

# LEICESTERSHIRE POLICE AUTHORITY

Meeting **POLICE AUTHORITY**

Date **THURSDAY, 07 FEBRUARY 2008 – 2.00 P.M.**

Report of **CHIEF CONSTABLE & TREASURER**

Subject **REVENUE BUDGET AND PRECEPT 2008/09**

## **Purpose of the Report**

1. To present the revenue budget and precept forecasts for 2008/09 to 2010/11, and to seek Members' approval of the budget requirement and precept for 2008/09.

## **Background**

2. On 6 December 2007 the Government announced the grant settlement for the three years 2008/09 to 2010/11. Once again the formula devised to allocate grant according to need has not been fully implemented, with the result that the Authority has lost grant to which it is entitled.
3. The reason for this is that when the new formula was introduced some two years ago a number of authorities were faced with losing some of the grant they were already receiving. Rather than provide additional funds to protect these authorities the Government decided to take the cash from those who stood to benefit. The result has been a series of flat rate increases for all authorities based on their entitlement before the new formula was devised. Increases of 3.1% and 3.6% were applied in 2006/07 and 2007/08 respectively.
4. For 2008/09 and the following two years there has been a slight move towards formula implementation, with increases ranging from 2.5% per annum (the minimum or 'Floor') to 4%. For Leicestershire, the increases are 2.9% in each of the three years.
5. Had the formula been applied, the increases for Leicestershire would not have been 2.9% but 5.9% in 2008/09 and a further 2.5% on top in the two subsequent years.
6. The cash value of this loss of grant totals £9.3 million over the next three years, in addition to the £5.9 million lost in the past two years. The individual figures for the three years are as follows:

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Entitlement according to the formula	118.086	121.097	124.170
Actual grant	114.666	117.984	121.378
Loss of grant	3.420	3.113	2.792

7. Members will recall that part of the response to previous shortfalls was to reduce the police officer establishment by 30 posts, leaving a total of 2,239 posts in the 2007/08 budget.

8. During the course of 2007/08 a number of posts falling vacant have been left vacant in anticipation of a future funding shortfall.

### **Comparative Funding Settlement**

9. The settlement for the three years is compared to the 2007/08 figure below.

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Police Grant	62.813	64.318	66.132	67.996
Revenue Support Grant	6.992	6.152		
Business Rate	41.667	44.196	51.852	53.382
<b>Total Formula Grant</b>	<b>111.472</b>	<b>114.666</b>	<b>117.984</b>	<b>121.378</b>

10. In addition, the former specific grants now known as 'Rule 2 Grants', have been frozen for all three years at £2.501 million. These grants comprise the former Rural Policing Grant, Special Priority Payments, and Forensic Grant.

11. Finally, specific grants have been announced as follows:

	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Crime Fighting Fund	4.062	4.062	4.062	4.062
Neighbourhood Policing Fund	4.361	4.479	4.599	4.724
Dedicated Security Grant	1.385	*1.385	*1.385	*1.385
<b>Total</b>	<b>9.808</b>	<b>9.926</b>	<b>10.046</b>	<b>10.171</b>
BCU Fund	0.820	0.656	*0.820	*0.820
*To be confirmed				

### **Efficiency Savings**

12. The Home Office efficiency savings target for the next three years has been set at 9.3% or 3.1% per annum. Leicestershire will not be able to implement this target without imposing significant service reductions.

### **Budget Preparation Process**

13. The Strategic Financial Planning Group (which includes four Police Authority members and the Treasurer) has met throughout the year to identify and quantify the strategic risks facing the Force, and to look at options for mitigating these risks. This process has been rigorous and the outcome has been instrumental in shaping the budget build for the next three years
14. In addition, the Chief Constable and his Chief Officers met in January to consider the Force's priorities, risks and expectations over the next three years. They reviewed performance and noted the evidence of the detrimental impact on operational performance and capacity of the decision to cut the police officer establishment by 30 posts (see para. 7).
15. Chief Officers agreed three strategic objectives around the budget planning framework as set out below :
- i) To deliver the Government Public Service Agreements and Departmental Strategic Objectives, specifically the Strategic Policing Priorities and Criminal Justice Business Plan.

