

## **Agenda Item: 7**

**TO:** Policy and Resources Committee

**FROM:** Deputy Chief Executive Officer - Matthew Warren

**PRESENTING OFFICER(S):** Matthew Warren

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**DATE:** 8 December 2016

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### **REVENUE AND CAPITAL BUDGET MONITORING REPORT 2016/17**

#### **1. Purpose**

- 1.1 To provide the Policy and Resources Committee with an update on revenue and capital spending as at 31 October 2016.

#### **2. Recommendation**

- 2.1 The Committee is asked to note the position on revenue and capital spending.

#### **3. Risk Assessment**

- 3.1 No specific risks are associated with this report.

#### **4. Background**

- 4.1 The budget for 2016/17 was approved at the Fire Authority meeting held in February 2016. The total budget was set at £28.453m with a total precept of £17.773m.
- 4.2 At its meeting in June 2016 the Policy and Resources Committee approved a revenue carry forward of £1.501m. To date, £1.486m has been allocated to the new financial year budget. In addition, the funding in respect of committed orders for revenue and capital was also carried forward totalling £1.424m. The majority of this funding relates to the Yaxley site redevelopment. The resulting total net budget for the current financial year is £31.364m.
- 4.3 A budgetary control summary showing the main variations to the end of August 2016 is attached at Appendix 1.
- 4.4 As part of the budget preparation process for 2016/17 a total of £548k savings were identified. These savings were used to offset the loss of government grant.

## **5. Update – Revenue Expenditure**

- 5.1 To the end of October 2016, the Service is above the budgeted establishment for firefighters. We recruited 12 new wholetime firefighters who commenced training (in Wales) on 1 September 2016. This recruitment was undertaken to ensure that the impact of retirements over the next 12 months on operational delivery is mitigated. It is anticipated that this proactive recruitment will ensure that the Service does not need to recruit again before 2018. The existing underspend against the training budget will be spent on the new recruits training.
- 5.2 The majority of the underspend shown against the senior management budget relates to the saving associated with reducing the number of Directors from four to three. In addition, grant income relating to the local resilience forum is also included here. The budget associated with the reduction of a Director post will contribute to the 2017/18 budget pressure and will be lost from the budget.
- 5.3 Premises budget is showing an underspend. This is expected to diminish by the end of the financial year as property maintenance work is completed and the winter energy bills are received and paid.
- 5.4 The supplies and services budget is showing a significant underspend to date. The underspend relates to the Service Transformation and Efficiency Programme (STEP) transformation grant funding, that will be spent by June 2017. In addition, project budget expenditure is running behind that forecast and legal fees are significantly lower than anticipated as a result of the new contractual arrangement with LGSS Law. There is also a large order still to be completed on undress uniform that is currently contributing to the overall underspend.
- 5.5 The trend of under spending continues against the On-Call budget due to the establishment of On-Call firefighters being below that forecast; significant effort continues to be made to recruit additional On-Call firefighters and targeted recruitment campaigns are ongoing across the county. A report was presented to the Authority in February 2016 outlining potential options; part of this (continuing) work is looking into ways that may incentivise members of the public to take on the role of an On-Call firefighter in the future.

## 6. Update - Capital Expenditure and Financing

6.1 The revised capital programme together with spending to date is shown in the table below:

			Original Budget	Carry Forwards	Revised Estimate	Total Committed to Date
			£000's	£000's	£000's	£000's
<b>Expenditure</b>						
Vehicles	6.2		1,731	231	1,962	872
Land & Buildings	6.3		940	776	1,716	68
Equipment	6.4		345	29	374	105
IT and Communications	6.5		350	243	593	-14
			3,366	1,279	4,645	1,031
<b>Financing</b>						
Capital Receipts			-456	0	-456	0
Loan			0	0	0	0
Grants			0	0	0	-1
Capital Grants Reserve			0	0	0	0
Application of Capital Reserve			-1,402	-1,279	-2,681	0
Revenue Contribution			-1,508	0	-1,508	-1,030
			-3,366	-1,279	-4,645	-1,031

- 6.2 This budget covers the purchase of operational and non operational vehicles. This year the Authority approved the purchase of 49 vehicles, including three new fire appliances.
- 6.3 This budget covers the maintenance of existing properties and investment in new facilities. The adjustment relates to a carry forward from last year of funds provided for training enhancements and the completion of the Yaxley site redevelopment. This year the Service is looking to replace a number of training towers.
- 6.4 The equipment relates to appliance ladders, heavy duty rescue equipment and other specialist firefighting equipment.
- 6.5 The ICT capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment. The adjustment relates to agreed carry forwards from last years budget to complete the rollout of new PC equipment.

**BIBLIOGRAPHY**

Source Document	Location	Contact Officer
None		

## Appendix 1

Description	Paragraph Reference	Revised Budget £	Budget to Date £	Actual to Date £	Variance £	Variance %
Full Time Firefighters	5.1	10,523,050	6,139,669	6,172,633	32,964	0.54%
Control Room Staff		1,539,060	896,963	857,498	-39,466	-4.40%
Local Govt. Employees		3,174,075	2,019,226	1,969,536	-49,690	-2.46%
Senior Management (Hay)	5.2	2,800,830	1,624,582	1,367,112	-257,470	-15.85%
Recruitment & Training		782,239	437,299	420,042	-17,257	-3.95%
Fire Allowances		474,455	273,585	288,170	14,585	5.33%
<b>EMPLOYEE COSTS</b>		<b>19,293,709</b>	<b>11,391,324</b>	<b>11,074,990</b>	<b>-316,334</b>	<b>1.64%</b>
Property Maintenance		375,282	220,419	151,881	-68,538	-31.09%
Insurance		208,270	121,421	97,617	-23,804	-19.60%
Energy Costs		268,310	142,015	121,425	-20,590	-14.50%
Cleaning		136,971	79,626	43,771	-35,856	-45.03%
Rents & Rates		551,270	551,270	541,236	-10,034	-1.82%
<b>PREMISES</b>	<b>5.3</b>	<b>1,540,103</b>	<b>1,114,751</b>	<b>955,929</b>	<b>-158,822</b>	<b>10.31%</b>
Car & Cycle Allowances		69,120	40,293	44,363	4,070	10.10%
Vehicle Running Expenses		157,356	92,085	66,856	-25,229	-27.40%
Vehicle Insurance		172,250	100,426	92,959	-7,467	-7.44%
<b>TRANSPORT AND MOVEABLE PLANT</b>		<b>398,726</b>	<b>232,804</b>	<b>204,178</b>	<b>-28,626</b>	<b>7.18%</b>
Office Expenses		346,544	205,152	166,869	-38,283	-18.66%
IT & Communications Equip.		1,537,019	1,012,503	1,031,374	18,871	1.86%
Fire Equipment		288,613	155,766	180,453	24,687	15.85%
Uniforms & Clothing		522,597	327,578	225,510	-102,068	-31.16%
Other Supplies & Services		2,787,104	1,367,335	1,018,768	-348,567	-25.49%
<b>SUPPLIES AND SERVICES</b>	<b>5.4</b>	<b>5,481,877</b>	<b>3,068,334</b>	<b>2,622,974</b>	<b>-445,360</b>	<b>8.12%</b>
Debt Charges		2,835,298	54,851	54,467	-384	-0.70%
External Interest		-90,000	-18,468	-49,287	-30,819	166.88%
<b>CAPITAL FINANCING</b>		<b>2,745,298</b>	<b>36,383</b>	<b>5,180</b>	<b>-31,203</b>	<b>1.14%</b>
<b>CONTROLLABLE EXPENDITURE</b>		<b>29,459,713</b>	<b>15,843,596</b>	<b>14,863,252</b>	<b>-980,344</b>	<b>3.33%</b>
Other Income		-1,300,070	-615,953	-739,665	-123,712	20.08%
Other Government Grants		-455,846	-265,896	-234,907	30,989	-11.65%
<b>CONTROLLABLE INCOME</b>		<b>-1,755,916</b>	<b>-881,849</b>	<b>-974,572</b>	<b>-92,723</b>	<b>5.28%</b>
<b>NET CONTROLLABLE EXPENDITURE</b>		<b>27,703,797</b>	<b>14,961,747</b>	<b>13,888,680</b>	<b>-1,073,067</b>	<b>3.87%</b>
Pensions - Lump Sums		595,860	347,565	335,989	-11,576	-3.33%
Operational Fire Budget		3,064,010	1,584,555	1,420,363	-164,192	-10.36%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>5.5</b>	<b>3,659,870</b>	<b>1,932,120</b>	<b>1,756,352</b>	<b>-175,768</b>	<b>9.10%</b>
<b>NET EXPENDITURE</b>		<b>31,363,667</b>	<b>17,069,867</b>	<b>15,645,032</b>	<b>-1,424,835</b>	<b>-8.35%</b>