

SUSSEX POLICE AUTHORITY – 11 FEBRUARY 2010

REVENUE BUDGET AND CAPITAL PROGRAMME

REPORT BY THE CHIEF CONSTABLE, CHIEF EXECUTIVE and TREASURER

Introduction and Summary

- 1.1 This report sets out the recommended revenue budget for 2010-11, capital programme for 2010-13 and the updated Medium Term Financial Plan.
- 1.2 In preparing this report, officers were guided by the views at the last Police Authority meeting to prepare options for a precept increase for 2010-11 of 2.50% and no more than 3.0%.
- 1.3 The report:
- updates the Authority, in section 2, on the final settlement and other significant financial issues;
 - re-affirms, in section 3 and 4, the Chief Constable's service priorities and budget proposals;
 - details, in section 5 and 8, the recommended revenue budget for 2010-11 and capital programme for 2010-13;
 - sets out, in section 7, the staffing implications for police officer and staff numbers;
 - describes, in section 11, the medium term implications and risk areas in the budget;
 - details, in the remaining sections, the technical aspects of the budget including proposals on reserves, the outcome of further consultation and the Chief Financial Officer's report.
- 1.4 In considering the budget proposal, Members will be mindful that Sussex Police continues to deliver a high level of performance, despite having fewer resources than most forces in England and Wales. Real improvements have been made in the current year, some examples are shown below, which have been achieved against the backdrop of comparatively low grant funding and one of the lowest levels of precept for policing in shire areas.

Performance Headlines

- Recorded crime in Sussex down 6.4% in the 12 months to the 18th January 2010, representing 7025 fewer victims year-on-year.
- Vehicle crime cut by 12.6% (1317 fewer victims) in the same period.
- Criminal damage reduced by 10.6% (2600 fewer victims).
- From April to December, 97.5% of 999 calls were answered within 10 seconds (plan year to end Dec 09), exceeding the Force target of 90%.
- During the 12 months to the end of September, 80.7% of surveyed crime victims were satisfied with the service they received from Sussex Police.
- British Crime Survey data indicates that locally more of our residents (71%) were confident in Sussex Police, compared to local residents in the 7 other most similar forces.
- A positive assessment by the Audit Commission provided further reassurance that public money is being used well to deliver policing to the people of Sussex.

Final Grant Settlement and Key Financial Issues

- 2.1 The Government confirmed the final grant settlement for 2010-11 on 20 January. This is the final year of the three-year financial settlement announced in December 2007. Apart from confirmation of the capital grant, the final settlement shows no change from the position reported to the Authority on 10 December. Details are set out in Appendix 1 and summarised below.

Final Grant Settlement 2010-11

2009-10 Settlement		2010-11 Settlement	Change
£m		£m	£m
70.613	Revenue Support Grant (incl. Business Rates)	71.982	1.369
99.197	Home Office Grant	102.074	2.877
169.810	Total Formula Grant	174.056	4.246
5.518	Police Rule 2 grants	5.518	0
2.50%	Grant percentage increase	2.50%	0
7.917	Floor Protection	6.983	(0.934)
3.112	Capital Grant (excl supported capital expenditure)	3.112	0

- 2.2 The recommended increase in grant for Sussex next year is £4.25m or 2.5%. This is the minimum grant increase as the Authority is protected by the grant floor. Without this protection, some £7m of grant funding is at risk.
- 2.3 Specific grants notified are Crime Fighting Fund (CFF), Neighbourhood Policing Fund for PCSOs (an increase of 2.7%) and the retention of Basic Command Unit (BCU) funding for a further year. Other grant levels remain unchanged since last year. We are still awaiting information on the level of funding for a number of Counter Terrorism grants controlled by ACPO-TAM.
- 2.4 The capital grant for 2010-11 has now been announced and remains, as expected, at the same level as 2009-10 (£3.1m). This has been built into the capital programme financing assumptions for next year. However, as with other specific grants, there is no guarantee on the value of the grant in future years. We are aware that other capital funding including National Police Improvement Agency (NPIA) allocations and Safer, Stronger, and Communities funding, made available to Local Authorities, will be reduced next year and this could pose a risk to national and partnership projects.

Local Policing Plan Priorities

- 3.1 The Chief Constable's budget proposals have been shaped by national and local priorities and reviewed and prioritised by the Force's three Strategic Boards, each of which include the lead members from the Authority. Following further consultation with members of the Police Authority since December, recommended targets have been agreed to deliver the priorities detailed in the Local Policing Plan, included as a separate item on this agenda (Item 5).

Chief Constable's Budget Proposal

- 4.1 The Chief Constable's budget proposal for 2010-11 has been developed in consultation with members of the Police Authority to ensure that the demanding targets for Serving Sussex, as set out in the Local Policing Plan, can be resourced effectively.
- 4.2 The budget proposal has been through a rigorous process of review within the Force, as well as scrutiny through the three Force Strategic Boards. Budget savings and additional costs have been the subject of internal challenge and scrutiny. Detailed reports on budget proposals, capital programme and reserves have been considered by the Resources Scrutiny Committee in November and the Police Authority in October and December.
- 4.3 The Chief Constable's assessment of the budget proposal is that, taken as a whole, it provides the resources necessary for the delivery of Local Policing Plan priorities, and will enhance further the Force's ability to keep people safe and develop neighbourhood policing. The requirement to deliver high quality policing within available resources has been mitigated by considerable work by the Chief Constable to identify sustainable efficiency savings across the Force. This work has identified savings totalling £7.3m for use in 2010-11 and beyond to ensure a sustainable funding base is maintained. This is equivalent to a precept increase of over 9%.
- 4.4 The Chief Constable is confident that the recommended budget based, on a precept of 2.7%, represents the resource investment necessary to ensure Sussex Police can meet the level of performance expected in the Policing Plan and provides for an investment in an additional 31 Neighbourhood Police Officers.

Recommended Revenue Budget 2010-11

- 5.1 The financial planning position has materially changed since the report to the last meeting of the Authority as a consequence of an improved council tax base and collection fund position. The increase in the taxbase is available recurrently whilst the collection fund surplus is a one-off gain. These changes increase the level of funding available for the 2010-11 budget by £0.7m compared to the assumptions reported to the December SPA Meeting.
- 5.2 Budget assumptions for pay, prices and other cost pressures have been reviewed and updated. The net result of this is a reduction of £0.2m in funding required to meet these cost pressures in 2010-11. Appendix 2 provides a reconciliation of all changes from the recommended budget compared to budget proposals reported to the December SPA Meeting.
- 5.3 The recommended revenue budget includes a roll-over budget based on a 2.5% formula grant increase together with a number of unavoidable cost pressures. The budget maintains the Local Policing Plan whilst consolidating and embedding developments agreed as part of the 2009-10 budget.
- 5.4 A commitment was made by the Police Authority at its February 2009 meeting to increase front line policing investment in line with Local Policing Plan priorities. This included an ambition to have at least a dedicated neighbourhood constable for every 3 wards and a dedicated neighbourhood

sergeant for every 6 wards (60 posts in total). The first part of this ambition was realised in the 2009-10 budget with Neighbourhood Policing teams uplifted by 29 police officer posts.

