



# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Executive Committee
<b>DATE OF MEETING</b>	21 September 2016
<b>OFFICER</b>	David Sutherland, Director of Finance & Assets
<b>LEAD MEMBER</b>	Councillor Adrian Busby
<b>SUBJECT OF THE REPORT</b>	<b>Budget Monitoring Performance and Debt Management April – June 2016</b>
<b>EXECUTIVE SUMMARY</b>	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 June 2016.</p> <p>The report at Appendix A sets out the Authority's revenue and capital spending position as at 30 June 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 £668k, against a revenue budget of £28.3m.</p> <p>Appendix B details the virements that require approval.</p>
<b>ACTION</b>	Decision / Information.
<b>RECOMMENDATIONS</b>	<ol style="list-style-type: none"> <li>1. That the latest projected outturn forecast for the Authority as at 30 June 2016 be noted.</li> <li>2. That £500k of the projected underspend for 2016/17 be transferred to a reserve to help fund the apprenticeship initiative in future years.</li> <li>3. That the budget virement as detailed in Appendix B be authorised.</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</b>	None.

<b>COLLABORATION</b>	
<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 2016/17 to 2019/20, CFA Meeting 10 February 2016.</p> <p><a href="http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf">http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf</a></p>
<b>APPENDICES</b>	<p>Appendix A – Budget Monitoring Performance and Debt Management April – June 2016.</p> <p>Appendix B – Budget Virements requiring authorisation.</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 June 2016. The budget of £28.3m is compared to the forecast outturn to give a forecast year-end underspend of £668k.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	913,260	272,079	843,948	-69,312
	Legal & Governance	84,350	16,599	84,350	0
<b>Corporate Core Total</b>		<b>997,610</b>	<b>288,678</b>	<b>928,298</b>	<b>-69,312</b>
Finance & Assets	Finance & Procurement	972,490	427,694	957,630	-14,860
	Resource Management	2,176,330	557,467	1,980,720	-195,610
<b>Finance &amp; Assets Total</b>		<b>3,148,820</b>	<b>985,160</b>	<b>2,938,350</b>	<b>-210,470</b>
People & Organisation Development	Training & Development	1,764,180	293,252	1,945,889	181,709
	Operations & Services	762,920	183,986	776,665	13,745
<b>People &amp; Organisation Development Total</b>		<b>2,527,100</b>	<b>477,238</b>	<b>2,722,554</b>	<b>195,454</b>
Delivery, Corporate Development & Planning	Service Delivery	15,180,600	3,393,787	14,222,669	-957,931
	Service Development	467,725	186,419	449,048	-18,677
	Service Transformation	1,274,100	207,329	1,948,899	674,799
	IT and Communications	1,423,630	390,351	1,316,120	-107,510
<b>Delivery, Corporate Development &amp; Planning Total</b>		<b>18,346,055</b>	<b>4,177,887</b>	<b>17,936,736</b>	<b>-409,319</b>
Statutory Accounting & Contingency	Capital Charges	427,000	96,942	387,000	-40,000
	Direct Revenue Financing	1,737,000		1,737,000	0
	Contingency	923,945	17,169	788,079	-135,866
	Non Distributed Costs	215,170	15,524	216,966	1,796
<b>Statutory Accounting &amp; Contingency Total</b>		<b>3,303,115</b>	<b>129,635</b>	<b>3,129,045</b>	<b>-174,070</b>
<b>Total Expenditure</b>		<b>28,322,700</b>	<b>6,058,597</b>	<b>27,654,983</b>	<b>-667,717</b>
<b>Total Funding</b>		<b>-28,322,700</b>	<b>-12,547,061</b>	<b>-28,322,700</b>	<b>0</b>
<b>Net Position</b>		<b>0</b>	<b>-6,488,463</b>	<b>-667,717</b>	<b>-667,717</b>

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

**Finance & Assets £210k under** – This variance relates to the vacant Resource Manager post and unbudgeted income received from aerial sites.

**People & Organisation Development £195k over** – An overspend is being seen in this directorate because the costs of the apprentices are being picked up here, while being funded from underspends elsewhere in the organisation. The overall adverse variance is then reduced by under establishments in the POD directorate.

**Delivery, Corporate Development & Planning £409k under** –

Service Delivery: Staffing levels are lower than budgeted in this area due to retirements and leavers in previous years, while on-call firefighter employment is significantly below budgeted establishment levels. The underspends which result from this are then utilised for apprenticeships seen in POD, the 'bank' system seen under this directorate and non-grey book staffing seen below.

Service Transformation: The bulk of overspends in this area relate to the non-grey book staffing initiative alluded to above, with temporary service transformation posts also contributing to overspends.

**Statutory Accounting & Contingency £174k 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, however, in-year savings are also held here as part of a new program of centralising budgets once they have been identified as bearing consistent underspends.

## 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 June 2016.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Members of the Brigade	12,490,950	2,913,572	12,213,808	(277,142)
Retained Duty System	1,680,450	254,292	1,367,813	(312,637)
Administrative Staff	3,854,305	899,227	3,737,151	(117,154)
Control Room Staff	0	12,085	0	0
Casual Employees	61,450	8,842	91,003	29,553
Technicians	244,120	63,328	247,611	3,491
Members Allowances	72,780	15,199	72,780	0
Allowances	724,330	169,512	700,930	(23,400)
Agency Staff	99,640	33,892	238,209	138,569
<b>Grand Total</b>	<b>19,228,025</b>	<b>4,369,949</b>	<b>18,669,304</b>	<b>(558,721)</b>

**Members of the Brigade** – this relates to lower staffing levels than budgeted, however, the cost of the bank system in 2016/17 can be seen to negate these favourable variances to a degree.

**Retained Duty System** – on-call firefighter employment is currently significantly under budgeted establishment levels. It is proposed that £500k of the underspend across this area and Members of the Brigade is transferred to a reserve to help fund the introduction of apprentices across the Authority (see Recommendation 2).

**Administrative Staff** – Underspends in Finance, KIS, the driving school, Corporate and Forward Planning and in relation to the Resource Manager post can be seen to outweigh overspends in this area. With regard to overspends, elements include a programme manager and work placement role assigned to facilitate service transformation, while a business and systems integration project manager post will be funded from earmarked reserves as planned.

**Casual Employees** – casual staffing overspends are being seen at the driving school and in operational training. Both areas are under established in terms of permanent staff and underspends seen in relation to these more than cover the adverse variations seen under this heading.

**Agency Staff** – agency staff have been used to cover interim vacancies in the Finance and Procurement team as well as to support projects in Property.

### 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	19,228,025	4,369,949	18,669,304	-558,721
B.	Knowledge & Information Services	1,309,360	389,373	1,249,598	-59,762
C.	Fuel Charges	280,760	59,362	218,000	-62,760
D.	Energy/Utilities	277,670	31,211	281,034	3,364
E.	Employment Agencies/Consultants	99,640	33,892	238,209	138,569

The variances for A. B. and E. are as noted in Section 2 above, while fuel is underspent as both usage and cost per litre are currently lower than budgeted.

#### 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>NNDR Pooling £000</b>	<b>Specific Grants £000</b>	<b>Council Tax Receipts (incl. 15/16 surplus) £000</b>	<b>Total Funding £000</b>
<b>Budget 2016/17</b>	-4,507	-4,874	-164	-1,099	-17,679	-28,323
<b>Budget Year to Date</b>	-2,008	-2,172	-73	-490	-7,878	-12,620
<b>Actual to Date</b>	-2,008	-2,172	0	-490	-7,878	-12,547
<b>Variance Year to Date</b>	0	0	73	0	0	73
<b>Forecast Outturn</b>	-4,507	-4,874	-164	-1,099	-17,679	-28,323
<b>Projected Year End Variance</b>	0	0	0	0	0	0

Current projections show funding to budget. However, this may change in future periods as the Home Office have only committed to six months of New Dimensions funding, with remaining commitments dependent on a review of national mass decontamination capabilities.

