

Hampshire Fire and Rescue Authority

Revenue Budget 2006/07

Capital Programme 2006/07 – 2008/09

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Section A – Introduction

- 1 This is the tenth budget of the Hampshire Fire and Rescue Authority which was Formed in April 1997. This is the third 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:	R Baulk	Con
	I. Beagley	Con
	MF Cartwright	Con (Chairman)
	K Chapman	Con
	M Cooper	LD
	L Dunsdon	LD
	Mrs J Frankum	L
	E F Gale MBE	Con
	Mrs D Harrison	LD
	P A Heath	Con (Vice-Chairman)
	K House	LD
	P R C Hutcheson	Con
	R Kimber	Con
	D A Kirk	Con
	R McIntosh	Con
	Sam Payne	LD
	R H Price	LD
	D Simpson	LD
	M J Woodhall	Con

Portsmouth City Council Members

Councillors:	Mrs E Baker	Con
	D Horne	Lab
	H Jones	LD

Southampton City Council Members

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

Section B – Revenue Budget 2006/07

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Summary of Revenue Budget 2006/07

1 Summary

The budget for the Authority for 2006/07 has been set at £59,560,000. There are significant changes to the financing of firefighters' pensions from 2006/07. Therefore to enable like-for-like comparisons the Government issues an "Alternative National Amount" (ANA) which notionally adjusts the 2005/06 budget requirement to take this change into account. The 2005/06 ANA is £57,878,000 - the budget for 2006/07 is therefore £1,682,000 (2.9%) more than the comparable figure for 2005/06.

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 2005 price base
- the net cost of salary increments
- changes in the cost of capital financing
- full year effect of previous years' growth
- an estimate of the costs of inflation from November 2005 to March 2007
- Changes resulting from the new financing arrangements for firefighters' pensions

To this budget was added new expenditure totalling £849,000. In addition, £184,000 was added to the general balance to replenish it to £2m and £394,000 of the transitional grant will be repaid.

This budget was compiled against the background of the approved Financial Management Strategy which is set out on pages 8 - 10.

3 Makeup of the Budget

	£'000	£'000
Original budget 2005/06		60,265
Add full year costs of inflation to November 2005		538
Add growth items allowed in the base budget:		
Net cost of increments		23
Asset Management Costs		-82
Full year effect of previous years' growth		-1,195
Provision for inflation from November 2005 to outturn 2006/07		1,755
Change in financing firefighters' pensions		-2,383
		<hr/>
Base budget 2006/07		58,921
New expenditure:		
Retained Firefighter pensions	208	
Equality and Diversity	120	
Occupational Health unit	60	
Pay review	340	
Station-based administrative support	<u>121</u>	849
Reinstatement of general balance		184
Transitional Grant Reserve		-394
		<hr/>
Budget requirement 2006/07		59,560

4 Inflation to November 2005

The original budget has been increased by the actual costs of inflation to November 2005. Total inflation is £538,000 for pay and prices.

5 Increments

These are the gross costs of increments less turnover savings. The net costs for firefighters is nil and £23,000 for support staff.

6 Changes in the Asset Management Cost

This mainly reflects the reduction in the levels of revenue contributions to capital.

7 Full year effect of previous years' growth

These reduce the budget by £1,195,000. This unusual position arises mainly as a result of the deletion of growth items from previous years (mainly 2004/05) including £600,000 contribution to balances, trainee firefighters establishment £166,000 and regionalisation costs £150,000. There were no new growth items started in 2005/06 and therefore no knock-on full year effects in 2006/07.

8 Retained Pay – number of incidents

The retained pay budget is set at 24,743 incidents. There is no change since last year. Actual costs will depend on the number of incidents, fluctuations being covered from the reserve as necessary.

9 Provision for inflation from November 2005 to outturn 2006/07

The provision for inflation from November 2005 to March 2007 has been calculated based on 3.4% for firefighters, 2.95% for support staff, 2.7% for pension payments and 2.5% for all other costs. An increase in local government employers pension contributions from 250% to 275% of employees' contributions has also been assumed.

10 Change in financing firefighters' pensions

From 1 April 2006 new financial arrangements will apply to firefighters' pensions.

