

TYNE & WEAR FIRE AND RESCUE AUTHORITY

MEETING: 19th JANUARY 2015

SUBJECT: REVENUE BUDGET 2014/2015 - THIRD 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 third quarterly review stage.

2. BUDGETARY CONTROL REPORT 2014/2015

- 2.1 The Revenue Budget Second Review, reported to Members in November 2014, outlined a potential underspend of approximately £1.3m. Regular monitoring of the Revenue Budget has continued to take place and the underspend at outturn is now expected to be £1.495m.
- 2.2 It is now considered appropriate to recognise that the planned use of the reserve to support the budget in 2014/15 of £1.133m will now not be required as a result of savings and efficiencies achieved throughout the year. The main reasons for this improved position is that the Response Model (Phase 1) was implemented from July, which is earlier than planned, and will save around £1m in year. In addition lower than anticipated employee related costs are being incurred, mainly due to the continuing impact of changes from the IRMP actions, the fact numbers of staff in development are greater than expected and the strike action has accelerated those fire fighters of pensionable age to leave the Authority.
- 2.3 Any further savings at outturn (currently estimated at £362k) will be required to fund one off spending pressures and additional costs in implementing budget proposals as part of a prudent and robust approach to budget setting.
- 2.4 A summary of the updated position is detailed at Appendix A which shows the actual costs to date compared to the revised budget position for the main budget headings.

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

Employee Costs

- 2.5 As mentioned at this stage, there is a projected net underspend on the employees budget of £1.414m. As reported at second review, the Firefighter establishment is under budget as a result of the IRMP staffing reviews and an increase in the number of retirements compared to the original forecasts. There continues to be more Firefighters in the development stage than budgeted for, thereby incurring lower salary costs.

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

Premises

- 2.6 There continues to be an underspend of £11,000 on the premises budget. Efficiency measures and a prudent approach to price increases have generated an underspend on utility budgets across the Authority's estate.

Supplies and Services

- 2.7 A net overspend of £23,000 is projected across various supplies and services budget headings. This is due to an increase in service costs and equipment purchases relating to the continuing industrial action, which have occurred since the second review. These costs will be met from the Contingency Planning Reserve (see 2.10 below).

Contingencies

- 2.8 As reported at second review, 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

- 2.9 The projected shortfall of income is now estimated at £59,000 as compared to the £103,000 decrease reported at the second review. The main reason for this improvement is that the Authority is due to receive £20,000 of additional income towards Safetyworks from the National Road Safety Initiative (Gateshead Council) which has been secured for 3 years that was not confirmed at the time of the revised budget report. In addition, there are also a number of other minor favourable budget variations.

Industrial Action Costs

- 2.10 As reported previously, costs incurred as a result of the continuing strike action are being recorded and monitored as part of the budget monitoring process. A decision will be made whether to meet the costs from earmarked reserves,

therefore not impacting on the revenue budget. If this is the case, the reserve may need to be replenished and will be considered as part of the overall review of reserves and balances in setting the budget for 2015/2016 and at the final accounts stage.

3. RECOMMENDATIONS

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

