

For Publication

**Bedfordshire Fire and Rescue Authority
Corporate Services Policy and Challenge Group
13th September 2018
Item No. 6**

REPORT AUTHOR: HEAD OF FINANCE/TREASURER

SUBJECT: REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2018/19 AS AT 31 JULY 2018

For further information on this Report contact: Gavin Chambers, Head of Finance/Treasurer

Background Papers: 2018/19 FRA Budget Papers

Implications (tick ✓):

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

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

PURPOSE:

To inform the Corporate Services Policy and Challenge Group (CSP&CG) of the forecast year end budget monitoring position as at 31 July 2018 and to seek agreement to the recommendations contained within.

RECOMMENDATIONS:

That the CSP&CG:

1. Review and comment on the forecast outturns for revenue and capital.
 2. That the £90k underspend already identified is recommended to the FRA to be moved to the Transformation Reserve.
 3. To note the Drone capital purchase solely by the Authority.
 4. To recommend to the FRA that the Asset Management/Fleet System is added to the 2018/19 Revenue Budget.
 5. To recommend to the FRA that the Sharepoint and Xen Desktop capital schemes are transferred to revenue projects.
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1. Introduction

- 1.1 On 8 February 2018, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2018/19 of £29.437m and a Capital Programme of £1.253m.

2. Revenue Budget Monitoring

- 2.1 The Revenue Budget efficiency savings for 2018/19 can be found in Appendix 1. The budgets have been reduced for these areas, therefore if they are not achieved it is likely this would lead to an overspend. This appendix forms part of the Government return, in order to receive the four year Government funding offer. It will also be used to populate the new NFCC savings and efficiencies return.

- 2.2 The funding of the 2018/19 Revenue Budget is by way of Government Funding £6.768m, local Business Rates redistribution £2.136m and Council Tax of £19.972m. There is also funding from a Collection Fund surplus of £0.291m, a further amount of £0.270m is funded from Corporate reserves.

2.3 **Forecasting Outturn:**

- 2.3.1 Tables 1 and 2 below are populated during the year in line with the spreadsheet 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 three, with the variance and RAG (red, amber, green) status shown in columns four and five.

2.3.3 Table 1: 2018/19 Revenue Budget Forecast Outturn (excluding salary budgets)

Title	Current Budget £	YTD Actuals as at 31 July 2018	F/cast Yr-End Outturn £	Variance £	RAG status (see note below**)
Strategic Management	143,100	18,533	143,100	0	Green
Head of Finance and Treasurer	4,235,000	164,022	4,145,000	(90,000)	Green
Head of Response	1,028,600	322,970	1,028,600	0	Green
Head of Service Development and Assurance	186,300	89,866	186,300	0	Green
Head of Service Support	1,068,900	212,932	1,068,900	0	Green
Head of Protection	137,800	30,338	137,800	0	Green
Head of Information Communications Technology	1,303,400	313,477	1,303,400	0	Green
Head of Human Resources	199,700	27,355	199,700	0	Green
Total	8,302,800	1,179,493	8,212,800	(90,000)	

**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 There is currently one predicted non-salary over spends within any of the CMT service areas.

2.3.5 The forecast underspend of (£90k) within Head of Finance and Treasurer relates to extra income from the Ministry of Housing, Communities & Local Government, following a recalculation of business rates from prior years which was unbudgeted. It is recommended that this (£90k) is moved in year to the Transformation Reserve, to support future years' budget setting.

2.3.6 The current year to date (YTD) spend as at 31 July 2018 looks low in a number of areas, the reasons for this are highlighted below;

Strategic Management includes an Earmarked Reserve for £47k to help fund defibrillators in the community which is ongoing across a number of years and any underspend will be carried forward into 2019/20 for spend in future years. There is also a budget for the service Awards evening that takes place in September 2018.

Head of Finance and Treasurer budget includes £2m of year-end adjustments for contributions to capital, loan principal and interest and also the income received from our local authority partners which is received over 11 months, so not equally apportioned across the financial year. Overall these variances will be £0 at year end.

The budget for Head of Service Development and Assurance includes £20k which was earmarked from 2017/18 budget for development work on the new Corporate website and community consultation and engagement on the service CRMP for 2018/19. It is expected this will be spent by the end of the financial year.

The low spend to date within Head of Support Services relates mainly to unbudgeted income received in relation to the Emergency Services Mobile Communications Project (ESMCP) of £183k not yet spent, any unspent income will be carried forward into future years at year end as the project crosses over a number of financial years.

There are unspent earmarked reserves within the budget for Head of Human Resources totalling £30k, this is for both legal work and pensions work which have not yet taken place due to their complexity however these are expected to be completed by year end.

The low spend in Head of Protection is mainly as a result of the budget for smoke alarms being profiled equally across the financial year however there is no pattern to the actual spend on these items and it is expected to show a nil (£0) variance at the year end.

