

**Status of Report: Public**

**Meeting: Corporate Governance Committee**

**Date: 21 November 2018**

**Subject: Financial Monitoring to end October 2018**

**Report by: The Treasurer**

**Author: Adam Stretton (Area Manager Finance, ICT and Data) and Philippa Brown (Senior Accountant and Head of Financial Operations)**

**For: Decision**

## **1. Purpose**

This report presents the key issues arising from the revenue and capital budgets as at the end of October 2018 (Financial Period 7).

## **2. Recommendations**

The Committee is asked to:

- a) note the Revenue and capital budget position as at the end of October 2018; and
- b) approve the transfer of £180,000 revenue and £325,000 capital saving to the capital fund earmarked reserve as noted in 3.3 below.

## **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 (£248,000) and Capital (£2,509,000) 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.
- 3.3. The identified revenue and capital savings of £505,000 are proposed to be transferred to the capital fund earmarked reserve. Planning and preparation for next year's budget is being undertaken. These sums will be available to support our capital plans when the CFA considers the next budget.

## 4. Background

### 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 and the variances to the end of July 2018 reported to the September meeting.
- 4.2 The updated revenue budget position as at the end of October 2018 is summarised in Table 1 below.

<b>Table 1 - 2018/19 Revenue Budget</b>	<b>Annual Budget after Carry Forwards £000</b>	<b>Adjustments Previously Agreed £000</b>	<b>Current Annual Budget after Adjustments £000</b>	<b>Forecast Outturn £000</b>	<b>Forecast (Savings)/Overspend £000</b>
<b>Employees</b>	25,790	0	25,790	25,610	(180)
<b>Premises</b>	2,366	40	2,406	2,406	0
<b>Transport</b>	1,006	(18)	988	988	0
<b>Supplies and Services</b>	3,422	90	3,512	3,612	100
<b>Capital Financing</b>	3,476	236	3,712	3,687	(25)
<b>Total Expenditure</b>	36,060	348	36,408	36,303	(105)
<b>Controllable Income</b>	(1,620)	(348)	(1,968)	(2,043)	(75)
<b>Net Budget</b>	34,440	0	34,440	34,260	(180)

- 4.3 It is proposed that the net saving of £180,000 is transferred to the capital fund earmarked reserve.
- 4.4 The following notes are issues currently highlighted:

#### **i. Employees**

Issues around the firefighters' pay award in July 2017 are not yet fully resolved, with a 1% increase being paid on account in 2017/18 and a further 2% recently paid in 2018/19. A further 1% from July 2017 has been provided in the budget. When an outcome is reached, the financial implications will be reviewed and reported. The budget provided for 2% in 2017/18 and a further 2% in 2018/19.

An additional £180,000 saving over previous forecasts is now expected relating to under-establishment of whole-time operational and retained firefighters offset by overtime costs to maintain availability of appliances.

## ii. Supplies and Services

As previously indicated, an additional £70,000 is required to continue with the planned IT equipment replacement budget. Further, an amount of £30,000 is required for headsets and phones to support the Skype for Business project. A one-off total of £100,000 has therefore been allocated in this report.

## iii. Capital Financing

An updated projection of balances and interest income indicates a further increase to income of £25,000.

## iv. Income

22 vehicles have been sold to date for a total of £60,000. These have individually realised amounts under the limit at which they are treated as capital receipts. There are 4 further vehicles to sell therefore an increase to the income budget of £75,000 has been shown.

### Capital Programme

4.5 The updated capital programme 2018/19 totals £5,265,000. This is summarised in Table 2 below.

<b>Table 2</b>	Programme after Carry Forwards	Adjustments Previously Agreed	Updated programme 2018/19	Forecast Outturn	Forecast (Savings)/ Overspend
<b>2018/19 Capital Programme</b>	£'000	£000	£000	£000	£000
Vehicles	2,152	0	2,152	652	(1,500)
Property	1,279	115	1,394	1,394	0
Fire Control Project	318	0	318	318	0
IT and Equipment	1,611	(210)	1,401	1,076	(325)
<b>TOTAL</b>	<b>5,360</b>	<b>(95)</b>	<b>5,265</b>	<b>3,440</b>	<b>(1,825)</b>

### i. Vehicles:

Procurement advice is being sought on acquisition of the new fire appliances, tactical response vehicles and aerial ladder platform. As previously indicated, completion of these projects is expected to be in the next financial year and hence slippage of £1,500,000 into 2019/20 is now formerly reported.

## ii. IT and Equipment:

Projects in this area are making progress although it is expected that not all will be completed by end March 2019. A saving of £200,000 is likely relating to purchase of thermal imaging cameras and the premises information system. Also, an ICT project relating to the requirement for a domain name change is likely to cost £125,000 less than originally expected. This is mainly due to Microsoft having changed their technical specification so that cloud based technology can be run from local domains. Alternative solutions have also been sought through collaboration with Leicester City Council. The total savings of £325,000 is proposed to be transferred to the capital fund earmarked reserve to help fund future capital programmes. This supports the CFA's policy of funding capital programmes from revenue monies, reducing the need to borrow.

## 5. Report Implications / Impact

### 5.1. Legal (including crime and disorder)

None.

### 5.2. Financial (including value for money, benefits and efficiencies)

These are included in the main body of the report.

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

Risks are identified and closely monitored throughout delivery of the budget. This enables early action to be taken to address any issues that arise.

### 5.4. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

None.

### 5.5. Environmental

None.

### 5.6. 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.

## 6. Background Papers

- a) Budget Strategy 2018/19 to 2020/21 (CFA 7 February 18)  
<http://www.leicestershire-fire.gov.uk/wp-content/uploads/2016/06/item-08-budget-strategy-report-2018-19-to-2020-21.pdf>
- b) Revenue and Capital Outturn 2017/18 (CFA 20 June 18)  
<http://www.leicestershire-fire.gov.uk/wp-content/uploads/2016/06/revenue-and-capital-outturn-2017-18.pdf>
- c) Financial Monitoring to end July 2018 (CGC 12 September 18)  
<http://www.leicestershire-fire.gov.uk/wp-content/uploads/2016/06/financial-monitoring-to-end-july-2018-final.pdf>

## 7. Officers to Contact

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