

CHESHIRE FIRE AUTHORITY

MEETING OF: PERFORMANCE AND OVERVIEW COMMITTEE
DATE: 21ST JUNE 2017
REPORT OF: HEAD OF FINANCE
AUTHOR: WENDY BEBBINGTON

SUBJECT: END OF YEAR FINANCIAL REPORT 2016-17

Purpose of report

1. To present the 2016-17 year end review of the Authority's financial position.

Recommended: That

- [1] Members note the 2016-17 year end position.

Background

2. On 10 February, 2016 the Authority approved the 2016/17 revenue budget of £42.03m together with a capital programme of £2.62m. Budget monitoring reports have been presented to the Performance and Overview Committee on a quarterly basis focussing on the forecast outturn position and revisions to the overall budget in response to changes in year.

Information

Revenue Budget

3. From the first to third quarter reviews, the overall forecast revenue underspend was £0.816m. At the end of the fourth quarter there is was a further £1.52m underspend, resulting in an overall £2.34m underspend for the year.
4. Appendix 1 to this report shows the year end financial position compared to the budget as revised at the Performance and Overview Committee on 1 March 2017. Appendix 1a to this report is a more detailed analysis for Members' information.
5. The key areas of underspend arise from Service Delivery, Central Contingencies and Provisions.
6. For Service Delivery the main reasons for this are lower than anticipated pay costs partly offset by the costs of a pilot on-call support officer and payments relating to the On-Call Attendance Reward Scheme (OCARS).

7. The approved 2016/17 budget included a contingency to cover any unforeseen operational costs together with any impact of changes to forecast inflation; neither of which materialised during 2016/17.
8. Finally, the Authority receives part of its funding from business rates collected by the four local authorities. A provision was created within the budget to cover any in-year fluctuations between the forecast funding and the actual amounts received. Only £2k of this was required in year leaving an underspend of £248k.
9. Within the approved budget are two contributions to reserves - £1m towards supporting the capital programme delivery and £1.1m for the delivery of the IRMP. At three quarter year review a further £0.8m was added to the capital programme funding as reported to the Performance and Overview Committee on 1 March 2017. The underspend reported at outturn of £1.5m will be returned to General Reserve. Within the year, £83k was spent from the service specific earmarked reserves.

Capital Programme

10. The year end position of the capital programme (which covers on-going projects approved from 2011-12 onwards) is contained in Appendix 2 to this report and shows an overspend of £226k against a total programme of £22.9m, just under 1% variance.
11. Most of the programme is within budget or forecast to be underspent upon completion with the exception of the Emergency Response Programme (ERP). This shows an overspend of £796k against an overall budget of £17.4m; a 4.6% variance. Updates on the progress of the ERP have been provided throughout the year and have been discussed with Members in detail at the Members Planning Day in January 2017. The key reasons for the overspend are minor re-measurements; unforeseen costs such as security and unforeseen ground condition works; and increased costs of fitting out the new Safety Centre at Lymm. However, the overall package remains just within the contingency (£871k) agreed by Members in December 2015.
12. The remaining capital programme is either complete or progressing well with the exception of the server replacements which are now being delivered as part of the overall Bluelight Collaboration Programme through the creation of a new improved data centre.

Reserves

13. At the start of 2016/17 the Authority held £36.7m in reserves comprising of £18.7m in support of the IRMP; £3.4m capital; £7.2m revenue and £7.4m general reserves. The following table shows the breakdown of these reserves and the net changes in year.

Reserves	Balance 31 Mar 16 £000	Changes in year £000	Balance 31 Mar 17 £000
IRMP related	(18,680)	8,464	(10,216)
Capital receipts	(311)	(29)	(340)
Capital Grants unapplied	(2,576)	2,576	0
Capital Reserves	(534)	(1,603)	(2,137)
Resource Centre Managers	(6,338)	(236)	(6,574)
Community Risk Reduction	(506)	65	(441)
UPG	(358)	(14)	(372)
Total earmarked reserves	(29,303)	9,223	(20,080)
General Reserve ¹	(7,408)	941	(6,467)
Total usable reserves	(36,711)	10,164	(26,547)

Note ¹ - this excludes the provisional year end underspend of £1.5m which is subject to audit.

14. During 2016/17 a net £10.2m of the reserves were utilised to fund the capital programme including the building of the new fire stations. The remaining £20.1m is earmarked to complete the ERP programme and support the IRMP and Medium Term Financial Plan. General reserves currently stand at £6.5m which is just over 15% of the Authority's net budget. During 2017-18 officers intend to review the Reserve Strategy and present their findings to Members.

Financial implications

15. This report considers financial matters.

Legal Implications

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

Equality and diversity implications

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

Environmental implications

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

BACKGROUND PAPERS: NONE