

**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 September 2022, and the associated forecast outturn.

**2. RECOMMENDATION**

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

**3. REVENUE POSITION AT 30 SEPTEMBER 2022**

- 3.1 As set out in the June report, since the budget was set the financial environment has become increasingly uncertain and inflation has continued to increase. The Office for Budget Responsibility was forecasting CPI would be 4.4% for 2022/23 – this was before the energy price increase. The September 2022 CPI was 10.1% and RPI was 12.6%. For the Authority the greatest impact of higher inflation is how this feeds through to national pay awards as this is a significant part of the budget.

Across the public sector pay offers have been made to the NHS, Police, Teachers, Armed Forces, Prison Staff and Local Government staff. These proposals are a mix of 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 Local Government pay offer was accepted by the Trade Unions in early November. The Firefighter pay offer is currently 5%, with the FBU currently balloting members.

- 3.2 The significant external uncertainty and volatility makes financial forecasting of the 2022/23 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 results in an unbudgeted additional annual cost of £0.162m. The position in relation to the national Firefighters pay offer at 5% would result in an additional unbudgeted in-year cost of £0.562m. The Government has indicated no additional funding will be provided for pay awards.
- 3.3 The other major uncertainty is the impact of inflation, including gas and electric costs in the current year. As pay costs account for 79% of the budget the non-pay inflation risks are less significant. However, all inflation and pay pressures have to be managed within the cash limited budget set for 2022/23.

- 3.4 To mitigate these additional costs in the current year officers will continue to manage budgets carefully, including managing vacant posts and deferring expenditure where this does not impact on operational delivery. Additionally, increased temporary investment income has been secured as a result of increased interest rates. 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 continues to be monitored closely and an updated Medium Term Financial Strategy will be reported to the Executive Committee in November and the full Authority in December.
- 3.6 The overall position on revenue budgets at the end of September 2022 is detailed in Appendix 1 and shows an overspend of £1.319m. 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.

#### **4 CAPITAL POSITION AS AT 30 SEPTEMBER 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, as detailed in Appendix 2.
- 4.2 The capital budget for 2022/23 is **£3.201m**. Actual spend including commitments at September was £0.730m with a further £1.350m forecast by the end of the financial year. The forecast outturn position on the capital programme is currently an underspend of **£1.121m** at the year end. The majority of this amount relates to schemes where the expenditure will be incurred in the next financial year – including scheme 1, 6 and 7. Final outturns for completed schemes are as follows:
- Schemes 23 and 26 with a total budget of £618,000m have achieved a £15,000 forecast savings at the procurement stage,
  - Schemes 3, 4, 25 and 29 with a total budget of £137,600 have completed on budget or with minor overspends totalling £8,000.
- 4.3 All remaining schemes in the capital programme are expected to be on target with activity planned later in the year.

**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 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%		5
Actual Position as at:		Possible virement/service enhancement		Favourable variance greater than -2%		1
30th September 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
1	Employees Costs	24,787	12,394	12,030	(364)	Includes pension costs which are offset by grant and topup funding. Under-occupancy removed on a prorata basis. Variance does not reflect impact of pay award for Firefighters.
2	Premises Costs	1,729	864	1,237	372	Significant commitments have been made at the start of the new year. There are significant overspends in the utilities owing to increased market prices, which will be addressed within the overall Outturn.
3	Supplies & Services	3,094	1,547	1,956	409	Significant commitments have been made at the start of the new year.
4	Transport Costs	722	361	662	301	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.
5	Support Services	423	211	283	71	Significant commitments have been made at the start of the new year.
6	Income	(2,381)	(1,190)	(662)	529	Special Services and COMAH Recharges are lagging behind budget. The late notification of the FireLink Grant has resulted in a shortfall in funding of £53k
	<b>Total</b>	<b>28,374</b>	<b>14,187</b>	<b>15,506</b>	<b>1,319</b>	

Comparison of Expected and Actual Expenditure and Income to 30th Sept 2022								APPENDIX 2
Chief Fire Officer / Treasurer						Status		Count
Progress Against Capital Budget 2022/2023			Corrective action may be required			Adverse variance gretaeer than +2%		8
Actual Position as at:			Possible virement/service enhancement			Favourable variance greater than -2%		8
30th September 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
1	HP (A6) Re-Chassis	750	0.0	0.0	0	(750)	Specification being drafted.	Deferred to 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	16.0	16	(1)	Procurement complete	Delivered within 22/23 programme
6	Tech Hub Resource Garages Conversion	200	0.0	0.0	0	(200)	Not yet started	Likely Deferred to 23/24 (possible collaboration)
7	Tech Hub Mezannine Conversion	25	0.0	0.0	0	(25)	Specification being drafted	Likely Deferred to 23/24 (possible collaboration)
8	Mobilising System	300	0.0	0.0	0	(300)	Consultancy work complete, future options under consideration.	Forecast spend unknown at present
9	26 Electric Charging Points	65	0.0	65.0	65	0	Installation complete at QMC Tech Hub & Stockton Fire Station	ongoing
10	Foam Equipment	200	1.0	200.0	201	1	Preliminary procurement complete for consultancy work	Timeline as yet unknown
11	Mobile Workshop Van	40	0.0	40.0	40	0	Electric Vehicle to be procured	Delivered within 22/23 programme depending upon vehicle availability
12	FDO Resilience Vehcile	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 Vehcile 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	32.0	32	4	Annual charges - due Jan 2023	Delivered within 22/23 programme
16	Redcar Kitchen Refurbishment	30	1.0	35.0	36	6	Specification being drafted	Delivered within 22/23 programme
17	Stockton 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	35.0	35	7	Out to tender	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
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	571.0	0.0	571	(6)	<b>Complete</b>	<b>Confirmed underspend</b>
24	Specialist Vehicle	14	5.0	5.0	10	(4)	On-going	
25	Mini Bus	26	28.0	0.0	28	2	<b>Complete</b>	<b>Confirmed overspend</b>
26	Small Vans	56	47.0	0.0	47	(9)	<b>Complete</b>	<b>Confirmed underpend</b>
27	Fleet Management Systems	14	0.0	27.0	27	13	Revenue charges	Due Oct 22
28	Foam Capture System / Drill Towers	233	0.0	394.0	394	161	Foam Capture complete -remaining funds 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	<b>Complete</b>	<b>Confirmed overspend</b>
30	Billingham Drill Yard	26	0.0	26.0	26	0	Will be undertaken following drill tower works.	Delivered within 22/23 programme
31	Microsoft MPSA	24	0.0	21.2	21	(3)	Order placed	Delivered within 22/23 programme
	<b>TOTAL ALL SCHEMES</b>	<b>3,201</b>	730.4	1,349.7	2,080	(1,121)		