

Safest People, Safest Places

County Durham and Darlington
Fire and Rescue Authority



FINANCE COMMITTEE

18 JULY 2019

REVENUE AND CAPITAL OUTTURN FOR THE YEAR ENDED 31 MARCH 2019

REPORT OF TREASURER

Purpose of the Report

1. To provide information on the 2018/19 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 2018/19, 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 2019.

Comparison of Revenue Outturn with Budget

3. The total net revenue expenditure for 2018/19 was £28.691M which was £184,000 in excess of the original budget of £28.507M. 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 £184,000 greater than the amount included in the original budget which offset the £184,000 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 - £0.004M Overspent**

Whilst expenditure on employees was in line with the budget, during the year the Service trialled alternative crewing arrangements at Bishop Auckland, Seaham and Newton Aycliffe fire stations which resulted in a saving in staffing costs. This offset expenditure incurred on pay awards for which allowance was made under the contingencies budget heading.

6. **Premises - £0.053M Overspent**

An increase in insurance costs was partially offset by a reduction in the cost of the cleaning contract.

7. **Transport - £0.041M Overspent**

Additional expenditure was incurred on vehicle repairs following a number of vehicle accidents. As the trend associated with these accidents continues to be slow speed and reversing manoeuvres the value of the associated repairs was below the excess limit for insurance purposes.

8. **Supplies and Services - £0.010M Underspent**

Expenditure on supplies and services was in line with the budget.

9. **Contingencies - £0.335M Underspent**

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

10. **Capital Financing - £0.802M 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.

11. **Government Grants - £0.118M 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 the Emergency Services Mobile Communications Project (ESMCP). The balance of unspent government grant income at 31 March 2019 has been transferred to reserves.

12. **Other Income - £0.508M 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 (VFS) 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 2019:

Reserve	Opening Balance at 01/04/18	Transfer to Reserve	Transfer from Reserve	Closing Balance at 31/03/19
	£M	£M	£M	£M
General Reserve	1.388	0.037	-	1.425
Earmarked Reserves				
Pensions	0.500	-	-	0.500
Community Safety	0.312	-	-0.170	0.142
Insurance	0.250	-	-	0.250
National Resilience (Strategic Assets)	0.156	-	-0.156	-
Replacement Mobilisation System	0.363	-	-0.263	0.100
Resilience	0.500	-	-	0.500
Modernisation	2.821	0.586	-	3.407
ESMCP	0.959	-	-0.028	0.931
New Risks	0.068	-	-0.033	0.035
Total Earmarked Reserves	5.929	0.586	-0.650	5.865
Total Reserves	7.317	0.623	-0.650	7.290

- **General Reserve +£0.037M**

A transfer of £0.037M was made from the revenue account to the general reserve to increase it to the equivalent of 5% of the budget requirement.

- **Modernisation Reserve +£0.586M**

A transfer of £0.586M was made to the Modernisation Reserve at the year end to finance capital expenditure in future years.

- **Community Safety Reserve -£0.170M**

A transfer of £0.170M was made from the Community Safety Reserve in respect of expenditure incurred on the Safer Homes initiative.

- **National Resilience (Strategic Assets) Reserve -£0.156M**

A transfer of £0.156M was made from the National Resilience (Strategic Assets) Reserve in respect of civil resilience expenditure.

- **Replacement Mobilisation System Reserve -£ 0.263M**

A transfer of £0.263M was made from the Replacement Mobilisation System Reserve in respect of licence and maintenance costs of the system incurred during the year.

- **Emergency Services Mobile Communication System (ESMCP) Reserve -£0.028M**

A net transfer of £0.028M was made from the ESMCP reserve to cover expenditure incurred during the year on the project.

- **New Risks Reserve -£0.033M**

A transfer of £0.033M was made from the New Risks Reserve to the revenue account to finance expenditure incurred on protective equipment for the Marauding Terrorist Attack (MTA) teams.

14. **Taxation and Non-Specific Grants - £0.184M 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 2018/19 was £1.060M compared with an original budget of £4.874M. The total underspend for the year was £3.814M. 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 - £0.271M Underspent**

The underspend was as a result of changes to the planned timing of the replacement of some items of capital equipment.

17. **Estates Improvement Programme - £3.543M Underspent**

The original budget includes £4M for the replacement of Darlington Fire Station. Following the completion of the tender process a delay has been encountered in the planning approval due an Environment Agency objection relating to the potential flood risk of the site. It is anticipated that this issue will be resolved in the coming months and a start on site is expected in the autumn.

Recommendation

18. Members are **RECOMMENDED** to note the outturn position for the financial year ended 31 March 2019.

Appendix 1

FIRE AND RESCUE AUTHORITY REVENUE OUTTURN 2018/19

Budget Heading	Original Budget	Actual	Variance	
	£000		£000	£000
Expenditure				
Employees	21,542	21,546	4	0.02
Premises	2,624	2,677	53	1.98
Transport	599	640	41	6.84
Supplies & Services	4,096	4,106	10	0.24
Contingencies	335	-	-335	-100.00
Capital Financing	1,544	2,346	802	51.94
Total Expenditure	30,740	31,315	575	1.87
Income				
Government Grants	-1,584	-1,702	-118	-7.45
Other Income	-387	-895	-508	-131.27
Total Income	-1,971	-2,597	-626	-31.76
Net Transfer to / from (-) Reserves	-262	-27	235	-
Net Expenditure	28,507	28,691	184	0.64
Taxation and Non-Specific Grant Income	-28,507	-28,691	-184	-0.64
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 2018/19

Budget Heading	Original Budget	Actual	Variance	
	£000	£000	£000	%
Vehicles, Plant and Equipment	624	353	-271	-43.43
Buildings – Minor Works	4,250	707	-3,543	-83.36
Total Expenditure	4,874	1,060	3,814	-78.25

Variances follow this convention:

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