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**REPORT AUTHOR: ASSISTANT CHIEF OFFICER / FRA TREASURER**
**SUBJECT: 2020/21 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING as at 31<sup>st</sup> December 2020**


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Background Papers: 2020/21 FRA Budget Setting Papers February 2020, FRA Budget Monitoring Report July 2020, FRA Budget Monitoring Report October 2020.

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Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New	✓		

*Any implications affecting this report are noted at the end of the report.*

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**PURPOSE:**

To inform the Fire and Rescue Authority of the forecast year-end budget monitoring position as at 31 December 2020.

**Recommendations:**

1. That the FRA consider and comment on the updates provided within this report.
2. That the FRA consider and agree the requests in para 3.4.1 to slip the capital schemes into 2021/22.

## Executive Highlights Summary

- Members agreed to the request from the **Head of Information Communications Technology** to bring forward capital spend of £186k from the bid of £270k for Laptops from 2021/22 into 2020/21 (see para 3.4.2). This will be funded by the revenue underspend on whole time salaries allocated to the Covid response grant.
- The **Green Book pay award** was agreed at 2.75% from April 2020, therefore 0.75% above what was budgeted. The impact is a £42k budget pressure.
- **Covid-19 (C-19) funding.** The Government's funding to the Service was £105k in tranche 1 and £502k in tranche 2, therefore £607k in total. This has been used against mainly staffing (such as secondees to the Ambulance Service) but also additional PPE and ICT. It is forecast to be fully utilised.
- **Covid-19 (C-19) funding.** In November 2020 the government invited bids from Fire and Rescue Services for extra funding for the pandemic response, the service bid for extra funds however was unsuccessful in the first phase. The government has now opened phase 2 and invited bids, the service will submit a bid again for additional funding to support the collaborative work undertaken.
- The distribution of the **Fire Protection Board and Protection Funding**, has led to the Service receiving £161k. This is currently a one-off grant it is currently unclear if this will be funded in future years.
- The distribution of the **Grenfell Infrastructure Funding**, has led to the Service being allocated £51k, this is currently a one-off grant.
- The **CSR** review announced in late November 2020 led to a one-year settlement.
- The **External audit** fee from Ernst & Young (E&Y) has been proposed to increase from £23k per annum to £50k. All local authorities that have E&Y have been impacted by the price increase, with some tripling. The Audit & Standards Committee met on the 2<sup>nd</sup> July and did not agree to the price increase and delegated the ACO to continue discussions/negotiations with Public Sector Audit Appointments (PSAA) on this matter. The ACO is now liaising with PSAA and E&Y on this matter.
- There is significant **capital slippage from 2019/20**, on mainly operational equipment, this has previously been reported to the FRA.

## Looking ahead:

- In year Collection Fund deficit forecasts - The Authority has received the Collection Fund (council tax and business rates) collection forecasts for the year from the unitary authorities. These will be built into the 2021/22 medium term budget and

are currently totalling £1.127m, although this figure is subject to change as they are finalised. The Authority has previously agreed to allocate the in year 2020/21 underspend to a Collection Fund reserve.

- The one off 2019/20 FF Employer Pensions Grant continues for a second year so the additional £1.5m expenditure in 2019/20 will again be covered in 2020/21 by this grant. It has been confirmed that this will be covered by grant again in 2021/22 however ongoing funding for this in future years remains a risk to the Service and will be wrapped up as part of the new 3 year CSR funding review. The FF Pensions remedy also remains a financial risk to the Service, as any funding of increased costs is yet to be determined.

## 1. Introduction

- 1.1 On 11 February 2020, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2020/21 of £31.063m and a Capital Programme of £1.505m.

## 2. Revenue Budget Monitoring

- 2.1 The Revenue Budget efficiency savings for 2020/21 can be found in Appendix 1. The budgets have been reduced for these areas and will be monitored during the year.
- 2.2 The funding of the 2020/21 Revenue Budget is by way of Government Funding £6.512m, local Business Rates redistribution £2.301m and Council Tax of £21.882m, there is also funding from a Collection Fund surplus of £0.368m.

### 2.3 **Forecasting Outturn:**

- 2.3.1 Tables 1 and 2 below are populated during the year in line with the spreadsheet returns that Corporate Management Team (CMT) members submit to the Finance Team and through the meetings that Finance Officers have with CMT members. The forecast outturn positions are as accurate as the information received from each CMT member.
- 2.3.2 Table 1 below details the current budget excluding salary budgets, for each CMT service area. The forecast year-end outturn is shown in column three.

