

CHESHIRE FIRE AND RESCUE SERVICE

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 28TH JUNE 2023
REPORT OF: TREASURER
AUTHOR: PAUL VAUGHAN

SUBJECT: FINANCE REPORT END OF YEAR 2022-23

Purpose of Report

1. This report provides Members with a review of the Authority's revenue outturn financial position and reports on the progress against the capital programme at the end of the financial year 2022-23

Recommended: That Members

- [1] note the outturn position on revenue and capital expenditure (subject to audit): and
- [2] approve the movement in reserves set out in Table 1

Background

2. On 9th February 2022, the Authority approved the revenue budget of £46.6m and the capital programme of £16.2m. Performance against the revenue budget and capital programme is reported quarterly to the Performance and Overview Committee

Information

3. A summary of the revenue outturn is shown in Table 1. There is an overspend against the revenue budget of £282k. Appendix 2 shows the estimated capital outturn against the capital programme. There is an estimated underspend of £983k.
4. The audit of the Authority's accounts is planned to commence in July and be complete in time for the accounts to be approved at the Authority's meeting in September. Any changes to the outturn position as a result of the audit will be reported to that meeting.

Revenue Spending

5. Table 1 below shows the estimated variance against budget for 2022-23 after taking reserve movements into account. Explanations for the variances are shown in the paragraphs following the table. A more detailed breakdown of the position is shown in Appendix 1.

Table 1 – Summary revenue outturn position

Fire Authority's Service Area	2022-23 Budget £000	2022-23 Actual £000	Reserve Move- ments £000	Revised Variance £000
Firefighting & Rescue Operations	29,614	30,528	(47)	867
Protection	1,887	1,972	(116)	(31)
Prevention	2,465	2,322	(24)	(167)
Support Services	11,044	10,543	26	(475)
Unitary Performance Groups	100	40	60	-
Finance resources / centrally held costs and contingencies	2,272	960	1,457	145
Finance resources – S31 grants	(2,104)	(2,136)	-	(32)
Capital Financing (including investment income)	1,308	627	681	-
Funding	(46,586)	(46,847)	236	(25)
2022-23 deficit taken from reserves	-	-	(282)	(282)
Cheshire Fire Total	-	(1,991)	1,991	-

General

6. The 2022-23 budget included an allowance for a 3% pay award for all staff. Grey Book staff accepted an offer of 7% to take effect from July 2022. Green book staff accepted a flat rate offer which equates to 7.6% across the Green Book payroll. No additional funding has been made available to the Authority to cover any additional costs arising from the pay award and this has led to some overspend against the budget.

Firefighting and Rescue Operations.

7. This comprises Service Delivery and Operational Policy and Assurance (OPA). The overspend on Service Delivery is mainly as a result of the impact of the 2023-24 pay award. The overspend on OPA is a result of pay costs including non-achievement of the vacancy provision (ie there is a budgeted expectation that turnover of staff will see some periods when posts are vacant) (£165k); additional costs on driver training (£43k), additional uniforms (£40k) and NWFC (including the Manchester Arena inquiry) (£40k) and reduced funding for the Emergency Services Network (£35k), offset by underspends on training courses (£74k) and Covid equipment (£55k).

Protection

8. Protection is slightly underspent due to vacancies.

Prevention

9. The Prevention Team has had difficulty in recruiting staff and whilst it was hoped that this would be resolved during the year it has led to an underspend. It is hoped that the planned Prevention Department review will alleviate this problem going forward

Support Services

10. Support Services consists of non-operational departments who work in support of the operational activity of the Authority, including those delivered under the Blue Light Collaboration. Overall, Support Services are underspent by £475k.
11. Executive Management is overspent as a result of changes to the Service Leadership Team including the cost of recruiting the new Chief Fire Officer and Chief Executive, the departure of the Assistant Chief Fire Officer, and the addition of a temporary Station Manager post to assist with the fire cover review and the creation of the Community Risk Management Plan.
12. Communications and Engagement is underspent as a result of restructuring after the move from the Blue Light Collaboration arrangement, and delays in recruitment.
13. Property Management is underspent as a result of savings on business rates (£228k) and maintenance costs (£103k), and additional rental and co-location income, (£34k). This is offset by abortive costs for the potential refurbishment of Ellesmere Fire Station (£113k), overspends on the restaurant (£22k) and premises costs relating to the return of the People and Organisational Development Department to the Sadler Road site (£20k), together with small overspends on Blue Light Collaboration charges and Biomass fuel costs.

14. ICT is underspent as a result of lower than expected telephony costs (£51k), Blue Light Collaboration Charges (£41k), radio costs (£20k) and consultants fees (£20k), and a number of other small underspends, offset by the phased reduction of Firelink Grant (£37k).
15. People and Organisational Development is underspent as a result of lower than anticipated spend on a number of budgets including the operation of the Occupational Health Unit, payroll contract costs, Blue Light Collaboration recharges and training, offset by the costs related to the move back to the Sadler Road site during the year.

Finance Resources

16. Finance Resources includes centrally held costs and contingencies which covers items such as insurance, audit fees, centrally held pension costs and movements to and from corporate reserves, for example transfers to the capital reserve. The overall outturn position of the Authority means that less movement from reserves was required than had been anticipated.

Contributions to/from Reserves

17. The Authority's Reserves Strategy approved along with the Authority's budget in February 2022 explains that the Authority holds earmarked revenue reserves to enable future expenditure commitments to be funded from those reserves as required.
18. Net reserve movements for each department of the Authority are shown in Table 1 above
19. In general, reserve movements in departments during the year have been used to support agreed expenditure or to reserve funds for future year's expenditure. Underspending on UPG budgets has been transferred to the central UPG reserve.
20. The main reserve movement on Finance Resources is the contribution to the capital reserve which funds part of the Authority's capital programme.
21. During the year there has been an underspend on capital financing costs and additional investment income, and this has been transferred into the capital reserve.
22. The Authority received some additional funding during the year and this has been transferred into the Authority's funding reserve.
23. The overall deficit for the year of £282k will be met from the Authority's reserves.

Capital Programme

24. At the end of 2022-23, the Authority's capital programme is £26.83m, with a forecast outturn spend of £25.84m, an underspend of £0.98m. The main reasons for this are that the purchases of properties in Wilmslow were less than the allocated capital by £0.48m; two schemes, purchase of a hook lift vehicle and the purchase of support vehicles have been switched to revenue funding; and there has been a delay on the purchase of new Breathing Apparatus. Details of the position can be found in Appendix 2.
25. Table 2 below summarises expenditure in 2022-23 by type and shows how the capital expenditure is funded.

Table 2 - Capital Expenditure 2022-23

Type	£000
Property	6,953
Equipment	26
Vehicles	727
ICT	59
	7,765
Funded by	
Capital Receipts	25
Use of reserves	1,330
Borrowing	6,410
	7,765

Summary

26. Overall, there is an overspend against the revenue budget in 2022-23 of £282k. This will be met from the Authority's reserves.
27. Officers take account of variances from budget for 2022-23 as they monitor the budget for 2023-24 and prepare the budget for 2024-25. Part of that consideration will be the impact of pay awards which were the primary cause of the overspend in 2022-23. Members will be aware that the budget for 2023-24 was approved before the final settlement of the pay award for firefighters for 2022-23 had been confirmed, and that the budget was set at 1% less than the final settlement figure. The likely impact of this will be around £290k. Every effort will be made to ensure that the impact is contained within existing budgets.
28. In accordance with the approved Reserve Strategy, the General Reserve will be maintained at a level of approximately £2.2m, which is broadly equivalent to 5% of the net revenue budget. This is line with the generally accepted level.

Financial Implications

29. The report considers financial matters.

Legal Implications

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

Equality and Diversity Implications

31. There are no equality and diversity implications arising from the report.

Environmental Implications

32. There are no environmental impacts arising from the report.

**CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING
MANAGER
TEL [01606] 868804**