



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee, 8 February 2023

Report title: Budget Monitoring Report April 2022 – December 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 31 December 2022 be noted.

Executive summary:

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

The budget of £33.480m compared to the forecast outturn of £33.223m gives a forecast yearend underspend of £0.257m. Furthermore, the level of funding is showing a favourable variance of £0.418m which has resulted in an overall net underspend of £0.674m 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 – December 2022	None

1. Revenue Forecasts by Service Area

Table 1 shows the budget and actual expenditure for each Directorate as at the end of December 2022. The budget of £33.480m compared to the forecast outturn of £33.223m gives a forecast yearend underspend of £0.257m. Furthermore, the level of funding is showing a favourable variance of £0.418m which has resulted in an overall net underspend of £0.674m 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.

A pay offer of 5% has been made to the relevant representative bodies of which the Fire Authority had only 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. The current forecasts assume only a 2% pay award but for illustrative purposes, we have included an additional table showing what impact a 5%, 7% and 10% offer would have on our outturn position and on our Medium-Term Financial Plan (MTFP).

The funding forecast for the current financial year 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 forecast is based on anticipated expenditure or to be 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 Council after the Fire Authority had set the annual budget.

On 12 December 2022, the Government published the local government finance policy statement 2023-24 to 2024-25, which sets out the intentions for the local government finance settlement for the next two years. The provisional settlement was announced on 19 December 2022, which detailed the funding allocations that have been incorporated into our MTFP. Final confirmation of the settlement is expected in February 2023. The key changes are that the referendum limit has increased to £5 and the settlement funding assessment will increase in line with September 2022 CPI which was 10.1%.

Table 1a - Revenue Summary

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	1,469,340	883,771	1,059,408	-409,932
Finance & Assets	6,410,790	5,146,104	6,537,400	126,610
Human Resources	527,880	378,775	522,836	-5,044
Delivery, Corp. Dev. Planning	22,899,490	16,049,890	22,936,678	37,188
Statutory Acc. & Contingency	2,172,500	192,624	2,167,000	-5,500
Total Expenditure	33,480,000	22,651,164	33,223,322	-256,678
Total Funding	-33,480,000	-26,151,058	-33,897,649	-417,649
Net Position	0	-3,499,895	-674,327	-674,327

Table 1b - Forecast Outturn Scenarios

Pay Award	Additional Cost £	Revised Net Position £	Commentary £
5%	570,000	-104,327	Underspend
7%	950,000	275,673	Overspend
10%	1,520,000	845,673	Overspend

For our current MTFP assumptions, we have assumed a 5% pay award for 2022/23. For every additional 1% pay award above 5%, it will cost the Authority circa £1.00m over the MTFP.

Variances by Directorate

Corporate Core £0.410m under– The underspend of £0.064m within Legal & Governance relates to staffing costs being less than budgeted and £0.346m 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 3% (as of November 2022), 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 updated forecast return on investment of £0.282m.

Finance & Assets £0.126m 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 £0.037m over – There is a minor overspend of £0.037m in the directorate. However, included within the forecasts are the projected costs of £0.408m relating to the protection grant. If we were to report this separately, there would be an underspend of £0.371m within this directorate. This underspend 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. Cohort 6 included thirteen new recruits into service at the beginning of June. Recruitment for Cohort 7 welcomed seventeen new recruits in October. Furthermore, we have also run a transferee recruitment drive which has resulted in nine successful applicants joining the service in September and further six in December. 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 continuing to see 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 December 2022.

Subjective	Salary (Including Training costs)	Allowances	NI	Pension	Total
	£	£	£	£	£
Wholetime	-60,645	-65,050	-111,054	-358,845	-595,594
On-Call	-34,602	-206,032	30,974	-53,322	-262,982
Support	-279,978	-1,240	-52,225	-83,174	-416,617
Technicians	-32,870	0	-4,743	-5,360	-42,973
Sessional	12,550	-1,165	-358	0	11,027
Agency	81,440	0	0	0	81,440
Bank Cover	311,180	0	147,331	0	458,511
Grand Total	-2,925	-273,487	9,925	-500,701	-767,188