- 5.5 Due to the higher than anticipated increase in the tax-base, improved collection fund position and other budget savings identified the commitment for an additional 31 officers to fulfil the Authorities ambition for Neighbourhood Policing can be funded with a precept increase of 2.7%. The Chief Constable proposes that funding for an additional 31 Neighbourhood Police Officers is included in the recommended budget option.
- 5.6 Based on the latest saving proposals and cost pressures the Chief Constable would expect to manage within a net revenue budget of £260.7m, based on a precept increase of 2.7%, to deliver the priorities and targets set out in the Local Policing Plan. A subjective view of the budget is set out in Appendix 3.

Recommended Budget Option

An increase of 2.74% or a £138.42 a year Band D precept or 7 pence a week. Net budget of £260.722m or a 3.04% budget increase	
Full year effect of Prior Year Commitments:	£0.3m
▪ Revenue running costs of capital schemes	
Pay and price inflation	£6.1m
Unavoidable service commitments including :	£5.1m
▪ Funding of the capital programme	
▪ Financing costs for the capital programme	
▪ NSPIS case and custody running costs	
▪ FASU developments	
▪ Income reductions	
Changes to financial Provisions	£1.7m
Additional 31 Neighbourhood Police Officers	£1.1m
Savings and Efficiencies	(£5.4m)
Other changes	(£1.2m)

Savings Proposals for 2010-11

- 6.1 The Police Authority, in December, was informed of saving proposals from budget holders. In addition to this, Chief Officers considered whether any of the saving proposals either required or suggested a more consistent application across other Divisions, Departments or the whole Force.
- 6.2 As a consequence of this assessment a set of saving proposals has been prepared comprising some but not all individual budget holder proposals plus a number of Force wide saving proposals totalling £7.3m. These savings indicate potential net reductions in establishment totalling 82 FTE police officers and staff, including posts at Gatwick as part of a plan to meet efficiencies agreed with the Airport.

- 6.3 The savings proposals will be achieved over more than one year, as some of the projects will have to be scoped and will not be ready to start on 1st April 2010. Therefore the full value of the potential savings and changes in posts will not be realised in the next financial year.
- 6.4 An initial assessment would suggest that savings of at least £5.4m are achievable in the next year in line with the budget planning assumptions. Delivery of these savings will be monitored and reported on during the year. The Chief Constable is confident that the savings proposals of £5.4m would not represent a risk to public service delivery

Staffing Numbers

- 7.1 The Chief Constable is seeking to ensure the most effective and productive workforce mix of police officers, PCSO's and staff are available to deliver the Policing Plan outcomes. The Chief Constable is mindful of the flexibility, first introduced in 2007, over funding for police officer posts under the Crime Fighting Fund, and the Authority's approval that frontline staff should be seen in future as a measure of workforce strength instead of solely police officer establishment numbers.
- 7.2 An estimate of the police officer and police staff (including PCSO) numbers included in the recommended budget is summarised in the table below.

Estimated Staffing Numbers

	Police Officers	Police Staff inc PCSOs	Total Staff
	FTE	FTE	FTE
Total estimated staffing as at 31 March 2010	3,199	2,717	5,916
Plus: Budget investment for Neighbourhood Policing	31	0	31
Less: Net reduction in posts from efficiencies	69	13	82
Total estimated staffing as at 31 March 2011	3,161	2,704	5,865

- 7.3 The net impact of the budget proposals is an estimated reduction of 38 police officer and 13 police staff posts. Within this there will be a reallocation of posts from areas subject to savings, most notably, Probationer Development Units (PDUs) to Neighbourhood Policing. Sussex Police will continue to recruit probationer constables but at lower levels than previous years.
- 7.4 In the context of reduced posts lower than expected numbers of leavers may introduce the risk of the police officer establishment being exceeded at certain times in the year, leading to a potential overspend. This could be potentially offset by underspends at other times; the aim is to equalise the establishment levels and the revenue budget across the year. The Authority will need to be aware of this risk when considering budget monitoring reports.

Capital Programme to 2013

- 8.1 The Capital Strategy was agreed by the Police Authority at its meeting on 15 October. The Capital Strategy sets out the prioritised investment plans, and the expected performance outcomes, from the Authority's estates, fleet, information systems and protective services equipment.

- 8.2 The recommended 3 year Capital Programme of £25.6m is summarised in the table below and detailed in Appendix 4 together with a statement on how the capital programme supports the Local Policing Plan.

Latest Capital Programme Proposals to 2013

	2010-11	2011-12	2012-13	Total
	£m	£m	£m	£m
IS	3.577	2.314	3.785	9.676
Estates	3.250	0.585	0.250	4.085
Fleet	3.470	3.187	3.199	9.856
TSU	0.284	0.350	0.351	0.985
ANPR	0.180	0.160	0.160	0.500
CJ&D	0.500	0.000	0.000	0.500
Total	11.261	6.596	7.745	25.602

- 8.3 The latest programme reflects new schemes only at this stage. During 2009, the Authority approved a carry-forward of £3.7m of the current year capital budget to 2010-11. Appendix 5 shows the impact of this on the capital budget for next year. Any further roll forward of forecast slippage of the current year capital budget will be agreed by the Authority as part of the outturn report to 2009-10.
- 8.4 There is one addition to the recommended capital programme from the proposals presented to the December SPA meeting. Funding of up to £0.5m is proposed to enable the Force to replace the cassette tape based system for interview recording with a digital based one. Benefits will include improved quality of interview evidence, saving of officer time and associated cashable savings. Agreement in principle to proceed was made at beginning of 2009 but no scheme formally added to the capital programme pending assessment of options and the seeking of procurement support from the National Police Improvement Agency (NPIA). Funding for this scheme was identified from earmarked reserves and revenue budgets in 2009 and these have been included in budget planning assumptions to date.
- 8.5 The latest planned financing of the capital programme is summarised in the table below. The estimated additional revenue implications, including financing charges, arising from the recommended capital programme have been taken into account in the revenue budget.

Latest Capital Programme Financing

	2010-11	2011-12	2012-13	Total
	£m	£m	£m	£m
Capital Programme	11.261	6.596	7.745	25.602
Home Office Grant	3.112	3.112	3.112	9.336
Revenue Support	1.800	1.800	1.800	5.400
Capital Receipts	0.000	0.000	2.149	2.149
Capital Reserve	3.464	1.684	0.684	5.832
Approved Prudential Borrowing	2.885	0.000	0.000	2.885
Total Capital Funding	11.261	6.596	7.745	25.602

- 8.6 The current balance of capital receipts held is £2.5m. This excludes new receipts from the sale of a number of surplus assets yet to be sold. Due to the volatility of the property market, a prudent approach has been taken

which excludes income at this stage. Any new receipts would increase funding available to support the capital programme or alternatively could be used to replenish reserves or reduce borrowing.