- ii) To develop the Force's capacity through working with the Forces and Police Authorities of the East Midlands to deliver protective services.
- iii) To maintain and develop the Force's infrastructure and human resources to support the delivery of effective and efficient policing services.

### **Consultation**

- 16. The Police Authority has consulted widely with the public and stakeholders during the year about what people want from their policing. 2,610 people responded to the questionnaire on the council tax leaflet. 365 people completed our community consultation questionnaire. There were meetings for local people in 19 of the 21 local policing units within the police area. The Chairman and Vice Chairman met representatives from each of the district and upper tier councils. Authority members also gathered people's views at the Haymarket Shopping Centre, Leicester Mercury Jobs Fair, and the Caribbean Carnival.
- 17. On 14 November 2007 a Consultation Evening was held at Force Headquarters.
- 18. In addition to presentations by both Assistant Chief Constables, attendees heard about the financial pressures facing the Authority. In a vote 95 people indicated their support for various potential precept increases, as follows:
  - 17% voted for 5%
  - 7% voted for 7.5%
  - 14% voted for 10%
  - 33% voted for 12%
  - 29% voted for 18.5%
- 19. On 25 January 2008 a further event was held, this time for local MPs, MEPs, Councillors and other representative bodies. The options were slightly different on this occasion as a result of continuing refinement to the draft budget. In a vote 47 people indicated their support for various potential precept increases, as follows:
  - 26% voted for 5%
  - 23% voted for 12%
  - 21% voted for 15.5%
  - 30% voted for 18.5%
- 20. The very strong feedback from all of these events focuses on local policing service provision: more visibility, quicker follow up, more feedback and support are requested.

### **Base Revenue Budget Changes**

- 21. The first stage in the process to build a budget for 2008/09 is to calculate a standstill situation. This will include the full year effect of pay awards together with other inflation.
- 22. The table overleaf shows how that standstill figure is derived.

	£	£
<b>2007/08 Approved Base Budget</b>		<b>168,537,048</b>
Less Specific Grants		(12,063,865)
		<u>156,473,183</u>
<b>Variations:</b>		
<b>Police Pay &amp; Allowances</b>		
Pay Award (Full Year Effect)	2,444,957	
Pay Increments	677,556	
Modernisation	(441,000)	
Income from Funded Posts (reduction)	438,560	
Establishment Changes	<u>(1,056,832)</u>	
		2,063,241
<b>Police Pensions</b>		35,600
<b>Central &amp; Financing Items</b>		209,401
<b>Delegated Budgets (inc. Police Authority)</b>		
Police Staff Pay Award (Full Year Effect)	873,795	
Police Staff Pay Increments	404,437	
2007/08 Growth (Full Year Effect)	518,370	
Modernisation	63,163	
Other Establishment Changes	458,208	
Price Increases	1,982,424	
Savings	<u>(602,487)</u>	
		3,697,910
<b>Police Community Support Officers</b>		
Pay Award (Full Year Effect)	141,058	
Pay Increments	93,528	
Reduction in Contribution from Reserve	<u>171,885</u>	
		406,471
<b>Reduction in Specific Grants</b>		2,138,266
<b>2008/09 Revenue Base Budget Requirement</b>		<b><u>165,024,072</u></b>

23. In view of the three year settlement an equivalent figure has been calculated for the following two years, giving a total forecast as follows.

	2008/09 £m	2009/10 £m	2010/11 £m
Base budget requirement	165.024	170.777	176.210

(i) Police Pay & Allowances

The full year effect of the December 2007 pay award and pay increments is included for those officers eligible to receive them. Modernisation reflects the recently reduced Police Officer numbers within the Learning and Development and Criminal Justice Departments. Income from Funded Posts reflects those Police Officer posts that are externally funded. This income is reducing from current levels in 2008/09. Establishment changes relate to the incremental saving on leavers salaries, associated allowances and pensions on costs.

(ii) Police Pensions

Costs have increased in respect of Ill-Health and Injury-related pension payments which are met by the Force.

