

meeting **NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM
FIRE AND RESCUE AUTHORITY**

FINANCE AND RESOURCES COMMITTEE

date **13 JULY 2007** Agenda item number

REPORT OF THE CHIEF FIRE OFFICER

REVENUE BUDGET MONITORING REPORT - PERIOD 02 ENDED 31 MAY 2007

1. PURPOSE OF REPORT

To report to the Finance and Resources Committee on the financial performance of the Service in the year 2007/08 to the end of May 2007. 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 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 overspend to date of £119k. This is made up of an overspend to date on the general account of £14k and an overspend to date on pensions of £105k.
- 3.1.2 The projected out turn variance for the year 2007/08 is to be carried out on a rolling basis and will commence in July 2007. Therefore the outturn is showing to be within budget at this stage.
- 3.1.3 The overspend to date of £14k 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 -£22k, however, the overtime budget has overspent by £26k in the first month. This high level of overtime will be closely monitored and explanations will be reported to Members.
- 3.2.2 Part time Operational Pay is overspent by £34k to date. This is for several reasons: firstly due to turnouts in April 2007 being above the previous years overall average and secondly due to Retained Duty staff carrying out Community Fire Safety work. This period also contained Bank Holiday payments which are paid at a premium rate. This budget is volatile as turnouts can vary over the year: the phasing will be reviewed and reflected in the next quarter.

- 3.2.3 Administration and Clerical Pay is overspent by £28k to date, mainly due to temporary staff covering long-term sickness of a senior post within the organisation. As this cover is temporary, the budget is not expected to continue to overspend. Overtime is overspent by £5k - this overtime has been undertaken in several areas of the organisation, including Premises, Finance, Crewing and Community Fire Safety. This current overspend will be closely monitored.
- 3.2.4 Premises costs are overspent by £15k to date. Within this, building maintenance is overspent by £11k. This budget is volatile and the budget holder is working to bring it back in line. Rent of Premises is overspent £3k to date, due to external hire of meeting rooms during the refurbishment of Headquarters.
- 3.2.5 Operational equipment is overspent by £18k to date. Specialist Equipment, which is a vulnerable, frontline budget, is overspent by £13k. Protective Clothing is overspent by £8k and this is mainly due to the issue of kit to new recruits. These budgets overspent in 2006/07 so they will be closely monitored and the estimated outturn will be reported in the next quarter.
- 3.2.6 Station budgets are showing an underspend of -£3k to date. They are monitored at a devolved level and budget managers are expected to spend within the budget allocated. Station Administrators are now monitoring and co-ordinating the budgets for the Group Managers.
- 3.2.7 Trading activities in total show a surplus of -£53k to date. Fire Equipment Maintenance is underspent by -£23k - this mainly due to hydrant maintenance work being a carried out over a three year cycle. It is not expected that this lower than average level of activity will continue throughout the year. Commercial Training is showing a surplus to date of -£20k and the surplus position is expected to continue. The Marketing and Fundraiser post had been vacant for a period of time, but an appointment has now been made. Work will be carried out with Community Risk Reduction Section to ascertain the anticipated income and project costs and these will be reflected in a future report.
- 3.2.8 The total budget for IRMP1, IRMP2 and Contingency is £1,708. This will be allocated into the relevant revenue budget, upon commencement of the work streams or the effective date of the relevant pay awards.
- 3.2.9 Annual Pensions is showing an overspend to date of £105k. This is mainly due to a pension commutation payment of £83k, which relates to a former retained fire fighter who retired on ill health grounds. In 2006/07 an earmarked reserve was created but as yet to be transferred into 2007/2008.

4. 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.

5. FINANCIAL IMPLICATIONS

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

6. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

7. EQUALITY IMPACT ASSESSMENT

There is no impact on equality issues arising from this report.

8. RECOMMENDATIONS

That the contents of this report be noted.

9. BACKGROUND PAPERS FOR INSPECTION

None.

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CHIEF FIRE OFFICER

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MONITORING STATEMENT "N" - 1st APRIL 2007 TO 31st MAY 2007

