



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date:

Executive Committee, 14 July 2021

Report title: Budget Monitoring Report April 2020– March 2021 (Provisional Outturn)

Lead Member: Councillor David Hopkins

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 2021 be noted.
2. That the slippage of £0.472m on the capital programme is approved to be carried forward into 2021/22.
3. That the underspend of £0.966m 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 in Appendix A sets out the Authority's revenue and capital spending position as at 31 March 2021, 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 £0.966m. This represents a 3.08% variance against the budget. It is recommended that £0.966m be transferred to the Revenue Contribution to Capital Reserve in line with the approved Medium Term Financial Plan.

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:

| Appendix | Title | Protective Marking |
|--------------|---|--------------------|
| Website Link | Medium Term Financial Plan 2020/21 to 2024/25, Fire Authority Meeting 12 February 2020 (see pages 61-80) https://bucksfire.gov.uk/documents/2020/03/120220_itm7c_medium_term_financial_plan.pdf/ | None |
| A | Appendix A – Budget Monitoring Report April – March 2021 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 31 March 2021. The budget of £31.339m compared to the provisional outturn of £31.202m gives a yearend underspend of £0.138m. Furthermore, the level of funding is showing a favourable variance of £0.829m which has resulted in an overall net underspend of £0.966m.

The provisional outturn includes a transfer of £0.500m to revenue contributions to capital and £0.230m to a COVID reserve, which were approved by the Executive Committee in September 2020.

An additional £0.829m of funding has been allocated to the Authority during the year, which predominantly relates to COVID-19 funding. A detailed breakdown is provided in section 4.

Table 1

| Directorate | Total Budget £ | Actual Year to Date £ | Provisional Year End Variance £ | Percentage Year End Variance £ |
|-------------------------------|--------------------|-----------------------------|--|---|
| Corporate Core | 1,513,830 | 1,444,195 | -69,635 | -4.60% |
| Finance & Assets | 6,283,192 | 6,276,749 | -6,443 | -0.10% |
| Human Resources | 542,610 | 446,012 | -96,598 | -17.80% |
| Delivery, Corp. Dev. Planning | 21,407,930 | 20,947,783 | -460,147 | -2.15% |
| Statutory Acc. & Contingency | 1,591,850 | 2,086,903 | 495,053 | 31.10% |
| Total Expenditure | 31,339,412 | 31,201,643 | -137,769 | -0.44% |
| Total Funding | -31,339,412 | -32,168,053 | -828,641 | -2.64% |
| Net Position | 0 | -966,411 | -966,411 | -3.08% |

Variance by Directorate

Corporate Core £0.070m under - The underspend of £0.065m within Legal & Governance predominantly relates to projected underspend in legal costs and consultation with public (in relation to public safety plan). Furthermore, there were underspends of £0.005m within Corporate Management courses and conference fees which have been postponed due to Covid19 Pandemic.

Finance & Assets £0.006m under - Most of the underspend is attributable to employee costs as a result of vacant positions throughout the directorate, which have either since been filled or where recruitment has been delayed due to Covid-19 Pandemic. In addition to this, due to the COVID-19 outbreak, our fuel supplier has provided free fuel for emergency vehicles which has resulted in additional underspend in fuel costs. This is partially offset by overspend seen within West Ashland revenue costs which has been accrued for and will be recovered via services charges to other organisation's sharing the facilities.

Human Resources £0.096m under - The underspend is due to an employee being on maternity leave and the duties of the role being shared within the existing team. Additionally, not all employees are taking part in the LGPS pension scheme and there was a two-month vacancy within one of the posts which contributes towards the underspend. Furthermore, employee relations costs were below the budgeted levels which is also contributed towards the underspend.

Delivery, Corporate Development & Planning £0.386m under - All costs relating to the Covid-19 response are included within this directorate which totaled £0.886m (which includes a transfer of 0.230m into a Covid-19 reserve as approved by the Executive Committee in September 2020) for the financial year. In addition to this, due to Covid impact, costs were lower than expected in operational training and cross border charges.

As a result of new recruits joining the organisation, a number of Wholetime posts are not at the top of the pay scale and these recruits have joined the 2015 pension scheme which has lower employer contributions than the 1992 pension scheme. This has also contributed in an underspend within the pension budgets.

Statutory Accounting and Contingency £0.496m over - this variance is due to an additional revenue contribution to capital of £0.500m, which was approved by the Executive Committee in September 2020.

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 March 2021.

| Subjective | Salary (Including Training costs) £ | Allowances £ | NI £ | Pension £ | Total £ |
|--------------------|--|-------------------------|-----------------|----------------------|--------------------|
| Wholetime | 197,727 | -36,103 | 109,989 | -290,055 | -18,442 |
| On-Call | -13,427 | -214,620 | 26,734 | -48,044 | -249,357 |
| Support | -367,956 | 0 | -42,113 | -104,683 | -514,752 |
| Technicians | -26,588 | 0 | -6,908 | -4,896 | -38,392 |
| Sessional | -15,150 | 4,844 | 216 | 0 | -10,090 |
| Agency | 93,379 | 0 | 0 | 0 | 93,379 |
| Grand Total | -132,015 | -245,879 | 87,918 | -447,678 | -737,654 |

Wholetime – The underspend of £0.018m predominantly within pensions, which relates to new recruits joining the 2015 scheme and replacing existing post holders who may have been on a 1992 scheme which have higher employer contributions. With the Sargeant remedy still to be finalised, there is uncertainty on the impact that this will have on employer pension contributions and therefore the current budget reflects a mix of establishment posts on the 1992 and 2015 pension schemes.

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

Support Staff – There is a net underspend on support staff budgets across the directorates due to a delay in recruitment caused by the COVID-19 pandemic.

Agency Staff – Agency staff have been used to partly cover interim vacancies within support staff roles and this offsets the underspend on support staff.

3. COVID-19 Spend Analysis

Table 3

| Subjective | Actuals £ |
|----------------------|----------------------|
| Staffing Costs* | 471,615 |
| Protective Equipment | 115,277 |
| Other Costs | 71,467 |
| Loss of Income | 7,265 |
| Total | 665,624 |

* This figure includes £3k in actual costs which were incurred in March 2020 and therefore the total figure includes all COVID-19 related costs since the start of the Pandemic.

Funding - Central Government have allocated additional funding of £0.800m of which £0.090m was received in March 2020. This also includes a successful bid (of £0.034m) by the Authority in relation to a bid submitted in round two of the Covid-19 contingency fund.

Staffing Costs – All additional employee costs (operational and support staff) incurred as a result of the Pandemic. An example of this has been the use of bank staff to provide the operational resilience when members of staff have had to isolate.

Protective Equipment – All costs in relation to the purchase of personal protective equipment (PPE) to ensure the safety of all employees and providing employees with the appropriate PPE in order to carry out their roles safely. This also includes cleaning materials to be used for all brigade sites by employees/visitors for sanitising and disinfecting areas before and after they are used.

Other Costs – Predominantly costs relating to IT upgrades to allow meetings to take place online and costs relating to signage put up on all sites in relation to COVID-19.

Loss of Income – Income we were unable to generate due to cancellation or restriction of certain activities due to COVID-19.

4. 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 | -3,531,360 | -3,539,296 | -7,936 |
| Specific Grants | -1,106,440 | -1,920,933 | -814,493 |
| NNDR / Precepts | -24,857,612 | -24,864,144 | -6,532 |
| Top-up / Pooling Receipts | -1,844,000 | -1,843,680 | 320 |
| Grand Total | -31,339,412 | -32,168,053 | -828,641 |

The level of funding has exceeded the original budget by £0.829m. The majority of the additional funding (£0.710m) is due to the Treasury making additional funds available to respond to the COVID-19 Pandemic and £0.011m additional funding in relation to Airwave. In addition to this, the Authority received £0.007m in relation to Transparency grant and £0.032m one-off grant in relation to the administrative costs associated with the Sergeant remedy.

Furthermore, following the Grenfell enquiry, Central Government have allocated funds specifically for the Fire Sector Protection teams to carry out a review of all high-rise buildings and support initial improvements in local protection capability. This has resulted in additional in-year funding of £0.246m, of which £0.061m has been spent and reflected in the actuals in the table above with the residual funding transferred to grants received in advance. Due to the nature of the funding being ring-fenced, we can only utilise the funding when certain conditions of the grant are met. The requirement of the grant is for all funding to be spent or committed by March 2022. The remaining (£0.008m) relates to increases in specific grants (from prior years) which the Authority were not aware of when the budget was set.

We did not anticipate COVID-19 impacting the Precept/NNDR funding for 2020/21 and have received the full budget for 2020/21. However, as collection deficits are identified in the following financial year, the impact will be seen in a reduction in funding from 2021/22 due to the financial impact COVID-19 has had on businesses and council taxpayers. As part of our budget setting process, we have taken a prudent approach in what we believe these deficits will look like and reflected this in our MTFP 2021/22 which was approved by the Fire Authority in February 2021.

5. Capital Monitoring

Capital Forecast

The capital programme for 2020/21 £3.025m, including £1.809m worth of carry forward capital projects from 2019/20.

| Project Name | Original Budget 2020/21 £ | Carry Forwards 2019/20 £ | Revised Budget 2020/21 £ | Provisional Outturn £ | Slippage £ | Projected Year End Variance £ |
|--|---------------------------------|--------------------------------|--------------------------------|-----------------------------|----------------|-------------------------------------|
| Property | 500,000 | 217,698 | 717,698 | 295,283 | 121,000 | -301,415 |
| Property Review* | 0 | 919,515 | 919,515 | 3,064,883 | 0 | 2,145,368 |
| Total Property Portfolio | 500,000 | 1,137,213 | 1,637,213 | 3,360,166 | 121,000 | 1,843,953 |
| Hydraulic Equipment | 51,000 | 11,635 | 62,635 | 52,272 | 10,000 | -363 |
| Operational Equipment | 90,000 | 35,000 | 125,000 | 0 | 25,000 | -100,000 |
| Operational Red Fleet Vehicles | 500,000 | 610,200 | 1,110,200 | 709,529 | 310,500 | -90,172 |
| Operational White Fleet Vehicles | 0 | 14,801 | 14,801 | 14,801 | 0 | 0 |
| Total Fire Appliances & Equipment | 641,000 | 671,636 | 1,312,636 | 776,602 | 345,500 | -190,535 |
| ICT | 75,000 | 0 | 75,000 | 69,347 | 5,000 | -653 |
| Total Support | 75,000 | 0 | 75,000 | 69,347 | 5,000 | -653 |
| Grand Total | 1,216,000 | 1,808,849 | 3,024,849 | 4,206,115 | 471,500 | 1,652,766 |

* The forecast year-end variance for Property Review (£2.145m) is expected to be offset by additional capital receipts and contributions which will result in a net variance of circa £1m against the forecast expenditure and risks previously reported to Committee

Capital Funding

The capital programme will be funded as follows:

| Funding | Balance at 1 April 2020 £000 | Estimated Transfers (in) £000 | Estimates Transfers Out £000 | Estimate Balance at 31 March 2021 £000 |
|---------------------------------|---|--|---|---|
| Revenue Contribution to Capital | -1,442 | -2,781 | 1,612 | -2,611 |
| Other Capital Contributions | 0 | -2,594 | 2,594 | 0 |
| Total Capital Funding | -1,442 | -5,375 | 4,206 | -2,611 |

Property Portfolio

Property Portfolio has a capital budget of £1.637m for 2020/21, which includes carry-forward slippage from 2019/20 of £1.137m. The capital funds were utilised to carry out planned capital investments and completion of West Ashland. A number of planned capital investments are delayed due to COVID-19 and will now be deferred until 2021/22. This results in forecast slippage of £0.121m, along with identified property capital saving of £0.301m.

The variance seen on West Ashland will be offset by additional anticipated capital receipts and contributions. The final account for West Ashland is currently in the process of being agreed. Due to the further delays, some of which are attributable to COVID-19, costs have increased further. The Authority is in discussion with the relevant parties to recover some of the increased costs from the professional design team.

Fire Appliances & Equipment

Fire Appliances & Equipment has a capital budget of £1.313m for 2020/21, which includes carry forward slippage from 2019/20 of £0.672m. The majority of the capital funds were utilised to purchase red fleet appliances and to purchase operational equipment for these appliances in line with the fleet strategy.

Due to COVID-19, there was a delay in the delivery of four appliances relating to 2019/20 (which were delivered in January 2021) and 2020/21 (two appliances to be delivered at the earliest May 2021), therefore a slippage of £0.311m has been forecast for the

final appliance payments in 2021/22. Red fleet appliances budget provisional underspend of £0.090m is due to the collaboration and joint tendering with the neighboring Fire Authorities resulted in the costs of the appliances being lower than budgeted.

Support

ICT has a capital budget of £0.075m for 2020/21, which was predominantly utilised to purchase hardware, as per the ICT replacement strategy.

Slippage into 2021/22

The provisional outturn figure is showing a slippage of £0.472m (subject to any late accounting changes) which predominantly relates to the delays in the purchase of a further two red fleet appliances. Members are requested to approve the slippage of this budget into 2021/22.

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 Start of year £000 | Projected Movement £000 | Balance at End of Year £000 |
|------------------------------|--|------------------------------------|--|
| General Fund | -1,500 | 0 | -1,500 |
| Earmarked Reserves (Revenue) | -2,197 | -225 | -2,422 |
| Earmarked Reserves (Capital) | -1,442 | -1,169 | -2,611 |
| Total Reserves | -5,139 | -1,394 | -6,533 |

* This figure includes £0.586m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire)