



Medium Term Financial Plan Assurance Review

December 2023



Contents

1. Background and Scope of Work
 2. Executive Summary
 3. Financial Analysis of Last 3 Years
 4. Documentation Review
 5. Observations & Improvement Opportunities
- A. Appendix



Section 1: Background and Scope of Work



Background and Scope of Work

Buckinghamshire Fire & Rescue Service undergoes an annual process to establish financial budgets for the following year. The aim of this assurance review was to look at the entire process for establishing budgets and costs to identify key challenges and to highlight areas of improvement. We agreed with key stakeholders that our focus should be on the following areas:

- Process mapping of key steps carried out to pull together the medium-term financial plan, highlighting any process inefficiencies or barriers
- Provide assurance on whether the Fire & Rescue Service has the appropriate governance arrangements and processes in place in respect of producing its medium-term financial plan
- Review of the respective governance and team structures, staff coordination, governance controls, approval processes, and any standardised templates and documentation (or the lack thereof), to ensure that the required process steps are adequately documented and carried out
- Analyse financial budgets of the past three years to analyse trends in budgets approved by Authority members, funding provided to the Service and funds spent within the financial year in comparison to the budget

By conducting a series of workshops with key stakeholders, we were able to gauge a rounded understanding of the processes, people and overall culture involved in the existing arrangements. Subsequent analysis of the details gathered in these workshops and Authority documentation, coupled with analysis of the last three years of the Fire & Rescue Service's financials, helped us to pinpoint areas of improvement and make recommendations accordingly.

Together with our previous engagement with the Service, namely the Improvement Plans Assurance Review conducted earlier this year, we hope that our observations and our corresponding advice will be of use when it comes to improving efficiency and efficacy of the integral processes within the Service.

We highly appreciate the valuable contributions of the stakeholders who took part in our workshops, as well as the cooperation of the individuals we liaised with throughout the process, and so we would like to take this opportunity to sincerely thank them all. Please find a full list of those interviewed as part of the review on slide 27.

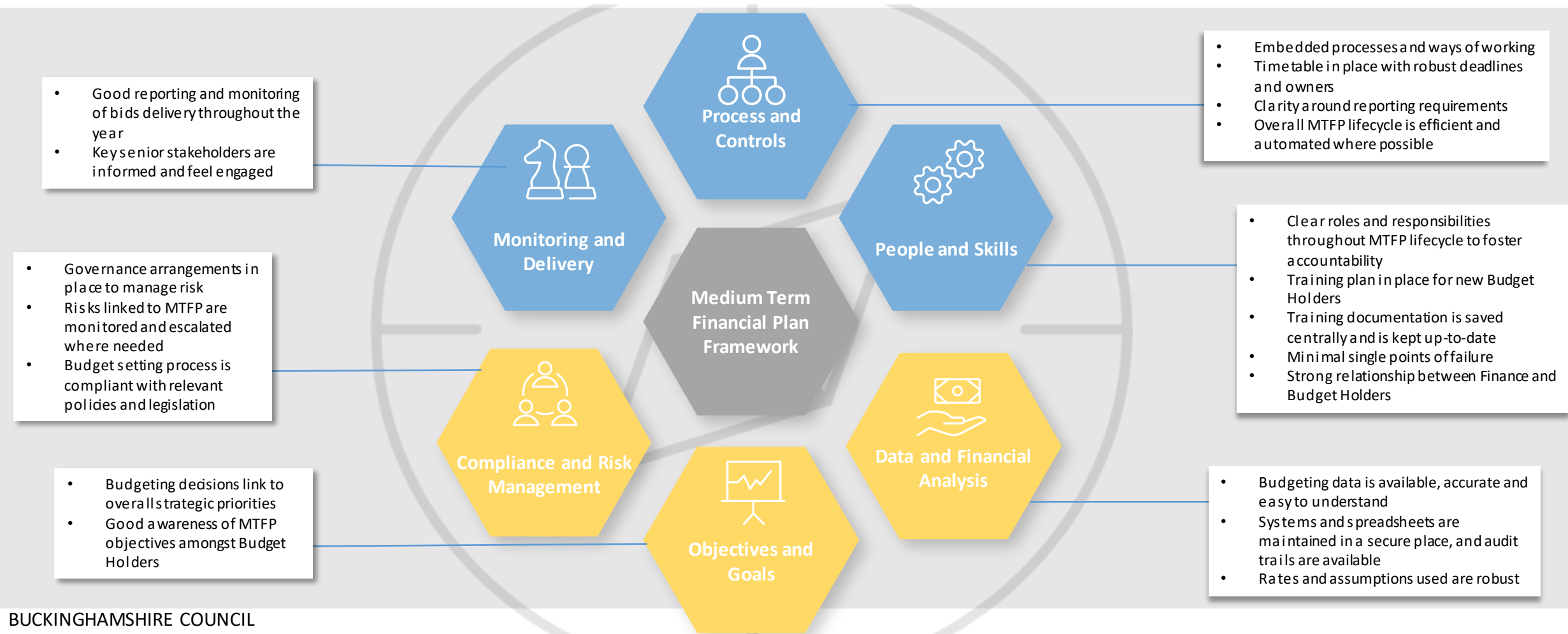


Section 2: Executive Summary



Medium Term Financial Plan Assurance Review Framework

The following framework was used to undertake a robust review of Buckinghamshire’s Fire and Rescue Service annual financial planning and budget setting approach. As part of our review, we have considered the following core areas, and have compared the Service’s performance against what is considered as best-practice. This report summarises the results of our review and documents any areas of challenge, alongside improvement opportunities for the Service’s consideration.









Medium Term Financial Plan Assurance Review

Executive Summary

KEY:

- High priority
- Medium priority
- Low priority/Best Practice

A high-level, thematic overview of our observations and their corresponding recommendations, which we will outline in greater detail throughout the review.

<p>Process & Controls </p> <ul style="list-style-type: none"> ✓ The MTFP process within the Service runs well, with Budget Holders and the relevant assessing bodies keeping to a clear timetable outlining what is expected of each party in each stage. ✓ Individuals generally know their roles and responsibilities in the process, though not all bid templates are filled out consistently. ✓ Bids are evaluated via a two-phased challenge process and pass through multiple channels of approval, providing opportunity for any issues to be detected and remedied before the budget is finalised. • An area for improvement is in the realm of bid dependency. Whilst we note that there is a section called 'Stakeholder Engagement' in the bid template, more could be done to clarify what is expected of Budget Holders in order to manage dependencies and enhance lessons learnt around rejected bids. The recent change to the format of the 1st Officer and Member challenge is a positive development. 	<p>People & Skills </p> <ul style="list-style-type: none"> ✓ The relationship between Budget Holders and Finance is viewed as highly positive. ✓ Finance has been described as "approachable and collaborative" in comparison to previous years. This has improved the nature of partnerships between Finance and Budget Holders, which is conducive to harmony in the budget setting process. Budget Holders are mandated to complete training before undertaking their role. • Because of its size, there is not a focus on specialism within Finance, rather, most members of the team are generalists. This means that there is a good breadth of knowledge of processes/systems in the team and there are limited single points of failure if someone is absent. However, compared to benchmarking, the overall Service spends £445 less on training per year than other UK employers. 	<p>Data & Financial Analysis </p> <ul style="list-style-type: none"> ✓ The Service has good structure in place regarding its data filing. A limited number of staff have access to Finance folders. If documents move to SharePoint, additional controls need to be considered i.e. passwords. • There is room for improvement when it comes to the 'backstory' behind data, including logging the way in which figures have been arrived at; what assumptions have been made and the reasons for these; and how comments and questions are addressed in next iterations. • Whilst there are currently only 2-3 individuals making use of the budget building spreadsheet, clearer documentation of changes and evidence can support in addressing potential questions from Members. • From a formatting perspective, irregularities such as the inconsistent colour code used across sheets, could cause confusion for individuals joining the Finance Team. Adding clear keys would make the document easier to follow. 
<p>Objectives & Goals </p> <ul style="list-style-type: none"> • There is a relatively large emphasis on growth bids vis-à-vis savings bids and operational investment vis-à-vis back office/support investment. We have noted the likely rationale for these trends such as degree of visibility and accountability, respectively. • We have also noted that the 5-year plan that certain teams have is a great way to promote efficiency of the MTFP process, as it offers the senior management predictability. We recommend that the Service considers encouraging such an approach across teams. • The Service has been diligent in outlining its goals in its Corporate Plan and has emphasised the importance it places on strategic linkage of bids by dedicating a segment of submission forms to this very matter. However, our sample analysis shows that Budget Holders do not always link their proposal to Service-wide agenda adequately and/or clearly enough. 	<p>Compliance & Risk Management </p> <ul style="list-style-type: none"> ✓ Overall, at a project, departmental, directorate and corporate level, we understand that the logging of risk is present. The Service has a Corporate Risk Register which outlines significant risks that need consistent monitoring. ✓ There is also the Corporate Risk Map and a Risk Register Changes file. • There is limited oversight of risks referenced in approved bids, and how they are carried over to directorate risk monitoring for non-financial risks. Financial risks are monitored in monthly meetings. • A gap is apparent on the risk ownership and follow-up side, which should sit with Budget Holders. Subsequent steps upon identification of a risk should be better evidenced. • The lengthy nature of the risk escalation protocol, though beneficial from the angle of thoroughness, may be inadvertently deterring risk flagging as staff may be discouraged by the tedious process. 	<p>Monitoring & Delivery </p> <ul style="list-style-type: none"> ✓ The Service exhibits best practice in the regular liaison between its Budget Holders and its Finance Team. ✓ Monthly monitoring reports are populated by Budget Holders, keeping the Finance Team in the loop about key variances such as any overspends, increased costs etc. These reports are unpacked in monthly monitoring meetings where any major notifications that affect the budget are discussed and worked through jointly. • We note, however, that although the Service reports an underspend year-on-year, and this monitored throughout the year, this could be more effectively communicated to Budget Holders. • We have suggested that an evaluation of the root causes of these underspends could be carried out, and shared with Budget Holders, so that they can be guarded against in advance, hence facilitating the optimal utilisation of funding. 



Section 3: Financial Analysis of Last 3 Years

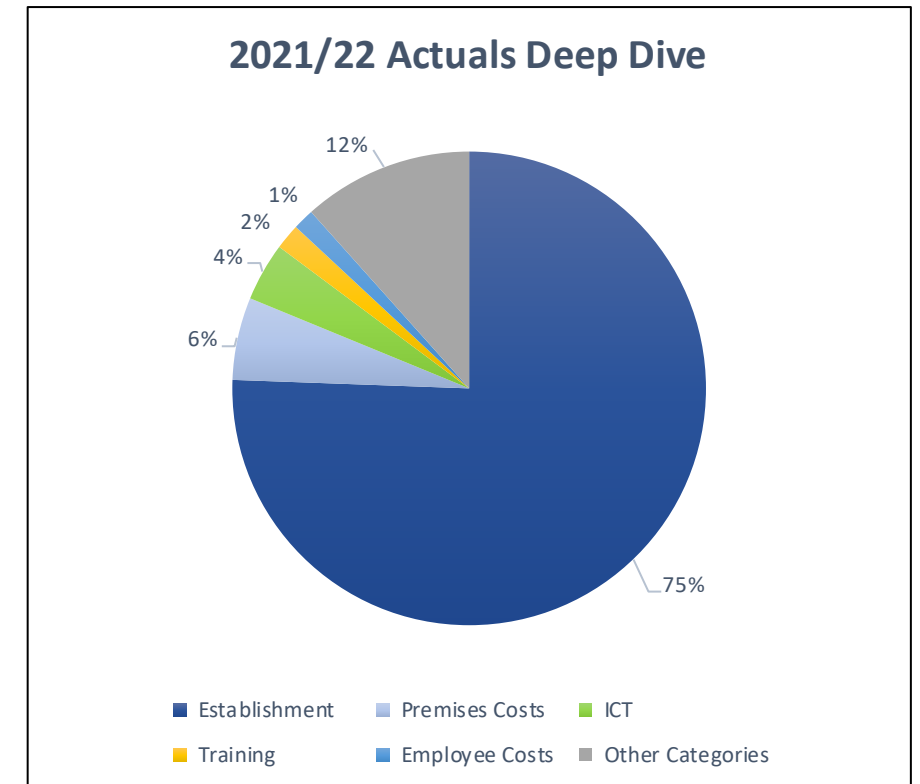
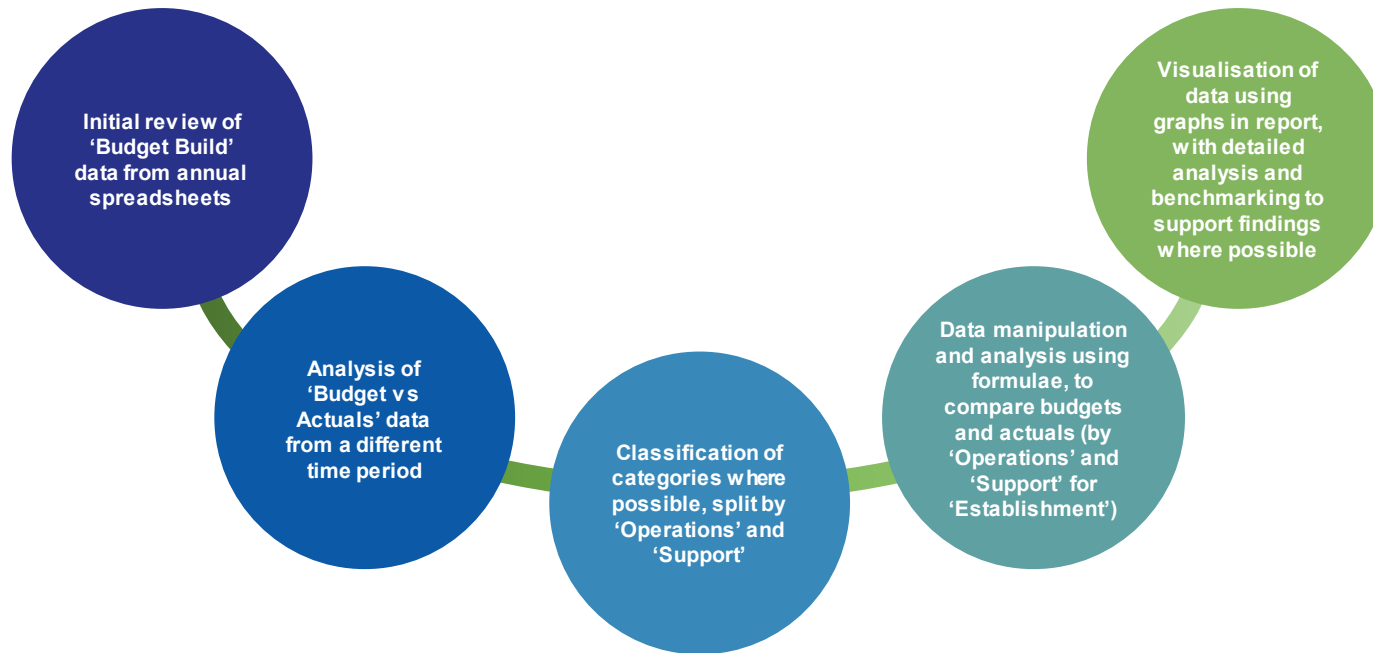


Data Analysis To Assess Historic Investment in Operations and Support Functions To Determine Trends

Methodology and Data Selection

We have reviewed seven spreadsheets in total (see Appendix) from different sources, comparing budgets with actuals, resolving initial difficulties with data from different time periods. The lack of consistency in documentation to compare budget and actuals across the same time period is considered an area for improvement (further detail can be found on slide 20). The following analysis was carried out, making up 88% of total actuals (as shown in the pie chart), highlighted to be most useful to the Finance Team:

- Classified specifics in the Establishment category into 'Operations' and 'Support' (3/4 of total spend) analysing how spending has been prioritised in the three-year period against budget
- Analysed Training and ICT, budgets and actuals in conjunction with available benchmarking figures
- Employee Costs and Premises Costs analysis can be found in the Appendix, for which benchmarking data was unavailable



Data Analysis

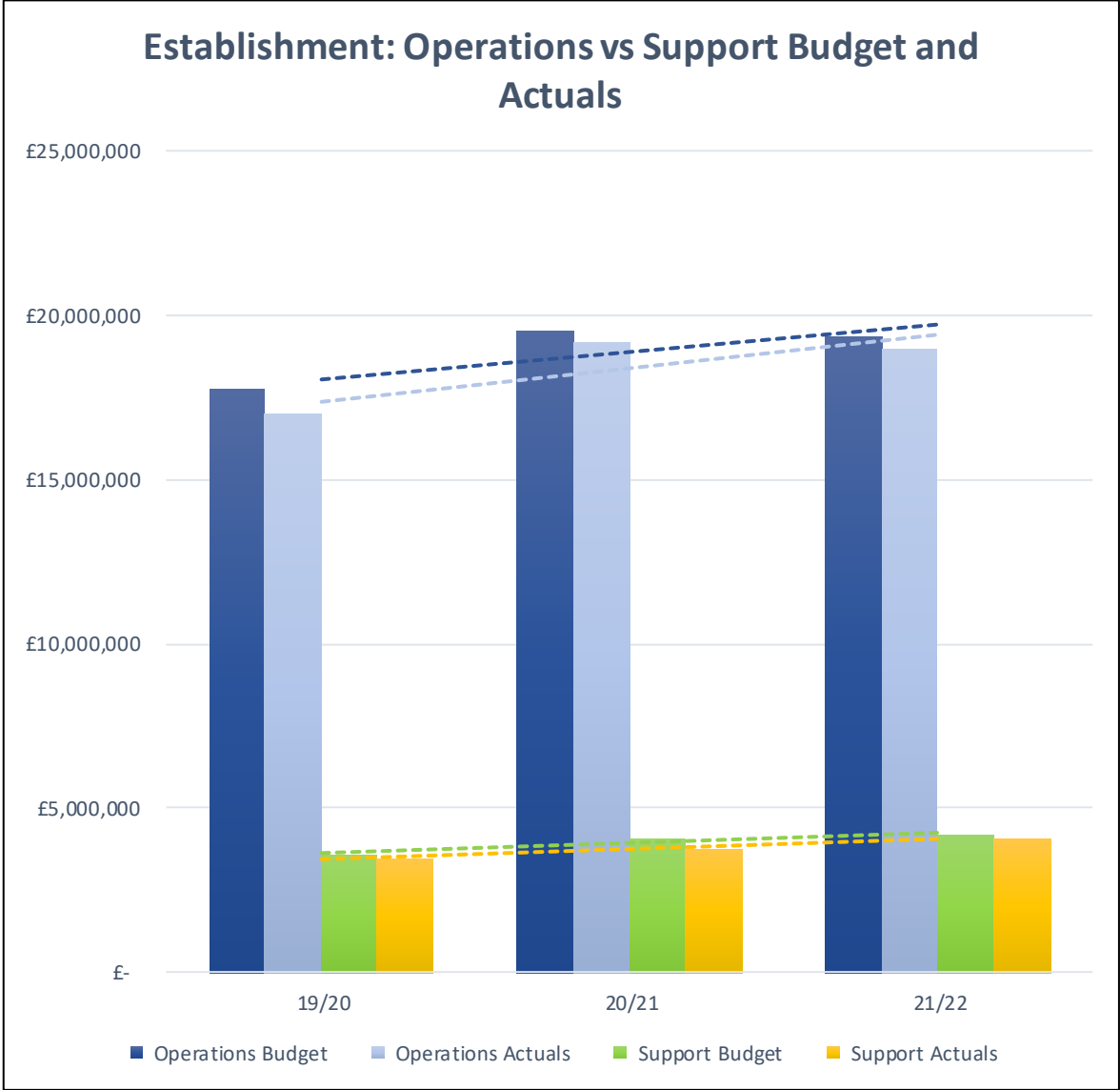
Establishment Budgets and Actuals

This slide summarises budget and actuals for 'Operations' and 'Support'* sub-categories under 'Establishment' for the past three years. Findings align with anecdotal evidence shared during workshops. As noted in the 'Observations' section of this report, consideration should be given to the impact of the gap between budgeted funds for Operations versus Support. Underinvestment in Support functions can lead to decreased efficiency, bottlenecks, decrease in employee morale or lack of informed strategic decision making.

