

TYNE & WEAR FIRE AND RESCUE AUTHORITY

Item 4

MEETING: 20th JANUARY 2014

SUBJECT: REVENUE BUDGET 2013/2014 - 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 2013/2014 Revenue Budget position at the third quarterly review stage.

2. BUDGETARY CONTROL REPORT 2013/2014

- 2.1 The Revenue Budget Second Review, reported to Members in November 2013, outlined an estimated underspend of £876,000. Regular monitoring of the Revenue Budget has continued to take place and at this stage the underspend at outturn is now estimated to be £842,000. Any savings generated however will be required to fund one off spending pressures and additional costs associated with implementing the budget proposals as part of a prudent and robust approach to budget setting. The new funding system also adds new risks to the Authority in that it must meet any deficit on the business rates collected by its district councils for the first time in 2013/14 and this is in addition to any net deficit on the council tax collection fund and any further budget variations that may need to be addressed up until year end.
- 2.2 A summary, set out at Appendix A, shows the actual costs compared to the budgeted position for the main budget headings and the following areas are drawn to members attention:
- Employee Costs**
- 2.3 There is a projected net underspend on the employees budget of £787,000. As reported at second review the Authority has already achieved the annual turnover built into the budget and continues to make savings as part of the Authority's policy of vacancy management across all areas of the service in line with its recent staffing reviews. In addition, control salaries are less than expected due to part time working arrangements and reduced pay for sickness absence.
- 2.4 There continues to be no ill health retirements. Should there be none in the last quarter, there will be an underspend on this individual budget heading of £151,000.

Premises

- 2.5 As reported at second review, an underspend of £78,000 on the premises budget is projected at outturn. This is largely due to savings made on the annual lease at Rainton Bridge following purchase of this site.

Transport

- 2.6 An underspend of £42,000 is projected on the transport budget largely due to cheaper fuel costs than those expected when the budget was set.

Supplies and Services

- 2.7 A net underspend of £78,000 is now projected across supplies and services budget headings.

Income

- 2.8 As reported at second review, there has been less income received from training courses than that anticipated when the budget was set. In addition to this, it is now projected there will be less income generated from community safety activities due to reduced take up of the courses, with an estimated £33,000 shortfall from Prince's Trust and £53,000 from Phoenix.

Strike Costs

- 2.9 Costs incurred as a result of the continuing strike actions are being recorded and monitored as part of the budget monitoring process. The additional costs will be met from the Contingency Planning Reserve and will not impact on the revenue budget at this stage, however the Reserve will need to be replenished and this will be considered as part of the overall review of reserves and balances in setting the budget and at final accounts stage.

3. STATEMENT OF BALANCES

- 3.1 The table below shows the statement of balances for 2013/2014 and shows a neutral position at this stage taking into account the prospect that savings to date may be fully utilised in light of the uncertainties emanating from the new funding system referred to in section 2.1 above.

	£'000	£'000
Balance as at 1st April 2013		3,872
Comprising:		
General Fund Reserve	3,119	
Delegated Surplus	560	
DSO	152	
COMAH	41	
Anticipated Balance as at 31st March 2014		3,872

- 3.2 The level of General Fund Balances held by the Authority are considered prudent for the size of the Authority, which has a current net budget requirement of £53.330m.

4. RECOMMENDATIONS

- 4.1 Members are requested to note the position with regard to the Revenue Budget for 2013/2014 as set out in this report and at Appendix A, and the updated Statement of Balances.

