

POLICE SERVICE NORTHERN IRELAND

ANNUAL BUDGET PLAN FOR THE YEAR ENDING 31 MARCH 2007

The budget plan for the year-ending 31 March 2007 is considered under the following headings:

1. Main Police Grant – Funding Available;
2. Main Police Grant Revenue;
3. Main Police Grant Capital;
4. Patten Non-Severance;
5. Patten Voluntary Severance;
6. Patten Compulsory severance
7. Non-cash Items
8. Pensions

1. MAIN POLICE GRANT –FUNDING AVAILABLE

The total SR2004 settlement approved by the Secretary of State in respect of the Police Grant for the 2006/07 year was **£750.9m**, being **£719.5m** revenue and **£31.4m** capital. A further net adjustment of **£20m** has been allocated to this revenue budget during 2006/07 in respect of reallocated funding from NIO. As part of the overall I.T. strategy, NIO has approved additional funding to the Main grant of **£8.5m** (being **£1.4m** revenue and **£7.1m** capital) for the EDRMS and Enterprise Solutions projects and has been separately identified in Appendix A. Taking account of these adjustments, the revised revenue grant for 2006/07 has been established as **£740.9m** (£678.7m Cash and £62.2m Non Cash) and has been summarised in **Appendix A**.

The 2006/07 capital baseline as per the SR2004 is **£31.4m**. As noted above, **£7.1m** (relating to the EDRMS and Enterprise Solutions) has been added to the capital budget, bringing the total capital budget for 2006/07 to **£38.5m** and has been included in Appendix A.

2. MAIN POLICE GRANT REVENUE

On 31st October 2005 PSNI submitted to the Policing Board the estimated net revenue and capital requirement for 2006/07 relating to the Main Police grant. At that stage, PSNI was predicting a £20.8m revenue shortfall against the revised baseline figure.

In order to strike a balanced budget for 2006/07, the Finance Personnel and Training Committee (FPTC) agreed cost reductions totalling £20.8m (£16.2m cash savings and £4.6m Non Cash) to achieve a balanced budget, which are detailed in Appendix D attached. These cash budget reductions have been applied during the 2006/07-year to enable the organisation to remain within current funding levels. The assumptions relating to staffing levels are as detailed at Appendix B

As a result for 2006/07, PSNI has prepared a balanced revenue budget of £683.3m excluding Non-cash items. The following paragraphs provide commentary on the main headings included for revenue items.

Civilian Staff cost – 2006/07 £86.5m

It has been assumed that the number of civilian staff employed during 2006/07 will be set at 3,175 funded through the Main Grant, and 330 posts to be funded through the Patten Non-Severance grant. Pay inflation has been set at 3.5% payable from the 1st April 2006.

Police Pay – 2006/07 £475.5m

Provisions relating to pay and allowances for both Regular and Full-time reserve officers (FTR) reflect average strengths of 7,500 and 768 respectively for the 2006/07-year. These numbers also reflect 290 Patten leavers (Regular officers), 237 FTR officers leaving under the Patten Severance scheme following the outcome of the September 2004 Security Review, 150 ordinary leavers (Regular officers) and 440 new recruits. The police pay inflation has been assumed at 3% payable on 1st September 2006.

Overtime

Overtime provision for both the Regular and FTR officers is based on 8,850 average daily hours (ADH) at plain time with 400,000 plain time hours for policing 9 public holidays during the 2006/07 year.

Part-time Reserve

Financial provision has been made for the average strength of 698 members for Part Time Reserve officers (PTR) contributing 20 hours per officer per month in patrols during the year (12 hours/month to be funded through Patten Non-Severance grant to meet training requirements).

Incidentals - 2006/07 £32.8m

To facilitate a balanced budget, budgets for 2006/07 have been held at 2004/05 outturn levels (£32.1m), with marginal growth for price inflation.

Transport 2006/07 £13.2m

Spend projections within transport reflect increased fuel costs, partially abated by improved fleet utilisation.

Telecommunications and Technology – 2006/07 £27.2m

Computer expenses show a projected increase from £13.1m 2005/06 to £15.2m 2006/07 with increased use of IT and the relevant supporting contracts. The greater use of IT will facilitate PSNI will help to facilitate improved effectiveness and efficiency throughout the organisation.

Accommodation – 2006/07 £36.6m

Increases in expenditure reflect projected inflationary pressures within this group.

Supplies, Catering and Publications – 2006/07 £14.5m

Increases in expenditure relate primarily to projected inflationary pressures.

Revenue receipts 2006/07 £3.0m

Revenue receipts have been projected taking a prudent view of attaining the levels of miscellaneous income anticipated in 2005/06. Current financial estimates indicate a potential to achieve levels similar to 2004/05 out turn figures.

3. MAIN POLICE GRANT –CAPITAL - 2006/07 £38.5m

The budget for 2006/07 represents the combined bids for funding as submitted by DCUs and Branches for the 2006/07 financial year. The increases in planned expenditure are in Building Enhancements/ New works in accordance with the Estates Strategy, and in Major IT Systems, which reflect the approval of business cases in respect of EDRMS and Horizon Enterprise Solutions. There is a reduction in planned expenditure against Purchase of Vehicles, which is to be achieved through improved fleet utilisation.

Appendix E provides a detail of the projected 2006/07 spend profile for Main Grant Capital.

4. PATTEN NON-SEVERANCE – 2006/07 REVENUE £34.5m and CAPITAL £7.6m.

The total Patten Non-Severance financial estimates for 2006/07 prepared by Accountable Officers as part of the recent integrated planning exercise are **£42.1m**. The Patten Non-Severance grant for 2006/07 as established by the SR 2004 settlement is confirmed as £37.4m, being £27.4m revenue and £10m capital (however, these amounts may be subject to change by the effect of any carry forward from 2005/06). The overall shortfall on projected funding for 2006/07 is £4.7m, being £7.1m over within revenue and £2.4m under within capital. During the year there may be revisions to the planned dates for the submission of business cases, and the profiling of expenditure, which may impact on the projected level of expenditure.

It should also be noted that Patten Non-Severance projects are approved by NIO through the submission of business cases, and NIO have previously provided assurances that funding will be provided to implement the Patten strategic work programmes, provided cases meet the criteria specified by Treasury.

Appendix F provides an outline of the 2006/07 financial projections for Patten Non Severance, covering each of the eight strategic work programmes, allocated between revenue and capital expenditure.

5. PATTEN VOLUNTARY SEVERANCE – 2006/07 £28.0m.

After further discussion with HR Department, the planned Severance programme for 2006/07 includes Voluntary Patten Severance of 290 Full-Time Officers at an estimated cost of £28.0m (Appendix G refers).

6. PATTEN COMPULSORY SEVERANCE – 2006/07 £21.9m

237 Full-Time Reservists are expected to leave under a separate Severance programme at an estimated cost of £21.9m (Appendix H refers). NIO have indicated that the estimated £21.9m for FTR Severance will be provided.

7. NON CASH ITEMS – 2006/07 £57.6

Current estimates indicate a potential spend of £57.6m (Appendix I refers). NIO have indicated that the projected reduction in Non Cash spend of £4.6m from the SR2004 settlement of £62.2m, can be utilised in year by PSNI to offset pressures and facilitate the production of a balanced budget.

8. PENSIONS 2006/07 £64.0m

Projected net pension payments from PSNI are anticipated to be £64.0m (Appendix J refers) for 2006/07, being estimated total pension costs of £147.0m less employers end employees contributions of £83.0m.

Finance & Support Services Department

February 2006

**Police Service Northern Ireland
SR 2004 ADJUSTED BASELINE**

		2006/07 £m
SR2004 NIO Allocation of Baseline Funding (25th Nov 2004)		750.90
Split:		
Revenue Grant	657.30	
Non-Cash Items	62.20	719.500
Additional Allocation NIO		20.00
Total Revenue Funding		739.50
Capital Grant		31.40
Total funding		770.90

		2006/07 £m
REVENUE GRANT		
Revenue Baseline (Cash only as above)		657.30
Additional Funding secured from NIO for 2006/07 (Enterprise & EDRMS)	20.00 1.40	21.40
Revised Revenue Baseline (excluding Non Cash)		678.70
Revenue Baseline (Non Cash only as above)		62.20
Combined Revenue Baseline Cash and Non Cash		740.90
REVENUE BID AS PER APPENDIX C (Inc. Non Cash)		740.90

		2006/07 £m
CAPITAL GRANT		
Capital Baseline (as above)		31.40
Additional Funding secured from NIO for 2006/07 Enterprise & EDRMS		7.10
		38.50
Capital Bid (Appendix C)		38.50

MAIN POLICE GRANT ONLY

Assumptions 2006/07

Police Pay:
Regulars:

Strength Regular Officers

Average strength 2006/07	Establishment 7,500
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FTR:

Strength FTR Officers

Average strength 2006/07	Establishment 768
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PTR:

Strength PTR Officers

Main Grant	Average strength 2006/07	Establishment 698	Main Grant 20 hours /month	Patten 12 hours/month
Patten Funded	2006/07	200		32 hours/month

Recruits:

440 per annum

Patten leavers:
2006/07

290	Regulars
237	Reserves
527	

Normal Leavers:
2006/07

150	Regulars only
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Civilian Staff:
WTE
2006/07

Main Grant	Patten Funded
3,175	330

Pay Inflation:

3% per annum (police)
3.5% per annum (civilian)

Pensions (ASLC)

20.25% of basic pay both Regulars and FTR

Police Overtime 2006/07
Retention Overtime: 8,850 ADH

Public Holiday Working: 400,000 Hours

Split:- **90:10**

Appendix C

POLICE SERVICE OF NORTHERN IRELAND

DESCRIPTION	FINAL OUTTURN 2004/05 £K	OUTTURN PROJECTION 2005/06 £k	REVISED BUDGETS 2006/2007 £k
CIVILIAN STAFF			
Salaries and Wages	68,458	78,691	79,933
Overtime	4,298	4,906	5,378
Civilian Travel & Subsistence	1,077	1,188	1,229
TOTAL	73,833	84,785	86,540
POLICE PAY			
Regulars - Basic Pay	353,991	363,681	378,062
Regulars - Overtime	45,504	49,381	46,661
Regulars - Travel & Subsistence	5,437	5,517	6,158
SUB-TOTAL	404,932	418,579	430,881
FTR - PAY			
Full-Time Reserve - Basic Pay	62,609	51,736	35,479
Full-Time Reserve - Overtime	7,963	7,556	5,553
Full-Time Reserve - Travel & Subsistence	960	974	718
SUB-TOTAL	71,532	60,266	41,749
PSNI R(P/T) - Patrols/Fixed Payments/ERNI	2,413	2,800	2,851
TOTAL	478,877	481,645	475,481
INCIDENTAL EXPENSES			
Civilian Sundry Expenses	23	59	0
Free Issues	1,245	1,289	1,273
Removal Expenses	406	303	250
Advertising	625	351	594
Management Consultancy Fees	132	136	325
Training Aids & Courses	3,798	2,545	3,722
Forensic Medical Officers Fees	2,274	2,639	2,600
Occupational Health Unit	596	601	507
Compensation - Injury to Persons/Damage to Property/Legal Fees	2,942	4,599	4,779
Agency Services - Forensic Science	7,765	8,518	8,347
Agency Services - Other	7,351	8,000	6,294
Miscellaneous Expenses	4,619	5,108	3,812
PE Unit Expenditure	291	268	300
TOTAL	32,067	34,416	32,804
TRANSPORT			
Armouring of Vehicles	118	77	100
Petrol, Oil, Licences and Ins.	4,852	4,639	6,177
Repairs by Outside Garages	2,885	3,418	2,340
Transport Workshops - Spares etc.	3,071	3,499	3,940
Air Support and Maintenance	224	615	598
Hire of Vehicles	20	19	35
TOTAL	11,170	12,267	13,190
TELECOMMUNICATIONS & TECHNOLOGY			
Telecommunications Maintenance & Support	3,953	2,480	2,734
IT - PCs, Peripherals, etc.	259	51	79
Radio Workshops - Components	1,074	1,218	1,295
Computer Expenses	13,444	13,141	15,208
Telephones	5,744	6,323	7,039
Criminal Justice Computerisation Project			800
TOTAL	24,474	23,213	27,155

	FINAL OUTTURN 2004/05 £K	OUTTURN PROJECTION 2005/06 £k	REVISED BUDGETS 2006/2007 £k
DESCRIPTION			
ACCOMMODATION SERVICES			
Minor New Works	3,812	5,410	3,954
Maintenance of Premises/Estate	9,106	8,400	8,000
Rent & Rates	9,337	9,050	9,564
Gas, Electricity & Fuels	4,902	4,850	5,372
Agency Services - DOE Works. Service	4,144	3,400	5,200
Energy Efficiency	640	507	507
Normalisation	0	0	0
Security Review	1,131	2,400	4,000
TOTAL	33,072	34,017	36,597
SUPPLIES, CATERING & PUBLICATIONS			
Office Equipment	640	502	779
Printing, Stationery & Office Requisites	906	725	1,224
Computer Consumables	311	287	304
Catering - Operating & Maint.	2,265	2,864	2,651
Uniform Clothing	193	1,812	1,805
Accoutrements	894	2,729	3,000
Arms & Ammunitions	2,125	1,005	1,200
Miscellaneous Consumable Materials	1,903	2,260	2,141
Furniture (Supplies)	1,400	1,420	1,400
TOTAL	10,637	13,604	14,504
GROSS REVENUE EXPENDITURE	664,130	683,947	686,271
REVENUE RECEIPTS			
Sick Benefit Recovered	(572)	(787)	(500)
Firearms Licences	(673)	(1,007)	(700)
Police Transport	(314)	(107)	(300)
Radio Workshops	(18)	(15)	(50)
Rents Hilltop Radio Stations	(383)	(320)	(300)
Miscellaneous	(841)	(1,600)	(800)
Accident Report Fees	(271)	(360)	(300)
TOTAL REVENUE RECEIPTS	(3,072)	(4,196)	(2,950)
NET REVENUE	661,058	679,751	683,321
NON CASH	116,880	43,810	57,590
NET REVENUE INC NON CASH	777,938	723,561	740,911
CAPITAL EXPENDITURE			
Catering Equipment	90	80	70
Police Specialist Equipment	184	200	362
Training Capital Equipment	98	150	150
Purchase of Vehicles	8,139	4,528	1,900
Transport Equipment (excluding armouring)	196	150	180
Armouring of Vehicles	3,488	3,160	2,460
Telecomms Equipment	4,535	3,128	5,950
Major IT Systems	5,328	10,038	11,078
Purchase of Land & Buildings	70	900	1,800
Building Enhancement/Other New Works (£50-£500k)	9,469	11,550	17,000
GROSS CAPITAL	31,597	33,884	40,950
CAPITAL RECEIPTS			0
Sale of Assets	(925)	(2,200)	(2,450)
NET CAPITAL	30,672	31,684	38,500
TOTAL NET SPEND INC NON CASH	808,610	755,245	779,411

POLICE SERVICE OF NORTHERN IRELAND	
DESCRIPTION	AGREED REDUCTIONS 2006/2007 £k
CIVILIAN STAFF	
Salaries and Wages	4,271
Overtime	80
TOTAL	4,351
POLICE PAY	
Regulars - Basic Pay	600
Regulars - Overtime	3,315
Regulars - Travel & Subsistence	50
SUB-TOTAL	3,965
FIR - PAY	
TOTAL	3,965
INCIDENTAL EXPENSES	
Free Issues	59
Advertising	27
Management Consultancy Fees	50
Training Aids & Courses	1,407
Occupational Health Unit	23
Agency Services - Forensic Science	385
Agency Services - Other	1,127
Miscellaneous Expenses	1,423
TOTAL	4500
TRANSPORT	
Petrol, Oil, Licences and Ins.	355
TOTAL	355
TELECOMMUNICATIONS & TECHNOLOGY	
Telecommunications Maintenance & Support	1,903
IT - PCs, Peripherals, etc.	9
Computer Expenses	534
Telephones	1
TOTAL	2,447
ACCOMMODATION SERVICES	
Minor New Works	162
TOTAL	162
SUPPLIES, CATERING & PUBLICATIONS	
Computer Consumables	1
Uniform Clothing	350
Miscellaneous Consumable Materials	69
TOTAL	420
GROSS REVENUE EXPENDITURE	16,200
NET REVENUE	16,200
NON CASH	
Non Cash as per original SR2004 Bid	4,600
NET REVENUE INC NON CASH	20,800
CAPITAL EXPENDITURE	
Purchase of Vehicles	8065
Major IT Systems	1304
GROSS CAPITAL	9,369
CAPITAL RECEIPTS	
Sale of Assets	0
NET CAPITAL	9,369
TOTAL NET SPEND INC NON CASH	30,169

**Police Service Northern Ireland
CAPITAL PROJECTS**

	2006/07
Miscellaneous	£k
Catering equipment	70
Police Specialist Equipment	362
Training - Capital equipment	150
Total Misc.	582

Transport:	£k
Vehicles	1,900
Transport Equipment	180
Armouring of Vehicles	2,460
Total Transport	4,540

Building Enhancements/Major Works	2006/07
Estates	£k
Purchase of Land & Buildings	1,800
Ballymoney	500
Bangor Pace	3,000
BRG	500
Castlereagh	450
Estate Asbestos Surveys	670
Magilligan Combined Operations Training	1,700
Musgrave Street	500
Omagh New Build	3,500
Various Custody Works	300
DDA Programme	1,200
Motor Transport Development Seapark	2,000
Strand Road Refurb/Development	1,950
Limivady Refurb/Development	730
Total Building Enhancements	18,800

Capital Receipts	2006/07
Estates	£k
Ballinamallard	(500)
Castlerock	(400)
Moneymore	(250)
Moy	(250)
Other	(600)
Total Estates	(2,000)
Transport (Sale of used Vehicles)	(450)
Total Transport	(450)
Total Capital Receipts	(2,450)

I.t. PROJECTS

	2006/07
Telecomms Capital (Projects)	£k
C3 Projects	1,838
Microwave Project	2,900
DTN Infrastructure Project	800
Data Network Infrastructure Upgrade	675
Computer Crime Unit Storage	500
Livescan	473
Fixed Radio Equipment	400
Radio Security	350
IASS	300
Force Statistics	230
Causeway	200
Secure Networks	200
Horizon (Additional Main Grant from ICS Strategy)	5,968
EDRMS (Additional Main Grant from ICS Strategy)	1,628
Miscellaneous	566
TOTAL ICS CAPITAL	17,028
Total Gross Capital Spend	40,950
Total Gross Capital Receipts	-2,450
Total Net Capital Spend	38,500

POLICE SERVICE NORTHERN IRELAND
PROJECTED PATTEN NON SEVERANCE SPEND 2006/07

	2006/07 Total £k Revenue	2006/07 Total £k Capital
SKILLS PROJECTS		
Change Management Process (2 approvals)	10	0
MBO - Management Buy- Outs & Outsourcing	10	0
Best Value	236	0
New Police College - Site, Consultants	350	0
Sub-total	606	0

	2006/07 Total £k Revenue	2006/07 Total £k Capital
STAFFING PROJECTS		
TED - Role Players in Foundation Faculty	153	0
TED - Training in Community Policing	100	0
Increase in Part-Time Reserve Officers	4,000	0
Contracted-out recruitment - Full Time	5,583	0
Contracted-out recruitment - Part-Time Consentia	750	0
Contracted-out recruitment -Grafton Civilians	2,200	0
Childcare Co-Ordinator / Vouchers	500	0
Migration & Re-Alignment of Civilian Staff	1,500	0
Optimisation Programme (Civilianisation)	3,585	0
Sub-total	18,371	0

	2006/07 Total £k Revenue	2006/07 Total £k Capital
STYLE PROJECTS		
Civil Air Support - Helicopter	566	0
Second helicopter purchase	0	0
Public Order Equipment - Water Cannon	40	0
Crime Pattern Analysis Centre	800	0
C & E Dept Amalgamation	614	0
Vehicle Purchases -	33	1,483
Appearance of PSNI Stations	1,000	0
Upgrading of Custody Suites (Closure Holding Cs)	0	200
CCTV in Custody Suites - Estates Costs	1,350	0
Sub-Total	4,403	1,683

	2006/07 Total £k Revenue	2006/07 Total £k Capital
STRUCTURES PROJECTS		
No Projects Identified	0	0
Sub-Total	0	0

	2006/07 Total £k Revenue	2006/07 Total £k Capital
COMMUNICATION, MARKETING & IMAGE		
No Projects Identified	0	0
Sub-Total	0	0

	2006/07 Total £k Revenue	2006/07 Total £k Capital
INFORMATION TECHNOLOGY PROJECTS		
Estate Costs - Capital -CALL CENTRE PROJECT	0	0
Pace	0	200
Data Networks - Atlas	1,500	0
Admin Info Systems - A.I.S. Strategy	1,400	0
I.T. Helpdesk	623	245
Business Continuity	0	840
Data Network - Enhancements	0	93
Livescan Fingerprints	682	272
I.T. Access Control - (PKI)	0	63
Schengen	375	0
Managed Service Restructuring	167	0
I.T Call Handling	180	0
HRMS Personnel Upgrade	116	0
Firearms Licensing System	45	0
Corporate Gazeteer	92	0
Corporate Data Model	5	0
EAI Platform	264	0
Data Warehouse	585	1,000
Strategy Implementation Support	2,831	0
New IT System - IIB Internal Investigations Branch	64	423
Systems Integration	1,500	0
Facial Recognition	125	750
E- Learning	160	700
Mobile Data	0	250
MSS / ESS	0	900
ANPR	134	91
VIPER	168	31
Police Training College - IT Costs	60	0
Sub-Total	11,076	5,858

	2006/07 Total £k Revenue	2006/07 Total £k Capital
HUMAN RIGHTS PROJECTS		
No Projects Identified	0	0
Sub-Total	0	0

	2006/07 Total £k Revenue	2006/07 Total £k Capital
FINANCIAL SYSTEMS PROJECTS		
Patten Expenditue Review	80	0
Sub-total	80	0

Summary Position Patten Non Severance Spend Programmes

	2006/07 Total £k Revenue	2006/07 Total £k Capital
Overall Total	34,536	7,541
Annual Totals		42,077

Police Service Northern Ireland

Appendix G

Projected Patten Voluntary Severance Costs	2006/07 £k
Severance	26,979
Retention	74
Payments in Lieu - Commutation	249
Payments in Lieu - Pension	683
Total Voluntary Severance Projections	27,985

Appendix H

Projected Patten Compulsory Severance Costs	2006/07 £k
Severance	15,000
Retraining	3,056
Payments in Lieu - Commutation	1,796
Payments in Lieu - Pension	1,529
Enhancement	535
Total Voluntary Severance Projections	21,916

Appendix I

Projected Non Cash Costs	2006/07 £k
Depreciation	37,000
Cost of Capital	15,590
Movement in Provisions	5,000
Total Voluntary Severance Projections	57,590

Appendix J

Projected Pension Grant Costs	2006/07 £k
Pension Payments	147,000
Employers Contributions	(52,000)
Employees Contributions	(28,000)
Transfers in	(3,000)
Total Pension Grant Costs	64,000