



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 AUGUST 2013

Report of the Chief Fire Officer

Agenda Item No:

Date: 11 October 2013

Purpose of Report:

To report to Members on the financial performance of the service in the year 2013/14 to the end of August 2013. This report analyses significant variances against the original budget.

CONTACT OFFICER

Name : Neil Timms, Strategic Director of Finance and Resources

Tel : 0115 967 0880

Email : neil.timms@notts-fire.gov.uk

Media Enquiries Contact : Vicky Brown
vicky.brown@notts-fire.gov.uk

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 August 2013 is showing an underspend to date of £610k against a budget for the year of £43,899k. The projected outturn variance for the year is an underspend of £1,220k.
- 2.2 The underspend to date of £610k and the projected underspend of £1,220k 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 £338k to the end of July (paid one month in arrears).

SIGNIFICANT VARIANCES

- 2.6 **WHOLETIME PAY:** (annual budget £23,344k). The wholetime establishment has been slightly below strength during the period reported, against an establishment of 540. A cohort of 15 trainee fire fighters will start in September 2013 and in addition 3 Retained Fire fighters are to be transferred to the wholetime duty system. 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 contributing to a net overspend to date of £131k. Following the Fire Authority decision of 27 September 2013 this will cease. **The forecast outturn overspend on wholetime pay is £34k.**

- 2.7 **RETAINED PAY:** (annual budget £2,777k).The retained pay budget continues to underspend, despite the number of mobilisations being higher for April to August compared to the same period last year (1498 2013 / 1269 2012).The underspend to date is £91k. 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 £235k.**
- 2.8 **ADMINISTRATIVE AND SUPPORT STAFF PAY:** (annual budget £5,694k). There are currently 21 vacancies in the establishment, which are causing the budget to underspend to date by £91k. 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 £511k.**
- 2.9 **CONTROL PAY:** (annual budget £1,043k). The control budget is based on an establishment of 26, however the actual establishment for August is 27, which has resulted in an overspend to date of £41k. This over-establishment will be resolved in January 2014, when one employee is expected to 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 £84k.**
- 2.10 **INDIRECT EMPLOYEE EXPENSES:** (annual budget £503k). Recruitment advertising is underspending to date by £4k and the forecast underspend is £10k.The training budgets are currently underspending to date by £56k, although this underspend will be corrected as the year progresses; **The forecast outturn underspend on Indirect Employee Expenses is £17k.**
- 2.11 **PENSIONS:** (annual budget £775k).The pensions budget is under spending by £38kwhich is mainly due to injury allowances and based on current information. **The forecast outturn on pensions will be reported as the year progresses.**
- 2.12 **ENERGY COSTS:** (annual budget £373). The over spending to date on energy costs is £3k.**The forecast outturn on energy costs is expected to within the budget at this stage.**
- 2.13 **DIRECT TRANSPORT COSTS:** (Annual budget £1,082k.)Fuel is overspending to date by £5k, 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 underspend on direct transport costs is £4k.**
- 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 £18k.**

- 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 finance lease extensions and terminations - forecast outturn underspend £35k - this budget is difficult to forecast as it is affected by the timings of appliance procurement, but based on the current level of expenditure to date it is assumed that there will be an underspend at year end. **The forecast outturn overspend on other transport is £24k.**
- 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 £127k. Operational equipment is currently under spending by £23k but this is not expected to continue throughout the year. **The forecast outturn underspend on equipment is £59k.**
- 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 **SERVICES:** (annual budget £484k). Marketing and publicity - forecast outturn underspend of £20k is due to changed requirements following increased use of technology and reductions in spending. External audit fees - forecast outturn underspend £5k is for the sum that was held back as a contingency in case the audit process incurred any additional costs. We now know that this is not the case. Professional fees - forecast outturn underspend £5k which was set aside to procure consultants to assist with re-tendering the Service's health cash-back scheme. This is no longer required as the tender will be done in-house. CRB checks - forecast outturn underspend £5k due to change in regulations which means that a lower quantity of checks need to be carried out. **The forecast outturn underspend on services is £37k.**
- 2.19 **MISCELLANEOUS EXPENSES:** (annual budget £664k). The risk based budget of £311k was set aside for any expenditure that was unforeseen and not budgeted for, this budget has not been used this year to date. **The forecast outturn underspend on miscellaneous expenses is £300k.**
- 2.20 **CAPITAL FINANCING COSTS:** (annual budget £4,345). Interest charges - forecast outturn underspend is £60k due to repayment of PWLB loan which will only partially be replaced. This variance may be amended if further borrowing takes place. Minimum revenue provision - forecast outturn underspend of £23k is due to underspends in the 2012/13 capital programme which resulted in all capital expenditure being financed by either capital grant or revenue contributions. At budget time it was assumed that some would subject to the minimum revenue provision charge. **The forecast outturn underspend on capital financing costs is £83k.**

