

TAYSIDE FIRE AND RESCUE BOARD

REPORT BY THE CHIEF FIRE OFFICER AND TREASURER

1 FEBRUARY 2010

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 31 December 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 31 December 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 £282,574 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 £216,188 (including the firefighters pay award which was settled below budget and generates a saving of £158,559), increased Retained activity of £38,378, reduced overtime payments of £19,000 and support staff slippage of £92,651.

There are a number of other minor projected overspends which amount to £6,887.

Staff Costs – Pensions/Commutations

A projected overspend of £507,650 is forecast.

The overspend is mainly due to a projected £482,748 in transfer values which is estimated will be paid out in 2009/10. In compliance with the approved Reserves Strategy of the Board, significant transfer values payable are transferred from the Board's reserves. Although these types of payments are normally contained within revenue spending, an individual transfer of some £210,585 has recently been requested, therefore 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 £74,563. 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 these main factors, monthly pension payments are projected to overspend by £168,139, of which an estimated £52,980 is due to the pensioners pay award being 1% above that budgeted.

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 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 £96,235. These can be allocated as follows:

<u>Property Costs</u>	<u>£</u>
Repairs and Maintenance	21,000
Rates	16,043
Rents – Radio Station Sites	13,000
Miscellaneous Property Costs	(2,514)
<u>Supplies and Services</u>	
Communications Rental	11,000
SLA Costs	29,705
Insurance Premiums	(10,612)
Telephone Rental/Calls	30,000
Equipment	30,000
Uniforms & Protective Clothing	(20,000)
Miscellaneous Supplies and Services	(6,818)

<u>Transport Costs</u>	
Insurance Premiums	(45,945)
Travel & Subsistence	16,380
Workshop Costs	(2,500)
Car Hire Payments	18,050
Miscellaneous Transport Costs	300
<u>Other Costs</u>	
Third Party Payments	(854)
	Total <u>96,235</u>

Capital Financed from Current Revenue

Due to a reprioritisation of spend within the capital account it has been possible to transfer expenditure relating to the refurbishment within Perth Station to be transferred from this category within the revenue account to a corresponding category within the capital account and has resulted in a reduction of the outturn of £60,000.

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 £14,132.

Income

The projected income that will be generated during 2009/10 is estimated to be £259,603 in excess of the budgeted figure. This is mainly due to unbudgeted transfer values received to date of £120,244, seconded officer income of £97,500 in excess of budget, projected H.M.O. Licence income in excess of budget by £20,000, Rental Income in excess of budget by £11,000 and a number of other minor variances totalling £10,859.

4 NOTES TO THE CAPITAL MONITORING REPORT – APPENDIX B

It is projected that the total capital expenditure for the year will be approximately £54,112 underspent for 2009/10. It should be noted that approximately 60.45% 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 £15,840 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 31 December 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 £181,388.

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

	2009/10
General Fund Balance Brought Forward	1,852,685
Projected / Budgeted Deficit for Year	(772,780)
Projected Future Pension Commutations to be Paid From Earmarked Balance	(181,388)
Projected Uncommitted General Fund Balance Carried Forward	898,517
Projected Uncommitted Balance as a % of Amount Requisitioned in 2009/10	3.08%

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
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APPENDIX A**TAYSIDE FIRE AND RESCUE BOARD****2009/10 REVENUE PROJECTION BASED ON LEDGER as at 31 December
2009**

SUMMARY		Board Approved Budget	Projection Projected Outturn	Variance
		£	£	£
<u>Staff Costs</u>				
Operational	Wholetime Personnel	13,825,114	13,672,250	-152,864
	Wholetime Personnel Overtime	510,000	491,000	-19,000
	Control Staff	865,724	802,400	-63,324
	Retained Personnel	1,959,622	1,998,000	38,378
Support Staff		2,007,549	1,914,898	-92,651
Other Staff Costs		170,833	177,720	6,887
Total Staff Costs (excluding pensions)		19,338,842	19,056,268	-282,574
Pensions	Monthly Pension Payments	5,439,861	5,502,000	62,139
	Monthly Injury Payments	0	106,000	106,000
	Transfer Values	0	482,748	482,748
	Commutations	934,349	1,008,912	74,563
	Ill Health retirals	397,800	180,000	-217,800
	Other Grants	0	0	0
Total Staff Costs - Pensions/Commutations		6,772,010	7,279,660	507,650
Property Costs		1,283,287	1,330,816	47,529
Supplies & Services		1,606,679	1,669,954	63,275
Transport Costs		777,289	763,574	-13,715
Third Party Payments		3,554	2,700	-854
Capital Financed from Current Revenue		400,000	340,000	-60,000
Capital Financing Costs		747,726	761,858	14,132
		30,929,387	31,204,830	275,443
Total Income		-1,696,741	-1,956,344	-259,603
Total Net Expenditure		29,232,646	29,248,486	15,840
Committed Efficiency Savings				-165,548
Projected Transfer from Reserves				181,388

APPENDIX B**TAYSIDE FIRE AND RESCUE BOARD****Capital Projection as at 31 December 2009**

Account Code	Description	Approved Budget 2009/10 £	Forecast Expenditure 2009/10 £	Actual Expenditure to date £
80060	Property Imp / Energy Cons	15,000	120,300	54,610
80070	Property Minor Works	50,000	110,000	0
80090	Fire Engines & Equipment	885,000	686,260	346,530
80100	Ancillary Vehicles & Equip	88,000	94,495	86,759
80155	FIRELINK	0	41,512	33,289
80120	IT Development	90,000	118,488	89,794
80140	Hydrants & Operational Equip.	107,000	74,000	58,975
80200	Upgrade of Training Facilities	380,000	376,000	315,555
Total Capital Funded Expenditure		1,615,000	1,621,055	985,512

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	45,000	
Previous Year's Unutilised Capital Funding b/fwd	40,495	
Total Capital Funding	1,675,167	
Forecast Capital Expenditure	1,621,055	
(Surplus)/Deficit for Year	-54,112	Surplus

