



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Item 06

MEETING	Finance and Audit Committee
DATE OF MEETING	6 July 2016
SUBJECT OF THE REPORT	Provisional outturn report for DFRS - 2015/16
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For information and decision
EXECUTIVE SUMMARY	<p>This report sets out the provisional revenue budget outturn position for 2015/16.</p> <p>For the revenue budget an underspend of £938k is currently predicted, after allowing for transfers to and from earmarked reserves. Additional savings have been made on a number of budget lines, compared to previous projections, and these are detailed in the report.</p> <p>Capital expenditure totalled £0.624m against a revised budget figure of £3.63m. £1.4m of vehicle replacement projects were deferred to the new Service capital programme. Two vehicle replacement projects started in 2015/16 were not complete at year end and £1.1m of funding will need to be carried forward to meet the cost of these.</p> <p>The Finance and Audit Committee will meet in September to look in detail at the statutory financial statements and final outturn expenditure for the year, following the conclusion of the audit process.</p>
RISK ASSESSMENT	<p>The financial pressures facing the Authority, in terms of cost pressures and funding cuts, have been significant and challenging. We have continued to take a prudent approach to financial management as a whole and particularly how we manage the reserves and balances of the Authority, to ensure that they are used in the most efficient and effective manner possible. This approach will continue into the new Authority.</p>
COMMUNITY IMPACT ASSESSMENT	None undertaken as a result of this report

BUDGET IMPLICATIONS	None
RECOMMENDATIONS	It is recommended that Members: <ol style="list-style-type: none">1. Note the provisional outturn position.2. Approve the carry forward of capital projects totalling £1.1m.
BACKGROUND PAPERS	Medium Term Finance Plan 2016-20
APPENDICES	A: Revenue Budget Summary 2015/16
REPORT ORIGINATOR AND CONTACT	Ian Cotter, Head of Financial Services ian.cotter@dwfire.org.uk Tel: (01722) 691109

1. Introduction

- 1.1 This report provides details of the provisional outturn revenue and capital performance for the 2015/16 financial year. The net revenue budget was set in February 2015 at £29.29m and the approved capital programme totalled £2.965m.

2. Major Variations From Revenue Budget

2.1 Pay Budgets

- 2.1.1 Actual outturn pay expenditure totalled £20.219m against a revised estimate of £21.383m, saving £1.164m.
- 2.1.2 Wholetime staff savings total £664k, compared to £555k predicted based on spend to 31 October 2015. The additional saving reflects a further reduction in wholetime staff numbers, over and above our previous forecasts, and lower than anticipated overtime costs. Wholetime staffing resources are being managed to ensure that we meet the financial savings as outlined in the Combination business case, and now included in the medium term finance plan of the new Service. Substantive new arrangements to secure this level of savings will be addressed within our Integrated Risk Management Plan.
- 2.1.3 £469k has been saved on retained duty system salary costs, compared to £219k predicted at the end of October 2015. This principally comes from savings against the total cost of retained turnouts and other hourly payments. These payments totalled £1.252m against a revised estimate of £1.650m. A saving of £38k relating to RDS staff attending training courses has been made and this sum has been transferred to the RDS training reserve. Overall employer pension and national insurance costs were £61k less than budgeted.
- 2.1.4 The support staff pay budget shows an overspend of £23k. This takes into account the net impact of savings from vacancies held and costs for temporary cover arrangements, contract extensions and additional resources to support Combination work.
- 2.1.5 The Fire Control pay budget shows an underspend of £54k. The original budget for the year assumed 6 months of staff costs and 6 months of payments to Wiltshire as our share of the new Service Control costs. The final outturn factors in the impact of the transfer of control services on 26 August and additional charges from Wiltshire FRS as a result. £56k was transferred from the pay budget to Community Safety Intervention to fund these additional charges.

