
REPORT AUTHOR: ASSISTANT CHIEF OFFICER / FRA TREASURER
SUBJECT: 2022/23 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING as at 31st December 2022

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

[Agenda for Fire and Rescue Authority on Thursday, 10th February, 2022, 10.00 am - Modern Council \(modern.gov.co.uk\)](#)

Implications:

This table provides a short statement of the impact of the recommendations in this report and/or a reference to the relevant paragraph/s in the report.

Implications	Yes/No	Impact/Reference
Financial	Yes	Report covers in year revenue and capital budget monitoring, detailing over and under spends and additional capital expenditure requiring approval, includes a reserves allocation proposal too.
Risk Management	Yes	The financial position of the Authority is a core item in the risk register. The allocation of in year underspend and redistributed business rates support the mitigation of pay awards above budgets. £25k operational resilience training is also noted within this report.
Legal	No	
Privacy and Security	No	
Duty to collaborate	No	
Health and Safety	No	
Equality, Diversity and Inclusion	No	
Environmental Sustainability	No	
Consultation and Communication	No	

PURPOSE:

To inform the Fire and Rescue Authority of the forecast year-end budget monitoring position as at 31st December 2022.

Recommendations:

1. That the FRA consider and comment on the updates provided within this report.
2. That the FRA consider and approve the request to fund the expected additional spend on Breathing Apparatus (BA) equipment £308k and Fire Ground Radios £50k. (see para 3.4.3).
3. That the FRA consider and approve the allocation of the new Business Rates receipts to the Pay/Pension reserve.

Executive Highlights Summary

- The Service has recently been informed by DLUHC, that it will receive £400k across January and February 2023, in relation to payments to the Authority of Section 31 Reconciliation Payments, following the Government's conclusion of the outturn of the 2021/22 financial year. As above, the Authority is asked to consider and approve that this is allocated to replenish the pay reserve, due to the current pay reserve of £1m being allocated for use in the 2023/24 budget (should Members approve this later in this agenda, as part of the 2023/24 budget report).
- That members note the updated inflationary pressure on contracts inflation & Derv costs which has increased from a forecast above the estimated budgeted costs of £43k from the October 2022 monitoring report. (para 2.3.4)
- That members note the increase in forecast income from investments from (£135k) above budget to (£215k) as at the end of December due to greatly improved rates available on investments. (para 2.3.4)
- That members note the expected saving against budgeted costs on National Insurance (NI) of (£72k) as a result of the recent announcement to cancel the employers NI rate from 15.05% back to 13.80% as of beginning of November.
- Pay awards for both Grey Book and Green Book have been built into the 2022/23 base budget @ 4%. The Green book pay award was agreed at £1,925 on each pay grade rather than a flat 4% increase leading to an increase of £129k above the budgeted annual amount. The Fire Brigades Union (FBU) members voted to reject the latest offer of 5% and the FBU have balloted members on potential industrial action with the result of this expected by the time this report is presented to Members. (see para 2.3.6) The forecast pay for operational areas (Whole Time, Retained & Control) in table 2 below has been assumed a pay award increase of 5%.
- 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 a result of the 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 £368k. (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.

