

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

MEETING: FIRE AUTHORITY 17TH JANUARY 2021

ITEM 6

SUBJECT: REVENUE BUDGET 2021/2022 - THIRD QUARTERLY REVIEW

JOINT REPORT OF THE CHIEF FIRE OFFICER AND CHIEF EXECUTIVE (CLERK TO THE AUTHORITY) AND THE FINANCE DIRECTOR

1. Introduction

- 1.1 This report advises Members of issues relating to the 2021/2022 Revenue Budget position at the third quarterly review stage of the financial year and requests that they note the report.

2. Budgetary Control Report 2021/2022

- 2.1 The Revenue Budget Second Review reported to Members in November 2021 a projected underspend of £0.703m. Members agreed to transfer £0.700m of this to the Transformation and Reform Reserve to be used at a future date for initiatives planned under the TWFRS 2025 Programme.
- 2.2 Regular monitoring of the Revenue Budget has continued to take place and an overspend at outturn is now projected to be £0.051m. The COVID-19 pandemic is, and will continue, to impact on Service activity, and the financial implications of this will be monitored. Any resulting savings in addition to those reported and already transferred to reserves will be reported to Members at outturn.
- 2.3 A summary of the updated position is set out at Appendix A which shows the projected costs compared to both the revised and original budget positions for the main budget headings. The main variances are set out in detail below for information.

Employee Costs (+£25,000)

- 2.4 Realised savings of £0.575m were confirmed and transferred to reserves at the second quarterly review stage as part of the transfer to reserves. A minimal overspend is now projected at this stage however this position may vary as staffing implications continue to change throughout the rest of the year.
- 2.5 Operational overtime costs continue to be well managed and the costs have reduced in recent months after trainees have been allocated to watches on stations. It is anticipated that the latest recruits allocated to stations in late December may see overtime costs reduce further. This position will be reported to members at out-turn.

Premises (+£94,000)

- 2.6 An overspend of £94,000 is projected on premises costs. Electricity charges have increased significantly from October with a projected overspend of £85,000 alone, in addition to increases in gas charges of £21,000. Savings are projected on water and rates which will absorb some of the additional costs.

Transport (-£11,000)

- 2.7 The transport budget is now projected to underspend by £11,000 following the transfer of a confirmed saving on travel expenses reported at second review. Further savings on car allowances and travel expenses are expected to continue for the remainder of the financial year. An overspend of £8,000 is projected on fuel costs due to the current volatile price increases; this will be closely monitored during the last quarter.

Supplies and Services (-£49,000)

- 2.8 A net underspend of £49,000 is now projected across supplies and services. Confirmed savings on subsistence were transferred to reserves at second review but there continues to be a projected saving at outturn due to a reduction in travel. This is in addition to savings on catering provisions due to a reduced service in the SHQ canteen.

Contingencies

- 2.9 The Contingency provision continues to be monitored with the budget allocated out in to other budget heads for events and budget pressures as they become certain. This will be fully reviewed prior to the 2022/2023 revenue budget being set in February. The final position on the Contingencies budget for 2021/2022 will be reported at outturn.

Income (+£8,000)

- 2.10 Realised savings of £98,000 were confirmed and transferred to reserves at second review leaving a projected net over achievement of income of £8,000. This is due to a combination of the following:
- An additional one-off PFI Authority Support repayment of £21,000;
 - Over-recovery of Northumberland SLA Income of £50,000
 - Under-recovery of catering income due to reduced sales of £29,000; and
 - A Government adjustment reducing the Firelink Grant allocation for 2021/2022 by £50,000 as this was overpaid in error in 2020/2021.

3. Financial Support

- 3.1 In response to the tragic event at the Grenfell Tower, Government has provided a number of one off grants totalling £0.597m to date to assist with the additional financial burden of responding to the outcomes of the enquiry. These

cover Building Risk Review, Protection Uplift, Grenfell Infrastructure, Fire Safety Accreditation and Protection.

- 3.2 Spend against these Fire Safety specific grants is being carefully planned, closely monitored, and reported to Home Office with the total received being fully committed to fund specified safety equipment, additional staff and training to maximise the benefits and meet the requirements set out for each funding stream in the short term. Longer term, it is hoped that additional funding will be allocated in these areas as part of the mainstream Government Funding settlement.

4. Statement of Balances

- 4.1 The balance of the General Fund has been increased to £4.089m following approval at second review to transfer the remaining unspent COVID-19 grant of £0.146m. The balance continues to be viewed as an appropriate level of General Fund Balance for the size and financial risks faced by the Authority.

5. Risk Management

- 5.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control, the realisation of efficiencies, the most appropriate use of limited resources and a comprehensive evaluation of the benefits. The risk to the authority has been assessed as low utilising the standard risk matrix based on control measures being in place.

6. Financial Implications

- 6.1 The financial implications are set out in Appendix A of the report.

7. Equality and Fairness Implications

- 7.1 There are no equality and fairness implications in respect of this report.

8. Health and Safety Implications

- 8.1 There are no health and safety implications in respect of this report.

9. Recommendations

- 9.1 Members are requested to note the third quarterly review position with regard to the Revenue Budget for 2021/2022 as set out in this report and summarised at Appendix A.