2.3.3 Table 1: 2020/21 Revenue Budget Forecast Outturn (excluding salary budgets)

Title	Current Budget £	YTD Actuals	F/cast Yr-End Outturn £	Variance £	RAG status (see note below**)
Strategic Management	167,800	68,333	167,800	0	Green
Assistant Chief Officer	2,921,800	(68,730)	2,989,800	68,000	Amber
Head of Response	1,097,300	313,302	1,143,800	46,500	Green
Head of Training and Assurance	427,300	209,083	427,300	0	Green
Head of Governance and Asset Management	752,300	644,964	762,300	10,000	Green
Head of Prevention and Protection	217,600	(182,653)	217,600	0	Green
Head of Information Communications Technology	2,473,700	869,577	2,610,700	137,000	Red
Head of Human Resources	264,100	123,118	264,100	0	Green
<b>Total</b>	<b>8,321,900</b>	<b>1,976,994</b>	<b>8,583,400</b>	<b>261,500</b>	

*\*\*RAG Status: Red would identify where there is a large overspend equal to or greater than £100,000 and/or a key service aspect was not being delivered. Amber would identify where there is a possibility of an overspend and/or a key service aspect may not be delivered. It may be that there are action plans in place to address an issue, where until they are successful it is flagged as Amber. Green identifies where service delivery is being performed and as above, where there are underspends. Underspends are not necessarily always green, if for example, there was a key service aspect not being delivered causing the underspend, it would be shown as Red.*

2.3.4 Table 1 above shows a number of variances as at 31<sup>st</sup> December 2020;

Within the ACO area, the forecast overspend is as a result of the proposed increase in External Audit fees £27k, as well as additional fees from the recent audit of the 2019/20 accounts due to Covid work and asset valuations £15k. These are yet to be approved and discussions re the £27k are due to take place with PSAA on this matter. A further £32k overspend relates

to the reduction in forecast investment income due to the drop in market rates for all investments due to the ongoing Covid-19 pandemic, these overspends are offset by an underspend relating to officer vehicle costs (£6k).

The £47k forecast overspend in Head of Response area relates to an unachievable income budget for both staff and visitor meals of £49k due to Covid restrictions, room hire £14k also as a result of Covid restrictions on room hire and a further of £15k with regards to an unachievable income target within Control where work is ongoing to identify income generating opportunities. This is offset by a forecast underspend on Derv across all the fire stations (£17k)

The forecast overspend in the Head of Governance and Asset Management of £10k is due to the unbudgeted purchase of new life jackets for the service rescue boats.

The Head of Information Communications and Technology is forecasting an overspend of £67k due to a partially unachievable efficiency saving relating to the removal of MIS legacy systems which will not be fully resolved until 2021, however the quarterly fee has greatly reduced due to the now low number of users/system areas. The ICT Shared Services recharge is forecast to be a £70k charge to the service at the year-end, as a result of increased workload in ICT due to Covid response and also project work across the service.

2.3.5 The current year to date (YTD) spend as at 31 December 2020 in table 1 looks low in a number of areas, the reasons for this are highlighted below:

Strategic Management - includes a Strategic Development/Innovation budget, some of which is allocated for the Response Review work and also inspection work.

Assistant Chief Officer budgets include £2m of year-end adjustments for contributions to capital, loan principal and interest, also the income received from our local authority partners which is received over 11 months so not equally apportioned across the financial year. Overall these variances will be £0 at year end. The Home Office Pension Grant £1.7m received is also within this area and will be matched against the unbudgeted pension increases within the whole time and retained fire fighter salaries.

The Head of Response is showing a low spend to date, mainly due to Derv (£30k), Utilities (£40k) where the service is awaiting invoices for supplies received. There is currently a year YTD underspend showing within the fire hydrants area (£40k) where again the service is awaiting invoices. As these payments will be due, a provision will be made at the year end for them if required. A further underspend is within the Special Operations Team area for PPE and equipment (£37k), this

will be earmarked into the new financial year. The HQ kitchen area also has an underspend on catering provisions (£30k) due to a greatly reduced service from the pandemic. Payments are also yet to be made where the service has received cross boarder support from Hertfordshire FRS.

Head of Training and Assurance budgets above include training budgets where we are currently showing variance of £60k underspend against budget however this is expected these budgets will show £0 variance at year end.

Within the Head of Prevention and Protection there are currently YTD underspend variances to budgets as a result of decreased activity due to Covid19 in Community Safety (£22k), spend on smoke alarms (£8k), communications and public relations (£15k) and Cadet activities (£20k). It is expected that that these budgets will be £0 variances at year end with any unspent budgets earmarked into 2021/22. There are also a number of revenue grants in this area including High Rise Building Grant (£161k), Dementia (£131k) which will show a £0 variance at year end with any unspent grant carried forward for use in future years.

Head of Information Communications Technology spend to date looks low due to the timing of contracts within this area for Hardware, Software and telecommunications compared to the budget which is spread equally over the year, these variances will be £0 at year end. The successful budget bid as part of the 2020-21 budget setting process of £50k for On-call firefighter - "Fob" in enhancements will not be spent in year due to other priorities affecting the Service and this project budget will be earmarked into 2021/22.

Within the Head of Human Resources there are currently YTD underspend variances against budgets as a result of decreased activity due to Covid19 in Occupational Health activity (£14k) and recruitment including advertising of (£10k). It is expected that these variances will be £0 at year end.

2.3.6 With the salary budgets being such a large proportion of the overall budget, the split from the budgets above is justified.

**Table 2: 2020/21 Salary Budget Forecast Outturn**

<b>Category</b>	<b>Current Budget £</b>	<b>YTD Actuals £</b>	<b>Forecast year end outturn £</b>	<b>Variance £</b>
Whole Time	14,431,200	11,302,831	13,815,200	(616,000)
Control	1,001,600	789,766	1,001,600	0
Retained	2,003,200	1,542,291	1,795,200	(208,000)
Non operational	6,226,900	4,515,467	5,998,900	(228,000)
Agency	432,900	414,571	432,900	0
<b>Grand Total</b>	<b>24,095,800</b>	<b>18,564,926</b>	<b>23,043,800</b>	<b>(1,052,000)</b>

The current forecast underspend in Whole Time (£616k) is mainly due to (£510k) which relates to the fire fighter pay award which was budgeted at 5% from July 2020 however it was agreed at only 2%. As previously reported to the FRA as a result of activities in response to Covid19 pandemic a further forecast underspend on firefighters seconded to the Ambulance Service expected to be (£240k) and senior management of these activities (£52k). Both of these expenses will be covered by the Covid19 grant received from government of (£607k). These underspends are to be partly offset by the brought forward capital spend from 2021/22 for laptops of £186k. The FRA approved this at a previous meeting

The (£208k) underspend forecast in Retained pay relates to the fire fighter pay award which was budgeted at 5% from July 2020 however it was agreed at only 2%, a further underspend of (£140k) relating to on-call firefighters seconded to the Ambulance Service which is funded by the Covid19 grant received from government of (£607k).

The current forecast underspend in non-operational (£228k) is as a result of the Green Book pay award being agreed at 2.75%, 0.75% higher than budgeted £42k which is offset by forecast underspends due to vacancies in Equality and Diversity of (£45k). Further vacancies in the service include workshops (£38k) which is due to a delay in the recruitment of x2 workshop apprentices. There are a number of other vacancies across the service including admin vacancies (£38k), site team vacancy (£24k) a partial vacancy in the Business Improvement Team (£15k), and vacancies within the community safety team, (£10k) on cooks overtime. There are two vacancies in the Dementia team which are funded by a grant (£66k) and members allowances are currently expected to underspend by (£13k).

## 2.4 Total Forecast Outturn, Salary and Non Salary:

- 2.4.1 The total forecast variance at year end including both the non-salary figure in Table 1 above and for pay and on costs, including agency staff shown in Table 2, is currently expected to be an underspend of (£790.5k). This does not take into account the forecast in year Collection Fund deficits and also any FF pay awards above the 2% reported above (agreed either locally or nationally).
- 2.4.2 It was approved at the FRA meeting in October 2020, in light of the significant Collection Fund deficits forecast, that the year end underspend is allocated to a new Collection Fund deficit reserve. This will be used to offset the deficits in the following budget setting years.

## 3. Capital Programme Monitoring

- 3.1 Table 4 below is the 2020/21 Capital Programme. The Red, Amber, Green (RAG) status indicates how well the schemes are progressing (Green being on target for year-end completion within budget; Amber indicating possible slippage or overspend; and Red indicating actual slippage/overspend or deletion of the scheme).
- 3.2 It should be noted that the Vehicles, ICT, Operational Equipment and Property Capital Works Programmes need to be treated with fluidity as the costs and expected completion dates can vary considerably and span across financial years. However, in accordance with the financial regulations, any significant changes of expenditure over 10% of an approved capital scheme need to be reported back to the FRA.



