

# CHESHIRE FIRE AUTHORITY

**MEETING OF:** PERFORMANCE AND OVERVIEW COMMITTEE  
**DATE:** 27 FEBRUARY 2019  
**REPORT OF:** HEAD OF FINANCE  
**AUTHOR:** WENDY BEBBINGTON

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**SUBJECT:** FINANCE REPORT - QUARTER 3, 2018-19

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## Purpose of report

1. This report provides a review of the Service's forecast financial outturn and reports on the progress against 2018-19 capital projects.

**Recommended:** That Members

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

## Background

2. On 14<sup>th</sup> February 2018 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 been clarified and the unused funding that was set aside has now been released. This, together with other key changes resulted in a mid-year forecast underspend of £1.6m. At the end of December, the forecast has been revised further to show a forecast underspend of an additional £0.8m as shown in the table below with further details of each service area's forecast outturn set out in Appendix 1.

<u>Summary</u>	Revised Budget £000	Forecast Spend £000	Variance £000
Firefighting and Rescue Operations	£24,740	£24,572	-£168
Protection	£2,043	£1,767	-£276
Prevention	£2,411	£2,346	-£65
Support Services	£9,603	£9,229	-£374
Unitary Performance Groups	£100	£100	£0
Finance Resources	£2,021	£1,761	-£260
Corporate Resources	-£432	-£432	£0
Contributions to/(from) reserves	£1,569	£1,933	£364
<b>Net Revenue Position</b>	<b>£42,055</b>	<b>£41,276</b>	<b>-£779</b>
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
<b>Overall Net Underspend</b>	<b>£0</b>	<b>-£779</b>	<b>-£779</b>

4. Firefighting and Rescue Operations forecast underspend relates mainly to vacancies within the admin hub and OPA. In addition, there are a number of employees choosing to not join the pension scheme. This is being monitored through Human Resources.
5. Within Protection, funding had been allocated to provide support to landlords for sprinklers. This has not been utilised and is being held over until 2019/20 and this is reflected in the forecast underspend.
6. The impact of blue light collaboration on Support Services is providing savings on equipment, photocopying etc., due to sharing these costs with the Constabulary. In addition, Fleet is reporting an underspend for leased vehicles including funding relating to the delayed cardiac response scheme.
7. Finance Resources holds funding for debt management and interest. At the end of December, the approved new borrowing has not yet been taken up and therefore, interest payments remain unspent. In addition, the level of cash held remains high with interest earned exceeding the budget. Both are monitored daily as part of the Treasury Management Strategy.
8. When the 2018/19 budget was set, it included a net contribution from reserves of £0.4m. At the end of December, the amount forecast to be transferred to reserves is £1.933m as shown in the table above. This is due to the underspends reported at first and second quarter reviews together with other agreed transfers. A full breakdown of all reserve movements is included in Appendix 2.

9. As part of the overall financial review including reserves, the Service Management Team challenged a number of earmarked reserves and their purpose. As a result, a number of earmarked reserves have been released and given the capital programme funding requirements, the proposal is for £1.9m to be transferred to the capital reserve.
10. In summary, the overall position at three quarter year review, when forecast expenditure and improved funding are brought together, is for a forecast underspend in this quarter of £0.8m (or 1.85%) when compared to the revised budget and an overall forecast underspend of £2.4m (or 5.7%) from 1 April 2018. The position will continue to be monitored during the final quarter.

## Capital Programme

11. At the end of June 2018, the Authority had an approved capital programme of £9.8m. At quarter 2 it was reported that additional schemes have been approved including an increase to the Training Centre project and the rebuild of Chester Fire Station. The additional scheme for the new joint facility at Crewe was also approved by the Fire Authority in September 2018 and earmarked £5m.
12. In this last quarter a couple of small additional schemes have been approved by the relevant officers including £45k for the transport management system. In addition, approval was given for a new drill tower at Poynton Fire Station (£60k) following the deteriorating condition of the existing tower which posed safety issues and was deemed unusable and unrepairable. All these capital schemes, together with prior year schemes, gives an overall capital programme of £23.8m. At the end of December 2018 the forecast outturn is £23.4m – an underspend of £0.4m (1.6% variance).
13. Details of all the schemes are in Appendix 3.
14. 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 December, no borrowing had taken place.

## 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**