

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 30 June 2022, and the associated forecast outturn.

2. RECOMMENDATION

- 2.1 That Members note the budget position as at 30 June 2022.

3. REVENUE POSITION AT 30 JUNE 2022

- 3.1 Since the budget was set the financial environment has become more uncertain and inflation has continued to increase, including the impact of higher gas and electric prices. Across the public sector pay offers have recently been made to the NHS, Police, Teachers, Armed Forces, Prison Staff and Local Government staff. These proposals are mixed for percentage increases, with an element of weighting for the lowest paid, or in the case of the Police and Local Government fixed cash increases for all employees of £1,900 and £1,925 respectively – which effectively provide higher percentage increases for lower paid staff. The Firefighter pay offer is 2%, which has not been accepted.
- 3.2 The significant external uncertainty and volatility makes financial forecasting of the years outturn position significantly more challenging than in previous years. The pay offer for Local Government staff applies to the Authority's Green book employees and if accepted by the Trade Unions results in an unbudgeted additional annual cost of £0.162m. The position in relation to Firefighters pay remains uncertain and if the National Employers matched the Green book pay offer of £1,925 this would result in an additional unbudgeted in-year cost of £0.509m and a full year additional unbudgeted cost of £0.708m.
- 3.3 The other major uncertainty is the impact of inflation, including gas and electric costs in the current year. However, as pay costs account for 87% of the budget the non-pay inflation risks are less significant.
- 3.4 On the basis of this unprecedented uncertainty it is extremely difficult to forecast the outturn position for the current year and a detailed assessment will be undertaken when the position on the Firefighters pay award is more certain and details will be reported to a future meeting.

- 3.4 It is clear that actual costs will exceed the budget forecasts and officers will continue to manage budgets carefully to mitigate these costs, including managing vacant posts and deferring expenditure where this does not impact on operational delivery. At this stage it is anticipated these measures should mitigate the impact in the current year, although there remains a risk that any shortfall will need to be funded from the Budget Support Fund.
- 3.5 The level of inflation and pay awards in the current year will impact on the previously forecast budget deficit for 2023/24 as these are recurring costs, which will increase the deficit. Additionally, it is becoming clearer that inflation will last longer than previously forecast and this will lead to continued pressures in 2023/24, including on pay levels. This position will also be assessed when there is more certainty, and an updated Medium Term Financial Strategy will be reported to members.
- 3.6 The overall position on revenue budgets at the end of June 2022 is detailed in Appendix 1 and shows an overspend of £1.586m. This position reflects the phasing of commitments on premises, supplies and services and transport costs where orders need to be placed early in the year to ensure goods and services are delivered in the current year, particularly in light of current longer delivery lead times. As spend on these areas is more certain an assessment of the outturn for these areas has been completed and it is forecast that expenditure will be broadly in line with the budget, although as indicated earlier there may be opportunities to reduce or defer expenditure to support higher pay costs.

4 CAPITAL POSITION AS AT 30 JUNE 2022

- 4.1 The capital programme for 2022/23 includes the planned projects for this financial year from the revised Asset Management Plan 2022-2037, together with those projects that slipped from 2021/22.
- 4.2 The capital budget for 2022/23 is **£3.201m**. Actual spend including commitments at June was £0.692m with a further £1.237m forecast by the end of the financial year. The forecast outturn position on the capital programme is currently an underspend of **£1.270m**.
- 4.3 £0.015m of the forecast underspend relates to confirmed savings achieved at the procurement stage.
- 4.4 Schemes 3, 4, 25 and 29 have completed on budget or with minor overspends totalling £0.008m.
- 4.5 Scheme 1, although underway, is not likely to see the vehicle delivery until 23/24 therefore funding is likely to be deferred.
- 4.6 No forecast estimates have been made for schemes 6 and 8 as consultation is ongoing, estimates should be firmed up by the quarter 2 report.

- 4.7 Scheme 12 will be deferred to 23/24 to align with the FDO Lease Cars.
- 4.8 All remaining schemes in the capital programme are expected to be on target with activity planned later in the year.
- 4.9 The financial position and progress for each project in the capital programme for 2022/23 is shown at Appendix 2.
- 4.10 There are no other significant issues to bring to Member's attention at this time.

IAN HAYTON
CHIEF FIRE OFFICER

KAREN WINTER
DIRECTOR OF CORPORATE SERVICES

Comparison of Expected and Actual Expenditure and Income to 30th June 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%	4	
Actual Position as at:		Possible virement/service enhancement			Favourable variance greater than -2%	2	
30th June 2022		On target			Variance between +/- 2%	3	
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	6,197	6,013	(184)	Includes pension costs which are offset by grant and topup funding. Under-occupancy removed on a prorata basis	Under-occupancy removed on a prorata basis
2	Premises Costs	1,729	432	806	373	Significant commitments have been made at the start of the new year. 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 Q1 by £70k
3	Supplies & Services	3,094	774	1,725	952	Significant commitments have been made at the start of the new year. We are seeing some significant overspends in the utilities.	No correction required
4	Transport Costs	722	180	496	315	Significant commitments have been made at the start of the new year. Significant price increases in the market relating to vehicle leasing and fuel costs.	Some managed underspend could be achieved.
5	Support Services	423	106	252	147	Significant commitments have been made at the start of the new year.	No correction required
6	Income	(2,381)	(595)	(613)	(18)	Special Services and COMAH Recharges are lagging behind budget. The late notification of the FireLink Grant has resulted in a shortfall of funding of £53k	These are not something we can influence The Firelink shortfall has been identified as a priority risk
Sub Total Operational Budgets		28,374	7,094	8,679	1,585		

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	210	210	0	Requirement associated with the Asset Management Plan (AMP)	
8	S31 Grants	(1,865)	(1,821)	(1,821)	0		
9	Contribution from Reserves	(229)	0	0	0	Contribution from Collection Fund Reserve, Budget Support Fund & Contribution from Reserves	
	TOTALS	27,119	5,482	7,068	1,586		

Comparison of Expected and Actual Expenditure and Income to 30th June 2022

APPENDIX 2

Chief Fire Officer / Treasurer						Status		Count
Progress Against Capital 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%		7
30th June 2022		On target				Variance between +/- 2%		20
Ref	Description	Budget 22/23 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome
1	HP (A6) Re-Chassis	750	0.0	0.0	0	(750)	Specification being drafted.	Payment for vehicle likely to be delayed until 23/24
2	*Fire Appliance CCTV Upgrade	54	3.8	50.5	54	(0)	In progress as part of appliance cascades	Delivered within 22/23 programme
3	Cloud Technology & Information Security	20	20.0	0.0	20	0	Annual cloud based revenue charges	Complete
4	*HR & Rostering Systems	41	0.0	43.0	43	2	Annual charges - due Jan 2023	Delivered within 22/23 programme Overspend
5	24 Hydraulic Hose	17	0.0	17.0	17	(0)	Not yet started	Delivered within 22/23 programme
6	Tech Hub Resource Garages Conversion	200	0.0	0.0	0	(200)	Not yet started	Dependent on future collaboration
7	Tech Hub Mezzanine Conversion	25	0.0	25.0	25	0	Specification being drafted	Timeline as yet unknown
8	Mobilising System	300	20.0	0.0	20	(280)	Consultancy work complete, future options under consideration.	Forecast spend unknown at present
9	26 Electric Charging Points	65	0.0	65.0	65	0	Specification being drafted	Delivered within 22/23 programme
10	Foam Equipment	200	0.0	200.0	200	0	Preliminary procurement complete for consultancy work	Timeline as yet unknown
11	Mobile Workshop Van	40	0.0	40.0	40	0	Not yet started	Delivered within 22/23 programme depending upon vehicle availability
12	FDO Resilience Vehicle	23	0.0	0.0	0	(23)	Not yet started	Expected to be delayed until 23/24 to align with new FDO lease cars
13	117 Vehicle Trackers	33	0.0	33.0	33	0	Joint procurement in progress with DDFRS	Delivered within 22/23 programme
14	Rescue Boat	35	0.0	35.0	35	0	Specification being drafted	Delivered within 22/23 programme
15	Asset Management System	28	0.0	28.0	28	0	Annual charges - due Jan 2023	Delivered within 22/23 programme

Ref	Description	Budget 22/23 £'000	Actuals YTD £'000	Committed / outstanding orders £'000	Total £'000	Variance £'000	Progress to Date	Anticipated Outcome
16	Redcar Kitchen Refurbishment	30	0.0	30.0	30	0	Specification being drafted	Delivered within 22/23 programme
17	Stiockton App Bay Floor Refurbishment	60	0.0	60.0	60	0	Specification being drafted	Delivered within 22/23 programme
18	Skelton Roof Refurbishment	28	0.0	28.0	28	0	Out to tender	Delivered within 22/23 programme
19	Hartlepool Garage Refurbishment	50	0.0	50.0	50	0	Not yet started	Delivered within 22/23 programme
20	Hartlepool Emergency Generator Upgrade	22	0.0	22.0	22	0	Not yet started	Delivered within 22/23 programme
21	Drill Tower Replacement & Ladders	140	0.0	140.0	140	0	Preliminary planning etc complete	Delivered within 22/23 programme
22	20 Digital Advertising Screens	20	0.0	20.0	20	0	Not yet started	Delivered within 22/23 programme
23	Water Tenders	577	520.0	51.0	571	(6)	Complete	Confirmed underspend
24	Specialist Vehicle	14	0.0	5.0	5	(9)	On-going	
25	Mini Bus	26	28.0	0.0	28	2	Complete	Confirmed overspend
26	Small Vans	56	47.0	0.0	47	(9)	Complete	Confirmed underspend
27	Fleet Management Systems	14	0.0	14.0	14	0	Revenue charges	Due Oct 22
28	Foam Capture System	233	0.0	233.0	233	(0)	Foam Capture complete - funding reassigned to Drill Towers (QMC/D/E/G)	Drill Towers Delivered within 22/23 programme
29	BA Compressors	50	53.6	0.0	54	4	Complete	Confirmed overspend
30	Billingham Drill Yard	26	0.0	26.0	26	0	Will be undertaken following drill tower works.	Delivered within 22/23 programme
30	Microsoft MPSA	24	0.0	21.2	21	(3)	Order placed	Delivered within 22/23 programme
	TOTAL ALL SCHEMES	3,201	692.4	1,236.7	1,929	(1,272)		