

Hampshire Fire and Rescue Authority

Revenue Budget 2005/06

Capital Programme 2005/06 – 2007/08

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Part A – Introduction

- 1 This is the ninth budget of the Hampshire Fire and Rescue Authority which was Formed in April 1997. This is the second year the Authority has set its own Council Tax. 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 H Price	LD
	K P J Searle	Lab
	Mrs M D Snaith	Con
	J Stocks	Con
	M J Woodhall	Con

Portsmouth City Council Members

Councillors:	A Bentley	LD
	D Horne	Lab
	A Baker	Con

Southampton City Council Members

Councillors:	P Galton	LD
	R Williams	Lab
	R Smith	Con (Vice-Chairman)

1 Summary

The budget for the Authority for 2005/06 has been set at £60,265,000, an increase of 3.25% over 2004/05.

2 Basis of Preparation

The budget was constructed by preparing a base budget position which includes:

- the current year's original budget increased to the November 2004 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 2004 to March 2006; 3% for firefighters pay from July 2005; 2.95% for support staff pay; 3.1% for pension payments and 2.5% for non-pay costs
- full year effect of previous years' growth items
- increases in the cost of capital financing

To this base budget was added new expenditure totalling £900,000 and contributions to reserves of £600,000. This budget was compiled against the background of the approved Financial Management Strategy which is set out on pages B5 to B7.

3 Makeup of the Budget

	£'000	£'000
Original budget 2004/05		58,368
Add full year costs of inflation to November 2004 prices – pay and prices		220
Add growth items allowed in the base budget:		
Net cost of increments		22
Operational leasing		-9
Retained pay formula – number of incidents		110
Asset management costs		-160
Full year effect of previous years' growth		-517
Provision for inflation (pay and prices) from November 2004 to outturn 2005/06		1,255
Cash limited expenditure budget 2005/06		<u>59,289</u>
Pensions:		
Full year cost of inflation to November 2004 prices	1	
Increase in lump sums	-722	
Increase in ordinary and ill-health pension payments	115	
Other	103	
Provision for inflation November 2004 to outturn 2005/06	179	-324
Base budget 2005/06		58,965
New expenditure		900
Further increase in reserves		400
Base requirement 2005/06		60,265

4 Inflation Provision

The original budget has been increased by the actual costs of inflation to November 2004. Total inflation is £220,000 for pay and prices and £1,000 for pensions.

5 Pensions

There is an overall decrease in the budgeted cost of pensions. This is due to a decrease in lump sums being payable as fewer firefighters are expected to retire during 2005/06.

6 Retained Pay – number of incidents

The retained pay budget is set at 24,743 incidents. This has increased from 23,570 incidents, an increase in budget of £110,000. Actual costs will depend on the number of incidents, fluctuations being covered from the reserve as necessary.

7 Increase in general reserve

As a precepting Authority it is now necessary for the Authority to hold reserves. An overall level of £1.4m was established during 2004/05. £600,000 will be added in 2005/06 bringing the total general balance to £2m.

8 Second homes reserve

A specific reserve was established in 2004/05 funded from the second home discounts notified by the billing authorities. This is used for partnership working initiatives. An additional £2,000 will be raised during 2005/06 bringing the total to £90,000.

9 Transitional grant

The ODPM issued the Fire Authority with £787,000 transitional grant for the Fire Service pay deal in 2004/05. This will be returned in 2006/07.

10 New expenditure

New expenditure totals £900,000. This includes £150,000 in recognition that the Government's modernisation and regionalisation proposals will cost the Authority money in 2005/06. It also includes £722,000 for revenue contributions to capital. This will pay for a significant proportion of the vehicle replacement programme.

11 Paying for the Service

2004/05 was the first year the Fire Authority was a precepting authority and therefore set its own council tax.

