



REVENUE BUDGET 2007/08

and

CAPITAL PROGRAMME 2007/08 to 2010/11

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Other Relevant Documents

This document contains a summary of the Revenue Budget for 2007/08 and the Capital Programme for the period to 2010/11.

Further information is available in:

- * The Local Policing Plan - available from Corporate Services and at www.hampshire.police.uk
- * The Precept Booklet sent with Council Tax bills
- * The Force Efficiency Plan
- * Reports to the Police Authority's Finance Committee:
 - Medium Term Budget Projection 2006/07 to 2010/11 – 10 October 2006
 - Forward Budget 2007/08 – Current Policies Only – 12 December 2006
 - Forward Budget 2007/08 – Proposals for Changes to Current Policies Budget - 12 December 2006
 - Budget Review Group – 5 January 2007
 - Efficiency Plan 2007/08 – 6 February 2007
 - Prudential Indicators – 6 February 2007
 - Council Tax Precept 2007/08 - 6 February 2007
 - Capital Programme 2007/08 to 2010/11 - 6 February 2007

Revenue Budget Summary 2007/08 Current Policies

[1]		[2]	[3]	[4]	[5] (= [2]+[3]+[4])
Actual 2005/06		Forward Budget 2006/07	Pay Award / Price Changes	Other Changes	Forward Budget - 2007/08 - Current Policies
<u>£'000</u>		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
	Expenditure:				
250,765 *	Employees	250,724	7,058	8,024	265,806
8,162	Premises	8,301	573	517	9,391
4,324	Transport	4,649	108	15	4,772
4,423	Travel and Subsistence	4,106	115	0	4,221
13,428	IT and Communications	13,532	240	(279)	13,493
17,341	Supplies and Services	14,886	291	245	15,422
642	National Levies	655	19	25	699
1,797	Grants Paid	1,374	22	(317)	1,079
669	Capital Financing (net)	807	0	485	1,292
301,551	Total Expenditure:	299,034	8,426	8,715	316,175
	Income:				
(11,862)	Service Income	(12,751)	(219)	3,702	(9,268)
(14,530)	Additional Specific Grants	(20,473)	0	(3,449)	(23,922)
(26,392)	Total Income:	(33,224)	(219)	253	(33,190)
275,159	Net Expenditure on Police Services:	265,810	8,207	8,968	282,985
1,208	Police Authority Expenses and Grants	1,260	24	23	1,307
(1,419)	Interest on Balances	(960)	0	(106)	(1,066)
(1,999)	Contributions to / (from) Reserves	(318)	0	518	200
0	Inflation Provision	3,930	(538)		3,392
272,949	Total Overall Net Expenditure:	269,722	7,693	9,403	286,818

* Actual 2005/06 includes police pensions at £38.8m

2.85%

3.49%

6.34%

Revenue Budget Summary 2007/08 Changes to Current Policies and Approved Budget

	[5] (from page 3)	[6]	[7]	[8]	[9](=[5]+[6]+[7]+ [8])
	Forward Budget - 2007/08 - Current Policies	Revenue Impact of Capital Programme	Approved Growth	Agreed Reductions	Approved Forward Budget 2007/08
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Expenditure:					
Employees	265,806		3,316	(3,701)	265,421
Premises	9,391		26	(650)	8,767
Transport	4,772		49	(200)	4,621
Travel and Subsistence	4,221		96		4,317
IT and Communications	13,493		999	(1,379)	13,113
Supplies and Services	15,422		434	(1,134)	14,722
National Levies	699		0		699
Grants Paid	1,079		0	(95)	984
Capital Financing (net)	1,292	(650)	0		642
Total Expenditure:	316,175	(650)	4,920	(7,159)	313,286
Income:					
Service Income	(9,268)		0	(725)	(9,993)
Additional Specific Grants	(23,922)		(535)		(24,457)
Total Income:	(33,190)	0	(535)	(725)	(34,450)
Net Expenditure on Police Services:	282,985	(650)	4,385	(7,884)	278,836
Police Authority Expenses and Grants	1,307		48		1,355
Interest on Balances	(1,066)	152	0		(914)
Contributions to / (from) Reserves	200		(944)		(744)
Inflation Provision	3,392		0		3,392
Total Overall Net Expenditure:	286,818	(498)	3,489	(7,884)	281,925
	6.34%	-0.18%	1.28%	-2.92%	4.52%

Summary of Reasons for Changes in Revenue Net Expenditure 2006/07 to 2007/08

Assumptions used in calculating pay and price changes in Column [3] on page 3:

CPI at an average of	2.3%
Police Officer pay at CPI	2.3%
Police Staff pay at CPI	2.3%
Petrol, diesel etc at CPI + 2.7%	5.0%
Energy (electricity, gas etc) average of	16.0% (new contracts let in 2006/07)
Other items – average CPI	2.3%

The overall cost of pay and prices inflation is equivalent to 2.85% of net expenditure on services

