



**NOTTINGHAMSHIRE**  
**Fire & Rescue Service**  
*Creating Safer Communities*

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

# APPROVAL OF TEMPORARY VIREMENT

Report of the Chief Fire Officer

**Agenda Item No:**

**Date:** 17 January 2014

**Purpose of Report:**

To seek the approval of Members to the virement of budget to enable some elements of backlog maintenance to be recovered.

## CONTACT OFFICER

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## 1. BACKGROUND

- 1.1 Members will be aware that the Director of Finance and Resources has delegated powers under financial regulations to authorise all virements within virement groups but only limited authority to authorise virements between virement groups of up to £25,000. A virement group is a convenient way of grouping budgets together such that all employee costs are within the employees virement group and all elements of premises costs are within the premises virement group and so forth.
- 1.2 What is being proposed in this report is that a virement of £420k is made between the employees virement group and the premises virement group for which the approval of the Finance and Resources Committee is required.

## 2. REPORT

- 2.1 The budget for reactive maintenance (this includes minor new works) is currently predicting an over spend; this is detailed in the Revenue Monitoring report. As a result of this only repairs classified as emergency, urgent and essential are being carried out. All other repair categories, minor new works or replacements are being added to the backlog maintenance schedule.
- 2.2 It is clear that significant improvements have been made in the condition of the estate since the introduction of the Multi Activity Contract (MAC) and the improved planned maintenance procedures; however there is still an on-going issue with backlog maintenance. This backlog is being steadily increasing due partly to the age of some of our building stock and the challenging budget available for repair, replacement and planned maintenance.
- 2.3 This raises the issue of backlog maintenance itself and to what extent the Authority should seek to reduce this when other areas of the budget are under spending. The fundamental point about backlog maintenance of course is that it will always require to be carried out and the longer it is left the more expensive it may become. It would seem to be appropriate to address this issue now when some funds are available rather than wait until next year when they will be more stretched.
- 2.4 Underspends at the year-end naturally roll up into general balances and there are always discussions about the level of balances to be held and how to remove any surplus balances. Best practice would not support any use of balances to simply defray revenue expenditure in a permanent way, such as employing staff or supporting anything with a long term commitment. This is not true however of the use of balances or under spendings to carry out "one off" initiatives designed to generate revenue savings in the future.
- 2.5 It is proposed therefore to make a virement from the employees budget which is currently showing an underspend of the order of £480k to the building maintenance budget to enable the backlog works to be carried out.
- 2.6 Where appropriate elements of the backlog works will be carried out through the MAC, in particular the smaller mechanical and electrical works where the

incumbent contractor has the capacity to complete the works within the tight deadline before year-end. It is estimated that circa £115k worth of the backlog works could be carried out and paid in the current financial year through the MAC.

- 2.7 The remainder of the backlog works would be subject to competitive tendering as this will include some larger and time dependent works. The process required for the tendering, tender assessment, award of contract and the execution of the physical work would most likely take us to the end of the current financial year. The balance of £305k would need to be rolled over as an earmarked reserve to the next financial year to allow sufficient time to complete and pay for these works.

### **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. EQUALITY IMPACT ASSESSMENT**

There are no equality implications arising directly from this report.

### **6. CRIME AND DISORDER IMPLICATIONS**

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

### **7. LEGAL IMPLICATIONS**

There are no legal implications arising directly from this report.

### **8. RISK MANAGEMENT IMPLICATIONS**

The risk management implications are set out within the body of the report.

### **9. RECOMMENDATIONS**

It is recommended that Members approve the virement of £420k from the employees virement group to the premise virement group to enable the above works to be carried out partly in the current financial year and early into the next financial year.

### **10. BACKGROUND PAPERS FOR INSPECTION (OTHER THAN PUBLISHED**

**DOCUMENTS)**

None.

Frank Swann  
**CHIEF FIRE OFFICER**