The Authority will be liable for employer's pension contributions and charges for ill-health retirements. All other costs will be met by the ODPM. This reduces the revenue budget by £2.4m.

11 New expenditure

New expenditure totals £849,000. All items other than the station-based administrative support are unavoidable costs which arise principally from legislative changes or requirements.

Paying for the Service

Actual 2004/05 £000		Original 2005/06 £000	Budget 2006/07 £000
58,368	Budget requirement	60,265	59,560
11,461	Revenue Support Grant	9,383	4,338
16,027	Non-Domestic Rates	19,188	22,472
0	Net surplus on collection fund	70	1
30,880	Precept – met by council taxpayers	31,624	32,749
601,645.67	Taxbase Band D equivalent dwellings	606,873.37	610,524.76
£53.64	Council tax per Band D dwelling	£52.11	£53.64
	Increase over previous year	1.6%	2.9%
	Council taxes for each band		
34.20	Band A up to £40,000	34.74	35.76
39.90	Band B £40,001 - £52,000	40.53	41.72
45.60	Band C £52,001 - £68,000	46.32	47.68
51.30	Band D £68,001 - £88,000	52.11	53.64
62.70	Band E £88,001 - £120,000	63.89	65.56
74.10	Band F £120,001 - £160,000	75.27	77.48
85.50	Band G £160,001 - £320,000	86.85	89.40
102.60	Band H above £320,000	104.22	107.28

Analysis of reserves

Actual 2004/05 £000		Original 2005/06 £000	Revised 2005/06 £000	Budget 2006/07 £000
615	Unearmarked balance at 1 April	1,400	2,000	1,816
0	Earmarked reserves at 1 April	0	4,301	2,873
<u>30,880</u>	Estimated precept income	<u>31,694</u>	<u>31,694</u>	<u>32,748</u>
31,495		33,094	37,995	37,437
25,794	Expenditure to be met from precept, reserves and balances	31,094	33,306	33,473
5,701	Total reserves as at 31 March	2,000	4,689	3,964
4,301	Less earmarked reserves as at 31 March	0	2,873	1,964
1,400	Unearmarked balance at 31 March	2,000	1,816	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. If implemented successfully, they should be reflected in achieving the maximum score of four for the financial aspects of the Comprehensive Performance stars Assessment. 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.
- Seek to achieve Government targets for efficiency gains.
- 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.
- 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.

Outline Budget 2006/07 - 2008/09

Figures at outturn 2006/07 prices with provision for inflation for 2007/08 and 2008/09.

