

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 15 September 2021

Subject: Financial Monitoring to end July 2021

Report by: The Treasurer

Author: Manjora Bisla (Finance Manager)

For: Decision

Purpose

1. The purpose of this report is to present the financial monitoring to the end of July 2021. This report is the first in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of July 2021 (Financial Period 4 in the 2021/22 year).

Recommendations

2. The Committee is asked to:
 - a. Note the revenue budget and capital programme position as at the end of July 2021;
 - b. Approve the transfer of £440,000 of unbudgeted grant income to the Budget Strategy and COVID-19 earmarked reserve, to assist with future years' budget strategy; and
 - c. Note that the CFO intends to bring forward proposals to fund priority development and improvement initiatives from the forecast underspends.

Executive Summary

3. This report indicates the current financial position compared to the updated Revenue Budget and Capital Programme.
4. The revenue position shows an overall forecast underspend of £453,000. This is mainly as a result of pay underspends due to vacancies throughout the year, employees on lower points within grades and the on-going lower retained / on-call costs.
5. Unbudgeted grant income of £375,000 for the New Dimensions Grant and Firelink Grant has been received, together with unbudgeted business rates pilot income of £65,000. This report assumes that the total of £440,000 will be transferred to the Budget Strategy and COVID-19 Reserve.

6. The CFO intends to bring forward proposals to fund priority development and improvement initiatives from the forecast underspends.
7. The capital programme is reporting spend of £818,000 to date. Slippage of £1,221,000 has been identified and is being kept under review.

Revenue Budget

8. The budget figures have been updated to reflect a number of virements (budget transfers) and corrections within expenditure categories agreed by the Service. These have had no impact upon net expenditure. The updated revenue budget position is summarised in Table 1 below. The forecast overall underspend is approximately £453,000.

Table 1 - 2021/22 Revenue Budget	Annual Budget	Forecast Outturn	Variance
	£000	£000	£000
Employees	30,027	29,526	(500)
Premises	2,459	2,459	0
Transport	983	983	0
Supplies and Services	3,471	3,471	0
Capital Financing	2,860	2,860	0
Total Expenditure	39,800	39,300	(500)
Income*	(39,800)	(39,753)	47
(Under)/Over Spend	0	(453)	(453)

* Note that unbudgeted grant income is excluded from the forecast

9. The following notes relate to issues currently highlighted:

Employees

- i. Firefighters pay is forecasted to underspend by £250,000. This is due to firefighters on trainee and development salaries during the year, along with a small number of vacancies.

- ii. The support staff pay budget is currently forecasting an underspend of £94,000. This is due to several vacancies within the establishment, partly offset by temporary agency cover.
- iii. Retained staffing is currently forecasting an underspend of £150,000 largely due to being below full establishment.
- iv. Overall, an underspend of approximately £500,000 is expected at this stage.
- v. The Grey Book (firefighters) pay award of 1.5% from July 2021 has been agreed. The Green Book (support staff) award from April 2021 is not yet finalised. The budget includes a £400,000 provision for pay awards, which should broadly equate to the costs.

Other Expenditure

- vi. Other expenditure lines are currently forecast to outturn in line with budget. This will however be kept under review.

Income

- vii. Unbudgeted grant income has been received in respect of the New Dimensions and Firelink (Members will recall that this is usually higher than budgeted). Unbudgeted business rates pilot income of £65,000 has also been received. The table assumes the income has been transferred directly to reserves, to support future budget strategies.
- viii. An income shortfall of £47,000 is forecast relating to the Forge Health Ltd dividend. This is in line with 2020/21, where a dividend was not received as a result of lower levels of trading by Forge Health during the pandemic.

Capital Programme

10. After inclusion of carry forwards totalling £3,481,000, the capital programme totals £5,875,000. This is summarised in Table 2 below.

Table 2 2021/22 Capital Programme	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	3,228	619	2,257	971	0
Property	958	0	708	250	0
IT and Equipment	1,321	199	1,321	0	0
Fire Control	318	0	318	0	0
Life Safety Sprinkler	50	0	50	0	0
TOTAL	5,875	818	4,654	1,221	0

Vehicles

11. The majority of the current slippage relates to a new driver training pump and the Aerial Ladder Platform, for which the procurement is underway. However, some payments will fall in 2022/23.

Property

12. The slippage relates to the scheme to remodel the HQ canteen area, which has been impacted by the pandemic and is subject to further review.

IT and Equipment

13. Expenditure is currently forecast to budget and will continue to be monitored.

Fire Control

14. Slippage of £318,000 is forecast for the Fire Control Project. This represents the balance of the £1,800,000 capital grant awarded by the Government for the Tri-Service Control Project. Final payments to the supplier are anticipated to occur in 2022/23.

Report Implications/Impact

15. Legal (including crime and disorder)

There are no legal implications arising from this report.

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

These are included in the main body of the report.

17. 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.

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

There are no staff, service user or stakeholder implications arising from this report.

19. Environmental

There are no environmental implications arising from this report.

20. Impact upon “Our Plan” Objectives

The Finance and Resources strategic aim of demonstrating value for money is supported by the effective monitoring and review of the revenue and capital budgets throughout the year.

Background Papers

Budget Strategy 2021/22 to 2022/23 (CFA 10 February 2021)

<https://leics-fire.gov.uk/wp-content/uploads/2021/02/cfa-budget-2122-final.pdf>

Revenue and Capital Outturn 2020/21 (CFA 28 July 2021)

<https://leics-fire.gov.uk/wp-content/uploads/2021/07/agenda-item-8-1.pdf>

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