

Appendix 2

Budget Variations 2013/2014 Out-turn compared to the Revised Budget

The summary table at Appendix 1 compares the outturn position for 2013/2014 with the revised budget for the year and the following narrative provides the detailed explanations for these variations for information:

- Employee Costs (£713,000 net underspend) – as reported previously, the savings are in addition to those built into the budget to recognise the expected turnover of staff and are mainly due to the Authority's vacancy management policy being applied across all areas of the service in line with its staffing reviews. In addition Control Room salary costs were less than expected due to changes in part time working arrangements and reduced sickness absences.
- Employee Costs – Firefighter Ill Health Retirements (£151,000 underspend) as there have been no ill health retirements in 2013/2014.
- Premises (£152,000 underspend) – as reported at Third Review the bulk of the saving is largely due to a saving on the annual lease at Rainton Bridge following purchase of the site by the Authority. There were in addition savings on utility budgets because of the Authority's proactive policy and actions taken to lower its carbon emissions together with the impact of lower power bills because of the milder winter.
- Transport (£195,000 underspend) – £98,000 of the underspend relates to savings to the leasing of vehicles. At the time of setting the 2013/2014 budget, it was uncertain how vehicles to be purchased in the vehicle replacement programme would be financed so a provision was prudently established in respect of leasing. Following an Options Appraisal Exercise, best value could be achieved by outright purchase from the revenue budget. This has generated in year savings and will also achieve savings to the revenue budget in future years. The remaining underspend is due to a combination of lower fuel costs and reduced repairs and maintenance required throughout the year.
- Supplies and Services (£190,000 underspend) – this is largely a combination of the following:
 - an underspend of £78,000 on operational equipment during the year due to an unexpected reduction in demand for fire hydrants and associated equipment, externally influenced by new building projects requiring fire hydrants to be incorporated into the developments.
 - an underspend of £47,000 on uniforms and personal protective

- equipment due to delays in issuing clothing items.
 - savings of £33,000 due to new working arrangements after a review of Occupational Health Delivery.
 - an underspend of £22,000 due to delays in purchasing items while awaiting evaluation of new technology for medical equipment.
 - Minor variances across other supplies and services.
- Contingency (£618,000 underspend) – this position has been achieved as a result of the 1% pay award and some, limited inflation exposure and pensions increases being absorbed within existing budgets. In addition, leasing costs provided for were not required as a result of the vehicle fleet review taking place which effectively saw a freeze on new vehicles during 2013/14. The review will identify the service requirements in 2014/15 where a full options appraisal will be carried out to assess the most cost effective means of acquiring the replacement vehicles.
 - The interest cost on Debt Charges was marginally more than originally estimated by £4,000 and does vary according to the average interest charge for the year which increased very slightly over the year.
 - The net use of reserves was £482,000 lower than projected and is mainly due to strong financial management with the result that some reserves were either not required or were lower than estimated in the year. Also PFI and insurance costs have been finalised for the year and were lower than estimated which forms part of the year end reserves transfer. The final accounts may impact further once finalised.
 - Income (£99,000 under achieved) – as reported during the year, there has been a continued reduction in income received from training courses than that anticipated when the budget was set, as well as less income generated from community safety activities due to a lower take up of the courses provided.
 - Additional government grant funding (£184k over estimate) – the Authority recently received additional government grant funding in relation to the smaller business rates rebate scheme which was extended by the Chancellor in his Autumn Statement (£76,580), and an additional allocation of Grant (£107,626) which returned, to all authorities, a share of the government's top slice for capitalisation funding which was, as expected, an over provision.