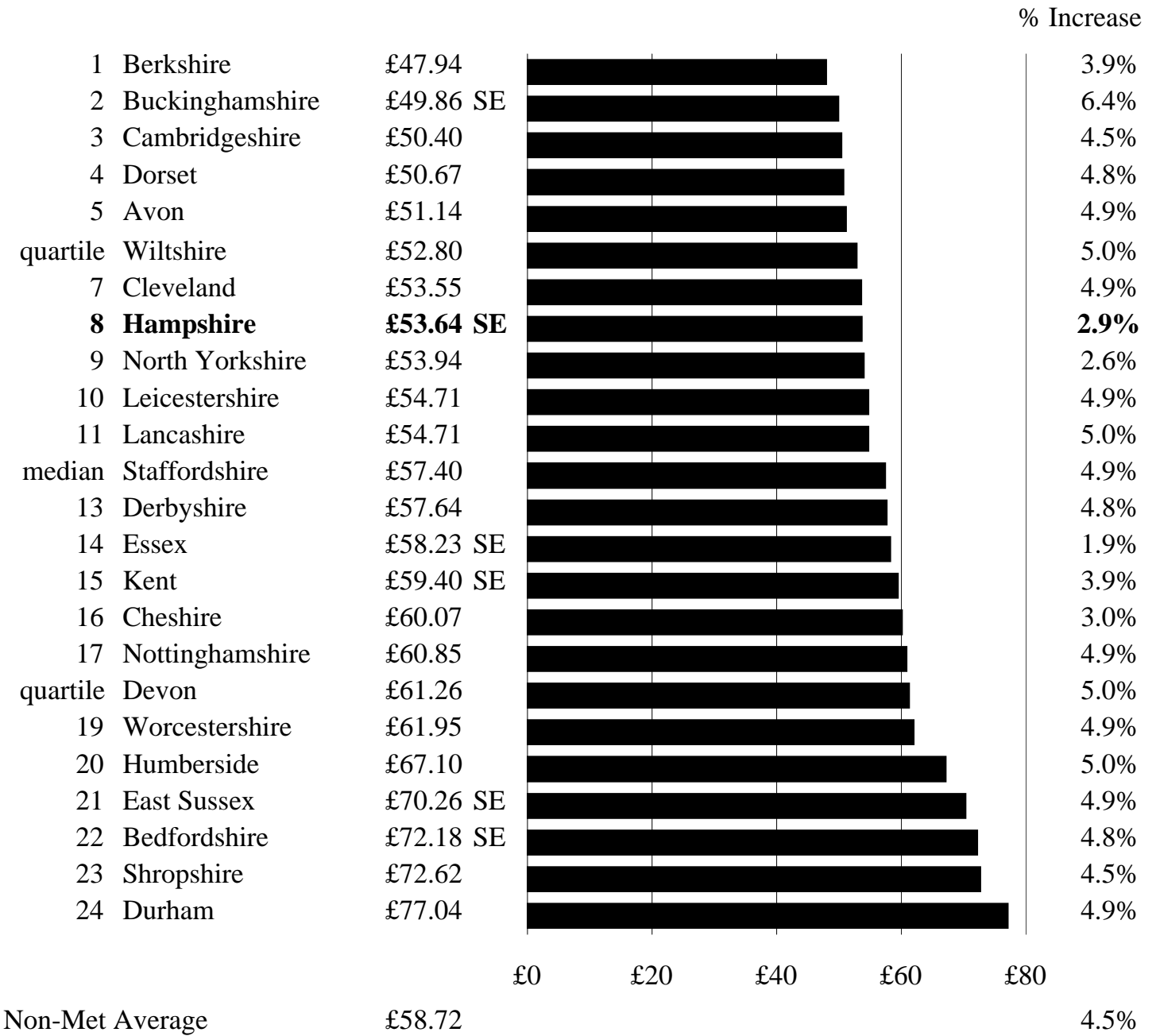
	2006/07	2007/08	2008/09
	£'000	£'000	£'000
EMPLOYEES			
Wholetime firefighters	32,170	32,170	32,170
Retained firefighters	5,837	5,837	5,837
Other staff	8,808	8,883	8,903
Other employees expenses	1,028	1,028	1,028
Net cost of pensions	471	471	471
Total Employees	48,314	48,389	48,409
PREMISES			
Building maintenance	1,205	1,205	1,205
Cleaning and refuse collection	243	243	243
Utilities, rents, rates etc	1,375	1,375	1,375
Total Premises	2,823	2,823	2,823
TRANSPORT			
Operational leasing	909	803	687
Other transport	1,395	1,395	1,395
Total Transport	2,304	2,198	2,082
SUPPLIES AND SERVICES			
Operational equipment	734	734	734
IT and communications	2,747	2,747	2,747
Insurance	719	719	719
Other supplies	2,313	2,313	2,313
Total Supplies and Services	6,513	6,513	6,513
Contracted support services	407	407	407
Capital charges	3,400	3,400	3,400
Provision for inflation	0	1,394	2,849
GROSS EXPENDITURE	63,761	65,124	66,483
LESS INCOME	(1,640)	(1,590)	(1,640)
Less Transitional Grant reserve	(394)	(394)	0
NET COST OF SERVICE	61,727	63,140	64,843
Interest on bank balance	(158)	(158)	(158)
Plus Amending Reports 04/05 and 05/06	0	0	0
Contribution to/(from) modernisation reserve	0	0	0
Contribution to/(from) underspendings reserve	0	0	0
Contribution to/(from) General balance	184	0	0
Asset Management Accounts	(2,193)	(1,830)	(1,944)
BUDGET REQUIREMENT	59,560	61,152	62,741
Indicative Band D Council Tax	£53.64	£54.63	£56.52

