

PROGRESS AGAINST REVENUE AND CAPITAL BUDGETS 2022/2023**REPORT OF THE CHIEF FIRE OFFICER****For Information****1. PURPOSE OF REPORT**

- 1.1 To report progress against the approved 2022/23 Revenue and Capital Budgets as at 31 December 2022, and the associated forecast outturn.

2. RECOMMENDATION

- 2.1 That Members note the budget position as at 31 December 2022.

3. REVENUE POSITION AT 31 December 2022

- 3.1 The financial environment remains uncertain, with inflation continuing to impact our expenditure, including significantly higher gas, electric and fuel prices. The national Green Book pay award was accepted in November 2022 and provided a flat rate increase of £1,925 for all grades. This results in an unbudgeted additional annual cost of £0.162m.
- 3.2 The latest Grey book offer was made on 9th February (7% from July 2022 and 5% from July 2023) and is out to ballot. If this proposal is accepted it will result in an additional unbudgeted in-year cost of £0.694m and a full year additional unbudgeted cost of £0.967m.
- 3.3 In summary the national pay awards exceed the budgeted increases and the forecast additional pay costs to be funded in the current year is £0.856m.
- 3.4 In view of the significant financial uncertainties officers have managed budgets carefully to mitigate these costs, including managing vacant posts and deferring expenditure where this does not impact on operational delivery. These measures will mitigate the impact of pay awards in the current year, although there remains a risk that any non-pay budget pressures will need to be funded from the Budget Support Fund.
- 3.5 The recurring impact of national pay award proposals for Grey Book has been reflected in the Medium Term Financial Strategy (MTFS) approved by the Authority on 10th February 2023. The MTFS approved the use of one off Investment Income and the Budget Support Fund to address the 2023/24 budget deficit in order to provide a longer lead time to address this position. The MTFS recognised this deferred a deficit to 2024/25 and depending on the level of Council Tax in 2024/25 a strategy will need to be developed and approved by the Authority to address a 2024/25 deficit of between £0.453m and £0.997m,

- 3.6 The overall position on the current revenue budget (2022/23) at the end of December 2022 is detailed in Appendix 1 and shows an overspend of £0.067m.

4 CAPITAL POSITION AS AT 31 December 2022

- 4.1 The updated position of the Capital Asset Management Plan (AMP) has been approved at February's Executive Committee; therefore, this report reflects the outturn as reported against the updated AMP.
- 4.2 The capital budget for 2022/23 is now **£2.946m**, having deferred **£1.212m** to 23/24 (schemes 1, 6, 7, 12, 19 and 30). All figures now include additional inflationary factors.
- 4.3 Actual spend including commitments at December was £0.876m with a further £1.055m forecast by the end of the financial year. The forecast year end outturn position on the capital programme is currently an underspend of **£0.565m**, with these schemes being deferred to 23/24.
- 4.4 £0.027m of the forecast underspend relates to confirmed savings achieved at the procurement stage (3, 4, 5 and 24).
- 4.5 Schemes 16, 18, 23, 25, 26 and 29 have completed on budget or with minor overspends totalling £0.007m.
- 4.6 No forecast estimate has been made for scheme 8 as an ongoing collaborative tender is currently being considered, estimates should be firmed up by end of March. Costs are not likely to be incurred until 23/24.
- 4.7 The financial position and progress for each project in the capital programme for 2022/23 is shown at Appendix 2.
- 4.8 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 2022						APPENDIX 1	
Chief Fire Officer / Treasurer				Status		Count	
Progress Against Revenue Budget 2022/2023		Corrective action may be required		Adverse variance greater than +2%		3	
Actual Position as at:		Possible virement/service enhancement		Favourable variance greater than -2%		1	
31st December 2022		On target		Variance between +/- 2%		5	
Ref	Description	Revised Budget 22/23 £'000	Expected YTD £'000	Actuals including commitments YTD £'000	Variance £'000	Narrative	Correction Action
1	Employees Costs	24,787	18,590	18,312	(278)	Includes pension costs which are offset by grant and topup funding. Under-occupancy removed on a prorata basis. Green book pay award and arrears are included.	Under-occupancy removed on a prorata basis. Savings will be used to offset the pressures of the pay awards. Outcome of Grey book revised pay offer of 7% on 9th February to be actioned.
2	Premises Costs	1,729	1,297	1,548	252	We are seeing some significant overspends in the utilities.	No correction required some budget allocation was planned for inflationary pressure around utilities but this is exceeding our expectations at Q3 by £203k
3	Supplies & Services	3,094	2,321	2,328	7		No correction required
4	Transport Costs	722	541	839	297	Significant price increases in the market relating to vehicle leasing arrangements for operational vehicles and fuel costs. One-off costs incurred in relation to foam legislation changes.	Some managed underspends have been achieved which are offsetting budget pressures.
5	Support Services	423	317	329	11		No correction required
6	Income	(2,381)	(1,785)	(2,007)	(222)	Grant Income is ahead of budget profile by £352k on Pension Grant. The late notification of the FireLink Grant has resulted in a shortfall in funding of £53k	Timing of grant income is not something we can influence The Firelink shortfall has been identified as a priority risk
Sub Total Operational Budgets		28,374	21,281	21,348	67		

