

Budget Monitoring Quarter 3 2015/16

1 Revenue expenditure

- 1.1 The forecast outturn shows an underspend of £2,985,000 of which £1,493,000 has been allocated to Service Improvement leaving £1,492,000 underspend to be added to reserves at the end of the year. The main variations may be summarised as below:

	Revised Budget £'000	Projected outturn Q3 £'000	Forecast variance Q3 £'000
Wholetime Firefighters pay	32,053	31,463	-590
Retained Firefighters pay	6,163	6,023	-140
Support staff pay	8,948	8,568	-380
Other employee expenses	970	1,140	+170
Transport	1,650	1,493	-157
Supplies and Services	9,450	8,907	-543
Income	-3,321	-3,626	-305
Contingency	1,001	0	-1,001
Other	8,541	8,502	-39
Total	65,455	62,470	-2,985
Less allocated to Service improvement			1,493
Balance available to add to reserves			-1,492

Wholetime firefighters pay (-£590,000)

- 1.2 The forecast underspend for the year is £590,000. The main reason is due to reduced employer's pension contributions following the introduction of the new 2015 pension scheme and firefighters not being in a pension scheme. These savings are partly offset by additional temporary posts relating to projects delivering improvements to the Service.

Retained firefighters pay (-£140,000)

- 1.3 The forecast underspend for the year is £140,000 and is mainly due to the number of firefighters being below average.

Support staff pay (-£380,000)

- 1.4 The projected underspend of £380,000 is partly due to savings in employers pension contributions and partly due to staff vacancies in anticipation of the implementation of the Professional Services restructure.

Other employee expenses (+£170,000)

- 1.5 This budget is expected to overspend and mainly relates to training courses, including NFCSP and driver training, as well as expenses.

Transport (-£157,000)

- 1.6 Vehicle fuel and staff car allowances are forecast to underspend due to reduced fuel prices and staff using pool cars or provided cars instead of their own cars for business journeys. These savings are partly offset by increased costs of vehicle workshop spares and consumables.

Supplies and Services (-£543,000)

- 1.7 The underspend includes ICT savings due to early delivery of Professional Services Redesign savings, pausing Hantsfile project and other ICT savings. The other main underspend is hired and contracted services including Group Managers community safety budgets, the partnership budget, H3 partnership recharges, savings in external audit fees and Occupational health physician and fast track physio.

1.8 Income (-£305,000)

The increase in income is partly due to the sales of fleet vehicles (less than £10,000). To date over £140,000 has been received against a budget of £22,000.

Also additional income from service charges relating to sharing the Service HQ site with Hampshire Constabulary, and a forecast contribution from 3S Fire Ltd. These are early delivery of planned on-going efficiency savings in 2016/17

Contingency (-£1,001,000)

- 1.9 This relates to the budget set up for the anticipated cost of eligible RDS firefighters joining the RDS modified pension scheme. The take up has been a lot less than expected, and the anticipated increase in the employer’s pension contribution rate will not take place until the results of the 2016 revaluation are known in 2018 or 2019.
- 1.10 The on-going savings are estimated at £880,000 and have been taken into account when preparing the 2016/17 Draft budget.

Service Improvement budget

- 1.11 The latest position may be summarised as follows:

	2015/16	2016/17
	£'000	£'000
Budget available including £1.493m in –year underspend	3,172	
Less 2015/16 commitments from decisions agreed in	-498	

2014/15		
Less commitments agreed at July 2015 F&GP	-120	-121
Balance available	2,554	

1.12 Since July 2015 £1,213,000 of new investments have been identified.

	2015/16 £'000	2016/17 £'000
FireWatch interfaces project team to March 17	20	43
PSR Knowledge management transition	27	
SMP Operational Alignment and Efficiencies Group	55	
Expansion of RBFRS Fleet partnership - PM	38	
SM Operational technologies PM 12 mths to May 16	43	9
SMB Resilience team for 12 months to Aug 16	36	26
Clinical Governance - equipment	8	5
Fitness assessment equipment	23	
MDT Technology Refresh	14	
Mental Health and Wellbeing	7	
OS Data Sharing Pilot	98	
Replacement of station end equipment	297	
Training and Development academy	108	56
Service HQ temporary accommodation	300	
	<u>1,074</u>	<u>139</u>

1.13 This leaves a balance of £1.480m, which is expected to be required for PPE replacement. A business case for this will be presented at a later date, once the requirements and costs have been finalised.

