

**TYNE & WEAR FIRE AND RESCUE AUTHORITY**

**Item No 04**

**MEETING: 21st JANUARY 2013**

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**SUBJECT: REVENUE BUDGET 2012/2013 - THIRD REVIEW**

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

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**1. INTRODUCTION**

1.1 This report advises Members of issues relating to the 2012/2013 Revenue Budget position, and provides an updated Statement of Balances.

**2. BUDGETARY CONTROL REPORT 2012/2013**

2.1 The Revenue Budget Second Review, reported to Members in November 2012, outlined an estimated underspend of approximately £0.400 million. Regular monitoring of the Revenue Budget continues to take place and the following areas are drawn to Members attention.

2.2 Appendix B shows the variations at 31<sup>st</sup> December 2012 for information.

**Employee Costs**

2.3 The budget is now anticipated to show a small overall underspend of around £90k at out-turn from the projected balanced position reported at the Second Review. The main reason for this is that the Authority will accrue some savings in 2012/13 as a result of the back office review which has been implemented from 1<sup>st</sup> January 2013. The full effect of the review however will not be realised until 2013/14 and this has been reflected in the revenue budget for 2013/14 that is currently being drafted.

2.4 A number of other variations which are cost neutral are also being managed within this budget heading including savings from staff turnover and the recruitment freeze, and pension costs relating to a number of areas which includes the deficiency, injured firefighters and various other pension cost variations which need to be met from the Authority's revenue budget.

2.5 Members will be aware that the Authority's investment in its health awareness and intervention measures through the Occupational Health Unit has brought about a reduction in the number of ill health retirements. There continues to be no such retirements so far in 2012/2013, this could potentially result in an underspend on this budget.

## **Contingencies**

- 2.6 As reported at Second Review, there continues to be a projected saving of up to £400k on the contingency budget.

## **Additional Areas Under Review**

- 2.7 There are additional areas of spend that may give rise to variances at the end of the financial year. These are outlined below and will be kept under review with under/overspends reported as more information is made available.
- Auditor Fees – there has been a change in Auditors since the budget was set. The annual fee for 2012/2013 is anticipated to be lower than estimated, resulting in a projected underspend of £20,000.
  - Premises – an increase in Business Rates will result in an overspend on this budget in the region of £14,000 which was not anticipated when the budget was initially agreed.
  - Debt Charges – the Authority is to review its level of debt with the assistance of the lead authority with a view to assessing the potential for reducing future revenue cost implications provided it will generate longer term savings for the Authority. The exercise will commence shortly but will have no impact on the out-turn position for the 2012/13 budget.

## **3. STATEMENT OF BALANCES**

- 3.1 Appendix A shows the movement of balances within 2012/2013 and includes an update on the estimated level of balances as at 31st March 2013, 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 2012/2013 as set out in this report, including the updated Statement of Balances set out at Appendix A.

## Appendix A

### Statement of General Balances

	<b>£'000</b>
<b>Balance as at 1<sup>st</sup> April 2012</b>	<b>3,188</b>
Comprising:	
General Fund Reserve	2,476
Delegated Surplus	560
DSO Surplus	115
Emergency Planning Unit Surplus	37
Projected Savings	490
<b>Estimated Balance as at 31<sup>st</sup> March 2013</b>	<b>3,678</b>

