

## REPORT OF THE CHIEF FIRE OFFICER AND THE TREASURER

# REVENUE BUDGET AND CAPITAL PROGRAMME 2005/06

### 1 Purpose of Report

The report informs the Committee of the current position of the 2005/06 revenue budget and capital programme.

### 2 Recommendations

The Committee is asked to:

- a) Note the position to date of the 2005/06 revenue budget and capital programme;
- b) Recommend to the Fire Authority that further underspends identified are transferred to reserves and provisions, as detailed in paragraph 4; and
- c) Recommend that the Fire Authority note the virements already approved by the Chief Fire Officer and the Treasurer, and approve the virements attached at the appendix to this report.

### 3 Background

Work continues on the monitoring of the revenue budget and the capital programme for 2005/06, with regular exception reporting to Policy Group. A number of virements have been requested, and a schedule containing these can be found as an appendix to this report, for recommendation to the Authority.

A full review of the budget to January 2006 has been undertaken and, in addition to the variations already reported to the Strategy and Resources Committee and the Fire Authority, the revenue budget is likely to have further unspent balances at the end of the financial year. These areas are now brought to the attention of the Committee, to enable decisions to be made regarding the treatment of these balances at the end of the year.

Monitoring also continues on the Fire Authority's capital schemes, and progress is reported to the Committee.



## 4 Variations in the Revenue Account

	Variation Over/ (Under) £'000
<p><b>Pay Budgets</b> The Fire Authority's pay budgets have been monitored very closely by key budget holders during the year and as a result of this monitoring final outturn on pay is likely to be within £5,000 of the total pay budget.</p>	
Variations within this total include:	
<b>Retained duty system:</b> stations operating at below current establishment levels have resulted in an underspend on retaining fees.	(12)
<b>Activity led retained budgets:</b> are now held at average levels. Incidents have been slightly below average due to increased community fire safety activity, and this has resulted in an underspend of around £27,000. It is proposed that this balance is taken to the Bad Weather reserve, which is to be created to support excessive incidents at retained stations next year. In addition, loss of earnings expenditure has exceeded budgeted levels due to the high level of training undertaken this year.	(27)  20
<b>Service Delivery:</b> recent retirements have resulted in a small underspend in Prevention. It is requested that this underspend is used to purchase information technology equipment for use during fire prevention and the Youth Quiz.	(13) 9 2
<b>Human Resources / Strategy and Performance:</b> re-organisation of operational posts in these areas has resulted in a one-off additional cost of £20,000	20
<p><b>Other Budgets</b></p> <p><b>Energy:</b> increases were applied to gas and electricity budgets to allow for high price increases. They have not, however, affected 2005/06 as much as anticipated.</p>	(40)
<b>Operational Equipment Maintenance:</b> expenditure on a number of items, e.g. replacement Holmatro blades, has added to the ongoing list of equipment maintenance. This budget has been overspent for a number of years, will be reviewed in 2006/07 and will probably require a virement.	40
<b>Efficiency Savings:</b> savings have been identified in the water budget and in the Workshop's equipment recharges. These have been taken into account when setting budgets for 2006/07 and following years.	(11) (35)
<b>Underspends to be rolled forward to 2006/07:</b> unspent balances remain on budgets for investing in the Fire Authority's telecommunications and mobilising equipment. These balances will be spent during the first few months of 2006/07 and it is, therefore, proposed that these are rolled forward to be added to the budgets set in these areas for next year.	(58)

In summary, it is recommended that the balances detailed on the previous page are taken to reserves at the year end in the following proportions:



- £58,000 is added to the General Reserve, to be released into 2006/07 budgets in April 2006;
- £27,000 is added to the Bad Weather Reserve, as this reflects the proposed treatment of underspent balances in the retained budget for next year; and
- The balance of £7,000 is taken to the Capital Fund.

## **5 Pensions**

The Fire Authority noted in February that the expected balance available for the Capital Fund at the end of March was £550,000, a reduction of £150,000 on the levels anticipated in the Authority's budget planning in December because of transfers from the Brigade. Subsequently, details of the pension transfer balances awaited by the Fire Authority have been received and they are substantially higher than originally anticipated, offsetting the reduction.

Taking these transfer balances into account, the Capital Fund balance is now expected to be in the region of £700,000, i.e. the level agreed by the Fire Authority in December 2005.

## **6 Capital Programme**

Progress continues to be made on all schemes within the Fire Authority's Programme for 2005/06, including those schemes which were brought forward from 2006/07, following approval by the Authority in December 2005.

Some slippage is expected on a number of the schemes, which will not be completed in this financial year.

## **7 Legal Comment**

There are no legal implications arising directly out of this report.

## **8 Equality and Diversity Implications**

There are no equality or diversity implications arising out of this report.

## **9 Appendix**

Virements Schedule to January 2006

## **10 Background Papers**

There are no background papers associated with this report.

For further information about this report please contact Keith Dixon, Treasurer, on 01743 260202 or Joanne Coadey, Principal Accountant, on 01743 260215



**Virements Schedule to January 2006**

<b>Date</b>	<b>Relinquishing Vote</b>	<b>Receiving Vote</b>	<b>£</b>	<b>Purpose</b>
<b>Virements approved by the Chief Fire Officer and the Treasurer</b>				
26/01/2006	Control Room Pay	Control Room Overtime	4,000	Overtime overspend to cover vacancies
26/01/2006	Wholetime Overtime	Incident Command Overtime	8,000	Reduction to 4 posts has led to increased overtime
26/01/2006	Wholetime Overtime	Community Fire Safety Marketing and Publicity	600	Xmas Campaign Posters
26/01/2006	Smoke Alarms	Community Fire Safety Marketing and Publicity	10,000	Transfer of unspent smoke alarm budget to Community Fire Safety budget
26/01/2006	Waste Disposal	Water Charges	5,000	Underspends on waste transferred to cover unrealised efficiencies on water charges
26/01/2006	Geographical Intelligence Unit New Posts	Risk Management Awareness Training	1,500	Vacant salary used for training costs
<b>Virements to be approved by the Authority</b>				
26/01/2006	Contingency	Control Room Overtime	13,000	Overtime overspend to cover vacancies
26/01/2006	Contingency	Relocation Expenses	15,000	To cover expenses of new Assistant Divisional Officers
26/01/2006	Interest on Investments	Contingency	23,000	Predicted excess income from interest earned