



## AUDIT AND FINANCE COMMITTEE

23 JANUARY 2024

### FORECAST OF OUTTURN 2023/24 – ESTIMATE BASED ON EXPENDITURE AND INCOME TO 31 DECEMBER (QUARTER 3)

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#### REPORT OF DEPUTY CHIEF EXECUTIVE

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##### 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 31 December 2023.

##### Forecast of Outturn – Revenue Budget

2. The budget included an estimated drawing from reserves of £0.571M which will no longer be required based on the forecast outturn position. Taking this into account based upon expenditure and income to 31 December 2023, the forecast revenue outturn position to the 31 March 2024 is an underspend of £1.260M (3.93%).
3. 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:
4. **Salaries & Wages - Forecast Outturn £963,000 (3.60%) Underspent**

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 and a number of firefighter retirements during the year. 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 £159,000 (25.24%) 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 £159,000.

6. **Other Employee Costs – Forecast Outturn £69,000 (14.41%) Overspent**

Expenditure on other employee costs is forecast to exceed the budget by £69,000 due to additional expenditure on occupational cover contracts to cover for firefighter vacancies arising from retirements.

**7. Premises – Forecast Outturn £0.303M (9.20%) Overspent**

Expenditure on repairs and maintenance is forecast to exceed the budget by £179,000 due to the need to carry out essential repairs (including the Breathing Apparatus training facility at the Training Centre). Expenditure on electricity is forecast to exceed the budget by £255,000 mainly due to inflation. This is partially offset by savings in business rates of £105,000 which were realised following a rating review of all premises.

**8. Transport - Forecast Outturn £115,000 (14.58%) Underspent**

Expenditure on vehicle running costs is forecast to be below budget mainly due to a reduction in the cost of fuel.

**9. Supplies and Services – Forecast Outturn £384,000 (8.73%) 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 across a number of budget heads which together with strict control of non-essential expenditure will result in a forecast underspend of £384,000.

**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 £500,000 (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 £400,000 (6.60%) more than budget**

There has been a significant increase in interest on short-term investments which is forecast to exceed the budget by £400,000 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 £1.720M (46.39%). A breakdown of expenditure compared with the budget is set out in Appendix B and details of the main variances are set out below:

**16. Estates Improvement Programme – Forecast Outturn £0.078M Underspent**

The capital budget includes £0.431M to complete the refurbishment of Wheatley Hill fire station. The refurbishment is now complete and final budget estimates indicate an

underspend of £0.038M on the project. An underspend of £0.040M is forecast on the Minor Works budget as the budget included provision for resurfacing the yard at Wheatley Hill fire station which was completed as part of the refurbishment project.

17. **ICT – Forecast Outturn £0.030M Underspent**

Expenditure on ICT equipment replacement is forecast to be below 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 31 December 2023 the forecast revenue underspend for the year is £1.260M including the estimated drawing from reserves of £0.571M which will not be required.

21. An underspending of £1.720M 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.