

For Publication

Bedfordshire Fire and Rescue Authority
Corporate Services Policy and Challenge Group
26 November 2015
Item No. 9

REPORT AUTHOR: HEAD OF FINANCE/TREASURER

SUBJECT: REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2015/16 AS AT 30 SEPTEMBER 2015

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Background Papers: 2015/16 Budget setting papers, the 2015/16 Budget Book and previous budget monitoring reports.

Implications (tick ✓):

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

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 30 September 2015.

RECOMMENDATION:

That the CSP&CG consider the report and the forecast outturn.

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	Fcast yr end outturn	Variance	RAG status (see note below**)
	£'000	£'000	£'000	£'000	£'000	
Strategic Management	53	102	26	102	0	Green
Head of Operations	914	805	413	805	0	Green
Head of Operational Support	669	836	301	817	(19)	Green
Head of Community Safety	209	189	76	189	0	Green
Human Resources Manager	214	348	73	348	0	Green
Head of Strategic Support	1,146	1,379	522	1,399	20	Green
Head of Safety and Special Projects	7	6	2	6	0	Green
Head of Training and Development	402	598	160	598	0	Green
Head of Finance and Treasurer	3,291	3,727	993	3,715	(12)	Green
Total	6,905	7,990	2,566	7,979	(11)	

**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:

No major variances to report.

The forecast surplus under the Head of Operational Support is as a result of the reduction in revenue spend on the leases of 3 Fire Appliances which comes to an end in November 2015.

The forecast overspend against budget within the Head of Strategic Support area is as a result of printing charges. Further work is on-going to see if the costs can be mitigated within existing budgets. The low year-to-date actuals shown within the Head of Strategic Support area in table one are mainly associated with computer hardware and software costs relating to various corporate projects. The current plans show that this allocated money will be spent and that these areas will show a zero (£0) variance at year end.

The New Dimensions Grant that is received from the DCLG under the budget of the Head of Training and Development will be £20k 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 will be realigned in the 2016/17 budget setting process.

The forecast surplus under the Head of Finance/Treasurer is as a result of the Section 31 Grant that reimburses authorities from the impact of tax changes incurred under the business rate retention schemes. This is £48,000 higher than estimated. This grant payment concerns the changes announced in the 2012, 2013 and 2014 Autumn Statements. This is offset by forecast overspends in relation to Property services received of £20,000 and reduced rental income on vacant properties of £16,000.

The low year to date position for Community Safety in Table 1 above (£35,000 YTD) does not reflect the committed spend within this area (£68,000 in the smoke alarm budget already committed), plans are also in place to utilise the budgets fully and it is anticipated that there will be no underspend within these budgets at the end of the financial year. Other plans include work on-going with Strategic Support to use more accurate data which will enable the service to more specifically target households and increase the level of assistive technology, this will include Cold Alarms and Heat Alarms.

Within the position to date in table 1 above the HHR year to date position does not reflect the forecast spend on earmarked reserves which will be used to partially offset the increase in costs associated with the HR project (see 3.4.1 below) or the forecast spend on consultancy costs associated with the changes to Firefighters pensions that have recently happened. There are also various costs associated with Occupational Health Software that will be paid for towards the end of the financial year.

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	13,052	6,420	12,962	(90)
Control	1,005	896	470	886	(10)
Retained	1,759	1,938	847	1,818	(120)
Non Uniform/Agency	4,752	4,912	2,400	4,870	(42)
Total	20,606	20,798	10,137	20,536	(262)

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%. This has now been agreed at 1%, therefore the above underspend of £248,000 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. As a result of the addition of the HR Systems project £74,000 of this underspend will be used to increase the funding of the project.

The underspend reported in Non Uniform/Agency is as a result of vacancies within the Training Centre (£25k) and part year vacancy within Strategic Policy (£10,000) and £7,000 within Finance.

