



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	11 May 2016
<b>OFFICER</b>	David Sutherland, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Budget Monitoring Performance and Debt Management April 2015 – February 2016</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the revenue and capital budget monitoring and debt management performance report for the eleven months to 29 February 2016.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 29 February 2016, 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 £1.589m, against a revenue budget of £28.7m.</p> <p>Section 9 of Appendix A details a debt write-off that requires approval of the Committee.</p>
<b>ACTION</b>	Decision / Information.
<b>RECOMMENDATIONS</b>	<p>It is recommended that Members:</p> <ol style="list-style-type: none"> <li>1. Note the latest projected outturn forecast for the Authority as at 29 February 2015.</li> <li>2. Approve the debt write-off as detailed in Section 9 of Appendix A.</li> </ol>
<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>CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION</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>	<p><b>Background</b></p> <p>Medium Term Financial Plan 2015/16 to 2018/19, CFA Meeting 18 February 2015.</p> <p><a href="http://bucksfire.gov.uk/files/1714/2347/1301/ITEM_8_c_Medium_Term_Financial_Plan_MTFP_2015-16_to_2019-20_ExecAddendum.pdf">http://bucksfire.gov.uk/files/1714/2347/1301/ITEM_8_c_Medium_Term_Financial_Plan_MTFP_2015-16_to_2019-20_ExecAddendum.pdf</a></p> <p>Quarter Two Budget Monitoring Performance and Debt Management April – September 2015, Executive Meeting 18 November 2015.</p> <p><a href="http://bucksfire.gov.uk/files/2314/4612/0169/ITEM_5_Quarter_Two_Budget_Monitoring_Performance_and_Debt_Management_April_September_2015.pdf">http://bucksfire.gov.uk/files/2314/4612/0169/ITEM_5_Quarter_Two_Budget_Monitoring_Performance_and_Debt_Management_April_September_2015.pdf</a></p>
<b>APPENDICES</b>	<p>Appendix A – Budget Monitoring Performance and Debt Management April – February 2016</p> <p>Appendix B – Virements Summary</p>
<b>TIME REQUIRED</b>	10 Minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Mark Stevens (Revenue) and Asif Hussain (Capital)</p> <p><a href="mailto:mstevens@bucksfire.gov.uk">mstevens@bucksfire.gov.uk</a></p> <p><a href="mailto:ahussain@bucksfire.gov.uk">ahussain@bucksfire.gov.uk</a></p> <p>01296 744425 and 01296 744421</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 February 2016. The budget of £28.7m is compared to the forecast outturn to give a forecast year-end underspend of £1.589m. If you take out the Statutory Accounting & Contingency items totaling £940k, we are forecasting a £649k overall underspend.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	871,280	897,045	887,466	16,186
	Legal & Governance	107,320	61,765	84,190	-23,130
<b>Corporate Core Total</b>		<b>978,600</b>	<b>958,810</b>	<b>971,656</b>	<b>-6,944</b>
Finance & Assets	Finance & Procurement	965,910	865,341	963,385	-2,525
	Resource Management	2,278,820	1,593,712	1,806,322	-472,498
<b>Finance &amp; Assets Total</b>		<b>3,244,730</b>	<b>2,459,053</b>	<b>2,769,707</b>	<b>-475,023</b>
People & Organisation Development	Training & Development	1,371,870	1,020,409	1,135,066	-236,804
	Operations & Services	654,030	640,023	730,158	76,128
<b>People &amp; Organisation Development Total</b>		<b>2,025,900</b>	<b>1,660,432</b>	<b>1,865,224</b>	<b>-160,676</b>
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	11,873,625	13,233,272	-1,040,898
	Service Development	2,090,940	2,777,151	2,981,324	890,384
	Service Transformation	217,730	289,567	271,720	53,990
	IT and Communication	1,343,890	1,502,117	1,509,101	165,211
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>17,926,730</b>	<b>16,442,459</b>	<b>17,995,418</b>	<b>68,688</b>
Statutory Accounting & Contingency	Capital Charges	678,000	325,240	690,796	12,796
	Direct Revenue Financing	2,153,000	0	2,153,000	0
	Contingency	1,520,920	19,495	0	-1,520,920
	Non Distributed Costs	212,410	256,875	780,159	567,749
<b>Statutory Accounting &amp; Contingency Total</b>		<b>4,564,330</b>	<b>601,611</b>	<b>3,623,955</b>	<b>-940,375</b>
<b>Total Expenditure</b>		<b>28,740,290</b>	<b>22,122,366</b>	<b>27,225,960</b>	<b>-1,514,330</b>
<b>Total Funding</b>		<b>-28,740,290</b>	<b>-12,966,527</b>	<b>-28,815,325</b>	<b>-75,035</b>
<b>Net Position</b>		<b>0</b>	<b>9,155,839</b>	<b>-1,589,365</b>	<b>-1,589,365</b>

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

**Finance & Assets £475k under** – The variance relates to the vacant Resource Manager and Workshop Technician posts. Fuel and lease cost underspends also contribute to this in addition to unbudgeted income received by the aerial site visits.

