



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 21/38

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| MEETING               | Finance & Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| DATE OF MEETING       | 15 September 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| SUBJECT OF THE REPORT | Financial Monitoring Report - Quarter 1 2021-22                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| STATUS OF REPORT      | For open publication                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| PURPOSE OF REPORT     | For information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| EXECUTIVE SUMMARY     | <p>This report provides an analysis of the current financial position for the 2021-22 financial year, reflecting actual spending to 30 June 2021.</p> <p>The revenue budget shows a small positive variance of £368k at the current time, mainly due to some additional funding supporting already budgeted pay costs. Savings will occur on capital financing costs due to the reduced capital spend in 2020-21, but it may be prudent to use those savings to part fund this year's capital programme and reduce future borrowing requirements.</p> <p>A revised Capital Programme total of £12.1m is shown in Section 4, reflecting carry forwards from last year and some further in-year changes.</p> |
| RISK ASSESSMENT       | <p>Financial sustainability remains a key focus as a strategic risk and as such the monitoring of the financial position is a critically important factor in financial planning and decision making for the Authority. Any anticipated financial outcome arising will therefore feature in the medium-term financial planning and budget setting process.</p>                                                                                                                                                                                                                                                                                                                                              |

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| COMMUNITY IMPACT ASSESSMENT   | None for the purposes of this report                                                                                                                              |
| BUDGET IMPLICATIONS           | None for the purposes of this report                                                                                                                              |
| RECOMMENDATION                | Members are asked to note and comment upon the current financial position as at 30 June 2021.                                                                     |
| BACKGROUND PAPERS             | Medium Term Finance Plan 2021-22 to 2024-25                                                                                                                       |
| APPENDICES                    | Appendix A – Revenue Budget Summary 2021-22<br>Appendix B – Summary of Reserves 2021-22<br>Appendix C – Capital Budget Summary 2021-22                            |
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## **1. Introduction**

- 1.1 This report provides an update of the revenue budget position for the 2021-22 financial year, covering the period to 30 June 2021. The net revenue budget was set in February 2021 at £57.031m.
- 1.2 Appendices A and C show the summary revenue and capital projections. Variations have been “traffic lighted” to highlight the major variances, with those in excess of £20,000 (under or overspending) shown in pink, those between £10,000 and £20,000 in yellow and those below £10,000 in green.

## **2. Major Variations from Revenue Budget**

- 2.1 Employees (note 1)
  - 2.1.1 The report shows an overall projected saving of £366k for Employee costs, representing 0.7% of the budget amount. This is based on actual costs to date and projected costs based on previous spend profiles, along with anticipated staffing numbers for the remainder of the financial year. The projections include the impact of the agreed 1.5% pay award for operational staff (applied from July 2021) and an assumption that a 1.75% pay award offer for corporate staff (applying from April 2021) will be agreed. The combined additional cost of both awards is estimated at £217k for this year. The projection also reflects additional income from South West Ambulance Service (SWAST) (see 2.4.1) and the Protection Grant and secondment funding referred to in 2.4.2 below.
  - 2.1.2 We have achieved cashable savings of £6,500 in Quarter 1 on On-Call salary costs by reducing attendance to automatic fire alarms. For wholetime resources, 49 hours of productive time was saved.
  - 2.1.3 The Service will have to make some additional one-off ill-health retirement contributions this year. The original budget amount was £159k, but a minimum of £167k is required for 2021-22, based on known retirements. Any variances are funded from the Ill-Health Retirement Reserve.
- 2.2 Other non-pay related costs (note 2)
  - 2.2.1 These costs are closely monitored through our budget monitoring arrangements. There are no significant variances to report at this early stage of the financial year. We would expect to see some additional one-off efficiencies due to the continued impact of the coronavirus pandemic, however a number of budgets were reduced as part of the new savings plan. The fuel budget was reduced by £100k, for instance, although, even with sustained reductions in consumption, it may come under pressure due to rising price inflation.
- 2.3 Capital Financing and Leasing Costs (note 3)

2.3.1 The budget includes £2.4m in respect of charges to finance long-term borrowing. Due to the lower capital spending in 2020-21, as well as our current borrowing profile, it is expected that savings will be made against this sum. Savings are currently estimated at a minimum of £248k, but further savings are likely to accrue as we firm up the changes to the Capital Programme and review our borrowing needs. It would be prudent to consider using any capital financing savings generated this year to partly finance the capital programme and reduce future borrowing.

## 2.4 Income (note 4)

2.4.1 General income and investment returns continue to be impacted by the Covid-19 pandemic. The additional budget for general income covers receipts from SWAST for driver support provided to them. On investment returns, whilst our cash position remains sound, the rates of return available on short-term investments are very marginal. The reduction in investment returns is, however, offset by the more significant reduction in borrowing costs that we are seeing.

2.4.2 Various adjustments to anticipated levels of grants and contributions are required (note 5):

- Firelink Grant - £586k budgeted, based on last year, but actual receipts are £598k
- LRF Funding Pilot - £171k has been allocated to the Dorset Civil Contingencies Unit from a funding pool of £7.5 million being made available to Local Resilience Forums (LRFs) to fund “new activity in support of the wider Integrated Review and National Resilience Strategy”. The additional funding was announced by Lord Greenhalgh, Minister of State for Building Safety, Fire and Communities
- Protection Funding Grant – a further £316k has been allocated to us to the 2021-22 financial year, on top of total funding of £428k provided in 2020-21. We have agreed a spend profile with the Home Office to utilise all of this funding by the end of the financial year
- Prevention funding – additional income of £41k in respect of partner contributions for a Strategic Road Safety project in Wiltshire and £7k for sponsorship of the Bikerdown road safety programme
- Secondments - £74k for staff on secondments to other bodies.

## 3. Reserves and Balances (note 6)

3.1 Appendix B shows the details of reserves and balances.

- 3.2 General balances stood at £2.844m as at 1 April 2021, representing 5% of the 2020-21 net revenue budget. This is planned to increase to £2.884m for 2021-22.
- 3.3 Earmarked reserves (£14.6m) and grants (£6.8m) stood at £21.4m as at 1 April 2021. Appendix B shows the planned use of reserves and currently reflects an overall reduction of £546k, excluding the projected underspend. There will undoubtedly be further changes required during the year.

#### 4. Capital Programme

- 4.1 The original Capital Programme for 2021-22 totalled £9.1m. Projects totalling just over £3.2m have been carried forward from 2020-21 and other in year changes result in a net reduction of £188k. The revised Capital Programme for 2021-22 therefore currently stands at £12.1m.
- 4.2 Appendix B shows current and projected spending levels and sections 4.3 to 4.5 provide more detail. The outturn projection has been significantly revised downwards, particularly in respects of vehicles and this is further explained below.

| <b>Capital budget summary</b> | <b>Original Budget<br/>£'000s</b> | <b>Carry Forwards<br/>£'000s</b> | <b>In-Year Changes<br/>£'000s</b> | <b>Revised Budget<br/>£'000s</b> |
|-------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| Property/Estates              | 1,136                             | 536                              | 52                                | 1,724                            |
| IT & Communications           | 1,024                             | 280                              | 98                                | 1,402                            |
| Vehicles                      | 6,383                             | 1,603                            | (828)                             | 7,158                            |
| Operational & Other Equipment | 525                               | 792                              | 490                               | 1,807                            |
| <b>TOTAL</b>                  | <b>9,068</b>                      | <b>3,211</b>                     | <b>(188)</b>                      | <b>12,091</b>                    |

#### 4.3 Property/Estates

##### 4.3.1 Building projects (note 7)

The programme of building works has been significantly impacted by the Covid-19 pandemic. The carry forward amount and other changes reflect an intent to complete delayed works and also some additional costs, funded from Covid grant, to ensure that sites are Covid safe for works to take place.

#### 4.4 IT and Communications (note 8)

- 4.4.1 Hardware Replacements – £198k has been moved from the 'Operational & Other Equipment' line to support a project to replace and harmonise end-of-life station end mobilising equipment across all fire stations.
- 4.4.2 Systems Harmonisation – the original budget covers £100k for the new equipment asset management system and £100k for upgrading the Agresso finance system.

The asset management system changes are funded from Transformation Grant, so this item has now been removed from the capital programme and will be funded through the revenue budget.

#### 4.5 Vehicles and Equipment (note 9)

- 4.5.1 Vehicles – Like the property programme, the vehicle replacement programme has been significantly impacted by the Covid-19 pandemic over the past 18 months. Ten of the nineteen fire appliances on order from 2020 have now been delivered to station, with the remaining nine all scheduled for delivery by December 2021. A further ten appliances, including four with 4x4 capability are on order, with delivery phased over October 2021 to March 2022. Equipment costs of £688k have been moved to the 'Operational & Other Equipment' line. Removing two fleet support vans from the replacement programme has saved £187k.
- 4.5.2 Operational & Other Equipment – the carry forwards and in-year changes largely relate to equipment to be stowed on operational vehicles and the movement for the station end equipment project referred to above.

### 5. Summary and key points

- 5.1 The revenue budget shows a forecast outturn saving of £368k at the current time.
- 5.2 This is mainly due to some additional funding supporting already budgeted pay costs. Savings will occur on capital financing costs due to the reduced capital spend in 2020-21, but it may be prudent to use those savings to part fund this year's capital programme and reduce future borrowing requirements.
- 5.3 The overall Capital Programme budget for 2021-22 has increased to £12.1m at the current time, including carry forward requirements from last year and some in year changes.

September 2021