**Appendix A**

## Budget Monitoring Quarter 2 2016/17

### 1. Revenue expenditure

1.1 The forecast outturn at the end of Quarter 2 shows an underspend of £2,411,000. The full position as at the end of Period 6 is summarised below. Major variances are highlighted in the table below.

| | 2016/17 Original Budget | 2016/17 Period 6 Revised Budget | 2016/17 Forecast as at Period 6 | 2016/17 Variance |
|---|---|---|---|---|
| | | | | |
| Whole Time Firefighters | 31,212 | 33,806 | 32,142 | -1,664 |
| Retained Firefighters | 6,225 | 6,446 | 6,333 | -113 |
| Staff | 8,469 | 9,551 | 9,151 | -400 |
| Other Employee Costs | 754 | 716 | 711 | -5 |
| | **46,660** | **50,519** | **48,337** | **-2,182** |
| | | | | |
| Premises | 4,556 | 4,244 | 4,292 | 48 |
| Transport | 1,643 | 1,650 | 1,640 | -10 |
| Supplies & Services | 8,363 | 10,163 | 10,147 | -16 |
| Support Services | 12 | 12 | 12 | 0 |
| Capital Charges | 4,401 | 4,400 | 4,400 | 0 |
| | **65,635** | **70,988** | **68,828** | **-2,160** |
| | | | | |
| Income | -2,985 | -1,964 | -2,080 | -116 |
| | **62,650** | **69,024** | **66,748** | **-2,276** |
| | | | | |
| Net cost of pensions | 991 | 991 | 991 | 0 |
| Revenue contributions to capital | 2,019 | 2,670 | 2,670 | 0 |
| Revenue contributions to capital funded from reserves | 10,258 | 10,258 | 10,258 | 0 |
| Contingency | 1,003 | 135 | 0 | -135 |
| Service Improvement Plan | 348 | 0 | 0 | 0 |
| | | | | |
| **Net Cost of Service** | **77,268** | **83,078** | **80,667** | **-2,411** |
| | | | | |
| Employers LGPS contribution re pension deficit | 593 | 593 | 593 | -0 |
| Interest payable / (receivable) | 229 | 239 | 239 | 0 |
| Specific grants | -810 | -2,090 | -2,090 | 0 |
| Provision for debt repayment | 504 | 504 | 504 | 0 |
| Reversal of Capital Charges to the CAA | -4,401 | -4,400 | -4,400 | 0 |
| Contribution to / (from) reserves | -8,821 | -13,361 | -13,361 | 0 |
| | | | | |
| **Total** | **64,563** | **64,563** | **62,152** | **-2,411** |

1.2 Whole Time Firefighters Pay (£1,664,000 Underspent)

Whole time Firefighters pay is forecast to be £1,664,000 underspent at the end of the year. This is partly due to underspends in the cost of employers pension contributions due to the introduction of the 2015 pension scheme and due to a number of firefighters are not members of a pension scheme at this time. In addition there are a number of vacant posts in the Community Safety department in anticipation of delivering SD Redesign savings.

1.3 Retained Firefighters Pay (£113,000 underspent)

Retained Firefighters pay is forecast to be £113,000 underspent at the end of the year. The main reason is due to just 80% of posts being currently filled which is at least 10% less than budget.

1.4 Staff Pay (£400,000 underspent)

Staff pay is forecast to be £400,000 underspent at the end of the year. £186,000 of the underspend relates to the early delivery of Professional Services Directorate Redesign savings, with the remainder of the underspend being due to vacancies and a number of staff are not being in the pension scheme.

1.5 Income (-£116,000)

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.

1.6 Contingency (£135,000 underspent)

The contingency budget is projected to be £135,000 underspent at the end of the financial year. This figure is made up of £163,000 underspend on pay contingency due to the grey book pay award being agreed at 1% compared to the budgeted provision of 1.5%, and a £28,000 overspend on non pay contingency due to the H3 recharges being higher than originally anticipated.

## 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 the end of this appendix and includes the vehicle replacement programme (VRP) changes reported to Finance and General Purposes Committee on 1 November 2016. 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 starts programme.

**2014/15 (+£1,289,000)**
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 capacity 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 in line with the recommendations from F&GP Committee. £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 (-£2,269,000)**
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 (+£1,765,000)**
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.

## 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 £8,269,000 leaving a balance available of £498,000. During this year £771,000 investments are planned as detailed below which will leave the reserve overdrawn by £273,000 by March 2019. It is proposed to use some of the current year underspend to top up the reserve.

| | 2016/17 | 2017/18 | 2018/19 | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Opening balance** | | | | **8,767** |
| Less previously agreed investments | 6,727 | 835 | 706 | 8,269 |
| **Balance available** | | | | **498** |
| New investments: | | | | |
| SMB for Training Academy | 56 | | | 56 |
| SMA Workforce planning – 2 years | 53 | 53 | | 106 |
| CCTV on vehicles | 123 | | | 123 |
| SMD NFCSP Partnerships | 48 | | | 48 |
| SMB FireWatch project manager | 53 | | | 53 |
| Policy co-ordinator (KM) – 9 months | 18 | | | 18 |
| 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 | | | 73 |
| Start- up seed funding | 25 | | | 25 |
| Property estate resource to June 18 | 12 | 50 | 11 | 73 |
| Resourcing Technical Services – SDR Rollout – to Dec 18 | 7 | 52 | 20 | 79 |
| Service HQ temp accommodation – reduced estimate | -63 | | | -63 |
| Director of Blue Light Collaboration – 6 mths | 62 | 12 | | 74 |
| Total investments | 498 | 242 | 31 | 771 |
| **Balance available / (overdrawn)** | | | | **(273)** |

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

.

