



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Special Meeting of the Executive Committee, 7 October 2022

Report title: Budget Monitoring Report April 2022 – July 2022

Lead Member: Councillor Matthew Walsh

Report sponsor: Mark Hemming, Director of Finance and Assets

Author and contact: Asif Hussain, ahussain@bucksfire.gov.uk, 01296 744421

Action: Noting

Recommendations:

That the provisional outturn forecast for the Authority as of 31 July 2022 be noted.

Executive summary:

The report in Appendix A sets out the Authority's revenue and capital spending position as of 31 July 2022, together with the projected outturn position for the financial year.

The budget of £33.480m compared to the forecast outturn of £33.763m gives a forecast yearend overspend of £0.283m. Furthermore, the level of funding is showing a favourable variance of £0.418m which has resulted in an overall net underspend of £0.134m against our expenditure budget.

Financial implications: As set out in the main body of the report.

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.

Legal implications: None.

Privacy and security implications: None.

Duty to collaborate: None.

Health and safety implications: None.

Environmental implications: None.

Equality, diversity, and inclusion implications: None.

Consultation and communication: None.

Background papers:

Medium Term Financial Plan 2022/23 to 2026/27, Fire Authority Meeting 9 February 2022

<https://bucksfire.gov.uk/documents/2022/02/fa-item-9b-16022022.pdf/>

| Appendix | Title | Protective Marking |
|-----------------|---|---------------------------|
| A | Appendix A – Budget Monitoring Report April – July 2022 | None |

1. Revenue Forecasts by Service Area

Table 1 shows the budget and actual expenditure for each Directorate as at the end of July 2022. The budget of £33.480m compared to the forecast outturn of £33.763m gives a forecast yearend overspend of £0.283m. Furthermore, the level of funding is showing a favourable variance of £0.418m which has resulted in an overall net underspend of £0.134m against our expenditure budget.

The Fire Authority received precept flexibility to raise the Precept by £5. This resulted in additional precept funding of £1.1m compared to what we would have received if the precept increase was only restricted to 2%. The additional precept has been utilised to increase our operational establishment by twenty firefighters which will take the overall operational establishment to 300. With a number of retirees and leavers, it is unlikely that the Service will be able to reach its full establishment within this financial year. Therefore, this will result in underspends with employee costs which have been reallocated to one-off projects (Table 3) that have been approved by the Business Transformation Board. These include software and equipment upgrades, two fixed term apprenticeships within Marketing and ICT, and improve recruitment materials.

The funding forecast includes £0.138m residual balance of Protection funding received in 2020/21 as well as additional Protection funding of £0.098m received during 2021/22 and £0.172m received during the current financial year totalling £0.408m. This is forecast to be spent or committed by March 2023 as per the conditions of the grant. Firelink funding has reduced this year by £0.063m and will continue to reduce by 20% over the next five years. We are also seeing additional funding of £71k in precepts as this figure was revised and increased by Buckinghamshire unitary council after the Fire Authority had set the annual budget.

The pay awards are currently forecast at 2% with discussions ongoing with the relevant representative bodies to agree the pay award for 2022/23. Any pay award over and above 2% will result in an additional cost which will reduce the underspend currently being projected.

Table 1

| Directorate | Total Budget £ | Actual Year to Date £ | Forecast Outturn £ | Projected Year End Variance £ |
|-------------------------------|---------------------------|--------------------------------------|-----------------------------------|--|
| Corporate Core | 1,585,790 | 1,094,178 | 1,476,207 | -109,583 |
| Finance & Assets | 6,745,470 | 3,021,544 | 7,280,602 | 535,132 |
| Human Resources | 522,110 | 171,548 | 521,821 | -289 |
| Delivery, Corp. Dev. Planning | 22,367,250 | 6,351,178 | 22,230,784 | -136,466 |
| Statutory Acc. & Contingency | 2,259,380 | 92,192 | 2,253,880 | -5,500 |
| Total Expenditure | 33,480,000 | 10,730,640 | 33,763,294 | 283,294 |
| Total Funding | -33,480,000 | -23,395,293 | -33,897,649 | -417,649 |
| Net Position | 0 | -12,664,652 | -134,355 | -134,355 |

Variance by Directorate

Corporate Core £0.110m under– The underspend of £0.010m within Legal & Governance relates to staffing costs being less than budgeted and £0.100m within Corporate Management predominantly relates to staffing costs being less than budgeted as well as additional interest income. With the Bank of England raising the interest rates, it has resulted in higher investment returns than we had originally planned.

Finance & Assets £0.535m over – The overspend is attributable to additional increases in gas and electricity costs. This is being closely monitored and contracts are currently being agreed on a short-term basis due to the volatility in the utility market.

Delivery, Corporate Development & Planning £0.136m under – The overall underspend for the directorate is primarily due to operational establishment being less than budgeted. This is a direct result of retirements, a number of transfers of operational staff to neighboring fire services, and the establishment budget being increased by twenty wholetime posts since the previous financial year. The recent cohort 6 included fourteen new recruits into service at the beginning of June. Recruitment for Cohort 7 is also in its final stages with the plan to welcome eighteen new recruits in quarter three of 2022-23. Furthermore, we have also run a transferee recruitment drive which has resulted in eleven successful applicants due to commence in October. In addition to this, there are several recruitment and engagement initiatives being carried out throughout the year to engage with underrepresented groups to promote the Fire Service.

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 July 2022.

| Subjective | Salary (Including Training costs) | Allowances | NI | Pension | Total |
|--------------------|--|-------------------|---------------|-----------------|-----------------|
| | £ | £ | £ | £ | £ |
| Wholetime | -413,927 | -73,168 | -53,535 | -231,257 | -771,887 |
| On-Call | 7,638 | -221,071 | 34,703 | -33,821 | -212,551 |
| Support | -62,007 | 0 | -382 | -37,676 | -100,065 |
| Technicians | -3,965 | 0 | -945 | -1,953 | -6,863 |
| Sessional | 0 | 4,441 | 803 | 0 | 5,244 |
| Agency | 35,000 | 0 | 0 | 0 | 35,000 |
| Bank Cover | 195,140 | 0 | 117,405 | 0 | 312,545 |
| Grand Total | -242,121 | -289,798 | 98,049 | -304,707 | -738,577 |

Wholetime – Following the additional precept flexibility, the Authority was able to increase the precept by £5. This resulted in additional funding of £1.1m and will be utilised to increase our operational establishment by 20 to an overall establishment of 300. Due to leavers and retirees, it is expected that we will be working below establishment levels with a view to reach our full establishment over the next 2-3 recruitment cycles as illustrated in section 4.

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

Support Staff – There are a few vacant posts that the service has struggled to recruit to due to the current recruitment market. This has improved since last year and the expectation is that these positions will be filled by the end of the financial year.

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

Bank Cover – Operational staff provide additional cover to our wholetime establishment due to vacancies, annual leave and sickness

