

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AUTHORITY	
date	22 October 2004	agenda item number

REPORT OF THE TREASURER

BUDGET MONITORING TO 31ST AUGUST 2004

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to inform Members of the financial position of the Authority as at the end of August 2004 and to explain or highlight any variances.
- 1.2 The figures in the monitoring statement have been prepared in a different way to those presented previously in order to reflect the financial position more accurately. The attached statement therefore requires very little adjustment for known variances.

2. OVERALL POSITION SUMMARY

- 2.1 Overall the Fire Authority is under spending by some £456,000 against profile up to the end of August 2004. This is made up broadly of an under spending on pensions of some £189,000 and the balance of £267,000 on the general account. This appears to be a reasonably comfortable position, however there are a number of areas where some management action may be required.
- 2.2 There has been no spending from reserves and/or balances, neither is any planned in the forthcoming period.

3. SIGNIFICANT VARIANCES

- 3.1 Wholetime pay is showing an overspend of some £72,000 for the period. Some of this relates to a significant overspending with regard to Temporary Promotions, although there appears to be a longer term issue around National Insurance Contributions. This can be corrected from within the contingency for pay.
- 3.2 Pay in Fire Control continues to be a major problem area in the budget in the early part of the year. Management have already taken action to reduce the amount of overtime and acting-up taking place, but there are still some remaining problems with long term sickness. Some budget transfer is required from the budget for IRMP (Integrated Risk Management Plan) support to offset the secondment costs of a Fire Control Officer, however until the issues around sickness cover are resolved this budget will continue to come under pressure.

- 3.3 Other employee expenses are showing a large underspend of £40,000, however this is a little misleading. Whilst staff training is underspending by £74,000 this is masking the fact that the Westfield scheme is overspending by some £27,000. This needs to be looked at with a view to either reducing costs or increasing the budget.
- 3.4 There is an underspending showing on premises of £58,000. This is largely made up of a number of small overspends and a large underspend on business rates of £71,000. A firm of consultants who have been employed, have again been successful in securing rate reductions on a number of Fire Authority properties which have resulted both in refunds of rates and also reductions in the demands on this budget.
- 3.5 Operational Equipment is showing an overspend of £67,000, however a significant amount of this relates to cutting equipment which was stolen from a Fire Station and which needed to be replaced. This is the subject of an insurance claim and will ultimately be repaid. Personal Protective Equipment is overspending and is being examined by managers to ascertain whether this is a temporary state or whether there are specific reasons for this problem.
- 3.6 Other Supplies and Services shows an overspend of £84,000, some of which relates to Smoke Alarms which may be recoverable from within Community Fire Safety, however there are a number of smaller overspends which contribute to this and which will need to be examined in further detail.
- 3.7 There is a minor overspend on transport and on Support Services, neither of which give rise to concern. This latter overspend is probably due to a profiling problem.
- 3.8 In the area of leasing there is a significant underspending which is all due to significant slippage in the vehicle replacement programme. This programme has been held for some time now whilst the results of the IRMP and the Fire Service Emergency Cover (FSEC) modelling process are awaited. This may change the entire strategy in relation to vehicle types and therefore it remains prudent to wait. Nevertheless underspends in this budget of this magnitude do signal a large underspend towards the year end. There is also an anticipated underspend in the financing of external debt for the same reason.
- 3.9 Budgets held on Fire Stations are overspending at present by £39,000. These budgets are looked at in detail annually and no problems are anticipated.
- 3.10 Pensions budgets are showing an underspend of some £189,000, but this is due as always to the volatility of these budgets.
- 3.11 External interest earned is showing a large surplus above that anticipated, as it is already £50,000 ahead of its target. This is due to the effect of the large reserves figure brought forward in the accounts and the continued delay in the payment of the firefighters pay award. Trading activity is largely on target.

4. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report

5. EQUAL OPPORTUNITIES IMPLICATIONS

There are no equal opportunities implications arising from this report.

6. RISK MANAGEMENT IMPLICATIONS

Clearly budget monitoring is key to financial control and good financial management. Regular reports to the Fire Authority will give assurance to Members that the Authority is keeping within the revenue budget and that finances are being managed appropriately.

7. RECOMMENDATIONS

That Members note the report, and support the actions of managers in investigating budget variances.

8. BACKGROUND PAPERS FOR INSPECTION

None.

