

Status of Report:

Public

Agenda Item:

6

Meeting: Corporate Governance Committee

Date: 15th March 2017

Subject: Financial Monitoring to end January 2017

Report by: The Treasurer

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For: Discussion

1. Purpose

This budget monitoring report is the third in the budget monitoring cycle and covers the revenue and capital budgets as at the end of January 2017 (Financial Period 10).

2. Recommendations

The Governance Committee is asked to:

- a) Note the revenue and capital budget position as at the end of January 2017.
- b) Note that the implications of the in-year variances have been considered as part of the Budget Strategy 2017/18 to 2019/20.
- c) Note the transfer of £68k of forecast revenue savings to the capital fund and £52k to the general fund.
- d) Note the capital programme savings of £90k and slippage of £152k.
- e) Make any observations to the Chief Fire and Rescue Officer, Treasurer or the CFA.

3. Executive Summary

- 3.1. The CFA agreed the revenue and capital budgets for 2016/17 at its meeting on the 10th February 2016. Subsequently, carry forwards from 2015/16 have been added and forecast revenue savings totalling £347k were noted in the previous two reports. These are reflected in the budget figures in this report.
- 3.2. This report indicates the current financial position compared to the updated 2016/17 Revenue Budget and the 2016/17 Capital Programme.

4. Report Detail

Revenue Budget

- 4.1 The budget figures have been updated to reflect the changes agreed by Corporate Governance on the 23rd November 2016.
- 4.2 The revenue budget is showing further overall forecast savings of £120k over a number of budget headings, £52k of which will be transferred to the general fund as a carry forward, and £68k which will be transferred to the capital fund to support refurbishment and temporary accommodation work at Wigston Station (see paragraph 5.7 below).
- 4.3 The revenue position as at the end of January 2017 is summarised in Table 1 below.

Table 1 - 2016/17 Revenue Budget	Original Annual Budget £000	Adjustments Previously Agreed £000	Current Annual Budget after Adjustments £000	Forecast Outturn £000	Forecast (Savings)/ Overspend £000
Employees	25,097	(299)	24,798	24,684	(114)
Premises	2,106	40	2,146	2,152	6
Transport	1,130	(72)	1,058	1,051	(7)
Supplies and Services	3,179	205	3,384	3,431	47
Capital Financing	4,703	30	4,733	4,733	0
Total Expenditure	36,215	(96)	36,119	36,051	(68)
Controllable Income	(1,524)	(133)	(1,657)	(1,709)	(52)
Contribution to Reserves	0	347	347	467	120
Net Budget	34,691	118	34,809	34,809	0

- 4.4 The forecast indicates a net saving of £120k on the adjusted expenditure budgets.

- Employees budgets are anticipated to show £114k net savings. This is mainly attributable to administrative staff pay reflecting recent vacancies and reductions in the establishment and lower costs of retained firefighters net of additional employer firefighter pension contributions.
- Premises are anticipated to need an increase of £6k mainly due to refuse and recycling collection charges.

- Transport is anticipated to show a net saving of £7k mainly due to lower vehicle maintenance costs.
- Supplies and Services are expected to require a net additional £47k. This is mainly due to the increased cost of doctors due to medicals, retained firefighter recruitment and trading demand.
- Income has increased by £52k due to receipt of grant to support the Emergency Services Network (ESN) Project. The funding is to be used to employ a temporary ESN project manager commencing in March 2017. As the expenditure will not significantly be incurred until 2017-18 the grant funding will be transferred to the general fund and carried forward into 2017/18.

5. Capital Programme

- 5.1 A capital programme of £3.59m was approved by the CFA in February 2016 with carry forwards of £711k approved in June 2016, making a total programme of £4.301m. The Corporate Governance meetings held to date have agreed a reduction of £2.312m to the Programme in 2016/17. The updated programme is summarised in Table 2 below. Overall, the programme is showing further expected slippage of £152k and savings of £90k, a total variance of £242k.

Table 2					
2016/17 Capital Programme	Original Programme	Adjustments Previously Agreed	Updated Programme 2016/17	Forecast Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Vehicles	2,775	(2,261)	514	529	15
Property	726	134	860	639	(221)
Fire Control Project	319	0	319	319	0
IT and Equipment	481	(184)	297	261	(36)
TOTAL	4,301	(2,312)	1,990	1,748	(242)

Vehicles:

- 5.2 The additional £15k vehicle cost is for a van for use within the stores department. This will be funded through the Cars and Light Vehicles earmarked reserve.

Property:

- 5.3 The project for the new build at Castle Donington Fire station is awaiting completion and final costings. Details of the project are provided within the Projects report elsewhere on the Committee agenda. However, it is anticipated that £80k of the £150k set aside in the 2016/17 Capital programme will be the maximum required to meet committed costs. The saving of £70k is to be retained in the Capital Fund to support additional cost estimates for works at Wigston Station.
- 5.4 Planning permission has been sought for the training rig facility that will be located at Southern station. Final costings for the project are also awaited. The service

holds £185k of government capital grant to support this project. This is not included in the above table whilst it is awaiting final approval.

- 5.5 Work on the building of an extension to Coalville Fire Station to accommodate the police and ambulance services is due to commence in March 2017. The capital cost is anticipated at £737k with £350k allocated to be spent in 2016/17, and the balance of £387k in 2017/18. The project is wholly funded by the Police. Due to the later than anticipated commencement date, it is likely that there will be slippage on this project in 2016/17.
- 5.6 Following receipt of tenders, a contractor has been appointed to undertake the adaptations at Market Harborough. Work is due for completion in early April 2017 so there may be some slippage into 2017/18. Adaptation works at Lutterworth are yet to go out to tender and the capital budget of £111k will slip into 2017/18. Further details are outlined in the Projects Report elsewhere on this agenda.
- 5.7 Work to convert Wigston Station to the Day Crewing Plus duty system is expected to commence in 2017/18. The original 2016/17 Capital Programme included £500k for this work, of which £50k was retained for initial development costs. It is anticipated that the costs in 2016/17 will be no higher than £10k. The slippage of £40k on this project is allocated for expenditure in 2017/18 and funded from the Capital Fund earmarked reserve. The latest cost estimates for the work and the provision of temporary accommodation amount to £658k. It is proposed that the funding gap of £158k will be sourced through savings in the 2016/17 capital programme (£90k) and revenue savings (£68k) as identified in this report.

IT and Equipment:

- 5.8 The Agresso upgrade to Milestone 4 has been completed. This has been achieved with reduced consultancy and backfill staff costs resulting in a saving of £36k. The saving of £36k is to be retained in the Capital Fund to support additional cost estimates for works at Wigston Station.

6. Report Implications / Impact

6.1. *Legal (including crime and disorder)*

None.

6.2. *Financial (including value for money, benefits and efficiencies)*

These are included in the main body of the report.

6.3. *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)*

It is important to be aware of how the budget is progressing as it enables early action to be taken to address any issues that arise.

6.4. ***Staff, Service Users and Stakeholders (including the Equality Impact Assessment)***

None

6.5. ***Environmental***

None.

6.6. ***Impact upon Our Plan Objectives***

None.

7. Background Papers

- a) Budget Strategy 2016/17 to 2019/20 (CFA 10th February 2016)
- b) Revenue and Capital Outturn 2015/16 (CFA 22nd June 2016)
- c) Financial Monitoring to end September 2016 (Corporate Governance Committee, 23rd November 2016)
- d) Financial Monitoring to end July 2016 (Corporate Governance Committee, 14th September 2016)
- e) Financial Monitoring to end September 2016 (Corporate Governance Committee, 23rd November 2016)
- f) Budget Strategy 2017/18 to 2019/20 (CFA 8th February 2017)

8. Appendices

None.