

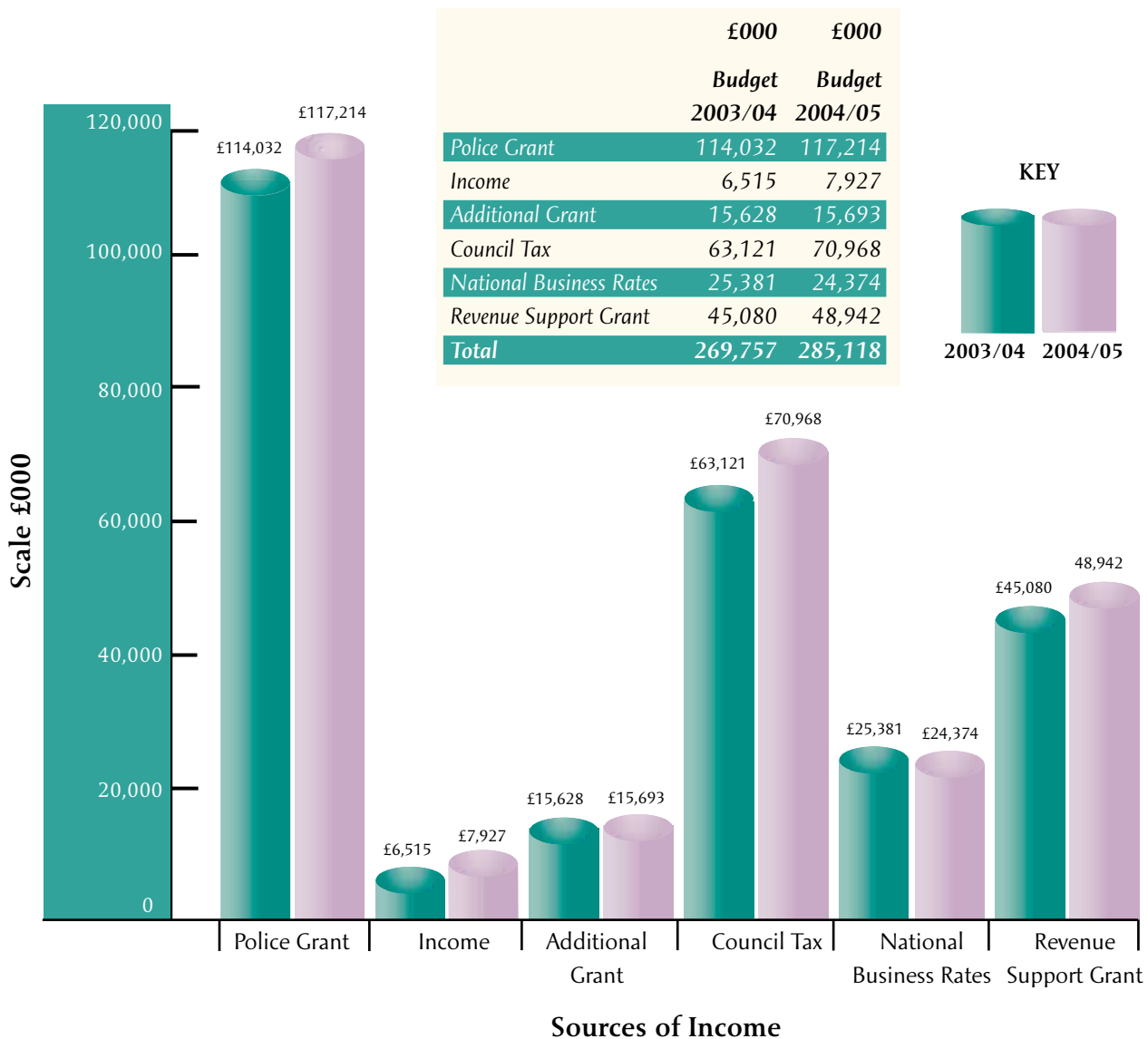
# Finance

## Allocation of resources available

The Police Authority has set a budget to be met from grants, local taxes and other income for 2004/05 which will allow it to incur gross expenditure of £285.1m (2003/04 £269.8m). £7.9m (2003/04 £6.5m) will come from service income and interest earned on surplus cash. £15.7m (2003/04 £15.6m) will come from additional government grants, mainly to fund additional police officers and the Airwave radio system.

£190.5m will come from other central government grants (including the Police Authority's share of the national business rate). The balance of £71m will be met from the precept of the billing authorities or from balances on the billing authorities' collection funds.

