NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

REVENUE AND CAPITAL MONITORING REPORT TO FEBRUARY 2017

Report of the Chief Fire Officer

Date: 31 March 2017

Purpose of Report:

To report to Members on the financial performance of the Service in the year 2016/17 to the end of February 2017.

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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 both the revenue and capital budgets 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 For this report, those key areas with a higher risk of significant variance are reported on. An assessment of this risk has been made in the light of the size of the budgets selected and / or previous experience of variances, as well as the emergence of actual variances.

1.3 In this financial year, the overall revenue budget is at its lowest level since 2007/08 and it is vital that an overview of the budgetary position during the year is maintained so that appropriate action can be taken in respect of significant variances and the budget is managed as a whole.

2 REPORT

REVENUE BUDGET

2.1 **Headlines:** When the 2016/17 revenue budget of £41.295m was approved by the Fire Authority in February 2016 it was on the basis that a £98k deficit in the budget would be supported by a transfer from general reserves, resulting in a net revenue budget of £41.197m. This was in line with the Medium Term Financial Strategy which sets out as a principle that financial planning will take account of the possible use of reserves to minimise the effect of reductions in funding as a means of transition. However, at this stage in the year there is a forecasted underspend of **£207k** so the transfer from general reserves is unlikely to be necessary.

2.2 The forecasted underspend of £207k is largely due to six significant variances:

- A forecasted underspend of £276k relating to interest charges

- A variance has arisen due to the number of wholetime employees falling faster than expected, meaning that staffing levels have already decreased to 467.6 FTE against the new approved establishment of 476. This, together with further retirements forecasted before the end of the financial year, means that the wholetime pay budget (excluding overtime) is no longer expected to significantly overspend. The creation of a £350k earmarked reserve, which Members approved to support the wholetime pay budget during this period of transition, will not be required particularly as there are underspends elsewhere in the budget. This has resulted in a forecasted underspend of £340k against the contribution to earmarked reserves budget

- Pre-planned and operational wholetime overtime is expected to overspend by £323k by the end of the year.

- District Councils in Nottinghamshire have identified that too much National Non-Domestic Rate (NNDR) growth income has been paid to the Authority during the previous three financial years, and as a result £141k must now be repaid.
- Pension costs met from the Authority’s revenue budget are expected to overspend by £108k, largely due to the amount spent on ill health charges.
- Minimum Revenue Provision charges are expected to overspend by £101k.

These key variances are explained further in the report below. The Revenue Monitoring position is shown in summary at Appendix A.

2.3 **Wholetime Pay:** the variance to date is a £220k overspend, and this budget is expected to be overspent by **£189k** by the end of the financial year. This is due to three main reasons:

- The Wholetime establishment was reduced to 476 from 1 April 2016, and at that time it was assumed that the actual number of employees would not reduce to this level through natural turnover until approximately the end of the financial year. However, there have been 23 retirements during the period 1 April 2016 to 28 February 2017, with a further three confirmed so far for the period up to the end of March 2017. As at the end of February, the number of Wholetime employees in post had reduced to 467.6 full time equivalent (FTE). The over-establishment of posts in the first five months of the year has caused an overspend of £127k to date (excluding overtime). However, the underspend accruing as the number of staff falls below the establishment level will partially offset the overspend arising in the first half of the year and a net £51k overspend is forecasted for the full financial year (excluding overtime). Members approved the creation of a £350k earmarked reserve in 2016/17 to support the Wholetime pay budget during this period of transition, and in June Members of this committee approved a virement of £108k from this reserve into the Wholetime pay budget to fund the overspend that was forecast at that time. This virement has since been reversed, as current forecasts indicate that this earmarked reserve will not be required.

- Pre-planned and operational overtime is overspent to date by £216k, and it is forecasted to be overspent by £323k by the end of the financial year. This is mainly due to a large increase in pre-planned overtime to cover vacancies on the ridership, with over 200 shifts due to be covered by pre-planned overtime in March alone. The average amount spent on operational overtime has slightly reduced in recent months to £24k in February, down from a peak of £29k in November.

- The wholetime pay budget includes £185k for short term project work, which was intended to support key projects such as the ESMCP, Tri-Service Control Phase 2 and “Shaping the Future” work. None of this money has needed to be spent to date as costs have been covered within the main Wholetime pay budget, although this project work will impact on overtime requirements as indicated above. The resulting underspend of £185k is included within the overall forecasted overspend of £189k.

