

TO: Policy and Resources Committee

FROM: Deputy Chief Executive Officer - Matthew Warren

PRESENTING OFFICER(S): Deputy Chief Executive Officer - Matthew Warren

Telephone 01480 444619
matthew.warren@cambsfire.gov.uk

DATE: 18 July 2019

FINAL REVENUE AND CAPITAL BUDGET POSITION 2018/19 AND TREASURY MANAGEMENT STATEMENT

1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with the final 2018/19 revenue and capital budget outturn position and an update on the treasury management position.

2. Recommendations

- 2.1 The Committee is asked to;
- note the revenue and capital budget outturn position,
 - approve the requested budget holder carry forwards,
 - note the year-end balance sheet position as at 31 March 2019 as per the draft statement of accounts,
 - note the annual Treasury Management Statement.

3. Risk Assessment

- 3.1 **Economic** - the carry forwards and maintenance of adequate reserves will continue to be critical over the coming years to ensure that the Authority can continue to respond to the new Comprehensive Spending Review whilst minimising the impact on service delivery.

4. Background

- 4.1 The budget for 2018/19 was approved at the Fire Authority meeting held in February 2018. The total budget was set at £28.422m with a total precept of £19.422m.

- 4.2 At its meeting in July 2018, the Policy and Resources Committee approved a revenue carry forward of £3.415m from 2017/18 resulting in a total net budget for the current year of £31.837m.
- 4.3 The statutory statement of accounts is nearing completion. In accordance with the Accounts and Audit Regulations 2011, the formal draft set of accounts was completed and signed by the Treasurer by the 31 May 2019 deadline. The regulations require the final Statement of Accounts to be approved by the Authority (or a Committee with appropriate delegated powers) by 31 July 2019; this allows for the completion of the statutory audit. The Statement of Accounts will be presented to the Policy and Resources Committee on 18 July 2019.

5. Final Revenue Outturn Position

- 5.1 The Service had to recruit wholetime fire-fighters in 2018/19 to ensure crewing numbers were at the appropriate levels after accounting for anticipated retirements from the Service. This necessary over recruitment resulted in an over spend against the budget for wholetime firefighters but will ensure numbers are maintained throughout the current and next financial year.
- 5.2 The budgets for support and control were marginally overspent at year-end. The overspending was primarily owing to overtime in Control that was incurred in covering for sickness.
- 5.3 The under spend against the supplies and services budget relates to projects running behind schedule, specifically the introduction of a new Microsoft licensing model and associated document management system. The projected costs of this project are included within the carry forward provision detailed within this report. In addition, there are some additional carry forward requests and orders not yet received; this under spend has been utilised to finance capital expenditure and negate the requirement to borrow in the short term.
- 5.4 Debt charges for 2018/19 included a budget carried forward for specific capital projects. These projects remain on-going and as such will be carried forward into 2019/20 when the projects will be complete.
- 5.5 The operational fire budget was slightly under spent. This budget provides for the costs of On-Call firefighters and the under spend is owing to the On-Call firefighter establishment being below that forecast. This underspend includes the increased level of incidents attended owing to the spate conditions experienced by the Service in the summer of 2018.

6. Results for the Year

- 6.1 The final outturn position on the revenue budget, before application of carry forwards, reflects the spending trend reported to the Policy and Resources Committee in October 2018. After applying these, expenditure substantially matches budget at the year-end, with an under spend of £31k. A simple summary of the final outturn is shown below; further details, in normal budgetary control format, are set out in Appendix 1.

Budget Area	Under (-) / Over (+) £'000
Controllable expenditure/income	-1,489
Safety Netted Expenditure*	9
Over achieved Precept income	-625
Committed Revenue Expenditure (orders raised but not paid)	646
Grant Income Carried forward	879
Delegated Budgets Carried Forward	549
Final Under(-)/Over spend from 2018/19	-31

* This budget covers the demand led On-Call operational expenditure and ill health pensions.

