

## THE POLICE CRIME & VICTIMS' COMMISSIONER FOR DURHAM

### DECISION RECORD FORM

#### REQUEST:

**Title:** Confirmation of the decision (June 2015) to use £7m of Durham PCC reserves to repay part of the deficit within the police staff pension fund.

#### Summary

When the 2015/16 budget was set, the budget report included a reference to the potential use of reserves to repay a significant part of the police staff pension fund deficit, in order to generate future annual revenue savings.

The police staff pension scheme is governed by the Local Government Pension Regulations 2013, which requires the Constabulary to pay an annual sum, prescribed by the pension fund administrator (following advice from the pension fund actuary) into the pension fund in respect of past service deficits and was costing (the Force) £750,000 per annum. The Constabulary examined the possibility of repaying the deficit amount in order to save the annual revenue payments, in light of ongoing austerity and precedent set by several Local Authorities (subject to the same pension regulations) who had repaid their pension scheme deficits.

External legal advice was received which indicated that the PCC and Constabulary could proceed with the proposal to use £7m of Durham OPCC reserves to repay part of the deficit within the police staff pension fund and save £750,000 annual ongoing costs. The pension fund administrators (Durham County Council) indicated that they supported the proposed payment. The pension fund actuary was of the view that the proposed payment can be made.

The payment of £7m was facilitated by use of the following reserves: Staff Pension Reserve (£2,676,000); and the Capital Modernisation Reserve (£4,324,000). These reserves were originally created by the former Police Authority and passed to the Police & Crime Commissioner upon his election. The use of the pension reserve is self-explanatory. The capital modernisation reserve was to fund capital schemes paid for from revenue contributions which had accrued over a number of years. In relation to the capital modernisation reserve, the force has invested heavily in recent years in modernising its estate (new Headquarters, new Warehouse, police station refurbishments and custody improvements). In light of this significant investment, this reserve is no longer considered necessary.

#### Conclusion

The proposal committed a significant amount of reserves and generated a significant ongoing revenue saving. It was considered in terms of legal and financial implications and represented sound financial management.

**Decision:** To (retrospectively) confirm agreement with the use of reserves taken in the financial year 2015/16.

**OPCC Lead Officer:** Alan Reiss

**Contractor Details (if applicable):**

**Implications:**

Has consideration been taken of the following:	Yes	No	
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Equality & Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Human Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Consultation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**(If yes please provide further details below)**

## Decision Required – Supporting Information

Financial Implications: (Must include comments of the PCC's CFO where the decision has financial implications)

The use of reserves of £7m to repay part of the deficit within the police staff pension fund is going to achieve an annual revenue saving of £750,000.

Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)

Appropriate legal advice was sought during the decision making process and, as set out above, statutory officers were satisfied that the proposal was legitimate.

Equality and Diversity Implications

No specific equality and diversity implications

Human Rights Implications

No specific human rights implications

Sustainability Implications

No specific sustainability implications

Risk Management Implications

No specific risk management implications

Consultations

No specific consultation took place

### OFFICER APPROVAL

#### Chief Executive

I have been consulted about the decision and confirm that financial, legal, and equalities advice has been taken into account. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signed:



Date: 10/08/2017

### Police and Crime Commissioner:

Signed:



Date: 10/08/2017