	Original 2004/05 £000	Budget 2005/06 £000
Budget requirement	58,368	60,265
Revenue Support Grant	11,461	9,383
Non-Domestic Rates	16,027	19,188
Net surplus on collection fund	0	70
	<hr/>	<hr/>
Precept – met by council taxpayers	30,880	31,624
Taxbase Band D equivalent dwellings	601,645.67	606,873.37
Council tax per Band D dwelling	£51.30	£52.11
	<hr/>	<hr/>
Increase over previous year		1.6%
Council taxes for each band		
Band A up to £40,000	34.20	34.74
Band B £40,001 - £52,000	39.90	40.53
Band C £52,001 - £68,000	45.60	46.32
Band D £68,001 - £88,000	51.30	52.11
Band E £88,001 - £120,000	62.70	63.89
Band F £120,001 - £160,000	74.10	75.27
Band G £160,001 - £320,000	85.50	86.85
Band H above £320,000	102.60	104.22

12 Analysis of reserves

	2004/05 £000	2005/06 £000
Unearmarked balance 1 April	615	1,400
Budget requirement	58,368	60,265
	<hr/>	<hr/>
Net expenditure	-57,503	-59,665
	<hr/>	<hr/>
Unearmarked balance at 31 March	1,400	2,000

Financial Management Strategy

Overall purpose : Provide the necessary financial resources to enable the Service to make Hampshire safer, and to ensure a high standard in the management of public finances.

The key policies and actions designed to achieve this are set out as follows. As part of the annual closure of accounts process, the Authority's performance in following this strategy will be assessed and reported on.

Financial Planning - Budget strategy

- The budget strategy will be clearly related to the priorities set out in the Service's Corporate Plan and Integrated Risk Management Plan.
- Growth and savings proposals to be presented in a transparent manner to members as part of the annual budget cycle, identifying planned outcomes and performance improvements for budget growth and mechanisms for achieving any significant savings.
- Ensure that the long-term level of revenue commitments does not exceed long-term funding likely to be available including reasonable expected levels of future grant settlement and council tax.
- Maintain three-year budget projections based where necessary on alternative scenarios to reflect uncertainty of spending and resource assumptions in order to set the likely context for making final resource allocation decisions on an annual basis.
- Divert 2% of current resources to prevention and protection activities by 2008.
- Set a prudent minimum level of reserves based on a strategic-level risk assessment and reassessed annually as part of the budget process.
- Minimise fluctuations in spending levels and council tax by absorbing the impact of different levels of pension outturn costs.
- Operate within firm cash limits, allocating provision for pay and other inflation at the start of the financial year.
- Contain spending within the approved cash limit for the year with no supplementary allocations being made from reserves other than in exceptional circumstances.
- Encourage the early identification by budget holders of potential underspendings in order to deal with them positively by planned carry forward or redeployment as appropriate.
- Seek Best Value in services which should always include considerations for quality, risk to achieve sustainability, environmental impact, local economic development and equalities as well as price.
- Aim to achieve a level of council tax that is in the lower quartile of the taxes of Combined Fire Authorities.

Capital programming

- Review capital strategy on an annual basis and prepare a three-year programme in the light of needs identified in the Integrated Risk Management Plan, vehicle replacement programme and built estate condition survey, and prepare a three year capital programme in accordance with the strategy.
- Continue to reduce the proportion of vehicles leased and aim for full ownership of the fleet.
- Reinvest income from disposal of capital assets where possible in order to fund new developments and initiatives identified in the IRMP.
- Make full use of Government-supported borrowing.
- Make use of unsupported borrowing within the framework of the Prudential Code where there is a sound business case approved by the Authority.

Provision of Financial Services - Effective management of budgets

- Maintain rigorous annual budgeting and budget monitoring processes.
- Maintain integrated accounting, budgetary and human resources systems.

Ensuring good practice and probity

- Apply sound financial regulations and associated financial procedures in support of good practice in financial administration and corporate governance.
- Provide an effective and efficient internal audit function which works co-operatively with the service's external auditors.
- Recognise the statutory role of the Treasurer in ensuring lawful and financially prudent decision making.
- Report the internal audit strategy to the Governance Committee.
- Present an annual internal audit assessment for the Service to the Governance Committee.
- Operate and develop ICT systems with enhanced provision of financial management information to users.
- Comply with the Cipfa Code of Practice for Treasury Management.
- Comply with accounting and audit standards contained in the relevant codes of practice and Cipfa guidance.

