



Buckinghamshire & Milton Keynes Fire Authority

Meeting and date: Executive Committee, 13 July 2022

Report title: Budget Monitoring Report April 2021 - March 2022 (Provisional Outturn)

Lead Member: Councillor Matthew Walsh

Report sponsor: Mark Hemming, Director of Finance and Assets

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Action: Decision

Recommendations:

1. That the provisional outturn forecast for the Authority as at 31 March 2022 be noted.
2. That the slippage of £1.514m on the capital programme is approved to be carried forward into 2022/23.
3. That the underspend of £0.225m 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 2022, 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 £0.225m. It is recommended that £0.225m 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:

Medium Term Financial Plan 2021/22 to 2025/26, Fire Authority Meeting 16 February 2022.
<https://bucksfire.gov.uk/documents/2022/02/fa-item-9b-16022022.pdf/>

Appendix	Title	Protective Marking
A	Appendix A – Budget Monitoring Report April 2021 – March 2022 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 2021/22 financial year. The budget of £32.277m compared to the forecast outturn of £31.301m gives a forecast yearend underspend of £0.976m. Furthermore, the level of funding is showing a favourable variance of £0.362m. Due to these underspends, we were not required to utilise the £1.113m planned use of reserves and therefore no transfer was needed from reserves. This has resulted in a net underspend of £0.225k.

Table 1

Directorate	Total Budget	Provisional Outturn	Provisional Year End Variance
	£	£	£
Corporate Core	1,605,460	1,432,560	-172,900
Finance & Assets	6,419,300	5,986,856	-432,444
Human Resources	528,430	470,490	-57,940
Delivery, Corp. Dev. Planning	21,693,770	21,413,077	-280,693
Statutory Acc. & Contingency	2,030,240	1,998,001	-32,239
Total Expenditure	32,277,200	31,300,983	-976,217
Total Funding	-31,164,200	-31,526,293	-362,093
Use of Reserves	-1,113,000	0	1,113,000
Net Position	0	-225,310	-225,310

Variance by Directorate

Corporate Core £0.173m under - The underspend of £0.097m within Legal & Governance and £0.076m within Corporate Management predominantly relates to staffing costs being less than budgeted due to vacancies.

Finance & Assets £0.432m under - The underspend is mainly attributable to rebate due on business rates. An external organisation carried out a review of the business rates we pay for all our estates. Upon review and challenge, the rates have been reduced and resulted in an underspend of £0.308m against the business rates budget for 2021/22. Most of this was 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 supplies and services.

Human Resources £0.058m under - The underspend of £39k relates to staffing costs due to a vacant position for part of the year; not all employees opting into in the LGPS pension scheme and an employee working less than the budgeted 100% FTE. Additional £20k underspend is seen under other supplies and services elements.

Delivery, Corporate Development & Planning £0.281m 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 operational staff have transferred into the 2015 pension scheme from 1st April 2022 and therefore the budget has been revised and updated as part of the Medium-Term Financial Plan process. On-call Firefighter activity relating to attendances are lower than projected levels which also contribute towards the underspend.

Statutory Accounting and Contingency £0.032m under - The underspend relate to funds set aside for pay awards relating to employees earning below £24k. We did not need to utilise this budget as this additional cost relating to the pay award was covered from existing underspends.

Funding - The level of funding exceeded the budget by £0.362m. This is made up of a carried forward Protection Grant of £0.145m that relates to the expenditure incurred in relation to the requirements of the grant. We currently have £0.236m remaining from this ring-fenced grant which will be carried forward into next year. Furthermore, we received additional funding of £0.142m in relation to local tax income guarantee grant.

In March 2022, we were also allocated an additional grant of £0.079m from Home Office as a one-off COVID grant and in relation to Pension administration expenditure. We have also seen some additional in year S106 grants totaling £0.022m which is offset by a reduction in Airwave grant for 2021/22 compared to the original allocation as a result of an error Home Office made in their calculations.

2. Direct Employee Variances

Table 2 shows the breakdown of all the favourable (-) and adverse (+) variances for each sub-heading within the direct employees subjective as at the 31 March 2022:

Subjective	Salary (Including Training costs) £	Allowances £	NI £	Pension £	Total £
Wholetime	145,849	-30,749	134,664	-282,095	-32,331
On-Call	184,196	-212,950	46,308	-28,443	-10,889
Support	-272,618	-1,176	-25,588	-89,724	-389,106
Technicians	-21,581	0	-2,979	-4,151	-28,711
Sessional	-20,300	2,711	508	0	-17,081
Agency	34,441	0	0	0	34,441
Grand Total	49,988	-242,164	152,913	-404,414	-443,677

Wholetime – The underspend of £0.032m 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 have been budgeted on the 2015 scheme as per the change in 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 predominantly due to a delay in recruitment caused by the COVID-19 pandemic and generally difficulties in recruiting staff to specialist roles in the current environment, which has resulted in several posts not being recruited too.

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. COVID-19 Spend Analysis

Table 3

Subjective	2020/21 Actuals £	2021/22 Actuals £	Total £
Staffing Costs	471,615*	296,379	767,994
Protective Equipment	115,277	8,130	123,407
Other Costs	71,467	6,079	77,546
Total	658,359	310,588	968,947

* 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 distributed funding of £0.850m of which £0.090m was received in March 2020 and £0.711m over two tranches in the financial year 2020/21. An additional grant of £0.049m was confirmed in March 2022 and has been paid to the Fire Authority in relation to COVID related costs. Table 3 provides a breakdown of the expenditure to date against the total grant funding of £0.850m.

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 Year End Variance £
Government Funding	-3,544,210	-3,552,303	-8,093
Specific Grants	-1,459,080	-1,669,150	-210,070
NNDR	-3,639,420	-3,785,304	-145,884
Top-up / Pooling Receipts	-1,844,350	-1,843,521	829
Precept	-20,677,140	-20,676,015	1,125
Use of Reserves	-1,113,000	0	1,113,000
Grand Total	-32,277,200	-31,526,293	750,907

The funding provisional outturn is £0.362m above the budgeted level; £0.145m relates to expenditure incurred in relation to the Protection grant. The residual balance (£0.236m) will be carried forward into 2022/23 and will be utilised in line with the conditions of the grant.

Furthermore, due to the COVID-19 Pandemic, the government introduced a local tax income guarantee which compensated local authorities for 75% of irrecoverable losses in council tax and business rates income in respect of 2020-21. We had taken a prudent approach in estimating what this additional funding would be and the actual amount is £0.142m higher than projected. In March 2022, we were also allocated an additional grant of £0.079m from Home Office as a one-off COVID grant and Pension administration related costs. We have also seen some additional in year S106 grants totaling £0.022m. This additional funding is partially offset by a reduction in Airwave grant for 2021/22 compared to the original allocation because of an error Home Office made in their calculations.

Due to the underspends seen in the expenditure budget and increased funding shown above, we have not utilised the £1.113m use of reserves and has resulted in a nil transfer from reserves.

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 £	Provisional Outturn £	Slippage £	Projected Year End Variance £
Property	500,000	121,000	-50,000	571,000	409,302	150,000	-11,698
Property Review	0	0	0	0	465,884	0	465,884
Total Property Portfolio	500,000	121,000	-50,000	571,000	875,186	150,000	454,186
Hydraulic Equipment	65,000	10,000	0	75,000	54,549	10,000	-10,452
Operational Equipment	90,000	25,000	0	115,000	95,766	19,000	-234
Operational Red Fleet Vehicles	750,000	310,500	0	1,060,500	242,162	818,000	-338
Total Fire Appliances & Equipment	905,000	345,500	0	1,250,500	392,477	847,000	-11,023
ICT	575,000	5,000	0	580,000	63,435	516,500	-65
Total Support	575,000	5,000	0	580,000	63,435	516,500	-65
Grand Total	1,980,000	471,500	-50,000	2,401,500	1,331,098	1,513,500	443,098

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	-2,560	1,285	-3,886
Other Capital Contributions	0	-46	46	0
Total Capital Funding	-2,611	-2,606	1,331	-3,886

* This includes £0.600m transfer from Referendum Reserve to capital reserves, which was approved at Fire Authority on 16 February 2022.

Property Portfolio

Property Portfolio capital budget for 2021/22 was £0.571m, which included carry forward budget from 2020/21 of £0.121m, less in-year movement of £0.050m. The capital funds have been utilised to carry out planned capital property works as highlighted in condition surveys and 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 related to a number of planned capital works that were delayed due to COVID-19 pandemic and were completed during 2021/22. The key projects completed during 2021/22 included the build of the Urban Search and Rescue (USAR) rig, refurbishment of breathing apparatus (BA) facilities across a number of stations, installation of electric charging points on two stations and installation of air-handling systems in identified rooms on two sites. There is a slippage forecast of £0.150m which is for property works that will now be completed during 2022/23.

The West Ashland build is now complete, and the final account has been agreed. The final payments for the build are included in the 'Provisional Outturn' figure, however, some retention fees on the project are still to be paid with £0.086m to be paid in 2022/23. The Authority is also 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 Executive 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. Most of the capital funds has been 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 were delivered during 2021/22. A slippage of £0.837m has been forecast, due to delays in the delivery of the 2021/22 fire appliances and equipment, which are expected to be delivered in 2022/23. In addition, no further hydraulic equipment sets are required following the purchase of three sets in-year. This has resulted in a slippage of £0.010m to allow for four sets to be purchased in 2022/23.

Support

ICT has a capital budget of £0.580m for 2021/22, which includes carry forward budget from 2020/21 of £0.005m. This budget will be utilised for the purchase of ICT hardware equipment, 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, this capital project is expected to be delivered during 2022 calendar year.

Slippage into 2022/23

The provisional outturn figure is showing a slippage of £1.514m (subject to any late accounting changes) which predominantly relates to the delays in the delivery of a further three red fleet appliances & equipment, along with the property capital works and the ICT capital project to replace the stations WAN/LAN, which will be completed during 2022/23. Members are requested to approve the slippage of this budget into 2022/23.

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)*	-2,422	498	-1,924
Earmarked Reserves (Capital)	-2,611	-1,275	-3,886
Total Reserves	-6,533	-777	-7,310

* This figure includes £0.637m, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire)