

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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DATE: 22 June 2017

FINAL REVENUE AND CAPITAL BUDGET POSITION 2016/17 AND TREASURY MANAGEMENT STATEMENT

1. Purpose

- 1.1 To report on the final 2016/17 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 2017,
- 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 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 on 30 June 2016 the Authority approved a revenue carry forward of £1.501m from 2015/16 resulting in a total net budget for the current year of £29.954m.

- 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 2017. The regulations require the Statement of Accounts to be approved by the Authority (or a Committee with appropriate delegated powers) by 30 September 2017. This allows for the completion of the statutory audit. The Statement of Accounts will be presented to the Policy and Resources Committee on 28 September 2017.

5. Final Revenue Outturn Position

- 5.1 As part of the budget preparation process for 2016/17 a total of £650k 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 over 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 2017/18 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 2016/17, 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 2016. After applying these, expenditure substantially matches budget at the year-end, with an under spend of £74k. 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	-2,410
Safety Netted Expenditure*	-393
Over achieved Precept income	-243
Committed Revenue Expenditure	569
Committed Capital Expenditure (Scheme in Progress)	252
Delegated Budgets Carried Forward	2,154
Rounding	-3
Final Under(-)/Over spend from 2016/17	-74

* 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
Community Fire Safety	216
Operational Equipment	275
ICT Capital	100
Property Capital	351
Business Development – STEP	224
ESMCP Grant Funding	833
Fleet Capital	68
Local Resilience Forum Funding	42
Other	45

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 tables below. The useable general reserve is £2,422k.

General Reserve	Para	£000
Balance at 1 April 2016		2,348
Underspend from 2016/17 to be applied		74
Useable Balance at 31 March 2017		2,422

Earmarked Revenue Reserves

	Note	Balance at 01/04/16	In year Movement (-) funding out / funding in	Balance at 31/3/17
		£000	£000	£000
Community Safety		200	0	200
On-Call Support		975	0	975
Total		1,175	0	1,175

Capital Reserve

	Note	Balance at 01/04/16	In year Movement (-) funding out / funding in	Balance at 31/3/17
		£000	£000	£000
Property Development Reserve	7.4	10,014	-264	9,750

- 7.4 The Property Development Reserve is used to finance the costs of refurbishing and rebuilding the Authority's estate. Due to the cessation of the project moving headquarters to a new building, an investment is needed in the current building to bring it up to standard.

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	1,731	231	1,962	939
Land & Buildings	8.3	940	776	1,716	812
Equipment	8.4	345	29	374	707
IT and Communications	8.5	350	95	445	89
		3,366	1,131	4,497	2,547
Financing					
Capital Receipts		-456	0	-456	0
Loan		0	0	0	0
Grants		0	0	0	0
Capital Grants Reserve		0	0	0	-307
Application of Capital Reserve		-1,402	-1,104	-2,506	0
Revenue Contribution		-1,508	0	-1,508	-2,240
		-3,366	-1,104	-4,470	-2,547

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 2015/16 but not received. These adjustments were approved by the Policy and Resources Committee in June 2016. In year, the Authority purchased three fire appliances and 31 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 rebuild of Yaxley fire station, as well as other 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 2016/17 is attached at Appendix 2.

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	10,523	10,762	239	2.27%
Control Room Staff	5.3	1,539	1,466	-73	-4.74%
Local Govt. Employees	5.3	3,306	3,015	-291	-8.80%
Senior Management (Hay)		2,677	2,393	-284	-10.61%
Recruitment and Training		796	842	46	5.78%
Fire Allowances		485	499	14	2.89%
EMPLOYEE COSTS		19,326	18,977	-349	1.81%
Property Maintenance		429	361	-68	-15.85%
Insurance		208	123	-85	-40.87%
Energy Costs		268	222	-46	-17.16%
Cleaning		111	107	-4	-3.60%
Rents and Rates		551	548	-3	-0.54%
PREMISES		1,567	1,361	-206	13.15%
Car and Cycle Allowances		74	82	8	10.81%
Vehicle Running Expenses		157	141	-16	-10.19%
Vehicle Insurance		172	98	-74	-43.02%
TRANSPORT AND MOVEABLE PLANT		403	321	-82	20.35%
Office Expenses		358	291	-67	-18.72%
IT and Communications Equipment		1,604	1,504	-100	-6.23%
Fire Equipment		289	281	-8	-2.77%
Uniforms and Clothing		523	497	-26	-4.97%
Other Supplies and Services		2,720	2,201	-519	-19.08%
SUPPLIES AND SERVICES	5.4	5,494	4,774	-720	13.11%
Debt Charges		2,726	2,676	-50	-1.83%
External Interest		-90	-109	-19	21.11%
CAPITAL FINANCING		2,636	2,567	-69	2.62%
CONTROLLABLE EXPENDITURE		29,426	28,000	-1,426	4.85%
Other Income		-1,300	-1,443	-143	11.00%
Other Government Grants		-415	-1,256	-841	202.65%
CONTROLLABLE INCOME		-1,715	-2,699	-984	57.38%
NET CONTROLLABLE EXPENDITURE		27,711	25,301	-2,410	8.70%
Pensions - Injury Awards		596	759	163	27.35%
Operational Fire Budget	5.5	3,054	2,498	-556	-18.21%
SAFETY-NETTED EXPENDITURE		3,650	3,257	-393	10.77%
NET EXPENDITURE		31,361	28,558	-2,803	8.94%
Over achieved Precept/NNDR Income				-243	
Committed Orders Carry Forwards				569	
Delegated Budgets Carried Forward				2,154	
Net Transfer from Control Revenue Grant reserve				0	
Committed capital orders to be finance from revenue				252	
Rounding				-3	
CONTRIBUTIONS		0	0	2,729	
CONTRIBUTION TO GENERAL RESERVE				-74	

