



NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

20 APRIL 2023

NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY

FIRE - FINANCIAL UPDATE AS AT PERIOD 10 – JANUARY 2022

REPORT BY THE CHIEF FINANCE OFFICER

Purpose and Context

1. This report sets out at a high level the forecast financial outturn for the period 1 April 2022 to 31 March 2023.

Forecast Summary Revenue Outturn as at 31 March 2023

2. At this stage in the year, the January 2023 forecast outturn shows a minor underspend of £25k at year end (0.09% variance).
3. Despite the additional cost of the pay award detailed within this report, the additional one off funding from Business Rates and grants together with the financial controls implemented by the new Chief Fire Officer have been sufficient to meet these additional pressures and most of the planned reserve drawdowns.
4. A two year firefighter pay award of 7% (22/23) and 5% (23/24) was approved for all “grey book” firefighter staff. The total unbudgeted costs of the grey book pay award in 2022/23 are forecast at £340k and circa £350k in 2023/24 and future years. These costs, together with an estimate for the “gold book” senior officers award (which is still under negotiation) are detailed separately within the forecast.

5. The PFCC is appreciative to staff in the West Northamptonshire Payroll Team who worked above and beyond to ensure that the pay award could be reflected in Firefighters March salary payments.
6. The forecast is based on two months of estimated data, which, alongside high inflation levels and the outstanding gold book pay award, means it is subject to change.
7. The forecast is attached in detail as an Appendix and is summarised below:

Budget Group	As at 31 January (P10)		
	Original Budget	Forecast Outturn	Variance
	£000	£000	£000
Chief Fire Officer Managed Budgets	26,855	26,849	(6)
Anticipated Additional Pay Award Costs		370	370
	26,855	27,219	364
Managed by the Police, Fire and Crime Commissioner	237	632	395
Funding	(27,092)	(27,876)	(784)
Total Fire Forecast Outturn	0	(25)	(25)

8. On the Chief Fire Officer managed budgets, the forecast outturn is a significant improvement on the period 6 forecast where the operational Chief Fire Officer budget had been forecast to overspend by £572k. The new Chief Fire Officer has reinstated the previous delivery arrangements and implemented internal overtime and management controls, which together with the reduction in activity due to potential industrial action planning means the budget will now be on target.
9. The majority of the Fire budget is delegated to the Chief Fire Officer. The conditions of this allocation are set out in a formal strategic outcomes letter from the PFCC to the Chief Fire Officer each year. This letter sets out a number of requirements and expectations, including that the Chief Fire Officer will manage the resources within his delegated budget and that any overspends would be discussed with the PFCC. Options available include but are not limited to: efficiencies could be sought, funding from reserves could be provided for extenuating circumstances and/or any overspend could be taken from the following year's budget allocation.

10. With the exception of the additional costs of the pay award, the new Chief Fire Officer has put in controls and management oversight to ensure that the Fire expenditure is brought back within the financial envelope at year end.
11. As a result, the additional funding from one off business rates and grants is sufficient to cover the additional costs of the pay award. Furthermore, the additional funding is sufficient to ensure that the sum of £383k is no longer required to be drawn down from reserves.
12. As Northamptonshire still hold the lowest reserves nationally, it is welcome that the current levels can be maintained to meet any future unforeseen eventualities.
13. The most significant variations of note are as follows:

a) Wholetime and Retained Firefighters – The PFCC sought and received further information and assurances from the Chief Fire Officer on the wholetime and retained budgets at the September Accountability Board as follows:

- i. The service had made unbudgeted changes to their operational delivery model to increase pump availability in the county during the year. The new Chief Fire officer has put in place internal and management controls to reduce the forecast overspend in the final three months of the year.
- ii. Fire have advised the PFCC that total costs of providing essential Fire cover during the adverse weather conditions in July and August equate to between £50k-£100k. The S151 Officer had already raised this with the Home Office to facilitate a claim if any national funding is available. However, the Home Office have confirmed that no funding will be provided to any service and these costs are included within the forecast.
- iii. Industrial Action Contingency Planning costs were incurred which will not be met nationally and these are included within the forecast.

b) Response Control – additional funding was built into the control budget to facilitate handover and training in the event of vacancies. It is not required, therefore an underspend is forecast.

c) Enabling Services Costs –vacancies in joint enabling services teams and underwriting set up costs of joint teams have resulted in an underspend in the current year.

- d) Engineering and Stores** – fuel costs are significantly more than budgeted due to inflation and additional cost pressures are also being experienced with vehicle parts.
- e) Estates and Facilities** – additional unbudgeted income has arisen from the partial letting of Moulton Logistics Centre which has offset the additional utility costs.
- f) Service Information Team** – the underspend on the SIT team is due to the timing of staff vacancies and a number of individuals have taken up posts in the joint Enabling Services Teams.
- g) Funding** – as highlighted to the panel previously, the budget and precept for Fire is set prior to the statutory timescales for notification of Business Rates. As such, the budget was set on a prudent estimated level of Business Rates. Additional rates and Section 31 Grant funding has been received during the year and this is now released to the revenue budget.
14. The PFCC scrutinises the budget monitoring throughout the year and receives regular updates at the Accountability Board.
15. Furthermore, the PFCC receives an annual update on the internal control framework which forms the head of internal audit's annual audit opinion and is set out within the annual governance statement in the annual statement of accounts.
16. As previously advised to the Panel, the internal audit plan and reviews commenced on the 1/1/19 following the governance transfer. Reports to the Panel have previously highlighted that Internal audits have provided assurance that Fire policies, procedures and Corporate Governance framework are in place. As reported in previous years, compliance with processes and policies implemented in Fire has taken time but has slowly been improving each year.
17. However, the 2022/23 audits identify that in the past year compliance has not continued to develop and it is the view of the S151 officer that further training and work will be required in 2023/24 to move compliance to the level required.
18. In April 2023, Fire will move onto a Finance system hosted by Police and as the system is designed on current delegation arrangements, some compliance controls are built in, and this will enable the Joint Finance Team and the S151 Officer to directly monitor compliance and target training where appropriate.
17. These audit reports and progress against recommendations are considered by the Joint Independent Audit Committee (JIAC) and are used to inform the assessment on the control environment in the Annual Governance statement by those charged with governance. The S151 Officer intends, as in previous years to identify improvement

actions in order to continue to develop and improve the internal control environment for Fire.

18. The PFCC takes all opportunities to secure additional funding for Northamptonshire. Since January 2019, almost £5m has been received for additional funding.

Recommendation

19. That the Police, Fire and Crime Panel considers the financial update and forecast outturn.