Wholetime – Following the additional precept flexibility, the Authority was able to increase the precept by £5 for 2022/23. 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 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

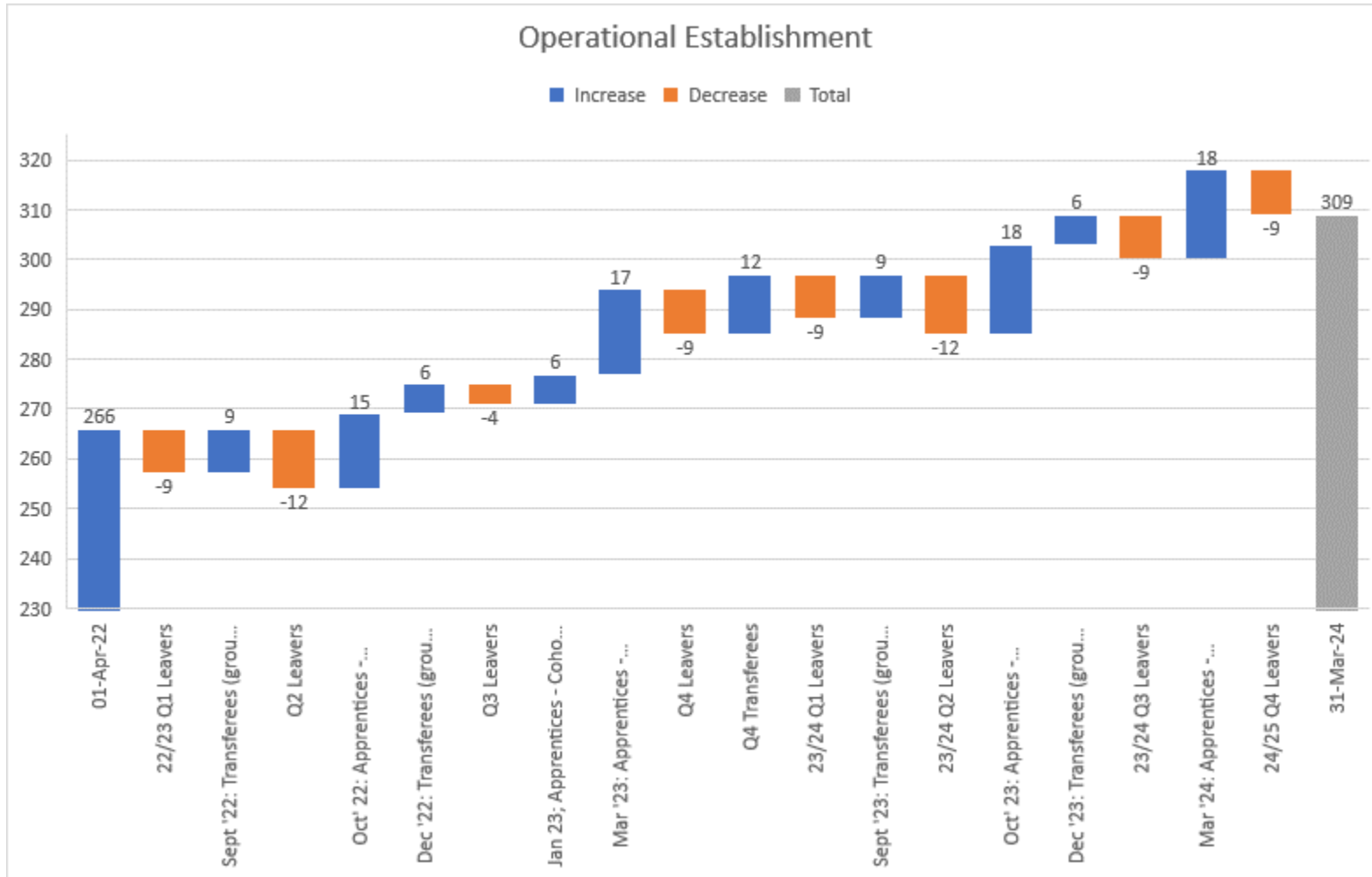
3. Table 3 - In Year Growth Bids

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

Project	Detail	Total Bid £	Q3 Update
Premises Risk Management System (PRMS) Hardware update	Replace the tablets used for PRMS.	8,000	Tablet orders received and being utilised by the relevant departments.
Recruitment	Increase Recruitment tools available including stands and marketing material. Modification of confined space training.	21,000	Recruitment stands – research and quotes undertaken, HR and Communications team to finalise content on stand and website before we proceed with purchase. Recruitment event branded materials have been purchased and now considering options for filming recruitment content for the website. 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 software. Some of this relates to ICT equipment and licence upgrades.
Digital Marketing Apprentice	Employ Digital Marketing Apprentice - 2 years fixed term.	61,000	This role has been recruited to and the individual is in post.
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 complete.
ICT Apprentice	Employ ICT Apprentice - 2 years fixed term.	50,000	Initial interviews took place in October with no successful applicants. The role was re-advertised with interviews due in January.
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 2024 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 Variance	Projected Year End Variance
	£	£	£	£
Government Funding	-3,615,800	-2,886,409	-3,615,800	0
Specific Grants	-1,465,000	-1,355,225	-1,811,431	-346,431
NNDR	-3,574,700	-3,567,972	-3,574,700	0
Top-up / Pooling Receipts	-1,843,500	-1,106,112	-1,843,500	0
Precept	-22,981,000	-17,235,340	-23,052,218	-71,218
Grand Total	-33,480,000	-26,151,058	-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

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	130,676	12,000	588,000	-50,000
Property Review	0	0	0	120,320	0	133,000	133,000
Total Property Portfolio	500,000	150,000	650,000	250,996	12,000	721,000	83,000
Hydraulic Equipment	65,000	10,000	75,000	56,085	18,895	56,105	0
Operational Equipment	90,000	19,000	109,000	117,476	0	117,476	8,476
Operational Red Fleet Vehicles	500,000	818,000	1,318,000	651,462	408,984	900,540	-8,476
BA and Associated Equipment	950,000	0	950,000	498,401	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	1,323,425	427,879	1,939,121	-200,000
ICT	206,000	516,500	722,500	58,558	110,000	612,500	0
Total Support	206,000	516,500	722,500	58,558	110,000	612,500	0
