

To: Policy and Resources Committee

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

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

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## Revenue and Capital Budget Monitoring Report 2022-23, including a mid-year Treasury Management update

### 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 December 2022.

### 2. Recommendation

- 2.1 The Committee is asked to note the position on revenue and capital spending and the mid-year treasury management update attached at Appendix 2.

### 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

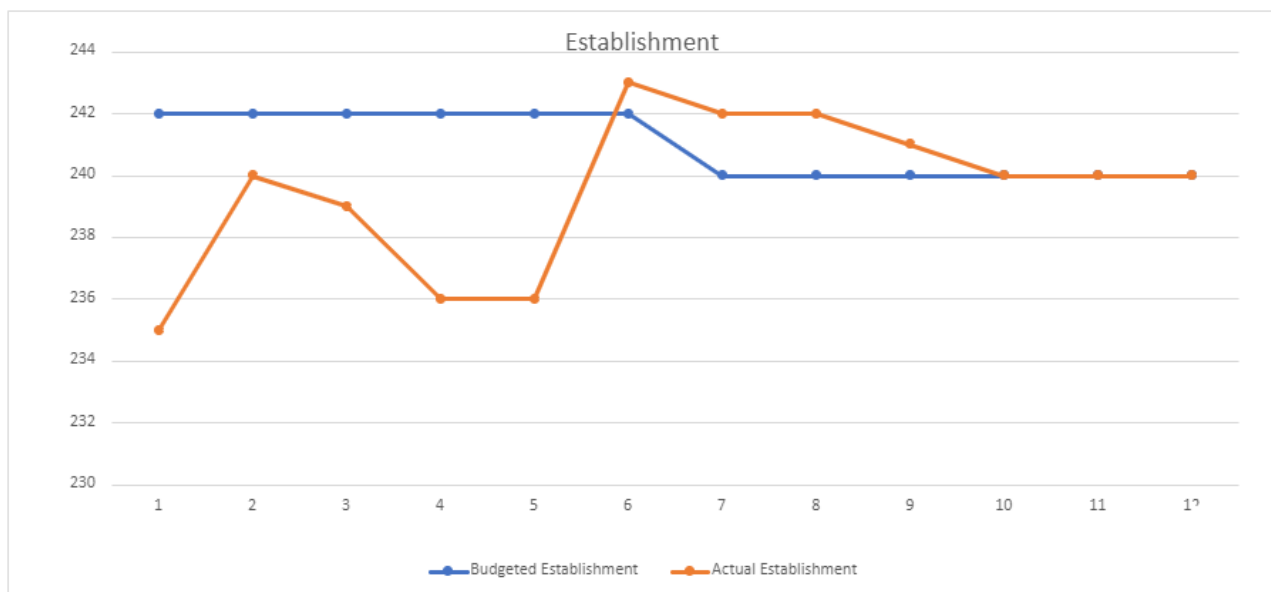
- 4.1 The budget for 2022/23 was approved at the Fire Authority meeting held in February 2022. The total budget was set at £31.226m with a total precept of £22.215m.
- 4.2 At its meeting in June 2022 the Authority approved a revenue carry forward of £1.676m. The carry forward included grant income of £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. Unfortunately, this risk has now become an issue and whilst the budget position appears relatively healthy the full impact of these inflationary pressures, specifically pay inflation and energy costs, will not be known until later in the current financial year or even the next financial year. We continue to work hard with all budget managers to control costs but the inevitable impact of inflation will provide challenges as we move through this financial year and into next.

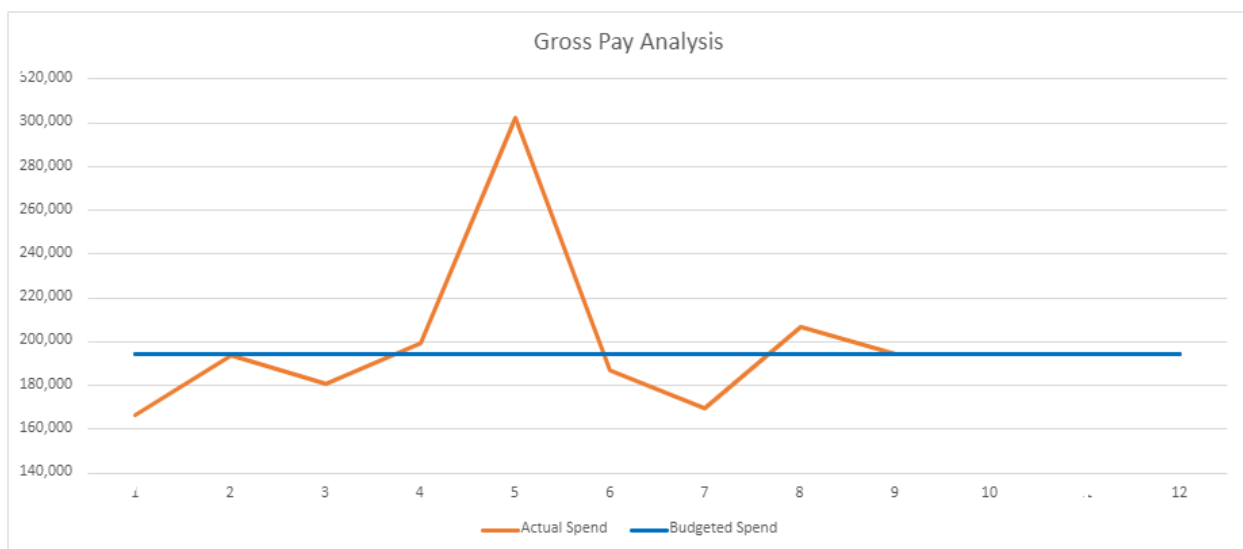
## 6. Update – Revenue Expenditure

- 6.1 The budget for full-time firefighters is showing an underspend at present because the Service has been slightly below its budgeted establishment to this point in the financial year. In addition, no pay award has yet been applied for operational firefighters. The Service did budget for a 2% pay award however the latest offer made by the employers is 5%. This will create a significant overspend against this budget when it is applied. An exact overspend position will be dependent upon turnover of firefighters; this will be closely monitored as we go through the remainder of the financial year.



- 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 will be slightly offset in-year as a result 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 areas of the Service requiring the prioritisation of workloads and projects accordingly.

- 6.3 The premises budget is currently underspent by £36k. Energy costs are subject to inflationary pressures with previous fixed tariffs coming to an end at the end of October. The full impact of energy increases will not be known until after the winter months but it is anticipated that costs will significantly exceed the budget.
- 6.4 The supplies and services budget is showing an underspend. This is owing to the expenditure against specific ICT contracts being incurred later in the financial year. This budget is also where all savings identified as part of the comprehensive spending review (CSR) preparation project are held. These savings will be applied to fund the budget gaps caused by inflationary increases at year-end.
- 6.5 The operational fire budget relates to On-Call firefighter expenditure. This expenditure fluctuates according to demand and will be monitored through the financial year. The current budget is significantly overspent due to the high levels of operational activity over the summer months. The Home Office has indicated that it may have funding available to cover the financial impact of such spate conditions on the Authority. If additional funding isn't forthcoming then 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:

		<b>Original Budget</b>	<b>Carry Forwards</b>	<b>Revised Estimate</b>	<b>Total Committed to Date</b>
		<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Expenditure</b>					
Vehicles	7.2	1,655	1,216	2,871	2,206
Land and Buildings	7.3	4,220	54	4,274	5,399
Equipment	7.4	269	169	438	372
IT and Communications	7.5	775	2	777	802
					0
		6,919	1,441	8,360	8,779
<b>Financing</b>					
Capital Receipts		-543	0	-543	-457
Loan		-3,019	0	-3,019	0
Application of Reserves		-3,000	-1,441	-4,441	-7,965
Revenue Contribution		-357	0	-357	-357
		-6,919	-1,441	-8,360	-8,779

