



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee, 16 November 2022

Report title: Budget Monitoring Report April 2022 – September 2022

Lead Member: Councillor Matthew Walsh

Report sponsor: Mark Hemming, Director of Finance and Assets

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Action: Noting

Recommendations:

That the provisional outturn forecast for the Authority as of 30 September 2022 be noted.

Executive summary:

The report in Appendix A sets out the Authority's revenue and capital spending position as of 30 September 2022, together with the projected outturn position for the financial year.

The budget of £33.480m compared to the forecast outturn of £33.051m gives a forecast yearend underspend of £0.429m. Furthermore, the level of funding is showing a favourable variance of £0.418m which has resulted in an overall net underspend of £0.847m 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 – September 2022	None

1. Revenue Forecasts by Service Area

Table 1 shows the budget and actual expenditure for each Directorate as at the end of September 2022. The budget of £33.480m compared to the forecast outturn of £33.051m gives a forecast yearend underspend of £0.429m. Furthermore, the level of funding is showing a favourable variance of £0.418m which has resulted in an overall net underspend of £0.847m 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.

In September, the Government announced an energy price cap for non-domestic customers which significantly reduced the price of energy from the 1 October 2022 compared to what we had previously projected. This has resulted in a revision of our forecasts, reducing our utility forecast by £400k. Under this Government plan, the price cap is to stay in place for 6 months and will take us through to the end of the financial year. Beyond this 6 month period, it is understood that only vulnerable industries will be provided support but no further information has been provided on what constitutes a vulnerable industry.

The increase in the Bank of England base rate over the previous 6 months has also had a significantly positive impact on the level of investment returns we are receiving from our treasury management investments. At the start of the financial year, we were projecting a return of £0.030m with the base rate being 0.75%, however since the base rate has increased to 2.25%, we are receiving returns in the region of 5% on any new one-year investments resulting in the forecast increasing to £0.250m for this financial year.

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.

A pay offer of 5% has been made to the relevant representative bodies of which the Fire Authority had only originally budgeted 2%. While a 5% pay award can be absorbed this year, it is because of the recent non-domestic energy support announcement and assumes no further financial pressures emerging. However, without additional funding through either grant funding and/or precept flexibility in the forthcoming Local Government Finance Settlement, the Service would not be on a sustainable footing in future year.

Table 1 - Revenue Summary

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	1,594,870	688,850	1,241,236	-353,634
Finance & Assets	6,781,080	3,966,558	6,931,483	150,403
Human Resources	527,880	266,451	526,122	-1,758
Delivery, Corp. Dev. Planning	22,403,670	9,924,776	22,184,718	-218,952
Statutory Acc. & Contingency	2,172,500	138,890	2,167,000	-5,500
Total Expenditure	33,480,000	14,985,524	33,050,559	-429,441
Total Funding	-33,480,000	-18,277,975	-33,897,649	-417,649
Net Position	0	-3,292,451	-847,090	-847,090

Variances by Directorate

Corporate Core £0.354m under– The underspend of £0.043m within Legal & Governance relates to staffing costs being less than budgeted and £0.311m within Corporate Management relates to staffing costs being less than budgeted, but primarily due to additional interest returns on treasury management activities. With the Bank of England raising the interest rates to 2.25%, it has resulted in higher investment returns than we had originally projected. The forecast has changed from £0.030m at the start of the financial year to a more update forecast return on investment of £0.250m.

Finance & Assets £0.150m over – The overspend is attributable to additional increases in gas and electricity costs. Following the government announcement that support would be provided to households and businesses with their utility bills, we have revised down our forecast for utilities. Previously we were projecting a cost in the region of £1.2m which has reduced to £0.8m following the latest government intervention to reduce the cost of utilities

Delivery, Corporate Development & Planning £0.219m 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 whole-time posts. The recent cohort 6 included thirteen 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 nine successful applicants joining the service in September. 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. Partially offsetting this underspend, we are seeing increased costs in Bank cover whereby operational staff are providing additional cover to ensure our operational capability due to annual leave cover, vacancies and absences.

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 September 2022.

Subjective	Salary (Including Training costs)	Allowances	NI	Pension	Total
	£	£	£	£	£
Wholetime	-372,048	-59,716	-55,246	-282,930	-769,940
On-Call	-21,956	-211,166	29,876	-56,666	-259,912
Support	-156,175	-1,240	-23,375	-56,270	-237,060
Technicians	-14,962	0	-4,660	-5,067	-24,689
Sessional	0	-253	371	0	118
Agency	48,000	0	0	0	48,000
Bank Cover	347,680	0	153,521	0	501,201
Grand Total	-169,461	-272,375	100,487	-400,933	-742,282

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.

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 most of 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 partially 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. Table 3 - In Year Growth Bids

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

Project	Detail	Total Bid £	Q2 Update
Premises Risk Management System (PRMS) Hardware update	Replace the tablets used for PRMS.	8,000	Tablet orders received and currently in configuration.
Recruitment	Increase Recruitment tools available including stands and marketing material. Modification of confined space training.	21,000	Recruitment Stand – research and quotes undertaken, HR and Communications team in consultation to agree content on stand and website before we proceed with purchase. Events Marketing Materials – Orders placed for marketing materials. Modification of confined space training work completed.
Marketing & Communications equipment and licensing	To increase licensing for digital marketing tools, provide a marketing budget and upgrade hardware.	55,000	Orders have been placed for hardware and awaiting delivery. Software subscription relating to marketing due for renewal in November with upgrades in software relating to social media and brand asset management.
Digital Marketing Apprentice	Employ Digital Marketing Apprentice - 2 years fixed term.	61,000	Interviews taking place in October.
Improvement of Health and Wellbeing Facilities at Aylesbury Fire Station/ SHQ.	To provide equipment in the refresh of the Aylesbury gym.	17,000	The gym refurbishment work is now underway and the equipment has been ordered with installation due by end of October.
ICT Apprentice	Employ ICT Apprentice - 2 years fixed term.	50,000	Interviews taking place in October.
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.



Following the last presentation of our workforce plan, the following changes have occurred:

Area	Change	Comment
Oct' 22: Apprentices	-2	2 Trainees have withdrawn from the course
Dec '22: Transferees (group b)	-6	Following further recruitment stages, 6 of the applicants did not meet the required standard.
Feb '23: Transferees (group c)	-	Due to a variety of reasons not least industrial action planning we have extended the timescales for this intake of transferees to be 6 months.
Mar '23: Apprentices	+1	Additional apprentice slot now available on the course
Net Change	-7	

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 Variance £	Projected Year End Variance £
Government Funding	-3,615,800	-2,010,972	-3,615,800	0
Specific Grants	-1,465,000	-955,809	-1,811,431	-346,431
NNDR	-3,574,700	-2,344,630	-3,574,700	0
Top-up / Pooling Receipts	-1,843,500	-1,130,945	-1,843,500	0
Precept	-22,981,000	-11,835,620	-23,052,218	-71,218
Grand Total	-33,480,000	-18,277,975	-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

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	109,471	0	650,000	0
Property Review	0	0	0	14,545	0	100,000	100,000
Total Property Portfolio	500,000	150,000	650,000	124,016	0	750,000	100,000
Hydraulic Equipment	65,000	10,000	75,000	56,105	0	75,000	0
Operational Equipment	90,000	19,000	109,000	95,819	0	109,000	0
Operational Red Fleet Vehicles	500,000	818,000	1,318,000	380,823	120,760	1,197,240	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	576,578	120,760	2,246,240	-200,000
ICT	206,000	516,500	722,500	11,986	0	722,500	0
Total Support	206,000	516,500	722,500	11,986	0	722,500	0
Grand Total	2,426,000	1,513,500	3,939,500	712,580	120,760	3,718,740	-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	-2,463*	3,691	-2,658
Other Capital Contributions	0	-28	28	0
Total Capital Funding	-3,886	-2,491	3,719	-2,658

*We are currently projecting the underspend of £0.847m to be transferred to the capital reserve at the end of the financial year, however subject to the 5% pay offer being accepted, we anticipate the in-year underspend to reduce significantly to cover the additional pay offer that we had not budgeted for.

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, installation of windows at SHQ, 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 2022/23, 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 cost of chassis and other appliance parts are likely to increase for future years and indicative figures from the supplier has resulted in a projected slippage of £0.121m.

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 has been delivered during 2022 calendar year, although we are still awaiting invoices from the supplier.

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	1,228	-2,658
Total Reserves	-7,310	1,176	-6,134

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