- 8.7 The table shows that the recommended Capital Programme can be delivered within the funding available but provides limited flexibility for any new requirements, and draws down available capital reserves by the end of 2013-14. The Authority does have other sources of funding which could be used, if necessary to support the programme in the form of the: asset replacement reserve; operational reserve; major change reserve; and new receipts from the sale of surplus assets.

Use of Authority Reserves

- 9.1 In accordance with the Authority's revised reserves policy agreed in October 2009, the Chief Constable and the Treasurer have reviewed the application of the Authority's reserves as part of the budget setting process. The forecast level of reserves is set out in Appendix 8.
- 9.2 The forecast position for general balances at 31 March 2010 is £8.9m or 3.4% of net revenue budget. Additional revenue contributions of £0.7m per annum for the next three years, as agreed by the Authority in October, are planned to ensure the level of general balances increases to at least 4% of net revenue budget by 2013.
- 9.3 Following early completion of the Airwave replacement programme in 2009 funding of £1.5m is now available in the base budget to repay contributions from the Asset Replacement Reserve used for the current replacement programme and begin making contributions to the future replacement costs of Airwave handsets.
- 9.4 In line with capital programme assumptions a sum of £3.4m will be transferred from the Capital Reserve in 2010-11.
- 9.5 At this stage, the level of contribution to reserves includes a number of transfers to reserves assumed as part of the 2009-10 revenue budget forecast. These relate to Police Pensions, PFI and Insurance. Further transfers to or movements between reserves, including use of the identified surplus on the operational contingency reserve requirement and the use of any in-year underspend, will be considered as part of the outturn report for 2009-10.

Cash Flow

- 10.1 The Police Authority is required to set, before the beginning of each financial year, a number of key treasury management and cashflow limits. The Local Government Act 2003 also requires the Police Authority to set prudential ratios and limits in accordance within the requirements of the "CIPFA Prudential Code for Capital Finance in Authorities". The Code, which is based largely on self-regulation, sets out the indicators that it expects authorities to use, and the factors that they must take into account, to demonstrate that their plans are prudent, sustainable and affordable. It does not, however, include suggested, indicative limits or ratios. These are to be set by each individual authority. Under International Financial Reporting Standards, the

Authority will be required to restate the prudential indicators. The revised set will be presented to a future meeting for approval.

- 10.2 Details of the recommended ratios and limits, required by the Code are summarised in Appendix 7.

Implications for Future Years

- 11.1 The Authority needs to be mindful of the implications for future years of the commitments set out in the budget, on-going levels of grant funding and potential new commitments and cost pressures.
- 11.2 The year 2010-11 marks the last year of the current Comprehensive Spending Review and future levels of grant increases are far from certain. The recommended budget for 2010-11 includes a 2.5% uplift in grant for 2010-11, as already announced, with anticipation of grant reductions in future years. The White Paper 'Protecting the Public: Supporting the Police to Succeed' published in December 2009 sets out plans for improving efficiency and achieving £545m of savings across all Forces in England and Wales by 2014.
- 11.3 In addition Sussex's already below average grant increase is dependent on the minimum increase in the protection provided by the grant floor. Without this protection, some £7m of grant funding is at risk.
- 11.4 The Force faces specific cost pressures with regard to pay and other costs. Pay awards are nationally set, the current three year pay settlement runs until September 2011. Increases are expected in national insurance and pension fund contributions. There are potential costs and funding risks with respect to price inflation, introduction of the carbon trading scheme, the on-going costs of implementing national IT systems, the Regional Asset Recovery Team (RART) and custody costs.
- 11.5 The updated forecast at Appendix 9 continues to show a requirement for significant savings over the next four years as set out below. Original budget planning assumptions were for a shortfall in funding of £35m over five years 2010-15 (of which £30m was over the four year period 2011-15). The latest forecast is in line with this but indicates a greater weighting of savings required in 2011-12. The current assumptions included in the Medium Term Financial Forecast are set out at Appendix 10.

Indicative Savings Requirement at 2.5% Precept

	2011-12	2012-13	2013-14	2014-15	Total
Original Forecast £'m	£7.5m	£7.5m	£7.5m	£7.5m	£30m
% of annual budget	2.9%	2.9%	2.9%	2.9%	12%
Updated Forecast £'m	£11m	£7m	£6m	£6m	£30m
% of annual budget	4.2%	2.7%	2.3%	2.29%	12%

- 11.6 For 2011-12 savings of £3m have already been identified from the full year impact of current savings proposals and IS modernisation. It is expected that savings from further changes to back office functions including Finance and Business activities, HR, procurement activity, implementation of IS capital strategy and collaboration could contribute between £1m to £2m. The Force is also undertaking reviews of its Fleet and Estate requirements which could generate savings on capital and revenue budgets.
- 11.7 The above proposals are being developed now with the expectation that savings will be identified and delivered between 2010 and 2012. This will go some way towards meeting likely saving requirements in 2011-12 but further savings will need to be identified and more significant change proposals will be required in order to meet on-going funding shortfalls for 2012 onwards.
- 11.8 In order to address this position, consideration is being given to changes in management structures, BCUs and much more significant collaboration on protective services. The Chief Constable anticipates the need to change significantly our model of policing delivery over the next five years to maintain standards and confidence with anticipated reductions in funding. Implementing a significant and sustainable savings programme will further reduce staff numbers for both police officers and police staff.

Consultation

- 12.1 The Authority and Force's planning has included opportunities for public and stakeholder consultation. Consultation with representatives of business rate payers, as required by the Local Government Finance Act 1992, is due to take place between Monday 14th December and Monday 1st February 2010. Stakeholders have been contacted via letter with an invitation to participate in a bespoke on-line survey.
- 12.2 The Force's Consultation Team will additionally be compiling relevant results from the local Crime and Disorder Reduction Partnership (CDRP), level public confidence survey. These surveys have been conducted across Sussex since July 2009 and provide feedback on policing and partnership issues from a robust and representative sample. The survey will therefore be able to report on perceptions of the delivery of value for money in policing and the link to confidence, satisfaction and successfully identifying and dealing with neighbourhood priorities.
- 12.3 The results of both the bespoke on-line survey, and a report on the public confidence survey as it relates to budgetary issues, will be available immediately on completion of the on-line survey in the first week of February 2010.

Chief Financial Officer's Report

- 13.1 The Local Government Act 2003 requires the Treasurer, as the statutory chief financial officer of the Authority, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.
- 13.2 The Treasurer is required to consider matters of risk and uncertainty. These areas have been considered alongside the Chief Constable's Risk Assessment process.
- 13.3 Taking into account the factors set out above, the Treasurer as the statutory Chief Financial Officer of the Authority, is satisfied with the robustness of the estimates and adequacy of reserves which this budget provides.
- 13.4 The Treasurer's commentary on key assumptions and areas of financial risk is set out in Appendix 11.

