



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

REVENUE MONITORING REPORT TO 31 AUGUST 2011

Report of the Chief Fire Officer

Agenda no:

Date: 07 October 2011

Purpose of Report:

To report to Members on the financial performance of the Service in the year 2011/12 to the end of August 2011. This report analyses significant variances against the original budget.

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1. BACKGROUND

Budget monitoring is a key aspect of financial management for the Fire and Rescue Authority. Regular reporting of spending against both the revenue and capital budgets to CMB 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 for August 2011 is showing an underspend to date of £617k.
- 2.2 The projected outturn variance for the year is an underspend of £1,867k.
- 2.3 The underspend to date of £617k and the projected underspend of £1,867k are made up of several key variances, the most significant of which are explained in this report.
- 2.4 The full Revenue Budget Monitoring Statement is given as Appendix A to this report.

SIGNIFICANT VARIANCES

- 2.5 Employees: is showing an underspend to date of £533k. This underspend is expected to increase to £1,744k by the end of the financial year. This outturn assumes that there will be no pay award during this financial year.
 - 2.5.1 Wholetime Operational Pay: (annual budget £23,695k) is expected to underspend by £1,186k; this is based on an establishment as at August 2011 of 539 (the full establishment is 559). During the period reported the total number of retirements was 14 - this will increase by the end of the financial year with an additional 5 known retirements. Members will be aware that vacancies in the establishment are being managed pending the outcomes of the Fire Cover Review. Although front line fire and rescue services have been protected from the impact of vacancies, project work and some community safety activity has inevitably suffered and this is evident in the underspend reported in paragraph 2.14.
 - 2.5.2 Administrative Pay: The budget for Administrative and Support staff pay totals around £5m for the year and is showing an underspend to date of £65k with an estimated outturn underspend of £136k. There are currently 10 vacant posts and this situation is likely to continue, with only the most urgent recruitment taking place and other vacancies

held as potential redeployment opportunities with agency staff providing temporary cover in some instances.

- 2.5.3 Retained Pay: (annual budget £3,335k) The budget for retained pay is showing an underspend to date of £82k. The estimated outturn underspend of £435k is based on the remainder of the year being consistent with the same period for 2010/11, and this position will be updated as the year progresses.
- 2.5.4 Indirect Employee Expenses: (training annual budget £480k) is showing an underspend to date of £106k with an estimated outturn underspend of £95k. This mainly relates to training courses planned for the current financial year which have not yet been programmed to take place. Further work will be carried out with the budget holder and an updated outturn will be reported in the next budget monitoring report.
- 2.5.5 Pension: (annual budget £699k) is showing an underspend to date of £13k and an outturn overspend of £8k. This has arisen due to redundancy payments made to Control staff following the cessation of the FireControl project. However this expenditure has been funded by the Department for Communities and Local Government and the related income is reflected in the income section of this report.
- 2.6 Premises Related Expenditure: (annual repairs and maintenance budget £550k) is showing an overspend to date of £122k in total; with an expected outturn underspend of £29k. The overspend to date mainly relates to environmental works and improvements to stations - upon completion of the works and the final accounts being certified a virement will be processed from earmarked reserves to cover the expenditure, bringing it back in line with the budget.
- 2.7 Transport Related Expenditure: is showing an underspend to date of £133k with an estimated outturn underspend of £385k. This relates mainly to the following :-
- 2.7.1 Direct Transport Costs: (annual budget £1,215k) the fleet maintenance contract has been awarded with effect from July 2011 and this has resulted in an outturn underspend of £182k. In addition fuel is currently overspending to date by £78k, but is anticipated to come within the budget of £335k by the end of the year. This is because several of the stations now have 10,000 litre tanks which have been filled within the period reported and the fuel is anticipated to last for several months.
- 2.7.2 Car Allowances: (annual budget £499k) is underspending to date by £39k with an anticipated outturn underspend of £121k. Officers car leasing is underspending by £28k and this is anticipated to increase to an £85k underspend. This relates to officers holding back on car leasing replacements pending the introduction of the provided car scheme. In addition the expenditure on home to base travel has

significantly reduced due to the decrease in detachments throughout the year. Casual mileage is anticipated to underspend by £24k by the end of the year.

- 2.7.3 Transport Insurance: (annual budget £237k) the premium for vehicle insurance has an estimated outturn underspend of £67k; this is due to the re-tendered contract that was awarded this financial year which was more competitive. However, our motor claims history has significantly deteriorated to the extent that insurers may renege on the current rates. If this happens the forecast outturn will be adjusted and reported.
- 2.8 Supplies and Services: is showing an underspend to date of £128k and an estimated outturn underspend of £40k.
- 2.8.1 Equipment Furniture and Materials: (community safety projects annual budget £240k) the underspend to date mainly relates to the Fire Prevention department continuing to be significantly under established, which has hampered the delivery of some of the projects. This has resulted in various underspends on supplies and services. The community safety equipment budget is currently underspent by £81k and for the purpose of this report it is assumed that this budget will be spent by the end of the year. Work is being carried out with the budget holder and a more accurate outturn will be reported in the next budget monitoring report.
- 2.9 External Services: is currently underspent by £4k, with an estimated outturn underspend of £27k. Within this, consultancy fees (annual budget £69k) is overspent to date by £73k - £54k is for consultancy in respect of the Knowledge Transfer Partnership project for community safety and £20k is for consultancy relating to environmental and drainage works. These overspends will be funded by a contribution from earmarked reserves, thereby bringing expenditure back in line with budget. The remainder of the forecast underspend relates to non-vehicle related insurance premiums (annual budget £268k) and is due to the competitive contract awarded earlier this year.
- 2.10 Third Party Payments : (annual legal fees budget £147k) is currently overspent by £54k which is due to the legal costs of the Dunkirk case. An estimated outturn overspend of £395k for legal costs is reported, which takes account of the latest cost estimate provide by the Authority's solicitors.
- 2.11 Income: is showing an estimated outturn surplus of £44k. Of this, the most significant underspends are £15k relating to medical fees for external clients (annual budget -£7k) and £15k additional interest receivable on investments (annual budget -£50k).

3. FINANCIAL IMPLICATIONS

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

4. HUMAN RESOURCES AND LEARNING AND DEVELOPMENT IMPLICATIONS PERSONNEL IMPLICATIONS

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

5. EQUALITIES IMPLICATIONS

An equality impact assessment has not been undertaken because this report is not associated with a policy, function or service. Its purpose is to explain variances to the approved budget, which reflects existing policies.

6. CRIME AND DISORDER IMPLICATIONS

There are no crime and disorder implications arising from this report.

7. LEGAL IMPLICATIONS

There are no legal implications arising from this report.

8. 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.

9. RECOMMENDATIONS

That Members note the contents of this report

10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED DOCUMENTS)

None.

Frank Swann
CHIEF FIRE OFFICER

Revenue Budget Monitoring 31 August 2011

Appendix
A

Account Description	Annual Budget £000's	Profile Budget £000's	Actual YTD £000's	Variance To Period 5 £000's	Forecast Outturn Variance £000's	Forecast Outturn £000's
Direct Employee Expenses	33,295	13,611	13,198	-413	-1,657	31,638
Indirect Employee Expenses	588	205	98	-106	-95	492
Pension	699	338	326	-13	8	707
Employees	34,582	14,154	13,622	-533	-1,744	32,838
Repairs Alterations and Maintenance of Buildings	550	229	300	71	0	550
Energy Costs	434	89	47	-41	-1	434
Rents	97		-18	-18	-17	80
Rates	618	309	316	6	0	618
Water	53	22	130	108	0	53
Fixture and Fittings	2	1	4	4	5	7
Cleaning and Domestic Supplies	275	114	99	-15	-17	258
Grounds Maintenance Costs	28	11	11	0	0	28
Premises Insurance	42	0	0	0	0	42
Refuse Collection	28	12	19	8	0	28
Premises-Related Expenditure	2,127	787	909	122	-29	2,098
Direct Transport Cost	1,215	506	461	-45	-198	1,017
Recharges	218	91	111	21	0	218
Public Transport	29	12	9	-3	0	29
Car Allowances	499	183	144	-39	-121	379
Insurance	237	237	170	-67	-67	170
Transport-Related Expenditure	2,198	1,028	896	-133	-385	1,813
Equipment Furniture and Materials	1,225	417	284	-133	21	1,246
Catering	46	19	35	16	10	56
Clothes Uniforms and Laundry	272	93	60	-33	-23	248
Printing Stationery and General Office Expenses	129	47	35	-12	-23	106
External Services	686	370	366	-4	-27	659
Communications and Computing	1,619	540	612	72	0	1,619
Expenses	100	42	17	-24	0	100
Grants and Subscriptions	32	21	23	2	0	32
Miscellaneous Expenses	625	97	86	-11	3	628
Supplies & Services	4,734	1,646	1,518	-128	-40	4,694
Legal Services	147	61	115	54	395	542
Private Contractors	22	0	0	0	0	22
Third Party Payments	169	61	115	54	395	564
Treasury Services	169	42	44	2	0	169
Committee Services	42	0	0	0	0	42
Support Services	211	42	44	2	0	211
Depreciation	0	0	0	0	0	0
Amortisation of Intangible Fixed Assets	0	0	0	0	0	0
Depreciation and Impairment Losses	0	0	0	0	0	0
Government Grants	-136	-123	-123	0	0	-136
Other Grants/Reimbursements and Contributions	-2,683	-67	-78	-10	-4	-2,687
Customer and Client Receipts	-55	-21	-26	-5	-25	-80
Interest	1,029	-21	-3	18	-15	1,014
Income	-1,845	-233	-230	3	-44	-1,889
Interest Payments	85	36	31	-5	0	85
Debt Management Expenses	4,147	0	0	0	-21	4,126
Capital Financing Costs	4,232	36	31	-5	-21	4,211
	46,407	17,522	16,905	-617	-1,867	44,540