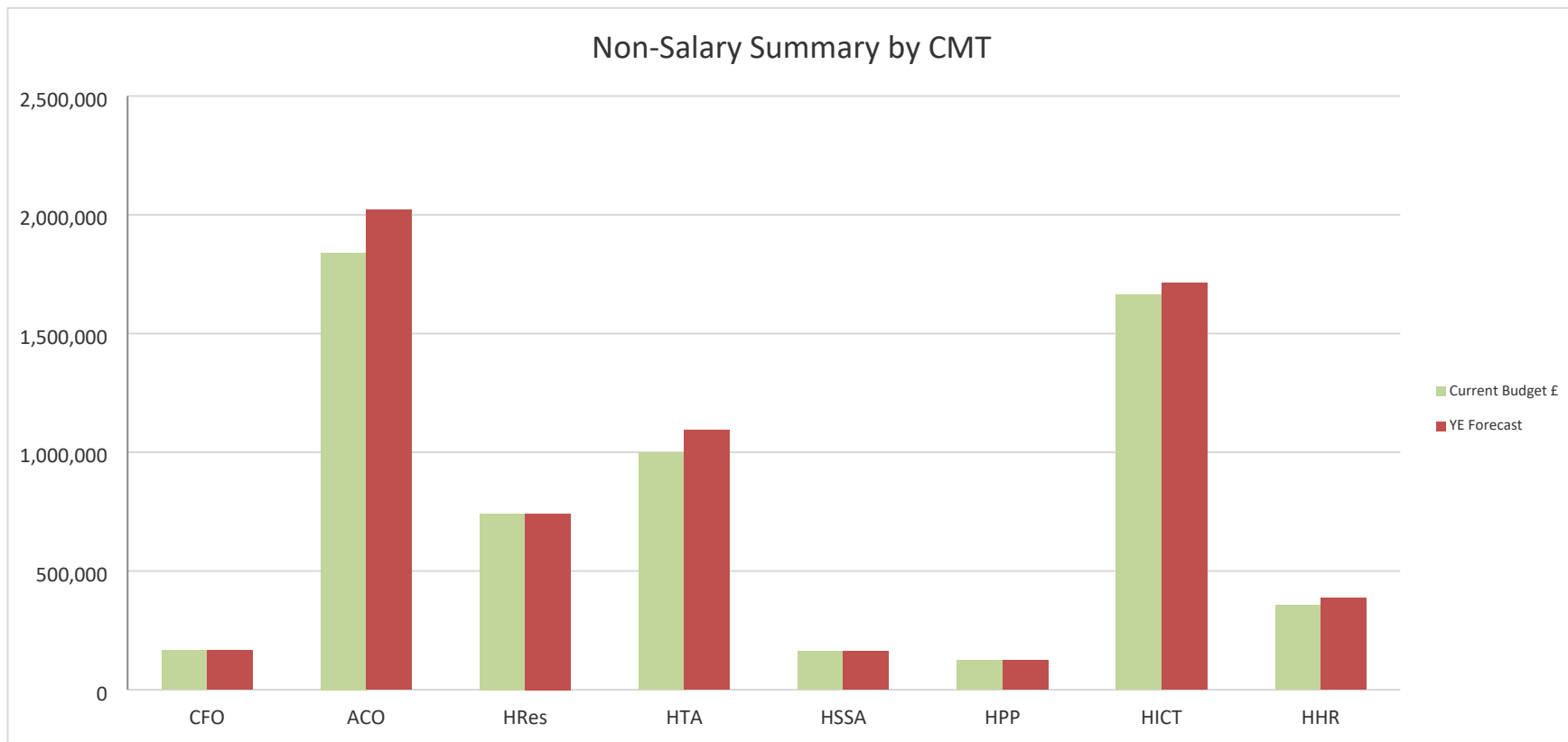
- 2.3.2 Table 1 below details the current budget excluding salary budgets, for each CMT service area. The forecast year-end outturn is shown in column three.

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

Title	Area	Current Budget £	YTD Actuals £	F/cast Yr-End Outturn £	Variance £	RAG status (see note below**)
Strategic Management	Management	166,900	132,745	166,900	0	Green
Assistant Chief Officer	Income, Capital & Year End	1,380,600	1,102,248	1,194,000	(186,600)	Green
	Corporate Support	459,700	325,473	827,700	368,000	Green
Head of Response	Operational	741,700	569,608	741,700	0	Green

Head of Training and Assets	Training	419,900	300,827	444,900	25,000	Green
	Technical/Workshops	259,600	300,266	329,600	70,000	Green
	Corporate Support	320,100	228,529	320,100	0	Green
Head of Strategic Support and Assurance	Media & Comms	34,650	33,547	34,650	0	Green
	Organisation Assurance	127,800	113,446	127,800	0	Green
Head of Prevention and Protection	Partnership Working	(60,100)	(33,688)	(60,100)	0	Green
	Prevention	176,300	87,904	176,300	0	Green
	Protection	8,600	22,670	8,600	0	Green
Head of Information Communications Technology	ICT	1,451,250	1,180,089	1,501,250	50,000	Green
	ICT Projects	211,000	158,917	211,000	0	Green
Head of Human Resources	Human Resources	211,400	144,132	241,400	30,000	Green
	Occupational Health	145,500	90,974	145,500	0	Green
Total		6,054,900	4,757,687	6,411,300	356,400	
Use of Business Rates Income as agreed with the FRA to offset inflationary pressures					(392,000)	
Revised Outturn Variance					(35,600)	

***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 31st December 2022 are;

The forecast underspend (£187k) within the ACO area (Income, Capital & Year End) above is a result of;

A forecast increase for investment income to (£280k), this is (£215k) above the budgeted income of (£65k). The finance team are constantly monitoring the rate of returns available and also the opportunities to invest in more “ethical / green” investments and as a result of this we have recently placed further investments with a counterparty in one of their Environmental, Social and Governance (ESG) investment areas, the rate of return on this investment was comparable with the rates available on our other available investments.

This extra income has been partially offset by a budgeted rebate from FRIC (£40k) 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 remaining £28k income expected over the next 2 years.

The (£392k) unbudgeted income relating to Section 31 Business Rates relief is also contained within this area.

The forecast overspend £368k within the ACO area (Corporate Support) above is a result of 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 the UK CPI inflation in December is at 10.5% 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 £343k above the budgeted figure as a result of inflation for utilities £110k, contracts, supplies and services £198k with inflation based on an average of 9.5% for the remainder of the financial year and Derv £60k based upon a price of £1.70 / ltr. All of these overspends £368k are currently captured within the ACO (Corporate Support) area, work is ongoing to identify which CMT area these pressures.

The HTAM training area above is predicting an overspend £25k as previously discussed with Members, to cover the initial training costs for the military and industrial action resilience. Further expenditure commitments are yet to be discussed and made by the Service/Authority.

The predicted £70k overspend within the HTAM Technical/Workshops area above is as a result of an under achievement of income from expected in year vehicle sales of £40k where the vehicles have temporarily been repurposed across the service, it is expected that these sales will now be achieved in 2023/24. There have also been a number of large vehicle repairs to the fleet including replacement engines, suspension issues & gear box replacements £50k. These has been offset by an expected overachievement against budgeted income (£20k) relating to the servicing of vehicles for our blue light partners.

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.

The £30k overspend noted in HHR area is as a result of legal advice within a number of work streams.

The unbudgeted Business Rates income of £392k will be allocated to offset both the in-year inflationary pressures and reduction in ICT Firelink grant as identified above.

The current year to date (YTD) spend as at 31 December 2022 in table 1 looks low in a number of areas, the reasons for this are highlighted below;

The high spend in table 1 above relating to Media & Comms is as a result of the timing of payments for annual software and subscription paid in full made and where the budget is phased over 12 months.

The high spend within the Protection area relates to payments for supplies and services which will be funded by grant at year end.

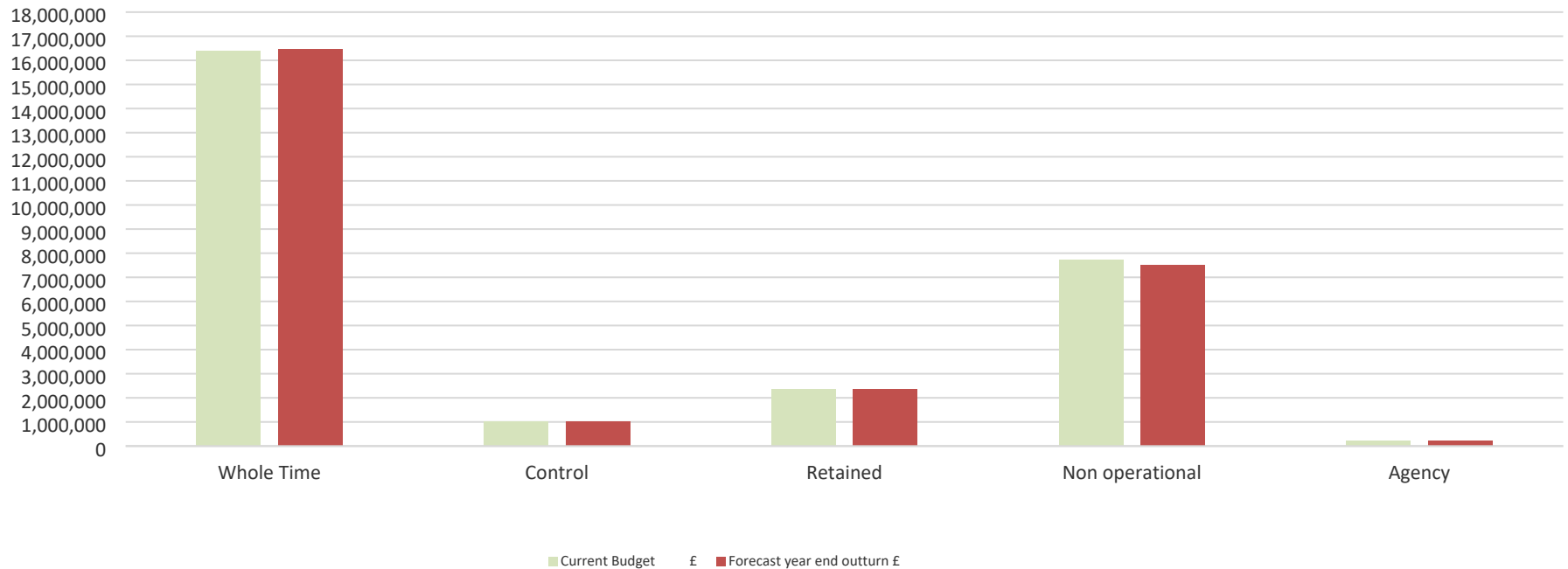
The Service was informed in mid-January 2023 by the Department of Levelling Up, Housing and Communities (DLUHC), that it will receive £400k across January and February 2023, in relation to payments to the Authority of Section 31 Reconciliation Payments, following the Government's conclusion of the outturn of the 2021/22 financial year. The Authority as per the recommendation above, is asked to approve the proposal, that this be allocated to replenish the pay reserve due to the current pay reserve of £1m being allocated for use in the 2023/24 budget. This will therefore be usable should the 2022 pay award for firefighters be above the currently forecast 5%.

