

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 23 January 2019

Subject: Financial Monitoring to end November 2018

Report by: The Treasurer

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For: Discussion

1. Purpose

This report presents the key issues arising from the 2018/19 revenue budget and capital programme as at the end of November 2018 (Financial Period 8).

2. Recommendations

The Committee is asked to note the revenue and capital budget position as at the end of November 2018.

3. Executive Summary

3.1. The Combined Fire Authority (CFA) agreed the revenue and capital budgets for 2018/19 at its meeting on the 7 February 2018. Revenue (£248,000) and Capital (£2,509,000) carry forwards from 2017/18 were agreed by the CFA on the 20 June 2018. The carry forwards are included in the budget figures to this report.

3.2. This report presents the key issues arising from the 2018/19 revenue budget and capital programme as at the end of November 2018 (Financial Period 8).

3.3 The report shows that actual spending could exceed the adjusted revenue budget by £34,000. However, as this is a relatively small variance which remains subject to a number of key variables, no specific action is required at this stage.

4. Background

Revenue Budget

4.1 The budget figures have been updated to reflect the budget carry forwards agreed by the CFA at its meeting on the 20 June 2018, together with the variances to the end of October 2018 reported to the Committee at its meeting on 21 November 2018.

4.2 The updated revenue budget position as at the end of November 2018 is summarised in Table 1 below.

Table 1 - 2018/19 Revenue Budget	Annual Budget after Carry Forwards £000	Adjustments Previously Agreed £000	Current Annual Budget after Adjustments £000	Forecast Outturn £000	Forecast (Savings)/ Overspend £000
Employees	25,790	(180)	25,610	25,826	216
Premises	2,366	40	2,406	2,406	0
Transport	1,006	(18)	988	988	0
Supplies and Services	3,422	190	3,612	3,694	82
Capital Financing	3,476	211	3,687	3,687	0
Total Expenditure	36,060	243	36,303	36,601	298
Controllable Income	(1,620)	(423)	(2,043)	(2,307)	(264)
Net Budget	34,440	(180)	34,260	34,294	34

4.3 The monitoring suggests a small net revenue increased requirement to the adjusted budget of £34,000. This is subject in particular to fluctuation in operational overtime, retained pay, energy costs and the firefighters' pay award, all of which will be closely monitored.

4.4 The following notes are issues currently highlighted:

Employees

- There is no further update on the firefighters' pay award, which remains an area of significant budgetary uncertainty. The report to the Committee's previous meeting highlighted the current financial provisions.
- The Control Room establishment costs have been reviewed in detail and an in year shortfall of £73,000 identified. This is mainly due to control staff employer pension contributions which require a net additional £52,000, largely due to an increase in the number of staff joining the local government pension scheme. The remaining £21,000 mainly reflects the contribution paid to the shared tri-service control project. The base budget may need revision in 2019/20. The costs can be funded in the current year from grant income received for the emergency services network carried forward from previous years.

- Employee related costs are predicted to require an extra £143,000. This is due to additional costs for ill health retirement, recruitment and severance. These costs will be offset from additional government grant of £136,000 as outlined in the paragraph later in the report.

Transport

- It is anticipated that there will be an increase in fuel expenditure. This is being reviewed and any additional requirement will be outlined in the next report.

Supplies and Services

- Income raised by the Road Safety Partnership has been used to fund additional related marketing and publicity expenditure of £37,000. Occupational Health doctors' fees have risen and are expected to require an additional £15,000, partly due to recruitment campaigns. Subscriptions require £30,000 extra due to an increased subscription to the National Fire Chief's Council (NFCC), which was previously funded by Central Government.

Income

- As referenced above, an additional £264,000 of income has been identified, comprising:
 - Brought forward grant income of £73,000 received for the emergency services network in previous years, being used to fund additional pay costs in the Control Room;
 - Community Safety activities additional income of £55,000, being used to fund additional related marketing and publicity expenditure and other costs; and
 - An expected additional £136,000 of Government grant included in the Local Government draft Finance Settlement for 2019/20 very recently announced by the Government. This will be paid in the current year 2018/19 and is due to Government repaying top-slices taken from all authorities in earlier years which were not ultimately required. This will be used to fund additional one-off employee costs.

5. Capital Programme

5.1 The updated capital programme 2018/19 totals £3,620,000. This is summarised in Table 2 below.

Table 2	Programme after Carry Forwards	Adjustments Previously Agreed	Updated programme 2018/19	Forecast Outturn	Forecast (Savings)/ Overspend
2018/19 Capital Programme	£'000	£000	£000	£000	£000
Vehicles	2,152	(1,500)	652	652	0
Property	1,279	115	1,394	1,394	0
Fire Control Project	318	0	318	318	0
IT and Equipment	1,611	(355)	1,256	1,024	(232)
TOTAL	5,360	(1,740)	3,620	3,388	(232)

Property:

5.2 Projects for the Lutterworth Station refurbishment and the Training Rig are now completed and the accounts are being finalised. A saving to the capital programme is expected, which will be confirmed in a subsequent report.

IT and Equipment:

5.3 Projects in this area are making progress, although it is expected that not all will be completed by the end of March 2019.

Slippage into 2019/20 that is certain is highlighted below:

- i. Development work on integrating a Learning Management system within the existing FireWatch HR software (£112,000)
- ii. Upgrading of the gazetteer mapping system to a web based system (£120,000)

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)***

Risks are identified and closely monitored throughout delivery of the budget. This 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***

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 2018/19 to 2020/21 (CFA 7 February 18)

<http://www.leicestershire-fire.gov.uk/wp-content/uploads/2016/06/item-08-budget-strategy-report-2018-19-to-2020-21.pdf>

Revenue and Capital Outturn 2017/18 (CFA 20 June 18)

<http://www.leicestershire-fire.gov.uk/wp-content/uploads/2016/06/revenue-and-capital-outturn-2017-18.pdf>

Financial Monitoring to end October 2018 (CGC 21 November 18)

<http://www.leicestershire-fire.gov.uk/wp-content/uploads/2016/06/financial-monitoring-to-end-october-18-final.pdf>

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