



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee - 15 September 2021

Report title: Budget Monitoring Report April 2021 – June 2021

Lead Member: Councillor David Hopkins

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 30 June 2021 be noted.

Executive summary:

The report in Appendix A sets out the Authority's revenue and capital spending position as of 30 June 2021, together with the projected outturn position for the financial year.

As part of the Medium-Term Financial Plan, the budget requirement required £1.113m use of reserves in order to set a balanced budget. Due to a favourable position on the level of funding to be received, underspends in pension costs and a rebate due on rates due to a rates review carried out on our estates has resulted in minimal use of reserves. The current projection for the use of reserves is £0.052m.

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 17
February 2021 (see pages 47-92)

<https://bucksfire.gov.uk/documents/2021/02/fire-authority-agenda-and-reports-17-february-2021.pdf/>

Revised Appendices

<https://bucksfire.gov.uk/documents/2021/02/item-7b-revised-appendices-1-and-2.pdf>

Appendix	Title	Protective Marking
A	Budget Monitoring Report April – June 2021	None

1. Revenue Forecasts by Service Area

Table 1 shows the budget and actual expenditure for each Directorate as at the end of June 2021. The budget of £32.277m compared to the forecast outturn of £31.600m gives a forecast year end underspend of £0.677m. Furthermore, the level of funding is showing a favourable variance of £0.384m which has resulted in an overall net underspend of £1.061m against the net budget. Due to these underspends, we will no longer need to fully utilise the £1.113m planned use of reserves and therefore project to transfer £0.052k from reserves in order to balance the funding requirement for this financial year. We anticipate this figure to fluctuate throughout the financial year subject to actual activity, but we will monitor this closely to ensure the use of reserves is minimised and offset against any underspends identified within the expenditure.

The funding is currently projecting £0.384m above the budgeted level; £0.186m relates to the residual balance of Protection funding as well as additional Protection funding of £0.098m received during 2021/22. Furthermore, due to the Covid-19 Pandemic, the government introduced a local tax income guarantee which will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020-21. Based on the first payment received, we are anticipating the level of compensation to be better than projected by £0.100m.

The residual COVID-19 grant balance of £0.143m will be utilised this financial year. A detailed breakdown of the expenditure up to 30th June 2021 is provided in section 3.

The forecasts also reflect the 2% pay award for Support Staff from July 1st, 2021 in line with the final year of the three-year pay deal. The forecast also includes 1.5% pay award for Operational staff (from July 1st, 2021) and Brigade Managers (backdated to January 1st, 2021) as per national agreements.

Table 1

Directorate	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	1,605,460	290,990	1,523,052	-82,408
Finance & Assets	6,418,300	2,118,579	6,113,062	-305,238
Human Resources	528,430	105,984	487,599	-40,831
Delivery, Corp. Dev. Planning	21,694,770	4,723,914	21,446,057	-248,713
Statutory Acc. & Contingency	2,030,240	68,695	2,030,240	0
Total Expenditure	32,277,200	7,308,162	31,600,010	-677,190
Total Funding	-31,164,200	-9,483,830	-31,548,251	-384,051
Use of Reserves	-1,113,000	0	-51,759	1,061,241
Net Position	0	-2,175,668	0	0

Variance by Directorate

Corporate Core £0.082m under– The underspend of £0.030m within Legal & Governance and £0.052m within Corporate Management predominantly relates to staffing costs being less than budgeted.

Finance & Assets £0.305m under – The underspend is mainly attributable to rebate due on rates. This contributes to an underspend of £0.256m whereby a business rates review which was carried out by an external organisation and the challenge resulted in a reduction in rateable values for most of our estates. Most of this is a one-off saving as it relates to backdated payments from 2017 as this was the furthest, we could backdate our claim. In addition to this, there are underspends within employee costs as a result of vacant positions and underspends within supply and services. The team structures have been reviewed within the Directorate whereby certain roles have been combined into one role and the residual underspend will be offered as a saving as part of the 2022/23 Medium Term Financial Plan (MTFP) process.

Human Resources £0.041m under – The underspend of £28k relates to staffing costs due to not all employees taking part in the Local Government Pension Schemes and an employee working less than the budgeted 100% FTE. Additional £13k underspend is seen under other supplies and services elements.

Delivery, Corporate Development & Planning £0.249m under – The overall underspend for the directorate is primarily due to underspends seen within pension costs, On-call activity and Wholetime posts which are not top of pay scale. As a result of new recruits joining the 2015 pension scheme which has lower employer contributions than the 1992 pension scheme, underspends are also seen within the pension budgets. As part of the pension legislation, all Wholetime staff will need to transfer into the 2015 pension scheme from April 2022 and therefore the budget will be updated and reduced as part of the MTFP process. On-call firefighter activity relating to attendances are lower than projected levels which also contribute towards the underspend.

Funding - The level of funding is forecast to exceed the original budget by £0.384m, which relates to the residual protection funding of £0.186m from 2020/21 and additional £0.098m for the current year. The remaining £0.100m relates to the local tax income guarantee which is forecast to be circa £100k better than projected.

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 June 2021.

Subjective	Salary (Including Training costs) £	Allowances £	NI £	Pension £	Total £
Wholetime	21,974	-41,953	106,674	-296,185	-209,490
On-Call	65,144	-224,038	27,989	-28,460	-159,365
Support	-104,678	0	-17,497	-66,745	-188,920
Technicians	-15,392	0	-3,646	-4,764	-23,802
Sessional	-11,864	8,704	381	0	-2,779
Agency	4,111	0	0	0	4,111
Grand Total	-40,705	-257,287	113,901	-396,154	-580,245

Wholetime – The underspend of £0.209m 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. From April 2022, all Wholetime staff will be budgeted on the 2015 scheme as per the pension regulations.

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 and restructures which have taken place in departments that have resulted in savings in establishment costs.

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	2020/21 Actuals £	2021/22 Q1 Actuals £	Total £
Staffing Costs	471,615*	44,292	515,907
Protective Equipment	115,277	6,153	121,430
Other Costs	71,467	5,314	76,781
Total	658,359	55,759	714,118

* This figure includes all staffing expenditure incurred in relation to COVID-19 since the start of the pandemic (March 2020).

Funding - Central Government have allocated funding of £0.801m of which £0.090m was received in March 2020 and £0.710m over two tranches in 2020/21. This included a successful bid (of £0.034m) by the Authority in relation to a bid submitted in round two of the COVID-19 contingency fund. Table 3 provides a breakdown of the expenditure to date against the grant funding of £0.801m.

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.

4. Funding

Table 4 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	-3,544,210	-1,771,600	-3,544,210	0
Specific Grants	-1,459,080	-681,314	-1,843,131	-384,051
NNDR	-3,528,260	-854,716	-3,528,260	0
Top-up Grant	-1,936,750	-996,443	-1,936,750	0
Precept	-20,695,900	-5,179,757	-20,695,900	0
Use of Reserves	-1,113,000	0	-51,759	1,061,241
Grand Total	-32,277,200	-9,483,830	-31,600,010	677,190

The funding is currently projecting £0.384m above the budgeted level; £0.186m relates to the residual balance of Protection funding (£0.246m) received in 2020/21 which is forecast to be spent or committed by March 2022 as per the conditions of the grant as well as additional Protection funding of £0.098m received during 2021/22. Furthermore, due to the COVID-19 Pandemic, the government introduced a local tax income guarantee which will compensate local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020-21. Based on the first payment received, we are anticipating the level of compensation to be better than projected by circa £0.100m.

Due to the underspends seen in the expenditure budget and increased funding shown above, we will no longer need to fully utilise the £1.113m use of reserves and therefore will only transfer £0.052k from reserves in order to balance the funding requirement for this financial year. We anticipate this figure to fluctuate throughout the financial year subject to actual activity, but we will monitor this closely to ensure the use of reserves is minimised and offset against any underspends identified in the expenditure

5. Capital Monitoring

Capital Forecast

The capital programme for 2021/22 is £2.402m, including £0.472m from 2020/21 carry forward capital projects, less £0.050m in-year movement.

Project Name	Original Budget 2021/22 £	Carry Forwards 2020/21 £	In-Year Movements 2021/22 £	Revised Budget 2021/22 £	Actuals Year to Date £	Slippage £	Provisional Outturn £	Projected Year End Variance £
Property	500,000	121,000	-50,000	571,000	13,214	0	571,000	0
Property Review	0	0	0	0	23,820	0	257,871	257,871
Total Property Portfolio	500,000	121,000	-50,000	571,000	37,034	0	828,871	257,871
Hydraulic Equipment	65,000	10,000	0	75,000	0	0	75,000	0
Operational Equipment	90,000	25,000	0	115,000	18,750	0	115,000	0
Operational Red Fleet Vehicles	750,000	310,500	0	1,060,500	62,061	369,177	691,323	0
Total Fire Appliances & Equipment	905,000	345,500	0	1,250,500	80,811	369,177	881,323	0
ICT	575,000	5,000	0	580,000	21,263	0	580,000	0
Total Support	575,000	5,000	0	580,000	21,263	0	580,000	0
Grand Total	1,980,000	471,500	-50,000	2,401,500	139,107	369,177	2,290,194	257,871

Capital Funding

The capital programme will be funded as follows:

Funding	Balance at 1 April 2021 £000	Estimated Transfers (in) £000	Estimates Transfers Out £000	Estimate Balance at 31 March 2022 £000
Revenue Contribution to Capital	-2,611	-1,734	790	-3,555
Other Capital Contributions	0	-1,500	1,500	0
Total Capital Reserves	-2,611	-3,234	2,290	-3,555

Property Portfolio

Property Portfolio has a capital budget of £0.571m for 2021/22, which includes carry forward budget from 2020/21 of £0.121m, less in-year movement of £0.050m. The capital funds will be utilised to carry out planned capital projects as agreed at Business Transformation Board, which included £0.050m to be transferred to revenue to support the completion of non-capital works following recent station audits and fire risk assessment. The carry forward budget of £0.121m relates to a number of planned capital investments that were delayed due to COVID-19 pandemic and will now be completed during 2021/22.

The West Ashland build is now complete, the final account including retention fees are yet to be finalised. The Authority will also be looking to recover some of the increased costs from the professional design team. The forecast variance for West Ashland total project costs 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.

Fire Appliances & Equipment

Fire Appliances & Equipment has a capital budget of £1.251m for 2021/22, which includes carry forward budget from 2020/21 of £0.346m. The majority of the capital funds will be utilised to purchase red fleet appliances and to purchase operational equipment for these appliances in line with the fleet strategy. The carry forward budget of £0.346m relates to delays in the delivery of the two 2020/21 fire appliances and equipment due to COVID-19 pandemic which will now be delivered during 2021/22. A slippage of £0.369m has been forecast, due to delays in the delivery of the 2021/22 fire appliances.

Support

ICT has a capital budget of £0.580m for 2021/22, which includes carry forward budget from 2020/21 of £0.005m. £0.075m plus the carry forward budget of £0.005m, totaling £0.080m is for the purchase hardware, as per the ICT replacement strategy. The £0.500m is for the replacement of Wide Area Network (WAN) & Local Area Network (LAN) across all Buckinghamshire and Milton Keynes estates.

6. Reserves

The table below shows the provisional movement in reserves during the year.

Reserves	Balance at Start of year £000	Projected Movement £000	Balance at End of Year £000
General Fund	-1,500	0	-1,500
Earmarked Reserves (Revenue)*	-2,422	80	-2,342
Earmarked Reserves (Capital)	-2,611	-944	-3,555
Total Reserves	-6,533	-864	-7,397

* This figure includes £0.638m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire)