



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee 8 February 2024

Report title: Budget Monitoring Report April 2023 - December 2023

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 2023 be noted.

Executive summary:

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

The budget of £36.450m compared to the forecast outturn of £36.200m gives a forecast yearend underspend of £0.250m. Furthermore, the level of funding is showing a favourable variance of £0.024m which has resulted in an overall net underspend of £0.274m against the expenditure budget.

The underspend is predominantly due to a favourable variance being reported under employee costs due to vacant positions. Furthermore, due to the significant increase in the Bank of England base rate since the budget was approved, the investment returns have been revised upwards and currently projecting at least £0.550m additional interest in investment returns than originally budgeted.

As requested at the meeting of the Executive Committee on 12 July 2023, Appendix B contains details of all property works currently planned across the estate during 2023-24.

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

Risk management: Management of 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 15 February 2023. <https://bucksfire.gov.uk/documents/2023/02/fire-authority-meeting-15-february-2023-item-9b-medium-term-financial-plan-2023-24-2027-28.pdf/> and <https://bucksfire.gov.uk/documents/2023/02/fire-authority-meeting-item-9b-revised-appendices-1-and-2.pdf/>

Appendix	Title	Protective Marking
A	Appendix A – Budget Monitoring Report April 2023 – December 2023 – Q3	None
B	Appendix B – Property Works 2023-24	None

1. Revenue Forecasts by Service Area – Table 1

Table 1 shows the budget and forecast outturn for each Directorate as at the end of 2023/24 financial year. The budget of £36.450m compared to the forecast outturn of £36.200m gives a forecast yearend underspend of £0.250m. Furthermore, the level of funding is showing a favourable variance of £0.024m which has resulted in an overall net underspend of £0.274m against the expenditure budget.

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	1,105,890	764,860	811,115	-294,775
Finance & Assets	6,878,050	5,893,746	6,817,684	-60,366
Human Resources	551,150	424,210	552,704	1,554
Delivery, Corp. Dev. Planning	25,768,410	18,130,038	25,593,250	-175,160
Statutory Acc. & Contingency	2,146,500	190,998	2,424,785	278,285
Total Expenditure	36,450,000	25,403,852	36,199,538	-250,462
Total Funding	-36,450,000	-30,091,600	-36,474,386	-24,386
Net Position	0	-4,687,748	-274,848	-274,848

Protection Grant - Table 2

Table 2 shows the ringfenced grants received by the Service. In previous years these funds had been included within Table 1, but for 2023-24 onwards are being shown in a separate table to provide additional clarity in reporting.

Protection Grant	Funding £	Actual Year to Date £	Commitments Full Year £	Forecast Outturn £	Residual Grant Remaining £
Protection Uplift	-430,216	73,655	3,938	133,752	-296,464
Grenfell Uplift	-23,023	4,890	12,085	23,023	0
Total	-453,239	78,545	16,023	156,775	-296,464

Variance by Directorate

Corporate Core £0.295m under – The underspend mainly relates to higher-than-expected investment income as a direct result of the Bank of England base rate increasing significantly over the past year. Currently the service is projecting to overachieve by £0.550m in investment returns which is more than double that had been budgeted. It is expected that the base rate has now peaked and with a significant drop in consumer price index in December, it may result in a reduction in the interest base rate in the coming months. Even if there is a drop-in interest rates, the service expects to achieve the interest returns that have been forecast for the current financial year.

Finance & Assets £0.060m under – The underspend relates to employees not being on top of their pay scales as well as lower than expected rates costs and additional aerial site income. Utilities contract has been fixed for 12 months and will cover the period April 2023 to March 2024 which provides a level of certainty in terms of costs in this volatile market.

