

To: Policy and Resources Committee

From: Deputy Chief Executive Officer (DCEO) - Matthew Warren

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren

Telephone 01480 444619

matthew.warren@cambsfire.gov.uk

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Revenue and Capital Budget Monitoring Report 2022-23

1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on revenue and capital spending as of 31 March 2023.

2. Recommendation

- 2.1 The Committee is asked to note the position on revenue and capital spending.

3. Risk Assessment

- 3.1 Economic – the greatest risk to the in-year budget is the impact of inflation on prices and pay. The Authority may have to use reserves to balance spend at the end of the financial year.

4. Background

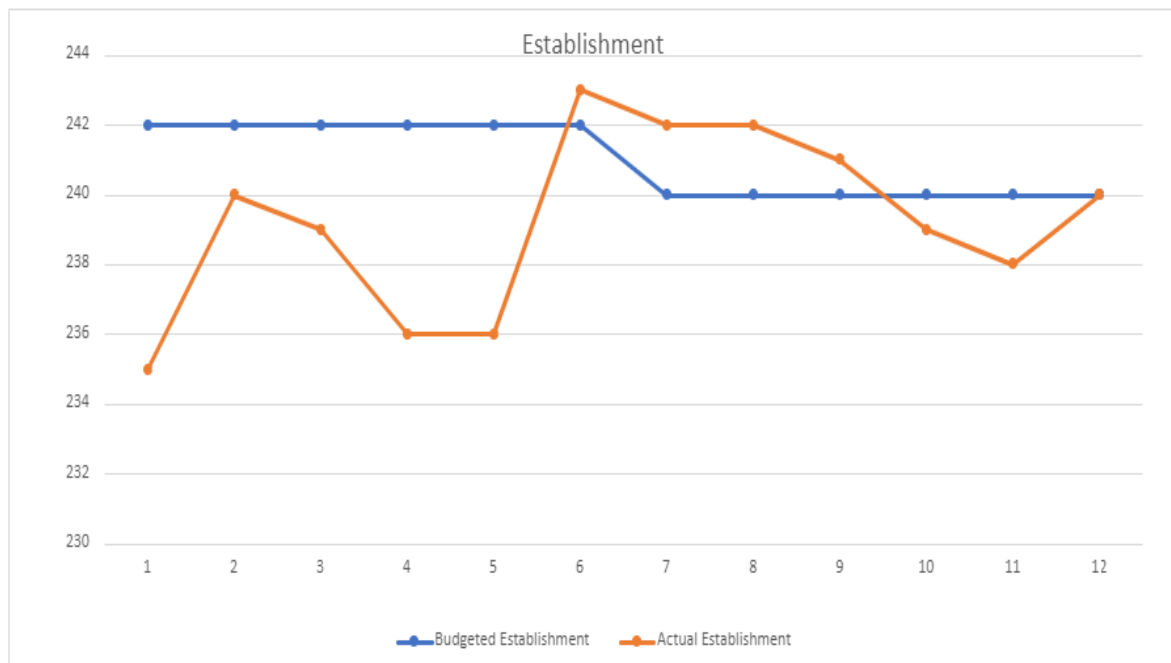
- 4.1 The budget for 2022/23 was approved at the Fire Authority meeting held in February 2022. The total budget was set at £31.226m with a total precept of £22.215m.
- 4.2 At its meeting in June 2022 the Authority approved a revenue carry forward of £1.676m. The carry forward included grant income of £0.641m. The revised revenue budget for the 2022/23 financial year is therefore £32.902m. Further adjustments have been made in respect of revised business rates income, savings on rateable values and additional income. This totals an additional £77k, making the revised budget £32.979m.
- 4.3 A budgetary control summary showing the main variations to the end of November 2022 is attached at Appendix 1. The carry forwards highlighted in Paragraph 4.2 above have been incorporated into the current year budgets.

5. Inflationary Pressures

- 5.1 As highlighted through the budget setting process for the 2022/23 financial year, inflation was deemed the greatest risk to the financial sustainability of the Authority in the short to medium term. Many of these inflationary pressures have now materialised with significant impact on pay and energy.

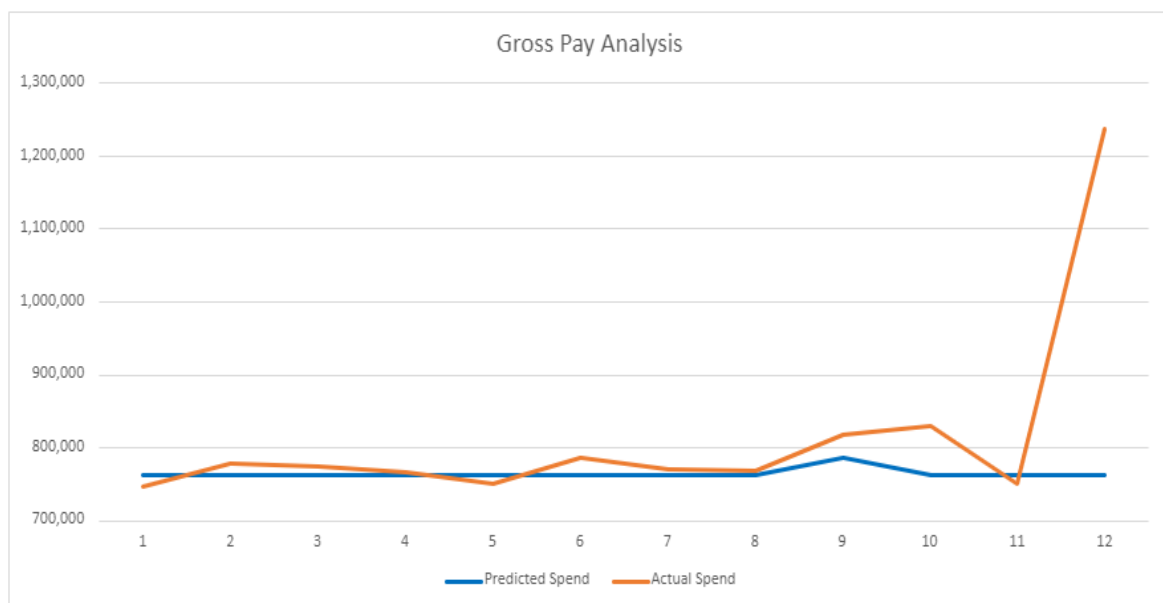
6. Update – Revenue Expenditure

- 6.1 The budget for full-time firefighters is now overspent owing to the pay award for 2022/23 being agreed at 7%. The Service did budget for a 2% pay award. The management of the firefighter establishment remains robust with actual firefighter numbers matching the budgeted establishment in March 2023.



- 6.2 The pay award for professional support employees has now been agreed, averaging 6% for NJC employees and 5% for management band employees. This is significantly greater than the 2% budgeted and will result in an on-going budget pressure. This pressure is offset in-year because of higher than usual staff turnover and challenges currently being experienced when attempting to recruit to vacant positions. The turnover of professional support employees is impacting on delivery within certain aspects of the organisation and requires prioritisation of workloads and projects accordingly.
- 6.3 The premises budget is currently overspent by £19k. Energy cost pressures represent £15k of this overspend as a result of previous fixed tariffs ending in October 2023.
- 6.4 Vehicle running expenses are showing a significant change in position. This is owing to supply challenges within the silver fleet resulting in higher maintenance costs. This, alongside higher fuel prices, has resulted in an overspend before any year-end adjustments of £62k.

- 6.5 The supplies and services budgets are showing an underspend. Specific grants will be carried forward from this budget through closedown that will reduce this underspend. This budget is also where all savings identified as part of the comprehensive spending review (CSR) preparation project are held. These savings will be used to fund the budget gaps caused by inflationary increases at year-end.
- 6.6 The operational fire budget relates to On-Call firefighter expenditure. This expenditure fluctuates according to demand and is monitored through the financial year. The current budget is overspent significantly. This overspend was caused by the high levels of operational activity over the summer. The Home Office had indicated that it may have funding available to cover the financial impact of 'spate conditions' on the Authority. However it has now been confirmed that no additional funding is available. The Service will seek to use in-year savings identified as part of the CSR work or its general reserve to fund this overspend.



7. Update - Capital Expenditure and Financing

7.1 The revised capital programme, together with spending to date, is shown in the table below:

			Original Budget	Carry Forwards	Revised Estimate	Total Committed to Date
			£000's	£000's	£000's	£000's
Expenditure						
Vehicles	7.2		1,655	1,216	2,871	2,341
Land & Buildings	7.3		4,220	54	4,274	5,524
Equipment	7.4		269	169	438	392
IT and Communications	7.5		775	2	777	818
						0
			6,919	1,441	8,360	9,075
Financing						
Capital Receipts			-543	0	-543	-457
Loan			-3,019	0	-3,019	0
Application of Reserves			-3,000	-1,441	-4,441	-8,261
Revenue Contribution			-357	0	-357	-357
			-6,919	-1,441	-8,360	-9,075

- 7.2 This budget covers the purchase of operational and non-operational vehicles. The purchase of new vehicles is in line with the revised fleet strategy and plan. It also considers the new sustainability strategy. The revised forecast provides for seven new fire appliances of which three have been carried forward from the previous financial year. The Service has seen significant delays in replacing parts of its silver fleet with £226k of the carry forward budget relating to the prior year capital programme.
- 7.3 This budget covers the maintenance of existing properties and the remaining investment in the new Huntingdon fire station and training centre, which will be funded from the property development reserve.
- 7.4 The equipment expenditure relates to heavy duty rescue equipment, thermal cameras and defibrillators. The carry forward relates to expenditure committed in the last financial year for new battery-operated cutting equipment.
- 7.5 The IT and communications capital budget covers the purchase of major IT systems, hardware and the upgrade of communications equipment. The purchase and implementation of the new ICCS and mobilisation system is included within this budget.

Source Documents

Location:

Revenue and Capital Budget Position 2022/23 Reports
Service Headquarters
Hinchingsbrooke Cottage
Brampton Road
Huntingdon
PE29 2NA

Contact Officer:

Deb Thompson, Scrutiny and Assurance Manager deb.thompson@cambsfire.gov.uk

Appendix 1

Description	Paragraph Reference	Revised Budget £	Budget to Date £	Actual to Date £	Variance £	Variance %
Full Time Firefighters		13,413,884	13,413,884	13,766,356	352,472	3%
Control Room Staff		1,739,633	1,739,633	1,870,877	131,244	8%
Local Govt. Employees		3,414,219	3,414,219	3,616,840	202,621	6%
Senior Management (Hay)		4,210,507	4,210,507	3,838,028	-372,479	-9%
Recruitment & Training		640,350	640,350	535,062	-105,288	-16%
Fire Allowances		697,719	799,859	791,247	-8,612	-1%
EMPLOYEE COSTS	6.1 - 6.2	24,116,312	24,218,452	24,418,409	199,957	1%
Property Maintenance		435,221	427,954	419,146	-8,808	-2%
Insurance		62,840	62,840	66,050	3,210	5%
Energy Costs		428,810	410,983	426,197	15,214	4%
Cleaning		48,587	48,587	37,695	-10,892	-22%
Rents & Rates		657,729	657,729	677,576	19,847	3%
PREMISES	6.3	1,633,187	1,608,093	1,626,664	18,571	0%
Car & Cycle Allowances		38,533	38,533	36,410	-2,123	-6%
Vehicle Running Expenses		179,978	179,978	241,762	61,784	34%
Vehicle Insurance		157,620	237,813	239,887	2,074	1%
TRANSPORT AND MOVEABLE PLANT	6.4	376,131	456,324	518,059	61,735	0%
Office Expenses		305,607	305,607	211,850	-93,757	-31%
IT & Communications Equip.		2,368,741	2,405,940	2,305,781	-100,159	-4%
Fire Equipment		324,213	337,372	295,578	-41,794	-12%
Uniforms & Clothing		502,725	502,725	369,683	-133,042	-26%
Other Supplies & Services		1,802,481	1,804,414	1,258,492	-545,922	-30%
SUPPLIES AND SERVICES	6.5	5,303,767	5,356,058	4,441,383	-914,675	
CONTROLLABLE EXPENDITURE		31,429,397	31,638,927	31,004,516	-634,411	-2%
Other Income		-1,717,236	-1,405,736	-1,305,615	100,121	-7%
Other Government Grants		-2,260,533	-2,260,533	-2,647,632	-387,099	17%
CONTROLLABLE INCOME		-3,977,769	-3,666,269	-3,953,247	-286,978	
NET CONTROLLABLE EXPENDITURE		27,451,628	27,972,658	27,051,269	-921,389	-3%
Debt Charges		1,377,451	153,525	157,986	4,461	3%
External Interest		-90,000	-75,213	-150,971	-75,758	101%
CAPITAL FINANCING		1,287,451	78,312	7,015	-71,297	
Pensions - Lump Sums		766,140	766,140	774,915	8,775	1%
Operational Fire Budget		3,505,897	3,376,277	3,644,440	268,163	8%
SAFETY-NETTED EXPENDITURE	6.6	4,272,037	4,142,417	4,419,354	276,937	
NET EXPENDITURE		33,011,116	32,193,387	31,477,638	-715,748	-2%