(iii) Central & Financing Items

The net increase in other non delegated corporate budgets includes provision for pay inflation from 1 September 2008 at 2.5% for both Police Officers and Police Staff.

(iv) Delegated Budgets (inc. Police Authority)

The full year effect of the September 2007 pay award and pay increments is included for those Police Staff eligible to receive them. The full year effect of 2007/08 growth initiatives has been taken into account, along with non pay related price increases and savings.

(v) Police Community Support Officers (PCSOs)

The full year effect of the September 2007 pay award and pay increments is included for those PCSOs eligible to receive them. Also included is the reduction in the contribution from the PCSO reserve.

(vi) Specific Grants

The increase in specific grants includes additional PCSO/Neighbourhood Policing funding together with estimated Dedicated Security Posts grant.

**Revenue Consequences of the Capital Programme**

24. The proposed Capital Programme is dealt with in a separate report on the agenda.

**Police Authority Budget 2008/09**

25. The proposed Police Authority budget is detailed at page 11.

**Managing Risk - The Case For New Investment**

26. The Chief Constable's judgement is that without significant investment, the Force's response to incidents, provision of specialist services and the ability to effectively police our neighbourhoods will be seriously affected.
27. The Force has been judged to be at the top of national performance tables in terms of ensuring the best use of resources, investing wisely in its infrastructure, demonstrating sound internal systems of control and value for money together with achieving high-levels of public confidence and satisfaction. It strives to maintain high standards of service and protection but the cracks are beginning to show across the board.
28. The increased demand for specialist services, such as the Child Abuse Investigation Unit, Paedophile Online Investigation team and Special Operation Unit, and the resources that must be dedicated to these areas has exposed vulnerabilities in the level of resources the Force is able to commit to them and to everyday policing.
29. The risks to public confidence and to the Force's reputation is real, and for our communities it means they face the very real possibility of a police force unable to cope with the competing demands placed upon it. In the Chief Constable's view, communities would be left exposed to an increase in gun crime, violent crime, drug-related crime, increased anti-social behaviour and the real prospect of the police not being there when they are most needed.
30. The Chief Constable is concerned that the dedicated staff in the Child Abuse Investigation Unit are being put under exceptional pressure. Workloads are significantly higher than recommended national levels. By way of example, the average number of cases held by each officer is 27 against the national recommended level of 15. From April to December 2007 the unit investigated 935 cases of child abuse. While they are currently able to deal with the initial response to reports of child abuse, the complex and lengthy investigations that are needed in these cases are often delayed denying speedy justice and closure for the victim.

31. The Constabulary has now been given the responsibility for managing the risks posed by sex and dangerous offenders who live within our communities. This new requirement demands an immense amount of additional specialist preventative work including surveillance, offender profiling, monitoring and multi-agency planning. To do this, officers have been drawn off local area teams.
32. The major crime team and special operations unit have seen an immense increase in their workload over the last three years. Their professionalism is second-to-none and matched only in a few other forces but they are stretched to breaking point. They are investigating more murders, kidnaps and shootings and are committed to targeting organised crime groups responsible for supplying drugs, extorting money, trafficking humans, and defrauding businesses. This often unseen police-work is vital to keeping our communities safe.
33. Effectively investigating and disrupting serious and organised crime groups, many with access to firearms, requires significant resourcing. These groups left unchecked will embed themselves into our communities bringing with them associated criminality and danger to the public. This is not an urban problem it affects all communities.
34. Similarly, Leicester, along with so many other cities across the country is affected by increasing levels of gun-related violence amongst criminals. It is also clear that 'bad on bad' shootings and kidnaps are becoming more frequent and that this is not a problem unique to the City. This can tarnish the reputation of the whole area and the risk this poses for the economic regeneration of the City and surrounding area.
35. Members of the Authority have received confidential briefings on the extent of organised crime and the fact that the Force, along with others in the country, is actively involved in Counter Terrorism operations. Policing a major regional airport, where the levels of specialist resources do not meet those of other similar airports, adds to the demands on the force as it requires additional firearms and operational resources. With limited financial contribution for the airport operations, the Chief Constable is again faced with little choice but to take officers from other duties including neighbourhood police teams.
36. The dedication and professionalism of the members of the Constabulary and their commitment to provide a second-to-none policing service should not be in question here. However the pressure they face, the threats and the many different demands are great. Without significant additional investment, difficult decisions must be made that will have implications for the safety of all our communities, now and in the years to come.
37. The precept options in relation to new investment priorities are discussed later in the report. However, in considering the budget requirement for 2008/09 to 2010/11 the Force has identified risk against unmet needs and expectations of the public, partners and Government. In applying the Police Authority's policy on risk management, the various new investment priorities have been assessed and an aggregate risk score derived which is summarised on page 9.

### **Precept Requirement**

38. The precept seeks to bridge the gap between the budget requirement and the external funding made available by the Government, although the application of the capping regime makes this difficult to achieve. Account has been taken of the Police Authority's share of the Collection Fund Surplus together with an annual 0.7% increase in the Band D equivalent tax base.
39. Funding the total base budget requirement for 2008/09 identified in the report would require a precept increase of 10.4% on current 2007/08 Band D Council Tax, prior to utilising savings, reserves and balances. This reflects the impact of "damping" on Government Grant to which the Authority is entitled under the formula but will not receive.

40. The setting of a precept increase in excess of 5% brings with it the threat of capping, and Ministers have made it clear that they will not hesitate to cap if necessary. A letter from John Healey MP, Minister of Local Government, appears at page 12.
41. The capping powers available to Ministers are not as simple as a straight percentage limit.
42. There are two forms of capping – designation or nomination. The Ministers (DCLG) may designate or nominate an authority for capping its precept if in their opinion its budget requirement is excessive.
43. Designation requires the authority to reduce its budget requirement and re-bill its population. Nomination effectively puts the authority on notice that the DCLG will stipulate a budget limit for the following year.
44. The DCLG determines the criteria (the principles) after the budgets have been set nationwide. The principles must include a comparison of the amount calculated by the authority as its budget requirement, with that calculated for a previous financial year. Ministers are free to include in the principles, any other matters they consider relevant.
45. This leaves a great deal of discretion available to Ministers, and hence great uncertainty for authorities at the time of budget setting. In previous years authorities have been capped on different principles; on the amount of the precept increase or on the amount of the budget increase. It has also been indicated that a cumulative increase over a number of years can be a legitimate trigger for capping.
46. Authorities have the right to challenge any cap, but in the past have enjoyed little success.
47. One of the major consequences of capping is the need to re-bill council tax payers. This includes the cost of printing and postage, new computer hardware/software where necessary to enable the councils to bill for a second time, and the loss of cash flow during the re-billing process. As a change to the Police Authority precept would mean re-billing in all Leicestershire and Rutland billing authorities, the costs would be substantial. An estimate provided with the assistance of Leicester City Council suggests a figure in excess of £1.2 million.
48. Without the use of the savings generated in earlier years a 5% precept increase in 2008/09 plus 5% per year thereafter would not be sufficient to close the standstill budget funding gap across financial years 2008/09 and beyond.
49. A set of options for members to consider is set out later in the report (see pages 14 & 15).

### **Use of Reserves and Balances**

50. The options presented later in the report provide for the application of reserves and balances. The reserves available are:

- (i) Police Fund (General Reserve)

Police Fund (General Reserve) The balance at 1 April 2008 is expected to be £3.581 million. This represents 2.2% of the standstill budget requirement for 2008/09. It is not proposed to utilise the Fund in 2008/09. By 2010/11 the General reserve will represent just 2% of the standstill budget requirement, right at the lower end of the recommended range. For this reason Option 4 proposes an increase in the Reserve.

- (ii) Pensions (General Reserve)

The balance at 1 April 2008 is expected to be £0.751 million. This sum is earmarked in 2008/09 to cover any ill health retirement costs not included in the budget. It is not expected that the Reserve will be utilised in 2008/09.

(iii) Equalisation Reserve

This represents the balance of any uncommitted savings not included in the Police Fund, and which can be applied to part fund future budget requirements. The balance brought forward at 1 April 2007 was £1.683 million to which can be added the managed under-spend described in paragraph 8 above. The latest forecast for that figure is £4 million.

### **Treasurer's Comments**

51. The Local Government Act 2003, Part 2 Section 25, requires additional statements by the Treasurer to be included in the budget report.
52. The Treasurer is required to report to the Authority on the robustness of the estimates that underpin the budget requirement, and the adequacy of the proposed financial reserves. The Authority is required to have regard to this report when making decisions on the budget.
53. The budget options presented in this report are based upon robust figures and the Treasurer has received documentation and explanations in this regard from the Chief Constable and his senior officers.
54. Detailed estimates have been prepared on a realistic basis. A wide range of Senior Officers have been involved in the budget process. Proper provision has been made for pay and price increases, achievable and deliverable efficiency savings. The work of the Strategic Financial Planning Group has been instrumental in the budget process.
55. There is a detailed monthly budget monitoring system in place involving all budget holders and reports are provided to all Police Authority members.
56. The reserves and provisions as set out in this report are considered to be adequate for the year ahead, although only barely adequate in the longer term.
57. If an increase in excess of 5% is contemplated, serious consideration needs to be given to the threat of capping and its financial consequences. If the precept increase were to be capped then the funding shortfall over future years would increase by the cost of re-billing.

### **Conclusions**

58. The Police Authority now knows what financial resources will be available from Government for the next three years.
59. Based upon that grant settlement plus 5% per annum precept increases, a continuation of the level of activity included in the 2007/08 budget will leave a shortfall over the three years of £5.61 million. A grant settlement in accordance with the formula would have resulted in a grant entitlement £9.325 million extra. This clearly would have plugged that gap and allowed for investment in the service.
60. The Authority now needs to decide how to plug the gap, either by reducing expenditure to match resources, or by increasing resources to match need. Five options are discussed below.

### **Precept Options**

61. The forecast set out on page 9 represents a standstill budget based upon a police officer strength of 2,239, a 2.9% per annum grant increase and a 5% per annum precept increase. It reveals funding gaps in each of the three years.
62. Four options are suggested for members' consideration (see pages 8, 9, 14 & 15). As a result of continuing refinement to the figures in the draft budget, the cost of the fourth option (putting money into the General Reserve) is now lower than that presented during the January

consultation event. Each precept option has been risk assessed and the scores are shown against each option. It is important to note that none of the options are risk free as they represent only priority investment areas.

### **1) High Operational Risk and Contingency Risk Option – Score 211**

- Maintain police officer numbers at 2,239
- Use the Equalisation Reserve savings over the three year period
- Maintain the general reserve at the minimum level
- Does not address the impact on performance and public satisfaction
- Does not provide the resources to meet the threats and pressures described above
- Equates to a 5% increase in Council Tax
- Adds 13.4 pence per week to the average (i.e. Band D) household council tax bill in 2008/09 (Police Authority share would be 10.5% of total Band D bill)
- Increases the 2008/09 net budget requirement by 5.2% over 2007/08.

### **2) Intermediate Operational Risk and Contingency Risk Option - Score 131**

- Increase police officer numbers to 2319 (includes reinstatement of 30 posts deleted this year and some growth to mitigate the highest risks facing the Force)
- Use the Equalisation Reserve savings over the three year period
- Maintain the general reserve at the minimum level
- Enables the effects on performance and public satisfaction to be addressed and provides some capacity to respond to the threats and pressures
- Equates to a 12% increase in Council Tax
- Adds 32.1 pence per week to the average (i.e. Band D) household council tax bill in 2008/09 (Police Authority share would be 11.1% of total Band D bill)
- Increases the 2008/09 net budget requirement by 7.1% over 2007/08

### **3) Lower Operational Risk and Contingency Risk Option - Score 12**

- Increase police officer numbers to 2,344
- Use the Equalisation Reserve savings over the three year period
- Maintain the general reserve at the minimum level recommended by the Audit Commission
- Addresses the threats and pressures identified by the Chief Constable
- Equates to a 15.43% increase in Council Tax
- Adds 41.2 pence per week to the average (i.e. Band D) household council tax bill in 2008/09 (Police Authority share would be 11.3% of total Band D bill)
- Increases the 2008/09 net budget requirement by 8.1% over 2007/08

