

**PROGRESS AGAINST REVENUE AND CAPITAL  
BUDGETS 2023/2024****REPORT OF THE CHIEF FIRE OFFICER****For Information****1. PURPOSE OF REPORT**

- 1.1 To report progress against the approved 2023/24 Revenue and Capital Budgets as at 31 December 2023, and the associated forecast outturn.

**2. RECOMMENDATION**

- 2.1 That Members note the budget position as at 31 December 2023.

**3. REVENUE POSITION AT 31 DECEMBER 2023**

- 3.1 When the 2023/24 budget was set in February 2023 inflation (measured by the Consumer Prices Index) was 10.4% and then reduced 4% in December 2023. The main reason for this reduction was a fall in energy prices. Whilst this reduction is welcome the level of 'services' inflation, which impacts on many of the services purchased by the Authority, remained at 6.4% in December 2023– this underlines the continuing financial challenges in the current financial year.
- 3.2 In response to continuing inflation at their meeting on 31 January 2024 the Bank of England held interest rates at 5.25% - consistent since August 2023. The Bank of England has stated - "monetary policy (i.e. interest rates) will need to remain restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term in line with the MPC's remit. The Committee has judged since last autumn that monetary policy needs to be restrictive for an extended period of time until the risk of inflation becoming embedded above the 2% target dissipates".
- 3.3 The Bank of England's latest forecast is for inflation to be around 2.75% by the end of 2024 and still slightly above the 2% target in two years' time. These forecasts may change if current issues in the Red Sea and Middle East lead to a new round of energy price increases.
- 3.4 In response to these external financial challenges and to offset additional one-off costs in relation to operational requirements covering the Fire Control Mobilising System and the provision of replacement Breathing Apparatus Equipment, officers continue to manage budgets carefully to mitigate these costs, including managing vacant posts and deferring expenditure where this does not impact on operational delivery.

- 3.5 The recurring impact of national 2023 pay awards and inflation has been reflected in the 2023/24 Medium-Term Financial Strategy (MTFS) approved by the Authority on 9<sup>th</sup> February 2024. The MTFS approved the use of one-off Investment Income and the Budget Support Fund to address the 2024/25 budget deficit in order to provide a longer lead time to address this position.
- 3.6 The recently approved 2024/25 MTFS has enabled a balanced budget to be set for 2024/25, which does not defer a deficit to 2025/26. However, there are potential risks in 2024/25 if national pay awards are settled at a higher level than provided for in the budget. The budget position for 2025/26 onwards remains challenging and will depend on funding decisions made by the next Government, and the level of inflation. Deficits are currently forecast for 2025/26 and 2026/27 and a plan will be developed to address these forecast deficits. This position highlights the importance of managing the Authority's resources over the period of the MTFS, rather than over a single financial year.
- 3.7 The overall position on the current revenue budget (2023/24) at the end of December 2023 is detailed in Appendix 1 and shows a forecast year end underspend of £0.264m, which is slightly higher than the previous forecast of £0.160m. In line with the strategy approved in the MTFS the underspend will be transferred to the General Fund Reserve to maintain the real term value of this reserve.

#### **4. CAPITAL POSITION AS AT 31 DECEMBER 2023**

- 4.1 The capital programme for 2023/24 includes the planned projects for this financial year from the revised Asset Management Plan 2023-2038, together with those projects rephased from 2022/23.
- 4.2 The revised approved capital budget for 2023/24 is **£5.703m** (including £0.160m in-year investment projects). Actual spend including commitments at December was £1.405m with a further £1.266m forecast by the end of the financial year. The forecast outturn position on the capital programme is currently a year-end underspend of **£3.005m**. This amount consists of two elements, completed schemes and a significant element of capital expenditure to be deferred to 2024/25, as summarised below:

	£'m
Schemes which will overspend	0.085
A small number of schemes are complete and have been delivered below the budgeted level.	(0.216)
Schemes which will be rephased from 2023/24 to 2024/25	(2.874)
Capital schemes have longer lead times than revenue spending and a number of schemes will see expenditure deferred to 2024/25 – i.e. schemes marked salmon at Appendix 2	
Year-end outturn – underspend	(3.005)

- 4.3 The financial position and progress for each project in the capital programme for 2023/24 is shown at Appendix 2.
- 4.4 There are no other significant issues to bring to Member's attention at this time.

**IAN HAYTON**  
**CHIEF FIRE OFFICER**

**KAREN WINTER**  
**ASSISTANT CHIEF FIRE OFFICER**  
**STRATEGIC PLANNING & RESOURCES**

Comparison of Expected and Actual Expenditure and Income to 31st December 2023									APPENDIX 1
Chief Fire Officer / Treasurer			Status			Count		Month	
Progress Against Revenue Budget 2023/2024			Corrective action may be required			Adverse variance greater than +2%		3	
Actual Position as at:			Possible virement/service enhancement			Favourable variance greater than -2%		3	
31st December 2023			On target			Variance between +/- 2%		4	
Ref	Description	Revised Budget 23/24 £'000	Expected YTD £'000	Actuals including commitments YTD £'000	Variance £'000	Narrative	Correction Action	Anticipated Outcome	Forecast Outturn Variance £'000
1	Employees Costs	27,288	20,466	19,471	(995)	Includes pension costs which are offset by grant and topup funding. Under-occupancy removed on a prorata basis. Green Book pay award agreed Oct 23, arrears paid Dec.	Under-occupancy removed on a prorata basis. Green Book pay award agreed Oct 23, £1,925 or 3.88% led to £34k budget pressure. Commissioned Services contribution to staff costs and Prior year Investment draw down	Under-occupancy funds have been set aside to support the funding gap on BA, Mobilising and future investment proposals.	(596)
2	Premises Costs	2,042	1,532	1,854	323	Some commitments will not be fulfilled by end of March The following activity is ahead of budget: +£21k Property Repairs Reactive +£11k Property Repairs Planned +£10k Fixture & Fittings	Some budget allocation was planned for inflationary pressure around utilities but this is exceeding our expectations at Q3 by £162k	Close budget management will try to offset budget pressures estimates £20k underspend( i.e. £162k-£20k)	141
3	Supplies & Services	3,068	2,301	2,476	175	Hydrant costs related to the Covid period are now being incurred. Expanded use of ICT, hardware, software & maintenance. Maintenance of existing BA sets to align with BA capital project.	No correction required		156
4	Transport Costs	806	604	632	28		No correction required	Overspend relates to FDO vehicles	67

Ref	Description	Revised Budget 23/24 £'000	Expected YTD £'000	Actuals including commitments YTD £'000	Variance £'000	Narrative	Correction Action	Anticipated Outcome	Forecast Outturn Variance £'000
5	Support Services	450	337	321	(17)		No correction required	Audit Scale Fee Charges £50k	17
6	Income	(786)	(589)	(1,075)	(486)	Receipt of income is ahead of the budget. Some income nets off excess expenditure.	These are not something we can influence. The Firelink shortfall has been identified as a priority risk	Forecast £55k Firelink shortfall and -£98k Protection Uplift Grant not budgeted	(50)
	<b>Sub Total Operational Budgets</b>	<b>32,868</b>	<b>24,651</b>	<b>23,680</b>	<b>(971)</b>				<b>(264)</b>
7	Capital Finance Costs	1,008	756	756	0	Requirement associated with the Asset Management Plan (AMP)		Assume that capital charges will be inline with budgeted.	0
8	S31 Grants	(1,909)	(1,432)	(1,432)	(0)	Receipt of income is ahead of the budget		Assume that S31 Grants will be inline with budgeted.	0
9	S31 Grants - Pension & Services	(1,788)	(1,341)	(1,340)	0			Assume that S31 Grants (Pension & Services Grant) will be inline with budgeted.	(0)
10	Contribution from Reserves	(686)	0	0	0	Contribution from Collection Fund Reserve, Budget Support Fund & Contribution from Reserves		Appropriate adjustments are made at the year end.	0
	<b>TOTALS</b>	<b>29,493</b>	<b>22,634</b>	<b>21,663</b>	<b>(971)</b>				<b>(264)</b>

