



AUDIT AND FINANCE COMMITTEE

27 NOVEMBER 2024

FORECAST OF OUTTURN 2024/25 – ESTIMATE BASED ON EXPENDITURE AND INCOME TO 30 SEPTEMBER (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 2024.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 30 September 2024, the forecast revenue outturn position to the 31 March 2025 is an underspend of £0.268M (0.76%).
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 £179,000 (0.63%) Overspent**

The original budget included an allowance for a 3% pay award to all staff groups. The firefighters pay award was agreed at 4% from 01 July 2024 which is the main reason for the forecast overspend. Allowance was made in the contingencies budget for a further 2% increase in pay, therefore the overspend on salaries and wages is offset by the underspend on the contingencies budget heading.

5. **Ill Health Charges – Forecast Outturn £38,000 (5.80%) 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. Based on the position at 30 September an overspend of £38,000 is forecast at the year end.

6. **Other Employee Costs – Forecast Outturn £32,000 (6.18%) Overspent**

Expenditure on other employee costs is forecast to exceed the budget by £32,000 due to additional expenditure on training.

7. **Premises – Forecast Outturn £0.230M (6.84%) Overspent**

Expenditure on repairs and maintenance is forecast to exceed the budget by £119,000 due to the need to carry out essential repairs (including the Breathing Apparatus training facility

at the Training Centre). Expenditure on utility costs at PFI stations is also forecast to exceed the budget by £80,000.

8. Transport - Forecast Outturn £117,000 (14.16%) 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 £132,000 (2.77%) Overspent

Based on expenditure to 30 September an overspend of £132,000 is forecast across a number of budget headings. This is offset by the underspend on the contingencies budget heading.

10. Capital Financing – Forecast Outturn £534,000 (21.67%) Overspent

This budget includes provision to meet the full year cost of loan repayments and interest together with revenue contributions to finance capital expenditure. Additional capital expenditure on the replacement control system will be funded from revenue following the release of £534,000 from the IT projects reserve.

11. Contingencies – Forecast Outturn £306,000 (37.97%) Underspent

The contingencies budget is set aside to meet any unforeseen events and includes an allowance for inflation and pay awards in excess of the budgeted amount. Every effort is being made to contain expenditure within existing budgets and known overspends are reflected in the forecast outturn position. The remaining balance of the contingencies budget has been released into the revenue account as an underspend. This offsets the reported overspendings on salaries and wages and supplies and services.

12. Income – Forecast Outturn £456,000 (7.20%) more than budget

There has been a significant increase in interest on short-term investments which is forecast to exceed the budget by £217,000. Additional income has also been generated from the recharge of staff salaries to the Service's trading company Vital Fire Solutions.

13. Contribution from Reserves £534,000 Not included in the original budget

At the end of 2023/24 a transfer was made to the IT Projects reserve to fund capital expenditure associated with the replacement control system. This transfer from reserves offsets the additional expenditure on capital financing outlined above.

Forecast of Outturn – Capital Budget

15. The capital budget for 2024/25 is £2.913M. Based on the latest available information the forecast outturn position is an underspend of £1.210M (41.54%). 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 Minor Works – Expenditure Forecast to be in line with Budget

Expenditure on estates minor works is forecast to be in line with budget at the year end.

17. **ICT – Expenditure Forecast to be in line with Budget**

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

18. **Vehicles – Forecast Outturn £1.210M Underspent**

Provision was made in the budget for the replacement of fire appliances, operational vehicles, and several officers cars. Following a review of requirements and a reappraisal of replacement timescales a number of these vehicles will not be delivered by the year-end therefore £1.210M 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.

Reserves

20. The table below sets out the Authority's reserves position.

Reserve	Opening Balance at 01/04/24	Transfer to Reserve	Transfer from Reserve	Estimated Balance at 31/03/24
	£M	£M	£M	£M
General Reserve	1.773			1.773
Earmarked Reserves				
Pensions	0.500			0.500
Community Safety	0.082			0.082
Insurance	0.285			0.285
Resilience	1.000			1.000
Modernisation	1.240			1.240
ESMCP	0.065			0.065
Training	0.200			0.200
Strategic Finance – Funding Pressures	0.326			0.326
IT Projects	0.534		0.534	0.000
Total Earmarked Reserves	4.232	0	0.534	3.698
Total Reserves	6.005	0	0.534	5.471

21. With the exception of the transfer from the IT Projects Reserve to finance capital expenditure on the replacement control system, at this stage no further drawings from reserves are anticipated during 2024/25.

Investments

22. On 30 September 2024 the Authority had £15.8M on short-term deposit which was made up as follows: -

Borrower	Amount Invested £M
Money Market Funds	7.000
Lloyds Bank (Current Account)	0.318
Debt Management Office	8.500
Total	15.818

Long-Term Borrowing

22. The outstanding principal balance of £4.859M on 30 September 2024 relates to long-term loans to finance capital expenditure. This was made up as follows: -

Lender	Amount Borrowed £M	Interest Rate	Loan End Date
PWLB Lending Facility			
• Loan 324867	£1.917	2.08%	28/03/2071
• Loan 510768	£2.942	2.73%	04/05/2072
Total	£4.859		

23. At this stage no further borrowing is anticipated during 2024/25.

Recommendations

24. Members are requested to **note** the report.