

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 10th March 2021

Subject: Financial Monitoring to end December 2020

Report by: The Treasurer

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

For: Discussion

Purpose

1. The purpose of this report is to present the financial monitoring to the end of December 2020. This report is the third in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of December 2020 (Financial Period 9 in 2020/21 year).

Recommendation

2. The Committee is asked to
 - a. note the revenue budget and capital programme position as at the end of December 2020;
 - b. approve the transfer of £363,900 grant income to implement the recommendations from the Grenfell Tower Inquiry to an earmarked reserve to fund expenditure in 2021/22, when the work is planned to be completed.

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 £731,000. This is mainly as a result of underspends on employee costs of £771,000, due to vacancies throughout the year, firefighters on development pay and a reduction in retained call outs due to the pandemic. However, the overall impact of this underspend is being reduced by some additional costs due to the Covid-19 pandemic. The use of the underspend will be considered in the outturn report when the accounts for the year have been finalised.
5. The capital programme is forecasting to spend £1,604,000 at the end of the year. Slippage of £3,009,000 has been identified, along with some savings.
6. As previously reported, 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 and corrections 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 approximately £731,000.

Table 1 - 2020/21 Revenue Budget	Annual Budget £000	Forecast Outturn £000	Variance £000
Employees	29,283	28,512	(771)
Premises	2,459	2,437	(22)
Transport	983	938	(45)
Supplies and Services	3,460	3,567	107
Capital Financing	3,328	3,328	0
Total Expenditure	39,513	38,782	(731)
Income	(39,513)	(39,513)	0
(Under)/Over Spend	0	(731)	(731)

8. The following notes relate to issues currently highlighted:

Employees

- i. Firefighters pay is forecasted to underspend by £340,000. This is due to firefighters on trainee and development salaries during the year, along with a small number of vacancies.
- ii. The support staff pay budget is currently forecasting an underspend of £88,000. This is due to several vacancies within the establishment, offset by temporary agency cover.

- iii. Retained staffing is currently forecasting an underspend of £303,000 due to the reduced level of activity experienced during the Covid-19 pandemic lockdown and being below full establishment.
- iv. Overall, an underspend of approximately £771,000 is expected at this stage.

Other Expenditure

- v. Premises costs are forecasted to have a slight underspend of £22,000. This is due to underspends in building maintenance and utilities of £50,000, partially offset by the purchase of additional cleaning materials due to the Covid-19 pandemic.
- vi. Transport costs are forecasted to underspend by £45,000. This is largely due to the reduction of fuel consumption and travel expenses.
- vii. Supplies and services are forecasted to overspend by £107,000. Most of this can be directly attributable to additional costs incurred as a result of Covid-19.

Income

- viii. Additional grant income of £363,900 has been received since the last report to assist with the implementing the national recommendations arising from the Grenfell Tower Inquiry. The table assumes the income has been transferred directly to reserves in order to ensure that these funds are available in 2021/22, when the work is planned to be completed.

Capital Programme

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

Table 2 2020/21 Capital Programme	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	2,586	586	1,070	1,331	(185)
Property	630	0	100	530	0
IT and Equipment	1,303	157	434	780	(89)
Fire Control	318	0	0	318	0
Life Safety Sprinkler	50	0	0	50	0
TOTAL	4,887	743	1,604	3,009	(274)

Vehicles

10. The current slippage relates to five vehicles, four are appliances where the order has been placed but they will not be delivered until 2021/22. The fifth is the Aerial Ladder Platform, for which the procurement has started but will not be purchased this financial year. Savings have been identified following a review of the specification on some vehicles and savings on the vehicles purchased for officers.

Property

11. The majority of the slippage relates to the HQ scheme.

IT and Equipment

12. Slippage of £780,000 is forecasted and relates to ICT provisions and development, the operational equipment replacement programme and various other smaller projects. Total savings of £89,000 are forecast in operational equipment no longer required, savings in installing hydraulic chairs and demountable appliance devices to vehicles.

Fire Control

13. Slippage of £318,000 is forecast for the Fire Control Project. This represents the balance of the £1,800,000 capital grant awarded by the government for the Tri-Service Control Project. Final payments to the supplier are anticipated to occur in 2021/22.

Report Implications/Impact

14. Legal (including crime and disorder)

There are no legal implications arising from this report.

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

These are included in the main body of the report.

16. 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.

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

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

18. Environmental

There are no environmental implications arising from this report.

19. 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>

Report to the Corporate Governance Committee 18 November 2020 – Financial Monitoring to end of September 2020

<https://leics-fire.gov.uk/wp-content/uploads/2020/11/item-6-budget-monitoring.pdf>

Officers to Contact

Alison Greenhill, Treasurer

alison.greenhill@leicester.gov.uk

0116 454 5552

Amy Oliver, Chief Accountant
Amy.oliver@leicester.gov.uk
0116 210 5509