

Report of the Treasurer

8. 2013/14 Budget Monitoring – 2nd Quarter

Purpose of report

1. To inform the Policy and Resources Committee of the current position on budgets and expenditure for 2013/14.
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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 – September 2013 (Quarter 2 – 2013/14), 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 2013 the Fire and Rescue Authority (FRA) set a net revenue budget for 2013/14 of £32.549m, allocated to budget heads.
5. This was subsequently amended; to reflect responsibility changes arising from Service/staff changes; budget holder savings that were still to be achieved at the time of the budget setting; and the allocation of budget contingency; and included in the 1st Quarter report.
6. At the 2nd Quarter the report shows further re-allocations in respect of the pay award provision and sums previously approved to be held and released from ear-marked reserves, and these are shown in Appendix 1.
7. Appendix 1 also gives details of the projected year end expenditure, and an under-spending of £0.736m is now forecast.
8. In the context of the current Medium Term Financial Plan (MTFP), it is important to understand why these variations arise and how they impact on the future gap.
9. A breakdown of the variation is given in the table overleaf, with an explanation of the nature and cause of each:

	£m
Capital Financing	(0.300)
Inflation	
Contingency	(0.232)
Support Pay	(0.106)
Wholetime Pay	(0.059)
Unallocated	
Budgets	(0.046)
Misc.Net Other	0.007
	(0.736)

a. Capital Financing: variation arises from three main causes:

- i. Cash payments in respect of the major building schemes proceeding at a slower pace than expected in the budget.
- ii. Pause on vehicle replacement programmes pending the conclusion of the Community Risk Management Plan (CRMP) process.
- iii. In the short term interest rates remaining very low, against a budget based on a historically higher average which may return in the MTFP period.

Other than savings that might arise from the CRMP, the other savings are timing differences only and do not generate a permanent saving.

- b. Inflation Contingency: represents provision made for costs that have not been required. In accordance with the budget decision the budget will be removed in 2014/15. Recent developments in energy prices may require this to be reviewed at the 3rd Quarter.
- c. Support Pay: the Service has recently reviewed the Catering and Corporate Communications functions which have resulted in a reduction of staffing. The full year impact of these savings will be part of the £2.7m non-front line savings required by 2016/17.
- d. Wholetime Pay: the 2013/14 budget was based on the reduction in watch sizes previously approved, with a small provision to reflect the fact that this would not be fully achieved until March 2014. In reality this has happened slightly earlier than anticipated, but the variation is less than 0.5% of the pay budget and not material. The full year impact of this saving is already factored into the MTFP.
- e. Unallocated budgets: When the 2013/14 budget was set, Officers were required to identify the final £0.181m of savings needed to balance the budget. This has been exceeded by £0.046m, which can be removed from the 2014/15 budget in total.

10. In summary the current variations have the following impact on future budgets:

	£m
Support Pay - full year impact	(0.249)
Inflation - subject to review	(0.232)
Unallocated Budgets	(0.046)
	(0.527)

Capital

11. The current capital budget (including approved rephrasing from 2012/13) detailed in Appendix 2, is £10.739m and is divided into 3 blocks:

- Vehicle Replacement
- Major Building
- Minor Schemes

12. Of the £10.739m only £1.022m (9.5%) has been incurred, with a further £1.668m (15.5%) committed by way of order, and £0.225m remains as unallocated minor schemes.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	See paragraphs 4 - 10
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None.
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	None N/A

Supporting Information

Appendix 1 – 2012-2013 Revenue Budget Monitoring

Appendix 2 – 2012-2013 Capital Budget Monitoring

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