

**PROGRESS AGAINST REVENUE AND CAPITAL
BUDGETS 2023/24****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 30 September 2023, and the associated forecast outturn.

2. RECOMMENDATION

- 2.1 That Members note the budget position as at 30 September 2023.

3. REVENUE POSITION AT 30 SEPTEMBER 2023

- 3.1 As reported previously the Authority continues to operate in an uncertain financial environment as a one-year Government grant allocation was provided for 2023/24 and this position is expected to continue in 2024/25.
- 3.2 Since the budget was set the financial environment has remained challenging with inflation remaining higher for a longer period than forecast by the Bank of England. The Consumer Prices Index (CPI) was 6.7% in September 2023, unchanged from August. The September 2023 Retail Prices Index was 8.9%, slightly lower than the August figure of 9.1%.
- 3.3 In response to continuing inflation at their meeting on 2 November the Bank of England held interest rates at 5.25% for the second successive month. Governor Andrew Bailey said: "Higher interest rates are working and inflation is falling. But we need to see inflation continuing to fall all the way to our 2% target. We've held rates unchanged this month, but we'll be watching closely to see if further rate increases are needed. It's much too early to be thinking about rate cuts."
- 3.4 The Bank of England's latest forecast is for inflation to be around 4.6% in the fourth quarter of 2023, down from their previous 4.9% forecast. They also expect the 2% target will be not achieved until the final quarter of 2025.
- 3.5 The national green book pay award, applying from April 2023, was agreed in early November 2023 and provides a fixed cash increase of £1,925 for all employees below scale point 44 and 3.88% increase for scale point 44 and above. This effectively provides higher percentage increases for lower paid staff. The budget provided for a 5% green book pay award and the overall impact of the actual pay award is a 5.6% increase, which equates to an additional cost of approximately £33,000.

- 3.6 In response to these external financial challenges and to offset additional one-off costs in relation 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. As a result the overall position on revenue budgets at the end of September 2023 is detailed in Appendix 1 and shows an underspend of £0.221m and a forecast year end underspend of £0.160m.

4 CAPITAL POSITION AS AT 30 SEPTEMBER 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 **£5.543m**. Actual spend including commitments at September was £0.838m with a further £3.194m forecast by the end of the financial year. The forecast outturn position on the capital programme is currently a year-end underspend of **£1.511m**. This amount consists of two elements, including a significant element of capital expenditure to be deferred to 2024/25, as summarised below:

	£'m
Schemes which will overspend	0.002
A small number of schemes are complete and have been delivered below the budgeted level.	
Schemes which will be rephased from 2023/24 to 2024/25	(1.513)
Capital schemes have longer lead times than revenue spending and a number of schemes will see expenditure deferred to 2024/25 – i.e. scheme 2 (£0.825m), scheme 3 (£0.220m), scheme 11 (£0.120), scheme 16 (£0.148m) and scheme 21 (£0.200m)	
Year end outturn - underspend	(1.511)

- 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 30th September 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%				6	
Actual Position as at:		Possible virement/service enhancement		Favourable variance greater than -2%					
30th June 2023		On target		Variance between +/- 2%					
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	13,644	12,831	(813)	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.	Under-occupancy removed on a prorata basis. Green Book pay award agreed Nov 23, forecast assumed 5% and actual is approx. 5.6%, with higher weighting for lower paid staff.	Under-occupancy funds will be set aside to support the funding gap on BA, Mobilising and future investment proposals.	(225)
2	Premises Costs	2,042	1,021	1,486	465	Significant commitments (£475k) have been made at the start of the new year. (£304k remain at Q2 so expenditure ahead of budget) Estimates remain for 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 Q2 by £112k	Actual expenditure will come in line with the forecast as we move through the year. Close budget management will try to offset budget pressures it is still too early to forecast this accurately.	32
3	Supplies & Services	3,304	1,652	2,131	479	Significant commitments (£546k) have been made at the start of the new year. (£620k at Q2 so expenditure ahead of budget)	No correction required	Actual expenditure will come broadly in line with the budget as we move through the year.	17
4	Transport Costs	806	403	826	423	Significant commitments (£385k) have been made at the start of the new year. (£260k at Q2 so expenditure ahead of budget)	No correction required	Overspend relates to FDO vehicles	60
5	Support Services	450	262	77	(185)	Commitments (£39k) have been made at the start of the year.	No correction required	Actual expenditure will come broadly in line with the budget as we move through the year.	0

Ref	Description	Budget 23/24	YTD £'000	including commitments	Variance £'000	Narrative	Correction Action	Anticipated Outcome	Outturn Variance
6	Income	(781)	(455)	(1,015)	(559)	Receipt of income is ahead of the budget	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	(44)
	Sub Total Operational Budgets	33,109	16,527	16,337	(190)				(160)
7	Capital Finance Costs	767	447	447	0	Requirement associated with the Asset Management Plan (AMP)		Assume that capital charges will be inline with budgeted.	0
8	S31 Grants	(1,909)	(1,113)	(1,145)	(31)	Receipt of income is lahead of the budget		Assume that S31 Grants will be inline with budgeted.	0
9	S31 Grants - Pension & Services	(1,788)	(1,043)	(1,043)	(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
	TOTALS	29,493	14,818	14,596	(221)				(160)

