



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

REVENUE MONITORING REPORT – TO 30 JUNE 2008

Report of the Chief Fire Officer

Date: 25 July 2008

Purpose of Report:

To report to Members on financial performance of the service in the year 2007/08 to the end of June 2008. This report analyses significant variances against the original budget.

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1. BACKGROUND

- 1.1 Budget monitoring is a key aspect of financial management for the Fire and 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.
- 1.2 The format of the statement has changed this year, following work undertaken by the Finance Department to simplify the presentation of financial data and focus attention on those areas of the budget with the greatest risk of over or under spending. Additional information is now included, so that Members can see the level of unspent grant which has not yet been allocated to fund revenue expenditure.

2. REPORT

2.1 SUMMARY

- 2.1.1 The budget monitoring statement for June 2008 is showing an underspend to date of -£431k against the profile.
- 2.1.2 The projected out turn variance for the year however is a -£201k underspend. The forecasted outturn is very much an estimate at this early stage in the year, and will be revised in the light of new information as the year progresses.
- 2.1.3 The underspend to date of -£431k and the projected underspend of -£201k are made up of several key variances. All variances greater than 10% of the profiled budget are marked with an "X" in Appendix A, although explanations of variances are only given where these variances are over £10k.
- 2.1.4 The full Revenue Budget Monitoring Statement is given as Appendix A to this report.

2.2 SIGNIFICANT VARIANCES

- 2.2.1 Wholetime Operational Pay: is showing an underspend to date of -£248k. The underspend has arisen in two areas: the budget is based on the establishment of 571 posts. During the first quarter the average number of staff being paid has been 568. In addition, the budget allows for all operational employees to be paid at competent rate. There are a number of employees at all levels who are currently on development rates of pay and this has increased the underspend. A out-turn forecast underspend of -£50k is assumed at this stage and more detailed work will be done next quarter to update this forecast.
- 2.2.2 Admin and Support Staff: is showing an underspend to date of -£65k. The underspend has arisen due to several posts being vacant during the first quarter of the year. At this stage a forecast underspend of -£80k is reported.

- 2.2.3 Staff Training: is showing an overspend to date of £24k, but is expected to be contained within budget for the year. The overspend has arisen in two areas: 100% course fees have been paid for bursary students, but 50% reimbursements via payroll deductions will occur throughout the year; the short courses and conferences budget is overspent to date but will be monitored throughout the year and pulled back into line with the budget as necessary.
- 2.2.4 Employees Other Pension Costs: is showing an underspend to date of -£35k, which is mainly due to the ill health retirements element of the budget. The budget was based on an assumption of 3 upper and 3 lower tier ill health retirements in the year. The actual number and timing of these retirements is not known, but the numbers in 2007/08 was lower than expected and the forecast for this year has been revised downward as a result. The forecast outturn is based on 2 upper and 3 lower tier ill health retirements, and is £540k, giving a forecast outturn underspend of -£70k.
- 2.2.5 Premises – Repairs and Maintenance: is showing an overspend to date of £33k. The overspend has arisen due to several large projects being completed in the first quarter. These include the replacement of the gates at Ashfield and Carlton Fire Stations, the gym at Bingham and an office refurbishment at Central. There are 2 projects still outstanding at both Retford and Stockhill, these are estimated to be £30k. Reactive building repairs only will be carried out after completion of these projects, and the budget will be closely monitored.
- 2.2.6 Premises – Repairs and Maintenance Contract Work: is showing an overspend to date of £10k. A contracted planned maintenance programme is now in place and further virements will be carried out for the next budget monitoring report to reflect the full extent of the new programme. An estimate will be made of the projected outturn next quarter.
- 2.2.7 Direct Transport Costs: is showing a small underspend to date. This heading within the monitoring statement contains the budget for fuel which, whilst not yet showing a significant overspend, is likely to be overspent by the end of the year given the recent increases in fuel prices. It is estimated that with a level of usage consistent with that in 2007/08, the fuel budget of £304k will overspend by £90k by the end of the year if the price of fuel remains at its current level.
- 2.2.8 Car Allowances and Travel: is showing an underspend to date of -£24k. The budgets within this heading generally overspent in 2007/08, and a base budget review was conducted for some headings, although not for others. It is difficult to estimate the forecast outturn in this area, as travel costs will possibly be reduced by the self rostering scheme and the implementation of some outcomes of the Learning and Development review. At this stage it is estimated that the detachments travel budget will overspend by £47k and the home to base travel budget will overspend by £32k by the year end. Offsetting these to some extent is the training travel budget which is estimated to underspend by -£40k by year end. Net projected overspend is £39k.

