



# REVENUE BUDGET 2008/09

and

# CAPITAL PROGRAMME 2008/09 to 2011/12

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## Revenue Budget Summary 2008/09 Changes to Current Policies and Approved Budget

	[5] (= [2]+[3]+[4])	[6]	[7]	[8]	[9](=[5]+[6]+[7]+[8])
Forward Budget 2008/09	Forward Budget 2008/09 - Current Policies	Revenue Impact of Capital Programme	Approved Growth	Agreed Reductions	Approved Forward Budget 2008/09
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure:</b>					
Employees ( <i>see analysis below</i> )	275,421		2,821	(1,772)	276,470
Premises	9,405		137		9,542
Transport	4,608				4,608
Travel and Subsistence	4,425			(29)	4,396
IT and Communications	13,370		257		13,627
Supplies and Services	14,971			(326)	14,645
National Levies	840				840
Grants Paid	1,146				1,146
Capital Financing (net)	1,117				1,117
<b>Total Expenditure:</b>	<b>325,303</b>	<b>0</b>	<b>3,215</b>	<b>(2,127)</b>	<b>326,391</b>
<b>Income:</b>					
Service Income	(10,527)			(50)	(10,577)
Additional Specific Grants	(24,807)				(24,807)
<b>Total Income:</b>	<b>(35,334)</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>(35,384)</b>
<b>Net Expenditure on Police Services:</b>	<b>289,969</b>	<b>0</b>	<b>3,215</b>	<b>(2,177)</b>	<b>291,007</b>
<b>Police Authority Expenses and Grants:</b>	1,475			(5)	1,470
<b>Interest on Balances</b>	(970)			(300)	(1,270)
<b>Inflation Provision</b>	3,830			(669)	3,161
<b>Total Overall Net Expenditure:</b>	<b>294,304</b>	<b>0</b>	<b>3,215</b>	<b>(3,151)</b>	<b>294,368</b>
<b>Contributions to / (from) Reserves:</b>	(182)				(182)
<b>Amount to be met from General Grants and Taxation:</b>	<b>294,122</b>	<b>0</b>	<b>3,215</b>	<b>(3,151)</b>	<b>294,186</b>
<b>% increase on Forward Budget 2007/08 :</b>	<b>4.12%</b>	<b>0%</b>	<b>1.13%</b>	<b>-1.11%</b>	<b>3.21%</b>

<b>Employees:</b>				
Police Officers (pay, overtime and allowances)	191,701		2,302	(854)
Police Staff (pay, enhancements, shift allowances etc)	71,141		309	(918)
PCSOs (pay, enhancements, shift allowances etc)	9,386			
Other employee related costs (training, recruitment, insurances etc)	3,193		210	
<b>Total</b>	<b>275,421</b>	<b>0</b>	<b>2,821</b>	<b>(1,772)</b>
				<b>276,470</b>

## Revenue Budget Summary 2008/09 Current Policies

[1] 2006/07 Actual	Forward Budget 2008/09	[2] Forward Budget 2007/08	[3] Pay Award / Price Changes	[4] Other Changes	[5] (= [2]+[3]+[4]) Forward Budget 2008/09 - Current Policies
£'000		£'000	£'000	£'000	£'000
	<b>Expenditure:</b>				
253,081	Employees ( <i>see analysis below</i> )	265,421	6,229	3,771	275,421
9,208	Premises	8,767	298	340	9,405
4,378	Transport	4,621	53	(66)	4,608
4,599	Travel and Subsistence	4,317	108	0	4,425
14,516	IT and Communications	13,113	227	30	13,370
19,203	Supplies and Services	14,722	283	(34)	14,971
705	National Levies	699	21	120	840
1,774	Grants Paid	984	0	162	1,146
656	Capital Financing (net)	642	0	475	1,117
<b>308,120</b>	<b>Total Expenditure:</b>	<b>313,286</b>	<b>7,219</b>	<b>4,798</b>	<b>325,303</b>
	<b>Income:</b>				
(10,729)	Service Income	(9,993)	(64)	(470)	(10,527)
(23,546)	Additional Specific Grants	(24,457)	0	(350)	(24,807)
<b>(34,275)</b>	<b>Total Income:</b>	<b>(34,450)</b>	<b>(64)</b>	<b>(820)</b>	<b>(35,334)</b>
<b>273,845</b>	<b>Net Expenditure on Police Services:</b>	<b>278,836</b>	<b>7,155</b>	<b>3,978</b>	<b>289,969</b>
1,272	<b>Police Authority Expenses and Grants:</b>	1,355	44	76	1,475
(1,584)	<b>Interest on Balances</b>	(914)	0	(56)	(970)
0	<b>Inflation Provision</b>	3,392	438		3,830
<b>273,533</b>	<b>Total Overall Net Expenditure:</b>	<b>282,669</b>	<b>7,637</b>	<b>3,998</b>	<b>294,304</b>
(3,804)	<b>Contributions to / (from) Reserves:</b>	(744)			(182)
<b>269,729</b>	<b>Amount to be met from General Grants and Taxation:</b>	<b>281,925</b>			<b>294,122</b>
	<b>% increase on Forward Budget 2007/08 :</b>		2.70%	1.41%	4.12%

