

MEETING: 6th NOVEMBER 2017

SUBJECT: REVENUE BUDGET 2017/2018 – SECOND 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 half way point of the financial year.

2. BUDGETARY CONTROL REPORT 2017/2018

- 2.1 Regular monitoring of the Revenue Budget takes place and, at this stage, variances have been identified which produce a projected almost neutral position (net overspend of £12,000 at outturn).
- 2.2 A summary of the position is set out at Appendix A for members information which shows the projected costs compared to the original budget position for the main budget headings at this midpoint in the year.

Employee Costs

- 2.3 At this stage in the financial year there is a projected net overspend on the overall Employee's budget of £120,000.
- 2.4 Despite 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, there is an issue with overtime costs, causing a net projected overspend at the end of the financial year (which will be alleviated by some of the Response IRMP actions once they have been implemented).
- 2.5 The spend against the overtime budget is being very closely monitored to identify the reasons behind this and the actions that can be taken to reduce the levels of overtime over the coming months.

Premises

- 2.6 A small underspend of £6,000 is projected on premises costs due to savings on utility bills. This justifies the investment the Authority has made over recent years.

Transport

- 2.7 The transport budget is expected to have a small underspend of £1,000. An overspend on car allowances, due to differing business requirements, has been met by savings on transport costs due to revised travel arrangements adopted across the service.

Supplies and Services

- 2.8 There is a small projected overspend of £2,000 on the supplies and services budget. This is as a result of the tender for professional legal court representation being higher than budgeted for, causing an in year overspend. There is, however, a possibility that this will be recovered from the award of costs resulting from successful Fire Safety prosecutions. In addition, it is anticipated that there will be a saving against the subsistence budget at the end of the financial year.

Income

- 2.9 There is a projected net over achievement of income of £103,000. This is due to a combination of the following factors:
- One-off income of almost £55,000 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; and
 - Additional miscellaneous income of £5,000.

Fire Revenue Grants

- 2.10 The Authority has received notification from the Home Office of the second instalment of the Fire Revenue New Dimensions grant of £89,178 for 2017/2018, £21,538 less than expected. The revisions to the grant payment for the second half of the financial year follows reconfiguration of the CBRN Mass Decontamination capability, based around fewer, but more efficient, Mass Decontamination Units and replaces the Incident Response Units. Accordingly, this has caused a reduction in the grant allocation. This will be self-contained within the New Dimensions budget, but raises concern over the future of the grant which seems to be being reduced year on year. A review of our capability compared to the funding received is underway to assess the impact of this position if funding is continually being eroded.

3. STATEMENT OF BALANCES

- 3.1 The general fund balance of £3.943m is within reasonable and agreed tolerances.

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 1 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 2017/2018 as set out in this report and summarised at Appendix A.