- 2.2.9 Office Equipment, Furniture and Expenses: is showing an underspend to date of -£31k. This is made up of underspends to date on office equipment (-£11k), stationery (-£11k) and postages (-£4k). At this stage, the budget is expected to be fully spent by year end.
- 2.2.10 Community Safety Equipment: is showing an underspend to date of -£23k. Detailed work has been carried out to allocate budgets to various projects within Fire Prevention and to the Districts and these budgets will be closely monitored during the year. An year end underspend is not expected at this stage.
- 2.2.11 Capital Financing: underspends in the capital programme in 2007/08 and the decision to borrow to fund rather than lease assets has caused an underspend in capital financing charges. This underspend is forecast at -£130k and the surplus budget has been transferred to the non pay contingency budget, where it is reported as an underspend at this stage.
- 2.2.12 Interest Receivable: is showing an underspend to date of -£19k. This budget is affected by investment interest rates and cash flow timings, both of which are difficult to predict. The majority of the pension top-up grant is received in July each year, but the timing of borrowing will depend upon market conditions. At this stage, a surplus of -£50k against the budget target is forecast, but this will be kept under review as the year progresses.
- 2.2.13 Government Grants: is showing surplus income of -£26k to date which offsets non-pay expenditure elsewhere in this statement.
- 2.2.14 Contributions from Balances: at this stage it is not thought that this contribution will be required and a forecast overspend of £50k is reported.
- 2.2.15 Contingencies: although the Firefighters pay award has been settled it is effective from the 1 July and will be allocated from contingency in the next budget monitoring report. The underspend on capital financing charges referred to above is reported here as -£130k.

2.3 EARMARKED RESERVES

- 2.3.1 The Authority holds £2.4m of reserves earmarked for specific projects. Of this sum, the following amounts are likely to be applied to fund projects in 2007/08 in addition to the revenue budget funding:

	<u>Reserve Total</u>	<u>To Be Spent 08/09</u>	<u>Projected Balance</u>
<u>Project</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Integrated Clothing Project	800	800	0
Modernisation	110	110	0
Fire Safety Equipment etc	26	26	0
On Fire Fund for Community Projects	200	50	150
IT Systems	23	23	0
LPSA Reward Grant for LAA Objectives	741	173	568
Total	1,900	1,182	718

Of these activities, some orders have been placed in respect of the Integrated Clothing Project and the Modernisation Project. As at 30 June, 3 grants totalling £4.5k had been awarded from the On Fire Fund, and staff are in post and funded from the LPSA Reward Grant.

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS

There are no human resources and learning and development implications arising from this report.

5. EQUALITY IMPACT ASSESSMENT

An initial equality impact assessment (attached as Appendix B) has revealed that there are no specific equalities issues arising from this report.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications 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. Throughout the year, finance department staff work collaboratively with budget holders towards keeping expenditure within budget and 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

Appendix A

MONITORING STATEMENT - 1st APRIL 2008 TO 30th JUNE 2009

	ANNUAL BUDGET	BUDGET YTD	ACTUAL YTD	VARIANCE YTD	FORECAST OUTTURN	FORECAST VARIANCE	VARIANCE ALERT
<u>Employees</u>							
Employees Operational	23,485	5,880	5,632	-248	23,435	-50	0
Employees Operational Overtime	294	49	46	-3	294		0
Employees Control	1,047	260	242	-18	1,047		0
Employees Retained	3,243	540	548	8	3,243		0
Employees Admin & Support	4,587	1,185	1,120	-65	4,507	-80	0
Staff Training	321	67	91	24	321		X
Employees Other Direct Costs	181	40	28	-12	181		X
Employees Other Pension Costs	1,242	350	315	-35	1,172	-70	X
Pensions (year end FRS17)							0
Subtotal Employees	34,401	8,371	8,021	-350	34,201	-200	
<u>Premises</u>							
Premises - Repairs & Maint	518	124	157	33	518		X
Premises - Repairs & Maint -Contract Work	43	11	21	10	43		X
Premises - Utilities	266	55	50	-5	266		0
Premises - Other	855	7	8	1	855		X
Subtotal Premises	1,682	197	236	39	1,682		
<u>Transport</u>							
Direct transport costs	1,248	219	206	-13	1,338	90	0
Car Allowances & Travel	423	105	81	-24	462	39	X
Capital Financing - Transport	180	78	76	-2	180		0
Subtotal Transport	1,851	402	363	-39	1,980	129	
<u>Supplies & Services</u>							
Insurance Costs	509	422	431	10	509		0
Office Equipment, Furniture & Expenses	278	68	38	-31	278		X
Information, Communications and Technology Equipment	809	223	239	16	809		0
Telephone Charges	217	54	53	-1	217		0
Catering, Subsistence & Accommodation	148	23	33	10	148		X
Services from External Providers	175	28	29	1	175		0
Services from External Providers - Treasury	143				143		0
Services from External Providers - Legal	142		4	4	142		X
Services from External Providers - Medical	-5	-1		1	-5		X
Services from External Providers - Consultants	85	20	27	6	85		X
Services from External Providers - Across Border Incidents	-15	-3		3	-15		X
Regional Management Board	148				148		0
Operational Equipment	887	149	134	-15	887		0
Community Safety Equipment	260	35	12	-23	260		X
Smoke Alarms	48				48		0
Other Supplies & Services	363	102	102		363		0
Subtotal Supplies & Services	4,191	1,121	1,101	-20	4,191		

