

Appendix A

Earmarked Reserves - Opening and Closing Balances					
Reserve	1st April 2018 - Opening Balance	Contribution 2018/19	Allocation 2018/19	31st March 2019 - Provisional Closing Balance	Comment
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	£0.390m	(£0.021m)	£0.737m	POCA Reserve holds receipts received through the Asset Recovery Incentive Scheme to fund crime reduction related expenditure.
Forfeiture Monies Reserve	£0.353m	£0.054m	(£0.376m)	£0.031m	Forfeiture Monies Reserve holds funds transferred from the Misuse of Drugs Act Seizures Fund.
Total	£1.431m	£0.444m	(£0.397m)	£1.478m	
Project Reserves					
7Forces Collaboration Reserve	£0.035m			£0.035m	Reserve set up from 7Forces underspends in 2016/17. A small underspend was carried forward into 2018/19 to help fund 7Forces activity, but is no longer required for use in 2018/19 and will be carried forward to 2019/20 in relation to PEQF.
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). £110k of this is required in 2018/19 with the balance being released as an underspend.
Athena Reserve	£0.085m		(£0.085m)	£0.000m	Fully spent in 2018/19
Total	£0.339m	£0.000m	(£0.304m)	£0.035m	
Legal Cases Reserve					
Legal Claims Contingency	£1.200m		(£1.200m)	£0.000m	Reserve to help fund the cost of one-off commitments for legal claims (Allard & Ors v Devon & Cornwall Constabulary). A year end review of the accounting treatment of the legal claims has resulted in the creation of a provision and the use of an earmarked reserve is no longer required.
Total	£1.200m	£0.000m	(£1.200m)	£0.000m	
Ringfenced Reserve					
Restructuring Reserve	£1.005m		(£0.529m)	£0.476m	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 severance costs and excess travel costs.
Total	£1.005m	£0.000m	(£0.529m)	£0.476m	
Operational Reserves					
Estates Improvement Plan	£0.216m		(£0.216m)	£0.000m	Reserve to fund improvements to the Essex Police estate; allocated to capital reserves in support of the funding programme for the re-provision of Chelmsford Police Station.
Recruitment Uplift Contingency	£0.592m		(£0.592m)	£0.000m	Reserve has been utilised in 2018/19 to part fund the additional recruitment activity to increase police officers to 3000 ftes during financial year 2018/19.
Specials Constabulary Reserve		£0.119m		£0.119m	New Reserve to fund ongoing (non-pay) activities associated with the growth of the Special Constabulary.
Transformation Reserve	£2.193m		(£1.597m)	£0.596m	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		(£0.964m)	£1.736m	OTR report is submitted to OPFCC Performance and Resources Board on a quarterly basis.
Future Capital Funding	£0.000m	£1.531m	(£0.276m)	£1.255m	Agreed as part of 2018/19 budget setting to fund capital programme and avoid future cost of borrowing plus Chelmsford PS works and Police Officer number uplift IT requirement.
Total	£7.201m	£1.650m	(£3.645m)	£5.206m	
OPPC Carry Forward Reserves					
2017/18 to 2018/19	£0.385m		(£0.385m)	£0.000m	£385k for OPCC grants are carried forward to 2018/19.
2018/19 to 2019/20		£0.332m		£0.332m	£332k for OPCC grants are carried forward to 2019/20.
Total	£0.385m	£0.332m	(£0.385m)	£0.332m	
Total Revenue Earmarked Reserves	£11.561m	£2.426m	(£6.460m)	£7.527m	
General Reserve					
General Reserve	£9.521m	£0.405m	(£0.700m)	£9.226m	The end of year balance on the General Reserve is 3.3% of the force budget. The overall movement in 2018/19 after the £2.7m transfer to the OTR from 2018/19 budget setting is £2.995m. The 2019/20 General Reserve opening balance will be £8.9m following a £0.3m contribution identified at budget setting to fund delivery of the Estates Strategy. This represents 3% of the 2019/20 force budget of £297.6m, as agreed at the March Strategic Board. Instead of creation of an operational contingency fund to meet in-year operational cost pressures, the PFCC will consider approval for the use of the General Reserve during 2019/20.
Total Revenue Reserves	£21.082m	£2.831m	(£7.160m)	£16.753m	

Forecast Reserves & Provisions - Overview

Line Ref.		2018/19	2019/20			2020/21		2021/22		2022/23		2023/24	
		Forecast Outturn @ 31/3/18 (£m)	Forecast @ 01/04/19 (£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)	Forecast Movements (£m)	Forecast @ 31/3/24 (£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)	-	-	-	-	-	-	
2	Leased Property Dilapidation & Maintenance Reserve	0.5	0.5	-	0.5	(0.5)	-	-	-	-	-	-	
3	POCA income	0.8	0.8	-	0.8	-	0.8	-	0.8	-	0.8	-	
4	Forfeiture Monies Reserve	-	-	-	-	-	-	-	-	-	-	-	
5	Reserves held but managed as third party reserves Total	1.5	1.5	-	1.5	(0.7)	0.8	-	0.8	-	0.8	-	
	Project Reserves												
6	7Force Collaboration Reserve	-	-	-	-	-	-	-	-	-	-	-	
7	Eastern Region Special Operations Unit (ERSOU) Reserve	-	-	-	-	-	-	-	-	-	-	-	
8		-	-	-	-	-	-	-	-	-	-	-	
9	Project Reserves Total	-	-	-	-	-	-	-	-	-	-	-	
	Legal Cases Reserves												
10	Legal Claims Contingency	-	-	-	-	-	-	-	-	-	-	-	
11	Legal Cases Reserves Total	-	-	-	-	-	-	-	-	-	-	-	
	Ring-fenced Reserves												
12	Restructuring Reserve	0.5	0.3	(0.3)	-	-	-	-	-	-	-	-	
13	Ring-fenced Reserves Total	0.5	0.3	(0.3)	-	-	-	-	-	-	-	-	
	Operational Reserves												
14	Future Capital Funding Reserve	1.3	1.3	(1.3)	-	-	-	-	-	-	-	-	
15	Estates Improvement Plan	-	-	-	-	-	-	-	-	-	-	-	
16	Transformation Reserve	0.6	0.6	(0.6)	-	-	-	-	-	-	-	-	
17	Major Operational Reserve	1.5	1.5	-	1.5	-	1.5	-	1.5	-	1.5	-	
18	Operational Transformational Reserve (OTR)	1.7	1.7	(1.1)	0.6	(0.6)	-	-	-	-	-	-	
19	Specials Constabulary Reserve	0.1	0.1	(0.1)	-	-	-	-	-	-	-	-	
20	Operational Reserves Total	5.2	5.2	(3.1)	2.1	(0.6)	1.5	-	1.5	-	1.5	-	
21	Specific Revenue Reserves	7.2	7.0	(3.4)	3.6	(1.3)	2.3	-	2.3	-	2.3	-	
22	Carry Forwards Reserve - OPFCC	0.3	0.3	(0.3)	-	-	-	-	-	-	-	-	
23	Carry Forwards Reserve - Chief Constable	-	-	-	-	-	-	-	-	-	-	-	
24	Total Revenue Earmarked Reserves	7.5	7.3	(3.7)	3.6	(1.3)	2.3	-	2.3	-	2.3	-	
25	General Reserve	9.2	8.9		8.9	-	8.9	-	8.9	-	8.9	-	
26	GR as % of net revenue expenditure	3.3%			3.0%		3.0%		2.9%		2.9%		
27	Total Revenue Reserves	16.7	16.2	(3.7)	12.5	(1.3)	11.2	-	11.2	-	11.2	-	
	Specific Capital Reserves												
28	Usable Capital Receipts	6.1	6.1	(6.1)	-	-	-	-	-	-	-	-	
29	Unfunded capital expenditure (internal resources)	-	-	-	-	-	-	-	-	-	-	-	
	Long term liabilities												
30	Capital Grants - receipts in advance	-	-	-	-	-	-	-	-	-	-	-	
31	Total Capital Reserves	6.1	6.1	(6.1)	-	-	-	-	-	-	-	-	
	Usable Provisions												
32	Insurance (for known outstanding claims)	2.6	2.6	-	2.6	-	2.6	-	2.6	-	2.6	-	
33	Legal Claims	0.8	0.8	(0.8)	-	-	-	-	-	-	-	-	
34	Restructuring (for known redundancies @ 31.03)	-	-	-	-	-	-	-	-	-	-	-	
35	Total Usable Provisions	3.4	3.4	-	2.6	-	2.6	-	2.6	-	2.6	-	
36	Grand Total - Reserves and Provisions	26.2	25.7	15.1	(1.3)	13.8	-	13.8	-	13.8	-	13.8	
37	Internal Borrowing on past capital projects	(8.3)	(8.3)	0.5	(7.8)	0.5	(7.3)	0.5	(6.8)	0.5	(6.3)	0.5	
38	Reserves Financed by Cash	17.9	17.4	(10.1)	7.3	(0.8)	6.5	0.5	7.0	0.5	7.5	0.5	

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.
25	The 2018/19 opening balance includes the £2.7m transfer to Operational Transformation Reserve.
37	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 @ 31/3/19	Planned expenditure on projects & programmes over next 3 years	Funding for specific projects & programmes beyond 2021/22	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		0.8	-	-	0.8
4		-	-	-	-
5		1.3	1.3	-	-
6		-	-	-	-
7		0.5	0.3	-	-
8		-	-	-	-
9		0.6	0.6	-	-
10		1.5	-	-	1.5
11		1.7	1.7	-	-
12		0.1	0.1	-	-
13		0.3	0.3	-	-
14		-	-	-	-
15		7.5	5.0	-	2.3
16					
17		9.2	-	-	8.9
18					
19		16.7	5.0	-	11.2
20					
21		6.1	6.1	-	-
22		-	-	-	-
23		-	-	-	-
24		6.1	6.1	-	-