

MEETING: 15th JANUARY 2018

SUBJECT: REVENUE BUDGET 2017/2018 – THIRD QUARTERLY REVIEW

**JOINT REPORT OF THE CHIEF FIRE OFFICER AND CHIEF EXECUTIVE (CLERK
TO THE AUTHORITY) AND THE STRATEGIC FINANCE MANAGER**

1. INTRODUCTION

- 1.1 This report advises Members of issues relating to the 2017/2018 Revenue Budget position at the third quarterly review stage.

2. BUDGETARY CONTROL REPORT 2017/2018

- 2.1 The Revenue Budget Second Review reported to Members in November 2017 projected an almost balanced budget (net overspend of £12,000 at outturn). Regular monitoring of the Revenue Budget has continued to take place and there is now an underspend of £0.354m projected at outturn.
- 2.2 A summary of the position is set out at Appendix A which shows the projected costs compared to both the revised and original budget positions for the main budget headings. The main variances since the second review are set out in more detail below for information.

Employee Costs

- 2.3 At this stage in the financial year there is now a projected net underspend on the overall Employee's budget of £217,000. As reported at second review, there are in year savings on employer pension costs, arising from the impact of temporary staffing arrangements, transitional movements between pension schemes, and employees opting out of the pension scheme.
- 2.4 Overtime costs continue to be a feature of this years' budget and it is pleasing to report that actions instigated by the senior management team are now starting to have a positive impact, resulting in a reduction in these costs and the overspend now projected at the end of the year. However, this still remains a significant budget pressure. As reported at second review, implementation of the Response IRMP actions are also expected to alleviate some of the need for overtime (which will help to further reduce the costs) once the riding 4 for all pumps begins to be phased in). The spend continues to be very closely monitored and actions continue to be taken as appropriate.

Premises

- 2.5 There remains a small underspend of £6,000 on premises costs due to savings on utility bills. This justifies the investment the Authority has made over recent years on replacing traditional lighting with LED lighting which is much more energy efficient.

Transport

- 2.6 The transport budget is now expected to have a small underspend of £9,000. An overspend on car allowances, due to differing business requirements, has been met by additional savings on transport costs due to revised travel arrangements introduced this year across the service.

Supplies and Services

- 2.7 There is a projected overspend of £8,000 on the supplies and services budget. Despite savings on the subsistence budget due to policy changes across the service, the tender for professional legal court representation was higher than budgeted for resulting in an overall net overspend.

Income

- 2.8 There is a projected net over achievement of income of £130,000 from that reported at second review. This is due to a combination of the following factors:
- One-off income of £63,000 from the sale of vehicles and equipment;
 - Additional income of £38,000 from Sunderland City Council for Phoenix courses;
 - Additional income of £5,000 from the collaboration arrangements with other blue light services;
 - One-off income of £15,000 from London Fire;
 - Audit fee refund of £4,000; and
 - Additional miscellaneous income of £5,000.

3. REVENUE BUDGET REVIEW

- 3.1 Over the last three months, finance officers have met with all budget holders to look at areas where additional budget savings could be achieved, both in the current financial year and future years. This has been a very productive exercise with additional potential savings of almost £195,000 across various budget headings for 2017/2018.
- 3.2 Budgets will be monitored closely during the final quarter of the financial year to ensure maximum savings are achieved.

4. STATEMENT OF BALANCES

- 4.1 The general fund balance of £3.943m may possibly need to change in the year depending on the outcome of the pensions issue.

5. RISK MANAGEMENT

- 5.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control, the realisation of efficiencies, the most appropriate use of limited resources and a comprehensive evaluation of the benefits. The risk to the authority has been assessed as low utilising the standard risk matrix based on control measures being in place.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications are set out in Appendix A of the report.

7. EQUALITY AND FAIRNESS IMPLICATIONS

- 7.1 There are no equality and fairness implications in respect of this report.

8. HEALTH AND SAFETY IMPLICATIONS

- 8.1 There are no health and safety implications in respect of this report.

9. RECOMMENDATION

- 9.1 Members are requested to note the position with regard to the Revenue Budget for 2017/2018 as set out in this report and summarised at Appendix A.