	ANNUAL BUDGET	BUDGET YTD	ACTUAL YTD	VARIANCE YTD	FORECAST OUTTURN	FORECAST VARIANCE	VARIANCE ALERT
<u>Capital Financing</u>							
Depreciation, Amortisation & Impairment							0
Minimum Revenue Provision	523				523		0
Interest on Finance Leases and Loans	530	32	32		530		0
Capital Financing - Other							0
Subtotal Capital Financing	1,053	32	32		1,053		
<u>Democratic</u>							
Democratic Costs	100	12	13	1	100		0
Subtotal Democratic	100	12	13	1	100		
<u>Income</u>							
Interest Receivable	-220	-55	-74	-19	-270	-50	X
Government Grants			-26	-26			X
Other Income	-83	-21	-27	-6	-83		X
Subtotal Income	-303	-76	-126	-50	-353	-50	
<u>Revenue Financing</u>							
Contributions To / From Earmarked Reserves							0
Contributions from Balances	-50					50	0
Surplus / Deficit on Collection	-68	-17	-18	-1	-68		X
Subtotal Revenue Financing	-118	-17	-18	-1	-68	50	
<u>Contingencies</u>							
Pay Contingencies	959				959		0
Nonpay Contingencies	512				382	-130	0
Subtotal Contingencies	1,472				1,342	-130	
Total Excluding Trading Account Surplus / Deficit	44,327	10,042	9,622	-420	44,126	-201	
Total Including Trading Account Surplus / Deficit	44,306	10,058	9,628	-431	44,105	-201	

	ANNUAL BUDGET	BUDGET YTD	ACTUAL YTD	VARIANCE YTD	FORECAST OUTTURN	FORECAST VARIANCE	VARIANCE ALERT
<u>TRADING ACCOUNTS</u>							
Fire Extinguisher Maintenance							
Income	-285	-47	-46	2	-285		X
Expenditure	264	51	43	-8	264		X
Surplus / Deficit	-21	4	-3	-7	-21		
Commercial Training Unit							
Income	-142	-35	-26	10	-142		X
Expenditure	118	29	23	-6	118		X
Surplus / Deficit	-24	-6	-2	4	-24		
Princes' Trust							
Income	-275	-49	-47	1	-275		X
Expenditure	299	68	59	-9	299		X
Surplus / Deficit	24	19	11	-8	24		
Trading Account Total Surplus / Deficit	-21	17	6	-11	-21		

PENSION ACCOUNT

Transfer Values Received	-44
Transfer Values Paid	16
Pension Top Up Grant Paid in Arrears	
Employee Pension Contributions New Scheme	-58
Employee Pension Contributions Old Scheme	-421
Employer Contributions - Current Service	-816
Employer Contributions - New Scheme	-73
Ill Health Charges	
Pension Enhance -Lump Sum	286
Annual Pensions - Childrens	5
Annual Pensions - Widows	100
Annual Pensions - Non Uniformed	
Annual Pensions	1,684
Pension Contributions - Arrears	-1
Pension Increase Act Payments	699
Pension Fund Admin Costs	

Pension Account Total

1,377

GRANT BALANCES AS AT 30/6/08 - OVER £5K

Fire Setters	28
Arson Task Force	155
Safe as Houses - Smoke Alarms	22
Community Fire Safety - Innovation Fund	31
Resilience Crewing and Training	74
New Burdens FireControl and FireLink	550
Thoresby Estate Charitable Trust	5
Fire Prevention Grant	173
Smoke Alarm Grant	44
	<u>1,082</u>

INITIAL EQUALITY IMPACT ASSESSMENT

APPENDIX B

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

Date 07.07.2008