## Comparison of Expected and Actual Expenditure and Income to 31st December 2023

## APPENDIX 2

Chief Fire Officer / Treasurer							Status	Count		
Progress Against Capital Budget 2023/2024				Corrective action may be required			Adverse variance greater than +2%	7		
Actual Position as at:				Possible virement/service enhancement			Favourable variance greater than -2%	23		
31st December 2023				On target			Variance between +/- 2%	13		
Ref	Description	Budget 23/24 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome	Forecast £'000	Forecast Variance £'000
1	Billingham Drill Yard	29	0.0	0.0	0	(29)	Will be undertaken following drill tower works.	Defer to 24/25	0	(29)
2	HP (A6) Re-Chassis	825	0.0	0.0	0	(825)	Specification being reviewed	Defer to 24/25	0	(825)
3	Tech Hub Resource Garages Conversion	220	0.0	0.0	0	(220)	Dependent on future collaboration	Defer to 24/25	0	(220)
4	Tech Hub Mezannine Conversion	60	0.0	0.0	0	(60)	Dependent on future collaboration	Defer to 24/25	0	(60)
5	Hartlepool Garage Refurbishment	55	6.0	0.0	6	(49)	next phase of works starts April	Defer to 24/25	6	(49)
6	132 BA Telemetry	162	0.0	159.0	159	(3)	Collaborative tender led by West Midlands in the final stages of approval. Current budget is £470k, required budget is £677k. Budget increase of £207k approved Exec June 2023	Defer in part to 24/25	159	(3)
7	2 BA Decontamination	8	0.0	37.0	37	29			37	29
8	26 Emergency Air Supply Equipment	14	0.0	15.0	15	1			15	1
9	256 BA Cylinders	110	0.0	93.0	93	(17)			93	(17)
10	132 BA Sets	394	58.0	337.0	395	1			395	1

Ref	Description	Budget 23/24 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome	Forecast £'000	Forecast Variance £'000
11	Personal Protective Equipment (Fire Kit) extension	120	0.0	0.0	0	(120)		Defer to 26/27. Certification of existing kit aligned to 26/27 replacement.	0	(120)
12	17 Departmental Vehicle Replacements	383	0.0	0.0	0	(383)	Will be aligned to 6 vehicles in 24/25	Defer to 24/25	0	(383)
13	Cloud Technology & Information Security (+ row 38)	41	34.0	7.0	41	0	Revenue costs	Complete	41	0
14	HR & Rostering Systems (+ Row 37)	24	24.0	0.0	24	0	Revenue costs	Complete	24	0
15	30 Mobile Working Devices	50	5.0	45.0	50	0			50	0
16	36 x Mobile Data Terminals (MDTs)	148	0.0	0.0	0	(148)	Defer to align with new Mobilising System	Defer to 24/25	0	(148)
17	Hartlepool App Bay Floor Refurbishment	66	64.0	0.0	64	(2)		Complete - underspend	64	(2)
18	Guisborough Roof Refurbishment	55	55.0	0.0	55	0		Complete	55	0
19	Redcar Emergency Generator Upgrade	24	0.0	0.0	0	(24)		Defer to 24/25	0	(24)
20	Billingham Emergency Generator Upgrade	24	23.0	0.0	23	(1)		Complete - underspend	23	(1)

