

To: Cambridgeshire and Peterborough Fire Authority

From: Deputy Chief Executive Officer - Matthew Warren

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Final Revenue and Capital Budget position 2020/21

1. Purpose

- 1.1 The purpose of this report is to provide the Fire Authority with the final 2020/21 revenue and capital budget outturn position.

2. Recommendations

- 2.1 The Authority is asked to:
- note the revenue and capital budget outturn position,
 - approve the requested budget holder carry forwards.

3. Risk Assessment

- 3.1 Economic - the carry forwards and maintenance of adequate reserves will continue to be critical over the coming years to ensure that the Authority can respond to any future spending reviews whilst minimising the impact on service delivery.

4. Background

- 4.1 The budget for 2020/21 was approved at the Fire Authority meeting held in February 2020. The total budget was set at £30.419m with a total precept of £20.908m.
- 4.2 At its meeting in July 2020 the Policy and Resources Committee approved a revenue carry forward of £1.281m. The carry forward included grant income of £0.561m. On removal this left a revised revenue budget for the current financial year of £31.700m

5. Continued Impact of COVID-19 on Final Accounts

- 5.1 In March 2021, CIPFA announced that Government had approved changes to the Accounts and Audit Regulations 2015. The revised legislation extends the statutory audit deadline for all local authorities. The revised publication date for statutory accounts has moved from 31 July to 30 September 2021. Furthermore, the Authority must now publish its draft accounts by 31 July 2021.
- 5.2 In addition to extended timescales, Government has announced various financial safeguards for local authorities that need to be accounted for through the final accounts. This funding is specifically allocated for loss of council tax and business rates income.

6. Final Revenue Outturn Position

- 6.1 The Service recruited 32 wholetime firefighters in 2019. Of these 16 started in 2019, with the remaining 16 starting in 2020. The additional numbers have enabled the Service to maintain operational crewing at the appropriate levels after accounting for anticipated retirements. This necessary over recruitment has resulted in a significant overspend against the budget for wholetime firefighters. This overspend was planned and the wholetime reserve has been applied to fund this outturn position.
- 6.2 The Service has undertaken rate reviews on all of its properties. These reviews have resulted in significant reductions for both our current and future rateable values. In addition, the impact of the pandemic has resulted in underspends against energy and fuel.
- 6.3 The overspends against supplies and services is related to significant pandemic related expenditure. This expenditure included new laptops and other hardware, along with significant investment in personal protective equipment (PPE) and lateral flow tests. A significant proportion of this spend is covered by a COVID-19 grant that is included against the 'other income' budget line.
- 6.4 The operational fire budget was slightly overspent. This budget provides for the costs of pension lump sums and On-Call firefighters.

7. Results for the Year

- 7.1 The final outturn position on the revenue budget, before application of carry forwards, reflects the spending trend reported to the Policy and Resources Committee throughout the financial year. After applying these, the final position is an underspend of £90k. This underspend will be transferred to the General Reserve. A simple summary of the final outturn is shown below; further details, in normal budgetary control format, are set out in Appendix 1.

Budget Area	Under (-) / Over (+) £'000
Controllable expenditure/income	-785
Safety Netted Expenditure*	142
Capital Financing	1,328
Wholtime Firefighter Reserve	-575
Capital Financing from General Reserve	-1,177
Over achieved Precept income	-435
ESMCP and Pension Grant	354
Committed Revenue Expenditure (orders raised but not paid)	522
Delegated Budgets Carried Forward	535
Final Under(-)/Over spend from 2020/21	-90

* This budget covers the demand led On-Call operational expenditure and ill health pensions.

- 7.2 The carry forwards (detailed breakdown attached at Appendix 2) are required for:

Funding Requirements	£'000	Notes
ESMCP and Pension Administration Grants	354	
Business Development Projects	104	
Learning and Development	40	
Human Resources	22	
Resilience	37	
Community Fire Safety	186	
Operational Training	46	
Battle Boxes and Enhanced First Aid Equipment	95	
Local Resilience Forum	5	

8. Balance Sheet and Reserves

8.1 Particular attention is drawn to the position relating to the Authority Reserves required to provide it with financial flexibility when dealing with unexpected circumstances. Specific reserves are set aside to provide for known or predicted liabilities.