3. In Year Growth Bids

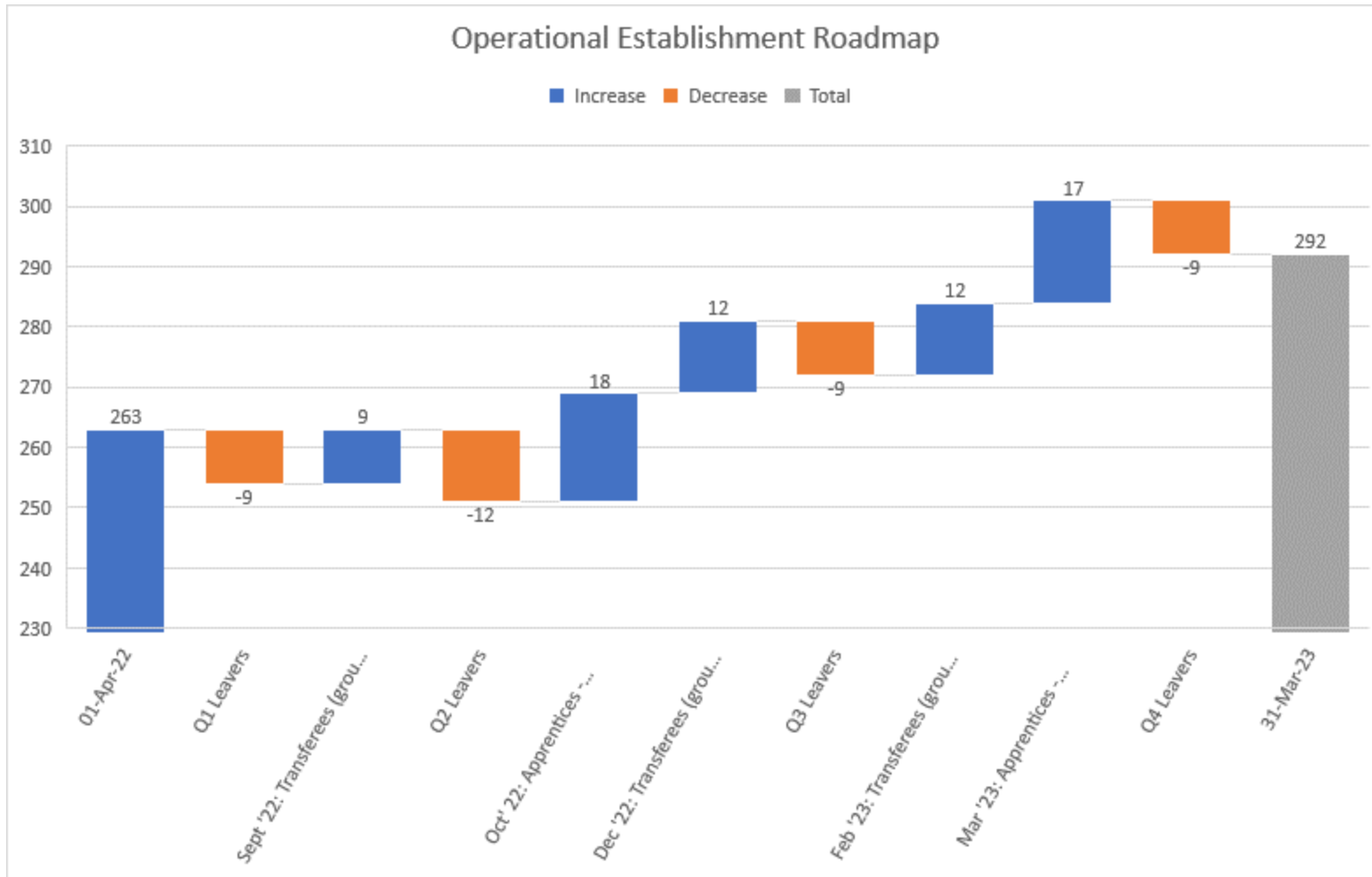
Table 3

The total bids approved total £212k and are for one-off projects only.

| Project | Detail | Total Bid £ |
|--|---|------------------------|
| Premises Risk Management System (PRMS) Hardware update | Replace the tablets used for PRMS. | 8,000 |
| Recruitment | Increase Recruitment tools available including stands and marketing material. | 21,000 |
| Marketing & Communications equipment and licensing | To increase licensing for digital marketing tools, provide a marketing budget and upgrade hardware. | 55,000 |
| Digital Marketing Apprentice | Employ Digital Marketing Apprentice - 2 years fixed term. | 61,000 |
| Improvement of Health and Wellbeing Facilities at Aylesbury Fire Station/ SHQ. | To provide equipment in the refresh of the Aylesbury gym. | 17,000 |
| ICT Apprentice | Employ ICT Apprentice - 2 years fixed term. | 50,000 |
| Grand Total | | 212,000 |

4. Wholetime Establishment Roadmap

The following graph illustrates the wholetime operational establishment as at 1 April 2022 through to 31 March 2023 taking into consideration projected retirees, leavers, transfers and recruitment of apprentices.



5. Funding

Table 5 details the budget and forecast outturn for each category of funding.

| Funding | Total Budget £ | Actual Year to Date £ | Provisional Year End Forecast £ | Projected Year End Variance £ |
|---------------------------|---------------------------|--------------------------------------|--|--|
| Government Funding | -3,615,800 | -236,421 | -3,615,800 | 0 |
| Specific Grants | -1,465,000 | -2,441,837 | -1,811,431 | -346,431 |
| NNDR | -3,574,700 | -15,328,118 | -3,574,700 | 0 |
| Top-up / Pooling Receipts | -1,843,500 | -5,388,917 | -1,843,500 | 0 |
| Precept | -22,981,000 | 0 | -23,052,218 | -71,218 |
| Use of Reserves | 0 | 0 | 0 | 0 |
| Grand Total | -33,480,000 | -23,395,293 | -33,897,649 | -417,649 |

The funding forecast includes £0.138m residual balance of Protection funding received in 2020/21 as well as additional Protection funding of £0.098m received during 2021/22 and £0.172m received during the current financial year totalling £0.408m. This is forecast to be spent or committed by March 2023 as per the conditions of the grant. Firelink funding has reduced this year by £0.063m and will continue to reduce by 20% over the next five years. We are also seeing additional funding of £71k in precepts as this figure was revised and increased by Buckinghamshire unitary council after the Fire Authority had set the annual budget.

6. Capital Monitoring

Capital Forecast

The capital programme for 2022/23 is £3.940m, including £1.514m from 2021/22 carry forward capital projects.

| Project Name | Original Budget 2022/23 £ | Carry Forwards 2021/22 £ | Revised Budget 2022/23 £ | Actuals Year to Date £ | Slippage £ | Provisional Outturn £ | Projected Year End Variance £ |
|--|---------------------------------|--------------------------------|--------------------------------|------------------------------|---------------|-----------------------------|-------------------------------------|
| Property | 500,000 | 150,000 | 650,000 | 57,856 | 0 | 650,000 | 0 |
| Property Review | 0 | 0 | 0 | 11,827 | 0 | 100,000 | 100,000 |
| Total Property Portfolio | 500,000 | 150,000 | 650,000 | 69,683 | 0 | 750,000 | 100,000 |
| Hydraulic Equipment | 65,000 | 10,000 | 75,000 | 0 | 0 | 75,000 | 0 |
| Operational Equipment | 90,000 | 19,000 | 109,000 | 63,164 | 0 | 109,000 | 0 |
| Operational Red Fleet Vehicles | 500,000 | 818,000 | 1,318,000 | 280,458 | 0 | 1,318,000 | 0 |
| BA and Associated Equipment | 950,000 | 0 | 950,000 | 43,831 | 0 | 750,000 | -200,000 |
| Fireground Radios | 115,000 | 0 | 115,000 | 0 | 0 | 115,000 | 0 |
| Total Fire Appliances & Equipment | 1,720,000 | 847,000 | 2,567,000 | 387,453 | 0 | 2,367,000 | -200,000 |
| ICT | 206,000 | 516,500 | 722,500 | 21 | 0 | 722,500 | 0 |
| Total Support | 206,000 | 516,500 | 722,500 | 21 | 0 | 722,500 | 0 |
| Grand Total | 2,426,000 | 1,513,500 | 3,939,500 | 457,157 | 0 | 3,839,500 | -100,000 |

Capital Funding

The capital programme will be funded as follows:

| Funding | Balance at 1 April 2022 £000 | Estimated Transfers (in) £000 | Estimates Transfers Out £000 | Estimate Balance at 31 March 2023 £000 |
|---------------------------------|---|--|---|---|
| Revenue Contribution to Capital | -3,886 | -1,750 | 3,816 | -1,820 |
| Other Capital Contributions | 0 | -24 | 24 | 0 |
| Total Capital Funding | -3,886 | -1,774 | 3,840 | -1,820 |

Property Portfolio

Property has a capital budget of £0.650m for 2022/23, which includes carry forward budget from 2021/22 of £0.150m. The capital funds will be utilised to carry out planned capital projects as agreed at Business Transformation Board. This includes capital refurbishments works on most of the drill towers and refurbishment works seen on several stations across the estate. The carry forward budget of £0.150m relates to planned capital investments that will now be completed during 2022/23. This includes investment in reception services / workstreams, electric charging points at Marlow Fire Station, installation of windows at SHQ and capital works at Brill and Buckingham Fire Station. Actuals year to date include charging points at Marlow Fire Station, upgrade to USAR rig follow completion of residual works, refurbishments and professional fees for drill tower works.

The West Ashland build is now complete, and the final account have been agreed. The projected capital spend of £0.100m relates to the retention fees on the project are still to be paid and includes costs for professional fees. The Authority will also 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 £2.567m for 2021/22, which includes carry forward budget from 2021/22 of £0.847m. 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. In addition to this, the funds will be utilised for the replacement of breathing apparatus (BA) and fireground radios. The carry forward budget of £0.847m relates to delays in the delivery of the three fire appliances and equipment which were due to be delivered in 2021/22. Early indication is we are expecting the delivery of the 2022/23 fire appliances towards the end of 2022/23, however this depends on the availability of chassis and other appliance parts.

The 2022/23 actual year to date relates to the expenditure on the 2021/22 fire appliances, fire hoses and other operational equipment. The £0.200m underspend on BA and Associated Equipment relates to identified savings achieved. The saving was achieved following a collaboration between the three Thames Valley Fire Services which resulted in a competitive procurement process and allowed the three services to align their BA equipment and achieve efficiencies in the capital purchase costs.

Support

ICT has a capital budget of £0.723m for 2022/23, which includes carry forward budget from 2020/21 of £0.517m. This budget will be utilised for the purchase of ICT hardware equipment, as per the ICT replacement strategy along with replacement of On-Call MDTs, moving servers to cloud and replacement of station end turnout system. The carry forward budget of £0.517m mainly relates to the replacement of Wide Area Network (WAN) & Local Area Network (LAN) across all Buckinghamshire and Milton Keynes estates, this capital project is expected to be delivered during 2022 calendar year.

7. 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 | 0 | -1,500 |
| Earmarked Reserves (Revenue)* | -1,924 | -52 | -1,976 |
| Earmarked Reserves (Capital) | -3,886 | 2,066 | -1,820 |
| Total Reserves | -7,310 | 2,014 | -5,296 |

* This figure includes £0.689m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire)