



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

Item 22/21

MEETING	Finance & Audit Committee
DATE OF MEETING	27 July 2022
SUBJECT OF THE REPORT	Draft Statement of Accounts 2021-22, Annual Governance Statement and Financial Outturn 2021-22
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For comment and approval
EXECUTIVE SUMMARY	<p>The Accounts and Audit (England) Regulations 2015 require that the annual Statement of Accounts be approved by 31 July each year. The Accounts and Audit (Amendment) Regulations 2021 extended this deadline to 30 September each year for the 2020-21 and 2021-22 Statement of Accounts. This has been further extended to 30 November 2022 for the 2021-22 Statements. The draft Statements must be published by 31 July.</p> <p>The Regulations also require an Annual Governance Statement (AGS) to accompany the accounts, which also requires approval.</p> <p>The Authority's Draft Statement of Accounts for 2021-22 have been produced and were published on 30 June 2022. They include the draft AGS which is shown on pages 96 - 106 of the Financial Statements. Deloitte LLP commenced their final external audit work on 18 July 2022. Members will receive a verbal progress update from the Treasurer and external auditor at the meeting.</p> <p>This report also provides an analysis of the outturn financial performance for the year, a summary of which is also included in the accounts.</p>

	Overall, the revenue and capital budget positions have remained positive throughout the year, as reported to Members. The final outturn performance shows a net revenue expenditure variation of £2.7m and a capital spend total of £9.9m.
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.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report
RECOMMENDATIONS	Members are asked to: <ol style="list-style-type: none"> <li>1. note and comment on the Draft Statement of Accounts 2021-22, including the Annual Governance Statement</li> <li>2. approve the carry forward of £728k for capital projects not completed in 2021-22.</li> </ol>
BACKGROUND PAPERS	Medium Term Finance Plan 2021-25
APPENDICES	Appendix A - Draft Statement of Accounts 2021-22 Appendix B - Revenue Budget Summary 2021-22 Appendix C - Summary of Reserves & Unused Grants 2021-22 Appendix D - Capital Budget Summary 2021-22
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## **1. Introduction**

- 1.1 The Authority must prepare its annual accounts in accordance with proper practice. This means complying with the current Accounts and Audit Regulations and presenting the accounts in the form prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code). The Statement of Significant Accounting Policies included in the accounts, along with supporting information in the various Notes to the Accounts, detail how the Authority conforms with the Code.
- 1.2 The Accounts and Audit (England) Regulations 2015 require the Authority's draft accounts to be certified by the Treasurer and submitted for audit by 31 May, with the Auditor's opinion due in time for final approval of the accounts by Members by 31 July. These deadlines were temporarily extended by the Accounts and Audit (Amendment) Regulations 2021, with revised deadlines of 31 July and 30 September each year in respect of the 2020-21 and 2021-22 Statement of Accounts. Further changes have subsequently been made due to the ongoing issues in the local audit market. The 2021-22 Statement of Accounts must now be published by 30 November 2022.
- 1.3 Deloitte LLP commenced their final external audit work on 18 July and the Finance team is working in partnership with them to ensure a smooth audit process.

## **2. The Draft Statement of Accounts**

- 2.1 The Draft Statement of Accounts for 2021-22 are set out in Appendix A. Producing the accounts in the format required as described in section 1 above makes them a very technical document. Wherever possible the financial information and accompanying notes look to make the accounts as understandable as possible for any reader.
- 2.2 The Narrative Report at the start of the accounts provides a guide to the Statements that follow, contains summaries of the primary financial statements, describes any changes in accounting policies and presentation, and explains any material items within the accounts. It also sets the accounts in the context of the ongoing plans of the Service.
- 2.3 Part 3 of the Narrative Report looks at a comparison of revenue outturn compared to the approved budget. This shows an overall net revenue expenditure variation of £2.7m and Section 4 of this report provides a more in-depth analysis.

### **3. The Annual Governance Statement**

- 3.1 The Accounts and Audit (England) Regulations 2015 specify that the Authority must review its systems of internal control each year, and publish an Annual Government Statement, along with the Statement of Accounts.
- 3.2 The Annual Government Statement is incorporated into the main Statement of Accounts document (see pages 96 - 106).

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

- 4.1 Appendix B shows a summary of the final revenue performance. Variations are “traffic lighted”, 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.
- 4.2 Employee Costs (note 1)
  - 4.2.1 The overall saving for Employee Costs was £590k, compared to £217k at quarter 3, and representing just under 1.2% of the budget amount. On-Call and Corporate staff costs in quarter 4 were lower than the previous forecast allowed.
  - 4.2.2 There was a final net saving of £196k on other employee related costs, mainly from reduced activity still related to the Covid pandemic, although we have been able to maintain all essential operational training.
- 4.3 Premises (note 2)
  - 4.3.1 As previously reported the review of business rates led to net refunds totalling £720k. This has been offset by additional spend on utilities and reactive maintenance works.
- 4.4 Transport (note 3)
  - 4.4.1 The quarter 3 report included a forecast overspend of around £27k for transport costs. Although fuel costs have increased due to rising prices actual spend was £20k less than predicted at the end of quarter 3. Final spend on other vehicle running costs and repairs and maintenance were also less than expected.
- 4.5 Supplies and Services (note 4)
  - 4.5.1 The outturn shows a final saving of £246k, compared to a projected amount of £40k at quarter 3. Overall spend on revenue equipment purchase, repairs and maintenance was £50k less than predicted, although roughly half of this relates to costs that will roll into the new financial year. A further net saving of £126k was made on the costs of ICT hardware and software purchases and maintenance.

#### 4.6 Agency and Contracted Out Services (note 5)

- 4.6.1 The Quarter 3 projection included an assumed saving of £50k and this has increased to a final saving of £74k. This mainly relates to contingency sums against legal, consultancy and other external fees.

#### 4.7 Capital Financing and Leasing Costs (note 6)

- 4.7.1 The quarter 3 report indicated savings of £331k on long-term capital financing costs. The actual cost saving was £352k as a result of lower interest payments than predicted. This saving has been applied to the capital financing requirement for the year, to reduce the need for future borrowing.

#### 4.8 General & Investment Income (note 7)

- 4.8.1 The final position on general income was £103k better than predicted at Quarter 3. Rather than there being one single factor that helped this, a number of income lines showed higher levels of income, covering areas such as recovery of apprenticeship levy, co-responding, sale of vehicles and radio mast rentals.
- 4.8.2 The final total for investment income was very much in line with the Quarter 3 projection.

#### 4.9 Grants & Contributions (note 8)

- 4.9.1 Income from grants and contributions increased significantly over the year, with the final outturn showing additional income of £787k. The main reasons for this increase are:
- Protection Funding Grant – £316k received from the Home Office to support increased resourcing in protection.
  - Other Home Office grants – The Home Office distributed some additional funding to fire and rescue services to support Covid response and increased pensions administration work associated with Immediate Detriment. Our share of these grants were £78k and £88k respectively.
  - Secondments - £169k for staff on secondments to other bodies.

### 5. Reserves and Balances (note 9 and Appendix C)

- 5.1 Appendix C shows the year end position for reserves and balances.
- 5.2 Risk assessed general balances totalled £2.844m on 1 April 2021 and have been increased to £2.884m at 31 March 2022, in line with the Reserves Strategy to maintain general balances at 5% of revenue budget.

- 5.3 Earmarked reserves totalled £14.595m on 1 April 2021 and show a net increase of £1.728m for the year, up to £16.326m. This includes £2.36m from the net revenue expenditure variation.
- 5.4 A further £5.975m was held in respect of unused grants on 1 April 2021. These reserves show a net decrease for the year of £1.89m, down to £4.085m at 31 March 2022. The majority of the decrease, £1.44m, relates to the release of grants provided to offset reductions in council tax and business rates receipts as a result of measures put in place by the Government to mitigate the financial impact of Covid-19. Other grants have been used during the year as planned, such as the additional protection grant funding.

## **6. Capital Programme**

- 6.1 Appendix D details the capital outturn for 2021-22 and shows a total spend for the year of £9.92m. This has been financed by £496k from grants, capital receipts and revenue contributions, with the remaining £9.426m being added to our prudential borrowing requirement. The variance to budget and carry forward requirements are analysed below.
- 6.2 Property/Estates (note 10)
- 6.2.1 Building projects – Overall spend was just over £1m against a budget sum of £1.476m. As previously reported, the programme of works has continued to be impacted by the Covid-19 pandemic and it was also necessary to cancel works at three sites due to poor performance from a contractor. Overall £450k will need to be carried forward to 2022-23.
- 6.3 IT and Communications (note 11)
- 6.3.1 Hardware Replacement – Two significant projects to replace station end mobilising equipment and to replace central servers and data storage were moved to 2022-23, based on expected procurement timescales. However, some of the new server and storage equipment was delivered in March, earlier than forecast. There are a number of other orders for ICT hardware that have been impacted by supply chain issues and £88k will need to be carried forward to 2022-23.
- 6.4 Vehicles and Equipment (note 12)
- 6.4.1 There is some crossover between the various vehicle and operational equipment projects. Overall final spend, including the carry forward amounts, is £8.8m, with a net saving of £25k compared to the forecast spend at Quarter 3.

- 6.4.2 Following a number of delays, mainly due to the Covid pandemic, significant progress has been made this year on the vehicle replacement programme. A total of twenty four large appliances and three technical rescue vehicles have been delivered. A further eleven new appliances for the 2022-23 and 2023-24 replacement cycles are already in build processes. £190k needs to be carried forward to 2022-23 for vehicles and equipment items not delivered by the end of March.

## **7. Summary and key points**

- 7.1 The Draft Statement of Accounts for 2021-22 have been produced in good time, and well within the revised statutory timescales. Final external audit work commenced on 18 July 2022 and the Treasurer and external auditor will provide a verbal progress update at the meeting. We hope to bring the final Statement of Accounts 2021-22 to the September meeting for final approval.
- 7.2 Revenue performance has remained healthy throughout the year despite our financial challenges, supported by a number of one-off additional grants and spending reductions. Reserves and balances have decreased overall by £118k, down to £23.196m as at 31 March 2022.
- 7.3 The Capital Programme cost was revised significantly during the year, to reflect changing timescales for various projects, most significantly for building works and the vehicle replacement programme. Projects worth £728k will require funding to be carried forward to 2022-23.