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 £	YTD Actuals £	Forecast year end outturn £	Variance £
Whole Time	16,378,000	11,812,076	16,464,000	86,000
Control	1,032,000	883,095	1,035,000	3,000
Retained	2,373,900	1,651,531	2,379,900	6,000
Non operational	7,718,000	5,570,878	7,502,800	(215,200)
Agency	225,200	212,704	225,200	0
Grand Total	27,727,100	20,130,284	27,606,900	(120,200)

Salary Forecast Summary



2.3.6 The forecast overspend within the Operational areas (Whole Time, Retained & Control) in table 2 above are as a result of the potential unbudgeted pay awards above the 4% included within the current budgets of £142k. – this is 1% above budget cost (ie have built in 5% pay award into the forecast less the £47k savings on NI across FF, ret & control) Firefighters have been offered a 5% pay award, however, the Fire Brigades Union (FBU) have recently announced the result of a ballot in which members voted to reject the offer. Unions are now balloting their members on potential industrial action, the ballot opened on 5 December 2022 and closed on 30 January 2023, we await the results of this ballot. The forecast in tab 2 above has included the cost of the 5% pay award offered.

The announcement by the Chancellor of the Exchequer to reverse the increase in employers NI contributions from 15.05% to 13.80% in November will result in an estimated budgeted saving of (£47k) across the Operation areas (Whole Time, Retained & Control) in table 2 above and have been built into the forecast year end outturn figure.

The underspend figure (215.2k) in the Non Operational area in table 2 above is due the extra unbudgeted pay award as a result of an increase in each pay scale of £1,925 which will result in an estimated extra pressure of £129k above the budgeted pay award

of 4%. This is offset by a number of current vacancies across the service (£307.5k) and an underspend as a result of the NI increase reversal of (£25k);

The vacancies within the Non Operational area include the Head of Human Resources (£25k), Facilities and Office Services (£24k), Project Management (£27k), ICT (£10k), Business Support Manager (£22k), Procurement officer vacancy (£21k), Vacancies within the Site team (£15k), an expected saving of (£25k) as a result of the difference between the Cleaning contract and employing these staff directly, vacancies within the Equality and Diversity area (£42k), vacancies within Occupational Health (£50k), (£10k) as a result of employees not being in the pension scheme plus other minor variances.

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 (£155.8k) underspent it is requested that this used to replenish the pay reserve for use in future years. This is in addition to directly applying the Business Rates income due in January and February 2023 to this reserve too.

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

CMT Area	Bedfordshire Fire and Rescue Authority Capital Programme	Capital Budgets 2022/23 £'000	RAG Status
	<u>Fleet:</u>		
HTA	Vehicles	262	Green
HTA	Drone (Unmanned Aerial Vehicle capability and enhancements)	30	Green
HTA	Light Portable Pumps (LPP)	28	Green
	<u>ICT Projects:</u>		
HICT	Additional SAN storage	85	Green
HICT	Equipment refresh (tablets and phones)	116	Green
	<u>General: Property Works service wide</u>		

ACO	Various: Lighting replacements, CCTV, fire protection, doors & windows, security gates, electric infrastructure, EV charging	86	Green
ACO	Major Roofing Replacements	323	Red
ACO	Drill yard resurfacing	32	Green
ACO	WC/Shower facility refurbishments	158	Amber
ACO	Heating - boiler replacements	66	Amber
ACO	Bay Floor replacements	65	Amber
ACO	Dormitory refurbishment	30	Green
ACO	Station Kitchen Refurbishments	21	Green
	Other:		
HHR	Fitness Equipment Expenditure	5	Green
HTAM	Electronic Fuel (Diesel) Monitoring system	50	Amber
	TOTAL	1,357	

3.4 Capital Programme Updates:

The Major roof repairs project above is currently rated as Red due to the availability of both construction materials and contractors to be able to complete the works by the 31 March 2023.

The WC/Shower refurbishment is currently rated as Amber awaiting the outcome of the Training Centre and contaminates work review, it is unlikely these refurbishments will be complete prior to 31 March 2023.

The Bay Floor replacements has been rated as Amber due to the availability of Contractors availability to complete this work by year end.

Following the withdrawal from the Public Sector Decarbonisation Scheme phase 3 (PSDS3), the heating – boiler replacements project has been rated as Amber, some urgent boiler replacements will be completed by year end however with further replacements completed in the new financial year.

The Electronic Diesel monitoring system has been rated as Amber due to options currently being explored, it is expected that this project will be complete early in 2023/24.

Capital Programme – Withdrawals, Slippage, Additions or Variations:

3.4.1 **Slippage:** None to Report.

3.4.2 **Additions:** None to Report.

3.4.3 **Variations:** The ACFO/Head of Training and Asset Management have requested that FRA consider and agree to extra expenditure/funding for Breathing Apparatus (BA) sets £308k and Fireground Radios £50k. The previously FRA approved capital spend for BA and fireground radios currently stand at £450k and £112k, so the increases will take them to £758k and £162k respectively.

Both of these projects are at the tender stage and the preferred options for the service have risen in cost, due to the impact of the current worldwide microchip shortage, material inflationary increases and to ensure that both the BA sets and radios are future proofed.

The BA sets will include telemetry functionality, that will assist to increase firefighter safety along with personal issue facemasks which will reduce the risk of contamination. This will also prolong the life of the facemasks as they will be looked after by the individual so will not have to be replaced as frequently.

The radios will include a GPS location function and enhance communication clarity increasing safety on the incident ground again improving firefighter safety by being able to quickly identify their location.

It is requested that these are funded from (£24k) Grenfell grant and (£50k) from expected future income of the existing equipment sales. In addition, the funding can mainly be reallocated from underspends on other capital equipment projects now these purchases have been fully completed. These projects have resulted in final expenditure being less than originally forecast, so a positive position to highlight. Budget allocation/underspends can be reallocated from the previous year's Road Traffic Collision (RTC) hydraulic cutting equipment (£167k), that was purchased via a framework hence successfully driving down costs for these battery powered units rather than generator powered, Positive Pressure Ventilation (PPV) fans (£57k) less than budgeted, Water Dams and other small equipment (£60k). The replacement BA sets will require service intervals based on hours of use as opposed to time passed, which will lead to savings in reduction of servicing costs in the long term.

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ASSISTANT CHIEF OFFICER / FRA TREASURER

Savings and Efficiencies 2022/23

CMT Area	Savings/Efficiencies	Budgeted £'000s 2022/23	Forecast £'000's 2022/23	RAG Status
ACO	Energy Management Savings (Insulation & works following bid for grant)	5	5	Green
ACO	Collaboration Income - Partner at Bedford station	4	4	Green
ACO	Team Structure and Staffing review	5	5	Green
ACO	Surplus redistribution from the Fire & Rescue Indemnity Company (FRIC) (estimate for 2022/23 only)	40	12	Amber
HHR	Occupation Health system review	2	2	Green
HICT	Cessation Whole-time Recruitment system	4	4	Green
HRes	Drone Income	2	2	Green
HRes	Business Rates Reductions	66	66	Green
HTA	Income from Workshops Non business Activity	5	5	Green
HTA	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
HTA	Collaboration - vehicle servicing income	50	50	Green
		203	175	

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