



Safest People, Safest Places

AUDIT AND FINANCE COMMITTEE

30 NOVEMBER 2023

FORECAST OF OUTTURN 2023/24 – ESTIMATE BASED ON EXPENDITURE AND INCOME TO 30 SEPTEMBER 2023 (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 2023.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 30 September 2023, the forecast revenue outturn position to the 31 March 2024 is an underspend of £0.640M (1.99%). The budget includes an estimated drawing from reserves of £0.571M which will no longer be required based on the forecast outturn position. Taking this into account the total forecast underspending against the original budget is £1.211M.
3. A breakdown of expenditure and income compared to the budget is set out in Appendix 1 and details of the main variances are set out below:
4. **Salaries & Wages - Forecast Outturn £558,000 (2.09%) Underspent**

The budget was based on firefighter pay awards of 6% from July 2022 and 5% from July 2023. The actual pay award was announced after approval of the budget and MTFP and resulted in a further 1% increase in firefighter pay from July 2022 to 7%. This increased the estimated drawing from reserves in 2023/24 and the shortfall in future years by a further £250,000. To assist in balancing the budget in future years, members agreed to consult the public on the option of riding with a crew of 4 on all fire appliances. The change to riding with 4 was implemented from 01 July 2023 saving £608,000 in staffing costs in the current financial year. Further savings are also forecast as a result of vacant corporate staff posts. The savings are partially offset by the alignment of station and watch manager posts from grade A to grade B.

5. **Ill Health Charges – Forecast Outturn £133,000 (21.11%) 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 £133,000. 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 – Expenditure Forecast to be in line With Budget

At this stage, expenditure on other employee costs is forecast to be in line with budget at the year-end.

7. Premises – Forecast Outturn £0.018M (0.55%) Underspent

Savings in business rates of £59,000 have been identified following a rating review of all premises. This is partially offset by an increase in the cost of building cleaning of £41,000.

8. Transport - Expenditure Forecast to be in line With Budget

At this stage, expenditure on transport costs is forecast to be in line with budget at the year-end.

9. Supplies and Services – Forecast Outturn £218,000 (4.73%) Underspent

To assist in balancing the budget a full review of all budget headings has been undertaken to identify savings and correct any shortfalls in current budgets. The review identified net savings of £218,000 in supplies and services budget heads.

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 £250,000 (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. As we are now at the half year point, half of the contingencies budget has been released into the revenue account as an underspend.

12. Income – Forecast Outturn £300,000 (4.95%) more than budget

There has been a significant increase in interest on short-term investments which is forecast to exceed the budget by £300,000 in 2023/24.

13. Contribution from Reserves £571,000 (93.00%) less than budget

The budget includes a contribution from reserves of £571,000 which will no longer be required following the implementation of savings initiatives during the year.

Forecast of Outturn – Capital Budget

15. The original capital budget for 2023/24 was £3.708M. Based on the latest available information the forecast outturn position is an underspend of £1.650M (44.50%). A breakdown of expenditure compared with the budget is set out in Appendix 2 and details of the main variances are set out below.

16. **Estates Improvement Programme – Forecast Outturn £0.038M Underspent**

The capital budget includes £0431M to complete the refurbishment of Wheatley Hill fire station. The refurbishment is now complete and final budget estimates indicate with an underspend of £0.038M on the project.

17. **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.

18. **Vehicles – Forecast Outturn £1.612M Underspent**

Provision was made in the budget for the replacement of fire appliances, operational vehicles, and several officers cars. A number of these vehicles will not be delivered by the year-end therefore £1.612M of expenditure will slip into next financial year.

19. **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

20. Based upon expenditure and income to 30 September 2023 the forecast revenue underspend for the year is £0.640M and the estimated drawing from reserves of £0.571M will not be required.

21. An underspending of £1.650M is currently forecast on the capital budget at the year-end mainly due to slippage in the replacement of vehicles.

Recommendations

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