



AUDIT AND FINANCE COMMITTEE

30 NOVEMBER 2022

FORECAST OF OUTTURN 2022/23 – ESTIMATE BASED ON EXPENDITURE AND INCOME TO 30 SEPTEMBER 2022 (QUARTER 2)

REPORT OF DEPUTY CHIEF EXECUTIVE

Purpose of the Report

1. To provide an indication of the Service's revenue and capital financial outturn position based upon expenditure and income to the 30 September 2022.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 30 September 2022, the forecast revenue outturn position to the 31 March 2022 is an overspend of £0.386M (1.28%). A breakdown of expenditure and income compared to the budget is set out in Appendix A and details of the main variances are set out below:

3. **Salaries & Wages - Forecast Outturn £542,000 (2.66%) Overspent**

The budget includes an allowance for a pay award to all staff groups of 2%. Corporate staff have been offered a flat rate pay award of £1,925 on all pay points which equates to an average of 5%. A revised pay offer has been made to firefighters of 5% across the board although this has not been accepted and the Fire Brigades Union are currently balloting firefighters on whether they are prepared to take industrial action to secure an improved pay offer. At this stage the forecast of outturn includes a pay award of 5% to all staff groups.

The increased cost of the pay awards is partially offset by savings from the removal of several corporate staff posts following a recent early retirement/voluntary redundancy process together with savings from the restructure of the Senior Leadership Team.

4. **Pension Contributions – Forecast Outturn £40,000 (0.89%) Overspent**

The increased pay awards outlined above will result in an increase in employers' pension contributions.

5. **Ill Health Charges – Forecast Outturn £110,000 (18.84%) Overspent**

Expenditure in this area is particularly difficult to forecast as it depends upon the number and timing of ill health retirements during the year. Several long-term ill-health retirements have recently been progressed and based upon this it is likely that expenditure will exceed

the budget by £110,000. This expenditure is currently reported as an overspend however, a transfer from the pensions reserve will be made at the year-end should the need arise.

6. Other Employee Costs – Forecast Outturn £192,000 (42.29%) Overspent

Employee severance packages totalling £155,000 will be paid this year following the corporate staff early retirement/voluntary redundancy process. It has also been necessary to utilise agency staff to cover for staff absences and vacant posts at a cost of £61,000.

7. Premises – Forecast Outturn £320,000 (10.82%) Overspent

There has been a significant increase in the cost of energy which will result in a forecast overspend on gas and electricity of £135,000. Expenditure on repairs and maintenance is also currently forecast to exceed the budget at the year end.

8. Transport - Forecast Outturn £186,000 (30.54%) Overspent

Expenditure on vehicle running expenses is forecast to exceed the budget by £186,000 mainly as a result of the significant increase in the cost of fuel.

9. Supplies and Services – Forecast Outturn £421,000 (9.52%) Underspent

Several supplies and services budget heads are forecast to underspend because of initiatives to reduce cost together with strict control of non-essential items of expenditure.

10. Capital Financing – Expenditure Forecast to be in line With Budget

This budget includes provision to meet the full year cost of loan repayments and interest and is forecast to be in line with the budget at the year end.

11. Contingencies – Forecast Outturn £168,000 (100.00%) Underspent

The contingencies budget is set aside to meet any unforeseen events and includes an allowance for inflation. Every effort is being made to contain expenditure within existing budgets and known overspends are reflected in the forecast outturn position. The contingencies budget has therefore been released into the revenue account as an underspend.

12. Income – Forecast Outturn £415,000 (8.33%) more than budget

Income receipts are forecast to exceed the budget by £415,000. This includes additional government grant for headquarters of £230,000, additional investment income of £67,000 and additional income from training and contributions totalling £118,000.

Forecast of Outturn – Capital Budget

13. The original capital budget for 2022/23 was £3.116M which has been revised to include the increase in the cost of the Wheatley Hill fire station refurbishment of £181,000 as reported to the meeting of the Fire Authority on 16 September 2022. The revised capital budget now totals £3.297M. Based on the latest available information the forecast outturn position is an underspend of £1.217M (36.91%) compared to the revised budget. A breakdown of

expenditure compared with the budget is set out in Appendix B and details of the main variances are set out below:

14. **Estates Improvement Programme – Forecast Outturn £0.431M Underspent**

The revised capital budget includes £0.881M for the refurbishment of Wheatley Hill fire station. There has been a delay to the start date on site due to the need to reduce the overall tender cost through value engineering. Completion of this project is now expected by Summer 2023.

15. **ICT – Expenditure Forecast to be in line With Budget**

Expenditure on ICT equipment is forecast to be in line with budget at the year end.

16. **Vehicles – Forecast Outturn £0.786M Underspent**

Provision was made in the budget for the replacement of fire appliances and several officers cars. The replacement of these vehicles is currently under review and they will not be purchased this financial year.

17. **Equipment – Expenditure Forecast to be in line With Budget**

Expenditure on equipment is forecast to be in line with budget at the year end.

Conclusions

18. Based upon expenditure and income to 30 September 2022 the forecast revenue overspend for the year is £0.386M.

19. An underspending of £1.217M is currently forecast on the revised capital budget at the year-end due to slippage in the Wheatley Hill fire station refurbishment project together with the review of vehicles due for replacement.

Recommendations

20. Members are requested to **note** the forecast revenue and capital outturn position.