

## Safest People, Safest Places

County Durham and Darlington  
Fire and Rescue Authority



## AUDIT AND FINANCE COMMITTEE

30 NOVEMBER 2022

## REVENUE AND CAPITAL OUTTURN FOR THE YEAR ENDED 31 MARCH 2022

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### REPORT OF DEPUTY CHIEF EXECUTIVE

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#### Purpose of the Report

1. To provide information on the 2021/22 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 2021/22, 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 2022.

#### Comparison of Revenue Outturn with Budget

3. The total net revenue expenditure for 2021/22 was £29.459M which was £121,000 more than the original budget of £29.338M. 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 £121,000 greater than the amount included in the original budget which offset the £121,000 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 - £0.854M Overspent**

In line with the government's policy on public sector pay, no allowance was made in the budget for pay awards. However, firefighters were awarded a 1.5% pay award from 01 July 2021 and corporate staff were awarded a

1.75% pay award effective from 01 April 2021. Additional hours were also worked to cover sickness and provide support at vaccination and testing centres during the pandemic which was not anticipated when the original budget was set.

6. **Premises - £0.105 Overspent**

Expenditure on utilities was higher than anticipated when the original budget was set because of the ongoing increases in energy costs.

7. **Transport - £0.040M Overspent**

Due to the impact of inflation, there has been an increase in vehicle running costs and insurance costs, offset by a reduction in staff travel costs.

8. **Supplies and Services - £0.464M Underspent**

A reduction in spending on several supplies and services budget headings has been achieved as a result of initiatives to reduce costs, together with strict control of non-essential items of expenditure.

9. **Contingencies - £0.265 Underspent**

The contingencies budget includes an allowance for inflation and pay awards which has helped offset the increased costs within other headings.

10. **Capital Financing - £2.198M Overspent**

A contribution was made from the revenue account to finance capital expenditure which was not included in the original budget. A transfer of £1.775M was made from the Modernisation Reserve to facilitate this. Financing capital expenditure from revenue and reserves avoids the need to budget for loan interest and principal repayments in future years and will assist in balancing the medium-term financial plan going forward.

11. **Provisions and Write-Offs - £0.053M Overspent**

An additional provision for insurance claims was made during the year.

12. **Government Grants - £0.292M In Excess of Original Budget**

Additional grant income was received in relation to COVID-19, compensation for lost income, Building Fire Safety, Pensions Administration, and external audit fees

13. **Other Income - £0.385M In Excess of Original Budget**

The increase in other income was due to work carried out for third parties, the contribution to the service from Vital Fire Solutions for work carried out by service employees and charges made for unwanted fire signals

14. **Transfers to / from (-) Earmarked Reserves - £1.723M in Excess of Original Budget**

The following transfers to (+) / from (-) reserves took place on 31<sup>st</sup> March 2022:

Reserve	Opening Balance at 01/04/21	Transfer to Reserve	Transfer from Reserve	Closing Balance at 31/03/22
	£M	£M	£M	£M
<b>General Reserve</b>	<b>1.459</b>	<b>0.051</b>	-	<b>1.510</b>
<b>Earmarked Reserves</b>				
Pensions	0.500	-	-	0.500
Community Safety	0.158	0.008	-	0.166
Insurance	0.285	-	-	0.285
Resilience	1.294	-	-0.294	1.000
Civil Resilience (New Dimensions)	0.020	0.019		0.039
Modernisation	2.637	-	-1.775	0.862
ESMCP	0.731	-	-0.106	0.625
New Risks	0.032	-	-0.003	0.029
Training	0.085	0.115	-	0.200
Strategic Finance – Funding Pressures	0.426	0.040	-	0.466
IT Projects	0.068	-	-	0.068
<b>Total Earmarked Reserves</b>	<b>6.236</b>	<b>0.182</b>	<b>-2.178</b>	<b>4.240</b>
<b>Total Reserves</b>	<b>7.695</b>	<b>0.233</b>	<b>-2.178</b>	<b>5.750</b>

- **General Reserve**

A transfer of £0.051M was made to the General Reserve to increase it to 5% of 2022/23 net revenue expenditure. This is in line with the Reserves Policy agreed by the Authority at its meeting in February 2022.

- **Community Safety Reserve +£0.008M**

A transfer of £0.008M was made to the Community Safety Reserve in respect of grant income received in relation to expenditure which will be incurred in future years.

- **Resilience Reserve -£0.294M**

A transfer of £0.249M was made from the resilience reserve to offset COVID related expenditure incurred during the year.

- **Civil Resilience (New Dimensions) +£0.019M**

A transfer of £0.019M 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 -£1.775M**

A transfer of £1.775M was made from the Modernisation Reserve to finance capital expenditure incurred during the year.

- **Emergency Services Mobile Communication System (ESMCP) Reserve - £0.106M**

A net transfer of £0.106M was made from the ESMCP reserve to cover expenditure incurred during the year on the project.

- **New Risks Reserve -£0.003M**

A transfer of £0.003M was made from the New Risks Reserve to finance expenditure incurred during the year.

- **Training Reserve +£0.115M**

A transfer of £0.115M was made to the Training Reserve in respect income received in relation to expenditure which will be incurred in future years.

- **Strategic Finance Reserve +£0.040M**

A transfer of £0.040M was made to the Strategic Reserve which is used to facilitate the smoothing of the council tax collection fund deficit between financial years.

### **Comparison of Capital Outturn with Budget**

15. The total capital expenditure for 2021/22 was £2.081M compared with an original budget of 2.189M. The total underspend for the year was £0.108M. 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 - £0.191M 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 - £0.083M Overspent**

Expenditure was incurred on essential capital works which was not anticipated when the original budget was set.

### **Recommendation**

18. Members are **RECOMMENDED** to **note** the outturn position for the financial year ended 31 March 2022.

## Appendix 1

## FIRE AND RESCUE AUTHORITY REVENUE OUTTURN 2021/22

Budget Heading	Original Budget	Actual	Variance	Variance
	£000	£000	£000	%
<b>Expenditure</b>				
Employees	24,938	25,792	854	3.42
Premises	2,802	2,907	105	3.75
Transport	625	665	40	6.40
Supplies & Services	4,483	4,019	-464	-10.35
Contingencies	265	-	-265	-100.00
Capital Financing	1,330	3,528	2,198	165.26
Provisions & Write-Offs	-	53	53	100.00
<b>Total Expenditure</b>	<b>34,443</b>	<b>36,964</b>	<b>2,521</b>	<b>7.32</b>
<b>Income</b>				
Government Grants	-4,186	-4,478	-292	-6.98
Other Income	-697	-1,082	-385	-55.24
<b>Total Income</b>	<b>-4,883</b>	<b>-5,560</b>	<b>-677</b>	<b>-13.86</b>
<b>Net Transfer to / from (-) Reserves</b>	<b>-222</b>	<b>-1,945</b>	<b>-1,723</b>	<b>-776.13</b>
<b>Net Expenditure</b>	<b>29,338</b>	<b>29,459</b>	<b>121</b>	<b>0.41</b>
<b>Taxation and Non-Specific Grant Income</b>	<b>-29,338</b>	<b>-29,459</b>	<b>-121</b>	<b>-0.41</b>
<b>Outturn</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Variances follow this convention:**

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

## Appendix 2

## FIRE AND RESCUE AUTHORITY CAPITAL OUTTURN 2021/22

<b>Budget Heading</b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
Vehicles, Plant and Equipment	1.189	0.998	-0.191	-16.06
Land and Buildings	1.000	1.083	0.083	8.30
<b>Total Expenditure</b>	<b>2.189</b>	<b>2.081</b>	<b>-0.108</b>	<b>-4.93</b>

**Variances follow this convention:**

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