2.4 **Retained Pay:** This budget is underspending by £61k to date, but this underspend is expected to reduce to **£52k** by the end of the financial year. Retaining fees and Drills and Training are expected to underspend by a total of £80k. This is largely because the number of retained staff has reduced throughout the year, from 144 units in April 2016 to 137 units in February 2017. The budget was based on assumption of 157 units. These underspends are partially offset by a forecasted overspend of £21k relating to turnouts, as the number of retained mobilisations has increased by 13.5% compared to last year.

2.5 **Administrative and Support Pay:** the variance to date is an underspend of £115k, and this budget is expected to underspend by **£90k** by the end of the financial year. This underspend is due to 3 main reasons:

- The budget currently includes a £31k net saving relating to a restructure of corporate services, and £72k relating to posts which have been deleted from the Prince's Trust establishment. These savings have been removed in the 2017/18 budget.

- Further underspends have arisen due to a number of vacant posts (6.2 FTE as at the end of February). These savings have been partially offset by the use of agency staff to temporarily fill some positions.

- A number of temporary posts have been appointed to work on projects such as the Public Sector Network (PSN). The cost of this project work is around £114k. Earmarked reserves are available to fund this project work if required.

2.6 **Pension Costs:** the pension revenue budgets are overspent to date by £117k, however this overspend is expected to reduce to **£108k** at year end. This overspend is due to two main reasons:

- Ill health charges are forecast to overspend by £127k. This is largely due to the ill health retirements of four employees in 2014/15, the final instalment of which will impact on the revenue budget this year. The forecast outturn also includes the cost of one lower tier retirement which took place in July, and the estimated cost of two additional retirements (one Wholetime and one retained) which are likely to occur before the end of the financial year. There is an earmarked reserve which can be used to support this budget if required.

- The budget for injury pensions is expected to underspend by £18k due to there being no new injury pensions so far this year compared to a budget assumption of one new case.

2.7 **Premises related expenditure**:

- The premises insurance budget is expected to underspend by **£21k** by the end of the financial year due to a saving which arose as a result of the recent tendering process.

- Gas is underspent by £70k to date, and this underspend is expected to increase to **£75k** by the end of the year. This is mainly due to relatively mild weather. However this is offset to a large extent by an overspend on electricity arising from a review of charges this year following the identification of a historic billing fault by the supplier. This overspend is **£58k**.

- Business rates are expected to overspend by **£62k** by the end of the year. This figure includes an estimate for the new London Road station, with the actual amount for this due to be determined early next year.

2.8 **Transport related expenditure**:

- **Finance Lease Extensions and Terminations:** the leased appliances which were used to bolster the fleet during industrial action periods have now been returned to the leasing company. The leases for these appliances had been extended and this overspend of £16k is for the final payment. Three fire appliances have been purchased off-lease at a cost of £19k. These have been bought to backfill appliances being temporarily taken out of the fleet due to the BA Telemetry Modification Programme. The three appliances will be sold or donated on completion of the project, which is due to finish in July 2017. The total overspend on this budget is therefore **£36k**.

- **Fuel:** the fuel budget is expected to underspend by **£67k** by the end of the financial year. This is due to a reduction in the size of the fleet, and a general decrease in vehicle usage. The draft budget for 2017/18 includes a reduction of £30k to reflect this. However, expenditure against this budget is very volatile and is affected by factors such as fluctuations in oil prices, so it is closely monitored.

- **Motor Insurance:** the cost of motor insurance this year is higher than budgeted for, resulting in an overspend of **£24k**. This budget can be difficult to predict due to a volatile claims history but the overspend is offset to some extent by the underspend on premises insurance reported above.

2.9 **Supplies and Services:** Overall the Supplies and Services budget is expected to be underspent by **£150k**. This variance is due to a number of reasons:

- The operational equipment budget will underspend by **£21k** as defibrillators, which were due to be received in March, have been delayed by the supplier until June.

- The Protective Clothing budget is underspent to date by £101k, and it is expected to underspend by **£100k** by the end of the year. More clothing is being refurbished rather than replaced, and this has led to this saving. However, this saving is partially offset by a corresponding forecast overspend of **£18k** on the budget for Uniform and Protective Clothing Repairs. These changes have been reflected in the draft budget for 2017/18. The Protective Clothing budget also contained additional funding for equipping new retained duty system recruits, but the number of recruits has been smaller than originally expected. This accounts for the remaining underspend.

