

## NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY

Report of the Director of Finance & Technical Services

24th SEPTEMBER 2014

## CURRENT FINANCIAL POSITION 2014/15

**1.0 Purpose of Report**

1.1 To advise on the current position of the 2014/15 Budget.

**2.0 Overview**

2.1 An early budget update was presented to the Authority in June. At the time, no changes to the 2014/2015 Estimates had been advised by Budget Holders.

2.2 Based upon actual expenditure as at 31<sup>st</sup> August 2014, and information supplied by Budget Holders, Appendix A to this report sets out details of a provisional outturn of £30,385,000 against an approved budget of £30,689,200, resulting in a potential year end underspend of £304,200. This is equivalent to 1% of the original estimate and as such, falls outside of the Authority's Budget Management Performance target of 0% overspend to 0.5% underspend.

2.3 Detailed explanations of individual variances are attached at Appendix A. This can be analysed as follows:

	£
Direct Staff Costs	(162,800)
Indirect Staff & Non Staff Costs	59,600
Income	(12,000)
Capital Financing Charges	<u>(189,100)</u>
<b>Net forecasted surplus</b>	<b><u>(304,200)</u></b>

2.4 As regards Capital Financing Charges, the underspend is due to the following:

- 2013/14 scheme slippage into 2014/15 £-49,300  
As debt charges are typically not incurred until the year after capital expenditure, these monies will be required to fund debt charges in 2015/16 which consequently slip into next year. Therefore a transfer to the capital reserve will be made at the year end to support this.
- Additional use of reserves to fund 2013/14 expenditure £-30,000
- Expiry of three leases identified to be one year earlier than budgeted for £-118,800

2.5 As in previous years, Budget Holders will be reminded to contain the non staff overspend within approved budgets. Moreover, as the mid point of the year approaches, they will be asked to consider their current forecast for each budget in light of actual spend to date to ensure that all expenditure for goods

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and services not yet committed can be specified to detail, ordered and received by 31<sup>st</sup> March 2015.

- 2.5 Appendix B sets out the expenditure forecast against the capital programme which is currently forecast to be £803,600 overspent. This relates primarily to expenditure carried forward from 2013/14 on both property schemes and vehicle acquisitions. Detailed explanations of individual variances are attached at Appendix B.

### **3.0 Recommendation**

- 3.1 That the report be noted.

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12<sup>th</sup> September 2014

**NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY**  
**REVENUE BUDGET 2014/2015 - Spend to 31st August 2014**

	2014/2015 Revised Budget £'000	2014/2015 Spend to Date £'000	2014/2015 Forecast Outturn £'000	Variance £'000	Note
Wholetime Firefighters	13,113.3	5,993.2	12,856.1	-257.2	1
Retained Firefighters	2,647.7	814.7	2,718.1	70.4	2
Administrative & Clerical	2,822.5	1,315.9	2,840.8	18.3	3
Control Room Staff	776.5	368.2	782.3	5.8	4
<b>Total Direct Staff Costs</b>	<b>19,360.1</b>	<b>8,492.0</b>	<b>19,197.3</b>	<b>-162.8</b>	
<b>Indirect Staff Costs</b>	352.0	69.7	350.5	-1.6	
<b>Members Expenses</b>	75.7	29.9	75.7	0.0	
<b>Premises</b>	1,943.8	966.9	1,976.3	32.5	5
<b>Transport</b>	791.8	291.6	791.8	0.0	
<b>Supplies and Services</b>	2,571.5	904.5	2,600.2	28.7	6
<b>Operating Leases</b>	273.8	299.4	273.8	0.0	
<b>External Service Agreements</b>	265.8	22.9	265.8	0.0	
<b>PFI</b>	735.5	272.2	735.5	0.0	
<b>Total Indirect Staff and Non Staff Costs</b>	<b>7,009.9</b>	<b>2,856.9</b>	<b>7,069.5</b>	<b>59.6</b>	
<b>Pensions</b>	<b>3,178.1</b>	<b>1,410.7</b>	<b>3,178.1</b>	<b>0.0</b>	
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARGES</b>	<b>29,548.1</b>	<b>12,759.6</b>	<b>29,444.9</b>	<b>-103.2</b>	
Provision For Debt Repayment	1,641.3	0.0	1,528.3	-113.0	7
External Interest	1,190.9	433.3	1,114.8	-76.1	7
<b>Total Capital Charges</b>	<b>2,832.2</b>	<b>433.3</b>	<b>2,643.1</b>	<b>-189.1</b>	
<b>TOTAL EXPENDITURE</b>	<b>32,380.2</b>	<b>13,192.9</b>	<b>32,088.0</b>	<b>-292.2</b>	
<b>Income</b>					
General Income	-499.5	-175.7	-495.7	3.8	8
PFI Grant	-649.0	-162.2	-649.0	0.0	
S31 Grants NNDR	-216.0	-89.5	-229.6	-13.6	9
Other Grants/Transitional Funding	-326.5	-355.4	-328.6	-2.1	
<b>TOTAL INCOME</b>	<b>-1,691.0</b>	<b>-782.8</b>	<b>-1,703.0</b>	<b>-12.0</b>	
<b>NET SERVICE EXPENDITURE</b>	<b>30,689.2</b>	<b>12,410.1</b>	<b>30,385.0</b>	<b>-304.2</b>	

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## Appendix A

### PRINCIPAL REASONS FOR OUTTURN VARIANCES

The current forecast includes the net cost of Industrial Action to date in 2014/15 (totaling £50,100). The individual elements are reported in Appendix A where these are currently forecast as being unable to be absorbed within base budgets. (The net cost of Industrial Action in last financial year totaled £42,000)

#### 1. WHOLETIME FIREFIGHTERS (-£257,200)

- 1.1 There have been three unbudgeted leavers to date resulting in a saving of £95,000 on gross pay and related National Insurance.
- 1.2 The net saving (deductions from pay less additional payments made) of Industrial Action up to the end of July 2014 totals £103,000.
- 1.3 The budget for Continuing Professional Development (CPD) payments is currently forecast to be £6,000 overspent due to the actual number of staff eligible in year currently being higher than budgeted for.
- 1.4 The budgets for Turnout and Attendance, and Operational Overtime, both of which are dependant on incident activity are forecast to be £19,000 underspent each.
- 1.5 The overtime budget for delivering BTEC Fire Training for Schools is forecast to be £18,000. Only one out of four courses planned for the 2014/15 academic year will run and there is a corresponding reduction in course fee income reported in paragraph 8.2 below.

#### 1.6 In summary:

	£
Leavers (note 1.1)	(95,000)
Industrial Action - net saving (note 1.2)	(103,000)
CPD Payments (note 1.3)	6,000
Turnout & Attendance (note 1.4)	(19,000)
Operational Overtime (note 1.4)	(19,000)
BTEC Fire Training overtime (note 1.5)	(18,000)
National Insurance	<u>(10,000)</u>
	<b><u>258,000</u></b>

#### 2. RETAINED FIREFIGHTERS (+£70,400)

- 2.1 Strength as at 31<sup>st</sup> August (as reported from the Firewatch system) was 95.6% (327.1fte) of the 2014/15 budgeted establishment (set at 342.0fte). This equates to 86.1% of the approved establishment (of 380.0fte). An underspend of £70,000 against the gross pay and drill night fees budgets is forecast (including on costs). This will continue to be monitored on a monthly basis.
- 2.2 Unbudgeted sick pay entitlement due to the change in method of calculation of sick pay as part settlement of the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 is estimated to be £50,000. The

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amount of base budget required in future years will need to be addressed as part of 2015/16 budget setting.

