

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY	
date	1 AUGUST 2003	agenda item number

REPORT OF THE TREASURER

FINAL ACCOUNTS 2002/2003

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek the approval of Members to the adoption of the final accounts for the Nottinghamshire and City of Nottingham Fire Authority for the year ended 2002/2003 in accordance with the legal requirement that these be formally adopted by 31 August 2003.

2 BACKGROUND

- 2.1 The accounts presented at this meeting have not yet been audited as due to the timescales now imposed by regulation it is not possible for audited accounts to be available. This is slightly misleading, however, in as much as even in previous years the auditors were unable to complete their audit work until the accounts had been formally adopted by the Fire Authority. What it did mean however was that any adjustments likely to be made at audit could be incorporated whereas this year this is not possible.
- 2.2 The final accounts attached therefore are the accounts as they are to be presented to PriceWaterhouseCoopers for their audit.
- 2.3 The accounts show that the underspend for the year after year end accounting adjustments was £215,000. The funding of the Authority for the year, including the supplementary levy, was £32,431,000 and therefore the variance represents 0.7%.
- 2.4 The Accounts as presented again indicate a sound financial position for the Authority and that as in 2001/2002 the financial management of the Authority's affairs and the financial standing also appears to be sound.

3 CONTEXT OF THE ACCOUNTS

- 3.1 2002/2003 has seen a more complex environment for financial management than might normally have been expected. The implementation of a new financial system is now complete, but this has diverted staff resources and given some difficulties with day-to-day management of budgets. The industrial action and preparations for this caused budget difficulties and high levels of financial uncertainty which resulted in additional expenditure in some areas, caution in others, and had a detrimental effect on pension budgets.

- 3.2 Members will recall that these difficulties with pensions reached a point where it was necessary to raise a supplementary levy during the year. In the final analysis pensions were to underspend by some £156,000, however, this was due almost entirely to reductions in transfers and retirements as a result of the industrial action.
- 3.3 Full provision has been made in these accounts for monies due to the Office of the Deputy Prime Minister in respect of strike deductions.

4 SIGNIFICANT VARIANCES

- 4.1 It is customary for a report to be brought to the Fire Authority in the early part of the new financial year detailing the expected out-turn on the accounts and explaining significant variances. This year, due to changes in the financial system it was not possible to do this with any accuracy and therefore Members will not have had any explanation of variances in the accounts.
- 4.2 The total funds available to the Fire Authority during 2002/3 were:

	£ '000s
Initial Budget allocation	31,500
Supplementary levy	<u>980</u>
Total funds available	<u>32,480</u>

Actual spending for the year was £32,266,000 leaving an underspend of £214,000 (shown at £215,000 in the accounts due to rounding).

- 4.3 The primary reasons for this underspend can be summarised as:

	£ '000s
Staff Training	(134)
Premises	(39)
Specialist Equipment	89
Computer Equipment	57
Operating Leases	(145)
RCCO	145
Pensions	(156)
Trading Income	(27)
Miscellaneous	<u>(4)</u>
Total	<u>214</u>

- 4.4 The underspending on staff training comes about for a number of reasons, however, primarily this relates to the decision not to nominate for the Divisional Command Courses at Moreton in Marsh. These have been replaced with a Diploma in Management Studies course which has only recently commenced due to uncertainties around the industrial action. There are also a number of savings that have materialised as a result of bringing the recruit training back in house which have not yet been spent on some of the planned improvements necessary to the Training Centre to facilitate these courses.
- 4.5 The premises underspend relates to a number of small underspends.

- 4.6 This overspend of some £89,000 does not relate to overspending against the initial budget allocation but an overspend against the estimated out-turn figures.
- 4.7 The overspend on computer equipment was in some part due to additional expenditure in the run up to the industrial action and some of the contingency plans that needed to be made. The remainder is balanced by underspends in communications equipment.
- 4.8 The underspend on leasing and the corresponding overspend in Revenue Contributions to Capital Outlay (RCCO) need to be viewed together. A decision was taken to finance some capital expenditure directly from revenue. This was because delays in leasing had created a one year windfall in the leasing budget which will need to be corrected in the current year. The decision to finance the capital in this way was taken in order to reduce long term liabilities from leasing.
- 4.9 The £156,000 underspend in the pensions budget reflects the continuing difficulties with the volatility of this budget. This is a relatively small underspend and the majority of the retirements covered by it have now taken place.
- 4.10 The remaining items of increased income are minor issues relating mainly to increasing success in the operation of the Prince's Trust. The funding for the Trust was originally transferred from the Community Fire Safety contingency and it is likely that this will be transferred back now that the Prince's Trust work is operating largely at break even.

5 FINANCIAL IMPLICATIONS

- 5.1 Despite a difficult year in which the Fire Authority was faced with a period of industrial action, the underspend of £215,000 is made up largely of pensions underspends of £156,000 and it is recommended that this be carried forward in support of the pensions budget for 2003/4. It is also recommended that the remaining £59,000 is carried forward to support some of the changes to be made at BTC to facilitate the continuance of in house recruit training.

6 PERSONNEL IMPLICATIONS

- 6.1 There are no specific personnel implications arising from this report

7 EQUAL OPPORTUNITIES IMPLICATIONS

- 7.1 There are no equal opportunities implications in this report

8 RISK MANAGEMENT IMPLICATIONS

- 8.1 There are no risk management implications in this report

9 RECOMMENDATIONS

9.1 That Members approve the Statement of Accounts for 2002/2003 as presented.

9.2 That Members approve the carry forward of £215,000 into 2003/4.

10 BACKGROUND PAPERS FOR INSPECTION

None

A.L Deakin
TREASURER TO THE AUTHORITY