



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

Nottinghamshire and City of Nottingham
Fire and Rescue Authority
Finance and Resources Committee

REVENUE MONITORING REPORT – PERIOD 11 ENDED 29 FEBRUARY 2008

Report of the Chief Fire Officer

Agenda Item:

Date: 4 April 2008

Purpose of Report:

To report to Members on financial performance of the service in the year 2007/08 to the end of February 2008. This report analyses significant variances and highlights areas of concern.

Recommendations:

That Members note the contents of the report.

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1. BACKGROUND

Budget monitoring is a key aspect of financial management for the Fire & Rescue Authority. Regular reporting of spending against budget 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.

2. REPORT

SUMMARY

- 2.1 The budget monitoring statement is showing an overspend to date of £348k. This is made up of an overspend to date on everything excluding pensions of £341k and an overspend to date on pensions of £7k.
- 2.2 The projected outturn variance for the year is a -£331k underspend on the general account. However, much of this underspend is in relation to the operating leasing, IRMP and contingency budgets. This underspend has supported one off purchases totalling £186k, (headquarters office moves, re-stowing of pumping appliances, protective clothing projects and a purchase of equipment for confined space equipment as agreed by Senior Management Team). Day to day revenue activities are not expected to significantly underspend.
- 2.3 The movement from an overspend to date of £348k to a projected underspend of -£331k is largely explained by the following factors:
 - Building maintenance is overspent by £182k to date but the budget holder is aiming to minimise expenditure, resulting in an outturn variance at year end of £164k.
 - Operating lease payments are mainly charged at year end, so no variance is showing to date. The projected underspend is -£342k, a difference of £342k.
 - IRMP and contingency budgets do not show expenditure to date as these are allocated to mainstream budgets as work streams commence. There is therefore no variance to date showing against these budgets, but a projected underspend by year end of -£246k.
 - The insurance budget is projected to underspend by -£100k, although an overspend of £6k is shown to date due to the phasing of the budget.
- 2.4 The overspend to date of £348k and the projected underspend of -£331k are made up of several key variances.
- 2.5 The full Budget Monitoring Statement is given as Appendix A to this report and all variances greater than 10% of the profiled budget are marked with a "X" in the Appendix.

SIGNIFICANT VARIANCES

- 2.6 Wholetime Pay is showing an overspend to date of £12k. The budget is based on an establishment of 569 posts. During 2007/08 the actual number of wholetime staff being paid has risen to 589, which includes 5 posts funded from external sources. The overtime budget has already overspent against the annual budget of £119k, and there will be an estimated outturn overspend of £223k. A review of overtime has taken place and key causes have been identified. The Performance and Coordination Team is now working towards resolving this problem. The overall outturn overspend of £108k includes long service award payments delayed from 2006/07; a provision was made for this at year end and is reflected in the budget monitoring report. The CPD arrears have been backdated and paid in November. The income which relates to wholetime posts, that are either funded from grants or outside organisations is now shown within the body of the monitoring report.
- 2.7 The Pension Employer's Contribution budget is underspent by -£4k to date. The projected outturn variance of -£12k is consistent with the projected outturn in respect of pensionable pay for wholetime employees, which is less than actual pay.
- 2.8 Part time Operational Pay is overspent by £178k, mainly due to turnouts, training and auxiliary crewing. The summer flooding impacted on turnouts and invoices totalling £20k have been raised for reimbursement from other Fire and Rescue Authorities for the costs incurred in supporting incidents outside of Nottinghamshire. The estimated outturn overspend of £162k, is based on actual up to January and the remainder of the year being consistent with the levels of activity for the previous year.
- 2.9 Control Pay is overspent by £41k to date. An estimated outturn overspend of £32k is assumed at this stage, based on the remainder of the year being paid at the actual level of staff currently employed of 28. The overtime budget (included within the £41k) is currently overspending by £8k. If this continues at the current level for the remainder of the year the estimated overtime outturn overspend will increase to £11k. The establishment has been re-costed including national insurance and superannuation and the shortfall in the superannuation budget has been rectified for 2008/09.
- 2.10 Administrative Pay is underspent to date by -£255k. During the budget process, work has been carried out in conjunction with the Personnel Department to confirm the overall establishment, and the funding of posts. The pay award budget has been allocated, and the actual reflects the new rates, and the arrears of pay. The estimated outturn underspend of -£236k, is due to several posts being vacant throughout the year.
- 2.11 Other Employee Expenses is underspent by -£146k to date and the projected underspend is -£90k. Included in this is a one off saving of -£55k due from Westfield Health relating to overpaid employer contributions dating back to 2004/05. Projected underspends for Staff training and the Bounty scheme budgets have been assumed for year end and reductions have been proposed for these areas in the 2008/09 budget.

- 2.12 Premises costs are overspent by £218k to date. Within this, building maintenance is overspent by £182k. Condition surveys have been carried out at stations and a contracted planned maintenance programme is now being formulated. Reactive building maintenance can be volatile and this budget is closely monitored by the budget holder. The budget holder has reviewed outstanding works and is now only carrying out critical defects with health and safety implications, or those that have a detrimental effect to the structure of the building. Rent of premises is showing an overspend of £16k due to the increase in hire of meeting rooms during the refurbishment of Headquarters. Other premises costs are currently overspending by £50k, partly due to increased costs for refuse collection and water and sewerage. This has been addressed in the 2008/09 budget. £18k relates to new furniture that was purchased for the Headquarters extension. Some rating revaluations have resulted in a saving on the Business Rates budget.
- 2.13 Operational equipment is overspent by £114k to date. The Strategic Management Team has approved the purchase of Argus 4 thermal image cameras, to replace the Mk1 and Mk2 cameras still in the service. This has been funded from the underspend on the leasing budget and is reflected in the budget monitoring statement. The estimated outturn overspend of £49k mainly relates to the purchase of approximately 40 defibrillators for operational deployment on all frontline appliances. The proposal for this one-off purchase was agreed by the Senior Management Team, and will be funded from the overall revenue budget underspend.
- 2.14 Supplies and Services is underspent by -£27k. Work has been carried out with the Information and Communications Technology budget holder; savings have been identified and reflected in the outturn, and the 2008/09 budget. An insurance premium reduction of £99k this year in respect of the motor policy is partly being used to fund the environmental audit work costing approximately £30k, an outturn underspend of -£100k on insurance is projected. Catering and Equipment is showing an outturn overspend of £42k, relating to the Service Development Centre and to Headquarters.
- 2.15 Other Supplies and Services is showing an overspend of £100k. This mainly relates to the purchase of smoke alarms, which have been funded by non grant income. The corresponding underspend is shown within the Income section elsewhere in Appendix A.
- 2.16 Transport is overspent by £177k to date and there have been significant issues with above average inflation increases for fuel, tyres and maintenance charges. Travelling expenses are once again overspending, and an outturn overspend of £155k is estimated at this stage. If the current level of expenditure continues to the end of the year for detachments to stations the estimated overspend will be £105k, and travel for internal courses estimated overspend will be £47k. The latter issue has been addressed in the budget for 2008/09. A working group is currently looking at issues relating to travel, and the findings will be reported to the Strategic Management Team.

