



accounts. This has been duly processed and the accounts have been submitted to External Audit by the revised 31 May deadline. The accounts are presented as a separate agenda item to this meeting.

#### 4. Report Detail

##### Revenue Budget

4.1 The budget figures have been updated to reflect the changes agreed by Corporate Governance on the 14 March 2018.

4.2 The revenue budget is showing further overall forecast savings of £248k over a number of budget headings.

4.3 The final revenue outturn position is summarised in Table 1 below.

<b>Table 1 - 2017/18 Revenue Budget</b>	<b>Current Annual Budget after Adjustments £000</b>	<b>Provisional Outturn £000</b>	<b>(Savings)/ Overspend £000</b>
<b>Employees</b>	25,443	25,288	(155)
<b>Premises</b>	2,118	2,085	(33)
<b>Transport</b>	1,045	1,034	(11)
<b>Supplies and Services</b>	3,591	3,593	2
<b>Capital Financing</b>	4,282	4,241	(41)
<b>Total Expenditure</b>	36,479	36,241	(238)
<b>Controllable Income</b>	(2,415)	(2,425)	(10)
<b>Net Budget</b>	<b>34,064</b>	<b>33,816</b>	<b>(248)</b>

4.4 The outturn indicates a net saving of £248k on the adjusted expenditure budgets and the main variances are summarised below.

- £78k savings on retained pay which reflects lower than anticipated activity and continuing shortfalls in establishment. Positive Action recruitment campaigns for retained staff are ongoing.
- £52k savings on training costs relating mainly to orders placed but not undertaken by the 31 March 2018. It is proposed to carry forward funds to meet these commitments.

- £75k savings on repairs and maintenance mainly due to orders for which work has not been completed by the 31 March 2018. It is proposed to carry forward funds to meet these commitments. This was offset by an increase in energy costs (£18k) and rent (£23k).
- Overall the Supplies and Services heading shows little variance. However, there was a significant underspend (£868k) in relation to the Emergency Services Network (ESN) project. Expenditure on the project is funded through government grant and the underspend has been offset by a corresponding reduction in allowable grant income and netted off. The project has been delayed due to changes in the scope of the project by central government. At a recent Public Accounts Committee meeting a delay of 18 months was highlighted by the Permanent Under-Secretary. A re-planning process is currently underway and will be published late summer 2018.
- £41k savings in capital financing reflect lower than anticipated finance lease interest costs (£25k) and the use of the Occupational Health earmarked reserve (£16k) to support the purchase of an upgraded system.
- There is not a significant variation to income. An in year reduction of grant utilised for the ESN project has been offset against reduced expenditure in Supplies and Services as above.
- The remaining £25k savings is attributable over a number of headings including indirect employee expenses, general pay costs and reduced mileage travel costs.

#### 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 2018/19:

Hydrant Maintenance	£60,000	Orders placed for hydrant repairs where work is not yet completed and underspend on new installations where the changed arrangements for installing may result in more charges being received.
Gas monitoring equipment	£15,000	Purchase of new gas monitoring equipment to meet Health and Safety needs.
Repairs and Maintenance	£73,000	Orders placed but work not completed by 31 March.
Training	£23,500	Orders placed but work not completed by 31 March.
Equality and Diversity	£11,300	To support the work of a new Strategic Equality and Diversity Board including a research project to review our engagement and communication with people from a BME background.
ICT	£34,200	Orders placed but work not completed by

		31 March.
Community Safety	£31,000	New public engagement initiatives on community safety and education
<b>TOTAL</b>	<b>£248,000</b>	

## 5. Capital Programme

- 5.1 A capital programme of £2,250k was approved by the CFA in February 2017 with carry forwards of £1,233k approved in June 2017, making a total programme of £3,483k. The Corporate Governance Committee meetings held to date have agreed a net increase of £1,775k to the programme in 2017/18. The updated programme totals £5,258k. The Capital Programme achieved an underspend of £2,509k and is requested as slippage into 2018/19. Slippage on vehicles, Property projects and IT and Equipment projects was expected and reported to the Corporate Governance Committee meeting of the 14 March 2018. The updated programme is summarised in Table 2 below.

<b>Table 2</b>	Programme after Adjustments 2017/18	Actual Outturn	Variance	Carry Forward
<b>2016/17 Capital Programme</b>	£'000	£'000	£'000	£'000
Vehicles	1,403	992	(411)	411
Property	2,412	1,383	(1,029)	1,029
Fire Control Project	318	0	(318)	318
IT and Equipment	1,125	374	(751)	751
<b>TOTAL</b>	<b>5,258</b>	<b>2,749</b>	<b>(2,509)</b>	<b>2,509</b>

### Vehicles:

- 5.2 A number of vehicles are work in progress to accommodate manufacturers' delivery times and bespoke building with completion due for June 2018. Slippage of £411k is requested to be carried forward into 2018/19.

### Property:

- 5.3 The project for the new build at Castle Donington Fire station is complete except for work to install a new hydrant. This will occur in 2018/19 therefore the sum of £40k is requested to be carried forward into 2018/19.
- 5.4 The conditions survey on LFRS buildings has commenced and expenditure of £97k has been incurred. Slippage of £153k is proposed to be carried forward into 2018/19.
- 5.5 Wigston Day Crewing Plus project has commenced with £321k of the £658k budget spent up to 31 March 2018. Completion is expected in June 2018. The remaining £337k is proposed to be carried forward into 2018/19.

- 5.6 The work on the building of the extension to Coalville Fire Station to accommodate the police and ambulance services has been completed. However, final account payments of £69k are yet to be made and will be required to carry forward into 2018/19. This cost will be met by the Police and East Midlands Ambulance Service.
- 5.7 Tenders for Lutterworth day crewing project were submitted late February and fees of £10k have been incurred. The £260k remainder is requested as a carry forward into 2018/19.
- 5.8 Tenders for the training rig were submitted late in February 2018. Work will commence in 2018/19 and therefore the remaining £170k grant aided expenditure is requested as a carry forward.

**Fire Control Project:**

- 5.9 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 anticipated to occur in 2018/19.

**IT and Equipment:**

- 5.10 Projects expenditure totalling £374k for Hydraulic Rescue Tools, FireWatch self-learning module and the Incident Recording System have been incurred within this category in 2017/18. A number of projects are in progress but will be completed in 2018/19. This includes the purchase of Thermal Imaging Cameras, Skype for Business Telephony system and a new Learning Management System. The £751k remaining budget is requested to be carried forward.

5.11 **Reserves**

The current balances held on general and earmarked reserves after the budget strategy 2018-21 are:

	Funds available
	£000
Estates Strategy Reserve	5,673
Management of Change Earmarked Reserve	290
Capital Fund Earmarked Reserve	4,541
Recruitment and Over-Establishment Reserve	400
ESMCP Contingency Earmarked Reserve	326
Other Earmarked Reserves	397
General Reserve	2,000
TOTAL	13,627

The Budget Strategy 2018-2021 includes two key measures to secure longer term financial sustainability through the use of earmarked reserves:

- (a) The Estates Strategy Reserve to review and remodel fire stations with a view to achieving operational efficiencies. Co-location opportunities are expected to form a key part of this.
- (b) The Capital Fund Earmarked Reserve is set aside to fund the capital programme 2018-2021. This avoids incurring any borrowing or leasing and will generate savings as current leases reach the end of their terms.

The General Reserve at £2m is deemed by the Treasurer to be sufficient and at an appropriate level for the size of the organisation.

## 5.12 **Treasury Management**

There were no departures from the Treasury Management Policy Statement, which was agreed by the CFA on the 8 February 2017 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***

The Finance and Resources strategic aim of demonstrating value for money is supported by a well-managed and transparent budget as outlined in this report.

## **7. Background Papers**

- a) Budget Strategy 2017/18 to 2019/20 (CFA 8 February 2017)
- b) Revenue and Capital Outturn 2016/17 (CFA 21 June 2017)
- c) Financial Monitoring Reports (Corporate Governance Committee, 14 March 2018; 24 January 2018; 22 November 2017; 13 September 2017)
- d) Budget Strategy 2018/19 to 2020/21 (CFA 7 February 2018)

## **8. Appendices**

None.