

meeting **NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM  
FIRE & RESCUE AUTHORITY  
FINANCE AND RESOURCES COMMITTEE**

date **15 September 2006** agenda item number

## **REPORT OF THE CHIEF FIRE OFFICER**

### **BUDGET MONITORING REPORT - PERIOD 2 ENDED 31 MAY 2006**

#### **1. PURPOSE OF REPORT**

To report to Members on the financial performance of the Service in the year 2006/07 to the end of May 2006. 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 Senior 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 -£131k. This is made up of an overspend to date on the general account of £93k and an underspend to date on pensions of -£224k.

3.1.2 The projected out turn variance for the year 2006/07 is to be carried out on a rolling basis and will commence in July 2006. Therefore the out turn is showing to be within budget at this stage.

3.1.3 The overspend to date of £93K 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 -£201k. This is due to a combination of factors, namely vacancies against the establishment and the conversion of uniformed posts to non-uniformed posts. A re-costing exercise is being carried out to reflect the establishment, including increments and pay awards.

- 3.2.2 Part time operational pay is overspent by £49k, mainly due to the turnouts in April 2006 being above the previous year's overall average. This month also contained two Bank Holidays for which an overtime premium is paid.
- 3.2.3 Premises costs is overspent by £41k to date. Building maintenance is overspent by £28k due to the phasing of the expenditure being weighted towards the first quarter. This budget is volatile, but is not expected to exceed its budgeted target by the end of the year. Business Rates is overspent by £12k, however an outstanding rating reassessment has taken place and will result in a rebate, which should bring the expenditure back in line with the budget.
- 3.2.4 Operational equipment is overspent by £26k to date. This is mainly due to expenditure on protective clothing, which is a vulnerable, frontline budget. Therefore the budget will be monitored closely and the estimated out turn will be reported for the next quarter.
- 3.2.5 Supplies and Services is overspent by £140k. £83k relates to computer equipment purchases, which are weighted towards the first quarter. Included in this overspend is a charge of £51k, which has arisen from the change in accounting policy in the 2005/06 final accounts. The phasing of this budget will be reviewed and reflected in the next quarter. Other expenses of £54k partly relates to advertising and publications, which is being investigated within the base budget review. Visual aids equipment is currently overspent by 22k but the estimated out turn is expected to be within budget by the year end.
- 3.2.6 Operating Lease Payments is showing an underspend of -£72k. A review of both operating lease payments and capital charges is to be carried out to reflect the change in accounting treatment of fire appliance leases.
- 3.2.7 Station budgets are showing an overspend of £42k. This is mainly due to expenditure being weighted to the first quarter. Station budgets are monitored at a devolved level and are expected to spend within the budget allocated. The current overspend will continue to be monitored closely.
- 3.2.8 Annual Pensions is showing an underspend of -£224k. The new arrangements for the financing of firefighters' pensions came into force on 1 April 2006. The next monitoring statement will present pensions detail in a different way to reflect the changes.
- 3.2.9 Trading activities in total show a deficit of £70k to date. This is mainly due to Princes Trust. Appointments of two additional Team Leaders have now been made. The income for the additional teams will be reflected when the current courses have been completed. The phasing of the expenditure and income will be reviewed, however it is anticipated that the overall position will be that the Princes Trust will make a surplus of -£29k.
- 3.2.10 The underspend to date in total on Integrated Risk Management Plan (IRMP) Year 1, IRMP Year 2 and contingency items is -£1,775k. The budgets will be allocated upon the commencement of the workstreams and the effective dates of the pay awards.

**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**

There is no impact on 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**

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**MONITORING STATEMENT - 1st APRIL 2006 TO 31st May 2006**

Appendix A

<b><u>CATEGORY</u></b>		<b>Annual Budget</b>	<b>Current Profile</b>	<b>Actual to Date</b>	<b>Variance Profile</b>	<b>Estimated Outturn</b>	<b>Outturn Variance</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>EMPLOYEES</u></b>		<b>000's</b>	<b>000's</b>	<b>000's</b>	<b>000's</b>	<b>000's</b>	<b>000's</b>
<b>WHOLETIME OPERATIONAL</b>	Pay	16,547	2,833	2,664	-169		
	Nat Ins	1,319	225	219	-6		
	Overtime	66	6	14	8		
	Bank Holidays	227	90	70	-20		
	Other	140	23	9	-14		
			<b>18,299</b>	<b>3,177</b>	<b>2,976</b>	<b>-201</b>	<b>18,299</b>
<b>PART TIME OPERATIONAL</b>	Retaining Fees	1,090	91	78	-13		
	Drills	457	38	54	16		
	Turnout Fees	714	59	78	19		
	Other (1556,1557,1550,1551)	361	30	51	21		
	Nat Ins	93	8	14	6		
			<b>2,715</b>	<b>226</b>	<b>275</b>	<b>49</b>	<b>2,715</b>
<b>CONTROL STAFF</b>	Pay	809	135	130	-5		
	Nat ins	57	10	11	1		
	Overtime	28	2	3	1		
	Supn	68	11	18	7		
			<b>962</b>	<b>158</b>	<b>162</b>	<b>4</b>	<b>962</b>
<b>ADMIN, CLERICAL &amp; COOKS</b>	Pay	2,905	481	497	16		
	Nat ins	220	37	36	-1		
	Overtime	0		1	1		
	Supn	350	59	57	-2		
	Temp Admin Pay	91	15		-15		
	Temp Admin NI	5	1		-1		
	Temp Admin Sup	6	1		-1		
			<b>3,577</b>	<b>594</b>	<b>591</b>	<b>-3</b>	<b>3,577</b>
<b>OTHER EMPLOYEE EXPENSES</b>	Staff Training	291	25	29	4	291	
	Bounty Scheme	35	6	2	-4	35	
	Other	157	25	26	1	157	
			<b>483</b>	<b>56</b>	<b>57</b>	<b>1</b>	<b>483</b>

<b>PREMISES</b>	Building Maintenance	367	31	59	28	367
	Electricity	35	3	4	1	35
	Gas	51	4		-4	51
	Rent Premises	63				63
	Business Rates	465	116	128	12	465
	Contract Cleaning	53	4	10	6	53
	Other	78	19	17	-2	78
		<b>1,112</b>	<b>177</b>	<b>218</b>	<b>41</b>	<b>1,112</b>
<b>OPERATIONAL EQUIPMENT</b>	Specialist Equipment	175	29	28	-1	175
	Breathing Apparatus	57	5	13	8	57
	Protective Clothing	50	8	29	21	50
	Hydrant Maintenance	0				0
	Other	40	5	3	-2	40
		<b>322</b>	<b>47</b>	<b>73</b>	<b>26</b>	<b>322</b>
<b>OTHER SUPPLY/SERVICES</b>	Comms Maint & Purch	36		2	2	36
	Clothing Shoes & Uniforms	75	6	14	8	75
	Stationary	51	5	1	-4	51
	Audit Fees	34	6	4	-2	34
	Phones General	213	34	32	-2	213
	Fire Precautions	0				0
	Comms Licenses & Rentals	293	24	19	-5	293
	Computer Eqpt Purchase	348	58	141	83	348
	Insurances	543	464	464		543
	Office Equipment	104	6	6		104
	Catering Contract/Equipment	58	10	15	5	58
	Consultancy Fees	73	12	15	3	73
	Postage	32	5	3	-2	32
	Subsistence Allowance	46	4	4		46
	Travel- Home To Base	58	10	11	1	58
	Catering/Confs/Members Expenses	37	3	2	-1	37
	Other	189	23	77	54	189
	<b>2,190</b>	<b>670</b>	<b>810</b>	<b>140</b>	<b>2,190</b>	
<b>TRANSPORT</b>	Workshop Charges	545	45	54	9	545
	Fuel	235	40	41	1	235
	Vehicle Leasing	91	8	8		91
	Vehicle Purchase	0				0
	Travelling Costs	276	27	27		276
	Insurance - Vehicles	0				0

	Other	67	6	3	-3	67
		1,214	126	133	7	1,214
<b>SUPPORT SERVICES</b>	Treasury	105				105
	IT Services	0				0
	Occupational Health	26	6	13	7	26
	Other	114	15	22	7	114
		245	21	35	14	260
<b>CAPITAL FINANCING</b>	Operating Lease Payments	1,550	258	186	-72	1,550
		1,550	258	186	-72	1,550
<b>INCOME</b>	Fire Certificates	-6				-6
	Other Fess & Income	0				0
	Fire Saftey Course Income	0				0
	Car Leasing Contribution	-58	-10	-8	2	-58
	Store / Clothing Sales	-2				-2
	Special Services	-20	-3	-2	1	-20
	Meals & Refreshments	-15	-3	-3		-15
	Environmental Income	-16	-3		3	-16
	Other	-26	-3	-18	-15	-26
		-143	-22	-31	-9	-143
<b>HQ BUDGETS</b>		32,526	5,488	5,485	-3	32,526
<b>ADMIN, CLERICAL &amp; COOKS</b>	Cooks Pay	125	21	23	2	125
		125	21	23	2	125
<b>OTHER EMPLOYEES EXPENSES</b>	Other	11	2	2		11
		11	2	2		11
<b>PREMISES</b>	Station Maintenance	54	5	32	27	54
	Electricity	65	5	8	3	65
	Gas	52	4		-4	52
	Contract Cleaning	106	27	36	9	106
	Other	21	1	2	1	21
		298	42	78	36	298
<b>OPERATIONAL EQUIPMENT</b>	Protective Clothing	90	7	1	-6	90
		90	7	1	-6	90
<b>OTHER SUPPLY/SERVICES</b>	Clothing Shoes & Uniforms	53	4	14	10	53
	Stationary	6	1	2	1	6
	Phones General	19	4	12	8	19
	Other	67	8	-1	-9	67
		145	17	27	10	145
<b>INCOME</b>	Other	-3				-3

		-3				-3
<b><u>STATIONS BUDGETS</u></b>		<b>666</b>	<b>89</b>	<b>131</b>	<b>42</b>	<b>666</b>
<b>ANNUAL PENSIONS</b>	Injury Awards	239	60	61	1	
	Employer Cont Current Service	3,686	614	543	-71	
	Employer Cont New Scheme	317	53		-53	
	Ill Health Deposit	356	59		-59	
	Ill Heath Charges	251	42		-42	
		<b>4,849</b>	<b>828</b>	<b>604</b>	<b>-224</b>	<b>4,849</b>
<b>TRADING ACCOUNTS</b>	FEM	32	24	26	2	32
	PRINCE'S TRUST	44	20	95	75	44
	COMMERCIAL TRAINING	-9	-2	-8	-6	-9
	MARKETING & FUNDRAISING	3	10	9	-1	3
		<b>70</b>	<b>52</b>	<b>122</b>	<b>70</b>	<b>70</b>
<b>CAPITAL CHARGES</b>	Depreciation and Interest	1,228				1,228
	Asset Management Revenue	-1,014				-1,014
	Minimum Revenue Provision	154				154
	Appropriation	8				8
	External Debt	193				193
		<b>569</b>				<b>569</b>
<b>OTHER</b>	External Interest	-150	-25	-38	-13	-150
	Provision	0				
	Revenue - Balances / Unallocated	-400				-400
	Government Grant	73				73
	General Reserve	0				0
	Base Budget Review Savings	-63				-63
	Ear Marked Reserve	0				0
	Surp/Deficit on Collection	-68	-11	-14	-3	-68
		<b>-608</b>	<b>-36</b>	<b>-52</b>	<b>-16</b>	<b>-608</b>
<b><u>IRMP 1</u></b>	Abandoned Vehicles	96				96
	Aerial Appliances	0				0
	Arson Task Force	-48				-48
	Community Fire Safety	68				68
	Co-responder	129				129
		<b>245</b>				<b>245</b>
<b><u>IRMP 2</u></b>	Working with Young People	70				70
	Immediate Appointment of CFS staff	0				0
	Cross Border Incidents	-15				-15
	Regional Management Board	66				66
	Performance Management	0				0

	DDA	10			10
	Specialist Equipment	20			20
	Fire Setters Intervention	54			54
		<b>205</b>			<b>205</b>
<b><u>CONTINGENCY</u></b>	Pay Award Contingency	976			976
	Community Fire Safety	121			121
	First Care	60			60
	Regional Control	20			20
	Contingency Driving at Work	70			70
	IT Support 24/7	30			30
	Co-responder	0			0
	I P D S	48			48
	Retained I P D S	0			0
		<b>1,325</b>			<b>1,325</b>
<b><u>TOTAL INCLUDING PENSIONS</u></b>		<b>39,847</b>	<b>6,421</b>	<b>6,290</b>	<b>-131</b>
<b><u>PENSIONS</u></b>	Annual Pensions	4,849	828	604	-224
		<b>4,849</b>	<b>828</b>	<b>604</b>	<b>-224</b>
<b><u>TOTAL EXCLUDING PENSIONS</u></b>		<b>34,998</b>	<b>5,593</b>	<b>5,686</b>	<b>93</b>

29/06/2006