

<b>The report is Not Exempt</b>
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<b>The report is for Decision</b>
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<b>REPORT TO: FIRE AUTHORITY</b>
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<b>MEETING DATE: 18 March 2019</b>
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<b>SUBJECT: REVENUE AND CAPITAL BUDGET MONITORING REPORT 2018-19 AS AT 31<sup>st</sup> JANUARY 2019</b>
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**SUMMARY:** The report summarises the forecast outturn position for the revenue budget and Capital Programme for 2018-19 as at 31st January 2019.

A realignment of the detailed revenue budget for 2018-19 was approved by Fire Authority at the Extraordinary General Meeting (EGM) of 6<sup>th</sup> June 2018. The total approved budget is £46.809m, the forecast outturn is £46.075m, a total underspend of £734k. However, £424k of this total figure relates to Capital Financing and leasing.

It is recommended that £400k of the aforementioned Capital and Financing revenue underspend is appropriated to the Capital Fund to support the increased cost of the Northern Area Development capital project.

The Capital Programme for 2018/19 of £7.832m was approved by Fire Authority on 5<sup>th</sup> February 2018. The Capital Programme has been revised to £5.421m as approved by Fire Authority 10<sup>th</sup> December 2018. The forecast outturn is £4.837m which is an underspend of £584k.

**RECOMMENDATIONS:**

1. That the Fire Authority note the contents of the report.
2. That the Fire Authority approves the £400k increase in the Northern Area Development capital project to be funded from revenue underspend on Capital Financing and Leasing.

**REPORT APPROVAL**

<b>Clerk/Monitoring Officer:</b>	<b>Comments:</b> Approved <b>Date:</b> 11.03.19
<b>Relevant Director:</b>	<b>Comments:</b> Approved <b>Date:</b> 08.03.19
<b>Section 151 Officer /Treasurer:</b>	<b>Comments:</b> Approved <b>Date:</b> 11.03.19
<b>Chief Fire Officer/ Deputy Chief Fire Officer</b>	<b>Comments:</b> Approved <b>Date:</b> 10.03.19

**BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:**

Presenting the Report:	Chris Moore S151 Officer
Report Author(s) and Designation	Stephen Phillips Accounting Services Manager
Date original report written	04/03/2019

Mae'r Adroddiad Heb ei eithrio

Mae'r Adroddiad AR GYFER PENDERFYNIAD

ADRODDIAD I'R: AWDURDOD TÂN

DYDDIAD Y CYFARFOD : 18  
Mawrth 2019

**TESTUN: ADRODDIAD MONITRO CYLLIDBAU REFENIW A CHYFALAF 2018-19, FEL YR OEDD Y SEFYLLFA AR 31 IONAWR 2019**

**CRYNODEB:**

Mae'r adroddiad yn crynhoi rhagolwg o'r sefyllfa alldro a ragwelir ar gyfer y gyllideb refeniw a'r Rhaglen Cyfalaf ar gyfer 2018-19, fel yr oedd ar 31 Ionawr 2019.

Cafodd ad-drefniad o'r gyllideb refeniw fanwl ar gyfer 2018-19 ei gymeradwyo gan yr Awdurdod Tân yn y Cyfarfod Cyffredinol Eithriadol a gynhaliwyd ar 6 Mehefin 2018. Cyfanswm y gyllideb a gymeradwywyd yw £46.809 miliwn, a rhagwelwyd y byddai'r alldro yn £46.075 miliwn, sef tanwariant o £734 mil. Fodd bynnag, mae £424 mil o'r ffigur hwn yn gysylltiedig ag Ariannu Cyfalaf a Lesio.

Argymhellir bod £400 mil o'r tanwariant refeniw Cyfalaf ac Ariannu uchod yn cael ei neilltuo ar gyfer y Gronfa Gyfalaf i gefnogi costau uwch y prosiect cyfalaf Datblygu Ardal y Gogledd.

Cafodd y Rhaglen Gyfalaf o £7.832 miliwn ar gyfer 2018-19 ei chymeradwyo gan yr Awdurdod Tân ar 5 Chwefror 2018. Mae'r Rhaglen Gyfalaf wedi cael ei hadolygu i £5.421 miliwn, fel y'i cymeradwywyd gan yr Awdurdod Tân ar 10 Rhagfyr 2018. Rhagwelir y bydd yr alldro yn £4.837 miliwn, sef tanwariant o £584 mil.

**ARGYMHELLION:**

1. Bod yr Awdurdod Tân yn nodi cynnwys yr adroddiad.
2. Bod yr Awdurdod Tân yn cymeradwyo'r cynnydd o £400 mil ar gyfer y prosiect cyfalaf Datblygu Ardal y Gogledd, i'w ariannu o danwariant refeniw ar Ariannu Cyfalaf a Lesio.

**CYMERADWYO'R ADRODDIAD**

<b>Clerc:</b>	<b>Sylwadau: Cymeradwywyd</b> <b>Dyddiad:</b> 11.03.19
<b>Cyfarwyddwr:</b>	<b>Sylwadau: Cymeradwywyd</b> <b>Dyddiad:</b> 08.03.19
<b>Cyllid/Trysorydd:</b>	<b>Sylwadau: Cymeradwywyd</b> <b>Dyddiad:</b> 11.03.19
<b>Prif Swyddog Tân / Dirprwy Brif Swyddog Tân</b>	<b>Sylwadau: Cymeradwywyd</b> <b>Dyddiad:</b> 10.03.19

**PAPURAU CEFNDIR A DDEFNYDDIWYD WRTH BARATOI'R ADRODDIAD HWN:**

Yn cyflwyno'r Adroddiad:	Chris Moore Swyddog A151
Awdur(on) yr Adroddiad a'u Swyddi	Stephen Phillips Rheolwr Gwasanaethau Cyfrifyddu
Dyddiad yr ysgrifennwyd yr adroddiad gwreiddiol	04/03/2019

**REPORT TO THE FIRE AUTHORITY**  
**18<sup>TH</sup> MARCH 2019**  
**REVENUE AND CAPITAL BUDGET MONITORING REPORT 2018-19 AS AT 31<sup>ST</sup>**  
**JANUARY 2019**

**1 Summary**

- 1.1 The report summarises the forecast outturn position for the revenue budget and Capital Programme for 2018-19 as at 31<sup>ST</sup> January 2019.
- 1.2 A realignment of the detailed revenue budget for 2018-19 was approved by Fire Authority at the Extraordinary General Meeting (EGM) of 6<sup>th</sup> June 2018. The total approved budget is £46.809m, the forecast outturn is £46.075m, a total underspend of £734k. However, £424k of this total figure relates to Capital Financing and leasing.
- 1.3 It is recommended that £400k of the aforementioned Capital and Financing revenue underspend is appropriated to the Capital Fund to support the increased cost of the Northern Area Development capital project, with a corresponding increase to approved value of the capital scheme.
- 1.4 The Capital Programme for 2018/19 of £7.832m was approved by Fire Authority on 5<sup>th</sup> February 2018. The Capital Programme has been revised to £5.421m as approved by Fire Authority 10<sup>th</sup> December 2018. The forecast outturn is £4.837m which is an underspend of £584k.

**2 National/Wales Position**

- 2.1 Considered not relevant.

**3 Mid and West Wales Fire and Rescue Service Current Position**

**Appendix 1 Revenue Budget Monitoring Report 2018-19 as at 31<sup>st</sup> January 2019**

- 3.1 The report forecasts an underspend as follows: -

Operational Underspend	(£185k)
Pensions underspend	(£125k)
Capital Financing & leasing	(£424k)
 Total Underspend	 (£734k)

- 3.2 During the financial year the Service has experienced high spate activity which has impacted on On-Call expenditure. However, this has been offset by a larger underspend on whole-time firefighters arising from both vacancies & the lower actual cost of firefighters budgeted at “trainee” or “competent” rate but being paid at the lower “development” rate of pay during their initial periods of employment as part of National Firefighter Role Maps and Terms & Conditions. The forecast outturn for operational employees takes in to account 12 new Firefighters via a Wholetime Recruits course, together with 12 On-Call Firefighters attending a Conversion Course and a further 8 attending a Transfer Conversion Course. A total of 32 new operational employees.

