PROGRESS AGAINST REVENUE AND CAPITAL BUDGETS 2019 /2020

REPORT OF THE CHIEF FIRE OFFICER

For Information

1. PURPOSE OF REPORT

1.1 To report progress against the approved 2019/20 Budgets as at 30 September 2019, and the forecast year end outturn.

2. RECOMMENDATION

2.1 That Members note the position as at 30 September 2019.

3. REVENUE POSITION AT 30 SEPTEMBER 2019

3.1 As detailed in the Medium Term Financial Strategy (MTFS) report to the Fire Authority on 15th February, 2019, this year is the final year of the current four year Government financial settlement. Whilst the four year settlement has provided financial certainty, it has resulted in further recurring cuts in Government funding received by the Authority.

3.2 As reported in the February 2019 MTFS report the Government had indicated that significant changes will be made to the Local Government funding system from April 2020. These changes have been delayed until April 2021 at the earliest and may potentially be revised if there is a change of Government. This continuing uncertainty makes financial planning extremely challenging. Further updates will be provided once the Government has made the necessary announcements. There is also uncertainty in relation to whether the additional funding provided in 2019/20 for increased firefighters pensions costs will continue in 2020/21. These issues will be addressed in the MTFS report to be considered by the Fire Authority later in the year.

3.3 In addition, the negotiations around the FBU pay claim for 17% are currently paused. In the meantime employers intend to continue dialogue with the Government in relation to broadening the role with regard to what activities the fire and rescue service could enhance or develop with the aim of providing broader support to communities. If these negotiations result in a pay increase, and the Government does not provide additional recurring funding, the Authority will need to identify additional permanent savings. The achievement of a managed underspend for 2019/20 will help the Authority to manage these risks.

3.4 The overall position on revenue budgets at the end of September 2019 is an underspend of £0.66m. The underspend reflects our workforce planning arrangements to manage vacancy levels in order to support our CIRMP plans for 2019/20, together with procurement savings on our contracts for utilities, cleaning and security. The procurement savings are recurring and have been built into our budget for 2020/21.

3.5 An assessment of the year end outturn position has been undertaken and the forecast is a managed **underspend of £0.45m**. The reduction in the underspend by the year end reflects the impact of a planned recruitment campaign for additional firefighters with effect from January 2020. In addition to this the Executive Leadership Team has approved the continuation of the programme of work to install smoke alarms in properties at risk, and some additional non-recurring investment in our ICT infrastructure to ensure it remains fit for purpose.

3.6 The forecast outturn position includes the provisional firefighters pay award for 2019/20 (2%), and a planning assumption that any final settlement above 2% will be fully funded by the Government.

3.7 The position to the end of September and the forecast for the year is shown in more detail at Appendix 1.

4 CAPITAL POSITION AS AT 30 SEPTEMBER 2019

4.1 The capital programme for 2019/20 includes the planned projects for this financial year from the revised Asset Management Plan 2018-2026, together with those projects that slipped from 2018/19.

4.2 The capital budget for 2019/20 is £3.36m. Actual spend to September was £0.8m with a further £2m forecast by the end of the financial year. The forecast outturn position on the capital programme is, therefore, an **underspend of £0.53m.**

4.3 The forecast underspend is mainly due to slippage on the planned procurement of an additional water tender (£0.25m) and the ICT Investment project (£0.2m). Both of these projects will be completed in 2020/21. The forecast assumes that the landscaping work at Grangetown fire station will not be going ahead as the land is expected to be sold. This has generated an underspend of £0.05m.

4.4 All remaining schemes in the capital programme are on target at this stage.

4.5 The financial position and progress for each project in the capital programme for 2019/20 is shown at Appendix 2. There are no other significant issues to bring to Members attention at this time.

IAN HAYTON
CHIEF FIRE OFFICER

KAREN WINTER
DIRECTOR OF CORPORATE SERVICES

APPENDIX 1

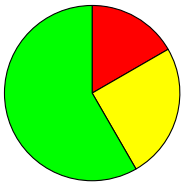
Comparison of Budget and Actual Expenditure and Income to 30th September 2019

Chief Fire Officer/Treasurer

Progress Against Revenue Budget 2019/20

Actual Position as at 30th September 2019

	Status	Count
Corrective action may be required	Adverse Variance Greater Than +2%	2
Possible virement/service enhancement	Favourable Variance Greater Than -2%	3
On target	Variance Between +/-2%	7



Item Number	Description	Revised Budget £'000	Budget to 30th September 2019 £'000	Actuals to 30th September 2019 £'000	Variance £'000	Narrative	Corrective Action	Anticipated Outcome	Projected Outturn Variance £'000
1	Employees Costs	23,591	11,611	11,073	**(538)**	Occupancy levels below budgeted levels as a result of retirements not replaced to facilitate implementation of CIRMP. Actuals include 2% for fire-fighters 2019/20 pay award from 1/7/19.	No corrective action required. This is a managed underspend to fund a recruitment campaign in January 2020 and to provide flexibility to address forecast budget deficits in 2020/21 and future years.	Forecast underspend assumes vacancies filled in line with current profile and two retirements per month. Forecast assumes 19 wte recruits from 13/1/20 and includes impact of pay award for 2019/20.	(480)
2	Premises Costs	2,082	881	733	**(148)**	A number of contracts have been re-negotiated which has resulted in savings being achieved.	These savings have been built into the MTFP for 2020/21 onwards.	Forecast underspend due to savings on new contracts for utilities, cleaning, and security.	(120)
3	Supplies & Services	2,086	1,061	976	**(85)**	Lag in spend on Occupational Health, Firelink, and Fire Safety Publicity.	None required.	Forecast overspend due to essential spend on installation of smoke alarms (previously funded by Govt), and approval of OHR Dynamic Cover Tool by ELT in April 2019 (£75k).	+155
4	Transport Costs	811	429	459	**+30**	Vehicle repairs and contract car hire expenditure ahead of profile.	None required.	Forecast underspend on vehicle fuel offset by overspend on vehicle repairs.	0
5	Support Services	360	264	265	**+1**	Spend in line with expectations at this time.	None required.	Small forecast underspend on members allowances.	(5)
6	Income	(1,034)	(595)	(501)	**+94**	Lag in recharges for secondments.	None required.	On target	0
	Sub Total Operational Budgets	**27,896**	**13,651**	**13,005**	**(646)**				**(450)**

Item Number	Description	Revised Budget £'000	Budget to 30th September 2019 £'000	Actuals to 30th September 2019 £'000	Variance £'000	Narrative	Corrective Action	Anticipated Outcome	Projected Outturn Variance £'000
7	Capital Finance Costs	838	28	28	**0**	Includes provision for servicing revenue costs of borrowing for Capital Programme and approved contribution to Capital Phasing reserve.	Spend to be monitored in conjunction with the building programme	Any balance at year end will be earmarked as a contribution to the capital phasing reserve	0
8	S 31 Grant	(1,625)	(1,625)	(1,636)	**(11)**	Government Funding adjustment including Pensions Increase grant. Forecast assumes that additional Business Rate Relief received to date will be repaid by year end.			0
9	Contribution from reserves - commissioned services	(200)	0	0	**0**	Reserve to manage income volatility and provide longer lead time to manage temporary income reductions.			0
10	LGPS Pension Reserve	(55)	0	0	**0**	Release of reserve to fund fixed payment to the Teesside Pension fund arising from the actuarial valuation shortfall covering the period 2017/18 to 2019/20			0
11	Contribution to/from reserves	(447)	0	0	**0**	Planned release of earmarked reserves to support budget in 2019/20 including re-phased projects from previous year			0
12	Business Rates Retention Levy Account	(141)	0	0	**0**	Government Funding adjustment for share of Business Rates Levy Account funds distributed to support 2019/20 budget			0
	TOTALS	**26,266**	**12,054**	**11,397**	**(657)**				**(450)**

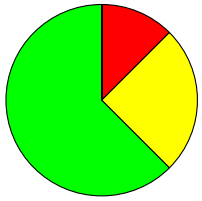
Comparison of Budget and Actual Expenditure and Income to 30th September 2019

Chief Fire Officer/Treasurer

Progress Against Capital Budget 2019/2020

Actual Position as at 30th September 2019

	Status	Count
Corrective action may be required	Adverse Variance Greater Than +2%	2
Possible virement/ service enhancement opportunities	Favourable Variance Greater Than -2%	4
On target	Variance Between +/-2%	10



Item Number	Description	Full cost of schemes £'000	Revised Budget 2019/2020 £'000	Actual as at 30th September 2019 £'000	Additional spend to 31st March 2020 £'000	Total Forecast Spend £'000	Variance to Budget £'000	Project Design/Specification	Progress to Date	Anticipated Outcome
1	Queens Meadow Petro Chemical Rig	321.0	321.0	8.5	312.5	321.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Tender awarded. In manufacturing. Due for on site installation March 2020	To be completed by April 2020
2	Queens Meadow Training LPG Fit Out	40.0	40.0	0.0	40.0	40.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Tender awarded. In manufacturing. Due for on site installation March 2020	To be completed by April 2020
3	Queens Meadow Training Fire Behaviour and Smoke Cleansing	245.0	245.0	0.0	245.0	245.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Tender awarded. In manufacturing. Due for on site installation March 2020	To be completed by April 2020
4	Queens Meadow Design Fees & Contingencies	80.0	80.0	0.0	80.0	80.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	On-going until end of 2019/20	To be completed by March 2020
5	Loftus Fire Station	232.0	232.0	258.4	-26.4	232.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Complete. Final statement of works not yet received. £42k of actual and planned expenditure will be funded from revenue. Project expected to break-even.	Completed
6	Guisborough Fire Station	306.0	306.0	245.1	60.9	306.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Completion November 2019. Final statement of works not yet received	To be completed by November 2019
7	Stockton Fire Station	1,094.0	1,094.0	35.0	1,059.0	1,094.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Refurbishment works started 28/10/19. Due for completion April 2020	To be completed by April 2020
8	1 Water Tender	254.0	254.0	0.0	0.0	0.0	-254.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Specification being prepared. Expected approval in March 2020.	Will slip into 2020/21
9	Fireground Radios and BA Comms	49.0	49.0	0.0	49.0	49.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Supplier selected from framework. Order expected November 2019	To be completed by January 2020
10	Mobile Data Terminals (MDT's)	148.0	148.0	2.1	126.0	128.0	-20.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Collaborative project with other FRA's using national framework and saving £20k. Equipment received. Installation in fleet November 2019.	To be completed by December 2019
TOTAL SCHEMES TO START 2019/20		**2,769.0**	**2,769.0**	**549.0**	**1,946.0**	**2,495.0**	**-274.0**			

Item Number	Description	Full cost of schemes £'000	Revised Budget 2019/2020 £'000	Actual as at 30th September 2019 £'000	Additional spend to 31st March 2020 £'000	Total Forecast Spend £'000	Variance to Budget £'000	Project Design/Specification	Progress to Date	Anticipated Outcome
Schemes Slipped from Previous Year										
11	Grangetown Fire Station Landscaping	56.0	56.0	0.0	0.0	0.0	-56.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Scheme not now going ahead. Awaiting outcome of sale of land	Forecast assumes sale of land to be completed by end December 2019.
12	ICT Investment to Support Operational Requirements	200.0	200.0	0.0	0.0	0.0	-200.0	Approved by CFA in Capital Strategy	Tender specifications being prepared	Scheme slipped into 2020/21
13	4x4 Specialist Vehicle M4 Slipped from 2018/19	60.0	60.0	0.0	60.0	60.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	To be acquired via framework agreement.	To be completed by March 2020
14	2 Water Tenders slipped from 2018/19	272.0	272.0	257.1	14.8	272.0	0.0	Approved by CFA in Capital Strategy and Asset Management Plan Funding report	Orders placed. Chassis delivered last year, body build work completed in 2019/20	Completed June 2019
TOTAL SCHEMES SLIPPED FROM 2018/19		**588.0**	**588.0**	**257.1**	**74.8**	**332.0**	-256.0			
TOTAL ALL SCHEMES		**3,357.0**	**3,357.0**	**806.1**	**2,020.8**	**2,827.0**	-530.0			