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:**

Revenue and Capital Budget Position 2022/23

**Location:**

Hinchingbrooke Cottage, Brampton Road, Huntingdon PE29 2NA

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## Appendix 1

Description	Paragraph Reference	Revised Budget £	Budget to Date £	Actual to Date £	Variance £	Variance %
Full Time Firefighters		13,258,007	9,975,794	9,809,376	-166,418	-2%
Control Room Staff		1,728,340	1,294,527	1,269,338	-25,189	-2%
Local Govt. Employees		3,236,396	2,526,607	2,919,445	392,838	16%
Senior Management (Hay)		4,079,324	3,062,583	2,855,845	-206,738	-7%
Recruitment & Training		591,658	465,546	461,185	-4,361	-1%
Fire Allowances		697,719	587,352	578,897	-8,455	-1%
<b>EMPLOYEE COSTS</b>	<b>6.1 - 6.2</b>	<b>23,591,444</b>	<b>17,912,408</b>	<b>17,894,087</b>	<b>-18,321</b>	<b>0%</b>
Property Maintenance		435,221	318,827	268,363	-50,464	-16%
Insurance		62,840	62,029	58,490	-3,539	-6%
Energy Costs		368,810	229,821	259,213	29,392	13%
Cleaning		48,587	38,291	24,676	-13,615	-36%
Rents & Rates		657,729	657,729	659,400	1,671	0%
<b>PREMISES</b>	<b>6.3</b>	<b>1,573,187</b>	<b>1,306,697</b>	<b>1,270,141</b>	<b>-36,556</b>	<b>-0%</b>
Car & Cycle Allowances		38,533	28,593	26,590	-2,003	-7%
Vehicle Running Expenses		179,978	135,157	164,592	29,435	22%
Vehicle Insurance		157,620	150,394	142,695	-7,699	-5%
<b>TRANSPORT AND MOVEABLE PLANT</b>		<b>376,131</b>	<b>314,144</b>	<b>333,878</b>	<b>19,734</b>	<b>0%</b>
Office Expenses		306,291	242,076	157,451	-84,625	-35%
IT & Communications Equip.		2,355,865	1,655,868	1,729,733	73,865	4%
Fire Equipment		324,213	271,232	199,009	-72,223	-27%
Uniforms & Clothing		502,725	377,145	279,711	-97,434	-26%
Other Supplies & Services		2,194,383	1,855,111	873,542	-981,569	-53%
<b>SUPPLIES AND SERVICES</b>	<b>6.4</b>	<b>5,683,477</b>	<b>4,401,432</b>	<b>3,239,446</b>	<b>-1,161,985</b>	
<b>CONTROLLABLE EXPENDITURE</b>		<b>31,224,239</b>	<b>23,934,681</b>	<b>22,737,553</b>	<b>-1,197,129</b>	<b>-5%</b>
Other Income		-1,550,520	-908,586	-851,330	57,256	-6%
Other Government Grants		-2,097,696	-1,938,511	-2,336,948	-398,437	21%
<b>CONTROLLABLE INCOME</b>		<b>-3,648,216</b>	<b>-2,847,097</b>	<b>-3,188,278</b>	<b>-341,181</b>	
<b>NET CONTROLLABLE EXPENDITURE</b>		<b>27,576,023</b>	<b>21,087,584</b>	<b>19,549,274</b>	<b>-1,538,310</b>	<b>-7%</b>
Debt Charges		1,377,451	64,852	87,736	22,884	35%
External Interest		-90,000	-43,542	-74,654	-31,112	71%
<b>CAPITAL FINANCING</b>		<b>1,287,451</b>	<b>21,310</b>	<b>13,082</b>	<b>-8,228</b>	
Pensions - Lump Sums		766,140	574,602	578,478	3,876	1%
Operational Fire Budget		3,381,502	2,456,270	2,701,591	245,321	10%
<b>SAFETY-NETTED EXPENDITURE</b>	<b>6.5</b>	<b>4,147,642</b>	<b>3,030,872</b>	<b>3,280,069</b>	<b>249,197</b>	
<b>NET EXPENDITURE</b>		<b>33,011,116</b>	<b>24,139,766</b>	<b>22,842,425</b>	<b>-1,297,341</b>	<b>-5%</b>