

**TO:** Cambridgeshire and Peterborough Fire Authority

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

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

Telephone 01480 444619

[matthew.warren@cambsfire.gov.uk](mailto:matthew.warren@cambsfire.gov.uk)

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## **FINAL REVENUE AND CAPITAL BUDGET POSITION 2019/20 AND TREASURY MANAGEMENT STATEMENT**

### **1. Purpose**

- 1.1 The purpose of this report is to provide the Fire Authority with the final 2019/20 revenue and capital budget outturn position and an update on the treasury management position.

### **2. Recommendations**

- 2.1 The Authority 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 2020 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 respond to any future spending reviews whilst minimising the impact on service delivery.

### **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 2019 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. On removal this left a revised revenue budget for the current financial year of £31.543m

## **5. Impact of COVID-19 on Final Accounts**

- 5.1 In April 2020, CIPFA announced that Government had approved changes to the Accounts and Audit Regulations 2015. The revised legislation extends the statutory audit deadline for all local authorities. The revised publication date for statutory accounts has moved from 31 July to 30 November 2020. Furthermore, the Authority must now publish its draft accounts by the 31 August 2020.

## **6. Final Revenue Outturn Position**

- 6.1 The Service had to recruit twenty wholetime fire-fighters in 2018/19 and a further sixteen in 2019/20. The additional numbers will maintain operational crewing at the appropriate levels after accounting for anticipated retirements from the Service. This necessary over recruitment has resulted in a small over spend against the budget for wholetime firefighters.
- 6.2 The budget for control was marginally overspent at year-end. The overspend was primarily due to overtime in control incurred to cover sickness absence.
- 6.3 The support underspend was as a result of turnover of professional support employees, which resulted in a period where a position remained vacant.
- 6.4 The underspend against ICT and Communications is a direct result of new contract arrangements with regard to our network provision and in-house printing. The savings associated with these contracts have been incorporated into the budget for the current financial year. In addition, Bedfordshire Fire and Rescue Service made an additional contribution at the financial year-end to the cost of the shared service based upon their actual usage. The primary underspend against other supplies and services relates to project costs that have not been incurred in year owing to project delays; the funding will be applied in the next financial year.
- 6.5 The operational fire budget was slightly underspent. This budget provides for the costs of On-Call firefighters and the underspend is owing to the On-Call firefighter establishment being slightly below that forecast.

## 7. Results for the Year

- 7.1 The final outturn position on the revenue budget, before application of carry forwards, reflects the spending trend reported to the Policy and Resources Committee throughout the financial year. After applying these, the final position is an underspend of £715k. This underspend will be used as funding against the 2020/21 capital programme. A simple summary of the final outturn is shown below; further details, in normal budgetary control format, are set out in **Appendix 1**.

<b>Budget Area</b>	<b>Under (-) / Over (+) £'000</b>
Controllable expenditure/income	-1,262
Safety Netted Expenditure*	-57
Over achieved Precept income	-677
Committed Revenue Expenditure (orders raised but not paid)	352
Grant Income Carried forward	561
Delegated Budgets Carried Forward	368
<b>Final Under(-)/Over spend from 2018/19</b>	<b>-715</b>

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

- 7.2 The carry forwards are required for:

<b>Funding Requirements</b>	<b>£'000</b>	<b>Notes</b>
Emergency services mobile communications programme (ESMCP) Grant	561	Detailed breakdown attached at <b>Appendix 2</b>
Learning and Development	92	
ASG	65	
Community Fire Safety	114	
Operational Training	29	
Local Resilience Forum	7	

## 8. Balance Sheet and Reserves

- 8.1 The Authority Draft Balance Sheet will be presented at the meeting. Particular attention is drawn to the position relating to the Authority 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.
- 8.2 A summary of movements in existing reserves is shown in the table below; the useable general reserve is £3.185k.

