

AGENDA ITEM:

REPORT TO:	MERSEYSIDE FIRE & RESCUE AUTHORITY MEETING
DATE:	3rd JULY, 2012
REPORT NO.	CFO/089/12
REPORTING OFFICER:	DEPUTY CHIEF EXECUTIVE
CONTACT OFFICER:	KIERAN TIMMINS, EXTN. 4202
OFFICERS CONSULTED:	
SUBJECT:	REVENUE & CAPITAL OUTTURN 2011/12

APPENDIX A	TITLE:	“REVENUE BUDGET TO ACTUAL ”
APPENDIX B	TITLE:	“QUARTER 4 WRITE OFFS”
APPENDIX C	TITLE:	“CAPITAL 2011/2012 OUTTURN”
APPENDIX D	TITLE:	“CAPITAL 2012/2013 – 2016/2017 PROGRAMME”
APPENDIX E	TITLE:	“EARMARKED RESERVES – PLANNED AND ACTUAL MOVEMENTS”
APPENDIX F	TITLE:	“CAPITAL INVESTMENT RESERVE”

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***A Glossary of Terms has been provided at the end of this report for your reference**

Purpose of Report

1. To inform Members of the final accounts position for 2011/12.

Recommendations

2. That Members:
 - (a) note the final accounts of the Authority and the revenue savings achieved in 2011/2012 of £3.251million; and
 - (b) approve the proposal to utilise the £3.251m to increase the capital investment reserve.

Executive Summary

The Authority faced a £9m budget deficit over the period 2011/12 – 2012/13, mainly due to a 13.5% cut in Government Grant. The Grant cut was over double the national average for English Fire and Rescue Services. The Authority approved a robust budget to meet the resulting financial challenge at its meeting on 17 February 2011, report CFO/016/11. The 2011/12 budget approved a plan to deliver £9.2m of revenue savings over the 2011/12 – 2013/14 period and froze the council tax

The approved revenue budget was £69.781m. During the year the additional savings of £1.600m were identified over and above those within the financial plan, and members agreed to utilise these savings to increase reserves. Having recognised the likely future financial challenges facing the public sector Members instructed Officers to try and further maximise savings in the year.

The final accounts of the Authority have now been completed prior to audit and total revenue expenditure in 2011/12 is £66.530m. This is a £3.251m or 4.7% saving against the £69.781m revised budget. (This is in addition to the £1.600m savings identified during the year in the Financial Review reports).

The Authority has an approved strategy of building up reserves in order to provide a short-term buffer while it re-engineers the service to meet the pending public sector financial challenge. The revised revenue saving of £3.251m will be used to increase reserves as part of this approved strategy in the first instance.

Capital spending was £5.714m resulting in a “underspend” of £5.109m against the £10.823m budget for 2011/12. The variance can be broken down into:

- A £3.987m re-phasing of planned spend from 2011/12 into 2012/13, requiring the carry forward of capital budget into 2012/13,
- A net small underspend on schemes of £0.139m
- A saving on the capital contingency provision of £0.983m

The increase in year-end reserves of £5.118m compared to that anticipated can be explained by:

- £1.867m of reserves for grant & special project schemes for which funding was received in 2011/12 but the scheme will be delivered over more than one year therefore requiring a carry forward of funding via a reserve, and
- A £3.251m increase in the General Fund reserve funded from the revenue saving identified above to help provide a short-term buffer to meet the future financial challenge.

Introduction & Background

3. In previous years the Authority was required by regulation to approve the **unaudited Statement of Accounts** within a set timescale (usually by the 30th June of the following year). The accounts would then be audited and brought back to members for consideration, approval and sign off for publication before the regulation deadline of the 30th September. The Accounts and Audit (England) Regulations 2011 gave the responsibility for signing off the unaudited statement of accounts to the responsible finance officer, the Deputy Chief Executive (DCE). The DCE must sign off the statement no later than 30th June immediately following the year-end. The DCE has now signed off the 2011/12 statement of accounts (unaudited) and certified that they represent a true and fair view of the financial position of the Authority. The Authority is still required to consider, approve and sign off the statement of accounts for publication by the 30th September. The benefit of the change in procedure is that it allows members to take into account any comments from the Auditor following the completion of their audit before members consider the statement of accounts.
4. This report sets out for Members consideration the actual financial performance of the Authority compared to the 2011/12 revenue and capital budgets. Although Members are not required to consider or sign off the unaudited statement of accounts at this time a copy of the statement is available for members inspection if they so wish.

2011/2012 Budget – Background

5. The Authority faced a £9m budget deficit over the period 2011/12 – 2012/13, mainly due to a 13.5% cut in Government grant. The grant cut was over double the national average for English Fire and Rescue Services. The Government grant, (which makes up over 60% of the Authority's revenue funding) was cut by 9.5% in 2011/12 and a further 3.5% in 2012/13. No indicative figures have been announced for 2013/14 & 2014/15, but the Government has stated that the Grant cut in the period 2011/12 to 2012/13 only represents a third of the expected national reduction in funding to fire authorities.
6. The Authority's approved financial plan had assumed council tax increases of no more than 4% over the CSR2010 period, however the Authority recognised the financial pressures on the communities of Merseyside and froze the Council Tax in 2011/12 and therefore received a council tax freeze grant equivalent to a 2.5% increase.
7. To deliver the required level of savings implied by this funding reduction the Authority acknowledged that as staff costs make up nearly 80% of its revenue budget then it would have to reduce the number of its staff. At the same time the Authority was and is committed to avoiding compulsory redundancies and to seeking to minimise the impact of cuts on service levels to the communities of Merseyside.

8. The Authority adopted a medium term financial plan which included:-
- An assumption that central governments pay strategy for the public sector can be achieved and that there will be a pay freeze for all staff in line with that strategy for a three year period.
 - An assumption that the Authority will generate efficiencies from management and back office costs of £2.450million.
 - An assumption of reduced staffing in MACC to save £0.4m
 - Assume cuts that minimise the impact on front line services by;
 - Introducing a new duty system for the Marine Rescue team
 - Managing more effectively the dynamic reserve (A reduction of the immediate availability of 5 appliances)
 - Introducing a new duty system at Whiston
 - Assumptions of a freeze in council tax for 2011/12, and future years increases of 4%.

These savings options represent a 20% reduction in managerial and back office roles and a 10% reduction in wholetime firefighter roles – a total reduction of 173.5 posts.

9. For 2011/12, the Authority Revenue Budget was set at £69.8million.
10. The Authority also set a five year capital investment programme, (2011/12 – 2015/16), of £32.0m, with a planned expenditure in 2011/12 of £9.7m.
11. The Authority adopted a Reserves Strategy, which maintains a general reserve of £2.5m and maintained £11.5m of earmarked reserves to cater for specific risks, fund specific projects and one-off initiatives.
12. The most demanding aspect of the approved financial plan was the achievement of the approved saving options plan. The full list of target savings is in the table overleaf;

Description of Approved Saving Options			
	2011/12	2012/13	2013/14
	£'000	£'000	£'000
Budget Solution for 2011/12 - 2012/13:			
Assume Pay Bill Freeze 2010/11	-1,000	-1,000	-1,000
Assume Pay Bill Freeze 2011/12	-1,000	-1,000	-1,000
Assume Pay Bill Freeze 2012/13		-1,000	-1,000
Reduce Numbers of senior management	-200	-400	-400
Manage dynamic reserve (5 2nd pumps)	-1,800	-2,300	-2,950
Outsource Estates function		-250	-250
Flexible Duty System at Whiston		-300	-300
Flexible Shift Patterns at Marine 1		-75	-100
Reduction in Support Service	-900	-1,300	-1,300
Rephasing of Vehicles Capital Programme		-100	-100
Review of Capital Programme Financing	-400	-400	-400
MACC Review	-200	-400	-400
	-5,500	-8,525	-9,200
Drawdown from Cost Smoothing Reserve	-922	-527	
Total Savings	-6,422	-9,052	-9,200

How the 2011/2012 Budget changed during the year

13. Throughout the year Members received regular financial review reports detailing the service's progress in implementing the approved saving options, any additional budget amendments required, plus the movements from and to reserves.
14. The Authority recognised that the reduction in Government grant funding in 2011/12 – 2012/13 represents approximately one third of that expected over the CSR2010 period. A significantly more challenging position looms in 2013/14 – 2014/15. The Authority has already introduced significant efficiency savings and modernised ways of working therefore the Authority's room for manoeuvre in dealing with further financial challenges is small. In light of this the Authority decided to adopt a strategy that it would aim as far as possible to maximise savings within the year so it could increase the level of its reserves in order to give it a buffer to manage any financial challenges ahead. In particular, to aim to avoid compulsory redundancy.
15. The most recent financial review reports CFO/145/11 & CFO/032/12 identified additional savings of £1.600m which were incorporated into the revised budget. These arose from tight management of budgets in the following areas :
 - Employee savings, £0.4m,
 - Premises savings, £0.5m,
 - Capital Financing, £0.4m,
 - Inflation provision, £0.3m.

16. Further minor budget amendments have been made since the last financial review report, CFO/032/12, was approved by the Authority on 16th February 2012, that reflect already approved policy decisions these were:

Revenue:

- The further use of £0.090m from reserves to the revenue budget, (mainly £0.072m from the severance reserve to fund voluntary severance payments);
- Further drawdown from the inflation provision of £0.051m to cover price increases;
- Self-balancing virements within the revenue account, the most significant being a £0.340m virement to cover the one-off costs (CFO/032/12) in relation to problematic ground conditions at Kirkdale & Newton-le-Willows fire stations. One-off savings arising from changes to the original PFI financing model meant this liability could be funded through a budget transfer within the PFI account rather than from reserves as originally planned.

Capital:

- An increase of £0.188m in the capital budget of which the majority, £0.110m, is bringing forward some work previously planned in 2012/13, with the remainder being increases in specific projects that are being funded from revenue for energy conservation and ICT works.

The table below shows how the overall budget has moved across the year:

REVENUE BUDGET MOVEMENTS IN 2011/2012

	Original Budget	Qtr 3 Report Budget	Further Budget	Final Budget	Original to Final Budget
	£'m	£'m	£'m	£'m	£'m
Net Expenditure					
Fire Service	70.108	70.069	0.139	70.208	0.100
Corporate	0.599	0.604	0.002	0.606	0.007
	70.707	70.673	0.141	70.814	0.107
Interest on Balances	-0.182	-0.050	0.000	-0.050	0.132
Inflation Provision	0.713	0.198	-0.051	0.147	-0.566
Use of Reserves	-1.457	-1.040	-0.090	-1.130	0.327
Total Expenditure	69.781	69.781	0.000	69.781	0.000
Funded By					
Government Grant	-41.906	-41.906	0.000	-41.906	0.000
Council Tax Freeze Grant	-0.681	-0.681	0.000	-0.681	0.000
Precept	-27.194	-27.194	0.000	-27.194	0.000
	-69.781	-69.781	0.000	-69.781	0.000

CAPITAL BUDGET MOVEMENTS IN 2011/2012

	Original Budget	Qtr 3 Report Budget	Further Budget	Final Budget	Original to Final Budget
	£'m	£'m	£'m	£'m	£'m
Total	9.735	10.635	0.188	10.823	1.088

Financial Performance in the Year & 2011/12 Revenue Outturn Position:

17. Of the £5.5m revenue savings planned for 2011/12 officers have successfully implemented and delivered most of the approved savings. The service is well on the way to delivering the full £9.2m savings by 2013.

The following options still remain to be completed:

- Revised duty system at MACC
- Revised duty system at Whiston
- Outsourcing of Estates

18. Members will recall that, whilst some duty systems have been changed, the saving cannot be delivered in “cash terms” until staff actually leave the organisation. Retirements of Firefighters have proceeded in line with expectations, but the full savings will not be delivered until the end of 2013/14.
19. In considering the Authority budget and financial plan for 2011/12 – 2015/16, the Authority adopted a strategy to look for opportunities to maximise savings to allow an increase in the Authority’s reserves in light of the risk around some of the key assumptions in the financial plan, particularly around the pay bill freeze, future council tax rises, and the level of grant cut in 2013/14 – 2014/15. Therefore throughout the year officers have continuously looked to deliver further savings in order to increase reserves. Revenue savings of £1.6m have been reported in the year.
20. Capitalisation of smoke alarm installation costs - One further option that the Authority has considered as part of the strategy to build up reserves was to review alternatives for financing elements of the approved budget. The cost of smoke alarm installation is capital expenditure according to government regulations. The budget assumed that the capital cost would be funded by a revenue contribution. It is open for the Authority to consider financing this expenditure by borrowing as part of a short term strategy to maximise reserves, or, if the opportunity arises, specific capital grants or funding. By funding the capitalised salaries by other means it would make a saving equivalent to the comparable revenue contribution. The Authority received a £1.7m capital grant for 2011/12. Members had agreed to commit £0.753m towards specific capital projects in the year. This report has been prepared on the assumption that the Authority will use the remaining capital grant (£0.983m) in 2011/12 to fund the capitalised smoke alarm salaries.
21. The Authority receives grants and external funding during the year to deliver specific projects. Because these sometimes span financial years, this necessitates the carry forward of the funding through creation of earmarked reserves. Also any potential liabilities arising in the year or previous year for which the Authority is required to set aside a contingency will also require the creation of a reserve. At the end of 2011/12 £1.867m of earmarked reserves have been established in relation to these issues. Details of the breakdown of £1.867m is in the reserves section of this report.

Summary Outturn

22. In the summary the Authority has:

- successfully kept within the approved budget and financial plan;
- created additional reserves of £1.867m related to timing issues or meet future financial liabilities,
- by financing capitalised smoke alarm installation costs by capital grant delivered a revenue saving in 2011/12 of £0.801m;
- By close management of the budget in line with the Authority Strategy identified further savings of £2.450m.

The table below summarises the revenue position for 2011/2012, (**Appendix A** provides a more detailed analysis): Overall the Authority is £3.251m better off than budgeted.

2011/12 Revenue Year-End Position

	Budget	Actual	Variance
	£'m	£'m	£'m
Net Expenditure on Services	69.781	64.663	-5.118
Contribution to Year-End Reserves		1.867	1.867
	69.781	66.530	-3.251

Expenditure / Income Head:	Budget	Actual	Variance	Creation of Required Reserves	Final Variance
	£'m	£'m	£'m	£'m	£'m
EMPLOYEE COSTS	56.069	54.587	-1.482	0.692	-0.790
PREMISES	2.670	2.524	-0.146	0.109	-0.037
TRANSPORT	1.664	1.499	-0.165	0.000	-0.165
SUPPORT SERVICES	5.088	3.548	-1.540	0.304	-1.236
AGENCY SERVICES	2.216	2.194	-0.022	0.000	-0.022
CENTRAL SUPPORT SERVICES	0.239	0.219	-0.020	0.000	-0.020
CAPITAL FINANCING	5.765	5.314	-0.451	0.000	-0.451
CORPORATE MANAGEMENT	0.606	0.582	-0.024	0.000	-0.024
INCOME	-3.503	-4.584	-1.081	0.762	-0.319
INFLATION PROVISION UNALLOCATED	0.147	0.000	-0.147	0.000	-0.147
INTEREST ON BALANCES	-0.050	-0.090	-0.040	0.000	-0.040
MOVEMENT RESERVES	-1.130	-1.130	0.000	0.000	0.000
CREATION OF EARMARKED RESERVES		1.867	1.867	-1.867	0.000
	69.781	66.530	-3.251	0.000	-3.251

23. The main variations explaining the underspending of -£3.251m were :

Employee Costs, £0.790m (-1.4%) favourable variance –

Variation £'m	Explanation
0.580	Effective Vacancy Management
-0.537	Employee Insurance costs ¹
-0.119	Cost of Early Retirement
0.801	Financing of Capitalised Smoke alarm Installation Costs
-0.135	Cost of Ill Health retirements (charged in year rather than spread over a longer period)
0.200	Other minor variances
0.790	

¹ Employee Insurance

MFRA was covered by Municipal Mutual Insurance for employee liability risk with effect from 1974 to 1992. After suffering substantial losses MMI ceased to write new or renew insurance in September 1992. A scheme of arrangement was put in place to manage outstanding claims and MFRA, like other public sector members participated in the arrangement and became a scheme creditor. Following the settlement of recent legal claims it is likely the Authority will be levied for a contribution towards settling all outstanding claims. Potentially this could result in a levy of between £0.400m to £0.800m, therefore a charge of £0.400m has been made against the 2011/12 account to increase the current insurance reserve from £0.220m to £0.620m. In addition following a review of the current claims against the Authority's own in-house employee cover a net additional £0.137m provision was required.

- **Premises Costs, £0.037 (0.13%) favourable variance –**
 - A variety of minor variances

- **Transport Costs, £0.165 (0.99%) favourable variance –**
 - A reduction in lease car numbers over recent years £0.044m.

 - The spend on direct transport supplies can vary significantly between years as it reflects activity and demand for parts in relation to available stock levels. In comparison to 2010/11 spend the expenditure in 2011/12 was down by over 40% (£0.089m.)

- **Supplies and Services, £1.236m (24.29 % of budget) favourable variance–**

Variation £'m	Explanation
0.110	Effective Management of Clothing and Uniform issues
0.337	Early achievement of NonPay budget savings
0.250	ICT and Telephony
0.261	Reduced Fire Prevention supplies
0.252	Work brought in-house
0.026	Reduced legal fees
1.236	

- **Agency & Central Support Services, £0.042m (1.7% of budget) favourable variance –**
- **Capital Financing, £0.451m (7.8%) favourable variance-**
 - Close management of the Authority's cashflow combined with the re-phasing of some capital schemes into future years meant the need for new borrowing was not as great as anticipated in the year and resulted in savings on interest payments of £0.449m.
- **Corporate Management, £0.024m (-4.0%) favourable variance-**
- **Income, £0.319m additional income above budget –**
 - Secondment income was higher than budgeted by £0.197m.
 - Additional fees and charges and external contributions increased the favourable variance on the income account by a further £0.122m.

Qtr 4 Bad Debt Write-Offs:

24. Since the last financial review 1 unrecoverable debt has been written off by the Deputy Chief Executive under delegated powers (value £340) advice. Details of the account are attached at **Appendix B**.

2011/2012 Capital Spending

25. The Authority originally approved a capital budget for 2011/2012 of £9.735m. During 2011/2012 the financial review reports updated Members on the movements in the capital programme. The final 2011/2012 capital budget was set at £10.823m. Full details of the changes to the 2011/2012 programme and the 5 year programme are outlined in **Appendix C** and **D**.

26. Actual spending in the year was £5.714m, a net variation of £5.109m against the final budget, of which £3.987m was due to rephasing of planned 2011/12 expenditure into 2012/13. A summarised capital programme is shown below:

2011/12 Capital Programme Summary of Changes to Expenditure & Funding

Programme	Original Budget	Final Budget	Outturn	Year-end Re-phasing from 2009/10 into 2010/11	Variance after Re-Phasing Adjustment
	£'m	£'m	£'m	£'m	£'m
EXPENDITURE					
Building/Land	3.799	5.546	2.202	3.334	-0.010
Fire Safety	1.752	1.447	1.378	0.000	-0.069
ICT	0.783	1.031	0.663	0.343	-0.025
Operational Equip & Hydrants	0.534	0.520	0.279	0.206	-0.035
Vehicles	2.867	1.296	1.192	0.104	0.000
Contingency	0.000	0.983	0.000	0.000	-0.983
TOTAL	9.735	10.823	5.714	3.987	-1.122
FINANCING					
Capital Receipts	0.900	0.220	0.000	0.220	0.000
Revenue Contribution	1.000	1.133	0.313	0.000	-0.820
Grants	0.000	2.985	3.010	0.000	0.025
External Contributions	0.000	0.150	0.154	0.000	0.004
Unsupported Borrowing	7.835	6.335	2.237	3.767	-0.331
TOTAL	9.735	10.823	5.714	3.987	-1.122

27. The year-end re-phasing of schemes into 2012/13 is outlined in the table below:

Rephasing £'m	Scheme	Explanation
1.955	Firefit Hub	To reflect actual spending plan after tender exercise
0.622	Marine Rescue	Minor delay in finalisation moved final payment into 2012/13
0.757	Refurbishment	Variety of Smaller schemes
0.343	ICT Schemes	Mainly timing of PFI ICT installations originally all in 2011/12
0.104	Vehicles	Delivery timing of appliances
0.206	Operational equipment	Minor variations on a number of schemes
3.987		

28. A full detailed breakdown of the 2011/12 capital budget movements, year-end variances and proposed slippage can be found attached to this report as Appendix C.

