

ROYAL BERKSHIRE FIRE AUTHORITY REPORT



COMMITTEE	MANAGEMENT COMMITTEE
DATE OF MEETING	22 JULY 2024
SUBJECT	2023/24 BUDGET MONITORING – QUARTER FOUR
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	COUNCILLOR JEFF BROOKS
EXEMPT INFORMATION	NONE
ACTION	FOR NOTE AND DECISION

1. EXECUTIVE SUMMARY

- 1.1 To inform members of the revenue and capital outturns as well as the reserves and treasury positions at the end of quarter four 2023/24.

2. RECOMMENDATION

That the Management Committee:

- 2.1 **NOTE** the report; and
- 2.2 **AGREE** the reserves position as set out in **Appendix D**.

3. REPORT

Commentary on Revenue Outturn

- 3.1 The detailed revenue outturn for quarter 4, 2023/24 is shown in **Appendix A**. Net costs of TVFCS for quarter 4 are shown in **Appendix B**.
- 3.2 The 2023/24 Revenue Budget agreed by Fire Authority in February 2023 was set at £41.975m. Income was set to exceed expenditure by £573,000 to allow for the replenishment of the Budget Contingency Reserve.
- 3.3 The Revenue Outturn for 2023/24 is shown in **Appendix A** and shows a surplus of £113,000 compared to budget. Variances against individual revenue lines are explained below.

- 3.4 *Employee costs* – The Service was under establishment at various times during the year leading to a saving on wholetime station salary costs of £279,000. The overtime cost for wholetime stations was £260,000 over budget, which was due to factors including cover for firefighter vacancies as well as additional training needs relating to water rescue. It is pleasing to report that the new Operational Support Team has proved effective in monitoring and managing overtime expenditure. On-call stations show a net saving against budget of £163,000.
- 3.5 The Green book pay award was finalised and paid (including back pay from 1 April 2023) and came out as an average of 5.4%, against the original budget of 4% resulting in an additional £77,000 of costs, although this has been offset by vacancies.
- 3.6 The cost of 18 new trainee firefighters was an additional budgetary pressure of £103,000. This is shown on the non-stations line, which is where recruit costs are posted whilst in training and before they are deployed to stations. The training costs of the additional trainee firefighters are reflected in the higher costs in the training line.
- 3.7 *Repairs and Maintenance* – The total variance of £355,000 includes repairs to the firehouse at Whitley Wood, which resulted in additional costs of £155,000, including corrective repair works on the roof and floor. There have also been specific project costs related to EDI, Contaminants, LED lighting and the provision of electric charging points.
- 3.8 *Rates* – The Authority continues to work with a third party to challenge business rate charges for stations. Since budget setting, an appeal for Newbury Fire Station was successful resulting in a refund of £11,000 and a 6.5% decrease in future bills. The final historical refunds in respect of Dee Road were received in Q1 2023/24, totalling £24,000. A refund was received for Langley Fire Station totalling £62,000 and for Caversham Road a net refund of £30,000 has been notified as due.
- 3.9 *Cleaning* – From April 2023 an additional, above inflation, price increase of 8.2% has been applied, due to the living wage increase. In addition, Management Committee agreed a six-month extension to the current contract that expired in September 2023 to allow a re-tendering exercise to be undertaken. Both of these factors led to an overall pressure of £27,000 compared to the budgeted amount.
- 3.10 *Utilities* – The price of Gas has come down and this is reflected in a reduction in the spend compared to the budget.
- 3.11 *Equipment* – Expenditure is £34,000 higher than budget due to above inflation price rises, additional water rescue equipment and the purchase of additional scrap cars needed for increased training.
- 3.12 *Communication* – The WAN (Wide Area Network) project has been delayed leading to reduced revenue costs of £81,000, as the new WAN costs are not

yet realised. Continued use of the legacy system results in a reduced performance within the MS 365 environment. Separately, the charge for Firelink by the Home Office was £28,000 lower.

- 3.13 *Occupational Health* – Costs were £33,000 lower than budgeted due to various factors including lower numbers of specialist referrals.
- 3.14 *Community Fire Safety Supplies* – Costs were lower than budget by £47,000. This has been factored into the 2024/25 Budget based on current levels of consumption.
- 3.15 *Contribution to TVFCS* – The 2023/24 Budget for TVFCS was set before pay rises were finalised. This has resulted in higher employment costs compared to Budget, as shown in **Appendix B**.
- 3.16 *Interest receivable* – Increased interest rates has resulted in additional investment income of £275,000 compared to the budgeted figure.
- 3.17 Delays in obtaining planning permission for the new Training Centre resulted in reduced revenue funding of capital compared to the budget. The underspend of £335,000 has been used to fund an increase to the Authority's voluntary revenue provision to ensure that overall revenue resources devoted to funding capital expenditure remained in line with the budget.
- 3.18 *Gov Grants/Precepts*. As part of budget setting, unitary authorities within Berkshire have to estimate income in relation to business rates relief payments. The actual amount due the Authority is calculated at the end of the financial year and is £56,000 less than budget.

Capital

- 3.19 Capital expenditure for the year and supporting commentary for each respective scheme is shown in **Appendix C**.

Usable Reserves

- 3.20 Balances and movements on the Reserves for 2023/24 are shown in **Appendix D**.

Treasury

- 3.21 Treasury management activity for quarter 4 is shown in **Appendix E**. All treasury management operations have been conducted in full compliance with the Authority's Treasury Management Practices.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Sustainability: We are committed to ensuring that we provide a financially sustainable Service and take meaningful action to help address the climate emergency.

5. FINANCIAL IMPLICATIONS

5.1 The total surplus of £686,000 on the Revenue Account will be used to replenish reserves by being taken to the Budget Contingency Reserve.

6. LEGAL IMPLICATIONS

6.1 Expenditure complies with the Authority's Financial Regulations.

7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1 There are no equality and diversity implications arising from this report.

8. RISK IMPLICATIONS

8.1 Budget setting assumptions that feed into the Medium-Term Financial Plan were reviewed and approved by Fire Authority.

8.2 Regular monitoring of expenditure against budgets helps ensure that resources are matched to need.

9. CONSISTENCY WITH DUTY TO COLLABORATE

9.1 The duty to collaborate is considered as part of the procurement process for both revenue and capital expenditure.

10. PRINCIPAL CONSULTATION

10.1 The Chief Fire Officer has noted the contents of the report.

11. BACKGROUND PAPERS

11.1 Agenda and Minutes, Royal Berkshire Authority: 15 February 2023

12. APPENDICES

12.1 Appendix A – Revenue position at quarter 4 2023/24

12.2 Appendix B – Net costs of TVFCS quarter 4 2023/24

12.3 Appendix C – Capital position at quarter 4 2023/24

12.4 Appendix D – Usable Reserves at quarter 4 2023/24

12.5 Appendix E – Treasury position at quarter 4 2023/24

13. CONTACT DETAILS

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