Ref	Description	Revised Budget 22/23 £'000	Expected YTD £'000	Actuals including commitments YTD £'000	Variance £'000	Narrative	Correction Action
7	Capital Finance Costs	838	629	629	0	Requirement associated with the Asset Management Plan (AMP)	
8	S31 Grants	(1,865)	(1,865)	(1,865)	(0)		
9	Contribution from	(229)	0	0	0	Budget Support Fund & Contribution from	
	TOTALS	27,119	20,044	20,111	67		

Comparison of Expected and Actual Expenditure and Income to 31st December 2022								APPENDIX 2
Chief Fire Officer / Treasurer						Status		Count
Progress Against Capital Budget 2022/2023			Corrective action may be required			Adverse variance gretae than +2%		8
Actual Position as at:			Possible virement/service enhancement			Favourable variance greater than -2%		8
31st December 2022			On target			Variance between +/- 2%		15
Ref	Description	Budget 22/23 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome
2	*Fire Appliance CCTV Upgrade	54	3.9	50.5	54	0	In progress as part of appliance cascades	In progress as part of appliance cascades
3	Cloud Technology & Information Security	34	29.0	0.0	29	(5)	Complete	Complete - underspend Annual cloud based revenue charges
4	*HR & Rostering Systems	41	24.0	0.0	24	(17)	Complete	Complete - underspend Annual charges - due Jan 2023
5	24 Hydraulic Hose	17	16.0	0.0	16	(1)	Complete	Complete - underspend
8	Mobilising System	300	0.0		0	(300)	Consultancy work complete, future options under consideration.	Consultancy work complete, future options under consideration. Forecast spend unknown at present
9	26 Electric Charging Points	65	4.0	21.0	25	(40)	Installation complete at QMC Tech Hub & Stockton Fire Station	Installation complete at QMC Tech Hub & Stockton Fire Station others in progress but some not complete until 23/24
10	Foam Equipment	200	1.0	0.0	1	(199)	Preliminary procurement complete for consultancy work	Preliminary procurement complete for consultancy work. Defer purchase to 23/24
11	Mobile Workshop Van	40	0.0	40.0	40	0		Electric Vehicle to be procured
13	117 Vehcile Trackers	33	0.0	40.0	40	7	Joint procurement in progress with DDFRS	On target for end March
14	Rescue Boat	35	0.0	0.0	0	(35)	Specification being drafted	Specification being redrafted - defer to 23/24
15	Asset Management System	32	0.0	32.0	32	0	Annual charges - due Jan 2023	Annual charges - due Jan 2023
16	Redcar Kitchen Refurbishment	36	36.0	0.0	36	0	Complete	Complete
17	Stockton App Bay Floor Refurbishment	60	0.0	60.0	60	(0)	Specification being drafted	Complete
18	Skelton Roof Refurbishment	28	35.0	0.0	35	7	Complete	Complete overspend
20	Hartlepool Emergency Generator Upgrade	24	0.0	22.0	22	(2)		In progress due completion end March
22	20 Digital Advertising Screens	20	0.0	20.0	20	0	Not yet started	not yet started
23	Water Tenders	571	571.0	0.0	571	0	Complete	Complete
24	Specialist Vehicle	14	5.0	5.0	10	(4)	Complete	Complete - underspend
25	Mini Bus	28	28.0	0.0	28	0	Complete	Complete

Ref	Description	Budget 22/23 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome
26	Small Vans	47	47.0	0.0	47	(0)	Complete	Complete
27	Fleet Management Systems	14	13.0	15.0	28	14	Revenue charges	on-going
21	Drill Tower Replacement & Ladders	331	0.0	140.0	140	(191)	Preliminary planning etc completeFoam	Works start March completion expected May 23 - defer 23/24
28A	Foam Capture System	394	0.0	0.0	0	(394)		Foam Capture complete remaining funding diverted to Drill Towers.
28B	Drill Towers QMC / D / E / G (funding reassigned)	0	10.0	585.0	595	595	Capture complete -remaining funds reassigned to Drill Towers (QMC/D/E/G)	Drill Towers (QMC / D / E / G) £191k additional funds approved due to inflationary costs
29	BA Compressors	54	53.6	0.0	54	0	Complete	Complete
31	Microsoft MPSA	24	0.0	24.0	24	0	Order placed	
	TOTAL ALL SCHEMES	2,496	876.5	1,054.5	1,931	(565)		

Ref	2022/23 Schemes Deferred	Budget 23/24 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome
1	HP (A6) Re-Chassis	825	0.0	0.0	0	(825)	Specification being drafted.	Specification being drafted - payment for vehicle will be delayed until 23/24
6	Tech Hub Resource Garages Conversion	220	0.0		0	(220)	Not yet started	Delayed until 23/24 & dependent on future collaboration
7	Tech Hub Mezannine Conversion	60	0.0		0	(60)	Specification being drafted	Delayed until 23/24 & dependent on future collaboration
12	FDO Resilience Vehcile	23	0.0	0.0	0	(23)	Not yet started	not yet started - expected to be delayed until 23/24 to align with new FDO lease cars
19	Hartlepool Garage Refurbishment	55	0.0	0.0	0	(55)	Not yet started	Defer to 23/24
30	Billingham Drill Yard	29	0.0	26.0	26	(3)	Will be undertaken following drill tower works.	Will be undertaken following drill tower works.
	TOTAL ALL SCHEMES	1,212	0	26	26	(1,186)		