

AVON FIRE AUTHORITY

MEETING:	Avon Fire Authority
MEETING DATE:	Wednesday, 5 October 2022
REPORT OF:	The Treasurer
SUBJECT:	Revenue 2022/23 Budget Monitoring Report

1. **SUMMARY**

This report provides the Fire Authority with an update on the 2022/23 Revenue Budget and other key financial information for the period 1 April 2022 to 31 July 2022.

2. **RECOMMENDATIONS**

The Avon Fire Authority is asked to:

- a) Note the latest Income and Expenditure forecast on the Revenue Budget

3. **BACKGROUND**

- 3.1. Further to the 2022/23 Annual Budget which was approved by the Fire Authority in February 2022, this report outlines the revenue financial position as at 31 July 2022 and the associated forecast annual variance.

4. **FINANCIAL IMPLICATIONS**

- 4.1 The July 2022 revenue budget results projects there will be no annual forecast variance. This is a positive financial position for the Authority and the details are shown within **appendices 1 and 2**.

5. **KEY CONSIDERATIONS**

- 5.1. Although the current position is break-even there are a number of cost pressures which are yet to be quantified that should be considered when reviewing this information. These are:

- Pay awards are budgeted at 2% per year for all staff groups, however, the probability of these being in the region of 4-6% is high which would equate to a significant ongoing pressure on current and future budgets
- Increased costs across all areas of non-pay and uncertainty of prices when reviewing contracts for procurement - current non-pay assumptions within budgets are that inflation would average at 3%, however, current inflation is considerably higher and this is beginning to be reflected in new purchases.
- Impact of future capital projects on revenue - the current approved Capital Programme does not include build costs for the Bath and Weston projects and is yet to take into account potential changes to usage of JTC which could then incur borrowing and an increase in charges relating to these additional costs.
- Uncertainty with regard to funding – the level of funding for 2023/24 is yet to be confirmed as in 2022/23 a one year deal was announced, therefore it has been assumed that the same level of increase will be possible in future years, however, this may change once funding is reviewed by Central Government.

Modelling of the impacts of these potential issues is being undertaken by the Finance team in order to inform the 2023/24 budget setting progress and related financial information including the Medium-Term Financial Plan, Capital Strategy and Reserves Strategy.

6. RISKS

- 6.1 This report primarily relates to Corporate Risk 20 (Funding and Resource Pressures Risk), within the Corporate Risk Register. The financial forecast, based on the results to the 31 July 2022, is showing a well-managed financial position, which reduces the financial risk to the Fire Authority.

7. LEGAL/POLICY IMPLICATIONS

- 7.1 None

8. BACKGROUND PAPERS

- a) AFA Paper: 30.03.2022 – Paper 11: 2021/22 Revenue Financial Report
- b) AFA Paper: 11.02.2022 – Paper 7: 2022/23 Budget Setting & Precept
- c) AFA Paper: 30.03.2022 – Paper 9: 2022/23 to 2025/26 Medium Term Financial Plan

9. APPENDICES

1. Revenue Financial Summary – 1 April 2022 to 31 July 2022
2. Detailed Revenue Financial Summary – 1 April 2022 to 31 July 2022

10. REPORT CONTACT

Claire Bentley, Head of Finance,