Comparison of Expected and Actual Expenditure and Income to 30th September 2023										APPENDIX 2		
Chief Fire Officer / Treasurer							Status		Count			
Progress Against Capital Budget 2023/2024				Corrective action may be required			Adverse variance gretaer than +2%		3			
Actual Position as at:				Possible virement/service enhancement			Favourable variance greater than -2%		7			
30th September 2023				On target			Variance between +/- 2%		20			
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	29.0	29	0	Will be undertaken following drill tower works.		29	0		
2	HP (A6) Re-Chassis	825	0.0	0.0	0	(825)	Specification being drafted -	payment unlikely to now be due until 24/25	0	(825)		
3	Tech Hub Resource Garages Conversion	220	0.0	0.0	0	(220)	Dependent on future collaboration	likely to be 24/25	0	(220)		
4	Tech Hub Mezannine Conversion	60	0.0	60.0	60	0			60	0		
5	Hartlepool Garage Refurbishment	55	6.0	49.0	55	0			55	0		
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.	Shortfall in budget - £207k funding gap. Report to Exec June 2023 (Approved)	162	0		
7	2 BA Decontamination	8	0.0	37.0	37	29			8	0		
8	26 Emergency Air Supply Equipment	14	0.0	15.0	15	1			14	0		
9	256 BA Cylinders	110	0.0	93.0	93	(17)			110	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
10	132 BA Sets	394	0.0	394.0	394	0	Budget increase of £207k approved. Exec. June 2023		383	(11)
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	379.0	379	(4)			379	(4)
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	0.0	24.0	24	0	Revenue costs	Complete	24	0
15	30 Mobile Working Devices	50	0.0	50.0	50	0			50	0
16	36 x Mobile Data Terminals (MDTs)	148	0.0	0.0	0	(148)		Potentially defer to 24/25 to align with new Mobilising System	0	(148)
17	Hartlepool App Bay Floor Refurbishment	66	64.0	2.0	66	0			66	0
18	Guisborough Roof Refurbishment	55	0.0	55.0	55	0			55	0
19	Redcar Emergency Generator Upgrade	24	0.0	24.0	24	0			24	0
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	0.0	0.0	0	(200)		likely to be 24/25	0	(200)
22	Asset Management System	48	0.0	48.0	48	0	Revenue costs	Complete	48	0
23	QMC Roof Access Handrail System	20	19.0	0.0	19	(1)			20	0
24	Mobilising Technology (additional to 22/23 cost)(+row 28)	1,137	0.0	1,137.0	1,137	0	Collaborative tender led by Hereford & Worcester in the final approval stages. Budget increase of £437k approved. Exec. June 2023	Shortfall in budget - £437k funding gap. Report to Exec June 2023 (Approved)	1,137	0
25	Wind Turbine Training Prop	300	127.0	173.0	300	0		Complete	339	39
26	FDO Resilience Vehicle	23	10.0	0.0	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.	Complete - unrequired budget Virement of £10k for Crawl Pod	10	(13)
27	Fire Appliance CCTV	51	0.0	51.0	51	0			51	0
28	Electric Charging Points	45	9.0	36.0	45	0	On-going across the Brigade		45	0
29	Hartlepool Emergency Generator Upgrade	8	3.0	19.0	22	14	Budgeted for upgrade, at inspection replacement was required.		22	14
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	98.0	10.0	108	0	Purchase order placed - schedule of works ongoing		108	0
32	Thornaby - Drill Tower	114	133.0	0.0	133	19	Purchase order placed - schedule of works ongoing		114	0
33	Billingham - Drill Towers	170	149.0	21.0	170	0	Purchase order placed - schedule of works ongoing		170	0
34	Redcar Drill Towers	120	116.0	4.0	120	0	Purchase order placed - schedule of works ongoing		120	0
35	20 Digital Advertising Screens	20	0.0	20.0	20	0			20	0
36	Foam Equipment	199	0.0	163.0	163	(36)	Proposal agreed. Procurement process yet to commence.	Anticipated underspend.	163	(36)
37	Mobilising Workshop Van	40	0.0	40.0	40	0			40	0
38	117 Vehicle Trackers	33	14.0	27.0	41	8	Ongoing fit out and training with UK Telematics	Anticipated overspend as additional vehicles fitted out	41	8
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.	Anticipated overspend	41	6
	TOTAL ALL SCHEMES	5,543	838.0	3,194.0	4,032	(1,511)			4,032	(1,511)