Conclusions

- 14.1 The Police Authority has a duty to secure efficient and effective policing for Sussex. Authority members have considered the budget strategy and proposals at its meetings in October and December, and elsewhere, alongside the development of the Local Policing Plan.
- 14.2 The Authority is keenly aware of the pressures that council-tax payers in Sussex face and the desire to ensure any increases are as low as possible. The Authority is also aware of the efficiency and performance improvements that the Chief Constable has secured, and is proposing, in the policing of Sussex.
- 14.3 The funding position for the Authority has materially changed since the last meeting of the Authority in December 2009 due to updated taxbase and collection fund assumptions. This allows a budget proposal to be put forward, which is within the range of budget options previously agreed by the Authority and enable full additional investment in neighbourhood policing, rather than two separate budget options. A budget option of 2.5% would provide £169,000 less funding and therefore only enable part achievement of additional neighbourhood officers. Taking all these factors into consideration, including the very clear requirements for the enhancements needed to deliver the ambitions of the Local Policing Plan, the Chairman and Vice-Chairman recommend the Authority to support the recommended budget option of 2.7%.
- 14.4 This would result in an increase of 3.04% of the revenue budget on a like-for-like basis and a recommended precept increase of 2.74% or an increase of 7 pence per week compared to 2009-10 for a typical Band D property. The police share of the precept for a Band D property would rise to £138.42 a year. Over 70% of households in Sussex live in properties that are in Band D or lower, where precept increases will be at this amount or proportionately lower. Full details of the precept calculations and the Council Tax for each property band are given in Appendix 12.

RECOMMENDED

Revenue

- [a] a revenue budget for 2009-10 of £260.749m inclusive of a contingency provision of £0.400m be approved as detailed in Appendix 3;

Capital

- [b] a capital programme, as detailed in Appendix 4, including expenditure of £11.261m be approved;
- [c] the proposed methods of financing the capital programme for 2010-11, including the use of borrowing shown in Appendix 6 be approved;

Cash Flow

- [d] a maximum operational borrowing limit of £10.480m for prudential borrowing and an additional £15m of borrowing for temporary cash flow purposes, giving an authorised borrowing limit of £25.480m be approved;
- [e] a limit of 100 percent on borrowing at fixed rates and 25 percent on borrowing at variable rates be approved;
- [f] a £15m limit on investments for a year or longer be approved;

Reserves

- [g] the use, contributions and transfers in reserves as set out in the report and detailed in Appendix 8 be approved;

Precept

- [h] the level of precept for 2009-10 at £86,607,944.74 and the issue of precepts to be collected by the Brighton and Hove City Council and the Borough and District Councils in the counties of East Sussex and West Sussex in accordance with the details as set out in the revised Appendix 12, be approved;

Future Years

- [i] the implications for future years as set out in section 11, including the target for future efficiency savings, be noted.

MARTIN RICHARDS
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Appendices

1. Sources of Funding
2. Reconciliation to December budget estimate
3. Recommended Revenue Budget
4. Capital Programme to 2013
5. Capital Budget 2010-11
6. Capital Financing
7. Cash Flow and Prudential Code Indicators
8. Reserves and Balances
9. Medium Term Financial Forecast
10. Budget Assumptions
11. Areas of Financial Risk
12. Tax Base and Levy

External Grant Funding

Grants	2009-10 £m	2010-11 £m
Grant percentage increase	2.50%	2.50%
Revenue Support Grant (inc Business Rates)	70.613	71.982
Home Office Grant	99.197	102.074
Total Formula Revenue Grant	169.810	174.056
Total Central General Funding	169.810	174.056

Capital Grant (excl supported capital expenditure)	3.112	3.112
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	£m	£m
Central Funding	169.810	174.056
Police Precept from Council Tax	83.535	86.588
Collection Fund Surplus/(Deficit)	(0.485)	0.78
FUNDING FOR NET EXPENDITURE	252.860	260.722
Precept increase	4.48%	2.74%
Budget increase	3.17%	3.04%

Grants Detail

Rule 2' General Grants	£m	£m
Rural policing	0.538	0.538
South East allowance	1.104	1.104
Special priority payments	1.528	1.528
DNA	1.664	1.664
Student officer grant (IPLDP)	0.684	0.684
Total Rule 2 Grant	5.518	5.518

Specific Revenue Grants		
Basic Command Unit	0.937	0.937
Crime Fighting Fund	6.209	6.209
Neighbourhood Policing Fund (PCSOs)	7.043	7.233
PFI Grant	3.263	3.263
DSP Grant	4.722	4.722
Police Military Liaison Officer	0.129	TBA
Prevent	0.190	TBA
Airport Security Grant	0.904	TBA
Otter Grant	6.112*	n/a
Local Criminal Justice Board	0.160	0.160
Sexual Assault Referral Centre (SARC)	0.054	n/a
Total Specific	29.723	22.524

APPENDIX 2

Reconciliation of Movement in 2010-11 Budget			
	Dec Version	Recommended	
Approved Base Budget	253,028	253,028	Change
<i>Inflation</i>	£000's	£000's	£000's
Police pay award	3,123	3,306	183
Police Staff pay award	1,976	1,781	(195)
Pay Inflation	5,099	5,087	(12)
Price Inflation	1,147	1,008	(139)
Total Inflation	6,246	6,095	(151)
<i>Financial Provisions</i>			
Reduction in Investment Interest	800	800	
Contribution to General Reserve	675	675	
Capital Financing Charges	250	250	
Changes to Financial Provisions	1,725	1,725	
<i>Prior Year Commitments</i>			
New ongoing revenue costs of Capital Programme	257	257	
Prior Year Commitments	257	257	
<i>External Cost Pressures</i>			
Increments - Officers and Staff	2,469	2,470	1
Bank Holiday Overtime	200	250	50
PFI custody changes	400	400	
NSPIS Maintenance costs	356	356	
Loss on helicopter income	225	225	
SSRP income charging review	185	185	
Police Officer allowance changes	97	97	
Airwave data traffic	50	50	
CBRN and ANPR equipment	75	75	
Helicopter Insurance	32	32	
Additional National Insurance			
Additional Police Staff pension contribution			
Additional Police Officer pension contribution			
CTIU costs			
Fuel Duty increase			
External cost pressures	4,089	4,140	50
<i>Internal cost pressures</i>			
Reduced Gatwick Overhead charge		100	100
Increased Legal Fees	75	75	
CTIU and SB relocation costs	208	208	
FASU ongoing investment	500	500	
Existing committed posts	90	90	
Brighton east lease costs	97		(97)
Collaboration team			
Diversity Budget requirement	40	40	
Internal cost pressures	1,010	1,013	3
Investment in Neighbourhood Policing		1,091	1,091
Total Unavoidable Cost Pressures	5,099	6,244	1,145
Gross Change in Costs	13,327	14,321	994
<i>Savings/Efficiencies/Income</i>			
Officer Allowance and grants taper	(566)	(566)	
Savings Identified	(5,416)	(5,416)	
Savings Requirement			
Total Savings and Efficiencies	(5,982)	(5,982)	
<i>Base budget Movements</i>			
Net base budget changes	(555)	(645)	(90)
Reduction in specific grants			
Base budget Movements	(555)	(645)	(90)
Net Change in Costs	6,790	7,694	904
Budget Requirement	259,818	260,722	904
Source of Funds			
Home Office Grant	102,074	102,074	
Formula Grant	71,982	71,982	
Collection fund	(250)	78	328
Taxbase Improvement	209	579	370
Council Tax Precept	85,803	86,009	206
Precept Yield	86,012	86,588	576
Total Available Resources	259,818	260,722	904