Ref	Description	Budget 23/24 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome	Forecast £'000	Forecast Variance £'000
21	2 Climate Change - Site Decarbonisation	200	48.0	152.0	200	0			200	0
22	Asset Management System	48	41.0	7.0	48	0	Revenue costs	<b>Complete</b>	48	0
23	QMC Roof Access Handrail System	20	19.0	0.0	19	(1)		<b>Complete - underspend</b>	19	(1)
24	Mobilising Technology	1,137	0.0	250.0	250	(887)	Collaborative tender led by Hereford & Worcester. Budget increase of £437k approved. Exec June 2023	Only initial payment in 23/24 Defer remaining to 24/25	250	(887)
25	Wind Turbine Training Prop	300	324.0	0.0	324	24		Complete - overspend	324	24
26	FDO Resilience Vehicle	23	6.0	4.0	10	(13)	Complete - procured in 22/23 to take advantage of market prices (cost £18.5k). However, £10k allocated for Clean Crawl Pod Project through Investment Proposals.	<b>Complete - unrequired budget</b> Virement of £10k for Crawl Pod	10	(13)
27	Fire Appliance CCTV	51	0.0	0.0	0	(51)	Under review - VFM and procurement options	Defer 24/25	0	(51)
28	Electric Charging Points	45	9.0	12.0	21	(24)	On-going across the Brigade aligned to other site works	Defer remaining budget to 24/25	21	(24)
29	Hartlepool Emergency Generator Upgrade	8	16.0	0.0	16	8	Budgeted for updrade, at inspetion replacement required.	Complete - overspend	16	8
30	L&D - Drill Towers	60	33.0	27.0	60	0	Purchase order placed - schedule of works ongoing		60	0



Ref	Description	Budget 23/24 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome	Forecast £'000	Forecast Variance £'000
31	Saltburn - Drill Towers	108	109.0	0.0	109	1	Purchase order placed - schedule of works ongoing	Complete - 5% retention for 12 months	109	1
32	Thornaby - Drill Tower	114	133.0	0.0	133	19	Purchase order placed - schedule of works ongoing	Complete - 5% retention for 12 months	133	19
33	Billingham - Drill Towers	170	178.0	0.0	178	8	Purchase order placed - schedule of works ongoing	Complete - 5% retention for 12 months	178	8
34	Redcar Drill Towers	120	119.0	15.0	134	14	Purchase order placed - schedule of works ongoing	Complete - 5% retention for 12 months	134	14
35	20 Digital Advertising Screens	20	0.0	0.0	0	(20)	Review technology options	Defer 24/25	0	(20)
36	Foam Equipment	199	0.0	0.0	0	(199)	Proposal agreed. Procurement process yet to commence.	Anticipated underspend.	0	(199)
37	Mobilising Workshop Van	40	0.0	44.0	44	4	Estimated delivery end of March		44	4
38	117 Vehicle Trackers	33	16.0	18.0	34	1	Ongoing fit out and training with UK Telematics	Anticipated overspend as additional vehicles fitted out	34	1
39	Rescue Boat	35	0.0	41.0	41	6	No bidders from original tender process. Revised specification led to additional cost and impact of inflation.	Delivery timelines may defer 24/25	41	6
	<b>TOTAL AMP</b>	<b>5,543</b>	1,320.0	1,263.0	2,583	(2,960)			2,583	(2,960)

	Additional Projects									
40	Brake Roller Workshops	14	14.0	0.0	14	0		Complete	14	0
41	QMC Air Conditioning	71	71.0	0.0	71	0		Complete	71	0
42	Fuel Pump Managemet System	45	0.0	0.0	0	(45)		Defer 24/25 due to sourcing requirements	0	(45)
43	Hose Reel Branches	30	0.0	30.0	30	0		on-going	30	0
	<b>TOTAL ADDITIONAL</b>	<b>160</b>	85.0	30.0	115.0	(45.0)			115	(45)
	<b>TOTAL CAPITAL SCHEMES</b>	<b>5,703</b>	<b>1,405</b>	<b>1,293</b>	<b>2,698</b>	<b>(3,005)</b>			<b>2,698</b>	<b>(3,005)</b>