Within Establishment, the budget signed off for Operations is higher than for Support, representing an average of 83% of total Establishment budget, as opposed to 17% for Support, in the past three years.

In terms of actuals, Support expenditure has remained fairly constant at an average of £3.76m on average in the past three years, against an average budget of £3.96m. For Operational expenditure, actuals were below budget in FY 19/20, and nearly on budget in FY 20/21 and FY 21/22. We note that the 2021/2022 HMICFRS report highlights efforts made by the Service to increase capacity of its operational response team to address cause of concerns. This could explain the continued increase in Operations Actuals relative to the budget.

Notably, actuals for Operations have increased just over 12% over the last three years (from £17.7m to £19.54m), whereas spend on Support has increased by 18%, (from £3.47m to £4.09m).



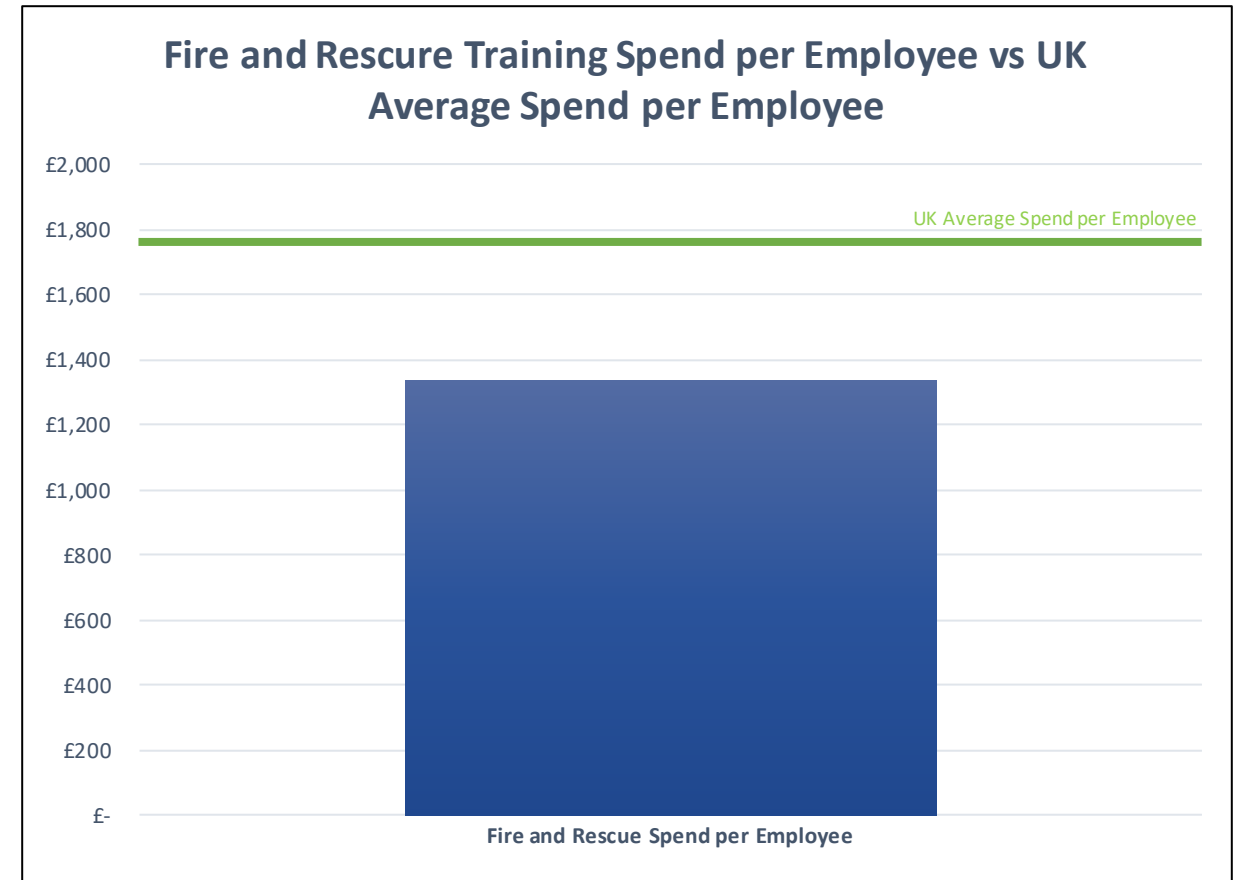
*Please note that some categories within the Establishment budget were a mix of Operations and Support. We have sub-categorised these budget areas as 'Mostly Operations' or 'Mostly Support', apportioning them on a 75%/25% basis (see Appendix).

Training

In the previous three years, the training budget approved was greater than actual expenditure, at an average of 7% (please note that core firefighter training is included in the establishment budget). This may be attributed anecdotally to impacts of the pandemic and the time needed to recruit new employees, resulting in training budgets not being used up. Benchmarking data shows that the average spend on training per full-time employee is approximately £1,780 in 2022, whereas this figure is £1,335 in actuals for the Buckinghamshire Fire and Rescue Service in 2021/22. This is based on an employee base of 406 people (498 total minus 92 classified as 'On-Call'), based on the Service's latest Gender Pay Gap Report (2022). Whilst this figure will inevitably vary by industry, at an aggregated level, this figure represents a £445 difference for the Fire and Rescue Service.



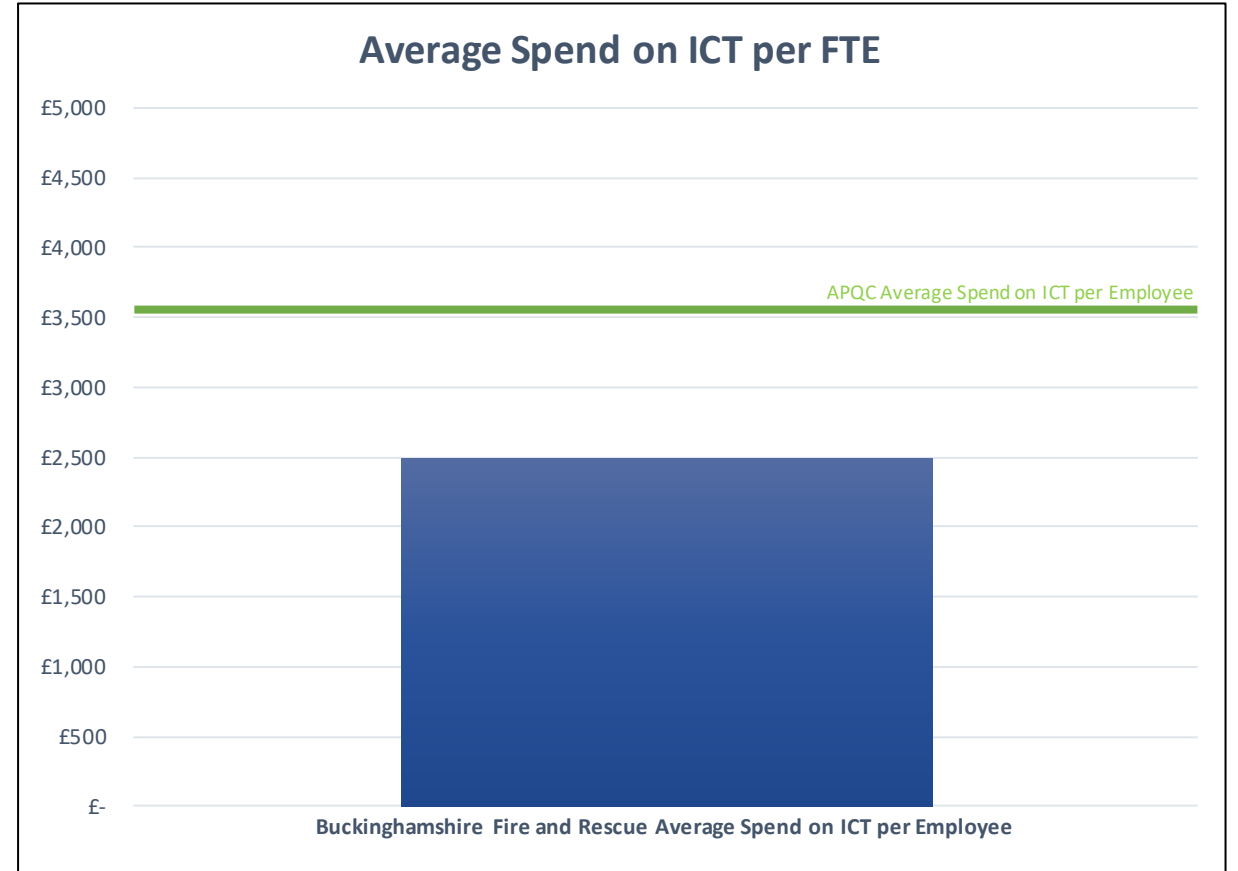
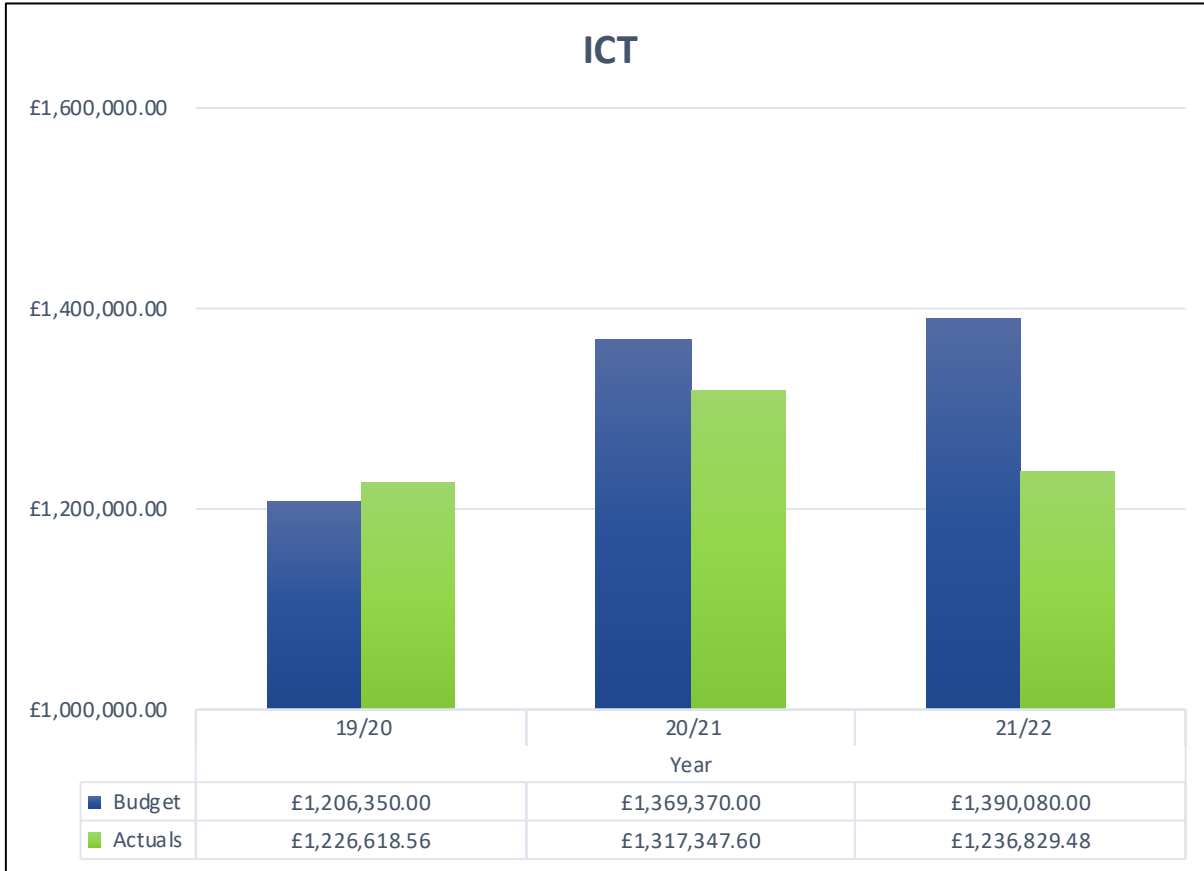
Source: Buckinghamshire Fire & Rescue Service



