
REPORT AUTHOR: ASSISTANT CHIEF OFFICER - FINANCE AND CORPORATE SERVICES

SUBJECT: REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2019/20 AS AT 30 JUNE 2019

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Background 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 Fire and Rescue Authority (FRA) of the forecast year end budget monitoring position as at 30 June 2019 and to seek agreement to the recommendations contained within.

RECOMMENDATION:

That the FRA:

1. Review and comment on the forecast outturns for revenue and capital.
 2. Note the comments in para 2.3.9 regarding the reconciliation work being undertaken regarding the firefighter pension schemes.
 3. To agree that Wi-Fi refresh is brought forward from the 2020/21 capital budget into 2019/20.
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1. Introduction

- 1.1 On 7 February 2019, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2019/20 of £29.836m and a Capital Programme of £1.736

2. Revenue Budget Monitoring

- 2.1 The Revenue Budget efficiency savings for 2019/20 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 2019/20 Revenue Budget is by way of Government Funding £6.410m, local Business Rates redistribution £2.222m and Council Tax of £20.973m, there is also funding from a Collection Fund surplus of £0.231m

Forecasting Outturn:

- 2.3.1 Table 1 below is 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: 2019/20 Revenue Budget Forecast Outturn (excluding salary budgets)

Title	Current Budget £	F/cast Yr-End Outturn £	Variance £	RAG status (see note below**)
Strategic Management	132,300	132,300	0	Green
Assistant Chief Officer	2,951,300	2,917,300	(34,000)	Green
Head of Response	913,800	913,800	0	Green
Head of Service Development and Assurance	223,100	223,100	0	Green
Head of Service Support	1,871,000	1,871,000	0	Green
Head of Protection	157,800	157,800	0	Green
Head of Information Communications Technology	1,339,300	1,339,300	0	Green
Head of Human Resources	221,700	221,700	0	Green
Total	7,810,300	7,776,300	(34,000)	

**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 The forecast underspend of (£34k) within the Assistant Chief Officers' (ACO) area identified above in table 1, relates to extra income from the Ministry of Housing, Communities & Local Government (MHCLG), following a recalculation of business rates surpluses.

2.3.5 Table 1 above does not include year to date (YTD) actual spend figures (£) due to year-end accruals for goods and services relating to the financial year 2018/19 which are yet to be invoiced which has the effect of significantly reducing the actual spend to date. Future reports will include a column for YTD (£) with explanations for variances against budgets.

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

Table 2: 2019/20 Salary Budget Forecast Outturn

Category	Current Budget £	Forecast year end outturn £	Variance £
Wholetime	13,837,200	13,837,200	0
Control	932,300	932,300	0
Retained	1,872,600	1,872,600	0
Non operational	5,574,800	5,574,800	0
Agency	153,900	153,900	0
Grand Total	22,370,800	22,370,800	0

2.3.7 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.

2.3.8 The budget figures (£) in table 2 above include a 5% pay award for firefighters that is yet to be agreed for July 2019 onwards and is subject to continuing discussion with the Fire Brigades Union on the broadening role of the Firefighter.

2.3.9 From July 2019 the employer contributions for each of the firefighter pension schemes will increase significantly, first indications show that this is likely to add an extra £1.5m cost to the Wholetime and Retained figures (£) above however further work is being undertaken on this and progress on this will be reported to the FRA in future reports. In 2019/20 the costs for these extra employer contributions will be met from a grant from government, however it is unclear if these costs will be fully met in future financial years. The grant for 2019/20 has been set at (£1.7m) however until the detailed reconciliation work has been completed it is not yet clear if this will be sufficient or insufficient to cover these costs. It is currently unclear if the Authority will be required to repay any excess grant received or if further funds will be available should the grant received be insufficient to cover the actuals costs of these increases.

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 (£34k).

3. **Capital Programme Monitoring**

3.1 Table 3 below is the 2019/20 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 2019/20 Capital Programme

Scheme	2019/20 £'000s	Forecast Outturn £'000s	RAG Status
<u>Fleet:</u>			
Vehicles/associated equipment	1,290	1,290	G
<u>IT Developments:</u>			
Renewal of Mobilising System Mobile Data Terminals	276	276	G
<u>General:</u>			
Capital Works - Service Wide	68	68	G
Drill yard resurfacing (Biggleswade, Luton, Woburn)	25	25	G
WC/Shower facility refurbishments (Amphill, Dunstable, Harrold, Workshops, Training, Luton)	25	25	G
Community Facility - Bedford Station	44	44	G
Fitness Equipment Expenditure	8	8	G
TOTAL	1,736	1,736	

3.3 Capital Programme – Withdrawals, Additions or Variations:

3.3.1 Slippage:

There are no additions to the capital programme.

3.3.2 Variations:

There are no variations to the capital programme

3.3.3 Additions:

The service wide WiFi refresh replacement is currently forecast at £75k in the 2020/21 Capital Programme. It is now required to be brought forward into 2019/20 to align this with Cambridgeshire Fire and Rescue Service so we can pool the budget and let ICT roll it out at the same time across both organisations, the joint procurement of this should result in efficiencies.

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Medium Term Savings and Efficiencies 2019/20

Appendix 1

CMT Lead	Savings/Efficiencies	£'000s 2019/20	RAG Status
Hres	Control Income generation	15	A – work progressing
HICT	Management Information System (MIS) - Wholetime Rota/Availability System, Human Resources, Technical Equipment	45	G – complete
ACO	Saving following Procurement of new Fire Fighter PPE Contract (was £50k in 18/19, now additional £50k therefore £100k in total)	100	G – complete
HSS	Draw down apprenticeship levy (therefore reduction in training budget)	50	G
ALL	2019/20 Zero Base Budget Exercise (forecast reduction)	100	G – complete
ACO	To capture Fire & Rescue Indemnity Company - no Insurance Premium Tax	20	G – complete
HICT	Savings from MDT collaborative procurement and review of licenses	40	G – yet to be finalised
HICT	Savings due to new ICT contract	5	G – complete
HSS	Savings from internal Blue Light Installations	20	A - This should have been split across the life of the contract @ £5k per annum
ACO	Procurement - (various including stationery, cleaning materials & Fire Safety checks)	10	G – on target
ACO	Energy Management Savings (Insulation & works)	5	G – on target
CFO	To capture salary abatement & pension savings	85	G – on target
	Total	495	

- NB – the amounts above (£) have been removed from the budgets in tables 1 and 2 in the main report.