Changes in Current Policies Budget as shown in Column [4] on page 3

	Variance	
	£'000	%
Employees:		
Full year effect of 2006/07 growth		
PCSOs	5,192	
Community Safety	2,100	
Protective Services	1,582	
IPLDP	171	
Impact of "top slice"	(2,193)	
Seconded officers and some partnerships not now included	(1,804)	
Increments	3,625	
Variable number of public holidays (+2)	407	
Overtime for major bi-annual special event	(1,087)	
Police allowances falling out	(402)	
Changes in employer's superannuation (police staff)	594	
Other changes (net)	(161)	
	8,024	3.2
Premises:		
Increased rent and rates due to revised RVs, additional properties, revised rental agreements etc	273	
Greater energy consumption in major buildings	29	
Other occupancy costs (mainly cleaning because of more office space and higher standards)	215	
	517	6.2

continued on page 6

**Changes in Current Policies Budget as shown in
Column [4] on page 3
continued from page 5**

	Variance	
	<u>£'000</u>	<u>%</u>
IT and Communications:		
Ongoing costs of RMS	400	
Project expenditure falling out	(600)	
Other changes (net)	(79)	
	(279)	(2.1)
Supplies and Services:		
Use of Proceeds of Crime Act income for further seizure initiatives	200	
Full year effect of agreement on Sexual Assaults Referral Centre (SARC)	260	
One-offs (equipment etc) falling out	(201)	
Other changes (net)	(14)	
	245	1.7
Grants Paid:		
Changed funding arrangements for Crime and Disorder audits	(182)	
Changed funding arrangements for Arrest Referral	(175)	
Revised requirements for support to area child protection committees	40	
	(317)	(23.1)
Capital Financing:		
Revenue impact of capital expenditure in approved capital programme	485	60.1
Service Income:		
Partnership and seconded officers income not now included in general revenue budget	3,302	
Revised level of estimated income from POCA seizures	200	
Income from major bi-annual special event	1,000	
Estimated increase in general income from recharges etc	(800)	
	3,702	(29.0)
Additional Specific Grants:		
Airwave grant (final) falling out	600	
Next phase of grant for PCSOs	(6,840)	
Other changes (net)	2,791	
	(3,449)	16.9
Contributions to Reserves:		
Contribution from General Reserve in 2006/07 not required	80	
Contribution from Pensions Reserve in respect of ill-health pensions not now required	438	
	518	(162.9)
Other Changes:		
Transport	15	
National Levies	25	
Police Authority	23	
Interest on balances	(106)	
	(43)	
Total net variance:	9,403	3.5

**Approved Growth as shown in
Column [7] on page 4**

	Number of Police Officers	Number of Police Staff	<u>£'000</u>
Employees:			
Third Assistant Chief Constable and associated support	2	1	140
Establish 12 posts with RMS Business Support Team		12	351
Additional staff to meet regulatory requirements of MoPI		16	433
Formalisation of increased establishment within Professional Standards Department	11	3	596
Three test purchase officers formerly funded by GOSE grant	3		150
Formalisation of increased staff in Territorial OCUs' IMU Teams		20	500
Additional police officers to cover responsibilities for protection of vulnerable adults and MAPPA activities.	12		444
Sergeants to supervise Neighbourhood Policing	36		1,507
Additional Detective Inspectors and Inspectors for some Territorial OCUs	8		472
Additional resource to support triage process within IMUs	12		545
Domestic abuse administrative support		6	122
Provision of resource co-ordinators at each Territorial OCU to plan duties and manage the CARM system locally.		6	149
Adjustment to allow for part year effect where posts not recruited until later in the year			(2,093)
	84	64	3,316

continued on page 8

**Approved Growth as shown in
Column [7] on page 4
Continued from page 7**

	£'000
Premises:	
Additional requirements consequent on the roll-out of Neighbourhood policing	26
Transport:	
Additional requirements consequent on the roll-out of Neighbourhood policing	49
Travel and Subsistence:	
Additional requirements consequent on additional staffing levels and the roll-out of Neighbourhood policing	96
Information Technology and Communications:	
Additional requirements consequent on the increase in staff numbers	139
# IT Project - Security Programme	310
IT requirements for the IMPACT programme	150
# Replacement of IT network	200
# Enhancement of uninterruptible power supply	200
	999
Supplies and Services:	
Additional requirements consequent on the roll-out of Neighbourhood policing	50
Expenditure relating to various media campaigns	150
# Upgrading of equipment used by the Digital Forensic Unit	234
	434
Additional Specific Grants:	
One-off grant to support roll-out of Neighbourhood Policing	(535)
Contributions to Reserves:	
# Contribution from General Reserve to meet cost of some one-off growth items (marked # above)	(944)
Police Authority:	
Additional employees to reflect new statutory requirements and training	77
Additional costs relating to consultation and community engagement (net of reductions in members' allowances and costs)	11
Costs associated with legal work required to maximise developers' contributions as part of the South East Plan Review	12
Reduced grants to voluntary organisations	(52)
	48
Total:	3,489

**Agreed Reductions as shown in
Column [8] on page 4**

	<u>£'000</u>
Employees:	
Reduce staffing levels and civilianise posts where appropriate in Operations and Crime OCUs, Personnel and Training, Call Management, Special Projects, Finance, Business and Property Services, Corporate Services and Legal.	3,701
Premises:	
Reduce strategic building maintenance	250
Review cleaning contracts and reduce expenditure	400
	650
Transport:	
Benefits from more fuel efficient vehicles	200
IT and Communications:	
Review existing contracts for supply and maintenance	1,035
Reduce consultancy spend and pursue more "spend to save" initiatives	344
	1,379
Supplies and Services:	
Cut general operating expenditure across all OCUs and Departments	734
Reduce uniform stock holding	200
Reduce budget for insurance settlements	200
	1,134
Grants Paid:	
Reduce grants to other organisations	95
Service Income:	
Increase target for sponsorship and income generation initiatives	325
Pursue driver rectification scheme	400
	725
Total:	7,884

Revenue Budget 2007/08 Analysed by Portfolio Holder

Approved Budget 2006/07 £'000		Approved Budget 2007/08 £'000
405	Chief Constable and ACPO	365
	Deputy Chief Constable	
1,705	Corporate Services	2,408
19,045	IT and Communications Department	18,316
768	Force Solicitor (including Licensing)	808
368	Media Services	597
2,211	Professional Standards	2,475
3,210	Other (including projects)	378
27,307		24,982
	Assistant Chief Constable 'SO'	
32,604	Crime OCU	35,940
22,632	Specialist Operations OCU	22,189
2,313	Other	3,957
57,549		62,086
	Assistant Chief Constable 'TO'	
138,049	Operational Command Units (OCUs)	153,678
1,045	Departments	2,614
1,042	Other	603
140,136		156,895
	Assistant Chief Constable 'OS'	
14,434	Call Management	13,232
6,446	Criminal Justice Unit (includes Central Ticket Office)	6,370
0	Other	397
20,880		19,999
	Director of Finance and Resources	
10,501	Business and Property Services	11,180
1,575	Finance	1,311
3,306	Transport	3,425
0	Other	139
15,382		16,055
	Director of Personnel	
3,154	Personnel	2,850
5,239	Training	5,706
179	Other	138
8,572		8,694
	General Items:	
1,491	Compensatory Grant	1,396
807	Capital Financing (net)	642
8,213	Budgets awaiting allocation	7,857
3,930	Inflation Provision	3,391
(318)	Contributions to / (from) Reserves	(744)
(726)	General Income	(92)
(960)	Interest	(914)
655	National levies	699
(14,861)	Specific Grants not allocated to portfolio holder	(20,741)
(1,769)		(8,506)
268,462	Total Constabulary:	280,570
1,260	Police Authority	1,355
269,722	Total Net Expenditure:	281,925

Revenue Budget 2007/08 Analysed by Activity

Approved Budget 2006/07			Approved Budget 2007/08	
£'000	%		£'000	%
18,657	6.92	Reducing Crime	19,234	6.82
122,256	45.33	Investigating Crime	124,901	44.30
62,098	23.02	Promoting Public Safety	68,978	24.46
66,074	24.50	Assistance to the Public	68,416	24.27
655	0.24	Levies to National Police Services	699	0.25
(960)	(0.36)	Interest and Investment Income	(914)	(0.32)
(318)	(0.12)	Contributions to / from Reserves	(744)	(0.26)
268,462	99.53	Total Constabulary	280,570	99.52
1,260	0.47	Corporate Democratic Core	1,355	0.48
269,722	100.00	Total Net Expenditure	281,925	100.00

Why the Council Tax has changed from 2006/07 to 2007/08

	£'000	£	% change
Council Tax requirement 2006/07	79,278	119.43	
Pay and price changes**	7,693	11.47	9.60
Other changes to "Current Policies" budget:	8,885	13.25	11.09
Additional net expenditure	4,433	6.61	5.53
Changes in revenue effect of capital programme	(498)	(0.74)	(0.62)
Reductions in net expenditure on services	(7,884)	(11.76)	(9.85)
Changes in general Government grants:	(6,882)	(10.26)	(8.59)
Changes in amounts taken to / from reserves	(426)	(0.64)	(0.54)
Changes in Collection Fund balances	(557)	(0.83)	(0.69)
Changes in taxbase		(1.16)	(0.96)
Council Tax requirement 2007/08:	84,042	125.37	4.97
<p>** Full year effect of changes in 2006/07 and anticipated part year effect of changes in 2007/08. Equivalent to 2.85% of net expenditure on services.</p>			

Summary Revenue Budget and Hampshire Police Precept 2007/08

Actual 2005/06		Forward Budget 2006/07	Forward Budget 2007/08
<u>£'000</u>		<u>£'000</u>	<u>£'000</u>
	Net expenditure - Current Policies (page 3 column [5] adjusted for reserves)		286,618
	Revenue impact of Capital Programme (page 4 column [6])		(498)
	Approved additional expenditure (page 4 - column [7] and pages 7 and 8 - adjusted for reserves)		4,433
	Agreed reductions (page 4 column [8] and page 9)		(7,884)
274,948	Overall Net Expenditure:	270,040	282,669
(1,999)	Taken from Reserves	(318)	(744)
272,949	Net Expenditure to be met from Government Grants and Local Taxation	269,722	281,925
	General Government Grants:		
121,045	Police Grant	113,020	115,702
47,438	Revenue Support Grant	12,522	11,725
29,197	Share of National Business Rates	64,867	69,864
197,680	Total General Grants	190,409	197,291
(271)	Share of net surpluses on Collection Funds	(35)	(592)
74,998	Balance to be met by Council Tax	79,278	84,042
£113.76	Requires a Council Tax at Band D of:	£119.43	£125.37
5.00%	Increase over previous year	4.98%	4.97%
659,266	Taxbase	663,801	670,354

The 2007/08 Council Tax at Each Band

Band	Council Tax (£)	Number of dwellings in this Band
A	83.58	99,962
B	97.51	167,948
C	111.44	206,973
D	125.37	133,715
E	153.23	92,358
F	181.09	51,200
G	208.95	29,924
H	250.74	3,229
	Total:	785,309

Collection Authority Tax Bases and Share of Precept 2007/08

Collection Authority	Tax Base	Precept (£)
Basingstoke and Deane	61,049.70	7,653,800.89
East Hampshire	47,044.89	5,898,017.86
Eastleigh	43,012.29	5,392,450.80
Fareham	42,043.00	5,270,930.91
Gosport	26,948.20	3,378,495.83
Hart	36,953.10	4,632,810.15
Havant	42,468.00	5,324,213.16
Isle of Wight	53,864.80	6,753,029.98
New Forest	71,687.40	8,987,449.34
Portsmouth	58,128.00	7,287,507.36
Rushmoor	30,359.64	3,806,188.07
Southampton	65,114.40	8,163,392.33
Test Valley	45,019.00	5,644,032.03
Winchester	46,661.35	5,849,933.45
	670,353.77	84,042,252.16

