

TO: Policy and Resources Committee

FROM: Deputy Chief Executive Officer - Matthew Warren

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FINAL REVENUE AND CAPITAL BUDGET POSITION 2015/16 AND TREASURY MANAGEMENT STATEMENT

1. Purpose

- 1.1 To report on the final 2015/16 revenue and capital budget outturn position and provide an update on the treasury management position.

2. Recommendations

- 2.1 The Policy and Resources 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 2016,
 - note the annual Treasury Management Statement.

3. Risk Assessment

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

4. Background

- 4.1 The budget for 2015/16 was approved at the Fire Authority meeting held in February 2015. The total budget was set at £28.534m with a total precept of £17.086m.
- 4.2 At its meeting on 25 June 2015 the Authority approved a revenue carry forward of £1.087m from 2014/15 resulting in a total net budget for the current year of £29.623m. At 31 March 2016, £1.007m has been allocated from the carry forward, with the remainder still to be spent.

- 4.3 The statutory statement of accounts is nearing completion. In accordance with the Accounts and Audit Regulations 2011, the formal set of accounts will be completed and signed by the Treasurer by 30 June 2016. The regulations require the Statement of Accounts to be approved by the Fire Authority (or a Committee with appropriate delegated powers) by 30 September 2016. This allows for the completion of the statutory audit. The Statement of Accounts will be presented to the Policy and Resources Committee on 29 September 2016.

5. Final Revenue Outturn Position

- 5.1 As part of the budget preparation process for 2015/16 a total of £734k savings were identified and applied.
- 5.2 Once again, the Service undertook a wholetime recruitment campaign to bring the operational numbers up to the budgeted position. This recruitment offset the previous under spend, resulting in the budget for wholetime firefighters being marginally under spent at the year end.
- 5.3 The budgets for support and control were under spent at year-end. The under spending was due to increased turnover and subsequent delays in recruiting to the affected posts.
- 5.4 The under spend against the supplies and services budget relates to projects running behind schedule and monies set aside for budget reductions in 2016/17 not being fully spent. In addition, there are some carry forward requests and orders not yet received; this under spend has been utilised to finance capital expenditure.
- 5.5 The operational fire budget was under spent. This budget provides for the costs of On-Call firefighters and the under spend is owing to both the On-Call firefighter establishment being below that forecast and a significant reduction in operational incidents compared with previous years. Members will recall that this budget was reduced for 2015/16, to reflect the current establishment and call levels.

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 December 2015. After applying these, expenditure substantially matches budget at the year-end, with an under spend of £162k. 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 | -2,618 |
| Safety Netted Expenditure* | -391 |
| Over achieved Precept income | -21 |
| Committed Revenue Expenditure | 298 |
| Committed Capital Expenditure (Scheme in Progress) | 1,126 |
| Transfer from Earmarked Reserve | -57 |
| Delegated Budgets Carried Forward | 1,501 |
| Final Under(-)/Over spend from 2015/16 | -162 |

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

6.2 The carry forwards are required for:

| Directorate | Funding requirements | £'000 |
|---------------------------------|--|--------------|
| Operational Support | Intranet refresh Annual National Operational Guidance | £75k |
| Operations and Community Safety | Fire Break Youth Initiative Youth Engagement post | £57k |
| Resources – Revenue | Government Service Transformation and Efficiency Programme (STEP) Funding Emergency Service Mobile Communications Project (ESMCP) Grant Project Expenditure Local Resilience Forum Funding New uniform | £1,216k |
| Resources - Capital | CLG STEP Funding | £153k |

7. Balance Sheet and Reserves

7.1 The Authority's Draft Balance Sheet is included at Appendix 2. 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 tables below. The useable general reserve is £2,571k.

| General Reserve | Para | £000 |
|--|-------------|--------------|
| Balance at 1 April 2015 | | 3,565 |
| Application of Carry Forwards from 2014/15 | | -995 |
| Combined Fire Control Grant | | -247 |
| Carry Forwards from 2015/16 | | 1,501 |
| Public Works Loan Board Amortisation | | 10 |
| ESMCP Grant | | 15 |
| Actual Balance at 31 March 2015 | | 3,849 |
| Carry Forwards from 2015/16 to be applied (Including committed orders) | | -1,501 |
| Useable Balance at 31 March 2016 | | 2,348 |

Earmarked Revenue Reserves

| | Note | Balance at 01/04/14 | In year Movement (-) funding out / funding in | Balance at 31/3/15 |
|------------------|-------------|--------------------------------|--|-------------------------------|
| | | £000 | £000 | £000 |
| Pensions | 7.3 | 824 | 0 | 824 |
| Community Safety | | 200 | 0 | 200 |
| On-Call Support | | 975 | 0 | 975 |
| Total | | 1,999 | 0 | 1,999 |

- 7.3 The Pension Reserve is held to offset future costs associated with the capital outlay of a firefighter retiring early on the grounds of ill-health.

Capital Reserve

| | Note | Balance at 01/04/14 | In year Movement (-) funding out / funding in | Balance at 31/3/15 |
|------------------------------|-------------|--------------------------------|---|-------------------------------|
| | | £000 | £000 | £000 |
| Property Development Reserve | 7.4 | 8,625 | 1,244 | 9,869 |

- 7.4 The Property Development Reserve is used to finance the costs of refurbishing and rebuilding the Authority's estate. A large proportion of this reserve will pay the costs of building the new Huntingdon Hub facilities. The income received from the sale of the two existing sites will be posted back into the Property Development Reserve for future improvements.

