

TAYSIDE FIRE AND RESCUE BOARD

REPORT BY THE CHIEF FIRE OFFICER AND TREASURER

16 NOVEMBER 2009

EXPENDITURE MONITORING 2009/10**Abstract**

This Report updates Members on the situation regarding the Board's projected Revenue and Capital expenditure for 2009/10 as at 30 September 2009.

1 RECOMMENDATION

It is recommended that Members note the contents of this Report which details the financial position of the Fire and Rescue Board as at 30 September 2009.

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 EXPENDITURE MONITORING REPORT – APPENDIX A**Staff Costs (excluding pensions)**

A projected underspend of £347,887 is forecast.

This underspend is mainly due to wholetime and control staff slippage, plus the commencement of not replacing 8 operational posts and related on-costs amounting to an estimated total of £251,938 (including the firefighters pay award which was settled below budget and generates a saving of £158,559), reduced Retained activity of £38,582, reduced overtime payments of £11,500 and support staff slippage of £62,654.

There are a number of other minor projected overspends which offset this by £16,787.

Staff Costs – Pensions/Commutations

A projected overspend of £491,245 is forecast.

The overspend is mainly due to a projected £481,585 in transfer values which is estimated will be paid out in 2009/10. The approved Reserves Strategy of the Board, provides scope for meeting the costs of significant transfer values from reserves. Although these types of payments are normally contained within revenue spending, an individual transfer of some £210,585 has recently been requested. It is currently anticipated that any overspend on the revenue account arising from this will require to be funded from the Board's reserves. Additional commutation payments payable to officers due to retire this year also amount to £64,321. This is offset by the projection

that only three officers will leave the service through ill health therefore producing an underspend of approximately £217,800.

In addition to this main factor, monthly pension payments are projected to overspend by £163,139, of which an estimated £52,980 is due to the pensioners pay award being 1% above the budgeted level.

The Firefighters Pension Scheme (FPS) provides pension benefits to firefighters recruited up to 5 April 2006. This scheme provides that a firefighter can exchange up to 25% of their pension for a tax free lump sum on retirement. (This does not apply to the New Firefighters Pension Scheme which covers firefighters recruited from 6 April 2006.)

The scheme provides that the lump sum provided must be the actuarial equivalent of the pension being exchanged. The Government Actuary's Department (GAD) provides the factors that meet this requirement. Put simply this means that younger pensioners receive larger lump sums as they are potentially giving up more pension than their older counterparts.

The current factors were initially backdated to 1 October 2007 [Report No.FB/08/38 refers]. Similar factors apply in the police pension scheme and following a judicial review of the Police factors the judge determined that the factors should be applied from the date they are provided by GAD. In the case of the FPS this was 22 August 2006 which is the date the factors are being backdated to.

Guidance has been issued to fire and rescue authorities advising them to identify those firefighters who retired between 22 August 2006 and 30 September 2007 who will be entitled to arrears. This amount has been calculated and is estimated at £459,925. Funding for the arrears and interest will be provided centrally by the Scottish Government therefore this further backdating of commutation factors should have no effect on the revenue budget of Tayside Fire and Rescue.

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 £110,408. These can be summarised as follows:

<u>Property Costs</u>	<u>£</u>
Repairs and Maintenance	12,000
Rates	13,674
Rents – Radio Station Sites	13,000
Miscellaneous Property Costs	(2,637)
<u>Supplies and Services</u>	
Communications Rental	11,000
SLA Costs	13,992
Insurance Premiums	7,709
Telephone Rental/Calls	30,000
Equipment	30,000
Miscellaneous Supplies and Services	(1,587)

<u>Transport Costs</u>	
Insurance Premiums	(30,919)
Travel & Subsistence	(6,920)
Workshop Costs	8,000
Car Hire Payments	13,050
Miscellaneous Transport Costs	(1,000)
<u>Other Costs</u>	
Third Party Payments	1,046
	Total <u>110,408</u>

Capital Financed from Current Revenue

There is currently a projected underspend of £60,000.

A decision has been taken to reduce expenditure on this budgethead in order to help address the overall projected underspend.

Capital Financing Costs

Perth & Kinross Council, who manage the Board's debt portfolio, are projecting a minor overspend in Capital Financing Costs ("Loan Charges") for 2009/10 of £13,312.

Income

The projected income that will be generated during 2009/10 is estimated to be £115,659 in excess of the budgeted figure. This is mainly due to unbudgeted transfer values received to date of £26,600, seconded officer income of £77,500 in excess of budget, projected H.M.O. Licence income in excess of budget by £12,000 and a number of other minor variances totalling £18,100. These are offset by pension contributions projected to be less than those budgeted, by £18,541.