- 2.17 Support Services is overspent in total by £138k to date. County Treasury Service fees are expected to be £29k higher than the budget as a result of the need for increased support from the Pensions Administration team at the County Council relating to the new firefighters pension scheme. Other Support Services is estimated to overspend by £118k at year end as a result of the higher number of committees following the review of governance arrangements and the resulting increase in fees charged by the City Council for committee administration. There is also a payment of £62k for legal fees in respect of co-responding which was not included in the original budget. Reimbursement for at least part of this sum is being pursued with the Local Government Association.
- 2.18 Within Capital Financing, leasing payments are showing an overspend to date of £19k. A review of both operating lease payments and capital charges has been carried out and the projected outturns are now reported. The projected estimated underspend of -£322k is due to slippage in the capital programme in 2006/07 and expected slippage in 2007/08.
- 2.19 Income is showing a surplus to date of -£244k. The projected outturn surplus of -£274k relates to the reimbursement of non pay costs, which are either funded from grants or outside organisations. This surplus offsets some of the overspends within travel, subsistence and other budgets within supplies and services. There is also income of £78k relating to a regional procurement of dosimeters, which was not included in the original budget.
- 2.20 Station budgets are showing an overspend of £49k to date. They are monitored at a devolved level and budget managers are expected to spend within the budget allocated. "Stops" should be put on budgets if needed, to avoid continued overspending. Stations have already overspent on cleaning materials and stationery. The current overspend will continue to be monitored closely. The budgets subject to contractual arrangements have been addressed in the budget for 2008/09.
- 2.21 Pension costs relating to ill health retirements and injury awards are showing an overspend to date of £11k, with a projected estimated underspend of -£7k. The budget for ill health deposits is based on 8 retirements - 3 have occurred this year to date, with 1 more due in March and the projected estimated underspend is -£149k. However injury award lump sums are overspending by £113k.
- 2.22 Trading activities in total show a deficit of £123k to date. This is mainly due to Prince's Trust having an additional post over the establishment to cover maternity leave for a team leader: it is expected that the supernumerary post will continue to the end of the year. The income budget has been reviewed with the budget holder and it is now felt that the income target for 2007/08 has been overstated. This is because it is difficult to predict the income as it depends on getting the optimum number of students finishing the courses. The outturn now reflects a realistic position, with an estimated surplus of -£2k.

- 2.23 Other Costs are showing an estimated outturn underspend of -£69k, for External Interest earned. This surplus has arisen because the Pension Top Up Grant has been invested for part of the year until required to fund pension payments, and the Authority has recently borrowed funds and invested the monies until required to fund capital expenditure.
- 2.24 The projected outturn underspend in total on IRMP1 and IRMP2 is -£246k. The estimated outturn expenditure of £21k assumes that some work streams will commence before the end of the year.
- 2.25 The Pension Account is showing a surplus balance to date of -£897k. The grant that was received on the 1st August 2007 reimbursed the Authority for the actual deficit for 2006/07, and 80% of the estimated outturn for 2007/08. Assumptions around pensions are volatile and estimates have changed in the light of experience. If pension expenditure and income continues as at present, it is expected that a refund of grant will need to be made to CLG at the end of the year.

3. FINANCIAL IMPLICATIONS

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

4. PERSONNEL IMPLICATIONS

There are no personnel implications arising from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment has revealed that there are no specific equalities issues arising from this report, this is attached at Appendix B.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications.

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 (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER

MONITORING STATEMENT "N" - 1st APRIL 2007 TO 29th February 2008

Appendix A

CATEGORY		Annual	Current	Actual to	Variance	Estimated	Outturn	Variance	
		Budget	Profile	Date	Profile	Outturn	Variance	%	Alert
		£	£	£	£	£	£		
		000's	000's	000's	000's	000's	000's		
EMPLOYEES									
WHOLETIME OPERATIONAL PAY									
	Pay	17,431	15,978	16,206	228				
	Nat Ins	1,334	1,222	1,319	97				
	Overtime	119	99	311	212				
	Bank Holidays	236	236	175	-61				
	Other	182	167	59	-108				
	SUB TOTAL	19,302	17,702	18,070	368			2.1%	
	Less								
	Wholetime Salary Income			-304	-304				
	Wholetime Grant Income			-52	-52				
	WHOLETIME TOTAL	19,302	17,702	17,714	12	19,409	108	0.1%	
WHOLETIME PAY ERS PENSION CONT									
	Emp Cont to Pensions - old scheme	3,349	3,070	3,086	16				
	Emp Cont to Pensions - new scheme	212	194	174	-20				
		3,561	3,264	3,260	-4	3,549	-12	-0.1%	
PART TIME OPERATIONAL									
	Retaining Fees	731	609	623	14				
	Drills	640	533	672	139				
	Turnout Fees	451	376	404	28				
	Tunout Hours	154	128	136	8				
	Disturbance Allowance	151	126	135	9				
	Holiday Back Pay	218	182	202	20				
	Community Safety	169	141	147	6				
	Attendance Fees	40	33	37	4				
	Other Work (Incl Aux Crewing)	170	142	197	55				
	National Ins	151	126	136	10				
	Super Annuatiuon	211	176	113	-63				
	District Support	19	16	13	-3				
	SUB TOTAL	3,105	2,588	2,815	227			8.8%	
	Less								
	Retained Salary Income			-17	-17				
	Retained Grant Income			-32	-32				
	PART TIME TOTAL	3,105	2,588	2,766	178	3,267	162	6.9%	
CONTROL STAFF									
	Pay	821	752	742	-10				
	Nat ins	57	53	60	7				
	Overtime	28	23	31	8				
	Supn	68	63	104	41				
	SUB TOTAL	974	891	937	46			5.2%	
	Less								
	Control Salary Income			-3	-3				
	Control Grant Income			-2	-2				
	CONTROL TOTAL	974	891	932	41	1,006	32	4.6%	
ADMIN, CLERICAL & COOKS									
	Pay	3,775	3,450	3,428	-22				
	Nat ins	268	246	250	4				
	Overtime			34	34				
	Supn	482	440	405	-35				
	Pension Recharges			14	14				
	SUB TOTAL	4,525	4,136	4,131	-5			-0.1%	
	less								
	Admin Salary Income			-216	-216				
	Admin Grant Income			-34	-34				
	ADMIN TOTAL	4,525	4,136	3,881	-255	4,289	-236	-6.2%	

