

AVON FIRE AUTHORITY

MEETING:	Policy and Resources Committee
MEETING DATE:	Thursday, 18 April 2024
REPORT OF:	Statutory Finance Officer
SUBJECT:	2023/24 Revenue Budget Monitoring Report as at 29 February 2024

1. **SUMMARY**

This report provides an updated revenue monitoring report for the current financial year, based upon spending to the end of February 2024.

2. **RECOMMENDATIONS**

2.1 The Committee is asked to:

a) Note the forecast spending position against the 2023/24 Revenue Budget.

3. **BACKGROUND**

3.1 The 2023/24 net revenue budget was approved at the Fire Authority meeting in February 2023. It is important that the Authority and the relevant committees receive regular budget monitoring reports which provide a forecast of spending against this budget.

3.2 This report provides forecasts of spending against each agreed budget heading based upon actual spending to the end of February 2024.

4. **FINANCIAL IMPLICATIONS**

4.1 This latest report forecasts that spending against the net revenue budget will be £141k underspent. This compares to the budgeted break-even position.

4.2 Forecasts of spending against each of the agreed budget lines are shown within **Appendix 1 and Appendix 2.**

5. KEY CONSIDERATIONS

Explanations of Significant Variations

Income

- 5.1 Income from Unitary Authorities is in line with budget overall. The updated figure for our Business Rates Relief grant has now been confirmed which has resulted in an over-recovery of £357k against the income from Central Government line, this now includes the final reconciliation adjustment notified in March 2024.
- 5.2 There has been additional investment income year to date resulting in a forecast of £292k over-recovery against this line. Other income is also showing a £338k over-recovery with some additional one-off income receipts in year including reconciling SWAST (South-West Ambulance Service Foundation Trust) income, additional training income to support apprenticeships, recharges and secondment income.
- 5.3 The combination of the above results in a forecast over-recovery on income of £987k for the year. This is being used to mitigate some over-spends in other areas of the budget, reducing the need to utilise reserves and contingency in year.

Employee Costs

- 5.4 Forecast employee costs now reflect both the previously agreed Grey Book pay award and the recently approved Green and Gold Book awards which have been paid. The Green Book pay award came within the allocated budget for this staff group, so no use of contingency has been required to cover these costs.
- 5.5 There is currently an underspend on On-call firefighter pay costs of £355k as a result of lower-than-expected call outs for this staff group. The Corporate staff budget is currently showing a forecast overspend of £552k due to additional staff posts created to support work in key areas such as the Improvement and SSRI teams and dedicated resources relating to the HMICFRS work that is being undertaken. These costs have been mitigated by underspends and over-recovery of income so although reserves have been allocated to support these projects they have not currently been transferred into the position and can be retained in reserves to support future investment.
- 5.6 The Chief Executive Office and Fire Authority costs are over budget as a result of an increased pay award backdated for 2022/23, as well as the January 2024 pay award, and additional costs relating to changes in staff and hours worked.

- 5.7 The Transformation team budget line has now been amended to reflect the expected costs for the Service Improvement team, so this line is showing an overspend of £141k.
- 5.8 There has been an increase of £347k in pension costs as a result of an additional payment to mitigate the impact of the LGPS (Local Government Pension Scheme) contribution deficit in year of £368k mitigated by slightly lower than expected additional ill-health retirement costs in year. The payment of £368k was unbudgeted due to the timing of the receipt of the information, but is part of a three-year payment profile, with similar payments required in 2024/25 and 2025/26. By paying this additional cost in year the Service will mitigate the impact of future pension contribution deficits and reduce overall costs, this is in line with previous adjustments based on pension revaluations and has been reflected in the 2024/25 Revenue Budget and Medium-Term Financial Plan.

Premises Costs

- 5.9 It is forecast that net spending against premises costs will reflect an overspend of £169k. This is largely as a result of increased business rates costs which are higher than expected and additional rent payments on the HQ site for capital improvements which have been made in year.

Transport Costs

- 5.10 It is forecast that net spending against transport costs will reflect an underspend of -£121k, mainly as a result of reductions in workshop maintenance costs.

Supplies and Services

- 5.11 It is forecast that net spending against supplies and services costs will reflect an underspend of -£432k as a result of additional costs relating to our work on actions within the HMICFRS Spotlight Report and an increase in legal costs, mitigated by a one-off benefit of stock recognition in the Stores department of -£325k and lower than expected training costs overall. This has meant that although a reserve has been earmarked to cover both the HMICFRS work and legal costs, based on the current view, those reserves are not expected to be utilised within this financial year.

Other Costs

- 5.12 It is forecast that net spending against other costs will be £500k overspent because of our intention to contribute £500k from revenue to capital reserves utilising the current forecast over-recovery on income through an adjustment to the 2023/24 budgets. This contribution will help to delay the requirement to pursue external borrowing to fund the Capital Programme in future years.

Future Years

- 5.13 The Service is currently in a fortunate position for the delivery of the 2023/24 budget and needs to ensure that any underspends are utilised effectively to assist in ensuring a balanced budget and delivery of the Capital Programme in future years. The current forecast for 2023/24 shows an overall underspend position of -£141k, with an assumed £500k contribution towards capital reserves already taken into account. Despite this, with funding settlements still uncertain and increasing employee costs and inflation, savings are still expected to be required to balance the budget in future years.

6. RISKS

- 6.1 This report primarily relates to Corporate Risk 20 (Funding and Resource Pressure Risk), within the Corporate Risk Register. This risk has been minimised due to the effective budget management of revenue budgets throughout 2023/24.

7. LEGAL / POLICY IMPLICATIONS

- 7.1 None

8. BACKGROUND PAPERS

- a) AFA Paper: 17.02.2023 (Paper 7)
[Agenda for Avon Fire Authority on Friday, 17th February, 2023, 10.30 am - Modern Council \(modern.gov.co.uk\)](#)
- b) PRC Paper: 13.12.2023 (Paper 11)
[Agenda for Avon Fire Authority on Wednesday, 13th December, 2023, 2.00 pm - Modern Council \(modern.gov.co.uk\)](#)

9. APPENDICES

1. Revenue Financial Summary – 1 April 2023 to 29 February 2024
2. Detailed Revenue Financial Summary – 1 April 2023 to 29 February 2024

10. REPORT CONTACT

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