Alan Sumbly
TREASURER TO THE FIRE AUTHORITY

MONITORING STATEMENT - 1st APRIL 2003 TO 31st AUGUST 2004

<u>CATEGORY</u>	<u>Annual Budget</u>	<u>Current Profile</u>	<u>Actual to Date</u>	<u>Variance Profile</u>
	£	£	£	£
	000's	000's	000's	000's
<u>EMPLOYEES</u>				
WHOLETIME OPERATIONAL PAY				
Pay	14,844	6,185	6,191	6
Nat Ins	1,142	476	513	37
Overtime	92	31	39	9
Bank Holidays	229	166	134	-32
Other	119	49	101	52
	16,426	6,907	6,978	72
PART TIME OPERATIONAL				
Retaining Fees	708	236	216	-20
Drills	405	135	159	24
Turnout Fees	664	277	247	-30
Other (1556,1557,1550,1551)	321	120	138	17
Nat Ins	83	28	33	5
	2,180	796	792	-4
CONTROL STAFF				
Pay	665	277	314	37
Nat ins	51	21	25	4
Overtime	25	8	14	5
Supn	60	25	35	10
	801	332	388	57
ADMIN, CLERICAL & COOKS				
Pay	2,136	886	883	-3
Nat ins	147	61	63	2
Overtime			4	4
Supn	220	91	95	4
	2,503	1,038	1,045	7
OTHER EMPLOYEE EXPENSES				
Staff Training	447	149	75	-74
Bounty Scheme	35	15	21	6
Other	93	37	65	27
	575	201	161	-40
PREMISES				
Building Maintenance	348	116	112	-4
Electricity	30	10	8	-2
Gas	46		3	3
Rent Premises	61			
Business Rates	598	272	200	-71
Contract Cleaning	28	14	19	5
Other	75	41	51	10
	1,186	452	394	-58

OPERATIONAL EQUIPMENT

Specialist Equipment	174	60	86	26
Breathing Apparatus	57	19	22	3
Hydrant Ins&Maint				
Protective Clothing	49	16	60	44
Other	39	15	9	-6
	319	110	178	67

OTHER SUPPLIES & SERVICES

Comms Maint & Purch	36	9	6	-3
Clothing Shoes & Uniforms	75	25	28	3
Stationary	36	12	21	9
Audit Fees	34			
Phones General	169	70	84	14
Fire Precautions				
Comms Licenses & Rentals	193	100	102	2
Computer Eqpt Purchase	240	100	58	-42
Insurances	469	468	451	-17
Other	467	167	285	118
	1,719	951	1,035	84

TRANSPORT

Workshop Charges	490	122	103	-19
Fuel	224	75	94	19
Vehicle Leasing	88	29	25	-5
Essential User Mileage	86	29	28	
Other	171	61	74	13
	1,059	316	323	8

SUPPORT SERVICES

Treasury	103	51	48	-3
IT Services	55			
Occupational Health	25	12	15	3
Other	34		32	32
	218	63	95	32

CAPITAL FINANCING

Operating Lease Payments	1,936	721	212	-508
	1,936	721	212	-508

INCOME

Fire Certificates	-26	-8	-1	7
Other Fees & Income				
Fire Safety Course Income				
Car Leasing Contribution	-57	-24	-24	
Store / Clothing Sales	-2	-1		1
Special Services	-10	-4	-4	
Other	-56	-20	-21	-1
	-151	-56	-51	6

HQ BUDGETS	28,771	11,829	11,551	-278
ADMIN, CLERICAL & COOKS				
Cooks Pay	121	51	56	5
	121	51	56	5
OTHER EMPLOYEES EXPENSES				
Other	11	5	4	
	11	5	4	
PREMISES				
Station Maintenance	54	15	31	16
Electricity	65	22	16	-6
Gas	52	17	16	-2
Contract Cleaning	106	53	62	9
Other	21	4	17	13
	298	111	141	30
OPERATIONAL EQUIPMENT				
Protective Clothing	89	30	38	8
	89	30	38	8
OTHER SUPPLIES & SERVICES				
Clothing Shoes & Uniforms	52	17	7	-10
Stationary	6	2	7	5
Phones General	19	5	1	-4
Other	66	24	27	2
INCOME				
Other	-3	-1		1
	140	48	42	-5
STATIONS BUDGETS	658	243	282	39
ANNUAL PENSIONS				
Injury Awards	236	118	114	-4
Transfer Values Paid				
Pension Lump Sums	2,649	1,104	715	-388
Annual Pensions Widows	172	86	100	14
Annual Pensions	3,026	1,513	1,885	372
Gratuities	37	16		-15
Pension Increase Act	1,509	754	792	38
	7,629	3,591	3,607	17
TRANSFER VALUES ECT				
Transfer Values Received	-52	-17	-236	-219
Pension Contributions	-1,741	-725	-712	13
	-1,793	-743	-948	-205
CAPITAL CHARGES ETC				
Other	1,014			
Asset Management Revenue	-1,014			
Minimum Revenue Provision	94			
Appropriation	8			
External Debt	193			
	295			

OTHER				
Contingency	3,202			
External Interest	-20	-8	-72	-63
Provision				
Revenue - Balances / Unallocated	900			
Government Grant	-500			
General Reserve				
<u>SUB TOTAL</u>	39,142	14,912	14,420	492
TRADING ACCOUNTS				
FEM	51	38	25	-13
PRINCE'S TRUST	-1	12	-1	-13
COMMERCIAL TRAINING	-9	9	14	5
MARKETING & FUNDRAISING	2	-37	19	56
	43	21	57	35
TOTAL (INCLUDING PENSIONS)	39,185	14,933	14,477	-456
PENSIONS				
Annual Pensions	7,629	3,591	3,607	17
Transfer Values Etc	-1,793	-743	-948	-205
	5,836	2,848	2,659	-189
NET TOTAL	33,349	12,085	11,818	-267