

Status of Report:

Public

Agenda Item:

11

Meeting: Combined Fire Authority

Date: 21st June 2017

Subject: Revenue and Capital Outturn 2016-17

Report by: The Treasurer

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For: Decision

1. Purpose

This report informs the Combined Fire Authority (CFA) of the final revenue and capital outturn figures for 2016/17. The figures will be subject to External Audit review before the final Statement of Accounts is submitted for approval to the CFA in September 2017. It seeks approval to carry forward funds for specific purposes and identifies the use of monies in earmarked reserves to meet future investment opportunities.

2. Recommendations

The CFA is asked to:

- a) Note the revenue and capital provisional outturn position for 2016/17.
- b) Agree the revenue (£0.631m) and capital (£1.233m) carry forward proposals.
- c) Agree that the net revenue saving (after carry forwards) of £0.446m is transferred to the Management of Change earmarked reserve.
- d) Note the current balances on general and earmarked reserves.

3. Executive Summary

3.1 The CFA agreed the revenue and capital budgets for 2016/17 at its meeting on the 10th February 2016. Subsequently, carry forwards from 2015/16 have been added and revenue savings totalling £467k were transferred to reserves during the year. These are reflected in the budget figures in this report.

3.2 The final outturn indicates that the CFA has achieved savings against the updated revenue budget of £1.077m across a range of budgets and £1.233m slippage on

the updated capital programme. A number of areas are requested for carry forward into 2017/18 which is noted in this report.

- 3.3 Under the Accounts and Audit Regulations (England) 2015, the Responsible Finance Officer (The Treasurer) has to certify the draft statement of accounts by the 30th June 2017 for submission to External Audit.

4. Report Detail

Revenue Budget

- 4.1 The budget figures have been updated to reflect the budget carry forwards agreed by the CFA on 22nd June 2016. Further budget movements have been agreed by the Corporate Governance Committee at meetings held during the year following submission of financial monitoring reports. In addition adjustments have been made for budget virement between expenditure headings. In total £0.467m of revenue budget savings have been transferred to reserves with any identified on-going savings reflected in the budget strategy for 2017/18 to 2019/20.
- 4.2 The revenue budget is showing further overall savings of £1.077m over a number of budget headings.
- 4.3 The final outturn position is summarised in Table 1 below.

Table 1 - 2016/17 Revenue Budget	Current Annual Budget after Adjustments £000	Final Outturn £000	Actual (Savings)/ Overspend £000
Employees	24,651	24,421	(230)
Premises	2,142	1,838	(304)
Transport	1,051	1,004	(47)
Supplies and Services	3,384	3,159	(225)
Capital Financing	4,733	4,733	0
Total Expenditure	35,961	35,155	(806)
Controllable Income	(1,619)	(1,890)	(271)
Contribution to Reserves	467	467	0
Net Budget	34,809	33,732	(1,077)

- 4.4 The provisional outturn indicates a net saving of £1.077m on the adjusted expenditure budgets and these are detailed below. Many will be reflected in the Budget Strategy 2017-20, but other savings will be one-off or are not sufficiently certain at this stage to be adjusted to the on-going budgets.
- £89k savings on operational overtime due to more efficient management of operational staffing resources across the service.
 - £67k savings on operational staff employer pension contributions reflecting the transfer of firefighters to the new 2015 pension scheme. Ongoing savings have been addressed in the Budget Strategy.
 - £20k savings on Control Room pay to reflect vacancies in year.
 - Pay savings are offset by £30k increase in costs for administrative pay that reflects specialist resources employed to progress on specific projects.
 - £94k savings on training costs. The department has identified improvements in the planning of training to better inform budget needs. In addition a zero based budget will ensure costs are more accurately identified.
 - £21k savings in pension administration costs offset by £31k increase in recruitment costs to reflect the recent recruitment campaign to recruit 28 firefighters.
 - £140k savings on the repairs and maintenance budget with only essential work being undertaken whilst awaiting the outcomes of the strategic premises review. This budget will be reviewed in 2017/18 based upon the outcomes of an estates condition survey undertaken as a result of the strategic review.
 - £71k unexpected savings for a late business rates refund on the Birstall Headquarters building. Overall there is likely to be increases in business rate costs across the estate in 2017/18 and this is subject to a carry forward request elsewhere in this report. The issue will be addressed in the next budget strategy due in February 2018.
 - £93k savings across a number of estates headings including energy costs (£37k); refuse collection (£13k); water rates (£10k); rental charges (£7k) and cleaning (£26k).
 - £47k savings on transport related costs in fleet maintenance and fuel costs. Any permanent changes will be identified through ongoing work following the strategic fleet review.
 - £225k savings on supplies and services mainly due to unused commitments on hydrant maintenance (£73k); Community Safety consumables and equipment (£50k); clothing and uniform (£44k); refund for IPVPN telephone lines following change of contract (£51k); reduced ICT maintenance payments for the Tri-Service fire Control system (£32k); lower than

anticipated legal costs (£33k) and reduced expenditure in postage, subsistence and hospitality (£8k). These savings were offset by additional consultancy fees (£50k) for work on the estates conditioning survey as a result of the estates strategic review.

- The £271k additional income is mainly due to partnership income for specific projects. This includes the Braunstone Blues Project (£99k from the Office of the Police and Crime Commissioner plus £25k from the Leicester City Council); fire safety virtual reality filming and equipment (£24k from the Leicester, Leicestershire and Rutland Road Safety Partnership); the Celebrate Safely Campaign (£9k from the Leicester City Council) and grant for the Emergency Services Network project (£52k from Central Government). Further income streams include additional income generated by Forge Health Limited (£20k); insurance claim income (9k); Government transparency grant (£8k); radio mast income (£10k) and interest receivable (£9k).

4.5 **Carry Forward Requests**

It is proposed that the revenue carry forward requests in the table below are agreed to meet specific areas of expenditure in 2017/18:

Eastern Station	£900	Refurbishment of gym.
Hydrant Maintenance	£24,000	To cover services for orders placed but not delivered by the 31 st March 2017.
Civil Contingencies	£10,000	Contribution to multi-agency exercises.
NTA monitor	£7,500	Part of tri-Service costs.
Computer hardware	£52,000	Refund expected from Virgin media to be spent when received.
Journey to excellence	£25,000	To continue project work for peer reviews and training to achieve the 'Excellent' level.
CCTV hard drives	£20,000	To be used for appliances to increase recording capacity.
ISAR/Tech Rescue	£8,000	Contribution to the cost of 4-6 new team members
Printers and cameras	£6,600	Procurement undertaken in 2016-17 but goods not being received until May.
Road Safety	£6,000	Virtual reality units
Fire Protection	£4,000	CFOA short audit forms
Celebrate Safety Campaign	£600	Unused 2016-17 grant funding
Training	£65,000	Driving school review, BA training equipment, coaching and mentoring.
Repairs and Maintenance	£70,000	Update of security measures across the estate
Repairs and Maintenance	£25,000	Adaptations at workshops
Revenue Contribution to Capital	£70,000	To add to the 2017/18 capital programme to meet known tender costs for the Tactical Response Vehicles

Communications	£30,000	IPT telephony equipment to support a single telephony system and skype facilities across the estate
National Operations	£70,000	To contribute to a regional National Operations Guidance team
Water Rescue	£3,000	To complete the water rescue equipment facility at Market Harborough
Business Rates	£117,400	To meet increases arising from a recent business rates revaluation
Professional Fees	£6,000	To commission the City Council to review and update policies and procedures for procurement and contract management
Training	£10,000	For officers to undertake training on guidance to meet new Data Protection Regulations
TOTAL	£631,000	

4.6 A summary of the revenue outturn position 2016/17 is shown below:

	£'000
Total revenue saving against adjusted budget	1,077
Less carry forwards proposed	<u>(631)</u>
Remaining balance to transfer to reserves	<u>446</u>

It is proposed that the remaining balance of £446k is transferred into the Managing Change earmarked reserve (£376k). This will be for expenditure on projects which will improve the efficiency of the service or enable savings to be progressed. Details on the proposed use of the reserves are outlined later in this report.

5. Capital Programme

5.1 A capital programme of £3.59m was approved by the CFA in February 2016 with carry forwards of £711k approved in June 2016, making a total programme of £4.301m. The Corporate Governance Committee meetings held to date have agreed a reduction of £2.554m to the Programme in 2016/17. The updated programme totals £1.748m. The Capital Programme achieved an underspend of £1.255m, with £22k as permanent savings and £1,233k as slippage into 2017/18. The updated programme is summarised in Table 2 below.

Table 2 2016/17 Capital Programme	Programme after Adjustments 2016/17 £'000	Actual Outturn £'000	Variance £'000	Carry Forward £'000
Vehicles	529	62	(467)	467
Property	639	180	(459)	448
Fire Control Project	319	1	(318)	318
IT and Equipment	261	250	(11)	0
TOTAL	1,748	493	(1,255)	1,233

Vehicles:

- 5.2 The Tactical Response Vehicles were delivered in April 2017 and the balance of £467k is required to be carried forward into 2017/18. This will be funded through the Capital Fund Earmarked Reserve. As a result of the tendering process, a further £70k is required to complete the project. This is subject to a carry forward request elsewhere in this report.

Property:

- 5.3 The project for the new build at Castle Donington Fire station is awaiting completion and final costings. It is proposed that the remaining balance of £55k is carried forward to complete work on a hydrant installation and other snagging items. This will be funded through the Capital Fund Earmarked Reserve.
- 5.4 Work on the building of an extension to Coalville Fire Station to accommodate the police and ambulance services will commence in June 2017. The capital cost is anticipated at £737k with £350k originally allocated to be spent in 2016/17, and the balance of £387k in 2017/18. The project is wholly funded by the Police. Due to a later than anticipated commencement date, the possibility of slippage on this project was reported to the Corporate Governance Committee in March 2017. It is proposed that the slippage of £304k be carried forward into 2017/18.
- 5.5 Work at Market Harborough ran over the period March to April 2017. The likelihood of slippage on this project was reported to the Corporate Governance Committee in March 2017. It is proposed that the slippage of £89k be carried forward into 2017/18. This will be funded through the Managing Change Earmarked Reserve.

Fire Control Project:

- 5.6 An amount of £318k is proposed to be carried forward for the Fire Control Project. This represents the balance of £1.8m capital grant awarded by DCLG for the Tri-Service Control Project. Final payments to the supplier are due in 2017/18.

5.7 **IT and Equipment:**

All projects within this category were completed in 2016/17 and a small underspend of £11k was achieved. This was mainly due to the non-take up of additional external consultants to support the SharePoint Infrastructure Architecture and Taxonomy project (£7k).

5.8 **Reserves**

The current balances held on general and earmarked reserves after the budget strategy 2017-20 and before the proposals in this report are:

Management of Change Earmarked Reserve:	Funds available	£4.652m
Capital Fund Earmarked Reserve:	Funds available	£4.31m
Business Rates Relief Earmarked Reserve:	Funds Available	£0.187m
ESMCP Contingency Earmarked Reserve:	Funds available	£0.326m
Other Earmarked Reserves:	Funds available	£0.054m
General Reserve:	Funds available	£2.0m
	TOTAL	£11.529m

The Capital Fund Earmarked reserve is required to meet the proposed capital programme set out in the Budget Strategy 2017/18 to 2019/20. It is prudent to maintain a level of general reserve at £2.0m.

5.9 Work is being undertaken to assess the best investment of the funds in the earmarked reserves, with particular attention to reducing our future revenue cost beyond 2019/20.

5.10 **Treasury Management**

There were no departures from the Treasury Management Policy Statement, which was agreed by the CFA on the 10th February 2016 in respect of prudential indicators or sources and methods of borrowing.

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 2016/17 to 2019/20 (CFA 10th February 2016)
- b) Revenue and Capital Outturn 2015/16 (CFA 22nd June 2016)
- c) Financial Monitoring to end September 2016 (Corporate Governance Committee, 23rd November 2016)
- d) Financial Monitoring to end July 2016 (Corporate Governance Committee, 14th September 2016)
- e) Budget Strategy 2017/18 to 2019/20 (CFA 8th February 2017)
- f) Financial Monitoring to end January 2017 (Corporate Governance Committee, 15th March 2017)

8. Appendices

None.