<b>Employees:</b>					
180,220	Police Officers (pay, overtime and allowances)	185,265	4,327	2,109	191,701
66,127	Police Staff (pay, enhancements, shift allowances etc)	67,982	1,681	1,478	71,141
2,797	PCSOs (pay, enhancements, shift allowances etc)	8,846	221	319	9,386
3,937	Other employee related costs (training, recruitment, insurances etc)	3,328	0	(135)	3,193
<b>253,081</b>		<b>265,421</b>	<b>6,229</b>	<b>3,771</b>	<b>275,421</b>

## Summary of Reasons for Changes in Revenue Net Expenditure 2007/08 to 2008/09

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

CPI at an average of	2.5%
Police Officer pay	2.1%
Police Staff	2.1%
Petrol, diesel etc	5.0%
Other items – average CPI	2.5%

The overall cost of pay and prices inflation is equivalent to 2.7% of net expenditure on services

Establishment	<u>2007/08</u>	<u>2008/09</u>
Police Officers	3,896	3,953
PCSO's	337	337
Police Staff	2,447	2,505
	6,680	6,795

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

	Variance	
	£'000	%
<b>Employees:</b>		
Full year effect on growth approved in 2007/08	1,782	
Increments	3,941	
Variable number of Bank Holidays (-4)	(888)	
Old style police allowances falling out	(778)	
Changes in employer's contribution to Police Pensions	(522)	
Changes in employer's contributions to LGPS	216	
Reduced insurance premiums	(141)	
Other changes	161	
	<b>3,771</b>	1.4
<b>Premises:</b>		
Cleaning budget savings not achievable (see Medium Term Projection report paragraph 5.3)	250	
Revised contract arrangements for utilities	60	
Other	30	
	<b>340</b>	3.9

*continued on page 5*

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

	Variance	
	<u>£'000</u>	<u>%</u>
<b>Transport:</b>		
Reduced repairs and maintenance to reflect younger vehicle fleet	(32)	
Increased recharges for services	30	
Reduced insurance premiums	(79)	
Other	15	
	<b>(66)</b>	(1.4)
<b>IT and Communications:</b>		
General net increased cost of bought in services	<b>30</b>	0.2
<b>Supplies and Services:</b>		
Interpreters	130	
Radio Alarms (mainly for vulnerable victims of crime and witness protection)	200	
Vehicle recovery	188	
Doctors for SARC (Sexual Assaults Referral Centre)	150	
General savings in doctors/medics (see Medium Term Projection report paragraph 5.3)	(250)	
Reduction in spend on partnerships (BCU grant reduced)	(247)	
Other (net) including chief officer recruitment costs	(205)	
	<b>(34)</b>	(0.2)
<b>National Levies:</b>		
Increased fees for access to PNC to cover cost of national Criminal Records Office	<b>120</b>	17.2
<b>Grants Paid:</b>		
Changes to arrangements for Arrest Referral Scheme (see Service Income below)	139	
National changes to grant levels for Crimestoppers and child protection committees	23	
	<b>162</b>	16.5
<b>Capital Financing:</b>		
Revenue impact of capital expenditure in approved capital programme	<b>475</b>	74.0
<b>Service Income:</b>		
Changes to arrangements for Arrest Referral Scheme (see Grants Paid above)	(139)	
Estimated additional income from recharges for services etc.	(331)	
	<b>(470)</b>	4.7
<b>Additional Specific Grants:</b>		
Increased Safer N'hoods /PCSO Grant	(190)	
Additional grants relating to security/counter-terrorism	(455)	
reduction in BCU Grant	247	
Other changes	48	
	<b>(350)</b>	1.4
<b>Other Changes:</b>		
Police Authority (see separate report)	76	
Interest on Balances	(56)	
	<b>20</b>	
<b>Total net variance (as column [4] Appendix 1):</b>	<b>3,998</b>	<b>1.4</b>

**Approved Growth and Agreed Reductions as shown in  
Columns [7] and [8] on page 2**

	Growth	Reductions
	<u>£'000</u>	<u>£'000</u>
<b>Employees:</b>		
Growth Bid SO04 (Confidential Unit) Part year effect of 12 police officers and 7 police staff (1 DI; 3 DS; 8 DC)	370	
Growth Bid SO05 (Specialist Training SS)	210	
Growth Bid TO01 Frontline Policing (full year effect)	1,000	
Growth Bid TO02 Custody Staffing (full year effect)	1,000	
Do not recruit additional N'hood PSs		(454)
Reduce overtime allocation to major incident reserve		(200)
Reduce general overtime reserve		(200)
Reduction in support posts (part year effect)		(768)
Reduce special projects staffing budget		(150)
Phasing in staffing reductions (part year effect)	241	
	<b>2,821</b>	<b>(1,772)</b>
<b>Premises:</b>		
Electricity supply issues	137	0
<b>Travel and Subsistence:</b>		
As a result of refurb of Inkerman (FSU) Mileage		(19)
Conf. Venues		(10)
	0	<b>(29)</b>
<b>IT and Communications:</b>		
Growth Bid D102 (Northgate enforcement system)	82	
PND Connectivity and IMPACT BDP	175	
	<b>257</b>	<b>0</b>
<b>Supplies and Services:</b>		
SO Operational equipment		(300)
As a result of refurb of Inkerman (FSU)		(26)
	0	<b>(326)</b>
<b>Capital Financing:</b>		
Rephasing of capital programme	0	0
<b>Service Income:</b>		
As a result of refurb of Inkerman (FSU)		(20)
Media and Corporate Comms		(30)
	0	<b>(50)</b>
<b>Police Authority:</b>		
Printing and Stationery		7
Community Engagement		(3)
Legal advice		(9)
	0	<b>(5)</b>
<b>Interest on Balances:</b>	0	<b>(300)</b>
<b>Inflation Provision:</b>	0	<b>(669)</b>
<b>Total changes from current policies:</b>	<b>3,215</b>	<b>(3,151)</b>

## Revenue Budget 2008/09 Analysed by Portfolio Holder

Approved Budget 2007/08		Approved Budget 2008/09
£'000		£'000
<b>365</b>	<b>Chief Constable and ACPO</b>	<b>403</b>
	<b>Deputy Chief Constable</b>	
2,408	Corporate Services	3,404
18,316	IT and Communications Department	19,397
808	Force Solicitor (including Licensing)	891
597	Media Services	672
2,475	Professional Standards	2,584
378	Other (including projects)	355
<b>24,982</b>		<b>27,303</b>
	<b>Assistant Chief Constable 'SO'</b>	
35,940	Crime OCU	39,424
22,189	Specialist Operations OCU	24,802
1,262	Special Events	1,069
2,695	Other	1,769
<b>62,086</b>		<b>67,064</b>
	<b>Assistant Chief Constable 'TO'</b>	
153,678	Operational Command Units (OCUs)	164,122
2,614	Departments	2,735
603	Other	316
<b>156,895</b>		<b>167,173</b>
	<b>Assistant Chief Constable 'P&amp;OS'</b>	
13,232	Call Management	13,888
6,370	Criminal Justice Unit (includes Central Ticket Office)	7,137
2,850	Personnel	2,528
5,706	Training	7,163
535	Other	325
<b>28,693</b>		<b>31,041</b>
	<b>Director of Finance and Resources</b>	
11,180	Business and Property Services	9,644
1,311	Finance	1,336
3,425	Transport	2,738
139	Other	149
<b>16,055</b>		<b>13,867</b>
	<b>General Items:</b>	
1,396	Compensatory Grant	1,230
642	Capital Financing (net)	1117
7,857	Budgets awaiting allocation	4,493
3,391	Inflation Provision	3,161
-744	Contributions to / (from) Reserves	-182
-92	General Income	-986
-914	Interest	-1270
699	National levies	840
0	Special projects budget	1008
-20,741	Specific Grants not allocated to portfolio holder	-23,546
<b>-8,506</b>		<b>-14,135</b>
<b>280,570</b>	<b>Total Constabulary:</b>	<b>292,716</b>
<b>1,355</b>	<b>Police Authority</b>	<b>1,470</b>
<b>281,925</b>	<b>Total Net Expenditure:</b>	<b>294,186</b>

