



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	18 November 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Budget Monitoring Report April – September 2020
EXECUTIVE SUMMARY	<p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2020, together with the projected outturn position for the financial year.</p> <p>The Authority is projecting a net underspend of £0.274m against a net revenue budget of £31.339m.</p>
ACTION	Noting.
RECOMMENDATION	That the latest projected outturn forecast for the Authority as at 30 September 2020 be noted.
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.

<p>PROVENANCE SECTION & BACKGROUND PAPERS</p>	<p>Background Medium Term Financial Plan 2020/21 to 2024/25, Fire Authority Meeting 12 February 2020 (see pages 61-80): https://bucksfire.gov.uk/documents/2020/03/120220_item7c_medium_term_financial_plan.pdf/</p>
<p>APPENDICES</p>	<p>Appendix A – Budget Monitoring Report April – September 2020</p>
<p>TIME REQUIRED</p>	<p>10 Minutes</p>
<p>REPORT ORIGINATOR AND CONTACT</p>	<p>Asif Hussain ahussain@bucksfire.gov.uk 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 September 2020. The budget of £31.339m compared to the forecast outturn of £31.901m gives a forecast yearend overspend of £0.562m. Furthermore, the level of funding is showing a favourable variance of £0.836m which has resulted in an overall net underspend of £0.274m.

The above projections include a transfer of £0.500m to revenue contributions to capital and £0.230m to a COVID reserve, which were approved by the Executive Committee in September.

An additional £0.836m of funding has been allocated to the Authority during the year, which relates to COVID-19 funding (£0.606m) and protection funding (£0.230m). As at the end of September, the Authority have received £0.790m with the residual £0.046m to be received by the end of the financial year.

Table 1

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	1,500,210	667,481	1,497,520	-2,690
Finance & Assets	6,260,672	3,063,521	6,358,095	97,423
People & Organisation Dev.	1,088,990	472,898	1,022,161	-66,829
Delivery, Corp. Dev. Planning	20,663,130	9,893,507	20,693,250	30,120
Statutory Acc. & Contingency	1,826,410	609,152	2,329,950	503,540
Total Expenditure	31,339,412	14,706,559	31,900,976	561,564
Total Funding	-31,339,412	-16,858,911	-32,175,223	-835,811
Net Position	0	-2,152,352	-274,247	-274,247

Variance by Directorate

Corporate Core £0.003m under– The underspend of £0.031m 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 £0.028m within Corporate Management relating to unachievable interest on investments as well as additional audit fees not budgeted for; there are also underspends seen under Corporate Management courses and conference fees which have been postponed due to COVID-19.

Finance & Assets £0.097m 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) £0.067m 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. Additionally, not all employees are taking part in the LGPS pension scheme which also contributes to the underspend. Furthermore, we are not expecting any Thames Valley collaboration costs during the current financial year which is contributing towards the underspend.

Delivery, Corporate Development & Planning £0.030m over – All costs relating to the COVID-19 response are included within this directorate which are currently projecting £0.476m for the financial year. In addition to this, the whole-time establishment is currently projected to be over established by four by the end of the financial year. The additional resourcing will provide the resilience needed to the resourcing model if individuals were to retire sooner than expected following the outcome of the Sargeant remedy.

As a result of new recruits joining the organisation, a number of Wholetime posts are not at the top of the pay scale and these recruits have joined the 2015 pension scheme which has lower employer contributions than the 1992 pension scheme. This has resulted in an underspend within the pension budgets as seen in table 3. Furthermore, a transfer of £0.230m to the Covid-19 reserve was approved by the Executive Committee in September and is reflected in this forecast.

Statutory Accounting and Contingency £0.504m over – this variance is due to an additional revenue contribution to capital of £0.500m, which was approved by the Executive Committee in September.

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 September 2020.

Subjective	Salary £	Allowances £	NI £	Pension £	Total £
Wholetime	124,551	-40,281	91,025	-242,372	-67,077
On-Call	636	-182,688	30,557	-39,310	-190,805
Support	-298,589	0	-30,589	-90,560	-419,738
Technicians	-14,801	0	-5,778	-2,411	-22,990
Sessional	-12,000	4,116	806	0	-7,078
Agency	78,616	0	0	0	78,616
Grand Total	-121,587	-218,853	86,021	-374,653	-629,072

Wholetime – Currently projecting an underspend of £0.067m 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*	117,804	211,860
Protective Equipment	83,454	175,407
Other Costs	41,948	81,548
Loss of Income	7,265	7,265
Total	250,471	476,080

* 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 £	Projected Year End Variance £
Government Funding	-3,531,360	-1,478,425	-3,531,360	0	0
Specific Grants	-1,106,440	-893,221	-2,548,260	-835,811	-835,811
NNDR	-4,123,802	-3,086,498	-3,517,793	0	0
Top-up / Pooling Receipts	-1,844,000	-958,629	-1,844,000	0	0
Precept	-20,733,810	-10,442,138	-20,733,810	0	0
Grand Total	-31,339,412	-16,858,911	-32,175,223	-835,811	-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 2021/22 in these areas due to the financial impact COVID-19 has had on businesses and council taxpayers. The Authority will be in a better position to understand the future financial implications when the provisional settlement is published in December.

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	255,123	60,000	355,698	-302,000
Property Review*	0	919,515	919,515	2,746,586	0	3,606,000	2,686,485
Total Property Portfolio	500,000	1,137,213	1,637,213	3,001,709	60,000	3,961,698	2,384,485
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	52,204	0	75,000	0
Total Support	75,000	0	75,000	52,204	0	75,000	0
Grand Total	1,216,000	1,808,849	3,024,849	3,247,541	260,000	5,049,334	2,284,485

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	Estimate Balance at 31 March 2020 £000
Revenue Contribution to Capital	-1,442	-1,815	870	-2,387
Other Capital Contributions	0	-4,179	4,179	0
Total Capital Funding	-1,442	-5,994	5,049	-2,387

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 and completion of West Ashland. A number of planned capital investments are delayed due to COVID-19 and will now be deferred until 2021/22. This results in forecast slippage of £0.062m, along with identified property capital saving of £0.302m.

The variance seen on West Ashland will be offset by additional anticipated capital receipts and contributions. The final account for West Ashland 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	-274	-1,774
Earmarked Reserves (Revenue)*	-2,197	-136	-2,333
Earmarked Reserves (Capital)	-1,442	-945	-2,387
Total Reserves	-5,139	-1,355	-6,494

* 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)