

CHESHIRE FIRE AUTHORITY

MEETING OF: FIRE AUTHORITY
DATE: 20TH JUNE 2018
REPORT OF: HEAD OF FINANCE
AUTHOR: WENDY BEBBINGTON

SUBJECT: END OF YEAR FINANCIAL REPORT 2017-18

Purpose of report

1. To present the 2017/18 year end review of the Authority's financial position.

Recommended: That

- [1] Members note the End of Year Financial Report 2017-18.

Background

2. The Authority's vision, plans, policies, and organisational structures are all focused on ensuring that 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 14th February 2017 the Authority approved the 2017/18 revenue budget of £41.2m together with a 2017/18 capital programme of £1.765m. 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

4. At the end of the year, the actual net expenditure was £41,132k against the approved budget of £41,221k: an underspend of £89k before any use of reserves as summarised in the following table and in detail in Appendix 1.

Summary	Original Budget £000	Actual Spend £000	Variance £000	Reserve Funding £000	Revised Variance £000
Firefighting and rescue operations	£23,531	£23,478	-£53	-£937	-£990
Protection	£1,740	£1,405	-£335	£71	-£264
Prevention	£2,448	£2,186	-£262	£83	-£179
Support Services	£9,686	£9,695	£9	-£737	-£728
Unitary Performance Groups	£100	£105	£5	-£5	£0
Finance Resources	£2,513	£4,746	£2,233	-£2,749	-£516
S.31 Grants & Provisions	-£112	-£483	-£371	£0	-£371
Contributions to reserves	£1,315	£0	-£1,315	£2,620	£1,305
Total	£41,221	£41,132	-£89	-£1,654	-£1,743

5. Overall the outturn position shows an underspend of £89k before reserve movements. It had been anticipated that a number of one off items of expenditure would be financed from Reserves: these had been approved in February 2017 and were expected to amount to £2,226k. The year end position is that £1,131k of this one off expenditure can be met from the revenue budget rather than from Reserves. Absorbing this expenditure means that the underlying position when compared to the revenue budget, is an underspend of £1,220k. The 2018/19 approved budget recognised this with the inclusion of significant base budget savings.
6. In terms of the one off items of expenditure, £1,131k was actually spent, with £866k slipping into 2018/19 and £229k no longer required. This underspend is mainly due to the Ellesmere Port Shared Services Hub no longer proceeding (£120k); the number of posts required for the ERP2 project being less than anticipated (£80k); and a vehicle now being funded through a capital scheme (£22k).
7. The main year-end variances are explained in more detail below:

Firefighting and rescue operations £53k underspend

- 7.1 For Service Delivery at year end there is an overspend of £82k including the impact of the decisions over Crewe and Ellesmere Port duty system changes. Several issues have arisen during 2017/18 that have resulted in underspend allowing the additional costs of Crewe and Ellesmere Port to be absorbed, as follows.
- 7.2 For 2017/18 Service Delivery earmarked £200k to cover the cost of a new policy for out staffing and enhanced leave, subject to agreement with the unions. Negotiations are still on-going and therefore expenditure has not been incurred in 2017/18. It is anticipated that there will be an agreement by July 2018.
- 7.3 A further £240k was earmarked to cover the cost of increasing the establishment at Powey Lane by one to crew the special appliances upon their transfer. The transfer of the special appliances was put on hold

pending the outcome of the Crewe and Ellesmere Port review so the establishment remained the same resulting in an underspend. The transfer of the appliances is due to take place later this year.

- 7.4 On-call recruitment has proven to be challenging with a 15% vacancy rate in 2017/18. In 2018/19 remedial action to improve on-call availability is in place with the introduction of dual role posts (advocate/on call firefighter) which is expected to be more attractive for recruitment. The post holders will provide on-call day cover whilst delivering prevention work in the local area. The full detail is currently being finalised and is expected to go live by third quarter 2018/19. In addition to this, two crew managers have been deployed to work permanent nights at Wilmslow to support availability.
- 7.5 Operational Policy and Assurance have underspent by £135k due to a number of projects not completed in year and lower than budgeted spend on operational equipment.

Protection £335k underspend

- 7.6 The majority of the Protection underspend is attributable to staff vacancies. The department lost a significant number of fire safety inspecting officers due to temporary promotions to other areas of the Service and resignations during 2017/18 (including both of the Business Safety Advocates, employed to carry out 'goodwill' Business Safety visits).
- 7.7 In April 2017 the team were carrying 1 x GMB, 1 x S01 and 2 x WMA vacancies. Vacancies increased again when a number of WMs were successful in the Service's promotion process and this tied in with the agreed departmental restructure in July 2017 – at which point vacancies stood at 1 x SMB, 3 x WMA, 3 x WMB, 1 X S01 and 1 Scale 3 (30 hours).
- 7.8 At a time when the focus was very much on Protection issues in the aftermath of Grenfell existing staff were diverted from the scheduled audit programme to focus on high-rise premises. This coupled with the lack of staff to carry out audits has impacted on the number of fire safety audits being completed. At the end of 2017/18, a total of 1,319 non-domestic premises fire safety audits were completed against an annual target of 1,800. We have a statutory duty to enforce the Regulatory Reform (Fire Safety) Order and having too few staff to conduct fire safety audits is detrimental to our ability to carry out our statutory duty.
- 7.9 The number of fires in non-domestic premises increased with 185 fires during 2017/18 compared to 176 for the same period last year.
- 7.10 We expanded our Protection department in 2017/18 to incorporate the newly created Organisational Performance team who monitor organisational performance and are preparing the Service for the Inspectorate. Costs in this area are being monitored closely as spend this year has largely been on salaries (1 x GM and 1 x Scale 6). A Scale 6 was not recruited until April 2018. Spend will no doubt increase as the requirements of Inspectorate scrutiny become clearer.

Prevention £262k underspend

- 7.11 Combined Prevention Delivery underspends on staffing of £21,500 are due to newer staff not being at the top of their pay scales and others not being in the pension scheme, whereas the budget assumes both. 2017/18 started with 3x Scale 4 and 1 x Scale 3 vacancies across the team and a number of staff have joined and left the department over the course of the year, contributing to the underspend.
- 7.12 There was an underspend on smoke alarms of £33k largely due to the Service's stores being temporarily closed in March due to relocation as a result of the Blue Light Collaboration Programme. Funds were therefore transferred to reserves to meet any future demands.
- 7.13 Partnerships and Innovation had a slight underspend of around £3k, largely due to underspends on: supplies, services and other expenditure; and salaries due to a member of staff returning from maternity leave and reducing their hours on return.
- 7.14 The Targeted Youth Support team have held two Scale 5 vacancies for a significant part of the year, resulting in an underspend of a little over £9k at year end. One of these vacancies is due to the promotion of one of the TYST Leaders to Princes Trust Team Project Co-ordinator. The vacancies have impacted on the Service's ability to deliver the RESPECT programme and the additional underspend of £5,600 is attributable to spending less on travel/supplies in line with reduced delivery. One of the Key Activities in the Prevention departmental plan for 2018/19 is a full review of the RESPECT programme and how it is resourced and delivered.
- 7.15 Volunteers were marginally overspent by £3k due, in part, to a regrade of the Volunteer Programme Manager post from Scale 5 to Scale 6. Mileage costs ran a little over £2k overspent - with the drive to recruit more volunteers careful monitoring of the situation will be undertaken to establish the actual costs and budgets required.
- 7.16 For cadets, the bulk of this underspend is attributable to the £12k set aside for cadet camp not being spent. There was no cadet camp organised this year due, in part, to the focus on the two Nepal trips – a cadet trip, then an Apprentice trip in close succession.
- 7.17 The Prince's Trust team has been working on standardisation of costs across the teams which has contributed, in part, to bringing expenditure down compared to previous years. However, in 2017/18 there was a significant underspend on salaries (£41k). Full establishment consists of 1 x S02, 6 x S01 and 6 x Scale 4. There were 2 x S01 and 1 x Scale 4 resignations during the year with related underspends until these posts were filled. Due to staff shortages and the time taken to recruit, the

decision was taken to stop running the Macclesfield and Chester team for one round which naturally impacts on the number of programmes we are able to deliver for the young people. During this period the salaries of the Chester members of staff were funded by one of the colleges as they delivered a pilot Probation Prince's Trust Programme.

Finance Resources £516k underspend

7.18 This includes a £250k underspend on Blue Light together with savings on contingency of £233k, £143k on insurance and other minor underspends offset by the one-off payment towards the actuarial pension costs of £309k, saving a small amount of interest by paying this way.

Capital Programme

8. At the end of March 2018, the Authority had an approved capital programme of £35.1m with a forecast spend of £35.6m – on overspend of £0.5m (1.4% variance). As previously reported, the Emergency Response Programme overspent by £0.8m, but within agreed tolerances. The remaining schemes within the capital programme are underspent as set out in Appendix 2.
9. Two key projects were agreed in 2017/18, the Training Centre at Sadler Road and the Chester Fire Station replacement. These schemes are both in the early stages and progress will be reported to Members throughout 2018/19.

Reserves

10. As a result of the finalisation of the year end position, the level of Reserves is as shown in the table below. The level of total earmarked reserves has fallen in the year. The level of General Reserves has increased, reflecting the underspend at the year end and the budgeted contribution in the year. The figures are shown in the Draft Statement of Accounts which is subject to audit and therefore could potentially change.

Reserves	Balance 31 Mar 17 £000	Changes in year £000	Balance 31 Mar 18 £000
IRMP related	10,216	(728)	9,488
Capital receipts	341	62	403
Capital Grants unapplied	0	0	0
Capital Reserves	2,137	779	2,916
Resource Centre Managers	6,575	(214)	6,361
Community Risk Reduction	441	34	475
UPG	372	(5)	367
Total earmarked reserves	20,082	(72)	20,010
General Reserve	7,987	224	8,211
Total usable reserves	28,069	152	28,221

Financial implications

11. This report considers financial matters.

Legal Implications

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

Equality and diversity implications

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

Environmental implications

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

BACKGROUND PAPERS: NONE