

**Agenda Item: 8**

**TO:** Policy and Resources Committee

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

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

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**REVENUE AND CAPITAL BUDGET MONITORING REPORT 2019/20**

**1. Purpose**

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on revenue and capital spending as at 30 November 2019.

**2. Recommendation**

- 2.1 The Policy and Resources 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 2019/20 was approved at the Fire Authority meeting held in February 2019. The total budget was set at £29.505m with a total precept of £20.088m.
- 4.2 At its meeting in July 2018 the Policy and Resources Committee approved a revenue carry forward of £2.074m. The carry forward included grant income of £0.879m. The carry forward reduced by £26k as a result of an invoice being incorrectly included on the original carry forward request. This was removed leaving a revised revenue budget for the current financial year of £31.543m.
- 4.3 A budgetary control summary showing the main variations to the end of September 2019 is attached at Appendix 1.

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

- 5.1 The budget for full-time firefighters is being monitored closely this financial year owing to the significant number of leavers and new starters. The Service, after approval from the Policy and Resources Committee on 26 July 2018, created an operational reserve of £975k to ensure crewing levels can be maintained until the current period of high turnover comes to an expected conclusion at the end of 2021. The Service recruited 20 new full-time firefighters in September 2018, with an additional eight new firefighters starting on 1 September 2019. These firefighters are now on operational watches across the county. The financial impact of these new recruits will be an overspend on the full-time firefighter budget at year-end, when a draw down from the operational reserve will be made, as required.
- 5.2 The professional support employee budgets are showing an overall underspend at present; this is owing to staff turnover. The overspend against the Senior Officers pay relates to the Assistant Chief Fire Officer's secondment to Essex Fire and Rescue Service. The income which offsets this cost is included within the 'other income' line. This line is showing a significant increase to date for the year.
- 5.3 Fire allowances is expenditure relating to our flexible duty officers who provide operational officer cover and response. At present, we are running above budgeted levels owing to sickness. We also have a number of additional officers where shadowing arrangements are in place whilst they are assessed for competency. This overspend will also be charged to the operational reserve at year end.
- 5.4 The 'premises' budget is currently underspent by £42k. There is a small cost pressure against rent and rates resulting from a change in the rateable value of Chatteris fire station. We are going through a process of challenging all of our rateable values with the hope that some will be appropriately reduced. The overall budget for property is expected to balance at year end.
- 5.5 The transport costs are underspent by £76k. Within this figure is an overspend relating to On-Call stand-by mileage where we use On-Call firefighters to crew appliances across the county.
- 5.6 The 'supplies and services' budget is showing an underspend of £620k. This underspend largely relates to IT and communication equipment, where contractual payments are not running in accordance with the anticipated spending forecast to date this year.
- 5.7 To the end of November 2019, there was an underspending of £100k against the 'operational fire' budget. This relates to On-Call and is owing to the continued challenge of recruiting On-Call firefighters.

## 6. Update - Capital Expenditure and Financing

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

CAPITAL RECEIPTS BUDGET 2019 - 2020					
		Original Budget	Adjustments	Revised Estimate	Total Committed to Date
		£000's	£000's	£000's	£000's
<b>Expenditure</b>					
Vehicles	6.2	2,335	478	2,813	2,423
Land & Buildings	6.3	1,210	430	1,640	838
Equipment	6.4	292	30	322	126
IT and Communications	6.5	350	331	681	48
		4,187	1,269	5,456	3,435
<b>Financing</b>		0			
Capital Receipts		-262	0	-262	0
Loan		-2,088	0	-2,088	0
Grants		0	0	0	0
Capital Grants Reserve		0	0	0	0
Application of Capital Reserve		-881	0	-881	-1,210
Revenue Contribution		-956	-1,269	-2,225	-2,225
		-4,187	-1,269	-5,456	-3,435

6.2 This budget covers the purchase of operational and non operational vehicles. The adjustment relates largely to carried forward funding relating to there being a supplier delay in accepting orders for new vehicles. The major area of expenditure within the vehicles budget will be the purchase of two aerial appliances.

6.3 This budget covers the maintenance of existing properties and investment in new facilities. The adjustment relates to carry forwards from last year of funds provided to enhance the training facilities for Wisbech and St Neots. Further improvements and enhancements to both these facilities have been identified as a result of condition surveys undertaken as part of the collaboration work with the police; Wisbech will be prioritised to ensure it is also suitable to accommodate the revised day crewing shift arrangements. Formal quotations are being sought with regard to these works and the Committee may be asked to approve a drawdown from the reserve to fund in advance of next years capital programme.

6.4 The equipment expenditure relates to heavy duty rescue equipment, thermal cameras and defibrillators.

- 6.5 The IT and Communications 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 fund the upgrade to our Wide Area Network and Wi-Fi coverage across the Service.

## BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Final Revenue and Capital Budget Position 2017/18 and Treasury Management Statement Policy and Resources Committee – June 2018	Hinchingbrooke Cottage Brampton Road Huntingdon PE29 2NA	Deb Thompson Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk

## Appendix 1

Description	Paragraph Reference	Revised Budget £	Budget to Date £	Actual to Date £	Variance £	Variance %
Full Time Firefighters		12,602,140	8,397,223	8,434,879	37,656	0%
Control Room Staff		1,548,880	1,029,071	1,054,692	25,621	2%
Local Govt. Employees		3,593,000	2,493,166	2,389,532	-103,634	-4%
Senior Management (Hay)		2,989,751	1,994,432	2,064,016	69,584	3%
Recruitment & Training		640,045	410,266	313,652	-96,614	-24%
Fire Allowances		486,870	317,651	367,299	-49,648	16%
<b>EMPLOYEE COSTS</b>	<b>5.1 - 5.3</b>	<b>21,860,686</b>	<b>14,641,809</b>	<b>14,624,071</b>	<b>-17,738</b>	<b>-0</b>
Property Maintenance		363,848	231,131	218,843	-12,288	-5%
Insurance		201,740	201,740	190,947	-10,793	-5%
Energy Costs		305,410	184,956	157,143	-27,813	-15%
Cleaning		159,581	97,513	91,038	-6,475	-7%
Rents & Rates		688,730	688,730	704,263	15,533	2%
<b>PREMISES</b>	<b>5.4</b>	<b>1,719,309</b>	<b>1,404,070</b>	<b>1,362,233</b>	<b>-41,837</b>	<b>-0</b>
Car & Cycle Allowances		69,110	46,051	59,818	13,767	30%
Vehicle Running Expenses		289,511	193,337	117,793	-75,544	-39%
Vehicle Insurance		158,370	147,576	133,360	-14,216	-10%
<b>TRANSPORT AND MOVEABLE PLANT</b>	<b>5.5</b>	<b>516,991</b>	<b>386,964</b>	<b>310,971</b>	<b>-75,993</b>	<b>-0</b>
Office Expenses		354,636	237,394	164,858	-72,536	-31%
IT & Communications Equip.		2,284,717	1,803,313	1,388,605	-414,708	-23%
Fire Equipment		325,411	205,421	158,502	-46,919	-23%
Uniforms & Clothing		535,180	405,506	343,333	-62,173	-15%
Other Supplies & Services		1,251,783	750,037	726,760	-23,277	-3%
<b>SUPPLIES AND SERVICES</b>	<b>5.6</b>	<b>4,751,727</b>	<b>3,401,671</b>	<b>2,782,059</b>	<b>-619,612</b>	
<b>CONTROLLABLE EXPENDITURE</b>		<b>28,848,713</b>	<b>19,834,514</b>	<b>19,079,333</b>	<b>-755,181</b>	<b>-4%</b>
Other Income		-1,325,283	-711,424	-944,377	-232,953	33%
Other Government Grants		-1,804,548	-1,618,709	-1,618,709	-0	0%
<b>CONTROLLABLE INCOME</b>		<b>-3,129,831</b>	<b>-2,330,133</b>	<b>-2,563,086</b>	<b>-232,953</b>	
<b>NET CONTROLLABLE EXPENDITURE</b>		<b>25,718,882</b>	<b>17,504,381</b>	<b>16,516,247</b>	<b>-988,134</b>	<b>-6%</b>
Debt Charges		2,141,741	75,226	54,467	-20,759	-28%
External Interest		-90,000	-26,145	-46,689	-20,544	79%
<b>CAPITAL FINANCING</b>		<b>2,051,741</b>	<b>49,081</b>	<b>7,778</b>	<b>-41,303</b>	
Pensions - Lump Sums		632,940	421,918	411,292	-10,626	-3%
Operational Fire Budget		3,139,433	2,052,383	1,952,528	-99,855	-5%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>5.7</b>	<b>3,772,373</b>	<b>2,474,301</b>	<b>2,363,820</b>	<b>-110,481</b>	
<b>NET EXPENDITURE</b>		<b>31,542,996</b>	<b>20,027,763</b>	<b>18,887,846</b>	<b>-1,139,917</b>	<b>-6%</b>