

REPORT AUTHOR: HEAD OF FINANCE/TREASURER

SUBJECT: REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2015/16 AS AT 31 JANUARY 2016

PURPOSE:

To inform the Corporate Services Policy and Challenge Group of the forecast year end budget monitoring position as at 31 January 2016.

RECOMMENDATIONS:

That the Corporate Services Policy and Challenge Group:

1. Consider the forecast outturn.
 2. Consider the allocation of the year end forecast underspend to a joint working/collaboration earmarked reserve. If agreed, to recommend this to the Fire and Rescue Authority.
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1. Introduction

- 1.1 On 19 February 2015, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2014/15 of £28.862m and a Capital Programme of £1.518m.

2. Revenue Budget Monitoring

- 2.1 A full subjective analysis of the Revenue Budget can be found on page 15 of the 2015/16 Budget Book.

2.2 The funding of the 2015/16 Revenue Budget is by way of Government Funding £8.971m, local Business Rates redistribution £2.118m and Council Tax of £17.264m. There is also funding from a Collection Fund surplus of £0.509m.

2.3 Forecasting Outturn:

2.3.1 Table 1 below is achieved by using 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 five, with the variance and RAG (red, amber, green) status shown in columns six and seven.

Table 1: 2015/16 Revenue Budget Forecast Outturn (excluding salary budgets)

Title	Actual 2014/15	Current Budget	YTD Actuals	Forecast Year End Outturn	Variance	RAG status (see note below**)
	£'000	£'000	£'000	£'000	£'000	
Strategic Management	53	102	(4)	102	0	Green
Head of Operations	915	805	641	773	(32)	Green
Head of Operational Support	669	836	464	920	84	Green
Head of Community Safety	217	216	160	222	6	Green
Human Resources Manager	205	314	113	318	4	Green
Head of Strategic Support	1,146	1,399	1,031	1,448	49	Green
Head of Safety and Special Projects	7	7	7	7	0	Green
Head of Training and Development	402	598	284	598	0	Green
Head of Finance and Treasurer	4,109	4,531	1,610	4,586	55	Green
Total	7,723	8,808	4,306	8,974	166	

**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.

2.3.3 The main areas of over/underspends identified in Table 1 are noted below:

There is a forecast underspend (£32,000) within the Head of Operations as a result of the cost of the worldwide fall in the price Derv and other fuels.

The forecast overspend within the Head of Operational Support is as a result of the known additional costs associated with the Replacement Mobilising System (RMS) project which are offset by the reduction in revenue spend of (£19,000) on the leases of three fire appliances that came to an end in November 2015.

The forecast overspend against budget within the Head of Strategic Support area of £49,000 is as a result of printing charges/changing print providers and costs associated with IT software and support.

The New Dimensions Grant that is received from the DCLG under the budget of the Head of Training and Development will be £20,000 lower than in previous years. The DCLG has revised their figures. It is anticipated that this reduction in grant will be managed within existing budgets. This has been updated in the 2016/17 budget setting process.

The forecast overspend under the Head of Finance/Treasurer is as a result of lower than expected housing rent returns due to vacant properties and an increase in service agreement expenditure by the Property Section. This has been offset by the Section 31 Grant that reimburses authorities from the impact of changes incurred under the business rate retention schemes. This grant payment concerns the business rates changes announced in the 2012, 2013 and 2014 Autumn Statements.

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

Table 2: 2015/16 Salary Budget Forecast Outturn

Title	Actual 2014/15	Current Budget	YTD Actuals	Forecast Year End Outturn	Variance
	£'000	£'000	£'000	£'000	£'000
Whole-time	13,090	12,911	9,467	12,608	(303)
Control	1,005	896	692	917	21
Retained	1,759	2,012	1,278	1,766	(246)
Non Uniform/Agency	4,752	4,904	3,571	4,808	(96)
Total	20,606	20,723	15,008	20,099	(624)

2.3.5 The main areas of over/underspends as identified in Table 2 above are as follows:

The Firefighters pay award was budgeted at 2%. The agreed pay award was ultimately 1%, therefore the above underspend includes (£120,000) apportioned across Wholetime, Control and Retained is as a result of this lower than budgeted pay award. This will have a positive knock on impact in the Medium Term Revenue Programme (MTRP) too that has been factored into the 2016/17 budget. There have also been more leavers than anticipated, due to a competitive employment market for the skills that Firefighters have. These vacancies, including planned and unplanned early retirements, have further increased this underspend. The salary expenditure forecasts for both Wholetime and Retained Firefighters have also reduced following the announcement that there will be no further strike action until 2017.

A Wholetime Firefighters recruitment process is currently in progress. As detailed in the savings and efficiencies plan, £263,000 will be removed from the wholetime salary budget in 2016/17 and £157,000 in 2017/18.

The Retained Budget has a forecast year end under spend of (£246,000). The review of this area is currently part of a project that links into the Capital Programme scheme on RDS shown below in Table 3. As detailed in the savings and efficiencies plan, £127,000 will be removed from the retained salary budget in 2016/17 as part of the savings/efficiencies associated with the project work. This project is funded by the DCLG Transformation Capital funding following the successful bid in 2015.

The underspend reported in Non-Uniform/Agency is as a result of vacancies within HSS (£66,000), the Training Centre (£29,000) and part year vacancy within Strategic Policy (£10,000) and other minor variances.

2.4.1 Total Forecast Outturn, Salary and Non Salary:

2.4.2 The total forecast underspend including both the non-salary figure in Table 1 above and pay and on costs, including agency staff shown in Table 2, is an underspend of (£458,000).

Earmarked Reserve for Joint Working/Collaboration

2.4.3 It was suggested in the 2016/17 FRA Budget Report, that the 2015/16 forecast year end underspend could be allocated to a joint working/collaboration earmarked reserve. With the potential work in this area with partners, which could lead to both revenue and capital expenditure, it is considered that this would be valid earmarked reserve. This could be un-earmarked at any stage, should these developing partner relationships not require pump priming funding.

3. Capital Programme Monitoring

3.1 Table 3 below is a summary of the Authority’s 2015/16 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 2015/16 Capital Programme

Scheme	Revised Budget 2015/16	Forecast Outturn	Variance	Slippage	RAG status
	£'000	£'000	£'000	£'000	
IT Virtual Desktop Infrastructure (VDI)	175	175	0	0	Green – roll out commenced
Replacement Telephony System (continued from 2014/15)	127	127	0	0	Green – pilot to commence in 15/16, scheme into 16/17 too
Capital Works - Service Wide	80	80	0	0	Green – rolling programme
Breathing Apparatus Calibrator	11	11	0	0	Green
Replace Defibrillators	10	10	0	0	Green

Scheme	Revised Budget 2015/16	Forecast Outturn	Variance	Slippage	RAG status
Thermal Imaging cameras	55	0	0	55	Red/ slippage
Replace Decontamination Shelter	9	9	0	0	Green
HR Project	207	207	0	0	Green – planned into 2016/17 too
Fitness Equipment Expenditure	8	8	0	0	Green
Retained Duty System (RDS) pagers	180	180	0	0	Green – 2015/16 & 2016/17 project
Vehicles	911	911	0	0	Green – into 2016/17 too
Generators/UPS	40	40	0	0	Green
Total	1,606	1,551	0	55	

3.2 It should be noted that the Vehicles, HR Project and Capital works Programmes need to be treated with fluidity as the costs and expected build 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:

3.3.1 None to report this month.

3.4 Capital Programme – Additions

3.4.1 None to report this month

3.5 Capital Programme – Variations:

3.5.1 None to report this month.

3.6 Slippages:

3.6.1 The spend on Thermal Imaging Cameras has previously been reported, as it has slipped from 2015/16 into 2016/17 as a result of the service awaiting developments in technology. This should result in better equipment to be purchased in 2016/17.

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