

CHESHIRE FIRE AUTHORITY

MEETING OF: PERFORMANCE AND OVERVIEW COMMITTEE
DATE: 5 SEPTEMBER 2018
REPORT OF: HEAD OF FINANCE
AUTHOR: WENDY BEBBINGTON

SUBJECT: QUARTER 1 FINANCIAL REVIEW 2018-19

Purpose of report

1. The report provides a review of the Service's forecast financial performance and reports on the progress against 2018/19 capital projects.

Recommended: That

- [1] Members note the forecast outturn position.
- [2] Member approve the movement in reserves as set out in Appendix 2.

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 14th February 2017 the Authority approved the 2018-19 revenue budget of £41.57m together with a 2018/19 capital programme of £9.8m. This report provides an indication of the forecast level of expenditure when compared to the approved budget and capital programme.

Information

Funding position

4. The original budget for 2018-19 approved by the Authority assumed that the Collection Fund position would be broadly neutral. The position relating to the Collection Funds - that are managed by the four unitary authorities - has now become clearer. The Authority will receive £0.5m as its share of the surplus on the council tax collection funds and will make a contribution of £28k to a deficit on the business rates collection funds: i.e. a net additional £482k in 2018-19 when compared to the original budget.

Forecast Revenue Spending

5. At this early stage of the financial year there are no significant issues that have emerged that will impact on the forecast to the year end. Based on this early assessment, there is a net forecast underspend of £62k as shown in the table below with further details of each service area's forecast outturn set out in Appendix 1.

<u>Summary</u>	Original Budget £000	Forecast Spend £000	Variance £000
Firefighting and rescue operations	£24,886	£24,940	£54
Protection	£2,045	£2,034	-£11
Prevention	£2,466	£2,519	£53
Support Services	£9,520	£9,442	-£78
Unitary Performance Groups	£100	£100	£0
Finance Resources	£3,269	£3,304	£35
Corporate Resources	-£253	-£432	-£179
Contributions to/(from) reserves	-£460	£86	£546
Net Revenue Position	£41,573	£41,993	£420
Funding:			
Council Tax	-£27,735	-£27,735	£0
Collection Fund Surplus (council tax)	£0	-£522	-£522
Business Rates Retention scheme	-£9,325	-£9,313	£12
Collection Fund Deficit (business rates)	£0	£28	£28
RSG	-£4,513	-£4,513	£0
Overall Net Underspend	£0	-£62	-£62

6. The Finance Resources budget shown above, includes provision for the assumed pay award of 3% to firefighters from April 2018. The forecast assumes this expenditure will be incurred, but this is still subject to on-going negotiations.
7. In June 2018 the Authority received notification from the Department for Communities and Local Government that authorities would receive additional specific grant to compensate for the business rate relief measures announced by the Government in the Autumn Budget. This meant an additional £179k for Cheshire Fire which is shown in the table above under Corporate Resources.
8. The 2018/19 approved budget included one-off items funded from reserves (£0.4m) together with a contribution to the capital reserves of £0.9m, a net £0.5m funding transferred from reserves. This includes the costs of Crewe and Ellesmere Port funded by reserves of £0.9m. At first quarter, the forecast shows a provisional net contribution to reserves of £86k. This reduction in the use of reserves is due to the receipt of the additional in-year funding as identified in paragraph 4, which negates the

use of reserves as originally envisaged. A breakdown of the movement in reserves is set out in Appendix 2.

9. In summary, the overall position at the first quarter, when forecast expenditure and improved funding are brought together, is for a forecast underspend to the year end of £62k (or 0.1%) when compared to the budget approved by the Authority. The position will continue to be monitored during the year.

Capital Programme

10. At the end of June 2018, the Authority had an approved capital programme of £9.8m. Since then a number of additional schemes have been approved including an increase to the Training Centre project and the rebuild of Chester Fire Station which together with prior year schemes gives an overall capital programme of £18.7m. At the end of June, the forecast outturn spend is £18.5m – an underspend of £0.2m (1% variance).
11. One scheme is no longer required at this time – the Hazmat Unit (£75k). A review concluded that the equipment was still usable. Details of all the schemes are in Appendix 3.
12. Funding for the Training Centre was approved through borrowing, the timing of which is being kept under review in consultation with the Authority's Treasury Management Advisors. At the end of the first quarter, no new borrowing has been undertaken.

Financial implications

13. This report considers financial matters.

Legal Implications

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

Equality and diversity implications

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

Environmental implications

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

BACKGROUND PAPERS: NONE

CHESHIRE FIRE AUTHORITY QUARTER 1 2018/19

	Original Budget £000	Forecast Spend £000	Variance £000
Firefighting and rescue operations			
Service Delivery	£20,344	£20,088	-£256
Operational Policy and Assurance	£4,542	£4,852	£310
Protection	£2,045	£2,034	-£11
Prevention			
Community Safety	£2,038	£2,091	£53
Safety Centre	£428	£428	£0
Support Services			
Executive Management	£846	£907	£61
Workforce Transformation	£157	£115	-£42
Property Management	£1,574	£1,542	-£32
Finance	£399	£392	-£7
ICT	£1,549	£1,496	-£53
Legal and Democratic Services	£536	£533	-£3
People and Development	£1,612	£1,595	-£17
Planning, Performance & Communications	£997	£977	-£20
Procurement and Stores	£238	£249	£11
Fleet services	£1,612	£1,636	£24
Unitary Performance Groups	£100	£100	£0
Finance Resources	£3,269	£3,304	£35
Business Rates Specific grants	-£283	-£462	-£179
Provision for non collection of funding	£30	£30	£0
Total Service Expenditure	£42,033	£41,907	-£126
Contributions to capital reserves	£935	£1,018	£83
Contributions from revenue reserves	-£1,395	-£932	£463
Total Net Revenue Expenditure	£41,573	£41,993	£420
Funding of Net Revenue Expenditure:			
Council Tax	-£27,735	£0	£0
Collection Fund Surplus (council tax)	-£522	-£522	-£522
Business Rates Retention scheme	-£9,313	£12	£12
Collection Fund Deficit (business rates)	£28	£28	£28
RSG	-£4,513	£0	£0
Total Funding	-£41,573	-£42,055	-£482
Forecast Net Underspend	£0	-£62	-£62

Appendix 2

MOVEMENT IN RESERVES 2018/19

<u>Department</u>	<u>Description</u>	TOTAL £K
Finance Resources	Land & Building 2018/19 valuation	-£10
Service Delivery	Funding for EP & Crewe 2nd pumps	-£900
Service Delivery	ERP2 Project team	-£60
OPA	Temporary training facilities - year 1 of 2	-£100
Protection	Sprinkler Campaign - one off	-£250
Community Safety	Engagement Officer - Halton	-£13
Fleet	Engagement Officer - Halton, vehicle element	-£5
Property Management	Temporary SM B (no flexi) - New Training Centre (OPA)	-£57
Finance Resources	Annual Contribution to Capital	£935
	Approved as part of 2018/19 Budget	-£460
OPA	Annual contribution to Uniform PPE	£100
Community Safety	Annual contribution to Cadet Vehicle Replacement	£20
Property Management	Annual contribution to Alsager Station Maintenance	£20
Property Management	Annual contribution of RHI Income to Environment Reserve	£25
Property Management	Annual contribution Poynton Maintenance	£5
ICT	Annual contribution Mobile Data Terminals (MDTs)	£34
	Annual Contributions	£204
 <i><u>Further Contributions To Reserves:</u></i>		
Finance Resources	Funding for new loan costs - not required in year	£63
Finance Resources	Payment back to reserves for pension scheme costs met in April 2017	£260
OPA	New Dimensions Grant - transfer to reserves	£6
Workforce Transformation	Contribution to staff survey reserve - bi-annual	£11
Property Management	Additional RHI Income to Environment Reserve	£3
	First Quarter Transfers	£342
	TOTAL POTENTIAL NET CONTRIBUTION FROM RESERVES	£86

CHESHIRE FIRE AUTHORITY CAPITAL QUARTER 1 2018/19

Service Area	Description	2018/19 Budget £000	Total Revised Budget £000	Total Expenditure to end Jun18 £000	Expected Expenditure 2018/19 £000	Expected Scheme Outturn £000	Variance £000
Prior year schemes:	ICT Review/Server Replacement Programme	0	507	311	196	507	0
	Line Rescue Vehicle	0	80	36	44	80	0
	2 * water incident units	0	154	95	47	105	-49
	1 * 4 Wheel drive resilience	0	55	0	55	55	0
	Support vehicles replacement programme	0	60	60	60	60	0
	1 * display unit (chip pan demo unit)	0	25	17	17	17	-8
	Salvation Army Vehicle	0	22	8	22	22	0
	Sub-total	0	903	527	441	846	-57
2018/19 Schemes	2 * cadets vehicles	20	20	0	20	20	0
	Three New Appliances	810	810	0	810	810	0
	1 * 4 wheel drive vehicle	55	55	0	55	55	0
	support vehicles replacement programme	60	60	0	60	60	0
	Hazardous materials units / containers	75	75	0	0	0	-75
	Server replacement programme	50	50	0	50	50	0
	ICT - storage space	50	50	0	50	50	0
	Replacement thermal image cameras (phased replacement)	28	28	0	28	28	0
	Capital contingency	107	107	0	0	0	-107
	New Operational Training Facility	8,550	11,000	343	400	11,000	0
	Sub-total	9,805	12,255	343	1,473	12,073	-182
In-year approvals:	Chester Fire Station	0	5,510	87	500	5,510	0
	Transport management system	0	45	0	45	45	0
	Total	9,805	18,713	957	2,459	18,474	-239