

**REPORT AUTHOR:** ASSISTANT CHIEF OFFICER / FRA TREASURER

**SUBJECT:** 2022/23 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING as at 31st May 2022

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For further information on this Report contact: Gavin Chambers, ACO/FRA Treasurer

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Background Papers: 2022/23 FRA Budget Setting Papers February 2022

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**PURPOSE:**

To inform the Fire and Rescue Authority of the forecast year-end budget monitoring position as at 31<sup>st</sup> May 2022.

**Recommendations:**

1. That the FRA consider and comment on the updates provided within this report.
2. That the FRA note the receipt of unbudgeted Business Rates Relief income from central government.
3. That the FRA note the potential extra unbudgeted costs as a result of the recent inflation rate increases and expectations for the remainder of the financial year.
4. That the FRA consider and agree the request in para 3.4.3 to bring forward £300k spend for Thermal Imaging cameras capital scheme into 2022/23 from 2023/24 Capital programme.

**Executive Highlights Summary**

- The 3 year **CSR** review was announced in December 2021 however the Authority only received a 1 year settlement for 2022/23.
- The service has received a further £392k relating to Section 31 Business Rates relief above the amount which was included in the budget in February 2022, this will be utilised to fund actions within the Community Risk Action Plan (CRMP) (see para 2.3.4)
- Pay awards for both Grey Book and Green Book have been built into the 2022/23 base budget @ 4% however these are yet to be agreed.

- The service has recently been notified that the Firelink Grant (which offsets the cost of the response radio contract costs) will be £50k less than budgeted. It will also reduce by 20% each year, but should be reflected by an increase in grant income.
- The Home Office has informed the service that we will receive an unbudgeted Protection grant of £153k in 2022/23. Further to this our local authority partners have agreed a further £82k in funding, towards the Dementia pilot.
- As part of the Governments encouraging green investment and aligning with the Government's Net Zero and clean growth goals the service bid for and has been awarded £593k from the Government Decarbonisation Scheme grant for environmental improvements at various stations. These works will be fully funded by the grant and are due for completion by 31<sup>st</sup> March 2023.
- As a result of recent UK wide high inflation rate announcement and forecasted ongoing inflationary pressures there is a potential unbudgeted cost from an increase in the price of Derv, gas, electric and other service contracts of £285k. (see para 2.3.4)

## 1. Introduction

- 1.1 On 10 February 2022, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2022/23 of £33.393m and a Capital Programme of £1.357m.

## 2. Revenue Budget Monitoring

- 2.1 The Revenue Budget efficiency savings for 2022/23 can be found in Appendix 1. The budgets have been reduced for these areas and will be monitored during the year.
- 2.2 The funding of the 2022/23 Revenue Budget is by way of Government Funding £6.858m, local Business Rates redistribution £2.300m, a one off revenue grant for 2022/23 of £0.410m and Council Tax of £23.401m, Collection Fund surplus of £0.378m which have been reported by our Local Authority partners and the use of the collection fund reserve of £46k.

## 2.3 **Forecasting Outturn:**

- 2.3.1 Tables 1 and 2 below are populated during the year in line with the spreadsheet returns that Corporate Management Team (CMT) members submit to the Finance Team and through the meetings that Finance Officers have with CMT members. The forecast outturn positions are as accurate as the information received from each CMT member.
- 2.3.2 Table 1 below details the current budget excluding salary budgets, for each CMT service area. The forecast year-end outturn is shown in column three.

2.3.3 Table 1: 2022/23 Revenue Budget Forecast Outturn (excluding salary budgets)

Title	Area	Current Budget £	F/cast Yr-End Outturn £	Variance £	RAG status (see note below**)
<b>Strategic Management</b>	Management	308,400	308,400	0	Green
<b>Assistant Chief Officer</b>	Income, Capital & Year End	1,375,600	1,348,600	(27,000)	Green
	Corporate Support	445,500	730,500	285,000	Green
<b>Head of Response</b>	Operational	895,300	895,300	0	Green
<b>Head of Training and Assets</b>	Training	432,200	432,200	0	Green
	Technical/Workshops	195,500	195,500	0	Green
	Corporate Support	320,100	320,100	0	Green
<b>Head of Strategic Support and Assurance</b>	Media & Communications	34,950	34,950	0	Green
	Organisation Assurance	122,100	122,100	0	Green
<b>Head of Prevention and Protection</b>	Partnership Working	(60,100)	(60,100)	0	Green
	Prevention	136,700	136,700	0	Green
	Protection	20,500	20,500	0	Green
<b>Head of Information Communications Technology</b>	ICT	914,950	964,950	50,000	Green
	Business Improvement Team	536,000	536,000	0	Green
	ICT Projects	0	0	0	Green
<b>Head of Human Resources</b>	Human Resources	183,400	183,400	0	Green
	Occupational Health	62,800	62,800	0	Green
<b>Total</b>		<b>5,923,900</b>	<b>6,231,900</b>	<b>308,000</b>	