### **4) Managed Risk Option - Score 0**

- Increase police officer numbers to 2,344
- Use the Equalisation Reserve savings over the three year period
- Increase the general reserve by £1.4 million to 3% of the budget which is the mid-range of the Audit Commission recommended level for reserves
- Equates to a 16.45% increase in Council Tax
- Adds 45.6 pence per week to the average (i.e. Band D) household council tax bill in 2008/09 (Police Authority share would be 11.4% of total Band D bill)
- Increases the 2008/09 net budget requirement by 8.4% over 2007/08

63. If an increase in excess of the potential capping limit were to be applied, the Authority would need to have a robust case in justification of its action. Such a case might include:

- (i) The extent of the shortfalls in funding faced in the past and in the future.
- (ii) The loss of grant through non application of the formula.
- (iii) The Authority's efficiency savings record.

- (iv) The fact that it has already been necessary to delete 30 police officer posts from the establishment.
- (v) The results of public consultation.
- (vi) A demonstration that all other options have been explored, including income generation and efficiency savings, and that the inescapable conclusion has been drawn that no other option is available.

### **Recommendations**

64. Members are recommended to:

- (i) Set the 2008/09 budget.
- (ii) Approve the Council Tax precept for 2008/09.
- (iii) Authorise the Treasurer to issue the necessary precept notices.

### **Note:**

The decision on the budget and the issue of the precept can only be made if the members approving it constitute at least half of the total membership of the authority at the time of the decision and include more than half of the members at that time who are local authority appointees (Source: Police Act 1996).

### **Background Papers**

DCLG and Home Office Settlement Notification via the DCLG website.

### **Implications**

Financial and Legal : as identified in the report  
Diversity : none

### **Officers to Contact**

Mr M Baggott, Chief Constable, tel.: 0116 248 2005  
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**Leicestershire Police Authority - Budget 2008/09**

	<b>2007/08 Estimate</b>	<b>2007/08 Revised Estimate</b>	<b>2008/09 Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Staffing *	277,300	248,455	285,210
Members allowances and other costs	210,620	210,615	210,615
Print, post, stationery, telephones	39,900	41,520	41,750
Subscriptions	21,365	21,365	21,365
Internal / external audit	110,700	116,945	116,595
Tribunals **	2,000	50,000	5,000
Consultation initiatives	4,500	4,500	10,000
Web development	2,500	2,500	2,500
Advertising	6,000	6,000	6,000
Legal expenses	1,500	0	1,500
Technical support	3,000	3,000	3,800
Custody visitors	6,500	6,200	6,600
Other	16,995	16,995	10,745
Contingency	0	0	0
<b>Totals</b>	<b>702,880</b>	<b>728,095</b>	<b>721,680</b>

\* Pay inflation is covered by the overall inflation contingency.

\*\* The number and length of tribunal hearings in 2007/08 has caused a significant additional cost.



**John Healey MP**  
*Minister for Local Government*

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17th December 2007

### **Council Tax in 2008-09**

As you know, I announced the provisional local government finance settlement for 2008/09 to the House of Commons on 6 December. I attach a copy of my statement to the House.

I have set out the Government's proposals for the first ever three year settlement. This comprises allocations of the formula grant and 61 specific grants from 8 departments, including the new Working Neighbourhoods Fund which replaces the Neighbourhood Renewal Fund. This is set alongside a radically slimmed down performance framework which means that councils now have greater flexibility to budget and plan ahead, and make their own decisions about spending priorities.

My announcement confirmed 13 years of above inflation increases in funding for local government, which by 2010/11 will be 45% higher in real terms than in 1997. Local authorities will receive £70.4bn in 2008-09, £73.5bn in 2009-10, and £76.7bn in 2010-11. This amounts to increases of 4.0%, 4.4% and 4.3% respectively.

The Government expects the average council tax increase in England to be substantially below 5% in 2008/09. I made it clear to the House that we will not hesitate to use our capping powers as necessary to protect council taxpayers from excessive increases. This applies to all authorities - including police and fire authorities.

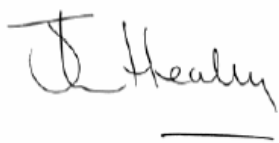
No decisions have been taken on capping principles for 2008/09. It would, however, be unwise for any authority to assume that capping principles set in previous years will be repeated. We intend to take decisions on principles after authorities have set their budgets, but we are prepared to announce the principles in advance if the circumstances suggest this is necessary.

The onus now is on all authorities to demonstrate leadership and to deliver top quality, efficient services for their citizens. Authorities should be capable of innovating, managing change and improving efficiency without having a disproportionate impact on their council taxpayers.

As I said in the House, this is a tight settlement but a fair and affordable one. It delivers the certainty, flexibility, equity and stability that local government told us it wanted. With

the additional funding, efficiency gains and flexibilities we have provided local government, there can be no excuse for excessive council tax increases.

In previous years Ministers have written a reminder about the risks of capping to individual authorities which, on the basis of public information, appear to be heading for high council tax increases. I do not intend to do that this year. The decisions are yours and the Government has set out very clearly the context in which you must make those decisions.

A handwritten signature in black ink, reading "J Healey", with a horizontal line underneath. The signature is positioned to the left of a vertical red line.

**JOHN HEALEY MP**

**Leicestershire Police Authority**  
**Budget and Precept 2008/09 to 2010/11**  
**Summarised Precept Options 1 to 4**

<b>Option 1</b>	<b>Precept Increase</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>
		<b>2008/09 Revenue Budget £</b>	<b>2009/10 Revenue Budget £</b>	<b>2010/11 Revenue Budget £</b>
<b>Standstill Budget</b>		<b>165,024,072</b>	<b>170,777,216</b>	<b>176,209,685</b>
Revenue Growth		-	-	-
Funding Gap		(2,338,601)	(2,020,474)	(1,250,942)
<b>Net Revenue Budget Requirement</b>		<b>162,685,471</b>	<b>168,756,742</b>	<b>174,958,743</b>
<b>Precept</b>		45,419,136	48,071,614	50,878,995
<b>Band D Council Tax</b>		<b>£145.9048</b>	<b>£153.2000</b>	<b>£160.8600</b>
<b>Precept Increase</b>		<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>
<b>£ Increase</b>		<b>£6.95</b>	<b>£7.30</b>	<b>£7.66</b>
<b>Increase per week in Pence</b>		<b>13.4p</b>	<b>14.0p</b>	<b>14.7p</b>
<b>Use of Equalisation Reserve</b>		<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening Balance</b>		1,682,932	3,344,331	1,323,857
Projected 2007/08 Base Underspend		4,000,000	-	-
Transfer From Reserve		(2,338,601)	(2,020,474)	(1,250,942)
<b>Closing Balance</b>		<b>3,344,331</b>	<b>1,323,857</b>	<b>72,915</b>

<b>Option 2</b>	<b>Precept Increase</b>	<b>12.00%</b>	<b>4.00%</b>	<b>4.00%</b>
		<b>2008/09 Revenue Budget £</b>	<b>2009/10 Revenue Budget £</b>	<b>2010/11 Revenue Budget £</b>
<b>Standstill Budget</b>		<b>165,024,072</b>	<b>170,777,216</b>	<b>176,209,685</b>
Revenue Growth		2,069,781	2,831,781	3,065,846
Funding Gap		(1,380,400)	(2,135,785)	(1,953,620)
<b>Net Revenue Budget Requirement</b>		<b>165,713,453</b>	<b>171,473,212</b>	<b>177,321,911</b>
<b>Precept</b>		48,447,118	50,788,084	53,242,163
<b>Band D Council Tax</b>		<b>£155.6319</b>	<b>£161.8572</b>	<b>£168.3315</b>
<b>Precept Increase</b>		<b>12.00%</b>	<b>4.00%</b>	<b>4.00%</b>
<b>£ Increase</b>		<b>£16.67</b>	<b>£6.23</b>	<b>£6.47</b>
<b>Increase per week in Pence</b>		<b>32.1p</b>	<b>12.0p</b>	<b>12.5p</b>
<b>Use of Equalisation Reserve</b>		<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening Balance</b>		1,682,932	4,302,532	2,166,747
Projected 2007/08 Base Underspend		4,000,000	-	-
Transfer From Reserve		(1,380,400)	(2,135,785)	(1,953,620)
<b>Closing Balance</b>		<b>4,302,532</b>	<b>2,166,747</b>	<b>213,127</b>

