

TYNE & WEAR FIRE AND RESCUE AUTHORITY

Item: 6

MEETING 3RD NOVEMBER 2008

REVENUE BUDGET 2008/2009 - SECOND REVIEW

JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE FINANCE OFFICER

1. INTRODUCTION

- 1.1 This report advises Members of issues relating to the 2008/2009 Revenue Budget position, and provides an updated Statement of Balances.

2. BUDGETARY CONTROL REPORT 2008/2009

- 2.1 Regular monitoring of the Revenue Budget continues to take place and the following areas are drawn to Members attention.

Employee Costs

- 2.2 At this stage in the financial year, a net estimated underspend of approximately £320,000 is anticipated to arise in relation to Employee costs taking account of all of the variations and proposed actions detailed below. The areas of variation are noted below.

Review of Operational Staffing Profile

- 2.3 The Revenue Budget First Review outlined that the Chief Fire Officer was undertaking a full review of the Authority's operational staffing profile and associated salary structure. At that stage, the review identified that a net saving would occur in 2008/2009 (part-year only) arising from a reduction of twelve firefighter posts with additional investment in other priority areas. The process of managing the staffing reductions through natural wastage has occurred sooner in the year than originally anticipated, however, and a greater saving will be realised in the year.
- 2.4 At the same time, the Authority has also experienced greater levels of staff turnover in the first half of the year than was anticipated in the Revenue Budget, and this has given rise to an underspend against the budgeted position. It has also resulted in a significant number of internal promotions into vacant positions.
- 2.5 Given the high levels of staff movement within the Authority during this financial year, including those referred to above, this has accelerated the impact of the introduction of the rank to role management system, whereby pay is linked to competencies. This accelerated impact has given rise to an unanticipated underspend in 2008/2009. The Revenue Budget for 2009/2010 will be set taking full account of this acceleration.

Other Staffing Savings

- 2.6 Over recent years and, increasingly, in light of the tighter economic position affecting local authorities, the Authority has adopted strict controls in relation to the use of agency staff and also in the deployment of staff where specific allowances might accrue, arising from that deployment. In both cases, small underspends are forecast for this financial year.
- 2.7 An underspend is anticipated in relation to the training budget, where opportunities have been taken to ensure that optimum use is made of the in-house training facilities available in preference to external courses, particularly at the Fire Service College.

2008 Corporate Staff Pay Award

- 2.8 Members will be aware that the Employers' side of the NJC made a final pay offer for 2008/2009 of 2.45% (plus an additional £100 per annum on spinal column points 4, 5 and 6), however, no agreement has been reached and this failure to agree has been referred to arbitration by the Trades Unions side. Given the time that has elapsed since the award was due, the two sides of the NJC have now decided that the Employers' final offer should be implemented, with effect from 1 April 2008.
- 2.9 The situation with regard to reaching agreement on this pay award, and the resultant impact on the Authority's Revenue budget, will continue to be monitored.

Leasing Charges

- 2.10 The 2008/2009 Capital Programme Second Review, included elsewhere on this agenda, identifies slippage in the procurement of a number of vehicles in the Vehicle Replacement Programme. As a consequence, it is estimated that there will be an underspend on leasing charges in 2008/2009 of £100,000 arising from these delays.

Revenue Contribution to Capital Outlay

- 2.11 The 2008/2009 Capital Programme Second Review has also identified net slippage arising on capital projects of £424,478. Given that the Programme is funded exclusively from a Revenue Contribution to Capital Outlay, the 2008/2009 Revenue Budget will underspend by a corresponding sum also. As in previous years, however, any underspend arising from slippage will be transferred to the Budget Carry Forward Reserve to ensure that funding is carried forward to meet the cost of capital schemes as expenditure is actually incurred.

Service Pressures

- 2.12 Paragraphs 2.2 to 2.11, above, outline a number of variations against the 2008/2009 Revenue Budget, amounting to an estimated net underspend of approximately £844,000 of which c.£424,000 is proposed to be carried forward in the Budget Carry Forward Reserve.
- 2.13 A number of initiatives and priorities for reinvestment have been identified, and these will be considered in the context of the reported underspend and subsequent updates, and if necessary the preparation of the Revenue Budget and Capital Programme for next year, and will be subject to separate Member approval, if appropriate, in due course. These initiatives and priorities are in various stages of development in terms of the business cases being worked up, and include:
- Community Safety Reserve – following the success of Operation Early Warning in previous years, the Authority proposes to create a similar reserve in 2008/2009;
 - Software Assurance – the Authority has a number of software licences that are due for renewal in 2009/2010, and it is proposed to create a reserve to meet the cost of these;
 - Integrated Clothing – in 2009/2010, the Authority will be revising its contract for non-operational clothing and uniforms and there is likely to be a need to reissue corporate staff with a new uniform to ensure that the Authority's 'branding' and 'identity' remain strong. It is proposed to establish a reserve to meet the cost of this;
 - Relocation of fire station telecommunications facilities and the introduction of mobile data facilities onto the remaining fire appliances.

The position will be kept under close review and proposals for reinvestment brought forward to future Fire and Rescue Authority meetings in due course, as appropriate.

3. STATEMENT OF BALANCES

- 3.1 Appendix A shows the movement of balances within 2008/2009 and includes an update on the estimated level of balances as at 31st March 2009, taking account of the position outlined in this report.

4. RECOMMENDATIONS

- 4.1 Members are requested to:-
- note the position with regard to the Revenue Budget for 2008/2009 as set out in this report, including the updated Statement of Balances set out at Appendix A.

Statement of General Balances

	£'000
Balance as at 1st April 2008	2,930
First Review 2007/2008:	
- Review of Service Establishment	107
- Transfer to Development Reserve	(107)
Second Review 2007/2008:	
- Underspend on Employee budget	320
- Underspend on Leasing budget	100
- Underspend on Revenue Contribution to Capital	424
- Transfer to Earmarked Reserves	(424)
Estimated Balance as at 31st March 2009	3,350