



21st October 2021

Report of the Police & Crime Commissioner

Update on the Police and Crime Commissioner's Medium Term Financial Strategy

1. Purpose of the Report

The purpose of the report is to share with the Police and Crime Panel (PCP) the Police and Crime Commissioner's existing Medium Term Financial Strategy (MTFS).

2. Recommendations

The Panel is asked to note the MTFS and the process for updating the strategy as part of the 2022/23 budget process.

3. Background

- 3.1 The Police and Crime Commissioner (PCC) and the Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They realise this by preparing a MTFS, including financial projections for at least three years together with a capital programme over the same period. The strategy should take into account the inter-dependencies of revenue budgets and capital investments, the role of reserves and the consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local Authorities. The strategy should be aligned with the Police and Crime Plan.
- 3.2 Schedule 5 of The Police Reform and Social Responsibility Act 2011 makes provision for scrutiny by the PCP of a precept that the PCC intends to issue in order to raise funds for policing by via the Council Tax. It requires the PCC to notify the PCP of the proposed precept, for the PCP to consider the proposal and report on it, and for the PCC to have regard to that report. The PCP also has the power to veto a proposed precept provided that two-thirds of the total membership agrees. If this power of veto is not exercised, the PCC must issue the proposed precept, or issue a different precept in accordance with the recommendations of the PCP in its report. The PCC will formally notify the Panel on 3rd February 2022 of the precept and draft budget proposal for 2022/23.

4. Medium Term Financial Strategy

4.1 Existing Medium Term Financial Strategy

4.1.1 Attached at **Appendix 1** is the PCC's current MTFS covering the period 2022/23 to 2025/26, as approved within the 2021/22 Budget Report (**PCC Key Decision 2021/005**). The MTFS took account of the best available advice and professional judgements at the time of writing.

4.1.2 The main assumptions upon which the existing MTFS was developed were as follows:-

- (i) The Core Grant is maintained at the current year's level over the MTFS period, i.e. currently £273.971m in 2021/22;
- (ii) In addition, the PCC will continue to receive an annual uplift in Core Grant funding and a ring-fenced grant to fund the cumulative impact of 'Operation Uplift' based on the latest financial planning guidance issued;
- (iii) The PCC maximises the precept income by setting the precept level at the Referendum Threshold. The Referendum Threshold for 2021/22 was £15 per Band D equivalent property. However, it is assumed that the threshold falls back to an increase of 2%, for the rest of the MTFS period;
- (iv) The tax base will change in line with the Office of Budget Responsibilities (OBR) annual forecasts contained within their Economic and Fiscal Outlook report, which is published alongside the settlement. The latest forecasts are that on average the council tax base nationally will increase by 1.5% in 2022/23, followed by increases of 1.6%, 1.4% and 0.9% over the MTFS period;
- (v) Legacy Council Tax Grants are assumed to be static;
- (vi) All Specific Grants are assumed to be static;
- (vii) The pay award for 2021 was 0%, except for those who earn less than £24,000 who will receive a pay rise of at least £250. The assumption within the MTFS is that this will be followed by 1.5% increase pa over the rest of the MTFS period. This is based on the Chancellor's 2020 Spending Review announcement that there would be a pause in pay rises in 2021/22 and the likelihood that public sector pay constraints will continue in the near future due to the long-term financial implications of the Covid-19 pandemic;

- (viii) Non-pay inflation is 2% across all years over the MTFS period. This assumption is in line with the Government's target for the Bank of England to keep inflation at 2% or below;
- (ix) Capital financing costs are based upon the capital programme contained within **Appendix 2**;
- (x) Adjustments have been made for known committed spend items, including pension charges and payments to national bodies; and
- (xi) The Budget Support Reserve will be utilised to support the revenue budget and fund anticipated declared collection fund deficits as required.

4.1.3 However, the above assumptions are likely to change as new announcements, such as the next Comprehensive Spending Review and the confirmation of the continuation of funding for 'Operation Uplift' are delivered, and assumptions on variables such as pay and precept referendum thresholds become more certain.

4.1.4 After taking account of all these factors, a revised MTFS was calculated and is summarised in **Table 1** below. A detailed MTFS is contained within **Appendix 1**. From **Table 1** it can be seen that the Force are potentially required to identify savings of £7.336m over the MTFS period.

