

Meeting: 20th January 2020

SUBJECT: REVENUE BUDGET 2019/2020 - 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 2019/20 Revenue Budget position at the third quarterly review stage.

2. Budgetary Control Report 2019/2020

- 2.1 The Revenue Budget Second Review reported to Members in November 2019 projected an underspend of £0.888m. Regular monitoring of the Revenue Budget has continued to take place and this is now projected to be £0.999m at outturn.
- 2.2 A summary of the updated 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 are set out in detail below for information.

Employee Costs

- 2.3 At this stage in the financial year a net underspend of £0.835m is projected on the overall employee budget. As reported at second review, this is largely due to the Firefighter establishment currently being significantly under budget and more Firefighters in the development stage than budgeted for, resulting in a reduction in expenditure on salaries and associated oncosts. Along with this, savings are being made 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 Operational overtime costs continue to be a significant budget pressure, particularly working with a reduced establishment. The savings in salaries and pensions are comfortably absorbing the increased costs. Overtime continues to be very closely monitored, with actions considered and taken to control expenditure as appropriate.

Premises

- 2.5 An overspend of £20,000 is projected on premises costs. This is largely due to a new electricity contract with a higher unit cost than budgeted.

Transport

- 2.6 The transport budget is projected to underspend by a net £74,000. A large part of this is due to a reduced demand for transport repairs and maintenance from Northumberland Fire and Rescue Service (NFRS) through the Service Level Agreement. This will be matched off by reduced income from NFRS, resulting in a neutral impact on the overall budget position.
- 2.7 In addition, savings continue to be achieved in reduced travelling expenses. Together, these savings can accommodate an overspend that is projected on fuel due to increased fuel costs within the overall budget provision.

Supplies and Services

- 2.8 A net underspend of £49,000 is projected across supplies and services. Savings will be made on ICT running costs and the mobile phone contract, as well as continued lower subsistence costs. However, costs for protective clothing and uniform, specifically gloves, leather boots and goggles acquired during the year have been higher than expected and there have been increased postage costs.

Contingencies

- 2.9 At second review the contingencies budget was reduced to reflect changes within the service. The remaining budget will continue to be monitored and reviewed for any further savings that can be made.

Support Services and Recharges

- 2.10 As reported previously an in year saving of £47,000 is projected on the Service Level Agreement with the Lead Authority due to changes made after the budget was finalised.

Income

- 2.11 There is a projected net over achievement of income of £14,000. This is due to a combination of the following factors:
- Under-recovery of income of £50,000 expected from NFRS due to reduced demand on the service level agreement (see section 2.6);
 - Under-recovery of income of £5,000 from Safetyworks;

- Additional one-off income of £13,000 from Trauma Support;
- One-off income of £30,000 for recruits from the Isle of Man;
- Over-recovery of £12,000 on the sale of surplus vehicles and equipment;
- Additional income of £8,000 for Hazmat courses; and
- Miscellaneous income of £6,000.

3. Statement of Balances

- 3.1 The balance of the General Fund is expected to remain at £3.943 million on the basis that this is viewed as an appropriate level of General Fund Balance for the size and financial risks faced by the Authority.

4. Risk Management

- 4.1 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.

5. Financial Implications

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

6. Equality and Fairness Implications

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

7. Health and Safety Implications

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

8. Recommendation

- 8.1 Members are requested to note the position with regard to the Revenue Budget for 2019/2020 as set out in this report and summarised at Appendix A.