8. Capital Programme

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

| | | Original Budget | Adjustments | Revised Estimate | Actuals to Date |
|--------------------------------|-----|--------------------|-------------|---------------------|--------------------|
| | | £000's | £000's | £000's | £000's |
| Expenditure | | | | | |
| Vehicles | 8.2 | 1,741 | -600 | 1,141 | 1,100 |
| Land & Buildings | 8.3 | 1,540 | 1,262 | 2,802 | 764 |
| Equipment | 8.4 | 258 | 0 | 258 | 144 |
| IT and Communications | 8.5 | 350 | 76 | 426 | 304 |
| | | 3,889 | 738 | 4,627 | 2,312 |
| Financing | | | | | |
| Capital Receipts | | -145 | 0 | -145 | -1,164 |
| Loan | | 0 | 0 | 0 | |
| Grants | | -935 | 935 | 0 | 0 |
| Capital Grants Reserve | | 0 | 0 | 0 | 0 |
| Application of Capital Reserve | | -1,407 | -2,429 | -3,836 | |
| Revenue Contribution | | -1,402 | 756 | -646 | -1,148 |
| | | -3,889 | -738 | -4,627 | -2,312 |

- 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 2014/15 but not received. These adjustments were approved by the Policy and Resources Committee in June 2015. In year, the Authority purchased three fire appliances and 14 other vehicles.
- 8.3 This budget also covers the maintenance of existing properties and the investment in new facilities. The adjustment relates to a carry forward from last year of funds provided for the strategic review of the Service's training facilities.
- 8.4 The equipment relates to appliance ladders, heavy duty rescue equipment and the purchase of the Hot Fire Container; these will be ordered later in the year.
- 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 2015/16 is attached at Appendix 3.

BIBLIOGRAPHY

| Source Documents | Location | Contact Officer |
|-------------------------------|---|--|
| Final Accounts Working Papers | Hinchingbrooke Cottage Brampton Road Huntingdon | Matthew Warren matthew.warren@cambsfire.gov.uk 01480 444619 |

Appendix 1

| Description | Notes | Revised Budget £ | Actual to Date £ | Variance £ | Variance % |
|---|-------|---------------------|---------------------|---------------|---------------|
| Full Time Firefighters | 5.2 | 10,321 | 10,299 | -22 | -0.21% |
| Control Room Staff | | 1,513 | 1,356 | -157 | -10.38% |
| Local Govt. Employees | 5.3 | 3,360 | 2,832 | -528 | -15.71% |
| Senior Management (Hay) | | 2,387 | 2,487 | 100 | 4.19% |
| Recruitment & Training | | 985 | 877 | -108 | -10.96% |
| Fire Allowances | | 510 | 547 | 37 | 7.25% |
| EMPLOYEE COSTS | | 19,076 | 18,398 | -678 | 3.55% |
| Property Maintenance | | 448 | 394 | -54 | -12.05% |
| Insurance | | 224 | 188 | -36 | -16.07% |
| Energy Costs | | 280 | 253 | -27 | -9.64% |
| Cleaning | | 125 | 129 | 4 | 3.20% |
| Rents & Rates | | 536 | 562 | 26 | 4.85% |
| PREMISES | | 1,613 | 1,526 | -87 | 5.39% |
| Car & Cycle Allowances | | 65 | 60 | -5 | -7.69% |
| Vehicle Running Expenses | | 186 | 186 | 0 | 0.00% |
| Vehicle Insurance | | 183 | 145 | -38 | -20.77% |
| TRANSPORT AND MOVEABLE PLANT | | 434 | 391 | -43 | 9.91% |
| Office Expenses | | 302 | 310 | 8 | 2.65% |
| IT & Communications Equip. | | 1,663 | 1,416 | -247 | -14.85% |
| Fire Equipment | | 287 | 253 | -34 | -11.85% |
| Uniforms & Clothing | | 618 | 523 | -95 | -15.37% |
| Other Supplies & Services | 5.4 | 3,529 | 1,320 | -2,209 | -62.60% |
| SUPPLIES AND SERVICES | | 6,399 | 3,822 | -2,577 | 40.27% |
| Debt Charges | | 1,826 | 2,516 | 690 | 37.79% |
| External Interest | | -90 | -121 | -31 | 34.44% |
| CAPITAL FINANCING | | 1,736 | 2,395 | 659 | 37.96% |
| CONTROLLABLE EXPENDITURE | | 29,258 | 26,532 | -2,726 | 9.32% |
| Other Income | | -1,353 | -1,171 | 182 | -13.45% |
| Other Government Grants | | -2,006 | -2,080 | -74 | 3.69% |
| CONTROLLABLE INCOME | | -3,359 | -3,251 | 108 | 3.22% |
| NET CONTROLLABLE EXPENDITURE | | 25,899 | 23,281 | -2,618 | 10.11% |
| Pensions - Injury Awards | | 588 | 750 | 162 | 27.55% |
| Operational Fire Budget | 5.5 | 3,056 | 2,503 | -553 | -18.10% |
| SAFETY-NETTED EXPENDITURE | | 3,644 | 3,253 | -391 | 10.73% |
| NET EXPENDITURE | | 29,543 | 26,534 | -3,009 | 10.19% |
| Over achieved Precept/NNDR Income | | | | -21 | |
| Committed Orders Carry Forwards | | | | 298 | |
| Delegated Budgets Carried Forward | | | | 1,501 | |
| Net Transfer from Control Revenue Grant reserve | | | | -57 | |
| Committed capital orders to be finance from revenue | | | | 1,126 | |
| CONTRIBUTIONS | | 0 | 0 | 2,847 | |
| CONTRIBUTION TO PROPERTY DEVELOPMENT RESERVE | | | | -162 | |