Table 1: Summary of the MTFS Savings Requirements

Description	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Total Net Expenditure	398.393	402.648	409.508	414.415
Total Assumed Funding	(398.185)	(401.323)	(404.389)	(407.079)
Net Budget Deficit/ (Surplus)	0.208	1.325	5.119	7.336
Contribution to / (from) Reserves	(0.208)	(1.325)	(5.119)	0.000
Savings Requirement	0.000	0.000	0.000	7.336
Cumulative Savings Requirement	0.000	0.000	0.000	7.336

4.1.5 As demonstrated by **Table 1**, there still remains a very significant financial and policing challenge for the PCC and the Force in the years ahead, despite Operation Uplift. The main reasons for this being that it is assumed Government Core funding, excluding uplift, remains static, and the impact of pay and price inflation, as well as increasing capital financing costs.

4.1.6 The Community First Change Programme and Force’s Savings Board will continue to review the more strategic change processes in order to make efficiencies in all areas of business and improve the service that the Force provide to the public. The PCC and Force will continue to work with local forces, other emergency services and national work streams to consider options where collaboration can support how the Force can deliver local services in a better, more efficient way.

4.1.7 In addition, the PCC, in consultation with the Chief Constable, will look to utilise reserves and in year underspends to address any underlying budget deficits to support the Force delivering ‘Operation Uplift’, as well enable the immediate release of savings from the revenue account, and provide more time to deliver efficiency savings required.

Sensitivity Analysis

4.1.8 **Table 2** below shows how sensitive the underlying assumptions within the MTFS are to small percentage changes and demonstrates the potential financial impact on the annual budget if the assumptions are changed.

Table 2: Estimated Impact on MTFS if Underlying Assumptions Change

	Additional Cost / (Income) £m
1% increase in pay inflation (full year effect)	3.190
1% increase in price inflation	0.559
1% increase in Core Grant (excluding Uplift)	(2.763)
1% increase in the Precept	(0.799)

4.1.9 Using these guides to assess the impact of change, it can be seen that the overall budget is sensitive, particularly to changes in pay inflation and core grant funding. It is of course possible for a combination of all of these factors to work either for or against the PCC, resulting in either additional savings requirement or an additional resources.

4.1.10 To provide an indicative analysis of the considerable impact that the pay assumptions has on the overall financial position, further sensitivity analysis has been undertaken to assess the potential impact of the Government unpausing the pay award further than that assumed within the MTFS above. The base assumption within the MTFS is that the annual pay award will be 1.5% pa. The sensitivity scenarios modelled in **Table 3** below reflect the following two scenarios:-

- (i) A pay award of 2.5% in 2022/23 followed by 1.5% pa over the remaining MTFS period; and
- (ii) A pay award of 2.5% pa over the MTFS period.

Table 3: Budget Deficit/Surplus under Different Pay Award Scenarios

Budget Deficit/ (Surplus)	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	Cumulative £m
MTFS (see Table 1)	(0.789)	0.328	5.119	2.217	7.336
Scenario (i)	2.156	2.514	3.773	2.137	10.580
Scenario (ii)	2.156	4.473	7.189	5.561	19.379

4.1.11 **Table 3** above shows that deviating from the base assumption of a 1.5% pay award pa has a significant impact on the overall financial position.

4.2 Updating the Medium Term Financial Strategy

4.2.1 The PCC and the Force are currently in the process of updating the MTFS as part of the 2022/23 budget process. The budget process is set out below:-

- October 2021 to January 2022 estimate preparation with the Chief Constable;
- 21.10.21 PCP Meeting – MTFS Update Report;
- 27.10.21 Comprehensive Spending Review Announcement;
- December (date tbc) Provisional Police General Grant Settlement;
- January 2022 Public consultation on proposed precept increase;
- 03.02.22 PCP Precept Meeting - Precept Notification Report;
- 22.02.22 PCC Meeting – PCC approves the final Budget and precept for 2022/23.

4.2.2 During the budget process, the impacts of the following issues will be assessed and will be reflected within the updated strategy:-

(i) Comprehensive Spending Review:-

- The Comprehensive Spending Review (CSR) announcement is to be made on 27th October 2021 and it is expected to be a three-year settlement. The CSR will highlight the direction of travel of Government Departmental spending, potential pay and inflation estimates and the potential financial impact of Covid-19. It will not give individual PCC/Force allocations. Alongside the CSR, the OBR publish its Economic and Fiscal Outlook which provides further information, in particular on council tax growth;
- The Association of Police & Crime Commissioners (APCC) and the National Police Chiefs' Council (NPCC) have been working together to develop a joint submission to the Home Office for the CSR. The aim of the submission is to inform and help shape the Home Office's final submission to HM Treasury. The joint submission was submitted in September to the Home Office and requests additional funding to fund pay awards, general inflation, rising pension costs, the sustainment of the 20,000 police officer uplift, employer national insurance increases and national projects, but also fund ongoing investment to tackle violence against women and girls, drugs and serious and organised crime.

- The PCC and Chief Constable have both contributed to the submission to ensure the issues affecting Merseyside are reflected in the submission.

(ii) Cost Pressures:-

- The addition of another financial year;
- Pay and Price inflation assumptions, including increases in annual insurance premiums;
- Continued implementation and funding of Operation Uplift;
- Planned 1.25% increases in employer national insurance contributions;
- PCC key decisions, e.g. the approval of Community First projects relating to People Services and Wellbeing;
- The ongoing financial impact of Covid-19, e.g. potential continued loss of income and the new business as usual;
- Pensions, particularly the financial impact of the 'McCloud' remedy and the triannual reviews of the Police Staff and Police Officers pension schemes which are expected to impact budgets from 2023/24 and 2024/25 respectively;
- The continuation of the Estate Strategy and the impact of Operation Uplift on the planned capital programme, especially IT and Vehicles; and
- the implementation of the National Emergency Services Mobile Communications Programme (ESMCP).

(iii) Provisional Police General Grant Settlement:-

- In December, the Home Office will publish the provisional police grant settlement and this will determine the level of funding for each PCC/Force for 2022/23.
- The level of any top slicing/reallocations of Police General Grant by Home Office;
- Continuation and phasing of Operation Uplift funding;
- Continuation, withdrawal or reduction of Specific Grants, e.g. pensions grant, Legacy Council Tax Grants, Surge and Violence Reduction Funding; and
- Financial support to finance potential Council Tax Collection Fund Deficits and Council Tax Base reductions.

(iv) Council Tax Precept Requirement

- The Department for Levelling Up, Housing and Communities (formerly known as the Ministry of Housing, Communities and Local Government) have yet to consult on 2022/23 Referendum Threshold principles. This is likely to be published alongside the Provisional Grant Settlement;
- Consultation on the precept and budget with the Chief Constable, the local communities and the PCP; and
- Potential changes to Council Tax Base and declared Council Tax Collection Fund deficits/surpluses, which are provided by the Local Authorities by the end of January 2022;

(v) Potential Savings Opportunities:-

- The Force 'Savings Board' oversees and supports the implementation of the Force Savings programme required to achieve the savings, as well as reports to the PCC and Chief Constable on a regular basis on progress;
- Continuation of the Community First Change Programme;
- Invest to Save Projects;
- Review and implementation of the Estate Strategy;
- Opportunities for collaboration, e.g. West Coast Collaboration;
- National Initiatives, e.g. Police ICT Company and Bluelight Commercial.

(vi) Outturn Position 2021/22:-

- The implications of the budget being under or overspent;
- The achievement or non-achievement of annual savings target; and
- Progress in recruiting additional police officers in 2021/22.

(vii) General Balances and Reserves:-

- Review the level and use of General Balances, Reserves and Provisions held. **Appendix 3** provides the latest analyses the level of General Balances and Earmarked Reserves held on 31st March 2021, i.e. £45.163m, over the headings.
- In particular, the utilisation of the Budget Support and the Restructure Reserves are crucial to help balancing the budget in the short term and address the financial implications of implementing potential organisational changes respectively.

5. Conclusions

- 5.1 The report updates the Panel on the PCC's existing MTFS and it can be seen that based on the current assumptions detailed within the report the PCC and Force are forecasting that they will be able to balance the budget in 2022/23, but will be required to identify an overall savings requirement of £7.336m over the MTFS period.
- 5.2 However, the assumptions contained within the MTFS are likely to change following the publication of the next CSR, the Provisional Grant Settlement and the confirmation of the continuation of funding for 'Operation Uplift'. In addition, the assumptions on variables such as pay and price inflation, future precept level and council tax bases will become more certain. Cost pressures and savings opportunities will also be firmed up during the budget process. All these factors will be taken into account when refreshing the MTFS, and the PCC finalises the 2022/23 budget and precept proposal.

Emily Spurrell
Police & Crime Commissioner for Merseyside

Appendix 1 - Medium Term Financial Strategy 2022/23 to 2025/26

	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
	£m	£m	£m	£m	£m	£m	£m	£m
Base Budget BFwd		378.514		397.396		401.651		409.508
Under achievement of 2020/21 savings target		0.000		0.000		0.000		0.000
Revised Base Budget		378.514		397.396		401.651		409.508
Committed Growth/(Savings)								
200 Officers & associated on costs (recruited 2019/20)	2.854		0.000		0.000		0.000	
300 Officers & associated on costs (recruited 2020/21)	4.984		0.000		0.000		0.000	
160 Officers & associated on costs (recruited 2021/22)	5.790		0.000		0.000		0.000	
Uplift Enabling Costs	-0.286		-0.126		-0.144		0.000	
Capital Financing	3.290		0.089		1.911		-0.473	
National Enabling Programme/PaaS costs	0.000		0.000		0.000		0.000	
Home Office National IT Increase in Recharges	0.000		0.000		0.000		0.000	
Corporate Assets Project	0.000		0.000		0.000		0.000	
ACC People Service	0.000		0.000		0.000		0.000	
IT Desktop Replacement Savings	0.000		0.000		0.000		0.000	
ESN Costs	0.200		0.390		-0.010		-0.795	
HQ Security Double Running	0.100		-0.300		0.000		0.000	
Increase Resources in Recruitment	-0.300		0.000		0.000		0.000	
Increased cost of Firearms Training & forensic investigators	-0.060		0.000		0.000		0.000	
Firearms income generation	-0.080		0.000		0.000		0.000	
Community First Programme	0.000		0.000		0.000		0.000	
Regional Forensics	-0.600		-0.400		0.000		0.000	
Increased Contributions (LGPS)	0.290		0.000		0.000		0.000	
Cost recovery on apprentice training	-0.150		0.000		0.000		0.000	
		16.032		-0.347		1.757		-1.268
Total		394.546		397.049		403.408		408.240

Appendix 1 - Medium Term Financial Strategy 2022/23 to 2025/26 (Cont.)

	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
	£m	£m	£m	£m	£m	£m	£m	£m
Total		394.546		397.049		403.408		408.240
Pay Inflation		3.068		5.042		5.140		5.202
Price Inflation		1.179		1.186		1.209		1.224
Gross Base Budget Requirement		398.794		403.277		409.758		414.665
One-off Commitment/(Savings)								
Dedicated Security Posts	2.894		2.894		2.894		2.894	
Victim Support Services	1.663		1.663		1.663		1.663	
VRU Partnership	0.000		0.000		0.000		0.000	
One-off Commitment/(Savings)		4.557		4.557		4.557		4.557
Specific Grant Funding								
Dedicated Security Posts Specific Grant	-2.894		-2.894		-2.894		-2.894	
Victim Support Services Specific Grant	-1.663		-1.663		-1.663		-1.663	
VRU Funding Specific Grant	0.000		0.000		0.000		0.000	
Specific Grant Funding		-4.557		-4.557		-4.557		-4.557
Net Base Budget Requirement		398.794		403.277		409.758		414.665

Appendix 1 - Medium Term Financial Strategy 2022/23 to 2025/26 (Cont.)

	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
	£m	£m	£m	£m	£m	£m	£m	£m
Net Base Budget Requirement		398.794		403.277		409.758		414.665
General Police Grant	-270.671		-270.671		-270.671		-270.671	
PUP Ring-fenced Specific Grant	-3.333		-3.333		-3.333		-3.333	
Assumed Uplift Funding (share of 8,000 (yr3) 260fte*£67k)	-17.342		-17.342		-17.342		-17.342	
Pensions Grant	-3.570		-3.570		-3.570		-3.570	
Legacy Council Tax Grants	-15.641		-15.641		-15.641		-15.641	
Total Assumed Grant Funding		-310.557		-310.557		-310.557		-310.557
B Fwd Precept Level	-84.682		-87.628		-90.766		-93.832	
Decrease /(Increase) in tax base	-1.270		-1.402		-1.271		-0.844	
Assumed precept Increase	-1.676		-1.736		-1.795		-1.846	
Total Assumed Precept		-87.628		-90.766		-93.832		-96.522
Total Assumed Funding		-398.185		-401.323		-404.389		-407.079
Gross Deficit/(Surplus)		0.609		1.954		5.369		7.586

Appendix 1 - Medium Term Financial Strategy 2022/23 to 2025/26 (Cont.)

	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
	£m	£m	£m	£m	£m	£m	£m	£m
Gross Deficit/(Surplus)		0.609		1.954		5.369		7.586
Less Savings identified to date								
Budget Reduction Exercise - staff savings reinvested	0.000		0.000		0.000		0.000	
GEOs Budget Reduction Exercise	0.000		0.000		0.000		0.000	
Reduction in Insurance Fund Contributions	-0.250		0.000		0.000		0.000	
Estate Strategy Savings	-0.698		-1.376		0.000		0.000	
Savings from Collaborative working	-0.250		-0.250		-0.250		-0.250	
Savings from ERP	-0.200		0.000		0.000		0.000	
Total Savings Identified		-1.398		-1.626		-0.250		-0.250
Collection Fund Deficit/(Surplus)	0.997		0.997		0.000		0.000	
Contribution to/(from) Budget Support Reserve	-0.208		-1.325		-5.119		0.000	
Local Council Tax Support Scheme Specific Grant	0.000		0.000		0.000		0.000	
Total use of one-off funding		0.789		-0.328		-5.119		0.000
Further Savings Required		0.000		0.000		0.000		7.336
Cumulative Savings required		0.000		0.000		0.000		7.336

Assumptions				
Pay inflation	1.50%		1.50%	1.50%
Non-pay inflation	2.00%		2.00%	2.00%
Precept	1.95%		1.95%	1.95%
Core Grant Funding (excluding Police Uplift Programme)	0.00%		0.00%	0.00%
Change in tax base	1.50%		1.60%	1.40%

Appendix 2 – Capital Programme 2022/23 to 2025/26

	2022/23	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Total IT Strategy	2.570	2.570	2.570	2.570
Technical				
Technical Equipment (TSU)	0.095	0.095	0.095	0.095
Emergency Services Network (ESN) costs	3.334	4.849	4.849	0.000
Operational Equipment	0.250	0.250	0.250	0.250
Total Technical	3.679	5.194	5.194	0.345
Estate Management	0.400	0.400	0.400	0.400
Estate Strategy				
Force Headquarters	0.000	0.000	0.000	0.000
St Anne Street	0.000	0.000	0.000	0.000
Marsh Lane/Copy Lane	0.000	0.000	0.000	4.000
Local Hubs	13.402	0.000	10.000	9.000
Community Police Stations	0.000	0.000	0.000	0.000
Other Estate Strategy	3.800	5.800	0.000	9.000
Total Estate Strategy	17.202	5.800	10.000	22.000
Total Vehicle Replacement Programme	3.054	2.454	2.454	2.154
TOTAL CAPITAL EXPENDITURE	26.905	16.418	20.618	27.469

Appendix 2 – Capital Programme 2022/23 to 2025/26 (cont.)

	2022/23	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Home Office Capital Grants	0.364	0.364	0.364	0.364
External borrowing	9.029	5.800	10.000	22.000
Self-financed borrowing for short life assets	0.650	9.704	5.804	4.855
Capital Receipts	16.750	0.550	4.450	0.250
Funding from Reserves				
ESN Reserve	0.112	0.000	0.000	0.000
Total Funding from Reserves	0.112	0.000	0.000	0.000
TOTAL FUNDING	26.905	16.418	20.618	27.469

Appendix 3 - An Analysis of the level of General Balances and Earmarked Reserves held on 31st March 2021 over Home Office Categories

Compliance with Home Office guidance on police reserves.

On 31st March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each PCC must publish in terms of police reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:-

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan;
- Funding for specific projects and programmes beyond the current planning period; and
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

This information is provided in the below which analyses the level of General Balances and Earmarked Reserves estimated to be held on 31st March 2021, i.e. £45.163m, over the headings.

Appendix 3 - An Analysis of the level of General Balances and Earmarked Reserves held on 31st March 2021 over Home Office Categories

	Planned expenditure on projects & programmes over next 5 years	Funding for specific projects & programmes beyond 2026/27	As a general contingency or resource to meet other expenditure needs	Balance as at 31st March 2021
	£m	£m	£m	£m
GENERAL BALANCES	0.000	0.000	12.990	12.990
EARMARKED RESERVES:-				
Restructure	0.000	8.376	0.000	8.376
Invest to Save	0.680	0.000	0.000	0.680
Budget Support	5.817	0.000	0.000	5.817
Budget Support (Covid-19)	1.930	0.000	0.000	1.930
Emergency Services Network	1.647	0.000	0.000	1.647
PCC Crime Prevention	0.345	0.000	0.000	0.345
Section 152	1.051	0.117	0.000	1.168
North West ROCU Asset	1.242	0.000	0.000	1.242
POCA	0.586	0.000	0.000	0.586
Chief Constables Priority Fund	0.553	0.000	0.000	0.553
Victim Support	0.111	0.000	0.000	0.111
Civil Litigation	0.381	0.000	0.000	0.381
Police Property Act Fund	0.662	0.000	0.000	0.662
Insurance	0.000	0.000	3.975	3.975
Drugs & Serious Violence	4.700	0.000	0.000	4.700
TOTAL EARMARKED RESERVES	19.705	8.493	3.975	32.173
TOTAL GENERAL BALANCES AND EARMARKED RESERVES	19.705	8.493	16.965	45.163

Description of the Earmarked Reserve Held

Useable Earmarked Reserves

- **Restructure Reserve** is to be utilised to fund the potential redundancy or redeployment protection costs associated with the work of the Community First Programme. The utilisation of this reserve allows for the immediate release of savings from the revenue account, thus ensuring continued financial resilience. In addition, some of the reserve is to be released to support the budget over the medium term.
- **Budget Support Reserve** was established to carry over the planned budget surplus in 2019/20 to be released to support the revenue budget.
- **Invest to Save Reserve** has been established to reinvest underspends in support of initiatives that will generate future savings. All bids from the reserve are authorised by the PCC, and are overseen operationally by the Community First Programme Board.
- **Emergency Services Network Reserve** has been created to help fund the costs of purchasing new handsets for the whole Force as part of the National upgrade of the Police Emergency Services Network.
- **The Estate Strategy Reserve** was created to assist towards the capital financing of implementing the Estate Strategy, and so help cushion the impact on the Revenue Account.
- **The Section 152 Reserve** is used to hold proceeds of vehicle auction sales where the vehicle has been seized under Section 152 legislation, and the funds may be repayable to the vehicle's owner.
- **The Insurance Reserve** is a contingency which is an estimate of claim events which have occurred but have not yet come to the attention of the Force or the PCC, inclusive of the win/loss ratio.
- **Victim Support Reserve** has been established to support victims of crime.
- **POCA Reserve** contains any additional POCA receipts above budgeted levels. The reserve is to be used to smooth out any budget shortfalls in the POCA budget, as well as fund specific projects and operations. But also can be used to fund local crime fighting priorities for the benefit of the community.
- **Crime Prevention Strategy Reserve** is used to make a crime and disorder reduction grant to any organisation or person. A crime and disorder reduction grant is a grant which, in the opinion of the PCC, will secure, or contribute to securing, crime and disorder reduction in the body's area.

Description of the Earmarked Reserve Held (cont.)

Useable Earmarked Reserves (cont.)

- **Civil Litigation Fund** has been established from an internal recharges on Departments and is to be used to reduce civil ligations.
- **TITAN Asset Reserve** contains the receipts generated from the sale of property.
- **Carry-over Reserve** is the accounting arrangement to enable the PCC and Force to carry over approved under and overspends.
- **Constables Priority Fund** enables the Chief Constable to carry over underspends on the Fund to enable the monies to be available to fund larger strategic projects which span financial years.
- **Police Property Act Fund** is generated by the disposal of property, which remains in police possession, in connection with their investigations into a suspected offence, and the owner cannot be ascertained or the disposal of property of offenders in certain cases, which have been confiscated. Under the terms of the Police (Disposal of Property) Regulations 1975, the PCC is able to dispose of funds, to make payments of such amounts as the PCC may determine for such charitable purposes as she may select, and also to meet the expenses incurred in the conveyance, storage, safe custody and sale of the property.
- **Capital Receipts Reserve** holds income from the sale of assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets, financed from loans.