



FINANCE COMMITTEE

23 OCTOBER 2018

FORECAST OF OUTTURN 2018/19 – ESTIMATE BASED ON EXPENDITURE AND INCOME POSITION TO 30 SEPTEMBER 2018 (QUARTER 2)

REPORT OF TREASURER

Purpose of Report

1. To provide an indication of the Service's revenue and capital financial outturn position based upon expenditure and income to the 30 September 2018.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 30 September 2018, the forecast revenue outturn position to the 31st March 2019 is an underspend of £0.469M (1.65%). A breakdown of expenditure and income compared with the budget is set out in Appendix 1 and details of the main variances are set out below:

3. **Salaries & Wages - Forecast Outturn £348,000 (1.88%) Underspent**

Following the emergency response review, the service is currently trialling alternative crewing arrangements at Bishop Auckland, Seaham and Newton Aycliffe fire stations which will result in a saving in staffing costs of £390,000. This is partially offset by additional expenditure on occupational cover contracts which are being utilised throughout the service area to cover for other absences.

The forecast outturn also includes an allowance for a 2% pay award to firefighters from 01 July 2017.

4. **Pension Contributions – Forecast Outturn £72,000 (3.77%) Underspent**

Expenditure on pension contributions is forecast to be below budget as a result of the operational staffing changes outlined above.

5. **Ill Health Charges – Forecast Outturn £129,000 (23.41%) Overspent**

Expenditure in this area is particularly difficult to forecast as it depends upon the number and timing of ill health retirements during the year. A number of long term ill-health retirements have recently been progressed and based upon this it is likely that expenditure will exceed the budget by £129,000. This expenditure is currently reported as an overspend however, a transfer from the pensions reserve will be made at the year-end should the need arise.

6. **Other Employee Costs – Expenditure forecast to be in line with budget**

Expenditure on other employee costs is forecast to be broadly in line with budget at the year end.

7. **Premises – Expenditure forecast to be in line with budget**

Expenditure on premises is forecast to be broadly in line with budget at the year end.

8. **Transport - Expenditure forecast to be in line with budget**

Expenditure on transport is forecast to be in line with budget at the year end.

9. **Supplies and Services – Forecast Outturn £213,000 (5.20%) Underspent**

A number of supplies and services budget heads are forecast to underspend as a result of initiatives to reduce cost together with strict control of non-essential items of expenditure.

10. **Capital Financing – Expenditure forecast to be in line with budget**

The budget includes provision to meet the full year cost of loan repayments and interest which is currently forecast to be broadly in line with budget at the year end.

11. **Contingencies - Expenditure forecast to be in line with budget**

The contingencies budget is set aside to meet any unforeseen events and includes an allowance for inflation.

13. **Income – Forecast Outturn £35,000 below budget**

Based on actual income receipts at 30 September 2018 income from fees and charges is currently forecast to be less than the amount included in the budget.

Forecast of Outturn – Capital Budget

14. The total original budget for 2018/19 was £5.124M which has been revised to £2.124M based on the latest available information. The revised budget set out in Appendix 2 reflects the forecast outturn position to 31st March 2019 and details of the main changes are set out below:

14. **Estates Improvement Programme – Forecast Outturn £3.000M (70.58%) Underspent**

The capital budget includes £4.250M for the replacement of Darlington fire station however it is unlikely that work will commence on site until early 2019. It is currently forecast that £3.0M of the expenditure on this scheme will slip into 2019/20.

15. **ICT – Expenditure Forecast to be in line with Budget**

Planned expenditure on information and communications technology is currently forecast to be in line with the budget of £0.100M.

16. **Vehicles – Expenditure Forecast to be in line with Budget**

Planned expenditure on vehicles is currently forecast to be in line with the budget of £0.074M.

17. **Equipment – Expenditure Forecast to be in line with Budget**

Planned expenditure on equipment is currently forecast to be in line with the budget of £0.450M.

Conclusions

19. Based upon expenditure and income to 30 September 2018 the forecast revenue underspend for the year is £0.469M. The outturn position will be closely monitored by officers for the remainder of the year and a report on the actual outturn position will be presented to the committee after the finalisation of the 2018/19 accounts.

20. An underspending of £3.0M is currently forecast on the capital budget at the year-end due to slippage in the Darlington fire station replacement scheme.

Recommendations

21. Members are requested to:

- a. **note** the forecast revenue and capital outturn position.
- b. **approve** the revisions to the capital budget as set out in Appendix 2.