

# **Hampshire Fire and Rescue Authority**

## **Revenue Budget 2004/05**

## **Capital Programme 2004/05 – 2006/07**

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**M Eastwood CBE CStJ QFSM FIFireE**  
**Chief Fire Officer**

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**Treasurer**

## **Part A – Introduction**

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- 1 This is the eighth budget of the Hampshire Fire and Rescue Authority which was formed in April 1997. This is the first year the Authority has been a precepting authority. 25 Councillors make up the Authority:

19 from Hampshire County Council  
3 from Portsmouth City Council  
3 from Southampton City Council

- 2 The present membership, together with their political affiliations is set out below:

### **Hampshire County Council Members**

Councillors:	Mrs A E Bailey	LD
	Mrs E S M Barron	LD
	R Baulk	Con
	MF Cartwright	Con (Chairman)
	K Chapman	Con
	K House	LD
	Mrs D Harrison	Con
	P A Heath	Con (Vice-Chairman)
	Mrs P G E Holden-Brown	LD
	P R C Hutcheson	Con
	D A Kirk	Con
	P Luffman	Lab
	R McIntosh	Con
	E F Gale MBE	Con
	R M Price	LD
	K P J Searle	Lab
	Mrs M D Snaith	Con
	J Stocks	Con
	M J Woodhall	Con

### **Portsmouth City Council Members**

Councillors:	M Andrewes	LD
	D Horne	Lab
	G Semmens	Con (Vice Chairman)

### **Southampton City Council Members**

Councillors:	P Galton	LD
	S Letts	Lab
	R Smith	Con

**1 Summary**

The budget for the Authority for 2004/05 has been set at £58,368,000, an increase of 13.8% over 2003/04. Factors contributing to the increase include the establishment of a general reserve and the cost of the firefighters pay award.

**2 Basis of Preparation**

The base budget has been prepared using the same principles as last year and includes:

- the current year's original budget increased to the November 2003 price base
- the net cost of salary increments
- all known and projected pension costs. These are known to be particularly hard to predict due to the discretion firefighters have over the exact timing of their retirement. The figures given represent best estimates, with any shortfall being met from the general reserve
- an estimate of the costs of inflation from November 2003 to March 2005; 4.2% for firefighters pay from July 2004; 2.5% for support staff pay; 2.8% for pension payments and 2.5% for non-pay costs
- full year effect of previous years' growth items
- increases in the cost of operational leasing and capital financing.

To this was added new expenditure totalling £2,176,000 and reserves of £873,000.

### 3 Makeup of the Budget

	£'000	£'000
Original budget 2003/04		51,311
Add full year costs of inflation to November 2003 prices – pay and prices		2,173
		<hr/>
		53,484
Add growth items allowed in the base budget:		
Net cost of increments		20
Operational leasing		90
Retained firefighters formula		38
Asset management costs		8
Full year effect of previous years' growth		148
Provision for inflation (pay and prices) from November 2003 to outturn 2004/05		1,355
		<hr/>
Cash limited expenditure budget 2004/05		55,143
Pensions:		
Full year cost of inflation to November 2003 prices	-4	
Increase in lump sums	251	
Increase in ordinary and ill-health pension payments	588	
Other	-95	
Provision for inflation November 2003 to outturn 2004/05	223	963
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<b>Base Budget 2004/05</b>		<b>56,106</b>
New expenditure		2,176
Establishment of reserves		873
Less transitional grant		-787
		<hr/>
<b>Budget requirement 2004/05</b>		<b>58,368</b>

This equates to a Band D council tax of £51.30.

### 4 Inflation Provision

The original budget has been increased by the actual costs of inflation to November 2003. Total inflation is £2,173,000 for pay and prices and -£4,000 for pensions.

## **5 Pensions**

There is an overall increase in the budgeted cost of pensions. This is due to an increase in lump sums being payable and ongoing pension payments.

## **6 Retained Pay – number of incidents**

The retained pay budget has been set at 23,570 incidents. This has increased from 23,253 incidents, an increase in budget of £38,000. Actual costs will depend on the number of incidents, fluctuations being covered from the reserve as necessary.

## **7 Revenue costs of capital programme**

The budget has been increased to include the revenue costs of the capital programme (mainly the leasing costs for vehicles leased before 31 March 2003 and the capital financing costs of vehicles purchased subsequently).

## **8 Establishment of general reserve**

As a precepting Authority it is now necessary for the Authority to hold reserves. An overall level of £1.4m (rising to £1.6m in 2005/06) has been established. This has been achieved by contributions of £615,000 from the three constituent authorities and by adding £785,000 to the budget requirement.

## **9 Second homes reserve**

A specific reserve has been established totalling £88,000 funded from the second home discounts notified by the billing authorities. Its use will be considered during the year.

## **10 Transitional grant**

The ODPM has issued the Fire Authority with £787,000 transitional grant for the Fire Service pay deal. This will be returned in 2005/06.

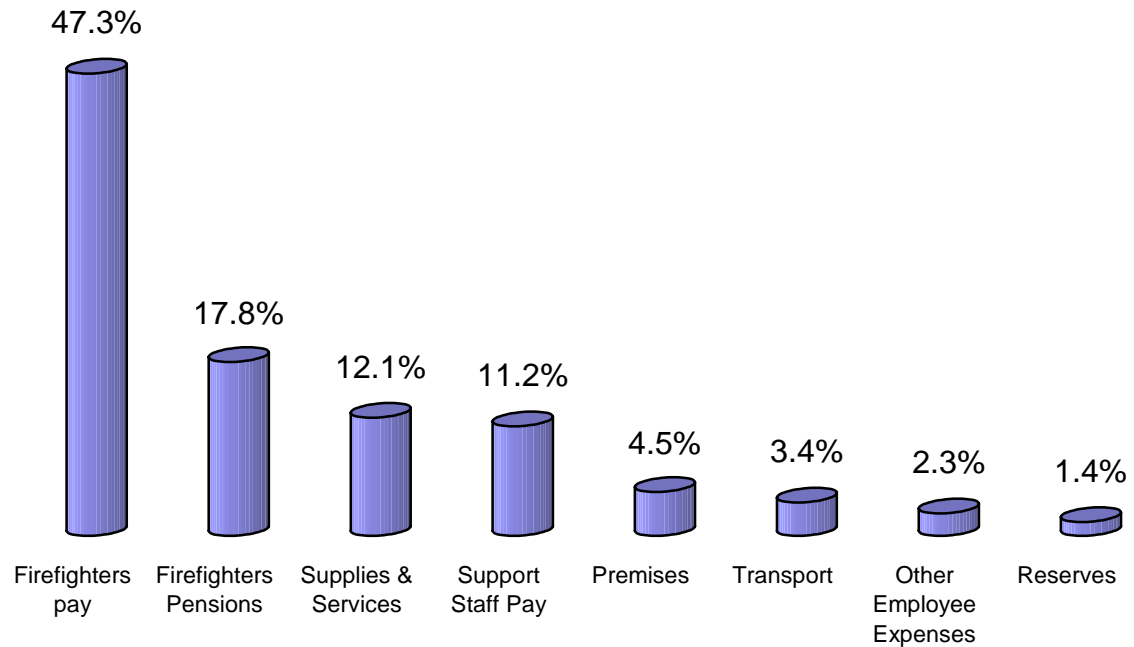
## **11 New expenditure**

New expenditure totals £2,176,000. This includes £649,000 on IT and communications, £268,000 on training, £155,000 for Member's expenses and allowances and £130,000 on personal protective equipment.

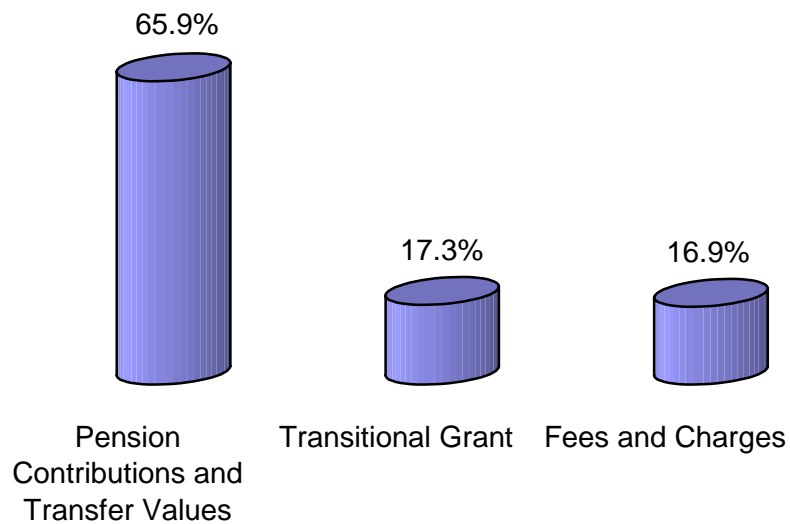
## Overview

This section provides an overview of the 2004/05 budget which is set out in more detail in the following pages

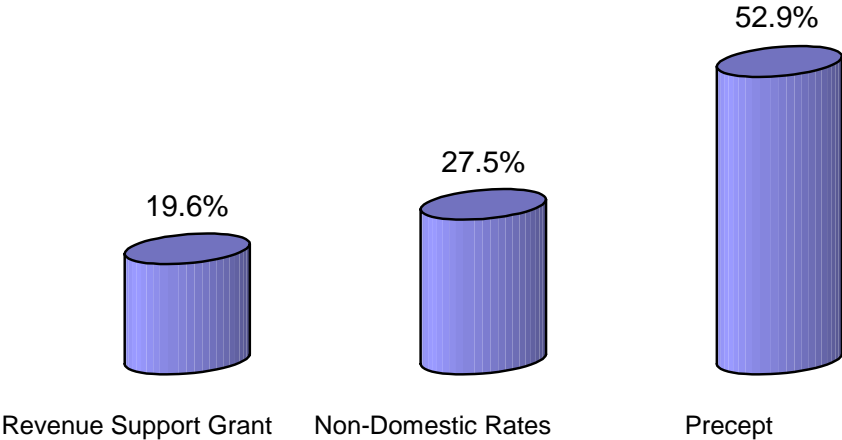
### Expenditure £62.928 million



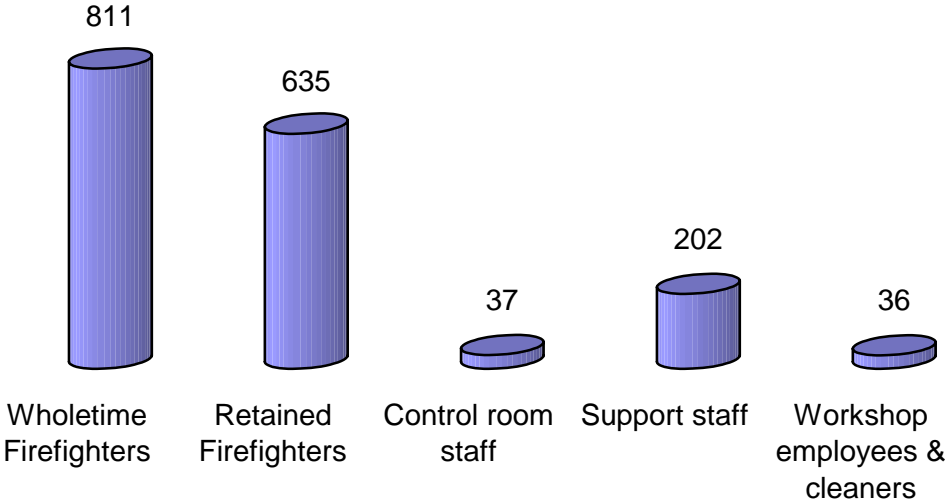
### Income £4.560 million



### Sources of Funding



### Staff Numbers



Actual 2002/03	Original 2003/04	Revised 2003/04	Budget 2004/05
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The budget for the Authority for 2004/05 is £58,368,000 which is £7,057,000 (13.75%) more than the original budget for 2003/04.

### Staffing Statistics

	Firefighters			
799	Whole-time	816	818	<b>811</b>
556	Retained	567	579	<b>635</b>
	Other staff			
39	Control room staff	38	38	<b>37</b>
161	Administration staff	219	192	<b>202</b>
59	Workshop employees, cleaners and cooks	41	38	<b>36</b>
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1,614	Total staff	1,681	1,665	<b>1,721</b>

From 2004/05 these statistics relate to the number of posts available in the budget rather than the number of personnel employed.

**HAMPSHIRE FIRE & RESCUE AUTHORITY**
**REVENUE BUDGET**

Actual 2002/03		Original 2003/04	Revised 2003/04	Budget 2004/05
£'000		£'000	£'000	£'000
<b>SUMMARY REVENUE ACCOUNT</b>				
Employees				
20,693	- Wholetime firefighters	22,579	22,956	24,696
3,722	- Retained firefighters	4,234	4,650	5,090
6,071	- Other staff	6,574	6,799	7,040
1,008	- Other employees expenses including training	953	1,283	1,450
7,233	- Pension (net costs)	7,230	6,789	8,176
<b>38,727</b>		<b>41,570</b>	<b>42,477</b>	<b>46,452</b>
2,491	Premises	2,428	2,436	2,819
1,738	Transport	2,099	2,084	2,139
5,129	Supplies & services	5,040	5,394	6,695
307	Contracted support services	336	361	439
4,795	Capital charges	3,400	3,451	3,401
0	Revenue contributions to capital	0	19	0
287	Increase in Provision	0	0	0
<b>53,474</b>	<b>Gross expenditure</b>	<b>54,873</b>	<b>56,222</b>	<b>61,945</b>
1,082	Less service income	630	942	769
0	Less Transitional Funding	0	0	787
<b>52,392</b>	<b>NET COST OF SERVICES</b>	<b>54,243</b>	<b>55,280</b>	<b>60,389</b>
0	Plus establishment of general reserves	0	0	785
0	Plus establishment of second homes specific reserve	0	0	88
4,180	Less transfer from asset management accounts	2,932	2,983	2,894
<b>48,212</b>	<b>BUDGET REQUIREMENT</b>	<b>51,311</b>	<b>52,297</b>	<b>58,368</b>
<b>MET BY</b>				
	- Revenue Support Grant			11,461
	- National Non-Domestic Rates			16,027
	- Precept - met by council tax payers			30,880
				<b>58,368</b>

Actual 2002/03		Original 2003/04	Revised 2003/04	Budget 2004/05
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### STATUTORY INSPECTION & CERTIFICATION

Fire Safety responsibilities range from goodwill advice to householders, to complex inspections of new and existing commercial or industrial developments.

19,964	Inspections by Fire Safety personnel	21,000	16,000	<b>20,000</b>
343	Inspections by operational personnel	470	120	<b>200</b>
<u>20,307</u>	Total inspections carried out	<u>21,470</u>	<u>16,120</u>	<b>20,200</b>

### PREVENTION & EDUCATION

Community Education provides, co-ordinates, monitors and evaluates safety education programmes and initiatives and fulfils a corporate role in promoting fire safety awareness through a variety of media.

215	School Fire Safety unit visits	270	270	<b>270</b>
374	Fire awareness engine visits	355	355	<b>355</b>

### FIREFIGHTING AND RESCUE OPERATIONS

#### Operational Responses

The Authority saves lives and protects property throughout the geographic county of Hampshire. It responded to 24,336 incidents in 2002/03 (26,087 in 2001/02).

52	Number of stations	52	52	<b>52</b>
234	Number of vehicles	233	234	<b>234</b>

#### Communications and Mobilising

This heading includes all expenditure directly or indirectly related to the handling of emergency (999) calls from the public. In excess of 40,000 calls are received in a year. The sophisticated communications and IT systems used in the mobilising of resources to incidents is maintained by a combination of in-house technical support staff and the external contractors.

**HAMPSHIRE FIRE & RESCUE AUTHORITY**
**REVENUE BUDGET**

Actual 2002/03		Original 2003/04	Revised 2003/04	Budget 2004/05
£'000		£'000	£'000	£'000
<b>STATUTORY INSPECTION &amp; CERTIFICATION</b>				
2,430	Employees	2,563	2,528	2,698
1	Premises	-	-	-
136	Transport	160	160	163
60	Supplies and services	53	54	54
315	Central support services	364	334	401
2,942		3,140	3,076	3,316
86	Less Income - fees and charges	22	23	-
5	Less recharged unapportionable overheads	-	5	5
<b>2,851</b>	<b>Net Expenditure included in summary revenue account</b>	<b>3,118</b>	<b>3,048</b>	<b>3,311</b>
<b>PREVENTION &amp; EDUCATION</b>				
1,123	Employees	1,057	1,149	1,352
20	Premises	27	26	27
52	Transport	38	36	40
185	Supplies and services	176	177	181
119	Central support services	128	128	168
1,499		1,426	1,516	1,768
457	Less Income - fees and charges	369	375	377
4	Less recharged unapportionable overheads	-	4	4
<b>1,038</b>	<b>Net Expenditure included in summary revenue account</b>	<b>1,057</b>	<b>1,137</b>	<b>1,387</b>
<b>FIREFIGHTING AND RESCUE OPERATIONS</b>				
<b>Operational Responses</b>				
21,103	Employees	23,806	25,123	26,796
2,234	Premises	2,258	2,253	2,637
966	Transport	1,324	1,266	1,353
2,109	Supplies and services	1,551	1,654	1,949
4,589	Capital charges	3,276	3,279	3,231
8,046	Central support services	8,423	8,330	9,400
39,047		40,638	41,905	45,366
331	Less Income - fees and charges	141	308	267
8	Less recharged unapportionable overheads	3	8	8
<b>38,708</b>	<b>Net Expenditure included in summary revenue account</b>	<b>40,494</b>	<b>41,589</b>	<b>45,091</b>
<b>Communications and Mobilising</b>				
1,106	Employees	1,137	1,198	1,301
16	Premises	-	8	6
4	Transport	-	-	-
415	Supplies and services	392	594	844
179	Central support services	200	208	276
1,720		1,729	2,008	2,427
9	Less Income - fees and charges	12	12	12
10	Less recharged unapportionable overheads	-	10	10
<b>1,701</b>	<b>Net Expenditure included in summary revenue account</b>	<b>1,717</b>	<b>1,986</b>	<b>2,405</b>

Actual 2002/03	Original 2003/04	Revised 2003/04	Budget 2004/05
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### Securing Water Supplies

There is a duty under the Fire Services Act 1947 to secure the provision of water supplies for firefighting purposes. In practice, water companies provide the necessary water supply, but fire authorities are responsible for determining the location of hydrants and for their subsequent testing, repair and maintenance. The Best Value Review of Hydrant Maintenance has resulted in considerable streamlining of the Authority's policy for the frequency and scope of testing hydrants.

### FIREFIGHTERS' PENSIONS

The firefighters' pension scheme is unfunded and costs are met directly from the revenue budget in the year payments occur. Serving wholetime firefighters contribute 11% of pensionable pay to the scheme and the deficit is met from the budget.

683	Number of pensioners	747	734	<b>762</b>
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### MANAGEMENT AND SUPPORT SERVICES

#### Transport Management and Maintenance

All vehicles owned or leased by the Authority are repaired and maintained at the vehicle workshop in Winnall, Winchester. A 24 hour emergency callout service is also provided.

212	Number of vehicles serviced	242	226	<b>236</b>
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#### Training Delivery

The Training Centre provides initial and continuation training for all personnel. The practical facilities are also used for the running of commercial and industrial fire safety courses, for which charges are made.

185	Commercial/industrial organisations receiving fire safety training	190	224	<b>260</b>
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**HAMPSHIRE FIRE & RESCUE AUTHORITY**
**REVENUE BUDGET**

Actual 2002/03		Original 2003/04	Revised 2003/04	Budget 2004/05
<i>£'000</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Securing Water Supplies</b>				
100	Supplies and services	187	107	192
11	Central support services	22	12	24
<b>111</b>	<b>Net Expenditure included in summary revenue account</b>	<b>209</b>	<b>119</b>	<b>216</b>
<b>FIREFIGHTERS' PENSIONS</b>				
6,808	Pension payments	7,303	7,316	8,078
2,945	Commutations	2,299	1,934	2,781
135	Transfer values paid	316	311	321
9,888		9,918	9,561	11,180
2,028	Less - contributions	2,162	2,254	2,470
627	- transfer values received	526	518	534
<b>7,233</b>	<b>Net Expenditure included in summary revenue account</b>	<b>7,230</b>	<b>6,789</b>	<b>8,176</b>
<b>MANAGEMENT AND SUPPORT SERVICES</b>				
<b>Transport Management and Maintenance</b>				
904	Employees	940	960	972
115	Premises	60	61	63
437	Transport	464	506	466
28	Supplies and services	29	118	81
76	Capital charges	46	46	45
1,560		1,539	1,691	1,627
141	Less Income - fees and charges	66	152	92
8	Less recharged unapportionable overheads	-	8	8
<b>-1,411</b>	<b>Costs allocated to services</b>	<b>-1,473</b>	<b>-1,531</b>	<b>-1,527</b>
<b>-</b>	<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Training Delivery</b>				
1,823	Employees	1,454	1,460	1,589
40	Premises	35	40	36
74	Transport	64	67	67
117	Supplies and services	120	149	128
-	Capital Charges	-	2	2
2,054		1,673	1,718	1,822
9	Less Income - fees and charges	2	3	2
4	Less recharged unapportionable overheads	-	4	4
<b>-2,041</b>	<b>Costs allocated to services</b>	<b>-1,671</b>	<b>-1,711</b>	<b>-1,816</b>
<b>-</b>	<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

Actual 2002/03	Original 2003/04	Revised 2003/04	Budget 2004/05
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### Personnel Services

The budget covers the cost of running the Personnel Department and Occupational Health and Safety Unit.

### Training and Development

In addition to the provision of in-service training, the development of personnel is also carried out at the Fire Service College, in Moreton-in-Marsh, Gloucestershire, universities and by other external training providers.

### Corporate Services

Internal support to the Authority is provided by the following departments :

- Financial and Office Services
- Property Services
- Information (ICT) Services
- Performance Review Unit

Additional expertise is provided under contracts for services by Hampshire County Council for the following services :

- Financial services
- Legal services
- Committee secretariat
- Personnel services
- Information and Communications Technology Support

### Corporate and Democratic Core

The corporate and democratic core comprises two services: democratic representation and management and corporate management. Democratic representation concerns corporate policy making and all other member-based activities. Corporate management costs are those which provide the infrastructure for the service to be provided and the information required for public accountability.

**HAMPSHIRE FIRE & RESCUE AUTHORITY**
**REVENUE BUDGET**

Actual 2002/03		Original 2003/04	Revised 2003/04	Budget 2004/05
£'000		£'000	£'000	£'000
<b>Personnel Services</b>				
1,151	Employees	828	837	909
-	Premises	-	-	-
19	Transport	3	3	3
280	Supplies and services	128	270	246
1,450		959	1,110	1,158
2	Less Income - fess and charges	-	-	-
5	Less recharged unapportionable overheads	-	5	5
-1,443	Costs allocated to services	-959	-1,105	-1,153
-	<b>Net Expenditure</b>	-	-	-
<b>Training and Development</b>				
204	Employees	523	454	593
3	Transport	14	14	14
11	Supplies and services	22	21	23
218		559	489	630
21	Less Income - fees and charges	13	13	13
-197	Costs allocated to services	-546	-476	-617
-	<b>Net Expenditure</b>	-	-	-
<b>Corporate Services</b>				
1,649	Employees	2,032	1,978	2,068
65	Premises	48	48	50
47	Transport	32	32	33
1,824	Supplies and services	2,382	2,250	2,997
307	Contract support services	336	361	439
130	Capital charges	78	124	123
4,022		4,908	4,793	5,710
26	Less Income - fees and charges	5	56	6
3,996		4,903	4,737	5,704
11	Less recharged unapportionable overheads	-	11	11
-3,578	Costs allocated to services	-4,488	-4,189	-5,156
-114	Costs allocated to democratic representation & management	-115	-222	-222
-293	Costs allocated to corporate management	-300	-315	-315
-	<b>Net Expenditure</b>	-	-	-
<b>Corporate and Democratic Core</b>				
55	Unapportionable overheads	3	55	55
293	Democratic representation & management	300	222	222
114	Corporate management	115	315	315
462	<b>Net Expenditure included in summary revenue account</b>	418	592	592

Actual 2002/03	Original 2003/04	Revised 2003/04	Budget 2004/05
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### Asset Management Accounts

The Asset Management accounts are the central accounts which operate in conjunction with the Authority's capital accounting arrangements. The main features of the arrangements are:

- valuation of capital assets such as buildings on a current replacement cost basis
- internal asset charges to service revenue accounts (capital charges) for capital assets comprising:
  - \* an interest charge to reflect the cost of capital employed.
  - \* a depreciation charge for assets with a finite life (eg vehicles)
- internal charges are also made to the Service's operational revenue accounts to reflect the writing-off of deferred charges. These charges arise when expenditure is incurred, which can be properly capitalised, such as the Authority's set-up costs, but where no addition to the value of the Authority's fixed assets results.

### Asset Management Revenue Account

The revenue account is charged with the capital charges made to the Service's revenue account. The element of the capital charges relating to depreciation and deferred charges is transferred from this account to the Provision for Debt Repayment Account. This account is also charged with interest payable on loans and receivable on the Authority's bank balance.

The excess of capital charges over financing costs, is transferred to the revenue account in order to neutralise the effect on the budget requirement.

### Provision for Debt Repayment

The provision for Debt Repayment Account is charged with the principal repayments relating to loans and receives the deferred charges and charges for depreciation contained within the Service revenue account. Debt repayments are made at the minimum level of 4% required by legislation.

The excess of depreciation and deferred charges over debt repayment is credited to the summary revenue account.

**HAMPSHIRE FIRE & RESCUE AUTHORITY**
**REVENUE BUDGET**

Actual 2002/03		Original 2003/04	Revised 2003/04	Budget 2004/05
<i>£'000</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>ASSET MANAGEMENT ACCOUNTS</b>				
631	Total Expenditure	468	468	507
-4,795	Reversal of Capital Charges	-3,400	-3,451	-3,401
-16	Total Income	-	-	-
-4,180		-2,932	-2,983	-2,894
<b>ASSET MANAGEMENT REVENUE ACCOUNT</b>				
<b>Expenditure</b>				
148	Interest on loans	301	301	324
336	Revenue contribution to capital expenditure	-	-	-
484		301	301	324
<b>Reversal of Capital Charges</b>				
-4,795	Capital charges	-3,400	-3,451	-3,401
1,340	less depreciation and deferred charges	1,370	1,421	1,421
-3,455		-2,030	-2,030	-1,980
<b>Income</b>				
-	Exceptional item	-	-	-
-16	Interest on bank balance	-	-	-
-16		-	-	-
-2,987	<b>Excess of Capital Charges Over Financing Costs</b>	-1,729	-1,729	-1,656
<b>PROVISION FOR DEBT REPAYMENT</b>				
<b>Expenditure</b>				
147	Loan repayment	167	167	183
<b>Reversal of Capital Charges</b>				
-1,340	Depreciation and deferred charges	-1,370	-1,421	-1,421
-1,193	<b>Excess of Depreciation and Deferred Charges Over Debt Repayment</b>	-1,203	-1,254	-1,238

## Part C - Capital

Capital schemes to the value of £1,298,000 are to start in 2004/05.

The Authority has taken the decision to cease operational leasing of its vehicles. Instead, loans will be taken out to enable them to be purchased.

Project Details	Total Cost	Payments Profile				Revenue Effect in Full Year	
		2004/05	2005/06	2006/07	2007/08	Running Costs	Capital Charges
		Loan	Loan	Loan	Loan		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>2004/05 Starts</b>							
Vehicles: 7 pumping appliances	}						
Schools fire safety unit KS2	}	1,298	515	783		0	153
Mobile workshops	}						
Ancillary support vehicles	}						
<b>2005/06 Starts</b>							
Vehicles: 7 pumping appliances	}						
General purpose lorry	}	1,240	457	783		0	64
Ancillary support vehicles	}						
Chineham Fire Station		3,000	1,000	2,000		0	155
Cosham Fire Station		3,000	500	2,000	500	0	155
<b>2006/07 Starts</b>							
Vehicles: 7 pumping appliances	}						
General purpose lorry	}	1,249		466	783	0	148
Ancillary support vehicles	}						
		9,787	515	2,740	5,249	1,283	675