**People & Organisation Development £161k under** – The variance is mainly associated with staffing costs. Some personnel are on lower than budgeted scales, some posts will be vacant for part or all of the financial term and we are also seeing pension scheme related underspends here.

**Delivery, Corporate Development & Planning £69k over** –

Service Delivery: sizeable underspends are being seen in this area due to changes to pension schemes in April 2015, which require lower employer contributions from the Authority. Lower staffing levels than budgeted -due to retirements and leavers in the year- also contribute to underspent budgets, while on-call firefighter employment is significantly below budgeted establishment levels.

Service Development: A budget virement for staffing of the Resource Management Team reduces the pressure shown from £890k to £557k. This remaining variance is mainly attributable to the Response Support service where a Bank system is being operated, and the Control room where late cutover and minor teething issues are anticipated to take expenditure over budget. Managers are working to address these pressures.

**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. 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 organisational formal ceremonies.

The forecast outturn for Non Distributed costs includes expenditure on 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 February 2016.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Members of the Brigade	12,654,860	11,522,451	12,592,224	-62,636
Retained Duty System	1,620,620	1,098,652	1,312,484	-308,136
Administrative Staff	3,386,660	3,163,104	3,429,905	43,245
Control Room Staff	0	227,964	194,411	194,411
Casual Employees	63,450	36,325	42,102	-21,348
Cleaners	36,300	-114	-114	-36,414
Technicians	266,390	208,378	228,335	-38,055
Members Allowances	72,080	56,841	72,780	700
Allowances	737,720	672,764	731,454	-6,266
Agency Staff	142,930	243,078	313,118	170,188
<b>Grand Total</b>	<b>18,981,010</b>	<b>17,229,444</b>	<b>18,916,699</b>	<b>-64,311</b>

**Members of the Brigade** – this relates to the aforementioned changes to pension schemes in April 2015 and lower staffing levels than budgeted, however, projected costs of the Bank system in 2015/16 can be seen to mitigate these favourable variances in year-end forecasts.

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

**Administrative Staff** – the business and systems integration project manager post mainly causing this variance is funded from earmarked reserves.

**Control Room Staff** – these costs are covered by previously earmarked reserves and grant funding.

**Casual Employees** – casual staffing elements 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.

**Cleaners** – the cleaning function has been out-sourced in this financial year.

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

**Agency Staff** – agency staff have been used to cover interim vacancies in the Finance team and vehicle workshops and are being incurred as support for property and human resource 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	18,981,010	17,229,444	18,916,699	-64,311
B.	Knowledge & Information Services	1,258,130	1,349,090	1,333,064	74,934
C.	Fuel Charges	294,500	205,015	215,000	-79,500
D.	Energy/Utilities	267,920	183,494	252,088	-15,832
E.	Employment Agencies/Consultants	142,930	243,078	313,118	170,188

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

#### 4. 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 (incl. 14/15 surplus) £000</b>	<b>Total Funding £000</b>
<b>Budget 2015/16</b>	-5,170	-5,158	-182	-1,099	-17,131	-28,740
<b>Budget Year to Date</b>	-4,856	-4,844	-183	-1,076	-15,580	-26,539
<b>Actual to Date</b>	-4,856	-4,844	-183	-1,076	-15,580	-26,539
<b>Variance Year to Date</b>	0	0	-0	-0	0	-0
<b>Forecast Outturn</b>	-5,170	-5,181	-182	-1,174	-17,131	-28,838
<b>Projected Year End Variance</b>	0	-23	0	-75	0	-98

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

Any variances seen to date are due to timing differences caused by processing. The payments have been received and funding is on track against the budget.

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

Business rates are also seeing £23k more than originally budgeted due to additional funding from central government seen in the year.

## 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
<b>Total Savings</b>	<b>1,096</b>	<b>1,096</b>	<b>0</b>

**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	Slippage to 2016/17	Year End Variance
Property	5,048,000	204,496	5,252,496	524,364	208,680	722,370	4,362,400	(167,726)
Property Review	0	940,000	940,000	0	0	0	940,000	0
<b>Sub Total</b>	<b>5,048,000</b>	<b>1,144,496</b>	<b>6,192,496</b>	<b>524,364</b>	<b>208,680</b>	<b>722,370</b>	<b>5,302,400</b>	<b>(167,726)</b>
BA Set Telemetry	122,000	174,000	296,000	287,626	4,800	292,426	0	(3,574)
Environmental Protection Unit	0	48,000	48,000	44,250	0	44,250	0	(3,750)
Operational Equipment	85,000	34,200	119,200	1,293	55,375	68,367	50,833	0
CCTV Cameras	50,000	0	50,000	4,695	34,430	39,125	0	(10,875)
Water Tankers	80,000	0	80,000	0	0	0	80,000	0
Operational Vehicles	396,000	455,000	851,000	174,943	763,690	165,944	696,000	10,944
<b>Sub Total</b>	<b>733,000</b>	<b>711,200</b>	<b>1,444,200</b>	<b>512,806</b>	<b>858,295</b>	<b>610,112</b>	<b>826,833</b>	<b>(7,255)</b>
ICT	346,780	272,560	619,340	263,070	150,484	471,859	30,000	(117,481)
Support Vehicles	0	52,900	52,900	52,308	0	52,308	0	(592)
<b>Sub Total</b>	<b>346,780</b>	<b>325,460</b>	<b>672,240</b>	<b>315,379</b>	<b>150,484</b>	<b>524,167</b>	<b>30,000</b>	<b>(118,073)</b>
Control Room	0	800,000	800,000	800,000	0	800,000	0	0
<b>Sub Total</b>	<b>0</b>	<b>800,000</b>	<b>800,000</b>	<b>800,000</b>	<b>0</b>	<b>800,000</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>6,127,780</b>	<b>2,981,156</b>	<b>9,108,936</b>	<b>2,152,549</b>	<b>1,217,458</b>	<b>2,656,649</b>	<b>6,159,233</b>	<b>(293,054)</b>

## Funding

<b>Funding Source</b>	<b>£</b>
Capital Grant 2015/16	0
Control Room Grant	800,000
In year contribution	0
Capital Receipts	98,000
Unapplied/Unused Capital Grant	0
Environmental Agency	24,000
Transfer from RCCO Reserve	1,734,649
<b>Total Funding</b>	<b>2,656,649</b>

## 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. The remaining budget has been carried over from last financial year to complete various property works. To date, works have predominantly taken place at Princes Risborough, Winslow and Gerrards Cross Station which are nearing completion. The projected underspend is due to effective procurement of contracts in ensuring value for money is achieved and also due to modifications which were no longer required at Gerrards Cross Station.

## Fire Appliances & Equipment

The operational vehicles budget of £851k relates to the purchase of a number of appliances, two of which are the ICU and EPU, which were delivered in June and November. A contract for the remaining four appliances was awarded in Q2, with an estimated build time of 12 months. Due to market price changes since the approval of budget and award of contract, a pressure is forecast in this area. The remaining budget of £50k, £80k and £119k relates to the CCTV cameras, water carriers and operational equipment, with orders placed and part delivery expected this financial year. The remainder will be delivered in Q1 2016/17.

## Support

The support budget primarily relates to ICT projects which are progressing well with most orders placed for hardware purchases. However, due to the time expected to install the telephony project, it is likely this project will be completed in Q1 2016/17. Furthermore the current commitments relate to hardware orders which may be delayed and not delivered by the end of the financial year. Therefore the slippage amount may increase dependent on goods/services delivered by the end of the financial year. The underspend currently being projected predominantly relates to ICT projects which will not progress further and therefore the budget has been returned. The support vehicles budget relates to two hydrant vehicles and one fleet vehicle which 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.

	<b>Balance at start of year</b>	<b>Projected Additions</b>	<b>Projected Use of</b>	<b>Projected year-end balance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Fund	-3,700	-1,589	3,357	-1,932
Earmarked Reserves (Revenue)	-7,155		5,405	-1,750
Earmarked Reserves (Capital)	-5,031	-7,464	2,632	-9,863

## 8. Performance Indicators

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

<b>Description</b>	<b>2014/15 Actual</b>	<b>2015/16 Target</b>	<b>2015/16 Actual (rolling average)</b>
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%	99.6%
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 to date has been at 100%.

Invoices paid within 30 days has maintained a rolling average of 99.9% for January and February.

## 9. Debt Management

The table below shows the key debtor performance figures for quarters 1 to 3, along with period 10 and 11 of quarter 4:

<b>DEBTOR KEY PERFORMANCE INDICATORS 2015/16</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Debts over 60 days overdue	£89,923	£73,185	£48,484	£67,106
Total Debt outstanding	£147,860	£149,122	£112,372	£241,064
Debts over 60 days overdue as a % of total debt outstanding	64.3%	48.6%	45.06%	28.40%
Debts over 60 days overdue as a % of total income to date	4.2%	3.3%	2.09%	2.89%
Average time from raising invoices to receipt of income	21	32	13	19

The above figures show the quarterly average of debt during 2015/16. For quarter 4, the average total debt outstanding was £241,064 of which £67,106 relates to debt 60 days overdue. Total debt outstanding as at the end of February 2016 was £208,965, with the actual value of debts over 60 days overdue being £68,157. January saw a marked rise in this area, resulting in a significantly increased average debt during quarter 4.