- 6.2 The carry forwards are required for:

Funding requirements	£'000	Notes
Emergency services mobile communications programme (ESMCP) Grant	879	ESMCP and New Dimensions
ICT	170	Microsoft licensing Transition for document management system
Fleet and Equipment	167	Multi-star servicing and fire hoods
Learning and Development	74	Fixed Term L&D and Positive Action Roles ACAS training
IRMP Refresh	30	
Operational Training	60	Fixed term – additional Instructors
Other	48	MICA Upgrade and Local Resilience Forum

7. Balance Sheet and Reserves

7.1 The Authority's Draft Balance Sheet will be presented at the meeting. Particular attention is drawn to the position relating to the Authority's Reserves required to provide it with financial flexibility when dealing with unexpected circumstances. Specific reserves are set aside to provide for known or predicted liabilities.

7.2 A summary of movements in existing reserves is shown in the table below; the useable general reserve is £2,503k.

	Note	Balance at 01/04/17	In year Movement (-) funding out / funding in	Balance at 31/03/18
		£000	£000	£000
General Reserve	7.2	2,472	31	2,503
Property Redevelopment Reserve	7.3	8,463	(56)	8,407
Community Safety		200	0	200
Wholetime Reserve		975	0	975
Pension Reserve		824	0	824
Total		12,934	(25)	12,909

7.3 The Property Development Reserve is set aside to finance the costs of future refurbishment and development of the Authority's estate. This fund will be utilised to provide a new training facility. In addition, a project to upgrade aspects of service headquarters is being developed which will also need to be funded from this reserve.

8. Capital Programme

8.1 The final expenditure figures on the Capital Programme are detailed in the table below:

	Paragraph Ref.	Original Budget	Adjustments	Revised Estimate	Actuals to Date
		£000's	£000's	£000's	£000's
Expenditure					
Vehicles	8.2	1,435	0	1,435	723
Land & Buildings	8.3	1,205	872	2,077	1,282
Equipment	8.4	263	2	265	236
IT and Communications	8.5	350	606	956	367
		3,253	1,480	4,733	2,608
Financing					
Capital Receipts		-286	0	-286	-86
Application of Capital Reserve		-1,794	0	-1,794	0
Revenue Contribution		-1,173	-1,480	-2,653	-2,522
		-3,253	-1,480	-4,733	-2,608

8.2 This budget covers the purchase of operational and non-operational vehicles. The adjustment was in respect of carry forwards for service cars, vans and fire appliances ordered in 2017/18 but not received. These adjustments were approved by the Policy and Resources Committee in July 2018. The purchase of a new aerial appliance was delayed so the funding earmarked this year will now be drawn down in 2019/20.

8.3 This budget also covers the maintenance of existing properties and the investment in new facilities. The adjustment relates to carry forwards from last year of funds provided for the committed capital improvements at fire stations.

8.4 The equipment relates to operational equipment; heavy duty rescue equipment, thermal imaging cameras, radios and appliance ladders.

8.5 The ICT capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment.

9. Treasury Management Activities

- 9.1 The Treasury Management Policy requires the Treasurer to provide the Authority with an annual report on treasury management activity as part of the final accounts process; the report for 2018/19 is attached at Appendix 2.

BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Final Accounts working papers	Hinchingsbrooke Cottage Brampton Road Huntingdon	Matthew Warren matthew.warren@cambsfire.gov.uk 01480 444619

SUMMARY OF FINAL OUTTURN POSITION



BCR by Category - Year 2019 - 13 - Closedown

Category Desc	Paragraph Ref.	Revised Budget	Budget To Date	Actual To Date	Variance
Full Time Firefighters		£ 11,112,590	£ 11,112,590	£ 11,352,483	£ 239,893
Control Room Staff		£ 1,533,910	£ 1,533,910	£ 1,548,338	£ 14,428
Local Govt. Employees		£ 3,334,858	£ 3,334,858	£ 3,336,712	£ 1,854
Senior Management (Hay)		£ 2,800,561	£ 2,800,561	£ 2,803,591	£ 3,030
Recruitment & Training		£ 690,958	£ 690,958	£ 769,059	£ 78,101
Fire Allowances		£ 521,123	£ 521,123	£ 509,072	-£ 12,051
EMPLOYEE COSTS	5.1/5.2	£ 19,994,000	£ 19,994,000	£ 20,319,254	£ 325,254
Property Maintenance		£ 427,433	£ 427,433	£ 457,347	£ 29,914
Insurance		£ 231,310	£ 231,310	£ 190,388	-£ 40,922
Energy Costs		£ 282,460	£ 282,460	£ 256,209	-£ 26,251
Cleaning		£ 152,629	£ 152,629	£ 142,079	-£ 10,550
Rents & Rates		£ 639,440	£ 639,440	£ 671,207	£ 31,767
PREMISES		£ 1,733,272	£ 1,733,272	£ 1,717,231	-£ 16,041
Car & Cycle Allowances		£ 68,220	£ 68,220	£ 96,507	£ 28,287
Vehicle Running Expenses		£ 166,257	£ 166,257	£ 194,674	£ 28,417
Vehicle Insurance		£ 191,180	£ 191,180	£ 160,570	-£ 30,611
TRANSPORT AND MOVEABLE PLANT		£ 425,657	£ 425,657	£ 451,750	£ 26,093
Office Expenses		£ 355,156	£ 355,156	£ 261,837	-£ 93,319
IT & Communications Equip.		£ 2,112,777	£ 2,112,777	£ 1,767,319	-£ 345,458
Fire Equipment		£ 350,535	£ 350,535	£ 314,632	-£ 35,903
Uniforms & Clothing		£ 569,722	£ 569,722	£ 557,566	-£ 12,156
Other Supplies & Services		£ 1,233,337	£ 1,233,337	£ 1,159,692	-£ 73,645
SUPPLIES AND SERVICES	5.3	£ 4,621,527	£ 4,621,527	£ 4,061,045	-£ 560,482
CONTROLLABLE EXPENDITURE		£ 26,774,456	£ 26,774,456	£ 26,549,281	-£ 225,175
Other Income		-£ 1,718,739	-£ 1,718,739	-£ 2,019,841	-£ 301,102
Other Government Grants		-£ 468,190	-£ 468,190	-£ 533,295	-£ 65,105
CONTROLLABLE INCOME		-£ 2,186,929	-£ 2,186,929	-£ 2,553,136	-£ 366,207
NET CONTROLLABLE EXPENDITURE		£ 24,587,527	£ 24,587,527	£ 23,996,145	-£ 591,382
Debt Charges		£ 4,027,488	£ 4,027,488	£ 3,148,950	-£ 878,538
External Interest		-£ 90,000	-£ 90,000	-£ 109,578	-£ 19,578
CAPITAL FINANCING	5.4	£ 3,937,488	£ 3,937,488	£ 3,039,371	-£ 898,117
Pensions - Lump Sums		£ 611,080	£ 611,080	£ 652,509	£ 41,429
Operational Fire Budget		£ 2,848,910	£ 2,848,910	£ 2,816,241	-£ 32,669
SAFETY-NETTED EXPENDITURE	5.5	£ 3,459,990	£ 3,459,990	£ 3,468,750	£ 8,760
NET EXPENDITURE		£ 31,985,005	£ 31,985,005	£ 30,504,266	-£ 1,480,739
Grant/Precept Income		-£ 28,386,140	-£ 28,386,140	-£ 29,010,705	-£ 624,565
Carry Forwards / Grants and Orders transferred to Earmarked Reserve	6.2/6.2	£ 3,598,865	£ 3,598,865	£ 1,493,561	£ 2,074,304
Year -end Underspend transferred to General Reserve	7.2				-£ 31,000