



## Safest People, Safest Places

### Finance Committee

29 October 2020

## Forecast of Outturn 2020/21 – Estimate Based on Expenditure and Income to 30 September 2020

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### Report of Treasurer

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#### 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 30 September 2020.

#### Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 30 September 2020, the forecast revenue outturn position to the 31st March 2021 is an underspend of £0.290M (0.99%). 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 £333,000 (1.75%) Overspent**

In response to the potential rise in staff absence due to COVID-19 a decision was taken to increase the availability of operational staff by introducing the following measures:

- 3 inter-service transferees were appointed in March
- Cohort 2 apprentices were posted to specific wholetime (WT) watches in April
- 8 on-call staff were offered WT contracts
- the rotation of Cohort 3 apprentices to WT stations was accelerated to June
- Trainee Course 170 continued as planned through the introduction of social distancing measures and changes to working practices
- 2 corporate staff were trained as control operators
- 2 retired control staff were re-trained to provide resilience

The cost of the above measures together with the potential need for additional occupational cover contracts (OCC's) was estimated to be £406,000. The actual level of staff absence is

now forecast to be less than anticipated at the start of the pandemic and the forecast overspending on salaries and wages is currently £333,000.

4. **Pension Contributions – Forecast Outturn £34,000 (0.80%) Overspent**

The implementation of the measures to reduce staff absence outlined above will result in a corresponding increase in employers' pension contributions.

5. **Ill Health Charges – Forecast Outturn £26,000 (3.64%) Underspent**

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 £26,000 below budget at the year-end.

6. **Other Employee Costs – Forecast Outturn £61,000 (14.77%) Overspent**

The recent service restructure resulted in redundancy payments to a number of staff which were not anticipated when the original budget was set.

7. **Premises – Expenditure Forecast to be in line with Budget**

Expenditure on premises is currently forecast to be in line with budget at the year end.

8. **Transport - Forecast Outturn £61,000 (10.13%) Underspent**

A reduction in staff travel together with reduced vehicle running costs due to the impact of COVID-19 accounts for the majority of the forecast underspend. The Service also received free fuel to the value of £8,400 during April to June from the BP free fuel initiative.

9. **Supplies and Services – Forecast Outturn £208,000 (4.84%) Overspent**

In order to protect staff from the virus and to ensure that the workplace is COVID safe, expenditure has been incurred on a number of measures including protective screens, temperature monitoring equipment and additional PPE. Expenditure has also been incurred on additional ICT licences and equipment to enable staff to work from home effectively.

10. **Capital Financing – Expenditure Forecast to be in line With Budget**

This budget includes provision to meet the full year cost of loan repayments and interest and is forecast to be in line with the budget at the year end.

11. **Income – Forecast Outturn £839,000 in excess of budget**

The Service has received additional government grant of £599,000 to deal with the impact of COVID-19 and £175,000 to support improvements in fire protection work.

## **Forecast of Outturn – Capital Budget**

12. The total budget for 2020/21 is £6.223M. Based on the latest available information the forecast outturn position is an underspend of £0.400M (6.43%) 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:

13. **Estates Improvement Programme – Forecast Outturn £0.400M (9.64%) Underspent**

The capital budget includes £0.5M for the refurbishment of Sedgefield fire station. It is now anticipated that work will not begin on site until spring 2021 which will result in £0.4M of expenditure slipping into next financial year.

14. **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 £0.155M.

15. **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.

16. **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**

17. Based upon expenditure and income to 30 September 2020 the forecast revenue underspend for the year is £0.290M.

18. An underspending of £0.400M is currently forecast on the capital budget at the year-end due to slippage in the Sedgefield fire station refurbishment scheme.

### **Recommendations**

19. Members are requested to note the forecast revenue and capital outturn position.