

5. 2012/13 Budget Monitoring – 3rd Quarter

Purpose of report

1. To inform the Policy and Resources Committee of the current position on budgets and expenditure for 2012/13.
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Recommendation

The Chief Fire Officer and Treasurer recommend that the report be noted.

Introduction and Background

2. This report relates to the Authority's financial position for the period April – December 2012 (Quarter 3 – 2012/13), and an out-turn projection based on that position.
3. Separate financial reports are included to detail the position for both Revenue and Capital for this period.

Revenue

4. In February 2012 the Fire and Rescue Authority (FRA) set a net revenue budget for 2012/13 of £33.821m.
5. Appendix 1 details the projected expenditure against the annual revenue budget, and predicts an under-spend for the financial year of £0.767m, compared with the forecast at the end of Quarter 2 of £0.675m. The following details should be noted.
6. The pay increase for Uniformed Staff has been included and projected into the forecast for the financial year. As part of this the amounts held within the Pay Award Provision have been released to the relevant budget.
7. As stated in previous Monitoring Reports the redundancy cost provision represents the balance of the costs for the salary protection for 3 years.
8. The provision for the Retained Duty System (RDS) settlement was made within the 2011/12 budget for the estimated costs of "grossing up" of £0.100m. To date not all entitled staff have been paid, but using this data to improve the estimate it is now expected that the "grossing up" cost will be nearer to £0.120m, an additional cost of £0.020m.
9. Latest specialist tax advice suggests that there may however be a potentially significant saving in the "grossing up".

10. Discussion at recent budget holder surgeries has identified the following significant variances:
11. Operational Logistics: Additional costs have been incurred which were not anticipated when the budget was originally set. This includes additional expenditure on the following:
 - BA Testing (following a problem reported on a cylinder);
 - Equipment for the Ultra Heavy Rescue Vehicles; and
 - Increased Hydrant maintenance costs following the implementation of increased testing.
12. Forecast RDS figures are predicting an over-spend on this budget head; there are several reasons for this but the incident at Lawrence Recycling has had a significant impact on expenditure. There are also a few issues surrounding the predicted expenditure on Course Attendance and Holiday Pay, the reason for this is currently being investigated.

Capital

13. Appendix 2 shows details of the Capital Budget.
14. Of the total Capital Strategy of £10.287m, £6.777m relates to the major building projects and £0.477m remains as unallocated minor schemes; of this £2.099m (20%) has been spent and a further £1.763 (17%) committed by way of order or contract.
15. The under-spend on the Capital Budget relates to the budget provision for the major schemes being in advance of the spend profile.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are financial issues that require consideration	Yes	Whole report considers financial position

Legal Considerations

Consideration	Yes/No	Reference in Report i.e paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	No	

Additional Considerations

16. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	Yes	Paragraph 4 - 5
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	No	
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	No	
Consultation with Representative Bodies	No	

Supporting Information

Appendix 1 – 2012/13 Revenue Budget Monitoring

Appendix 2 – 2012/13 Capital Budget Monitoring

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