

**Agenda Item: 6**

**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 2020/21**

**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 June 2020.

**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 2020/21 was approved at the Fire Authority meeting held in February 2020. The total budget was set at £30.419m with a total precept of £20.908m.
- 4.2 At its meeting in June 2020 the Authority approved a revenue carry forward of £1.281m. The carry forward included grant income of £0.561m. The revised revenue budget for the 2020/21 financial year was therefore £31.700m.
- 4.3 A budgetary control summary showing the main variations to the end of June 2020 is attached at Appendix 1. The carry forwards highlighted in paragraph 4.2 above have not yet been incorporated into the current year budgets. These amendments will be made through July, with the updated position presented to the Policy and Resources Committee in October 2020.

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

- 5.1 The budget for full-time firefighters will be closely monitored through this financial year. An operational reserve continues to be maintained by the Authority to enable the Service to manage fluctuations in wholetime firefighter numbers by funding recruitment ahead of known departures. The Service undertook a recruitment campaign earlier this calendar year and appointed 32 new firefighters, 16 of these commenced their training last month; the remaining candidates will start training in September 2020. These recruits should ensure adequate crewing levels are maintained through to the end of 2021. The exact timing of departures will determine how much of the operational reserve is used at the end of the financial year.
- 5.2 The professional support employee budgets are showing an overall overspend at present. This is owing to an employer's pension lump sum payment being paid ahead of that forecast. This is a timing issue that will be corrected in future reports. In addition, the Senior Officer's pay relates to the former Assistant Chief Fire Officer's secondment to Essex County Fire and Rescue Service which came to an end in June 2020. The income which offsets this cost is collected in arrears and will be included within the other income line.
- 5.3 The premises budget is currently underspent by £100k. The full impact of COVID-19 on our premises costs will become clear at year end. As the Service progresses through recovery other areas of expenditure may be highlighted. Proposals will be brought to the attention of the Authority as they become known and understood.
- 5.4 The transport costs are underspent by £110k. The major part of this underspend relates to insurance which has not yet been paid for the current year.
- 5.5 The supplies and services budget is showing a small underspend to the end of June 2020. This budget also includes COVID-19 expenditure on items of PPE. The Service received a grant to fund this expenditure and also has funds outstanding from partners for items purchased on their behalf.
- 5.6 To the end of June 2020, there was an underspending of £100k against the operational fire budget; this relates to On-Call firefighters.
- 5.7 The impact of COVID-19 on council tax and business rate collection is beginning to be understood. The early estimates range from 5% reductions in council tax to possibly 20% in business rates. However these are only estimates at this stage. We are working with collecting authorities to understand the position and further information will be presented to the Authority later in the year. At that time, there may also be a better understanding of the Government's position with regard to loss of funding.

## 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	1,250	1,767	3,017	513
Land & Buildings	6.3	1,220	663	1,883	633
Equipment	6.4	209	106	315	17
IT and Communications	6.5	775	619	1,394	46
		3,454	3,155	6,609	1,209
<b>Financing</b>					
Capital Receipts		-233	-262	-495	0
Loan		-1,616	-2,088	-3,704	0
Grants		0	0	0	0
Capital Grants Reserve		0	0	0	0
Application of General Reserve		-881	-715	-1,596	-395
Revenue Contribution		-724	-90	-814	-814
		-3,454	-3,155	-6,609	-1,209

- 6.2 This budget covers the purchase of operational and non operational vehicles. The adjustment relates largely to carried forward funding relating to the delayed order of the two new aerial appliances and supplier delay in accepting orders for new vehicles.
- 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 Ely and refurbishment of the station at Wisbech. The Huntingdon training project will form part of this budget and will be highlighted separately once planning is awarded and final cost quotations are received. This project is being funded from the Property Development Reserve.
- 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 year's budget to fund the upgrade to our infrastructure, including Wi-Fi coverage across the Service.

## BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Final Revenue and Capital Budget Position 2019/20 and Treasury Management Statement Fire Authority – June 2020	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		12,851,880	3,241,758	3,204,008	-37,750	-1%
Control Room Staff		1,641,030	416,164	420,525	4,361	1%
Local Govt. Employees		3,766,140	848,898	1,137,410	288,512	34%
Senior Management (Hay)		2,951,990	738,002	786,434	48,432	7%
Recruitment & Training		611,920	158,558	102,488	-56,070	-35%
Fire Allowances		643,760	197,172	143,564	-53,608	-27%
<b>EMPLOYEE COSTS</b>	<b>5.1 - 5.2</b>	<b>22,466,720</b>	<b>5,600,552</b>	<b>5,794,430</b>	<b>193,878</b>	<b>0</b>
Property Maintenance		348,590	84,501	54,622	-29,879	-35%
Insurance		65,350	38,099	6,793	-31,306	-82%
Energy Costs		319,780	81,899	53,990	-27,909	-34%
Cleaning		165,360	38,211	36,260	-1,951	-5%
Rents & Rates		728,660	728,660	720,492	-8,168	-1%
<b>PREMISES</b>	<b>5.3</b>	<b>1,627,740</b>	<b>971,370</b>	<b>872,156</b>	<b>-99,214</b>	<b>-0</b>
Car & Cycle Allowances		68,950	17,233	10,013	-7,220	-42%
Vehicle Running Expenses		172,340	43,085	23,277	-19,808	-46%
Vehicle Insurance		161,690	83,303	-514	-83,817	-101%
<b>TRANSPORT AND MOVEABLE PLANT</b>	<b>5.4</b>	<b>402,980</b>	<b>143,621</b>	<b>32,776</b>	<b>-110,845</b>	<b>-1</b>
Office Expenses		317,010	77,719	41,310	-36,409	-47%
IT & Communications Equip.		1,941,030	870,387	437,686	-432,701	-50%
Fire Equipment		256,710	45,639	-5,813	-51,452	-113%
Uniforms & Clothing		388,220	97,055	47,143	-49,912	-51%
Other Supplies & Services		1,123,860	241,371	779,445	538,074	223%
<b>SUPPLIES AND SERVICES</b>	<b>5.5</b>	<b>4,026,830</b>	<b>1,332,171</b>	<b>1,299,770</b>	<b>-32,401</b>	
<b>CONTROLLABLE EXPENDITURE</b>		<b>28,524,270</b>	<b>8,047,714</b>	<b>7,999,133</b>	<b>-48,581</b>	<b>-1%</b>
Other Income		-1,350,520	-96,819	-118,863	-22,044	23%
Other Government Grants		-1,538,510	-384,627	-843,216	-458,589	119%
<b>CONTROLLABLE INCOME</b>		<b>-2,889,030</b>	<b>-481,446</b>	<b>-962,079</b>	<b>-480,633</b>	
<b>NET CONTROLLABLE EXPENDITURE</b>		<b>25,635,240</b>	<b>7,566,268</b>	<b>7,037,054</b>	<b>-529,214</b>	<b>-7%</b>
Debt Charges		1,035,960	-21,119	-15,398	5,721	-27%
External Interest		-90,000	-774	3,060	3,834	-495%
<b>CAPITAL FINANCING</b>		<b>945,960</b>	<b>-21,893</b>	<b>-12,338</b>	<b>9,555</b>	
Pensions - Lump Sums		645,850	161,462	157,069	-4,393	-3%
Operational Fire Budget		3,192,350	824,647	717,924	-106,723	-13%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>5.6</b>	<b>3,838,200</b>	<b>986,109</b>	<b>874,993</b>	<b>-111,116</b>	
<b>NET EXPENDITURE</b>		<b>30,419,400</b>	<b>8,530,484</b>	<b>7,899,708</b>	<b>-630,776</b>	<b>-7%</b>