## Capital Programme & Funding - Current commitments & latest estimated costs of proposed programme
## Updates - P2 1617 to Nov 16 incl VRP

2-Jun-2016

| CPFUND 61 | P2 1617 | | 16/17 | 17/18 | 1819 | Latest |
|---|---|---|---|---|---|---|
| | approved | Before | | | | Estimated |
| Scheme | spend | 2016/17 | | | | Spend |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **2012/13 starts** | | | | | | |
| Basingstoke Fire Station | 6720.0 | 969.0 | 5675.0 | 226.0 | 5.0 | 6,875.0 |
| Fire control system - (FGP 4/12) NFCSP | 729.0 | 572.0 | 157.0 | 0.0 | 0.0 | 729.0 |
| **Total 2012/13 starts** | **7,449.0** | **1,541.0** | **5,832.0** | **226.0** | **5.0** | **7,604.0** |
| **2013/14 starts** | | | | | | |
| VEHICLES | 618.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rope training facility - deferred to 1617 | 40.0 | | 34.0 | 0.0 | 0.0 | 34.0 |
| **Total 2013/14 starts** | **658.0** | **0.0** | **34.0** | **0.0** | **0.0** | **34.0** |
| **2014/15** | | | | | | |
| VEHICLES | 2,136.0 | 733.0 | 982.0 | 0.0 | 0.0 | 1,715.0 |
| Retained station replacement programme | 365.0 | 0.0 | 0.0 | 365.0 | 0.0 | 365.0 |
| Estates Transfromation -HQ | 7168.0 | 2,886.0 | 2,000.0 | 4,072.0 | 0.0 | 8,958.0 |
| Estates Transfromation -wider estates, etc. | 1766.0 | 38.0 | 971.0 | 553.0 | 124.0 | 1,686.0 |
| Solar photovoltaic panels | 1076.0 | 1,016.0 | 60.0 | 0.0 | 0.0 | 1,076.0 |
| **Total 2014/15 starts** | **12,511.0** | **4,673.0** | **4,013.0** | **4,990.0** | **124.0** | **13,800.0** |
| **2015/16** | | | | | | |
| VEHICLES | 3,578.0 | 210.0 | 1,099.0 | 0.0 | 0.0 | 1,309.0 |
| Transforming on call arrangements | 1038.0 | 459.0 | 579.0 | 0.0 | 0.0 | 1,038.0 |
| Retained station replacement programme | 450.0 | 0.0 | 0.0 | 450.0 | 0.0 | 450.0 |
| Frontline appliance - major repairs | 166.0 | 0.0 | 166.0 | 0.0 | 0.0 | 166.0 |
| Breathing apparatus telemetry | 560.0 | 0.0 | 560.0 | 0.0 | 0.0 | 560.0 |
| Thermal imageing cameras | 350.0 | 0.0 | 350.0 | 0.0 | 0.0 | 350.0 |
| Station end equipment | 297.0 | 0.0 | 303.0 | 0.0 | 0.0 | 303.0 |
| **Total 2015/16 starts** | **6,439.0** | **669.0** | **3,057.0** | **450.0** | **0.0** | **4,176.0** |
| **2016/17** | | | | | | |
| VEHICLES | 3,821.0 | 0.0 | 2,244.0 | 3,368.0 | 0.0 | 5,612.0 |
| Retained station replacement programme | 450.0 | 0.0 | 0.0 | 450.0 | 0.0 | 450.0 |
| Fire ground radios | 503.0 | 0.0 | 503.0 | 0.0 | 0.0 | 503.0 |
| **Total 2016/17 starts** | **4,774.0** | **0.0** | **2,747.0** | **3,818.0** | **0.0** | **6,565.0** |
| **2017/18** | | | | | | |
| VEHICLES | 3,433.0 | 0.0 | 0.0 | 5,480.0 | 0.0 | 5,480.0 |
| Retained station replacement programme | 450.0 | 0.0 | 0.0 | 450.0 | 0.0 | 450.0 |
| **Total 2017/18 starts** | **3,883.0** | **0.0** | **0.0** | **5,930.0** | **0.0** | **5,930.0** |
| **2018/19** | | | | | | |
| VEHICLES | 3,334.0 | 0.0 | 0.0 | 0.0 | 4,022.0 | 4,022.0 |
| Retained station replacement programme | 450.0 | 0.0 | 0.0 | 0.0 | 450.0 | 450.0 |
| **Total 2018/19 starts** | **3,784.0** | **0.0** | **0.0** | **0.0** | **4,472.0** | **4,472.0** |
| | | | | | | |
| | **39,498.0** | **6,883.0** | **15,683.0** | **15,414.0** | **4,601.0** | **42,581.0** |