



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 22/10

MEETING	Finance & Audit Committee
DATE OF MEETING	9 March 2022
SUBJECT OF THE REPORT	Financial Monitoring Report - Quarter 3 2021-22
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	To note and comment upon
EXECUTIVE SUMMARY	<p>This report provides an analysis of the current financial position for the 2021-22 financial year, reflecting actual spending to 31 December 2021.</p> <p>The revenue budget shows a positive variance of £1.4m at the current time, compared to £0.9m at Quarter 2. The increase is mainly due to further additional funding that supports some already budgeted pay costs and the full impact of business rates refunds.</p> <p>A revised Capital Programme total of £12.2m is shown in Section 4, reflecting carry forwards from last year, and some further in-year changes. The current spending forecast is £10.4m.</p>
RISK ASSESSMENT	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.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report

BUDGET IMPLICATIONS	None for the purposes of this report
RECOMMENDATION	Members are asked to: 1. note and comment upon the current financial position as at 31 December 2021.
BACKGROUND PAPERS	Medium Term Finance Plan 2021-22 to 2024-25
APPENDICES	Appendix A – Revenue Monitoring Statement 2021-22 Appendix B – Reserves and Unused Grants Statement 2021-22 Appendix C – Capital Monitoring Statement 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 31 December 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 £217k for employee costs, representing around 0.4% of the budget amount. This is very slightly lower than the quarter 2 report. The projection is based on actual costs to date and projected costs for the remaining three months taking into account anticipated staffing numbers for the remainder of the financial year. As noted previously costs include the impact of the 1.5% pay award received by operational staff, and applying from July 2021, and an assumed 1.75% pay award for corporate staff, which will apply from April 2021. This award has still not been agreed at a national level.
  - 2.1.2 The Service will have to make some additional one-off ill-health retirement contributions this year. The original budget amount was £159k, but the current outturn forecast is £198k, based on known retirements at time of reporting. Any variances are funded from the Ill-Health Retirement Reserve.
  - 2.1.3 **Value for Money highlight** - during quarter 3 the Service has saved £21k from On-Call salary savings by not attending automatic fire alarm calls. 134 hours of wholetime staff time have also been saved.
- 2.2 Other non-pay related costs (note 2)
  - 2.2.1 We reported last quarter that the Estates Team had been reviewing business rates valuations with the support of external valuers and that we were starting to receive some refunds from our local billings authorities. The report included total net refunds of £250k.
  - 2.2.2 This work has now concluded, and the level of refunds has been much higher than originally anticipated. Overall gross refunds are now £850k, less external valuer fees of £130k, giving a net refund total of £720k included in the report.

2.2.3 Current forecasting indicates net savings of around £67k across the 'Transport', 'Supplies and Services', 'Agency & Contracted Services' and 'Democratic Representation' categories of expenditure.

## 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, savings can be made against this sum. This currently remains at a reported minimum of £248k, but likely slightly higher by year end.

2.3.2 Rather than taking this saving, and the £83k of recovered VAT previously reported, to reserves, they would be better retained within the capital financing budget and used to part finance the capital programme and reduce future borrowing costs. The outturn projection assumes that approach.

## 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 South Western Ambulance Service NHS Foundation Trust (SWASFT) for driver support provided to them and £30k of other additional income has been received. 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 have seen.

2.4.2 As previously reported, various adjustments to anticipated levels of grants and contributions are required (note 5):

- Firelink Grant - £586k budgeted, based on last year, but the Home Office have recently advised that they made an error in calculating last year's grant and will be recovering the overpayment in 2021-22. The error means that the previously expected grant of £598k for 2021-22 is overstated. Actual receipts will now only be £501k.
- 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 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.
- Secondments - £167k for staff on secondments to other bodies. This has increased from £103k shown in the Quarter 2 report due to the extension of one secondment and two new secondments starting.

2.4.3 **Value for Money highlight** – the Service has agreed a partnership arrangement with Scotia Gas Networks and Wales and West Utilities that will provide us with 25,000 carbon monoxide detectors and 2,500 wi-fi carbon monoxide detectors over the next five years. This will represent a significant increase in the number of detectors that we can provide and, at the same time, save money on existing prevention budgets. Overall, the value of the partnership is worth £285k.

### 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 £328k. A further £2.5m will be released relating to the compensation grant that the Service received in respect of extended business rates reliefs provided in 2020-21. We expect to see further compensation grants for 2021-22 extended business rates reliefs, which will need to be taken to reserves at year end and then released to the revenue budget in 2022-23. There will undoubtedly be other reserve changes required before the year end.

### 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 revised Capital Programme for 2021-22 of £12.2m.
- 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 revised downwards and this is further explained below.

<b>Capital budget summary</b>	<b>Original Budget £'000s</b>	<b>Carry Forwards £'000s</b>	<b>In-Year Changes £'000s</b>	<b>Revised Budget £'000s</b>
Property/Estates	1,136	536	52	1,724
IT & Communications	1,024	280	98	1,402
Vehicles	6,383	1,603	(709)	7,277
Operational & Other Equipment	525	792	490	1,807
<b>TOTAL</b>	<b>9,068</b>	<b>3,211</b>	<b>(69)</b>	<b>12,210</b>

### 4.3 Property/Estates

#### 4.3.1 Building projects (note 7)

As previously reported, the programme of building works has been significantly impacted by the Covid-19 pandemic. The carry forward amount and other changes reflected an intent to complete delayed works and also some additional costs, funded from Covid grant, to ensure that sites have been Covid safe for works to take place. The current forecast spend takes account of planned environmental enhancements being delayed until 2022-23, but has reduced further as a result of poor performance from one contractor. This has led to the cancellation of works at Bere Regis Fire Station, Blandford Fire Station and West Moors Training Centre. New contracts are being procured for Bere Regis and Blandford, but we may well see a cost increase against the originally contract sum of £104k. The works at West Moors are being paused, pending the training centre estates project.

### 4.4 IT and Communications (note 8)

4.4.1 Hardware Replacements – the ICT programme has been impacted by the well-publicised issues around technology supply chains due to the pandemic. Two significant projects to replace station end mobilising equipment and to replace central servers and data storage will now be completed in 2022-23.

4.4.2 Systems Harmonisation – the Agresso upgrade project is progressing well, with the new version going live at the end of February. Final spend may be slightly less than the £50k indicated.

### 4.5 Vehicles and Equipment (note 9)

4.5.1 Vehicles – All of the nineteen fire appliances on order from 2020 have now been delivered. A further ten appliances, including four with 4x4 capability are expected to complete by the end of March. Additionally, we have already ordered the six

appliances for the 2022-23 replacement programme and begun making stage payments.

- 4.5.2 Operational & Other Equipment – the current spend forecast remains £117k less than the revised budget due to savings on equipment purchases.

## **5. Summary and key points**

- 5.1 The revenue budget shows that the forecast outturn saving has increased to £1.4m at the end of Quarter 3, compared to £0.9m in Quarter 2. The increase is mainly due to the full impact of business rates refunds that have been received and some additional secondment income.
- 5.2 The overall Capital Programme budget for 2021-22 remains at £12.2m, but the projected spend against this has reduced to £10.4m.

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