

MERSEYSIDE FIRE AND RESCUE AUTHORITY

MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	29 JULY 2021	REPORT NO:	CFO/046/21
PRESENTING OFFICER:	IAN CUMMINS, DIRECTOR OF FINANCE AND PROCUREMENT		
RESPONSIBLE OFFICER:	IAN CUMMINS	REPORT AUTHOR:	IAN CUMMINS
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	REVENUE & CAPITAL OUTTURN 2020/21		

APPENDICES:	APPENDIX A1- A4:	2020/21 REVENUE BUDGET TO ACTUAL
	APPENDIX B:	2020/21 CAPITAL BUDGET TO ACTUAL

Purpose of Report

1. To report upon the Authority's year-end financial position for 2020/21.

Recommendation

2. That Members;
 - a. Note that actual revenue spend compared to the approved budget delivered a net underspend of £1.622m before the creation of year-end reserves, as outlined in Appendix A1 to A3.
 - b. Approve that this underspend be used to;
 - create the required year-end reserves of £0.210m to fund projects that have been rescheduled from 2020/21 into 2021/22, and
 - increase in the capital reserve by £1.412m in order to contribute towards the funding of the proposed new Training & Development Academy (TDA).
 - c. Approve the re-phasing of planned capital spend from 2020/21 into future years of £3.702m, as outlined in Appendix B.
 - d. Approve committed reserves of £26.082m and a general reserve of £3.0m as outlined in Appendix A4.

Executive Summary

The Authority approved a five-year medium-term financial plan (MTFP) at the Budget Authority meeting on 27 February 2020. The approved MTFP delivered a balanced budget for 2020/21 based on key budget assumptions around costs, in particular pay. The Authority has a strategy of maximising any savings in the year in order to fund increases in reserves or additional debt payments that may free up future budgets to fund infrastructure investment or act as a hedge against future financial challenges. Members considered a report on the development of a new TDA at the Authority meeting on 15 October 2020 and approved the CFO's proposal to build a new TDA, inclusive of a new superstation rather than refurbish the current site. A new

development is likely to cost in excess of £25m, therefore to reduce the borrowing requirement for this potential scheme Members' approved that any favourable variances be used to increase the capital investment reserve that would then be used to contribute towards the cost of a new TDA / Station development. Members instructed officers to continue to maximise savings in the year and use any additional savings to increase the capital / TDA reserve.

The final accounts of the Authority have now been completed and after taking into account the need to create £0.210m year-end reserves a £1.412m underspend on the revenue budget has been used to fund an increase in the capital / TDA reserve.

At the year-end committed reserves stood at £26.082m and the General Fund balance remains as anticipated at £3.000m.

Capital spending was £7.315m resulting in a variance of £4.153m against the £11.468m budget for 2020/21. The variance can be broken down into:

- A £3.702m re-phasing of planned spend from 2020/21 into future years, requiring the carry forward of capital budget.
- A net underspend and saving on capital projects of £0.451m.

No new borrowing was taken out in the year, as expected.

Introduction and Background

3. This report sets out the actual financial performance of the Authority compared to the approved 2020/21 revenue and capital budgets.
4. At the Budget Authority meeting on 27 February 2020, Members approved the 2020/21 Budget and Medium Term Financial Plan (MTFP). The financial plan made a number of assumptions around future costs including:-
 - Annual pay awards of 2.5% per annum,
 - A 2% per annum general price inflation,
 - That all approved saving options would continue to deliver the required savings,
 - No unavoidable revenue growth would materialise in the year,
 - Capital borrowing costs would be contained within the approved revenue budget,
 - Council Tax and local Business Rates income yield would be consistent with the estimated figures provided by billing authorities, and
 - Committed reserves would be sufficient to offset the relevant associated risks and planned project spend.
5. The delivery of the 2020/21 budget and approved financial plan was monitored closely during the year and Members received quarterly financial review updates. The last report, CFO/005/21, went to the Audit Committee on 11 February 2021, and covered the period up to December 2020. This report now provides Members with the position up to the end of the 2020/21 financial year, 31 March 2021, and covers revenue, capital and reserve movements.
6. In summary, the key assumptions were found to be robust and correct as pay and inflation increases in 2020/21 have in general been as expected and costs contained within the approved budget allocations.

