

**PROGRESS AGAINST REVENUE AND CAPITAL
BUDGETS 2021/2022****REPORT OF THE CHIEF FIRE OFFICER****For Information****1. PURPOSE OF REPORT**

- 1.1 To report progress against the approved 2021/22 Revenue and Capital Budgets as at 30 September 2021, and the associated forecast outturn.

2. RECOMMENDATION

- 2.1 That Members note the budget position as at 30 September 2021.

3. REVENUE POSITION AT 30 SEPTEMBER 2021

- 3.1 The Authority continues to operate in an uncertain financial environment as an individual one year Government grant allocation was made for 2021/22.
- 3.2 There is also increased uncertainty arising from:
- a further delay in proposed national funding changes and the impact of the recent spending review.
 - expected changes to the mechanism of pension grant funding and associated costs.
- 3.3 The overall position on revenue budgets at the end of September 2021 is an underspend of £1.506m and the forecast outturn is an underspend of £0.475m.
- 3.4 This is a best assessment and the position will be kept under review with further updates reported to members during the year. As the underspend becomes more certain a strategy for using this amount will be developed as part of the 2022/23 budget process.
- 3.5 The forecast outturn position reflects:
- Employee Costs – underspend £0.509m
 - £0.450m underspend relates to under establishment across all pay groups, our workforce planning arrangements include a further retained recruit's course in January 2022.
 - Approximately £0.068m of the underspend relates to the difference in the 1.5% firefighters pay award for 2021/22 when the budget assumed 2%.
 - Green book pay is being forecast assuming a 2% pay award, negotiations are still underway. The current offer of 1.75% would see savings of £11k

- Premises Costs – on target
 - Costs are currently reporting high due, in part, to works in relation to maintenance which was delayed from 2020/21. Funding in relation to these projects will be drawn down from the Reserve at year end. Other activity is ahead of budget profile.
 - There are significant forecast costs associated with the rise in utility prices across gas and electric. These are currently obscured by a significant rates rebate received for multiple years.
 - Utility costs will increase between 40%-70% in the 2022/23 budget setting process. Due to the unprecedented scale of increase and the unlikely continuance at this level, these are likely to be dealt with on a one-off basis rather than being built into the base budget.
- Supplies and Services – £0.012m underspend
 - Costs are currently reporting high due to expenditure which will be offset by the various grants (Covid, FireLink, New Dimensions, Grenfell etc.) at year end.
- Income – £0.035m under achieved
 - Brought-forward funds and receipt of grants are ahead of the budgeted forecast.
 - The allocation of grant income to offset any related overspends and the estimated carry-forward in relation to on-going activities in 2022/23 occurs at year end.
 - Currently forecasting an under achievement of £48k on the CIC SLA due to changes in service provision throughout the year.

3.6 The position to the end of September and the forecast outturn is shown in more detail at Appendix 1.

4 CAPITAL POSITION AS AT 30 SEPTEMBER 2021

- 4.1 The capital programme for 2021/22 includes the planned projects for this financial year from the revised Asset Management Plan 2021-2036, together with those projects that slipped from 2020/21.
- 4.2 The capital budget for 2021/22 is **£2.308m**. Actual spend including commitments at September was £1.526m with a further £0.256m forecast by the end of the financial year. The forecast outturn position on the capital programme is therefore an underspend of **£0.526m**.
- 4.3 Five schemes are complete and have delivered forecast savings of £0.150m, achieved at the procurement stage.
- 4.4 Schemes 1 to 4 relate to prior years, provision has been made to cover the final payments (£0.178m). Final costs for scheme 1 are £0.015m greater than the provision made due to minor variations. Final costs for scheme 2 are forecast £0.037m greater than the provision made due to issues and delays relating to Covid-19, this is currently under dispute.

- 4.5 Schemes 6, 9, 11, 14, 16 will be deferred to 2022/23, there are various reasons including extension to existing lease, lack of resources and supplier delays.
- 4.6 Schemes 12, 15 are complete with minor overspends. Scheme 15 afforded the purchase of four vehicles rather than the planned two for approximately the same expenditure.
- 4.7 All remaining schemes are on-going with the current expectation to complete in 2021/22.
- 4.8 The financial position and progress for each project in the capital programme for 2021/22 is shown at Appendix 2.
- 4.9 There are no other significant issues to bring to Members attention at this time.

IAN HAYTON
CHIEF FIRE OFFICER

KAREN WINTER
ASSISTANT CHIEF FIRE OFFICER
STRATEGIC PLANNING AND RESOURCES

Comparison of Expected and Actual Expenditure and Income to 30th September 2021								APPENDIX 1	
Chief Fire Officer / Treasurer						Status	Count		Month
Progress Against Revenue Budget 2021/2022			Corrective action may be required			Adverse variance gretaeer than +2%	1		6
Actual Position as at:			Possible virement/service enhancement			Favourable variance greater than -2%	1		
30th September 2021			On target			Variance between +/- 2%	7		
Ref	Description	Revised Budget 21/22 £'000	Expected YTD £'000	Actuals including commitments YTD £'000	Variance £'000	Narrative	Correction Action	Anticipated Outcome	Forecast Outturn Variance £'000
1	Employees Costs	24,591	12,295	11,769	(527)	Includes pension costs which are offset by grant and topup funding. Occupancy levels below budgeted levels.	WT recruits started July Retained recruits started September with further starting Jan 22	Forecast underspend at year end includes assumed 1.75% green book pay award	(509)
2	Premises Costs	1,701	850	751	(99)	20/21 Commitments on maintenance projects delayed due to Covid	Funds will be drawn from reserves.	Expected to be on target at year end.	(1)
3	Supplies & Services	2,276	1,138	1,775	637	Some expensidture to be met from grant (Covid, FireLink, New Dimension, Grenfell etc.)	Grants are monitored separately	Grand funding utilised or carried forward as appropriate.	(12)
4	Transport Costs	709	355	516	162	Some backlogged costs from delays due to Covid.	Underspend in some areas such as fuel will be netted off against additional costs.		5
5	Support Services	413	207	88	(119)				8
6	Income	(1,913)	(1,225)	(1,501)	(276)	Includes pension grant £1.4m Changes to CIC SLA in year will lead to a shortfall of £48k income	Grant monitoring undertaken separately.	Pension grant to offset Employee Pension Costs (WT). Excess income offsets excess expenditure. Unutilised funding is carried forward in line with future activity.	35
	Sub Total Operational Budgets	27,776	13,619	13,398	(222)				(474)

Ref	Description	Revised Budget 21/22 £'000	Expected YTD £'000	Actuals including commitments YTD £'000	Variance £'000	Narrative	Correction Action	Anticipated Outcome	Forecast Outturn Variance £'000
7	Capital Finance Costs	838	419	51	(368)	Includes provision for servicing revenue costs of borrowing for Capital Programme and approved contribution to capital.	The Capital Programme is monitored separately	Includes contributions to the Capital Phasing Reserve	0
8	S31 Grants	(1,869)	(1,869)	(2,785)	(916)	Funding grants		Outturn variance is forecast to be nil as level of section 31 grants will reflect actual business rates income.	(0)
9	Contribution from Reserves	(491)	0	0	0	Contribution from Collection Fund Reserve, Budget Support Fund & Contribution from Reserves		Appropriate adjustments are made at the year end.	0
	TOTALS	26,254	12,169	10,663	(1,506)				(475)

Comparison of Expected and Actual Expenditure and Income to 30th September 2021										APPENDIX 2	
Chief Fire Officer / Treasurer								Status	Count		
Progress Against Capital Budget 2021/2022				Corrective action may be required			Adverse variance greater than +2%		4		
Actual Position as at:				Possible virement/service enhancement			Favourable variance greater than -2%		16		
30th September 2021				On target			Variance between +/- 2%		1		
Ref	Description	Full cost of schemes £'000	Revised Budget 21/22 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome	Forecast £'000	Forecast Variance £'000
1	Queens Meadow Complex	12,376	0	(88)	103	15	15	Final works delayed from March 2020 due to COVID restrictions. Forecast subject to minor variations, withholding final payment awaiting remedial repairs.	Provision made. Project to be completed 21/22	103	15
2	Stockton Fire Station	1,094	0	37	0	37	37	Final works delayed from March 2020 due to COVID restrictions. £28k retainer and awaiting final statement to confirm costs	Provision made. Project to be completed 21/22	37	37
3	Guisborough Fire Station	306	0	(26)	0	(26)	(26)	Only retention to be paid. Awaiting final invoice.	Provision made. Project to be completed 21/22	26	(0)
4	Loftus Fire Station	232	0	(12)	3	(9)	(9)	Only retention to be paid. Awaiting final invoice.	Provision made. Project to be completed 21/22	12	(0)
5	QMC Training Yard										
5	Foam Capture System	400	400	0	279	279	(121)	Works being commissioned from original site contractor.	Project to be completed 21/22	279	(121)
6	Foam Equipment	200	200	0	0	0	(200)		Defer requirement to 22/23	0	(200)
7	Fire Helmets	135	135	5	119	124	(11)	Procurement complete, awaiting distribution to staff.	Project to be completed 21/22	124	(11)
8	Water Tenders (Bodies only x 7)		925	106	815	921	(4)	Vehicles complete - awaiting final inspections.	Project to be completed 21/22	921	(4)
9	Rescue Boat	35	35	0	0	0	(35)	Procurement underway.	Defer requirement to 22/23	0	(35)
10	Specialist Vehicle	15	15	0	0	0	(15)	Procurement underway.	estimated underspend	10	(5)
11	FDO Resilience Vehicle	23	23	0	0	0	(23)	Extending current lease for a further year.	Defer requirement to 22/23	0	(23)
12	Mini Bus	26	26	0	27	27	1			27	1
13	Small Vans x 3	56	56	0	47	47	(9)		estimated underspend	47	(9)

Ref	Description	Full cost of schemes £'000	Revised Budget 21/22 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome	Forecast £'000	Forecast Variance £'000
14	Vehicle Trackers	33	33	0	0	0	(33)	Liasing with CDDFRS.	Defer requirement to 22/23	0	(33)
15	Departmental Vehicles x2	30	30	32	0	32	2	Procurement complete via framework agreement. Awaiting delivery.	Procurement of 4 vehciles complete	32	2
16	Electric Charging Points	65	65	0	0	0	(65)	Staff training being organised.	Defer requirement to 22/23	0	(65)
17	HR Rostering System	200	177	57	10	67	(110)	Procurement complete, tender awarded. Initial build underway.	Project on-going phased milestones - will run into 22/23	67	(110)
18	Cloud Technology & Information Systems	50	50	0	0	0	(50)			10	(40)
19	Microsoft MPSA	24	24	0	0	0	(24)	Planned for January 2022.		24	0
20	Fleet Management Stystem	50	50	0	0	0	(50)			50	0
21	Fire appliance CCTV upgrade	63	63	1	12	13	(50)	Delayed - awaiting completion of the water tenders.	Project on-going phased works aligned to appliances - will run into 22/23	13	(50)
	TOTAL ALL SCHEMES	15,413	2,308	111	1,415	1,526	(782)			1,782	(526)