## Why the Council Tax has changed from 2007/08 to 2008/09

<b>Why the Council Tax has changed from 2007/08 to 2008/09</b>			
	<u>£'000</u>	<u>£</u>	<u>% change</u>
Council Tax requirement 2007/08	84,042	125.37	
Pay and price changes**	6,968	10.39	8.29
Other changes to Current Policies budget	3,998	5.96	4.75
Additional net expenditure	3,215	4.80	3.83
Changes in revenue effect of capital programme and interest earnings	(300)	(0.45)	(0.36)
Reduction in net expenditure on services	(2,182)	(3.25)	(2.59)
Changes in general government grants	(4,951)	(7.39)	(5.89)
Changes in amounts taken to/from reserves	562	0.84	0.67
Changes in Collection Fund balances	295	0.44	0.35
Changes in taxbase		(1.17)	(0.94)
<b>Council Tax requirement 2008/09:</b>	<b>91,647</b>	<b>135.54</b>	<b>8.11</b>
<p>** Full year effect of changes in 2007/08 and anticipated part year effect of changes in 2008/09. This is equivalent of 2.7% of net expenditure on services.</p>			

## Summary Revenue Budget and Hampshire Police Precept 2008/09

Actual 2007/08		Forward Budget 2007/08	Forward Budget 2008/09
<u>£'000</u>		<u>£'000</u>	<u>£'000</u>
	Net expenditure - Current Policies		294,368
<b>273,533</b>	<b>Overall Net Expenditure:</b>	<b>282,669</b>	<b>294,368</b>
(3,804)	Taken from Reserves	(744)	(182)
<b>269,729</b>	<b>Net Expenditure to be met from Government Grants and Local Taxation</b> (as total of column [9] Appendix 1)	<b>281,925</b>	<b>294,186</b>
	<b>General Government Grants:</b>		
112,620	Police Grant	115,702	118,472
12,985	Revenue Support Grant	11,725	10,237
64,802	Share of National Business Rates	69,864	73,533
<b>190,407</b>	<b>Total General Grants</b>	<b>197,291</b>	<b>202,242</b>
(44)	Share of net surpluses on Collection Funds	(592)	(297)
<b>79,278</b>	<b>Balance to be met by Council Tax</b>	<b>84,042</b>	<b>91,647</b>
<b>£119.43</b>	<b>Requires a Council Tax at Band D of:</b>	<b>£125.37</b>	<b>£135.54</b>
5.00%	Increase of previous year	4.97%	8.11%
663,801	Taxbase	670,354	676,164

## The 2008/09 Council Tax at Each Band

Band	A	B	C	D	E	F	G	H	Increase over 2007/08
£	90.36	105.42	120.48	135.54	165.66	195.78	225.90	271.08	8.11%
Number of dwellings in this Band	101,856	170,542	208,851	135,048	92,710	51,622	29,925	3,244	
								<b>Total number of dwellings:</b>	<b>793,798</b>

## Collection Authority Tax Bases and Share of Precept 2008/09

Collection Authority	Tax Base	Precept (£)
Basingstoke and Deane	61,753.90	8,370,123.61
East Hampshire	47,352.44	6,418,149.72
Eastleigh	43,445.08	5,888,546.14
Fareham	42,200.00	5,719,788.00
Gosport	27,432.40	3,718,187.49
Hart	37,667.80	5,105,493.61
Havant	42,483.00	5,758,145.82
Isle of Wight	54,484.20	7,384,788.47
New Forest	72,101.30	9,772,610.20
Portsmouth	58,709.20	7,957,444.97
Rushmoor	30,928.94	4,192,108.53
Southampton	65,410.70	8,865,766.28
Test Valley	45,148.00	6,119,359.92
Winchester	47,047.11	6,376,765.29
	<b>676,164.07</b>	<b>91,647,278.05</b>

## Revenue Budget Summary 2009/10

	Assumed Increase	Projected 2009/10
		<u>£'000</u>
Current policies - net expenditure	3.50%	304,605
To / (from) reserves - already approved		86
Full year effect of 2008/09 growth items	One-offs falling out and full year effect of staffing growth	951
Further additional net expenditure in 2008/09	Assume full year effect in future years the same	2,616
Full year effect of 2008/09 agreed reductions	Full year effect of staffing reductions	(3,395)
Revenue impact of capital programme		271
To achieve 5% precept increase		(550)
<b>Total estimated net expenditure to be met from government grants and local taxation</b>		<b>304,584</b>
General Grants	2.60%	(207,500)
Estimated available from Collection Fund balances		(100)
<b>Net Precept Requirement</b>		<b>96,984</b>
<b>Estimated Band D Council Tax</b>		<b>£142.29</b>
Increase over previous year:		4.98%
Assumed Taxbase	0.80%	681,573

## General and Earmarked Revenue Reserves 2007/08 to 2009/10

<b>General and Earmarked Revenue Reserves</b>									
	Balance at 31/03/07 £'000	Movements in 2007/08 £'000	Balance at 31/03/08 £'000	Movements in 2008/09 £'000	Balance at 31/03/09 £'000	Movements in 2009/10 £'000	Balance at 31/03/10 £'000	Movements in 2010/11 £'000	Balance at 31/03/11 £'000
<b>General Reserve:</b> Use for "one-off" expenditure as approved for 2007/08 budget "Catch-up" payment in respect of rent for Southampton Central	9,944	(944) (303)	8,697	(382)	8,315	(114)	8,201		8,201
<b>Insurance Reserve:</b> No changes expected - although this will depend on any major claims not fully covered by current insurance arrangements	394	0	394	0	394	0	394	0	394
<b>Cashable Efficiency Gains and Spend to Save Reserve:</b> Used to support "Brainwaves" scheme Used for Data Cleaning Project (Finance Committee December 2007)	48	(25) (23)	0	0	0	0	0	0	0
<b>Earmarked Reserves:</b> Use for devolved budget carry forwards from 2006/07 Use for ANPR updates Use for other approved carry forwards 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	1,213	(514) (140) (31)	528	0	528	0	528	0	528
<b>Capital (Revenue Contributions) Reserve:</b> General contribution from Revenue Account Used to support capital programme	4,096	200	4,296	200 (4,496)	0	200 (200)	0	200	200
<b>Total Revenue Reserves:</b>	<b>15,695</b>	<b>(1,780)</b>	<b>13,915</b>	<b>(4,678)</b>	<b>9,237</b>	<b>(114)</b>	<b>9,123</b>	<b>200</b>	<b>9,323</b>

## Protocol for Reserves

<b>Reserve</b>	<b>Purpose</b>	<b>Use of Reserve</b>	<b>Management and Control</b>	<b>Review Process</b>
<b>General</b>	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.
<b>Capital (Revenue Contributions)</b>	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.
<b>Insurance</b>	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
<b>Spend to Save</b>	To provide funding for investment which will generate future savings	For approved investment purposes	Director of Finance and Resources	Reviewed annually
<b>Earmarked</b>	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 2009/010 and 2010/11 financial forecasts arising from the 2008/09 budget are shown in Appendix 6. Similarly the level of reserves has been scrutinised and a forward strategy set. Appendix 7 updates the 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 2008/09 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 members of the Authority;
  - by the Constabulary's Budget Review Group (at which the Authority was represented) which looked at an agreed third of budgets as part of a three year programme to review all budgets in detail. Savings as a result of this process and further scrutiny of budgets are set out in Appendix 3.
  - at the Authority's Budget Review Group made up of the Chair of the Authority, the Chairman and Vice-Chairman of the Finance Committee and another member of the Authority;

- initial consideration by the Committee and the Authority which supported a target council tax rise of about 5%;
  - budget consultation with residents, staff associations, business and council tax payers/residents associations which were supportive.
  - Community workshop on budget and council tax options run independently by Miller Associates which considered the budget strategy.
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 in Appendices 6 and 7 the uncertainties and risks include:
- Inflation
    - pay is provided at 2.1%, 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 2.1%; which would require additional vacancy management within year
    - interest rates may remain fairly static or, if they do change, it is likely to be slightly down – 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, although the Government’s proposals for a three year Efficiency Planning Strategy is likely to make achieving the required targets more challenging.;
  - 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. Paragraph 9.4 sets out the 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. From this year, the capital programme has been split between those projects which are formally approved and those that await formal business cases – revenue implications are only included for the approved schemes.;
- level of borrowing and outstanding debt – relatively low for 2008/09 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 the treasury management report and prudential indicators;
- contingent liabilities – no liabilities were reported in the 2006/07 final accounts;
- 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 2006/07 Annual Audit Letter stated that the Authority’s financial planning framework remains sound;
- grant loss – the announcement of three year general grant settlements for 2008/09 to 2010/11 will allow certainty for those future years. The three year grant settlement also included a number of “Rule 2” specific grants, although some specific grants are still subject to annual approval.
- risk of capping of the 2008/09 budget – this has been fully set out in previous reports and considerations. The Government expects “the average council tax increase to be substantially below 5%” and “will not hesitate to use our capping powers as necessary to protect council tax payers from excessive increases.” The Authority has a below average grant rise and its level of Council Tax and reserves is below average relative to other police authorities. It is not thought that capping would be a significant risk at 5%.

