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**REPORT AUTHOR:** ASSISTANT CHIEF OFFICER / FRA TREASURER

**SUBJECT:** 2021/22 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING as at 30<sup>th</sup> September 2021

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For further information on this Report contact: Mr Gavin Chambers  
Assistant Chief Officer/Treasurer  
Tel No: 01234 845000

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Background Papers: 2021/22 FRA Budget Setting Papers February 2021

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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 30<sup>th</sup> September 2021.

## Recommendations:

1. That the FRA consider and comment on the updates provided within this report.
2. Approve the recommendation that the refund of Rates from 2017 to 2021 payable on the Authority's properties be allocated to the Transformation Reserve. (see para 2.3.4)
3. That FRA consider and comment on the Capital expenditure addition on the smoke house urgent repairs (see para 3.4.2)

## Executive Highlights Summary

- The **CSR** review was announced in late November 2020 which led to a one-year settlement for 2021/22. The new CSR will take place in autumn 2021 and it has been confirmed that this will be a 3 CSR however we await confirmation if we will receive a 3 year settlement.
- The cost relating to the 1.5% pay award for Fire Fighters has been built into the forecast in table 2.
- There is a potential pay award for Green Book staff which will be backdated to 1<sup>st</sup> April 2021, an offer of 1.75% was made by employers however this offer has been rejected and negotiations are continuing. Should the 1.75% increase be agreed this would lead to an overspend of £108k in Non-Operational areas, the cost for this has been built into the forecast in table 2.
- The service has been given a grant of £35.4k to fund additional costs relating to Sergeant/McCloud Fire Fighter Pension Age Discrimination admin costs. It is expected these costs will be incurred over a number of years and so any unused grant this year will be carried forward into future years.

### 1. Introduction

- 1.1 On 11<sup>th</sup> February 2021, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2021/22 of £31.773m and a Capital Programme of £1.038m.

### 2. Revenue Budget Monitoring

- 2.1 The Revenue Budget efficiency savings for 2021/22 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 2021/22 Revenue Budget is by way of Government Funding £8.057, local Business Rates redistribution £2.405m and Council Tax of £22.193m and the use of the collection fund reserve of £254k. These are offset by a Collection Fund deficit of £1.136m which has been reported by our Local Authority partners.

### 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: 2021/22 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	313,400	53,024	313,400	0	Green
Assistant Chief Officer	2,228,600	(554,312)	2,008,600	(220,000)	Green
Head of Response	1,121,200	359,880	1,045,200	(76,000)	Green
Head of Training and Assurance	502,000	203,319	502,000	0	Green
Head of Governance and Asset Management	682,600	453,225	682,600	0	Green
Head of Prevention and Protection	112,300	(208,168)	112,300	0	Green
Head of Information Communications Technology	2,219,500	453,380	2,234,500	15,000	Green
Head of Human Resources	256,200	106,377	256,200	0	Green
<b>Total</b>	<b>7,435,800</b>	<b>866,725</b>	<b>7,154,800</b>	<b>(281,000)</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 The variances shown in Table 1 above as at 30<sup>th</sup> September 2021 are;

The (£220k) underspend within the ACO area is the result of an exercise, which was undertaken by the property department in conjunction with an external company to review the Business Rates paid on stations across the service. The result of this work is that for most fire stations across the service the business rates between 2017 and 2021 were calculated incorrectly which will lead to a refund in the region of £220k. It is recommended that this income be allocated to the Transformation reserve at year-end.

The underspend (£76k) within the HRes area relates to the reduction in rates due to be paid in 2021/22 as a result of the exercise undertaken by property and an external company. (see above)

In 2020/21 the Home Office overpaid the Firelink Grant to all Fire and Rescue Services, the £15k overspend in HICT is the BFRS proportion of this grant which will be removed from the 2021/22 allocation in order to repay this overpayment.

2.3.5 The current year to date (YTD) spend as at 31 August 2021 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 of £250k where there is no spend to date, this is to fund strategic projects across the Service which is yet to be apportioned to the different projects.

Assistant Chief Officer - include £1.3m 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.

Head of Response – A exercise was undertaken by the property department in conjunction with an external company to review the Business Rates paid on stations across the service, this has led to a reduction in rates for the fire stations across

the service. Further to this lower than expected spend to date in table 1 above also includes a year-end accrual for cross border charges which is yet to be received for £30k, Ballistic kit refresh which is yet to be spent £77k.

Head of Training and Assurance budgets above include training budgets where we are currently showing variance of £70k underspend against budget however this is expected these budgets will show £0 variance at year end with any unspent budgets earmarked into 2022/23.

Within the Head of Prevention and Protection there are currently YTD underspend variances to budgets as a result of Dementia income from our local authority partners, this is offset by spend on salaries (70k). There is also unbudgeted income of £227k for Building Risk review and the Protection uplift, it is expected that that these budgets will be £0 variances at year end with any unspent budgets earmarked into 2022/23.

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. Also, within this area is an Earmarked Reserve for the new Mobilisation system (£970k) which is due to be spent over a number of years and any unspent budgets will be earmarked into 2022/23.

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: 2021/22 Salary (including on-costs) Budget Forecast Outturn**

<b>Category</b>	<b>Current Budget £</b>	<b>YTD Actuals £</b>	<b>Forecast year end outturn £</b>	<b>Variance £</b>	<b>Revised Variance £</b>
Whole Time	15,818,800	7,649,138	15,970,800	152,000	0
Control	1,049,200	554,995	1,061,200	12,000	0
Retained	2,013,200	1,139,223	2,043,200	30,000	0
-	6,355,400	3,215,874	6,463,400	108,000	0
Agency	164,300	139,491	164,300	0	0
<b>Grand Total</b>	<b>25,400,900</b>	<b>12,698,721</b>	<b>25,702,900</b>	<b>302,000</b>	<b>0</b>

## 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 (£281k) underspent.
- 2.4.2 It was agreed at the FRA on 15<sup>th</sup> July 2021 to draw down funds from the earmarked reserve that has been set up for agreed and potential pay awards in order to offset the unbudgeted in-year pay award for Operational staff £194k. It is proposed to treat the Green Book pay award the same way. If agreed this will “reset” the pay budget and forecasts to nil (£0k) for the next FRA Budget Monitoring report.
- 2.4.3 The full year cost of the pay award for operation staff will be £260k, this will be built into the base budget for 2022/23 as part of the budget setting process. Should there be a pay award for non-operational staff agreed further in the year (£108k) then this will also be included in the base budget for the 2022/23 budget setting process.

## 3. Capital Programme Monitoring

- 3.1 Table 3 below is the 2021/22 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 and HR System Projects 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 2021/22 Capital Programme

CMT Area	Bedfordshire Fire and Rescue Authority Capital Programme	Budgets 2021/22 £000's	RAG Status
HGAM	<b><u>Fleet:</u></b>		
	Vehicles	85	G
	BA Set, Cylinders and Ancillaries	450	Slip into 2022/23
	RP Portable Lighting	50	G
	Methods of Entry Kit	25	G
	Fire Ground Radio	112	G
	<b><u>ICT Projects:</u></b>		
ICT	a. Migration from Unified Comms on premise to Microsoft Teams Cloud	80	G
ICT	b. Endpoint Refresh with Desktop & Laptop Deployment	84	G
	<b><u>Other:</u></b>		
ACO	Capital Works - Service Wide (lighting replacements, CCTV, fire protection, doors & windows, security gates, etc) - All locations	52	G
ACO	Bay Floor replacements (Bedford, Biggleswade, Pottton, Shefford, Toddington)	65	G
HHR	Fitness Equipment Expenditure	5	G
HGAM	Compressors - Dunstable and Bedford	30	G
	<b>TOTAL</b>	<b>1,038</b>	

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

3.4.1 **Slippage:** On 15<sup>th</sup> July 2021 the FRA agreed to the proposal by the Head of Governance and Assets Manager (HGAM) request that the BA Set, Cylinders and Ancillaries be slipped into 2022/23. Work has now started to deliver this project however and options are being explored to purchase some equipment under this project prior to the year-end. Regular updates will be provided to the FRA on the progress going forward.

3.4.2 **Additions:** It was agreed at Corporate Management Team to fund urgent works to the value of £82k which need to be undertaken within the smoke house to improve the Health & Safety (H&S) of users and also allow additional burn rooms to

enable the smoke house to rotate the room usage and heat intensity, work has already started on this. The cost of these works will be funded by the H&S and Property earmarked reserves that have been set up for such works when they arise.

3.4.3 **Variations:** None Report

**ANDREW HOPKINSON**  
**CHIEF FIRE OFFICER**

**GAVIN CHAMBERS**  
**ASSISTANT CHIEF OFFICER / FRA TREASURER**



**Savings and Efficiencies 2021/22**

<b>CMT Area</b>	<b>Savings/Efficiencies</b>	<b>£'000s 2021/22</b>	<b>RAG Status</b>
<b>ACO</b>	Income from Property Rents & Collaboration	5	Green
<b>ACO</b>	Energy Management Savings (Insulation & works following bid for grant)	5	Green
<b>CFO</b>	Change of 4th Area Commander post to Green Book Head of Service (subject to natural turnover)	15	Green
<b>CFO</b>	Team review/restructure	13	Green
<b>CFO</b>	Efficiencies from Operational Review	64	Green
<b>HGAM</b>	Income from Workshops Non business Activity	25	Green
<b>HRes</b>	Post sharing - work on Fire Investigation ISO17020 project (part time post shared with Cambs & Herts FRS)	10	Green
<b>ICT</b>	Freedom of Information and Customer Complaints software	6	Amber
<b>ICT</b>	Corporate Telephony	20	Green
<b>ICT</b>	Saving from cessation of software, linked with new purchase of GIS and Data modelling solution	18	Amber
		<b>181</b>	

The Freedom of Information and Customer Complaints software saving (£10k) has been rated amber by HICT as working is ongoing with the software provider to develop the new software and it is unclear if this work will be complete by the year-end.

Saving from cessation of software, linked with new purchase of GIS and Data modelling solution saving (£18k) has been rated amber by HICT, this project is at the procurement stage and it is currently unknown when this process will be complete.

**\* NB - All Savings have been removed from 2021-22 Base Budget**