Source: Department of Education Employer Skills Survey UK 2022

ICT

In the financial year 2019/20, the budget for ICT was less than actual spend, whereas in the following two years, there was significant budget remaining (particularly in 2021/22, where 11% of the budget was unused). This category holds a mixture of support and operations spend. Benchmarking data specific to the government industry shows that the average spend on ICT per full-time employee is approximately £4,185, whereas this figure is £2,484 in actuals for the Buckinghamshire Fire and Rescue Service in 2021/22, representing a £1,701 difference. This is based on an employee base of 498 people, based on the Service's latest Gender Pay Gap Report (2022).



Source: APQC










Section 4: Documentation Review



Review of Sample Bids

We conducted a review of five completed bid submissions – two being Capital Expenditure bids, and three being Revenue bids – all submitted in 2022. We evaluated answers of each section for level of detail, relevance and completeness, and have spotlighted the main points here to highlight some focal areas. *We note that the bid template has been changed by the Service in 2023, removing the word count limit for the executive summary.*

Further work is needed to ensure bid submission sections are completed exhaustively, within the word count and to a consistent standard.

Bids Samples Reviewed	Executive Summary	Options Analysis (Options Available & Appraisal)	Capital Works Plan & Stakeholder Engagement	Strategic Requirements		
				Linkage to <i>Corporate Priorities</i> clearly stated?	Linkage to <i>Directorate</i> clearly stated?	Linkage to <i>Public Safety Plan</i> clearly stated?
Property July 2022 	Detailed and relevant, but significantly exceeds word limit	Good level of detail and consideration	Incomplete: Timeframe column left blank	✗	✗	✓
Workshop Van Oct 2022 	Relevant and within the word limit	Good level of detail and consideration	Incomplete: Timeframe column left blank	✗	✗	✓
Microsoft Licensing & Data Storage July 2022 	Detailed and relevant, but noticeably exceeds word limit	Good level of detail and consideration	All details stated	✗	✓	✗
Community Safety Charges July 2022 	Relevant but slightly exceeds the word limit	In-year costs for alternative option states '0', but should say 'TBC'	Limited: Timeframe column left blank, due to this being a multi-year bid	✓	✓	✓
Employee Engagement Dec 2022 	Detailed but significantly exceeds word limit and arguably contains details that are not strictly necessary	Good level of detail and consideration	N/A	✓	✓	N/A*



Section 5: Observations & Improvement Opportunities



Process & Controls (1/3)

To improve in consistency and engagement, clear expectations and support from scenario planning should be considered as well as re-evaluating processes toward managing dependencies between bids.

KEY:

- High priority
- Medium priority
- Low priority/Best Practice

Theme	Observations/ Insights	RAG	Improvement Opportunities
Bid dependency management	<ul style="list-style-type: none"> We note that there is a section in the bid template where Budget Holders are required to explain the linkage of their bid to different departments, and expectations from stakeholders outside their team or department, where needed, called "Stakeholder Engagement". However, there is currently a lack of oversight between teams to understand who is filing a growth bid, and for what, leading to potential missed opportunities for synergy and transparency. Additionally, for individuals in similar roles, such as station commanders, they may benefit from gaining awareness of growth bids filed within their area to consider similar investments next year. Equally, they may benefit from a 'lessons learnt' report or one-off newsletter which describes the growth bids that were rejected, and the reasons why. 	●	<ul style="list-style-type: none"> Having a SharePoint which is accessible to allow those within the Service to see, at a high-level, which bids are being submitted. To protect the confidentiality of certain bids, Budget Holders could consider just sharing the subject title of their bid. Having an internal communications process in place to share stories on successful bids, and how investment was used, to enhance transparency and encourage individuals to consider filing bids next year if they have not done so historically. This will help encourage an innovation mindset within the Service and will allow the Finance Team and Senior Management Team to review a wide array of ideas.
Inconsistent Bid Submission Inputs	<ul style="list-style-type: none"> From our documentation review, we have deduced that there are varying interpretations of, and therefore approaches to, some sections of bid submissions. For example, Executive Summaries have ranged from a description of the proposal in brief, to multiple paragraphs detailing extensive background information on the underlying issue the proposal sets out to address. In 4 of the 5 sample cases, the 100-word count for the Executive Summary has been exceeded – 2 of which were by over 500 words. The differing conceptions of what the Executive Summary ought to contain may be a partial explanation as to why this is the case. The other likely explanation is that the 100-word limit is simply too restrictive to enable the Budget Holder to exhaustively outline their proposal, even just as a snapshot. In 4 of the 5 sample cases, Section 7 ('Capital Works Plan and Stakeholder Engagement') was incomplete or unclear. In 3 of these cases, the timeframe column was left blank, whilst in the remaining case, the stakeholder column was left blank. <i>We note that the bid template has been changed by the Service in 2023, removing the word count limit for the executive summary.</i> 	●	<ul style="list-style-type: none"> Including a brief synopsis under section headings of what an ideal answer should contain, to provide clarification as to what is expected would be beneficial. This in turn would likely reduce the number of bids that are sent back to be amended due to lack of clarity, hence promoting efficiency. Expansion of word limit could be considered, to allow Budget Holders to provide level of detail needed to build their case. Consideration as to whether these omitted details can feasibly be anticipated by Budget Holders in every case, or whether these can only be predicted. If the latter case holds, perhaps change column wording to 'expected' timeframe and 'expected' stakeholder(s).

To improve in consistency and engagement, clear expectations and support from scenario planning should be considered as well as re-evaluating processes toward managing dependencies between bids.





