

**Status of Report:** Public

**Meeting:** Corporate Governance Committee

**Date:** 11 March 2020

**Subject:** Financial Monitoring to end December 2019

**Report by:** The Treasurer

**Author:** Amy Oliver (Chief Accountant at Leicester City Council)

**For:** Discussion

### **Purpose**

1. This budget monitoring report is the third in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of December 2019 (Financial Period 9).

### **Recommendations**

2. The Committee is asked to note the revenue budget and capital programme position as at the end of December 2019.

### **Executive Summary**

3. This report indicates the current financial position compared to the updated budget for 2019/20 Revenue Budget and the 2019/20 Capital Programme.
4. The revenue position shows an overall forecast underspend of £668,000 mainly due to underspends on expenditure of £277,000 resulting from unfilled establishment vacancies and additional unbudgeted income of £350,000.
5. The capital position is reporting an underspend of £211,000 against the updated capital programme budget. Various programmes are requesting slippage of £1,123,000 into 2020/21, which is noted in the report.

### **Background**

#### Revenue Budget

6. As previously reported, the budget figures have been updated to reflect the carry forwards agreed by the CFA at its meeting on 19 June 2019. The updated revenue budget position is summarised in Table 1 below. The forecast overall underspend is circa £670,000, in line with the previous report.

<b>Table 1 - 2019/20 Revenue Budget</b>	<b>Annual Budget after Carry Forwards £000</b>	<b>Forecast Outturn £000</b>	<b>Variance £000</b>
<b>Employees</b>	29,034	28,654	(380)
<b>Premises</b>	2,337	2,476	139
<b>Transport</b>	983	983	0
<b>Supplies and Services</b>	3,305	3,317	12
<b>Capital Financing</b>	3,189	3,141	(48)
<b>Total Expenditure</b>	38,848	38,571	(277)
<b>Controllable Income</b>	(1,137)	(1,528)	(391)
<b>Net Budget</b>	37,711	37,043	(668)

7. The following notes relate to issues currently highlighted:

### **Employees**

- i. Firefighters pay is forecasting an underspend of £367,000. This is due to 14 firefighters on trainee and development salaries during the year, along with a small number of vacancies.
- ii. The support staff budget is currently forecasting a total underspend of £66,000. This is mainly in relation to 23 vacancies within the establishment which amount to £490,000, though there is temporary agency cover, together with external support services for some of these posts. This means the contribution from earmarked reserves will no longer be required, making it available for future commitments.
- iii. As previously reported, there are continued pressures within the Control Room amounting to an overspend of £103,000 where the budget is not correctly aligned. This overspend will be funded from overall underspends. The additional budget requirement has been incorporated into the 2020/21 budget.
- iv. Retained staff is currently forecasting an underspend of £320,000 due to the additional budget included to fund pay policy changes and organisational resilience in preparation for the IRMP.

- v. The Occupational Health Service is forecasting an overspend of £100,000, due to covering vacancies using agency staff. This is however subject to further analysis.
- vi. Currently training is forecasting to overspend of £124,000 due to increased demand. This is being reviewed to manage going forward.
- vii. Overall, an underspend of circa £380,000 is expected at this stage.

### **Premises, Supplies & Services**

- viii. The business rates budget is currently forecasting to overspend by circa £100,000, due to the effect of revaluations. The budget for 2020/21 has been adjusted to reflect the additional spend in this area.
- ix. Audit fees are anticipated to overspend in the region of £20,000. This relates to the additional external audit work required to complete the 2018/19 accounts, as reported to the CFA at its meeting on 27 September 2019.

### **Income**

- x. The budget strategy 2019/20 identified expected income of £500,000 from the New Dimensions grant. However, the grant received in 2019-20 was £850,000 (as notified after the budget was set). Plans for how to best utilise this additional money will be presented in a later report to the CFA.

### Capital Programme

- 8. After inclusion of carry forwards, the capital programme 2019/20 totals £5,291,000. This is summarised in Table 2 below.

<b>Table 2 2019/20 Capital Programme</b>	<b>Programme after Carry Forwards</b>	<b>Actual YTD</b>	<b>Forecast Outturn</b>	<b>Slippage</b>	<b>Forecast (Savings)/ Overspends</b>
	£'000	£'000	£'001	£'000	£'000
Vehicles	3,094	2,368	2,411	(683)	0
Property	347	152	153	(194)	0
Fire Control Project	318	318	254	(64)	0
IT and Equipment	1,532	281	1,139	(182)	(211)
<b>TOTAL</b>	<b>5,291</b>	<b>3,119</b>	<b>3,957</b>	<b>(1,123)</b>	<b>(211)</b>

9. Delivery of officers' cars, tactical response vehicles and fire appliances is progressing as anticipated within the capital programme budget. The vehicle budget includes £683,000 for a new Aerial Ladder Platform which is subject to consultation as part of the Integrated Risk Management Plan (IRMP) and therefore will not be spent in this financial year but will be carried forward to 2020/21.
10. Property condition survey works for years one to three are complete. Year four works, including boilers at headquarters and facilities at Western Station, are progressing and some of these works amounting to £194,000 will be carried forward to 2020/21.
11. The ICT and equipment projects are progressing, although it is expected that some slippage to 2020/21 of £182,000 will occur. Savings of £211,000 have been identified within ICT projects which may free up monies for the future capital programme.

### **Report Implications / Impact**

12. Legal (including crime and disorder)

None.

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

These are included in the main body of the report.

14. 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.

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

None.

16. Environmental

None.

17. 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 2019/20 to 2021/22 (CFA 6 February 2019)

<https://leics-fire.gov.uk/wp-content/uploads/2016/06/budget-strategy-2019-20-final.pdf>

Revenue and Capital Outturn 2018/19 (CFA 19 June 2019)

<https://leics-fire.gov.uk/wp-content/uploads/2019/06/revenue-and-capital-outturn-2018-19-.pdf>

Financial Monitoring to end July 2019 (CGC 18th September 2019)

<https://leics-fire.gov.uk/wp-content/uploads/2019/09/financial-monitoring-to-end-july-2019-.pdf>

Financial Monitoring to end September 2019 (CGC 20th November 2019)

<https://leics-fire.gov.uk/wp-content/uploads/2019/11/item-6-financial-monitoring-to-end-sept-19.pdf>

## **Officers to Contact**

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