

# Hampshire Fire and Rescue Authority

## Finance and General Purposes Committee

Item 5

14 January 2011

### Budget Monitoring: November 2010

### Report by the Chief Officer and Treasurer

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## 1 Summary

- 1.1 The latest analysis of expenditure forecasts a total underspend of £974,000 for 2010/11. The main variations quarter by quarter can be summarised as follows:

	Q1	Q2	Q3 (at end of November 2010)
	£'000	£'000	£'000
Wholetime pay and allowances	-500		-150
Retained pay and allowances	+250		-50
Support staff pay			-298
Training expenses			-50
Operational leasing			-59
ICT	+100		+469
Business rates		-76	
Transport		+50	
Other supplies	+125		-46
Unallocated inflation provision		-125	
Unallocated efficiency savings			-609
Revenue contributions / interest charges			+107
Pensions	25	-148	
Other minor variations			+11
	<hr/>	<hr/>	<hr/>
	0	-299	-675
Cumulative variation (forecast outturn)	<hr/>	<hr/>	<hr/>
	0	-299	-974

## 2 Recommendations

- 2.1 That the latest financial position for 2010/11 be accepted.

### 3 Revenue expenditure

3.1 The latest position is detailed in Appendix A. The main variances can be summarised as follows:

	Original budget	Projected outturn Q2	Virements and eff gains/allns	Projected outturn P8	Variance P8-Q2
	£000	£000	£000	£000	£000
Wholetime firefighters pay	34,028	33,160	15	33,025	-150
Retained firefighters pay	6,298	6,665	64	6,679	-50
Support staff pay	10,385	10,389	237	10,328	-298
Other employee costs including pensions	1,858	2,079	27	2,061	-45
Premises costs	3,720	3,761	3	3,764	0
Transport costs	2,417	2,465	91	2,497	-59
ICT	3,236	3,804	-56	4,217	+469
Unallocated efficiency savings	79	482	148	21	-609
Other expenditure	6,955	6,720	-99	6,688	+67
Income	-1,470	-2,075	-430	-2,505	0
Contributions to reserves	654	411		411	0
Total budget/projected outturn	68,160	67,861	0	67,186	-675

#### Wholetime firefighters pay and allowances (-£150,000, -0.5%)

3.2 In the first quarter an underspend of £500,000 was forecast due mainly to an estimated 20 firefighter vacancies spread evenly throughout the year. At 1 December 2010 there were 12 vacancies with a further three expected by the end of the year, reducing the projected underspend by £100,000.

3.3 The budget included provision of 1% for the July 2010 pay award. It now seems probable that there will be no pay award: this will reduce planned expenditure by £250,000 this year and £333,000 in 2011/12.

#### Retained firefighters pay and allowances (-£50,000, -0.75%)

3.4 The budget included provision of 1% for the July 2010 pay award. It now seems probable that there will be no pay award: this will reduce planned expenditure by £50,000 this year and £67,000 in 2011/12.

#### Support staff pay (-£298,000, -2.8%)

3.5 At 1 November there were 25 full time equivalent support staff vacancies with five agency staff filling those vacancies. This give rise to 7% turnover savings: some £200,000 (2.5%) more than originally assumed.

- 3.6 The 2010/11 budget included provision for a 1% pay increase from April 2010. It is assumed that there will be no pay award this year reducing expenditure by £98,000 this year and in 2011/12.

**Other Employee Expenses (-£50,000, -4.3%)**

- 3.7 An underspend in training expenses has been identified. This has arisen mainly from using more cost-effective, locally-run, management training courses rather than those offered by the Fire Service College.

**Transport – operational leasing (-£59,000, -9.9%)**

- 3.8 This reduced ongoing reduction in expenditure results from lower-cost lease extensions than originally budgeted for.

**Information and Communications Technology (+£469,000, +13%)**

- 3.8 It is planned to spend £1.2m this year on the FireWatch programme. Existing budget provision is £0.7m leaving £0.5m to be funded from other sources. It is anticipated that the balance will be funded from underspendings within the revenue budget. The Improvement and Sustainability reserve is available if required.

