

TYNE & WEAR FIRE AND RESCUE AUTHORITY

Item: 5

MEETING: 23rd JANUARY 2012

SUBJECT: REVENUE BUDGET 2011/2012 - 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 2011/2012 Revenue Budget position, and provides an updated Statement of Balances.

2. BUDGETARY CONTROL REPORT 2011/2012

- 2.1 The Revenue Budget Second Review, reported to Members in November 2011, outlined an estimated underspend of £1.35 million. Regular monitoring of the Revenue Budget continues to take place and the following additional areas are drawn to Members attention.

Revenue Contribution to Capital Outlay

- 2.2 As reported in the 2011/2012 Capital Programme Third Review elsewhere on today's agenda, there is a net decrease of £197,322 to the programme. This is due to slippage on a number of projects that were due to commence in 2011/2012. The underspend will be transferred to the Budget Carry Forward Reserve to ensure that funding is carried forward to meet the cost of the relevant capital schemes as expenditure is actually incurred.

Vehicle Replacement Programme

- 2.3 Members will be aware that a range of options exist in relation to financing the Vehicle Replacement Programme. Whilst the Programme has been historically financed through leasing arrangements, the options appraisal is often marginal in relation to the options of leasing or buying outright.

The outright purchase of vehicles can provide additional flexibility to the Authority, and in this context, consideration will be given to funding the remainder of the 2011/2012 Vehicle Replacement Programme through outright purchase, funded through the Revenue Budget, provided funds are available.

Additional Areas Under Review

- 2.6 A number of areas were also highlighted at the Second Revenue Review which could potentially give rise to a further underspend in 2011/2012. These are being kept under review, and an update is set out below, for information.

- Employee Budget – the staffing budget continues to be closely

monitored and the recruitment freeze still stands in anticipation of future establishment changes. Staff turnover continues to create savings and any further underspend will be reported to Authority at out-turn.

- Firefighter Ill Health retirements – as reported at second review, there has been one ill health early retirement to date in 2011/2012. This position is forecast to the end of the financial year.
- Utility Charges – efficiency measures and a prudent approach to price increases have generated an underspend on the electricity and gas budgets.
- Leasing Charges – outright purchase has significantly reduced leasing charges in 2011/2012.
- Commercial Training Income – demand for training provision from external bodies has been higher than anticipated. If this trend continues, the income received will exceed the budget.

Service Pressures

- 2.7 As reported at the Second Review, a number of initiatives and priorities for reinvestment have been identified. These will be considered in the context of the reported underspend and subsequent updates and, if necessary, the preparation of the Revenue Budget and Capital Programme for next year. They will be subject to separate Member approval, if appropriate, in due course.

3. STATEMENT OF BALANCES

- 3.1 Appendix A shows the movement of balances within 2011/2012 and includes an update on the estimated level of balances as at 31st March 2012, 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 2011/2012 as set out in this report, including the updated Statement of Balances set out at Appendix A.

Statement of General Balances

	£'000
Balance as at 1st April 2011	3,336
First Review 2011/2012:	
- Underspend on Leasing Budget	165
Second Review 2011/2012:	
- Underspend on Employee Budget	1,170
- Underspend on Premises Budget	19
Third Review 2011/2012:	
- Underspend on RCCO Budget	197
- Estimated provision to support service pressures	(485)
- Estimated provision for purchase of vehicles	(869)
- Transfer to Earmarked Reserves	(197)
Estimated Balance as at 31st March 2012	3,336