4 NOTES TO THE CAPITAL MONITORING REPORT – APPENDIX B

It is projected that the total capital expenditure for the year will be approximately £40,545 less than budgeted for 2009/2010. It should be noted that a minimal amount (approximately 22.94%) of the estimated capital expenditure for the year has been incurred up to 30 September 2009. 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 overspend on the revenue account for the year is £91,419. 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/09/03. The approved revenue budget for 2009/10 was set at a figure of £165,549 above the level of requisitions from the constituent Councils, therefore it was approved that this amount

would require to be funded from a combination of efficiency savings (£145,549) and transfers from the Board's reserves (£20,000). Given the projection as at 30 September 2009, a transfer will be required from the Board's reserves primarily because of the projected overspend on transfer values described at Section 3 above. If the current situation remains at the year end this will result in a transfer from the Board's reserves of £256,967.

These adjustments to the projected year end position have the following effect:

	2009/10
General Fund Balance Brought Forward	1,765,000
Projected / Budgeted Deficit for Year	(257,000)
Projected Future Pension Commutations to be Paid From Earmarked Balance	(773,000)
Projected Uncommitted General Fund Balance Carried Forward	735,000
Projected Uncommitted Balance as a % of Amount Requisitioned in 2009/10	2.5%

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 in line with 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.

Fire and Rescue Headquarters
DUNDEE

TAYSIDE FIRE AND RESCUE BOARD

2009/10 REVENUE PROJECTION BASED ON LEDGER as at 30 September 2009

SUMMARY		Board Approved Budget £	Projection Projected Outturn £	Variance £
<u>Staff Costs</u>				
	Wholetime Personnel	13,825,114	13,632,000	-193,114
	Wholetime Personnel Overtime	510,000	498,500	-11,500
	Control Staff	865,724	806,900	-58,824
	Retained Personnel	1,959,622	1,921,040	-38,582
	Support Staff	2,007,549	1,944,895	-62,654
	Other Staff Costs	170,833	187,620	16,787
Total Staff Costs (excluding pensions)		19,338,842	18,990,955	-347,887
Pensions:	Monthly Pension Payments	5,439,861	5,603,000	163,139
	Transfer Values	0	481,585	481,585
	Commutations	934,349	998,670	64,321
	Ill Health Retirals	397,800	180,000	-217,800
	Other Grants	0	0	0
Total Staff Costs - Pensions/Commutations		6,772,010	7,263,255	491,245
Property Costs		1,283,287	1,319,324	36,037
Supplies & Services		1,606,679	1,697,793	91,114
Transport Costs		777,289	759,500	-17,789
Third Party Payments		3,554	4,600	1,046
Capital Financed from Current Revenue		400,000	340,000	-60,000
Capital Financing Costs		747,726	761,038	13,312
		30,929,387	31,136,465	207,078
Total Income		-1,696,741	-1,812,400	-115,659
Total Net Expenditure		29,232,646	29,324,065	91,419
Committed Efficiency Savings/Transfer from Reserves				165,548
Projected Transfer from Reserves				256,967

TAYSIDE FIRE AND RESCUE BOARD

Capital Projection as at 19/10/09

Account Code	Description	Approved Budget 2009/10 £	Forecast Expenditure 2009/10 £	Actual Expenditure To Date £
80060	Property Imp / Energy Cons	15,000	120,300	22,313
80070	Property Minor Works	50,000	110,000	0
80090	Fire Engines & Equipment	885,000	686,260	11,112
80100	Ancillary Vehicles & Equip	88,000	93,067	74,836
80155	FIRELINK	0	41,512	33,178
80120	IT Development	90,000	118,488	81,512
80140	Hydrants & Operational Equip.	107,000	83,995	44,995
80200	Upgrade of Training Facilities	380,000	376,000	102,519
Total Capital Funded Expenditure		1,615,000	1,629,622	370,464
Percentage of Budget Spent				22.94%

Funded By:

Approved Capital Grant Funding	1,329,672	
Approved Capital Top-Slice Funding	260,000	
Other Capital Grants	0	
Capital Receipts from Disposal of Assets	40,000	
Previous Year's Unutilised Capital Funding b/fwd	40,495	
Total Capital Funding	1,670,167	
Forecast Capital Expenditure	1,629,622	
(Surplus)/Deficit for Year	-40,545	Surplus

