



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

REVENUE MONITORING TO 31 MAY 2012

Report of the Chief Fire Officer

Agenda Item No:

Date: 13 July 2012

Purpose of Report:

To report to Members on the financial performance of the Service in the year 2011/12 to the end of May 2012. 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 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 revenue budget monitoring statement for May 2012 is showing an underspend to date of £600k against a budget for the year of £46,494k. The projected outturn variance for the year is an underspend of £1,905k.
- 2.2 The underspend to date of £600k and the projected underspend of £1,905k comprise several key variances which are explained in the following paragraphs. Members will be aware that initiatives have been approved over the last few months which impact on the pay budget and which will take time to implement. The full Revenue Budget Monitoring Statement is given as Appendix A to this report.
- 2.3 The 2012/13 budget had already assumed that a contribution would be made to general reserves. This reflected the fact that this year in the three year budget forecast had a budget requirement which was £1.8m lower than the incoming funding, but was required to be maintained at this level to ensure that the 2013/14 and 2014/15 budgets were sustainable. This £1.8m integral underspend has been disregarded in terms of reporting an outturn position as Members are already aware of it.

SIGNIFICANT VARIANCES

- 2.4 **DIRECT EMPLOYEE EXPENSES:** (Annual Budget £33,396k). The effects of the Fire Cover review and of the organisational restructure continue, with employees in the process of being made voluntarily redundant or being assigned to changed or new roles. Whilst employees are deemed to be “at risk”, non uniformed posts are not being recruited to on a permanent basis. Agency staff are being used to cover some areas and it is likely to be a few months before permanent recruitment activity recommences. **The forecast outturn underspend on Administrative and Support Staff pay is £150k.**
- 2.5 The Wholetime establishment continues to be below strength with the position worsening as employees retire. Plans have been drawn up to recruit trainee firefighters, but this process takes some months from start (positive action) to finish (employment of trainees). A process of selecting transferees from other Services has also commenced. The likely start date for new trainees will be

near to the end of the financial year. In addition, selection processes for supervisory and middle managers are also in progress. . In relation to front line fire and rescue services, the self rostering system ensures that deficiencies are covered as far as possible, with voluntary overtime used to deal with any shortfall. **The forecast outturn underspend on Wholetime pay is £1,500k**

- 2.6 INDIRECT EMPLOYEE EXPENSES: (Annual Budget £513k). The underspend to date on training is £30k and it is assumed that this will continue to be impacted by the high number of vacancies. **The forecast outturn underspend on training is £100k.**
- 2.7 PENSIONS: (Annual Budget £786k). **The forecast outturn underspend on ill health charges is £35k**, based on current information, and this will be reviewed as the year progresses.
- 2.8 TRANSPORT: (Annual budget £1,933k). Fuel is overspending to date by £58k, although some of this expenditure is represented by fuel tank balances to be used over the next month. The risk-based budget contingency will be used to cover any overspend caused by excessive price inflation so the **outturn is assumed to be able to be contained within the overall budget.**
- 2.9 TRAVEL EXPENSES: (Annual budget £467k) continue to underspend as they did in 2011/12, and this is largely due to the high level of vacancies. **The forecast outturn underspend on travel expenses is £26k.**
- 2.10 TRANSPORT INSURANCE: (Annual budget £188k) the Authority's motor insurers have broken the terms of our agreement due to the worsened claims history over the past year, which has resulted in an increased insurance premium and **a forecast outturn overspend of £18k.**
- 2.11 EQUIPMENT, FURNITURE AND MATERIALS: (Annual budget £822k). The organisation restructure has resulted in significant changes to how community safety activity is structured and delivered. It will take some time for new responsibilities to be taken up and for projects to get underway, and there is already an underspend to date of £40k. **The forecast outturn underspend on Community Safety is £50k.**
- 2.12 GENERAL INSURANCES: (Annual budget £229k). Insurance premiums have come in slightly under budget, resulting in **a forecast outturn underspend of £10k.**
- 2.13 GOVERNMENT GRANTS: (Annual budget £196k). Grant income will show a surplus because FireLink grant is slightly higher than budgeted for (£25k) and because the Authority has received a grant for Council Tax Reform (£27k) which was not budgeted for. **The forecast outturn surplus on grant income is £52k.**
- 2.14 CAPITAL FINANCING COSTS: (Annual budget £4,543k). The forecast outturn for the capital programme indicates at this stage that the £2.2m budget for revenue contributions will be required.

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 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

Appendix A

Budget Monitoring Report for Period 02 - 31 May 2012						
Account Description	Annual Budget	Profile Budget	Actual Year To Date	Variance Year To Date	Forecast Outturn	Forecast Outturn Variance
	£000	£000	£000	£000	£000	£000
Direct Employee Expenses	33,396	5,286	5,073	-213	31,746	-1,650
Indirect Employee Expenses	513	85	46	-39	413	-100
Pension	786	214	202	-13	751	-35
Employees	34,695	5,585	5,321	-265	32,910	-1,785
Repairs Alterations and Maintenance of Buildings	409	81	83	2	409	
Energy Costs	405	18	13	-5	405	
Rents	95	16		-16	95	
Rates	615	51	61	10	615	
Water	53	9	5	-4	53	
Fixture and Fittings	1				1	
Cleaning and Domestic Supplies	272	5		-5	272	
Grounds Maintenance Costs	27	5	6	1	27	
Premises Insurance	27	27	25	-2	27	
Refuse Collection	27	5	16	11	27	
Premises-Related Expenditure	1,933	216	208	-8	1,933	
Direct Transport Cost	1,037	173	112	-61	1,037	
Recharges	213	36	29	-7	213	
Public Transport	27	5	2	-3	27	
Car Allowances	467	78	27	-51	441	-26
Transport Insurance	188	188	196	8	206	18
Transport-Related Expenditure	1,933	479	366	-113	1,925	-8
Equipment Furniture and Materials	822	137	81	-56	772	-50
Catering	47	8	6	-2	47	
Clothes Uniforms and Laundry	274	46	34	-12	274	
Printing Stationery and General Office Expenses	254	17	7	-11	254	
Services	512	237	205	-31	502	-10
Communications and Computing Expenses	1,520	253	242	-11	1,520	
Grants and Subscriptions	40	20	21	1	40	
Miscellaneous Expenses	275	46	19	-27	275	
Supplies & Services	3,776	769	618	-151	3,716	-60
Other Local Authorities	147	24	10	-15	147	
Private Contractors	23	-4		4	23	
Third Party Payments	170	21	10	-11	170	
Finance	172	1	4	3	172	
Legal Services						
Corporate Services	43				43	
Support Services	215	1	4	3	215	
Depreciation						
Amortisation of Intangible Fixed Assets						
Depreciation and Impairment Losses						
Government Grants	-196	-33	-84	-52	-248	-52
Other Grants/Reimbursements and Contributions	-1,529	-80	-83	-3	-1,529	
Customer and Client Receipts	-87	-14	-17	-3	-87	
Interest	987	-8	-3	5	987	
Income	-825	-135	-188	-53	-877	-52
Interest Payments	55	9	7	-2	55	
Debt Management Expenses	4,543				4,543	
Capital Financing Costs	4,599	9	7	-2	4,599	
	46,494	6,945	6,345	-600	44,589	-1,905