



Safest People Safest Places

AUDIT AND FINANCE COMMITTEE

23 JANUARY 2025

FORECAST OF OUTTURN 2024/25 – ESTIMATE BASED ON EXPENDITURE AND INCOME TO 31 DECEMBER 2024 (QUARTER 3)

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 31 December 2024.

Forecast of Outturn – Revenue Budget

2. Based upon expenditure and income to 31 December 2024, the forecast revenue outturn position to the 31 March 2025 is an underspend of £0.816M (2.30%).
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 £386,000 (1.36%) Overspent**

The original budget included an allowance for a 3% pay award to all staff groups however the firefighters pay award was agreed at 4% from 01 July 2024. The July pay award also included an increase in the retainer fee paid to on-call firefighters from 01 January 2025 at an additional cost of £69,000 in the current year (£276,000 in a full year). Allowance was made in the contingencies budget for a further 2% increase in pay, therefore the overspend on salaries and wages is partly 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 31 December an overspend of £38,000 is forecast at the year end.

6. **Other Employee Costs – Forecast Outturn £102,000 (19.69%) Overspent**

Expenditure on other employee costs is forecast to exceed the budget by £102,000 due to additional expenditure on essential operational staff training.

7. Premises – Forecast Outturn £0.240M (7.14%) Overspent

Expenditure on repairs and maintenance is forecast to exceed the budget by £81,000 due to the need to carry out essential repairs (including the Breathing Apparatus training facility at the Training Centre). Increased expenditure on utilities accounts for the remainder of the forecast overspend and includes an additional £84,000 for PFI stations. The 2025/26 budget has been adjusted to reflect the increased expenditure on utilities.

8. Transport - Forecast Outturn £129,000 (15.62%) 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 £51,000 (1.07%) Overspent

Based on expenditure to 31 December an overspend of £51,000 is forecast across a number of budget headings. This is an improvement on the forecast overspend position at 30 September of £132,000 due to strict control of non-essential expenditure.

10. Capital Financing – Forecast Outturn £792,000 (32.14%) Overspent

This budget includes provision to meet the full year cost of loan repayments and interest together with revenue contributions to finance capital expenditure. Capital expenditure on the replacement control system will be funded from revenue following the release of £534,000 from the IT projects reserve. A further contribution of £850,000 is planned from the Modernisation Reserve to finance capital expenditure avoiding the need to borrow in the current financial year.

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 partially offsets the reported overspendings on salaries and wages.

12. Income – Forecast Outturn £606,000 (9.57%) 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. A one-off grant of £60,000 will be received in 2024/25 in respect of the Authority's share of the business rates levy account surplus for the 2023/24 financial year. 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 £1,384,000 Not included in the original budget

At the end of 2023/24 a transfer of £534,000 was made to the IT Projects reserve to fund capital expenditure in 2024/25 associated with the replacement control system. A contribution of £850,000 is also planned from the Modernisation Reserve to fund current year capital expenditure. These transfers from reserves offset 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		0.850	0.390
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	1.384	2.848
Total Reserves	6.005	0	1.384	4.621

21. With the exception of the transfers from reserves set out above to finance capital expenditure, at this stage no further drawings from reserves are anticipated during 2024/25.

Investments

22. On 31 December 2024 the Authority had £13.680M on short-term deposit which was made up as follows: -

Borrower	Amount Invested £M
Money Market Funds	7.100
Lloyds Bank (Current Account)	0.380
Debt Management Office	6.200
Total	13.680

Long-Term Borrowing

22. The outstanding principal balance of £4.844M on 31 December 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	£2.927	2.73%	04/05/2072
Total	£4.844		

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

Recommendations

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