

# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	18 March 2015
<b>OFFICER</b>	David Sutherland, Acting Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Quarter Three Budget Monitoring Performance and Debt Management April – December 2014</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the revenue and capital budget monitoring and debt management performance report for the nine months to 31 December 2014.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 31 December 2014, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an under-spend of £1.9m, against a revenue budget of £28.8m.</p> <p>Excluding the Statutory Accounting &amp; Contingency items totaling £678k, the overall forecast underspend on operational budgets reduces down to £1,235k.</p>
<b>ACTION</b>	Information and decision.
<b>RECOMMENDATIONS</b>	That the Executive Committee note the latest projected outturn forecast for the Authority as at 31 December 2014.
<b>RISK MANAGEMENT</b>	Management of our financial resources is a key risk to the Authority and the performance reports to Committee inform Members of the main financial risks facing the Authority in year.
<b>FINANCIAL IMPLICATIONS</b>	As set out in the main body of the report.
<b>LEGAL IMPLICATIONS</b>	None.
<b>HEALTH AND SAFETY</b>	None.

<b>EQUALITY AND DIVERSITY</b>	None.
<b>USE OF RESOURCES</b>	The paper sets out how work has been progressing for achieving greater financial ownership and accountability for resources attached to the delivery of specific aims and objectives of the Authority.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Medium Term Financial Plan 2014/15 to 2017/18, CFA Meeting February 2014 <a href="http://bucksfire.gov.uk/files/3814/0734/4977/ITEM8MediumTermFinancialPlan201415to201718.pdf">http://bucksfire.gov.uk/files/3814/0734/4977/ITEM8MediumTermFinancialPlan201415to201718.pdf</a> Budget Monitoring Performance and Debt Management April – September 2014 <a href="http://bucksfire.gov.uk/files/5814/1563/0213/ITEM5Q214-15BudgetMonitoringPerformanceAppendixAandB.pdf">http://bucksfire.gov.uk/files/5814/1563/0213/ITEM5Q214-15BudgetMonitoringPerformanceAppendixAandB.pdf</a>
<b>APPENDICES</b>	Appendix A – Budget Monitoring Performance and Debt Management April – December 2014
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Jayshree Takodara - Interim Management Accountant <a href="mailto:jtakodara@bucksfire.gov.uk">jtakodara@bucksfire.gov.uk</a> 01296 744429

## 1. Revenue Forecasts by Service Area

**Table 1** The table below shows the budget and actual expenditure for each directorate as at the end of December 2014. The budget of £29m is compared to the forecast outturn to give a forecast year end underspend of £1.9m. If you take out the Statutory Accounting & Contingency items totaling £678k, we are forecasting a £1,235k overall underspend.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	893,740	833,333	908,854	15,114
	Legal & Governance	107,117	74,333	101,514	-5,603
<b>Corporate Core Total</b>		<b>1,000,857</b>	<b>907,666</b>	<b>1,010,368</b>	<b>9,511</b>
Finance & Assets	Finance & Procurement	1,023,949	749,465	1,040,246	16,297
	Resource Management	2,127,789	1,633,190	2,114,107	-13,682
<b>Finance &amp; Assets Total</b>		<b>3,151,738</b>	<b>2,382,655</b>	<b>3,154,353</b>	<b>2,615</b>
People & Organisation Development	Training & Development	1,435,780	804,247	1,168,909	-266,871
	Operations & Services	707,888	536,519	701,338	-6,550
<b>People &amp; Organisation Development Total</b>		<b>2,143,668</b>	<b>1,340,766</b>	<b>1,870,247</b>	<b>-273,421</b>
Delivery, Corporate Development & Planning	Service Delivery	14,893,210	10,261,074	13,974,402	-918,808
	Service Development	2,335,176	1,751,112	2,333,667	-1,509
	Service Transformation	1,728,436	1,486,298	1,674,048	-54,388
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>18,956,822</b>	<b>13,498,485</b>	<b>17,982,117</b>	<b>-974,705</b>
Statutory Accounting & Contingency	Capital Charges	1,128,000	609,316	1,128,000	0
	Direct Revenue Financing	1,290,114	1,290,114	1,290,114	0
	Contingency	928,400	20,600	237,660	-690,740
	Non Distributed Costs	209,266	155,814	222,070	12,804
<b>Statutory Accounting &amp; Contingency Total</b>		<b>3,555,780</b>	<b>2,075,844</b>	<b>2,877,844</b>	<b>-677,936</b>
<b>Total Expenditure</b>		<b>28,808,865</b>	<b>20,205,415</b>	<b>26,894,928</b>	<b>-1,913,937</b>

The key variations are;

**Corporate Core £10k over** – The pressure is from one-off legal costs offset by a projection of more bank interest than budgeted.

**Finance & Assets £3k over** – Spend in this area is broadly in-line with budget.

**People & Organisation Development £273k under** – An underspend in Training & Development mainly relates to an initiative designed to meet operational requirements with alternative staffing arrangements. Additional underspends are projected in Operations and Services in relation to occupational health scheme payments, adding to those resulting from managed underspends in staff development.

**Delivery, Corporate Development & Planning £975k under** – Service Delivery is projecting an underspend of £919k, with £884k from direct employee costs. £478k relates to underspends on wholetime and day-crew staffing. Of this, £245k relates to deductions made during periods of industrial action and £152k relates to actual pension scheme membership being lower than modeled. The remaining staffing underspend is made up of lower than budgeted salary payments, underspends in overtime payments, CPD and accommodation allowances.

£299k of the underspend in Service Delivery relates to on-call salary elements, where the organisation is currently under established for on-call firefighters. Vacant administrative posts in Service Delivery also lead to a £112k underspend being forecast in this area for fire protection and fire prevention services.

Service Transformation is currently projecting an underspend of £54k relating to part year vacant posts.

**Statutory Accounting & Contingency £678k under** - The contingency fund was originally set up in the budget to cover the costs of modernisation under the Moving Forward agenda and any pay award and pay protection arrangements. On 19 November 2014 the Executive Committee approved a recommendation in the quarter two budget monitoring performance and debt management report to use £238k of the underspend to fund projects from the KIS strategy brought forward from future years. This has been reflected in the projected outturn.

## 2. Direct Employee Costs

**Table 2** shows the budget and forecast out-turn for each sub-heading within the direct employees subjective as at the end of December 2014.

<b>Staffing</b>	<b>Total Budget</b>	<b>Actual Year to Date</b>	<b>Forecast Outturn</b>	<b>Projected Year End Variance</b>
Members of the Brigade	13,765,944	9,589,014	13,099,258	-666,686
Retained Duty System	1,601,973	951,145	1,316,317	-285,656
Administrative Staff	3,788,079	2,880,814	3,621,726	-166,353
Control Room Staff	443,436	539,931	684,961	241,525
Casual Employees	51,122	76,004	136,479	85,357
Cleaners	119,758	11,508	27,506	-92,252
Technicians	269,137	135,406	204,840	-64,297
Members Allowances	72,080	55,380	72,080	0
Allowances	781,902	527,207	699,205	-82,697
Agency Staff	117,799	171,357	259,209	141,410
<b>Grand Total</b>	<b>21,011,230</b>	<b>14,937,767</b>	<b>20,121,582</b>	<b>-889,648</b>

**Members of the Brigade** – underspends relating to industrial action deductions, with additional amounts due to vacancies in operational training and differences in actual pension opt-in.

**Retained Duty System** – on-call firefighter employment is currently significantly below budgeted establishment levels.

**Administrative Staff** - due to HR vacancies at the beginning of the year and vacant posts in fire prevention, fire protection, admin support and response support.

**Control Room Staff** – the overspend arises as a result of the delayed cutover to the combined Thames Valley control room.

**Casual Employees** – casual staff are being used in operational training and co-responder services. In operational training, the expenditure is covered by underspends on brigade staff. In the co-responder service, the expenditure represents an extension of the pilot scheme initiated at the start of the financial year.

**Cleaners** - the underspend is partly offset by a £25k overspend on contracted cleaning services being used due to a number of cleaner vacancies.

**Technicians** – the underspend relates to vacant posts within vehicle workshops.

**Allowances** – underspends in CPD, training school and accommodation allowances. (CPD £45k; accommodation £10k; training school £19k)

**Agency Staff** – agency staff resources are covering vacancies in the Finance team, HR, and supporting key KIS and property projects.

