

Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



AUDIT AND FINANCE COMMITTEE

25 NOVEMBER 2021

REVENUE AND CAPITAL OUTTURN FOR THE YEAR ENDED 31 MARCH 2021

REPORT OF DEPUTY CHIEF EXECUTIVE

Purpose of the Report

1. To provide information on the 2020/21 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 2020/21, members of the Finance Committee 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 2021.

Comparison of Revenue Outturn with Budget

3. The total net revenue expenditure for 2020/21 after transfers to and from reserves was in line with the original budget of £29.173M. This was mainly due to the receipt of additional government funding which was not anticipated when the original budget was set.
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 - £0.979M Overspent**

In response to the COVID-19 pandemic the availability of operational staff was increased through acceleration of the apprenticeship programme, the transfer of a number of on-call staff to wholtime roles and additional occupational cover contracts. Staff also worked extra hours assisting in vaccination centres and with community testing. The additional costs incurred due to COVID-19 were wholly funded by government grant.

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

6. Premises - £0.144M Underspent

Expenditure on premises running costs was less than anticipated as a result of the impact of COVID-19 and cost saving initiatives.

7. Transport - £0.101M Underspent

A reduction in staff travel together with reduced vehicle running costs due to the impact of COVID-19 accounted for the majority of the underspend. In addition, the Service also received free fuel to the value of £19K from the BP free fuel initiative.

8. Supplies and Services - £0.196M Overspent

In order to protect staff from the virus and to ensure that the workplace was COVID safe, expenditure was incurred on a number of measures including protective screens, temperature monitoring equipment and additional PPE. Expenditure was also incurred on additional ICT licences and equipment to enable staff to work from home effectively. The additional expenditure was wholly funded by government grant.

9. Contingencies - £0.280 Underspent

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

10. Capital Financing - £0.029M Underspent

Loan interest was less than anticipated when the budget was set due to the timing of borrowing.

11. Provisions and Write-Offs - £0.034M Underspent

Provisions made in previous years were released as they are no longer required.

12. Government Grants - £2.082M In Excess of Original Budget

The level of government grant credited to the revenue account exceeded the amount included in the original budget, mainly due to additional amounts received in relation to COVID-19 (£1.049M), the Emergency Services Mobile Communications Project – ESMCP (£0.393M), Building Fire Safety (£0.185M) and compensation for lost income (£0.170M).

13. Other Income - £0.418M In Excess of Original Budget

The increase in other income was due to work carried out for third parties together with the contribution to the service from Vital Fire Solutions for work carried out by service employees.

14. **Transfers to / from (-) Earmarked Reserves - £1.763M in Excess of Original Budget**

The following transfers to (+) / from (-) reserves took place at 31st March 2021:

Reserve	Opening Balance at 01/04/20	Transfer to Reserve	Transfer from Reserve	Closing Balance at 31/03/21
	£M	£M	£M	£M
General Reserve	1.459	-	-	1.459
Earmarked Reserves				
Pensions	0.500	-	-	0.500
Community Safety	0.110	0.048	-	0.158
Insurance	0.250	0.035	-	0.285
Resilience	0.625	0.669	-	1.294
Civil Resilience (New Dimensions)	-	0.020		0.020
Modernisation	2.130	0.507	-	2.637
ESMCP	0.812	-	-0.081	0.731
New Risks	0.046	-	-0.014	0.032
Training	-	0.085	-	0.085
Strategic Finance – Funding Pressures	-	0.426	-	0.426
IT Projects	-	0.068	-	0.068
Total Earmarked Reserves	4.473	1.858	-0.095	6.236
Total Reserves	5.932	1.858	-0.095	7.695

- **Community Safety Reserve +£0.048M**

A transfer of £0.048M was made to the Community Safety Reserve in respect of grant income received in relation to expenditure which will be incurred in future years.

- **Insurance Reserve +£0.035M**

A transfer of £0.035M was made to the Insurance Reserve which represented the unspent balance of insurance provisions made in prior years.

- **Resilience Reserve +£0.669M**

The receipt of additional government grant has facilitated an increase of £0.669M in the Resilience Reserve which will help to ensure service continuity following any future unforeseen event.

- **Civil Resilience (New Dimensions) +£0.020M**

A transfer of £0.020M was made to the Civil Resilience Reserve in respect of grant income received in relation to expenditure which will be incurred in future years.

- **Modernisation Reserve +£0.507**

A transfer of £0.507M was made to the Modernisation Reserve at the year end to finance future service transformation.

- **Emergency Services Mobile Communication System (ESMCP) Reserve -£0.081M**

A net transfer of £0.081M was made from the ESMCP reserve to cover expenditure incurred during the year on the project.

- **New Risks Reserve +£0.014M**

A transfer of £0.014M was made from the New Risks Reserve in to finance expenditure incurred during the year.

- **Training Reserve +£0.085M (New Reserve)**

A transfer of £0.085M was made to a Training Reserve in respect income received in relation to expenditure which will be incurred in future years.

- **Strategic Finance Reserve +£0.426M (New Reserve)**

This reserve has been created to facilitate the smoothing of the council tax collection fund deficit between financial years and to help meet the cost of unbudgeted pay awards in 2021/22.

- **IT Projects Reserve +£0.068M (New Reserve)**

A transfer of £0.068M was made to an IT Reserve in respect income received in relation to expenditure which will be incurred in future years.

Comparison of Capital Outturn with Budget

15. The total capital expenditure for 2020/21 was £5.426M compared with an original budget of £6.223M. The total underspend for the year was £0.797M. 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 - £0.640M Underspent**

The underspend was due to changes to the planned timing of the replacement of some items of vehicles, plant and equipment.

17. **Estates Improvement Programme - £0.157M Underspent**

Changes to the estimated build time of the Sedgefield fire station refurbishment project resulted in expenditure originally planned for 2020/21 slipping into the next financial year.

Recommendation

18. Members are **RECOMMENDED** to note the outturn position for the financial year ended 31 March 2021.

Appendix 1

FIRE AND RESCUE AUTHORITY REVENUE OUTTURN 2020/21

Budget Heading	Original Budget	Actual	Variance	
	£000	£000	£000	%
Expenditure				
Employees	24,086	25,065	979	4.06
Premises	2,824	2,680	-144	-5.10
Transport	611	510	-101	-16.53
Supplies & Services	4,369	4,565	196	4.49
Contingencies	280	-	-280	-100.00
Capital Financing	1,231	1,202	-29	-2.36
Provisions & Write-Offs	-	-34	-34	-100.00
Total Expenditure	33,401	33,988	587	1.75
Income				
Government Grants	-3,627	-5,709	-2,082	-57.40
Other Income	-451	-869	-418	-92.44
Total Income	-4,078	-6,578	-2,500	-61.30
Net Transfer to / from (-) Reserves	-150	1,763	1,913	-
Net Expenditure	29,173	29,173	-	-
Taxation and Non-Specific Grant Income	-29,173	-29,173	-	-
Outturn	-	-	-	-

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 2020/21

Budget Heading	Original Budget	Actual	Variance	
	£m	£m	£m	%
Vehicles, Plant and Equipment	2.073	1.433	-0.640	-30.87
Estate Improvement Programme	4,150	3.993	-0.157	-3.78
Total Expenditure	6.223	5.426	-0.797	-12.81

Variances follow this convention:

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