



NOTTINGHAMSHIRE
Fire & Rescue Service
Creating Safer Communities

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

REVENUE BUDGET MONITORING TO 30 NOVEMBER 2013

Report of the Chief Fire Officer

Agenda Item No:

Date: 17 January 2014

Purpose of Report:

To report to Members on the financial performance of the Service in the year 2013/14 to the end of November 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.

2. REPORT

SUMMARY

- 2.1 The revenue budget monitoring statement for November 2013 is showing an underspend to date of £863k against a budget for the year of £43,899k. The projected outturn variance for the year is an underspend of £821k.
- 2.2 The underspend to date of £863k and the projected underspend of £821k 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 £502k to the end of October (paid one month in arrears).
- 2.6 The cost of the industrial action of the firefighters is not shown in the budget monitoring report, the net cost as at the 13 December is £66k, the outturns do not reflect any of this cost, as it is not known at this stage how long the industrial action will continue. An update on this will be reported at the next committee.

SIGNIFICANT VARIANCES

- 2.7 **WHOLETIME PAY:** (Annual Budget £23,382k). The wholetime establishment has been slightly below strength during the period reported, against an establishment of 540. A cohort of 15 trainee firefighters started in September 2013 and in addition 3 retained firefighters 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 £184k this has now ceased. **The forecast outturn overspend on wholetimepay is £86k.**

- 2.8 **RETAINED PAY:** (Annual Budget £2,777k). The retained pay budget continues to underspend, despite the number of mobilisations being higher for April to November compared to the same period last year (2132 2013 / 2186 2012). The underspend to date is £179k. 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 £366k.**
- 2.9 **ADMINISTRATIVE AND SUPPORT STAFF PAY:** (Annual Budget £5,667k). There are currently 17 vacancies in the establishment, which are causing the budget to underspend to date by £268k. 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 £293k.**
- 2.10 **CONTROL PAY:** (Annual Budget £1,043k). The Control budget is based on an establishment of 26, however the actual establishment for November is 27, which has resulted in an overspend to date of £55k. 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 £44k.**
- 2.11 **INDIRECT EMPLOYEE EXPENSES:** (Annual Budget £507k). Recruitment advertising and relocation fees is underspending to date by £12k and the forecast underspend is £10k. The Training budgets are currently underspending to date by £6k, although this underspend will be corrected as the year progresses. **The forecast outturn underspend on indirect employee expenses is £16k.**
- 2.12 **PENSIONS:** (Annual Budget £775k). The pension's budget is under spending by £3k. **The forecast outturn on pensions is expected overspend by £5k.**
- 2.13 **REPAIRS AND MAINTENANCE:** (Annual Budget £500k). The Repairs and Maintenance budget is overspending to date by £56k, any work that is requested for the remainder of the year will be reviewed by the budget holder. At this stage a further £25k will be expected to be spent by the end of the year for routine repairs. In addition the £98k for the repairs to the training tower at the training centre is showing in the outturn overspend, this work was agreed by committee and will be financed at the year end from the Capital Reserve. **The forecast outturn overspends on repairs and maintenance costs is £25k.**

- 2.14 **ENERGY COSTS:** (Annual Budget £373k). The under spending to date on energy costs is £50k this is due the timing of the billing. **The forecast outturn overspend on energy costs is £19k.**
- 2.15 **DIRECT TRANSPORT COSTS:** (Annual budget £1,082k.) Fuel is overspending to date by £28k, 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. Fuel stocks are to be transferred to the stock account and charged to revenue as they are issued for the future. This will prevent this cyclical under/over spend occurring. **The forecast outturn underspend on direct transport costs is £7k.**
- 2.16 **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 budget has been reviewed during the 2014/15 budget process and savings have been identified. **The forecast outturn underspend on car allowances is £52k.**
- 2.17 **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 £59k beyond the level budgeted for. The Finance Lease Extensions & Terminations - forecast outturn underspend £41k - 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 £19k.**
- 2.18 **EQUIPMENT:** (Annual budget £953k). 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 £128k. **The forecast outturn underspend on equipment is £49k.**
- 2.19 **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 £63k. **The forecast outturn underspend on communications and computing is £63k.**
- 2.20 **SERVICES:** (Annual Budget £495k). Marketing & 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 £29k.**

- 2.21 **MISCELLANEOUS EXPENSES:** (Annual Budget £656k). The risk based budget of £296k 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 £275k.**
- 2.22 **CAPITAL FINANCING COSTS:** (Annual budget £4,357k) Minimum Revenue Provision - forecast outturn overspend of £51k. At budget time it was assumed that some of the capital expenditure would be subject to the minimum revenue provision charge, however the final capital expenditure that was subject to MRP was higher than anticipated. **The forecast outturn overspend on capital financing costs is £44k.**
- 2.23 **INCOME:** (Annual budget £3,298k). The forecast shortfall of £152k relates to the Prince's Trust which is expected to suffer a shortfall in income in the region of £200k this year. This situation has arisen mainly because the funding per student received from the education sector has been significantly reduced part way through the year, and withdrawn completely by the Authority's current funding partner with effect from January 2014. An alternative funding partner has been identified and contract negotiations are in progress. This issue will be the subject of a full report to Members early next year. The Government Grant forecast underspend of £103k relates to £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. In addition the authority has received insurance settlements totalling £45k. **The forecast outturn surplus of income is £52k.**

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 30 November 2013

Appendix A

	Annual Budget £000	Budget Profile at Nov £000	Actual to Nov £000	Variance to Nov (Under) / Overspent £000	Forecast Outturn £000	Forecast Outturn Variance £000	Forecast Outturn Variance %
Employees							
Wholetime	23,382	15,602	15,679	77	23,468	86	0%
Retained	2,777	1,619	1,440	(179)	2,411	(366)	-13%
Non-Uniformed	5,667	3,789	3,521	(268)	5,374	(293)	-5%
Control	1,043	692	747	55	1,087	44	4%
Allowances	42	31	31	0	46	4	10%
Indirect Employee Expenses	507	365	333	(32)	491	(16)	-3%
Pension	775	569	566	(3)	780	5	1%
Total Employees	34,193	22,667	22,317	(350)	33,657	(536)	-2%
Premises							
Repairs/Alterations/Maintenance	500	453	509	56	525	25	5%
Energy Costs	373	249	199	(50)	392	19	5%
Rent/Rates/Water	813	595	600	5	834	21	3%
Other Premises Costs	380	285	218	(67)	385	5	1%
Total Premises	2,066	1,582	1,526	(56)	2,136	70	3%
Transport							
Direct Transport Costs	1,082	721	771	50	1,089	7	1%
Car Allowances	420	280	239	(41)	368	(52)	-12%
Other Transport	422	282	404	122	441	19	5%
Total Transport	1,924	1,283	1,414	131	1,898	(26)	-1%
Supplies & Services							
Equipment	953	649	515	(134)	904	(49)	-5%
Clothing Uniform/Printing/Stationery/Catering	497	336	283	(53)	517	20	4%
Services	495	329	309	(20)	466	(29)	-6%
Communications and Computing	1,714	1,142	977	(165)	1,651	(63)	-4%
Miscellaneous Expenses	656	439	268	(171)	381	(275)	-42%
Recharge Expenditure - Company/Trading							
Accounts	24	12	11	(1)	24	0	0%
Total Supplies & Services	4,339	2,907	2,363	(544)	3,943	(396)	-9%
Support Services							
Treasury & Committee Services	218	109	61	(48)	219	1	0%
Legal Services	100	66	38	(28)	70	(30)	-30%
Total Support Services	318	175	99	(76)	289	(29)	-9%
Capital Financing Costs							
Interest Payments	1,059	580	571	(9)	1,052	(7)	-1%
Debt Management Expenses	3,298	11	0	(11)	3,349	51	2%
Total Capital Financing Costs	4,357	591	571	(20)	4,401	44	1%
Income							
Government Grants	(222)	(147)	(325)	(178)	(325)	(103)	46%
Other Grants/Reimbursements/Contributions	(2,337)	(209)	(325)	(116)	(2,382)	(45)	2%
Customer and Client Receipts	(614)	(415)	(97)	318	(414)	200	-33%
Interest	(125)	(83)	(55)	28	(125)	0	0%
Total Income	(3,298)	(854)	(802)	52	(3,246)	52	-2%
Net Expenditure	43,899	28,351	27,488	(863)	43,078	(821)	-2%