APPENDIX 3

RECOMMENDED REVENUE BUDGET 2010-11

Description	£'000
Police Officers	123,756
Police Overtime	5,462
Support Staff	69,137
PCSO's	10,902
Other Employee costs	10,548
Total Employees	219,805
Buildings And Premises	15,169
Transport	8,307
IT and Communications	13,051
Supplies and Services	22,189
Other Expenditure	5,489
Gross Expenditure	284,010
Income	(26,859)
Operational Net Expenditure	257,151
Pensions Net Expenditure	29,357
Force Net Expenditure	286,508
Authority Net Expenditure	1,554
Net Financial Provisions	(3,721)
Less Total Specific Grants	(23,619)
Total Net Budget	260,722

Recommended Capital Programme to 2013

Scheme		2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
IT	IMPACT	952			952
IT	Digital Evidence		500	500	1,000
IT	CRASH	50	50	100	200
IT	Collabotration & ISIS	50	50	250	350
	Mandatory	1,052	600	850	2,502
<hr/>					
ES	Crawley Custody	200			200
FL	Fleet Replacement	3,470	3,187	3,199	9,856
	Committed	3,670	3,187	3,199	10,056
<hr/>					
ES	Key Buildings Power Upgrades	50	50	50	150
ES	Generator Upgrades	150	150	150	450
ES	Kingstanding Redevelopment	1,000	335		1,335
ES	Window Replacements	50	50	50	150
IT	Holmes upgrade	20	50	50	120
IT	CIMS Upgrade	50	50	50	150
IT	Active Directory Update		100		100
IT	Sharepoint Upgrade	140			140
IT	Exchange Upgrade	130		200	330
IT	Command & Control System	900	165	50	1,115
IT	Federated Data	100	100	100	300
IT	Mobile	100	150	100	350
IT	Server & Storage	500	200	255	955
IT	Content Management Refresh	95			95
IT	Disaster Recovery/Business Continuity	150	40		190
IT	Software Support Environment	75	70		145
IT	Network Capacity Upgrade		60		60
IT	GIS Upgrade & Refresh	15	75		90
TS	TSU Equipment	284	350	351	985
	Started TOTAL	3,809	1,995	1,406	7,210
<hr/>					
IT	Case & Custody			750	750
IT	Business Objects Upgrade/refresh	120	50	50	220
IT	Covert Intelligence Refresh		100	180	280
IT	ICCS Refresh			100	100
IT	Telephony Unified Comms	130	254	150	534
IT	Contact Centre Refresh			200	200
IT	Desktop			200	200
IT	Portal & Workflow		250	500	750
ES	Astley House Replacement	1,800			1,800
CJD	Digital Interview Recording	500			500
OP	ANPR Strategic Roads	180	160	160	500
	HIGH PRIORITY	2,730	814	2,290	5,834
<hr/>					
CAPITAL STRATEGY TOTALS		11,261	6,596	7,745	25,602

How the Capital Programme supports the Local Policing Plan

Estates	Fleet	IS Strategy
NEIGHBOURHOOD POLICING		
<p>New and improved Buildings:</p> <ul style="list-style-type: none"> ▪ Replacement Lewes Police Station ▪ Enhanced custody facilities in Crawley 	<p>Replacement of fleet vehicles to meet operational requirements</p>	<p>Changes to improve working practices:</p> <ul style="list-style-type: none"> ▪ Implementation of Mobile Data Strategy ▪ Command and Control (major upgrade for OIS) <p>Improving contact with public: Implementation of Contact Management strategy</p>
KEEPING PEOPLE SAFE		
<p>New and improved Buildings:</p> <ul style="list-style-type: none"> ▪ Sussex House refurbishment ▪ Enhanced custody facilities in Crawley 	<p>Replacement of fleet vehicles to meet operational requirements</p>	<p>Changes to improve working practices:</p> <ul style="list-style-type: none"> ▪ ANPR Programme ▪ Command and Control (major upgrade for OIS) <p>Improved management of information:</p> <ul style="list-style-type: none"> ▪ NSPIS/Case and Custody ▪ IMPACT
MAKING BEST USE OF OUR RESOURCES		
<p>Improved Buildings:</p> <ul style="list-style-type: none"> ▪ Lewes Police Station ▪ Improvement of Police HQ Lewes ▪ Improvements to Kingstanding <p>Improved Facilities:</p> <ul style="list-style-type: none"> ▪ Relocation of Astley House vehicle workshop 	<p>Ensuring best industry practice in the management of vehicle fleet and workshops.</p> <p>Purchase of diesel vehicles (low CO₂) where possible</p> <p>Use of national and local procurement agreements where applicable to reduce the cost of operating the fleet.</p>	<p>Changes to improve working practices:</p> <ul style="list-style-type: none"> ▪ NSPIS /Case and Custody ▪ Implementation of Mobile Data Strategy ▪ Business Continuity / Disaster Recovery <p>Improving contact with public: Implementation of Contact Management Strategy</p>

2010-11 Capital Budget

Scheme	approved carry-forward	2010/11 £'000	Total £'000
IMPACT		952	952
CRASH		50	50
Collabotratrion & ISIS		50	50
Mandatory		1,052	1,052
Crawley Custody	250	200	450
HQ Redevelopment	100		100
Fleet Replacement		3,470	3,470
Telephony Refresj	436		436
Committed	786	3,670	4,456
Key Buildings Power Upgrades		50	50
Generator Upgrades		150	150
Kingstanding Redevelopment	500	1,000	1,500
Window Replacements		50	50
Lewes Police Station	700		700
Holmes upgrade		20	20
CIMS Upgrade		50	50
Sharepoint Upgrade		140	140
Exchange Upgrade		130	130
Command & Control System	215	900	1,115
Federated Data		100	100
Mobile		100	100
Server & Storage		500	500
Content Management Refresh		95	95
Disaster Recovery/Business Continuity		150	150
Software Support Environment		75	75
GIS Upgrade & Refresh		15	15
TSU Equipment		284	284
Started TOTAL	1,415	3,809	5,224
Business Objects Upgrade/refresh		120	120
Telephony Unified Comms		130	130
Digital Interview Recording		500	500
Astley House Replacement	1,500	1,800	3,300
ANPR Strategic Roads		180	180
HIGH PRIORITY	1,500	2,730	4,230
CAPITAL STRATEGY TOTALS	3,701	11,261	14,962