## Estimated Revenue Expenditure on Major Partnerships and “Outside Services” for 2008/09

	ACPO Portfolio Holder	Employee Related Costs	Other Running Costs	Total Expenditure	Income	Net Cost	Source and basis of Income
		£'000	£'000	£'000	£'000	£'000	
Safer Roads Partnership	ACCSO	1,075	635	<b>1,710</b>	(1,710)	<b>0</b>	Partnership and Agreement
Local Criminal Justice Board	CC	130	27	<b>157</b>	(157)	<b>0</b>	Grants and Agreement
Seconded Officers	ACCP&OS	1,790	0	<b>1,790</b>	(1,790)	<b>0</b>	Receiving organisation and agreed protocols
Police National CBRN Centre	DoFR	200	250	<b>450</b>	(450)	<b>0</b>	Home Office and Service Level Agreement (see note below)
ACPO Criminal Records Office (ACRO)	DCC	527	973	<b>1,500</b>	(1,500)	<b>0</b>	Home Office, ACPO and NPIA and Service Level Agreement
<b>Total:</b>		<b>3,722</b>	<b>1,885</b>	<b>5,607</b>	<b>(5,607)</b>	<b>0</b>	

**Note:** Financial Management responsibility for the Police National CBRN Centre will cease early in 2008/09 as a result of the Centre's move to NPIA prem

## Band D Council Tax – Police Authorities in England and Wales

Authority	Band D Council Tax					Based on 2008/09 Council Tax	
	2004/5	2005/4	2006/7	2007/8	2008/9	Increase	1=lowest 42=highest
						2008/09 over 2007/08	Ranking
Avon & Somerset	125.09	131.34	137.84	147.17	154.32	4.86%	23
Bedfordshire	107.17	111.98	117.55	123.43	135.28	9.60%	10
Cambridgeshire	129.33	135.54	142.29	149.40	156.87	5.00%	25
Cheshire	97.71	102.60	108.49	116.03	135.75	17.00%	12
Cleveland	136.84	143.68	150.72	158.10	173.87	9.97%	33
Cumbria	150.28	155.43	163.08	171.09	179.46	4.89%	36
Derbyshire	122.88	129.02	135.15	141.91	148.44	4.60%	21
Devon & Cornwall	113.39	119.62	125.53	131.73	142.19	7.94%	16
Dorset	135.36	142.11	149.13	156.51	164.25	4.95%	27
Durham	91.53	96.03	100.80	135.72	142.42	4.93%	17
Dyfed-Powys	142.65	143.10	150.21	157.68	165.51	4.97%	30
Essex	99.27	104.76	110.97	116.46	122.22	4.95%	3
Gloucestershire	156.71	162.90	170.96	179.49	188.45	4.99%	39
Greater Manchester	98.52	105.41	110.67	116.19	124.90	7.50%	6
Gwent	139.13	145.07	152.32	159.94	167.14	4.50%	32
<b>Hampshire</b>	<b>108.36</b>	<b>113.76</b>	<b>119.43</b>	<b>125.37</b>	<b>135.54</b>	<b>8.11%</b>	11
Hertfordshire	112.53	118.09	123.98	130.17	136.67	4.99%	14
Humberside	129.96	135.72	142.47	149.58	156.31	4.50%	24
Kent	105.66	110.88	116.37	122.18	128.25	4.97%	7
Lancashire	100.70	107.72	113.09	125.95	135.96	7.95%	13
Leicestershire	120.11	126.04	132.34	138.96	160.40	15.43%	26
Lincolnshire	112.23	119.43	125.37	131.58	235.35	78.86%	42
Merseyside	110.17	115.68	121.46	127.53	133.96	5.04%	9
Metropolitan Police	184.08	196.28	210.82	223.60	227.02	1.53%	41
Norfolk	138.69	145.53	154.17	164.88	178.56	8.30%	34
North Wales	151.57	158.94	166.89	178.16	186.18	4.50%	37
North Yorkshire	171.50	176.00	180.00	185.40	193.37	4.30%	40
Northamptonshire	149.43	154.41	162.11	170.21	178.62	4.94%	35
Northumbria	66.93	70.03	71.78	74.62	78.27	4.89%	1
Nottinghamshire	120.12	126.01	132.24	138.78	145.62	4.93%	20
South Wales	115.71	120.40	126.42	132.74	139.38	5.00%	15
South Yorkshire	102.79	107.88	113.27	118.92	124.56	4.74%	5
Staffordshire	138.44	145.28	152.53	160.15	166.16	3.75%	31
Suffolk	119.70	125.01	130.86	137.34	149.67	8.98%	22
Surrey	147.06	154.26	163.26	171.27	187.92	9.72%	38
Sussex	105.12	110.25	115.74	122.67	128.70	4.92%	8
Thames Valley	120.51	126.28	132.58	139.19	144.76	4.00%	18
Warwickshire	126.55	132.52	138.95	145.90	164.68	12.87%	28
West Mercia	137.69	143.17	150.24	157.66	165.45	4.94%	29
West Midlands	80.08	83.68	87.55	91.42	94.67	3.56%	2
West Yorkshire	102.06	107.05	112.40	118.02	123.62	4.74%	4
Wiltshire	120.63	126.63	132.84	139.35	145.34	4.30%	19
<b>Average:</b>	<b>122.48</b>	<b>128.23</b>	<b>134.64</b>	<b>142.44</b>	<b>153.48</b>	<b>7.75%</b>	

