



AUDIT AND FINANCE COMMITTEE

25 NOVEMBER 2021

FORECAST OF OUTTURN 2021/22 – ESTIMATE BASED ON EXPENDITURE AND INCOME TO 30 SEPTEMBER (QUARTER 2)

REPORT OF DEPUTY CHIEF EXECUTIVE

Purpose of the 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 2021.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 30 September 2021, the forecast revenue outturn position to the 31 March 2022 is an underspend of £0.037M (0.13%). 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 £33,000 (0.17%) Overspent**

In line with the government's policy on public sector pay, no allowance was made in the current year's budget for pay awards. However, firefighters were awarded a 1.5% pay award from 01 July 2021 and corporate staff have been offered (although not accepted) a 1.75% pay award effective from 01 April 2021. As part of the final accounts process for last financial year (2020/21) a transfer of £300,000 was made to reserves to cover the cost of the pay awards in 2021/22. Transfers were also made to reserves in respect of unspent Covid19 grant (£169,000) to fund assistance at vaccination centres and training income received in advance (£85,000). As these funds will be utilised in the current year, they have been released into the revenue account.

After allowing for the transfers from reserves expenditure on ordinary activities is forecast to be broadly in line with budget.

4. **Pension Contributions – Forecast Outturn £11,000 (0.26%) Overspent**

After allowing for the transfers from reserves expenditure on pension contributions is forecast to be broadly in line with budget.

5. **Ill Health Charges – Forecast Outturn £83,000 (11.40%) Overspent**

Expenditure in this area is particularly difficult to forecast as it depends upon the number and timing of ill health retirements during the year. Several long-term ill-health retirements have recently been progressed and based upon this it is likely that expenditure will exceed

the budget by £83,000. This expenditure is currently reported as an overspend however, a transfer from the pensions reserve will be made at the year-end should the need arise.

6. Other Employee Costs – Expenditure Forecast to be in line With Budget

Expenditure on other employee costs is forecast to be in line with budget at the year end.

7. Premises – Forecast Outturn £79,000 (0.42%) Overspent

There has been a significant increase in the cost of energy which will result in a forecast overspend on gas and electricity of £63,000. Expenditure on repairs and maintenance is also currently forecast to exceed the budget at the year end.

8. Transport - Forecast Outturn £63,000 (10.08%) Underspent

A reduction in staff travel together with reduced vehicle running costs due to the impact of COVID-19 accounts for most of the forecast underspend.

9. Supplies and Services – Forecast Outturn £54,000 (1.20%) Overspent

Several supplies and services budget headings are currently forecasting an overspend however this will be closely monitored and controlled to ensure that it remains within budget for the remainder of the year.

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. Contingencies – Forecast Outturn £120,000 (50.00%) 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 we are now halfway through the financial year 50% of the contingencies budget has been released into the revenue account as an underspend.

12. Income – Forecast Outturn £114,000 (2.23%) more than budget

The Service has received additional government grant of £114,000 to continue to drive improvement in capability and capacity in fire protection.

Forecast of Outturn – Capital Budget

13. The original capital budget for 2021/22 was £2.189M which has been revised to include expenditure of £0.640M on vehicles, plant and equipment which slipped from the previous year. The revised capital budget now totals £2.829M. Based on the latest available information the forecast outturn position is an underspend of £0.340M (12.02%) compared to the revised 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:

14. **Estates Improvement Programme – Expenditure Forecast to be in line With Budget**

The capital budget includes £0.750M for the refurbishment of Sedgefield fire station. It is anticipated that this work will be fully complete by December 2021.

15. **ICT – Expenditure Forecast to be in line With Budget**

Expenditure on ICT equipment is forecast to be in line with budget at the year end.

16. **Vehicles – Forecast Outturn £0.340 (36.32%) Underspent**

Provision was made in the budget for the replacement of the welfare vehicle, a water vehicle, and a number of officers cars. Due to extended delivery times these vehicles will not be delivered in this financial year.

17. **Equipment – Expenditure Forecast to be in line With Budget**

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

Conclusions

18. Based upon expenditure and income to 30 September 2020 the forecast revenue underspend for the year is £0.037M.

19. An underspending of £0.340M is currently forecast on the revised capital budget at the year-end due to slippage in the purchase of replacement vehicles.

Recommendations

20. Members are requested to:

- i. **Note** the forecast revenue and capital outturn position.
- ii. **Agree** the revisions to the capital budget totalling £0.640M in respect of planned expenditure carried forward from 2020/21.