

Status of Report: Public

Meeting: Corporate Governance Committee

Date: 23 November 2022

Subject: Financial Monitoring to end September 2022

Report by: The Treasurer

Author: Manjora Bisla (Finance Manager)

For: Discussion and Decision

Purpose

1. The purpose of this report is to present the financial monitoring to the end of September 2022. This report is the second in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of September 2022 (Financial Period 6 in the 2022/23 year).

Recommendations

2. The Corporate Governance Committee is asked to note the revenue budget and capital programme position as at the end of September 2022.

Executive Summary

3. This report indicates the current financial position compared to the Revenue Budget and Capital Programme.
4. The revenue position currently shows an overall forecast overspend of £309,000. Savings from the phased recruitment of new posts, created as part of the 2022/23 budget, and the on call being below establishment have been forecasted.
5. The firefighters' pay award has not yet been agreed, but as offered exceeds the budget provision. The forecast outturn has been updated accordingly. The pay award for green book staff has recently been agreed and exceeds the budget as anticipated.
6. A number of other areas are showing significant overspends as a direct consequence of inflation, in particular energy and fuel, resulting in an overall overspend. It is currently uncertain how inflation will further impact this and future budgets.
7. The capital programme is reporting spend of £1,567,000 to date. Slippage of £3,932,000 has been identified and is being kept under review.

Revenue Budget

8. The revenue budget position is summarised in Table 1 below. The forecast overall overspend is approximately £309,000.

Table 1 - 2022/23 Revenue Budget	Annual Budget £000	Forecast Outturn £000	Variance £000
Employees	31,062	31,187	125
Planned increase in Support Services Capacity	722	444	(278)
Premises	2,500	2,720	220
Transport	836	1,014	178
Supplies and Services	3,451	3,501	50
Capital Financing	4,867	4,867	0
Total Expenditure	43,438	43,733	295
Income	(43,438)	(43,424)	14
Overspend	0	309	309

9. The following notes relate to issues currently highlighted:

Employees

- i. The pay award for Firefighters has not yet been agreed. A revised offer of 5% has been made since the original offer of 2% was rejected. A consultative ballot was sent to Fire Brigades Union Members on 31 October 2022 on whether to accept or reject the 5% offer, with the ballot closing on Monday 14 November 2022. No allowance is made in the forecast spending for any costs that may arise from the outcome.
- ii. Firefighters' pay is forecasting to overspend by £164,000 based on a 5% pay award effective from July 2022. The budget included a 3% pay award for the full financial year equating to £657,000. A 5% pay award from July 2022 would cost around £821,000.
- iii. Support staff pay is forecasting to overspend by £156,000. A pay award of £1,925 per person (FTE) for Green Book staff was agreed in November 2022, which will cost an additional £156,000 over and above the 3% budgeted.

- iv. On Call staffing is currently forecasting an underspend of £195,000 largely due to being below full establishment. This continues the pattern of recent years, with work still underway to look into increasing the on-call availability across the service. The forecast assumes a 5% pay award for on-call staff from July 2022.
- v. Members will recall that the budget for 2022/23 included £722,000 of growth to fund additional posts to enable better wellbeing support and training to the Service, along with providing additional Fire Protection Officer and other posts. These posts are being recruited to at different times generating one-off savings of £278,000 projected at this point.

Other Expenditure

- vi. Premises costs are forecasted to overspend by £220,000. Around £165,000 of this is due to the significant increase in energy costs with electricity bills increasing by 100% from October 2022. Buildings repairs and maintenance costs are being closely monitored and are expected to overspend by at least £55,000.
- vii. Transport costs are forecasting a net overspend of £178,000, largely due to higher fuel prices and higher than previously forecast, this is after being offset by a £21,000 projected saving on staff travel expenses.
- viii. Supplies and services are forecasted to overspend by £50,000 due to inflation. This, at best, remains an approximate estimate and will be kept under review.

Income

- ix. The income budget assumes no changes from the last monitoring period with an estimated overspend of £14,000.
- x. An income shortfall of £47,000 is forecast relating to the Forge Health Ltd dividend. This is in line with 2021/22 and 2020/21, where a dividend was not received.
- xi. Due to favourable interest rates compared to budget, interest receivable is forecast to be £53,000 more than budget. This may further increase as interest rates continue to rise.
- xii. In June 2022 the Home Office announced reductions to the Firelink Revenue Grant by 20% each year, with the final grant to be paid in 2025/26. This has resulted in a grant shortfall of £20,000 for the current financial year. Future budgets will reflect the winding down of the grant.

Capital Programme

10. After inclusion of carry forwards totalling £3,799,000, the capital programme totals £8,168,000. This is summarised in Table 2 below.

Table 3 2022/23 Capital Programme	Programme after Carry Forwards	Actual YTD	Forecast Outturn	Slippage	Forecast (Savings)/ Overspends
	£'000	£'000	£'000	£'000	£'000
Vehicles	3,390	1,326	2,684	706	0
Property	3,082	27	1,017	2,065	0
IT and Equipment	1,345	198	519	826	0
Fire Control	301	16	16	285	0
Life Safety Sprinkler	50	0	0	50	0
TOTAL	8,168	1,567	4,236	3,932	0

Vehicles

11. The slippage relates to four appliances expected to be delayed until 2023/24 due to supplier resourcing issues. The forecast assumes that the first of three instalment payments for these appliances will be made in late 2022/23, although this is not definite. The five appliances relating to the 2021/22 budget have now been paid for and are operational.

Following some significant delays, the Aerial Ladder Platform is now currently in at Central Station for training purposes. It is anticipated to be operational in early 2023. Two new variable response vehicles costing approximately £400,000 are anticipated to be received around January 2023.

Property

12. A forecast of £1,017,000 has been estimated, with around £982,000 of this relating to the refurbishment project at Western Station. The works at Western Station are scheduled to commence in November 2022 with an estimated completion date of May 2023. Around £291,000 slippage has been identified for the Western refurbishment.

Other larger refurbishments at the other stations are currently at planning stages with works likely to start in 2023/24, accounting for the majority of the slippage.

IT and Equipment

13. IT spend profiles have been thoroughly reviewed since the previous forecast. The current slippage of £826,000 relates to ICT provisions and development and the operational replacement programme.

Fire Control

14. Slippage of £285,000 is forecasted for the Fire Control Project. This represents the balance of the £1,800,000 capital grant awarded by the government for the Tri-Service Control Project. Derbyshire Fire and Rescue Service is the lead on this project and will provide an update on any planned expenditure for the year.

Treasury Management

15. There were no departures from the Treasury Management Policy Statement, which was agreed by the CFA at its meeting on 9 February 2022 in respect of prudential indicators or sources and methods of borrowing.

Report Implications/Impact

16. Legal (including crime and disorder)
There are no legal implications arising from this report.
17. Financial (including value for money, benefits and efficiencies)
These are included in the main body of the report.
18. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

It is important to be aware of how the budget is progressing as it enables early action to be taken to address any issues that arise.
19. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)
There are no staff, service user or stakeholder implications arising from this report.
20. Environmental
There are no environmental implications arising from this report.
21. Impact upon "Our Plan" Objectives

The Finance and Resources strategic aim of demonstrating value for money is supported by the effective monitoring and review of the revenue and capital budgets throughout the year.

Background Papers

Budget Strategy 2022/23 to 2024/25 (CFA 9 February 2022)

<https://leics-fire.gov.uk/wp-content/uploads/2022/02/item-8-budget-strategy-2022-23-2024-25.pdf>

Revenue and Capital Outturn 2021/22 (CFA 27 July 2022)

<https://leics-fire.gov.uk/wp-content/uploads/2022/07/item-7-revenue-and-capital-outturn-202122.pdf>

Financial Monitoring to end July 2022 (CFA 28 September 2022)

<https://leicesterfire.wpenginepowered.com/wp-content/uploads/2022/09/item-8-financial-monitoring-to-the-end-of-july-2022-pages-17-22.pdf>

Officers to Contact

Colin Sharpe, Deputy Director of Finance, Leicester City Council

Colin.sharpe@leicester.gov.uk

0116 454 4081

Manjora Bisla, Finance Manager, LFRS

Manjora.Bisla@leics-fire.gov.uk

0116 210 5503