2.2 Pensions

- 2.2.1 Overall, net costs totalled £992k against an original budget of £936k. Costs increased as a result of two firefighters retiring through ill-health during the year. This required additional payments to be made to the pension fund, as well as an injury gratuity payment to one firefighter, which was chargeable to the revenue budget. The total charge to the revenue budget for the ill-health lump sums for the two firefighters will be £132k spread equally over three financial years.

2.3 Operational Assets

2.3.1 There were a number of underspends and overspends on Operational Assets budgets, but the primary reasons for the overall underspend shown are a saving of £65k against fuel costs, a £12k underspend on training costs and £10k additional income received from the sale of vehicles. The fuel saving has arisen mainly as a result of lower fuel prices.

2.3.2 Stocks of uniform and workwear to the value of £30k have been written off as obsolete at year end. This was stock which can no longer be used in the new combined Fire and Rescue Service from April 2016, but will be donated to an overseas country for positive use.

2.4 ICT

2.4.1 £815k was spent on ICT during the year, compared to an original budget of £764k. £11k was spent on items brought forward from 2014/15 and an additional £42k was added to the budget over the course of the year to deal with some unplanned software and hardware maintenance costs.

2.5 Property

2.5.1 Overall revenue spending on property totals £2.209m against a revised budget of £2.295m. The budget was increased by £93k during the year. £84k of this increase reflects the costs of a new subterranean training facility located at Weymouth Community Safety Centre. This project has been funded from money set aside in reserves at the end of last year.

2.5.2 £40k less than originally budgeted has been spent on property maintenance works. Ordinarily this funding would be earmarked to be carried forward and spent on works in the new financial year, but we will look to manage the 2016/17 budget so that this is not necessary. During the year we have also benefitted from a £29k refund in respect of insurance costs relating to our PFI properties and £10k of additional rental income from our properties.

2.6 Intervention

2.6.1 The net budget cost for intervention was increased from £345k to £550k. The main change here relates to the NFCSP project which accounts for £131k of the budget increase. This increase is entirely funded from NFCSP reserves brought forward from previous years. The budget was also increased by £56k in respect of payments for the Service Control (see 2.1.5 above) and £40k for our share of costs for the Dorset Civil Contingencies Unit.

2.7 Prevention

2.7.1 The budget for prevention activity was increased by £224k in respect of a grant paid to the Safewise charity for the Roadwise project. This was funded from reserves set aside at the end of last year. The revised budget amount also takes into account additional funding received from partner agencies to support programmes such as Fire Cadets, SPARC and Job Centre Plus. £84k of grant funding was actually received. Grants unspent at year end

will be used to provide prevention activities in forthcoming years, and have been transferred to specific reserves for this purpose.

2.7.2 The budget for resources to support home fire safety checks, such as the purchase of smoke alarms is underspent by £35k.

2.8 Community Safety Support

2.8.1 A saving of £26k has been made against budgets for travelling & subsistence costs, with actual spend being £19k less than in 2014/15. Income from special service charges was £14k more than included in the budget.

2.9 Governance

2.9.1 This budget line was increased by £150k to meet the costs of a 4 year licence for the Cycle performance management system. This was approved by Dorset Fire Authority in June 2015.

2.10 Central Budgets

2.10.1 A number of budget changes were made to this budget line to reflect transformation work:

- (i) The revised budget includes £255k for one off costs associated with the move of Service Control. Actual costs incurred were £238k, mainly for redundancy and pension costs associated with staff leaving the Service. The full £238k of costs was funded from reserves set aside for the project.
- (ii) The revised budget includes £331k for one off costs associated with the Combination. Actual costs incurred were £343k, including £120k for costs associated with voluntary redundancies. These costs have been funded from the Transformation Reserve.

2.10.2 The revised budget also includes changes for collection fund adjustments and Section 31 grants relating to business rates reliefs. The net impact of these adjustments is a net income of £144k. Actual net income was £160k as a result of final Section 31 grant receipts.

2.10.3 The budget included a net amount of £1.216m associated with treasury management. Actual net costs total £1.108m, with £93k saved against the cost of long term borrowing and investment income was £15k more than budgeted. No new long-term borrowing was undertaken during 2015/16.

3. Earmarked Reserves

3.1.1 The table below shows the predicted change in earmarked reserves in 2015/16 and balances as at 31 March 2016. It is split between specific reserve amounts that the Authority has established as part of its financial management arrangements and ring-fenced grant funding that we are required to carry forward in reserves.

Reserve	Balance as at 01/4/15 £'000	Net change in 2015/16 £'000	Balance as at 31/3/16 £'000
Pensions	334	(38)	296
Insurance	917	57	974
PFI	38	0	38
Business Transformation	1,356	(351)	1,005
Joint Command & Control Centre	416	(238)	178
Safety Centre	0	500	500
Capital Funding	3,500	0	3,500
RDS	92	38	130
Leadership Training	245	26	271
<i>Total specific reserves</i>	<i>6,898</i>	<i>(6)</i>	<i>6,892</i>
New Burdens	22	0	22
New Dimension	87	31	118
Prevention Funding	564	(283)	281
Prince's Trust	4	9	13
E-recruitment	28	(7)	21
Dorset Civil Contingencies Unit	0	36	36
Future Fire Control Funding	764	(266)	498
Secure Information Interchange	63	(2)	61
<i>Total ring-fenced grants</i>	<i>1,532</i>	<i>(482)</i>	<i>1,050</i>
Total Earmarked Reserves	8,430	(488)	7,942

4. General Balances

- 4.1 The general balances of the Authority provisionally total £3.309m. This is made up of £1.5m that represents our risk-assessed level of general reserves and £1.809m of cost centre balances.
- 4.2 The level of retained general balances takes into account the transfer of £500k to earmarked reserves to cover the Dorset Fire Authority share of matched funding for the new Safety Centre. Wiltshire and Swindon Fire Authority set aside a similar sum in their 2014/15 accounts.
- 4.3 These general balances will be aggregated with the former Wiltshire and Swindon Fire Authority general balances and will need to be considered in light of the risk assessment carried out prior to combination. WFA have provisional general balances as at 31 March 2016 of £3.401m, giving total general balances for Dorset & Wiltshire Fire and Rescue Authority of £6.71m, against which £2.5m risk assessed general balances are required, leaving £4.21m available to the new Authority for other purposes. A strategy for using these balances is being developed by officers and a report will be brought to the next meeting of the Finance and Audit Committee.

5. Capital Programme

5.1 Members were most recently updated with progress on schemes in the capital programme at the December meeting of Dorset Fire Authority. This showed a revised budget cost of £3.63m, and a projected spend of £2.08m. The financial outturn position shows total spending of £0.624m and carry forwards of £k. The table below provides a summary, and further details on specific areas of the programme follow the table.

5.2 The £0.624m actual spending during 2015/16 has been financed from Fire Capital Grant and a small contribution from Dorset Police for the Portland fire station project. £179k of Fire Capital Grant funding will be carried forward to 2016/17.

Capital budget summary	Original Budget £'000s	Revised Budget £'000s	Actual Outturn £'000s	Carry Forwards £'000s	Variance £'000s
IT and Communications	234	424	60	0	364
Operational Equipment & Other Equipment	85	247	222	0	25
Vehicles	2,441	2,741	206	1,100	1,435
Station Improvements	205	218	136	0	82
TOTAL	2,965	3,630	624	1,100	1,906

5.3 IT and Communications

5.3.1 The budget for ICT included £260k for the ICT Roadmap, £75k to support the move to Wiltshire's Agresso finance system and £89k for replacement equipment.

- (i) The December report highlighted that the ICT Roadmap amount was reduced to a contingency sum of £100k. We have not needed to use any of this contingency sum, with ICT transition costs being supported by the Transformation Funding.
- (ii) The costs for Agresso are included in Wiltshire's capital programme and have therefore been removed from the Dorset capital programme.
- (iii) £60k has been spent on equipment replacement during the year.

5.4 Vehicle Replacement Programme

5.4.1 The capital programme included £1.2m for the replacement of Dorset's two aerial appliances and £200k for the replacement of an incident support unit. The Authority was advised in December that we would not be progressing these projects until after Combination, and they now feature in the capital programme of the new Service.

5.4.2 The purchase of four new fire appliances commenced during the year and the anticipated total cost of £1.08m was included in the outturn estimate of £2.08m advised in December. Stage payments totalling £650k were made by the end of March, but the vehicles are still in build. The full costs will now feature in the 2016/17 capital programme and the £1.08m funding needs to be carried forward.

5.4.3 A new casualty care vehicle is also on order at an anticipated cost of £20k. This amount is also included in the carry forward total.

5.5 **Station Improvements and Other Property Works**

5.5.1 The budget included £198k for station works and £20k for FBT training facilities at the Training Centre. £136k was spent on station works during the year and the FBT training facility replacement has not been progressed at this stage.

6. **Summary**

6.1 The provisional revenue budget outturn position shows general balances increasing by £639k, to £2.821m. Allowing for carry forward items, funding for Sycle, a further contribution towards RoadWise and the new technical rescue training facility would reduce this amount to £2.541m. Earmarked reserves are currently shown as reducing by £181k to £8.296m.

6.2 Capital expenditure totalled £0.624m. £1.1m of funding needs to be carried forward to meet the costs of four new fire appliances and a casualty care van.

DARRAN GUNTER

Chief Fire Officer

July 2016

Revenue Budget Summary 2015/16

Appendix A

Strategy	Programme	Original Budget	Carried forward items	Other virements	Current Budget ¹	Expected Outturn	Variance ²	Variance to Original Budget	Key Issues
Assets	Operational Assets	1,009	0	-32	978	870	108	140	2.3
	ICT	764	11	42	817	815	2	-51	2.4
	Property	2,202	0	93	2,295	2,209	85	-7	2.5
	Support Budgets	10	0	0	10	5	5	5	
	ASSET STRATEGY TOTAL	3,985	11	103	4,099	3,899	200	86	
Community Safety	Intervention	345	0	205	512	513	0	-168	2.6
	Prevention	318	18	132	470	365	105	-47	2.7
	Protection	59	0	15	74	59	15	0	
	Support Budgets	90	0	0	90	38	51	51	2.8
	COMMUNITY SAFETY STRATEGY TOTAL	811	18	353	1,145	975	170	-164	
Governance	Governance	12	150	0	162	164	-3	-153	2.9
	Central Budgets	1,889	0	424	2,313	2,158	154	-269	2.1
	Support Budgets	22	0	1	23	31	-8	-9	
	GOVERNANCE STRATEGY TOTAL	1,922	150	425	2,497	2,353	144	-431	
People	Employee Development & Resourcing	332	1	-12	321	220	101	112	
	Employee Services & Support	168	0	-8	160	182	-23	-14	
	Equality & Diversity	10	0	6	16	9	7	0	
	Health & Safety	11	0	0	11	10	1	1	
	Pay	21,574	0	-191	21,382	20,219	1,163	1,355	2.1
	Ill Health and Injury Pensions	936	0	56	992	992	0	-50	2.2
	Support Budgets	27	0	0	27	20	7	7	
	PEOPLE STRATEGY TOTAL	23,059	1	-149	22,909	21,653	1,256	1,406	
Earmarked Reserves		-480	0	-290	-732	-488	-243	8	3
General Balances		-6	-180	-586	-772	938	-1,710	-944	4
REVENUE BUDGET TOTAL		29,290	0	-144	29,146	29,329	-183	-39	
TOTAL FUNDING		-29,290	0	144	-29,146	-29,329	183	39	

¹ Current budget reflects original budget adjusted for approved virements² Variance = Current budget less expected outturn

Green = within budget

Amber = up to 5% overspend

Red = 5%+ overspend

Yellow = underspend