Revenue Budget Summary 2008/09

	<u>£'000</u>	<u>£'000</u>
Current Policies - net expenditure	<i>Assumes 2.1% pay award and other price changes assumptions as for 2007/08 budget</i>	288,502
Full year effect of 2007/08 growth items:		
less already included in current policies above	7,251 <u>(4,067)</u>	3,184
Full year effect of 2007/08 savings	(9,289)	
less already included in current policies above	<u>7,884</u>	(1,405)
Revenue Impact of Capital Programme	<i>Assumes programme spends as shown in Capital Programme (page 24)</i>	663
Further savings required to achieve 5% Council Tax increase		(290)
Total estimated net expenditure to be met from Government Grants and Local Taxation		290,654
General Grants (assumes a 2.3% increase on 2007/08)		(201,829)
Estimated as available from Collection Fund balances		(100)
Net Precept Requirement		88,725
Assumes a Taxbase of (0.5% on 2007/08)	674,009	
Proposed Council Tax at Band D 2007/08	£125.37	
	Band D Council Tax	£131.64
	Increase over 2007/08	5.00%

General and Earmarked Revenue Reserves 2006/07 to 2008/09

	Balance at 01/04/06	Movements in 2006/07	Balance at 31/03/07	Movements in 2007/08	Balance at 31/03/08	Movements in 2008/09	Balance at 31/03/09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Reserve:	5,369						
Balance from Police Pensions Reserve		4,589					
Meet one-off growth items from Reserves (see page 8)				(944)		(382)	
			9,958		9,014		8,632
Pensions Reserve:	4,709						
Contribution to the Police Pensions account in respect of ill-health retirements (calculated in accordance with the regulations) - based on 2 cases only		(120)					
Transfer Balance to General Reserve		(4,589)					
			0		0		0
Insurance Reserve:	394						
No changes expected - although this will depend on any major claims not fully covered by current insurance arrangements		0		0		0	
			394		394		394
Cashable Efficiency Gains and Spend to Save Reserve:	323						
Used for some elements of the "cost of change" relating to the Force Review (mainly IT and estate)		(280)		0		0	
			43		43		43
Earmarked Reserves:	4,654						
Used for devolved budget carry forwards from 2005/06		(1,905)					
Used for other approved carry forwards from 2005/06		(2,023)					
Other adjustments		37					
Movements in future years will depend on balances on devolved budgets and decisions made at the time relating to one-off growth proposals etc. - so no changes are shown				0		0	
			763		763		763
Capital (Revenue Contributions) Reserve:	3,943						
General contribution from Revenue Account		200		200		200	
Used to support capital programme		131		(4,474)		(200)	
			4,274		0		0
Total Revenue Reserves:	19,392	(3,960)	15,432	(5,218)	10,214	(382)	9,832

Protocol for Reserves

Reserve	Purpose	Use of Reserve	Management and Control	Review Process
General	To provide an adequate balance for unforeseen additional costs that may arise during the year	To provide for unexpected events, such as a major crime investigation and / or unexpected financial changes during the year.	Treasurer	Finance Committee and Police Authority in preparing budgets and closing accounts.
Capital (Revenue Contributions)	To assist in matching the timing and availability of capital financing resources with the timing of capital payments	To finance locally resourced capital expenditure	Director of Finance and Resources	Reviewed three times a year, with Medium Term Projection, budget and closure of accounts.
Insurance	To cover excess costs and additional claims	To supplement budgeted insurance premiums	Treasurer / Director of Finance and Resources	At least annually on closure of accounts
Spend to Save	To provide funding for investment which will generate future savings	For approved investment purposes	Director of Finance and Resources	Reviewed annually
Earmarked	To provide for carry forward of planned savings on devolved budgets	To fund non-recurring expenditure in future years	Chief Constable / Director of Finance and Resources	Reviewed annually with closure of accounts

Statement by Treasurer Local Government Act 2003

1. The Act comprises of a series of duties and powers that give statutory support to important aspects of good financial practice.
2. Section 25 of the Act requires the Chief Financial Officer (the Treasurer) to report to the Authority when setting its council tax on:
 - the robustness of the estimates included in the budget
 - the adequacy of the financial reserves in the budget
3. The Authority is required to have regard to this report in approving the budget and council tax. It is appropriate for this report to be part of the council tax precept report to the Committee, provided that its content is also fully available to the Authority in making its final decision.
4. CIPFA guidance on reserves and balances provides the general framework for this report. This puts emphasis on the medium-term strategy. The medium-term projections are reported to the Authority each autumn and the 2008/09 financial forecast arising from the 2007/08 budget is shown on page 14. Similarly the level of reserves has been scrutinised and a forward strategy set. Pages 15 and 16 show the updated forecast for reserves and as previously indicated identifies the purpose, use and monitoring of each reserve.
5. Section 25 of the legislation concentrates more on uncertainty within the budget year rather than what may be known losses or higher spending required in future years or greater future uncertainty.
6. The Authority's decision on the precept for 2007/08 is the conclusion of the process involving consideration of the draft budget:
 - by the Committee in considering the medium-term projection and grant, budget and council tax outlooks in the Autumn;
 - by the Constabulary's Resource Management Board;
 - at a Budget Advisory Forum attended by the Constabulary's senior management and a member of the Authority;
 - by the Constabulary's Budget Review Group (at which the Authority was represented) which considered options presented by all budget holders for cuts in net revenue expenditure of 10%, 20% or 30% over a three year period. The cuts set out on page 9 are largely as a result of this process
 - at the Authority's Budget Review Group made up of the Chairman and Vice-Chairman of the Authority, the Chairmen of the Finance Committee and of the Performance Committee;

- initial consideration by the Committee and the Authority which supported a target council tax rise of about 5%;
 - budget consultation with business and council tax payers/residents associations which were supportive.
7. The Treasurer has ensured that appropriate information and advice was given at all these earlier stages so that a positive opinion can be given at this stage.
8. In setting the budget the Authority should have regard to the strategic, operational and financial risks facing the Authority in the context of an overall approach to risk management. As the forward forecasts and details of reserves are fully set out on pages 14 and 15 the uncertainties and risks include:
- Inflation
 - pay is provided at 2.3%, and general prices (where appropriate) at 2.5%, with energy and fuel prices at an average of 5%. These should be adequate, but action might be required if the pay awards are significantly above 2.3%;
 - interest rates may remain fairly static or, if they do change, it is likely to be slightly up – but, as the Authority has low levels of debt but high levels of balances (subject to the level of spend on the capital programme) on which interest is earned, this should not be a significant risk;
 - pay drift – increments are budgeted for;
 - additional spending and savings included in the budget;
 - details of these are fully set out and implications understood in previous consideration. Firm plans will be needed to ensure savings and increased income is achieved.
 - efficiency savings – there is a good track record covering the process and achievement of these, and the savings required to support the Council Tax which are relevant, are more than required to meet the target for 2007/08;
 - budgets and medium-term projections – these are well established processes;
 - strength of financial information and reporting arrangements – again well established with regular monitoring reports;
 - capital programme – payments generally tend to slip rather than accelerate. Capital receipts are based on a detailed review on when assets become available for sale. Reference has been made to the major Southampton OCU replacement and potential PHQ replacement

because of their effect on the financial borrowing requirement. There is a considerable strain on the revenue budget as a result of the proposed increases to the capital programme and the Authority will need to review the priority and timing of its commitments;

- level of borrowing and outstanding debt – relatively low for 2007/08 but will increase in future years as the two major projects are undertaken and the availability of capital receipts reduces. These matters are fully covered in treasury management report and prudential indicators;
- contingent liabilities – no liabilities were reported in the 2005/06 final accounts;
- pensions – A review of the Pensions Reserve took place alongside the Medium Term Projection in October 2006 and it was agreed to transfer the balance to the General Reserve;
- major incidents – this is the most uncertain risk, but the general reserve should be adequate;
- insurance – risk management and insurance arrangements have in recent years proved to be effective and not resulted in undue financial strain on the budget;
- external assessment – Audit Commission in its 2005/06 Annual Audit Letter stated that the Authority's financial planning framework remains sound;
- grant loss – whilst the announcement of two year general grant settlements which included 2007/08 were helpful for projection purposes, there is no such certainty for future years. With the outcome of SR2007 not being announced until later in 2007, prospects for the likely level of general grant for 2008/09 and beyond are unknown. Furthermore, there are a number of specific additional grants that are not guaranteed beyond 2007/08 or 2008/09 and, even if the value of these grants nationally are subsumed into the general grant there is a considerable risk that the Authority will receive less overall grant than before.
- risk of capping of the 2007/08 budget – the guideline is 5% on average and, with the Authority having a below average grant rise and a low level of Council Tax and reserves relative to other police authorities, it is not thought that capping would be a significant risk below 5.5%. However, the Government continues to warn of capping authorities with an increase of more than 5%.

Estimated Revenue Expenditure on Major Partnerships and “Outside Services” for 2007/08

	ACPO Portfolio Holder	Employee Related Costs	Other Running Costs	Total Expenditure	Income	Net Cost	Source and basis of Income	Note
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>		
Safety Camera Partnership	ACCSO	950	955	1,905	(1,905)	0	Partnership and Agreement	
Local Criminal Justice Board	CC	113	77	190	(190)	0	Grants and Agreement	
Seconded Officers	DoP	1,806	0	1,806	(1,806)	0	Receiving organisation and agreed protocols	
Police National CBRN Centre	DoFR	1,940	1,060	3,000	(3,000)	0	Home Office and Service Level Agreement	2
National CBRN Projects	DoFR	950	2,200	3,150	(3,150)	0	Home Office and Service Level Agreement	2
National Police Procurement Centre (PEPS)	DCC	390	180	570	(570)	0	Grants and Agreement	3
Total:		6,149	4,472	10,621	(10,621)	0		

Notes:

1 The figures shown here are the best available estimates because most of these organisations do not complete their budget processes until later in the year.

2 The National CBRN Centre and the arrangements for the CBRN Projects are being reviewed and management and funding arrangements may change during the course of the year. The figures provided assume a full year.

