

Status of Report:

Public

Agenda Item:

6

Meeting: Corporate Governance Committee

Date: 14th March 2018

Subject: Financial Monitoring to end January 2018

Report by: The Treasurer

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For: Discussion

1. Purpose

This budget monitoring report is the fourth in the budget monitoring cycle and covers the revenue and capital budgets as at the end of January 2018 (Financial Period 10).

2. Recommendations

2.1 The Corporate Governance Committee is asked to:

- a) Note the revenue and capital budget position as at the end of January 2018.
- b) Note the transfer of £61k of anticipated savings in the revenue budget to the Estate Strategy earmarked reserve, and an addition of £237k to the Capital Programme, of which £235k is funded by the Police.
- c) Note that the implications of in-year variances will be considered as part of future budget strategy.

3. Executive Summary

3.1. The CFA agreed the revenue and capital budgets for 2017/18 at its meeting on the 8th February 2017. Revenue (£631k) and Capital (£1,233k) carry forwards from 2016/17 were agreed by the CFA on the 21st June 2017. 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 2017/18 Revenue Budget and the 2017/18 Capital Programme.

4. Report Detail

Revenue Budget

4.1 The budget figures have been updated to reflect the budget carry forwards agreed by the CFA on the 21st June 2017, together with in year savings previously reported.

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

Table 1 - 2017/18 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	25,551	(152)	25,399	25,399	0
Premises	2,355	(187)	2,168	2,118	(50)
Transport	1,038	(67)	971	971	0
Supplies and Services	4,512	(108)	4,404	4,404	0
Capital Financing	3,378	(16)	3,362	3,362	0
Total Expenditure	36,834	(530)	36,304	36,254	(50)
Controllable Income	(2,770)	(22)	(2,792)	(2,803)	(11)
Net Budget	34,064	(552)	33,512	33,451	(61)

4.3 The forecast indicates a further net saving of £61k on the adjusted budget, which is to be added to the managing change reserve.

Employees:

- An interim pay settlement of 1% has been agreed and paid to operational staff whilst the final pay settlement negotiations are ongoing. The forecast shown includes a possible further 1% pay award. Any settlement above 2% would result in an overspend.
- There is potential for further savings for retained staff costs, however no prediction is made at this time due to payments being 6 weeks in arrears for callouts made.

Premises:

- Further discussions with the budget holder have indicated that the repairs and maintenance budget is likely to offer further savings. On current estimates further in-year savings of £50k are anticipated. Due to the level of

commitments on this budget being high there is potential for further savings if work is not completed by the end of March. The budget for future years will be reviewed to ensure it is appropriate.

- Energy costs are lower than budget but no change to the budget is proposed at this stage due to anticipated higher future costs relating to the coldest months. There is also potential for budget variation on this heading as an agreement needs to be finalised relating to historic running costs of the workshops annex.

Supplies and Services

- Further savings in the hydrant budget are likely, but will be requested as carry forwards into 2018-19 budget due to the expectation of higher charges being made in respect of hydrants in new developments.
- A meeting has been held with operational Group Managers who considered the savings on community safety events as well as other station budgets. Although savings have been made this year, additional expenditure on equipment has been made therefore no net saving is reported. These budgets have been further reviewed and aligned with station spending plans for the next year.

Income

- Income is predicted to increase by a further £11k reflecting extra income receivable. As interest on the level of reserves held being higher than the original budget and the recent increase in the base rate from 0.25% to 0.5%.

5. Capital Programme

- 5.1 Various adjustments have previously been approved, leading to an updated programme of £4.895m. An addition of £350k was agreed at the meeting of 22nd November 2017 with further adjustments of slippage and savings of £222k identified at the meeting of 24th January 2018. This is summarised in Table 2 below which also identifies additional costs of £237k, of which £235k will be funded by the Police for a specification change.

Table 2 2017/18 Capital Programme	Programme after Carry Forwards	Changes agreed July - January	Updated programme 2017/18	Forecast Outturn	Forecast (Savings)/ Overspend
	£'000	£000	£000	£000	£000
Vehicles	1,387	16	1,403	1,405	2
Property	2,040	137	2,177	2,412	235
Fire Control Project	318	0	318	318	0
IT and Equipment	1,150	(25)	1,125	1,125	0
TOTAL	4,895	128	5,023	5,260	237

Vehicles:

- 5.2 The tactical response vehicles are complete and a further £2k has been incurred on this project. Slippage on the fleet replacement project is anticipated due to manufacturers delay to delivery until June 2018.

Property:

- 5.3 A number of projects including the outcomes of the condition survey, refurbishments at Wigston and Lutterworth Stations and installation of a Training Rig Work at Southern will complete in the 2018/19 financial year. Some quotes have been received but not yet reviewed. It is recognised that there will be slippage in 2017/18 and that monies will be required to be carried forward.
- 5.4 Costs for Coalville will be increased by £235k due to a change in specification initiated by the Police which will be funded by the Police. The police are now occupying the building. Completion is expected by the end of March.

IT and Equipment:

- 5.5 Timescales are tight on a number of projects to complete delivery by the end of March 2018. There is likely to be further slippage into the next financial year.

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 2017/18 to 2019/20 (CFA 8th February 2017)
- b) Revenue and Capital Outturn 2016/17 (CFA 21st June 2017)
- c) Financial Monitoring to end December 2017 (Corporate Governance 24th January 2018)

8. **Appendices**

None.