the reserve funded the shortfall of the unfunded activity in 2017/18. A small underspend was carried forward into 2018/19 to help fund 7Forces activity in 2018/19.
Eastern Region Special Operations Unit (ERSOU) Reserve	£0.219m		(£0.219m)	£0.000m	Reserve set up in 2017/18 for the ERSOU Regional Organised Crime Unit (ROCU) for additional funding received from the Police Transformation Fund (PTF). The PTF will be reducing by the same amount in 2018/19.
Athena Reserve	£0.085m		(£0.085m)	£0.000m	Athena underspends in 2017/18 held in reserve to fund overspend in 2018/19.
Total	£0.339m	£0.000m	(£0.339m)	£0.000m	
3 Legal Cases Reserve					
Legal Claims Contingency	£1.200m			£0.000m	Reserve to help fund the cost of one-off commitments for legal claims (Allard & Ors v Devon & Cornwall Constabulary).
Total	£1.200m	£0.000m	£0.000m	£0.000m	
4 Ringfenced Reserve					
Restructuring Reserve	£1.005m		(£0.453m)	£0.552m	Reserve to help fund future years restructuring costs (Redundancies, LGPS Financial Strain and relocation expenses). Funds allocated within 2016/17 original budget but costs avoided, therefore funds have been ringfenced for future years. Allocations during 2018/19 are for relocation expenses and severance costs.
Total	£1.005m	£0.000m	(£0.453m)	£0.552m	
5 Operational Reserves					
Estates Improvement Plan	£0.216m			£0.000m	Reserve to fund improvements to the Essex Police estate.
Recruitment Uplift Contingency	£0.592m		(£0.592m)	£0.000m	Contingency to help fund additional recruitment activity in 2017/18 to increase police officers to 2850ftes. Reserve funded from in-year underspends from 2016/17. Reserve will be used in 2018/19 to help fund the additional recruitment activity to increase police officers to 3000 ftes earlier than February 2019 - 2018/19 budget setting.
Transformation Reserve	£1.967m		(£1.214m)	£0.361m	Reserve to help fund the one-off costs of implementing the IT, Estates and ECFRS Transformation Strategies.
Major Operational Reserve	£1.500m			£1.500m	It is good practice to hold a reserve for dealing with major incidents that will not be reimbursed by the Home Office e.g. Colchester murders, Operation Henley. These reserves are typically 1% of the force budget.
Operational Transformational Reserve (OTR)	£2.700m			£0.644m	OTR report to be submitted to OPFCC Performance and Resources Board in August 2018.
Total	£6.975m	£0.000m	(£1.806m)	£2.505m	
6 OPCC Carry Forward Reserves					
2017/18 to 2018/19	£0.385m		(£0.385m)	£0.000m	£385k for OPCC grants are carried forward to 2018/19.
Total	£0.385m	£0.000m	(£0.385m)	£0.000m	
Total Revenue Earmarked Reserves	£11.335m	£0.018m	(£2.986m)	£4.503m	

