

**Metropolitan Police Authority
Earmarked Reserves**

APPENDIX 1

EARMARKED RESERVE	REASON/PURPOSE	BASIS OF CALCULATION / ADEQUACY	1 APRIL 2007 £'000	31 MARCH 2008 £'000
Airwave	This reserve was created to fund the connection fee for the provision of Airwave at Heathrow Terminal 5	A contribution was made in 2006/07 to fund 2007/08 capital/revenue expenditure. It is anticipated that the costs will be recoverable from BAA	1,100	-1,100 0
Budget Pressures	This reserve was set up to meet specific unbudgeted pressures in future years	The reserve had been built up over a number of years, and is anticipated to be partly utilised in 2007/08. The remaining sum will mainly be available for costs associated with the telephone investigation bureau in 2008/09	2,233	-503 1,730
Communications Project	Monies set aside to provide for the development of an integrated communications system for the MPS, expected to be completed in 2007-08	It is anticipated this reserve will be mainly utilised in 2007/08, with the remaining reserve utilised in 2008/09	20,027	-14,200 5,827
Cost Recovery Reserve	This is a reserve to provide for external assistance to support cost recovery	It is anticipated this reserve will be fully utilised in 2007/08	10	-10 0

EARMARKED RESERVE	REASON/PURPOSE	BASIS OF CIRCULATION / ADEQUACY	1 APRIL 2007 £'000	31 MARCH 2008 £'000
Dilapidations	The reserve will be used to fund future expenditure on properties the leases for which have been terminated and result in additional costs	The reserve will be utilised as and when lease termination requires dilapidation costs	6,000	0 6,000
Emergencies Contingency Fund	A general reserve available to assist in exceptional circumstances	This reserve is considered to be part of the General Reserve	20,134	+2,959 23,093
Insurance Indemnity Fund	To provide for the cost of a Personal Insurance Indemnity Reserve for police officers and staff	Previous insurance budget provision is now used to build up this reserve over a number of years	340	+170 510
Kickz	A reserve to provide for crime reduction projects, jointly funded with the Football Association, to be rolled out over all London Boroughs	The income required to cover the costs of the project, over a two-year period, will be through matched funding between the MPS and the football foundation. It is proposed that the MPS element will be from underspendings carried forward in respect of the Neighbourhood Policing Fund - £3m to cover the costs over a two-year period. In 2007/08 the funds to cover the costs in this year would be transferred to the football foundation, who will be managing the project on behalf of the MPS. £1.5m will need to be carried forward to 2008/09 to cover the costs in that financial year.	1,500	+1,500 -1,500 1,500

EARMARKED RESERVE	REASON/PURPOSE	BASIS OF CIRCULATION / ADEQUACY	1 APRIL 2007 £'000	31 MARCH 2008 £'000
Laming Enquiry	To cover the likely cost of the impact of the Laming report into the murder of Victoria Climbié and its recommendations	It is anticipated this reserve will be fully utilised in 07/08	49	-49 0
Legal Costs	To provide for the cost of potential law suits	It is anticipated this reserve will be partially utilised in 07/08, with the balance required in 08/09	1,491	-537 954
Motor and Liability Insurance	To provide for MPA approved insurance strategy, which allows for savings on motor insurance premiums	The Authority must have sufficient sums available to meet existing and predicted claims as at March 2008	365	+730 +207 1,302
MPA	The reserve will be used to support projects that the Metropolitan Police Authority expects to undertake in 2007-08	It is intended to fully utilise the reserve in 08/09	386	-50 336
Operational Costs	The reserve provides for a number of operational activities that have been planned in 2006-07. The expectation is that the majority of the reserve will be used in 2007-08	The reserve will be predominately used in 08/09, on NSPIS case and Custody Project, Met Forensics and the MetTime Project.	10,925	-3,044 7,881

EARMARKED RESERVE	REASON/PURPOSE	BASIS OF CIRCULATION / ADEQUACY	1 APRIL 2007 £'000	31 MARCH 2008 £'000
PFI Contract	To reserve part of the costs of a PFI property development at Hayes Repository	The reserve will be fully utilised in 08/09	486	-240 246
POCA	Proceeds Of Crime Act - A reserve funded from proceeds of crime to provide for certain categories of operational activities	It is anticipated the balance of unspent POCA monies to be carried forward will be £5.4M (Finance Committee 20 September 2007)	8,877	-3499 5,378
Property Related Costs	This account reflects the requirement to provide for the cost of various building related projects	It is anticipated that there will be a requirement to carry forward £6.9M for IT and property related costs for safer neighbourhood properties and for general estates accommodation costs	9,728	-2,799 6,929
Protective Clothing	To provide for the cost of protective clothing for officers including research and development costs	It is anticipated the reserve will be fully utilised in 07/08	354	-354 0

EARMARKED RESERVE	REASON/PURPOSE	BASIS OF CIRCULATION / ADEQUACY	1 APRIL 2007 £'000	31 MARCH 2008 £'000
Publicity	Reserve to cover the implementation of the MPA Scrutiny report regarding media handling	It is anticipated the reserve will be fully utilised in 08/09	200	-115 85
Pump Priming Fund	This reserve has been set up to encouraging new, more efficient and/or effective ways of doing business where there is a need for 'priming' monies. Any proposals would need a clear business case and member approval for any allocations from the reserve	It is anticipated that this reserve will start to be used in 08/09 and future years, with any pump priming monies which are spent being reimbursed from savings which flow from projects when they are implemented	2,000	0 2,000
Rent Smoothing	A reserve set up to fund future years' increase in rent payable on a newly occupied building	The rent free period expires in 2007/08 and the reserve will be released over the remaining life of the lease	5,500	-2,700 2,800
Systems	The reserve contributes to the cost of developing financial systems	The reserve will be fully utilised	392	-392 0
Vehicle Recovery Services	To fund the fitting out costs of an additional car pound	The reserve will be rolled over into 08/09 for final spend.	3,200	-1,000 2,200

<i>Earmarked Reserves</i>	75,163	45,678
<i>Emergencies/Contingency Reserve</i>	20,134	23,093
<i>General Reserve</i>	38,901	38,901
	<u>134,198</u>	<u>107,672</u>