Delivery, Corporate Development & Planning £0.175m under – The directorates underspend is primarily due to operational establishment being less than budgeted for the first two quarters, and on-call activity being lower than forecast. In terms of operational establishment numbers, the service has as at the end of September surpassed the 300 budgeted establishment with the operational establishment currently at 314. It is anticipated that this number will fluctuate throughout the year due to anticipated leavers/retirees and establishment numbers are projected to reduce slightly but still be over 300 at year end.

As the service has identified underspends in-year, it has taken a proactive approach in re-aligning some of the underspend by giving budget holders the opportunity to submit in-year one-off growth bids (table 3) to utilise the underspend. Included within this forecast is the expenditure relating to the one-off bids (although in practice some of the bids relate to other directorates) which were approved in May and August.

Statutory Accounting £0.278m over – The directorate is overspending due to an approval of in-year growth bids (table 3) which relate to the purchase of vehicles, generic equipment and operational equipment. The proper accounting treatment for this is to capitalise these items due to their cost and expected useful life. Therefore, the service will increase capital contributions and recognise these purchases in the asset register as capital assets.

Funding - The level of funding exceeded the budget by £0.024m. The service is seeing additional funding of £0.009m relating to services grant and £0.115m relating to precept and NNDR as these figures were revised and increased by Buckinghamshire Council after the Fire Authority had set the annual budget. This will be offset by a reduction in S31 grants which have been reconciled as part of their latest National Non-Domestic Rates collections and has resulted in a net deficit of £0.100m.

Protection Grant - This grant is being reported separately as this is ring-fenced grant for specific purposes which is only approved and allocated in-year. Therefore, it makes it difficult to include in the base budget as the grant information is not available until closer to when the funding allocations will be distributed. The grant is predominantly for the Fire Service to increase their protection capability and delivery, aligning with locally agreed integrated risk management plans and risk-based inspection programmes. The funding is made of carried forward funding to date and the service anticipate receiving the final funding allocation in March 2024.

2. Direct Employee Variances

Table 3 shows the breakdown of all the favourable (-) and adverse (+) variances for each sub-heading within the direct employees subjective as at the 31 December 2023:

Subjective	Salary (Including Training costs)	Allowances	NI	Pension	Total
	£	£	£	£	£
Wholetime	-110,414	184,868	74,167	-228,886	-80,265
On-Call	113,513	-308,757	28,808	-82,654	-249,090
Support	-221,590	0	-27,736	-85,244	-334,570
Technicians	11,206	0	1,972	2,351	15,529
Sessional	-1,230	5,440	2,051	-274	5,987
Agency	54,726	0	0	0	54,726
Grand Total	-153,789	-118,449	79,262	-394,707	-587,683

Wholetime – The operational establishment was below budgeted levels until September. As of December, the operational establishment is 314 as illustrated in section 4. Due to projected leavers and retirees, it is anticipated the operational establishment will reduce to 309 by the end of the financial year.

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

Support Staff – This relates to vacant in-year support roles which will be recruited to throughout the 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.

3. In-Year Growth Bids

Table 4 shows the total bids approved in May and August 2023 which total £0.225m and £0.298m and are for one-off projects only. As noted earlier in the report these are included within the forecast expenditure in Table 1 under Delivery, Corporate Development & Planning and Statutory Accounting.

