



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	13 July 2016
OFFICER	David Sutherland, Director of Finance & Assets
LEAD MEMBER	Councillor Andy Dransfield
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April 2015 – March 2016 (Provisional Outturn)
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 31 March 2016.</p> <p>The report at Appendix A is a provisional position pending final audit recommendation and confirmation of accounting adjustments to go through before a final position is reached.</p> <p>The provisional underspend has increased by £232k from that reported as at the end of February 2016, to the Committee on 11 May 2016. This increase is primarily due to movements in year-end provisions, as reported verbally at the last meeting.</p> <p>In the November paper regarding reserves re-alignment it was anticipated that an underspend totalling £1,657k would be transferred to the general fund at year-end.</p> <p>It is recommended that the provisional underspend of £1,821k is transferred to the general fund in line with the recommendations of that paper.</p>
ACTION	Decision / Information.
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the provisional outturn forecast for the Fire Authority as at 31 March 2016 be noted. 2. That the underspend of £1,821k is transferred to the general fund. 3. That the slippage of £6,452k on the capital programme is approved to be carried forward into 2016/17. 4. That delegated authority be given to the Chief Finance Officer in consultation with the Lead Member for Finance to authorise any late changes to the movements in reserves and capital slippage amounts resulting from

	<p>accounting adjustments needing to be made during the year-end closedown process.</p> <p>5. That should any changes to the amounts referred to above be required, then the Chief Finance Officer will report these to Members at the next available meeting.</p>
RISK MANAGEMENT	<p>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.</p>
FINANCIAL IMPLICATIONS	<p>As set out in the main body of the report.</p>
LEGAL IMPLICATIONS	<p>None.</p>
CONSISTENCY WITH THE PRINCIPLES OF COLLABORATION	<p>None.</p>
HEALTH AND SAFETY	<p>None.</p>
EQUALITY AND DIVERSITY	<p>None.</p>
USE OF RESOURCES	<p>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.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>Background</p> <p>Medium Term Financial Plan 2015/16 to 2018/19, CFA Meeting 18 February 2015. 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>Budget Monitoring Performance and Debt Management April 2015 – February 2016, Executive Meeting 11 May 2016. http://bucksfire.gov.uk/files/1314/6167/7859/Executive_Committee_Agenda_Pack_110516.pdf</p> <p>Realignment of Reserve Balances to Facilitate the Medium Term Financial Plan http://bucksfire.gov.uk/files/1114/5572/2356/ITEM_6_Reserve_Balances_Update_Post_Pre-Brief.compressed.pdf</p>
APPENDICES	<p>Appendix A – Budget Monitoring Performance and Debt Management April 2015 – March 2016</p>

TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	Mark Stevens (Revenue) and Asif Hussain (Capital) mstevens@bucksfire.gov.uk ahussain@bucksfire.gov.uk 01296 744425 and 01296 744421

Appendix A

1. Revenue Forecasts by Service Area

Table 1 The table below shows the budget and provisional outturn for each directorate as at the end of March 2016. The budget of £28.7m is compared to the outturn to give a year-end underspend of £1,821k. If you take out the Statutory Accounting & Contingency items totaling £839k, there is a £982k overall underspend.

Directorate	Area Manager	Total Budget	Provisional Outturn	Variance
Corporate Core	Corporate Core	871,280	865,606	-5,674
	Legal & Governance	107,320	69,124	-38,196
Corporate Core Total		978,600	934,730	-43,870
Finance & Assets	Finance & Procurement	965,910	984,701	18,791
	Resource Management	2,278,820	1,770,986	-507,834
Finance & Assets Total		3,244,730	2,755,687	-489,043
People & Organisation Development	Training & Development	1,371,870	1,120,260	-251,610
	Operations & Services	654,030	720,944	66,914
People & Organisation Development Total		2,025,900	1,841,204	-184,696
Delivery, Corporate Development & Planning	Service Delivery	14,274,170	12,921,900	-1,352,270
	Service Development	2,090,940	2,926,257	835,317
	Service Transformation	217,730	328,662	110,932
	IT and Communication	1,343,890	1,572,219	228,329
Delivery, Corporate Development & Planning Total		17,926,730	17,749,039	-177,691
Statutory Accounting & Contingency	Capital Charges	678,000	593,194	-84,806
	Direct Revenue Financing	2,153,000	2,153,000	0
	Contingency	1,520,920	19,495	-1,501,425
	Non Distributed Costs	212,410	959,411	747,001
Statutory Accounting & Contingency Total		4,564,330	3,725,101	-839,229
Total Expenditure		28,740,290	27,005,760	-1,734,530
Total Funding		-28,740,290	-28,826,869	-86,579
Net Position		0	-1,821,109	-1,821,109

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

Finance & Assets £489k under – The variance relates to the vacant Resource Manager and Workshop Technician posts, fuel and lease cost underspends and unbudgeted income received from aerial sites.

People & Organisation Development £185k 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 £178k under –

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. Provisions set up last year but no longer required have been reversed out in the final period of 2015/16 adding further to the favourable variance in this area.

Service Development: A budget virement for staffing of the Resource Management Team reduces the pressure shown from £835k to £502k. 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 took expenditure over budget.

Statutory Accounting & Contingency £839k 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 was reduced as part of the Medium Term Financial Plan for 2016/17. There has been a drawdown of £239k in the year, to cover immunisations; backdated support staff increments of 1%; intranet upgrades; salary impacts of grade reviews; station end PC upgrades and organisational formal ceremonies. The provisional outturn for Non Distributed costs includes expenditure on whole-time staff early retirements.

2. Direct Employee Costs

Table 2 shows the budget and provisional outturn for each sub-heading within the direct employees subjective as at the end of March 2016.

Staffing	Total Budget	Provisional Outturn	Variance
Members of the Brigade	12,654,860	12,635,577	(19,283)
Retained Duty System	1,620,620	1,277,330	(343,290)
Administrative Staff	3,386,660	3,497,144	110,484
Control Room Staff	0	233,347	233,347
Casual Employees	63,450	43,245	(20,205)
Cleaners	36,300	(114)	(36,414)
Technicians	266,390	230,413	(35,977)
Members Allowances	72,080	61,948	(10,132)
Allowances	737,720	727,561	(10,159)
Agency Staff	142,930	293,594	150,664
Grand Total	18,981,010	19,000,045	19,035

Members of the Brigade – this relates to the aforementioned changes to pension schemes in April 2015 and lower staffing levels than budgeted, however, the cost of the Bank system in 2015/16 can be seen to negate these favourable variances.

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

Administrative Staff – the business and systems integration project manager post contributing to this variance is funded from earmarked reserves, while a programme manager and work placement role assigned to facilitate service transformation also add to this overspend. Current public safety plan work priorities – particularly activities with time pressures - have also seen agreed overspends in HR contribute to this variance.

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 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

		Total Budget	Provisional Outturn	Variance
A.	Employee Direct Costs	18,981,010	19,000,045	19,035
B.	Knowledge & Information Services	1,258,130	1,378,202	120,072
C.	Fuel Charges	294,500	223,010	-71,490
D.	Energy/Utilities	267,920	231,881	-36,039
E.	Employment Agencies/Consultants	142,930	293,594	150,664

The variances for A. and E. are as noted in Section 2 above. Fuel was underspent as both usage and cost per litre were lower than the budget.

4. 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
Actual to Date	-5,170	-5,161	-183	-1,181	-17,131	-28,827
Projected Year End Variance	-0	-3	-1	-82	-0	-87

The table above details the budget and provisional outturn for each category of funding.

The final determination of specific grants is £82k higher than budgeted for, which represents the payment of amounts due from previous years and £8k of transparency set-up grant.

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 was achieved.

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 was achieved. The Finance team restructure was completed in January 2016 and the interim structure delivered 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 2014-15 Carry Forwards	Revised Budget 2015-16	Actual Year to Date	Slippage to 2016/17	Year End Variance
Property	5,048,000	204,496	5,252,496	663,405	4,415,740	(173,351)
Property Review	0	940,000	940,000	0	940,000	0
Sub Total	5,048,000	1,144,496	6,192,496	663,405	5,355,740	(173,351)
BA Set Telemetry	122,000	174,000	296,000	293,257	0	(2,743)
Environmental Protection Unit	0	48,000	48,000	44,250	0	(3,750)
Operational Equipment	85,000	34,200	119,200	52,937	66,263	(0)
CCTV Cameras	50,000	0	50,000	0	50,000	0
Water Tankers	80,000	0	80,000	0	80,000	0
Operational Vehicles	396,000	455,000	851,000	174,943	696,000	19,943
Sub Total	733,000	711,200	1,444,200	565,387	892,263	13,450
ICT	346,780	272,560	619,340	281,819	203,503	(134,018)
Support Vehicles	0	52,900	52,900	52,308	0	(592)
Sub Total	346,780	325,460	672,240	334,127	203,503	(134,610)
Control Room	0	800,000	800,000	800,000	0	0
Sub Total	0	800,000	800,000	800,000	0	0
Total	6,127,780	2,981,156	9,108,936	2,362,919	6,451,506	(294,511)