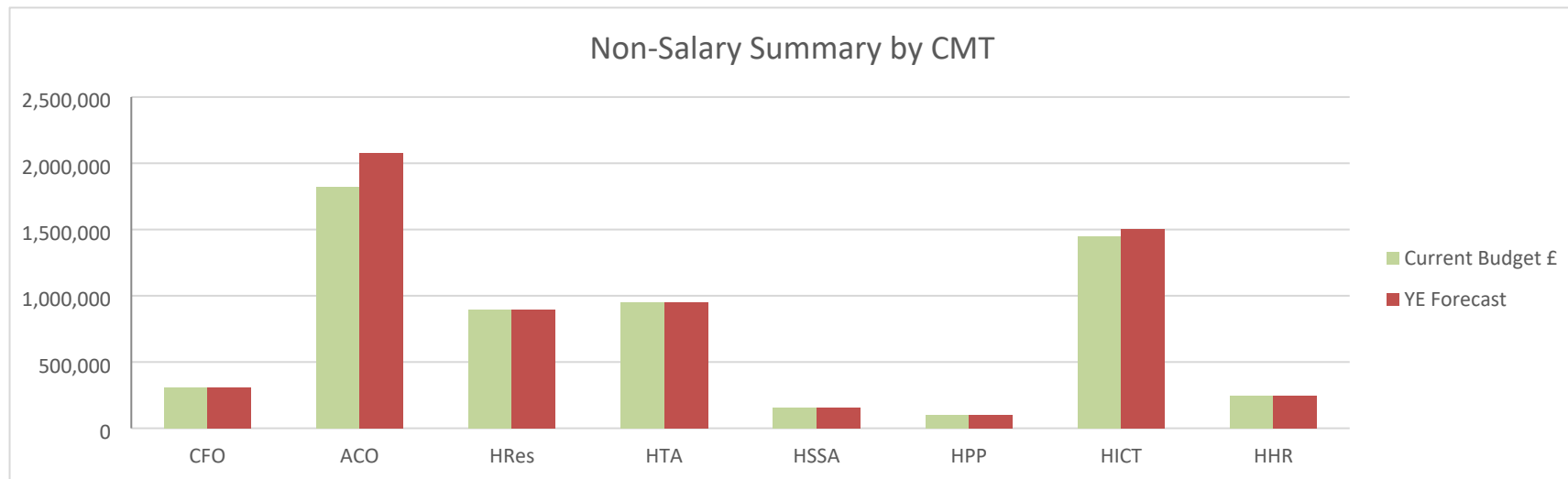
**\*\*RAG Status:** Red would identify where there is a large overspend equal to or greater than £100,000 and/or a key service aspect was not being delivered. Amber would identify where there is a possibility of an overspend and/or a key service aspect may not be delivered. It may be that there are action plans in place to address an issue, where until they are successful it is flagged as Amber. Green identifies where service delivery is being performed and as above, where there are underspends. Underspends are not necessarily always green, if for example, there was a key service aspect not being delivered causing the underspend, it would be shown as Red.

### 2.3.4 The variances shown in Table 1 and graph above as at 31<sup>st</sup> May 2022 are;

The forecast underspend (£27k) within the ACO area (Income, Capital & Year End) above is a result of an expected increase in investment income (£55k) which is partially offset by a rebate from FRIC which was built into the budget due to an apportioning of releasable reserves built up over a number of years, FRIC Directors however decided to take a more prudent approach and spread the rebates over a number of years and so the service has received only (£12k) in 2022 with the rest expected over the next 2 years. The (£392k) unbudgeted income relating to Section 31 Business Rates relief is also contained within this area and will be allocated to strategic projects to meet the actions contained within the CRMP, these include Digital and Data improvements, Emergency Cover Review, National Operational Guidance (NOG) work and temporary project management support.

A number of inflationary pressures were built into the 2022/23 budget which was agreed by the FRA in February, general inflation for utilities, contracts, supplies and services was included at a rate of 4%, Derv was budgeted at a cost of £1.45 / ltr. Since then due to worldwide economic pressures and the war in Ukraine inflation is currently higher than 11% and it is expected to remain high for the remainder of the financial year. The total amount of inflation contained within the budget for 2022/23 was £159k, it is currently forecast that there will be an extra pressure of £285k above the budgeted figure as a result of inflation for utilities £70k, contracts, supplies and services £180k with inflation based on an average of 9% for the remainder of the financial year and Derv £35k based upon a price of £1.65 / ltr. All of these overspends £285k are currently captured within the ACO (Corporate Support) area until we know the extent of these pressures.

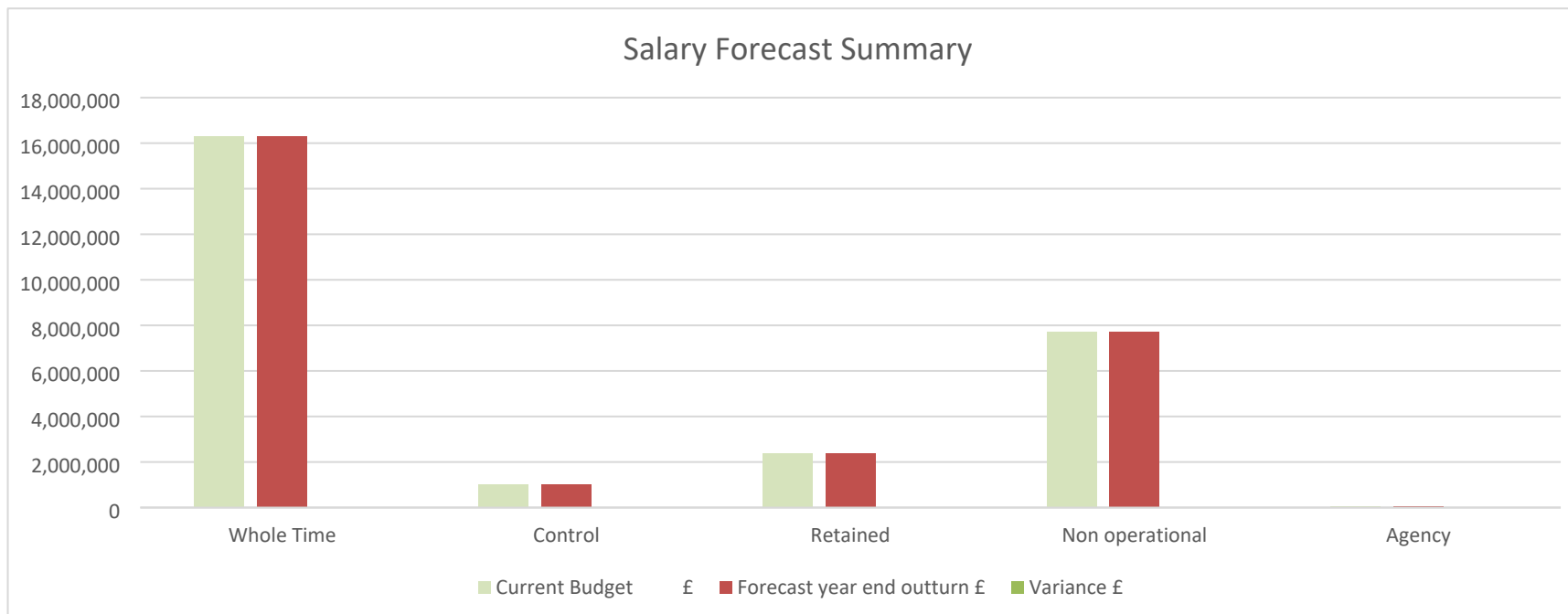
The £50k overspend forecast within the HICT is as a result of the reduction in Firelink grant allocation which the authority has been notified will be £50k less than budgeted.



2.3.5 With the salary budgets being such a large proportion of the overall budget, the split from the budgets above is justified.

**Table 2: 2022/23 Salary Budget Forecast Outturn**

Category	Current Budget £	Forecast year end outturn £	Variance £
Whole Time	16,295,600	16,295,600	0
Control	1,032,000	1,032,000	0
Retained	2,373,900	2,373,900	0
Non operational	7,712,700	7,712,700	0
Agency	54,400	54,400	0
<b>Grand Total</b>	<b>27,468,600</b>	<b>27,468,600</b>	<b>0</b>



2.3.6 There are currently no over or underspends forecast within salaries.

**2.4 Total Forecast Outturn, Salary and Non Salary:**

2.4.1 The total forecast variance at year end including both the non-salary figure in Table 1 above and for pay and on costs, including agency staff shown in Table 2, is currently expected to be £308k overspent.

### 3. Capital Programme Monitoring

- 3.1 Table 3 below is the 2022/32 Capital Programme. The Red, Amber, Green (RAG) status indicates how well the schemes are progressing (Green being on target for year-end completion within budget; Amber indicating possible slippage or overspend; and Red indicating actual slippage/overspend or deletion of the scheme).
- 3.2 It should be noted that the Vehicles, ICT and HR System Projects and Property Capital Works Programmes need to be treated with fluidity as the costs and expected completion dates can vary considerably and span across financial years. However, in accordance with the financial regulations, any significant changes of expenditure over 10% of an approved capital scheme need to be reported back to the FRA.

#### 3.3 Table 3: The 2022/23 Capital Programme

<b>CMT Area</b>	<b>Bedfordshire Fire and Rescue Authority Capital Programme</b>	<b>Capital Budgets 2022/23 £'000</b>	<b>RAG Status</b>
	<b><u>Fleet:</u></b>		
HTA	Vehicles	262	Green
HTA	Drone (Unmanned Aerial Vehicle capability and enhancements)	30	Green
HTA	Light Portable Pumps (LPP)	28	Green
	<b><u>ICT Projects:</u></b>		
HICT	Additional SAN storage	85	Green
HICT	Equipment refresh (tablets and phones)	116	Green
	<b><u>General: Property Works service wide</u></b>		
ACO	Various: Lighting replacements, CCTV, fire protection, doors & windows, security gates, electric infrastructure, EV charging	86	Green
ACO	Major Roofing Replacements	323	Green
ACO	Drill yard resurfacing	32	Green
ACO	WC/Shower facility refurbishments	158	Green
ACO	Heating - boiler replacements	66	Green
ACO	Bay Floor replacements	65	Green
ACO	Dormitory refurbishment	30	Green
ACO	Station Kitchen Refurbishments	21	Green
	<b><u>Other:</u></b>		
HHR	Fitness Equipment Expenditure	5	Green
HTAM	Electronic Fuel (Diesel) Monitoring system	50	Green
	<b>TOTAL</b>	<b>1,357</b>	

**3.4 Capital Programme – Withdrawals, Slippage, Additions or Variations:**

**3.4.1 Slippage:** None to Report.

**3.4.2 Additions:** The Head of Training and Asset management has requested that the expected spend on Thermal Imaging Cameras (TIC's) be brought forward from the 23/24 Capital programme, this is as a result of a number of failures with the current equipment which the current supplier is not able to fix or provide replacements for.

**3.4.3 Variations:** The Head of Training and Asset management has reported that as a result of careful procurement spend on Road Traffic Collision (RTC) cutting Equipment which was slipped from 21/22, this has resulted in an underspend of £123k. This will be held for potentially presenting back to the FRA when the full costs of the Replacement Breathing Apparatus (BA) procurement is ascertained.

**ANDREW HOPKINSON  
CHIEF FIRE OFFICER**

**GAVIN CHAMBERS  
ASSISTANT CHIEF OFFICER / FRA TREASURER**

**Savings and Efficiencies 2022/23**

<b>CMT Area</b>	<b>Savings/Efficiencies</b>	<b>Budgeted £'000s 2022/23</b>	<b>Forecast £'000's 2022/23</b>	<b>RAG Status</b>
<b>ACO</b>	Energy Management Savings (Insulation & works following bid for grant)	5	5	Green
<b>ACO</b>	Collaboration Income - Partner at Bedford station	4	4	Green
<b>ACO</b>	Team Structure and Staffing review	5	5	Green
<b>ACO</b>	Surplus redistribution from the Fire & Rescue Indemnity Company (FRIC) (estimate for 2022/23 only)	40	12	Amber
<b>HHR</b>	Occupation Health system review	2	2	Green
<b>HICT</b>	Cessation Whole-time Recruitment system	4	4	Green
<b>HRes</b>	Drone Income	2	2	Green
<b>HRes</b>	Business Rates Reductions	66	66	Green
<b>HTA</b>	Income from Workshops Non business Activity	5	5	Green
<b>HTA</b>	Combine 3 existing BA courses (CFBT, BAR and TVT) into a new Tactical Firefighting Course negating the use of outside venue and instruction.	20	20	Green
<b>HTA</b>	Collaboration - vehicle servicing income	50	50	Green
		<b>203</b>	<b>175</b>	

\* NB - All Savings have been removed from 2022-23 Base Budget