

TYNE & WEAR FIRE AND RESCUE AUTHORITY

MEETING: 18th JANUARY 2016

Item 5

SUBJECT: REVENUE BUDGET 2015/2016 - THIRD REVIEW

**JOINT REPORT OF THE CHIEF FIRE OFFICER AND CHIEF EXECUTIVE AND THE
FINANCE OFFICER**

1. INTRODUCTION

- 1.1 This report advises Members of issues relating to the 2015/2016 Revenue Budget position at the third quarterly review stage.

2. BUDGETARY CONTROL REPORT 2015/2016

- 2.1 The Revenue Budget Second Review, reported to Members in November 2015, projected a net saving at outturn of £361,000. Regular monitoring of the Revenue Budget has continued to take place and the underspend at outturn is now projected to be £284,000.
- 2.2 A summary set out at Appendix A shows the actual costs compared to the budgeted position for the main budget areas. The main variances are explained in more detail below:

Employee Costs

- 2.3 There is a projected net underspend on the employees budget of £227,000. As reported at second review, planned lower net staffing costs to provide organisational flexibility for IRMP establishment changes, along with pension savings are accountable for the majority of the net variation. The variation is absorbing the continuing additional costs of cover for industrial action yet to be resolved and interim overtime costs while IRMP staffing reviews are being implemented.

Premises

- 2.4 A small overspend of £37,000 is now projected on the premises budget. This is linked to the business rates implications of the move from Fulwell to the new Marley Park fire station.

Transport

- 2.5 A small overspend is projected on transport costs which is linked to changes in business requirements during the year.

Supplies and Services

- 2.6 At this stage there is a projected minor net underspend of £5,000 across various supplies and services budget headings.

Contingencies

- 2.7 As reported at second review, it is anticipated that part of the contingency set aside when determining the budget will not be required as efficient financial budget management continues to drive down budgeted costs. It is projected that there will be an underspend of £192,000 as a result.

Income

- 2.8 There is now lower income being projected for the year of £76,000 compared to an over projection of £31,000 reported at second review. This position mainly reflects the following variations:
- A net reduction in Grants and Contributions of £44,000 despite an increase in government grants for the year of £68,000 reported at second review. The main reason for the variation relates to the funding of diversionary activities and in particular the Prince's Trust programme, due to lower demand for courses starting in the new academic year than expected;
 - Additional one-off receipts of £53,000, mainly from a refund of backdated NNDR claimed, and sales of a number of low value vehicles arising from the small vehicle fleet review;
 - Reduced income from training courses of £85,000 anticipated from fewer bookings on training courses and reduced associated income.

3. STATEMENT OF BALANCES

- 3.1 The general fund balance is £3.882m and is not expected to change this year.

4. RECOMMENDATIONS

- 4.1 Members are requested to note the position with regard to the Revenue Budget for 2015/2016 as set out in this report and at Appendix A.