

TAYSIDE FIRE AND RESCUE BOARD**REPORT BY THE CHIEF FIRE OFFICER AND TREASURER****26 JANUARY 2009**

EXPENDITURE MONITORING 2008/09**Abstract**

This Report updates Members on the situation regarding the Board's projected Revenue and Capital expenditure for 2008/09 as at 31 December 2008

1 RECOMMENDATION

It is recommended that

- (i) Members note the contents of this Report which details the financial position of the Fire and Rescue Board as at 31 December 2008.
- (ii) Members note that if the Board's uncommitted reserves exceed 5% at the end of the financial year, this excess will be returned to the constituent Councils of the Board.

2 INTRODUCTION

A revenue monitoring report detailing the year end projections for each category of expenditure contained within the revenue budget is enclosed as Appendix A and a capital monitoring report is enclosed as Appendix B.

3 NOTES TO THE REVENUE MONITORING REPORT – APPENDIX A**Staff Costs (excluding pensions)**

A projected underspend of £732,054 is forecast. This underspend is mainly due to estimated Wholetime personnel and Control staff slippage and related on-costs of around £339,403; Support staff savings of £104,756; reduced Retained activity of £165,441 and reduced overtime payments of £164,000. There are a number of other minor overspends of £6,546 which offset these underspends.

Staff Costs – Pensions/Commutations

A projected overspend of £1,117,720 is forecast. The overspend is mainly due to a projected £421,000 in transfer values which is estimated will be paid out in 2008/09. In addition to this main factor, monthly pension payments are projected to overspend by £24,500, commutation lump sums are projected to overspend by an estimated £195,220 and, ill health retirals are forecast to underspend by £252,000. It should be noted that the Staff Costs detailed also take account of payments that require to be made with regard to increased commutation factors which amount to £729,000 over 2007/08 and 2008/09. These payments are to be reimbursed to the Board through a redetermination of the Revenue Support Grant paid to the constituent Councils in March 2009. A

written request for these additional monies will be made to the constituent Council before the end of the financial year.

Running Costs

Over the three main categories of Property Costs, Supplies and Services and Transport Costs there are various projected over and underspends that will result in a projected net overspend of £255,641. This is due mainly to a number of planned additional spends forecast across the three main categories including:

Description	£
Planned and Unplanned Repairs and Maintenance	68,000
Gas and Electricity	38,000
Operational and Community Fire Safety Equipment	21,000
Hydrant Maintenance	21,000
Uniforms and Protective Clothing	20,000
Diesel Costs	25,000
Miscellaneous Property Costs	18,618
Miscellaneous Supplies and Services	25,018
Miscellaneous Transport Costs	19,005

Capital Financed from Current Revenue (CFCR)

There is a projected overspend of £165,000 on CFCR. This is required to complete the 2007/08 CFCR funded project to provide separate toilets, showers and changing facilities within the Vehicle Workshops Facility at Blackness Road, Dundee. In addition, this budget head is being utilised to supplement additional capital expenditure being incurred on the build of a combined Aerial Rescue Pump.

Capital Financing Costs

Perth & Kinross Council, who manage the Board's debt portfolio, are projecting an overspend in Capital Financing Costs ("Loan Charges") for 2008/09 of £26,210.

In line with the Board's requirement to reduce its long term debt, previous underspends were utilised to redeem long term external debt held by the Board, which incurred a premium cost. This strategy has brought the current year expenditure broadly in line with the budget.

Income

The projected income that will be generated during 2008/09 is estimated to be £1,186,574 in excess of the budgeted figure. This is mainly due to unbudgeted transfer values forecast to be £447,000 above budget and a projected increase in the amount of interest receivable on our bank deposits of £4,000. This figure also takes into account the reimbursement of payments that require to be made with regard to increased commutation factors which amount to £729,000 over 2007/08 and 2008/09. Other variances when offset against each other amount to an additional increase in income estimated to total £6,574.

4 NOTES TO THE CAPITAL MONITORING REPORT - APPENDIX B

It is projected that the total capital expenditure for the year will be £44,479 less than the total capital funding available. A minimal amount of the estimated capital expenditure for the year has been incurred up to 15 December 2008. This is in line with the expenditure trends expected at this time of the year.

5 CONSULTATION

The Clerk has been consulted in the preparation of this Report.

6 CONCLUSIONS

6.1 Conclusion - Revenue Expenditure

The total projected underspend on the revenue account for the year is £354,057. There is, however, an adjustment required to this figure to reflect the shortfall in funding as detailed in Tayside Fire and Rescue Board Report No.FB/08/04. The approved revenue budget for 2008/09 was set at a figure of £211,881 above the level of requisitions from the constituent Councils, therefore this amount requires to be funded from the Board's reserves. In addition a value amounting to £280,264 requires to be funded from the Board's committed reserves in respect of pensions from previous years. The total effect of these adjustments results in an in-year surplus of £142,173, but a reduction in the Board's total reserves of £138,091.

These adjustments to the projected overspend for the year have the following effect:

	2008/09	2009/10	2010/11
	£'000	£'000	£'000
General Fund Balance Brought Forward	1,836	1,698	1,394
Projected / Budgeted Surplus for Year	142	(20)	0
Projected Pension Commutation Paid from Earmarked Balance	(280)	(284)	0
General Fund Balance Carried Forward	1,698	1,394	1,394
Pension Commutation Balance Remaining in General Fund	(284)	0	0
Projected Uncommitted Year End Balance	1,414	1,394	1,294
Projected Uncommitted Balance as a % of Revenue Budget	4.9%	4.4%	4.4%

The statutory limit for the balance on the Board's uncommitted reserves is 5% of the net revenue budget for the year. It is proposed that if this limit is exceeded in 2008/09, then the excess funds will be returned to the constituent Councils to the Board. It should be stressed that expenditure, and particularly that relating to pensions and staff costs will be closely monitored and the Board will be kept advised as required.

6.2 Conclusion - Capital Expenditure

It is projected that the total capital expenditure for the year will be £44,479 less than the total capital funding available. Capital expenditure throughout the year is also carefully planned and monitored as, given the high value of some projects a slight variation in price can result in significant variations in the final cost. It is the intention that the total expenditure for the year will not exceed the total funding available and therefore the Board will not require to incur additional borrowing under the prudential regime.

S Hunter
Chief Fire Officer

J Symon
Treasurer

Background Papers

No background papers, as defined by section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

Brigade Headquarters
DUNDEE

2008/09 REVENUE PROJECTION BASED ON LEDGER as at 31 December 2008

SUMMARY		Board Approved Budget £	Projection Projected Outturn £	Variance £
Staff Costs			13,469,50	
Operational	Wholetime Personnel	13,692,794	0	-223,294
	Wholetime Personnel Overtime	500,000	336,000	-164,000
	Control Staff	844,609	763,500	-81,109
	Retained Personnel	1,911,826	1,746,385	-165,441
Support Staff		1,868,051	1,763,295	-104,756
Other Staff Costs		168,154	174,700	6,546
Total Staff Costs (excluding pensions)		18,985,434	18,253,38	-732,054
Pensions	Monthly Pension Payments	5,067,000	5,091,500	24,500
	Transfer Values	0	421,000	421,000
	Commutations	1,913,001	2,837,221	924,220
	Ill Health retirals	390,000	138,000	-252,000
	Other Grants	0	0	0
Total Staff Costs - Pensions/Commutations		7,370,001	8,487,721	1,117,720
Property Costs		1,205,998	1,330,616	124,618
Supplies & Services		1,596,387	1,684,138	87,751
Transport Costs		718,422	760,542	42,120
Third Party Payments		3,450	4,602	1,152
Capital Financed from Current Revenue		0	165,000	165,000
Capital Financing Costs		987,004	1,013,214	26,210
		30,866,696	31,699,21	832,517
Total Income		-1,737,716	-2,924,290	-1,186,574
Total Net Expenditure		29,128,980	28,774,92	-354,057
Shortfall in Funding (Report No FB/08/04 Refers)				211,884
Estimated Surplus for the Year				-142,173

TAYSIDE FIRE AND RESCUE BOARD**APPENDIX B****Capital Projection as at 31 December 2008**

Account Code	Description	Approved Budget 2008/09 £	Forecast Expenditure 2008/09 £	Actual Expenditure To Date £
80060	Property Imp / Energy Cons	180,000	415,231	50,585
80070	Property Minor Works	7,000	76,865	13,865
80090	Fire Engines & Equipment	864,000	859,140	474,890
80100	Ancillary Vehicles & Equip	84,000	84,000	0
80120	IT Development	84,000	84,000	14,288
80140	Hydrants & Operational Equip.	86,000	86,000	0
80200	Upgrade of Training Facilities	303,000	18,000	3,361
80300	Property Disability Discrimination Act	0	0	0
Total Capital Funded Expenditure		1,608,000	1,623,236	556,989
Percentage of Overall Budget Spent				34.64%
Funded By:				
Approved Capital Grant Funding			1,348,000	
Approved Capital Top-Slice Funding			260,000	
Other Capital Grants			0	
Capital Receipts from Disposal of Assets			25,386	
Previous Year's Unutilised Capital Funding b/fwd			34,329	
Total Capital Funding			1,667,715	
Forecast Capital Expenditure			1,623,236	
(Surplus)/Deficit for Year			-44,479	Surplus