



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	18 November 2015
OFFICER	David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Quarter Two Budget Monitoring Performance and Debt Management April – September 2015
EXECUTIVE SUMMARY	<p>To present the revenue and capital budget monitoring and debt management performance report for the six months to 30 September 2015.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 30 September 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 £1.657m, against a revenue budget of £28.7m.</p> <p>Excluding the Statutory Accounting & Contingency items totaling £940k, the overall forecast underspend on operational budgets reduces down to £717k.</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 September 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> <p>Quarter One Budget Monitoring Performance and Debt Management April – June 2015, Executive Meeting 16 September 2015.</p> <p>http://bucksfire.gov.uk/files/6914/4161/5993/Executive_Committee_160915.pdf</p>
APPENDICES	<p>Appendix A – Budget Monitoring Performance and Debt Management April – September 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 September 2015. The budget of £28.7m is compared to the forecast outturn to give a forecast year end underspend of £1.657m. If you take out the Statutory Accounting & Contingency items totaling £940k, we are forecasting a £717k overall underspend.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	871,280	517,672	885,635	14,355
	Legal & Governance	107,320	34,395	84,190	-23,130
Corporate Core Total		978,600	552,067	969,825	-8,775
Finance & Assets	Finance & Procurement	965,910	616,040	958,973	-6,937
	Resource Management	2,278,820	999,985	1,986,372	-292,448
Finance & Assets Total		3,244,730	1,616,025	2,945,345	-299,385
People & Organisation Development	Training & Development	1,371,870	465,999	1,195,173	-176,697
	Operations & Services	654,030	364,585	735,313	81,283
People & Organisation Development Total		2,025,900	830,585	1,930,486	-95,414
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	6,511,918	13,251,938	-1,022,232
	Service Development	2,090,940	1,476,744	2,693,149	602,209
	Service Transformation	217,730	149,414	277,409	59,679
	IT and Communication	1,343,890	818,184	1,465,883	121,993
Delivery, Corporate Development & Planning Total		17,926,730	8,956,259	17,688,379	-238,351
Statutory Accounting & Contingency	Capital Charges	678,000	135,416	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	151,393	780,159	567,749
Statutory Accounting & Contingency Total		4,564,330	289,304	3,623,955	-940,375
Total Expenditure		28,740,290	12,244,240	27,157,990	-1,582,300
Total Funding		-28,740,290	-12,966,527	-28,815,325	-75,035
Net Position		0	-702,115	-1,657,335	-1,657,335

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

Finance & Assets £299k 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 £95k 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 £238k under –

Service Delivery: The service delivery underspend is due to below budgeted levels of participation in the pension schemes, on-call post vacancies and staff cost savings for projected retirements and leavers of whole time posts for the remainder of the year.

Service Development: The budget virement for the Resource Management Team staffing reduces the pressure shown from £602k to £254k. 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 £940k 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 the fund is being reviewed as part of the Medium Term Financial Plan for 2016/17. There has been a drawdown of £228k for the first two quarters, to cover immunisations; support staff increment of 1% backdated to July 2014; intranet upgrade; salary impact of post grade reviews; station end PC upgrades and organisation formal ceremonies.

The forecast outturn for Non Distributed costs includes costs for whole time staff early retirements.

2. Direct Employee Costs

Table 2 shows the budget and forecast outturn for each sub-heading within the direct employees subjective as at the end of September 2015.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Members of the Brigade	12,654,860	6,285,259	12,377,615	-277,245
Retained Duty System	1,620,620	584,021	1,289,348	-331,272
Administrative Staff	3,386,660	1,685,798	3,395,833	9,173
Control Room Staff	0	201,644	194,422	194,422
Casual Employees	63,450	14,016	79,685	16,235
Cleaners	36,300	-114	-114	-36,414
Technicians	266,390	114,460	228,115	-38,275
Members Allowances	72,080	31,645	72,780	700
Allowances	737,720	372,785	742,844	5,124
Agency Staff	142,930	98,339	217,628	74,698
Grand Total	18,981,010	9,387,853	18,598,156	-382,854

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.