3 The future of PEPS as an independent organisation is being reviewed. The figures shown assume a full year.

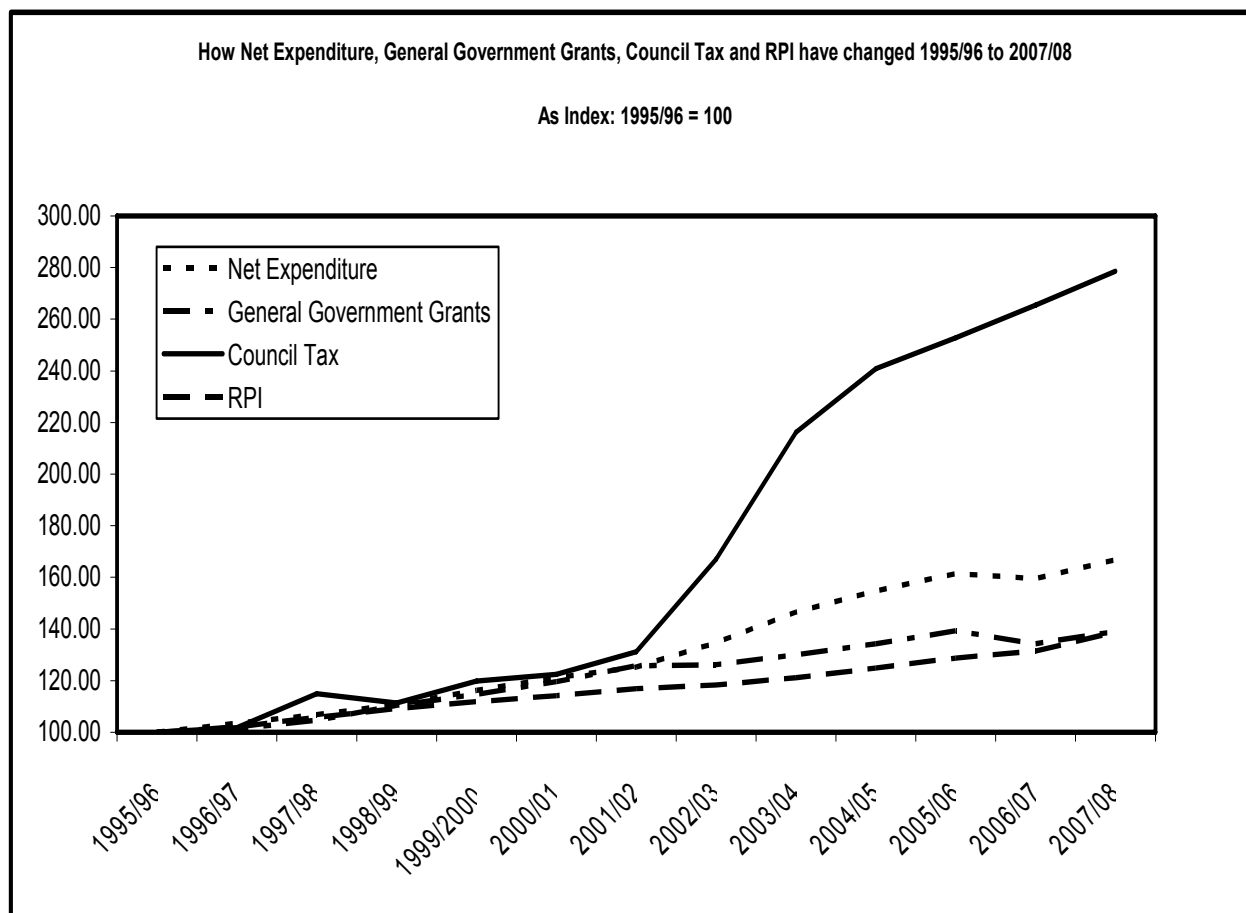
4 Other proposals for support for significant partnerships or national initiatives / organisations will be brought to the Authority for approval before commitments are made.

Net Expenditure, General Government Grants, Council Tax and Retail Price Index 1995/96 to 2007/08

Year	Net Expenditure (£m)	General Government Grants (£m)	Council Tax Band D (£)	Mid year (Sept.) RPI (Jan. 1987 = 100)
1995/96	169.00	141.86	45.00	150.60
1996/97	174.91	143.78	45.81	153.80
1997/98	180.51	148.38	51.75	159.30
1998/99	187.13	156.65	50.13	164.40
1999/2000	196.54	162.66	53.91	166.20
2000/01	204.66	169.64	55.08	171.70
2001/02	211.59	178.39	59.04	174.60
2002/03	227.55	179.00	75.15	177.60
2003/04	247.61	184.49	97.29	182.50
2004/05	261.50	190.53	108.36	188.10
2005/06	272.90	197.68	113.76	193.10
2006/07	269.72	190.41	119.43	200.10
2007/08	281.93	197.29	125.37	209.10

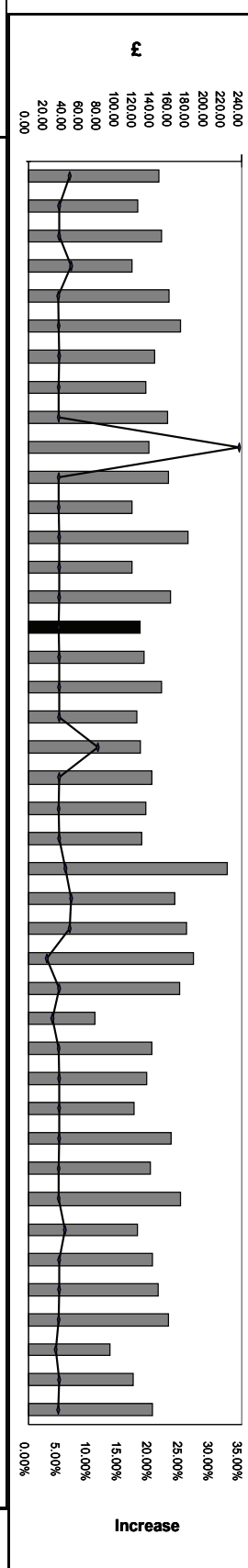
2007/08
RPI figure
estimated

As Index: 1995/96 = 100				
Year	Net Expenditure	General Government Grants	Council Tax	RPI
1995/96	100.00	100.00	100.00	100.00
1996/97	103.50	101.35	101.80	102.12
1997/98	106.81	104.60	115.00	105.78
1998/99	110.73	110.43	111.40	109.16
1999/2000	116.30	114.66	119.80	111.89
2000/01	121.10	119.58	122.40	114.13
2001/02	125.20	125.75	131.20	116.93
2002/03	134.64	126.18	167.00	118.26
2003/04	146.51	130.05	216.20	121.18
2004/05	154.73	134.31	240.80	124.90
2005/06	161.48	139.35	252.80	128.75
2006/07	159.60	134.22	265.40	131.41
2007/08	166.82	139.07	278.60	138.84



