

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 18 September 2019

Subject: Financial Monitoring to end July 2019

Report by: The Treasurer

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For: Discussion

Purpose

1. This budget monitoring report is the first in the budget monitoring cycle and covers key issues arising from the revenue budget and capital programme as at the end of July 2019 (Financial Period 4).

Recommendations

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

Executive Summary

3. The Combined Fire Authority (CFA) agreed the revenue and capital budgets for 2019/20 at its meeting on the 6 February 2019 and, at its meeting on 19 June 2019, agreed to carry forward funding from 2019/20 for Revenue (£146,000) and Capital (£1,416,000). Slippage in the Capital programme of £1,500,000 and £232,000 had also been agreed by the Corporate Governance Committee at its meetings in November 2018 and January 2019. These carry forwards are included in the budget figures to this report.
4. This report indicates known issues for the 2019/20 Revenue Budget and the 2019/20 Capital Programme.

Background

Revenue Budget

5. The budget figures have been updated to reflect the budget carry forwards agreed by the CFA on 19 June 2019.
6. The budget strategy formal resolution report presented to the CFA at its meeting on 6 February 2019 highlighted an additional £241,000 of funding included in the budget due to increased business rates income projections from district councils. Immediately after this meeting two of the district councils found errors which meant

that this figure reduced by £114,000. The net £127,000 additional funding meant that the net total budget required adjustment to £35,668,000.

7. The updated revenue budget position is summarised in Table 1 below.

Table 1 - 2019/20 Revenue Budget	Annual Budget after Carry Forwards £000
Employees	26,460
Premises	2,261
Transport	992
Supplies and Services	3,295
Capital Financing	3,797
Total Expenditure	36,805
Controllable Income	(1,137)
Net Budget	35,668

8. The following notes relate to issues currently highlighted:

Employees

- i. The firefighters' pay award from July 2017 is not yet fully resolved. A 1% increase was implemented from this date and 2% from July 2018. Provision was made in the 2018/19 year-end accounts for a potential further 1% relating to the July 2017 unresolved position.
- ii. The 2019/20 budget allows for an award to members of the firefighter pay group of 2%. Support staff have received their pay award from April 2019 but the firefighters award has not been agreed. Each increase of 1% above the 2% allowed would mean an additional part year requirement of £170,000 for 2019/20 and full year costs of £230,000 in 2020/21.
- iii. An initial review of the 2018/19 outturn position and 2019/20 budget has highlighted pressures within a number of budget headings including Control Staff Pay and Training. It is anticipated that in 2019/20 these can be met from existing resources.

- iv. A review of the establishment position over all headings shows that most pay groups are near to full establishment, except that for retained firefighters which has vacancies. However, a forecast of the whole-time operational staffing establishment indicates that staffing levels will be below the agreed establishment position later in the year which is likely to lead to savings within the pay budget. The effect of this will be reviewed and reported on throughout the year.

Income

- v. The budget strategy 2019-22 identified expected income of £500,000 from the New Dimensions grant, however confirmation has been received that grant due in 2019-20 will be £850,000. The additional £350,000 is proposed to support any additional costs which may be incurred as part of plans resulting from Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services inspection. This will be considered in future monitoring reports.
- vi. Grant income of £1,073,000 from previous years relating to the Emergency Services Network (ESN) project has been carried forward. A grant of £336,000 relating to the wide area radio system, Firelink was received in late 2018-19 and has also been carried forward. Future budget reports will update the amounts and timing of the related expenditure.

Capital Programme

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

Table 2	Programme after Carry Forwards
2019/20 Capital Programme	£'000
Vehicles	3,094
Property	347
Fire Control Project	318
IT and Equipment	1,532
TOTAL	5,291

- 10. Delivery of officers’ cars, tactical response vehicles and fire appliances is progressing as anticipated within the capital programme budget. The vehicle budget includes £682,500 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.

11. All of the property condition survey works from 2018 are now complete. Priority work from the 2019 plan for replacement boilers at Southern Station has also been completed. The remaining identified works are to be procured and tendered.
12. The ICT and equipment projects are progressing although it is likely that some slippage to 2020/21 will occur.

Report Implications / Impact

13. Legal (including crime and disorder)

None.

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

These are included in the main body of the report.

15. 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.

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

None.

17. Environmental

None.

18. 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>

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