- 3.3 There is an overspend within the Transport budget mainly attributable to higher costs of £53k on vehicle repairs & maintenance and higher fuel costs of £57k. Insurance is showing an underspend of £75k which is available to meet insurance claim excesses. For Support staff there is a forecast underspend of £354k which is attributable to various vacancies across 31 cost centres.
- 3.4 There is a £357k overspend within Supplies & Services with the main areas contributing to these higher costs being - Subsistence / accommodation costs within Training delivery linked to the 3 recruits courses and higher operational equipment & consumables costs within Technical services. Some £82k of this commitment has specifically been agreed in quarter 4 being funded from underspends in other areas.
- 3.5 Pensions – It is anticipated there will be an underspend primarily attributable to a lower forecast cost for Injury / ill health.
- 3.6 For Capital Financing and Leasing an underspend of £424k is forecast. This underspend has arisen due to a review of the anticipated Minimum Revenue Provision (MRP) required from Capital expenditure, although members should note this is not expected to reoccur next year. In addition, lower interest rates have resulted in lower borrowing costs and the Authority has also maintained a prudent financial decision of an internally borrowed position delaying the need to raise new debt.

## **Appendix 2 Capital Monitoring Report 2018/19 as at 31<sup>st</sup> January 2019.**

- 3.7 The forecast outturn as at 31<sup>st</sup> January 2019 is £4.837m. An underspend of £584k has arisen due to the slippage of projects into 2019/20.
- 3.8 The cost estimate for the Northern Area Development project has been updated in line with the planned delivery of the project:
- The Executive Leadership Team has agreed in principle to the development of Parc Noyadd Park to house a transport workshops facility with a single bay extension and site the training facility at Newtown Fire Station.
  - The proposed development would provide a centralised Transport Hub within Powys, with increased Health & Safety provision in terms of vehicle inspection facilities, lifts etc at Llandrindod Wells, together with more localised Firefighter Risk Critical facilities at Newtown.
- 3.9 The need to provide compartment fire behaviour training (CFBT) facilities within the Northern area of the Service was identified within the On-Call Review project. This proposed development will address this issue and provide a modern training facility for On-Call colleagues within the Powys and North Ceredigion areas.
- 3.10 The cost estimate for this option is £2.0m, the capital programme approved budget for Northern Area Development is £1.6m, which can be funded through partial allocation of the current year. An option to fund the shortfall of £400k from the underspend on Capital Financing. This would still leave an unallocated revenue budget underspend forecast at £434k to meet pressures identified as part of the year end process.

### **Appendix 3 Grant Funding Approved for 2018-19.**

- 3.11 All Wales Grants total £3.706m for revenue and £800k for capital. The allocation of grants to Authorities is set out in Appendix 3. It is expected that grants will be spent in full and in accordance with terms and conditions.
- 3.12 MAWWFRS has received four specific revenue grants totalling £1.996m including £1.250m for GovTech Catalyst innovation challenge.

### **Appendix 4 Prudential and Treasury Indicators**

- 3.13 The Treasury Management Governance Arrangement 2018-19 was approved by Fire Authority 5<sup>th</sup> February 2018 and nominated the Resource Management Committee to be responsible for ensuring effective monitoring of the Treasury Management Strategy and policies.

All activity was within the approved indicators.

## **4 Proposal**

- 4.1 That the £400k underspend reported on Capital Financing and Leasing is appropriated to the Capital Fund to fund the increased cost of the Northern Area Development as outlined in para 3.10.

## **5 Financial/Procurement Implications**

- 5.1 The capital programme is forecasting an underspend of £584k. Projects will continue to be closely monitored and slippage will be rolled over to 2019/20 as appropriate. These funds have already been allocated and will be spent on completion of the specific projects.
- 5.2 An increase in the Capital Programme of £400k to fund Northern Area Development will be funded from the in-year underspend on Capital Financing and Leasing.
- 5.3 The projected outturn for revenue is forecast to be £734k underspent of which it is proposed that £400k is allocated to the Northern Area Development project as already outlined in this report. The budget will continue to be closely monitored to ensure pressures are identified at the earliest opportunity and corrective action can be implemented.

## **6 Risk Assessment/Legal Implications**

- 6.1 Revenue outturn is forecast to be within the approved budget. Pay negotiations are still ongoing at a National level which could result in additional pay increases within 2018-19. It should also be noted that final clarification is awaited on the Firefighters' Pension employers' increases for 2109/20 onwards – this may require an Extraordinary General Meeting in due course (as reported at the last Fire Authority meeting)

## **7 Equality and Diversity Including Welsh Language**

- 7.1 There are no equality or diversity implications.

## **8 Human Resource and People Development**

8.1 The Human Resources department is aware of the vacancies across the Service.

## **9 Information and Communications Technology (ICT)**

9.1 Considered not relevant report for information only.

## **10 Estates**

10.1 Considered not relevant report for information only.

## **11 Service Delivery**

11.1 Considered not relevant report for information only.

## **12 Fire Authority Governance**

12.1 Under the Constitution, the Resources Management Committee considers the financial aspects of all matters and projects specifically referred to the Committee, monitors income and expenditure during the financial year and reports on such monitoring to the Fire Authority if necessary.

12.2 The proposal to increase the Capital Programme by £400k is made under Financial Standard 22.4 of the Constitution.

## **13 Consultation & Communication**

13.1 The Finance Team meet with Commands and Departments on a regular basis to review revenue and capital budgets. Monthly budget monitoring reports are presented to the Service Leadership Team and the Executive Leadership Team.

## **14 Evaluation**

14.1 Considered not relevant report for information only.

## **15 Well-being of Future Generations (Wales) Act 2015**

15.1 The revenue budget and capital programme have been set taking into account the Act's sustainable development principle and the five ways of working (Long-term, Integration, Involvement, Collaboration and Prevention).

## **16 Data Protection and Privacy Issues**

16.1 The report does not involve any personal data. There are no General Data Protection Regulation (GDPR) or Data Privacy issues to report.

## **17 Recommendations**

17.1 That the Fire Authority note the contents of the report.

17.2 That the Fire Authority approve the £400k increase in the Northern Area Development capital project to be funded from revenue underspend on Capital Financing and Leasing.

**Appendix 1**

<b>Revenue Budget Monitoring 2018/19 Report as at 31st January 2019</b>	<b>2018/19 Realigned Budget Overall Total £</b>	<b>2018/19 Forecast Expenditure Overall Total £</b>	<b>2018/19 Forecast Variance Overall Total £</b>
<b>Mid &amp; West Wales FRS</b>			
<b><i>Operational</i></b>			
Employees - Whole Time	19,933,923	19,684,162	-249,761
Employees - On Call	6,824,132	6,897,278	73,146
Employees - Other	603,060	552,813	-50,247
<b>Operational Employees</b>	<b>27,361,115</b>	<b>27,134,252</b>	<b>-226,863</b>
Premises	2,221,040	2,284,461	63,421
Transport	1,836,525	2,009,016	172,491
Insurance	695,349	620,711	-74,638
Supplies & Services	3,692,963	4,050,158	357,195
<b>Gross Operational Costs</b>	<b>35,806,992</b>	<b>36,098,598</b>	<b>291,606</b>
Contribution to Operational Costs	-583,231	-626,123	-42,892
Cost Recovery	-445,000	-498,674	-53,674
<b>Net Operational Costs</b>	<b>34,778,761</b>	<b>34,973,801</b>	<b>195,040</b>
<b><i>Non-Operational</i></b>			
Control	1,253,197	1,251,226	-1,971
Support	5,646,990	5,292,921	-354,069
Manual	313,899	260,156	-53,743
Elected Members	57,800	57,800	0
Central Support	256,420	285,964	29,544
Pensions	726,053	601,122	-124,931
<b>Net Non-Operational Costs</b>	<b>8,254,359</b>	<b>7,749,189</b>	<b>-505,170</b>
Capital Financing & Leasing	3,775,550	3,352,000	-423,550
General Contingency	0	0	0
<b>Total Authority Expenditure</b>	<b>46,808,670</b>	<b>46,074,990</b>	<b>-733,680</b>
Contributions from Constituent Authorities	-46,658,670	-46,658,670	-0
Transfer To/From Reserves	-150,000	-150,000	0
<b>Total Funding</b>	<b>-46,808,670</b>	<b>-46,808,670</b>	<b>-0</b>
<b>Surplus/Deficit</b>			<b>-733,680</b>





## Appendix 2

Mid & West Wales Fire & Rescue Service Capital Monitoring Report 31st January 2019 Projects	Approved Capital Programme £	Revised Capital Programme	Expenditure 31st Jan 2019 £	Commitments 31st Jan 2019 £	Expenditure & Commitments 31st Jan 2019 £	Forecast Expenditure to Year End £	Projected Outturn 2018/19 £	Projected Variance for Year £
<b>Land &amp; Buildings</b>								
Minor Works / Steady State Maintenance	864,000	881,000	446,304	34,417	480,720	300,280	781,000	-100,000
Machynlleth Collaboration Project	600,000	0	0	0	0	0	0	0
Northern Area Development	1,600,000	500,000	0	0	0	0.00	0	-500,000
	<b>3,064,000</b>	<b>1,381,000</b>	<b>446,304</b>	<b>34,417</b>	<b>480,720</b>	<b>300,280</b>	<b>781,000</b>	<b>-600,000</b>
<b>Hydrants &amp; Infrastructure</b>								
New schemes	<b>35,000</b>	35,000	<b>0</b>	<b>0</b>	<b>0</b>	<b>35,000</b>	<b>35,000</b>	<b>0</b>
<b>Vehicles &amp; Equipment</b>								
Computer Equipment	376,600	383,761.00	26,924	328,860	355,784	280,237	636,021	252,260
Vehicles	3,155,000	1,742,598.00	1,250,883	188,227	1,439,109	60,000	1,499,109	-243,489
Vehicles (grant funded)	0	176,110.00	30,170	25,939	56,110	138,435	194,545	18,435
Vehicles (previously leased)	0	25,361.00	25,361	0	25,361	0	25,361	-0
Technical Equipment	148,000	170,103.00	64,062	91,114	155,176	4,499	159,675	-10,428
Technical Equipment (grant funded)	0	0.00	0	0	0	80,000	80,000	80,000
Multifunction PPE	0	257,458.00	203,564	0	203,564	53,894	257,458	0.00
Thermal Image Camera	350,000	350,000.00	0	0	0	350,000	350,000	0
RTC Equipment	157,500	157,500.00	0	0	0	73,956	73,956	-83,544
ICU Package	230,000	230,000.00	0	39,713	39,713	190,287	230,000	0
Fireground Radios	300,000	300,000.00	0	0	0	300,000	300,000	0
Occupational Health Equipment	0	34,096.00	27,650	0	27,650	0	27,650	-6,446
	<b>4,717,100</b>	<b>3,826,987</b>	<b>1,628,614</b>	<b>673,853</b>	<b>2,302,467</b>	<b>1,531,308</b>	<b>3,833,775</b>	<b>6,788</b>
<b>Intangible Assets</b>								
HQ Software	15,500	15,500	8,995	0	8,995	15,500	24,495	8,995
Fleet Management System	0	60,000	45,104	12,276	57,380	2,620	60,000	0
T20	0	81,600	81,600	0	81,600	0	81,600	0
Modern.gov	0	21,000	0	21,000	21,000	0	21,000	0
	<b>15,500</b>	<b>178,100</b>	<b>135,699</b>	<b>33,276</b>	<b>168,975</b>	<b>18,120</b>	<b>187,095</b>	<b>8,995</b>
	<b>7,831,600</b>	<b>5,421,087</b>	<b>2,210,617</b>	<b>741,546</b>	<b>2,952,162</b>	<b>1,884,708</b>	<b>4,836,870</b>	<b>-584,217</b>

Appendix 3

GRANT FUNDING APPROVED FOR 2018-19					
All Wales Grants	Description	Revenue Grant Award	Capital Grant Award	MAWWFRS Allocation	Comment
National Resilience (including USAR, New Dimensions and MTFA)	Funding to provide and maintain a National Resilience capability in Wales	£2,000,000	£800,000	Revenue allocation to be confirmed. £255,000 Capital	New Dimensions managed by NWFRS and USAR and MTFA managed by SWFRS
Arson Reduction	Funding of the Services Community Safety programmes incorporating Arson Reduction	£369,234		£109,924	Grant managed by MAWWFRS
Home Safety Equipment	Funding of the Services Community Safety programmes incorporating Home Safety Equipment	£670,000		£223,300	Grant managed by MAWWFRS
Home Safety Equipment (Additional Funding)	Additional Funding <i>*Allocation of Grant between 3 Welsh FRS yet to be finalised</i>	£225,000		*£75,000	Grant managed by MAWWFRS
Youth Engagement	Funding of the Services Community Safety programmes relating to Youth Engagement	£385,473		£112,547	Grant managed by NWFRS
Innovation and Diversification (Momentum)	Funding of the Services Community Safety programmes relating to Innovation and Diversification	£56,000		£15,000	Grant managed by SWFRS
<b>All Wales Grants (to be shared)</b>		<b>£3,705,707</b>	<b>£800,000</b>		

<b>MAWWFRS Grants</b>	<b>Description</b>	<b>Revenue Grant Award</b>	<b>Capital Grant Award</b>	<b>Comment</b>
Airwave (Firelink)	Welsh Government's contribution towards Firelink in-Service Management fees	£592,291		
JESG (Joint Emergency Services Group)	Funding to provide the services of the Senior Responsible Officer (SRO) as well as support for the JESG Business Change Lead in relation to the Emergency Services Mobile Communications Programme	£100,000		
NESTA – Innovate to Save programme	Grant for Intelligent Management of Fire and Rescue Service Operational Assets	£30,000		R&D project. Proof of concept.
GovTech Innovation Challenge	Instantly deployable tracking system to track the location of firefighters within a building during incidents. <ul style="list-style-type: none"> <li>• Phase 1 - Involves research and development contracts being awarded to demonstrate technical feasibility of the proposed project.</li> <li>• Phase 2 Involves research and development contracts being awarded to businesses chosen from the successful Phase 1 applicants, to develop a prototype and undertake field-testing.</li> </ul>	£250,000  £1,000,000		R&D project. Proof of concept & prototype development for five challenge winners at £50k each.  The project will extend over 2 financial years.
Inflatable Lifting Gear	Funding to support the response of non-injury fallers on behalf of WAST	£23,875		
<b>MAWWFRS Grants</b>		<b>£1,996,166</b>	<b>£0</b>	

Prudential & Treasury Management Indicators  
2018/19

External Debt as at 31st Jan 2019	Operational Boundary	Authorised Limit	Balance B/fwd 1st April 2018 £000s	Debt Repaid £000s	Debt Raised £000s	Actual 31st Jan 2019 £000s
External Borrowing	28,300	29,700	16,185	-129	1,000	17,056
Other Long-Term Liabilities	4,200	4,400	5,163	-633	-	4,530
<b>Total External Debt</b>	<b>32,500</b>	<b>34,100</b>	<b>21,348</b>	<b>-762</b>	<b>1,000</b>	<b>21,586</b>

Loans Maturity Period as at 31st Jan 2019	Lower	Upper	Actual £000s	%age
Under 12 months	0%	30%	129	1%
12 months to 2 years	0%	30%	1,240	7%
2 years to 5 years	0%	50%	567	3%
5 years to 10 years	0%	75%	5,655	33%
10 years and above	25%	90%	9,465	56%
			<b>17,056</b>	<b>100%</b>

Investments as at 31st Jan 2019	Counterparty Limit £000s	Balance B/fwd 1st April 2018 £000s	Repaid £000s	Made £000s	Net Movement £000s	Actual 31st Jan 2019 £000s
Authority's Banker: Barclays Bank	10,000	1,720	-	-	1,130	2,850
Sumitomo Mitsui	2,000	2,000	-4,000	4,000	-	2,000
Standard Chartered Bank	2,000	-	-4,000	6,000	-	2,000
		<b>3,720</b>	<b>-8,000</b>	<b>10,000</b>	<b>1,130</b>	<b>6,850</b>

Interest Rate Exposure as at 31st Jan 2019	Total £000s	Variable £000s	Fixed £000s
Outstanding Loans	17,056	-	17,056
Less Investments	6,850	-	6,850
Net Outstanding Principal	10,206	-	10,206
Upper Limit on outstanding principal		5%	120%
Upper Limit		510	12,247