



Dorset Fire Authority

MEETING	Dorset Fire Authority
DATE OF MEETING	24 September 2014
OFFICER	Chief Fire Officer
SUBJECT OF THE REPORT	First Quarter Financial Performance Report
EXECUTIVE SUMMARY	<p>This report provides an analysis of the financial position as at 31 July 2014 based upon profiled projections and actual data to date.</p> <p>Section 2 of the report deals with the revenue budget which highlights a potential underspend of £371k principally arising from savings against pay budgets.</p> <p>Section 4 updates Members on the capital programme, with an updated total programme cost of £1.712m indicated, and spending this year of £1.486m.</p>
RISK ASSESSMENT	None
COMMUNITY IMPACT ASSESSMENT	N/A
	<i>Note: If the matrix indicates negative impacts on the community or staff, an equality impact assessment (EIA) will need to be completed.</i>
BUDGET IMPLICATIONS	None
RECOMMENDATIONS	It is recommended that Members note and comment upon the current financial position.
BACKGROUND PAPERS	Medium Term Finance Plan 2014-19
APPENDICES	A: Capital Programme Monitoring 2014/15
REPORT ORIGINATOR AND CONTACT	Ian Cotter, Head of Financial Services Tel: (01305) 252697

Revenue Budget Summary 2014/15

Strategy	Programme	Original Budget	Current Budget ¹	Expected Outturn	Variance ²	Key Issues
Assets	Operational Assets	961	982	982	0	
	ICT	698	728	728	0	
	Property	2,194	2,250	2,250	0	2.3
	Support Budgets	10	10	10	0	
	ASSET STRATEGY TOTAL	3,864	3,970	3,970	0	
Community Safety	Intervention	345	441	441	0	
	Prevention	320	358	358	0	
	Protection	58	58	58	0	
	Support Budgets	93	92	92	0	
	COMMUNITY SAFETY STRATEGY TOTAL	816	950	950	0	
Governance	Governance	11	12	12	0	
	Central Budgets	2,527	2,657	2,657	0	
	Support Budgets	22	22	22	0	
	GOVERNANCE STRATEGY TOTAL	2,559	2,690	2,690	0	
People	Employee Development & Resourcing	292	294	294	0	
	Employee Services & Support	163	165	165	0	
	Equality & Diversity	5	5	5	0	
	Health & Safety	8	8	8	0	
	Pay	21,761	21,772	21,399	373	2.1
	Ill Health and Injury Pensions	918	918	920	-2	2.2
	Support Budgets	25	25	25	0	
PEOPLE STRATEGY TOTAL	23,172	23,188	22,816	371		

Earmarked Reserves	-564	-782	-782	0	3
General Balances	0	-168	-168	0	3

REVENUE BUDGET TOTAL	29,847	29,847	29,476	371	
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TOTAL FUNDING	-29,847	-29,847	-29,847	0	
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¹ Current budget reflects original budget adjusted for approved variations

² Variance = Current budget less expected outturn

Green = within budget

Amber = up to 5% overspend

Red = 5%+ overspend

Yellow = underspend

1. Background

- 1.1 This report provides an update of the revenue and capital budget positions for the 2014/15 financial year and includes all known actual and committed costs to 31 July 2014. The net revenue budget was set in February 2014 at £29.847m and the approved capital programme totalled £1.412m.

2. Revenue Budget

2.1 Pay Budgets

- 2.1.1 The NJC for Local Authority Fire and Rescue Services offered a pay increase of 1% for uniformed staff (WDS, RDS and Fire Control) from 1 July 2014. This has been accepted and is being implemented in the August 2014 payroll. The budget allows for a 2% increase. For support staff, a similar 1% pay award (from 1 April 2014) has been offered by the Local Government Employers side, again compared to a 2% budget allowance, but this award has not yet been accepted by the respective trade unions. Overall, compared to allowances made in the budget, £170k should be saved this year due to lower pay awards, with a full year saving of approximately £220k from April 2015.

- 2.1.2 For the wholetime pay budget, after allowing for expected retirements and including a provision for additional pre-arranged overtime costs for the remainder of the year, an underspend of £136k is expected. At the end of July, wholetime strength was eight below budget at 266, although this does include one member of staff who is on a career break and therefore not a cost to the Service at the moment, and four RDS staff on temporary contracts to cover gaps in the establishment. We anticipate that there could be up to 11 further ordinary retirements before the end of the financial year.

- 2.1.3 So far the cost of providing cover during strike action totals £81k and £32k has been deducted from striking employees, leaving a net cost of £49k. This covers all strike periods to the end of June. The July strike periods will be reflected in August's payroll costs. The net cost so far can be absorbed by the pay budget but reduces the saving from the pay award and vacancies.

- 2.1.4 The total cost of retained incident response and other hourly payments for the first four months of the financial year was £386k against a predicted budget profile of £539k, representing a saving of £153k. For the same period last year, total costs were £445k. A saving of £53k is forecast for other retained salary costs, including pension and national insurance savings arising from the saving on incident response and hourly duties. Further savings on the retained pay budget can be expected over the remaining eight months of the financial year.

- 2.1.5 The retained pay budget has been further disaggregated from this financial year to provide a better analysis of spending across retaining fees, drills, incident costs and other hourly duties. This disaggregation compliments the new retained pay database now in use on stations. The experience and analysis gained this year will be used to more accurately set

future retained pay budgets, along with our approach to reinvestment of savings to help strengthen future RDS performance.

- 2.1.6 The support staff pay budget should show a saving of £45k provided the 1% pay award is confirmed, but at the current time the predicted saving is slightly less at £38k. Although there are a number of vacancies being held, temporary cover arrangements and some contract extensions are leading to increased costs.
- 2.1.7 The Fire Control pay budget currently shows an overspend of £6k mainly as a result of overtime payments. Crewing in fire control is extremely difficult at the current time and the pay budget will be quite volatile this year.

2.2 Pensions

- 2.2.1 The original budget includes £830k for the costs of ongoing ill-health and injury pensions. Spending over the first four months indicates that actual costs will be £832k.
- 2.2.2 The original budget also includes £88k for the payment of additional lump sum contributions relating to new ill-health retirements. £38k will be paid as the second instalment for the firefighter who retired through ill-health last year, and this is funded by a transfer from the pensions reserve. The remaining £50k is a provision against any new ill-health retirements, but at this stage none are expected.

2.3 Property

- 2.3.1 The increase in the property budget line reflects an additional £53k allocated for projects carried forward from the last financial year at Christchurch, Shaftesbury and the Training Centre.

2.4 Treasury Management

- 2.4.1 The budget includes £60k for income from investing surplus cash flows. £12k has been received in the first four months of the financial year.
- 2.4.2 The budget currently includes £511k for interest charges on external loans, with £380k committed to existing loans.

2.5 Grants and Partnership Activity

- 2.5.1 Grant funding of £2.188m has been brought forward from 2013/14. This includes £1.343m for the Networking Fire Control Services Partnership (NFCSP), £151k for the regional Secure Information Interchange project and £169k for New Dimension. £85k of the New Dimension funding is being used to provide additional training facilities at Bridport Fire Station.
- 2.5.2 The funding for NFCSP and Secure Information is required to fund costs being incurred in 2014/15 and future years. The majority of the £1.343m for NFCSP will be incurred during 2014/15 and 2015/16, as the new system is implemented. Net spending to the end of July

2014 totalled £189k. The Secure Information project has now formally closed and the remaining funding will be allocated across the four participating FRSs as agreed by the Secure Information Programme Board.

- 2.5.3 DCLG are providing Fire Revenue Grant funding of £247k for 2014/15. This covers £199k to part fund Firelink charges and £48k for New Dimension.

3. Reserves and Balances

- 3.1 In line with the Strategic Budget Principles agreed by the Authority we continue to take a prudent approach to the management of our reserves and balances. The main focus is to use reserves and balances to reduce debt, provide funding for Service transformation and manage the impact of funding cuts.
- 3.2 At the end of March 2014, the level of cost centre balances stood at £682k. In June the Authority approved the transfer of £151k from cost centre balances to fund items of expenditure carried over from last year and a further £17k has been allocated in 2014/15 to fund additional spending pressures in year. This leaves cost centre balances at an estimated level of £514k.
- 3.3 The current financial performance would add a further £371k to cost centre balances, taking them to an overall figure of £885k. Any additional savings that can be made at this time will be very important to the Combination work going forward.

4. Capital Programme

- 4.1 The original capital programme for 2014/15 totalled £1.412m. Projects totalling £300k were carried forward from 2013/14 and these were approved by the Fire Authority in June 2014. The revised capital programme for 2014/15 therefore totals £1.712m.

Capital budget summary	Original Budget	Carry forward items	In-year changes	Revised Budget
	£'000s	£'000s	£'000s	£'000s
IT and Communications	246	115	0	361
Operational & Other Equipment	212	46	0	258
Vehicles	770	33	0	803
Station Improvements	185	106	0	291
TOTAL	1,412	300	0	1,712

- 4.2 £511k of funding for the capital programme is being met from revenue budget contributions and the remaining £1.201m of funding will be met from Fire Capital Grant allocations, £902k allocated for 2014/15 and £299k brought forward from 2013/14. That leaves £13k of Fire Capital Grant still available.

- 4.3 The current estimate of total capital spend for the year is £1.486m (see Appendix A), although this may reduce further depending on timescales for the new financial system and replacement of aerial appliances, both of which are linked to the business case for combination.
- 4.4 The capital programme includes £141,800 for the replacement of firefighter helmets and £90,000 for the replacement of breathing apparatus radios. We are currently evaluating a number of alternative different new firefighter helmets and the trials end in December this year. It is likely that the delivery of new helmets will not take place until early in the 2015/16 financial year. Our current breathing apparatus radios are still working well and there are no significant benefits to replacing them at this stage so replacement will be put back to 2015/16 or indeed 2016/17.
- 4.5 A small amount of funding has been committed to the RoadWise project at this stage. Funding of £200k for the project is held in Reserves.

DARRAN GUNTER
Chief Fire Officer

17 September 2014

Appendix A

**CAPITAL PROGRAMME MONITORING
2014/15**

	Original Budget	Carry Forwards	In-Year Changes	Current Budget	Total Spend to Date	Free Funds	Estimated Outturn
ICT PROGRAMME							
ICT Roadmap	85,000	40,000	0	125,000	0	125,000	125,000
Hardware replacement	58,500	0	0	58,500	11,411	47,089	58,500
Communications Equipment	12,000	0	0	12,000	0	12,000	12,000
	155,500	40,000	0	195,500	11,411	184,089	195,500
MIS PROGRAMME							
Breathing Apparatus Radios	90,000	0	0	90,000	0	90,000	0
Griffin Replacement	0	75,000	0	75,000	0	75,000	75,000
	90,000	75,000	0	165,000	0	165,000	75,000
EQUIPMENT PROGRAMME							
Operational Equipment	34,500	41,000	0	75,500	34,673	40,827	75,500
PPE	177,200	5,000	0	182,200	858	181,342	35,400
	211,700	46,000	0	257,700	35,530	222,170	110,900
PROPERTY PROGRAMME							
Station Improvements	185,000	80,000	0	265,000	169,013	95,987	265,000
RoadWise	0	0	0	0	6,469	-6,469	10,000
Training Centre Classrooms	0	26,400	0	26,400	17,862	8,538	26,400
	185,000	106,400	0	291,400	193,345	98,055	301,400

**CAPITAL PROGRAMME MONITORING
2014/15****VEHICLE PROGRAMME**

	Original Budget	Carry Forwards	In-Year Changes	Current Budget	Total Spend to Date	Free Funds	Estimated Outturn
Aerial Appliances	300,000	0	0	300,000	0	300,000	300,000
Scania B Type Fire Appliances	335,000	0	0	335,000	51,672	283,328	335,000
Support Vans	135,000	0	0	135,000	121,324	13,676	135,000
Provided / Pool Cars	0	32,800	0	32,800	32,072	728	32,800
	770,000	32,800	0	802,800	205,069	597,731	802,800

SUMMARY

ICT Programme	155,500	40,000	0	195,500	11,411	184,089	195,500
MIS Programme	90,000	75,000	0	165,000	0	165,000	75,000
Equipment Programme	211,700	46,000	0	257,700	35,530	222,170	110,900
Property Programme	185,000	106,400	0	291,400	193,345	98,055	301,400
Vehicle Programme	770,000	32,800	0	802,800	205,069	597,731	802,800
TOTAL SPEND	1,412,200	300,200	0	1,712,400	445,355	1,267,045	1,485,600