

**Status of Report:**

**Public**

**Agenda Item:**

**6**

**Meeting:** Corporate Governance Committee

**Date:** 22<sup>nd</sup> November 2017

**Subject:** Financial Monitoring to end October 2017

**Report by:** The Treasurer

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**For:** Discussion

## **1. Purpose**

1.1 This budget monitoring report is the second in the budget monitoring cycle and covers the revenue and capital budgets as at the end of October 2017 (Financial Period 7).

## **2. Recommendations**

2.1 The Corporate Governance Committee is asked to:

- a) Note the revenue and capital budget position as at the end of October 2017.
- b) Note the transfer of £19k of anticipated savings in the revenue budget to the Managing Change earmarked reserve, the transfer of £350k additional Government 'new dimension' grant to the Capital Fund earmarked reserve and the net additional requirement of £20k on the Capital Programme to be funded by revenue contribution.
- 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 8<sup>th</sup> February 2017. Revenue (£631k) and Capital (£1,233k) carry forwards from 2016/17 were agreed by the CFA on the 21<sup>st</sup> 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 21<sup>st</sup> June 2017.

4.2 The updated revenue budget position as at the end of October 2017 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	(70)	25,481	25,529	48
Premises	2,355	0	2,355	2,255	(100)
Transport	1,038	(20)	1,018	1,008	(10)
Supplies and Services	4,512	20	4,532	4,575	43
Capital Financing	3,378	0	3,378	3,378	0
<b>Total Expenditure</b>	36,834	(70)	36,764	36,745	(19)
<b>Controllable Income</b>	(2,770)	0	(2,770)	(2,770)	0
<b>Net Budget</b>	34,064	(70)	33,994	33,975	(19)

4.3 The forecast indicates a net saving of £19k on the adjusted budget and this is to be added to the managing change reserve.

### **Employees:**

- Further review of the firefighters pay budgets has been undertaken based on actuals and the latest monthly payroll and includes a possible 2% pay award. This results in a forecast extra £148k requirement. Given the level of savings identified across all areas, the additional cost can be met from existing resources without the need to access the £400k held in General Reserve. The reserve is proposed to be used for future recruitment which will be identified in the next budget strategy.
- There is no change to administrative pay presented in the previous report. This is being reviewed monthly and an exercise will be undertaken to look at any impact for the next budget strategy.
- Retained is showing a predicted saving of £60k mainly due to the current levels of under-establishment.

- Following an in-year budget review with the training budget holder a £100k saving has been identified this year. £60k has already been shown in the last report. The remaining £40k saving will be used to transfer £10k to the medical fees budget due to increased costs related to the cost of medicals for new recruits, and the remaining £30k is offered as a saving.

#### **Premises:**

- Carry forwards from 2016-17 of £95k for workshops adaptations and premises security will not be required this year and are put forward as savings. The work requirements for these areas will be included in the ongoing estate strategy where future collaboration options will be explored. £5k is transferred to the furniture budget to pay for additional requirements in this area. Energy costs are unchanged from the previous report.

#### **Transport**

- The cost of the insurance renewal has resulted in a saving of £10k, due mainly to a reduced premium related to CCTV's in vehicles reducing our risk profile. Fuel is forecast to have a slight saving of £5k, which is being left in the budget at this time.

#### **Supplies and Services**

- The systel maintenance agreement has very recently been agreed and payments at 80% of the original contract value will be made from 1<sup>st</sup> November 2018. Anticipated savings in 2017/18 are estimated at £108k some of which may be used to support the ICT equipment replacement programme. Any variance to budget will be reported in the next report.
- Station budgets for Community Safety events and initiatives have historically been poorly utilised. A review of current spend does not show any change. Discussions are to be held with operational managers to highlight if an indicative £15k reduction is achievable.
- Doctors and medical fees need an increased budget of £38k. Additional requirements on this demand-led budget relate to increased counselling sessions and more medicals due to recruitment. This is offset by transfer of £10k from the training budget as outlined in the employees notes above.
- The remaining increased budget of £5k relates to additional costs for furniture which is offset by transfer as outlined in the premises note above.

#### **Income**

- Extra income of £1,013k was received in late 2016-17 for the ESN project and has been adjusted in the report. The associated expenditure has been included but the expenditure is likely to be incurred into the next financial year with the profiling of this being unknown the current time. Once this is known it will be reported and adjusted.

## Other

- The Service is in receipt of late and higher than expected Government Grant for new dimension work. An additional £350k has been received and this sum is to be transferred to the Capital Fund. It will be set aside for new technology developments that will enable the Service to be prepared for new regulatory requirements in accordance with general data protection requirements that become effective in May 2018.

## 5. Capital Programme

- 5.1 A capital programme of £2,250k was approved by the CFA in February 2017, adjustments totalling £1,342k made by Corporate Governance and CFA in 2016/17, carry forwards of £1,303k approved in June 2017 and reductions of £20k made by Corporate Governance in September 2017 making a total programme of £4,875k. This is summarised in Table 2 below which identifies potential slippage of £15k and an increased requirement of £35k. As the overall programme is not increased from its original level, the net £20k increase will be found from the savings identified in the last monitoring report.

<b>Table 2</b> <b>2017/18 Capital Programme</b>	Programme after Carry Forwards £'000	Changes agreed July 17 £000	Updated programme 2017/18 £000	Forecast Outturn £000	Forecast (Savings)/ Overspend £000
Vehicles	1,387	0	1,387	1,422	35
Property	2,040	160	2,200	2,215	(15)
Fire Control Project	318	0	318	318	0
IT and Equipment	1,150	(180)	970	1,150	0
<b>TOTAL</b>	<b>4,895</b>	<b>(20)</b>	<b>4,875</b>	<b>4,895</b>	<b>20</b>

### Vehicles:

- 5.2 The actual cost of the Tactical Response Vehicles has identified an increased requirement of £35k to meet user specifications. This will be funded from savings elsewhere within the 2017/18 Capital Programme.

### Property:

- 5.3 Work to install a hydrant at Castle Donington is anticipated to cost £15k less than anticipated.
- 5.4 Capital works at Lutterworth station and the installation of a Training Rig at Southern station may not be completed by end March 2018 and some slippage may accrue into the next financial year.

### 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 8<sup>th</sup> February 2017)
- b) Revenue and Capital Outturn 2016/17 (CFA 21<sup>st</sup> June 2017)
- c) Financial Monitoring to end July 2017 (Corporate Governance 13<sup>th</sup> September 2017)

## **8. Appendices**

None.