

**REPORT AUTHOR:** T/ASSISTANT CHIEF OFFICER - FINANCE AND CORPORATE SERVICES

**SUBJECT:** REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2018/19 AS AT 31 JANUARY 2019

For further information on this Report contact: Gavin Chambers  
 T/Assistant Chief Officer (Finance and Corporate Services)  
 Tel 01234 845163

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 January 2019 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.

## 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          | 56,300           | 143,100                 | 0             | Green                         |
| T / ACO - Finance and Corporate Services      | 4,023,600        | 2,072,686        | 4,023,600               | 0             | Green                         |
| Head of Response                              | 1,026,200        | 911,269          | 1,008,200               | (18,000)      | Green                         |
| Head of Service Development and Assurance     | 215,700          | 174,610          | 215,700                 | 0             | Green                         |
| Head of Service Support                       | 1,055,500        | 716,750          | 1,106,500               | 51,000        | Green                         |
| Head of Protection                            | 138,200          | 81,253           | 138,200                 | 0             | Green                         |
| Head of Information Communications Technology | 1,491,900        | 765,083          | 1,491,900               | 0             | Green                         |
| Head of Human Resources                       | 244,100          | 130,616          | 236,100                 | (8,000)       | Green                         |
| <b>Total</b>                                  | <b>8,338,300</b> | <b>4,908,567</b> | <b>8,363,300</b>        | <b>25,000</b> |                               |

\*\*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 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.
- 2.3.5 The current year to date (YTD) spend as at 31 January 2019 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 and a further £23k for Service Events, both of which are ongoing across a number of years and any underspend will be carried forward into 2019/20 for spend in future years.

T / ACO - Finance and Corporate Services 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 Response is predicting an underspend (£18k) due to the low price of Derv.

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. It is forecast that there will be an overspend in this area relating to Technical equipment where it has been necessary to purchase a number of items including, hose reels and lay flat hoses £17k, the purchase of Privacy Screens from the EU which have been purchased in advance of Brexit to mitigate any potential supply problems £14k. There have also been unforeseen changes to the Breathing Apparatus (BA sets and compressors along with testing equipment for moisture monitoring £20k.

The low spend to date in the 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.

Within Head of Information Communications Technology the low spend to date is due to the movement of £181k from Capital to revenue for the Xin Desktop £104k & SharePoint £77k upgrade as previously reported, we are awaiting a further £135k worth of invoices from August 2018 to January 2019 from the Home Office relating to mobile communications, recharges for ICT shared Services not yet calculated which is estimated to be £60k. A risk remains that due to ICT workloads these projects may slip into 2019/20. Overall these variances will be £0 at year end.

Head of Human Resources directorate is predicting a year end underspend of (£8k) relating to the costs of Physiotherapy and Employee Assistance Programme within Occupational Health.

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

2.3.7 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**

| <b>Category</b>                   | <b>Current Budget £</b> | <b>YTD Actuals £</b> | <b>Forecast year end outturn £</b> | <b>Variance £</b> |
|-----------------------------------|-------------------------|----------------------|------------------------------------|-------------------|
| Whole Time                        | 13,199,300              | 10,953,077           | 12,954,300                         | (245,000)         |
| Control                           | 894,500                 | 773,670              | 894,500                            | 0                 |
| Retained                          | 1,878,600               | 1,437,188            | 1,728,600                          | (150,000)         |
| Non operational                   | 5,152,900               | 4,262,237            | 5,046,900                          | (106,000)         |
| Agency                            | 393,700                 | 300,218              | 393,700                            | 0                 |
| Holiday Pay costs relating to O/T | 0                       | 0                    | 27,000                             | 27,000            |
| <b>Grand Total</b>                | <b>21,519,000</b>       | <b>17,726,390</b>    | <b>21,045,000</b>                  | <b>(474,000)</b>  |

2.3.8 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 different pension schemes. With the next 2015 scheme having a lower employer contribution rate, these savings have been identified and have been captured in the 2019/20 budget as part of the budget setting process. These savings have been offset by a temporary increase in posts above the budgeted establishment due to the forward recruitment of firefighters currently in training to ensure there is no gap in front line provision when retirements take place.

2.3.9 Retained salaries are forecast to have an underspend of (£150k) due to a continued number of vacancies within this area. Due to the ongoing changing vacancies within this area work is ongoing to review the Retained Duty System.

2.3.10 The underspend within the Non-operational area relate to vacancies within ICT (£30k), Workshops (£30k), Occupational Health (£20k), Office Services (£17k) and Finance (£9k). The ICT underspend relates to the Shared Service team and does not take into account the year end recharge done between the two Authorities.

2.3.11 The £27k overspend in the table above relates to the payment of holiday pay on overtime worked, the exact details of this are being finalised and will be included within each of the Category areas in the out-turn report.

#### 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 (£449k). This underspend will be moved to the Transformational Reserve as agreed by the Fire and Rescue Authority (FRA) on the 7 February 2019.

2.4.2 The Authority is due to receive £340k by the end of 2018/19 from the previous Pensions Administrator. This is following an agreement by both parties on past services received and is in addition to the forecast underspend above.

### 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**

| <b>Scheme</b>   | <b>2018/19 £'000s</b> | <b>Forecast Outturn<br/>£'000s</b> | <b>RAG Status</b>                           |
|---|-----------------------|------------------------------------|---|
| <b><u>Fleet:</u></b>  |                       |                                    |   |
| Vehicles/associated equipment   | 404                   | 404                                | G   |
| <b><u>ICT Projects:</u></b>   |                       |                                    |   |
| <b>IT Developments</b>  |                       |                                    |   |
| Server hardware renewal (deferred from 2015/16)                               | 320                   | 257                                | G (An underspend has been forecast of £63k) |
| <b>IT &amp; Communications</b>  |                       |                                    |   |
| Renewal of Risk Information Mobile Data Terminals (GPS, premises information) | 211                   | 211                                | G   |
| <b><u>General:</u></b>  |                       |                                    |   |
| Capital Works - Service Wide (roofs, drill grounds, etc.)                     | 80                    | 80                                 | G   |
| Fitness Equipment Expenditure   | 15                    | 15                                 | G   |
| Workshop vehicle lifting equipment  | 42                    | 42                                 | G   |
| <b>TOTAL</b>  | <b>1,072</b>          | <b>1,009</b>                       |   |

**3.4 Capital Programme – Withdrawals, Additions or Variations:**

3.4.1 Variation – The Server Hardware renewal project has finished and has been delivered on time with an underspend of (£63k).

**GAVIN CHAMBERS**  
**T/ASSISTANT CHIEF OFFICER - FINANCE AND CORPORATE SERVICES**

**Medium Term Savings and Efficiencies 2018/19**

| <b>CMT Lead</b> | <b>Ref</b> | <b>Savings/Efficiencies</b>  | <b>2018/19<br/>£'000s</b> | <b>RAG Status</b>                 |
|-----------------|------------|--|---------------------------|-----------------------------------|
| 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                |
|                 |            | <b>New Savings as part of the 2018/19 budget setting process</b>   |                           |                                   |
| 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                      |
|                 |            | <b>Total</b>   | <b>178</b>                |                                   |