		Annual	Current	Actual to	Variance	Estimated	Outturn	Variance	
		Budget	Profile	Date	Profile	Outturn	Variance	%	Alert
OTHER EMPLOYEE EXPENSES	Staff Training	529	440	337	-103	449	-80		
	Bounty Scheme	35	32	15	-17	25	-10		
	Other	157	143	117	-26	157			
		721	615	469	-146	631	-90	-23.7%	X
PREMISES	Building Maintenance	446	409	591	182	610	164		
	Electricity	36	30	40	10	44	8		
	Gas	52	43	30	-13	52			
	Rent Premises	63		16	16	75	12		
	Business Rates	472	472	460	-12	460	-12		
	Contract Cleaning	53	44	29	-15	53			
	Other	78	68	118	50	124	46		
		1,200	1,066	1,284	218	1,418	218	20.5%	X
OPERATIONAL EQUIPMENT	Specialist Equipment	285	249	360	111	360	75		
	Breathing Apparatus	147	123	193	70	193	46		
	Protective Clothing	140	122	47	-75	57	-83		
	Other	27	23	31	8	38	11		
		599	517	631	114	648	49	22.1%	X
OTHER SUPPLIES & SERVICES	Comms Maint & Purch	36	27	11	-16	15	-21		
	Clothing Shoes & Uniforms	48	40	30	-10	48			
	Stationary	64	54	47	-7	64			
	Audit Fees	52	44	47	3	47	-5		
	Phones General	129	98	96	-2	117	-12		
	Mobiles	89	82	78	-4	89			
	Comms Licenses & Rentals	139	39	49	10	102	-37		
	Computer Eqpt Purchase	681	629	528	-101	662	-19		
	Insurances	567	426	432	6	467	-100		
	Office Equipment	108	87	61	-26	88	-20		
	Catering Contract/Equipment	58	48	90	42	102	44		
	Consultancy Fees	182	169	112	-57	182			
	Postage	31	28	15	-13	31			
	Subsistence Allowance	46	39	65	26	70	24		
	Travel- Home To Base	58	53	66	13	72	14		
	Catering/Conferences & Members Expences	34	29	38	9	40	6		
	Other	491	444	544	100	564	73		
		2,813	2,336	2,309	-27	2,760	-53	-1.2%	
TRANSPORT	Workshop Charges	600	525	555	30	600			
	Fuel	270	225	269	44	294	24		
	Vehicle Leasing	91	76	64	-12	91			
	Travelling Costs	299	276	381	105	454	155		
	Other	101	90	100	10	102	1		
		1,361	1,192	1,369	177	1,541	180	14.8%	X
SUPPORT SERVICES	Treasury	111	83	104	21	140	29		
	Occupational Health	33	20	32	12	38	5		
	Regional Mang Board Costs	129	86	72	-14	134	5		
	Absence Reporting Services	60	55	64	9	72	12		
	Other	152	152	262	110	270	118		
		485	396	534	138	654	169	34.8%	X
CAPITAL FINANCING	Operating Lease Payments	549	13	13		207	-342		
	Finance Lease Ext & Term	130	130	149	19	150	20		
		679	143	162	19	357	-322	13.3%	X