## **Efficiency Strategy 2008-11**

The Authority and Force has created a joint Efficiency Strategy Group to oversee the achievement of £30m (9.3%) of efficiency savings over the three years up to 31 March 2011. Some of the initiatives for achieving the efficiency savings required are:

### **Programmes and projects**

- Headquarters functions
- Personnel, Custody and Criminal Justice Review – review of all functions within the Personnel and Operational Support portfolio
- Replacement of Finance and HR systems
- Shift review – review of shift patterns to reduce the cost of overtime and improve working conditions
- Fixed penalty notices – review of the process for inputting data

### **Non-programme work**

- Contract review – renegotiation of contracts which offer potential savings and that are nearing the end of the current contract
- Initiatives identified through Efficiency Strategy Liaison Officers

### **Reductions put in place to produce a balance budget**

- Non recruitment of 14 Safer Neighbourhood sergeants £454k
- Reduce major incident reserve £200k
- Reduce police overtime £200k
- Reduce operational equipment £300k
- Reduce police staff £573k in 2008/09, £798k 2009/10 onwards
- Savings to pay for Inkerman (Public Order building) £75k
- Reduce special projects budget £150k
- Additional investment interest target £300k
- Police Authority general reduction £5k

### **Carry forward**

- Estimated cashable gain carry forward £2,440k

## Capital Programme 2008/09 to 2011/12

[1]	[2]	[3]	[4]	[5]	[6]	[7]		
Spent prior to 31 March 2007	Total Scheme Cost	Updated programme 2007/08	2008/09	2009/10	2010/11	2011/12 and later years		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Note
	<b>Estates Programme Board:</b>							
Annual Programme	Building Improvements	Annual Programme	1,129	500	500	500	500	
2,485	Premises Improvement Fund (includes access for disabled)	2,920	225	210				1
91	HQ - Power supply and generator	367	276					2
137	Southampton OCU accommodation project	29,000	2,070	11,293	12,500	3,000		3
442	Thermal insulation works - various locations	450	8					
7	Fratton - Targeted Patrol Team works	190	183					
4	New Milton - building works / IT infrastructure	140	136					
38	Netley - Inkerman Building urgent works	290	252					
	Netley - Inkerman Building remodelling project	1,620	150	1,470				4
732	HQ Development	1,000	134	134				
	Retentions on completed schemes		60					
	<b>Total Estates Management Board:</b>		<b>4,623</b>	<b>13,607</b>	<b>13,000</b>	<b>3,500</b>	<b>500</b>	
	<b>Resource Management Board:</b>							
Annual Programme	Housing Assistance for Police Officers/Staff	Annual Programme	400					5
	<b>Total Resources Management Board:</b>		<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Information Management Programme Board</b>							
291	ANPR Enabling Technology	300	9					
	<b>Total Information Management Board:</b>		<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Communications Board:</b>							
6,967	Airwave Project	7,317	350					6
	Replacement of Airwave equipment - initial wave	3,435	600					7
	<b>Total Communications Board:</b>		<b>950</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Transport Management Committee:</b>							
Annual Programme	Vehicles	Annual Programme	3,319	3,500	3,500	3,500	3,500	8
	<b>Total Transport Management Committee:</b>		<b>3,319</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>	
	<b>Grand Totals:</b>		<b>9,301</b>	<b>17,107</b>	<b>16,500</b>	<b>7,000</b>	<b>4,000</b>	