Efficient and accessible processing of transactions

- Operate best practices in relationships with local contractors and suppliers, including payment of bills in line with the Government's prompt payment target.
- Seek continuous improvement through "customer focus" in the delivering of financial services and support.
- Improve and extend the use of ICT in delivering financial support services to users.
- Ensure that financial systems are set up in a way which facilitates use of e-government and e-procurement.
- Review the balance of in-house and contracted-out provision of financial services with the aim of achieving Best Value.
- Maintain a separate bank account for the Fire and Rescue Service irrespective of any contracted-out arrangements for financial administration.

Summary of Prudential Indicators

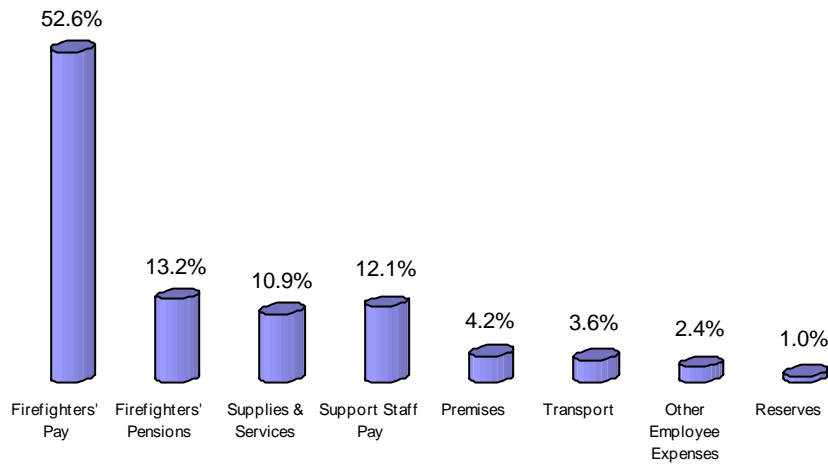
Indicator	Basis	Period	Unit	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Affordability									
1	Estimate	Years 1, 2 and 3	%		0.40%	0.65%	1.08%	1.62%	
2	Actual	Year end	%	0.50%					
3	Estimate	Years 1, 2 and 3 (and longer as necessary)	£ per Band D Equivalent			£1.26	£1.57	£2.31	£1.36
Capital Expenditure									
4	Estimate	Years 1, 2 and 3 (and longer as necessary)	£000		2,020	3,077	5,651	2,733	522
5	Actual	Year end	£000	1,210					
6	Estimate	Years 1, 2 and 3	£000		6,609	11,695	13,765	14,828	
7	Actual	Year end	£000	4,233					
External Debt									
8	Estimate	Years 1, 2 and 3	£m			15.7	20.5	22.2	
9	Estimate	Years 1, 2 and 3	£m			10.4	15.2	17.0	
10	Actual	Year end	£000	3,250					
11	Actual	Year end	£000	1,482					
12	Actual	Year end	£000	4,732					
Prudence									
13	Estimate	Three year period	n/a				<input checked="" type="checkbox"/>		
Treasury Management									
14		All years	n/a	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
15	Estimate	Years 1, 2 and 3	£m		4.8	7.0	11.8	13.5	
16	Estimate	Years 1, 2 and 3	£m		8.7	8.7	8.7	8.7	
17	Estimate	All years	%			see below	see below	see below	
18	Estimate	All years	£m	nil	nil	nil	nil	nil	nil

Maturity structure of borrowing		2005/06		2006/07		2007/08	
Period		upper limit	lower limit	upper limit	lower limit	upper limit	lower limit
17a	Under 12 months	0%	0%	0%	0%	0%	0%
17b	12 months and within 24 months	32%	0%	41%	0%	13%	0%
17c	24 months and within 5 years	32%	0%	41%	0%	13%	0%
17d	5 years and within 10 years	32%	0%	41%	0%	13%	0%
17e	10 years and above	100%	68%	100%	59%	100%	87%

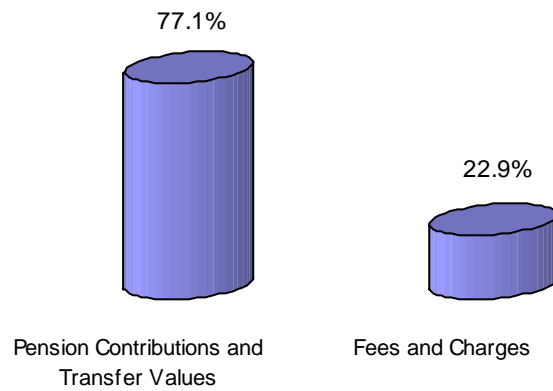
Overview

This section provides an overview of the 2005/06 budget which is set out in more detail in the following pages

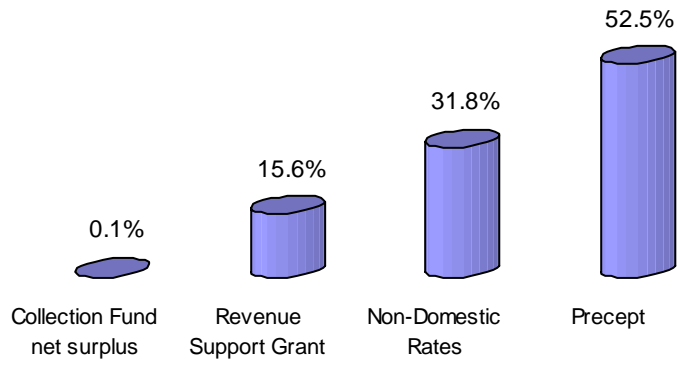
Expenditure £66.417 million



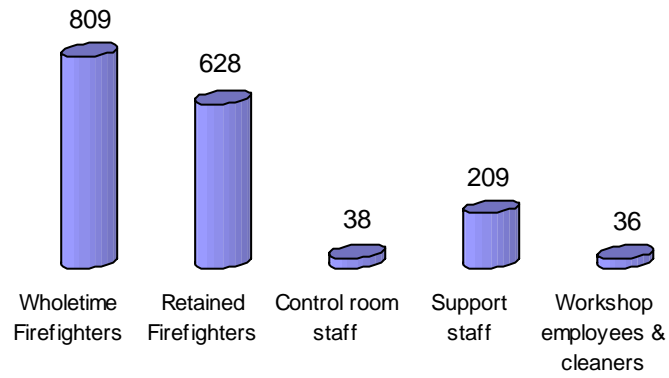
Income £3.892 million



Sources of Funding



Staff Numbers



Actual 2003/04		Original 2004/05	Revised 2004/05	Budget 2005/06
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The budget for the Authority for 2005/06 is £60,265,000 which is £1,897,000 (3.25%) more than the original budget for 2004/05.

Staffing Statistics

	Firefighters			
808	Whole-time	811	794	809
579	Retained	628	581	628
	Other staff			
37	Control room staff	37	37	38
181	Administration staff	202	195	209
32	Workshop employees and cleaners	36	31	36
<hr/>		<hr/>	<hr/>	
1,637	Total staff	1,714	1,638	1,720

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

On the following pages budgets for employees have been moved to reflect the comprehensive review of the HFRA establishment reported to Personnel Sub Committee on 17 December 2003. Consequently, employee budgets for each service area may show significant increases or decreases compared to the original budget, but the overall employee budget has not increased significantly.

HAMPSHIRE FIRE & RESCUE AUTHORITY
REVENUE BUDGET

Actual 2003/04 £'000		Original 2004/05 £'000	Revised 2004/05 £'000	Budget 2005/06 £'000
SUMMARY REVENUE ACCOUNT				
Employees				
23,105	- Wholetime firefighters	24,696	24,418	26,149
4,298	- Retained firefighters	5,090	5,040	5,221
6,804	- Other staff	7,040	6,999	7,214
1,162	- Other employees expenses including training	1,450	1,450	1,441
6,095	- Pension (net costs)	8,176	7,624	7,853
(25)	- FRS17 adjustments	(1,684)	(1,132)	2,260
41,439		44,768	44,399	50,138
2,329	Premises	2,819	2,545	2,520
2,149	Transport	2,139	2,290	2,164
5,520	Supplies & services	6,695	6,912	6,479
329	Contracted support services	439	457	407
3,459	Capital charges	3,401	3,400	3,400
19	Revenue Contributions to capital	-	-	722
865	Increase in provision for uninsurable losses	-	-	-
56,109	Gross expenditure	60,261	60,003	65,830
1,241	Less service income	769	1,168	892
-	Less Transitional Funding	787	787	-
54,868	NET COST OF SERVICES	58,705	58,048	64,938
14,120	Pensions interest cost and expected return on pensions assets	15,920	15,920	16,970
(14,095)	Movement on Pensions reserve	(14,236)	(14,788)	(19,230)
-	Plus establishment/increase in general reserves	785	2,353	600
-	Plus establishment of second homes specific reserve	88	-	-
3,199	Less transfer from asset management accounts	2,894	3,165	3,013
51,694	BUDGET REQUIREMENT	58,368	58,368	60,265
MET BY				
	- Revenue Support Grant	11,461	11,461	9,383
	- National Non-Domestic Rates	16,027	16,027	19,188
	- Precept - met by council tax payers	30,880	30,880	31,624
	- Collection fund net surplus	-	-	70
		58,368	58,368	60,265

