



Safest People, Safest Places

Finance Committee

29 October 2020

Revenue and Capital Outturn for the Year Ended 31 March 2020

Report of Treasurer

Purpose of the Report

1. To provide information on the 2019/20 revenue and capital outturn compared with the original budget. The comparison with the **original** budget is a requirement for the published statement of accounts and differs from the information provided during the year which compared actual expenditure and income with the **revised** budget.

Background

2. During 2019/20, members received regular reports comparing actual expenditure and income with the budget, together with explanations for variances. This report provides further detail on the actual outturn position for the year ended 31 March 2020.

Comparison of Revenue Outturn with Budget

3. The total net revenue expenditure for 2019/20 was £28.470M which was £61,000 in excess of the original budget of £28.409M. When the original budget was set the actual amount of grant due in relation to the business rates retention scheme was not known. The actual sum received was £61,000 greater than the amount included in the original budget which offset the £61,000 increase in net expenditure.
4. The reasons for significant variations from the budget are set out below and an analysis of expenditure and income over subjective budget headings is set out in Appendix 1.

5. **Employees - £0.783M Overspent**

Additional hours worked under operational cover contracts (OCC's) totalled £528,000 during the year. This was necessary to provide cover for additional training to ensure firefighter competence, staff sickness, project work and maternity leave. The cost of ill-health pensions exceeded the budget by £144,000 due to the ill-health retirement of a senior member of staff. The remainder of the overspending related to expenditure on the Emergency Services Mobile Communications Programme (ESMCP) and Community Safety projects which was met from earmarked reserves and rechargeable work undertaken on behalf of Vital Fire Solutions.

6. **Premises - £0.059M Overspent**

Additional expenditure was incurred on repairs and maintenance to allow for the completion of outstanding minor works which will reduce the level of backlog maintenance and associated risk to the Authority.

7. **Transport - £0.008M Overspent**

Transport costs were generally in line with budget.

8. **Supplies and Services - £0.201M Overspent**

Additional expenditure was incurred on clothing & uniforms, catering and other hired and contracted services. This was more than offset by planned drawings from earmarked reserves and recharges to Vital Fire Solutions.

9. **Contingencies - £0.418 Underspent**

The contingencies budget includes an allowance for inflation and pay awards which was not utilised.

10. **Capital Financing - £1.426M Overspent**

An additional revenue contribution to finance capital expenditure was made at the year end, which will reduce the need to borrow in future years. This was partially offset by a transfer of £1.278M from the modernisation reserve.

11. **Government Grants - £0.399M In Excess of Original Budget**

The level of government grant credited to the revenue account exceeded the amount included in the original budget, due to additional amounts received in relation to COVID-19, the Emergency Services Mobile Communications Project (ESMCP) and the New Risks Programme which was not anticipated when the original budget was set.

12. **Other Income - £0.341M In Excess of Original Budget**

The increase in other income was due to an increase in investment interest, income from secondments and the contribution to the service from Vital Fire Solutions for work carried out by Service employees.

13. Transfers to / from (-) Earmarked Reserves - £0.235M Below Original Budget

The following transfers to (+) / from (-) reserves took place at 31st March 2020:

Reserve	Opening Balance at 01/04/19	Transfer to Reserve	Transfer from Reserve	Closing Balance at 31/03/20
	£M	£M	£M	£M
General Reserve	1.425	0.034	-	1.459
Earmarked Reserves				
Pensions	0.500	-	-	0.500
Community Safety	0.142	-	-0.032	0.110
Insurance	0.250	-	-	0.250
Replacement Mobilisation System	0.100	-	-0.100	-
Resilience	0.500	0.125	-	0.625
Modernisation	3.407	-	-1.278	2.129
ESMCP	0.931	-	-0.119	0.812
New Risks	0.035	0.011	-	0.046
Total Earmarked Reserves	5.865	0.011	-1.529	4.347
Total Reserves	7.290	0.170	-1.529	5.931

- **General Reserve +£0.034M**

A transfer of £0.034M was made from the revenue account to the general reserve to increase it to the equivalent of 5% of the budget requirement.

- **Community Safety Reserve -£0.032M**

A transfer of £0.032M was made from the Community Safety Reserve in respect of expenditure incurred on projects during the year.

- **Replacement Mobilisation System Reserve -£ 0.100M**

A transfer of £0.100M was made from the Replacement Mobilisation System Reserve in respect of licence and maintenance costs of the system incurred during the year.

- **Resilience Reserve**

A transfer of £0.125M was made to the Resilience Reserve in respect of government grant received for COVID-19 in advance of expenditure which will be incurred in 2020/21.

- **Modernisation Reserve -£1.278M**

A transfer of £1.278M was made from the Modernisation Reserve at the year end to finance capital expenditure.

- **Emergency Services Mobile Communication System (ESMCP) Reserve -£0.119M**

A net transfer of £0.119M was made from the ESMCP reserve to cover expenditure incurred during the year on the project.

- **New Risks Reserve +£0.011M**

A transfer of £0.011M was made to the New Risks Reserve in respect of the balance of unspent grant received during the year.

14. **Taxation and Non-Specific Grants - £0.061M In Excess of Original Budget**

The amount of grant received in relation to the business rates retention scheme was more than anticipated when the original budget was set.

Comparison of Capital Outturn with Budget

15. The total capital expenditure for 2019/20 was £1.530M compared with an original budget of £5.659M. The total underspend for the year was £4.129M. The reasons for significant variations from the budget are provided below and further details are set out in Appendix 2:

16. **Vehicles, Plant and Equipment - £0.369M Underspent**

The underspend was due to changes to the planned timing of the replacement of some items of capital equipment.

17. **Estates Improvement Programme - £3.760M Underspent**

The original budget includes £4.0M for the replacement of Darlington Fire Station. Following the completion of the tender process an issue was encountered in the planning approval due to an Environment Agency

objection relating to the potential flood risk which significantly delayed the start on site.

Recommendation

18. Members are **RECOMMENDED** to **note** the outturn position for the financial year ended 31 March 2020.

Appendix 1

FIRE AND RESCUE AUTHORITY REVENUE OUTTURN 2019/20

Budget Heading	Original Budget	Actual	Variance	
	£000	£000	£000	%
Expenditure				
Employees	23,095	23,878	783	3.39
Premises	2,730	2,789	59	2.16
Transport	617	625	8	1.30
Supplies & Services	4,261	4,462	201	4.72
Contingencies	418	-	-418	-100.00
Capital Financing	1,221	2,647	1,426	116.79
Total Expenditure				
	32,342	34,401	2,059	6.37
Income				
Government Grants	-3,366	-3,765	-399	-11.85
Other Income	-467	-808	-341	-72.81
Total Income	-3,833	-4,573	-740	-19.31
Net Transfer to / from (-) Reserves	-100	-1,358	-1,258	-
	28,409		61	
Net Expenditure				0.21
	-28,409	28,470	-61	
				-0.21
Taxation and Non-Specific Grant Income	-28,409	28,470	-61	
Outturn		-28,470		
	-	-	-	-

Variances follow this convention:

- + positive variance means an overspend or reduced income
- negative variance means an underspend or increased income

FIRE AND RESCUE AUTHORITY CAPITAL OUTTURN 2019/20

	£m	£m	£m	%
Vehicles, Plant and Equipment	1.409	1.040	-0.369	-26.19
Estate Improvement Programme	4,250	0.490	-3.760	-88.47
Total Expenditure	5.659	1.530	-4.129	-72.96

Variances follow this convention:

- + positive variance means an overspend
- negative variance means an underspend