Summary of Prudential Indicators

Indicator	Basis	Period	Unit	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Affordability									
1	Estimate	Years 1, 2 and 3	%		0.45%	0.69%	1.10%	1.24%	
2	Actual	Year end	%	0.12%					
3	Estimate	Years 1, 2 and 3 (and longer as necessary)	£ per Band D Equivalent			£1.05	£1.27	£0.17	£0.28
Capital Expenditure									
4	Estimate	Years 1, 2 and 3 (and longer as necessary)	£000		2,848	5,630	5,718	1,904	585
5	Actual	Year end	£000	1,574					
6	Estimate	Years 1, 2 and 3	£000		5,586	8,992	8,626	8,493	
7	Actual	Year end	£000	5,513					
External Debt									
8	Estimate	Years 1, 2 and 3	£m			15.9	16.7	17.9	
9	Estimate	Years 1, 2 and 3	£m			9.2	10.0	11.2	
10	Actual	Year end	£000	5,100					
11	Actual	Year end	£000	303					
12	Actual	Year end	£000	5,403					
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		5.1	8.9	9.7	10.9	
16	Estimate	Years 1, 2 and 3	£m		15.9	12.1	15.9	16.7	
17	Estimate	All years	%			see below	see below	see below	
18	Estimate	All years	£m	nil	nil	nil	nil	nil	nil

Maturity structure of fixed rate		2006/07		2007/08		2008/09	
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	43%	0%	8%	0%	11%	0%
17c	24 months and within 5 years	43%	0%	8%	0%	11%	0%
17d	5 years and within 10 years	43%	0%	8%	0%	11%	0%
17e	10 years and above	100%	57%	100%	92%	100%	89%

Non-Met Fire Authorities' Band D Council Tax 2006/07



Actual 2004/05	Original 2005/06	Revised 2005/06	Budget 2006/07
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There are significant changes to the financing of firefighters pensions from 2006/07. Therefore to enable like-for-like comparisons the Government issues an "Alternative National Amount" (ANA) which notionally adjusts the 2005/06 budget requirement to take this change into account. The 2005/06 ANA is £57,878,000 - the budget for 2006/07 is therefore £1,682,000 (2.9%) more than the comparable figure for 2005/06.

Staffing Statistics

	Firefighters			
790	Whole-time (FTE)	812	785	793
576	Retained (24 hour cover units)	643	590	649
	Other staff			
38	Control room staff (FTE)	38	38	40
34	Incident support team (24 hour cover units)	47	36	48
218	Administration staff including workshop employees and cleaners (FTE)	241	232	247
<hr/>		<hr/>	<hr/>	
1,656	Total	1,781	1,681	1,777

From 2005/06 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 2004/05 £'000		Original 2005/06 £'000	Revised 2005/06 £'000	Budget 2006/07 £'000
SUMMARY REVENUE ACCOUNT				
24,519	- Wholetime firefighters	26,147	25,808	31,681
5,149	- Retained firefighters	5,221	5,805	6,120
7,095	- Other staff	7,214	8,022	8,965
877	- Other employees expenses including training	1,441	927	1,077
7,308	- Pension (net costs)	7,853	7,853	471
1,739	- FRS17 adjustments	2,260	2,260	6,587
46,687		50,136	50,675	54,901
2,529	Premises	2,520	2,624	2,823
2,276	Transport	2,164	2,272	2,304
5,830	Supplies & services	6,479	7,133	6,513
393	Contracted support services	407	381	407
3,554	Capital charges	3,400	3,400	3,400
	- Revenue Contributions to capital-budgeted	722	1,240	640
	- Revenue Contributions to capital-financed from reserves	-	1,056	909
(499)	Increase/Decrease in provisions	-	-	-
60,770	Gross expenditure	65,828	68,781	71,897
1,510	Less service income	892	2,043	1,640
787	Less Transitional Grant reserve	-	-	394
58,473	NET COST OF SERVICES	64,936	66,738	69,863
3,482	Less transfer from asset management accounts	3,013	3,135	2,991
(17,619)	Movement on Pensions reserve	(19,230)	(19,230)	(23,957)
15,910	Pensions interest cost and expected return on pensions assets	16,970	16,970	17,370
	- Plus Amending Reports 04/05 and 05/06	-	184	-
500	Contribution to/(from) modernisation reserve	-	128	-
	- Contribution to/(from) second homes reserve	2	-	-
500	Contribution to/(from) underpendings reserve	-	(500)	-
787	Contribution to/(from) transitional grant reserve	-	-	-
2,514	Contribution to/(from) Capital Payments reserve	-	(1,056)	(909)
785	Contribution to/(from) General balance	600	166	184
58,368	BUDGET REQUIREMENT	60,265	60,265	59,560
MET BY				
11,461	- Revenue Support Grant	9,383	9,383	4,338
16,027	- National Non-Domestic Rates	19,188	19,188	22,472
30,880	- Precept - met by council tax payers	31,624	31,624	32,749
	- Collection fund net surplus	70	70	1
58,368		60,265	60,265	59,560

