



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 20/09

MEETING	Finance and Audit Committee
DATE OF MEETING	5 March 2020
SUBJECT OF THE REPORT	Financial Monitoring Report – Quarter 3
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For information
EXECUTIVE SUMMARY	<p>This report provides an overview of the current financial position for the 2019-20 financial year, reflecting actual spending to 31 December 2019.</p> <p>Overall, the revenue and capital budgets continue to show a positive position. With the forecast revenue underspend now at £498k, there may be scope to further reduce the level of borrowing required to support the capital financing requirement. This will be assessed at the financial year end.</p> <p>The Capital Programme was updated in December, with a revised total of £4.7m, approved by the Authority. The current spending forecast is just under £4m.</p>
RISK ASSESSMENT	Financial sustainability remains a key focus as a strategic risk, and as such, close monitoring of the financial position continues to be a critically important factor in financial planning and decision making for the Authority.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report

<p>RECOMMENDATION</p>	<p>Members are asked to:</p> <ol style="list-style-type: none"> 1. Note and comment upon the current financial position as at 31 December 2019.
<p>BACKGROUND PAPERS</p>	<p>Medium Term Finance Plan 2019-20 to 2022-23</p>
<p>APPENDICES</p>	<p>Appendix A – Revenue Budget Summary 2019-20 Appendix B – Summary of Reserves 2019-20 Appendix C – Capital Budget Summary 2019-20</p>
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1. Introduction

- 1.1 This report provides an update of the revenue budget position for the 2019-20 financial year, covering the period to 31 December 2019. The net revenue budget was set in February 2019 at £55.845m.
- 1.2 Appendices A and C show the summary revenue and capital projections. Variations have been “traffic lighted” to highlight the major variances, with those in excess of £20,000 (under or overspending) shown in pink, those between £10,000 and £20,000 in yellow and those below £10,000 in green.

2. Major Variations from Revenue Budget

- 2.1 Employees (note 1)
 - 2.1.1 The report shows an overall projected saving of £348k for Employee costs, representing 0.75% of the budget amount. This is based on actual and projected costs and reflects staffing vacancies in the corporate and on-call staffing groups in particular. The costs and projections include the impact of a 2% pay award for operational staff from July 2019. Budget adjustments have been made to reflect a number of externally funded secondments, as well as some corporate staff posts presently covered by uniformed staff.
 - 2.1.2 There are additional costs in respect of one-off ill-health retirement contributions that the Service must make, with the minimum cost for this year now estimated at £200k. The original budget included a provision for £100k, part financed by a reserve contribution of £50k. Members approved a budget increase to £200k in December.
- 2.2 Premises (note 2)
 - 2.2.1 The budget for Premises costs remains on track to deliver savings of around £200k, covering premises rentals and savings for utility costs and cleaning.
- 2.3 Capital Financing and Leasing Costs (note 3)
 - 2.3.1 The original budget included £2.2m in respect of charges to finance long-term borrowing. The budget has been adjusted to reflect the forecast underspend position, the net impact of using the Transformation Grant to fund elements of the Capital Programme, as agreed with the Home Office and the revenue contribution to capital funding approved at the December meeting. There may be scope to increase this revenue contribution, further reducing the long-term borrowing requirement, depending on the final outturn position for the year.

2.4 Income (note 4)

2.4.1 Income remains on track to exceed the original budget amount, as reported previously. This is mainly due to additional business rates and pension grant funding, offset by the levy account surplus that was received in 2018-19.

3. Reserves and Balances (note 5)

3.1 Appendix B shows the anticipated position regarding reserves and balances.

3.2 General balances stood at £2.726m as at 1 April 2019, representing 5% of the 2018-19 net revenue budget. This is planned to increase to £2.792m for 2019-20 in line with this year's budget requirement.

3.3 Earmarked reserves (£12.61m) and grants (£2.521m) stood at £15.131m as at 1 April 2019.

3.4 Appendix B shows the planned use of reserves and currently reflects an overall reduction of £973k, excluding the current projected underspend. The main change at the current time is the use of Transformation Grant to fund projects agreed with the Home Office.

4. Capital Programme

4.1 The original Capital Programme for 2019-20 totalled £8.404m. Projects totalling £1.896m were carried forward from 2018-19 and these were approved by Members in July. Further changes, taking account of project progress in year, as well as savings delivered, were approved by the Authority in December 2019. The revised capital programme for 2019-20 was set at £4.7m.

4.2 Appendix C provides details of current spending levels.

Capital budget summary	Original Budget £'000s	Carry Forwards £'000s	In Year Changes £'000s	Revised Budget £'000s
Property/Estates	1,329	866	(437)	1,758
IT & Communications	549	469	(220)	798
Vehicles	5,608	281	(4,943)	946
Operational & Other Equipment	918	280	0	1,198
TOTAL	8,404	1,896	(5,600)	4,700

4.3 Property/Estates (note 6)

4.3.1 Building projects – the overall programme for building works was reviewed, arriving at a revised total of £1.758m. The programme of cyclical maintenance works for 2019-20 has taken longer than expected to commence on site, so the works will not be fully completed at all sites until July 2020. This is reflected in the projected spend total of £1.5m.

4.4 IT and Communications (note 7)

4.4.1 Hardware Replacements – following a review of the ICT Roadmap, two smaller ICT projects totalling £40k have now been deferred to 2020-21.

4.4.2 Systems Harmonisation – The carry forward amount of £260k is for the new equipment asset management system. This is currently in the procurement phase, with ‘contract award’ to be determined in early 2020. It is anticipated that it may take up to 12 months to implement for all end-users and it is planned to be completed by April 2021. The spend profile now reflects spending £50k this year and the remainder carried forward to 2020-21.

4.5 Vehicles and Equipment (note 8)

4.5.1 Vehicles – As reported previously, the vehicle replacement programme was reviewed to enable more effective procurement and project management. Current projected delivery timescales for some support vehicles means that £320k will need to be carried forward at year end.

4.5.2 Operational Equipment – The £1.198m shown for operational and other equipment includes £1.033m to complete the replacement of operational fire kit across the Service. This project has progressed well over the last 12 months or so. The report assumes a small carry forward to allow for any final purchase needs.

5. Summary and Key Points

5.1 We continue to monitor the revenue and capital budgets closely.

5.2 The current revenue forecast shows a slightly increased underspend at £498k, which could potentially support a further reduction on our long-term borrowing requirement.

5.3 A revised Capital Programme budget for 2019-20, totalling £4.7m, was approved by the Authority in December. Current forecast spend by year end is just under £4m, with the balance carrying forward to 2020-21.

March 2020