### 3. Major Risk Areas

The monitoring process will focus more attention on areas identified by management as high risk. An initial assessment of the main financial risks faced has been undertaken by Finance against the following categories:

- High value budgets
- Historically volatile budgets
- Demand led income and expenditure budgets

		<b>Total Budget</b>	<b>Actual Year to Date</b>	<b>Forecast Outturn</b>	<b>Projected Year End Variance</b>
A.	Employee Direct Costs	21,011,230	14,937,767	20,118,109	-889,648
B.	Knowledge & Information Services	1,136,442	1,040,831	1,111,468	-24,974
C.	Fuel Charges	290,152	193,335	257,780	-32,372
D.	Energy/Utilities	277,505	145,403	281,253	3,748
E.	Employment Agencies/Consultants	117,799	171,357	259,209	141,410

#### Key variance explanations:

**A. Employee Direct Costs** – Variance as indicated in section 2.

**B. Knowledge & Information Services** – KIS underspend projected in salaries due to vacant posts.

**C. Fuel** – The underspend projected here will be used to offset the further savings required within fleet.

**D. Energy/Utilities** – Utilities are currently projected to finish the year within £5k of budget.

**E. Employment Agencies/Consultants** – agency staff are to be used to cover vacancies in the Finance team as well as supporting ICT, HR and property projects.

#### 4. Funding

The table below details the budget and forecast outturn for each category of funding.

	<b>Govt Funding £000</b>	<b>Business Rates £000</b>	<b>Council Tax Freeze Grant £000</b>	<b>Specific Grants £000</b>	<b>Council Tax Receipts (inc. 13/14 surplus) £000</b>	<b>Total Funding £000</b>
Budget 2014/15	-6,013	-4,509	-179	-1,178	-16,930	<b>-28,809</b>
Budget Year to Date	-3,757	-3,846	-179	-589	-12,526	<b>-20,897</b>
Actual Year to Date	-3,757	-3,996	-179	-574	-12,526	<b>-21,032</b>
Variance Year to Date	0	-150	0	15	0	<b>-135</b>
Forecast Outturn	-6,013	-4,656	-181	-1,160	-16,930	<b>-28,940</b>
<b>Projected Year End Variance</b>	<b>0</b>	<b>-147</b>	<b>-2</b>	<b>18</b>	<b>0</b>	<b>-131</b>

**Government Funding** – there has been no indication from the DCLG that the funding from government will differ from the figures used to set the budget.

**Business Rates** – the £147k projected surplus in business rates is based on estimates from the billing authorities which indicate a higher than budgeted yield in the proportion of business rates payable to the Authority.

**Council Tax Freeze Grant** – the £2k projected surplus in council tax freeze grant is due to slightly higher than estimated grant payable from the DCLG

**Specific Grants** – the projected shortfall in specific grants is due to £18k less fire grant funding than indicated in initial communication from the DCLG which was used to set the budget.

**Council Tax** – any surplus or deficit in council tax receipts will impact on the budget for 2015/16.

## 5. Savings and efficiencies

Of the £1,272k savings offered up in the 2014/15 Medium Term Financial Plan £757k is from operations, £440k from Finance & Assets with the remaining £75k from the People and Organisation Development Directorate.

<b>Directorate</b>	<b>Target Saving £000</b>	<b>Forecast Actual Saving £000</b>	<b>Under/ (Over) Recovery £000</b>	<b>Comments</b>
Delivery, Corporate Development and Planning	757	240	517	Control room savings not expected to be achieved in 2014/15, covered by movement from reserves
People & Organisation Development	75	75	0	On target
Finance & Assets	440	433	7	Rental savings not achieved in 2014/15
<b>Total Savings</b>	<b>1,272</b>	<b>748</b>	<b>524</b>	



## 6. Capital Forecasts

The capital programme for 2014/15 is £1.282m, which together with a number of carry-forward schemes and in year approvals totals £4.603m.

Project Name	Original Budget 2014-15	Agreed 13-14 Carry Forwards Executive	Virements in Year	Revised Budget 2014-15	Actual Year to Date	Commitments 2014/15	Forecast Outturn	Slippage to 2015/16	Year End Variance
Property	550,000	0	0	550,000	88,850	163,709	395,000	131,000	(24,000)
Property Review	0	940,000	0	940,000	0	0	0	940,000	0
<b>Sub Total</b>	<b>550,000</b>	<b>940,000</b>	<b>0</b>	<b>1,490,000</b>	<b>88,850</b>	<b>163,709</b>	<b>395,000</b>	<b>1,071,000</b>	<b>(24,000)</b>
BA Set Telemetry	174,000	0	0	174,000	0	174,000	174,000	0	0
Operational Equipment	57,150	36,494	0	93,644	37,216	0	57,150	36,494	0
PPE Uniform	33,200	0	0	33,200	32,814	0	32,814	0	(386)
Operational Vehicles	155,000	913,000	0	1,068,000	359,455	431,193	799,398	300,000	31,398
<b>Sub Total</b>	<b>419,350</b>	<b>949,494</b>	<b>0</b>	<b>1,368,844</b>	<b>429,485</b>	<b>605,193</b>	<b>1,063,362</b>	<b>336,494</b>	<b>31,012</b>
Sprinklers	0	14,500	0	14,500	0	0	0	14,500	0
<b>Sub Total</b>	<b>0</b>	<b>14,500</b>	<b>0</b>	<b>14,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,500</b>	<b>0</b>
ICT	260,000	102,992	24,114	387,106	45,809	118,316	227,106	35,000	(125,000)
ICT Projects	0	224,000	237,660	461,660	207,876	0	439,536	0	(22,124)
Support Vehicles	52,900	0	0	52,900	0	53,260	53,260	0	360
Staff Cars	0	27,766	0	27,766	27,771	0	27,771	0	5
<b>Sub Total</b>	<b>312,900</b>	<b>354,758</b>	<b>261,774</b>	<b>929,432</b>	<b>281,456</b>	<b>171,576</b>	<b>747,673</b>	<b>35,000</b>	<b>(146,759)</b>
Control Room	0	800,000	0	800,000	0	800,000	0	800,000	0
<b>Sub Total</b>	<b>0</b>	<b>800,000</b>	<b>0</b>	<b>800,000</b>	<b>0</b>	<b>800,000</b>	<b>0</b>	<b>800,000</b>	<b>0</b>
<b>TOTAL</b>	<b>1,282,250</b>	<b>3,058,752</b>	<b>261,774</b>	<b>4,602,776</b>	<b>799,791</b>	<b>1,740,479</b>	<b>2,206,035</b>	<b>2,256,994</b>	<b>(139,747)</b>

## Capital Funding

The capital programme will be funded as follows;

<b>Funding Source</b>	<b>£</b>
Capital Grant 2014/15	1,190,077
Unapplied/Unused Capital Grant 2013-14 Brought forward	302,222
Environmental Agency	24,000
Control Room Grant	0
Transfer from RCCO Reserve	689,736
<b>Total Funding</b>	<b>2,206,035</b>

## Property Portfolio

The Property team was allocated £550k to carry out priority 1 and 2 repairs identified in the property condition survey in 2013. Several stations have had internal and external upgrades carried out this financial year ranging from kit room and ablution upgrades, electrical and boiler upgrades, ceiling repairs and yard repairs. In particular, Gerrards Cross, Chesham, Broughton and Newport Pagnell were in need of urgent yard repairs and the contracts were awarded in Q3 and are due to be completed in Q4.

Property is currently projecting a slippage of £131k which relates to a subsidence issue at Gerrards Cross which has meant all structural works have been put on hold and will only commence once the insurers have fixed the issue. Therefore most of the capital allocation will be carried over into next financial year. The £24k underspend relates to the budget holder going out to market and obtaining best value for money when awarding contracts as the actual cost came in lower than budgeted. The budget holder will continue to work with procurement in ensuring best value is achieved for the Authority.

The property review (£940k) is under consideration and therefore will be carried forward to 2015/16

## Fire Appliances & Equipment

The Aerial Replacement vehicle was delivered to the Authority in December 2014. The Incident Command Unit and Environmental Protection Unit contracts were awarded in Q2 and Q3 with the estimated delivery due before the end of this financial year. Operational vehicles is currently projecting a £30k overspend which relates to the Aerial Replacement vehicle and Incident Command unit needing modifications that meant they both cost slightly higher than budgeted. As part of the MTFP planning, it is proposed that the appliance budget of £300k for the two 4X4 appliances will be slipped into the next financial year with the service looking to go through a full OJEU process to procure the appliances.

The planned expenditure of £94k for operational equipment is for new equipment for the 4x4 appliances and general operational equipment. The budget relating to the new equipment for the 4x4 appliances will be slipped into next year as the equipment is unlikely to be ordered until the order for the 4X4 appliances is placed to ensure the equipment is fit for purpose.

£33k budget was allocated to replace and replenish the PPE uniform stock which had depleted over the years and the funding was used to purchase items with sizes suitable for the current workforce. BA telemetry equipment purchases have been phased over two years whereby £174k was allocated to the 2014/15 budget and £122k allocated to 2015/16. It is anticipated that the delivery of the first phase will take place in Q4 and the full £174k will be spent in this financial year.

### **Community Safety**

A budget of £15k was slipped from last year to fund the purchase of several portable sprinklers as the Authority has begun a programme of installing portable domestic sprinkler systems in high fire risk premises and in the homes of individuals at high risk, in order to protect the most vulnerable people within our community. Based on the zero uptake to date, it is unlikely there will be additional purchases this year as we currently have two portable sprinklers in stock.

### **Support**

ICT was allocated capital funding of £387k for several ICT related projects. Currently ICT is forecasting a £125k underspend which relates to the telephony project (£100k) and the Vivadesk software (£25k). Due to a shortage in resources the telephony budget of £100k will be returned and a new bid was submitted relating to next financial year when the team will be better resourced. Additionally the Vivadesk software was originally planned to be capitalised, however this will now be funded through revenue with the revenue contribution to capital reduced to cover this. ICT is also forecasting a £35k slippage which relates to the virtual desktop environment software due to a shortage in resources and other projects taking priority.

In November 2014, a number of ICT projects to the value of £238k were approved by Executive Committee to use underspends identified in the revenue budget to bring forward projects identified in the KIS Strategy. It is anticipated most of these projects will be completed by the end of this financial year.

Part of the budget for staff cars was slipped last year as one vehicle was still due for delivery. The remaining vehicle was delivered in April and no further commitments are outstanding for this scheme. The £53k budget for support vehicles relates to two hydrant vehicles and one fleet vehicle. The order was placed in September with a lead time of 20 weeks and it is anticipated they will be delivered by February 2015.

## 7. Performance Indicators

The table below shows the performance targets and actuals (rolling averages) for the year to date.

<b>Description</b>	<b>2010/11 Actual</b>	<b>2011/12 Actual</b>	<b>2012/13 Actual</b>	<b>2013/14 Actual</b>	<b>2014/15 Target</b>	<b>2014/15 Actual (rolling average)</b>
Budget Monitoring Training	35.0%	100.0%	95.0%	85.0%	90.0%	100.0%
Managers accessing SAP Cost Centre Report	76.0%	100.0%	86.3%	80.6%	100.0%	63.1%
% invoices paid within 30 days	97.0%	100.0%	97.4%	98.0%	97.7%	99.9%
Budget Mon. Report turn-around (working days)	44 days	21 days	14 days	7 days	8 days	7 days

New cost centre managers are currently given initial budget monitoring training as and when necessary. The Finance team are in the process of streamlining training approaches and creating new on-line e-learning training and guidance sessions that are easily accessible to all managers.

The average number of managers accessing the SAP cost centre report for December was 67.6%. The rolling average for the first half of the year is 63.1% which is significantly below the target set of 100%. This reduction is due to a number of managers being involved in planning prior to the periods of industrial action. Finance will continue to work with all cost centre managers to ensure that the performance against this indicator is improved and the target level is reached.

The consistent high level of creditor invoices paid within 30 days continued in the third quarter, with 100% achieved in November. This has been consistently high each month across the first three quarters of the year and gives a rolling average of 99.9%, in line with the 2014/15 target.

## 8. Debt Management

The table below shows the key debtor performance figures for the first three quarters of the year:

<b>DEBTOR KEY PERFORMANCE INDICATORS 2014/15</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
Debts over 60 days overdue	£42,779	£96,293	£110,311
Total Debt outstanding	£205,968	£162,239	£175,315
Debts over 60 days overdue as a % of total debt outstanding	20.9%	60.6%	63.5%
Debts over 60 days overdue as a % of total income to date	1.7%	3.5%	3.7%
Average time from raising invoices to receipt of income	18	22	19

The value of debts over 60 days overdue have increased considerably during quarter two and marginally in quarter three. The above figures show the quarterly average, which for quarter 3 is £110,311. The actual value of debts over 60 days overdue as at the end of December 2014 was £119,149. Total debt outstanding as at the end of December 2014 was £175,315.

Almost all of the debts over 60 days overdue at the end of the quarter relate to three main areas (that total £102k):

- Income due for equipment provided to third parties during industrial action (£43k)
- Lease car mileage rebates due (£37k)
- Cost recovery for Finance secondment (£22k)

The dispute regarding recovery of income relating to equipment loaned out during industrial action is still ongoing. As for lease car mileage rebates, the Authority has received credit notes covering 90% of the rebate due. The credit notes do not match the invoice raised, which means this is currently in dispute between the Authority and customer. The invoice for the Finance secondment will be settled at the end of the financial year.