

TAYSIDE FIRE AND RESCUE BOARD**REPORT BY THE CHIEF FIRE OFFICER AND TREASURER****11 MAY 2009**

UNAUDITED ACCOUNTS 2008/09 PROGRESS REPORT**Abstract**

This Report updates Members on the preparation of the Board's unaudited accounts for 2008/09.

1 RECOMMENDATIONS

It is recommended that Members:

- (i) Note the contents of this Report.
- (ii) Note the net projected movement in Tayside Fire and Rescue's reserves in accordance with the reserves strategy previously agreed and detailed in Report No FB/07/05.
- (iii) Note that the 2008/09 year end accounts will be submitted to the external auditors within the required timescales and will be published when audited.
- (iv) Note that a further Report will be presented to the Board once the accounts have been audited.

2 BACKGROUND

The Board is required to submit unaudited accounts for the financial year 2008/09 to the Controller of Audit by 30 June 2009. The detailed accounts and supporting statement are currently being prepared and will be submitted in accordance with this deadline.

The following analysis summarises the financial performance of the Board during the year and represents the best available information at the time of preparing this Report. Any further adjustments or changes identified will be included within the final accounts to be submitted to the auditors. These will also be reported to the Board when the accounts are presented for approval after audit.

3 FINANCIAL IMPLICATIONS

The major financial issues affecting Tayside Fire and Rescue in 2008/09 related to:

3.1 Staff Costs (excluding Pensions)

An overall projected underspend of £574,480 is forecast. This is mainly due to staff slippage on wholetime personnel of £136,954, reduced activity for retained duty staff of £140,226, slippage in Control staff salaries of £ 73,364, underspends on support staff of £94,645, and an underspend in operational overtime of £166,020. In addition there is a projected net overspend on other staff costs of £29,953 which offsets the above underspends.

3.2 Staff Costs – Pensions Related Payments

A projected overspend of £1,109,867 is forecast. The overspend is mainly due to a projected £454,459 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 £15,440, commutation lump sums are projected to overspend by an estimated £228,653 and, Ill Health Retirals are forecast to underspend by £314,685. 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 £726,000 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.

3.3 Running Costs

Over the various categories of running costs, there are several planned overspends that result in projected additional expenditure of £542,776. In addition to an element of necessary expenditure, decisions were taken at Management Team level during the year to utilise some of the identified savings in staff costs and additional income to finance additional planned expenditure across the total Running Costs categories as detailed below:

	<u>£</u>
<u>Property Costs</u>	
Repairs and Maintenance	49,000
Electricity	24,000
Miscellaneous Property Costs	24,154
<u>Supplies and Services</u>	
Operational Equipment	20,000
Community Fire Safety Equipment	27,000
Computer Maintenance	41,000
Legal Expenses – Non SLA	16,000
Training Supplies	10,350
Miscellaneous Supplies and Services	20,469
<u>Transport Costs</u>	
Fuel Costs	55,500
Parts & Materials	11,000
Tyres/Other Workshop Costs	30,300
Contract Car Hire	18,350
Miscellaneous Transport Costs	3,992
<u>CFCR</u>	
Workshops Improvements	27,291
Operational Equipment	102,395
Asset Management System	50,000
Miscellaneous CFCR	10,823
<u>Other</u>	
3 rd Party Payments	1,152
TOTAL	<u>542,776</u>

3.4 Capital Financing Payments

An overspend of £27,260 is forecast on Capital Financing Costs. 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.

Again this was a management decision taken in the best interests of Tayside Fire and Rescue with the assistance of our Treasury Management colleagues within Perth & Kinross Council.

3.5 Income

The projected income generated during 2008/09 is estimated to be £1,129,557 in excess of the budgeted figure. This is mainly due to unbudgeted transfer values forecast to be £269,600 above budget plus a projected increase in the amount reimbursed to Tayside Fire and Rescue as a result of seconded officers of £107,700. This figure also takes into account the reimbursement of payments that require to be made with regard to increased commutation factors which amount to £726,000 over 2007/08 and 2008/09. Other variances when offset against each other amount to an additional increase in income estimated to total £26,257.

4 **SUMMARY OF FINANCIAL POSITION FOR 2008/09**

The following summarises the provisional revenue expenditure variances for 2008/09:

	£
Staff Costs (excluding Pensions)	(574,480)
Pensions Related Expenditure	1,109,867
Running Costs	542,776
Capital Financing Costs	27,260
Income	(1,129,557)
Total	<u>(24,134)</u>

It should be noted that the total projected underspend on the revenue account for the year is £24,134. 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 deficit, and a reduction in the Board's total reserves of £468,011.

These adjustments to the reserves have the following effect:

	2008/09	2009/10	2010/11
	£'000	£'000	£'000
General Fund Balance Brought Forward	1,836	1,368	1,064
Projected / Budgeted Deficit for Year	(188)	(20)	0
Projected Pension Commutation Paid from Earmarked Balance	(280)	(284)	0
General Fund Balance Carried Forward	1,368	1,064	1,064
Pension Commutation Balance Remaining in General Fund	(284)	0	0
Projected Uncommitted Year End Balance	1,084	1,064	1,064
Projected Uncommitted Balance as a % of Revenue Budget	3.7%	3.6%	3.6%

The statutory limit for the balance on the Board's uncommitted reserves is 5% of the net revenue budget for the year.

5 CONCLUSIONS

The provisional underspend for the year is £24,134 due to the factors detailed in the body of this Report.

It is proposed that this underspend be added to the Board's uncommitted reserve in line with the reserve strategy approved in Report No. FB/07/05 to offset the funding required as detailed in Paragraph 4.

The Board's unaudited accounts for 2008/09 are being prepared and will be submitted to the external auditor within the required timescales.

6 CONSULTATION

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

S Hunter
Chief Fire Officer

J Symon
Treasurer

Background Papers

No background papers, as defined in 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.

Fire and Rescue Headquarters
DUNDEE