<b>Option 3</b>	<b>Precept Increase</b>	<b>15.43%</b>	<b>4.00%</b>	<b>4.00%</b>
		<b>2008/09 Revenue Budget £</b>	<b>2009/10 Revenue Budget £</b>	<b>2010/11 Revenue Budget £</b>
<b>Standstill Budget</b>		<b>165,024,072</b>	<b>170,777,216</b>	<b>176,209,685</b>
Revenue Growth		3,812,783	4,364,899	4,666,310
Transfer to Equalisation Reserve		700,000	-	-
Funding Gap		(2,338,601)	(2,112,357)	(1,922,326)
<b>Net Revenue Budget Requirement</b>		<b>167,198,254</b>	<b>173,029,758</b>	<b>178,953,669</b>
<b>Precept</b>		49,931,919	52,344,630	54,873,921
<b>Band D Council Tax</b>		<b>£160.4017</b>	<b>£166.8178</b>	<b>£173.4905</b>
<b>Precept Increase</b>		<b>15.43%</b>	<b>4.00%</b>	<b>4.00%</b>
<b>£ Increase</b>		<b>£21.44</b>	<b>£6.42</b>	<b>£6.67</b>
<b>Increase per week in Pence</b>		<b>41.2p</b>	<b>12.3p</b>	<b>12.8p</b>
<b>Use of Equalisation Reserve</b>		<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening Balance</b>		1,682,932	4,044,331	1,931,974
Projected 2007/08 Base Underspend		4,000,000	-	-
Transfer to Equalisation Reserve		700,000	-	-
Transfer From Reserve		(2,338,601)	(2,112,357)	(1,922,326)
<b>Closing Balance</b>		<b>4,044,331</b>	<b>1,931,974</b>	<b>9,648</b>

<b>Option 4</b>	<b>Precept Increase</b>	<b>16.45%</b>	<b>4.00%</b>	<b>4.00%</b>
		<b>2008/09 Revenue Budget £</b>	<b>2009/10 Revenue Budget £</b>	<b>2010/11 Revenue Budget £</b>
<b>Standstill Budget</b>		<b>165,024,072</b>	<b>170,777,216</b>	<b>176,209,685</b>
Revenue Growth		3,812,783	4,364,899	4,666,310
Transfer to Equalisation Reserve		1,140,000	-	-
Funding Gap		(2,338,601)	(1,651,096)	(1,438,777)
<b>Net Revenue Budget Requirement</b>		<b>167,638,254</b>	<b>173,491,019</b>	<b>179,437,218</b>
<b>Precept</b>		50,371,919	52,805,891	55,357,470
<b>Band D Council Tax</b>		<b>£161.8151</b>	<b>£168.2878</b>	<b>£175.0193</b>
<b>Precept Increase</b>		<b>16.45%</b>	<b>4.00%</b>	<b>4.00%</b>
<b>£ Increase</b>		<b>£22.86</b>	<b>£6.47</b>	<b>£6.73</b>
<b>Increase per week in Pence</b>		<b>44.0p</b>	<b>12.4p</b>	<b>12.9p</b>
<b>Use of Equalisation Reserve</b>		<b>£</b>	<b>£</b>	<b>£</b>
<b>Opening Balance</b>		1,682,932	3,084,331	1,433,235
Projected 2007/08 Base Underspend		4,000,000	-	-
Transfer to General Fund		(1,400,000)	-	-
Transfer to Equalisation Reserve		1,140,000	-	-
Transfer From Reserve		(2,338,601)	(1,651,096)	(1,433,235)
<b>Closing Balance</b>		<b>3,084,331</b>	<b>1,433,235</b>	<b>-</b>

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