

Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



FINANCE COMMITTEE

30 JANUARY 2020

FORECAST OF OUTTURN 2019/20 – ESTIMATE BASED ON EXPENDITURE AND INCOME POSITION TO 31 DECEMBER 2019

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 2019.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 31 December 2019, the forecast revenue outturn position to the 31st March 2020 is an underspend of £0.226M (0.80%). A breakdown of expenditure and income compared to the budget is set out in Appendix 1 and details of the main variances are set out below:

3. **Salaries & Wages - Forecast Outturn £183,000 (0.97%) Overspent**

Due to sickness and maternity leave, a number of posts are currently being backfilled by temporary staff and firefighters working additional hours under occupational cover contracts. The forecast overspend is partly offset by an increase in charges to Vital Fire Solutions for work carried out on behalf of the Company which is included under the income budget heading.

4. **Pension Contributions – Forecast Outturn £8,000 (0.23%) Underspent**

A minor underspend is forecast on this budget head due to differences in the actual employer contribution rates and the rates used when the original budget was set.

5. **Ill Health Charges – Expenditure Forecast to be in line With Budget**

Expenditure in this area is particularly difficult to forecast as it depends upon the number and timing of ill health retirements during the year. At this stage expenditure on this budget head is forecast to be in line with budget at the year-end.

6. **Other Employee Costs – Forecast Outturn £71,000 (12.57%) Overspent**

During the year there has been increased expenditure on training to accommodate new recruits and apprentices and to ensure that existing staff maintain operational competence.

7. Premises – Forecast Outturn £24,000 (0.88%) Overspent

Expenditure on repairs and maintenance is currently forecast to exceed budget. 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 £61,000 (9.89%) Underspent

There is a reduction in the overall level of expenditure on vehicle running costs which is forecast to produce a saving of £61,000 at the year end.

9. Supplies and Services – Forecast Outturn £53,000 (1.24%) Overspent

Minor overspends are currently forecast on a number of supplies and services budget heads however efforts will be made to reduce cost and strictly control non-essential items of expenditure for the remainder of the year.

10. Capital Financing – Forecast Outturn £44,000 (3.60%) Underspent

This budget includes provision to meet the full year cost of loan repayments and interest. Due to a delayed start on the Darlington Station rebuild project, loan repayments will be £44,000 below budget in 2019/20.

11. Contingencies - Forecast Outturn £237,000 (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 further drawings from contingencies are anticipated before the year-end the remaining contingency provision of £237,000 has been reported as an underspend.

13. Income – Forecast Outturn £207,000 in excess of budget

Based on actual receipts at 31 December 2019 income from fees and charges and investment interest is forecast to exceed the budget.

Forecast of Outturn – Capital Budget

14. The total budget for 2019/20 was £5.659M. Based on the latest available information the forecast outturn position is an underspend of £2.990M (52.83%) compared to the original 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 £3.000M (70.59%) Underspent

The capital budget includes £4M for the replacement of Darlington fire station. Following a delay in obtaining planning approval work is not expected to start on site until January 2020 therefore £3M of expenditure originally planned for the current financial year will now slip into 2020/21.

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 broadly in line with Budget**

Planned expenditure on vehicles is currently forecast to be broadly in line with the budget.

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

Planned expenditure on equipment is currently forecast to be broadly in line with the budget.

Conclusions

19. Based upon expenditure and income to 31 December 2019 the forecast revenue underspend for the year is £0.226M.

20. An underspending of £2.990M 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 **note** the forecast revenue and capital outturn position.