Capital Financing**SUSSEX POLICE AUTHORITY
RECOMMENDED CAPITAL PROGRAMME**

	2010-11 £m
(a) CAPITAL PROGRAMME FINANCING PROPOSALS	
Capital Grant	3.112
Capital Expenditure Reserve	3.464
Capital Receipts	0
Revenue contribution	1.800
Authorised Prudential Borrowing	2.885
External Funding	0
Total Financing requirement	11.261
(b) CAPITAL EXPENDITURE RESERVE	Total £m
Balance as at 1.4.2010	5.481
2010-11 contribution	0.500
Financing Requirement 2010-11	(3.464)
Estimated Balance as at 1.4.2011	2.517
2011-12 contribution	0
Financing Requirement 2011-12	(1.684)
Estimated Balance as at 1.4.2012	0.833
(c) CAPITAL RECEIPTS	
Estimated Balance as at 1.4.2010	2.535
Receipts in 2010-11	0
Financing Requirement 2010-11	0
Estimated Balance as at 1.4.2011	2.535

Prudential code indicators

A. Cash Flow

1. The Police Authority is required to set before the beginning of each financial year:
 - ▶ an operational limit for borrowing to reflect the likely level of borrowing required;
 - ▶ an authorised limit for borrowing based on an assessment of realistic risk;
 - ▶ the maximum to be borrowed at fixed rates;
 - ▶ the maximum to be borrowed at variable rates; and
 - ▶ the maximum to be invested for a year or longer
 - ▶ It is recommended that the operational limit be set at £10.480m for 2010-11, based on the current position with regard to debt outstanding and the spending and financing plans included in the draft capital programme.
 - ▶ It is possible that the Police Authority may also need to borrow temporarily for cash flow management purposes, pending receipt of income, or to meet a large expenditure flow, or to avoid withdrawing short-term investments, where interest rate effects would be detrimental. It is recommended therefore that an authorised limit for borrowing of £25.480m should be approved for 2010-11, to encompass the above operational limit and an additional £15m for temporary borrowing
 - ▶ The Police Authority has long-term debt and would normally expect to borrow at fixed rates and therefore it is recommended that the limit on fixed rate debt be set to match the authorised borrowing limit. Because of market circumstances it may be advantageous to defer long-term borrowing at fixed rates for a period. The alternative would be to borrow at variable rates in the short-term and therefore it is recommended that a 25% limit should be set for 2010-11.
 - ▶ The Treasurer will continue to lend surplus cash funds in accordance with the Police Authority's Treasury Policy Statement. It is recommended that a limit of £15m be imposed on investments for a year or longer.
 - ▶ The Local Government Act 2003 also requires the Police Authority to set prudential ratios and limits in accordance within the requirements of the "CIPFA Prudential Code for Capital Finance in Authorities". The Code, which is based largely on self-regulation, sets out the indicators that it expects authorities to use, and the factors that they must take into account, to demonstrate that their plans are prudent, sustainable and affordable. It does not, however, include suggested, indicative limits or ratios. These are to be set by each individual authority. Details of the recommended ratios and limits, required by the Code are summarised below.

B. Prudential Indicators

	Base 2009-10	Increase From Base 2010-11	Increase From Base 2011-12	Increase From Base 2012-13
Impact of Capital Plans on Council Tax				
Impact on Council Tax (Band D Equivalent)	134.73	0.26%	0.07%	0.00%
Less Government Supported Capital Expenditure		-0.13%	-0.12%	-0.11%
Net Impact on Council Tax		0.13%	-0.05%	-0.11%

	Revised Estimate 2009-10 £ '000s	Revised Estimate 2010-11 £ '000s	Revised Estimate 2011-12 £ '000s	Revised Estimate 2012-13 £ '000s
Financial				
Capital Expenditure (less leasing and PFI)	15,790	11,261	6,596	7,745
Capital Financing Requirement	6,545	9,114	8,797	8,481
Actual Debt/Operational Borrowing Limit	7,530	10,480	10,120	9,756
Net Borrowing	-52,615	-45,730	-41,730	-37,730
Authorised Borrowing Limit	22,530	25,480	25,120	24,756
Capital Financing/Net revenue Stream	0.19%	0.27%	0.29%	0.29%

	Estimate 2009-10	Estimate 2010-11	Estimate 2011-12	Estimate 2012-13
Treasury Management				
Compliance with CIPFA Code of Practice	YES	YES	YES	YES
Debt Maturity:				
26-30 Years	39.07%	28.09%	0.00%	0.00%
21-25 Years	44.01%	37.83%	56.18%	56.18%
16-20 Years	16.93%	34.08%	43.82%	43.82%
11-15 Years	0%	0%	0%	0%
6-10 Years	0%	0%	0%	0%
1-5 Years	0%	0%	0%	0%
Max. Actual Debt at Fixed Rates as a % of Net Borrowing	-14.04%	-22.46%	-24.61%	-27.22%
Max. Actual Debt at Variable Rates as a % of Net Borrowing	-3.51%	-5.61%	-6.15%	-6.80%
Maximum % Borrowing at Fixed Rates	100%	100%	100%	100%
Maximum % Investments at Fixed Rates	100%	100%	100%	100%
Maximum % Borrowing at Variable Rates	25%	25%	25%	25%
Maximum % Investments at Variable Rates	50%	50%	50%	50%
Principal Invested > 364 days	25%	27%	29%	31%

	Estimate 2009-10 £ '000s	Estimate 2010-11 £ '000s	Estimate 2011-12 £ '000s	Estimate 2012-13 £ '000s
Long Term Borrowing - Fixed Rate	7,385	10,270	10,270	10,270
Investments	60,000	56,000	52,000	48,000
Maximum investments at Longer than 1 year	15,000	15,000	15,000	15,000
Percentage of investment longer than 1 year	25.00%	26.79%	28.85%	31.25%
Net Borrowing	-52,615	-45,730	-41,730	-37,730

Forecast Reserves

Reserve ----->	Insurance	Operational	Specific Pensions	Major Change	Capital Expenditure	Asset Replacement	PFI	Corke Bequest	Asset Seizures	Delegated Budget holder Reserve	General Reserve	Total Reserves	Gen reserve balances as % NRE
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Target
Balance at 31.3.2009	4.076	2.230	0.557	1.676	17.026	3.880	12.285	0.001	0.410	2.694	7.217	52.052	2.85%
2009-10													
Provisional contributions							0.141					0.141	-
Estimated Expenditure	- 0.007			- 1.127	- 11.705	- 1.950		- 0.001	- 0.178	- 1.857	- 0.017	- 16.642	-
Additional contributions etc	0.032		1.131		0.159		- 0.334					0.988	-
Transfers between reserves			- 1.688								1.688	- 0.000	-
Estimated balance at 31.3.2010	4.101	2.230	-	0.549	5.480	1.930	12.092	-	0.232	1.037	8.888	36.539	3.41%
2010-11													
Provisional contributions						1.500					0.675	2.175	-
Estimated Expenditure					- 3.463				- 0.433			- 3.896	-
Additional contributions etc						0.100						0.100	-
Transfers between reserves					0.500		- 0.500					-	-
Estimated balance at 31.3.2011	4.101	2.230	-	0.549	2.517	3.530	11.592	-	0.232	0.604	9.563	34.918	3.67%
2011-12													
Provisional contributions						0.750					0.675	1.425	-
Estimated expenditure					- 1.684							- 1.684	-
Additional contributions etc						0.100						0.100	-
Transfers between reserves												-	-
Estimated balance at 31.3.2012	4.101	2.230	-	0.549	0.833	4.380	11.592	-	0.232	0.604	10.238	34.759	3.93%
2012-13													
Provisional contributions						0.750					0.675	1.425	-
Estimated expenditure					- 0.684							- 0.684	-
Additional contributions etc						0.100						0.100	-
Transfers between reserves												-	-
Estimated balance at 31.3.2013	4.101	2.230	-	0.549	0.149	5.230	11.592	-	0.232	0.604	10.913	35.600	4.19%
2013-14													
Provisional contributions						0.750					0.675	1.425	-
Estimated expenditure					- 0.149	- 0.075						- 0.224	-
Additional contributions etc												-	-
Transfers between reserves												-	-
Estimated balance at 31.3.2014	4.101	2.230	-	0.549	- 0.000	5.905	11.592	-	0.232	0.604	11.588	36.801	4.44%
2014-15													
Provisional contributions						0.750					0.675	1.425	-
Estimated expenditure												-	-
Additional contributions etc												-	-
Transfers between reserves												-	-
Estimated balance at 31.3.2015	4.101	2.230	-	0.549	- 0.000	6.655	11.592	-	0.232	0.604	12.263	38.226	4.70%

Medium Term Financial Forecast

	2010-11	2011-12	2012-13	2013-14	2014-15
Approved Base Budget	253,028	260,722	260,448	260,568	260,759
Inflation	£000's	£000's	£000's	£000's	£000's
Police pay award	3,306	2,271	1,361	1,390	1,420
Police Staff pay award	1,781	1,322	838	861	883
Pay Inflation	5,087	3,593	2,199	2,251	2,303
Price Inflation	1,008	925	925	931	953
Total Inflation	6,095	4,518	3,124	3,182	3,256
Financial Provisions					
Reduction in Investment Interest	800				
Contribution to General Reserve	675				
Capital Financing Charges	250	60			
Changes to Financial Provisions	1,725	60			
Prior Year Commitments					
New ongoing revenue costs of Capital Programme	257				
Prior Year Commitments	257				
External Cost Pressures					
Increments - Officers and Staff	2,470	1,998	2,008	1,958	2,024
Bank Holiday Overtime	250				
PFI custody changes	400				
NSPIS Maintenance costs	356				
Loss on helicopter income	225				
SSRP income charging review	185				
Police Officer allowance changes	97	200	92	94	97
Airwave data traffic	50				
CBRN and ANPR equipment	75				
Helicopter Insurance	32				
Additional National Insurance		1,057			
Additional Police Staff pension contribution		741	766	786	811
Additional Police Officer pension contribution		1,912			
CTIU costs		438			
Fuel Duty increase		40			
External cost pressures	4,140	6,386	2,866	2,838	2,932
Internal cost pressures					
Reduced Gatwick Overhead charge	100				
Increased Legal Fees	75				
CTIU and SB relocation costs	208				
FASU ongoing investment	500				
Existing committed posts	90				
Brighton east lease costs					
Collaboration team					
Diversity Budget requirement	40				
Internal cost pressures	1,013				
Investment in Neighbourhood Policing	1,091				
Total Unavoidable Cost Pressures	6,244	6,386	2,866	2,838	2,932
Gross Change in Costs	14,321	10,964	5,990	6,020	6,188
Savings/Efficiencies/Income					
Officer Allowance and grants taper	(566)	(348)	(300)	(260)	(226)
Savings Identified	(5,416)	(2,623)			
Savings Requirement		(8,387)	(6,570)	(5,569)	(5,700)
Total Savings and Efficiencies	(5,982)	(11,358)	(6,870)	(5,829)	(5,926)
Base budget Movements					
Net base budget changes	(645)	(1,020)			
Reduction in specific grants		1,140	1,000		
Base budget Movements	(645)	120	1,000		
Net Change in Costs	7,694	(274)	120	191	262
Budget Requirement	260,722	260,448	260,568	260,759	261,021
Source of Funds					
Home Office Grant	102,074	99,744	97,414	95,084	92,753
Formula Grant	71,982	71,983	71,984	71,985	71,986
Collection fund	78	(250)	(250)	(250)	(250)
Taxbase Improvement	579	216	222	228	236
Council Tax Precept	86,009	88,755	91,198	93,712	96,297
Precept Yield	86,588	88,971	91,421	93,940	96,532
Total Available Resources	260,722	260,448	260,568	260,759	261,021
Taxbase	625,549	627,113	628,680	630,252	631,828
Increase in Budget	3.04%	-0.11%	0.05%	0.07%	0.10%
Council Tax Precept	2.74%	2.50%	2.50%	2.50%	2.50%
Band D Council Tax	138.42	141.87	145.42	149.05	152.78
Pence per week Increase	7	7	7	7	7

Assumptions included in the recommended 2010-11 Budget

Area	2010-11	Risk	2011-12	2012-13
Grant Increase	+2.5%	Confirmed	0%	0%
Floor Protection change	No Change	Low	-£2.3m	-£2.3m
NNDR	+2.50%	Low	+0%	+0%
Precept Increase	+2.50%	Low	+2.50%	+2.50%
Tax base increase	0.79%	Low	0.25%	0.25%
Collection deficit	£0.78m	Medium	£0.250m	£0.250m
Pension Contributions - PO	0	Low	+1.5%	0
Pension Contributions - PS	0	Low	+1.5%	1%
Pay inflation (avg)	+2.60%	Low	+2.00%	+1.00%
Price inflation	+2.00%	Low	+2.00%	+2.00%
Investment Interest	+0.75%	Medium	+0.75%	+0.75%
Specific Grants change	No Change	Medium	-5.00%	-5.00%