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	9,387,853	18,598,156	-382,854
B.	Knowledge & Information Services	1,258,130	735,240	1,280,390	22,260
C.	Fuel Charges	294,500	117,939	227,100	-67,400
D.	Energy/Utilities	267,920	79,559	271,378	3,458
E.	Employment Agencies/Consultants	142,930	98,339	217,628	74,698

The variances for A. and E. are as noted in Section 2 above. Fuel is currently showing an underspend as both the usage and the cost per litre are lower than the budget.

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	-2,977	-2,301	-91	-629	-7,108	-13,106
Actual to Date	-2,977	-2,162	-91	-629	-7,108	-12,967
Variance Year to Date	0	140	-0	-0	0	140
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 totals £9.109m.

Project Name	Original Budget 2015-16	Agreed 14- 15 Carry Forwards	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	79,083	131,998	5,205,854	-46,642
Property Review	0	940,000	940,000	0	0	940,000	0
Sub Total	5,048,000	1,144,496	6,192,496	79,083	131,998	6,145,854	-46,642
BA Set Telemetry	122,000	174,000	296,000	173,726	122,000	307,000	11,000
Environmental Protection Unit	0	48,000	48,000	5,000	39,250	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	0	80,000	0	0	80,000	0
Operational Vehicles	396,000	455,000	851,000	87,472	851,162	929,634	78,634
Sub Total	733,000	711,200	1,444,200	266,198	1,012,412	1,530,084	85,884
ICT	346,780	272,560	619,340	196,397	143,294	553,340	-66,000
Support Vehicles	0	52,900	52,900	52,308	0	52,308	-592
Sub Total	346,780	325,460	672,240	248,705	143,294	605,648	-66,592
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	1,393,986	1,287,703	9,081,586	-27,350

Funding

Funding Source	£
Capital Grant 2015/16	2,840,000
Control Room Grant	800,000
In year contribution	400,000
Capital Receipts	93,000
Unapplied/Unused Capital Grant	86,000
Environmental Agency	24,000
Transfer from RCCO Reserve	4,838,586
Total Funding	9,081,586

Property Portfolio

The Property team has been allocated £5.048m for 2015/16, of which £600k relates to priority 2 repairs as identified on the 2013 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 £2.840m. Costs to date mostly relate to Princes Risborough phase one which was an internal refurbishment. The projected underspend is based on quotations for works due to commence in Q3 for a number of stations.

Fire Appliances & Equipment

The 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. A contract for the remaining four appliances has been awarded in quarter two, with an estimated build time of 12 months. Due to market price changes since approval of budget and award of contract, a pressure is forecast. The delivery of the EPU chassis has been delayed and it is anticipated that it will be delivered in Q3. The remaining budgets of £50k and £80k relate to the CCTV cameras and water carriers respectively. These are currently being progressed.

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	Projected Additions	Projected Use of	Projected year-end balance
	£000	£000	£000	£000
General Fund	-3,700	-1,657		-5,357
Earmarked Reserves (Revenue)	-7,155		1,641	-5,514
Earmarked Reserves (Capital)	-5,031	-5,398	9,058	-1,371

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 both quarters 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 two quarters of the year:

DEBTOR KEY PERFORMANCE INDICATORS 2015/16	Q1	Q2
Debts over 60 days overdue	£89,923	£73,185
Total Debt outstanding	£147,860	£149,122
Debts over 60 days overdue as a % of total debt outstanding	64.3%	48.6%
Debts over 60 days overdue as a % of total income to date	4.2%	3.3%
Average time from raising invoices to receipt of income	21	32

The above figures show the quarterly average, which for quarter 2 is £73,185. The actual value of debts over 60 days overdue as at the end of September 2015 was £49,039. Total debt outstanding as at the end of September 2015 was £108,882. Both of these figures have improved over the year, with the marked reduction in September, as a result of which the improvement is not reflected in the quarterly figures reported.

Almost all of the debts over 60 days overdue at the end of the quarter relates to income due for equipment provided to third parties during industrial action.

The average time to receipt of income is higher in quarter 2 due to the successful recovery of the overdue debt in relation to lease car rebates owed to the Authority.

Appendix B

Table 1 below shows the movement on revenue budget. There is a net increase in the expenditure budget of £34k as at 30 September, which is funded by the increase in fire specific grant and covers the cost of participation in the Global Corporate Challenge and the purchase of defibrillators.

Table 1 Movement in revenue budget

Directorate	Area Manager	Total Original Budget	Virement	Total Budget at Qtr1	Virement	Total Budget at Qtr2
Corporate Core	Corporate Core	871,280	31,170	902,450	0	902,450
	Legal & Governance	107,320	-23,130	84,190	0	84,190
Corporate Core Total		978,600	8,040	986,640	0	986,640
Finance & Assets	Finance & Procurement	965,910	9,350	975,260	0	975,260
	Resource Management	2,278,820	-147,450	2,131,370	-6,920	2,124,450
Finance & Assets Total		3,244,730	-138,100	3,106,630	-6,920	3,099,710
People & Organisation Development	Training & Development	1,371,870	-48,451	1,323,419	14,770	1,338,189
	Operations & Services	654,030	58,036	712,066	2,170	714,236
People & Organisation Development Total		2,025,900	9,585	2,035,485	16,940	2,052,425
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	-121,210	14,152,960	-82,850	14,070,110
	Service Development	2,090,940	307,510	2,398,450	27,370	2,425,820
	Service Transformation	217,730	3,240	220,970	64,670	285,640
	IT and Communication	1,343,890	37,780	1,381,670	135,790	1,517,460
Delivery, Corporate Development & Planning Total		17,926,730	227,320	18,154,050	144,980	18,299,030
Statutory Accounting & Contingency	Capital Charges	678,000	0	678,000	0	678,000
	Direct Revenue Financing	2,153,000	0	2,153,000	0	2,153,000
	Contingency	1,520,920	-92,270	1,428,650	-136,000	1,292,650
	Non Distributed Costs	212,410	0	212,410	0	212,410
Statutory Accounting & Contingency Total		4,564,330	-92,270	4,472,060	-136,000	4,336,060
Total Expenditure		28,740,290	14,575	28,754,865	19,000	28,773,865
Total Funding		-28,740,290	-14,575	-28,754,865	-19,000	-28,773,865

Within the budget adjustments completed, the following require authorisation.

Temporary revenue virements requiring authorisation:

Virement	Cost Centre	Subjective	DR/CR	£	£	SMB	Executive
1	Service Delivery Savings	Direct Employees	DR	101,500		Y	Y
	Transformation	Direct Employees	DR	64,670			
	Response Support	Direct Employees	DR	10,200			
	Various	Direct Employees	CR		176,370		
	To create UCAPP budget and Area Manager post on UCAST						
2	Various	Premises	DR	58,050		Y	N
	Property Services	Premises	CR		58,050		
	In-Year virement to cover Planned maintenance						
3	Various	Direct Employees	DR	104,280		Y	Y
	Contingency	Contingency	CR		104,280		
	To create temporary 9/12ths of 2015/16 budget for 1% operational staff increment						
4	Response Support	Direct Employees	DR	93280		Y	N
	Various	Direct Employees	CR		93280		
	To re-align NI and Superannuation for FDS elements on Response Support cost centres						

1. This is to transfer funds to eliminate a negative budget of unallocated savings and to apportion funding for an Area Manager post.
2. This is to allocate funds from the centrally held maintenance budget to cost centres where expenditure has been approved and spent.
3. This is to allocate the funds from contingency to cost centres for the 1% increment approved for operational staff relating to 2014/15.
4. The FDS salary elements are paid out from one cost centre, UCACN, but the budgets are held on individual cost centres where staff core payroll costs are charged. This journal transfers the funds from the individual cost centres to UCACN, to match expenditure incurred.