The chart compares the relative sources of income for the Police Authority for the financial years 2003/04 and 2004/05.

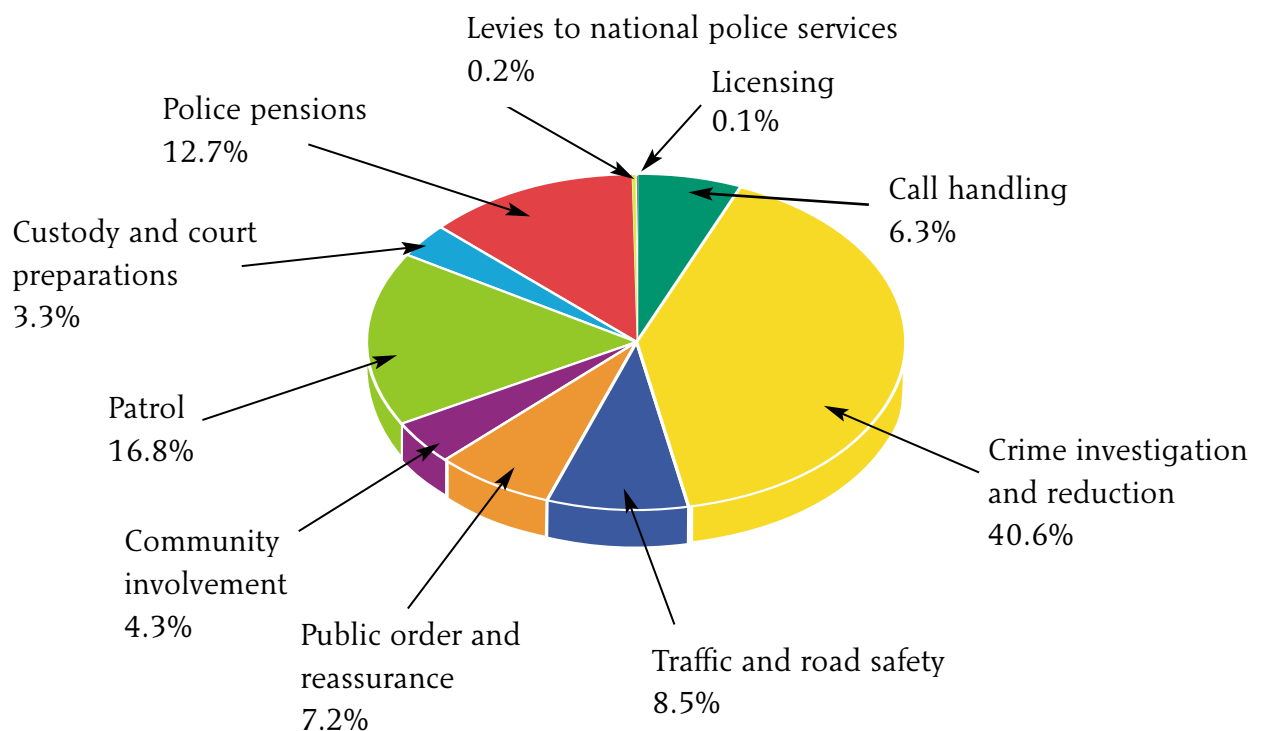


## How the money will be spent

In 2004/05 the Police Authority's revenue requirement will increase by £ 13.9m to £261.5m, with planned expenditure in the following areas:

	Budget 03/04 £000	Budget 04/05 £000	Change £000	Change %	Notes
Employees and training	186,961	195,994	9,033	4.8%	1
Police pensions	29,944	32,593	2,649	8.9%	2
Running costs	45,104	51,264	6,160	13.7%	3
Levies to national police bodies	551	560	9	1.6%	
Capital financing	750	750	0	0%	
Provision for future inflation	4,077	3,957	-120	-2.9%	4
<b>Gross Revenue Expenditure</b>	<b>267,387</b>	<b>285,118</b>	<b>17,731</b>	<b>6.6%</b>	
Income	-6,515	-7,927	-1,412	21.7%	5
Additional grants	-15,628	-15,693	-65	0.4%	
Use of/contribution to reserves	2,370	0	-2,370	-100%	6
<b>Budget Requirement</b>	<b>247,614</b>	<b>261,498</b>	<b>13,884</b>	<b>5.6%</b>	

## Budget split by policing activities



## How resources will be spent on police activities in 2004/05

(Gross cost net of service income and additional grants).

### Notes:

The segments indicated on page 64, include the cost of support services such as IT, Personnel, Finance etc. which have been apportioned to the relevant operational service classifications on appropriate apportionment bases.

The figures which are based on 2002/03 Activity Based Costing data, include notional capital charges that reflect the opportunity cost of tying capital resources up in assets and the cost of depreciation (wearing out of assets through time or obsolescence). Capital charges have no impact on the amount to be raised from the council tax as they are reversed out in the summary revenue account.

### Note 1

Includes impact of Police Reform Act 2002, new pay scales, competency payments and special priority payments (which are funded by grant) partly offset by a reduction in allowances; increase in employer's pension contributions; additional police officers funded by grant; pay awards; and further payments in respect of overtime, some of which are recoverable.

### Note 2

More pensioners and an increase in the average pension.

### Note 3

Includes provision for personal protective vests; increased forensic-activity; installing new digital communication equipment (offset by specific grant); and high transport costs.

### Note 4

Provision for future pay awards; and police pension increases.

### Note 5

Reflects the increasing trend to fully recharge for services where it is appropriate to do so.

### Note 6

The Authority now considers its reserves to be at an appropriate level and therefore no new contributions are required in 2004/05.

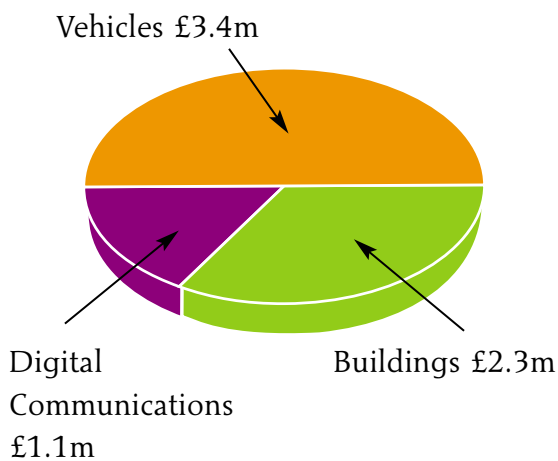
## Capital

Capital expenditure relates to the acquisition and enhancement of assets, which provide benefits to policing over a number of years. This includes expenditure on maintaining a modern vehicle fleet and improving existing vehicles.

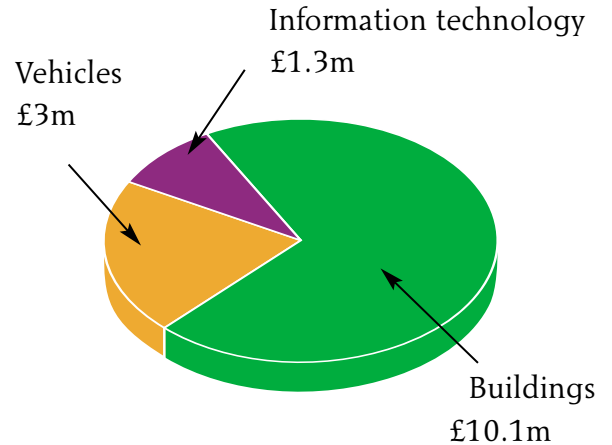
For 2003/04 the amount spent on capital schemes was £6.75m.

In 2004/05 the Authority plans to spend £14.4m on capital. In addition to expenditure on buildings and vehicles, a new fully integrated operational information system will be delivered.

2003/04 Actual Capital Expenditure



2004/05 Estimated Capital Expenditure



## Medium-term Financial Strategy

The Authority considered its medium-term strategy for both revenue and capital in September 2003. This provides a link between the budget process and the ongoing work on the annual strategic planning process. It also underpins the work on the Best Value Plan and ensures that the Best Value process links in with spending plans and the strategic planning arrangements.

The Authority also ensures that its annual budget recognises the Best Value reviews that have taken place and that are due to take place in the year ahead, as well as providing links to the annual efficiency plan and the activity based costing calculations.

These arrangements comply with CIPFA's (Chartered Institute of Public Finance and Accounting) prudential guidelines on forward budgeting and provide a basis on which compliance with the Best Value Accounting Code of Practice can be achieved.

At its February 2004 meeting the Authority approved the budget and police precept in the Council Tax for 2004/05. Details are set out on the previous pages and in the precept notice, which was sent to all households with the council tax bill.

The budget for 2004/05 has increased by 5.6 per cent, which includes the impact of the police reform programme and provides for some increased investment in employees, operational equipment and information technology.

At £108.36, the council tax at Band D in Hampshire has increased by £11.07 per annum or 11.4 per cent.

The average Band D charge in England and Wales is £122.48 per annum, which equates to an average increase of 11.97 per cent.