Appendix A

CATEGORY

	Annual Budget	Current Profile	Actual to Date	Variance Profile	Estimated Outturn	Outturn Variance
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
<u>EMPLOYEES</u>						
WHOLETIME OPERATIONAL PAY						
Pay	16,876	2,813	2,791	-22		
Nat Ins	1,307	217	225	8		
Overtime	115	10	36	26		
Bank Holidays	226	57	43	-14		
Other	140	23	3	-20		
	18,664	3,120	3,098	-22	18,664	
WHOLETIME PAY ERS PENSION CONT						
Emp Cont to Pensions - old scheme	3,349	558	531	-27		
Emp Cont to Pensions - new scheme	212	35	25	-10		
	3,561	593	556	-37	3,561	
PART TIME OPERATIONAL						
Retaining Fees	934	78	58	-20		
Drills	652	55	74	19		
Turnout Fees	606	51	50	-1		
Tunout Hours	124	11	23	12		
Disturbance Allowance	75	6	17	11		
Holiday Back Pay	195	17	12	-5		
Community Safety	67	6	15	9		
Attendance Fees	104	9	5	-4		
Other Work (Incl Aux Crewing)	51	4	22	18		
National Ins	129	11	15	4		
Superannuation	161	13	4	-9		
	3,098	261	295	34	3,098	
CONTROL STAFF						
Pay	821	137	124	-13		
Nat ins	57	10	10			
Overtime	28	2	2			
Supn	68	11	17	6		
	974	160	153	-7	974	

		Annual Budget £ 000's	Current Profile £ 000's	Actual to Date £ 000's	Variance Profile £ 000's	Estimated Outturn £ 000's	Outturn Variance £ 000's
ADMIN, CLERICAL & COOKS	Pay	3,382	570	597	27		
	Nat ins	231	39	42	3		
	Overtime			5	5		
	Supn	411	69	70	1		
	Pension Recharges						
	Temp Admin Pay	35	6		-6		
	Temp Admin NI	3	1		-1		
	Temp Admin Sup	6	1		-1		
		4,068	686	714	28	4,068	
OTHER EMPLOYEE EXPENSES	Staff Training	520	42	37	-5	520	
	Bounty Scheme	35	6	1	-5	35	
	Other	157	25	24	-1	157	
		712	73	62	-11	712	
PREMISES	Building Maintenance	458	38	49	11	458	
	Electricity	36	3	5	2	36	
	Gas	52	4	3	-1	52	
	Rent Premises	63		3	3	63	
	Business Rates	472	7	7		472	
	Contract Cleaning	53	13	11	-2	53	
	Other	78	19	21	2	78	
		1,212	84	99	15	1,212	
OPERATIONAL EQUIPMENT	Specialist Equipment	202	35	48	13	202	
	Breathing Apparatus	147	12	5	-7	147	
	Protective Clothing	106	17	25	8	106	
	Other	27	2	6	4	27	
		482	66	84	18	482	

		Annual Budget £ 000's	Current Profile £ 000's	Actual to Date £ 000's	Variance Profile £ 000's	Estimated Outturn £ 000's	Outturn Variance £ 000's
OTHER SUPPLIES & SERVICES	Comms Maint & Purch	36				36	
	Clothing Shoes & Uniforms	54	5	13	8	54	
	Stationary	61	6	1	-5	61	
	Audit Fees	52		5	5	52	
	Phones General	218	38	35	-3	218	
	Comms Licenses & Rentals	293	25	31	6	293	
	Computer Eqpt Purchase	487	188	181	-7	487	
	Insurances	597	366	366		597	
	Office Equipment	108	6		-6	108	
	Catering Contract/Equipment	58	10	15	5	58	
	Consultancy Fees	158	26	8	-18	158	
	Postage	31	5	3	-2	31	
	Subsistence Allowance	46	4	4		46	
	Travel- Home To Base	58	10	10		58	
	Catering/Conferences & Members Expenses	34	3	6	3	34	
	Other	277	50	62	12	277	
		2,568	742	740	-2	2,568	
TRANSPORT	Workshop Charges	600	50	34	-16	600	
	Fuel	270	23	31	8	270	
	Vehicle Leasing	91				91	
	Travelling Costs	299	29	33	4	299	
	Other	67	6	14	8	67	
		1,327	108	112	4	1,327	
SUPPORT SERVICES	Treasury	111		3	3	111	
	Occupational Health	86	14	15	1	86	
	Regional Mang Board Costs	129	11		-11	129	
	Other	152		1	1	152	
		478	25	19	-6	478	
CAPITAL FINANCING	Operating Lease Payments	797	132	47	-85	797	
	Finance Lease Ext & Term			72	72		
		797	132	119	-13	797	

