

## 7. Budget Monitoring Report 2010-11

### Purpose of Report

1. To inform Members of the current position on Budgets for 2010-11.

---

### Recommendation

#### *The Treasurer recommends that:*

- *The current revenue and capital budget positions be noted.*
- *The contingency reserve created as indicated at paragraph 6 be noted.*

### Background

2. In February 2010 the Fire and Rescue Authority (FRA) set a net budget requirement for 2010-11 of £31.395m made up as below :

|                             |        |
|-----------------------------|--------|
|                             | £m     |
| Net Expenditure on Services | 32.309 |
| Special Grants              | -1.186 |
|                             | 31.123 |
| Strengthening of Balances   | 0.272  |
|                             | 31.395 |

### Revenue Budget

3. This report provides information on expenditure to date against the profiled budget, and the current forecast out-turn position. It is based on actual expenditure for 6 months, and Appendix 1 sets out the position at approved budget level.
4. Uniformed staff pay is now forecast to be underspent at year end, primarily around the limited call on the Resilience Register as better management of crewing has significantly improved crewing levels.
5. Members will be aware that the budget contains a provision for pay awards totalling £0.170m. If the Chancellor's 22 June statement regarding a public sector pay freeze is applied to local government there is a probability that a large part of this provision will not be required. If the pledge to lower paid government workers is matched by the local government employers then only £0.020m of this provision will be required.
6. As a consequence of the above it is suggested that a budget adjustment is made to allocate £0.150m from the pay contingency and £0.150m from Whole Time Pay to create a contingency reserve of £0.300m to assist with future cost pressures.
7. Members are reminded of the pending national agreement for compensating Retained Firefighters for unfair treatment as part-time workers which has a

potential one off cost of around £0.250m, which is not budgeted for. The final details are, however, still awaited.

8. At the end of the 2<sup>nd</sup> Quarter budget holders are not forecasting any significant variances, but senior officers continue to maintain tight control of the budget to give maximum flexibility to respond to the announcement of the Spending Review in October.

### **Capital Budget**

9. The Capital Strategy for 2010-11 was approved by the Fire and Rescue Authority on 18 February 2010 and subsequently amended as follows:

|                       |                         | £m          |
|-----------------------|-------------------------|-------------|
| <i>FRA - Feb 2010</i> | 2010-11 Strategy        | 3.980       |
| <i>FRA - Jun 2010</i> | Slippage from 2009-10   | 3.050       |
| USAR retentions-      | from USAR grant reserve | 0.020       |
|                       |                         | <hr/> 7.050 |

10. The 2010-11 revenue budget was built on the basis that these slipped capital sums would have been spent in 2009-10. Therefore, there are no adverse revenue consequences of the slippage.
11. At present no expenditure is permitted on the IRMP building schemes until the Committee has considered a full business case, and therefore the IRMP Strategy allocation has not yet been allocated to the budget.
12. Of the £7.050m strategy, £2.916m has been allocated to the budget and £2.221m (76%) has been spent or committed.
13. The over-commitment on Pump replacements (totalling £0.030m for 6 appliances) relates to additional diversity equipment being fitted to these pumps. The additional revenue cost of £0.003m will be contained within the existing capital financing budget.
14. The apparent over-commitment on the Betony Road scheme (the Operational Logistics facility) relates to expected Retention on the scheme and revenue costs are provided for within the capital financing budget.
15. Capital Budget details are shown in Appendix 2.

### **Supporting Information**

Appendix 1 – 2010-11 Revenue Budget Monitoring

Appendix 2 – 2010-11 Capital Budget Monitoring

Background papers - None

### **Contact Officer**

Martin Reohorn, Director of Finance  
(0845 12 24454)

Email: [mreohorn@hwfire.org.uk](mailto:mreohorn@hwfire.org.uk)