
REPORT AUTHOR: ASSISTANT CHIEF OFFICER - FINANCE AND CORPORATE SERVICES

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

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Background Papers: Budget Setting Report presented to the FRA 7th February 2019, FRA Budget Monitoring Report 7 October 2019

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 December 2019 and to seek agreement to the recommendations contained within.

RECOMMENDATION:

That the FRA:

1. Review and comment on the revised forecast outturns for revenue and capital.
 2. Note the revised comments in para 2.3.7 regarding the continued reconciliation work being undertaken regarding the firefighter pension schemes.
 3. Note the revised comments in para 2.3.8 regarding the potential cost of recruits in year.
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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	132,300	49,611	132,300	0	Green
Assistant Chief Officer	2,538,000	1,571,249	2,469,000	(69,000)	Green
Head of Response	934,000	739,013	949,000	15,000	Green
Head of Training and Assurance	540,800	325,843	540,800	0	Green
Head of Governance and Asset Management	919,300	808,730	961,300	42,000	Green
Head of Prevention and Protection	207,200	91,034	207,200	0	Green
Head of Information Communications Technology	2,349,500	489,466	2,474,500	125,000	Red
Head of Human Resources	285,100	174,186	322,100	37,000	Green
Total	7,906,200	4,249,132	8,056,200	150,000	

**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, a further (£35k) underspend has been identified in relation to officers contract cars.

The forecast overspend in Head of Response of £15k relates to the unachievable £15k 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 £42k overspend is as a result of £7k for the purchase of Escape Hoods as a result of implementing the recommendations of the Grenfell inquiry. There are 2 amounts relating to unachievable efficiency savings, £15k regarding the Blue Light installation this will be met over the next 3 year life of the contract and £20k in relation to the unachievable saving on the PPE contract now not deliverable until 2020/21 (See Appendix 1 for both of these). Further to these amounts and following a safety survey of station flood boats it was discovered that some had come to the end of their useful life and needed immediate replacement, the cost of these is £25k; the cost of these boats will be met from an Earmarked Reserve.

The overspend of £125k within Head of Information Communications Technology relates to the unachievable efficiency saving for removing the MIS (Management Information System) legacy systems £45k, this will now take place in June 2020. (See Appendix 1). A further overspend of £80k has been identified relating to the ICT Shared Service staffing recharge from Cambridgeshire Fire and Rescue Service (based upon month 6 reconciliation), there is a corresponding underspend forecast underspend within ICT salaries due to vacancies within the ICT team. (see table 2 below)

The Head of Human Resources is currently showing an overspend of £37k, £10k of this relates to the forecast spend for the upcoming retained fire fighter recruitment campaign, a further £20k relates to consultancy costs for ongoing investigations and £7k for legal fees.

2.3.5 The current year to date (YTD) spend as at 31 December 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 £1.1m budgets relating to expenditure for Minimum Revenue Provision (MRP) & Revenue Contributions to Capital with no expenditure currently as they are year-end adjustments, further budgets of £150k for repairs and maintenance costs & officer vehicle costs where the expenditure sits in the individual CMT areas but the budget sits in the ACO area. These budgets are re-distributed at year end in order to allocate budgets to actual expenditure. These expenditure budget under spends are offset by budget contribution from reserves of (£871k) where again this is a year-end adjustment and does not appear in the YTD actual figures in table 1 above.

Head of Prevention 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 onwards 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 £350k of expenditure budgets which have yet to be spent, a further £1m is in relation to the replacement mobilisation system which is currently at the procurement stage. 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).

The main areas of variances within the Head of Human Resources area relate to Consultancy costs (£15k) including pensions advice which is expected to show £0 variance at year end, other variances relate to the Occupational Health area specifically physio referrals and Employee Assist programme where the budgets are spread equally across the year but the referrals are not spread equally both of which are predicted to be £0 variances.

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 £	Forecast year end outturn £	Variance £
Whole Time	13,363,600	11,040,932	13,228,600	(135,000)
Control	932,300	687,091	932,300	0
Retained	1,910,100	1,431,179	1,867,100	(43,000)
Non operational	5,826,300	4,130,381	5,738,300	(88,000)
Agency	242,600	226,547	242,600	0
Grand Total	22,274,900	17,516,130	22,008,900	(266,000)

** The actual Year to date Actuals figures (£) for Whole Time and Retained in Table 2 above do not include the increased in pensions contributions; at the end of December 2019 these amount to c.£936k and c.£124k respectively.

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 (£285k) for Whole time and (£43k) for retained firefighters.

From April 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 and it is has been confirmed that this increase will be also be fully met in 2020/21 by government grant. It is currently unclear if these costs will be fully met in future financial years beyond 2020/21, this will be reviewed as part of the next Comprehensive Spending review expected in 2020/21. Current calculations show that this will lead to an underspend of (c.£140k) on firefighter pensions however the exact amount is unclear and could vary between an underspend of (£140k) and (£160k) as it will depend upon the number of starters, leavers and retirements the service has in the remainder of 2019/20. The YTD Actual figures (£) in Table 2 above do not include the costs for these pensions increases.

2.3.8 There are extra costs 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. In August there were 7 firefighters above the budgeted establishment, a further 16 recruits joined the service in mid-September and were integrated into the service in mid-December; these will be offset by number of leavers retirements however the timing of these is unknown. At the end of October there were 11 firefighters above establishment. Each new recruit costs approximately £32k per annum, at the end of December the service was 14 firefighters over establishment leading to the predicted year-end cost of c.£150k, this is included in the forecast in Table 2 above.

2.3.9 Within the non-operational area in the table above there will be underspend within ICT due to vacancies however this will be offset by a ICT Shared Services recharge from Cambridgeshire FRS currently this is forecast to be £100k. Also within this area are underspends relating to a number Strategic project areas which span financial years and so will be carried forward as Earmarked reserves at year end. A further £8k in due to a vacancy within the Equality and Diversity area along with other minor variances.

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 (£116k).

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 spent in Sept 19 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	Awaiting Delivery
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	Purchased
Increase in cost of Site Van (flt108) - Upgrade to Electric vans	5	Mar-20	Green	Purchased
Fire Investigation Team Long Wheel Based (LWB) Van	30	21/22	Amber	Slippage - Looking at options for the van fleet & Specification

Bedfordshire Fire and Rescue Authority Capital Programme	Capital Budgets 2019/20 £'000	Expected completion Month / Year	Rag Rating (Red / Amber / Green)	Comments
Community Fire Safety Long Wheel Based Van – Leighton Buzzard FSOT/Co-responding	20	Mar-20	Green	In process of purchasing
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	
WC/Shower facility refurbishments (Kempston, Luton, Leighton Buzzard)	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 are no variations to the capital programme

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.
		495		

*** NB - All Savings have been removed from 2019-20 Base Budgets**