7. The rest of the report will now review the budget movements and the financial performance for the year.

How the 2020/21 Budget changed during the year

Revenue:

8. The Authority Revenue Budget for 2020/21 was set at £61.961m.
9. Further minor budget amendments have been made since the last financial review report, CFO/005/21, that reflect already approved policy decisions. These were;
- The net increase in reserves of £3.278m. A new Collection Fund Deficit reserve was created to cover the expected deficit on the 2021/22 Collection fund due to lower Council Tax and Business Rates income in 2020/21 due to the impact of Covid-19. The reserve was funded from the expected Government specific grants the Authority will receive to compensate it for this issue. As planned the Service incurred costs of £0.510m on projects for which specific reserves had been established and these funds were drawdown in quarter 4, this included £0.303m from the clothing reserve following the issue of new uniforms and PPE to firefighters.
 - A number of self-balancing virements within the revenue account. The most significant virement was for a £1.798m increase in specific grants, this included additional Covid-19 grants of £1.406m and the loss of fees and charges grants (due to Covid-19) of £0.275m.

These changes are summarised in the table below:

	Original Budget	Approved Qtr 3 Budget	Qtr 4 Amend-ments	Final Budget	Original to Final Budget Movements
	£'000	£'000	£'000	£'000	£'000
Net Expenditure					
Fire Service	65,759	59,103	-3,256	55,847	-9,912
Corporate	522	500	-18	482	-40
National Res. Assurance	0	0	0	0	0
	66,281	59,603	-3,274	56,329	-9,952
Interest on Balances	-172	-172	0	-172	0
Inflation Provision	1,423	114	-4	110	-1,313
Contribution (from) to Reserves	-5,571	2,416	3,278	5,694	11,265
Total Net Expenditure	61,961	61,961	0	61,961	0
Funded By					
Government Support	-31,433	-31,433	0	-31,433	0
Council Tax	-30,528	-30,528	0	-30,528	0
	-61,961	-61,961	0	-61,961	0

Capital:

10. The Budget Authority meeting approved a five-year capital investment programme (2020/21 – 2024/25), of £33.390m, with a planned expenditure in 2020/21 of £18.246m. During the year members' approved adjustments to the programme to reflect various re-phasing of schemes and other adjustments. Following the approval of the April – December 2020 financial review report the five-year capital programme was increased to £37.191m with a planned spend in 2020/21 of £11.545m.

11. In the last quarter, January to March 2021, some small 2020/21 capital budget changes have been action as outlined below.

- A net small reduction in the capital budget of £0.076m. The capitalised HFSC salaries budget was reduced by £0.130m as Covid-19 impacted on the number of HFSC carried out in the year. As this expenditure is funded from the freed-up revenue employee budget, this reduced the level of revenue / specific funding by a similar amount. A small increase in the ICT equipment spend of £0.039m was required, funded from ICT revenue budget contributions. Finally, £0.015m of operational equipment spend was re-phased from 2021/22 into 2020/21.
- The overall total level of budgeted borrowing was consistent with the approved quarter 3 figure, although £0.015m of borrowing was re-phased from 2021/22 to 2020/21.
- The overall movement in the capital programme reflects the re-phasing of major schemes over the 2020/21 to 2024/25 period reported to members through the quarterly financial review reports.

These changes are summarised in the table below:

	Original Budget	Approved Qtr 3	Qtr 4 Amendments	Final Budget	Original to Final Budget Movements
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Building & Land	10,588.9	5,201.2	0.0	5,201.2	-5,387.7
Fire Safety	731.5	736.0	-130.0	606.0	-125.5
ICT	1,467.6	2,420.9	38.8	2,459.7	992.1
Operational Equip & Hydrants	1,908.5	1,017.6	14.9	1,032.5	-876.0
Vehicles	3,549.1	2,169.0	0.0	2,169.0	-1,380.1
	18,245.6	11,544.7	-76.4	11,468.3	-6,777.3
Funding					
Specific Non-Borrowing	8,627.8	4,115.5	-91.3	4,024.3	-4,603.5
Borrowing	9,617.8	7,429.2	14.9	7,444.1	-2,173.7
	18,245.6	11,544.7	-76.4	11,468.3	-6,777.3

Reserves:

12. The 2020/21 Budget Authority approved a reserves strategy which maintained a general reserve of £3.000m and had anticipated £17.955m of committed earmarked reserves at the start of 2020/21. After taking into account the committed reserves movements at the end of 2019/20, committed reserves increased by £0.811m and therefore the opening committed reserves figure for 2020/21 was £18.766m.

