

Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



FINANCE COMMITTEE

29 JANUARY 2019

FORECAST OF OUTTURN 2018/19 – ESTIMATE BASED ON EXPENDITURE AND INCOME POSITION TO 31 DECEMBER 2018 (QUARTER 3)

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 31 December 2018.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 31 December 2018, the forecast revenue outturn position to the 31st March 2019 is an underspend of £0.441M (1.55%). 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 £315,000 (1.71%) 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. There are also currently a number of corporate staff vacancies which remain unfilled. The underspending is partially offset by additional expenditure on occupational cover contracts which are being utilised throughout the service area to cover for other absences.

4. **Pension Contributions – Forecast Outturn £32,000 (1.73%) Underspent**

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

5. **Ill Health Charges – Forecast Outturn £146,000 (26.50%) 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 £146,000. 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 – Forecast Outturn £19,000 (3.24%) Underspent**

Based upon actual expenditure to December expenditure on other employee costs is forecast to be £19,000 below budget at the year end.

7. **Premises – Forecast Outturn £37,000 (1.41%) Overspent**

The transfer of the former Babcock's staff into the service's estates team has allowed a range of outstanding minor works to be completed by the in-house team which was not included in the original budget. This has reduced the level of backlog maintenance and associated risk to the Authority. The service also now has a forward maintenance plan which will result in greater sustainability and affordability for the estate overall.

8. **Transport- Forecast Outturn £68,000 (11.35%) Overspent**

Additional expenditure on vehicle repairs has been incurred following a significant rise in the number of vehicle accidents. As the trend associated with these accidents continues to be slow speed and reversing manoeuvres the value of the associated repairs is below the excess limit for insurance purposes. A transfer from the insurance reserve will be made to meet this additional expenditure at the year-end should the need arise.

9. **Supplies and Services – Forecast Outturn £118,000 (2.88%) 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 – Forecast Outturn £98,000 (6.35%) Overspent**

In order to reduce future interest charges on borrowing, 3 outstanding loans with the Debt Management Office have been settled early saving £30,180 in interest. Following this action the Authority now has no outstanding debt however this is likely to change following the completion of the new fire station at Darlington.

11. **Contingencies - Forecast Outturn £453,000 (100.00%) Underspent**

The contingencies budget is set aside to meet any unforeseen events and includes an allowance for inflation. Every effort is being made to contain expenditure within existing budgets and known overspends are reflected in the forecast outturn position. As no drawings from contingencies are anticipated before the year end the contingency provision of £453,000 has been reported as an underspend.

13. **Income – Forecast Outturn £147,000 (6.58%) below budget**

Based on actual income receipts at 31 December 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 was revised to £2.124M at quarter 2. Based on the latest available information the forecast outturn position is an underspend of £1.000M (47.08%) compared to the revised budget. A breakdown of

expenditure compared with the budget is set out in Appendix 2 and details of the main variances are set out below:

15. **Estates Improvement Programme – Forecast Outturn £1.000M (70.58%) Underspent**

The revised capital budget includes £1.250M for the replacement of Darlington fire station. Following the completion of the tendering process work is not expected to start on site until April 2019 therefore some of the expenditure originally planned for the current financial year will now slip into 2019/20.

16. **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.

17. **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.

18. **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 31 December 2018 the forecast revenue underspend for the year is £0.441M. 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 £1.0M is currently forecast on the revised capital budget at the year-end due to slippage in the Darlington fire station replacement scheme.

Recommendations

21. Members are requested to **note** the forecast revenue and capital outturn position.