

REPORT AUTHOR: HEAD OF FINANCE/TREASURER

SUBJECT: REVENUE BUDGET AND CAPITAL PROGRAMME
MONITORING 2017/18 AS AT 31 DECEMBER 2017

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Background Papers: None

Implications (tick ✓):

LEGAL		FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
CORPORATE RISK	Known	OTHER (please specify)	
	New	CORE BRIEF	

Any implications affecting this report are noted at the end of the report.

PURPOSE:

To inform the Fire and Rescue Authority of the forecast year end budget monitoring position as at 31 December 2017.

RECOMMENDATIONS:

That the Fire and Rescue Authority:

1. Review and comment on the forecast outturn for revenue and capital.
 2. Consider the addition to the Capital Programme.
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1. Introduction

- 1.1 On 9 February 2017, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2017/18 of £28.716m and a Capital Programme of £1.278m.

2. Revenue Budget Monitoring

2.1 A full analysis of the Revenue Budget efficiency savings for 2017/18 to 2020/21 can be found in Appendix 1. The budgets have been reduced for these areas. This appendix forms part of the Government return, in order to receive the four year Government funding offer.

2.2 The funding of the 2017/18 Revenue Budget is by way of Government Funding £7.296m, local Business Rates redistribution £2.048m and Council Tax of £18.994m. There is also funding from a Collection Fund surplus of £0.378 m.

2.3 **Forecasting Outturn:**

2.3.1 Table 1 below is populated during the year in line with the spread sheet returns that Corporate Management Team (CMT) members submit to the Finance Team and also through the meetings that Finance Officers have with CMT members. The forecast outturn positions are as accurate as the information received from each CMT member.

2.3.2 Table 1 below details the current budget excluding salary budgets, for each CMT service area. The forecast year end outturn is shown in column four, with the variance and RAG (red, amber, green) status shown in columns five and six.

2.3.3 **Table 1: 2017/18 Revenue Budget Forecast Outturn (excluding salary budgets)**

Title	Current Budget	Actual Spend as at 31 st December 2017	F/cast yr end outturn	Variance	RAG status (see note below**)
	£	£	£	£	
Strategic Management	146,500	35,802	146,500	0	Green
Head of Finance and Treasurer	3,755,250	2,372,588	3,650,250	(120,000)	Green
Head of Service Delivery	1,297,550	812,637	1,206,550	(91,000)	Green
Head of Service Delivery Support	1,266,900	915,173	1,260,900	(6,000)	Green
Head of Operational Assurance	132,100	99,329	135,100	3,000	Green
Head of Special Projects	42,100	25,187	42,100	0	Green
Head of Information Communications Technology	1,223,100	816,535	1,223,100	0	Green
Head of Human Resources	173,300	71,497	180,800	7,500	Green
Total	8,036,800	5,148,748	7,845,300	(206,500)	

**RAG Status: Red would identify where there is a large overspend equal to or greater than £100,000 and/or a key service aspect was not being delivered. Amber would identify where there is a possibility of an overspend and/or a key service aspect may not be delivered. It may be that there are action plans in place to address an issue, where until they are successful it is flagged as Amber. Green identifies where service delivery is being performed and as above, where there are underspends. Underspends are not necessarily always green, if for example, there was a key service aspect not being delivered causing the underspend, it would be shown as Red.

- 2.3.4 The underspend within the Head of Finance/Treasurer is due to an underspend on injury pensions (£60,000), additional income following a successful court case claim (£20,000), an underspend on Gas (£15,000), a refund of external audit fees from the Public Sector Auditor Appointments (PSAA) (£5,000) and an underspend on contracted waste services (£20,000).

The (£91,000) underspend in Head of Service Delivery relates to an unbudgeted (£11,000) contribution from Luton Borough Council for Community Safety partnership work, a predicted underspend of (£70,000) on Derv across the Service as a result of continued low prices due to current and predicted economic circumstances and (£10,000) on electricity across the Service.

The (£6,000) underspend in Service Delivery Support relates unbudgeted income received from DEFRA for the National Flood Assessment Grant.

There are minor variances with the Head of Operational Assurance and the Head of Human Resources.

- 2.3.5 With the salary budgets being such a large proportion of the overall budget, the split from the budgets above is justified.

Table 2: 2017/18 Salary Budget Forecast Outturn

Title	Current Budget	Actual Spend as at 31st December 2017	Forecast year end outturn	Variance
	£	£	£	£
Whole-time	12,877,100	9,376,643	12,657,100	(220,000)
Control	996,800	767,455	996,800	0
Retained	2,009,000	1,267,303	1,829,000	(180,000)
Non Uniform	4,629,500	3,462,693	4,664,500	35,000
Agency	670,000	618,084	770,000	100,000
Total	21,182,400	15,492,178	20,917,400	(265,000)

- 2.3.6 Of the forecast £265,000 underspend, £35,000 Non-Uniform relates to the saving/efficiency item number 5 in Appendix 1, where this element will not be achieved due to the ongoing necessity of the post. £100,000 relates to the overspend within ICT due to agency staff costs covering posts that have not been filled through the recruitment process. A review of the ICT service is currently underway including reconciliation between the two shared services (BFRA and CFRS) of the staffing costs incurred to date by each partner.

Underspends within Wholetime and Retained are as a result of a difference between budgeted recruitment and retirement profiles, £100,000 has been removed from the retained budget for 2018/19. Further underspends are as a result of lower than budgeted Continuous Professional Development (CPD) payments and overtime payments across the Service. A forecast underspend on pensions is due to the reduction of employer pension contributions between the 1992 scheme and the 2015 scheme. The Wholetime salary budgets have also been reduced for the 2018/19 budget.

2.4 **Total Forecast Outturn, Salary and Non Salary:**

- 2.4.1 The total forecast variance at year end including both the non-salary figure in Table 1 above and for pay and on costs, including agency staff shown in Table 2, is currently expected to be an underspend of (£471,500).

2.5 Write-Off to Note

- 2.5.1 The Executive Committee of the FRA made a decision in between meetings to write-off an overpayment of £10,101.61 due to exceptional personal circumstances.

3. Capital Programme Monitoring

- 3.1 Table 3 below is a summary of the Authority's 2017/18 Capital Programme. The Red, Amber, Green (RAG) status indicates how well the schemes are progressing (Green being on target for year-end completion within budget; Amber indicating possible slippage or overspend; and Red indicating actual slippage/overspend or deletion of the scheme).

Table 3: The 2017/18 Capital Programme

Scheme	Budget 2017/18	Additions	Forecast Outturn	RAG status
	£'000	£'000	£'000	
Vehicles	864	0	864	Green
Whole-time availability system project	70	0	70	Green
Phase 2 Human Resource Project	50	0	50	Green
Smoke House renovation and upgrade	40	80	120	Green
Diesel dispensing monitoring equipment (across all sites)	35	0	35	Green
Refurbishment of Luton Station facilities	40	0	25	Green
Replacement of tannoy systems at Kempston & Stopsley stations	30	0	30	Green
Service wide – Capital works	80	0	80	Green
Fitness Equipment	20	0	20	Green
Core hydraulic hose	49	0	49	Green
Aerial Drone	0	25	25	Green
HQ Car parking expansion	0	75	75	
Total	1,278	180	1,458	

3.2 It should be noted that the Vehicles, ICT and HR System Projects and Property Capital Works Programmes need to be treated with fluidity as the costs and expected completion dates can vary considerably and span across financial years. However, in accordance with the financial regulations, any significant changes of expenditure over 10% of an approved capital scheme need to be reported back to the FRA.

3.3 Capital Programme – Withdrawals, Additions or Variations:

3.4 Additions:

Parking is already difficult at Service HQ and this is exacerbated when there are training courses being held. The introduction of double yellow lines in early 2018 along one side of Southfields Road and additional parking restrictions will clearly lead to a significant parking shortage.

The proposal is to extend the Training Centre car park with a grass grid base to enable twelve more spaces and redesign the main car park in front of the HQ Workshops, to create twenty-one additional spaces. As part of this, there will also be improvements to the current surfacing and drainage, a requirement from wear and tear over the years. It is proposed to fund this from the capital budget allocated to Property.

3.5 Variations and Slippages:

There are no additions or slippages to report.

**PAUL FULLER
CHIEF FIRE OFFICER**

**GAVIN CHAMBERS
HEAD OF FINANCE/TREASURER**

Appendix 1

Transformational Savings and Efficiencies 2017/18 to 2020/21

Ref	Savings/Efficiencies	£'000s 2017/18	£'000s 2018/19	£'000s 2019/20	£'000s 2020/21
1	Continued roll out/removal of 24 Wholetime station-based posts through revision to Wholetime Shift Duty System.	157			
2	Service Control/Operational Support Establishment	34			
3	Reduction of One Area Commander post and a Service Operational Commander (SOC) allowance.	78	35		
4	Hydrant - contributions (estimated) from developers, therefore reduction in revenue budget	30	20		
5	Non-operational structure review	53			
6	Administrative post review service wide	47			
7	Anticipated initial savings from Insurance pooling	10			
8	Watch Manager Technical - Change post from Grey Book (operational) to Green Book (non-operational)	18			
9	Disclosure Barring Service checks - reduction to specific groups	5			
10	Potential for sharing Fire Investigation Service with Herts/Cambs FRS	0	7		
	New items for 2017/18 budget round:				
11	Changes resulting from Equal Pay policies	27	1		
12	Income from Property Sharing	10	7		
13	Resource and Contractual Savings resulting from the new HR system	21			
14	Control Income	0	15		
15	Health and Safety Officer (Grey to Green book)	25			
16	Collaborative working - Printing device contract saving	15			
17	Management Information System (MIS) - Whole-time Rota/Availability System, Human Resources, Technical Equipment	0	0	80	
18	Review and implementation of revised crewing arrangements	0	156	156	312
		529	241	236	312