Theme	Observations/ Insights	RAG	Improvement Opportunities
Managing uncertainties during process	<ul style="list-style-type: none"> The overall bid process, and medium-term financial plan budget build, takes place between the end of June and February (<i>Please refer to Process Map</i>). Whilst the process starts in the summer, announcements around precept flexibilities and funding are not announced until December and end of January respectively, meaning the Service needs to show high levels of agility and flexibility in order to respond to changes required in its budget. From anecdotal evidence, we understand that the Finance Team is well equipped in making last minute changes and meeting the appropriate deadlines throughout the process. Historically, there have been no delays in getting the right level of information across to the SMT and Members during the MTFP lifecycle. We do note that if precept flexibilities and funding turn out higher than expected, there may be “uncaptured” potential at the time of bid submissions as Budget Holders operate under a state of uncertainty. 	●	<ul style="list-style-type: none"> Continue to encourage Budget Holders to put forward several options in bid templates, accounting for different scenarios such as potentially higher and lower figures of precept flexibility/funding than normal, in case another option becomes preferred after government announcements.
Bids timetable	<ul style="list-style-type: none"> The Service has a robust budget timetable in place which is shared with Budget Holders before the process kicks off. This includes key milestones in the budget setting process, such as the First and Second Officer Challenges. From anecdotal evidence, it appears that deadlines are met throughout the process by both the Finance Team and Budget Holders, and the Finance Team makes a conscious effort to guide Budget Holders through the process and remain in constant communication to offer support, and track progress. From the timetable, we see that the Finance Team provides an update on the guidance on budget setting in June, and on how to complete templates. 	●	<ul style="list-style-type: none"> This is regarded as best practice. If not already implemented, we recommend that the June session is held in-person, preferably offering multiple options to Budget Holders, to encourage idea-sharing, manage dependencies and share learnings.
Change in Challenge format	<ul style="list-style-type: none"> As of this year (2023), the format of the First Officer and Members Challenges changed from presentation-style sessions to collaborative workshops, which allowed Budget Holders to provide more context and background to their bid request, providing the Senior Management Team (SMT) with a stronger understanding of its contents. 	●	<ul style="list-style-type: none"> This is regarded as best practice. Look to continue this process to provide Budget Holders with more opportunity to address any challenges and to provide further context for their bids. This will also help identify cross-departmental dependencies.

(Please see Steps 1.5, 1.6 and 1.8 of Process Map)

To improve in consistency and engagement, clear expectations and support from scenario planning should be considered as well as re-evaluating processes toward managing dependencies between bids.

Theme	Observations/ Insights	RAG	Improvement Opportunities
<p>Two-phased Challenge process</p> <p><i>(Please see Steps 1.3-1.13 of Process Map)</i></p>	<ul style="list-style-type: none"> All submitted bids are checked for detail by Finance Team, and scrutinised by the Business Transformation Board, SMT and Members. Any bids sent back to their originating Budget Holders as a result then undergo a second round of scrutiny. From an anecdotal commentary, we gather that this iterative process is generally well-received. There is a possibility that the multi-phased nature of the challenge process inadvertently incentivises Budget Holders to complete their bids exhaustively from the outset, so as to minimise the degree of amendment needed later on. Whilst this two-phased process could, in some ways, take more time and extend the overall lifecycle of the MTFP, it also allows for rigorous levels of scrutiny and opportunity for Budget Holders to resubmit their bids after making requested amendments within the same year, instead of having to wait another year in case of rejection. 	<p>●</p>	<ul style="list-style-type: none"> Following positive anecdotal feedback from stakeholders, and noting that deadlines are met by both the Finance Team and Budget Holders throughout the process, this is regarded as best practice. Consider undertaking a backward-looking review to understand the percentage of bids that are sent back for amendments after the first Officer and Member challenges. If this number is low, the Service could consider a one-phased approach where there is only one opportunity to submit bids, in the interest of efficiency and resource spend. For example, Northumberland County Council uses such an approach, where each bid is still reviewed rigorously by going through different levels of escalation, but is only ever scrutinised by a given team once.

With a supportive and knowledgeable Finance Team to hand, more work is needed to document finance processes for ease of referral and to provide opportunities to share financial planning knowledge to department leads to encourage further engagement.

Theme	Observations/ Insights	RAG	Improvement Opportunities
Relatively small Finance Team	<ul style="list-style-type: none"> We understand that most individuals within the Finance Team are generalists, which means that most, if not all staff members, have a wide understanding of the processes and actions that need to be completed within the function, and are usually able to cover for others if they are on annual leave or away from the office for other reasons, resulting in minimal single points of failure. However, the majority of staff in the Finance Team have been in the function for a long time, and thus may have knowledge stored “in their heads” rather than documented on paper (i.e. how to complete the MTFP budget build or how to carry out scenario planning specific to inflation). The team is relatively thinly spread, which could mean there is limited time for training or additional strategic value add activity. This links in with the lower levels of investment in support function in the Service compared to operations (<i>Please see Objectives and Goals</i>). 		<ul style="list-style-type: none"> Having the knowledge of specific processes within the Finance Team documented and stored on a secure system can allow for continuance of information, should the composition of the Finance Team change, or should someone leave.
Roles & responsibilities Budget Holders & Finance Team	<ul style="list-style-type: none"> Roles and responsibilities in preparing, reviewing and approving the medium-term financial plan and the annual budget are clearly defined, understood and documented. Staff and Members are aware of their responsibilities in the budget setting process. 		<ul style="list-style-type: none"> This is regarded as best practice.
Perception of Finance Team	<ul style="list-style-type: none"> Anecdotal commentary from both Budget Holders and Finance Team members support that there has been a notable positive culture shift in recent years. Budget Holders, and staff members more widely, describe the Finance Team as “approachable”, “collaborative” and “open to conversation”. They note that there has also been a movement away from transactional conversations to a more collaborative approach. This culture widely benefits the MTFP process, as Budget Holders feel comfortable reaching out to the Finance Team for support, in turn leading to quality bids. 		<ul style="list-style-type: none"> This progress in having an approachable Finance Team for staff members to lean on for support should continue. Consider whether this pocket of good practice can, or should, be replicated between other teams in the Service (i.e. IT, HR, Communications) and utilise this example as a success story.
Budget Holder training	<ul style="list-style-type: none"> Prior to anyone becoming a Budget Holder, the Finance Team provides them with training. Budget Holders feedback that they receive high levels of support from the Finance Team throughout the budget setting process, as well outside of the MTFP. They meet on a monthly basis to monitor expenditure and escalate risks where appropriate. (<i>Please see Monitoring & Delivery and Step 1.19 of Process Map</i>). New Budget Holders rely on the collaborative and supportive nature of the Finance Team to support them in financial queries. Not all Budget Holders have the skill or experience to aid them in the process of placing bids or establishing their monthly financial figures, especially if they have not done so before. 		<ul style="list-style-type: none"> This is regarded as best practice. We suggest that training materials are reviewed on an annual basis to ensure they are still timely, engaging and inclusive. Consider hosting ad-hoc skills training sessions or drop-ins by Finance to build confidence in Budget Holders with their skills, knowledge and understanding. This increase in confidence may encourage Budget Holders to take more responsibility and explore financial opportunities further.

Currently there is strong data management in place. Providing a ‘backstory’ of data will add context to the data outlined within the Budget Build Spreadsheet and the manual inputting of data should be reduced as much as possible to decrease chances or error.

Theme	Observations/ Insights	RAG	Improvement Opportunities
Data Categorisation, including ‘Budget vs Actuals’	<ul style="list-style-type: none"> We understand that budgets are calculated using the actuals of previous years. Documentation exists which provides budgets at a category level e.g. establishment, and actuals at a granular level, e.g. employment agency payments for specific cost centres. We also note that there are numerous spreadsheets and documents that are used to manage and update changes to the Establishment budget (75% of the total budget), inflation, supplies and services. These sit separate from the Budget Build spreadsheet. Therefore, whilst we note that these changes are pulled into the Budget Build by the Finance Team, this process is reliant on tacit knowledge. Changes are captured in spreadsheets outside of the Budget Build which could make the “background” behind some figures unclear. 	●	<ul style="list-style-type: none"> Create a high-level view of a actuals for comparison with the budget by adding up granular actuals (by cost centre name). Agreeing on common categories across reports will aid this process. Clarify location or filepath of separate spreadsheets or sources used to inform the Budget Build. More explicitly link previous actuals to forecast estimates to better explain decision making.
Automated Data	<ul style="list-style-type: none"> Within the budget excel documentation, most of the data is manually input, rather than automatically pulled from spreadsheets/ systems. The reason for this is that some figures need adjusting up until the last minute, for example, as business rates are set in January and the budget is finalised in February. However, for some categories this approach is not required, and can increase the chances of error without clarity on where data is retrieved from. 	●	<ul style="list-style-type: none"> A more consistent approach to pulling in data should be implemented, using manually input values only as the exception where necessary, such as for RCCO.
Clarity in Changes	<ul style="list-style-type: none"> Although there is version control amongst the budget Excel documentation, it is unclear what changes have been made and by who. This lack of clarity could lead to errors in the document with not all figures being updated where needed. There is also no consistency in colour coding across sheets, which makes legibility difficult. From reviewing the “Budget Build 2023-24 v14.1” it is the case that currently, the Finance Team leaves comments and questions in spreadsheet tabs related to the relevant area, to be discussed with the Director of Finance & Assets. Whilst there are only two to three people that utilise this spreadsheet, and the only tab that is published externally is the “Overall Brigade Position”, it can be difficult to keep track of discussion points and their evolution. There is some complacency, in that in a small team, it is assumed that everyone knows about comments and changes 	●	<ul style="list-style-type: none"> A clear key on each page would be beneficial, in explaining who is responsible for updating data, at what frequency, and what colour coding represents. If Subjective Area report breakdowns are only intended for internal use, they should not be included on the “Overall Brigade Position” sheet. Consider creating an additional tab with a RAID (risks, actions, issues, decisions) log to keep track of ongoing queries and issues throughout the budgeting process. This will help improve oversight of the evolving nature of the spreadsheet for the Director of Finance & Assets.
System	<ul style="list-style-type: none"> In 2017, the system was changed from SAP to Integra. The upgrade has been successful, with risks mitigated by a comprehensive change management process. From stakeholder discussions, Integra is effective at pulling reports and works well with set financial controls. Audits have been carried out on system in place multiple times, all ‘glowing’ reviews. 	●	<ul style="list-style-type: none"> Ensure that new joiners continue to be sufficiently trained in using Integra.

Currently there is strong data management in place. Providing a ‘backstory’ of data will add context to the data outlined within the Budget Build Spreadsheet and the manual inputting of data should be reduced as much as possible to decrease chances or error.

