

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 24 November 2021**

**Subject: Financial Monitoring to end September 2021**

**Report by: The Treasurer**

**Author: Manjora Bisla (Finance Manager)**

**For: Decision**

### **Purpose**

1. The purpose of this report is to present the financial monitoring to the end of September 2021. This 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 2021 (Financial Period 6 in the 2021/22 year).

### **Recommendations**

2. The Committee is asked to:
  - a. Note the revenue budget and capital programme position as at the end of September 2021; and
  - b. Note that proposals from the CFO to fund priority development and improvement initiatives from the in-year underspend are presented elsewhere on the agenda.

### **Executive Summary**

3. This report indicates the current financial position compared to the updated Revenue Budget and Capital Programme.
4. After allowing for the previously approved transfer of £440,000 of additional income to reserves and the CFO's proposals to utilise £600,000 of underspends to fund priority development and improvement initiatives (elsewhere on this agenda), the revenue position shows an overall forecast underspend of £30,000.
5. The underspends are mainly within employee costs and are as a result of vacancies throughout the year, staffing on lower points within grades and the on-going lower retained / on-call costs.
6. The capital programme is reporting spend of £909,000 to date. Slippage of £1,889,000 has been identified and is being kept under review.

## Revenue Budget

7. The budget figures have been updated to reflect a number of virements (budget transfers) and corrections within expenditure categories agreed by the CFO. These have had no impact upon net expenditure. The transfer of £440,000 of unbudgeted grant income to reserves, approved at the previous meeting of the Committee, is also reflected.
8. The resulting updated revenue budget position is summarised in Table 1 below. The forecast overall underspend is approximately £30,000.

<b>Table 1 - 2021/22 Revenue Budget</b>	<b>Annual Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Employees</b>	30,027	29,350	(677)
<b>Premises</b>	2,459	2,459	0
<b>Transport</b>	983	983	0
<b>Supplies and Services</b>	3,471	3,471	0
<b>Capital Financing</b>	2,860	2,860	0
<b>Total Expenditure</b>	39,800	39,123	(677)
<b>Income*</b>	(39,800)	(39,753)	47
<b>Underspend</b>	0	(630)	(630)
<b>One-off spending proposed by the CFO*</b>		600*	600
<b>Net underspend</b>		(30)	(30)

\*Note that not all of the £600k will be spent in 2021/22. The balance at the end of the year will be transferred to reserves.

9. The following notes relate to issues currently highlighted:

### **Employees**

- i. Firefighters' pay is forecasted to underspend by £375,000. This is due to firefighters on trainee and development salaries during the year, along with a small number of vacancies due to a number of retirements. A new cohort of firefighter recruits are to join in March 2022 to fill some of the existing vacancies.
- ii. The support staff pay budget is currently forecasting an underspend of £42,000. This is due to several vacancies within the establishment, partly offset by temporary agency cover.
- iii. Retained staffing is currently forecasting an underspend of £260,000, largely due to being below full establishment.
- iv. Overall, an underspend of approximately £677,000 is expected at this stage.
- v. The firefighters' pay award of 1.5% from July 2021 has been agreed and budgets updated. The support staff award from April 2021 is not yet finalised. The budget included a £430,000 provision for pay awards, which should broadly equate to the costs.

### **Other Expenditure**

- vi. Other expenditure lines are currently shown as forecast to outturn overall in line with budget. This is however subject to further review, with further detailed analysis being undertaken. The 2020/21 outturn reported to the CFA in July 2021 highlighted a number of running cost variances, some one-off due to the pandemic but others suggesting that on-going budget adjustments may be required.

### **Income**

- vii. An income shortfall of £47,000 is forecast relating to the Forge Health Ltd dividend. This is in line with 2020/21, where a dividend was not received as a result of lower levels of trading by Forge Health during the pandemic.

## Capital Programme

10. After inclusion of carry forwards totalling £3,481,000 the capital programme totals £5,875,000. This is summarised in Table 2 below.

<b>Table 2 2021/22 Capital Programme</b>	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	3,228	653	2,257	971	0
Property	958	44	708	250	0
IT and Equipment	1,321	212	1,021	300	0
Fire Control	318	0	0	318	0
Life Safety Sprinkler	50	0	0	50	0
<b>TOTAL</b>	<b>5,875</b>	<b>909</b>	<b>3,986</b>	<b>1,889</b>	<b>0</b>

### Vehicles

11. The majority of the current slippage relates to a new driver training pump and the recently ordered Aerial Ladder Platform.

### Property

12. The slippage relates to the scheme to remodel the HQ canteen area, which has been impacted by the pandemic and is subject to further review.

### IT and Equipment

13. A small amount of slippage is expected at this point. This will continue to be monitored.

### Fire Control

14. 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 2022/23.

### **Report Implications/Impact**

15. Legal (including crime and disorder)

There are no legal implications arising from this report.

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

These are included in the main body of the report.

17. 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.

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

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

19. Environmental

There are no environmental implications arising from this report.

20. 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 2021/22 to 2022/23 (CFA 10 February 2021)

<https://leics-fire.gov.uk/wp-content/uploads/2021/02/cfa-budget-2122-final.pdf>

Revenue and Capital Outturn 2020/21 (CFA 28 July 2021)

<https://leics-fire.gov.uk/wp-content/uploads/2021/07/agenda-item-8-1.pdf>

Financial Monitoring to end July 2021 (CGC 15 September 2021)

<https://leics-fire.gov.uk/wp-content/uploads/2021/09/item-9.pdf>

## **Officers to Contact**

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