### Notes:

1. Programme increased by £300k (£50k vired from CIP and £250k RCCO to be actioned from Netley Business Plan) re PIF Phase 2 CQ / CS
2. Funding increased by £37k (RCCO to be actioned from strategic mtce).
3. Two elements for Southampton OCU new HQ amalgamated and removed per Finance Committee 11/12/07. Project retitled and phasing for project adjusted in accordance with GA information.
4. Funding increased to £1.62m per Finance Committee 11/12/07 - project retitled.
5. Following a review of the Housing Assistance scheme, ACPO Group have approved that the scheme is discontinued on the basis that there was little evidence that it was making any difference to recruitment and retention of police officers and police staff an  
  
Provision in 2007/08 increased by a further £100k to reflect anticipated outturn.
6. Programme 2007/08 updated by £350k to reflect provision of covert radios previously approved but not reflected in programme.
7. Project funding re-phased with circa £600k brought forward to 2007/08 to meet initial Airwave equipment replacement costs.
8. Funding 2010/11 increased by £400k to reflect anticipated increased spend in capital vehicle replacement programme - acquisition of sprinter vans

## Capital Programme 2008/09 to 2011/12 Resources Available

	Updated programme 2007/08	2008/09	2009/10	2010/11	2011/12 and later years
	£'000	£'000	£'000	£'000	£'000
<b>New resources available:</b>					
Capital receipts	4,055	3,100	900	3,200	3,650
Revenue Contributions - General	200	200	200	200	200
From devolved budgets	90	210			
Grants - General	4,900	4,900	4,900	4,900	4,900
<b>Total new resources available:</b>	<b>9,245</b>	<b>8,410</b>	<b>6,000</b>	<b>8,300</b>	<b>8,750</b>
Shortfall/(surplus) of in year resources	56	8,697	10,500	(1,300)	(4,750)
<b>Capital Reserves:</b>					
Balances at 1 April: Capital Receipts	1,924	1,868			1,100
Capital (Revenue Contributions) Reserve	4,096	4,096			200
Balances at 31 March: Capital Receipts	1,868	0		1,100	5,650
Capital (Revenue Contributions) Reserve	4,096	0		200	400
<b>Additional resources required to support programme:</b>	<b>0</b>	<b>2,733</b>	<b>10,500</b>	<b>0</b>	<b>0</b>

## Other Relevant Documents

This document contains a summary of the Revenue Budget for 2008/09 and the Capital Programme for the period to 2011/12.

Further information is available in:

- \* The Local Policing Plan - available from Corporate Services and at [www.hampshire.police.uk](http://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 2007/08 to 2011/12 – 9 October 2007
  - Forward Budget 2008/09 – Current Policies Only – 11 December 2007
  - Forward Budget 2008/09 – Proposals for Changes to Current Policies Budget - 11 December 2007
  - Efficiency Strategy 2008/09 – 5 February 2008
  - Prudential Code – 5 February 2008
  - Council Tax Precept 2008/09 - 5 February 2008
  - Capital Programme 2008/09 to 2011/12 - 5 February 2008
  - Council Tax Precept 2008/09 – Supplementary Report – 19 February 2008

### Acronyms Used in this Budget Book

ACC	Assistant Chief Constable
ACPO	Association of Chief Police Officers
ACRO	ACPO Criminal Records Office
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
FSU	Force Support Unit
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
LGPS	Local Government Pension Scheme
MAPPA	Multi-agency Public Protection Arrangements
MoPI	Management of Police Information
NPIA	National Police Improvements Agency
OCU	Operational Command Unit
OS	Operational Services
PCSO	Police Community Support Officers
PNC	Police National Computer
PND	Police National Database
POCA	Proceeds of Crime Act
POS	Personnel and Operational Support
RCCO	Revenue Contribution to Capital Outlay
RMS	Records Management System
RV	Rateable Value
SO	Specialist Operations
TO	Territorial Operations