Band D Council Tax – Police Authorities in England and Wales

Authority	Band D Council Tax					Based on 2007/08 Council Tax	
	2003/04	2004/05	2005/06	2006/07	2007/08	Increase	(1=lowest; 42=highest)
						2007/08 over 2006/07	Ranking
Avon & Somerset	111.64	125.09	131.34	137.84	147.17	6.77%	26
Bedfordshire	93.44	107.17	111.98	117.55	123.43	5.00%	10
Cambridgeshire	113.31	129.33	135.54	142.29	149.40	5.00%	27
Cheshire	88.10	97.71	102.60	108.49	116.03	6.95%	3
Cleveland	120.22	136.84	143.68	150.72	158.10	4.90%	32
Cumbria	130.71	150.28	155.43	163.08	171.09	4.91%	37
Derbyshire	111.77	122.88	129.02	135.15	141.91	5.00%	24
Devon & Cornwall	103.27	113.39	119.62	125.53	131.73	4.94%	16
Dorset	123.39	135.36	142.11	149.13	156.51	4.95%	29
Durham	79.56	91.53	96.03	100.80	135.72	34.64%	18
Dyfed-Powys	124.11	142.65	143.10	150.21	157.68	4.97%	31
Essex	92.97	99.27	104.76	110.97	116.46	4.95%	5
Gloucestershire	142.59	156.71	162.90	170.96	179.49	4.99%	40
Greater Manchester	91.65	98.52	105.41	110.67	116.19	4.99%	4
Gwent	119.11	139.13	145.07	152.32	159.94	5.00%	33
Hampshire	97.29	108.36	113.76	119.43	125.37	4.97%	11
Hertfordshire	98.28	112.53	118.09	123.98	130.17	4.99%	14
Humberside	113.04	129.96	135.72	142.47	149.58	4.99%	28
Kent	94.95	105.66	110.88	116.37	122.18	4.99%	8
Lancashire	87.57	100.70	107.72	113.09	125.95	11.37%	12
Leicestershire	104.77	120.11	126.04	132.34	138.96	5.00%	21
Lincolnshire	104.40	112.23	119.43	125.37	131.58	4.95%	15
Merseyside	101.54	110.17	115.68	121.46	127.53	5.00%	13
Metropolitan Police	159.13	184.08	196.28	210.82	223.60	6.06%	42
Norfolk	121.93	138.69	145.53	154.17	164.88	6.95%	35
North Wales	126.94	151.57	158.94	166.89	178.16	6.75%	39
North Yorkshire	156.00	171.50	176.00	180.00	185.40	3.00%	41
Northamptonshire	130.09	149.43	154.41	162.11	170.21	5.00%	36
Northumbria	63.80	66.93	70.03	71.78	74.62	3.96%	1
Nottinghamshire	109.30	120.12	126.01	132.24	138.78	4.95%	20
South Wales	103.51	115.71	120.40	126.42	132.74	5.00%	17
South Yorkshire	94.30	102.79	107.88	113.27	118.92	4.99%	7
Staffordshire	126.50	138.44	145.28	152.53	160.15	5.00%	34
Suffolk	109.35	119.70	125.01	130.86	137.34	4.95%	19
Surrey	135.09	147.06	154.26	163.26	171.27	4.91%	38
Sussex	97.74	105.12	110.25	115.74	122.67	5.99%	9
Thames Valley	106.24	120.51	126.28	132.58	139.19	4.99%	22
Warwickshire	117.30	126.55	132.52	138.95	145.90	5.00%	25
West Mercia	119.80	137.69	143.17	150.24	157.66	4.94%	30
West Midlands	71.16	80.08	83.68	87.55	91.47	4.48%	2
West Yorkshire	88.81	102.06	107.05	112.40	118.02	5.00%	6
Wiltshire	109.66	120.63	126.63	132.84	139.35	4.90%	23
Average:	109.39	122.48	128.23	134.64	142.44	5.79%	



Efficiency Plan 2007/08

The Constabulary has prepared the required Efficiency Plan (2007/08 will be the ninth year) and in this year the Plan has to achieve at least 3% of net expenditure, of which 1.5% must be cashable gains. For Hampshire 3% will be in the order of £8.4m – with cashable gains of £4.2m.

Non-Cashable Gains:

It is anticipated that a £6.1m carry forward of non cashable gains will be achieved by the current plan into 2007/08. Work will continue so that the business benefits associated with the implementation of RMS and in other areas are costed but, with the carry forward at £6.1m being in excess of the target for 2007/08, no specific non-cashable gains need to be identified.

Cashable Gains:

The expected carry forward into 2007/08 in respect of cashable gains is £4.8m. The proposed cashable gains are made up of those reductions in budgets shown on page 9 that are allowable under the Efficiency Plan guidance, which are as follows:

	<u>£'000</u>
Civilianisations	1,306
Review of contracts and collaboration	1,355
Reductions in running costs	564
Review of admin. processes etc	464
Reductions in overtime	225
Total:	3,914

The total of £3.9m, when added to the carry forward of £4.8m, is more than is required to meet the target for 2007/08.

Summary of the Plan:

The Plan provides for the following:

	<u>£'000</u>	<u>%</u>
Non-cashable gains	6,100	2.2
Cashable gains	8,714	3.1
Total	14,814	5.3

Record to Date:

Up to and including 2005/06 (i.e. seven years of Efficiency Plans), efficiency gains of £51.9m have been made against a target of £35.9m – a surplus of £16.0m.