May 2023

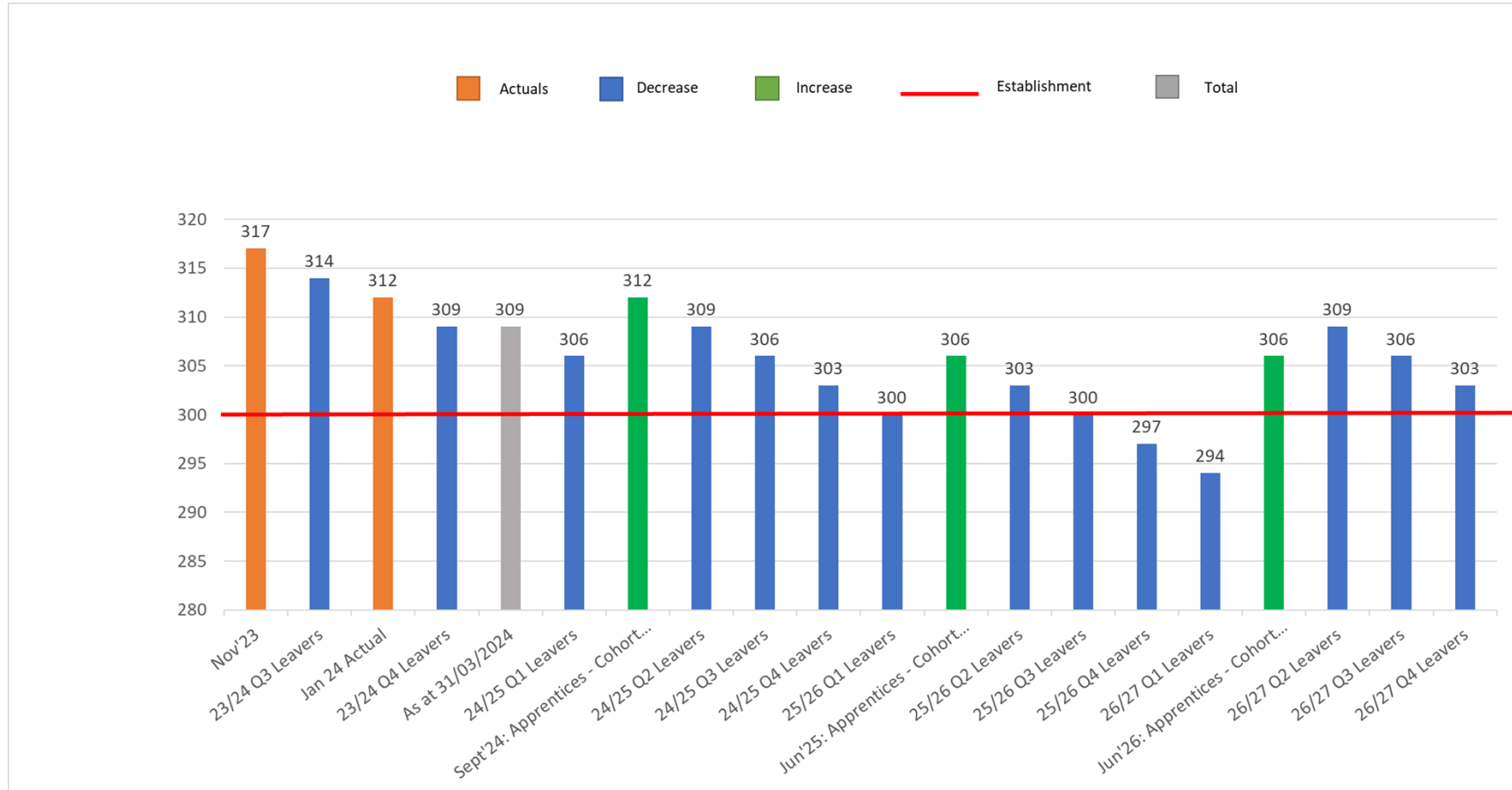
Project	Total Bid £	Comments
Installation of a brake roll tester	36,500	Order placed and delivered.
Airwave Device Refresh	12,100	Orders placed.
Airwave Contract	70,000	This budget relates to the significant increase in contract cost which will be paid throughout the year.
Resource to support the delivery of BFRS' Staff Development Pathway project	53,500	Individual commenced role in July 2023.
White Ribbon Accreditation	2,000	Application approved for White Ribbon accreditation. Merchandise have been purchased.
Marketing and Communications equipment	5,100	50% of the spend has been spent or committed on marketing equipment, predominantly camera equipment.
Prevention Events equipment	5,750	Orders placed.
NILO Ballistic PPE	8,000	Orders to be placed.
Operational Support Unit Refresh	32,000	Orders to be placed.
Total	224,950	

