



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	16 September 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Quarter One Budget Monitoring Performance and Debt Management April–June 2015
EXECUTIVE SUMMARY	<p>To present the revenue and capital budget monitoring and debt management performance report for the three months to 30 June 2015.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 30 June 2015, 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 £1.922m, against a revenue budget of £28.7m.</p> <p>Excluding the Statutory Accounting & Contingency items totaling £1.506m, the overall forecast underspend on operational budgets reduces down to £416k.</p> <p>Appendix B details the virements that require approval.</p>
ACTION	Decision/Information.
RECOMMENDATIONS	<p>That Members approve the recommendations below:</p> <ol style="list-style-type: none"> 1. That the budget virements as detailed in Appendix B are authorised. 2. That the Committee note the latest projected outturn forecast for the Authority as at 30 June 2015.
RISK MANAGEMENT	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.
FINANCIAL IMPLICATIONS	As set out in the main body of the report.

LEGAL IMPLICATIONS	None.
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	None.
HEALTH AND SAFETY	None.
EQUALITY AND DIVERSITY	None.
USE OF RESOURCES	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.
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background</p> <p>Medium Term Financial Plan 2015/16 to 2018/19, CFA Meeting 18 February 2015.</p> <p>http://bucksfire.gov.uk/files/1714/2347/1301/ITEM_8_c_Medium_Term_Financial_Plan_MTFP_2015-16_to_2019-20_ExecAddendum.pdf</p>
APPENDICES	<p>Appendix A – Budget Monitoring Performance and Debt Management April–June 2015.</p> <p>Appendix B – Virements requiring approval.</p>
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Jayshree Takodara</p> <p>jtakodara@bucksfire.gov.uk</p> <p>01296 744429</p>

Appendix A

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 June 2015. The budget of £28.7m is compared to the forecast outturn to give a forecast year end underspend of £1.922m. If you take out the Statutory Accounting & Contingency items totaling £1.506m, we are forecasting a £416k overall underspend.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	871,280	327,017	897,717	26,437
	Legal & Governance	107,320	15,954	84,190	-23,130
Corporate Core Total		978,600	342,971	981,907	3,307
Finance & Assets	Finance & Procurement	965,910	474,451	953,862	-12,048
	Resource Management	2,278,820	485,074	2,049,070	-229,750
Finance & Assets Total		3,244,730	959,525	3,002,932	-241,798
People & Organisation Development	Training & Development	1,371,870	211,779	1,257,648	-114,222
	Operations & Services	654,030	195,571	714,477	60,447
People & Organisation Development Total		2,025,900	407,350	1,972,125	-53,775
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	3,178,959	13,486,800	-787,370
	Service Development	2,090,940	986,092	2,730,392	639,452
	Service Transformation	217,730	65,117	210,910	-6,820
	IT and Communication	1,343,890	420,137	1,449,585	105,695
Delivery, Corporate Development & Planning Total		17,926,730	4,650,305	17,877,686	-49,044
Statutory Accounting & Contingency	Capital Charges	678,000	76,992	690,796	12,796
	Direct Revenue Financing	2,153,000		2,153,000	0
	Contingency	1,520,920	2,495	0	-1,520,920
	Non Distributed Costs	212,410	50,149	214,409	1,999
Statutory Accounting & Contingency Total		4,564,330	129,636	3,058,205	-1,506,125
Total Expenditure		28,740,290	6,489,787	26,892,856	-1,847,434
Total Funding		-28,740,290	-6,300,267	-28,815,325	-75,035
Net Position		0	189,520	-1,922,469	-1,922,469

The key variations in directorate budgets projected year-end outturn shown in Table 1 above are:

Finance & Assets £242k under – The variance is predominantly due to the Resource Manager and a Workshop Technician vacant posts. Fuel and lease cost underspends contribute to this and are reduced by additional cleaning contract costs.

People & Organisation Development £54k under – The variance is associated with staffing costs. Some personnel are on a lower than budgeted scale and some posts will be part year vacant. In year virements between the training and operational service areas address the variance against the original budget shown in the table above.

Delivery, Corporate Development & Planning £49k under –

Service Delivery: The service delivery underspend is due to below budgeted levels of participation in the pension schemes and on-call posts vacancies.

Service Development: The budget virement for the Resource Management Team staffing (see Appendix B), reduces the pressure shown from £639k to £291k. This is attributable to the Response support service, where a bank system is being piloted; the Control room, where the late cutover and minor teething issues are anticipated to take expenditure over budget and the Service Development management interim arrangements. Managers are working to address the pressure.

Statutory Accounting & Contingency £1,506k under - The contingency fund makes provision for any pay award and pay protection arrangements as well as exceptional items for which no budget has been approved during the budget setting process. The current level of funding is being reviewed as part of the Medium Term Financial Plan for 2016/17. There has been a drawdown of £92k for the first quarter (see Appendix B), to cover immunisations; support staff increment of 1% backdated to July 2014; intranet upgrade; salary impact of post grade reviews and organisation formal ceremonies.

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 June 2015.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Members of the Brigade	12,654,860	3,133,219	12,376,447	-278,413
Retained Duty System	1,620,620	231,726	1,295,488	-325,132
Administrative Staff	3,386,660	809,513	3,416,428	29,768
Control Room Staff	0	163,849	252,302	252,302
Casual Employees	63,450	8,938	133,225	69,775
Cleaners	36,300	-114	0	-36,300
Technicians	266,390	61,274	248,473	-17,917
Members Allowances	72,080	16,057	72,780	700
Allowances	737,720	187,911	744,385	6,665
Agency Staff	142,930	52,214	198,275	55,345
Grand Total	18,981,010	4,664,588	18,737,802	-243,208

Members of the Brigade – This relates to below budgeted levels of participation in pension schemes and overtime variance less the projected costs of the Bank system pilot of £75k.

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

Administrative Staff – The overspend is predominantly overtime expenditure projected for the ICT, Resource Management Team and Health and Safety teams.

Casual Employees – casual staff are being used in operational training, co-responder and fire prevention safety teams, leading to the overspend in this area. The overspend is more than covered by the underspend in Members of the Brigade in these areas.

Technicians – the underspend relates to part year vacant posts projected within vehicle workshops.

Agency Staff – agency staff are to be used to cover interim vacancies in the Finance team as well as supporting 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

		Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
A.	Employee Direct Costs	18,981,010	4,664,588	18,737,802	-243,208
B.	Knowledge & Information Services	1,261,830	377,354	1,270,289	8,459
C.	Fuel Charges	294,500	65,303	265,000	-29,500
D.	Energy/Utilities	267,920	32,888	269,322	1,402
E.	Employment Agencies/Consultants	142,930	52,214	198,275	55,345

The variances for A. and E. are as noted in Section 2 above.

4. Funding

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

	Govt Funding £000	Business Rates £000	Council Tax Freeze Grant £000	Specific Grants £000	Council Tax Receipts (incl. 14/15 surplus) £000	Total Funding £000
Budget 2015/16	-5,170	-5,158	-182	-1,099	-17,131	-28,740
Budget Year to Date	-2,350	-1,250	-55	-335	-3,845	-7,835
Actual to Date	-2,037	-782	-37	-335	-3,110	-6,300
Variance Year to Date	313	468	18	-0	736	1,535
Forecast Outturn	-5,170	-5,158	-182	-1,174	-17,131	-28,815
Projected Year End Variance	0	0	0	-75	0	-75

The variance to date is a timing difference from processing. The payments have been received and funding is on track against the budget.

The final determination of the specific grants is £75k higher than budgeted for, which represents the payment of amounts due from previous years.

5. Savings and efficiencies

Of the £1,096k savings offered up in the 2015/16 Medium Term Financial Plan £896k is from Operations, £170k from Finance & Assets and £30k from Corporate Core.

Directorate	Target Saving £000	Forecast Actual Saving £000	Under/ (Over) Recovery £000
Delivery, Corporate Development and Planning	896	896	0
Corporate Core	30	30	0
Finance & Assets	170	170	0
Total Savings	1,096	1,096	0

Delivery, Corporate Development and Planning – The team restructures have been completed and associated savings achieved. The workforce remodelling savings are associated with the retirement profile. The budgeted reduction in staffing levels is projected to be achieved. However, the Milton Keynes review project is not expected to be completed in year, therefore staffing allocation across the organisation will be managed to deliver the operational activities.

Corporate Core – This represents interest to be earned and has been achieved through effective treasury management.

Finance and Assets – The Resources team restructure saving of 100k is on target. The Finance team restructure is in progress and the interim structure is on target to deliver the budgeted savings of £70k.

6. Capital Forecasts

The capital programme for 2015/16 is £6.128m, which together with a number of carry-forward schemes and in year approvals totals £9.109m.

Project Name	Original Budget 2015-16	Agreed 14-15 Carry Forwards Executive	Revised Budget 2015-16	Actual Year to Date	Commitments 2015/16	Forecast Outturn	Year End Variance
Property	5,048,000	204,496	5,252,496	65,798	6,574	5,205,666	-46,830
Property Review	0	940,000	940,000	0	0	940,000	0
Sub Total	5,048,000	1,144,496	6,192,496	65,798	6,574	6,145,666	-46,830
BA Set Telemetry	122,000	174,000	296,000	0	296,000	307,000	11,000
Environmental Protection Unit	0	48,000	48,000	0	44,250	44,250	-3,750
Operational Equipment	85,000	34,200	119,200	0	0	119,200	0
CCTV Cameras	50,000	0	50,000	0	0	50,000	0
Water Tankers	80,000		80,000	0	0	80,000	0
Operational Vehicles	396,000	455,000	851,000	87,472	78,472	929,642	78,642
Sub Total	733,000	711,200	1,444,200	87,472	418,722	1,530,092	85,892
ICT	346,780	272,560	619,340	73,102	90,783	608,340	-11,000
Support Vehicles	0	52,900	52,900	52,308	0	52,308	-592
Sub Total	346,780	325,460	672,240	125,410	90,783	660,648	-11,592
Control Room	0	800,000	800,000	800,000	0	800,000	0
Sub Total	0	800,000	800,000	800,000	0	800,000	0
Total	6,127,780	2,981,156	9,108,936	1,078,680	516,079	9,136,406	27,470

Capital Funding

The capital program will be funded as follows:

Funding Source	£
Capital Grant 2015/16	2,840,000
Control Room Grant	800,000
In Year Contributions	400,000
Capital Receipts	93,000
Unapplied/Unused Capital Grants and Contributions	110,000
Transfer from RCCO Reserve	4,893,406
Total Funding	9,136,406

Property Portfolio

Property team have been allocated £5,048m for 2015/16, of which £600k relates to priority 2 repairs as identified on the condition survey carried out. The remaining budget relates to various property reviews being carried out within the organisation and is partly funded by the Transformation fund, Capital Grant of £2,840k. Costs to date relate to Princes Risborough phase one which was an internal refurbishment. The projected underspend is based on quotations for works due to commence in Q2 for completion in Q3.

Fire Appliances & Equipment

Operational vehicles budget of £851k relates to the purchase of a number of appliances, one of which is the ICU, which was delivered in June. The remaining four appliances are currently in the tender process stage and a decision on purchase will be made in Q2. Initial costings show expenditure may exceed the budget but further negotiations are likely to take place before a decision on purchase is made. The delivery of the EPU chassis has been delayed and it is anticipated that it will be delivered in Q2. The remaining budget of £50k and £80k relate to the CCTV cameras and water carriers. The tender process is yet to begin and likely to take place in Q2 with purchases to take place later in the year.

Support

The budget for support vehicles relates to two hydrant vehicles and one fleet vehicle. The vehicles were delivered to the authority in Q1 and no further expenditure due against this budget.

Control Room

The funds of £800k for the control room have been transferred to the TVFCS, post cutover in April.

7. Reserves

The table below shows the projected movement in reserves during the year.

	Balance at start of year £000	Projected Additions £000	Projected Use of £000	Projected year-end balance £000
General Fund	-3,700	-1,922		-5,622
Earmarked Reserves (Revenue)	-7,155		1,641	-5,514
Earmarked Reserves (Capital)	-5,031	-5,398	9,112	-1,317

8. Performance Indicators

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

Description	2014/15 Actual	2015/16 Target	2015/16 Actual (rolling average)
Budget Monitoring Training	100.0%	100.0%	100.0%
Managers accessing SAP Cost Centre Report	74.3%	100.0%	100.0%
% invoices paid within 30 days	99.9%	97.7%	100.0%
Budget Mon. Report turn-around (working days)	7 days	8 days	7 days

Budget monitoring training is provided to managers assuming responsibility for budget management and control. A risk based approach is applied to budget monitoring with resources allocated to high risk areas. This supports a proactive challenge role for Finance and budget holder engagement. Compliance in the first quarter has been at 100%.

Invoices paid within 30 days has maintained a rolling average of 100% for the first quarter.

9. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2015/16	Q1
Debts over 60 days overdue	£89,923
Total Debt outstanding	£147,860
Debts over 60 days overdue as a % of total debt outstanding	64.3%
Debts over 60 days overdue as a % of total income to date	4.2%
Average time from raising invoices to receipt of income	21

The above figures show the quarterly average, which for quarter 1 is £89,923. The actual value of debts over 60 days overdue as at the end of June 2015 was £92,106. Total debt outstanding as at the end of June 2015 was £130,487.

Almost all of the debts over 60 days overdue at the end of the quarter relate to two main areas:

- Income due for equipment provided to third parties during industrial action
- Lease car mileage rebates due

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.

Table 1 below shows the movement on revenue budget. There is a net increase in the expenditure budget of £15k as at 30 June, which is funded by the increase in fire specific grant and covers the cost of participation in the Global Corporate Challenge.

Table 1 Movement in revenue budget

Directorate	Area Manager	Total Original Budget	Virement	Total Budget at Qtr1
Corporate Core	Corporate Core	871,280	31,170	902,450
	Legal & Governance	107,320	-23,130	84,190
Corporate Core Total		978,600	8,040	986,640
Finance & Assets	Finance & Procurement	965,910	9,350	975,260
	Resource Management	2,278,820	-147,450	2,131,370
Finance & Assets Total		3,244,730	-138,100	3,106,630
People & Organisation Development	Training & Development	1,371,870	-48,451	1,323,419
	Operations & Services	654,030	58,036	712,066
People & Organisation Development Total		2,025,900	9,585	2,035,485
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	-121,210	14,152,960
	Service Development	2,090,940	307,510	2,398,450
	Service Transformation	217,730	3,240	220,970
	IT and Communication	1,343,890	37,780	1,381,670
Delivery, Corporate Development & Planning Total		17,926,730	227,320	18,154,050
Statutory Accounting & Contingency	Capital Charges	678,000	0	678,000
	Direct Revenue Financing	2,153,000	0	2,153,000
	Contingency	1,520,920	-92,270	1,428,650
	Non Distributed Costs	212,410	0	212,410
Statutory Accounting & Contingency Total		4,564,330	-92,270	4,472,060
Total Expenditure		28,740,290	14,575	28,754,865
Total Funding		-28,740,290	-14,575	-28,754,865

Within the budget adjustments completed, the following require authorisation.

Permanent revenue virements requiring authorisation:

Virement	Cost Centre	Subjective	DR/CR	£	£	SMB	Executive
1	Operational Training	Fire Service College	DR	96,000		Y	Y
	Operational Training	Fire House Training	CR		82,750		
	Operational Training	Water Awareness Training	CR		13,250		
	<i>To consolidate Training Budgets in 2015/16</i>						
2	Resource Management Team	Direct Employees	DR	330,220		Y	Y
	Response Support	Direct Employees	CR		57,200		
	Service Development Management	Direct Employees	CR		136,740		
	Public Safety - Savings	Direct Employees	DR	18,570			
	Beaconsfield Fire Station	Direct Employees	CR		154,850		
	<i>To create budgets for the RMT initiative from 2015/16 onwards</i>						

1. This is to realign the operational training budgets to reflect the training partnership proposal agreed by the Executive Committee on 18 March 2015.
2. This is a realignment of established posts to facilitate the implementation of the Resources Management Team