2.21 **INCOME:** (annual budget £3,225). The forecast underspend of £150k relates to income of £18k for the FEU conference which is offset by expenditure elsewhere, and a DCLG grant of £85k for council tax transition which was not known at budget time. It is recommended that F&R Committee members are requested to approve the transfer of this grant to an earmarked reserve at year end, to be used to fund any future budget shortfall created by a reduction in the tax-base caused by council tax Reform. In addition the authority has received insurance settlements totalling £45k. **The forecast outturn underspend on income is £150k.**

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

Revenue Budget Monitoring to 31 August 2013

Appendix A

	Annual Budget £000	Budget Profile at Aug £000	Actual to Aug £000	Variance to Aug (Under) / Overspent £000	Forecast Outturn £000	Forecast Outturn Variance £000	Forecast Outturn Variance %
Employees							
Wholetime	23,344	9,727	9,744	17	23,378	34	0%
Retained	2,777	926	835	(91)	2,542	(235)	-8%
Non-Uniformed	5,694	2,372	2,125	(247)	5,183	(511)	-9%
Control	1,043	432	473	41	1,127	84	8%
Allowances	67	28	61	33	113	46	69%
Indirect Employee Expenses	503	209	145	(64)	486	(17)	-3%
Pension	775	375	337	(38)	795	20	3%
Total Employees	34,203	14,069	13,720	(349)	33,624	(579)	-2%
Premises							
Repairs/Alterations/Maintenance	488	203	272	69	488	0	0%
Energy Costs	373	114	117	3	373	0	0%
Rent/Rates/Water	813	294	285	(9)	813	0	0%
Other Premises Costs	379	122	138	16	385	6	2%
Total Premises	2,053	733	812	79	2,059	6	0%
Transport							
Direct Transport Costs	1,082	451	433	(18)	1,086	4	0%
Car Allowances	420	138	136	(2)	402	(18)	-4%
Other Transport	422	268	303	35	446	24	6%
Total Transport	1,924	857	872	15	1,934	10	1%
Supplies & Services							
Equipment	925	385	258	(127)	866	(59)	-6%
Clothing Uniform/Printing/Stationery/Catering	471	196	202	6	491	20	4%
Services	484	339	318	(21)	447	(37)	-8%
Communications and Computing	1,714	662	591	(71)	1,665	(49)	-3%
Miscellaneous Expenses	664	147	179	32	364	(300)	-45%
Recharge Expenditure - Company/Trading Accounts	24	6	6	0	24	0	0%
Total Supplies & Services	4,282	1,735	1,554	(181)	3,857	(425)	-10%
Support Services							
Treasury & Committee Services	217	16	16	0	218	1	0%
Legal Services	100	42	28	(14)	100	0	0%
Total Support Services	317	58	44	(14)	318	1	0%
Capital Financing Costs							
Interest Payments	1,059	119	121	2	999	(60)	-6%
Debt Management Expenses	3,286	0	0	0	3,263	(23)	-1%
Total Capital Financing Costs	4,345	119	121	2	4,262	(83)	-2%
Income							
Government Grants	(222)	(222)	(235)	(13)	(307)	(85)	38%
Other Grants/Reimbursements/Contributions	(2,209)	(5)	(139)	(134)	(2,273)	(64)	3%
Customer and Client Receipts	(669)	(36)	(61)	(25)	(670)	(1)	0%
Interest	(125)	(52)	(42)	10	(125)	0	0%
Total Income	(3,225)	(315)	(477)	(162)	(3,375)	(150)	5%
Net Expenditure	43,899	17,256	16,646	(610)	42,679	(1,220)	-3%
Financed By							
Revenue Support Grant	(427)						
Precept Income	(23,351)						
National Non-Domestic Rates	(22,716)						
Total Financing	(46,494)						