



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	16 September 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Budget Monitoring Report April – July 2020
EXECUTIVE SUMMARY	<p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 31 July 2020, together with the projected outturn position for the financial year.</p> <p>As a result of announcements during the financial year, the level of funding is expected to exceed the budget by £0.836m, resulting in an overall favourable variance of £1.359m.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £0.524m, against a net revenue budget of £31.339m (1.7% variance).</p>
ACTION	Decision
RECOMMENDATION	<ol style="list-style-type: none"> 1. That the latest projected outturn forecast for the Authority as at 31 July 2020 be noted. 2. That £500k is transferred into the Revenue Contribution to Capital Reserve. 3. That £230k is transferred into the COVID-19 reserve.
RISK MANAGEMENT	Management of our financial resources is a key risk to the Authority and the performance reports to Committee inform Members of the main financial risks facing the Authority in year.
FINANCIAL IMPLICATIONS	As set out in the main body of the report.
LEGAL IMPLICATIONS	None.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	None.

HEALTH AND SAFETY	None.
EQUALITY AND DIVERSITY	None.
USE OF RESOURCES	As set out in the main body of the report.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background</p> <p>Medium Term Financial Plan 2020/21 to 2024/25, Fire Authority Meeting 12 February 2020 (see pages 61-80):</p> <p>https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/</p>
APPENDICES	Appendix A – Budget Monitoring Report April – July 2020
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	<p>Asif Hussain</p> <p>ahussain@bucksfire.gov.uk</p> <p>01296 744421</p>

1. Revenue Forecasts by Service Area

Table 1 shows the budget and actual expenditure for each Directorate as at the end of July 2020. The budget of £31.339m compared to the forecast outturn of £30.816m gives a forecast yearend underspend of £0.524m. Furthermore, the level of funding is showing a favourable variance of £0.836m which has resulted in a net overall underspend of £1.359m.

The largest variance in expenditure relates to Delivery, Corporate Development & Planning due to underspends seen within direct employee costs shown in Table 2.

An additional £0.836m of funding is expected to be received during the year, which relates to COVID-19 funding (£0.606m) and protection funding (£0.230m).

Table 1

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	1,495,270	514,730	1,515,238	19,968
Finance & Assets	6,052,482	2,169,694	6,068,469	15,987
People & Organisation Dev.	1,078,710	298,730	1,031,642	-47,068
Delivery, Corp. Dev. Planning	20,808,240	6,245,333	20,292,246	-515,994
Statutory Acc. & Contingency	1,904,710	90,842	1,908,250	3,540
Total Expenditure	31,339,412	9,319,329	30,815,845	-523,567
Total Funding	-31,339,412	-12,026,290	-32,175,223	-835,811
Net Position	0	-2,706,962	-1,359,378	-1,359,378

Variance by Directorate

Corporate Core £0.020m over – An underspend of £0.032m within Legal & Governance predominantly relates to projected underspend in legal costs and consultation with public (in relation to public safety plan). This is offset by overspends of £0.052m within Corporate Management relating to unachievable interest on investments as well as additional audit fees not budgeted for.

Finance & Assets £0.016m over – Most of the overspend is seen within West Ashland revenue costs which are expected to be recovered via services charges to other organisation's sharing the facilities which are currently not reflected in the forecast. This is offset by an underspend attributable to employee costs as a result of vacant positions throughout the directorate, which have either since been filled or where recruitment has been delayed due to COVID-19. In addition to this, due to the COVID-19 outbreak, our fuel supplier has provided free fuel for emergency vehicles which has resulted in additional underspend in fuel costs.

People & Organisational Development (POD) £0.047m under - The underspend is due to an employee being on maternity leave and the duties of the role will be shared within the existing team. Furthermore, not all employees taking part in the LGPS pension scheme has also contributed to the underspend.

Delivery, Corporate Development & Planning £0.516m under - The overall underspend for the directorate is primarily due to Wholetime posts which are not top of pay scale and as a result of new recruits joining the 2015 pension scheme which has lower employer contributions than the 1992 pension scheme. Despite reducing the budgeted On-Call establishment for 2020-21, On-call firefighter employment is still below budgeted establishment levels. There is an on-going recruitment drive to recruit on-call posts which should reduce the underspend in the future.

2. Direct Employee Variances

Table 2 shows the breakdown of all the favourable (-) and adverse (+) variances for each sub-heading within the direct employees subjective as at the end of July 2020.

Subjective	Salary £	Allowances £	NI £	Pension £	Total £
Wholetime	-90,100	-50,868	92,306	-286,679	-335,341
On-Call	-26,022	-167,920	26,925	-47,248	-214,265
Support	-280,446	0	-30,661	-89,481	-400,588
Technicians	-11,705	0	-6,247	-3,547	-21,499
Sessional	-12,000	3,203	946	0	-7,851
Agency	64,235	0	0	0	64,235
Grand Total	-356,038	-215,585	83,269	-426,955	-915,309

Wholetime – Currently projecting an underspend of £0.335m predominantly within pensions, which relates to new recruits joining the 2015 scheme and replacing existing post holders who may have been on a 1992 scheme which have higher employer contributions. With the Sargeant remedy still to be finalised, there is uncertainty on the impact that this will have on employer pension contributions and therefore the current budget reflects a mix of establishment posts on the 1992 and 2015 pension schemes.

On Call – Underspends predominantly seen within allowances which is based on activity/training to date.

Support Staff – There is a forecast net underspend on support staff budgets across the directorates due to a delay in recruitment caused by the COVID-19 pandemic.

Agency Staff – Agency staff have been used to partly cover interim vacancies within support staff roles and this offsets the underspend on support staff.

3. COVID-19 Spend Analysis

Table 3

Subjective	Actuals £	Forecast £
Staffing Costs*	77,908	163,351
Protective Equipment	54,061	151,313
Other Costs	30,602	53,213
Loss of Income	4,794	7,265
Total	167,365	375,142

* This figure includes £3k in actual costs which were incurred in March 2020 and therefore the total figure includes all COVID-19 related costs since the start of the Pandemic.

Funding - Central Government have allocated additional funding of £0.696m of which £0.090m was received in March 2020.

Staffing Costs – All additional employee costs (operational and support staff) incurred as a result of the Pandemic.

Protective Equipment – All costs in relation to the purchase of personal protective equipment (PPE) to ensure the safety of all employees and providing employees with the appropriate PPE in order to carry out their roles safely. This also includes cleaning materials to be used for all brigade sites by employees/visitors for sanitising and disinfecting areas before and after they are used.

Other Costs – Predominantly costs relating to IT upgrades to allow meetings to take place online and costs relating to signage put up on all sites in relation to COVID-19.

Loss of Income – Income we were unable to generate due to cancellation or restriction of certain activities due to COVID-19.

4. Funding

Table 4 details the budget and forecast outturn for each category of funding.

Funding	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Government Funding	-3,531,360	-1,196,833	-3,531,360	0
Specific Grants	-1,106,440	-709,671	-2,548,260	-835,811
NNDR	-4,123,802	-2,444,027	-3,517,793	0
Top-up / Pooling Receipts	-1,844,000	-663,667	-1,844,000	0
Precept	-20,733,810	-7,012,092	-20,733,810	0
Grand Total	-31,339,412	-12,026,291	-32,175,223	-835,811

The level of funding is forecast to exceed the original budget by £0.835m. The majority of the additional funding (£0.606m) is due to the Treasury making additional funds available to respond to the COVID-19 Pandemic. Furthermore, following the Grenfell enquiry, Central Government have allocated funds specifically for the Fire Sector Protection teams to carry out a review of all high-rise buildings and support initial improvements in local protection capability. This has resulted in additional in-year funding of £0.230m. This funding is required to be spent by December 2021 and so any unspent balance at year-end will need to be transferred to a dedicated protection funding reserve.

We do not anticipate COVID-19 impacting the Precept/NNDR funding for 2020/21 and therefore have projected the funding to budget. However, as collection deficits are identified in the following financial year, it is very likely that this will result in a reduction in funding from 2021/21 in these areas due to the financial impact COVID-19 has had on businesses and council taxpayers.