		Annual	Current	Actual to	Variance	Estimated	Outturn	Variance	
		Budget	Profile	Date	Profile	Outturn	Variance	%	Alert
INCOME	Fire Certificates								
	Car Leasing Contribution	-58	-54	-56	-2	-58			
	Store / Clothing Sales	-2	-2		2	-2			
	Special Services	-20	-18	-3	15	-5	15		
	Meals & Refreshments	-15	-14	-17	-3	-21	-6		
	Environmental Income	-16	-15		15		16		
	Grant Income Non Pay			-117	-117	-150	-150		
	Other	-41	-31	-185	-154	-190	-149		
		-152	-134	-378	-244	-426	-274	182.1%	X
HQ BUDGETS		39,173	34,712	34,933	221	39,103	-69	0.6%	
ADMIN, CLERICAL & COOKS	Cooks Pay	128	117	120	3	125	-3		
		128	117	120	3	125	-3		
OTHER EMPLOYESS EXPENSES	Other	11	10	14	4	15	4		
		11	10	14	4	15	4		
PREMISES	Station Maintenance	54	44	29	-15	35	-19		
	Electricity	66	55	54	-1	65	-1		
	Gas	52	47	77	30	80	28		
	Contract Cleaning	153	128	116	-12	150	-3		
	Other	28	21	38	17	47	19		
		353	295	314	19	377	24		
OPERATIONAL EQUIPMENT	Protective Clothing	93	77	65	-12	90	-3		
		93	77	65	-12	90	-3		
OTHER SUPPLIES & SERVICES	Clothing Shoes & Uniforms	53	44	53	9	53			
	Stationary	32	29	49	20	58	26		
	Phones General	19	14	19	5	19			
	Other	76	67	66	-1	76			
		180	154	187	33	206	26		
INCOME	Other	-3	-2		2	-3			
		-3	-2		2	-3			
STATIONS BUDGETS		762	651	700	49	810	48	7.5%	
ANNUAL PENSIONS	Injury Awards/Gratuity Lump Sum	296	296	409	113	409	113		
	Injury Award Increase	148	135	149	14	149	1		
	Ill Health Deposit	560	513	373	-140	411	-149		
	Employee Pension Cont								
	Transfer values recd								
	Transfer values paid								
	Pension lump Sum	85	85	83	-2	83	-2		
	Pension Payments from Rev			26	26	30	30		
		1,089	1,029	1,040	11	1,082	-7	1.1%	
TRADING ACCOUNTS	FEM	9	35	-35	-70	-41	-50		
	PRINCE'S TRUST	-93	-31	129	160	-2	91		
	COMMERCIAL TRAINING	-18	1	-4	-5	-20	-2		
	MARKETING & FUNDRAISING	-35	-38		38		35		
		-137	-33	90	123	-63	74		