8.2 A summary of movements in existing reserves is shown in the table below; the useable general reserve is £2,098k.

	Note	Balance at 01/04/19	In year Movement (-) funding out / funding in	Balance at 31/03/20
		£000	£000	£000
General Reserve	8.2	3,185	-1,087	2,098
Property Development Reserve	8.3	8,406	-	8,406
Community Safety		200	0	200
Wholetime Reserve		975	-575	400
Pension Reserve		523	-	523
Total		13,289	-1,662	11,627

8.3 The Property Development Reserve is set aside to finance the costs of future refurbishment and development of the Authority estate. This fund will be utilised to provide the new Huntingdon Community Fire and Rescue Station and Training Centre.

8.4 Attached at Appendix 3 is the summarised Authority Reserve Strategy (Estimated General/Earmarked Reserve Breakdown 2019/20) that projects the reserve position over the medium term. The Authority will see that reserves are expected to diminish significantly over the next couple of years as investment in the new training centre is made.

9. Capital Programme

9.1 The final expenditure figures on the Capital Programme are detailed in the table below:

			Original Budget	Adjustments	Revised Estimate	Actual Expenditure
			£000's	£000's	£000's	£000's
Expenditure						
Vehicles	9.2		1,250	1,767	3,017	1,640
Land & Buildings	9.3		1,220	652	1,872	2,784
Equipment	9.4		209	283	492	141
IT and Communications	9.5		775	619	1,394	984
			3,454	3,321	6,775	5,549
Financing						
Capital Receipts			-233	-262	-495	-203
Loan			-1,616	-1,748	-3,364	-3,026
Application of General Reserve			-881	-892	-1,773	-1,177
Revenue Contribution			-724	-419	-1,143	-1,143
			-3,454	-3,321	-6,775	-5,549

- 9.2 This budget (vehicles) covers the purchase of operational and non-operational vehicles. The adjustment was in respect of carry forwards for service cars, vans and fire appliances ordered in 2019/20 but not received owing to continued supply chain issues with the car provider. The build of two new aerial appliances commenced in 2019/20 and the vehicles were delivered in late 2020.
- 9.3 This budget (land and buildings) also covers the maintenance of existing properties, investment in new facilities and the purchase of the land at St John's. The adjustment relates to carry forwards from last year of funds provided for the committed capital improvements at fire stations.
- 9.4 The equipment relates to operational equipment; heavy duty rescue equipment, thermal imaging cameras, radios and appliance ladders.
- 9.5 The ICT capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment. The spend on the new mobilisation system is included here.
- 9.6 The outstanding capital schemes that were started and not finished will be completed in 2021/22 financial year. The funding that has not yet been applied to these schemes will be drawn down at the appropriate time, after consideration has been given to the current Treasury Management Strategy. A separate report will be presented to the Policy and Resources Committee in July, owing to the on-going review of specific areas of capital spend. For example, a significant review of the non-operational fleet is currently underway

which will likely result in a change in approach to vehicle procurement and required funding.

Bibliography

Source document: CIPFA Bulletin 9 (April 2021) and final accounts working papers

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SUMMARY OF FINAL OUTTURN POSITION

