

# CHESHIRE FIRE AUTHORITY

**MEETING OF:** PERFORMANCE AND OVERVIEW COMMITTEE  
**DATE:** 7<sup>th</sup> SEPTEMBER 2022  
**REPORT OF:** TREASURER  
**AUTHOR:** PAUL VAUGHAN

---

**SUBJECT:** FINANCE REPORT – QUARTER 1 2022-23

---

## Purpose of report

1. The report provides a review of the Service's forecast financial outturn at the end of Quarter 1 2022-23 and reports on the Authority's financial position in relation to the Authority's capital programme.

**Recommended:** That Members

- [1] note the forecast outturn position; and
- [2] approve the reserve movements.

## Background

2. The Authority's vision, plans, policies, and organisational structures are all focused on ensuring the Service can deliver the improvements in safety outcomes that matter to the communities of Cheshire East, Cheshire West and Chester, Halton and Warrington.
3. On 9<sup>th</sup> February 2022, the Authority approved the 2022-23 revenue budget of £46.6m together with an addition to the capital programme of £16.2m. This report provides an early indication of the forecast level of expenditure in 2022-23 when compared to the approved budget and capital programme.

## Forecast Revenue Spending

4. Table 1 summarises the forecast position at the end of Quarter 1 with some of the key reasons for variances shown in the following paragraphs. Further details may be found in Appendix 1. Proposed movements to and from reserves are itemised in Appendix 2. At the end of the first quarter there is an anticipated overspend of £68k. The position will continue to be monitored and every effort will be made to ensure that the final outturn is contained within budget.

Table 1 - Summary for 2022-23 First Quarter

	Original Budget £000	Forecast Outturn £000	Variance £000
Firefighting and Rescue Operations	29,614	29,681	67
Protection	1,887	1,887	0
Prevention	2,465	2,525	60
Support Services	11,044	11,004	-40
Unitary Performance Groups	100	100	0
Centrally held costs & contingencies	-800	-819	-19
Pay and Pension costs	873	873	0
Capital Financing (incl. investment income)	1,308	1,308	0
Contribution to capital reserves	2,199	2,199	0
S.31 Grants	-2,104	-2,104	0
<b>Net Revenue Position</b>	<b>46,586</b>	<b>46,654</b>	<b>68</b>
Funding	-46,586	-46,586	0
<b>Total (under)/overspend</b>	<b>0</b>	<b>68</b>	<b>68</b>

5. No pay awards for 2022/23 have yet been agreed for operational or support staff. The Authority included an allowance for a 3% pay award in its 2022/23 budget. An additional 1% on the Authority's pay budget costs around £320k, so if agreements exceed 3% this is likely to have a significant impact on the Authority's budgetary position. The final estimated impact will be reported to the Committee as soon as the position is confirmed.
6. Firefighting and Rescue Operations encompasses Service Delivery and Operational Policy and Assurance (OPA). Service Delivery continues to run at slightly over establishment to mitigate risk in relation to recruitment and retention, and there has been some use of overtime in the first quarter to offset factors such as the additional bank holiday. At this stage it is considered too early to revise the estimated outturn, and a more detailed assessment will be made as part of the mid-year review.
7. Operational Policy and Assurance is projected to overspend by £67k as the result of a number of factors, including the trip to Ukraine, additional driver training costs and other slight additional pay costs, offset by a reduction in Section 13/16 cross border charges.
8. Prevention is projecting an overspend of £60k as a result of pension strain costs in relation to early retirements though ill health.
9. Support Services comprise the departments of the Fire Authority that support the work of the Operational teams. Overall, they are projected to underspend by £40k, largely as a result in savings to Business Rates at Sadler Road, offset by additional costs to the Executive Management Team as a result of a restructure and in People and Development as a

result of a temporary staffing uplift and the renewal of the payroll contract at slightly higher cost.

10. Centrally held costs and contingencies is projecting an underspend of £19k, as a result of extra income from the mutual insurance company of which the Authority is a member.
11. The 2022-23 budget included provision for the use of funds set aside for the impact of Covid to offset costs during the year. This will have no impact on the overall estimated outturn position and will be reported as part of the movement in reserves in quarter 4.
12. There are no variations to report at quarter one relating to the Authority's funding position for 2022-23. The Authority will continue to liaise with the constituent authorities to monitor the position during the year, in particular in relation to Business Rates.

## Reserves

13. Table 2 below shows the level of revenue reserves held on 1 April 2022 and a summary of reserve movements proposed at the end of Quarter 1. Details of these reserve movements are shown in Appendix 2. Further reserve movements will be made during the financial year as appropriate with most occurring in Quarter 4 as the year's outturn position is finalised.
14. The most significant of the movements is in relation to payments the Authority makes to Cheshire Pension Fund for secondary employer contributions each year, paid in April. Contribution levels are set at each triennial valuation, one of which is due next year. The amount required for 2022-23 is below budget, but because of the potentially volatile nature of secondary contribution levels it is considered prudent to transfer the underspend into reserves.

Table 2 - Quarter 1 Reserve Movements

	At 1 Apr 2022 £000	Quarter 1 Movement £000	At 30 Jun 2022 £000
General Fund	2,210	-	2,210
Resource Centre Managers	8,476	343	8,819
Community Risk Reductions	371	-	371
Unitary Performance Groups	226	-	226
<b>Total</b>	<b>11,283</b>	<b>343</b>	<b>11,626</b>

15. The Authority also holds capital reserves and these are used to help fund the capital programme. Movements to and from capital reserves are undertaken at the end of the financial year.

## **Capital Programme**

16. At the end of June 2022, the Authority's approved capital programme is £27.71m with a forecast outturn spend of £27.49m, an underspend of £0.22m. Details of all the capital schemes are in Appendix 3.
17. The Crewe Fire station build had an original approved budget of £7m. As a result of subsequently identified inflationary pressures an increase in budget of £0.375m has been approved by Members.

## **Financial implications**

18. This report considers financial matters.

## **Legal Implications**

19. There are no legal implications arising from the report.

## **Equality and diversity implications**

20. There are no equality and diversity implications arising from this report.

## **Environmental implications**

21. There are no environmental implications arising from this report.

## **BACKGROUND PAPERS: NONE**

**CONTACT: KIRSTY JENNINGS, GOVERNANCE OFFICER  
TEL [01606] 868641**

## Appendix 1

### CHESHIRE FIRE AUTHORITY QUARTER 1 2022-23

	Original Budget	Forecast Spend	Income/ expenditure variance
	£000	£000	£000
Firefighting and rescue operations			
Service Delivery	24,467	24,467	0
Operational Policy and Assurance	5,147	5,214	67
Protection	1,887	1,887	0
Prevention			0
Community Safety	2,006	2,066	60
Safety Centre	443	443	0
Support Services			0
Executive Management	1,222	1,265	43
Communications and engagement	718	718	0
Property Management	1,905	1,800	-105
Finance	456	456	0
ICT	1,888	1,898	10
Legal and Democratic Services	565	565	0
People and Development	1,924	1,944	20
Planning & Performance	525	525	0
Procurement and Stores	302	302	0
Fleet services	1,555	1,547	-8
Unitary Performance Groups	100	100	0
Corporate Finance costs			0
Centrally held costs & contingencies	-800	-819	-19
Pension costs	873	873	0
Capital Financing (incl. investment income)	1,308	1,308	0
S.31 Grants	-2,104	-2,104	0
<b>Total Service Expenditure</b>	<b>44,387</b>	<b>44,455</b>	<b>68</b>
Contribution to Capital Reserve	2,199	2,199	0
	<b>46,586</b>	<b>46,654</b>	<b>68</b>
<b>Funding:</b>			
Revenue Support Grant (RSG)	-4,136	-4,136	0
Business Rate Retention Scheme	-9,302	-9,302	0
Council Tax Precept	-31,956	-31,956	0
Business rates S.31 grant	-1,595	-1,595	0
Collection Fund Deficit (business rates)	1,042	1,042	0
Collection Fund deficit (council tax)	14	14	0
Service Grant Allocation	-653	-653	0
<b>Total Funding</b>	<b>-46,586</b>	<b>-46,586</b>	<b>0</b>
<b>Forecast net overspend</b>			<b>68</b>

## Appendix 2

### MOVEMENT IN RESERVES 2022-23

<u>Department</u>	<u>Description</u>	TOTAL £000
Corporate Finance-Pension	LGPS secondary rate – employers contribution	321.0
Corporate Finance Costs	Business Rates Collection Fund deficits reserve	(17.0)
Property Management	Annual contribution Poynton Maintenance	4.5
ICT	Annual contribution MDTs	34.0
		<hr/> <b>342.5</b> <hr/>

**CHESHIRE FIRE AUTHORITY CAPITAL QUARTER 1 2022-23**

		2022-23 Capital Budget	Total Programme Budget	2022-23 Expenditure to end of Jun22	Total Expenditure to date	Expected Scheme Outturn	Variance
	Description	£000	£000	£000	£000	£000	£000
Prior year schemes:	Crewe Fire Station	5,975	7,375	7	378	7,375	-
	Fire Station Modernisation Programme	4,350	11,500	-	7,131	11,500	-
	Fire Houses Refurbishment programme (3 year programme)	250	1,130	89	949	1,130	-
2020-21 Schemes	Rapid Response Rescue Units (13 units)	-	520	8	408	440	(80)
	Water carrier unit	-	140	1	48	90	(50)
	Saffire IT system – Community Fire Risk Mgt Information	-	100	52	52	100	-
	Mobile Data terminals (MDT) replacement programme	-	370	-	296	300	(70)
	Technical rescue vehicle	50	50	-	-	52	2
2021-22 Schemes	Two New Appliance 2021-22 Programme	-	540	211	513	522	(18)
	Support vehicles replacement 2021-22 programme	-	60	14	37	51	(9)
2022-23 Schemes	Replacement thermal image cameras (phased replacement)	28	28	26	26	26	(2)
	Three New Appliance 2022-23 Programme	810	810	-	-	810	-
	Chassis cab and hook lift	159	159	-	-	159	-
	Breathing Apparatus unit	130	130	-	-	130	-
	Welfare and contaminants unit	140	140	-	-	140	-
	Support vehicles replacement 2022-23 programme	60	60	-	-	60	-
	ICT Review/Server Replacement Prog. (incl. £50k 2020-21)	100	100	-	-	100	-
	Wilmslow	4,500	4,500	-	-	4,500	-
	<b>Total</b>	<b>16,552</b>	<b>27,712</b>	<b>408</b>	<b>9,838</b>	<b>27,485</b>	<b>-227</b>