2.3 The budget for RDS Holiday Pay is forecast to be £21,000 overspent. As reported in last financial year, the Representative Bodies in January 2014 agreed that from 1st January 2014 holiday pay will be incorporated into monthly pay. Prior to this, annual leave was paid only after the leave had been taken and a leave card submitted to Payroll. The level of payments made following the change suggests that some employees have in the past either not taken their leave entitlement, or not claimed for leave taken. The amount of base budget required in future years will need to be addressed as part of 2015/16 budget setting.

2.4 The net cost of Industrial Action within the Retained Staff budget is currently £118,300. It is anticipated that £42,000 of this will be absorbed within the Retained Staff budget leaving an overspend of £76,300.

2.5 In summary:

	£
Vacancies (note 2.1)	(77,000)
Sickness Cover (note 2.2)	50,000
Holiday Pay (note 2.3)	21,000
Industrial Action (note 2.4)	<u>76,000</u>
	<u><b>70,000</b></u>

### 3. ADMINISTRATIVE, TECHNICAL AND CLERICAL STAFF (+£18,300)

3.1 The unbudgeted cost of agency staff covering vacancies, sickness/maternity and project work is currently forecast to be £34,000.

3.2 Part Year vacancies are forecast to generate an underspend of £33,000.

3.3 The budget for Mechanics Call Out fees is currently forecast to be £9,000 overspent due to the contingency arrangements within Transport continuing into 2014/15.

3.4 There is an £8,000 shortfall on the budget for LGPS Employer contributions primarily due to the impact of the 2013 triennial valuation results (£6,000) not being included within 2014/15 budgets.

3.5 In summary:

	£
Agency Staff including FCR (note 3.1)	34,000
Vacancies (note 3.2)	(33,000)
Mechanics Call Out Fees (note 3.3)	9,000
LGPS Employer Contributions	<u>8,000</u>
	<u><b>18,000</b></u>

### 4. CONTROL STAFF (+£5,800)

4.1 The additional cost of providing cover for sickness absence and also maternity leave is now forecast to be £5,800.

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### **5. PREMISES (+32,500)**

- 5.1 Confirmation of the total cost of the fire at Ripon Station against the expected (and received) income from insurance is currently awaited. The unbudgeted insurance excess is £25,000.
- 5.2 The unbudgeted cost of hiring alternative premises for Industrial Action is £7,500 to date.

### **6. SUPPLIES AND SERVICES (+£28,700)**

- 6.1 The operational equipment budget is forecast to be £25,900 overspent due to:
  - the unbudgeted purchase of 12 defibrillators. These are being part funded by donations of £4,000. The remaining £12,000 was discussed at Asset Management Group on 23<sup>rd</sup> October 2013 where it was agreed not to update the already prepared budget bid for Operational Equipment to adjust the base budget, but rather assume at that time that it may be absorbed within the non staff budget during the year.
  - the purchase of Wildfire packs as part of the Wildfire Strategy £9,900 which is funded from income received from Yorkshire Water in 2012/13 to purchase Moorland Fire Equipment (see paragraph 7.1 below).
- 6.2 There are unbudgeted legal expenses associated with the Huntington PFI Contract in relation to the alteration of the Fire Station of £6,800.
- 6.3 The budgets for printing consumables are currently forecast to be £3,000 underspent.

### **7. CAPITAL FINANCING CHARGES (-£189,100)**

- 7.1 The budget for Capital Financing Charges is currently forecast to be £189,100 underspent. The reasons for this variance are as follows:
  - 2013/14 scheme slippage into 2014/15 £-49,300  
As debt charges are typically not incurred until the year after capital expenditure, these monies will be required to fund debt charges in 2015/16 which consequently slip into next year. Therefore a transfer to the capital reserve will be made at the year end to support this.
  - Additional use of reserves to fund 2013/14 expenditure £-30,000
  - Expiry of three leases identified to be one year earlier than budgeted for £-118,800

### **8. GENERAL INCOME (+£3,800)**

- 8.1 The following unbudgeted income has been accounted for in 2014/15:
  - £4,000 donations to part fund Defibrillators (see paragraph 6.1 above)

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- £7,200 sale of old vehicles
- £12,000 to fund the purchase of Wildfire packs as part of the Wildfire Strategy.

8.2 Income from BTEC Fire Training for Schools is forecast to be £27,000 less than budget. Only one out of four courses planned for the 2014/15 academic year will run.

### **9. SECTION 31 GRANTS (-£13,600)**

9.1 As part of the new arrangements for Local Government Finance, the Government announced support for Local Authorities following the decision to support the reduced income accruing as a result of business rate reliefs allowed by Central Government. Total grant expected at the time of budget setting was £204,000. However notification received in June 2014 confirmed that £216,895 of NDR Relief grant is to be received.

**NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY****CAPITAL PLAN 2014/2015 - Spend to 31st August 2014**

	2014/2015 Original Budget £'000	2014/2015 Spend to Date £'000	2014/2015 Forecast Outturn £'000	Variance £'000	Note
<b>Vehicles</b>					1
Pumping Appliances	1,193.8	36.1	1,193.8	0.0	
Support Vehicles	78.0	22.5	100.5	22.5	
Mobile Workshop	35.0	0.0	35.0	0.0	
Fireground Feeding Unit	25.0	0.0	0.0	-25.0	
Incident Support Unit	0.0	0.4	100.3	100.3	
<b>Sub Total Vehicles</b>	<b>1,331.8</b>	<b>58.9</b>	<b>1,429.6</b>	<b>97.8</b>	
<b>Property Schemes</b>					2
Minor Works	60.0	-0.9	154.5	94.5	
Major Schemes	124.6	114.2	735.8	611.2	
<b>Sub Total Property</b>	<b>184.6</b>	<b>113.4</b>	<b>890.3</b>	<b>705.7</b>	
<b>IT Strategy</b>	<b>335.0</b>	<b>32.5</b>	<b>335.0</b>	<b>0.0</b>	
<b>Control Project</b>	<b>337.3</b>	<b>4.4</b>	<b>337.3</b>	<b>0.0</b>	
<b><u>TOTAL CAPITAL EXPENDITURE</u></b>	<b>2,188.7</b>	<b>209.2</b>	<b>2,992.3</b>	<b>803.6</b>	

<b>CAPITAL FUNDING</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Grant	930.5	930.5	0.0
Capital Grants - Control Project	168.2	168.2	0.0
Capital Contributions	0.0	146.0	146.0
Capital Receipts	0.0	0.0	0.0
Additional Borrowing	1,090.0	1,747.6	657.6
<b><u>TOTAL CAPITAL FUNDING</u></b>	<b>2,188.7</b>	<b>-</b>	<b>803.6</b>



**PRINCIPAL REASONS FOR OUTTURN VARIANCES - CAPITAL PROGRAMME**

**1. VEHICLES (+£97,800)**

- 1.1 The overspend on Vehicle acquisitions relates to expenditure carried forward from 2013/14 on the Incident Support Unit, and also on support vehicles.
- 1.2 The purchase of one Fireground Welfare Unit in 2014/15 at an indicative cost of £40,000 against an original capital budget of £25,000 has previously been included within the 2014/15 forecast. The requirements for Fireground Feeding have yet to be confirmed. As discussed at CMB in August, no expenditure will be incurred in the current financial year.

**2. PROPERTY SCHEMES (+£705,700)**

- 2.1 The overspend on Property Schemes relates to the following:
  - Carry forward of expenditure from 2013/14 in respect of a delay in the commencement of planned alterations at Huntington Fire Station (£+465,000)
  - Carry forward of expenditure from 2013/14 in respect of the Boat House at Selby Fire Station, and the renewal of the roof covering at Malton Fire Station (+£94,500)
  - Estimated cost of refurbishing Ripon Fire Station (+£146,000) to be funded by insurance proceeds.