Financial Performance in the Year

13. **2020/21 Revenue Outturn Position:** The table below summarises the actual revenue position for 2020/21, excluding the Home Office National Resilience Assurance (NRAT) and other Lead Authority schemes budget and costs. NRAT and other Lead Authority schemes are 100% funded from the Government and relate to national and international rather than MFRS funded initiatives for which the Service provides the lead role on behalf of the Government and all year-end variances are carried forward and belong to the Home Office / Government. **Appendix A1 to A3** provides a more detailed analysis of the budget to actual variances:

	Fire Service Budget	Fire Authority / Corporate Mgt	Total Budget	Actual (before Year-end reserves / adjustments)	Variance	Year-End Reserves	Variance Post Reserves / Adjustment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure							
Employee Costs	50,068	348	50,416	50,003	-413		-413
Premises Costs	2,987	0	2,987	2,901	-86		-86
Transport Costs	1,040	0	1,040	1,016	-24		-24
Supplies & Services	3,716	9	3,725	3,524	-201	81	-120
Agency Services	6,392	0	6,392	6,315	-77	18	-59
Central Support Services	512	125	637	611	-26	8	-18
Capital Financing	5,785	0	5,785	5,785	0		0
Income	-14,653	0	-14,653	-15,311	-658	103	-555
Net Expenditure	55,847	482	56,329	54,844	-1,485	210	-1,275
Contingency Pay & Prices	110		110	0	-110		-110
Interest on Balances	-172		-172	-199	-27		-27
	55,785	482	56,267	54,645	-1,622	210	-1,412
Movement on Reserves	5,694		5,694	5,694	0	1,412	1,412
Overall Financial Position	61,479	482	61,961	60,339	-1,622	1,622	0

14. The Authority has a strategy of maximising any savings in the year in order to fund increases in reserves or additional debt payments that may free up future budgets to fund infrastructure investment or act as a hedge against future financial challenges. Members considered a report on the development of a new TDA and superstation at the Authority meeting on 15 October 2020 and approved that the CFO should look at the option of building a new TDA rather than refurbish the current site. A new development is likely to cost in excess of £25m, therefore to reduce the borrowing requirement for this potential scheme Members' approved that any favourable variances be used to increase the capital investment reserve that would then be used to contribute towards the cost of a new TDA development. After taking into account the year-end earmarked reserve requests of £0.210m, net expenditure was £1.412m lower than the budget. The £1.412m underspend on the revenue budget has been used to fund an increase in the capital / TDA reserve, and therefore the Authority's overall expenditure is consistent with its budget. The movement in year-end reserves is outlined further on in this report.

15. The main variations were:

Employee Costs, -£0.413m (0.8%) favourable variance –

- Non-operational vacancies / staff not being at the top of their budget grade (£0.321m), combined with firefighter retirements / vacancies being slightly ahead of schedule (£0.085m), meant a direct employee saving of £0.406m.
- Other, -£0.007m; other smaller variances over a number of other direct and non-direct employee budgets.

Premises Costs, -£0.086m (2.9%) favourable variance –

- Following the sale of Formby LLAR house, Huyton, Eccleston and St Helens fire stations the Service benefited from a small one-off saving on the rates and utilities budgets of £0.074m. The balance is made up from small savings on other premises costs.

Transport Costs, -£0.024m (2.3%) favourable variance –

- Spend on vehicle and car mileage and associated costs as a result of lower activity due to covid-19 restrictions resulted in a saving of £0.026m. The balance is made-up from small variances on other transport costs.

Supplies and Services, -£0.201m (5.4%) favourable variance –

- Professional fees saving, £0.197m, of this £0.072m must be carried forward via year-end reserves as it is to fund projects such as the AFSA National Conference, ICT developments, consultations etc. that will be completed in 2021/22. A further £0.060m relates to unspent grant monies for building risk and protection uplift works that are now re-phased into 2021/22 along with the relevant grant income. Additional one-off savings identified in the last quarter and held on the professional fees account code account for the balance, £0.065m.
- Expenditure on computing software exceeded the budget by £0.099m, and most of this related to the new protection and prevention system for which a reserve has now been established to fund all remaining works.
- Officers are continuing to strictly manage controllable expenditure lines such operational, prevention and training supplies in light of the financial challenge, resulting in a small favourable variance of £0.103m.

Agency Services, -£0.077m (1.2%) favourable variance.

- Small one-off efficiency savings on outsourced contracts delivered a £0.077m saving.

Central Support Services, -£0.026m (4.1%) favourable variance.

- Small savings on the financial systems contract consultancy line as some development work was done in-house or deferred until 2021/22 resulted in a £0.012m saving. The balance relates to a small saving on bank charges and other costs of £0.014m.

Capital Financing, £0.000m (0.0%).

- Spend was within the approved budget.

Income (including interest on balances), £0.685m (4.4%) favourable variance.

- Increase in specific grants was £0.431m greater than the budget. The Authority received a new grant at the year-end to cover the McCloud pension administration costs, £0.055m, and a £0.048m grant to cover protective equipment for firefighters. Both these grants are to be carried forward into 2021/22 as a reserve to reflect when the planned spend will be incurred. Following confirmation of the actual apprenticeship spend (employee, training and other costs) £0.389m of levy grant was drawdown at the year-end to off-set the expenditure charged to other accounts. £0.061m of expected grant(s) was not credited to the accounts in 2020/21 as the spend and grant will now be incurred in 2021/22. Most of this related to protection and infrastructure grant received late in 2020/21.
- Fees and charges income was £0.132m higher than expected due to an increase in special services income, work carried out for national projects and the recovery of catering income following the return of staff to the workplace.
- Rent income was £0.079m higher than expected due to the old St Helens site being used by Public Health England for Covid-19 testing and inflationary increases.
- Interest earned on investments and balances exceeded the budget by £0.027m as the level of investments was higher than expected throughout the year as a result of unapplied capital grants (NRAT asset replacement was re-phased) and the level of reserves being held during the year.

- The balance, £0.016m is due to small increases on other income lines, external contributions and other income.
16. The spread of COVID-19 created an unprecedented circumstance within which the Authority had to respond. The Government provided the Authority with grants totalling £1.711m by 31.03.2021 to cover the costs associated with Covid-19. The 2020/21 budget had assumed a level of Council Tax and Business Rate income based on the collection rates provided by the five Merseyside local authorities, that were determined prior to the impact of Covid-19. The billing authorities have now assessed the actual level of income they will collect and have forecast a £3.788m deficit on the collection fund that they will need to recovery from the Authority in 2021/22 – 203/24. As outlined in paragraph 9, a reserve has been established, £3.788m, to cover the recovery of the deficit. £1.211m of the Covid-19 grants was used to contribute towards the collection fund deficit reserve. Other covid-19 costs incurred related to a loss of commercial and other income, additional expenditure on protective equipment, cleaning, ICT and other costs that after spend savings due to Covid-19 and MHCLG loss of income grants, utilised £0.299m of the covid-19 grant. The balance of covid-19 grant, £0.201m has been carried forward in a reserve to cover planned spend in 2021/22. Therefore, the covid-19 grants should be sufficient to cover the loss of income and additional costs at least up to mid-2021/22.

2020/21 Movement on Reserves.

17. This report identifies a net increase in committed earmarked reserves (opening balance £18.766m and a closing balance £26.082m) of £7.316m of which £2.416m was approved as part of the quarterly financial review reports. The increase of £4.900m in the last quarter relates to:
- a. Quarter 4 approved changes, £3.278m
 - b. Year-end adjustments, £1.622m.
18. Quarter 4 (January – March 2021). Reserves of £0.510m have been drawdown to meet approved expenditure, of which £0.303m was to cover new PPE for firefighters and £0.154m to cover Covid-19 related spend. Also, a new £3.788m Collection Fund Deficit reserve was created in the fourth quarter to meet the collection fund deficit charge in 2021/22 and future years for lower than anticipated 2020/21 income from Business Rates and Council Tax due to Covid-19 economic impacts and Government policy changes. This issue was outlined at the Budget Authority meeting on 25 February 2021, in the MTFP report CFO/010/21 and Members' approved the created of this reserve, funded from expected Government grants.
19. Year-end reserves of £1.622m have been created to cover costs associated with specific risks and projects now expected to be incurred in 2021/22 or future years:
- The Authority received a £0.055m Pension Administration grant to cover some of the expected costs associated with dealing with the McCloud remedy. As these costs will be incurred in 2021/22 – 2022/23, the grant has been carried forward via a pension reserve.
 - Planned spend of the 2020/21 New Dimensions grant of £0.048m has been re-phased into 2021/22 and will be carried forward as part of the New Dimensions reserve.
 - Some community initiatives, equipment purchases, and health and safety schemes have been re-phased into 2021/22 and the relevant existing reserves have been increased by £0.107m to cover this planned spend.
 - To reduce the borrowing requirement for the new TDA and superstation scheme Members' approved that any favourable variances be used to increase the capital

investment reserve that would then be used to contribute towards the cost of a new TDA development. Therefore, the net underspend on the revenue budget after the above year-end reserves was £1.412m, and has been used to fund an increase in the capital reserve.

20. The Authority held £10.382m of unapplied Home Office capital monies as at 31 March 2021 for NRAT national asset refresh. The Authority is required to include the £10.382m within the Authority's Statutory Financial Statements as a usable reserve, BUT as this money is not available to the Authority to fund any of its own investments it has been excluded from the available reserve balance quoted in this report.
21. The general reserve remained unchanged at £3m or 5% of the operating budget.
22. The table below summarises the reserve movements in the year and Appendix A4 provides more details on the changes throughout the year.

	Opening Balance	Qtr 3 Value	Qtr 4 Draw-down	Qtr 4 Closing Balance	Year-End Reserves	Closing Balance
	£'000	£'000	£'000	£'000	£'000	£'000
Committed Reserves						
Emergency Related Reserves						
Bellwin / Emergency Planning Reserve	222	222		222		222
Insurance Reserve	499	499		499		499
Facing The Future COVID-19 Reserve	355	355	-154	201		201
Collection Fund Deficit Reserve	0	0	3,788	3,788		3,788
Modernisation Challenge						
Smoothing Reserve	2,000	2,000		2,000		2,000
Pensions Reserve	0	0		0	55	55
Recruitment Reserve	3,000	2,000		2,000		2,000
Invest to Save / Collaboration Reserve	549	326	-43	283	0	283
Capital Investment Reserve	8,426	12,182	-10	12,172	1,412	13,584
PFI Annuity Reserve	1,862	1,866		1,866		1,866
Specific Projects						
Community Sponsorship Reserve	33	33		33	41	74
Equipment Reserve	91	91		91	61	152
Community Engagement Reserve	7	7		7		7
Training Reserve	150	150		150		150
Health and Wellbeing Reserve	20	20		20	5	25
Inflation Reserve	700	500		500		500
Clothing Reserve	328	328	-303	25	0	25
Ringfenced Reserves						
Princes Trust Reserve	82	82		82		82
Community Risk Management Reserve	318	308		308		308
Energy Reserve	8	97		97		97
New Dimensions Reserve	116	116		116	48	164
Total Committed Earmarked Reserves	18,766	21,182	3,278	24,460	1,622	26,082
General Revenue Reserve	3,000	3,000	0	3,000	0	3,000
Total Reserves	21,766	24,182	3,278	27,460	1,622	29,082
Usable Reserves Held on behalf of HOME OFFICE (NRAT REFRESH):	3,590					10,382
<i>rounding adjustment</i>		1				1
USABLE RESERVES REPORTED in the 2020/21 Financial Statements	25,357					39,465

2020/21 Capital Expenditure.

23. Actual spend in the year was £7.315m resulting in a variance of £4.153m against the £11.468m budget for 2020/21. The variance can be broken down into:

- A £3.702 re-phasing of planned spend from 2020/21 into future years, requiring the carry forward of capital budget.
- A net underspend and saving on capital projects of £0.451m.

The actual capital receipts in the year exceeded the expected value by £0.615m and this combined with the net underspend of £0.451m, resulted in actual borrowing in the year being £1.066m lower than budgeted for.

A summarised capital programme outturn position statement is outlined below:

	Final Budget	Actual	Re-phasing into future years	Variance
	£'000	£'000	£'000	£'000
Expenditure				
Building & Land	5,201.2	3,575.6	1,498.7	-126.9
Fire Safety	606.0	312.7	0.0	-293.3
ICT	2,459.7	1,796.5	661.8	-1.3
Operational Equip & Hydrants	1,032.5	457.0	545.8	-29.7
Vehicles	2,169.0	1,173.2	995.8	0.0
	11,468.3	7,315.0	3,702.1	-451.2
Funding				
Specific Non-Borrowing	4,024.3	4,003.3	636.2	615.2
Borrowing	7,444.0	3,311.7	3,065.9	-1,066.4
	11,468.3	7,315.0	3,702.1	-451.2

24. The year-end re-phasing of capital schemes into 2021/22 is outlined in the table below:

Re-phasing £'m	Scheme	Explanation
0.362	Refurbishment of Heswall.	Work commenced on the scheme just after Christmas and is expected to be completed in 2021.
0.097	Station roofs and canopy replacements (Crosby & Bromborough)	The contract has been finalised and work is expected to commence in mid-summer 2021.
0.120	Kirkby Station refurbishment	Work was rescheduled due to delay in determining options on the new TDA build. Looking to commence work in 2021/22.
0.920	Other Building works.	A number of routine planned fire station and general building investment schemes are commencing slightly later than planned as delays in finalising specifications re-tendering work, and scheme priorities has put completion dates back slightly.
0.123	Capita Vision 3 Update	A £0.9m scheme commenced in April 2021 and final phase will begin in September 2021 for completion in 2021/22.
0.109	I.C.T. Network	A £0.237m scheme to upgrade the station network. Telent are finalising negotiations with Virgin Media to ensure the final required work is completed in 2021/22.
0.138	ICT Servers	Server Hardware and associated Licences development and improvement work was planned to commence at the end of 2020/21, but due to the complexity of the project Telent are still finalising specifications. This project is expected to commence Q1 2021/22.
0.292	ICT Schemes	The commencement of other schemes was delayed due to delays in receiving hardware, completion of building / cabling works, or competing demands on

		limited staff resources resulting in the prioritisation of work.
0.286	Operational Equipment – NRAT Asset Refresh	The Authority acts as the lead authority for the Home Office for the procurement of national resilience assets. The Home Office are reviewing capability needs in light of what the future challenge may be, and therefore delayed the commencement of the asset replacement programme.
0.260	Operational Equipment	Reviews are ongoing about what the future ask and need of the Service is. Therefore, the equipment requirements will only be known once these reviews are finalised, and orders will be placed for the replacement equipment.
0.829	Appliances	A number of appliances are part built and following final build work are expected to be delivered before the end of 2021.
0.166	Vehicles	Orders have been raised later than planned for new vehicles, but delivery is expected in 2021/22.
<u>3.702</u>		

25. A full detailed breakdown of the 2020/21 capital budget movements, year-end variances and proposed slippage can be found attached to this report as Appendix B.

Equality and Diversity Implications

26. The Budget Authority set the approved allocation of resources to meet the needs of the Service, and this report confirms spend is consistent with the budget.

Staff Implications

27. Over 70% of revenue expenditure is directly staff related.

Legal Implications

28. The Accounts and Audit (Amendment) Regulations 2021 extended the statutory audit deadline for 2020/21 and 2021/22 for the publication date for audited accounts from 31 July to 30 September (2021 and 2022). The 2020/21 financial statements are currently with the Authority's Auditor and the audited statement will come to members for approval in September.

Financial Implications & Value for Money

29. Members approved a strategy of utilising any additional one-off savings to fund an increase in the capital reserve in order to contribute towards the cost of a new TDA build. After taking into account year-end reserve requests of £0.210m, net expenditure was £1.412m lower than the budget. The £1.412m revenue saving has been utilised to increase the capital reserve in 2020/21, and therefore the Authority's overall expenditure is consistent with its budget.

30. Capital spending was £7.315m resulting in a variance of £4.153m against the £11.468m budget for 2020/21. The variance can be broken down into:
- A £3.702 re-phasing of planned spend from 2020/21 into future years, requiring the carry forward of capital budget.
 - A net underspend and saving on capital projects of £0.451m.
31. The General Fund Balance as at 31st March 2021 was, as anticipated, £3.000m. MFRA committed reserves as at 31st March 2021 stand at £26.082m (excluding the £10.382m unapplied Home Office capital monies held by the Authority for the NRAT asset refresh).

Risk Management, Health & Safety, and Environmental Implications

32. The Budget Authority set the approved allocation of resources to meet the needs of the Service and the investments outlined in the asset management plans, and this report confirms spend is consistent with the budget.

Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK. One team, putting its communities first.*

33. The achievement of actual expenditure within the approved financial plan and delivery of the expected service outcomes is essential if the Service is to achieve the Authority's vision.

BACKGROUND PAPERS

- CFO/008/20** "MFRA Budget and Financial Plan 2020/2021-2024/2025" Authority 27 February 2020.
- CFO/010/21** "MFRA Budget and Financial Plan 2021/2022-2025/2026" Authority 25 February 2021.
- CFO/045/20** "Financial Review 2020/21 – April to June" Audit Committee 24 September 2020.
- CFO/058/20** "Financial Review 2020/21 – April to September" Policy and Resources Committee 10 December 2020.
- CFO/005/21** "Financial Review 2020/21 – April to December" Audit Committee 11 February 2020"

GLOSSARY OF TERMS

- CAPITAL EXPENDITURE** Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the Authority or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.
- RESERVES** Amounts set aside to meet future contingencies but the use does not affect the Authority's net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account.

REVENUE This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

EXPENDITURE