Theme	Observations/ Insights	RAG	Improvement Opportunities
GDPR	<ul style="list-style-type: none"> In terms of privacy controls, personal information is not included in documentation where it is not necessary. The Finance Team has exclusive access to certain files on the network, which helps ensure personal data is not lost or spread. We understand that the Council is encouraging Services to use SharePoint. If the Service moves its documents onto SharePoint, consider adding password protection to documents to ensure further compliance with the integrity and confidentiality (security) principle. 	●	<ul style="list-style-type: none"> Add password protection to documents for added security if documents are moved onto SharePoint. Continue to monitor GDPR policies to ensure compliance.
Inflation	<ul style="list-style-type: none"> In each of the three years of budgeting data in the spreadsheets, there is an 'Inflation and Other Changes' tab, where inflation assumptions vary from 2% to 10%+. Given the current volatility of inflation, such varying figures are likely justified. Written indication of the rationale behind the figures used can be found in a different spreadsheet, alongside scenario planning. 	●	<ul style="list-style-type: none"> Maintain the inflation and scenario planning spreadsheet and include a link on the 'Budget Build' as to where the document can be found.

Objectives & Goals (1/2)

Process & Controls

People & Skills




Data & Financial Analysis

Objectives & Goals

Compliance & Risk Management

Monitoring & Delivery

Corporate priorities are well documented but strategic priorities are not clearly linked. Work is needed to reduce disparity in types of investment and bids, and more support is needed to encourage innovative ideas.

Theme	Observations/ Insights	RAG	Improvement Opportunities
Operational Investment	<ul style="list-style-type: none"> From our conversations with stakeholders and reviewing the budget build spreadsheets from the past three years, it is evident that historically, there is more investment in the operational area of the Service (e.g. number of smoke alarms, increasing establishment) compared to back office/support functions and/or tools. We know that Members have historically put emphasis on growth bids that focus on operational investment. One explanation is that return on investment in these areas can be more visible and so tend to capture more public recognition and support. This can, however, create a skewed approach where certain bids are more likely to be approved by Members and may discourage certain Budget Holders to file bids that focus on back office/support functions and/or tools. In turn, if back office/support functions are not funded appropriately, this may negatively impact staff retention, Service progression and innovation, and process efficiencies. 		<ul style="list-style-type: none"> A benefits realisation workshop into the back-office functions together with Members may provide more exploration to the necessities and benefits that investing in back-office functions can provide to the Service. This can aid in Member understanding and provide a clear narrative for public perception into why investment into these areas could be beneficial for the efficiency of the Service and the way it services communities. Carry out a retrospective review of Culture Survey results across the Service with a focus on support function staff to assess any trends in staff morale and satisfaction.
Savings Targets	<ul style="list-style-type: none"> A greater share of submitted bids are growth bids rather than savings bids. This may be partially explained by the fact that it is relatively difficult to anticipate the level of savings an action will reap. Furthermore, it is more likely that teams would be held to a degree of accountability if they were to state a certain savings figure and fail to meet it. However, we also note that Members are interested in understanding how the Service proposes to drive costs down alongside how it plans to grow. The Service currently does not set savings targets for Directorates. The Finance Team does have an Efficiency & Productivity Plan in place as mandated by the Fire and Rescue National Framework which focuses on the Service's priorities and initiatives to deliver further efficiencies and savings which was last updated for 2023-24. At this point in time, we have found that there is a trend of underspend rather than overspend within the Service and it has strong reserves. As of the 2023/24 budget, reserves stand at £8,040,000 and this is projected to increase to just over £10,000,000 by 2027. <i>We understand that on some occasions savings are not possible within a certain team or department dependent on the nature of their work, longstanding contracts etc. We also note that the majority of the budget is made up out of Establishment, for which savings suggestions may not be appropriate.</i> 		<ul style="list-style-type: none"> As Directorates may be held accountable to specific monetary savings targets proposed and, therefore, feel discouraged to put these forward – it may be appropriate to focus savings bids on efficiency, rather than cost savings to provide Directorates the confidence in their attempts to reduce costs and ultimately ensure more efficiency within the Service.
Attitudes Innovation	<ul style="list-style-type: none"> It has been raised that a better “innovation mindset” could be of benefit to the Service to tackle ongoing challenges such as filling fire fighter resourcing gaps, approaching on-call availability differently, etc. Some Budget Holders may feel pressure to get initiatives and growth bids “right” the first time. We also note that the idea of purchasing property for fire fighters that are required to live in a certain radius of a station was raised with the SMT, but not progressed. As the Service has historically seen levels of underspend and sometimes opens up an in-year bid process, there may be room to explore the Service's levels of risk appetite and foster ways to encourage new ideas, particularly to address limited talent pool. 		<ul style="list-style-type: none"> Host a joint brainstorming session to assess the most pressing issues facing the Service, and open up the room to ideas. Consider inviting a wide array of levels and grades within the Service to gather a diverse collection of views. Assign ideas to separate Budget Holders to build out alongside junior staff member(s) for consideration in the next budget build.

Objectives & Goals (2/2)

Process & Controls

People & Skills

Data & Financial Analysis

Objectives & Goals




Compliance & Risk Management

Monitoring & Delivery



Corporate priorities are well documented but strategic priorities are not clearly linked. Work is needed to explain disparity in types of investment and bids, and more support is needed to encourage innovative ideas.

Theme	Observations/ Insights	RAG	Improvement Opportunities
Strategic linkage	<ul style="list-style-type: none"> From the sample of bids we reviewed, we note that in the bid submission form, Budget Holders are required to describe how their bid relates to their “corporate priorities”, prompting Budget Holders from the onset to ensure their proposition is relevant to, and progressive towards the Service’s wider strategic objectives. However, the bid form also contains an arguably restrictive 100-word limit on the Executive Summary section, which may mean individuals are unable to exhaustively build their case without referring to external documentation. If such external references are made, there can be a degree of time waste involved when the Finance Team/BTB/SMT then need to seek out said documentation. From this same review, we found that in most cases, in Section 8 (‘Strategic requirements’) the linkages to corporate priorities are alluded to, but not explicitly stated. At times, linkage on directorate level is made, however a clear outline of the way(s) in which the Budget Holder’s proposed idea would contribute to the alleviation of Service-wide issues listed in the 2020-2025 Corporate Plan is often lacking. <i>We note that the bid template has been changed by the Service in 2023, removing the word count limit for the executive summary.</i> 	●	<ul style="list-style-type: none"> This is regarded as best-practice, though we recommend considering whether the “corporate priorities” can be further detailed to link directly to the CRMP. Ensure external documentation is linked and provided when the bids go to SMT. Including a prompt under the section heading either reminding Budget Holders of corporate priorities, or suggesting they quote clauses from relevant documentation to draw direct links would help prevent against any sidestepping of corporate linkage.
Strategic linkage 5-year plan	<ul style="list-style-type: none"> Some teams, such as the Property Team, have a 5-year strategy in place for which sign-off by the Fire Authority has been obtained. On an annual basis, this team uses their strategy as a golden thread to benchmark bids against before they are filed, to ensure they match the corporate priorities that have been set previously. This means that during the First and Second Officer Challenge, the Senior Management Team will already have some awareness and buy-in of the team’s ambitions, which could lead to quicker sign-off of their bids. 	●	<ul style="list-style-type: none"> This is regarded as best-practice, and we suggest making other teams aware of the efficacy of this process in case they can repurpose this approach.

Although risks are documented clearly, more work is needed in establishing clear ownership and actions required. The escalation process needs streamlining to ensure necessary risks are addressed efficiently.

Theme	Observations/ Insights	RAG	Improvement Opportunities
Risk ownership	<ul style="list-style-type: none"> There is limited oversight of risks referenced in approved bids, and how they are carried over to directorate risk monitoring. Whilst we note that financial risks are appropriately monitored in monthly budget monitoring meetings, it is unclear who owns the monitoring and mitigation of non-financial risks moving forward. Subsequent steps upon identification of a risk should be better evidenced. 		<ul style="list-style-type: none"> Budget Holders to establish clear actions needing to be taken against the non-financial risks outlined, with clear individuals responsible for each actions and a review date to ensure all risks are appropriately mitigated for.
Ease of Risk Escalation	<ul style="list-style-type: none"> Anecdotal commentary suggests that the escalation of risks/issues can be time-consuming due to governance controls, such as the need for templates to be filled out. Whilst appropriate documentation of identified risks are important, the tedious process may be causing time-lags between detection and mitigation of risks. Furthermore, the logistics involved may inadvertently be deterring employees from flagging risks that they consider too minor to be worth the effort. 		<ul style="list-style-type: none"> Evaluate the current risk escalation process to understand where efficiencies can be found. Ensure there is an owner in place for the overall Corporate Risk Register to allow for urgent flagging of new risks before filling out required paperwork.
Corporate Risk Register	<ul style="list-style-type: none"> Risks are effectively maintained at a project, departmental and Directorate level. These are then pulled through to the overall Corporate Risk Register. This is an effective way of ensuring risks are captured across varying levels within the Service. However, we note that there are three separate documents forming part of the risk monitoring process: the Corporate Risk Map, Risk Register Changes (12-month view) and the Corporate Risk Register. 		<ul style="list-style-type: none"> This clarity across each level is essential to ensuring risks across all magnitudes are covered effectively. Consider transferring the three separate risk-related documents into one Excel spreadsheet to maintain a more holistic and up-to-date view of risks facing the Service. The Corporate Risk Register in Word currently does not allow for much formatting flexibility, i.e. adding columns.

Monthly monitoring meetings are classed as best practice. However, scenario planning in the case of underspend is absent, sometimes leading to underutilisation of funding.