- The Reference Books and Publications budget is due to overspend by **£14k**, however this can be funded from an earmarked reserve if required. An overspend of £20k has been caused by a contribution to CFOA's National Operational Guidance project. The Service has a three year commitment to this project, so it was decided that it could be funded from the resilience earmarked reserve rather than the revenue budget. This £20k overspend is partially offset by an underlying £6k underspend.

- The Contribution to Partnership Working budget is expected to overspend by **£29k**. However, this overspend is due to a contribution to the New Cross Support Team, and this expenditure can be met from earmarked reserves if required. There is an underlying underspend of around £8k on this budget, and the budget for 2017/18 has been reduced to reflect this.

- The Consultancy fees budget is expected to underspend by **£60k**. £10k of this underspend relates to the amounts payable to the Prince's Trust for team fees and certificates, as the budget for this was set before the decision was made to reduce the size of the Prince's Trust programme. The remaining £50k underspend relates to the Organisational Development project, as some aspects of this project have not got to the procurement stage in time for them to be delivered before the end of the financial year.

- The Communication Equipment Maintenance budget is underspent by £20k to date, and it is expected to underspend by **£24k** by the end of the financial year. This is due to the fact that the new Skype telephone system is support internally by the ICT department, therefore reducing the requirement to use external contractors.

- The budget for Consultation Costs is underspent by £28k to date, and it is expected to underspend by **£30k** by the end of the year. This is largely because the consultation for the Sustainability Strategy had been planned for 2016/17, but this has now been pushed back to 2017/18.

2.10 **Treasury Services:** the Treasury Services budget is expected to overspend by **£15k** by the end of the financial year. This is due to increased pension administration costs arising from additional workloads and adaptations to systems required for pension regulatory changes.

2.11 **Special Service Charges Income:** in December 2015 Members approved the implementation of a plan for the recovery of costs for attending special service incidents, and approved a new scale of charges. This plan has now been fully implemented but only £2k has been recovered to date. Anecdotal evidence suggests that the new call challenging procedures being followed by Control staff are deterring callers from requesting an attendance once they had been informed that the service would be chargeable. Systems have therefore been put in place to record the number of instances in which callers decline assistance. The impact of the new Special Service Charging procedure is being monitored on a monthly basis. It is difficult to estimate how much income might be received during the remaining months of this financial year, but at this stage a deficit of **£40k** is expected against the £42k budget.

2.12 **Recovered Costs:** there is a forecasted surplus of £33k for income relating to recovered costs. This is due to income being accounted for which was not included in the budget. This variance is mainly due to an adjustment made in relation to the correction of pension errors. This correction was initially accounted for in the 2014/15 financial year, however the accounting entries were based on estimates. Once the actual figures were known, it became clear that the amount reimbursed to the Pension Fund had been overestimated by £26k, so this overpayment has now been recovered.

2.13 **Non Domestic Rates Growth Income:** The Nottinghamshire Billing Authorities have identified this year that the methodology for distributing non domestic rates growth income to Precepting Authorities was flawed. As a result £97k of growth income has been incorrectly paid to the Authority in 2013/14 and 2014/15, and a further £44k of growth income was accrued for in 2015/16. The overpaid income will be refunded to the relevant Billing Authorities by the end of this year, resulting in a negative variance of **£141k** this year.

2.14 **Government Revenue Grants:** there is a forecasted surplus of **£52k** relating to Government Revenue Grants (the capital grant for the Emergency Services Mobile Communications Project which was previously reported has now been transferred to the capital programme). The surplus relates to the Firelink grant for which the budget was based on the amounts received in 2015/16. The Firelink grant has been increased by £52k to reflect higher running costs, but the charges received so far from the government (up to September 2016) can be contained within the expenditure budget.

2.15 **Partnership income:** the Authority is due to receive an estimated **£24k** for which there is no budget. This income relates to partnership work, and includes money received from East Midlands Ambulance Service for the Emergency First Responder trial, and a contribution from Public Health England to support the Safe and Well agenda.

2.16 **Secondment income:** there is a forecasted surplus of **£36k** relating to secondment income. This is largely due to two secondments which were arranged after the budget for 2016/17 had been approved.

2.17 **Fire Safety Order:** the Authority can receive compensation and legal costs relating to the enforcement of fire safety legislation in non-domestic premises. There is a forecasted surplus of **£48k** relating to this budget. The amounts received by the Authority can vary tremendously from year to year, so the budget is set at a prudent level of £7.5k. However, £46k has been received this year to date.

2.18 **The Prince's Trust:** there is a forecasted deficit of £64k relating to Prince's Trust income. Members will be aware of the decision taken in January 2016 to reduce the size of the Prince's Trust programme, however due to the timing of this decision the budgets for 2016/17 were based on the assumption that activity levels would remain unchanged. As a result of this, the income budget for 2016/17 was set too high. As the expenditure budgets for the Prince's Trust were also calculated on the same basis there are numerous smaller underspends which offset this income deficit. Overall there is a forecasted underspend of **£92k** across the Prince's Trust budgets as a whole.

2.19 **Interest Receivable:** there is a forecasted deficit of **£31k** for investment income. This is partly due to a decrease in interest rates following the cut in the Bank of England base rate in August, and partly due to lower than expected levels of cash balances as a result of a decision to delay long term borrowing for capital expenditure and instead rely on "internally borrowing" funds from the Authority's reserves. This strategy of using internally borrowed funds has reduced the Authority's interest rate payments, and avoided an increase in cash balances at a time when investment rates are low and credit ratings are relatively volatile.

2.20 **Capital Financing Costs:** Overall the capital financing budgets are forecasted to underspend by **£175k** by the end of the financial year. This variance is comprised of two elements:

- **Interest charges:** the budget for interest charges is expected to underspend by **£276k**. The Authority is advised by Capita on treasury management matters and, on advice, long term borrowing has been delayed and temporary borrowing was taken at a much lower rate instead. In September 2016 the Authority took a £3m long term loan from the Public Works Loans Board (PWLB) at a rate of 1.95%. This rate is particularly low when compared with the average loan rate during 2015/16, which was 3.2%. Arrangements were made at the end of February to borrow a further £2m from the PWLB in order to take advantage of interest rates which were decreasing again, having peaked at around 2.71% in January. This is a long term loan, and it was taken at the beginning of March at a rate of 2.45%. By taking the decision to borrow at this time, the Authority has reduced its level of internal borrowing and eliminated some of the interest rate risk that it was facing due to the current high levels of political and economic uncertainty. The forecasted underspend is therefore partly due to taking borrowing later in the year than budgeted, and partly due to taking borrowing at a lower interest rate than budgeted.

  The element of the underspend arising from the lower interest rate secured in September 2016 has been converted into a budgetary saving for 2017/18 onwards. However, despite this saving it is likely that the budget for interest charges will still underspend next year. This is because the budget was calculated on the assumption that new borrowing would be taken at a rate of 2.86% (which was the forecasted rate at the time). Not only is this 41 basis points higher than the rate secured at the beginning of March, it is also higher than the current forecasted PWLB rates for 2017/18 (although these rates are obviously likely to change). Based on current forecasts, the 2017/18 budget could underspend by around £80k. The future budget requirement for interest charges will depend on a number of factors, including levels of capital expenditure, future interest rates, and the availability of alternative sources of capital funding. The high level of uncertainty surrounding these factors makes it difficult to assess the extent to which these budgetary savings can be considered "permanent". Whilst it is correct to say that the Authority is currently making savings by replacing maturing loans with cheaper borrowing at the present time, it is possible that these savings may be overturned by future interest rate rises or increased borrowing requirements.

- **Minimum Revenue Provision:** the budget for the minimum revenue provision (MRP) charge is expected to overspend by £101k. The budget for the MRP charge was calculated in the autumn of 2015 and was based on estimated capital expenditure for 2015/16 of £4,668k. The actual capital expenditure for the year was £5,281k, as it included a significant amount of slippage. As a result of this, there is insufficient budget provision for the MRP charge in 2016/17. This has caused the £101k overspend.

2.21 **Other Income:**

- **Contribution to Earmarked Reserves:** The budget included a contribution of £350k to earmarked reserves which was planned to be used to support the Wholetime pay budget during its transition this year towards 476 employees. As set out in paragraphs 2.1 and 2.2, this earmarked reserve is unlikely to be required this year and so the transfer to earmarked reserves has not taken place. There is therefore an underlying underspend of £350k against this budget. However, this underspend is partially offset by the transfer of the £10k contribution received from Public Health England towards the Safe and Well agenda. This £10k will be carried forward as an earmarked reserve because it is not due to be received until the end of the year, and there are no plans to spend it until 2017/18. There is therefore a forecasted net underspend of **£340k** against this budget.

  The Organisation Transition earmarked reserve currently has a balance of £149k. It was initially created with a balance of £500k and has been used since 2012/13 to fund redundancy and resulting pension strain costs as the Service's establishment has reduced in line with budget constraints. With the approval of Members, the revenue budget underspend this year could be applied to top up the Organisation Transition earmarked reserve and this balance can then be used to pay for one-off costs arising from a variety of initiatives which will save costs in the longer term. It is recommended that Members approve the transfer to earmarked reserves of £200k at the end of this financial year.

- **Contribution from General Reserves:** The underlying overspend of £98k in the Budget Requirement is reflected in the budget as a contribution from General Reserves to balance the budget. Due to the two significant underspends outlines in paragraph 2.1 there is likely to be a contribution to reserves as a result of the overall forecasted underspend this year and this will offset the £98k budget deficit, which still stands as a negative variance i.e. an overspend of **£98k**.

CAPITAL PROGRAMME

2.22 A capital programme for 2015/16 of £1,964k was approved by Members at the February 2016 Fire Authority meeting.

2.23 There was slippage in the 2014/15 capital programme and Members approved that £2,809k be carried forward to 2016/17 at the Fire Authority meeting on 26 June 2015. In addition there is slippage from the 2015/16 capital programme and Members approved £1,211k be carried forward to 2016/17 at the Fire Authority meeting on 24 June 2016. This brings the total capital programme to £5,984k for the year. The total spend to date is £2,061k and the forecast out-turn expenditure is £3,613k, giving a forecast underspend of **£2,371k**, and the current capital programme is shown at Appendix B. The most significant area of underspend is within the Transport element of the capital programme and the current position has been fed into the Vehicle Replacement Strategy, which was approved by Members of this Committee at an earlier meeting.

2.24 Two capital grants have been received for the Tri-Service Control Mobilising system (£319k remaining) and for the Emergency Services Mobile Communications Project, as well as £19k of capital receipts from the sale of vehicles. The sale of Central Fire Station has now completed and a capital receipt of £2.5m was received in March 2017. A £3m long term loan was taken out in September 2016 and then a further £2m long term loan was taken in February to finance capital expenditure both this year and in previous years.

2.25 **Transport:** The replacement programme for rescue appliances will need to slip into next year because a review is now underway to consider alternative fleet options to meet the objectives of the Sustainability Strategy 2020 and the operational need for vehicles required for Service Delivery. The outcome of this work will determine the type and number of vehicles within the long term vehicle replacement plan and should be known early in the next financial year and will inform when the next tranche of fire appliances will need to brought into front line service (for the purpose of capital planning some assumptions about this have been made in the draft budget for 2017/18). The budget will be used to complete the appliances which are already in build and the remaining sum of £908k will slip forward to 2017/18.

2.26 The budget for special appliances is unlikely to be spent in 2016/17. The Command Support Unit is to go out to mini competition. A feasibility study has been carried out to ascertain the requirement of the unit based on NFRS's requirements, however work needs to be completed on the design. The HMEPU (Hazardous Materials and Environmental Protection Unit) requires re-specification to meet the changing needs of Service Delivery and duties of the Environment Agency. The process of determining the equipment to be carried on the HMEPU is currently underway and will dictate the type of vehicle needed to fulfil this role. Until this process is complete it will delay the start of the specification of the vehicle itself and require slippage of £151k into 2017/18. This will also be subject to the potential to collaborate with other fire services in the provision of this type of vehicle.

2.27 A review of light vehicle utilisation has been undertaken and further work is now in progress to look at ways of working which will promote more effective use of the light vehicle fleet. At this stage in the year it planned that some vehicles will be replaced before the year end, but some of this budget will slip into next year and some of it will be permanently saved as it is expected that the light fleet size and specification can be reduced as a result of the review. An outturn of £73k is anticipated for the light fleet element.

2.28 **Equipment:** The replacement Holmatro pumps and hoses have been received and issued to stations. Additional hoses were required to meet operational requirements which was greater than the original estimate, and this has led to a slight overspend of £3k.

The procurement phase of the breathing apparatus project for 2017/18 is now underway and training will commence prior to the go live date in 2017. This has required the early purchase of some breathing apparatus sets for training purposes in the current year in advance of the 2017/18 capital programme and Members of this Committee approved a capital variation of £190k for this purpose in January 2017. It has now transpired that the supplier can only deliver £105k of the sets before the end of March, so £85k will slip into 2017/18.

2.29 **Estates:** The London Road Fire Station Project is now complete and the new station was handed over to NFRS on 12 August 2016. The project is currently predicted to come in under the last reported estimate of £5.005m and is expected to be in the region of £4.7m. The majority of the project expenditure will be paid within the current financial year except for the contract retention and fees (estimated at circa £115k) which will be paid in the next financial year.

2.30 The design for the new Newark Fire Station Project is now complete based on the rebuild of a new station on the western part of the same site whilst continuing to operate from the station on the eastern part of the site. On completion of the new station the surplus land (the site of the existing station building) will be disposed of, this has currently been valued at circa £275k. The initial programme is indicating that the tendering for the project will be complete by March 2017 with a construction period of up to sixteen months and a project completion in the summer of 2018.

2.31 Work with the East Midlands Ambulance Service on the potential collaboration concerning the existing Hucknall Fire Station is underway with both organisations working toward agreeing terms of a collaborative arrangement. The details and budget impact of these negotiations are to be reported once a draft agreement has been reached.

2.32 The initial feasibility work for a new Worksop Fire Station is currently underway; this will include a strong potential for collaboration with the Police and Ambulance Service in a joint project.

2.33 **ICT:** The ICT capital programme budget will be used throughout the year for on-going ICT purchases such as additional software and hardware along with consultancy services.

2.34 The Skype for Business (telephony replacement) project is projected to be rolled out to all stations by March 2017 and the Mobile Working budget will be used to purchase additional hardware.

2.35 Business Process Automation – this budget will continue to be used to finance ICT Strategic developments such as the implementation of the new SharePoint solution and migration to Office365. The earmarked reserve created for SharePoint will supplement specific expenditure related to this system. The slippage on this budget into 2017/18 will be used to fund an electronic documents and records management system and a replacement Occupational Health system.

2.36 For business systems, the implementation phase of the project to upgrade the finance and procurement system in collaboration with Leicestershire Fire and Rescue Service has gone live. The project was achieved on time and within budget, with an underspend of £77k although this was phase one of the project and it is recognised that further modules of the upgraded system could be purchased to enhance efficient working. The underspend will be slipped forward to 2017/18 to enable further developments to be considered and then a final underspend will be reported next year. The payroll replacement system project implementation phase is also underway but will now slip into the early part of next year. Phase two of the Tri-Service Control system project is in progress and the project to upgrade the transport system is in the options appraisal stage.

2.37 A capital grant has been received in the year from government to fund the regional Emergency Services Mobile Communications Project. The grant received was for £387k, of which £179k relates to this Authority's share of grant plus a regional element for which this Authority is the lead. To date a total of £156k has been transferred to three of the regional Authorities and the forecast expenditure for Nottinghamshire's and the regional share is £119k.

2.38 It is expected that there will be some slippage relating to ICT projects at this stage in the year.

3. FINANCIAL IMPLICATIONS

The financial implications are set out in 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. EQUALITY 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 directly 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.

9. COLLABORATION IMPLICATIONS

There are no collaboration implications arising from this report as its purpose is to set out the financial performance relating to the Authority's own capital and revenue budgets.

10. RECOMMENDATIONS

It is recommended that Members:

10.1 Note the contents of this report.

10.2 Approve a transfer of £200k to the Organisation Transition earmarked reserve at the end of this financial year.

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

None.

John Buckley
CHIEF FIRE OFFICER

APPENDIX A

REVENUE BUDGET MONITORING TO FEBRUARY 2017

Account Description	Annual Budget	Profile Budget	Actual YTD	Commitments	Net Expenditure	Forecast Out-turn	Out-turn to Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Employees	32,598	29,763	29,871	122	29,992	32,744	146
Premises-Related Expenditure	2,226	2,013	1,923	176	2,099	2,313	87
Transport-Related Expenditure	1,704	1,562	1,484	288	1,772	1,711	7
Supplies & Services	3,566	3,291	2,739	680	3,419	3,416	-150
Third Party Payments	58	53	52	0	52	58	0
Support Services	211	159	151	29	180	226	15
Depreciation and Impairment Losses							
Sales Fees & Charges	-193	-165	-91	0	-91	-56	138
Other Income	-1,365	-1,472	-1,653	0	-1,653	-1,641	-275
Capital Financing Costs	2,392	0	1,648	0	1,648	2,217	-175
	41,197	35,204	36,124	1,294	37,418	40,989	-207

APPENDIX B

CAPITAL BUDGET MONITORING TO FEBRUARY 2017

CAPITAL PROGRAMME	2016/17 Approved Budget	Slippage from 2014/15	Slippage from 2015/16	2016/17 Virements	2016/17 Revised Budget	Actual to Feb	Remaining Budget to be Spent	Estimated Outturn	Estimated Outturn Variance
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
TRANSPORT									
Rescue Pump Replacement	907	313	-240	0	980	72	-908	73	-907
Special Appliances	52	202	119	0	373	0	-373	0	-373
Appliance Equipment (radios)	26	36	17	0	79	0	-79	50	-29
Light Vehicle Replacement	173	394	336	0	903	39	-864	73	-830
	1,158	**945**	**232**	**0**	**2,335**	**111**	**-2,224**	**196**	**-2,139**
EQUIPMENT									
Breathing Apparatus	0	0	0	0	0	0	0	105	105
Special Appliances Equipment (Holmatro)	157	0	0		157	160	3	160	3
	157	**0**	**0**	**0**	**157**	**160**	**3**	**265**	**108**
ESTATES									
London Road Fire Station	0	0	268	1,335	1,603	939	-664	1,603	0
Refurbishment and Rebuilding Fire Stations	0	1,664	0	-1,538	126	0	-126	0	-126
Feasibility Studies & Station Design	23	0	225	-60	188	219	31	219	31
Newark Fire Station	325	0	0	60	385	0	-385	184	-201
Hucknall Fire Station	0	0	0	203	203	0	-203	203	0
Worksop Fire Station	0	0	0	0		0		0	0
Retention Payments	0	0	64	0	64	58	-6	58	-6
	348	**1,664**	**557**	**0**	**2,569**	**1,216**	**-1,353**	**2,267**	**-302**
I.T. & COMMUNICATIONS									
Microsoft Infrastructure Software Upgrade	0	0	0	0	0	2	2	4	4
ICT Capital Programme - Replacement Equipment	140	0	14	0	154	98	-56	189	35
Mobile Computing	20	0	0	0	20	4	-16	4	-16
Business Process Automation	95	200	0	0	295	81	-214	81	-214
Telephony Replacement	0	0	35	0	35	63	28	63	28
	255	**200**	**49**		**504**	**248**	**-256**	**341**	**-163**

CAPITAL PROGRAMME	2016/17 Approved Budget	Slippage from 2014/15	Slippage from 2015/16	2016/17 Virements	2016/17 Revised Budget	Actual to Feb	Remaining Budget to be Spent	Estimated Outturn	Estimated Outturn Variance
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
HUMAN RESOURCES									
HR System Replacement	0	0	0	0	0	1	1	1	1
	0	**0**	**0**	**0**	**0**	**1**	**1**	**1**	**1**
TRANSPORT									
Tranman Software	11	0	25	0	36	0	-36	0	-36
	11	**0**	**25**	**0**	**36**	**0**	**-36**	**0**	**-36**
CONTROL									
Emergency Services Mobile Communications Project	0	0	0	0	0	251	0	275	275
Tri-Service Control & Mobilising System	0	0	178	0	178	6	-172	178	0
	0	**0**	**178**	**0**	**178**	**257**	**-172**	**453**	**275**
FINANCE									
Payroll System Replacement			100		100	32	-68	62	-38
Finance Agresso Upgrade	35		70	0	105	36	-69	28	-77
	35		**170**		**205**	**68**	**-137**	**90**	**-115**
Grand Total	**1,964**	**2,809**	**1,211**	**0**	**5,984**	**2,061**	**-4,174**	**3,613**	**-2,371**

To Be Financed By :	2016/17 Approved Budget £000's	Slippage from 2014/15 £000's	Slippage from 2015/16 £000's	2016/17 Virements £000's	2016/17 Revised Budget £000's	Actual to Feb £000's
Capital Grant - General	0				0	0
Capital Grant – Tri-Service Control	178				178	178
Capital Grant - ESMCP	0				387	387
Capital Earmarked Reserve	0				0	0
Capital Receipts - Property	2,500				2,500	2,500
Capital Receipts - Vehicles	15				15	19
New Borrowing	3,291				3,291	5,000
Internal Financing	0				0	0
Total	**5,984**				**6,371**	**8,084**