Actual 2003/04		Original 2004/05	Revised 2004/05	Budget 2005/06
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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.

15,461	Inspections by Fire Safety personnel	20,000	13,000	20,000
191	Inspections by operational personnel	200	900	200
<u>15,652</u>	Total inspections carried out	<u>20,200</u>	<u>13,900</u>	<u>20,200</u>

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.

386	Fire awareness engine visits KS1	355	359	404
269	School Fire Safety unit visits KS2	270	298	415
398	School liaison visits KS3	-	580	580
5,387	Other activities including home fire safety checks	5,230	7,216	7,216

The practical facilities of the Training Centre are used for the running of commercial and industrial fire safety courses, for which charges are made.

210	Commercial/industrial organisations receiving fire safety training	260	250	275
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FIREFIGHTING AND RESCUE OPERATIONS

Operational Responses

The Authority saves lives and protects property throughout the geographic county of Hampshire. It responded to 26,901 incidents in 2003/04 (24,336 in 2002/03).

52	Number of stations	52	52	52
234	Number of vehicles	234	234	234
26,901	Number of incidents	23,570	23,570	24,743

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		Original	Revised	Budget
2003/04		2004/05	2004/05	2005/06
£'000		£'000	£'000	£'000
STATUTORY INSPECTION & CERTIFICATION				
2,791	Employees	3,231	3,428	3,956
-	Premises	-	8	13
117	Transport	163	167	169
54	Supplies and services	54	215	71
	Capital charges		12	12
<u>341</u>	Central support services	<u>401</u>	<u>451</u>	<u>493</u>
3,303		3,849	4,281	4,714
42	Less Income - fees and charges	-	57	49
-	Less recharged unapportionable overheads	5	-	-
<u>3,261</u>	Net Expenditure included in summary revenue account	<u>3,844</u>	<u>4,224</u>	<u>4,665</u>
PREVENTION & EDUCATION				
1,612	Employees	1,554	1,807	2,173
15	Premises	27	25	27
61	Transport	40	43	43
173	Supplies and services	181	313	241
<u>161</u>	Central support services	<u>168</u>	<u>212</u>	<u>240</u>
2,022		1,970	2,400	2,724
427	Less Income - fees and charges	377	442	434
-	Less recharged unapportionable overheads	4	-	-
<u>1,595</u>	Net Expenditure included in summary revenue account	<u>1,589</u>	<u>1,958</u>	<u>2,290</u>
FIREFIGHTING AND RESCUE OPERATIONS				
Operational Responses				
29,373	Employees	32,543	31,131	35,475
2,129	Premises	2,637	2,357	2,316
1,281	Transport	1,353	1,419	1,350
1,786	Supplies and services	1,949	1,856	1,760
3,253	Capital charges	3,231	3,264	3,264
<u>9,366</u>	Central support services	<u>9,400</u>	<u>9,769</u>	<u>10,389</u>
47,188		51,113	49,796	54,554
458	Less Income - fees and charges	267	357	264
-	Less recharged unapportionable overheads	8	-	-
<u>46,730</u>	Net Expenditure included in summary revenue account	<u>50,838</u>	<u>49,439</u>	<u>54,290</u>
Communications and Mobilising				
1,220	Employees	1,311	1,193	1,266
11	Premises	6	7	8
6	Transport	-	-	-
763	Supplies and services	844	844	562
<u>213</u>	Central support services	<u>276</u>	<u>270</u>	<u>268</u>
2,213		2,437	2,314	2,104
18	Less Income - fees and charges	12	12	26
-	Less recharged unapportionable overheads	10	-	-
<u>2,195</u>	Net Expenditure included in summary revenue account	<u>2,415</u>	<u>2,302</u>	<u>2,078</u>

Actual	Original	Revised	Budget
2003/04	2004/05	2004/05	2005/06

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.

736	Number of pensioners	762	759	777
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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.

234	Number of vehicles serviced	234	234	234
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Training Delivery

The Training Centre provides initial and continuation training for all personnel.

HAMPSHIRE FIRE & RESCUE AUTHORITY

REVENUE BUDGET

Actual		Original	Revised	Budget
2003/04		2004/05	2004/05	2005/06
£'000		£'000	£'000	£'000
Securing Water Supplies				
100	Supplies and services	192	191	196
11	Central support services	24	24	27
<u>111</u>	Net Expenditure included in summary revenue account	<u>216</u>	<u>215</u>	<u>223</u>
FIREFIGHTERS' PENSIONS				
7,297	Pension payments	8,078	7,800	8,383
1,209	Commutations	2,781	2,412	2,152
306	Transfer values paid	321	311	318
8,812		11,180	10,523	10,853
2,305	Less - contributions	2,470	2,381	2,470
412	- transfer values received	534	518	530
<u>6,095</u>	Net Expenditure included in summary revenue account	<u>8,176</u>	<u>7,624</u>	<u>7,853</u>
MANAGEMENT AND SUPPORT SERVICES				
Transport Management and Maintenance				
951	Employees	972	1,035	1,050
70	Premises	63	60	66
501	Transport	466	540	477
78	Supplies and services	81	122	83
46	Capital charges	45	46	46
1,646		1,627	1,803	1,722
164	Less Income - fees and charges	92	242	93
-	Less recharged unapportionable overheads	8	-	-
<u>-1,482</u>	Costs allocated to services	<u>-1,527</u>	<u>-1,561</u>	<u>-1,629</u>
<u>-</u>	Net Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Training Delivery				
2,042	Employees	1,589	2,139	2,219
52	Premises	36	37	37
81	Transport	67	66	68
126	Supplies and services	128	118	120
2	Capital Charges	2	0	-
2,303		1,822	2,360	2,444
13	Less Income - fees and charges	2	16	2
-	Less recharged unapportionable overheads	4	-	-
<u>-2,290</u>	Costs allocated to services	<u>-1,816</u>	<u>-2,344</u>	<u>-2,442</u>
<u>-</u>	Net Expenditure	<u>-</u>	<u>-</u>	<u>-</u>

Actual 2003/04	Original 2004/05	Revised 2004/05	Budget 2005/06
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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		Original	Revised	Budget
2003/04		2004/05	2004/05	2005/06
£'000		£'000	£'000	£'000
Personnel Services				
1,249	Employees	909	1,102	1,242
-	Premises	-	-	-
25	Transport	3	3	3
<u>290</u>	Supplies and services	<u>246</u>	<u>254</u>	179
1,564		1,158	1,359	1,424
1	Less Income - fess and charges	-	-	-
-	Less recharged unapportionable overheads	5	-	-
<u>-1,563</u>	Costs allocated to services	<u>-1,153</u>	<u>-1,359</u>	-1,424
<u>-</u>	Net Expenditure	<u>-</u>	<u>-</u>	-
Training and Development				
389	Employees	593	511	553
17	Transport	14	14	14
<u>13</u>	Supplies and services	<u>23</u>	<u>22</u>	22
419		630	547	589
<u>33</u>	Less Income - fees and charges	<u>13</u>	<u>13</u>	13
<u>-386</u>	Costs allocated to services	<u>-617</u>	<u>-534</u>	-576
<u>-</u>	Net Expenditure	<u>-</u>	<u>-</u>	-
Corporate Services				
1,815	Employees	2,068	2,053	2,204
52	Premises	50	51	53
60	Transport	33	38	40
2,137	Supplies and services	2,997	2,977	3,245
329	Contract support services	439	457	407
<u>158</u>	Capital charges	<u>123</u>	<u>78</u>	78
4,551		5,710	5,654	6,027
<u>85</u>	Less Income - fees and charges	<u>6</u>	<u>29</u>	11
4,466		5,704	5,625	6,016
-	Less recharged unapportionable overheads	11	-	-
	Costs allocated to services	-5,156	-4,926	-5,347
<u>-208</u>	Costs allocated to democratic representation & management	<u>-222</u>	<u>-288</u>	-288
<u>-345</u>	Costs allocated to corporate management	<u>-315</u>	<u>-411</u>	-381
<u>3,913</u>	Net Expenditure	<u>-</u>	<u>-</u>	-
Corporate and Democratic Core				
208	Democratic representation & management	222	288	288
<u>345</u>	Corporate management	<u>315</u>	<u>411</u>	381
<u>553</u>	Net Expenditure included in summary revenue account	<u>537</u>	<u>699</u>	669

