

**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 30 June 2023, and the associated forecast outturn.

2. RECOMMENDATION

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

3. REVENUE POSITION AT 30 JUNE 2023

- 3.1 The Authority continues to operate in an uncertain financial environment as one year Government grant allocations continue.
- 3.2 Since the budget was set the financial environment has not seen the recovery predicted and inflation has remained higher, for a longer period than forecast. Although some inflationary provision was included in the budget, some areas such as utilities continue to exceed these forecasts.
- 3.3 The firefighter pay award of 5% had been agreed as part of the 2022/23 pay settlement and this is applicable from 1st July 2023. Nationally Green Book staff rejected the pay offer of £1,925 and Authorities are awaiting confirmation of strike ballots from the various trade unions. The revenue forecast assumes a 5% pay award effective 1st April 2023.
- 3.4 It is clear that actual costs are exceeding the budget however, 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 will help offset 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 It is clear that inflation has and will last longer than previously forecast which will lead to continued pressures in 2024/25, including on pay levels. This position will be assessed when there is more certainty, and an updated Medium Term Financial Strategy will be reported to members later in the year.

- 3.6 The overall position on revenue budgets at the end of June 2023 is detailed in Appendix 1 and shows an overspend of £0.214m. 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. 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 budget pressures.

4 **CAPITAL POSITION AS AT 30 JUNE 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 capital budget for 2023/24 is **£4.888m**. Actual spend including commitments at June was £0.503m with a further £3.523m forecast by the end of the financial year. The forecast outturn position on the capital programme is currently a year-end underspend of **£0.862m**. This amount consists of three elements, including a significant element of capital expenditure to be deferred to 2024/25, as summarised below:

	£'m
Schemes which will overspend	0.711
As reported to the Special Executive Committee on 19.06.23 the capital cost in relation to the replacement of BA Sets scheme 10 (£0.207m) and Mobilising Technology scheme 24 (£0.437m) will exceed the budget provision and these costs account for the majority of this amount. These schemes both relate to vital operational equipment and the report to the Special Executive Committee detailed the proposed funding strategy to meet these additional costs.	
Schemes which will underspend	0.060
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	(0.862)

- 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 June 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%					
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	6,822	6,108	(714)	Includes pension costs which are offset by grant and topup funding. Under-occupancy removed on a prorata basis. Green Book pay award not agreed.	Under-occupancy removed on a prorata basis. Green Book pay award not yet agreed, forecast assumes 5%	Under-occupancy funds will be set aside to support the funding gap on BA, Mobilising and future investment proposals.	(122)
2	Premises Costs	2,042	511	907	396	Significant commitments (£475k) 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 £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 but it is too early to forecast this accurately.	32
3	Supplies & Services	3,238	809	1,154	345	Significant commitments (£546k) have been made at the start of the new year.	No correction required	Actual expenditure will come broadly in line with the budget as we move through the year.	8
4	Transport Costs	806	201	675	474	Significant commitments (£385k) have been made at the start of the new year.	No correction required	Actual expenditure will come broadly in line with the budget as we move through the year.	18

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	112	37	(75)	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.	(7)
6	Income	(781)	(195)	(661)	(466)	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	33,043	8,261	8,220	(41)				(114)
7	Capital Finance Costs	333	208	273	64	Requirement associated with the Asset Management Plan (AMP)		Assume that capital charges will be inline with budgeted.	0
8	S31 Grants & Services Grant	(2,287)	(572)	(381)	191	Receipt of income is lagging behind the budget		Assume that S31 Grants will be inline with budgeted.	0
9	S31 Grants - Pension	(1,409)	0	0	0			Assume that S31 Grants Pension will be inline with budgeted.	0
10	Contribution from Reserves	(186)	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	7,897	8,111	214				(114)

Comparison of Expected and Actual Expenditure and Income to 30th June 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 June 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	0.0	55.0	55	0			55	0		
6	132 BA Telemetry	162	0.0	162.0	162	0	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	8.0	8	0			8	0		
8	26 Emergency Air Supply Equipment	14	0.0	14.0	14	0			14	0		
9	256 BA Cylinders	110	0.0	110.0	110	0			110	0		
10	132 BA Sets	176	0.0	383.0	383	207			383	207		

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	379.0	379	(4)	Specification being drafted		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	0.0	66.0	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)
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	9.0	33.0	42	(6)	Revenue costs	Complete - underspend	42	(6)

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
23	QMC Roof Access Handrail System	20	0.0	20.0	20	0			20	0
24	Mobilising Technology (additional to 22/23 cost)(+row 28)	700	0.0	1,137.0	1,137	437	Collaborative tender led by Hereford & Worcester in the final approval stages. Current budget is £700k, required capital budget is £1,137k	Shortfall in budget - £437k funding gap. Report to Exec June 2023 (Approved)	1,137	437
25	Wind Turbine Training Prop	300	57.0	282.0	339	39	Groundworks in progress.	Completion anticipated 20/10/23	339	39
26	FDO Resilience Vehicle	23	0.0	10.0	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	0.0	22.0	22	14	Budgeted for upgrade, at inspection replacement was required.		22	14
30	L&D - Drill Towers	60	29.0	31.0	60	0	Purchase order placed - schedule of works ongoing		60	0
31	Saltburn - Drill Towers	108	34.0	74.0	108	0	Purchase order placed - schedule of works ongoing		108	0
32	Thornaby - Drill Tower	114	107.0	7.0	114	0	Purchase order placed - schedule of works ongoing		114	0
33	Billingham - Drill Towers	170	73.0	97.0	170	0	Purchase order placed - schedule of works ongoing		170	0
34	Redcar Drill Towers	120	115.0	5.0	120	0	Purchase order placed - schedule of works ongoing		120	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
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	13.0	28.0	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	4,888	503.0	3,523.0	4,026	(862)			4,026	(862)