
REPORT AUTHOR: ASSISTANT CHIEF OFFICER / FRA TREASURER
SUBJECT: 2021/22 REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING as at 31st October 2021

For further information on this Report contact: Gavin Chambers, ACO/FRA Treasurer

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

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.

PURPOSE:

To inform the Fire and Rescue Authority of the forecast year-end budget monitoring position as at 31st October 2021.

RECOMMENDATIONS:

1. That the FRA consider and comment on the updates provided within this report.
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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 has taken place, it has been confirmed that this will be a 3 CSR however we await confirmation of the provisional 3 year settlement amounts this is due mid to late December.
- 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 1st April 2021, an offer of 1.75% was made by employers however this offer has been rejected and the unions will be balloting members on potential strike action. 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 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	249,100	56,129	249,100	0	Green
Assistant Chief Officer	2,443,500	(366,114)	2,206,500	(237,000)	Green
Head of Response	906,300	348,061	840,300	(66,000)	Green
Head of Training and Assurance	502,000	257,789	502,000	0	Green
Head of Governance and Asset Management	682,600	510,245	717,600	35,000	Green
Head of Prevention and Protection	112,300	(297,269)	112,300	0	Green
Head of Information Communications Technology	2,219,500	160,871	2,269,500	50,000	Green
Head of Human Resources	242,800	78,853	242,800	0	Green
Total	7,358,100	748,565	7,140,100	(218,000)	

***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 31st October 2021 are;

The (£237k) 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 / valued 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. A further underspend of Audit fees relating to previous years is expected to achieve a saving of £20k this is due to Public Sector Auditor Appointments (PSSA) reviewing the proposed charges from Ernst and Young (EY). A grant from Central Government in response to the expected rise in audit fees has been awarded to all qualifying public sector bodies in 2021/22, the share given to the authority is (£12k). These underspends are offset by £15k relating to the underachievement of income on investments due to the continuing low interest rates available worldwide, the finance team is investigating the use of money market funds in order to achieve better rates than are currently available on fixed term deposits.

The underspend (£66k) within the HRes area relates to the reduction in rates (£76k) due to be paid in 2021/22 as a result of the exercise undertaken by property and an external company. (see above) This is offset by a forecast under achievement of income at Dunstable Community Centre of £10k due to underuse as a result of the ongoing Covid19 situation.

Head of Governance and Asset Management is currently forecasting an overspend of £35k relating to unbudgeted expenditure on water rescue PPE which needed replacing, at this stage it is unclear if it will be possible to offset this against sales of assets.

In 2020/21 the Home Office overpaid the Firelink Grant to all Fire and Rescue Services, a £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. There is a further overspend of £35k expected at year end as a result of the ICT shared services team recharge from Cambridge FRS due to the split of work between the two services.

2.3.5 The current year to date (YTD) spend as at 31 October 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 this is to fund strategic projects across the Service which is yet to be apportioned to the different projects. To date £60k has been moved to the areas successful in bidding for this funding.

Assistant Chief Officer - includes £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 the 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

Category	Current Budget £	YTD Actuals £	Forecast outturn including unbugeted pay award £	Variance £ pay award	Other Variances £	Revised Year End outturn £	Final Outturn variance £
Whole Time	15,425,600	8,875,845	15,577,600	152,000	(150,000)	15,427,600	2,000
Control	1,063,200	654,139	1,075,200	12,000	0	1,075,200	12,000
Retained	2,289,800	1,325,420	2,319,800	30,000	(10,000)	2,309,800	20,000
Non operational	6,476,800	3,752,477	6,584,800	108,000	(94,800)	6,490,000	13,200
Agency	223,200	153,230	223,200	0	0	223,200	0
Grand Total	25,478,600	14,761,111	25,780,600	302,000	(254,800)	25,525,800	47,200

2.3.7 It was agreed at the FRA on 15th 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, this is yet to be agreed however the costs £108k has been built into the forecast in the above table.

2.3.8 The underspend forecast within the whole time category in the table above (£150k) is due to the difference between retirements and recruitment across the service. Work will be ongoing over the next few months between Head of Operational response and finance to update the forecast should anything change and members will be kept up to date with any changes to the forecast.

2.3.9 Work recently has been undertaken by the new Head of Response and finance regarding the year to date spend on Retained Fire Fighters, it is currently forecast that there will be small variance of £10k by the year-end. Members will be kept updated with regard to this area once the actual number of recruits and start dates are known following the recent recruitment campaign.

2.3.10 The figure for Non-operational staff above includes the projected pay award of £108k which is then offset by a number of vacancies across the service including; (£38k) within the CMT secretariat area, a further (£14k) relates to a vacancy within

the Equality and Diversity team, (£35k) apprentice vacancies within the workshops area and a further (£8k) within the admin team in training and development area.

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 £170.8k underspent after reserves funding.
- 2.4.2 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	Fleet: 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
ICT ICT	ICT Projects: a. Migration from Unified Comms on premise to Microsoft Teams Cloud	80	G
	b. Endpoint Refresh with Desktop & Laptop Deployment	84	G
ACO ACO	Other: Capital Works - Service Wide (lighting replacements, CCTV, fire protection, doors & windows, security gates, etc) - All locations	52	G
	Bay Floor replacements (Bedford, Biggleswade, Potton, Shefford, Toddington)	65	G
HHR	Fitness Equipment Expenditure	5	G
HGAM	Compressors - Dunstable and Bedford	30	G
	TOTAL	1,038	

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

3.4.1 **Slippage:** Further to the agreement on 15th July 2021 by the FRA 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 is underway to deliver this part of the project and the service has explored the opportunity to procure under a Devon and Somerset Framework as part of a technical refresh (part replacement of key components) for the Breathing Apparatus sets. Due to delays in the framework being released, this option is not currently available and as a result the service is progressing with a conducting a formal mini tender. This will include the introduction of telemetry and digital gauges to ensure that the replacement BA sets are future proofed and maximise Firefighter safety. The service will be looking at resources required to complete the mini tender, and utilising the framework once this is released formally.

3.4.2 **Additions:** None Report.

3.4.3 **Variations:** None Report

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Savings and Efficiencies 2021/22

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

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**