The Retained Duty System (RDS) project has so far identified an under spend of (£120,000) in 2015 with work on-going to identify further savings and this will be reported in due course following further work and analysis. Due to the addition to the Capital programme of £74,000 for the HR Systems project (see 3.4.1 below) £74,000 has been vired from the retained budget in order to support this expenditure.

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.

2.4 Total Forecast Outturn, Salary and Non Salary:

2.4.1 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 (£273,000).

2.4.2 The planned savings and efficiencies that were approved as part of the 2015/16 budget are attached at Appendix 1. All for 2015/16 are showing as Green, as they are currently on target for completion by the year end. The savings and efficiencies in 2016/17 will be revisited again as part of the budget setting process.

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
Replacement Telephony System (continued from 2014/15)	127	127	0	0	Green
Capital Works - Service Wide	80	80	0	0	Green
Breathing Apparatus Calibrator	11	11	0	0	Green
Replace Defibrillators	10	10	0	0	Green
Thermal Imaging cameras	55	0	0	55	Red/ slippage
Replace Decontamination Shelter	9	9	0	0	Green
Fitness Equipment Expenditure	8	8	0	0	Green
HR System Project	207	207	0	0	Amber
Retained Duty System (RDS) pagers	180	180	0	0	Green
Vehicles	911	911	0	0	Green
Generators/UPS	40	40	0	0	Green
Total	1,813	1,758	0	55	

3.2 It should be noted that the Vehicles Capital Programme needs to be treated with fluidity as the costs and expected build dates can vary considerably. 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 There is one addition this month and this is the additional funding for the HR System project which was agreed at the FRA meeting on 21 October 2015. This project had £100,000 allocated to it from a prior year's approved Capital Programme and further revenue funding of £32,500 has been earmarked. After further work it was identified that there was a need for a further £74,000 funding as a result of new and continued work pressures on the HR Team, additional support is required to run this key project. The additional funding of £74,000 is to be funded from the in-year salary underspend.

3.5 Capital Programme – Variations:

3.5.1 None to report.

3.6 Slippages:

3.6.1 The spend on Thermal Imaging Cameras has slipped from 2015/16 into 2016/17 as a result of the service awaiting developments in technology which potentially will offer a better operational solution but this will not be known until 2016/17.

**PAUL FULLER
CHIEF FIRE OFFICER**

**GAVIN CHAMBERS
HEAD OF FINANCE/TREASURER**

Transformational Savings and Efficiencies 2015/16 to 2018/19					
		£	£	£	£
Ref	Savings/Efficiencies	2015/16	2016/17	2017/18	2018/19
	Existing from previous budget processes but with revised figures:				
1	The continued budget reductions following the previously approved removal of 24 Wholetime station-based posts through revision to Wholetime Shift Duty System.	70,000	263,000	157,000	
2	Predominantly Non Firefighter establishment restructures and reductions	170,000	119,000	18,000	
3	Establishment reductions through efficiencies introduced by IT processes (The Service Transformational Efficiency Programme - STEP)		75,000		
4	Net impact from the removal of a Senior Operational Manager post. Already approved, this is the Assistant Chief Fire Officer post	70,000			
5	Implement Development rates of pay for all Grey Book staff. For defined period on appointment to new role through introduction of validated systems of competence assessment for all roles	30,000			
6	Improved Retained Duty System crewing availability. Enabled by the funding of the project and hardware through the successful DCLG bid		127,000		

7	Review of Flexi Duty Officer posts and operational rota	280,000	37,000		
	New additions for the 2015/16 Budget process:				
8	Anticipated savings from reductions in Insurance charges			10,000	10,000
9	Increase in houses income		3,000		
10	Cessation of flu vaccines	1,000			
11	Disclosure and Barring Service (DBS) checks - reduction in budget as applying re-checks to specific groups only	7,000		5,000	
12	Community Safety: review of the Protection Risk Based Inspection Programme		40,000		
13	Potential for sharing Fire Investigation Service				7,000
	Total	628,000	664,000	190,000	17,000