Actual 2004/05		Original 2005/06	Revised 2005/06	Budget 2006/07
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PROTECTION/(Statutory Inspection & Certification)

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

13,426	Inspections by Fire Safety personnel	20,000	14,000	20,000
21	Inspections by operational personnel	200	-	-
<u>13,447</u>	Total inspections carried out	<u>20,200</u>	<u>14,000</u>	<u>20,000</u>

PREVENTING/(Prevention & Education)

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

593	Fire awareness engine visits KS1	404	590	590
537	School Fire Safety unit visits KS2	415	806	806
643	School liaison visits KS3	580	965	965
9,374	Other activities including home fire safety checks	7,216	20,000	20,000

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

266	Commercial/industrial organisations receiving training	275	279	283
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RESPONDING/(Firefighting and Rescue Operations)**Operational Responses**

The Authority saves lives and protects property throughout the geographic county of Hampshire. It responded to 22,818 incidents in 2004/05 (26,901 in 2003/04).

52	Number of stations	52	52	52
243	Number of vehicles	234	249	260
22,818	Number of incidents	24,743	24,743	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
2004/05		2005/06	2005/06	2006/07
£'000		£'000	£'000	£'000
	PROTECTION/(Statutory Inspection & Certification)			
3,261	Employees	3,956	3,993	3,892
37	Premises	13	15	14
141	Transport	169	168	174
101	Supplies and services	71	180	92
0	Capital charges	12	12	12
411	Central support services	493	502	523
3,951		4,714	4,870	4,707
62	Less Income - fees and charges	49	59	47
3,889	Net Expenditure included in summary revenue account	4,665	4,811	4,660
	PREVENTING/(Prevention & Education)			
1,934	Employees	2,173	2,329	2,236
12	Premises	27	24	25
76	Transport	43	45	50
201	Supplies and services	241	396	289
214	Central support services	240	266	257
139	Capital charges	-	0	-
2,576		2,724	3,060	2,857
453	Less Income - fees and charges	434	483	445
2,123	Net Expenditure included in summary revenue account	2,290	2,577	2,412
	RESPONDING/(Firefighting and Rescue Operations)			
	Operational Responses			
32,777	Employees	35,473	35,889	39,100
2,319	Premises	2,316	2,424	2,615
1,422	Transport	1,350	1,386	1,417
1,519	Supplies and services	1,760	1,794	1,555
3,285	Capital charges	3,264	3,264	3,264
10,077	Central support services	10,390	10,357	11,369
51,399		54,553	55,114	59,320
642	Less Income - fees and charges	264	1,145	1,016
50,757	Net Expenditure included in summary revenue account	54,289	53,969	58,304
	Communications and Mobilising			
1,282	Employees	1,266	1,377	1,600
8	Premises	8	8	8
5	Transport	-	-	-
683	Supplies and services	562	522	535
226	Central support services	268	271	227
2,204		2,104	2,178	2,370
1	Less Income - fees and charges	26	14	-
2,203	Net Expenditure included in summary revenue account	2,078	2,164	2,370

Actual 2004/05	Original 2005/06	Revised 2005/06	Budget 2006/07
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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.

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. New funding arrangements are being introduced from 1 April 2006, introducing the setting up of a separate Pensions account.

751	Number of pensioners	777	761	768
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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.

243	Number of vehicles serviced	234	249	260
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Training Delivery

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

Actual 2004/05 £'000		Original 2005/06 £'000	Revised 2005/06 £'000	Budget 2006/07 £'000
Securing Water Supplies				
84	Supplies and services	196	196	196
10	Central support services	27	26	20
<u>94</u>	Net Expenditure included in summary revenue account	<u>223</u>	<u>222</u>	<u>216</u>
FIREFIGHTERS' PENSIONS				
7,876	Pension Payments/Injury Pension payments	8,383	8,417	329
-	Ill health charges	-	-	142
2,078	Commutations	2,152	2,119	-
85	Transfer values paid	318	318	-
10,039		10,853	10,854	471
2,372	Less - contributions	2,470	2,471	-
359	- transfer values received	530	530	-
<u>7,308</u>	Costs allocated to services	<u>7,853</u>	<u>7,853</u>	<u>471</u>
<u>0</u>	Net Expenditure included in summary revenue account	<u>0</u>	<u>0</u>	<u>0</u>
MANAGEMENT AND SUPPORT SERVICES				
Transport Management and Maintenance				
969	Employees	1,050	1,015	1,116
58	Premises	66	65	70
460	Transport	477	531	514
145	Supplies and services	83	98	101
46	Capital charges	46	46	46
1,678		1,722	1,755	1,847
236	Less Income - fees and charges	93	249	104
<u>-1,442</u>	Costs allocated to services	<u>-1,629</u>	<u>-1,506</u>	<u>-1,743</u>
<u>-</u>	Net Expenditure	<u>-</u>	<u>-</u>	<u>-</u>
Training Delivery				
2,567	Employees	2,219	2,328	2,605
60	Premises	37	36	37
86	Transport	68	71	77
130	Supplies and services	120	173	173
2	Capital Charges	-	0	-
2,845		2,444	2,608	2,892
10	Less Income - fees and charges	2	46	3
<u>-2,835</u>	Costs allocated to services	<u>-2,442</u>	<u>-2,562</u>	<u>-2,889</u>
<u>-</u>	Net Expenditure	<u>-</u>	<u>-</u>	<u>-</u>

Actual	Original	Revised	Budget
2004/05	2005/06	2005/06	2006/07

Human Resources

The budget covers the cost of running the Human Resources 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 2004/05 £'000		Original 2005/06 £'000	Revised 2005/06 £'000	Budget 2006/07 £'000
Human Resources				
1,217	Employees	1,242	1,329	1,495
1	Premises	-	-	-
24	Transport	3	7	4
329	Supplies and services	179	372	221
1,571		1,424	1,708	1,720
9	Less Income - fess and charges	-	14	-
-1,562	Costs allocated to services	-1,424	-1,694	-1,720
-	Net Expenditure	-	-	-
Training and Development				
381	Employees	553	267	517
8	Transport	14	14	16
5	Supplies and services	22	22	23
394		589	303	556
45	Less Income - fees and charges	13	13	13
-349	Costs allocated to services	-576	-290	-543
-	Net Expenditure	-	-	-
Corporate Services				
2,299	Employees	2,204	2,148	2,340
34	Premises	53	52	54
54	Transport	40	50	52
2,633	Supplies and services	3,245	3,380	3,328
393	Contract support services	407	381	407
82	Capital charges	78	78	78
5,495		6,027	6,089	6,259
52	Less Income - fees and charges	11	20	12
5,443		6,016	6,069	6,247
-4,750	Costs allocated to services	-5,347	-5,370	-5,501
-259	Costs allocated to democratic representation & management	-288	-301	-313
-434	Costs allocated to corporate management	-381	-398	-433
-	Net Expenditure	-	-	-
Corporate and Democratic Core				
259	Democratic representation & management	288	301	313
434	Corporate management	381	398	433
693	Net Expenditure included in summary revenue account	669	699	746

Actual	Original	Revised	Budget
2004/05	2005/06	2005/06	2006/07

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.

PENSIONS ACCOUNT

From 1st April 2006 new financial arrangements will apply to firefighters' pensions.