Actual	Original	Revised	Budget
2003/04	2004/05	2004/05	2005/06

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 2003/04 £'000		Original 2004/05 £'000	Revised 2004/05 £'000	Budget 2005/06 £'000
ASSET MANAGEMENT ACCOUNTS				
303	Total Expenditure	507	385	532
-3,459	Reversal of Capital Charges	-3,401	-3,400	-3,400
-43	Total Income	-	-150	-145
<u>-3,199</u>		<u>-2,894</u>	<u>-3,165</u>	<u>-3,013</u>
ASSET MANAGEMENT REVENUE ACCOUNT				
Expenditure				
161	Interest on loans	324	202	224
161		324	202	224
Reversal of Capital Charges				
-3,459	Capital charges	-3,401	-3,400	-3,400
1,385	less depreciation and deferred charges	1,421	1,370	1,370
-2,074		-1,980	-2,030	-2,030
Income				
0	Exceptional item	-	-	-
-43	Interest on bank balance	-	-150	-145
-43		-	-150	-145
<u>-1,956</u>	Excess of Capital Charges Over Financing Costs	<u>-1,656</u>	<u>-1,828</u>	<u>-1,806</u>
PROVISION FOR DEBT REPAYMENT				
Expenditure				
142	Loan repayment	183	183	308
Reversal of Capital Charges				
-1,385	Depreciation and deferred charges	-1,421	-1,370	-1,370
<u>-1,243</u>	Excess of Depreciation and Deferred Charges Over Debt Repayment	<u>-1,238</u>	<u>-1,187</u>	<u>-1,062</u>

Part C – Capital

Capital schemes to the value of 7,913,000 are to start in 2005/06.

The Authority no longer uses operational leases for its vehicles and for 2005/06 will use a combination of loans and revenue contributions to enable them to be purchased.

The Government has provided a capital grant of £146,000 pa from 2004/05 – 2006/07 and £292,000 for 2007/08 to fund home fire safety checks.

CAPITAL PROGRAMME 2005/06 - 2007/08

Ref	Project Details	Latest Estimated Spend	Payments and Funding											Revenue Effect in Full Year		
			2005/06				2006/07			2007/08			2008/09		Running Costs	Capital Charges
			Loan	Capital Receipt	Capital Grant	Revenue Contribs	Loan	Capital Grant	Revenue Contribs	Loan	Capital Grant	Revenue Contribs	Loan	Revenue Contribs		
£'000		£'000			£'000			£'000			£'000		£'000	£'000		
	2005/06 Starts															
1	Vehicles: 7 pumping appliances	} 1,367	226			619	522									177
	Ancillary support vehicles															
2	Cosham Fire Station	3,000	100				2,000			900						155
3	HQ redevelopment - phase 1	3,300	1,300				2,000							39		150
4	Home Fire Risk Check Initiative	146		146												0
5	Retained stations - repairs & maintenance	100	100													13
	2006/07 Starts															
5	Vehicles: 7 pumping appliances	} 1,505					321		662	522						205
	Ancillary support vehicles															
6	Home Fire Risk Check Initiative	146						146								0
	2007/08 Starts															
7	Vehicles: 7 pumping appliances	} 1,506								295		689	522			205
	Ancillary support vehicles															
8	BA cylinders renegotiated lease	35										35				8
9	Home Fire Risk Check Initiative	292									292					0
		11,397	1,726	0	146	619	4,843	146	662	1,717	292	724	522	0	39	913