		Annual Budget £ 000's	Current Profile £ 000's	Actual to Date £ 000's	Variance Profile £ 000's	Estimated Outturn £ 000's	Outturn Variance £ 000's
INCOME	Fire Certificates						
	Car Leasing Contribution	-58	-10	-8	2	-58	
	Store / Clothing Sales	-2				-2	
	Special Services	-20	-3	1	4	-20	
	Meals & Refreshments	-15	-3	-2	1	-15	
	Environmental Income	-16	-3		3	-16	
	Other	-38	-4	-4		-38	
		-149	-23	-13	10	-149	
<u>HQ BUDGETS</u>		37,792	6,027	6,038	11	37,792	
ADMIN, CLERICAL & COOKS	Cooks Pay	125	21	22	1	125	
		125	21	22	1	125	
OTHER EMPLOYEES EXPENSES	Other	11	2	3	1	11	
		11	2	3	1	11	
PREMISES	Station Maintenance	54	9	12	3	54	
	Electricity	66	5	5		66	
	Gas	52	4	14	10	52	
	Contract Cleaning	153	38	25	-13	153	
	Other	28	2	1	-1	28	
		353	58	57	-1	353	
OPERATIONAL EQUIPMENT	Protective Clothing	93	8		-8	93	
		93	8		-8	93	
OTHER SUPPLIES & SERVICES	Clothing Shoes & Uniforms	53	4	3	-1	53	
	Stationary	32	5	8	3	32	
	Phones General	19		2	2	19	
	Other	67	8	8		67	
		171	17	21	4	171	
INCOME	Other	-3				-3	
		-3				-3	
<u>STATIONS BUDGETS</u>		750	106	103	-3	750	

		Annual Budget £ 000's	Current Profile £ 000's	Actual to Date £ 000's	Variance Profile £ 000's	Estimated Outturn £ 000's	Outturn Variance £ 000's
ANNUAL PENSIONS	Injury Awards	296	74	112	38	296	
	Ill Health Deposit	148	25	37	12	148	
	Ill Health Charges	490	314	355	41	490	
	Transfer values recd						
	Transfer values paid			-40	-40		
	Pension lump Sum			83	83		
	Pension Payments from Rev			8	8		
		934	413	555	142	934	
TRADING ACCOUNTS	FEM	9	30	7	-23	9	
	PRINCE'S TRUST	-102	37	42	5	-102	
	COMMERCIAL TRAINING	-21	14	-20	-34	-21	
	MARKETING & FUNDRAISING	-35	1		-1	-35	
		-149	82	29	-53	-149	
CAPITAL CHARGES	Depreciation and Interest	454				454	
	Minimum Revenue Provision	392				392	
		846				846	
OTHER	External Interest/Discount Provision	-150	-25	-12	13	-150	
	Revenue - Balances / Unallocated	-50				-50	
	Government Grant	73				73	
	General Reserve						
	Base Budget Review Savings To Ear Marked Reserve	-13	-2		2	-13	
	From Ear Marked Reserve Surp/Deficit on Collection	-68	-11	-14	-3	-68	
		-208	-38	-26	12	-208	
<u>IRMP 1</u>	Abandoned Vehicles	86				86	
	Arson Task Force						
	Community Fire Safety	53				53	
	Co-responder	106				106	
	Cross Border Incidents Corporate						
		245				245	

		Annual Budget £ 000's	Current Profile £ 000's	Actual to Date £ 000's	Variance Profile £ 000's	Estimated Outturn £ 000's	Outturn Variance £ 000's
<u>IRMP 2</u>	Working with Young People	70				70	
	DDA	10				10	
	Specialist Equipment	20				20	
	Fire Setters Intervention	75				75	
		175				175	
<u>CONTINGENCY</u>	Pay Award Contingency	996				996	
	Community Fire Safety	192		10	10	192	
	Contingency Driving at Work	70				70	
	IT Support 24/7	30				30	
	I P D S						
		1,288		10	10	1,288	
<u>TOTAL INCLUDING PENSIONS</u>		41,673	6,590	6,709	119	41,673	
PENSIONS	Annual Pensions	4,494	1,006	1,111	105	4,494	
		4,494	1,006	1,111	105	4,494	
<u>TOTAL EXCLUDING PENSIONS</u>			37,179	5,584	5,598	14	37,179

PENSIONS ACCOUNT

		Pension Account 000's
INCOME		
	Pension Contributions Employers (Old Scheme)	-536
	Pension Contributions Employers (New Scheme)	-28
	Pension Contributions Employees (Old Scheme)	-281
	Pension Contributions Employees (New Scheme)	-21
	Ill Health Charges	-355
	Transfer Values Received	80
	Refund of Contributions	-1
		-1,142
EXPENDITURE		
	Annual Pensions	1,214
	Annual Pensions - Widows	64
	Annual Pensions - Children	3
	Pension Inc Payments	472
	Pensions - Lump Sum	4
	Transfer Values Paid	
		1,757
GOVERNMENT GRANTS RECEIVED		nil
NET DEFICIT / (SURPLUS) - BALANCE FROM / (TO) DCLG		1,757