

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 25 July 2018

Subject: Financial Monitoring to end June 2018

Report by: The Treasurer

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For: Decision / Discussion

1. Purpose

This budget monitoring report is the first in the budget monitoring cycle and covers key issues arising from the revenue and capital budgets as at the end of June 2018 (Financial Period 3).

2. Recommendations

The Committee is asked to note the revenue and capital budget position as at the end of June 2018.

3. Executive Summary

3.1. The Combined Fire Authority (CFA) agreed the revenue and capital budgets for 2018/19 at its meeting on the 7 February 2018. Revenue (£248k) and Capital (£2,509k) carry forwards from 2017/18 were agreed by the CFA on the 20 June 2018. The carry forwards are included in the budget figures to this report.

3.2. This report indicates the current financial position compared against the updated 2018/19 Revenue Budget and the 2018/19 Capital Programme.

4. Report Detail

Revenue Budget

4.1 The budget figures have been updated to reflect the budget carry forwards agreed by the CFA on the 20 June 2018.

4.2 The updated revenue budget position as at the end of June 2018 is summarised in Table 1 below.

Table 1 - 2018/19 Revenue Budget	Annual Budget after Carry Forwards £000	Forecast Outturn £000	Forecast (Savings)/Overspend £000
Employees	25,790	25,790	0
Premises	2,366	2,366	0
Transport	1,006	1,006	0
Supplies and Services	3,422	3,422	0
Capital Financing	3,476	3,741	265
Total Expenditure	36,060	36,325	265
Controllable Income	(1,620)	(1,970)	(350)
Net Budget	34,440	34,355	(85)

4.3 The forecast indicates a net saving of £85k on the adjusted expenditure budgets, albeit this is likely to change as the financial year progresses.

4.4 The following notes are issues currently highlighted:

Employees

The firefighters' pay award from July 2017 is not yet fully resolved. A 1% increase was implemented and provision was made in the 2017/18 year end accounts for a potential further 1%. The 2018/19 budget allows for the full 2%. Any increase above 2% would mean an additional requirement of £210k for 2017/18 and £280k in 2018/19.

It is noted that, from June 2018, the number of operational posts will be lower than the establishment for a short period of time and will result in headline savings. However, additional expenditure is required to maintain availability of appliances.

Supplies and Services

- Budget pressures within a number of budget headings including ICT, Training and Community Safety have become apparent. These will be reviewed and reported on in the next report to the Corporate Governance Committee.
- Eligible additional costs arising from the Hinckley Road explosion are being collated. Reimbursement is being sought from the Government under the

Bellwin scheme for emergency financial assistance.

Capital Financing

- The additional £265k reflects proposed revenue contributions to capital to meet additional costs for refurbishment at Lutterworth station, build of a new training rig and work to change the domain name.

Income

- The budget strategy 2018-21 identified income of £500k for New Dimensions grant, however confirmation has been received that the grant due in 2018-19 will be £850k. Of the additional £350k, a sum of £280k is proposed to be used to support additional capital programme costs.
- Grant income of £1,476k relating to the Emergency Services Network (ESN) project and Firelink was received in late 2017-18 and has been carried into 2018-19. A future report to this Committee will update the amounts and timing of the related expenditure.

5. Capital Programme

- 5.1 After inclusion of carry forwards, the capital programme 2018/19 totals £5,360k. This is summarised in Table 2 below.

Table 2	Programme after Carry Forwards	Forecast Outturn	Forecast (Savings)/ Overspend
2018/19 Capital Programme	£'000	£000	£000
Vehicles	2,152	2,152	0
Property	1,279	1,409	130
Fire Control Project	318	318	0
IT and Equipment	1,611	1,761	150
TOTAL	5,360	5,640	280

Property:

- 5.2 Following receipt of tenders for the refurbishment of Lutterworth station and the building of the training rig, additional requirements of £85k and £30k were identified.

The additional costs will be met from a revenue contribution as a result of additional income for the New Dimensions grant.

IT and Equipment:

- 5.3 Senior Management Team agreed to progress with a domain name change away from lfrs.org. This will support compliance with the Government's Public Services Network (PSN), allow access to Cloud based services and improve the sharing of

information with other PSN compliant bodies such as the Police. A budget of up to £150k has been determined to meet this need. An opportunity for collaborative working with Leicester City Council to implement the new arrangements is being explored in order to minimise costs.

The additional costs will be met from a revenue contribution as a result of the additional income for the New Dimensions grant.

6. Report Implications / Impact

6.1. *Legal (including crime and disorder)*

None.

6.2. *Financial (including value for money, benefits and efficiencies)*

These are included in the main body of the report.

6.3. *Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)*

It is important to be aware of how the budget is progressing as it enables early action to be taken to address any issues that arise.

6.4. *Staff, Service Users and Stakeholders (including the Equality Impact Assessment)*

None.

6.5. *Environmental*

None.

6.6. *Impact upon Our Plan Objectives*

The Finance and Resources strategic aim of demonstrating value for money is supported by the effective monitoring and review of the revenue and capital budgets throughout the year.

7. Background Papers

- a) Budget Strategy 2018/19 to 2020/21 (CFA 7 February 2018)
<http://www.leicestershire-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>
- b) Revenue and Capital Outturn 2017/18 (CFA 20 June 2018)
<http://www.leicestershire-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>