Theme	Observations/ Insights	RAG	Improvement Opportunities
Monitoring underspend	<ul style="list-style-type: none"> As part of the monthly monitoring meetings, overspend and underspend is discussed and what can be actioned to support the department in question. In-year bid processes take place to utilise the underspend, when there is opportunity for funds to be shared with other departments. Anecdotal evidence shows that some Budget Holders are less clear on the levels of underspend within their area of the Service, and may be wary of 'losing their budget' in case underspend occurs. Whilst the Finance Team produces reports on the level of underspend logged, communications to Budget Holders could be clearer around the 'so what'. 		<ul style="list-style-type: none"> Carry out an evaluation of the root causes of these underspends to be shared with Budget Holders, as an opportunity for the Finance Team to share their insights and for Budget Holders to tweak or amend their plans as appropriate. Facilitate clearer top-down communications around underspend and provide reassurance that budgets will not be "taken away" without discussion.
Monthly monitoring meetings	<ul style="list-style-type: none"> Monthly budgeting reports are completed by Budget Holders and then shared with and discussed with the Finance Team on a monthly basis to discuss variances in overspend, inflation, increasing costs etc. <i>(Please see Step 1.19 of Process Map)</i> Lead Members receive a monthly monitoring report, the Executive Committee receives a quarterly update. Any issues or risks related to the monthly monitoring meeting are addressed through the Corporate Risk Register process. 		<ul style="list-style-type: none"> Providing this consistent approach to reviewing financial variances provides a good overview and allows for appropriate capturing of potential problems.



Appendix



Stakeholder interviews held

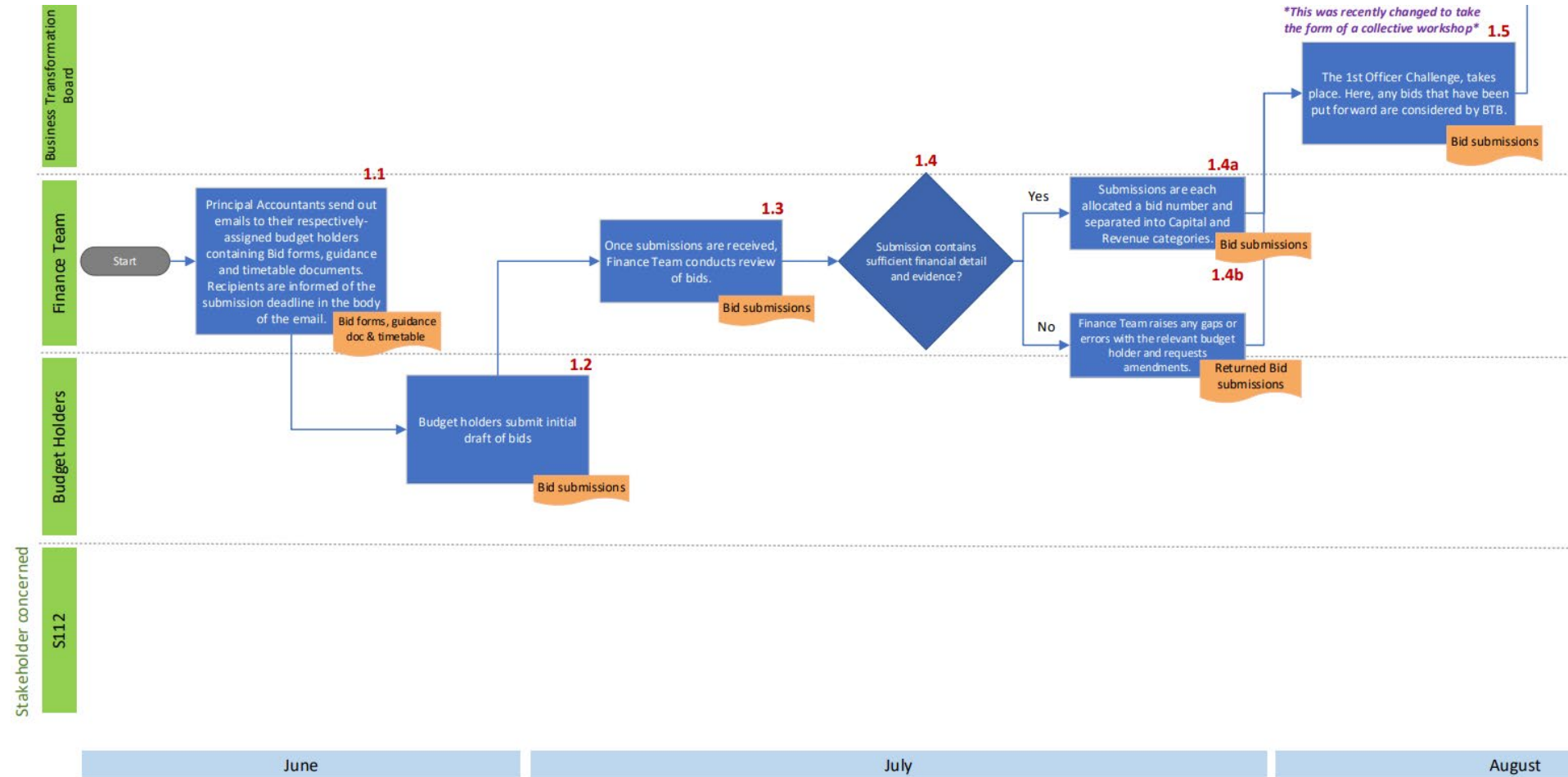
Overview

Name	Role
Asif Hussain	Deputy Director of Finance & Assets
Mark Hemming	Director of Finance & Assets
Laura Taylor	Principal Accountant
Simon Tuffley	Head of Prevention, Response & Resilience
Aaron Brinklow	Station Commander
Gordon Wylie	Property Manager

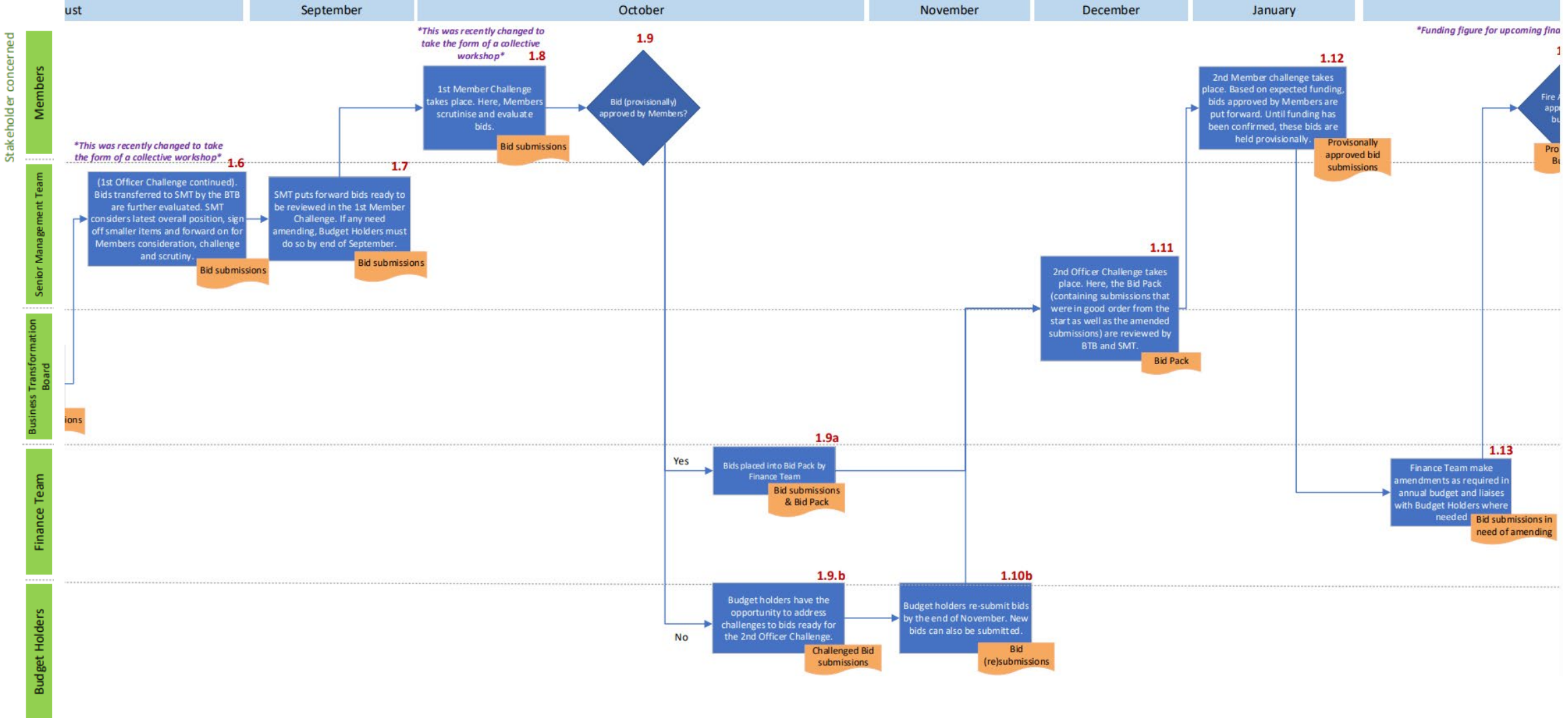
Medium Term Financial Plan

Process Map (1/3)

