



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

REVENUE BUDGET MONITORING TO 31 MAY 2013

Report of the Chief Fire Officer

Date: 12 July 2013

Purpose of Report:

To report to Members on the financial performance of the Service in the year 2013/14 to the end of May 2013. 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. At this early stage in the year, estimates of projected outturn are quite liable to change due to the relatively small amount of data available.

2. REPORT

SUMMARY

- 2.1 The revenue budget monitoring statement for May 2013 is showing an underspend to date of £443k against a budget for the year of £43,899k. The projected outturn variance for the year is an underspend of £779k.
- 2.2 The underspend to date of £433k and the projected underspend of £779k comprise several key variances which are explained in the following paragraphs.
- 2.3 The full Revenue Budget Monitoring Statement is given as Appendix A to this report.
- 2.4 The 2013/14 budget assumes that a contribution of £2,065k will be made from general reserves to support the budget. This transfer from reserves will be made at the end of the financial year and is disregarded for the purposes of providing Members with a picture of performance against the revenue budget. The £2,065k comprises £2,000k to fund a revenue contribution to capital expenditure and £65k to fund the shortfall between the budget requirement and the resources available to finance the budget.
- 2.5 Key issues to note are: expenditure within wholetime pay to maintain crewing now stands at £87k to the end of May.

SIGNIFICANT VARIANCES

- 2.6 **WHOLETIME PAY:** (Annual Budget £23,344k). The wholetime establishment continues to be slightly below strength, with numbers in post as at the end of May standing at 537 against an establishment of 541. A cohort of trainee firefighters will start in September 2013, and it is likely that until then numbers will fall further with retirements. 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 the shortfall. The crewing of the West Bridgford second appliance is causing a net overspend to date of £20k. At this stage of the year, it has been assumed that overall, the cost of wholetime pay will be contained within the budget for the whole year, and this assumption will be refined as the year progresses. **The forecast outturn on wholetime pay will be reported as the year progresses.**

- 2.7 **RETAINED PAY:** (Annual Budget £2,777k). The retained pay budget continues to underspend, despite the number of mobilisations being higher for April and May compared to the same period last year (547 2013 / 513 2012). The underspend to date is £48k. The projected outturn includes the pay award but is based on assumptions about future expenditure and will be revised as the year progresses. **The forecast outturn underspend on Retained Pay is £393k.**
- 2.8 **ADMINISTRATIVE AND SUPPORT STAFF PAY:** (Annual Budget £5,715k). There are currently 25 vacancies in the establishment, which are causing the budget to underspend to date. It is assumed that most of these vacancies will be filled during the year and the agreed pay award has been taken into account in the projected outturn. **The forecast outturn underspend on Administrative and Support Pay is £250k.**
- 2.9 **CONTROL PAY:** (Annual Budget £1,043k). The control budget is based on an establishment of 26, however the actual establishment for May is 27, which has resulted in an over spend to date of £25k. This over-establishment will be resolved in January 2014, when one employee will leave under the voluntary redundancy scheme. The reason for retaining this employee until then is to deal with the additional workload arising from the Tri-Service Control project. The outturn figure is based on the actual establishment and includes the pay award. **The forecast outturn overspend on Control Staff is £44k.**
- 2.10 **INDIRECT EMPLOYEE EXPENSES:** (Annual Budget £503k). Recruitment Advertising is under spending to date by £3k and the forecast underspend is £6k. The Training budgets are currently under spending to date by £45k; outturns will be reported as the year progresses. **The forecast outturn underspend on Indirect Employee Expenses is £6k.**
- 2.11 **PENSIONS:** (Annual Budget £775k). The pension's budget is currently under spending by £69k which is mainly due to injury allowances and based on current information. This will be reviewed and reported as the year progresses. **The forecast outturn on Pensions will be reported as the year progresses.**
- 2.12 **ENERGY COSTS:** (Annual Budget £373). The underspending to date on energy costs is £14k. **The forecast outturn on Energy Costs will be reported as the year progresses.**
- 2.13 **DIRECT TRANSPORT COSTS:** (Annual budget £1,082k.) Fuel is overspending to date by £49k, 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. **The forecast outturn on Direct Transport Costs will be reported as the year progresses.**

- 2.14 **CAR ALLOWANCES:** (Annual budget £420k). Despite budgetary savings having been implemented for 2013/14, car allowances continue to underspend as they did in 2012/13. This may be partly due to vacancies, but this area of the budget will be further examined in detail during the forthcoming budget process. **The forecast outturn underspend on Car Allowances is £54k.**
- 2.15 **OTHER TRANSPORT:** (Annual budget £422k). The Authority's motor insurance has been re-tendered and, due to the worsened claims history and current insurance market conditions, the insurance premium has increased by £58k beyond the level budgeted for. **The forecast outturn overspend on Other Transport is £58k.**
- 2.16 **EQUIPMENT:** (Annual budget £925k). 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 £12k. Operational equipment is currently under spending by £9k but this is not expected to continue throughout the year. **The forecast outturn underspend on Equipment is £50k.**
- 2.17 **COMMUNICATIONS AND COMPUTING:** (Annual Budget £1,714k). The contracts for computer software maintenance and non-contracted services have been either reviewed or renegotiated for 2013/14 and this is expected to result in an estimated outturn underspend of £49k. **The forecast outturn underspend on Communications and Computing is £49k.**
- 2.18 **CAPITAL FINANCING COSTS:** (Annual budget £4,345). It is assumed at this stage in the year that the £4,345k budget for capital financing will be required. **The forecast outturn on Capital Financing Costs will be reported as the year progresses.**

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

It is recommended that Members note the contents of this report.

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

None.

Frank Swann
CHIEF FIRE OFFICER

	Annual Budget £000	Budget Profile at Feb £000	Actual to Feb £000	Variance to Feb (Under) / Overspent £000	Forecast Outturn £000	Forecast Outturn Variance £000	Forecast Outturn Variance %
Employees							
Wholetime	23,344	3,891	3,911	20	23,344	0	0%
Retained	2,777	231	183	(48)	2,384	(393)	-1%
Non-Uniformed	5,715	952	833	(119)	5,465	(250)	-4%
Control	1,043	171	196	25	1,087	44	4%
Allowances	46	8	9	1	46	0	0%
Indirect Employee Expenses	503	84	34	(50)	497	(6)	-1%
Pension	775	181	112	(69)	775	0	0%
Total Employees	34,203	5,518	5,278	(240)	33,598	(605)	-2%
Premises							
Repairs/Alterations/Maintenance	488	81	57	(24)	488	0	0%
Energy Costs	373	46	32	(14)	373	0	0%
Rent/Rates/Water	813	27	3	(24)	813	0	0%
Other Premises Costs	379	57	52	(5)	379	0	0%
Total Premises	2,053	211	144	(67)	2,053	0	0%
Transport							
Direct Transport Costs	1,082	180	222	42	1,082	0	0%
Car Allowances	420	70	31	(39)	366	(54)	-13%
Other Transport	422	243	290	47	480	58	14%
Total Transport	1,924	493	543	50	1,928	4	0%
Supplies & Services							
Equipment	925	126	82	(44)	875	(50)	-5%
Clothing Uniform/Printing/Stationery/Catering	471	72	71	(1)	471	0	0%
Services	484	282	258	(24)	484	0	0%
Communications and Computing	1,714	272	227	(45)	1,665	(49)	-3%
Miscellaneous Expenses	664	137	74	(63)	664	0	0%
Recharge Expenditure - Company/Trading							
Accounts	24	0	0	0	24	0	0%
Total Supplies & Services	4,282	889	712	(177)	4,183	(99)	-2%
Support Services							
Treasury & Committee Services	217	8	8	0	217	0	0%
Legal Services	100	17	11	(6)	100	0	0%
Total Support Services	317	25	19	(6)	317	0	0%
Capital Financing Costs							
Interest Payments	1,059	6	37	31	1,059	0	0%
Debt Management Expenses	3,286	0	0	0	3,286	0	0%
Total Capital Financing Costs	4,345	6	37	31	4,345	0	0%
Income							
Government Grants	(222)	(143)	(145)	(2)	(222)	0	0%
Other Grants/Reimbursements/Contributions	(2,209)	(21)	(49)	(28)	(2,227)	(18)	1%
Customer and Client Receipts	(669)	(21)	(27)	(6)	(669)	0	0%
Interest	(125)	(21)	(19)	2	(125)	0	0%
Total Income	(3,225)	(206)	(240)	(34)	(3,243)	(18)	1%
Net Expenditure	43,899	6,936	6,493	(443)	43,181	(718)	-2%
Financed By							
Precept Income	(19,921)						
Revenue Support Grant and Non Domestic Rates	(23,978)						
Total Financing	(43,899)						