5. Capital Monitoring

Capital Forecast

The capital programme for 2020/21 £3.025m, including £1.809m worth of carry forward capital projects from 2019/20.

Project Name	Original Budget 2020/21 £	Carry Forwards 2019/20 £	Revised Budget 2020/21 £	Actual Year to Date £	Slippage £	Forecast Outturn £	Projected Year End Variance £
Property	500,000	217,698	717,698	234,712	0	517,698	-200,000
Property Review*	0	919,515	919,515	2,105,863	0	3,606,000	2,686,485
Total Property Portfolio	500,000	1,137,213	1,637,213	2,340,575	0	4,123,698	2,486,485
Hydraulic Equipment	51,000	11,635	62,635	0	0	62,635	0
Operational Equipment	90,000	35,000	125,000	0	0	125,000	0
Operational Red Fleet Vehicles	500,000	610,200	1,110,200	178,826	200,000	810,200	-100,000
Operational White Fleet Vehicles	0	14,801	14,801	14,801	0	14,801	0
Total Fire Appliances & Equipment	641,000	671,636	1,312,636	193,627	200,000	1,012,636	-100,000
ICT	75,000	0	75,000	23,376	0	75,000	0
Total Support	75,000	0	75,000	23,376	0	75,000	0
Grand Total	1,216,000	1,808,849	3,024,849	2,557,578	200,000	5,211,334	2,386,485

N.B. The forecast year-end variance for Property Review (£2.686m) is expected to be offset by additional capital receipts and contributions which will result in a net variance of circa £1m against the forecast expenditure and risks previously reported to Committee.

Capital Funding

The capital programme will be funded as follows:

Funding	Balance at 1 April 2020 £000	Estimated Transfers (in) £000	Estimates Transfers Out £000	Balance at 31 March 2020 £000
Revenue Contribution to Capital	-1,442	-1,815	1,039	-2,218
Other Capital Contributions	0	-4,172	4,172	0
Total Capital Funding	-1,442	-5,987	5,211	-2,218

Property Portfolio

Property Portfolio has a capital budget of £1.637m for 2020/21, which includes carry-forward slippage from 2019/20 of £1.137m. The capital funds will be utilised to carry out planned capital investments (£0.500m) and completion of the Blue Light Hub (BLH) during quarter one of 2020/21. The variance seen on BLH will be offset by additional anticipated capital receipts and contributions.

The final account for the Blue Light Hub is currently in the process of being agreed. Due to the further delays, some of which are attributable to COVID-19, costs have increased further. The Authority will be looking to recover some of the increased costs from the professional design team.

Fire Appliances & Equipment

Fire Appliances & Equipment has a capital budget of £1.313m for 2020/21, which includes carry forward slippage from 2019/20 of £0.672m. The majority of the capital funds will be utilised to purchase red fleet appliances and to purchase operational equipment for these appliances in line with the fleet strategy.

Due to COVID-19, there is a delay in the delivery of four appliances relating to 2019/20 (two appliances to be delivered in January 2021) and 2020/21 (two appliances to be delivered at the earliest May 2021), therefore a slippage of £0.200m has been forecast for the final appliance payments in 2021/22. Red fleet appliances are forecasting an underspend of £0.100m due to the collaboration and joint tendering with the neighboring Fire Authorities resulted in the costs of the appliances being lower than budgeted.

Support

ICT has a capital budget of £0.075m for 2020/21, which will predominantly be utilised to purchase hardware, as per the ICT replacement strategy.

6. Reserves

The table below shows the provisional movement in reserves during the year.

Reserves	Balance at Start of year £000	Projected Movement £000	Balance at End of Year £000
General Fund	-1,500	-629	-2,129
Earmarked Reserves (Revenue)	-2,197	-136	-2,333
Earmarked Reserves (Capital)	-1,442	-776	-2,218
Total Reserves	-5,139	-1,541	-6,680

* This figure includes £0.588m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire Fire and Rescue Service)