Funding

The capital programme will be funded as follows:

Funding Source	£
Control Room Grant	800,000
Capital Receipts	103,529
Unapplied/Unused Capital Grant	86,267
Environmental Agency	24,000
Transfer from RCCO Reserve	1,349,123
Total Funding	2,362,919

Property Portfolio

The Property team was allocated a budget of £5,048k for 2015/16, of which £600k relates to priority 2 repairs as identified on the 2013 condition survey. The remaining budget was carried over from last financial year to complete various property works. In 2015/16 several stations including Princes Risborough, Winslow and Gerrards Cross Station have had internal and external upgrades carried out. The upgrades range from window upgrades, bay door replacements, electrical and boiler upgrades and yard repairs. The 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.

Slippage of £5,356k is requested, the majority of which relates to Milton Keynes transformation and other property reconfiguration works. The remainder relates to works outstanding from the priority 2 repairs which will also be completed in 2016/17.

Fire Appliances & Equipment

The operational vehicles budget of £899k relates to the purchase of a number of appliances, two of which are the ICU and EPU, which were delivered in June and November 2015. A contract for the remaining four appliances was awarded in Q2, with an estimated build time of 12 months. Therefore a slippage of £696k is requested to purchase the remaining 4 appliances which are expected to be delivered in the first quarter of 2016/17.

The remaining budget of £50k, £80k and £119k relates to the CCTV cameras, water carriers and operational equipment, with orders placed and partly delivered in 2015/16. The remainder will be delivered in Q1 2016/17 and therefore a combined slippage request of £196k is requested to fund the remaining purchases.

Support

ICT expenditure this year has mainly related to developing the infrastructure, upgrading our resilience and back-up fire station end servers and replacing computer hardware as part of our replacement strategy. The majority of the schemes have been completed, however the installations relating to the telephony system have been delayed and will take place in the first quarter of 2016/17. In addition to this, there was a delay in the delivery of some hardware purchases and therefore a slippage request of £204k is requested.

The underspend predominantly relates to ICT projects which have not progressed further and therefore the budget was 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 2015.

Slippage into 2016/17

The provisional outturn figure is showing a slippage of £6,452k (subject to any late accounting changes). Members are requested to approve the slippage of this budget into 2016/17.

7. Reserves

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

	Balance at start of year	Additions	Use of	Provisional year-end balance
	£000	£000	£000	£000
General Fund	-3,700	-1,821	3,357	-2,165
Earmarked Reserves (Revenue)	-7,155		5,122	-2,033*
Earmarked Reserves (Capital)	-5,031	-2,909	979	-6,961

* this figure includes £319k, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire Fire and Rescue Service)

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%	99.67%
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 99.87% for quarter 4.

9. Debt Management

The table below shows the key debtor performance figures for the year:

DEBTOR KEY PERFORMANCE INDICATORS 2015/16	Q1	Q2	Q3	Q4
Debts over 60 days overdue	£89,923	£73,185	£48,484	£65,423
Total Debt outstanding	£147,860	£149,122	£112,372	£220,056
Debts over 60 days overdue as a % of total debt outstanding	64.3%	48.6%	45.06%	30.55%
Debts over 60 days overdue as a % of total income to date	4.2%	3.3%	2.09%	2.81%
Average time from raising invoices to receipt of income	21	32	13	22

The above figures show the quarterly average of debt during 2015/16. For quarter 4, the average total debt outstanding was £220k of which £65k relates to debt 60 days overdue. Total debt outstanding as at the end of March 2016 was £178k, with the actual value of debts over 60 days overdue being £62k. January saw a marked rise in this area, resulting in a significantly increased average debt during quarter 4.

The 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.

69% 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 28% relating to seconded officers and 3% other income.

The approval of a debt write-off for a Ministry of Defence invoice related to the aforementioned loan of equipment during strike action will reduce the total outstanding debt and debt over 60 days overdue by £36k in quarter 1 of 2016-17.

The average time to receipt income has increased during quarter 4 by an average of 9 days.