The vast increase in total debt outstanding is mainly due to £201k worth of income relating to annual rental fees for aerial site equipment located at various stations, of which £104k was paid immediately. This report only covers the period until the end of February, however, it is likely that the average total outstanding debt will fall during March.

63% of the debts over 60 days overdue at the end of February 2016 relate to income due for equipment provided to third parties during industrial action, with 30% relating to seconded officers and aerial site income.

The average time to receipt income has increased during quarter 4 by an average of 6 days.

### Debt Write-Off

Approval is requested to write-off a £36k invoice raised against the Ministry of Defence.

The invoice relates to equipment loaned out during industrial action in 2014/15, however, it was raised in error and fire authorities who followed similar practice did not invoice the MOD for this service.

**Appendix B**

Table 1 below shows the movement on revenue budget. There is a net increase in the expenditure budget of £44k, 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	Original Budget	Virement	Budget at Qtr1	Virement	Budget at Qtr2	Virement	Budget at Qtr3	Virement	Budget at Qtr4
Corporate Core	Corporate Core	871,280	31,170	902,450	0	902,450	0	902,450	0	902,450
	Legal & Governance	107,320	-23,130	84,190	0	84,190	0	84,190	0	84,190
<b>Corporate Core Total</b>		<b>978,600</b>	<b>8,040</b>	<b>986,640</b>	<b>0</b>	<b>986,640</b>	<b>0</b>	<b>986,640</b>	<b>0</b>	<b>986,640</b>
Finance & Assets	Finance & Procurement	965,910	9,350	975,260	0	975,260	0	975,260	0	975,260
	Resource Management	2,278,820	-147,450	2,131,370	-6,920	2,124,450	-2,000	2,122,450	0	2,122,450
<b>Finance &amp; Assets Total</b>		<b>3,244,730</b>	<b>-138,100</b>	<b>3,106,630</b>	<b>-6,920</b>	<b>3,099,710</b>	<b>-2,000</b>	<b>3,097,710</b>	<b>0</b>	<b>3,097,710</b>
People & Organisation Development	Training & Development	1,371,870	-48,451	1,323,419	14,770	1,338,189	0	1,338,189	0	1,338,189
	Operations & Services	654,030	58,036	712,066	2,170	714,236	0	714,236	0	714,236
<b>People &amp; Organisation Development Total</b>		<b>2,025,900</b>	<b>9,585</b>	<b>2,035,485</b>	<b>16,940</b>	<b>2,052,425</b>	<b>0</b>	<b>2,052,425</b>	<b>0</b>	<b>2,052,425</b>
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	-121,210	14,152,960	-82,850	14,070,110	2,000	14,072,110	0	14,072,110
	Service Development	2,090,940	307,510	2,398,450	27,370	2,425,820	0	2,425,820	10,000	2,435,820
	Service Transformation	217,730	3,240	220,970	64,670	285,640	0	285,640	0	285,640
	IT and Communication	1,343,890	37,780	1,381,670	135,790	1,517,460	11,000	1,528,460	0	1,528,460
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>17,926,730</b>	<b>227,320</b>	<b>18,154,050</b>	<b>144,980</b>	<b>18,299,030</b>	<b>13,000</b>	<b>18,312,030</b>	<b>10,000</b>	<b>18,322,030</b>
Statutory Accounting & Contingency	Capital Charges	678,000	0	678,000	0	678,000	0	678,000	0	678,000
	Direct Revenue Financing	2,153,000	0	2,153,000	0	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	-11,000	1,281,650	0	1,281,650
	Non Distributed Costs	212,410	0	212,410	0	212,410	0	212,410	0	212,410
<b>Statutory Accounting &amp; Contingency Total</b>		<b>4,564,330</b>	<b>-92,270</b>	<b>4,472,060</b>	<b>-136,000</b>	<b>4,336,060</b>	<b>-11,000</b>	<b>4,325,060</b>	<b>0</b>	<b>4,325,060</b>
<b>Total Expenditure</b>		<b>28,740,290</b>	<b>14,575</b>	<b>28,754,865</b>	<b>19,000</b>	<b>28,773,865</b>	<b>0</b>	<b>28,773,865</b>	<b>10,000</b>	<b>28,783,865</b>
<b>Total Funding</b>		<b>-28,740,290</b>	<b>-14,575</b>	<b>-28,754,865</b>	<b>-19,000</b>	<b>-28,773,865</b>	<b>0</b>	<b>-28,773,865</b>	<b>-10,000</b>	<b>-28,783,865</b>