



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee, 12 July 2023

Report title: Budget Monitoring Report April 2022 - March 2023 (Provisional Outturn)

Lead Member: Councillor Matthew Walsh

Report sponsor: Mark Hemming, Director of Finance and Assets

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Action: Decision

Recommendations:

1. That the provisional outturn forecast for the Authority as at 31 March 2023 be noted.
2. That the slippage of £1.100m on the capital programme is approved to be carried forward into 2023/24.
3. That the underspend of £0.607m is transferred into Revenue Contribution to Capital Reserve (RCCO).
4. That delegated authority be given to the Chief Finance Officer to authorise any late changes to the movements in reserves and capital slippage amounts resulting from accounting adjustments needing to be made during the year-end closedown process.
5. That should any changes to the amounts referred to above be required, then the Chief Finance Officer will report these to Members at the next available meeting.

Executive summary:

The report at Appendix A sets out the Authority's revenue and capital spending position as at 31 March 2023, together with the projected outturn position for the financial year.

The report at Appendix A is a provisional position pending final audit recommendations and confirmation of any accounting adjustments to go through before a final position is reached.

The provisional outturn figure for the year is a net underspend of £0.607m. It is recommended that £0.607m be transferred to the Revenue Contribution to Capital Reserve in line with the approved Medium Term Financial Plan. It must be noted that this underspend includes a yearend technical adjustment and reversal from a provision of £0.524m. This predominantly relates to funds held in provisions relating to holiday pay and potential compensation due to individuals impacted by the 2015

pension remedy which were found to be age discriminatory. Individuals were able to claim compensation for distress, anxiety (“injury to feelings”) which the government legal department have offered to settle and will be fully funded by the government and therefore we no longer need to hold the provision.

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 2021/22 to 2025/26, Fire Authority Meeting 16 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 2022 – March 2023 Provisional Outturn	None

1. Revenue Forecasts by Service Area

Table 1 shows the budget and provisional outturn for each Directorate as at the end of 2022/23 financial year. The budget of £33.480m compared to the forecast outturn of £33.658m gives a forecast yearend overspend of £0.178m. Furthermore, the level of funding is showing a favourable variance of £0.785m which has resulted in an overall net underspend of £0.607m against our expenditure budget.

Table 1

Directorate	Total Budget £	Actual Year to Date £	Provisional Year End Variance £
Corporate Core	1,469,340	1,116,733	-352,607
Finance & Assets	6,410,790	6,653,936	243,146
Human Resources	527,880	536,459	8,579
Delivery, Corp. Dev. Planning	22,899,490	23,455,540	556,050
Statutory Acc. & Contingency	2,172,500	1,895,162	-277,338
Total Expenditure	33,480,000	33,657,830	177,830
Total Funding	-33,480,000	-34,264,533	-784,533
Net Position	0	-606,703	-606,703

Variance by Directorate

Corporate Core £0.353m under– The underspend of £0.067m within Legal & Governance relates to staffing costs being less than budgeted due to a vacant post throughout the year. The residual underspend is due to the finance team achieving higher than budgeted interest returns on treasury management activities. With the Bank of England interest rates raising to 4.25% (as of March 2023), it has resulted in higher investment returns than we had originally projected. The budget was £0.030m at the start of the financial year, however due to rising interest rates, the actual return on investment was £0.328m.

Finance & Assets £0.243m over – This year has been a volatile year in relation to the cost of utilities. Up until September, we were expecting a substantial overspend on utilities until the Government intervened and announced an energy price cap for non-domestic customers. Most of this overspend relates to utilities, even though there was a energy price cap, the cost of utilities was still higher than we have seen in previous years. In March 2023, we have been able to secure a competitive one-year deal on both our gas and electricity and built this cost into our budget for 2023/24.

Delivery, Corporate Development & Planning £0.556m over – Throughout the year we have reported a net underspend when we excluded expenditure relating to the Protection grant. This underspend was primarily due to operational establishment being less than budgeted. This is a direct result of retirements, several transfers of operational staff to neighboring fire services, and the establishment budget being increased by twenty Wholetime posts.

We have had two additional apprentice cohorts join the service in the last 12 months. Cohort 6 included thirteen new recruits into service at the beginning of June. Recruitment for cohort 7 welcomed seventeen new recruits in October. We are currently in the interview process for cohort 8 with the expectation to welcome the new recruits in September. 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 were several recruitment and engagement initiatives being carried out throughout the year to engage with underrepresented groups to promote the Fire Service. As at the end of March 2023, our operational establishment was at 288 with the expectation that the establishment will surpass 300 by September 2023.