New employer contributions, employee contributions and ill health charges will be paid into this new separate pensions account. The pensions account will be charged with the cost of pension payments and the overall deficit will be met by a specific ODPM grant.

HAMPSHIRE FIRE & RESCUE AUTHORITY

REVENUE BUDGET

Actual 2004/05 £'000		Original 2005/06 £'000	Revised 2005/06 £'000	Budget 2006/07 £'000
ASSET MANAGEMENT ACCOUNTS				
388	Total Expenditure	532	471	567
-3,409	Reversal of Capital Charges	-3,400	-3,400	-3,400
-461	Total Income	-145	-206	-158
<u>-3,482</u>		<u>-3,013</u>	<u>-3,135</u>	<u>-2,991</u>
ASSET MANAGEMENT REVENUE ACCOUNT				
Expenditure				
212	Interest on loans	308	250	344
212		308	250	344
Reversal of Capital Charges				
-3,409	Capital charges	-3,400	-3,400	-3,400
1,419	less depreciation and deferred charges	1,370	1,370	1,370
-1,990		-2,030	-2,030	-2,030
Income				
-145	Exceptional item	-	-	-
-316	Interest on bank balance	-145	-206	-158
-461		-145	-206	-158
<u>-2,094</u>	Excess of Capital Charges Over Financing Costs	<u>-1,867</u>	<u>-1,986</u>	<u>-1,844</u>
PROVISION FOR DEBT REPAYMENT				
Expenditure				
176	Loan repayment	224	221	223
Reversal of Capital Charges				
-1,419	Depreciation and deferred charges	-1,370	-1,370	-1,370
<u>-1,243</u>	Excess of Depreciation and Deferred Charges Over Debt Repayment	<u>-1,146</u>	<u>-1,149</u>	<u>-1,147</u>
PENSIONS ACCOUNT				
-	Pension Paid	-	-	8,300
-	Lump sums paid	-	-	2,087
-	Outwards Transfers	-	-	-
-		-	-	10,387
Less income :				
-	Employee Contributions - 1992 scheme	-	-	2,517
-	Employee Contributions - 2006 scheme	-	-	13
-	Employer Contributions - 1992 scheme	-	-	4,871
-	Employer Contributions - 2006 scheme	-	-	27
-	Ill health charges	-	-	241
-	Inward Transfers	-	-	170
-		-	-	7,839
-	Deficit funded by ODPM grant	-	-	<u>2,548</u>

Section C – Capital

Capital schemes to the value of 2,241,000 are to start in 2006/07.

The Authority no longer uses operational leases for its vehicles and for 2006/07 will use a combination of a capital reserve created from the underspendings in 2004/05 and revenue contributions to enable them to be purchased.

Ref	Project Details	Scheme Values	Payments and Funding														
			2006/07					2007/08					2008/09			2009/10	
			Loan	Capital Receipt	Capital Grant	Capital Reserve	Revenue Contribs	Loan	Capital Receipt	Capital Grant	Capital Reserve	Revenue Contribs	Loan	Capital Grant	Revenue Contribs	Loan	Revenue Contribs
£'000					£'000					£'000			£'000				
1	2006/07 Starts Vehicles: 7 pumping appliances } Ancillary support vehicles } Special Equipment Unit } Capitalised Finance Lease }	1,695			387	640					549	119					
2	Home Fire Risk Check Initiative	146		146													
3	Station-end ICT equipment	350	105						245								
4	Repairs and maintenance - retained stations	50	50														
5	2007/08 Starts Vehicles: 7 pumping appliances } Ancillary support vehicles } Ariel appliance } Capitalised Finance Lease }	2,163					763	224			591	585					
6	Home Fire Risk Check Initiative	292							292								
7	BA cylinders - Finance Lease	35									35						
8	Repairs and maintenance - retained stations	50						50									
9	2008/09 Starts Vehicles: 7 pumping appliances } Ancillary support vehicles } Tail Lift lorry } Capitalised Finance Lease }	1,604										311		708	585		
10	Repairs and maintenance - retained stations	50										50					
		6,435	155	0	146	387	640	813	469	292	549	745	946	0	708	585	0