

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 16 September 2020**

**Subject: Financial Monitoring to end July 2020**

**Report by: The Treasurer**

**Author: Amy Oliver (Chief Accountant at Leicester City Council)**

**For: Discussion**

### **Purpose**

1. This budget monitoring report is the first in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of July 2020 (Financial Period 4).

### **Recommendation**

2. The Committee is asked to
  - a. note the revenue budget and capital programme position as at the end of July 2020; and
  - b. approve the transfer £1,434,000 of unbudgeted additional income to an earmarked reserve to assist with meeting future costs, demands and shortfalls in the budget, some which may result from the Covid-19 pandemic.

### **Executive Summary**

3. This report indicates the current financial position compared to the updated budget for 2020/21 Revenue Budget and the 2020/21 Capital Programme.
4. The revenue position shows an overall forecast underspend of £378,000 mainly due to underspends on expenditure of £450,000 resulting from unfilled establishment vacancies and a shortfall in sundry income of £72,000.
5. The capital position is reporting limited spend of £120,000 in the first four months of the year. Slippage of £765,000 has been identified although the position is being kept under review for the ongoing impact of Covid-19.
6. Unbudgeted grant income mainly for Covid-19 and New Dimensions has been received; it is assumed as part of this report this will be transferred to an earmarked reserve.

## Background

### Revenue Budget

7. The budget figures have been updated to reflect a number of virements within expenditure categories agreed by the service. These have had no impact upon net expenditure. The updated revenue budget position is summarised in Table 1 below. The forecast overall underspend is circa £378,000.

<b>Table 1 - 2020/21 Revenue Budget</b>	<b>Annual Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Variance £000</b>
<b>Employees</b>	28,930	28,480	(450)
<b>Premises</b>	2,359	2,359	0
<b>Transport</b>	983	983	0
<b>Supplies and Services</b>	3,464	3,464	0
<b>Capital Financing</b>	3,906	3,906	0
<b>Total Expenditure</b>	39,643	39,193	(450)
<b>Income</b>	(39,643}	(39,571)	72
<b>(Under)/Over Spend</b>	0	(378)	(378)

8. The following notes relate to issues currently highlighted:

### **Employees**

- i. The support staff pay budget is currently forecasting an underspend of £200,000. This is due to the vacancies within the establishment partially offset by temporary agency cover.
- ii. Retained staff is currently forecasting an underspend of £250,000 due to the reduced level of activity experienced during the Covid-19 pandemic lockdown and being below full establishment.
- iii. Overall, an underspend of circa £450,000 is expected at this stage.

## Other Expenditure

- iv. Other expenditure lines are currently forecast to outturn in line with budget, although could be affected by the on-going impacts of Covid-19.

## Income

- v. Sundry income lines are expected to be below budget by £72,000 reflecting the reduced activity arising from the Covid-19 pandemic. This income primarily comprises occupational health, fire inspection reports and training.
- vi. Unbudgeted grant income has been received in respect of potential Covid-19 costs, pension funding and the New Dimensions S.31 grant (Members will recall that the latter is usually higher than budgeted). The table assumes the income has been transferred directly to reserves in order to ensure that the service can meet any future costs, demands and shortfalls in the budget, including those as a result of the Covid-19 pandemic.

## Capital Programme

9. After inclusion of carry forwards totalling £2,092,000, the capital programme 2020/21 totals £4,887,000. This is summarised in Table 2 below.

<b>Table 2 2020/21 Capital Programme</b>	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	2,586	0	1,821	765	0
Property	630	0	630	0	0
IT and Equipment	1,303	120	1,303	0	0
Fire Control	318	0	318	0	0
Life Safety Sprinkler	50	0	50	0	0
<b>TOTAL</b>	<b>4,887</b>	<b>120</b>	<b>4,831</b>	<b>765</b>	<b>0</b>

10. Due to the Covid-19 pandemic and associated lockdown there has been little expenditure in the first four months of the year. At this early stage in the programme projects are progressing and there are limited carry forwards identified. However, a couple of vehicles specification are being reviewed to ensure they are fit for purpose which will delay the purchases until next financial year.

## **Report Implications/Impact**

### 11. Legal (including crime and disorder)

None.

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

These are included in the main body of the report.

### 13. 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.

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

None.

### 15. Environmental

None.

### 16. 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 2020/21 to 2021/22 (CFA 12 February 2020)

<https://leics-fire.gov.uk/wp-content/uploads/2020/02/budget-strategy-2020-21-to-2021-22.pdf>

Revenue and Capital Outturn 2019/20 (CFA 29 July 2020)

<https://leics-fire.gov.uk/wp-content/uploads/2020/07/revenue-and-capital-outturn-2019.pdf>

## **Appendices**

None.

## **Officers to Contact**

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