Capital Programme 2007/08 to 2010/11

[1]	[2]	[3]	[4]	[5]	[6]	[7]	
Spent prior to 31 March 2006	# relates to proposals for which formal business cases / project appraisals need to be approved before spending can take place	Total Scheme Cost	Updated Programme 2006/07	2007/08	2008/09	2009/10	2010/11 and later years
£'000	## relates to new proposals for which formal business cases / project appraisals need to be approved before spending can take place.	£'000	£'000	£'000	£'000	£'000	£'000
	Estates Management Board:						
Annual Programme	Building Improvements	Annual Programme	613	500	500	500	500
1,936	Premises Improvement Fund (includes access for disabled)	2,590	434	220			
679	HQ Development	1,000	107	214			
	HQ - Power supply and generator	138	138				
	## HQ Replacement	27,600			1,000	5,000	21,600
12	Southampton OCU - New HQ - feasibility, initial fees etc	500	250	238			
	# Southampton OCU - New HQ - land purchase, works etc	28,500	0	3,000	12,000	12,500	1,000
2,727	Custody centres - approved programme	2,750	23				
	## Custody - 3 new large custody centres	8,800				200	8,600
	# Additional security measures across the Estate	1,250		750	500		
327	Thermal insulation works - various locations	450	123				
341	Aldershot BCU HQ refurbishment	371	30				
257	Transport workshop - IoW	267	10				
129	Whitchurch - ground floor alterations	137	8				
8	Foundation Training (IPLDP) Accommodation	260	252				
	Training - Southwick Park	343	343				
	Fratton - Targeted Patrol Team works	190	0	190			
	Alton - Property store / Locker room additional offices	189	0	189			
	New Milton - building works / IT infrastructure	140	10	130			
289	Work to TSU Building	300	11				
10	Netley - grasscrete car park	311	301				
156	Netley - Longmore Room refurbishment	160	4				
240	Netley - High Tech Crime Unit accommodation	265	25				
29	Netley - urgent works at Inkerman Building	270	101	140			
	# Netley - major works at Inkerman Building	1,500		1,500			
	## Netley - residential accommodation	3,500					3,500
	## Netley - Recruitment Centre	500				500	
	## SO Covert Hub	4,320		2,000	2,320		
	## SO Overt Hub for South East	4,800		200	4,600		
	## SO Overt Hub for North	2,900			100	2,800	
	## SO Overt Hub for South West	9,000				500	8,500
	## IoW Estate Strategy Implementation	4,000				2,000	2,000
	Retentions on completed schemes		35				
	Total Estates Management Board:		2,818	9,271	21,020	24,000	45,700
	Resource Management Board:						
Annual Programme	Housing Assistance for Police Officers/Staff	Annual Programme	250	250	250	250	250
	Total Resources Management Board:		250	250	250	250	250
	Information Management Board						
3,394	Oberon Project	5,157	1,763				
70	ANPR Enabling Technology	300	230				
	Total Information Management Board:		1,993	0	0	0	0
	Communications Board:						
6,473	Airwave Project	6,673	200				
	# Replacement of Airwave equipment	3,435					3,435
	# Update of Airwave operating software	1,500					1,500
	# Replacement of Altarius Cammnad and Control equipment	2,565				2,565	
	Total Communications Board:		200	0	0	2,565	4,935
	Transport Management Committee:						
Annual Programme	Vehicles	Annual Programme	3,313	3,000	3,000	3,000	3,000
	Total Transport Management Committee:		3,313	3,000	3,000	3,000	3,000
	Grand Totals:		8,574	12,521	24,270	29,815	53,885

**Capital Programme 2007/08 to 2010/11
Resources Available**

	Updated programme 2006/07	2007/08	2008/09	2009/10	2010/11 and later years
	£'000	£'000	£'000	£'000	£'000
New Resources available:					
Capital receipts - General	4,811	4,055	785	1,230	175
Other operational buildings					20,500
Revenue Contributions - General	200	200	200	200	200
From devolved budgets	213	429			
Grants - balance of ANPR grant	230				
balance of IPLDP grant	252				
General	3,199	2,540	2,500	2,500	2,500
Total new resources available:	8,905	7,224	3,485	3,930	23,375
Shortfall/(surplus) of in year resources	(331)	5,297	20,785	25,885	30,510
Capital Reserves:					
Balances at 1 April: Capital Receipts	0				
Capital (Revenue Contributions) Reserve	3,943	4,274			
Balances at 31 March: Capital Receipts	0	0			
Capital (Revenue Contributions) Reserve	4,274	0			
Additional resources required to support programme:		1,023	20,785	25,885	30,510

Acronyms Used in this Budget Book

ACC	Assistant Chief Constable
ACPO	Association of Chief Police Officers
ANPR	Automated Number Plate Recognition
CARM	Command and Resource Management
CBRN	Chemical, Biological, Radiological and Nuclear
CC	Chief Constable
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
DCC	Deputy Chief Constable
DoFR	Director of Finance and Resources
DoP	Director of Personnel
GOSE	Government Office for the South East
IMPACT	Information Management, Prioritisation, Analysis, Coordination and Tasking
IMU	Incident Management Unit
IPLDP	Initial Police Learning & Development Programme
MAPPA	Multi-agency Public Protection Arrangements
MoPI	Management of Police Information
OCU	Operational Command Unit
OS	Operational Services
PCSO	Police Community Support Officers
POCA	Proceeds of Crime Act
RMS	Records Management System
RV	Rateable Value
SO	Specialist Operations
TO	Territorial Operations