



## NORTHAMPTONSHIRE POLICE, FIRE AND CRIME PANEL

30 NOVEMBER 2023

NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY

FIRE - FINANCIAL UPDATE AS AT PERIOD 6 2023/24 (SEPTEMBER 2023)

REPORT BY THE CHIEF FINANCE OFFICER

### Purpose and Context

1. This report sets out the actual financial outturn for the financial year 2022/23.
2. This report sets out at a high level the forecast financial outturn for the period 1 April 2023 to 31 March 2024.
3. This report updates on the 2024/25 budget, precept and financial outlook.

### Financial Outturn 2022/23

4. In April 2023, the panel received a financial update report as at period 10 January 2023, members subsequently asked that the final outturn for 2022/23 be included in the next financial update report.
5. The 2022/23 year end Fire outturn was a net £129K underspend and this equated to a 0.48% variance on the £27.092m budget as follows:

Budget Group	2022/23 Variance
Chief Fire Officer Managed Budgets	843
Managed by the Police, Fire and Crime Commissioner	(142)
Funding	(830)
<b>Total Fire underspend</b>	<b>(129)</b>

6. As shared with the panel during the year, the overspend on the Chief Fire Officer's budget was as a result of the costs of the nationally agreed firefighters pay award, which was above the budget estimate, additional costs incurred for the spate weather conditions during July and August 2022 and in-year changes made to operational model.
7. These additional costs were offset by additional one off funding from Business Rates and Government Grants, and underspends in capital financing costs and the contingency managed by the PFCC which had been highlighted earlier during the year.

### **Forecast Summary Revenue Outturn as at 31 March 2024**

8. At this half way stage in the year, the period 6 forecast outturn shows a forecast net underspend of £395K. The forecast is attached in detail as an Appendix and is summarised below:

Budget Group	As at 30 September (P6)		
	Updated Budget	Forecast Outturn	Variance
	£000	£000	£000
Chief Fire Officer Managed Budgets	29,627	29,908	281
Managed by the Police, Fire and Crime Commissioner	571	571	0
Funding	(30,198)	(30,874)	(676)
<b>Total Fire Forecast Outturn</b>	<b>0</b>	<b>(395)</b>	<b>(395)</b>

9. The chief fire officer and funding budgets reflect the £640K additional cost for the firefighter pay award and some of the additional funding received from business rates after the budget and precept were set.
10. The most significant variations of note are:

#### **Chief Fire Officer's Budgets**

- The net overspend on the chief Fire Officer's budgets mainly relates to unavoidable and unexpected pressures in engineering and stores and estates and facilities due to inflation, unexpected maintenance pressures and the increase in utilities costs following the end of the fixed price period.
- Smaller overspends such as in the senior management team due to staff regrading reviews have been offset by underspends from staff vacancies and additional interest income due to higher than expected interest rates.

#### **Funding**

- Due to the statutory reporting dates for Business Rates and the dates of the final local government settlements, the PFCC is required to propose the Fire precept prior

to these areas being finalised by the local authorities, therefore, estimates are used and the actual position is supported by the funding reserve held for this purpose. Business rates in 2023/24 are much better than anticipated.

- Local authorities advice is that this benefit is one off and the timing of the future national Business Rates reset which will impact on Business Rate values remains uncertain. Therefore, there is no assurance that there will be permanent or sustainable business rates increases in future years. Given this uncertainty, in keeping with other authorities, NCFRA hold a funding reserve which is used to smooth the potentially volatile impact of Business Rates over the Medium Term Financial Plan.
11. 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.
  12. If the Chief Fire Officer is unable to manage within the funding envelope then options available include, but are not limited to: unavoidable or unexpected costs could be met by additional funding if available; 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.
  13. As the engineering and stores and estates pressures on the Chief Fire Officers budget are unavoidable, the PFCC has advised that for this year, the additional funding from business rates will be used to meet these costs if they cannot be contained within the envelope.
  14. Whilst Northamptonshire has established a reasonable level of reserves following the transfer of governance, they are not excessive and are still the lowest reserves nationally. Therefore, it is welcome that the current levels can be maintained to meet any future unforeseen eventualities.
  15. The PFCC scrutinises the budget monitoring throughout the year and receives regular updates at the Accountability Board.
  16. 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.
  17. The PFCC takes all opportunities to secure additional funding for Northamptonshire. Since January 2019, almost £5m has been received for additional Fire funding.

## **Financial Outlook**

18. Work has already started on the 2024/25 budget and Medium Term Financial Plan. In respect of funding, we continue to link in with West and North Northamptonshire colleagues throughout the year to use consistent estimates of Fire's share of the taxbase, business rates and council tax fund.
19. The 2023 Autumn statement has not been released at the time of writing the report. Therefore, as funding information is not available, the Medium Term Financial Plan is being modelled on a number of scenarios and will be refined over the coming months.
20. The detail of the Fire allocations and the value of any top-sliced elements (reallocations) will not be available until the provisional settlement which is currently anticipated in December.
21. The Panel will recall that precept flexibility of £5 was provided in the past two financial years due to high inflation and tight financial envelopes. Given the challenging levels of inflation and the pressures on a small Fire budget, the PFCC and the Chief Fire Officer have written to Ministers and the Treasury seeking an increase to the centrally funded grants and similar precept flexibility for Northamptonshire in 2024/25.

## **Budget and Precept Engagement**

22. Each year following the provisional settlement, the PFCC undertakes a precept consultation with residents of Northamptonshire to gather their views which help to inform his precept intentions. This consultation will be launched in the near future.

## **Recommendation**

23. That the Police, Fire and Crime Panel considers the report.

## Appendix A - Northamptonshire Fire – Forecast Outturn as at 30 September 2023 (P6)

Budget Group	As at 30 September (P6)		
	Updated Budget	Forecast Outturn	Variance
	£000	£000	£000
Response Control	922	900	(22)
Response Wholetime	15,112	15,142	30
Response Retained	2,196	2,073	(123)
Business Planning & Perf	215	104	(111)
Joint Operations Team	104	104	0
Commercial Training	0	0	0
Community Prevention	600	612	12
Community Protection	564	575	11
Corporate Budgets	91	91	0
Police and Fire Shared Support Teams	2,648	2,648	0
Engineering Services & Stores	1,137	1,263	126
Digital and Technology	1,163	1,163	0
Occupational Health & Wellbeing	159	159	0
Workforce Planning	341	345	4
Estates & Facilities	1,373	1,704	331
Securing Water Supplies	88	81	(7)
Strategic Leadership Team	1,135	1,192	57
Corporate Finance	1,273	1,273	0
Training	500	523	23
Service Information Team	129	178	49
Investment Interest	(123)	(222)	(99)
<b>Total Chief Fire Officer Managed Budgets</b>	<b>29,627</b>	<b>29,908</b>	<b>281</b>
Inflation Contingency held by the PFCC	120	120	0
Capital Financing Costs	444	444	0
Contribution to/(from) Reserves	7	7	0
<b>Total PFCC Managed Budgets</b>	<b>571</b>	<b>571</b>	<b>0</b>
<b>Total Expenditure</b>	<b>30,198</b>	<b>30,479</b>	<b>281</b>
Funding	(30,198)	(30,874)	(676)
<b>Total Fire Forecast</b>	<b>0</b>	<b>(395)</b>	<b>(395)</b>