



AUDIT AND FINANCE COMMITTEE

30 NOVEMBER 2023

REVENUE AND CAPITAL OUTTURN FOR THE YEAR ENDED 31 MARCH 2023

REPORT OF DEPUTY CHIEF EXECUTIVE

Purpose of the Report

1. To provide information on the 2022/23 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 2022/23, 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 2023.

Comparison of Revenue Outturn with Budget

3. The total net revenue expenditure for 2022/23 after transfers to and from reserves was in line with the original budget of £30.202M.
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 - £0.774M Overspent**

The original budget included an allowance for a pay award to all staff groups of 2%. Corporate staff accepted a flat rate pay award of £1,925 on all pay points which equates to an average of 5%. A revised pay offer of 7% from July 2022 was accepted by firefighters. The increased cost of the pay awards was partially offset by savings from the removal of several corporate staff posts together with savings from the restructure of the Senior Leadership Team.

6. **Premises - £0.067M Underspent**

Expenditure on premises was less than anticipated because of cost saving initiatives to offset increased utility costs.

7. **Transport - £0.167M 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 - £0.567M Underspent**

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

9. **Contingencies - £0.168M 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 - £0.739M Overspent**

A contribution was made from the revenue account to finance capital expenditure which was not included in the original budget. This was facilitated by an unexpected increase in government grant income which was not anticipated when the original budget was set. 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 - £0.178M Overspent**

An additional provision for insurance claims and business rates appeals was made during the year.

12. **Government Grants - £0.715M In Excess of Original Budget**

Additional grant income was received for headquarters and business rates which was not anticipated when the original budget was set.

13. **Other Income - £0.693M 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, additional investment income due to increased interest rates and additional income from training.

14. **Transfers to / from (-) Earmarked Reserves - £0.352M Less than Original Budget**

The original budget included a contribution of £0.500M from reserves to balance the budget together with transfers from earmarked reserves totalling £0.095M to meet specific items of expenditure. The £0.500M transfer from reserves was not required due to the receipt of additional

income during the year. The following transfers to (+) / from (-) reserves took place on 31st March 2023:

Reserve	Opening Balance at 01/04/22	Transfer to Reserve	Transfer from Reserve	Closing Balance at 31/03/23
	£M	£M	£M	£M
General Reserve	1.510	0.095	-	1.605
Earmarked Reserves				
Pensions	0.500	-	-	0.500
Community Safety	0.166	-	-0.082	0.084
Insurance	0.285	-	-	0.285
Resilience	1.000	-	-	1.000
Civil Resilience (New Dimensions)	0.039	-	-0.039	-
Modernisation	0.862	-	-	0.862
ESMCP	0.625	-	-0.026	0.599
New Risks	0.029	-	-0.029	-
Training	0.200	-	-	0.200
Strategic Finance – Funding Pressures	0.466	-	-0.094	0.372
IT Projects	0.068	-	-0.068	-
Total Earmarked Reserves	4.240	-	-0.338	3.902
Total Reserves	5.750	0.095	-0.338	5.507

- **General Reserve**

A transfer of £0.095M was made to the General Reserve to increase it to 5% of 2023/24 net revenue expenditure. This is in line with the Reserves Policy agreed by the Authority at its meeting in February 2023.

- **Community Safety Reserve -£0.082M**

A transfer of £0.082M was made from the Community Safety reserve to finance expenditure incurred during the year.

- **Civil Resilience -£0.039M**

A transfer of £0.039M was made from the Civil Resilience reserve to finance expenditure incurred during the year.

- **Emergency Services Mobile Communication System (ESMCP) Reserve -£0.026M**

A net transfer of £0.026M was made from the ESMCP reserve to cover expenditure incurred during the year on the project.

- **New Risks Reserve -£0.029M**

A transfer of £0.029M was made from the New Risks reserve to finance expenditure incurred during the year.

- **Strategic Finance Reserve -£0.094M**

A transfer of £0.094M was made from the Strategic reserve which is used to facilitate the smoothing of the council tax collection fund deficit between financial years.

- **IT Projects Reserve -£0.068M**

A transfer of £0.068M was made from the IT Projects reserve to finance expenditure incurred during the year.

Comparison of Capital Outturn with Budget

15. The total capital expenditure for 2022/23 was £0.956M compared with an original budget of £3.116M. The total underspend for the year was £2.160M. 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 - £1.606M 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 - £0.554M Underspent**

The underspend was due to a delayed start to the refurbishment of Wheatley Hill fire station.

Recommendation

18. Members are **RECOMMENDED** to note the outturn position for the financial year ended 31 March 2023.

Appendix 1

FIRE AND RESCUE AUTHORITY REVENUE OUTTURN 2022/23

Budget Heading	Original Budget	Actual	Variance	
	£000		£000	£000
Expenditure				
Employees	25,929	26,703	774	2.98
Premises	2,957	2890	-67	-2.27
Transport	609	776	167	27.42
Supplies & Services	4,421	3854	-567	-12.83
Contingencies	168	-	-168	-100.00
Capital Financing	1,600	2339	739	46.19
Provisions & Write-Offs	-	178	178	100.00
Total Expenditure	35,684	36,740	1,056	2.96
Income				
Government Grants	-4,276	-4,991	-715	-16.70
Other Income	-611	-1,304	-693	-113.62
Total Income	-4,887	-6,295	-1,408	-28.81
Net Transfer to / from (-) Reserves	-595	-243	352	59.15
Net Expenditure	30,202	30,202	-	-
Taxation and Non-Specific Grant Income	-30,202	-30,202	-	-
Outturn	-	-	-	-

Variations 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 2022/23

Budget Heading	Original Budget	Actual	Variance	
	£m	£m	£m	%
Vehicles, Plant and Equipment	2.116	0.510	-1.606	-75.90
Land and Buildings	1.000	0.446	-0.554	-55.40
Total Expenditure	3.116	0.956	-2.160	-69.32

Variances follow this convention:

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