**Other supplies (-£46,000, -2.3%)**

- 3.9 Savings in the cost of hiring venues for conferences have been achieved by arranging fewer conferences and using local authority owned venues.

**Shirley Towers incident**

- 3.10 No expenses have yet been paid to the two fire and rescue authorities that assisted Hampshire Constabulary with the investigation. It is anticipated that these costs will be incurred and contained within this year's budget. They have not been included in Appendix 1 at this stage.

**4 Reserves**

**Improvement and sustainability reserve**

- 4.1 The balance of this reserve currently stands at £2,295,000. The following projects included in the projected outturn could, if necessary, be funded from this reserve. However, given the overall underspend position, it is likely that the costs can be met from within existing budgets.

	2010/11 £	2011/12 £
Contribution to the replacement computer Network to be repaid in following financial year	100,000	-100,000
FireWatch programme	469,000	17,000
Total	569,000	-83,000

### Reserves – Summary

4.2 The following table summarises movements in reserves and the general balance:

	Actual level 1/4/10 £000	Budgeted addition in year £000	Estimated use in year £000	Estimated balance 31/3/11 £000
I&S reserve	2,295		* see para 4.1	2,295
Earmarked underspendings	441		-441	0
Capital Payments	926	+245	-926	245
Grant reduction	340	+607		947
General Balance	2,000	0	0	2,000
	<u>6,002</u>	<u>+852</u>	<u>-1,367</u>	<u>5,487</u>

## 5 Cashable efficiency gains (-£609,000)

5.1 The previous Government's Comprehensive Spending Review (CSR07) required the Authority to identify cashable efficiency gains of £1,055,000 in each year from 2008/09 to 2010/11. Efficiency gains identified to date total £3.5 million. Increases in efficiency gains implemented to date and reflected in the latest budget are as follows:

	2010/11 £	2011/12 £
Unallocated efficiency gains b/fwd	-482,000	-327,000
Uniform cost savings following change of policy to "tear and wear"	-40,000	
Fleet Maintenance Centre – more efficient working to generate additional income	-61,000	
Farnborough air show – cost savings	-16,000	
Central Services department – various cost savings	-44,000	-9,000
Occupational health department – cost savings in staff counselling and well being	-12,000	-7,000
Fort Widley radio station - closed	-5,000	-5,000

Group manager (East Hampshire) replaced by station manager	-3,000	-5,000
Savings in printing costs	-4,000	-4,000
Insurance premium savings from tendering with consortium		-156,000
Total	-667,000	-513,000

5.2 The unallocated cashable efficiency gains identified to date for 2010/11 total £667,000, of which £37,000 have been reinvested this quarter. This leaves a net underspend of £630,000 for 2010/11 and £485,000 for 2011/12.

Reinvestments this quarter are:

	2010/11	2011/12
	£	£
Working with volunteers	17,000	20,000
Staff Review project manager (12 months)	20,000	7,000
Full year effect of equality and diversity external advisers.		1,000
Total	37,000	28,000

5.3 A small unallocated balance of £21,000 is required to be held for possible additional budget pressures allowing £609,000 to be declared as an underspend to help the forward budget position.

## 6 Capital

6.1 There are no changes to the capital commitments other than a small increase in revenue contributions (£20,000) to that reported to the Authority last month.

## 7 Capital Receipts

7.1 No property sales have been completed this quarter and, as reported last quarter, none are expected in this financial year.

## 8 Conclusion

8.1 The savings of £675,000 identified this quarter plus savings identified previously total £974,000. These savings, together with the balance in the improvement and sustainability reserve, will help ease the pressure on the current and future years' budgets.

## 9 People Impact Assessment

9.1 The proposals in this paper are not assessed to be discriminatory and considered compatible with the provisions of the European Convention on Human Rights, the Human Rights Act 1988 and the Race Relations (Amendment) Act 2000.

## **10 Background papers**

10.1 The following documents disclose the facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of the report:

**None identified**

Note: The list excludes: (1) published works; and (2) documents that disclose exempt or confidential information defined in the Act.