**3.3 Table 3: The 2020/21 Capital Programme**

<b>Scheme</b>	<b>2020/21 £000's</b>	<b>RAG Status</b>
Vehicles	400	G
SRU/RSU RTC Hydraulic Equipment	105	Spans across financial years, to be completed in Q1 of 21/22 A
<b>ICT Projects:</b>		
Endpoint Refresh with Desktop & Laptop Deployment	50	G
Endpoint Refresh with Desktop & Laptop Deployment – Funded by Covid Grant	(41)	G
Endpoint Refresh with Desktop & Laptop Deployment - brought forward from agreed 2021/22 budget	186	G
Public Address Systems Replacement	94	Slip into 2021/22
Appliance CCTV upgrade (Wireless)	113	Slip into 2021/22
Station End Equipment (SEE) - Hardware replacement and support	340	Amber – progressing, will conclude in 2021/22
<b>General:</b>		
Capital Works - Service Wide (lighting replacements, CCTV, fire protection, etc.) - All locations	86	G
Heating - boiler replacements (Ampthill, Bedford, Woburn)	23	G
Fitness Equipment Expenditure	15	G
Kempston Station - Mess Deck Refurbishment	12	G
Dunstable Fire Station - External Rope Rescue Training Rig (WAH working at height)	15	R
Improved provision of female showers/toilets at Stopsley Station	22	G
	<b>1,420</b>	

### 3.4 Capital Programme – Withdrawals, Slippage, Additions or Variations:

2.4.1 **Slippage:** The Head of ICT (HICT) has requested that the Public Address system replacement and Appliance CCTV upgrades are slipped into 2021/22. Progress with these projects has been predominantly hindered by the pandemic, as with Authority premises giving limited or no access to third parties, it has proved difficult to progress without site visits. There have also been resourcing issues too as a result of focused Covid-19 work, such as ICT support to staff working from home support and new laptops preparation. These projects are now however progressing and a Project Manager has been assigned. It is the HICT's proposal to slip these and enable his team to continue the focus on delivering new laptops and other key work streams. The

HICT has also requested that the planned replacement for Station End Equipment (SEE) also be slipped into 2021/22, as there has recently been new technology released to market which should deliver better outcomes and possible savings for the service. A trial of this equipment has been arranged, so again this is progressing.

3.4.2 **Additions:** The FRA have previously agreed to bring forward the funding of Laptops from 2021/22 into 2020/21 of £186k, this is to enable flexible working which has become a priority due to the Covid-19 pandemic. This expenditure would be off set for by the revenue underspend relating to the whole-time firefighter underspend as a result of the Covid pandemic response, where spend has been allocated against the Covid-19 grant. This has been incorporated into the figures presented above.

3.4.3 **To note:** A procurement process was undertaken for the Dunstable Fire Station external rope rescue training rig. Following a poor level of response and having sought feedback from potential suppliers, the process will be rerun and a more succinct procurement process will be followed to attract as much interest as possible. This is to ensure that value for money is achieved. This note flags that the project is unlikely to be completed by the end of the financial year, but the procurement process is again underway.

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**Savings and Efficiencies 2020/21**

<b>CMT Area</b>	<b>Savings/Efficiencies</b>	<b>£'000s 2020/21</b>	<b>RAG Status</b>
ACO	Income from Property Rents & Collaboration	8	G – EEAST at Dunstable
ICT	Management Information System (MIS) - Wholetime Rota/Availability System, Human Resources, Technical Equipment (Includes £45k unachievable saving in 2019/20)	89	A – Partially achievable due to legacy systems still being used/on line
ACO	Collaboration Savings	20	G
ACO	Energy Management Savings (Insulation & works)	5	G
ACO	Principal Officer review/restructure	50	G
HTA	Draw down apprenticeship levy BTEC & Masters (therefore reduction in training budget)	10	G
ACO	Increase in interest received due to proactive investment management	25	R - C-19 impact on interest rates
ICT	Saving from Broadband contract	30	G
ICT	Saving from mobile phone contract	10	G
HPP	Online Communication Monitoring tool	10	G
HGAM	Replacement of Risk database	6	G
ACO	Following efficiency review savings associated with provision of catering at incidents (not replacing van & catering trailer)	65	G
		<b>328</b>	

\* NB - All Savings have been removed from 2020-21 Base Budget