

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY	
date	24 February 2006	agenda item number

REPORT OF CHIEF FIRE OFFICER

BUDGET MONITORING REPORT - PERIOD 9 ENDED 31 DECEMBER 2005

1. PURPOSE OF REPORT

To report to the Fire & Rescue Authority on the financial performance of the Service in the year 2005/06 to the end of December 2005. This report analyses significant variances and highlights areas of concern.

2. BACKGROUND

Budget monitoring is a key aspect of financial management for the Authority. Regular reporting of spending against budget to the Strategic Management Team and to Members is a check that spending is within available resources and, if necessary, allows for financial resources to be re-assigned to meet changing priorities.

3. REPORT

3.1 SUMMARY

3.1.1 The budget monitoring statement is showing an underspend to date of -£636k. This is made up of an underspend to date on the general account of -£1,350k and an overspend to date on pensions of £714k.

3.1.2 The projected out turn variance for the year 2005/06 is an under spend of -£966k. This is made up of an outturn underspend on the general account of -£1,863k and an outturn overspend on pensions of £897k. The revenue underspend is supporting the overspend on pensions.

3.1.3 The underspend to date of -£1,350K on the general account is made up of several key variances.

3.1.4 The full Budget Monitoring Statement is given as Appendix A to this report.

3.2 SIGNIFICANT VARIANCES

3.2.1 Wholetime pay is underspent to date by -£531k. There have been vacancies within the establishment, which are in the process of being filled. The projected underspend of -£525k assumes that all vacancies are filled with immediate effect.

3.2.2 Control staff pay is overspent by £47k to date. This is mainly due to cover for long term absence. The projected overspend at year end is £56k.

- 3.2.3 Within premises costs, building maintenance is overspent by £136k to date. This is due to a backlog of maintenance from 2004/05. The projected underspend for Business Rates is -£29k. This is a result of the rating reassessment which took place this year. However, premises overall is expected to reach its budget target by the end of the year.
- 3.2.4 Operational equipment is overspent by £123k to date with a projected overspend of £44k by the year end. The phasing of expenditure has been weighted towards the first half of the year and there has been a requirement to purchase replacement "gas tight" suits.
- 3.2.5 The overspend to date in supplies and services has increased to £305k. It is expected to reduce to an overspend of £228k by year end. Stationery, communications licences, telephone costs, office equipment, consultancy fees, travel expenses and other expenses are all overspending. A base budget review of these areas is being carried out in order to determine an appropriate budget for 2006/07.
- 3.2.6 Transport is overspent by £87k with a projected outturn overspend of £27k. This is mainly due to the re negotiation of the contract for tyres, which is included in the 2006/07 estimates.
- 3.2.7 Support services is overspent by £159k to date, although this is expected to reduce to £129k by year end. There has been increased activity in Occupational Health and in legal fees. The latter area has been investigated and the budget for 2006/07 has been increased.
- 3.2.8 The leasing budget is underspent by -£636k due to delays in implementing the capital programme. If current planned procurements proceed then this will reduce to an underspend of -£319k.
- 3.2.9 Trading activities in total show a surplus of -£51k to date, rising to an expected surplus of -£73k at year end. This is mainly due to increased income relating to Fire Extinguisher Maintenance.
- 3.2.10 External interest income is in surplus and is expected to achieve a surplus of -£60k at year end due to changes in treasury management arrangements.
- 3.2.11 The underspend to date in total on IRMP1, IRMP2 and contingency items is -£965k. The estimated outturn shown in the budget monitoring statement is, in total, -£1,341k. This underspend will contribute to the 2006/07 budget, and this is referred to in more detail within the budget report elsewhere on this agenda.
- 3.2.12 The pension budget is overspent by £714k to date, due to the number of retirements being higher than anticipated. The overspend is expected to increase to £897k by year end.

4. FINANCIAL IMPLICATIONS

The financial implications are set out within the body of the report.

5. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

6. EQUALITY IMPACT ASSESSMENT

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

7. RISK MANAGEMENT IMPLICATIONS

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 a key risk management control measure as are the management actions which are stimulated by such reporting. Formal action planning is not necessarily considered to be the appropriate response to budget variances. Instead finance division staff work collaboratively with budget holders towards improving financial performance.

8. RECOMMENDATIONS

That Members note the contents of this report.

9. BACKGROUND PAPERS FOR INSPECTION

None.

Paul Woods
CHIEF FIRE OFFICER

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

APPENDIX A

<u>CATEGORY</u>	<u>Annual Budget</u>	<u>Current Profile</u>	<u>Actual to Date</u>	<u>Variance Profile</u>	<u>Estimated Outturn</u>	<u>Outturn Variance</u>
	£	£	£	£	£	£
	000's	000's	000's	000's	000's	000's
EMPLOYEES						
WHOLETIME OPERATIONAL PAY	16,426	12,284	11,754	-530		
Nat Ins	1,307	977	974	-3		
Overtime	107	72	96	24		
Bank Holidays	226	203	138	-65		
Other	140	105	148	43		
	18,206	13,641	13,110	-531	17,681	-525
PART TIME OPERATIONAL						
Retaining Fees	1,068	712	459	-253		
Drills	457	305	375	70		
Turnout Fees	714	476	473	-3		
Other	361	241	362	121		
(1556,1557,1550,1551)						
Nat Ins	93	62	89	27		
	2,693	1,796	1,758	-38	2,714	21
CONTROL STAFF						
Pay	802	599	602	3		
Nat ins	57	43	51	8		
Overtime	28	18	33	15		
Supn	68	51	72	21		
	955	711	758	47	1,011	56
ADMIN, CLERICAL & COOKS						
Pay	2,448	1,836	1,841	5		
Nat ins	192	144	147	3		
Overtime			14	14		
Supn	277	208	218	10		
Temp Admin Pay	91	68	17	-51		
Temp Admin NI	5	4		-4		
Temp Admin Sup	7	5		-5		
	3,020	2,265	2,237	-28	3,014	-6
OTHER EMPLOYEE EXPENSES						
Staff Training	437	293	248	-45	378	-59
Bounty Scheme	35	26	21	-5	39	4
Other	87	64	94	30	128	41
	559	383	363	-20	545	-14
PREMISES						
Building Maintenance	367	245	381	136	395	28
Electricity	35	23	19	-4	22	-13
Gas	51	34	13	-21	51	
Rent Premises	63		13	13	63	
Business Rates	448	448	407	-41	419	-29
Contract Cleaning	53	27	33	6	63	10
Other	78	61	62	1	88	10
	1,095	838	928	90	1,101	6
OPERATIONAL EQUIPMENT						
Specialist Equipment	175	119	200	81	187	12
Breathing Apparatus	57	38	40	2	35	-22
Protective Clothing	50	33	75	42	107	57
Hydrant Maintenance						
Other	40	29	27	-2	37	-3
	322	219	342	123	366	44
OTHER SUPPLIES & SERVICES						
Comms Maint & Purch	36	18	30	12	36	
Clothing Shoes & Uniforms	75	50	42	-8	75	
Stationary	36	25	57	32	63	27
Audit Fees	34	25	38	13	40	6
Phones General	213	133	199	66	253	40

	Fire Precautions			2	2	1	1
	Comms Licenses & Rentals	205	102	152	50	232	27
	Computer Eqpt Purchase	295	221	140	-81	295	
	Insurances	543	543	505	-38	452	-91
	Office Equipment	64	48	82	34	104	40
	Catering Contract/ Equipment	58	39	44	5	69	11
	Consultancy Fees	63	47	145	98	150	87
	Postage	12	9	20	11	31	19
	Subsistence Allowance	26	18	36	18	46	20
	Travel- Home To Base	28	21	47	26	60	32
	Catering/Conferences & Members Expenses	25	18	12	-6	20	-5
	Other	186	130	201	71	200	14
TRANSPORT		1,899	1,447	1,752	305	2,127	228
	Workshop Charges	525	350	364	14	516	-9
	Fuel	235	157	182	25	256	21
	Vehicle Leasing	91	61	65	4	91	
	Vehicle Purchase						
	Travelling Costs	236	162	186	24	223	-13
	Insurance - Vehicles						
	Other	31	21	41	20	59	28
SUPPORT SERVICES		1,118	751	838	87	1,145	27
	Treasury	105				96	-9
	IT Services	15					-15
	Occupational Health	26	13	38	25	48	22
	Other	69	14	148	134	200	131
CAPITAL FINANCING		215	27	186	159	344	129
	Operating Lease Payments	1,690	1,267	631	-636	1,371	-319
INCOME		1,690	1,267	631	-636	1,371	-319
	Fire Certificates	-16	-10	-1	9	-16	
	Other Fees & Income			-1	-1		
	Fire Safety Course Income						
	Car Leasing Contribution	-58	-44	-37	7	-58	
	Store / Clothing Sales	-2	-1		1	-2	
	Special Services	-20	-15	-3	12	-20	
	Meals & Refreshments	-15	-11	-17	-6	-15	
	Environmental Income	-16	-12		12	-16	
	Other	-26	-19	-27	-8	-26	
HQ BUDGETS		-153	-112	-86	26	-153	-353
ADMIN, CLERICAL & COOKS		125	94	97	3	125	
OTHER EMPLOYESS EXPENSES		125	94	97	3	125	
	Other	11	8	11	3	11	
		11	8	11	3	11	

PREMISES	Station Maintenance	54	34	52	18	54	
	Electricity	65	43	29	-14	65	
	Gas	52	35	42	7	52	
	Contract Cleaning	106	71	96	25	106	
	Other	21	12	36	24	21	
		298	195	255	60	298	
OPERATIONAL EQUIPMENT	Protective Clothing	90	60	39	-21	90	
		90	60	39	-21	90	
OTHER SUPPLIES & SERVICES	Clothing Shoes & Uniforms	53	35	23	-12	53	
	Stationary	6	4	31	27	6	
	Phones General	19	10	13	3	19	
	Other	68	47	52	5	68	
	146	96	119	23	146		
INCOME	Other	-3	-2		2	-3	
		-3	-2		2	-3	
<u>STATIONS BUDGETS</u>		667	451	521	70	667	
ANNUAL PENSIONS	Injury Awards	239	199	214	15		
	Transfer Values Paid	233	155	128	-27		
	Pension Lump Sums	1,396	1,047	1,362	315		
	Annual Pensions Widows	202	168	180	12		
	Annual Pensions Gratuities	4,106	3,422	3,614	192		
	Pension Increase Act	1,759	1,466	1,428	-38		
		7,935	6,457	6,926	469	8,476	541
	TRANSFER VALUES ECT	Transfer Values Received	-285	-190	-56	134	
	Pension Contributions	-1,895	-1,421	-1,311	110		
		-2,180	-1,611	-1,367	244	-1,824	356
TRADING ACCOUNTS	FEM	52	55	-44	-99	-20	-72
	PRINCE'S TRUST	44	33	32	-1	-19	-63
	COMMERCIAL TRAINING	21	29	29		35	14
	MARKETING & FUNDRAISING	3	-15	34	49	51	48
		120	102	51	-51	47	-73
CAPITAL CHARGES	Depreciation and Interest	1,014				1,014	
	Asset Management	-1,014				-1,014	
	Revenue Provision	154				154	
	Appropriation	8				8	
	External Debt	193		58	58	157	-36
		355		58	58	319	-36
OTHER	External Interest	-70	-53	-103	-50	-130	-60
	Provision Revenue - Balances / Unallocated	300				300	

	Government Grant					
	General Reserve					
	Surp/Deficit on Collection	-93	-70	-65	5	-93
<u>IRMP 1</u>		137	-123	-168	-45	77
	Abandoned Vehicles	149	112		-112	37
	Aerial Appliances	47	35		-35	12
	Arson Task Force	-63				-63
	Community Fire Safety	218	42		-42	55
	Co-responder	129	97		-97	32
<u>IRMP 2</u>		480	286		-286	73
	Working with Young People	70	52		-52	17
	Immediate Appointment of CFS staff	150	113		-113	38
	Cross Border Incidents	-15	-11		11	
	Regional Management Board	50				50
	Performance Management	10	7		-7	10
	DDA	10	10		-10	3
	Specialist Equipment	100	75		-75	25
<u>CONTINGENCY</u>		375	246		-246	143
	Pay Award Contingency	111				20
	Community Fire Safety	88				
	Contingency Build Up	40	30		-30	20
	Contingency Regional Control	20	15		-15	20
	Contingency Driving at Work	70	52		-52	
	IT Support 24/7	30	23		-23	15
	Co-responder	20	15		-15	
	I P D S	48	36		-36	
	Retained I P D S	350	262		-262	
		777	433		-433	75
<u>TOTAL INCLUDING PENSIONS</u>		40,285	29,474	28,838	-636	39,319
Pensions	Annual Pensions	7,935	6,457	6,925	468	8,476
	Transfer Values Etc	-2,180	-1,612	-1,366	246	-1,824
<u>TOTAL EXCLUDING PENSIONS</u>		5,755	4,845	5,559	714	6,652
		34,530	24,629	23,279	-1,350	32,667
						897
						-1,863