

To: Cambridgeshire and Peterborough Fire Authority

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

Presenting officer(s): Deputy Chief Executive Officer - Matthew Warren
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Date: 3 November 2022

Revenue and Capital Budget Monitoring Report

1. Purpose

- 1.1 The purpose of this report is to provide the Fire Authority with an update on revenue and capital spending as at 30 September 2022.

2. Recommendation

- 2.1 The Authority 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

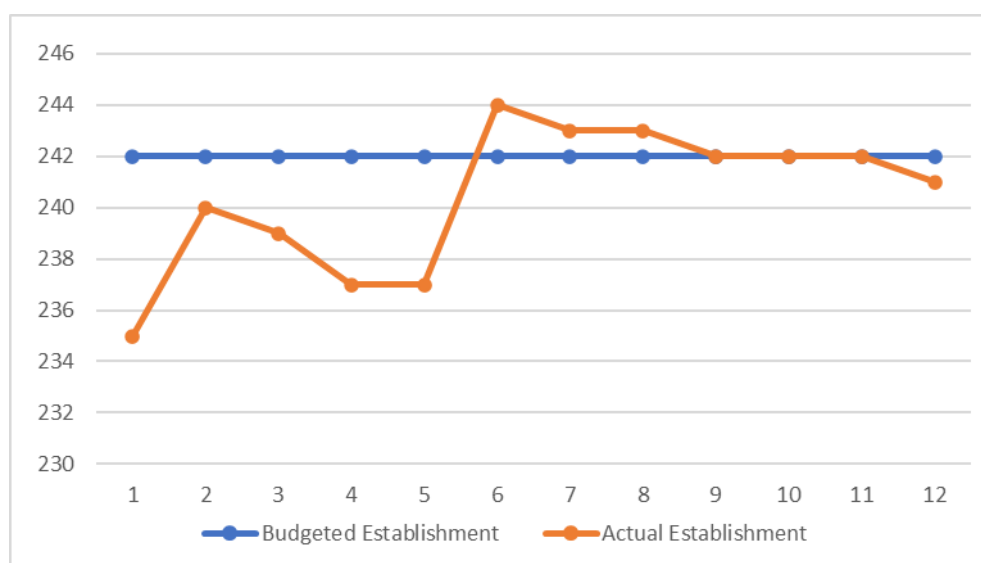
- 4.1 The budget for 2022/23 was approved at the Fire Authority meeting held in February 2022; the total budget was set at £31.226m with a total precept of £22.215m.
- 4.2 At its meeting in June 2022 the Authority approved a revenue carry forward of £1.676m. The carry forward included grant income of £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 September 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 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

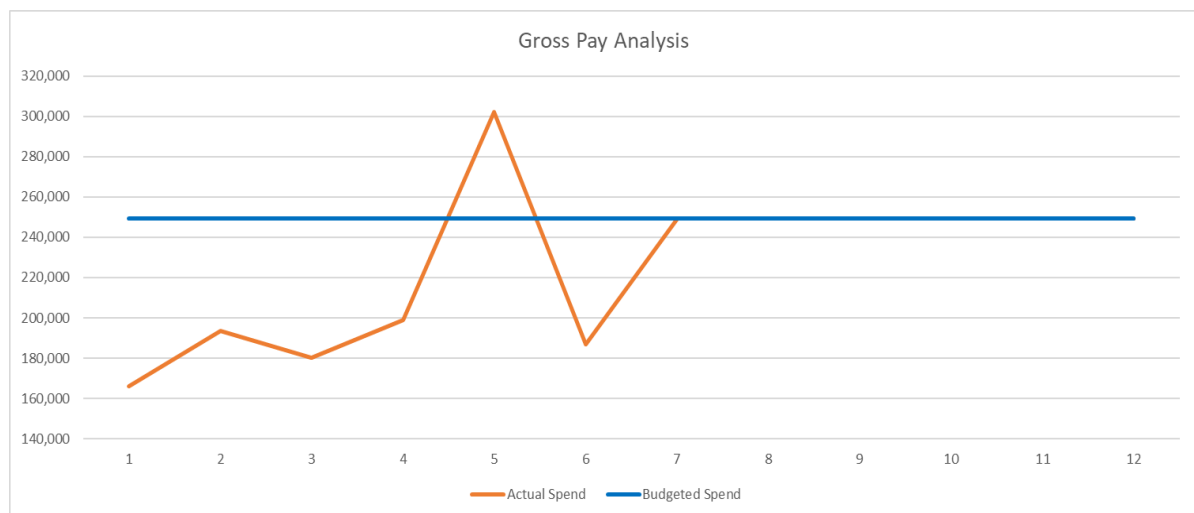
- 6.1 The budget for full-time firefighters is showing an underspend at present because the Service has been slightly below its budgeted establishment to this point in the financial year. In addition, no pay award has yet been applied for operational firefighters. The Service did budget for a 2% pay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



- 6.2 The budgets for other employee groups are also showing an underspend to this point of the financial year. As with operational firefighters, the pay award is yet to be agreed although the pay award currently being offered 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 certain aspects of service delivery and requires the prioritising of workloads and projects accordingly.
- 6.3 The premises budget is currently underspent by £80k. Energy costs are currently subject to inflationary pressures and the existing fixed tariff is due to end late

October. The full impact of energy increases will not be known until after the winter months but it is anticipated that costs will exceed the budget.

- 6.4 The supplies and services budget is showing an underspend. This is owing to the expenditure against specific ICT contracts that tend to be incurred later in the financial year. This budget is also where all savings identified as part of the comprehensive spending review preparation project are held. These savings are going to be applied to fund the budget gaps caused by inflationary increases.
- 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 overspent significantly and was caused by the high levels of operational activity over the summer. Whilst the Service will try to absorb some of these costs in year, it may have to call on 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	2,200
Land & Buildings	7.3		4,220	54	4,274	4,018
Equipment	7.4		269	169	438	372
IT and Communications	7.5		775	2	777	694
						0
			6,919	1,441	8,360	7,284
Financing						
Capital Receipts			-543	0	-543	-457
Loan			-3,019	0	-3,019	0
Application of General Reserve			-3,000	-1,441	-4,441	-6,470
Revenue Contribution			-357	0	-357	-357
			-6,919	-1,441	-8,360	-7,284

7.2 **Vehicles** – 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; £226k of the carry forward budget relates to the prior year capital programme.

7.3 **Land and buildings** - 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 **Equipment** – this 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 Reports 2022/23

Location:

Hinchingbrooke Cottage
Brampton Road
Huntingdon
PE29 2NA

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Description	Paragraph Reference	Revised Budget £	Budget to Date £	Actual to Date £	Variance £	Variance %
Full Time Firefighters		13,258,007	6,687,884	6,530,518	-157,366	-2%
Control Room Staff		1,728,340	859,848	866,185	6,337	1%
Local Govt. Employees		3,313,098	1,861,708	1,774,803	-86,904	-5%
Senior Management (Hay)		4,097,720	2,075,248	1,903,289	-171,958	-8%
Recruitment & Training		622,309	361,291	248,413	-112,878	-31%
Fire Allowances		716,139	289,215	277,111	-12,104	-4%
EMPLOYEE COSTS	6.1 - 6.2	23,735,613	12,135,193	11,600,318	-534,875	-0
Property Maintenance		417,426	224,434	180,814	-43,620	-19%
Insurance		62,840	17,499	7,497	-10,002	-57%
Energy Costs		358,710	154,642	147,204	-7,438	-5%
Cleaning		48,587	28,013	17,828	-10,185	-36%
Rents & Rates		664,970	664,970	656,205	-8,765	-1%
PREMISES	6.3	1,552,533	1,089,558	1,009,549	-80,009	-0
Car & Cycle Allowances		41,828	20,976	16,315	-4,661	-22%
Vehicle Running Expenses		179,978	90,334	100,495	10,161	11%
Vehicle Insurance		172,260	18,374	6,484	-11,890	-65%
TRANSPORT AND MOVEABLE PLANT		394,066	129,684	123,293	-6,391	-0
Office Expenses		323,211	181,279	99,836	-81,443	-45%
IT & Communications Equip.		2,448,854	1,376,079	1,302,461	-73,618	-5%
Fire Equipment		276,268	141,728	88,995	-52,733	-37%
Uniforms & Clothing		502,725	251,565	206,287	-45,278	-18%
Other Supplies & Services		1,963,621	1,339,182	609,650	-729,533	-54%
SUPPLIES AND SERVICES	6.4	5,514,679	3,289,833	2,307,228	-982,605	
CONTROLLABLE EXPENDITURE		31,196,891	16,644,268	15,040,389	-1,603,880	-10%
Other Income		-1,554,108	-893,230	-432,399	460,831	-52%
Other Government Grants		-2,056,751	-1,726,663	-2,179,832	-453,169	26%
CONTROLLABLE INCOME		-3,610,859	-2,619,893	-2,612,230	7,663	
NET CONTROLLABLE EXPENDITURE		27,586,032	14,024,375	12,428,158	-1,596,217	-11%
Debt Charges		1,417,451	84,852	64,111	-20,741	-24%
External Interest		-90,000	-25,416	-33,418	-8,002	31%
CAPITAL FINANCING		1,327,451	59,436	30,693	-28,743	
Pensions - Lump Sums		766,140	383,068	386,860	3,792	1%
Operational Fire Budget		3,299,302	1,625,852	1,890,154	264,302	16%
SAFETY-NETTED EXPENDITURE	6.5	4,065,442	2,008,920	2,277,014	268,094	
NET EXPENDITURE		32,978,925	16,092,731	14,735,865	-1,356,866	-8%