

TYNE & WEAR FIRE AND RESCUE AUTHORITY

Item No 8

MEETING: 17th NOVEMBER 2014

SUBJECT: REVENUE BUDGET 2014/2015 - 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 2014/2015 Revenue Budget position at the half way stage of the financial year.
- 1.2 This follows a review of the Original Budget to take into account amendments resulting from the earlier implementation of Phase One of the IRMP Response Review (July 2014) and some other budget variations. The overall impact of these changes results in a net reduction of £0.966m in the use of the reserve to support the 2014/15 budget as compared to the initial estimate of £2.099m.

2. BUDGETARY CONTROL REPORT 2014/2015

- 2.1 Regular monitoring of the Revenue Budget takes place and variances have been identified which produce a total net projected saving of almost £1.3m for the year when compared to the revised budget which reflects the budget variations outlined in paragraph 1.2 above.
- 2.2 A summary of the position is set out at Appendix A which shows the actual costs to date compared to the revised budget position for the main budget headings. The original budget is included for information.

The main variances are set out in more detail below for information.

Employee Costs

- 2.3 At this stage in the financial year, there is a projected net underspend on the employees budget of £1.231m. The Firefighter establishment is currently under budget as a result of the IRMP staffing reviews being carried out, an increase in the number of retirements compared to the original forecasts and there are also more Firefighters in the development stage, than budgeted for, thereby incurring lower salary costs because of these factors.

In addition savings have been made from underspends on Control staff salaries due to vacancies, part time working arrangements and reduced pay for sickness absence. Also no ill health retirements are currently envisaged for the year.

Premises, Transport, Supplies and Services

- 2.4 A combined small net underspend of £19,000 is projected on premises, transport, and supplies and services budget headings due to a large number of minor variances during the year.

Contingencies

- 2.5 A net underspend of £152,000 is projected at year end. It is anticipated that the contingency set aside when setting the budget will now not be fully required, due to efficient budget management undertaken during the year.

Income

- 2.6 There is a projected under achievement of income of £103,000. Due to recent changes in the Princes Trust course provision, which the Authority had no control over, there will be a shortfall in funding of £60,000, as well as lower income from training courses and associated sales. In addition the allocation of Firelink Grant is expected to be £12,000 less than originally estimated as a result of the government using a lower indexation level than anticipated.

Industrial Action Costs

- 2.7 Costs incurred as a result of the continuing strike actions are being recorded and monitored as part of the budget monitoring process. The additional costs in 2014/15 will be met from the Contingency Planning Reserve and will not impact on the revenue budget at this stage. However, the Reserve may need to be replenished and this will be considered as part of the overall review of reserves and balances in setting the budget and at the final accounts stage.

3. STATEMENT OF BALANCES

- 3.1 The general fund balance is £3.872m and is not expected to change this year.

4. RECOMMENDATION

- 4.1 Members are requested to note the position with regard to the Revenue Budget for 2014/2015 as set out in this report and at Appendix A.