

For Publication

Bedfordshire Fire and Rescue Authority
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Item No. 6

REPORT AUTHOR: ASSISTANT CHIEF OFFICER - FINANCE AND CORPORATE SERVICES

SUBJECT: REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING 2019/20 AS AT 31 AUGUST 2019

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Background Papers:

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 (FRA) of the forecast year end budget monitoring position as at 31 August 2019 and to seek agreement to the recommendations contained within.

RECOMMENDATION:

That the FRA:

1. Review and comment on the forecast outturns for revenue and capital.
 2. To agree the capital slippage requests into 2020/21 as identified in Table 3.
 3. Note the comments in para 2.3.7 regarding the reconciliation work being undertaken regarding the firefighter pension schemes.
 4. Note the comments in para 2.3.8 regarding the potential cost of recruits in year.
 5. Note the saving in para 3.3.2 regarding the Server hardware renewal capital project which slipped into 2019/20 but has now completed.
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1. Introduction

- 1.1 On 7 February 2019, the Fire and Rescue Authority (FRA) approved a Revenue Budget Requirement for 2019/20 of £29.836m and a Capital Programme of £1.736m.

2. Revenue Budget Monitoring

- 2.1 The Revenue Budget efficiency savings for 2019/20 can be found in Appendix 1. The budgets have been reduced for these areas, therefore if they are not achieved it is likely this would lead to an overspend. This appendix forms part of the Government return, in order to receive the four year Government funding offer. It will also be used to populate the new NFCC savings and efficiencies return.
- 2.2 The funding of the 2019/20 Revenue Budget is by way of Government Funding £6.410m, local Business Rates redistribution £2.222m and Council Tax of £20.973m, there is also funding from a Collection Fund surplus of £0.231m

Forecasting Outturn:

2.3.1 Table 1 below is populated during the year in line with the spreadsheet returns that Corporate Management Team (CMT) members submit to the Finance Team and also 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, with the variance and RAG (red, amber, green) status shown in columns five and six.

2.3.3 Table 1: 2019/20 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	382,300	19,873	382,300	0	Green
Assistant Chief Officer	2,553,700	690,404	2,519,700	(34,000)	Green
Head of Response	923,700	340,477	938,700	15,000	Green
Head of Training and Assurance	549,100	138,183	549,100	0	Green
Head of Governance and Asset Management	920,800	465,467	955,800	35,000	Green
Head of Prevention and Protection	230,000	(8,170)	230,000	0	Green
Head of Information Communications Technology	2,339,600	(271,857)	2,384,600	45,000	Green
Head of Human Resources	260,100	82,612	260,100	0	Green
Total	8,159,300	1,456,989	8,220,300	61,000	

**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 forecast underspend of (£34k) within the Assistant Chief Officer's (ACO) area identified above in table 1, relates to extra income from the Ministry of Housing, Communities & Local Government (MHCLG), following a recalculation of business rates surpluses.

The forecast overspend in Head of Response relates to the unachievable £15k of income expectation within HQ Control, working is ongoing to seek opportunities to redress this. (See Appendix 1)

Within Head of Governance and Asset Management the £5k overspend is due to an unachievable saving regarding the Blue Light installation, the £20k will be achieved however this will be over the 4 life of the contract. (See Appendix 1)

The overspend of £45k within Head of Information Communications Technology relates to the unachievable efficiency saving for removing the MIS (Management Information System) legacy systems, this will now take place in June 2020. (See Appendix 1)

2.3.5 The current year to date (YTD) spend as at 31 August 2019 looks low in a number of areas, the reasons for this are highlighted below;

Strategic Management budget includes an Earmarked Reserve for £47k to help fund defibrillators in the community and a further £23k for Service Events, both of which are ongoing across a number of years and any underspend will be carried forward into 2020/21 for spend in future years.

Assistant Chief Officer budgets include £2m of year-end adjustments for contributions to capital, loan principal and interest and 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 Protection and Protection includes £85k income received from Bedford Borough Council to deliver the Dementia Safety First pilot, this income will be spent across 2019/20 but is currently showing as an underspend.