Category Desc		Original Budget	Virements	Revised Budget	Actual To Date	Variance
Full Time Firefighters		£ 12,851,880	-	£ 12,851,880	£ 13,408,780	£ 556,900
Control Room Staff		£ 1,641,030	-	£ 1,641,030	£ 1,677,913	£ 36,883
Local Govt. Employees		£ 3,766,140	£ 84,019	£ 3,850,159	£ 3,412,255	-£ 437,904
Senior Management (Hay)		£ 2,951,990	£ 143,855	£ 3,095,845	£ 3,386,229	£ 290,384
Recruitment & Training		£ 611,920	£ 87,125	£ 699,045	£ 640,837	-£ 58,208
Fire Allowances		£ 643,760	£ 51	£ 643,811	£ 711,535	£ 67,724
EMPLOYEE COSTS	6.1	£ 22,466,720	£ 315,050	£ 22,781,770	£ 23,237,547	£ 455,777
Property Maintenance		£ 348,590	£ 62,906	£ 411,496	£ 363,551	-£ 47,945
Insurance		£ 65,350	-	£ 65,350	£ 50,631	-£ 14,719
Energy Costs		£ 319,780	-	£ 319,780	£ 278,077	-£ 41,703
Cleaning		£ 165,360	£ 2,100	£ 167,460	£ 112,189	-£ 55,271
Rents & Rates		£ 728,660	-	£ 728,660	£ 641,526	-£ 87,134
PREMISES	6.2	£ 1,627,740	£ 65,006	£ 1,692,746	£ 1,445,974	-£ 246,772
Car & Cycle Allowances		£ 68,950	£ 194	£ 69,144	£ 61,437	-£ 7,707
Vehicle Running Expenses		£ 172,340	£ 638	£ 172,978	£ 146,568	-£ 26,410
Vehicle Insurance		£ 161,690	-	£ 161,690	£ 142,892	-£ 18,798
TRANSPORT AND MOVEABLE PLANT	6.2	£ 402,980	£ 832	£ 403,812	£ 350,897	-£ 52,915
Office Expenses		£ 317,010	£ 3,887	£ 320,897	£ 226,595	-£ 94,302
IT & Communications Equip.		£ 1,941,030	£ 128,909	£ 2,069,939	£ 2,530,150	£ 460,211
Fire Equipment		£ 256,710	£ 15,644	£ 272,354	£ 292,075	£ 19,721
Uniforms & Clothing		£ 388,220	£ 5,687	£ 393,907	£ 302,649	-£ 91,258
Other Supplies & Services		£ 1,123,860	£ 163,895	£ 1,287,755	£ 1,929,891	£ 642,136
SUPPLIES AND SERVICES	6.3	£ 4,026,830	£ 318,022	£ 4,344,852	£ 5,281,361	£ 936,509
CONTROLLABLE EXPENDITURE		£ 28,524,270	£ 698,910	£ 29,223,180	£ 30,315,780	£ 1,092,600
Other Income		-£ 1,350,520	-£ 280	-£ 1,350,800	-£ 1,985,609	-£ 634,809
Other Government Grants		-£ 1,538,510	-	-£ 1,538,510	-£ 2,780,963	-£ 1,242,453
CONTROLLABLE INCOME		-£ 2,889,030	-£ 280	-£ 2,889,310	-£ 4,766,571	-£ 1,877,261
NET CONTROLLABLE EXPENDITURE		£ 25,635,240	£ 698,630	£ 26,333,870	£ 25,549,209	-£ 784,661
Debt Charges		£ 1,035,960	£ 583,460	£ 1,619,420	£ 2,893,636	£ 1,274,216
External Interest		-£ 90,000	-	-£ 90,000	-£ 36,505	£ 53,495
CAPITAL FINANCING	6.4	£ 945,960	£ 583,460	£ 1,529,420	£ 2,857,131	£ 1,327,711
Pensions - Lump Sums		£ 645,850	-	£ 645,850	£ 777,871	£ 132,021
Operational Fire Budget		£ 3,192,350	-	£ 3,192,350	£ 3,202,800	£ 10,449
SAFETY-NETTED EXPENDITURE	6.5	£ 3,838,200	-	£ 3,838,200	£ 3,980,671	£ 142,471
NET EXPENDITURE		£ 30,419,400	£ 1,282,090	£ 31,701,490	£ 32,387,010	£ 685,520
Grand Totals		-	-	-	-£ 90,000	-£ 90,000

Appendix 2

Carry Forward Requests - To Be Agreed									
Number	Area of Responsibility	Group	Requester	Description	Value	Revenue / Capital	Revenue Category	Nominal Code From	Nominal Code To
1	ACFO	Training	John Sherrington	Effective Command Incident Command Level 2 Course Delivery (May/June 2021) PORD 42075	£ 17,000	Revenue	Training	0881 507	0881 507
2	ACFO	Training	John Sherrington	MAGIC Course, College of Policing (Stuart Smith) PORD 42204	£ 2,786	Revenue	Training	0881 507	0881 507
3	ACFO	Training	John Sherrington	NILO Courses at FSC May and Sept 2021 (Clare Hesselwood and Rob Oliver)	£ 5,590	Revenue	Training	0881 507	0881 507
4	ACFO	Training	John Sherrington	Operational Fire Ground Exercise/Scenario Training at the Fire Service College	£ 20,437	Revenue	Training	0881 507	2917 507
5	ACFO	AC Community Fire Safety	Per Middleton	Purchase of 5 x portable misting units as per business case	£ 12,000	Revenue	AC Community Fire Safety	£10k - underspend in 2622 510 £2k - 2627 510	2622 510
6	ACFO	AC Community Fire Safety	Per Middleton	Community Fire Safety activities not carried out in 2020/21	£ 26,000	Revenue	AC Community Fire Safety	2624 510	2624 510
7	ACFO	AC Community Fire Safety	Per Middleton	Safety Zone (firebreak) courses (Ring fenced)	£ 45,600	Revenue	AC Community Fire Safety	2648 510	2648 510
8	ACFO	Resilience	Stuart Smith/David Lynch	Renew of NILO PPE	£ 30,000	Revenue	Resilience	2626 510	2605 514
9	ACFO	Fire Protection	Simon Thompson	Protection Training	£ 30,000	Revenue	AC Community Fire Safety	£7k - 2624 510 £23k - underspend in 2625 510	2625 510
12	ACFO	Ac Com Safety	Stuart Smith/Charlotte Black	118 Business Names Module	£ 8,000	Revenue	AC Community Fire Safety	2645510 (£4000) 2912510 (£4000)	2109 592
13	ACFO	Fire Protection	Simon Thompson	Business Risk Review - Station Commander Costs	£ 32,290	Revenue	AC Community Fire Safety	£22894.50 - 0181 510 £2801.81 - 0281 510 £6593.64 - 0350 510	£22894.50 - 0181 510 £2801.81 - 0281 510 £6593.64 - 0350 510
14	ACFO	LRF	Jane Ashwell	Ringfenced CPLRF expenditure	£5,055	Revenue	Local Resilience Forum	2605525	2605525
16	ACFO	Resilience	David Lynch	For the purchase of NILO PPE now out of date	£7,390	Revenue	Resilience	2605514 (£6000) 2622514 (£1390)	2605514 (£6000) 2622514 (£1390)
17	ACFO	Road safety	Paul Clarke	Ringfenced Road safety Budget	£31,662	Revenue	AC Community Fire Safety	2642527	2642527
1	DCE	HR	Sam Smith	Expected additional delivery costs resulting from H.Brackley's resignation (£5k)/Design and set up costs for new middle to senior leadership development programme (£10k)/Development of internal Faceteer cohort (£5k)	£ 20,000	Revenue	Human Resources	0888 500	0888 500
2	DCE	HR	Sam Smith	Anticipation of part finding for 1 yr for creation of additional 2 x FTE L&D Officer role	£ 20,000	Revenue	Human Resources	£15k - 0138 500 £5k - 0887 500	0120 500
3	DCE	HR	Sam Smith	Costs associated with the re-starting on wholetime recruitment	£ 10,000	Revenue	Human Resources	0990 506	0990 506
4	DCE	HR	Sam Smith	Cost of engaging with LGSS to support people policy development	£ 5,000	Revenue	Human Resources	2900 505	2900 505
8	DCE	Projects	Roger Wood	Fireground Radios - Ongoing/running costs in BAU	£ 15,000	Revenue	Project Support	B379	OSG (2161522)
10	DCE	Bus Dev & Risk	Tamsin Mirfin	Fund the ICCS and Mobs project	£ 13,351	Revenue	Bus Dev & Risk	2820 504	2820504
11	DCE	Bus Dev & Risk	Tamsin Mirfin	ESMCP LTR Funding	£ 14,709	Revenue	Bus Dev & Risk	2820 504	2820 504
12	DCE	Bus Dev & Risk	Tamsin Mirfin	Fund additional works required to re-build the front end of the On-call requirements process	£ 60,584	Revenue	Bus Dev & Risk	£46676.08 - 0120 588 £5224.16 - 0220 588 £8683.92 - 0420 588	2900 588

Estimated General / Earmarked Reserve Breakdown 2019/20

	20/21	21/22	22/23	23/24	Narrative
	£'000	£'000	£'000	£'000	
Estimated Reserves at Start of Financial Year	13,289	12,202	4,594	4,194	
Property Development Reserve	8,406	8,406	2,454	2,454	The Property Development Reserve is earmarked to fund major property improvement and new capital schemes. A decision on Planning is expected imminently (before end of January 2021) on the proposed Training Centre and Fire Station at St John's in Huntingdon. This reserve will be used to finance the build and then partly re-imbursed through the sale of land at St Ives and Huntingdon.
Capital Financing Property Improvements	-	5,952	- 3,000		
			3,000		
General Reserve	3,185	2,098	1,217	1,217	
Capital Financing	- 1,177	- 881			
Underspend	90				
Community Safety Reserve	200	-	-		This reserve is held to fund specific projects and programmes. It will be called upon when required but it is not expected to be held for the long-term.
Operational Firefighter Reserve	975	400	-		The Service is currently over-established for Firefighters and this reserve will be used to cover any overspend in the short-term.
Pension Reserve	523	523	523		This reserve is held to fund ill health retirements that are often unexpected and to fund the current funding shortfall owing to the revaluation of the Firefighter Pension Fund.
Estimated Reserves at Year end	12,202	4,594	4,194	3,671	
General Reserves at Year end	2,098	1,217	1,217	1,217	
Earmarked Reserves at year end	10,104	3,377	2,977	2,454	