		Annual Budget	Current Profile	Actual to Date	Variance Profile	Estimated Outturn	Outturn Variance	Variance %	Alert
CAPITAL CHARGES	Depreciation and Interest								
	Permanent Impairments								
	Permanent Impairments reversal								
	Asset Management Revenue								
	Minimum Revenue Provision	413				413			
	Appropriation								
	Amortisation of intangible fixed assets								
	Write down of deferred charges								
	Loss on disposal of fixed assets								
	Amortisation of government grants deferred								
	Gain on disposal of fixed assets								
	Amortisation of intangible fixed assets (reversal)								
	Depreciation (reversal)								
	Government grant deferred amortisation (reversal)								
	Write down of deferred charges (reversal)								
	Net gain/loss on disposal of fixed assets (reversal)								
	External Debt	344	127	127		344			
		757	127	127		757		0.0%	
OTHER	External Interest/Discount	-150	-138	-194	-56	-220	-70		
	Provision	25				25	1		
	Revenue - Balances / Unallocated	-50				-50			
	Government Grant	73				73			
	General Reserve								
	Base Budget Review Savings	-13				-13			
	To Ear Marked Reserve								
	From Ear Marked Reserve	-419	-419	-419		-419			
	Surp/Deficit on Collection	-68	-55	-55		-68			
		-602	-612	-668	-56	-672	-69	9.2%	
IRMP 1	Abandoned Vehicles	36				3	-33		
	Arson Task Force								
	Community Fire Safety	25				2	-23		
	Co-responder	101				8	-93		
	Cross Border Incidents								
	Corporate					13	-149		
		162				13	-149		
IRMP 2	Working with Young People								
	DDA	10				1	-9		
	Specialist Equipment	20				1	-19		
	Fire Setters Intervention	75				6	-69		
		105				8	-97		
CONTINGENCY	Pay Award Contingency	139				139			
	Community Fire Safety	159				159			
	Contingency Regional Control								
	Contingency Driving at Work	45				4	-41		
	IT Support 24/7	21				2	-19		
	I P D S								
		364				304	-60		
TOTAL INCLUDING PENSIONS		41,673	35,874	36,222	348	41,342	-331	1.0%	
PENSIONS	Annual Pensions	4,649	4,294	4,301	7	4,631	-18		
		4,649	4,294	4,301	7	4,631	-18	0.2%	
TOTAL EXCLUDING PENSIONS		37,024	31,580	31,921	341	36,711	-313	1.1%	

PENSIONS ACCOUNT

**Pension
Account
000's**

Pension Account Deficit 2006-2007	1,838
Grant Received 2007-2008	-1,838
	0

INCOME

Pension Contributions Employers (Old Scheme)	-3,086
Pension Contributions Employers (New Scheme)	-287
Pension Contributions Employees (Old Scheme)	-1,581
Pension Contributions Employees (New Scheme)	-225
Ill Health Charges	-373
Transfer Values Received	-78
Refund of Pension Contributions	5
Refund of Contributions (Arrears)	-3
	-5,628

EXPENDITURE

Annual Pensions	4,877
Annual Pensions - Widows	252
Annual Pensions - Children	15
Pension Fund Admin Costs	
Pension Inc Payments	1,868
Pensions - Lump Sum	508
Transfer Values Paid	170
	7,690

GOVERNMENT GRANTS RECEIVED

-2,959

**NET DEFICIT / (SURPLUS) - BALANCE FROM / (TO)
DCLG**

-897

INITIAL EQUALITY IMPACT ASSESSMENT

Appendix B

Section	Manager	Date of Assessment	New or Existing
Finance	Sue Cornish	12/03/2008	Existing
Name of Report to be assessed		Revenue Monitoring Report - Period 11 February 2008	
1. Briefly describe the aims, objectives and purpose of the report.		This report analyses significant revenue budget variances.	
2. Who is intended to benefit from this report and what are the outcomes?		Members, SMT and Pact	
3. Who are the main stakeholders in relation to the report?		Members, SMT and Pact	
4. Who implements and who is responsible for the report?		Head of Finance and Resources	

5. Please identify the differential impact in the terms of the six strands below. Please tick yes if you have identified any differential impacts. Please state evidence of negative or positive impacts below.

<i>STRAND</i>	<i>Y</i>	<i>N</i>	<i>NEGATIVE IMPACT</i>	<i>POSITIVE IMPACT</i>
Race		N		
Gender		N		
Disability		N		
Religion or Belief		N		
Sexuality		N		
Age		N		

6. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group?	<i>Y</i>	<i>N</i>	7. Should the policy/service proceed to a full impact assessment?	<i>Y</i>	<i>N</i>
		N			N

I am satisfied that this policy has been successfully impact assessed. I understand the impact assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.

Signed (completing person)... Neil Timms

Date 12/03/2008