

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 18th November 2020

Subject: Financial Monitoring to end September 2020

Report by: The Treasurer

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For: Discussion

Purpose

1. This budget monitoring report is the second in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of September 2020 (Financial Period 6 in 2020/21 year).

Recommendation

2. The Committee is asked to note the revenue budget and capital programme position as at the end of September 2020.

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 £508,000 mainly as a result of underspends on employee costs of £580,000, a significant element being unfilled vacancies. This overall impact of this underspend is being reduced by the loss of income due to the Covid-19 pandemic.
5. The capital position is reporting spend of £856,000 during the first six 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 the New Dimensions Grant has been received, this has been transferred to an earmarked reserve, following approval by the Corporate Governance Committee at its meeting on 16 September 2020.

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 £508,000.

Table 1 - 2020/21 Revenue Budget	Annual Budget £000	Forecast Outturn £000	Variance £000
Employees	28,930	28,350	(580)
Premises	2,359	2,359	0
Transport	983	983	0
Supplies and Services	3,464	3,464	0
Capital Financing	3,906	3,906	0
Total Expenditure	39,643	39,063	(580)
Income	(39,643)	(39,571)	72
(Under)/Over Spend	0	(508)	(508)

8. The following notes relate to issues currently highlighted:

Employees

- i. The support staff pay budget is currently forecasting an underspend of £300,000. This is due to the vacancies within the establishment partially offset by temporary agency cover.
- ii. Retained staff is currently forecasting an underspend of £280,000 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 £580,000 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). This additional funding has been transferred to a reserve 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.

Table 2 2020/21 Capital Programme	Programme after Carry Forwards	Actual Year to Date	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	2,586	357	1,837	749	0
Property	630	0	630	0	0
IT and Equipment	1,303	499	1,303	0	0
Fire Control	318	0	318	0	0
Life Safety Sprinkler	50	0	50	0	0
TOTAL	4,887	856	4,138	749	0

10. Due to the Covid-19 pandemic there has been less than anticipated expenditure in the first six months of the year. At this early stage in the programme projects are progressing and there are limited carry forwards identified.

Report Implications/Impact

11. Legal (including crime and disorder)

There are no legal implications arising from this report.

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)

There are no staff, service user or stakeholder implications arising from this report.

15. Environmental

There are no environmental implications arising from this report.

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

Report to the Combined Fire Authority 12 February 2020 - Budget Strategy 2020/21 to 2021/22 <https://leics-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>

Report to the Combined Fire Authority 29 July 2020 - Revenue and Capital Outturn 2019/20
<https://leics-fire.gov.uk/wp-content/uploads/2020/07/revenue-and-capital-outturn-2019.pdf>

Report to the Corporate Governance Committee 16 September 2020 – Financial Monitoring to end of July 2020
<https://leics-fire.gov.uk/wp-content/uploads/2020/09/financial-monitoring-final.pdf>

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