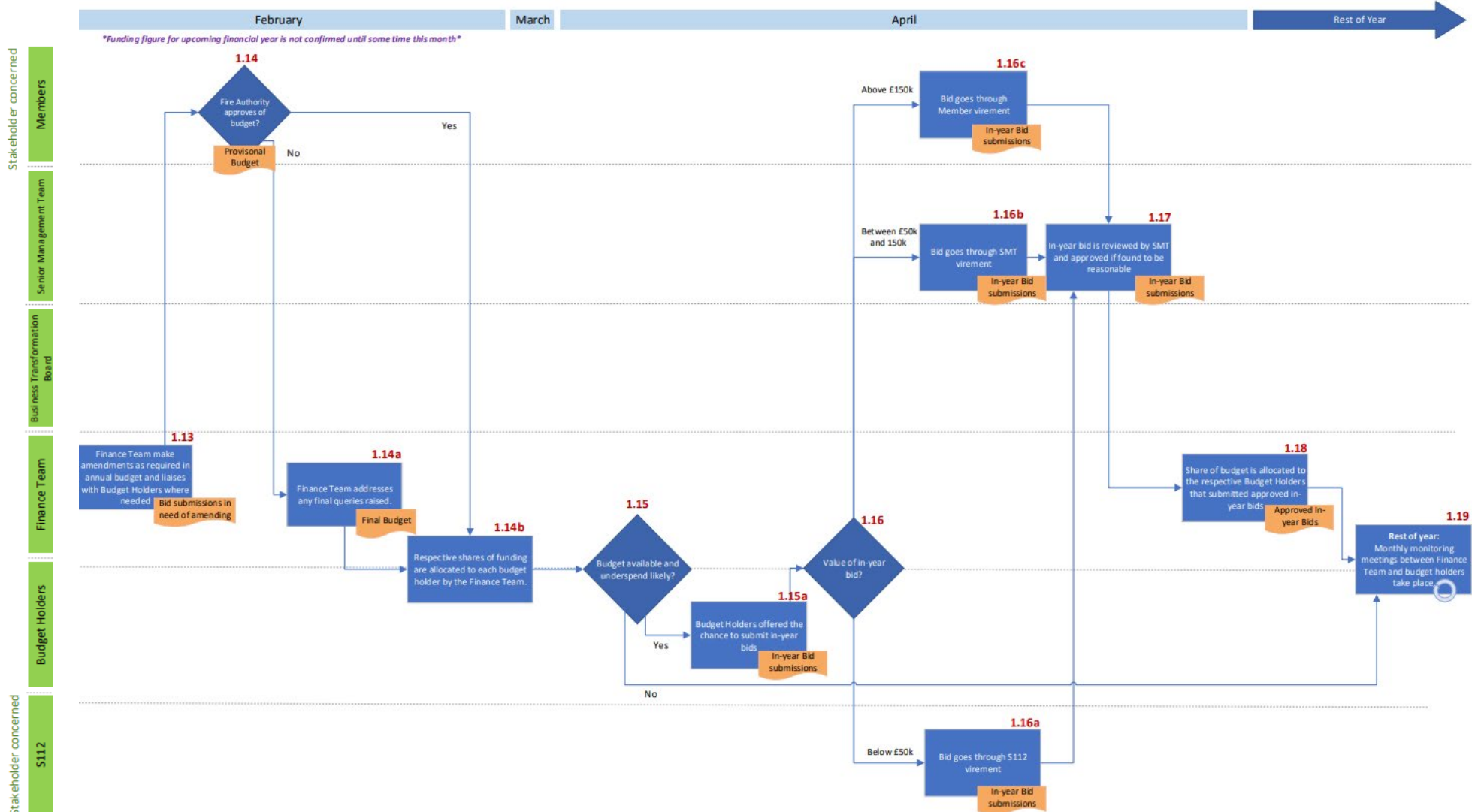
The budget setting process within the Service takes place on an annual basis between end of June until February and is structured to a budget timetable, with the first step in the process involving the creation of bids by Budget Holders with support from the Finance Team. The end-to-end process has been visualised on the next three slides, linking specific process steps to observations in Section 6 of this report, where relevant.



Medium Term Financial Plan Process Map (2/3)



Medium Term Financial Plan Process Map (3/3)



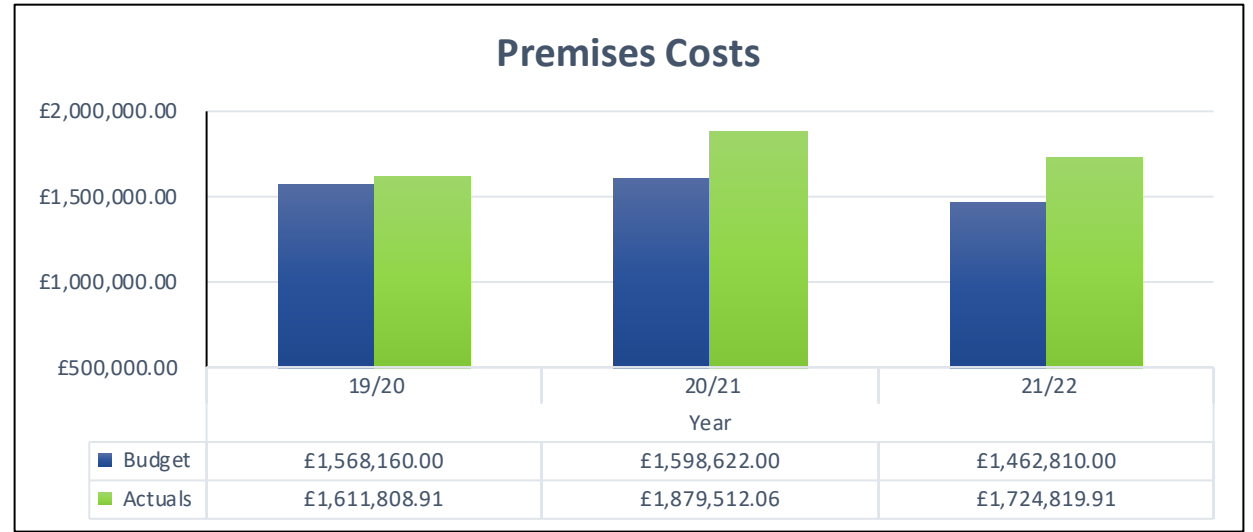
Data Analysis

Premises Costs

In all three years shown, actual spend on premises costs was higher than the budget initially approved, by an average of 13%. These amounts reflect utilities costs as well as rates and preventative maintenance, so the discrepancy between amounts is perhaps reflected by high inflation in recent years.

Due to the unique nature of a Fire and Rescue Service, obtaining benchmarking figures for premises costs was not possible.

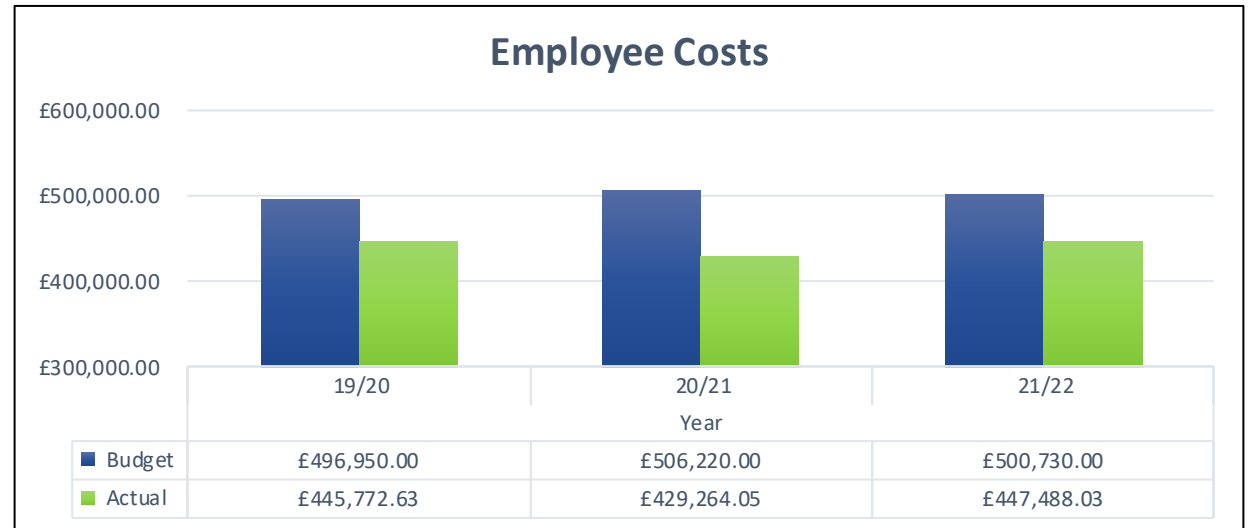
Please note, these figures have now been updated to reflect a change in budget classification, so now include 'Property Team' and 'Blue Light Hub' under 'Income Rents and Wayleaves', which was previously classified under 'Income'. Whilst the graph suggests an overspend in recent years, some of the premises costs are covered by income collected from SCAS and TVP for the Blue Light Hub Services Recharge, which is noted in the 'Budget vs Forecast Variance Column'.



Employee Costs

In all three years shown, actual spend on employee costs was lower than the approved budget, by an average of 14%. These amounts do not reflect salaries, but all other employee-related costs. The discrepancy in these figures may be as a result of the delay in recruiting new employees after the approval in growing the employee base was granted.

Due to the unique nature of a Fire and Rescue Service, obtaining benchmarking figures for employee costs was not possible.



Data Analysis

Establishment: 'Operations' vs 'Support' Sub-Category Classification*:

<u>Category:</u>	<u>Operations/Support:</u>
Employment Agency Payments	Mainly Support
Members	Members
On-Call	Operations
Sessional	Mainly Operations
Support	Mainly Support
Thames Valley Fire Control	Operations
Wholetime	Operations

**Budget areas categorised as 'Mostly Operations' or 'Mostly Support' have been apportioned on a 75%/25% basis.*

Data Analysis

Seven Spreadsheets of Data Analysed:

- Budget Build 2021-22 v16 – final budget upload v1.xlsx
- Budget Build 2022-23 v13 Funding Update.xlsx
- Budget Build 2023-24 v14.1 Budget upload.xlsx
- 22-23 Budget vs 3 year Actuals 19-20 to 21-22.xlsx
- March Summary Downloads 31.05.2020 2019-20.xlsm
- March Summary Downloads 28.05.2021 2020-21.xlsm
- March Summary Downloads 30.05.2023 2022-23.xlsm