Grand Total	2,426,000	1,513,500	3,939,500	1,632,979	549,879	3,272,621	-117,000

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	-2,290*	3,249	-2,927
Other Capital Contributions	0	-24	24	0
Total Capital Funding	-3,886	-2,314	3,273	-2,927

* We are currently projecting the underspend of £0.674m to be transferred to the capital reserve, however subject to the 5% pay offer being accepted, we anticipate the in-year underspend to reduce significantly (as illustrated in table 1b) to cover the additional pay offer that we had not budgeted for. We have currently forecast 2% in our outturn and every additional 1% above this will increase our forecast expenditure for 2022/23 by circa £0.190m.

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. There have been changes in the property capital plan during 2022-23 with several capital works rearranged between 2022/23 and 2023/24. In addition, there are several unscheduled emergency capital works that will need to be completed in 2022/23. The capital works included refurbishments to a handful of drill towers, emergency capital works on several sites, various works driven from the condition surveys conducted during 2022/23 and various other capital works 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. Works 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. With the changes to the property plan during 2022/23 resulting in less drill tower works has resulted in a £0.050m saving.

The West Ashland build is now complete, and the final account have been agreed. The projected capital spend of £0.133m 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 new BA and fireground radios contract is due to commence in 2023/24.

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. The delivery of the 2022/23 fire appliances is now expected to be 2023/24, with the first stage payments due 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 £0.409m.

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 2021/22 of £0.517m. This budget will be utilised for the purchase of ICT hardware equipment, as per the ICT replacement strategy. There has been a change in the ICT capital plan for 2022/23 with the replacement of On-Call MDTs being the only additional ICT capital works being completed during 2022/23. Following the changes to the plan, a slippage of £0.110m has been identified for the replacement of servers and replacement of station end turnout systems that will now be completed during 2023/24. 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 final 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	959	-2,927
Total Reserves	-7,310	907	-6,403

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