August 2023

Project	Total Bid £	Comments
Purchase of two white fleet vehicles	55,200	Order placed with estimated delivery in April.
Purchase protective base layer PPE.	7,200	Order placed in September.
Purchase multi-purpose PPE, RPE and personal hygiene bags for all operational members of staff	16,200	Specification to be agreed and an order will be placed.
Installation of flagpoles at whole time firestations	10,000	The lead is working closely with property to plan the installation of the flagpoles.
Cleaning provision for BA sets	72,000	Procurement process in place with order to take place in October.
Finance system upgrade	48,600	Order placed.
Speak-up campaign marketing material	3,500	Order placed.
Introduction of welfare packs	4,000	Orders placed and due to be received in January.
Email management software	9,500	Order placed.
Purchase 13 tablets to support Prevention home fire safety visits	4,200	Orders placed and tablets received in service.
To purchase 9 stations ends to replace windows 7 devices at our on call stations	67,400	Order placed and recieved.
Total	297,800	

4. Wholetime Establishment Roadmap

The following graph illustrates the wholetime operational establishment as at 1 April 2022 through to 2026/27 taking into consideration projected retirees, leavers, transfers and recruitment of apprentices. Future years establishment numbers are indicative and illustrate when the Service will be recruiting in the future.



5. Funding

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

Funding	Total Budget £	Actual Year to Date £	Projected Forecast	Projected Year End Variance £
Government Funding	-3,861,790	-3,378,006	-3,861,790	0
Specific Grants	-1,188,000	-898,780	-1,197,000	-9,000
NNDR	-7,174,055	-5,712,604	-7,111,251	62,804
Top-up Grant	-1,510,155	-1,147,714	-1,510,155	0
Precept	-25,194,000	-18,954,497	-25,272,190	-78,190
Transfer to Reserves	2,478,000	0	2,478,000	0
Grand Total	-36,450,000	-30,091,600	-36,474,386	-24,386

The level of funding forecast is exceeding the budget by £0.024m. The additional funding of £0.009m relates to services grant. The service is also forecasting an additional £0.115m relating to precept and business rates as these figures were revised and increased by Buckinghamshire Council after the Fire Authority had set the annual budget. Furthermore, following reconciliations of business rates grants by central government, who have revised the funding allocation and identified a deficit of £0.100m which will be deducted from the NNDR funding.

6. Capital Monitoring

Capital Forecast

The capital programme for 2023/24 is £3.392m, including £1.100m from 2022/23 carry forward capital projects and approval of £0.270m in-year funding for capital projects.

Project Name	Original Budget 2023/24 £	Carry Forwards 2022/23 £	In Year Funding £	Revised Budget 2023/24 £	Actuals Year to Date £	Slippage £	Provisional Outturn £	Projected Year End Variance £
Property	1,139,000	249,000	0	1,388,000	239,226	338,876	1,006,484	-42,640
Total Property Portfolio	1,139,000	249,000	0	1,388,000	239,226	338,876	1,006,484	-42,640
Hydraulic Equipment	65,000	18,915	0	83,915	0	0	83,915	0
Operational Equipment	90,000	0	35,749	125,749	56,728	0	125,749	0
Operational Red Fleet Vehicles	750,000	560,148	0	1,310,148	948,409	0	1,385,901	75,753
Operational White Fleet Vehicles	37,000	0	87,190	124,190	32,160	55,200	68,990	0
BA and Associated Equipment	0	65,460	74,994	140,454	9,994	0	140,454	0
Fireground Radios	0	115,000	0	115,000	0	0	115,000	0
Total Fire Appliances & Equipment	942,000	759,523	197,933	1,899,456	1,047,290	55,200	1,920,009	75,753
ICT	156,000	91,656	71,612	319,268	154,165	0	319,268	0
Total Support	156,000	91,656	71,612	319,268	154,165	0	319,268	0
Grand Total	2,237,000	1,100,179	269,545	3,606,724	1,440,682	394,076	3,245,761	33,113

