

## Budget Monitoring Quarter 3 2016/17

### 1. Revenue expenditure

1.1 The forecast outturn at the end of Quarter 3 shows an underspend of £1,823,000. This is a decrease in the underspend reported at Quarter 2 (£2,411,000).

1.2 The full position as at the end of Period 8 is summarised below. Major variances are highlighted below the table.

	2016/17 Original Budget	2016/17 Period 8 Revised Budget	2016/17 Forecast as at Period 8	2016/17 Variance to Revised Budget
Whole Time Firefighters	31,212	33,684	31,911	-1,773
Retained Firefighters	6,225	6,453	6,233	-220
Staff	8,469	9,845	9,388	-457
Other Employee Costs	754	768	774	6
<b>Total Employee Expenditure</b>	<b>46,660</b>	<b>50,750</b>	<b>48,306</b>	<b>-2,444</b>
Premises	4,556	4,217	4,188	-29
Transport	1,643	1,903	2,037	134
Supplies & Services	8,363	10,270	10,312	42
Support Services	12	12	12	0
Capital Charges	4,401	4,335	4,335	0
<b>Total Expenditure</b>	<b>65,635</b>	<b>71,487</b>	<b>69,190</b>	<b>-2,297</b>
Income	-2,985	-2,122	-2,276	-154
<b>Net Expenditure</b>	<b>62,650</b>	<b>69,365</b>	<b>66,914</b>	<b>-2,451</b>
Net cost of pensions	991	991	1,247	256
Revenue contributions to capital	2,019	2,703	2,703	0
Revenue contributions to capital funded from reserves	10,258	10,258	10,258	0
Contingency	1,003	23	23	0
Service Improvement Plan	348	0	0	0
<b>Net Cost of Service</b>	<b>77,268</b>	<b>83,340</b>	<b>81,145</b>	<b>-2,195</b>
Employers LGPS contribution re pension deficit	593	593	593	0
Interest payable / (receivable)	229	239	239	0
Specific grants	-810	-2,090	-1,718	372
Provision for debt repayment	504	504	504	0
Reversal of Capital Charges to the CAA	-4,401	-4,335	-4,335	0
Contribution to / (from) reserves	-8,821	-13,688	-13,688	0
<b>Total</b>	<b>64,563</b>	<b>64,563</b>	<b>62,771</b>	<b>-1,823</b>

### 1.3 Whole Time Firefighters Pay (£1,773,000 Underspent)

Whole time Firefighters pay is forecast to be £1,773,000 underspent at the end of the year. This is an increase in the forecasted underspend from Quarter 2 of £109,000. This increase is due to there being more vacant posts being held in anticipation of the SD Redesign savings. In addition there are underspends in the cost of employers pension contributions following the introduction of the 2015 pension scheme, and due to a number of firefighters not being members of a pension scheme at this time.

### 1.4 Retained Firefighters Pay (£220,000 underspent)

Retained Firefighters pay is forecast to be £220,000 underspent at the end of the year, an increase in the forecasted underspend of £107,000 from the Quarter 2 forecast as the number of vacant posts has increased.

### 1.5 Staff Pay (£457,000 underspent)

Staff pay is forecast to be £457,000 underspent at the end of the year. In addition to the early release of PSR savings from the Service Admin, there is an increase in the number of vacancies from Quarter 2.

### 1.6 Transport (£134,000 overspend)

Transport costs are forecasted to be overspent by £134,000. Technical Services are forecasting an overspend on spares and consumables.

### 1.7 Income (-£154,000 underspend)

In line with the planned Estate Transformation – wider estate project rent and services charges from sharing premises with partners is expected to generate additional income of £116,000.

### 1.8 Net Cost of Pensions (£256,000 overspend)

There is a forecasted overspend of £256k in the net cost of pensions. This is the cost of 'topping up' the pensions for those employees previously on temporary promotions and was reported to the HFRA meeting on 8 December.

### 1.9 Specific Grants (£372,000 Overspend)

Specific Grants are overspent by £403,000. This amount is mainly the Council Tax Freeze grant. This was double counted in the 2016 budget setting exercise so the adjustment is shown here.

## 2. Virements over £100,000

2.1 Under financial regulations, virements over £100,000 are required to be approved by members of this committee. There have been no virements over £100,000 to date in this financial year.

## 3. Capital

3.1 The current capital programme is summarised at Appendix D and includes the vehicle replacement programme (VRP) changes reported to Finance and General Purposes Committee on 1 November 2016. The unspent balances of the 2014/15, 2015/16 and 2016/17 retained station replacement programmes totalling £1,265,000 have been deferred and added to the 2017/18 programme.

- 3.2 The cost of the changes can be met from within existing capital resources. The main variances may be summarised as below:

**2012/13 (+£155,000)**

The cost of Basingstoke Fire station has increased by £155,000 due to the cost of removing asbestos as previously reported.

**2013/14 (-£624,000)**

The replacement of the incident command unit has been deferred to 2017/18, and is now included in the proposed 2017/18 programme.

**2014/15 (+£1,341,000)**

Two water / foam carriers at a cost of £500,000 have been deferred and will now start in 2016/17. The cost of 5 intermediate capability vehicles has increased by £115,000 due to ultra high pressure lances being included on all the vehicles.

The cost of the joint strategic headquarters scheme has increased by £1.79m as agreed by the Authority on 8 December. £80,000 of the cost of the Fleet element of the Estate Transformation project has been transferred to the revenue budget as it relates to staff costs.

**2015/16 (-£2,263,000)**

Heads of Service agreed a business case to use £510,000 of the 2015/16 vehicle replacement provision to convert six water tenders and water tender ladders to enhanced capability vehicles. The balance of the 2015/16 VRP of £1.8m has been carried forward to fund future year's requirements.

Seven provided vehicles are no longer required saving £168,000 and a water / foam carrier at a cost of £260,000 has been deferred, and is now included in the 2016/17 starts programme.

**2016/17 (+£2,110,000)**

A number of changes are planned during this year including two enhanced capability, five intermediate capability and six first response vehicles, three water carriers (deferred from previous years) and 22 dedicated team pool vehicles. These will be funded from previous year's underspends.

The urban search and rescue relocation scheme has been added to the programme as agreed by the Finance and General Purposes Committee on 1 November.

#### **4. Transformation Reserve**

- 4.1 As part of the 2015/16 Outturn report it was agreed that the Service Improvement Reserve be amalgamated into the Transformation Reserve, combining the two previously separate reserves for use in the transformation and improvement of future services.
- 4.2 Expenditure against the transformation reserve will only be undertaken on approval of a viable business case. All items that are put forward against this reserve will be approved by the Heads of Service and anything in excess of £100,000 must be approved by the Finance & General Purposes Committee. Full details of how this budget is being used will be reported as part of the quarterly monitoring reports during the year.
- 4.3 The balance of the reserve at the beginning of the year was £8,767,000. Over the next three years it has previously been agreed to spend £8,326,000. During this year a further £1,029,000 investments are planned as detailed below which would leave the reserve overdrawn by March 2019. However, as agreed by the Authority on 8 December, the current year's underspend will be transferred to the reserve. The table below shows the forecast underspend of £1.823m is added to the reserve at the end of the year.

	2016/17	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000
<b>Opening balance</b>	<b>8,767</b>	<b>3,307</b>	<b>1,946</b>	
Less previously agreed investments	6,670	976	680	8,326
<b>Balance available</b>	<b>2,097</b>	<b>2,331</b>	<b>1,266</b>	
New investments:				
SMB for Training Academy	65	0		65
SMA Workforce planning – 2 years	53	53		106
CCTV on vehicles	123	0		123
SMD NFCSP Partnerships	48	0		48
SMB FireWatch project manager	53	0		53
Policy co-ordinator (KM) – 9 months	21	0		21
Estates Transformation project manager – 18 months	24	48		72
Resilience team – temp structure to Aug 17	7	27		34
Exit costs to August 16	73	0		73
Start- up seed funding	25	0		25
Property estate resource to June 18	12	50	11	73
Resourcing Technical Services – SDR Rollout – to Dec 18	25	34	20	79
Service HQ temp accommodation – reduced estimate	-63	0		-63
Director of Blue Light Collaboration – 6 mths	62	12		74
Training Academy	85	161		246
<b>Less total new investments</b>	<b>613</b>	<b>385</b>	<b>31</b>	<b>1,029</b>
Add 2016/17 forecast underspend	1,823			
<b>Balance available</b>	<b>3,307</b>	<b>1,946</b>	<b>1,235</b>	

4.4 Detailed description of projects over £100,000 are as follows:

**CCTV in vehicles** - On the 3rd September 2015 a fire appliance from Grayshott (07), was involved in a road traffic collision (RTC). The incident was subject to a level 3 investigation where 11 recommendations were identified. The fire appliance involved in the RTC was not fitted with closed circuit television camera (CCTV) or any other recording device. The lack of recording devices may place Hampshire Fire and Rescue Service (HFRS) at risk when investigating incidents especially when third parties are involved. It was agreed to install CCTV in all frontline appliances, driving school and FDS cars.

**SMA workforce planning** – The SM Workforce Planning post had been funded 50/50 by the shared services partnership and HFRS until 31 March 2016. After this, the partnership was not able to contribute funding for this post which works solely for the benefit of HFRS. Heads of Services agreed to support the continued funding of this post for a further 2 years in order to ensure the continued:

- Oversight of the organisational establishment
- Management of all Grey Book moves (appointments, transfer and promotions)
- Delivery of a planned reduction in the operational workforce in line with SD Redesign
- Accurate workforce forecasting to inform recruitment activity
- Implementation and quality assurance of P2P

**Training Academy** – the business case seeks approval to place on hold the need to provide the outstanding PSR savings of £211,000 by March 2017 and allow time for the Academy team to develop a working strategy and delivery plan and the required staffing structure and investment to match.

In line with the Service Plan and Response Delivery Plan, work is now underway to transform the Operational Training and Development Department into the HFRS Academy, with a clear focus on improving firefighter and community safety, operational effectiveness and a drive to generate income through the selling of training, learning and development externally to HFRS.

Temporary provision of 2 additional Grade D Academy Support posts, on fixed term contracts until 31 March 2018, will provide the necessary resilience to the team to ensure they continue to function effectively ahead of the new delivery plan and consequential changes. In time, and through the Academy delivery strategy and plan, new approaches to providing support will support greater efficiency in operation, such as through better use of technology.

To support the early Academy development two temporary Station Manager positions were created. The end dates for these two temporary roles are 31 October 2016 and 30 September 2016 respectively. An extension to these roles until 31 March 2018 will allow the work to develop the HFRS Academy to continue and ensure we do not lose the momentum already achieved.