29. Net capital savings of £1.122m have been identified. The Authority received a £1.7m capital grant for 2011/12. Members had agreed to commit £0.753m towards specific capital projects in the year, however the balance of £0.983m has remained uncommitted and allowed a reduction in the overall spend and associated borrowing within the capital programme. Small savings on other schemes delivered a further £0.139m

2011/2012 Movement on Reserves

30. A detailed analysis of the planned and actual movement on reserves in 2011/12 has been prepared and is attached as **Appendix E** to this report. The table below summarises the movements in the year:

	Opening Balance	Anticipated Closing Balance	Actual Closing Balance	Year-End Variation to that Anticipated	Explained By: Specific Projects continuing into Year 2
	£'000	£'000	£'000	£'000	£'000
Total Earmarked Reserves	13,138	12,008	13,875	1,867	1,867
General Revenue Reserve	4,684	4,684	4,684	0	0
Total Reserves	17,822	16,692	18,559	1,867	1,867

31. The £1.867m year-end increase in earmarked reserves is to cover timing issues related to grant funded projects and special projects, or, provide funding to meet specific future liabilities. In summary these are:

	Increase £'m
Insurance Reserve (MMI potential claim)	0.400
PFI Project	0.045
PFI CLG Grant – Sinking Fund	0.590
ICT / Technology Projects	0.051
Capital Equipment Reserve	0.119
Ill Health Firefighter Pension Penalty	0.206
Other	0.156
Grant/Income/Contribution related	0.300

	1.867

(The unaudited statement of accounts document attached to this report outlines the purposed use of each of the reserves and the balance being carried forward into 2012/2013)

32. This report proposes that the 2011/12 £3.251m revenue saving be allocated to the Capital Investment Reserve. Within the Capital Investment reserve is £0.500m to facilitate specific investments in firefighter health and safety and at this time it is anticipated a sizeable portion of this reserve will support improved south Liverpool training facilities to be situated at Toxteth.

The capital investment reserve can contribute towards front funding a number of invest to save schemes that Officers believe the Authority might be minded to support, because they might provide significant revenue savings as part of the Financial Plan. The indicative list at Appendix F and shows the basis on how the capital reserve is built up.

No specific provision is made for dynamic staffing issues like the use of additional voluntary hours. It is expected that the Chief Fire Officer will work closely with the Deputy Chief Executive across the year to balance the conflicting demands of:

- Optimising appliance availability
 - Maximising savings an reserves in light of future financial challenges
- However it is anticipated that close management of the budgetary position should be able to free up resources to support investment in such flexible working of around £1m in 2012/13

33. Any specific call on the reserve requires a business case/reporting to the Authority.
34. The table below summarises the revised reserve balances if members support the above proposal:

	Opening Balance	Anticipated Closing Balance	Actual Closing Balance	Year-End Variation to that Anticipated	Explained By: Specific Projects continuing into Year 2	Year-End £3.251m Saving: PROPOSED adjustment	DRAFT Final Reserve Balances
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Earmarked Reserves	13,138	12,008	13,875	1,867	1,867	3,251	17,126
General Revenue Reserve	4,684	4,684	4,684	0	0	0	4,684
Total Reserves	17,822	16,692	18,559	1,867	1,867	3,251	21,810

Year-End revenue summary:

35. Subject to members approving the proposed use of the £3.251m underspend on the revenue account as proposed in this report, the final revenue position can be summarised as:

2011/12 Revenue Year-End Position

	Budget	Actual	Variance
	£'m	£'m	£'m
Net Expenditure on Services	69.781	64.663	-5.118
Contribution to Year-End Reserves		1.867	1.867
	69.781	66.530	-3.251
Increase in specific reserves utilising 2011/12 saving:			
Capital Investment		3.251	3.251
Year End (surplus) / deficit	69.781	69.781	0.000

Managing Performance:

36. Despite the financial pressures the Authority has continued to invest in making Merseyside communities safer and stronger and make its firefighters safer and more effective.
37. Overall staffing arrangements have changed at over a third of fire stations in Merseyside whilst performance standards and response have been maintained. Expected reductions of staff by natural retirement rates have been in line with assumptions.
38. Key performance successes achieved by the end of 2011/2012 include:
- Reduced fire deaths from 20 in 1999 to 5 in 2011/2012, a 75% reduction.
 - Employed advocates which serve diverse communities like age, disability, deafness, drugs, alcohol, arson and anti-social behaviour, as well as multilingual specialists.

The table below summarises some key performance over the last 9 years:

Year	Accidental Dwelling Fires	Injuries in Accidental Dwelling Fires	Fatalities in Accidental Dwelling Fires	Anti Social Behaviour Fires
2003-2004	1612	171	9	18984
2004-2005	1470	173	11	12258
2005-2006	1456	155	11	11689
2006-2007	1336	126	8	12721
2007-2008	1286	69	9	10449
2008-2009	1302	107	9	7648
2009-2010	1299	117	8	7384
2010-2011	1199	137	5	6893
2011 – 2012	1195	131	5	6042
Reduction between 2003/04 to 2011/12	-25.87%	-23.39%	-44.44%	-68.17%

Summary Position

39. The final accounts of the Authority show revenue expenditure in 2011/2012 is £66.530mm. This is a £3.251m or 4.7% saving against the £69.781m revised budget.
40. The Authority has an approved strategy of building up reserves in anticipation of future funding cuts. This report proposes to use the revenue saving of £3.251m to build up specific reserves as part of this approved strategy.
41. Capital spending was £5.714m resulting in a “underspend” of £5.109m against the £10.883m budget for 2011/12. The variance can be broken down into:
 - A £3.987m re-phasing of planned spend from 2011/12 into 2012/13, requiring the carry forward of capital budget into 2012/13,
 - A net underpend and saving on capital projects of £1.122m

Equality & Diversity Implications

42. None arising from this report.

Staff Implications:

43. None arising from this report.

Legal Implications:

44. None arising from this report.

Financial Implications & Value for Money

45. The total revenue expenditure in the year was £66.530m and resulted in a saving of £3.251 against the £69.781m budget.
46. The saving will, as part of the approved financial strategy be used to increase the capital investment reserve by £3.251m to contribute towards front funding a number of invest to save schemes that Officers believe the Authority might be minded to support as they might provide significant revenue savings as part of the Financial Plan. Other earmarked reserves have increased by £1.867m to carry forward funds received for specific projects or liabilities in 2011/12, but will be delivered over more than one year.
47. Capital expenditure in the year was £5.714m resulting in a £5.109m “underspend” against the £10.823m budget. However a £3.987m re-phasing of schemes from 2011/12 into 2012/13 meant that overall capital had a net underspend of £1.122m.
48. The General Fund Balance as at 31 March 2012 was £4.684m.

Health & Safety & Environmental Implications

49. None arising from this report.

Contribution to Our Mission – To Achieve; Safer Stronger Communities – Safe Effective Firefighters”

50. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority’s mission.

BACKGROUND PAPERS

Report CFO/016/11 “MFRA Budget and Financial Plan 2011/2012-2015/2016” Authority 17th February 2011.

Report CFO/094/11 “Financial Review 2011/12 –April to June Review” Audit & Value For Money Scrutiny Panel 02 September 2010.

Report CFO/145/11 “Financial Review 2011/12 – April to September Review” Authority 29 November 2011.

Report CFO/032/12 “Financial Review 2011/12 – April to December Review” Authority 16th February 2012.

Glossary of Terms

CAPITAL EXPENDITURE (or capital spending) – Section 40 of the *Local Government and Housing Act 1989* defines ‘expenditure for capital purposes’. This includes spending on the acquisition of assets either directly by the Authority or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.

RESERVES -Amounts set aside to meet future contingencies but whose use does not affect the Authority’s net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account.

REVENUE EXPENDITURE -This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.