	Note	Balance at 01/04/19	In year Movement (-) funding out / funding in	Balance at 31/03/20
		£000	£000	£000
General Reserve	8.2	2,470	715	23,185
Property Redevelopment Reserve	8.3	8,406	-	8,406
Community Safety		200	0	200
Wholetime Reserve		975	0	975
Pension Reserve		824	(301)	523
<b>Total</b>		<b>12,876</b>	<b>(301)</b>	<b>12,574</b>

- 8.3 The Property Development Reserve is set aside to finance the costs of future refurbishment and development of the Authority estate. This fund will be utilised to provide the new Huntingdon Community Fire and Rescue Station and Training Centre.
- 8.4 Attached at **Appendix 3** is the summarised Authority reserve strategy that projects the reserve position over the medium term. The Authority will see that reserves are expected to diminish significantly over the next couple of years as the investment in the new training centre is made.

## 9. Capital Programme

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

		Original Budget	Adjustments	Revised Estimate	Total Committed to Date	Actuals to Date
		£000's	£000's	£000's	£000's	£000's
<b>Expenditure</b>						
Vehicles	9.2	2,335	478	2,813	1,179	668
Land & Buildings	9.3	1,210	430	1,640	1,337	974
Equipment	9.4	292	-20	272	149	120
IT and Communications	9.5	350	331	681	131	129
		4,187	1,219	5,406	2,796	1,891
<b>Financing</b>		0				
Capital Receipts		-262	0	-262	0	-74
Loan		-2,088	0	-2,088	0	
Grants		0	0	0	0	0
Capital Grants Reserve		0	0	0	0	0
Application of Capital Reserve		-881	0	-881	-621	
Revenue Contribution		-956	-1,219	-2,175	-2,175	-1,817
		-4,187	-1,219	-5,406	-2,796	-1,891

- 9.2 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 2019/20 but not received owing to continued supply chain issues with the car provider. The build of two new aerial appliances commenced in 2019/20; delivery is due in autumn 2020.
- 9.3 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.
- 9.4 The equipment relates to operational equipment; heavy duty rescue equipment, thermal imaging cameras, radios and appliance ladders.
- 9.5 The ICT capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment.
- 9.6 The outstanding capital schemes that were started and not finished will be completed in 2020/21 financial year. The funding that has not yet been applied to these schemes will be drawn down at the appropriate time, after consideration has been given to the current Treasury Management Strategy. Capital funding of £3.155m will be carried forward to fund all outstanding capital orders and outstanding schemes. A detailed breakdown of all carry forward requests is attached at Appendix 2.

## 10. Treasury Management Activities

- 10.1 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 4**.

## BIBLIOGRAPHY

Source Documents	Location	Contact Officer
CIPFA Bulletin 5 (April 2020)	Hinchingbrooke Cottage Brampton Road Huntingdon	Matthew Warren <a href="mailto:matthew.warren@cambsfire.gov.uk">matthew.warren@cambsfire.gov.uk</a> 07786 023436
Final Accounts working papers	Hinchingbrooke Cottage Brampton Road Huntingdon	Matthew Warren <a href="mailto:matthew.warren@cambsfire.gov.uk">matthew.warren@cambsfire.gov.uk</a> 01480 444619

## SUMMARY OF FINAL OUTTURN POSITION

Description	Notes	Revised Budget £	Actual to Date £	Variance £	Variance %
Full Time Firefighters	6.1	12,601	12,707	104	0.83%
Control Room Staff	6.2	1,549	1,613	64	4.13%
Local Govt. Employees	6.2	3,569	3,410	-159	-4.46%
Senior Management (Hay)		3,007	3,087	80	2.66%
Recruitment & Training		627	516	-111	-17.70%
Fire Allowances		617	691	73	11.83%
<b>EMPLOYEE COSTS</b>		<b>21,971</b>	<b>22,023</b>	<b>51</b>	<b>0.23%</b>
Property Maintenance		368	407	38	10.33%
Insurance		80	50	-30	-37.50%
Energy Costs		305	269	-36	-11.80%
Cleaning		160	149	-11	-6.88%
Rents & Rates		689	677	-12	-1.74%
<b>PREMISES</b>		<b>1,602</b>	<b>1,551</b>	<b>-51</b>	<b>3.18%</b>
Car & Cycle Allowances		70	89	19	27.14%
Vehicle Running Expenses		291	278	-12	-4.12%
Vehicle Insurance		142	134	-9	-6.34%
<b>TRANSPORT AND MOVEABLE PLANT</b>		<b>502</b>	<b>500</b>	<b>-1</b>	<b>0.20%</b>
Office Expenses		358	245	-112	-31.28%
IT & Communications Equip.		2,167	1,745	-422	-19.47%
Fire Equipment		325	358	33	10.15%
Uniforms & Clothing		535	448	-87	-16.26%
Other Supplies & Services		1,439	1,110	-329	-22.86%
<b>SUPPLIES AND SERVICES</b>	6.3	<b>4,824</b>	<b>3,906</b>	<b>-918</b>	<b>19.03%</b>
Debt Charges		2,142	2,338	197	9.20%
External Interest		-90	-123	-33	36.67%
<b>CAPITAL FINANCING</b>		<b>2,052</b>	<b>2,216</b>	<b>164</b>	<b>7.99%</b>
<b>CONTROLLABLE EXPENDITURE</b>		<b>30,950</b>	<b>30,196</b>	<b>-754</b>	<b>2.44%</b>
Other Income		-1,375	-1,852	-477	34.69%
Other Government Grants		-1,805	-1,835	-31	1.72%
<b>CONTROLLABLE INCOME</b>		<b>-3,180</b>	<b>-3,688</b>	<b>-508</b>	<b>15.97%</b>
<b>NET CONTROLLABLE EXPENDITURE</b>		<b>27,771</b>	<b>26,508</b>	<b>-1,262</b>	<b>4.54%</b>
Pensions - Injury Awards		633	665	32	5.06%
Operational Fire Budget	6.4	3,139	3,051	-89	-2.84%
<b>SAFETY-NETTED EXPENDITURE</b>		<b>3,772</b>	<b>3,716</b>	<b>-57</b>	<b>1.51%</b>
<b>NET EXPENDITURE</b>		<b>31,543</b>	<b>30,224</b>	<b>-1,319</b>	<b>4.18%</b>

## General / Earmarked Reserve Breakdown 2019/20 - 2023/24

	18/19	19/20	20/21	21/22	22/23	23/24	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	
Estimated Reserves at Start of Financial Year	12,933	12,876	13,289	9,374	3,968	6,968	
Property Development Reserve	8,463	8,406	8,406	5,406	-	3,000	The Property Development Reserve is earmarked to fund major property improvement and new capital schemes. The Monkswood training centre development is awaiting planning (expected 7th Feb). SHQ and Huntingdon are in the design phase at this stage.
Capital Financing Property Improvements	- 57	-	3,000	- 5,406	3,000	-	Year-end Capital position will determine actual requirement
General Reserve	2,471	2,470	3,185	2,470	2,470	2,470	
Capital Financing			715				
Underspends		715					
Community Safety Reserve	200	200	-	-	-		This reserve is held to fund specific projects and programmes. It will be called upon when required but it is not expected to be held for the long-term.
Operational Firefighter Reserve	975	975	975	975	975		The Service is currently over-established for Firefighters and this reserve will be used to cover any overspend in the short-term.
Pension Reserve	824	523	523	523	523		This reserve is held to fund ill health retirements that are often unexpected and to fund the current funding shortfall owing to the revaluation of the Firefighter Pension Fund.
Estimated Reserves at Year end	12,876	12,574	9,374	3,968	6,968		
General Reserves at Year end	2,471	2,470	2,470	2,470	2,470		
Earmarked Reserves at year end	10,405	10,104	6,904	1,498	4,498		