Forecast Reserves & Provisions - Overview

Line Ref.		2017/18	2018/19			2019/20		2020/21		2021/22		2022/23	
		Forecast Outturn @ 31/3/18 (£m)	Forecast @ 01/04/18 (£m)	Forecast Movements (£m)	Forecast @ 31/3/19 (£m)	Forecast Movements (£m)	Forecast @ 31/3/20 (£m)	Forecast Movements (£m)	Forecast @ 31/3/21 (£m)	Forecast Movements (£m)	Forecast @ 31/3/22 (£m)	Forecast Movements (£m)	Forecast @ 31/3/23 (£m)
	Specific Revenue Reserves												
	Reserves held but managed as third party reserves												
1	Leased Property Dilapidations Reserve Original	0.2	0.2	-	0.2	-	0.2	-	0.2	-	0.2	-	0.2
2	Leased Property Dilapidation & Maintenance Reserve	0.5	0.5	-	0.5	-	0.5	-	0.5	-	0.5	-	0.5
3	POCA income	0.3	0.3	-	0.3	-	0.3	-	0.3	-	0.3	-	0.3
4	Forfeiture Monies Reserve	0.2	0.2	-	0.2	-	0.2	-	0.2	-	0.2	-	0.2
5	Reserves held but managed as third party reserves Total	1.2	1.2	-	1.2	-	1.2	-	1.2	-	1.2	-	1.2
	Project Reserves												
6	7Forces Collaboration Reserve	-	-	-	-	-	-	-	-	-	-	-	-
7	Eastern Region Special Operations Unit (ERSOU) Reserve	-	-	-	-	-	-	-	-	-	-	-	-
8	Athena Reserve	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Reserves Total	-	-	-	-	-	-	-	-	-	-	-	-
	Legal Cases Reserves												
10	Legal Claims Contingency	0.9	1.2	(1.2)	-	-	-	-	-	-	-	-	-
11	Legal Cases Reserves Total	0.9	1.2	(1.2)	-	-	-	-	-	-	-	-	-
	Ring-fenced Reserves												
12	Restructuring Reserve	1.0	1.0	(0.3)	0.7	(0.3)	0.4	(0.3)	0.1	(0.1)	-	-	-
13	Ring-fenced Reserves Total	1.0	1.0	(0.3)	0.7	(0.3)	0.4	(0.3)	0.1	(0.1)	-	-	-
	Operational Reserves												
14	Estates Improvement Plan	-	-	-	-	-	-	-	-	-	-	-	-
15	Recruitment Uplift Contingency	0.6	0.6	(0.4)	0.2	(0.2)	-	-	-	-	-	-	-
16	Transformation Reserve	0.8	0.8	(0.7)	0.1	(0.1)	-	-	-	-	-	-	-
17	Major Operational Reserve	1.0	1.5	-	1.5	-	1.5	-	1.5	-	1.5	-	1.5
18	Operational Transformational Reserve (OTR)	-	2.7	-	2.7	-	2.7	-	2.7	-	2.7	-	2.7
19	Operational Reserves Total	2.4	5.6	(1.1)	4.5	(0.3)	4.2	-	4.2	-	4.2	-	4.2
20	Specific Revenue Reserves	5.5		(2.6)	6.4	(0.6)	5.8	(0.3)	5.5	(0.1)	5.4	-	5.4
21	Carry Forwards Reserve - OPFCC	-	-	-	-	-	-	-	-	-	-	-	-
22	Carry Forwards Reserve - Chief Constable	-	-	-	-	-	-	-	-	-	-	-	-
23	Total Revenue Earmarked Reserves	5.5	9.0	(2.6)	6.4	(0.6)	5.8	(0.3)	5.5	(0.1)	5.4	-	5.4
24	General Reserve	12.4	12.4	(2.7)	9.7	-	9.7	-	9.7	-	9.7	-	9.7
25	GR as % of net revenue expenditure	4.5%			3.5%		3.4%		3.4%		3.4%		3.4%
26	Total Revenue Reserves	17.9	21.4	(5.3)	16.1	(0.6)	15.5	(0.3)	15.2	(0.1)	15.1	-	15.1
	Specific Capital Reserves												
27	Usable Capital Receipts	12.6	12.6	0.2	12.8	(12.8)	-	-	-	-	-	11.6	11.6
28	Unfunded capital expenditure (internal resources)	-	-	-	-	-	-	-	-	-	-	-	-
	Long term liabilities												
29	Capital Grants - receipts in advance	-	-	-	-	-	-	-	-	-	-	-	-
30	Total Capital Reserves	12.6	12.6	0.2	12.8	(12.8)	-	-	-	-	-	11.6	11.6
	Usable Provisions												
31	Insurance (for known outstanding claims)	2.3	2.3	-	2.3	-	2.3	-	2.3	-	2.3	-	2.3
32	Restructuring (for known redundancies @ 31.03)	-	-	-	-	-	-	-	-	-	-	-	-
33	Total Usable Provisions	2.3	2.3	-	2.3	-	2.3	-	2.3	-	2.3	-	2.3
34	Grand Total - Reserves and Provisions	32.8	36.3	(5.3)	31.2	(13.4)	17.8	(0.3)	17.5	(0.1)	17.4	11.6	29.0
35	Internal Borrowing on past capital projects	(8.8)	(8.8)	0.5	(8.3)	0.5	(7.8)	0.5	(7.3)	0.5	(6.8)	0.5	(6.3)
36	Reserves Financed by Cash	24.0	27.5	(4.6)	22.9	(12.9)	10.0	0.2	10.2	0.4	10.6	12.1	22.7

Line Ref

- 10 The 2018/19 opening balance includes £0.3m transfer from 2018/19 budget setting. It is forecast for all the funds to be required in 2018/19.
- 17 The 2018/19 opening balance includes £0.5m transfer as part of 2018/19 budget setting.
- 18 Reserve set up in 2018/19 with £2.7m transfer from the General Reserve. Detailed spending plans are being developed.
- 24 The 2018/19 opening balance includes the £2.7m transfer to Operational Transformation Reserve.
- 35 The movement on internal borrowing is the £0.5m annual contribution (MRP) for historic capital projects. The forecast for new borrowing will be included as the external borrowing becomes certain.

Analysis of Revenue and Capital Reserves

Line Ref.	Foot note	Forecast Outturn @ 31/3/18	Planned expenditure on projects & programmes over next 3 years	Funding for specific projects & programmes beyond 2020/21	As a general contingency or resource to meet other expenditure needs
		£m	£m	£m	£m
1		0.2	-	-	0.2
2		0.5	-	-	0.5
3		0.3	-	-	0.3
4		0.2	-	-	0.2
5		-	-	-	-
6		-	-	-	-
7		0.9	1.2	-	-
8		1.0	0.9	0.1	-
9		-	-	-	-
10		0.6	0.6	-	-
11		0.8	0.8	-	-
12	1	1.0	-	-	1.5
13	2	-	-	2.7	-
14		-	-	-	-
15		-	-	-	-
16		5.5	3.5	2.8	2.7
17	2	12.4	2.7	-	9.7
18		17.9	6.2	2.8	12.4
19		12.6	12.6	-	-
20		-	-	-	-
21		-	-	-	-
22		12.6	12.6	-	-

Footnotes

- 1 As part of 2018/19 budget setting, the Major Operational Reserve received additional funding of £0.5m.
- 2 As part of 2018/19 budget setting, £2.7m was transferred from the General Reserve to the OTR. The £2.7m is planned to be fully utilised by 2020.