The provisional overspend also includes the additional costs relating the 7% pay award which we had only budgeted 2%. The pay award was backdated to July 2022 and paid to all members of staff in March 2023. Included within these costs is the reversal of the provision relating to holiday pay and "injury to feelings" claim relating to the pensions remedy which has offset some of the additional expenditure incurred in-year relating to the pay awards.

Funding - The level of funding exceeded the budget by £0.785m. This includes funding relating to the Protection Grant of £0.127m that relates to the expenditure incurred in relation to the requirements of the grant. We currently have £0.281m remaining from this ring-fenced grant which will be carried forward into next year. Furthermore, following reconciliations of government business rates grants by central government, we received one-off funding totalling £0.655m. In addition to this, we also received additional one-off grants totalling £0.062m relating to end of year reconciliations carried out by central government and allocation of residual funds. These additional funds were offset by a £0.062m reduction in Firelink funding which is expected to reduce by 20% until the funding stops in 2026/27.

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 31 March 2023:

Subjective	Salary (Including Training costs)	Allowances	NI	Pension	Total
	£	£	£	£	£
Wholetime	450,533	-50,239	30,712	-257,627	173,379
On-Call	171,910	-219,100	54,821	-33,871	-26,240
Support	8,741	-1,240	-27,198	-53,175	-72,872
Technicians	-18,024	0	-3,195	-3,337	-24,556
Sessional	16,376	-107	4,147	0	20,416
Agency	72,940	0	0	0	72,940
Bank Cover	428,322	0	159,902	0	588,224
Grand Total	1,130,799	-270,687	219,190	-348,011	731,291

Wholetime – Following the additional precept flexibility awarded to the Fire sector in the lower quartile, the Authority was able to increase their precept by £5 for 2022/23. This resulted in additional funding of £1.1m which resulted in the increase in 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 the workforce reaching full establishment by September 2023 as illustrated in section 4.

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

Support Staff – There were vacant posts throughout the year that the service struggled to recruit too due to the current recruitment market. This position has improved since last year and we have seen several support staff roles recruited too recently.

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.

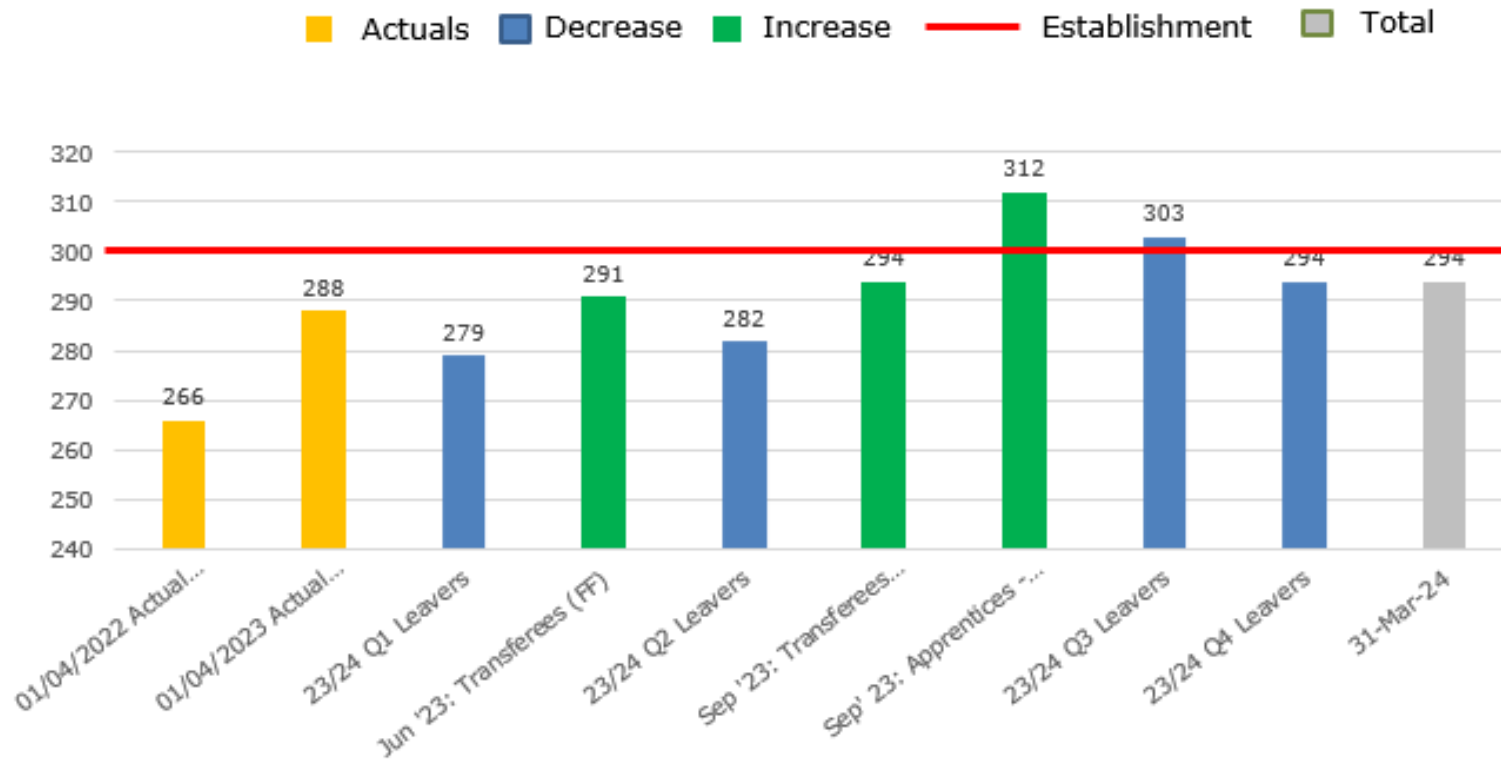
3. Table 3 - In Year Growth Bids

The total bids approved total £0.212m and are for one-off projects only. The roll forward funding relates to fixed term contracts and funds to be utilised in future years as per the bids submitted.

Project	Detail	Budget	Provisional Outturn	Roll Forward	Variance
Premises Risk Management System (PRMS) Hardware update	Replace the tablets used for PRMS.	£8,000	£6,600	£0	-£1,400
Recruitment	Increase Recruitment tools available including stands and marketing material. Modification of confined space training.	£21,000	£11,999	£0	-£9,001
Marketing & Communications equipment and licensing	To increase licensing for digital marketing tools, provide a marketing budget and upgrade hardware.	£55,000	£8,399	£40,000	-£6,601
Digital Marketing Apprentice	Employ Digital Marketing Apprentice - 2 years fixed term.	£61,000	£8,607	£52,393	£0
Improvement of Health and Wellbeing Facilities at Aylesbury Fire Station/ SHQ.	To provide equipment in the refresh of the Aylesbury gym.	£17,000	£16,100	£2,000	£1,100
ICT Apprentice	Employ ICT Apprentice - 2 years fixed term.	£50,000	£2,818	£47,188	£6
Grand Total		£212,000	£54,523	£141,581	-£15,896

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

Funding	Total Budget £	Actual Year to Date £	Provisional Year End Variance £
Government Funding	-3,615,800	-3,623,787	-7,987
Specific Grants	-1,465,000	-1,586,907	-121,907
NNDR	-3,574,700	-4,229,866	-655,166
Top-up Grant	-1,843,500	-1,843,520	-20
Precept	-22,981,000	-22,980,453	547
Grand Total	-33,480,000	-34,264,533	-784,533

The funding provisional outturn is £0.785m above the budgeted level; £0.127m relates to expenditure incurred in relation to the Protection grant. The residual Protection grant balance £0.281m will be carried forward into 2023/24 and will be utilised in line with the conditions of the grant.

Furthermore, following reconciliations of government business rates grants by central government, we received one-off funding totalling £0.655m. In addition to this, we also received additional one-off grants totalling £0.062m relating to end of year reconciliations carried out by central government and allocation of residual funds. These additional funds were offset by a £0.062m reduction in Firelink funding which is expected to reduce by 20% per annum until the funding stops in 2026/27.

5. 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 £	Provisional Outturn £	Slippage £	Projected Year End Variance £
Property	500,000	150,000	650,000	355,607	249,000	-45,393
Property Review	0	0	0	125,809	0	125,809
Total Property Portfolio	500,000	150,000	650,000	481,416	249,000	80,416
Hydraulic Equipment	65,000	10,000	75,000	56,085	18,915	0
Operational Equipment	90,000	19,000	109,000	117,476	0	8,476
Operational Red Fleet Vehicles	500,000	818,000	1,318,000	757,852	560,148	0
BA and Associated Equipment	950,000	0	950,000	684,541	65,459	-200,000
Fireground Radios	115,000	0	115,000	0	115,000	0
Total Fire Appliances & Equipment	1,720,000	847,000	2,567,000	1,615,954	759,523	-191,524
ICT	206,000	516,500	722,500	676,174	91,656	45,330
Total Support	206,000	516,500	722,500	676,174	91,656	45,330
Grand Total	2,426,000	1,513,500	3,939,500	2,773,543	1,100,179	-65,778

Capital Funding

The capital programme will be funded as follows:

Funding	Balance at 1 April 2022 £000	Estimated Transfers (in) £000	Estimated Transfers Out £000	Estimated Balance at 31 March 2023 £000
Revenue Contribution to Capital	-3,886	-2,223	2,750	-3,359
Other Capital Contributions	0	-24	24	0
Total Capital Funding	-3,886	-2,247	2,774	-3,359

Property Portfolio

Property had a capital budget of £0.650m for 2022/23, which included carry forward budget from 2021/22 of £0.150m. The capital funds were utilised to carry out planned capital projects as agreed at Business Transformation Board (BTB). 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 were several unscheduled emergency capital works that needed to be completed during 2022/23.

The total expenditure on property capital works during 2022/23 was £0.355m, with slippage identified of £249k. The capital works completed during 2022/23 included Aylesbury Fire Station (FS) gym improvements, bay lighting upgrade, hot water generator, heating boiler and upgrade to USAR rig follow completion of residual works. Several sites have had various drill tower works carried out at their sites. Additional works included the installation of heating controls panels at our on-call stations. High Wycombe FS had air handling installed in the dorms, drainage works, replacement of hot water generator and redecoration improvements. Additional works have been seen at SHQ with installation of opening windows, electric charging points at Marlow FS, Buckingham FS BA room upgrade and diesel tank infrastructure improvements at Haddenham and Gerrards Cross FS.

The slippage identified of £0.249m relates to drill tower works and upgrades to Broughton, Buckingham, High Wycombe, Gerrards Cross Marlow, Olney and West Ashland FS.

The West Ashland build is now complete, and the final account have been agreed. The capital expenditure seen in 2022/23 of £0.126m relates to the retention fees on the project and includes costs for professional fees. The Authority are in contact with legal representatives to pursue and recover some of the increased costs incurred during the build 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 have been 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 contracts are due to commence in 2023/24, however the BA equipment was received during 2022/23 ahead of the go-live date and therefore most of the costs have been captured in 2022/23.

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 and were delivered in 2022/23. The 2022/23 actual capital spend relates to the expenditure on the 2021/22 three fire appliances, two hydraulic lifting systems, fire hoses, ladders, light portable pumps, thermal imaging camera and other operational equipment. In addition, expenditure of £0.685m relating to the BA sets and associated equipment.

A slippage of £0.760m on Fire appliances and Equipment has been identified. This relates to the delay in the delivery of the 2022/23 fire appliances, with delivery expected to be 2023/24. In addition, slippage of £0.065m on BA and Associated equipment to purchase additional identified equipment in 2023/24 and a slippage of £0.115m on Fireground Radios, with the project expected to commence in 2023/24.

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.

The cost of chassis and other appliance parts has increased. This increase impacts the five appliances currently on order (2022/23 x 2 and 2023/24 x 3) and orders beyond 2023/24. With the price increase this will likely result in an overspend being seen in 2023/24 by approx. £0.050m.

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 was utilised for the purchase of ICT hardware equipment and upgrades to the wide area network / local area network (WAN/LAN) across all Buckinghamshire and Milton Keynes estates, as per the ICT replacement strategy. The capital ICT expenditure for 2022/23 totaled £0.676m. Majority of this relates to the WAN/LAN project, along with the purchases of laptops, surface pros, desktop PCs with monitors and delivery of the BHQ servers, which will be installed in April 2023. This has been an overspend on the ICT capital budget of £0.045m, due to the WAN/LAN final costs coming in higher than the approved budget. A slippage of £0.092m has been identified for the replacement of station end servers, On-call MDTs and replacement of station end turnout systems, that will now be completed during 2023/24.

Slippage into 2023/24

The provisional outturn figure is showing a slippage of £1.100m (subject to any late accounting changes) which predominantly relates to the delays in the delivery of red fleet appliances & equipment, along with the property capital works, which will be completed during 2023/24.

6. Reserves

The table below shows the provisional movement in reserves during the year and will be finalised once our Statement of Accounts have been audited.

Reserves	Balance at 1 April 2022	Projected Movement	Estimated Balance at 31 March 2023
	£000	£000	£000
General Fund	-1,500	0	-1,500
Earmarked Reserves (Revenue)*	-1,924	-138	-2,062
Earmarked Reserves (Capital)	-3,886	527	-3,359
Total Reserves	-7,310	389	-6,921

* This figure includes £0.617m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire).