

Derbyshire holds a number of reserves, some useable and therefore truly 'discretionary' and some that must be held according to sound financial management principles. Each Reserve is described within both our Statement of Accounts each year but also referred to within Budget documents and our Reserves Strategy. However, for convenience, a description of each is provided below:

GENERAL RESERVE – This reserve is effectively the fund of last-resort for a public-sector organisation. It is set aside according to sound financial management principles of prudence. The 'earmarked' reserves should under normal circumstances be called upon before falling back on the General Reserve.

EARMARKED 'USEABLE' RESERVES

Operational Priorities - This reserve has been set aside to assist with urgent operational needs, for example significant policing activity that can't be contained within existing budgets.

Operational Funding and Investment Reserve - This reserve is to assist with any 'funding gap' in the revenue budget over the medium-term and for investment in new/emerging/growing risk and threats. As such it provides a buffer so that any unexpected changes to the force's underlying cost base or revenue streams can be responded to in a measured manner.

Contribution to Capital – This reserve is temporary in nature as it is used to hold revenue contributions to our capital programme until such a time as they are used to 'finance' capital expenditure. In reality, this reserve tends to remain at zero as transactions occur simultaneously within our financial accounts.

Devolved Budget Commitments (Carry-forwards) - This reserve represents the underspending on devolved budgets which are carried forward to meet commitments that have yet to be incurred. The most common example would be where an order for goods/services has been raised but delivery takes place after 31st March.

PCC Grants and Commissioning Reserve - This reserve has been set aside for crime prevention measures and other emerging priorities over the term of the Commissioners' office. It is currently used to fund the Commissioner's annual grants scheme.

Pensions Reserve - This reserve is to meet future pension liabilities accruing to the force from ill-health or injury-related retirements. The Force already budgets for a number of anticipated retirements during a given financial year (based on historical trends), this reserve protects the mainstream policing budget from the impact of a higher-than-expected number of retirements in the year.

EARMARKED 'NON-USEABLE' RESERVES

PFI Reserve – Ilkeston - This reserve is required to help the Force finance its commitments under a long-term PFI arrangement in Ilkeston. The Force receives grant related to this PFI arrangement but it does not cover all outgoings. The reserve allows the costs related to the PFI arrangement to be spread across the contract term rather than having a serious impact on the available budget for policing Derbyshire.

PFI Reserve – Derby – As above but in respect of the PFI arrangement for a major police station in Derby city centre.

Insurance - This reserve is for future insurance liabilities that are not covered by the insurance provision. The insurance excess (or 'self-insured' element) on liability claims is set at £0.100m so the reserve is used for any large claims up to the amount covered by insurers.