



NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

14 MARCH 2024

NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY

FIRE - FINANCIAL UPDATE AS AT PERIOD 9 2024/25 (DECEMBER 2023)

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 2023 to 31 March 2024.

Forecast Summary Revenue Outturn as at 31 March 2024

2. At forecast outturn at Period 9 shows a total projected net underspend of £487k, which is subject to fluctuations should assumptions change in the final quarter.

Budget Heading	Budget £'000	Forecast Outturn £'000	Variance £'000
Managed by the Chief Fire Officer	29,673	29,817	144
Managed by the PFCC	571	571	0
Funding	(30,244)	(30,875)	(631)
Total Fire Forecast Outturn	0	(487)	(487)

3. 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.

Chief Fire Officer's Budgets

4. The net overspend on the Chief Fire Officer's budgets mainly relates to unavoidable and unexpected pressures in engineering/stores and estates/facilities due to inflation, unexpected maintenance pressures and the increase in utilities costs following the end of a fixed price period.
5. Smaller overspends such as the impact on pay awards, pension opt-in rates and IT contracts have been offset by underspends from staff vacancies and additional interest income due to higher than expected interest rates.

Funding

6. 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.
7. 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.
8. 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 their delegated budget and that any overspends would be discussed with the PFCC.
9. If the Chief Fire Officer is unable to manage within the funding envelope options available include but are not limited to:
 - a. Unavoidable or unexpected costs could be met by additional funding if available.
 - b. Efficiencies could be sought.
 - c. Funding from reserves could be provided in extenuating circumstances and/or any overspend could be taken from the following year's budget allocation.

10. As the inflationary 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 original envelope.
11. Whilst Northamptonshire has established a reasonable level of reserves following the transfer of governance, they are not excessive and are still one of the lowest reserves nationally. Therefore, it is welcome that the current levels can be maintained to meet any future unforeseen eventualities.
12. The PFCC scrutinises the budget monitoring throughout the year and receives regular updates at the Accountability Board.
13. The PFCC also 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.
14. The PFCC takes all opportunities to secure additional funding for Northamptonshire. Since January 2019, over £5m has been received for additional Fire funding.

Financial Outlook

15. Work has already started on putting in place the approved 2024/25 budget investments made possible by the funding settlement and precept increase.
16. The Medium Term Financial Plan is under constant review and will be updated if more information is received around future funding, or if there is reason to update forecast assumptions. In this regard, a close eye is kept on economic updates and regular benchmarking takes place with the regional and national picture.

Recommendation

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