

Status of Report: Public

Meeting: Combined Fire Authority

Date: 28 September 2022

Subject: Financial Monitoring to the end of July 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 July 2022. This report is the first in the budget monitoring cycle and presents the key issues arising from the revenue budget and capital programme as at the end of July 2022 (Financial Period 4 in the 2022/23 year).

Recommendations

2. The CFA is asked to:
 - a. Note the revenue budget and capital programme position as at the end of July 2022; and
 - b. Approve the transfer of £262,000 of unbudgeted grant income to implement the recommendations from the Grenfell Tower Inquiry to an earmarked reserve to fund future expenditure.

Executive Summary

3. This report indicates the current financial position compared to the updated Revenue Budget and Capital Programme. It is presented to the CFA rather than the Corporate Governance Committee due to timelines and alignment with other reports elsewhere on the agenda.
4. The revenue position currently shows an overall forecast overspend of £33,000; this overspend is planned to be funded from the budget strategy reserve.
5. The forecast position shows the pressures the service is facing as a direct consequence of inflation, in particular energy. The overspends have been offset by the phased recruitment of new posts created as part of the 2022/23 budget and On Call being below establishment. Members will also be aware that the 2022/23 pay awards are not yet agreed and could exceed the budget provision.

6. The forecast unbudgeted grant income of £262,000 for the Protection Uplift Grant is proposed to be transferred to the Grenfell Tower Inquiry Recommendations reserve.
7. The capital programme is reporting spend of £748,000 to date. Slippage of £3,058,000 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 £33,000.

Table 1 - 2022/23 Revenue Budget	Annual Budget £000	Forecast Outturn £000	Variance £000
Employees	31,062	31,003	(59)
Planned increase in Support Services Capacity	722	473	(249)
Premises	2,500	2,665	165
Transport	836	948	112
Supplies and Services	3,451	3,501	50
Capital Financing	4,867	4,867	0
Total Expenditure	43,438	43,457	19
Income	(43,438)	(43,424)	14
Overspend/(Underspend)	0	33	33

9. The following notes relate to issues currently highlighted:

Employees

- i. Pay awards have not yet been agreed for Firefighters and Support staff, it should be noted that any pay awards above the budget could materially impact the forecast outturn position. For example, Firefighters pay was budgeted at 3%; for every 1% over, there is an additional cost of £224,000.
- ii. Firefighter's pay is forecasted to spend as per budget. The pay award has not yet been agreed for 2022/23 with the current offer of 2% being rejected. Therefore, the current forecast assumes a pay award as per the budget.

- 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 proposed in July 2022, which would cost an additional £156,000 over and above the 3% budgeted. It is unclear whether this will be accepted.
- iv. On Call staffing is currently forecasting an underspend of £215,000 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.
- 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 £249,000 projected at this point.

Other Expenditure

- vi. Premises costs are forecasted to overspend by £165,000, largely due to the significant increase in energy costs.
- vii. Transport costs are forecasting a net overspend of £112,000, largely due to higher fuel prices, 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 is at best an approximate estimate and will be kept under review.

Income

- ix. Additional grant income of £262,000 has been received to support outcome of the Grenfell Tower Inquiry. The forecast assumes this is transferred to the Grenfell Tower Inquiry earmarked reserve and will fund future expenditure.
- 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.
- 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.

xiii. Overall, the income budget is showing a £14,000 overspend.

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	639	2,765	625	0
Property	3,082	0	1,000	2,082	0
IT and Equipment	1,345	109	1,345	0	0
Fire Control	301	0	0	301	0
Life Safety Sprinkler	50	0	0	50	0
TOTAL	8,168	748	5,110	3,058	0

Vehicles

11. The majority of the current slippage relates to the appliances the service is not due to receive in 2023/24 due to supplier resourcing issues. However, following some significant delays, the Aerial Ladder Platform is due to be received in October 2022.

Property

12. Changes in staffing have led to some delays in progressing the estates capital programme. A forecast of £1,000,000 has been estimated, covering refurbishment projects at Western, Eastern and Southern Stations. The Western Fire Station is currently going through procurement, and it is anticipated works will start in November 2022 with a completion date of May 2023. The other refurbishments are currently in planning stage.

IT and Equipment

13. Expenditure is currently forecast to budget and will continue to be monitored.

Fire Control

14. Slippage of £301,000 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 keep LFRS informed on any planned expenditure for the year.

Report Implications/Impact

15. Legal (including crime and disorder)

There are no legal implications arising from this report.

16. Financial (including value for money, benefits and efficiencies)

These are included in the main body of the report.

17. 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.

18. Staff, Service Users and Stakeholders (including the Equality Impact Assessment)

There are no staff, service user or stakeholder implications arising from this report.

19. Environmental

There are no environmental implications arising from this report.

20. 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>

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