

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY		
date	9 September 2005	agenda item number	11

REPORT OF THE CHIEF FIRE OFFICER

BUDGET MONITORING STATEMENT – PERIOD ENDED 31 JULY 2005

1. PURPOSE OF REPORT

To report to the Fire & Rescue Authority on the financial performance of the Service in the year 2005/2006 up to the end of July 2005. This report analyses major variances and raises any areas of concern with Authority Members.

2. OVERALL POSITION SUMMARY

2.1 The budget monitoring statements show that the Service is over spending by some £319,000 against the profile of expenditure up to the end of July 2005. This is made up broadly of an under spending on the general account of £65,000 and an overspend on pensions of £384,000. There are a number of significant variances within the overall statement as well as areas which require further explanation.

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

3. SIGNIFICANT VARIANCES

3.1 Wholetime pay is showing an underspending due to a number of outstanding recruitments.

3.2 Pay in Fire Control remains an issue despite best efforts by management to alleviate this problem. It is closely linked to issues around regionalisation and the uncertainties that this creates for staff. This budget will need to be monitored closely.

3.3 Administrative, clerical and cooks pay is showing an underspend of some £39,000 which is caused by a number of unfilled posts. The majority of this saving will be available to support other budgets should the need arise.

3.4 Building maintenance is showing an overspend of some £93,000, however investigations show that this is due to the front loading of expenditure to the early part of the year. This budget is expected to be achieved by the year end.

3.5 Operational Equipment is currently overspending and an exercise has commenced to reveal the reasons for this and recommend any actions to management.

3.6 The leasing budget is currently underspending due to delays in the capital programme, especially for vehicle replacements. The bulk of this saving will be used later to negotiate the removal of the turntable ladder from the Service.

- 3.7 The Pensions budget, with an overspend of £384,000, gives a genuine cause for concern. Despite having made provision for a large number of retirements, it is clear that actual levels are exceeding these estimates. This budget will be monitored closely and a further report will be brought back to the Authority if this situation worsens significantly.
- 3.8 External income continues to perform well particularly in the area of Fire Extinguisher Maintenance.

4. CONTINGENCIES

The budget contains £1.739m of unallocated contingencies and £1.566m of unallocated reserves. These sums are set aside as follows :

	Initial Allocation	Applied	Balance
General Reserves and Balances			
Carried Forward Reserves	1,266,000	0	1,266,000
General Reserve	300,000	0	300,000
Total Reserves and Balances	1,566,000	0	1,566,000
Contingencies			
Regional Management Board	60,000	0	60,000
Pay Awards	966,000	0	966,000
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	48,200	0	48,200
Retained IPDS	350,000	0	350,000
CFS Contingency	195,000	105,293	89,707
Total Contingencies	1,739,200	105,293	1,633,907
Total Contingencies and Reserves	3,305,200	105,293	3,199,907

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. EQUALITY IMPACT ASSESSMENT

An initial impact assessment has revealed that there are no specific equality issues arising from this report.

8. RISK MANAGEMENT IMPLICATIONS

- 8.1 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 Fire & Rescue 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.

- 8.2 Action planning is not necessarily considered an appropriate response to budget variances, as the philosophy which the Finance Division are 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.

9. RECOMMENDATIONS

That Members note the contents of this report.

10. BACKGROUND PAPERS FOR INSPECTION

None.

Paul Woods
CHIEF FIRE OFFICER

MONITORING STATEMENT "N" - 1st APRIL 2005 TO 31st JULY 2005

<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
EMPLOYEES				
WHOLETIME OPERATIONAL PAY				
Pay	15,898	5,299	5,076	-223
Nat Ins	1,307	435	417	-18
Overtime	100	25	32	7
Bank Holidays	226	113	77	-36
Other	136	46	72	26
	17,667	5,918	5,674	-244
PART TIME OPERATIONAL				
Retaining Fees	1,026	256	174	-82
Drills	437	109	136	27
Turnout Fees	721	181	176	-5
Other (1556,1557,1550,1551)	348	87	136	49
Nat Ins	90	22	31	9
Supn				
	2,622	655	653	-2
CONTROL STAFF				
Pay	760	253	260	7
Nat ins	57	19	22	3
Overtime	28	7	13	6
Supn	68	23	32	9
	913	302	327	25
ADMIN, CLERICAL & COOKS				
Pay	2,513	838	792	-46
Nat ins	197	66	68	2
Overtime			4	4
Supn	284	95	96	1
	2,994	999	960	-39
OTHER EMPLOYEE EXPENSES				
Staff Training	378	95	79	-16
Bounty Scheme	35	12	10	-2
Other	87	26	46	20
	500	133	135	2
PREMISES				
Building Maintenance	367	92	185	93
Electricity	35	9	7	-2
Gas	51	13	4	-9
Rent Premises	63		4	4
Business Rates	448	149	151	2
Contract Cleaning	53	13	5	-8
Other	78	26	48	22
	1,095	302	404	102
OPERATIONAL EQUIPMENT				
Specialist Equipment	175	46	101	55
Breathing Apparatus	57	14	24	10
Hydrant Ins&Maint				
Protective Clothing	50	12	51	39
Other	40	13	9	-4
	322	85	185	100

OTHER SUPPLIES & SERVICES

Comms Maint & Purch	36	9	11	2
Clothing Shoes & Uniforms	75	19	24	5
Stationary	36	9	27	18
Audit Fees	34	11	17	6
Phones General	206	60	72	12
Fire Precautions			1	1
Comms Licenses & Rentals	205	67	72	5
Computer Eqpt Purchase	278	93	42	-51
Insurances	543	451	452	1
Other	476	138	221	83
	1,889	857	939	82

TRANSPORT

Workshop Charges	510	127	112	-15
Fuel	235	59	74	15
Vehicle Leasing	91	23	11	-12
Vehicle Purchase				
Essential User Mileage	89	22	22	
Other	174	48	61	13
	1,099	279	280	1

SUPPORT SERVICES

Treasury	105			
IT Services	15			
Occupational Health	26	9	18	9
Other	34		40	40
	180	9	58	49

CAPITAL FINANCING

Operating Lease Payments	1,690	422	331	-91
Other				
	1,690	422	331	-91

INCOME

Fire Certificates	-16	-3		3
Other Fees & Income				
Fire Safety Course Income				
Car Leasing Contribution	-58	-19	-17	3
Store / Clothing Sales	-2	-1		1
Special Services	-20	-7	-1	6
Other	-56	-16	-18	-2
	-152	-47	-36	10

HQ BUDGETS

30,819	9,915	9,909	-5
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ADMIN, CLERICAL & COOKS

Cooks Pay	125	42	42	
	125	42	42	

OTHER EMPLOYEES EXPENSES

Other	11	4	4	
	11	4	4	

PREMISES

Station Maintenance	54	10	29	19
Electricity	65	16	10	-6
Gas	52	13	21	8
Contract Cleaning	106	27	28	1
Other	21	3	22	19
	298	69	110	41

OPERATIONAL EQUIPMENT

Protective Clothing	90	22	1	-21
	90	22	1	-21

OTHER SUPPLIES & SERVICES

Clothing Shoes & Uniforms	53	13	4	-9
Stationary	6	2	12	10
Phones General	19	4	9	5
Other	68	20	32	12

INCOME

Other	-4	-1		1
	142	38	57	19

STATIONS BUDGETS

	666	175	214	39
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ANNUAL PENSIONS

Injury Awards	239	99	101	2
Transfer Values Paid	233	58	27	-31
Pension Lump Sums	1,396	465	716	251
Annual Pensions Widows	202	84	86	2
Annual Pensions	4,106	1,711	1,776	65
Gratuities				
Pension Increase Act	1,759	733	714	-19
	7,935	3,150	3,420	270

TRANSFER VALUES ECT

Transfer Values Received	-285	-71		71
Pension Contributions	-1,814	-605	-562	43
	-2,099	-676	-562	114

CAPITAL CHARGES ETC

Other	1,014			
Asset Management Revenue	-1,014			
Minimum Revenue Provision	154			
Appropriation	8			
External Debt	193			
	355			

OTHER

Contingency	666			
Pay Award Contingency	966			
External Interest	-70	-23	-31	-8
Provision				
Revenue - Balances / Unallocated	300			
Government Grant				
General Reserve				
Impact of IRMP (phase 2)	537			
Impact of IRMP (phase 1)	184			
Surp/Deficit on Collection	-93	-19	-19	
SUB TOTAL	40,166	12,522	12,931	410

TRADING ACCOUNTS

FEM	52	34	-33	-68
PRINCE'S TRUST	44	21	22	1
COMMERCIAL TRAINING	21	20	6	-14
MARKETING & FUNDRAISING	3	21	11	-10
	120	96	5	-91

TOTAL (INCLUDING PENSIONS)	40,285	12,617	12,936	319
PENSIONS				
Annual Pensions	7,935	3,150	3,420	270
Transfer Values Etc	-2,099	-676	-562	114
	5,836	2,474	2,858	384
NET TOTAL	34,449	10,143	10,078	-65