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

- Station end equipment - There is a pressing need to replace the Station End Equipment. This equipment is located in every Fire Station. It receives a signal from the command and control system and activates the mobilisation of vehicles and personnel. The equipment is ten years old and suffers from a number of issues. If this equipment isn't replaced we will continue to suffer from an increase in equipment failures and could have to resort to legacy (back up) methods of mobilising, such as relying on mobile phones which is wholly unsuitable. It will also not be possible to meet the government GD92 accreditation for PSN security
- Service HQ temporary accommodation - In order to complete the refurbishment of the headquarters building, up to 80 members of staff need to be displaced at any one time in order to free up the space for the building work to take place. Some teams have relocated to Fire Stations where possible, but it has not been possible to do this with all the teams affected. The only available space to relocate staff within the HQ building was into the training rooms, however this would have had a detrimental impact on the ability for HFRS to deliver core training to operational staff, so a temporary solution was

required, which could not be met from the existing capital project funding.

- 1.15 Expenditure against the service improvement provision will only be undertaken on approval of a viable business case. All items that are put forward against this budget will be approved by the Heads of Service Team 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.

2 Virements over £100,000

- 2.1 Under financial regulations virements over £100,000 are required to be approved by members of this committee. To date these are :
- £116,000 fleet insurance claim plus £50,000 from insurance excess budget used to fund £166,000 major repairs on frontline appliance
 - £297,000 director's contingency transferred to service improvement to fund station end equipment replacement.
 - £576,000 revenue costs of the SD Transformation project that cannot be funded from the Transformation grant to be funded from the Transformation reserve. This is in line with HFRS's agreed contribution in the original bid. A further £50,000 will be required in 2016/17 and is built into the 2016/17 Draft budget.

3 Current capital programme

- 3.1 The current capital programme is summarised at Appendix D.

Vehicles and Equipment

2012/13

The USAR unit is nearly complete and is due to underspend by £28,000.

The new fire control system capital spend is greater than expected however the overall cost is within budget and mainly funded from government grant.

2013/14

There have been no further updates to the 2013/14 vehicles programme. Four response support vehicles were expected to complete in 2014/15 but have slipped into 2015/16.

The rope training facility has been deferred until 2016/17.

2014/15

There have been no changes to the 2014/15 programme. However, slippage has occurred on the two water foam carriers due to waiting for the outcome of the Risk Review project.

The specification for the five light rescue pumps has been finalised saving £522,000. The vehicles may slip into 2016/17.

2015/16

The water foam carrier has slipped into 2016/17 due to waiting for the outcome of the Risk Review project.

The cost of 17 provided vehicles has been increased to reflect the change in specification and additional VAT costs.

Buildings

2012/13

The contract for Basingstoke fire station has been awarded and the latest estimate shows a small increase in cost of £33,000 and there has been some slippage in the scheme.

2014/15

The estimated spend on the Estate Transformation project has been updated in line with the report to this committee in November 2015 and is on course to be completed next year.

The retained station replacement programmes has been deferred to 2016/17.

2015/16

Transforming on call arrangements (SD Transformation project) – planned expenditure of £445,000 does not meet the definition of capital expenditure and will need to be charged to the revenue budget, reducing the capital budget by this amount.

The retained station replacement programmes has been deferred to 2016/17.

3.2 New schemes for 2015/16

Frontline appliance – major repairs £166,000

This scheme is to make major repairs to an appliance that was involved in a major traffic incident and is funded from the insurance claim reimbursement and the insurance excess budget.

Breathing apparatus telemetry £560,000

HFRS has had a long standing intention to invest in advanced telemetry equipment on our existing breathing apparatus sets to improve the safety of our firefighters. These telemetry systems will provide constant real time updates on the BA set wearer, including such information as location, air usage, and temperature; allowing much greater monitoring and control from outside the building. It is proposed to fund this scheme from the capital payments reserve.

Thermal Image cameras £350,000

As part of our developing thinking around firefighting strategy and tactics HFRS provides a thermal imaging camera on each appliance. This device locates heat signatures, showing the location of a fire within a building, the seat of a fire within a room, and also the location of a casualty within a room. We now wish to add an additional TI Camera to each appliance so that the incident commander has one for use outside the building for monitoring and command purposes, and the breathing apparatus crews have one for use inside the building to assist with firefighting, search and rescue etc. It is proposed to fund this scheme from the capital payments reserve.

Station end equipment replacement £297,000

This scheme is being funded from the service improvement budget and a description of the scheme is given at paragraph 1.12 above.

4 3S Fire Ltd

Future Trading

- 4.1 3S Fire is having another successful year. 3S Fire are still projecting returning a 50K profit to the share holder at year end. There are now a number of regular customers, including Serco, Capita and Babcock and the range of courses is being extended in response to demand.
- 4.2 3S Fire have now also secured a number of contracts for delivery into 2016 and are expected to continue to grow steadily.

Financial information

- 4.3 To date 3S Fire Ltd has drawn down £145,200 of the loan facility available. Repayment of £120,200 has been made to date, leaving a balance of only £25,000 outstanding to the Authority.
- 4.4 The company are expecting to make a contribution of £50,000 to the HFRA at the end of the year.