Head of Information Communications Technology includes a number of project areas which have over £350k of income and £417k of expenditure budgets which have yet to be spent, any underspends here will be earmarked into future years as these projects will span across financial years and therefore the variance at year end will be zero (£0).

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: 2019/20 Salary Budget Forecast Outturn

Category	Current Budget £	YTD Actuals as at 31 Aug 2019 £	Forecast year end outturn £	Variance £
Whole Time	13,299,000	6,068,454	12,839,000	(460,000)
Control	932,300	381,225	932,300	0
Retained	1,872,600	762,736	1,872,600	0
Non operational	5,708,700	2,284,984	5,708,700	0
Agency	209,200	122,628	209,200	0
Grand Total	22,021,800	9,620,027	21,561,800	(460,000)

2.3.7 It has been agreed that the pay award for firefighters will be 2% from July 2019, the budget for this increase was agreed in February 2019 at 5%, this generates an in-year underspend of (£270k).

From July 2019 the employer contributions for each of the firefighter pension schemes increased significantly, costs for these extra employer contributions will be met from a grant from government in 2019/20, however it is unclear if these costs will be fully met in future financial years. Current calculations show that this will lead to an underspend of (£190k) on firefighter pensions however the exact amount is unclear and could vary between an underspend of (£160k) and (£210k) as it will depend upon the number of starters, leavers and retirements the service has in the remainder of 2019/20. These calculations will be revisited on a regular basis to ensure that FRA have the latest position should this change. At this time it is unclear if the Authority will be required to repay any excess grant therefore has not been included in table 2 above.

2.3.8 There is likely to be an extra cost relating to the forward recruitment of Whole Time firefighters in order to ensure there is no gap in service delivery due to retirements and leavers from the service, the effect of this is yet to be quantified. In August there were 7 firefighters above the budgeted establishment, a further 16 recruits will be integrated into the service in mid-September; these will be offset by number of leavers retirements however the timing of these is unknown. Each new recruit costs approximately £32k per annum so in the worst case scenario should there be no further retirements or leavers from September 2019 then this would lead to a budget pressure of approximately £340k for the year to 31 March 2020.

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 (£399k).

3. **Capital Programme Monitoring**

3.1 Table 3 below is the 2019/20 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.

Table 3: The 2019/20 Capital Programme

Bedfordshire Fire and Rescue Authority Capital Programme	Capital Budgets 2019/20 £'000	Expected completion Month / Year	Rag Rating (Red / Amber / Green)	Comments
Rescue Pump Hydraulic Equipment (Replacement of current equipment)	650	2021/22	Amber	Slippage into 21/22 - awaiting new technology to be released at Interschultz in June 2020. £7K to be spent in Sept 19 with on tools for specialised cutting equipment
Positive Pressure Ventilation Fan (PPV)	120	2021/22	Amber	Slippage into 21/22 - awaiting new technology to be released at Interschultz in June 2020.
Stabfast stabilisation kit	40	Mar-20	Green	Will purchase from the YPO framework
Water Dams (to be used at incidents to store water for use by rescue pumps)	15	Mar-20	Green	In process of purchasing
Increase in cost of Water Dams (above)	5	Mar-20	Green	In process of purchasing
Site Team Van	20	Mar-20	Green	In process of purchasing
Increase in cost of Site Van (flt108) - Upgrade to Electric vans	5	Mar-20	Green	In process of purchasing
Fire Investigation Team Long Wheel Based (LWB) Van	30	21/22	Amber	Slippage - Looking at options for the van fleet & Specification
Community Fire Safety Long Wheel Based Van – Leighton Buzzard FSOT/Co-responding	20	Mar-20	Green	In process of purchasing

Bedfordshire Fire and Rescue Authority Capital Programme	Capital Budgets 2019/20 £'000	Expected completion Month / Year	Rag Rating (Red / Amber / Green)	Comments
Increase to cost of Flt5 to Long Wheel Based	10	Mar-20	Green	In process of purchasing
Road Traffic Collision Long Wheel Based Van - Kempston	30	21/22	Amber	Slippage - Looking at options for the van fleet & Specification
Road Traffic Collision Trailer	10	21/22	Amber	Slippage - Looking at options for the van fleet & Specification
Chip Demo- Trailer	10	21/22	Amber	Slippage - Looking at options for the van fleet & Specification
Mitsubishi W/S	25	Jan-20	Green	
Fire Appliance (x2)	300	20/21	Red	Slippage to 20/21 pending Operational Response Review.
Renewal of Mobilising System Mobile Data Terminals	276	20/21	Amber	Phase 1 (procurement of devices) of project delivered, phase 2 (imaging & installation) to be completed by Mar 2020 with phase 3 further work regarding better use of devices ongoing into 2020/21. Saving expected.
Wi-Fi refresh	75	Mar-20	Green	At procurement stage
Capital Works - Service Wide (lighting replacements, CCTV, fire protection, etc) - All locations	68	Mar-20	Green	
Drill yard resurfacing (Biggleswade, Luton, Woburn)	25	Mar-20	Green	

Bedfordshire Fire and Rescue Authority Capital Programme	Capital Budgets 2019/20 £'000	Expected completion Month / Year	Rag Rating (Red / Amber / Green)	Comments
WC/Shower facility refurbishments (Amphill, Dunstable, Harrold, Workshops, Training, Luton)	25	Mar-20	Green	
Community Facility - Bedford Station	44	Mar-20	Green	
Fitness Equipment Expenditure	8	Feb-20	Green	Will spend early 2020 on replacement gym equipment
TOTAL	1,811			

3.3 Capital Programme – Withdrawals, Additions or Variations:

3.3.1 **Slippage:** A number of projects contained in table 3 above are due to be slipped into 2020/21 within the technical and fleet management area, the total amount of these schemes is £1.143m.

3.3.2 Variations:

There has been a saving of £54k in relation to the Server hardware renewal which was a capital project in 2018/19 which partially slipped into 2019/20 which has now been completed. This unused funding will remain in the capital funding allocation and either be reallocated during the year or included as a budget saving later in the year following a wider capital funding review.

3.3.3 Additions:

There are no additions to the capital programme.

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Medium Term Savings and Efficiencies 2019/20

Appendix 1

CMT Area	Savings/Efficiencies Description	2019/20 £'000s	RAG Rating (Red / Amber / Green)	Comments
ACO	To capture Fire & Rescue Indemnity Company - no Insurance Premium Tax	20	Green	Achieved
ACO	Energy Management Savings (Insulation & works)	5	Green	Achieved
ACO	To capture salary abatement & pension savings	85	Green	Achieved
ALL	2019/20 Zero Base Budget Exercise (forecast reduction)	100	Green	Achieved
HGAM	Saving following Procurement of new Fire Fighter PPE Contract (was £50k in 18/19, now additional £50k therefore £100k in total)	100	Amber	Only £70k-£80k deliverable in 2019/20 a further c.£20k will be achieved in 2020/21
HGAM	Savings from internal Blue Light Installations	20	Amber	Only £5k achievable in year the £20k saving was for the life of the contract @£5k per annum.
HGAM	Procurement - (various including stationery, cleaning materials & Fire Safety checks)	10	Amber	£4k achieved for Fire Safety check, the remaining £6k saving will depend on the procurement tender that will take place in by Mar 2020.
HICT	Management Information System (MIS) - Wholetime Rota/Availability System, Human Resources, Technical Equipment	45	Red	Savings will not be achievable until June 2020.
HICT	Savings from MDT collaborative procurement and review of licenses	40	Amber	£30k already achieved work ongoing to identify the remaining £10k.
HICT	Savings due to new ICT contract	5	Green	Achieved
HRes	Control Income generation	15	Red	Investigating options for income generation and/or efficiencies
HTA	Draw down apprenticeship levy (therefore reduction in training budget)	50	Green	On target to be achieved.
* NB - All Savings have been removed from 2019-20 Base Budgets		495		