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

Table 2: 2018/19 Salary Budget Forecast Outturn

Category	Current Budget £	YTD Actuals as at 31 July 2018 £	Forecast year end outturn £	Variance £
Whole Time	13,231,100	4,300,216	13,231,100	0
Control	884,000	310,139	884,000	0
Retained	1,948,700	555,994	1,948,700	0
Non operational	5,280,180	1,622,281	5,280,180	0
Agency	210,520	146,709	210,520	0
Grand Total	21,554,500	6,935,339	21,554,500	0

2.3.8 There are currently no variances to budgets forecast on salaries, however, further work is being undertaken on these forecasts with particularly emphasis on Wholetime and Retained.

2.3.9 Should the 2% pay award for firefighters be agreed for July 2018 onwards, subject to continuing discussion with the Fire Brigades Union on the Firefighter role map, the underspend in 2018/19 to be set aside is £198k. To date there is an underspend relating to this totalling in the region of £60k, this includes an element relating to the 1% difference between the budgeted pay award and actual pay award on 1 July 2017 settlement and the pay award effective from 1 July 2018 which is yet to be agreed.

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 (£90k).

3. Capital Programme Monitoring

3.1 Table 4 below is the 2018/19 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

- 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.

Table 4: The 2018/19 Capital Programme

Scheme	2018/19 £'000s	Forecast Outturn £'000s	RAG Status
<u>Fleet:</u>			
Vehicles/associated equipment	404	404	G
<u>ICT Projects:</u>			
IT Developments			
Server hardware renewal (deferred from 2015/16)	320	320	G
IT & Communications			
Renewal of Risk Information Mobile Data Terminals (GPS, premises information)	211	211	G
Xen Desktop (VDI phase 2) (to be reallocated to revenue)	104	104	A
SharePoint upgrade (to be reallocated to revenue)	77	77	G
<u>General:</u>			
Capital Works - Service Wide (roofs, drill grounds, etc)	80	80	G
Fitness Equipment Expenditure	15	15	G
Workshop vehicle lifting equipment	42	42	G
TOTAL	1,253	1,253	

3.3 Capital Programme – Withdrawals, Additions or Variations:

- 3.3.1 Slippage and move to revenue – the Xen Desktop (VDI Phase 2) may slip into April 2019. Although work will progress towards completing this in year, the Amber status is to flag this potential delay due to ICT workloads. This is also to be removed from the Capital Programme and reallocated to revenue. The majority of spend is on new licences so not a capital asset.

Move to revenue - The Sharepoint upgrade noted above in Table 4 will be moved from the capital programme to a revenue scheme, as there will not be a capital asset at the end of the process. There are no funding implications as this will still be funded by revenue.

3.3.2 Variation - It is to be noted that the 2017/18 capital scheme for the purchase of a drone is progressing, however, the approved budget of £25k that was to be equally split with the police will now be met fully by the Authority. This will be met from revenue funding.

3.3.3 Addition – Asset and Fleet Management Project

The Asset Management System replacement is currently forecast at £300k in the 2020/21 Capital Programme. It is now required to be brought forward into 2018/19.

This project falls into two parts, the need to replace the fleet management system due to the withdrawal of the Service from the current system provision and the need to put in place an automated asset management system, as identified through internal audits by RSM.

The project status is currently Green, on track. The requirement to prepare “as is” business process maps for the principle business processes currently used for asset and fleet management is now complete and was presented on 17 August to the Project Executive, SOC C Ball. Following acceptance, the project will move forward to the mini-tender stage through the G Cloud Framework. Following FRA agreement to proceed this can be underway in September.

Looking at the options available on the G Cloud Framework, an indicative revenue figure of £60k is to implement a system, and ongoing annual license fee of £24k. The funding will be met in year from either revenue or an earmarked reserve.

GAVIN CHAMBERS
HEAD OF FINANCE/TREASURER

Medium Term Savings and Efficiencies 2018/19

CMT Lead	Ref	Savings/Efficiencies	2018/19 £'000s	RAG Status
HRes	1	Reduction of One Area Commander post and a Service Operational Commander (SOC) allowance (main financial impact was in 2017/18).	35	G – complete
HFAT	2	Income from Property Rents & Collaboration	15	G – complete
HP/HRes	3	Control Income generation	15	A – not progressed
		New Savings as part of the 2018/19 budget setting process		
HFAT	4	Saving following Procurement of new Fire Fighter PPE Contract	50	A – to be costed old v new contract
HSS	5	Air Bags (operational use for lifting)	35	G – complete
HFAT	6	Re-tender of service wide waste contract	20	G – complete
HFAT	7	Refreshments reduction at Committees and meetings	1	G – complete
HICT	8	Printers/Photocopiers leasing renegotiation	7	G – complete
		Total	178	