

report

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| meeting | NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE AUTHORITY | |
| date | 14 JANUARY 2005 | agenda item number |

REPORT OF THE CHIEF FIRE OFFICER

BUDGET MONITORING STATEMENT – PERIOD ENDED 30 NOVEMBER 2004

1 PURPOSE OF REPORT

To report to the Fire Authority on the financial performance of the Service in the year 2004/2005 up to the end of November 2004. This report analyses major variances and raises any areas of concern with Authority Members.

2. OVERALL POSITION SUMMARY

2.1 Overall the Service is under spending by some £530,000 against profile up to the end of November 2004. This is made up broadly of an under spending on the general account of £608,000 and a small overspend on pensions of £78,000. There are a number of key areas where large variances are evident which have been anticipated and reported previously however these are explained in detail below.

2.2 The full budget monitoring statement is given as Appendix A to this report.

3. SIGNIFICANT VARIANCES

3.1 Both Wholetime and Retained pay budgets are stable and are generally performing to target now that all the adjustments have been made for the pay award and secondments. Fire Control however, has been a problem for a number of months. The overspending on Control salaries remains constant however which shows that the corrective action taken by management has been effective in preventing this overspend getting any worse.

3.2 Administrative, clerical and cooks pay is showing a minor overspend of £9,000 however there is still an amount of money held in contingency for increments which has not yet been allocated to this budget head. The reason for this is that job evaluation outcomes will change the whole structure of this budget and it is considered prudent to wait until this major adjustment is required rather than to make other small adjustments at this time.

3.3 Other employee expenses shows an under spend of £97,000. The major variance here is £149,000 underspent on staff training which is largely due to difficulties in undertaking the training required around the Integrated Personal Development System (IPDS) without any of the guidance that is expected from the IPDS Hub. This has also proved to be an issue with some of the contingency sums that have been earmarked for such training.

- 3.4 Premises is showing an under spending at this time of £63,000 however it is likely that this budget will either spend up fully before the year end or potentially overspend slightly due to the amount of work that is being carried out at Central and Mansfield to create additional office accommodation.
- 3.5 Operational Equipment continues to overspend although not at the levels reported previously. Again management action has brought this budget under control. It is likely however that pressing requirements for equipment may require some virement to this heading before the end of the year.
- 3.6 Other Supplies and Services shows the most significant overspending particularly in the rather generally described "other" heading. £75,000 of this overspend relates to smoke detectors which are ultimately to be charged out to other brigades. The balance of the overspending relates to areas such as home to base travel, office equipment and catering which are all to be addressed within the base budget process. There is a small area of overspending which relates to the purchase of fitness equipment which was originally part of the capital programme. It was considered on reflection that it would not be appropriate to lease £20,000 of this equipment as it was not suitable in the long term for capitalisation.
- 3.7 Transport has a minor overspending but gives little cause for concern.
- 3.8 Capital Financing, as reported previously, shows an under spending of some £500,000. This is wholly due to delays in every aspect of the capital programme, some caused by planned slippage due to the IRMP and FSEC considerations. Other areas of difficulty have related to the new build project at Harworth which has yet to start due to architectural problems.
- 3.9 Pensions budget are showing a minor overspending at present however it should be borne in mind that a large under spending was brought forward as a pensions reserve and this has not yet been allocated to the pensions budget.
- 3.10 Again, as reported previously, the extent to which the Authority has been able to earn interest externally has been increased beyond expectations due to both the delay in the payment of the fire fighters pay award and the slippage in the capital programme. Slippage particularly, has a highly beneficial effect on the budget as it also causes external debt charges to fall. To date the Authority has earned £145,000 in interest against an original budget of only £20,000. This, of course, has been taken account of in the budget for 2005/6. Similarly the external debt charges are under spending by £41,000 during the same period.
- 3.11 Fire Extinguisher Maintenance is performing particularly well however other "trading type" activities are letting this budget down somewhat. Prince's Trust will turn around before the end of the year as new teams begin to generate funds and Marketing and Fundraising requires contributions from our partner brigades to be coded to the unit.

4. CONTINGENCIES

The budget contains £1.596m of unallocated contingencies and £900k of unallocated reserves. There is also a carry forward amount of £1,027,000 from 2003/4. These sums are set aside as follows :

| | Initial Allocation £ | Applied £ | Balance £ |
|---|-------------------------------------|----------------------|----------------------|
| Reserves and Balances | | | |
| Carried Forward Reserves | 1,027,000 | 0 | 1,027,000 |
| General Reserve | 900,000 | 0 | 900,000 |
| Total Reserves and Balances | 1,927,000 | 0 | 1,927,000 |
| Contingencies | | | |
| General Contingency | 50,000 | 0 | 50,000 |
| Non-Uniformed Job Evaluation | 130,000 | 0 | 130,000 |
| New Fire Kit | 300,000 | 0 | 300,000 |
| Retained Pay (Parity) | 274,000 | 0 | 274,000 |
| Working Together | 40,000 | 0 | 40,000 |
| Best Value Post | 20,000 | 10,129 | 9,871 |
| Uniformed Pay Award | 1,591,785 | 1,590,504 | 1,281 |
| Pay Award – Non Uniformed | 112,185 | 40,000 | 72,185 |
| Regional Control Study | 20,000 | 0 | 20,000 |
| Driving at Work | 70,000 | 0 | 70,000 |
| 24/7 I.T Support | 30,000 | 0 | 30,000 |
| Co-Responder – Retained Support | 20,000 | 0 | 20,000 |
| IPDS Team | 75,000 | 26,780 | 48,220 |
| Legal Advice (Risk Manager) | 30,000 | 0 | 30,000 |
| Retained IPDS | 350,000 | 0 | 350,000 |
| General Inflation | 71,948 | 40,000 | 31,948 |
| Asset Management | 30,000 | 0 | 30,000 |
| CFS Contingency | 195,000 | 48,736 | 146,264 |
| Total Contingencies | 3,409,918 | 1,756,149 | 1,653,769 |
| Total Contingencies and Reserves | 5,336,918 | 1,756,149 | 3,580,769 |

5. FINANCIAL IMPLICATIONS

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

6. PERSONNEL IMPLICATIONS

There are no personnel 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 as are the management actions that are stimulated by such reporting. Whilst it has never been the practice of the authority to formally set out action plans for budget variances there are a number of areas where it is clear that management actions have been taken and budget performance improved.

7.2 Action planning is not necessarily considered an appropriate response to budget variances as the philosophy which the Finance Department is trying to adopt is one of professional support and encouragement rather than passing the problem to budget holders. This more collaborative approach is considered to be and indeed is demonstrably more effective.

8. EQUAL OPPORTUNITIES IMPLICATIONS

There are no equal opportunities implications arising from this report.

9. RECOMMENDATIONS

That Members note the contents of this report.

10. BACKGROUND PAPERS FOR INSPECTION

None.

Paul Woods
CHIEF FIRE OFFICER

REVENUE BUDGET MONITORING STATEMENT 1ST APRIL 2004 TO 30TH NOVEMBER 2004

| <u>CATEGORY</u> | <u>Annual</u> | <u>Current</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------------|---------------|----------------|---------------|-----------------|
| | <u>Budget</u> | <u>Profile</u> | <u>to</u> | <u>Profile</u> |
| | <u>£</u> | <u>£</u> | <u>Date</u> | <u>£</u> |
| | <u>000's</u> | <u>000's</u> | <u>000's</u> | <u>000's</u> |
| <u>EMPLOYEES</u> | | | | |
| WHOLETIME OPERATIONAL PAY | | | | |
| Pay | 15,898 | 10,543 | 10,439 | -104 |
| Nat Ins | 1,274 | 845 | 877 | 32 |
| Overtime | 100 | 58 | 68 | 10 |
| Bank Holidays | 246 | 184 | 151 | -33 |
| Other | 136 | 90 | 170 | 80 |
| | 17,654 | 11,720 | 11,706 | -14 |
| PART TIME OPERATIONAL | | | | |
| Retaining Fees | 760 | 441 | 393 | -48 |
| Drills | 437 | 253 | 273 | 21 |
| Turnout Fees | 713 | 472 | 448 | -24 |
| Other (1556,1557,1550,1551) | 348 | 216 | 239 | 23 |
| Nat Ins | 90 | 52 | 64 | 12 |
| Supn | | | 2 | 2 |
| | 2,348 | 1,433 | 1,419 | -15 |
| CONTROL STAFF | | | | |
| Pay | 760 | 504 | 528 | 24 |
| Nat ins | 57 | 38 | 44 | 6 |
| Overtime | 28 | 16 | 27 | 11 |
| Supn | 68 | 45 | 58 | 13 |
| | 913 | 603 | 658 | 55 |
| ADMIN, CLERICAL & COOKS | | | | |
| Pay | 2,192 | 1,461 | 1,448 | -13 |
| Nat ins | 149 | 99 | 104 | 5 |
| Overtime | | | 7 | 7 |
| Supn | 222 | 148 | 157 | 9 |
| | 2,563 | 1,708 | 1,717 | 9 |
| OTHER EMPLOYEE EXPENSES | | | | |
| Staff Training | 447 | 261 | 121 | -140 |
| Bounty Scheme | 35 | 23 | 36 | 13 |
| Other | 93 | 61 | 90 | 30 |
| | 575 | 345 | 247 | -97 |
| PREMISES | | | | |
| Building Maintenance | 348 | 203 | 215 | 12 |
| Electricity | 30 | 18 | 16 | -1 |
| Gas | 46 | | 5 | 5 |
| Rent Premises | 61 | | 1 | 1 |
| Business Rates | 598 | 412 | 309 | -103 |
| Contract Cleaning | 28 | 21 | 28 | 7 |
| Other | 75 | 54 | 69 | 15 |
| | 1,186 | 707 | 644 | -63 |

OPERATIONAL EQUIPMENT

| | | | | |
|----------------------|------------|------------|------------|-----------|
| Specialist Equipment | 174 | 103 | 119 | 16 |
| Breathing Apparatus | 57 | 33 | 35 | 2 |
| Hydrant Ins&Maint | | | | |
| Protective Clothing | 49 | 29 | 49 | 21 |
| Other | 39 | 25 | 16 | -9 |
| | 319 | 190 | 220 | 30 |

OTHER SUPPLIES & SERVICES

| | | | | |
|---------------------------|--------------|--------------|--------------|------------|
| Comms Maint & Purch | 36 | 18 | 9 | -9 |
| Clothing Shoes & Uniforms | 75 | 44 | 43 | -1 |
| Stationary | 36 | 21 | 24 | 3 |
| Audit Fees | 34 | 34 | 51 | 17 |
| Phones General | 169 | 85 | 124 | 40 |
| Fire Precautions | | | | |
| Comms Licenses & Rentals | 193 | 112 | 135 | 23 |
| Computer Eqpt Purchase | 240 | 160 | 85 | -74 |
| Insurances | 469 | 469 | 451 | -18 |
| Other | 447 | 267 | 438 | 171 |
| | 1,698 | 1,210 | 1,360 | 150 |

TRANSPORT

| | | | | |
|------------------------|--------------|------------|------------|-----------|
| Workshop Charges | 490 | 246 | 225 | -21 |
| Fuel | 224 | 131 | 140 | 10 |
| Vehicle Leasing | 88 | 51 | 61 | 9 |
| Vehicle Purchase | | | | |
| Essential User Mileage | 86 | 50 | 49 | -1 |
| Other | 171 | 104 | 123 | 19 |
| | 1,059 | 582 | 598 | 16 |

SUPPORT SERVICES

| | | | | |
|---------------------|------------|------------|-----------|-----------|
| Treasury | 103 | 51 | 48 | -3 |
| IT Services | 55 | | | |
| Occupational Health | 25 | 16 | 28 | 12 |
| Other | 34 | 34 | 21 | -13 |
| | 218 | 101 | 97 | -4 |

CAPITAL FINANCING

| | | | | |
|--------------------------|--------------|------------|------------|-------------|
| Operating Lease Payments | 1,936 | 960 | 459 | -501 |
| | 1,936 | 960 | 459 | -501 |

INCOME

| | | | | |
|---------------------------|-------------|------------|-------------|------------|
| Fire Certificates | -26 | -14 | -1 | 13 |
| Other Fees & Income | | | | |
| Fire Safety Course Income | | | -15 | -15 |
| Car Leasing Contribution | -57 | -38 | -38 | |
| Store / Clothing Sales | -2 | -1 | | 1 |
| Special Services | -10 | -7 | -4 | 3 |
| Other | -56 | -33 | -60 | -27 |
| | -151 | -93 | -117 | -24 |

HQ BUDGETS

| | | | | |
|--|---------------|---------------|---------------|-------------|
| | 30,319 | 19,466 | 19,008 | -458 |
|--|---------------|---------------|---------------|-------------|

ADMIN, CLERICAL & COOKS

| | | | | |
|-----------|-----|----|----|---|
| Cooks Pay | 121 | 81 | 88 | 7 |
| | 121 | 81 | 88 | 7 |

OTHER EMPLOYEES EXPENSES

| | | | | |
|-------|----|---|---|--|
| Other | 11 | 7 | 7 | |
| | 11 | 7 | 7 | |

PREMISES

| | | | | |
|---------------------|-----|-----|-----|----|
| Station Maintenance | 54 | 29 | 42 | 13 |
| Electricity | 65 | 38 | 31 | -7 |
| Gas | 52 | 31 | 25 | -5 |
| Contract Cleaning | 106 | 62 | 94 | 32 |
| Other | 21 | 9 | 18 | 9 |
| | 298 | 169 | 210 | 42 |

OPERATIONAL EQUIPMENT

| | | | | |
|---------------------|----|----|----|-----|
| Protective Clothing | 89 | 52 | 38 | -14 |
| | 89 | 52 | 38 | -14 |

OTHER SUPPLIES & SERVICES

| | | | | |
|---------------------------|----|----|----|-----|
| Clothing Shoes & Uniforms | 52 | 30 | 9 | -22 |
| Stationary | 6 | 4 | 9 | 5 |
| Phones General | 19 | 9 | 2 | -7 |
| Other | 66 | 41 | 41 | |

INCOME

| | | | | |
|-------|-----|----|----|-----|
| Other | -3 | -2 | | 2 |
| | 140 | 83 | 60 | -23 |

STATIONS BUDGETS

| | | | | |
|--|-----|-----|-----|----|
| | 658 | 391 | 404 | 13 |
|--|-----|-----|-----|----|

ANNUAL PENSIONS

| | | | | |
|------------------------|-------|-------|-------|------|
| Injury Awards | 236 | 177 | 178 | 1 |
| Transfer Values Paid | | | 233 | 233 |
| Pension Lump Sums | 2,649 | 1,766 | 1,301 | -465 |
| Annual Pensions Widows | 172 | 129 | 152 | 23 |
| Annual Pensions | 3,026 | 2,270 | 2,863 | 594 |
| Gratuities | 37 | 25 | | -25 |
| Pension Increase Act | 1,509 | 1,132 | 1,191 | 59 |
| | 7,629 | 5,498 | 5,918 | 421 |

TRANSFER VALUES ECT

| | | | | |
|--------------------------|--------|--------|--------|------|
| Transfer Values Received | -52 | -30 | -319 | -288 |
| Pension Contributions | -1,741 | -1,161 | -1,215 | -54 |
| | -1,793 | -1,191 | -1,533 | -342 |

CAPITAL CHARGES ETC

| | | | | |
|---------------------------|--------|----|----|-----|
| Other | 1,014 | | | |
| Asset Management Revenue | -1,014 | | | |
| Minimum Revenue Provision | 94 | | | |
| Appropriation | 8 | | | |
| External Debt | 193 | 97 | 56 | -41 |
| | 295 | 97 | 56 | -41 |

| | | | | |
|-----------------------------------|---------------|---------------|---------------|-------------|
| OTHER | | | | |
| Contingency | 1,653 | | 3 | 3 |
| External Interest | -20 | -13 | -145 | -132 |
| Provision | | | | |
| Revenue - Balances / Unallocated | 900 | | | |
| Government Grant | -500 | -500 | -529 | -29 |
| General Reserve | | | | |
| <u>SUB TOTAL</u> | 39,141 | 23,748 | 23,182 | -566 |
| TRADING ACCOUNTS | | | | |
| FEM | 51 | 50 | 3 | -47 |
| PRINCE'S TRUST | -1 | 12 | 18 | 6 |
| COMMERCIAL TRAINING | -9 | 6 | 14 | 8 |
| MARKETING & FUNDRAISING | 2 | -21 | 48 | 68 |
| | 43 | 47 | 83 | 36 |
| TOTAL (INCLUDING PENSIONS) | 39,184 | 23,795 | 23,265 | -530 |
| PENSIONS | | | | |
| Annual Pensions | 7,629 | 5,498 | 5,918 | 421 |
| Transfer Values Etc | -1,793 | -1,191 | -1,533 | -342 |
| | 5,836 | 4,307 | 4,385 | 78 |
| NET TOTAL | 33,348 | 19,488 | 18,880 | -608 |