

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY	
date	26 MARCH 2004	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

BUDGET MONITORING STATEMENT – PERIOD ENDED 31 JANUARY 2004

1 PURPOSE OF THE REPORT

- 1.1 To report to the Fire Authority on the financial performance of the Service in the year 2003/2004 up to the end of January 2004. This report analyses major variances and raises any areas of concern with Fire Authority Members.

2 OVERALL POSITION SUMMARY

- 2.1 Overall the Service is under spending by some £406,000 against profile up to the end of January 2004. This is made up broadly of an under spending on pensions of some £316,000 and the balance on the general account. This appears to be a reasonably comfortable position, however, a number of areas are highlighted where Management action is to be taken before the commencement of the 2004/5 financial year.
- 2.2 It is not anticipated that there will be any significant under spending, beyond pensions for 2003/4, although there are a number of areas where there is still some doubt as to the likely final out-turns.

3 SIGNIFICANT VARIANCES

- 3.1 Wholetime pay is showing an overspend of some £198,000 although about £80,000 of this is recoverable from outside sources such as CBRN and the FBU. The temporary promotions budget is overspending by £60,000 and there is a continuing problem of being over-established, although this is not expected to cause problems into 2004/5. The temporary promotions problem is exacerbated by an ACFO being on a training course at Moreton-in Marsh which involves temporary cover at ACFO level for about 8 months.
- 3.2 Retained Pay issues create no significant variances although the budget requires to be rebalanced between turnout fees, drills and retained fees in 2004/5.
- 3.3 Fire Control Staff budgets continue to be problematic. There are currently 5 temporary staff in control against a vacancy rate of only one. We have one member of staff seconded to Information Services, being covered by the IRMP project budget yet to be allocated to Control, and three members of staff on long term sickness. This is a known problem which management are addressing for the longer term.

- 3.4 Administrative, clerical and cooks pay is showing an overspend of some £40,000 however a claim has yet to be made for a member of staff currently seconded to the national IEG project. This will realise a similar amount and present a balanced position.
- 3.5 Other employee expenses shows an under spend of £49,000. There is a significant under spend of £69,000 on training which, although unplanned, will be used to offset overspending elsewhere.
- 3.6 Premises is showing an under spending however it is clear that some of this is taken up by similar over spends on station budgets.
- 3.7 Operational equipment continues to overspend seriously. A detailed examination of this position is in progress with a view to setting out recommendations for a way forward in 2004/5.
- 3.8 Within "Other supplies and services" there are two concerns. The first of these relates to telephones which seems to be a continual problem. An analysis of this budget is required to properly determine the required level for the future. The second of these relates to another continual set of problems relating primarily to home to base travelling, office furniture and equipment. These budgets cannot be recovered in 2003/4 but need to be strictly controlled in 2004/5.
- 3.9 There are few concerns around transport apart from a difficult situation in respect of fuel. It is important that this budget is examined carefully in order to ascertain why the fuel budget is overspending and whether this will continue.
- 3.10 Support services appears to be overspending by some £52,000, however £35,000 of this relates to legal fees which has already been reported and is an acknowledged issue. £19,000 relates to a bill for services delivered in 2002/3 which was not received until 2003/4.
- 3.11 Capital Financing will underspend by some £410,000. This is due to the late leasing of vehicles and the late start on Harworth Fire Station. This underspend will assist some of the above over spending budgets in 2003/4.
- 3.12 Most areas of income are holding their own with the exception of Commercial Training and Fire Certificate income. Whilst it was anticipated when setting the 2003/4 budget that Fire Certificate income would fall, it was not thought that it would reduce quite as quickly as it has done.
- 3.13 Station budgets, once adjusted for some of the building maintenance problems, will be generally on target apart from in the area of Contract Cleaning. Including HQ, the Service is currently spending of the order of £150,000 on cleaning which needs to be re-tendered as soon as possible.
- 3.14 As mentioned previously, pensions are underspending by some £316,000. If this continues to the end of the year as it probably will now, a carry forward of this amount will be sought and added to the newly created Pensions Reserve.

3.15 External interest has performed well this year for a number of reasons. Mainly this is due to the reducing demands on cash balances from short term financing of capital . This has also had a major effect on the External Debt figure of £77,000. Also the policy of clearing all balances out to deposit has again paid dividends as has the late payment of strike deductions to the ODPM.

4 FINANCIAL IMPLICATIONS

4.1 The financial implications are set out in full in the body of the report.

5 PERSONNEL IMPLICATIONS

5.1 There are no personnel implications arising from this report.

6 EQUAL OPPORTUNITIES IMPLICATIONS

6.1 There are no direct equal opportunities implications arising from this report.

7 RISK MANAGEMENT IMPLICATIONS

7.1 Budget monitoring and the regular receipt of financial reports is key to managing one of the most significant risks to the organisation, that of financial risk. The process of budget monitoring is itself a key risk management control measure.

8 RECOMMENDATIONS

8.1 That Fire Authority Members note the contents of this report.

8 BACKGROUND PAPERS FOR INSPECTION

None

P. Woods
CHIEF FIRE OFFICER

**MONITORING STATEMENT - 1 APRIL 2003 TO 31
JANUARY 2004**

<u>CATEG ORY</u>	Annual	Current	Actual to	Variance
	<u>Budget £000's</u>	<u>Profile £000's</u>	<u>Date £000's</u>	<u>Profile £000's</u>
<u>EMPLOYEES</u>				
<u>WHOLETIME</u>				
<u>OPERATIONAL PAY</u>				
Pay	14,681	12,180	12,213	33
Nat Ins	1,133	940	995	55
Overtime	91	68	103	35
Bank Holidays	227	227	227	0
Other	116	97	172	75
	16,248	13,512	13,710	198
<u>PART TIME OPERATIONAL</u>				
Retaining Fees	713	532	478	-54
Drills	471	343	251	-92
Turnout	659	543	655	112
Fees				
Other	313	247	274	27
(1556,1557,1550,1 551)				
Nat Ins	91	67	74	7
	2,247	1,732	1,732	0
<u>CONTROL STAFF</u>				
Pay	676	564	594	30
Nat ins	51	43	50	7
Overtime	26	19	32	13
Supn	60	51	64	13
	813	677	740	63
<u>ADMIN & CLERICAL</u>				
Pay	1,926	1,605	1,632	27
Nat ins	132	110	113	3
Overtime	0	0	10	10
Supn	204	170	170	0
	2,262	1,885	1,925	40
<u>OTHER EMPLOYEE EXPENSES</u>				
Staff	431	323	254	-69
Training				
Bounty Scheme	34	29	41	12
Other	105	86	94	8
	570	438	389	-49
<u>PREMIS ES</u>				
Station	6	4	55	51
Maintenance				
Electricit y	29	22	23	1
Gas	45	34	8	-26
Rent Premises	60	0	0	0
Business Rates	368	368	354	-14
Contract Cleaning	33	25	35	10
Other	461	352	239	-113
	1,002	805	714	-91

**OPERATIONAL
EQUIPMENT**

Specialist Equipment	171	130	135	5
Breathing Apparatus	56	42	92	50
Hydrant Ins&Maint	0	0	3	3
Protective Clothing	98	74	84	10
Other	39	31	35	4
	364	277	349	72

**OTHER SUPPLIES &
SERVICES**

Comms Maint & Purch	35	26	10	-16
Clothing Shoes & Uniforms	73	55	22	-33
Stationar y	35	27	34	7
Audit Fees	33	0	0	0
Phones General	206	154	190	36
Fire Precautions	0	0	3	3
Comms Licenses & Rentals	170	126	158	32
Computer Eqpt Purchase	147	122	123	1
Insuranc es	422	422	384	-38
Other	542	425	471	46
	1,663	1,357	1,395	38

TRANSPORT

Workshop Charges	492	281	301	20
Fuel	214	161	201	40
Vehicle Leasing	86	65	67	2
Essential User Mileage	89	67	69	2
Insurance - Vehicles	0	0	0	0
Other	189	146	153	7
	1,070	720	791	71

**SUPPORT
SERVICES**

Treasury	101	74	71	-3
IT Services	55	0	0	0
Occupational Health	25	12	17	5
Other	33	33	83	50
	214	119	171	52

**CAPITAL
FINANCING**

Operating Lease Payments	1,540	1,009	599	-410
Other	1,014	0	0	0
	2,554	1,009	599	-410

INCOME

Fire Certificates	-25	-18	-10	8
Other Fess &	0	0	0	0

Income				
Fire Safety Course	0	0	-1	-1
Income				
Car Leasing	-56	-47	-39	8
Contribution				
Store / Clothing	-2	-1	-4	-3
Sales				
Special Services	-10	-8	-8	0
Other	-55	-45	-46	-1
	-148	-119	-108	11

HQ BUDGETS	28,859	22,412	22,407	-5
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**MANUAL
WORKERS**

Cooks	121	101	104	3
Pay				
	121	101	104	3

**OTHER EMPLOYEES
EXPENSES**

Other	11	9	10	1
	11	9	10	1

**PREMIS
ES**

Station	53	38	37	-1
Maintenance				
Electricity	63	47	41	-6
Gas	51	39	41	2
Contract Cleaning	104	78	121	43
Other	20	13	30	17
	291	215	270	55

**OPERATIONAL
EQUIPMENT**

Protective Clothing	87	65	53	-12
	87	65	53	-12

**OTHER SUPPLIES &
SERVICES**

Clothing Shoes & Uniforms	51	38	71	33
Stationary	6	5	20	15
Phones General	18	13	15	2
Other	121	98	71	-27

INCOME

Other	-3	-2	0	2
	193	152	177	25

STATIONS BUDGETS	703	542	614	72
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**ANNUAL
PENSIONS**

Injury	232	212	213	1
Awards				
Transfer Values	34	26	70	44
Paid				
Pension Lump	2,197	1,831	1,261	-570
Sums				

Annual Pensions Widows	169	154	160	6
Annual Pensions Gratuitie s	3,484	3,194	3,398	204
Pension Increase Act	1	1	0	-1
	1,476	1,230	1,234	4
	7,593	6,648	6,336	-312
TRANSFER VALUES ECT				
Transfer Values Received	-598	-449	-487	-38
Pension Contributions	-1,706	-1,422	-1,388	34
	-2,304	-1,871	-1,875	-4
OTHER				
Contingency	820	0	-16	-16
External Interest	-50	-42	-88	-46
Asset Management Revenue	-1,014	0	0	0
External Debt	193	135	58	-77
Minimum Revenue Provision	94	0	0	0
Appropriation	8	0	0	0
Provision	0	0	0	0
Revenue Balance Unallocated	0	0	0	0
General Reserve	0	0	0	0
SUB TOTAL	34,902	27,824	27,436	-388
TRADING ACCOUNTS				
FEM	52	59	33	-26
PRINCE'S TRUST	53	44	32	-12
COMMERCIAL TRAINING	-8	6	33	27
MARKETING & FUNDRAISING	23	51	44	-7
	120	160	142	-18
TOTAL (INCLUDING PENSIONS)	35,022	27,984	27,578	-406
PENSIONS				
Annual Pensions	7,593	6,648	6,336	-312
Transfer Values Ect	-2,304	-1,871	-1,875	-4
	5,289	4,777	4,461	-316
EXCLUDING PENSIONS	29,733	23,207	23,117	-90