

CHESHIRE FIRE AUTHORITY

MEETING OF: PERFORMANCE AND OVERVIEW COMMITTEE
DATE: 28 NOVEMBER 2018
REPORT OF: HEAD OF FINANCE
AUTHOR: WENDY BEBBINGTON

SUBJECT: FINANCE REPORT – QUARTER 2, 2018/19

Purpose of report

1. This 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. 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

Forecast Revenue Spending

3. At first quarter review, an early assessment indicated a small forecast underspend of £62k based on a number of unknown factors such as pay awards. Since then, the pay award position has become clearer and the unused funding set aside has now been released. This, together with other key changes have resulted in a forecast underspend at the end of Quarter 2 of £1.6m as shown in the table below with further details of each service area's forecast outturn set out in Appendix 1.

	Revised Budget £000	Forecast Spend £000	Variance £000
Summary			
Firefighting and Rescue Operations	£24,850	£24,715	-£135
Protection	£2,037	£2,040	£3
Prevention	£2,501	£2,407	-£94
Support Services	£9,618	£9,634	£16
Unitary Performance Groups	£100	£100	£0
Finance Resources	£3,301	£2,021	-£1,280
Corporate Resources	-£432	-£432	£0
Contributions to/(from) reserves	£80	£4	-£76
Net Revenue Position	£42,055	£40,489	-£1,566
Funding:			
Council Tax	-£27,735	-£27,735	£0
Collection Fund Surplus (council tax)	-£522	-£522	£0
Business Rates Retention scheme	-£9,313	-£9,313	£0
Collection Fund Deficit (business rates)	£28	£28	£0
RSG	-£4,513	-£4,513	£0
Overall Net Underspend	-£0	-£1,566	-£1,566

4. 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 mid year review, the forecast shows a provisional net contribution to reserves of £4k. This reduction in the use of reserves is due to the receipt of the additional in-year funding as reported at first quarter, which negates the use of reserves as originally envisaged. Details of the movement in reserves is set out in Appendix 2.
5. The most significant change since first quarter relates to Finance Resources. This budget holds the pay and inflation contingencies approved at budget setting but not allocated until pay awards have been agreed and costs clarified. For 2018/19 this included funding for the potential 3% firefighters pay award proposed from 1 April. This has not been resolved and the funding is now released. In addition, expected levels of vacancies have been exceeded leading to further underspends together with reductions in the costs of insurances, supplies and services and interest payments. The permanent impact of these will be included in the budget setting process for 2019/20.
6. Service Delivery is forecasting an underspend of £0.2m (1.2% variance to budget) mainly due to staffing levels being below budgeted establishment. In addition, income has been received from Greater Manchester Fire & Rescue Service for assistance provided by the Service in respect of the moorland fires this summer. This offsets the overspend forecast for Operational Policy and Assurance of £0.1m (2.2% variance to budget).

7. Property Management is reporting an overspend of £0.1m (7.9% variance to budget). Additional costs of a Building Surveyor/Project Manager brought in to support the Refurbishment Programme together with the Chester Fire Station survey work are the key variances.
8. In summary, the overall position at mid year, when forecast expenditure and improved funding are brought together, is for a forecast underspend to the year end of £1.6m (or 3.7%) when compared to the budget approved by the Authority. The position will continue to be monitored during the year.

Capital Programme

9. 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 £23.7m. At the end of September, the forecast outturn spend is £23.4m – an underspend of £0.3m (1.3% variance).
10. Details of all the schemes are in Appendix 3.
11. The approval for the Training Centre programme envisaged the funding being secured by borrowing, the timing of which was to be kept under review with the assistance of the Authority's treasury management advisers. To date no borrowing has taken place.

Financial implications

12. This report considers financial matters.

Legal Implications

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

Equality and diversity implications

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

Environmental implications

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

BACKGROUND PAPERS: NONE