Capital Funding

The capital programme will be funded as follows:

Capital Funding	Balance at 1 April 2023 £000	Estimated Transfers (in) £000	Estimates Transfers Out £000	Estimate Balance at 31 March 2024 £000
Revenue Contribution to Capital	-3,359	-2,140	3,246	-2,253
Other Capital Contributions	0	-3,543	0	-3,543
Total Capital Funding	-3,359	-5,683	3,246	-5,796

Capital Summary

Property Portfolio

Property has a capital budget of £1.388m for 2023/24, which includes carry forward budget from 2022/23 of £0.249m. The capital expenditure is being utilised to carry out planned capital projects as agreed at Business Transformation Board. This includes capital works across several sites following a condition survey carried out during 2022/23. Furthermore, a business case was presented to the Executive Committee in September setting out the plan to exit Unit 7 and relocation of the services provided from this site. This resulted in the approval of vacating this site and relocating services by September 2024. The vacating and relocating costs associated with Unit 7 have been revised and will cost significantly less than originally planned which has been reflected in the outturn. Some of the identified cost savings has been reallocated for the refurbishment of Amersham kitchen and installation of solar panels at Marlow. The works relating to the exit of Unit 7 are well underway with works commencing at HQ to relocate personnel and services.

Capital works to date have been completed at Aylesbury, Gerrards Cross, High Wycombe, Marlow, Olney, West Ashland and Winslow. Drill towers upgrades at Broughton, Buckingham and Newport Pagnell have also been completed. A slippage of £0.339m is projected for works at Aylesbury, Beaconsfield, Broughton, Buckingham and Marlow as works are being put on hold until 2024/25. This is due to the focus being the departure and relocation of services currently provided from Unit 7 site and installation of solar panels at Marlow. Upgrades to the remaining drill towers has also been put on hold until 2024/25. A further breakdown of property works has been provided in Appendix B.

Fire Appliances & Equipment

Fire Appliances & Equipment has a capital budget of £1.702m for 2023/24, which includes carry forward budget from 2022/23 of £0.760m. The capital funds will be utilised to purchase three red fleet appliances and to purchase operational equipment for these appliances in line with the fleet strategy. This will also include the purchase of a white fleet vehicle. £0.087m in year funding has been allocated to purchased three additional white fleet vehicles, two of which are not due to be delivered until early 2024/25 and has been factored into the slippage of £0.055m. The carry forward budget of £0.760m relates to delays in the delivery of the two fire appliances and equipment which were due to be delivered in 2022/23, additional equipment for BA and purchase of fire ground radios. The two delayed fire appliances from 2022/23 were delivered in October 2023. There has been an identified price increase in the fire appliances build costs from the manufacturer, and an increase to the cost of equipment resulting in a projected overspend of £0.076m.

Support

ICT has a capital budget of £0.248m for 2023/24, which includes carry forward budget from 2022/23 of £0.092m. 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, purchase of servers and replacement of station end turnout system. The carry forward budget of £0.092m relates to an agreed change to the ICT capital spend plan, which includes the carried forward capital works of station end turnout system upgrade from 2022/23 into 2023/24. Year to date spend on ICT capital equipment includes the purchase of laptops, surfaces and equipment for station end turnout system. There was also an in-year growth bid approved for the on-call station turnout system for £0.072m, with works expected to be completed before March 2024.

7. Reserves

The table below shows the provisional movement in reserves during 2023/24.

Reserves	Balance at Start of year £000	Projected Movement £000	Balance at End of Year £000
General Fund	-1,625	0	-1,625
Earmarked Reserves (Revenue)*	-1,937	-2,530	-4,467
Earmarked Reserves (Capital)	-3,359	-2,437	-5,796
Total Reserves	-6,921	-4,967	-11,888

* This figure includes £0.669m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire).