

Status of Report:

Public

Agenda Item:

6

Meeting: Corporate Governance Committee

Date: 14 September 2016

Subject: Financial Monitoring to end July 2016

Report by: The Treasurer

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For: Discussion

1. Purpose

1.1 This budget monitoring report is the first in the budget monitoring cycle and covers the revenue and capital budgets as at the end of July 2016 (Financial Period 4).

2. Recommendations

2.1 The Governance Committee is asked to:

- a) Note the revenue and capital budget position as at the end of July 2016.
- b) Note the addition of £275k to the 2016/17 Capital Programme for refurbishment work at Market Harborough and Lutterworth Stations, funded by the Management of Change reserve.
- c) Note the addition of £350k to the 2016/17 Capital Programme for the Coalville Extension Project, funded by the Police.
- d) Note that the implications of the in-year variances will be considered as part of future budget strategy.
- e) Note the transfer of £305k of forecast revenue savings to the Management of Change reserve.
- f) 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. Revenue (£118k) and Capital (£711k) carry forwards from 2015/16 were agreed by the CFA on the 22nd June 2016. The carry forwards are included in the budget figures to this report.

3.2 This report indicates the current financial position compared against 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 carry forwards agreed by the CFA on the 22nd June 2016.

4.2 The revenue budget is showing overall savings of £305k over a number of budget headings.

4.3 The revenue position as at the end of July 2016 is summarised in Table 1 below.

Table 1 - 2016/17 Revenue Budget	Annual Budget after Adjustments £000	Forecast Outturn £000	Forecast (Savings)/ Overspend £000
Employees	25,097	24,898	(199)
Premises	2,090	2,146	56
Transport	1,130	1,058	(72)
Supplies and Services	3,283	3,326	43
Capital Financing	4,733	4,733	0
Total Expenditure	36,333	36,161	(172)
Controllable Income	(1,524)	(1,657)	(133)
Net Budget	34,809	34,504	(305)

4.4 The early year forecast indicates a saving of £305k. The majority of the savings represent changes made since the budget was agreed by the CFA in February 2016. It is proposed that this sum is transferred to the Management of Change earmarked reserve.

- Employees budgets are anticipated at £199k net savings. As part of the recent management restructure, an Area Manager post was dis-established and will result in an in-year saving of £60k. Due to continued efficient management of operational staffing resources across the service, a saving of £30k has been identified to date in operational overtime. The remaining net

saving of £109k is mainly due to administrative pay to reflect recent vacancies and reductions in establishment.

- The premises increased requirement of £56k is to meet the anticipated service contract cleaning costs based on the 2015/16 outturn. This will be reviewed for the next monitoring report.
- Transport savings of £72k are due to continuing low vehicle fuel costs and reducing operating lease costs of service vehicles. As leases end, the vehicles are either not replaced (pending the fleet review) or are purchased outright.
- The increased requirement of £43k in Supplies and Services is mainly due to anticipated project management costs to meet the requirements of the Emergency Services Network (ESN) project. This cost is funded entirely from Government Grant and the associated additional income is reflected in the controllable income forecast. A number of small variances have been identified within supplies and services including savings on cross border agreement costs and community safety consumables, offset by an increased budget requirement for doctors' remuneration.
- Additional grant income of £98k has been allocated by the Home Office for Firelink and business rates. Further funding has been received to meet the requirements of the ESN project.

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. This is summarised in Table 2 below. Overall, the programme is showing expected slippage of £2.762m and savings of £72k, a total variance of £2.834m. Those projects that are proceeding as planned are Castle Donington Fire Station, the erection of a tower at Ashby station, Fire Control Project and IT improvement schemes carried forward from 2015/16.

Table 2	Programme after Carry Forwards	Proposed changes	Updated Programme 2016/17	Forecast Outturn	Variance
2016/17 Capital Programme	£'000	£'000	£'000	£'000	£'000
Vehicles	2,775	0	2,775	514	(2,261)
Property	726	625	1,351	860	(491)
Fire Control Project	319	0	319	319	0
IT and Equipment	481	0	481	399	(82)
TOTAL	4,301	625	4,926	2,092	(2,834)

Vehicles:

- 5.2 The programme includes replacement appliances, an Aerial Ladder Platform and light vehicle and cars, based upon the existing fleet strategy. However, no vehicles

outside of the Tactical Response Vehicles (TRV) which are needed to meet the Integrated Risk Management Plan (IRMP) are being procured in 2016/17 pending the outcome of the Fleet Strategy Review. The cost of the TRV's is forecast at £100k per unit (£75k per unit in the original programme) based on a full review of the specification requirements.

Property:

- 5.3 Work is required at Market Harborough (£163k) and Lutterworth (£112k) to make the stations compatible for the Day Crewing Duty system by March 2017. It is proposed that the two projects are added to the Programme, funded by the Management of Change Earmarked Reserve.
- 5.4 The service continues to collaborate with other organisations to share services and accommodation, achieving synergies and economies. Plans are advanced for an extension to Coalville Fire Station to accommodate the police and ambulance services. The capital cost is anticipated at £737k and will be wholly funded by the Police, for whom a peppercorn rent will be charged. Work will commence upon the signing of a formal agreement which is presently in the final draft stage. The work will take an estimated 10 months. £350k is expected to be spent in 2016/17, with the balance of £387k in 2017/18.
- 5.5 Work to convert Wigston Station to the Day Crewing Plus duty system is expected to commence in 2017/18, following the outcomes of the estate strategy review. This results in slippage of £450k in 2016/17. A £41k saving is expected, as the tower at Wigston station is unlikely to be erected as originally planned.

IT and Equipment:

- 5.6 The technology for updated breathing apparatus is in development stage and hence full feasibility and testing is required. No purchase decision will be made until 2017/18 and therefore £51k will slip.
- 5.7 Additional hydraulic cutting equipment can be purchased at a lower cost than anticipated, resulting in a saving of £31k.

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)

8. **Appendices**

None.