

## CHESHIRE FIRE AUTHORITY

**MEETING OF:** PERFORMANCE AND OVERVIEW COMMITTEE  
**DATE :** 16<sup>TH</sup> NOVEMBER 2016  
**REPORT OF :** HEAD OF FINANCE  
**AUTHOR:** PAUL VAUGHAN

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**SUBJECT:** 2016-17 QUARTER 2 (MID YEAR) REVIEW -  
FINANCE

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### **Purpose of report**

1. To present the 2016-17 Quarter 2 (Mid Year) finance position of the Authority.

### **Recommended:** That

2. Members note the anticipated financial outturn presented in the report.

### **Background**

3. The estimated revenue budget and capital programme outturn positions are reported to Performance and Overview Committee on a quarterly basis. At its meeting in August the committee considered the first quarterly finance report as part of a joint performance and finance report. In order to aid clarity, this and future reports will report separately on performance and finance.

### **Information**

#### **Revenue Budget**

4. Appendix 1 shows the estimated revenue outturn of the Authority compared to the budget as revised after the August meeting of the Performance and Overview Committee. Appendix 1a is a more detailed analysis for Members' information. A brief explanation of the variances is included in Appendix 1 with fuller explanations included in Appendix 1a. Key variances are explained more fully in the following paragraphs.
5. It is anticipated that there will be an outturn underspend of around £330k on Service Delivery. The main reasons for this are a continued salary underspend reflecting differences between budgeted and actual levels of pension membership and competency levels and an underspend as a result of vacancies in the admin hubs. This is partly offset by the continuation of on call activity at Congleton.

6. There is an estimated outturn underspend on Protection of around £111k as a result of continuing staff vacancies. Similarly, staff vacancies in Prevention are anticipated to lead to an underspend of around £50k. It is anticipated that the Prince's Trust Partnership will overspend by around £70k against budget, and this deficit will be met by the Prince's Trust Partnership reserve.
7. As part of the process of approving the development of a new Training Centre on the Sadler Road site at the Fire Authority meeting in September 2016, Members approved a maximum of £500k to fund a full business case. This is reflected in the overspend on Property Management, although it is offset by underspends on salaries, slippage on the new station start dates meaning that some approved running costs budgets are not needed in the current year, and additional income.
8. The anticipated underspend of around £100k on ICT is as a result of underspends on pay budgets, some reductions in hardware and software costs, and more income than anticipated from grants supporting the Airwave fireground communication system and from NWFC recharges.
9. The estimated underspend on People and Development is as a result of vacant posts and reduced OHU costs.
10. It is not anticipated that the funding of the Authority will differ from the estimates agreed by the Authority in the original budget.
11. Overall the anticipated underspend at Mid Year is £192k. This is in addition to a £119k underspend anticipated at Quarter 1 and previously reported to the Committee. Any underspend will be transferred to a suitable reserve (for example the Capital Reserve or the Community Risk Reduction Reserve) in accordance with the reserves strategy when the final accounts for 2016-17 are approved by the Fire Authority.

## **Capital Budget**

12. Appendix 2 show the expected outturn on the capital programme. Key variances are explained more fully in the following paragraphs.
13. The first section of the Appendix deals with the Emergency Response Programme. As can be seen there is a projected overspend of £343k. This compares with a projected overspend of £270k at quarter 1. The programme is the subject of close scrutiny by the Land and Stations Working Group, and the reasons for the overspend can be categorised as follows:

	Omissions /Re-measurement	Unforeseen issues/ Costs	Scope changes/ Additions	Total
Alsager	-8	0	0	-8
Lymm	13	51	106	170
Penketh	14	99	6	119
Powey Lane	9	28	25	62
	28	178	137	343

14. The main items in each these categories are (with a number of smaller changes making up the balance):
- a. Omissions/Re-measurements
    - Inclusion of a petrol interceptor at Penketh (£16k)
    - Lighting and services to the training tower at Penketh (£13k)
    - Change in surface to the drill tower base at Powey Lane (£11k)
    - Reduction in cost of environmental mitigation (-£17k)
  - b. Unforeseen issues/Costs
    - Cable diversion at Penketh (£51k)
    - Additional landscaping at Penketh (£31k)
    - Site security at Penketh (£21k)
    - BT infrastructure at Lymm (£21k)
    - Ground conditions at Lymm (£17k)
    - Repairs to culvert at Powey Lane (£17k)
    - Highways work at Powey Lane (£15k)
  - c. Scope changes/Additions
    - Treatment to wood cladding at Lymm (£31k)
    - Specialist changing facility at Lymm (£27k)
    - Safety Centre cable ducts at Lymm (£13k)
    - Additional store and office at Powey Lane (£12k)
    - Changes to finishes at Lymm (£10k)
15. The overall overspend remains well within the contingency agreed by Members when they approved the final capital expenditure for the Emergency Response Programme. In addition, there are provisional sums and contingencies within each scheme which could help to reduce the overspend if they remain unspent. Given the advanced stage of their development it is unlikely that there will be significant difference to costs at Penketh or Powey Lane. However Lymm is the most complex scheme and although it still has some months to run, it is hoped that further cost pressures will be minimised. Close monitoring continues, and Members will be kept informed of progress.
16. Of the prior year schemes reported in Appendix 2, the purchase of the two hydraulic platforms are now complete, but remain in the report for completeness. The £300k approved in 2015-16 for systems development is no longer required as a result of Blue Light Collaboration

(BLC) and will therefore be removed. The amount approved for new servers will now be captured and funded as part of BLC. Other schemes are either on track or completed, with the exception of the Line Rescue Vehicle which remains subject to procurement. It is hoped that the three new appliances approved in 2015-16 will be complete before the 2016-17 financial year end.

17. Of the 2016-17 schemes, it is hoped that the 4 new appliances in the programme will be delivered early in the 2017-18 financial year. The remaining schemes are on track or complete.
18. Overall, the anticipated outturn on the capital programme shows a significant underspend, despite the anticipated position on the Emergency Response Programme. This will be impacted by the removal of the £300k element for systems development, but the improved specification and procurement arrangements around the purchase of appliances in particular has helped to significantly reduce anticipated costs.

### **Financial implications**

19. This report considers financial matters.

### **Legal Implications**

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

### **Equality and diversity implications**

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

### **Environmental implications**

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

**BACKGROUND PAPERS: NONE**