Areas of Financial Risk

Issue	Assumption	Comment
Maintaining & improving service performance levels	Resources sufficient to meet targets and priorities in the Local Policing Plan	The Chief Constable believes that the proposals set out in this report are in accordance with the delivery of the 2010-11 Local Policing Plan priorities. However the Authority remains at risk from the cost of major counter-terrorism operations, particularly if these are not funded nationally.
Pay and price budgets and establishment control	<p>Provision for national pay awards September 2009 (2.6%) & 2010 (2.5%).</p> <p>Staff turnover and increments based on detailed analysis of current staff profile and trends.</p> <p>Average price inflation of 2%</p>	<p>The number of police officer leavers is difficult to predict but recruitment and promotions will be managed during the year across the Force to match staffing need and resources to budget.</p> <p>Budget holders' ability to stay within their allocated staff budgets will be more challenging as a result of the recommended vacancy assumptions for Police Staff posts. This will be mitigated by close corporate monitoring of the overall budget and management action to maintain financial discipline at Command Team and Chief Officer level.</p> <p>Pay and price contingency is available to meet any unexpected increases in year.</p>
Capping	Precept increase of 2.7% for 2010/11 and planning assumption of 2.5% up to 2015.	<p>Ministers have made clear that they will take action against excessive increases in council tax in 2010-11. In previous years, the threshold for capping has been 5% but this has been determined by reference to both the increase in the budget requirement and precept over more than one year.</p> <p>Although no specific capping limit or guidance has been set for 2010/11, on the basis of direction given in ministerial statements and letters The Treasurer advises that a precept increase of 3% or more is likely to be subject to capping. The Government's detailed methodology for capping will not be available until after budget decisions have been taken.</p> <p>Compared to other police authorities, Sussex has one of the lowest levels of precept in the country. Budget increases have been below 4% in recent years.</p>
Grant Levels	<p>Overall revenue grant increase of £4.2m.</p> <p>Other specific grants and capital grants as announced.</p>	<p>The level of grants for 2010-11 have been confirmed with the exception of Ports and Airport Security funding where indications from ACPO TAM are that allocations will remain at the same level as in the current year.</p> <p>From 2011-12 it is clear that future levels of grant increase will be considerably lower because of strain on public sector finances following the global economic downturn. The protection of £7m provided by the grant floor arrangements could be removed or reduced. Any change to the grant formula would have a significant impact on base funding.</p>
Budget Estimates (Expenditure)	Provision for specific on-going cost pressures (set out in Appendix 2)	<p>The Chief Constable and his finance team have undertaken a detailed examination of the budget estimates including all identified additional for 2010/11, supported by input and review by staff from the Treasurer's office. Regular reports on the budget strategy, and its links to performance priorities, have also been considered by the Authority and the Resources Scrutiny Committee. Spending pressures in future years that are known at this stage have been included in the Medium Term Financial Forecast (MTFF).</p> <p>There are a number of potential 'one off' cost items which could impact in 2010/11, e.g. preparation for the 2012 Olympics, employment tribunal costs, airwave at the new Brighton & Hove Albion football stadium. Action will be taken to mitigate costs,</p>

Issue	Assumption	Comment
		seek alternative funding or manage budget underspends in year to cover these or other unexpected costs.
Cash releasing efficiency savings	Savings of £6m included in the budget including £5.4m of efficiencies and £0.6m of savings on allowances.	Full year cash-releasing efficiency savings of £7.3m have been identified of which at least £5.4m is planned to be delivered in 2010-11. Action plans to deliver savings from April 2010 are being prepared by Divisions and Departments and regular monitoring will be undertaken to track achievement of savings and ensure any additional action required is undertaken during the year.
Levels of reserves	General balances of £8.9m (3.4% of net revenue budget) at 31 March 2010 Other earmarked reserves as required to meet specific items of expenditure	The policy on reserves was agreed by the Police Authority in October 2009. The level of reserves has been reviewed by the Treasurer and the Chief Constable and is considered adequate. The level of reserves will need to be considered in the light of the 2009-10 outturn position.
Interest rates, investment and borrowing	Interest rates assumptions of 1.75% Borrowing at fixed rates	Forecasts of investment income for 2010-11 are based on estimated cash balances and interest rate forecasts. A prudent position has been adopted with regard to anticipating future increases in interest rates. The position on Icelandic-owned investments continues to be monitored closely and the Authority will be kept apprised.
Income Assumptions	Income budgets reduced for specific items (Appendix 2).	Some risk of achieving on-going level of income targets included in Divisional and Department budgets. This will be monitored during the year and appropriate action or mitigation agreed as necessary.
Policing of Gatwick Airport	Funding of £13.3m plus contingency.	Action plans to achieve efficiency savings of £0.5m to be formally agreed with Airport.

TAX BASE AND LEVY 2010-2011

The Tax base for the year 2010-11 is the aggregate of the amounts calculated by the billing authorities to which the Police Authority issues precepts totalling **625,548.63 Band D equivalents** as set out in the adjacent table.

TOTAL TAX BASE			
Brighton and Hove	94,511.05	West Sussex	
East Sussex		Adur District Council	22,320.50
Eastbourne Borough Council	36,572.00	Arun District Council	60,881.00
Hastings Borough Council	29,348.00	Chichester District Council	52,693.10
Lewes District Council	38,185.44	Crawley Borough Council	36,233.00
Rother District Council	38,737.54	Horsham District Council	57,767.10
Wealden District Council	62,434.10	Mid Sussex District Council	57,024.90
	<u>205,277.08</u>	Worthing Borough Council	38,840.90
			<u>325,760.50</u>

The basic amount of Council Tax, being the budget requirement less the amounts receivable all divided by the tax base shall be **£138.42** to the nearest penny. The amount of Council Tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportions set out in Section 5(1) of the Act, shall be as follows, shown to the nearest penny:-

Valuation Band	Amount
	£ p
A	92.28
B	107.66
C	123.04
D	138.42
E	169.18
F	199.94
G	230.70
H	276.84

That the Brighton and Hove Council and the district and borough councils be requested to make payments of sums totalling **£86,588,441.36** due under precepts calculated in proportion to their Council Tax Band D equivalents as follows:-

	£ p
Brighton and Hove City Council	13,082,219.54
East Sussex	
Eastbourne Borough Council	5,062,296.24
Hastings Borough Council	4,062,350.16
Lewes District Council	5,285,628.60
Rother District Council	5,362,050.29
Wealden District Council	8,642,128.12

	£ p
West Sussex	
Adur District Council	3,089,603.61
Arun District Council	8,427,148.02
Chichester District Council	7,293,778.90
Crawley Borough Council	5,015,371.86
Horsham District Council	7,996,121.98
Mid Sussex District Council	7,893,386.66
Worthing Borough Council	5,376,357.38

That the Brighton and Hove City Council and the district and borough councils are required to make payment by equal instalments of the above sums due on or before:-

Brighton and Hove and East Sussex	West Sussex
April 9 th 2010	April 15 th 2010
May 21 st 2010	May 20 th 2010
July 2 nd 2010	June 24 th 2010
August 9 th 2010	July 29 th 2010
September 10 th 2010	September 2 nd 2010
October 22 nd 2010	October 7 th 2010
November 22 nd 2010	November 11 th 2010
January 4 th 2011	December 9 th 2010
February 11 th 2011	January 13 th 2011
March 14 th 2011	February 17 th 2011

The budget requirement to meet the total net expenditure of the Police Authority for the financial year 2010-11 be set at **£260,722,000**

The following sums be payable for the year into the Police Authority's Revenue Account:

	£
Police Grant	102,073,667
Revenue Support Grant and Re-distributed Business Rates	71,981,918

The following sums be payable for the year to the Police Authority's Revenue Account:

Collection Fund Surplus	77,526.95
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