

For Publication

**Bedfordshire Fire and Rescue Authority
Corporate Services Policy and Challenge Group
27 November 2018
Item No. 8**

REPORT AUTHOR: HEAD OF FINANCE/TREASURER

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

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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 October 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.
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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	F/cast Yr-End Outturn £	Variance £	RAG status (see note below**)
Strategic Management	143,100	38,234	143,100	0	Green
Head of Finance and Treasurer	4,046,600	1,527,680	4,046,600	0	Green
Head of Response	1,026,200	595,288	1,026,200	0	Green
Head of Service Development and Assurance	199,700	124,384	199,700	0	Green
Head of Service Support	1,055,500	506,220	1,055,500	0	Green
Head of Protection	138,600	66,440	138,600	0	Green
Head of Information Communications Technology	1,665,500	535,657	1,665,500	0	Green
Head of Human Resources	229,600	93,568	229,600	0	Green
Total	8,504,800	3,487,471	8,504,800	0	

**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 are currently no predicted non-salary under/over spends within any of the CMT service areas.
- 2.3.5 The previously reported 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 and has been moved to the Transformation Reserve as previously agreed to support future years' budget setting.
- 2.3.6 The current year to date (YTD) spend as at 31 October 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.

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.

Head of Support Services - The low spend to date 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.

Head of Protection - The low spend to date 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.

Head of Information Communications Technology – The low spend to date is due to the movement of £181k from Capital to revenue for the Xen Desktop (£104k) & SharePoint (£77k) upgrade as previously reported, as well as recharges for ICT shared Services not yet paid £35k. A risk remains that due to ICT workloads these projects may slip into 2019/20. Overall these variances will be £0 at year end. The forecast year end recharge between services is currently being calculated.

Head of Human Resources - There are unspent earmarked reserves within the budget 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.

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

2.3.8 As previously reported and noted in Appendix 1, the forecast saving/efficiency of £50k for PPE will not be delivered in 2018/19. However, this will be exceeded in 2019/20 and will therefore be captured with the forthcoming budget process.

Table 2: 2018/19 Salary Budget Forecast Outturn

Category	Current Budget £	YTD Actuals £	Forecast year end outturn £	Variance £
Whole Time	13,184,600	7,553,191	12,870,100	(314,500)
Control	940,600	548,745	940,600	0
Retained	1,878,600	987,250	1,728,600	(150,000)
Non operational	5,164,500	2,881,679	5,164,500	0
Agency	365,200	241,339	365,200	0
Grand Total	21,533,500	12,212,204	21,069,000	(464,500)

2.3.9 The pay award for firefighters for July 2018 onwards was agreed at 2%, this has led to an underspend of (£188k) within Whole Time for 2018/19. Following detailed budget analysis (£127k) has been identified relating to employer pension costs, for employees transitioning between the Firefighter pension schemes. With the next 2015 scheme having a lower employer contribution rate, these savings have been identified.

2.3.10 Retained salaries are forecast to have an underspend of (£150k) due to a continued number of vacancies within this area. There is currently a project underway, and progressing well, reviewing the Retained Duty System.

2.4 Total Forecast Outturn, Salary and Non Salary:

2.4.1 The total forecast variance at year end including both the non-salary figures 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 (£465k).

3. Capital Programme Monitoring

3.1 Table 3 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 3: 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) (reallocated to revenue)	0	0	N/A
SharePoint upgrade (reallocated to revenue)	0	0	N/A
<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	

3.4 Capital Programme – Withdrawals, Additions or Variations:

3.4.1 Move to revenue - The Sharepoint (£77k) upgrade and the Xen Desktop (£104k) noted above in Table 3 have been 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. This has previously been presented and approved by Members.

**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	R – as reported, moved to 2019/20
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	