In addition to this, exact funding levels resulting from NNDR pooling arrangements are uncertain at this stage.

## 5. Savings and efficiencies

Of the £559k savings offered up in the 2016/17 Medium Term Financial Plan, £17k is from Corporate Core, £21k from Finance & Assets, £44k from POD and £476k from Delivery, Corporate Development and Planning.

Directorate	Target Saving £	Forecast Actual Saving £	Under/ (Over) Recovery £
Corporate Core	16,779	16,779	-
Finance & Assets	21,335	21,335	-
People & Organisation Development	44,394	44,394	-
Delivery, Corporate Development and Planning	476,492	476,492	-
<b>Total Savings</b>	<b>559,000</b>	<b>559,000</b>	<b>-</b>

**Corporate Core, Finance and Assets and POD** – Supplies and services budgets have been reduced based on historical analysis of actual spend in this area.

**Delivery, Corporate Development and Planning** – The new firefighter pension scheme has been modelled into the budgeted establishment to reflect the lower cost of the 2015 scheme.



## 6. Capital Forecasts

The capital programme for 2016/17 is £3.236m which together with a number of carry-forward schemes totals £9.688m.

Project Name	Original Budget 2016-17	Agreed 15-16 Carry Forwards	Revised Budget 2015-16	Actual Year to Date	Commitments 2015/16	Forecast Outturn	Year End Variance
Property	500,000	194,615	694,615	118,603	105,954	694,615	0
Property Review	0	5,161,125	5,161,125	0	719,134	5,161,125	0
<b>Sub Total</b>	<b>500,000</b>	<b>5,355,740</b>	<b>5,855,740</b>	<b>118,603</b>	<b>825,088</b>	<b>5,855,740</b>	<b>0</b>
CCTV Cameras	45,000	50,000	95,000	34,075	5,050	95,000	0
Operational Vehicles Red Fleet	2,300,000	696,000	2,996,000	235,800	527,890	2,996,000	0
Operational Vehicles White Fleet	132,000	0	132,000	0	67,571	132,000	0
Hydraulic Equipment	56,000	0	56,000	0	0	56,000	0
Water Tankers	0	80,000	80,000	0	80,000	80,000	0
Operational Equipment	93,000	66,263	159,263	15,697	2,766	159,263	0
<b>Sub Total</b>	<b>2,626,000</b>	<b>892,263</b>	<b>3,518,263</b>	<b>285,572</b>	<b>683,277</b>	<b>3,518,263</b>	<b>0</b>
ICT	110,000	203,503	313,503	68,842	119,766	313,503	0
<b>Sub Total</b>	<b>110,000</b>	<b>203,503</b>	<b>313,503</b>	<b>68,842</b>	<b>119,766</b>	<b>313,503</b>	<b>0</b>
<b>Total</b>	<b>3,236,000</b>	<b>6,451,506</b>	<b>9,687,506</b>	<b>473,016</b>	<b>1,628,130</b>	<b>9,687,506</b>	<b>0</b>

## Funding

The capital programme will be funded as follows:

<b>Funding Source</b>	<b>£</b>
Capital Receipts	1,246,000
Unapplied/Unused Capital Grant	2,840,687
Transfer from RCCO Reserve	5,600,819
<b>Total Funding</b>	<b>9,687,506</b>

## Property Portfolio

The Property team have been allocated £500k for 2015/16, which relates to priority 2 repairs as identified in the condition survey and other priorities identified within the property strategy. A slippage amount of £5.356m has been carried over from 2015/16 with the majority of the slippage relating to the property review.

The majority of the works carried out to date relate to the installation of the modular building at Beaconsfield station which is now complete. Newport Pagnell station has had a partial refurbishment with new LED lighting, new kitchen and redecoration works carried out. Further works are due at several stations which are out for quotation with works planned to take place during the year.

## Fire Appliances & Equipment

A budget of £2.3m and £132k has been allocated to purchase several red and white fleet vehicles. The orders are likely to be placed this financial year, however due to the build time for red fleet vehicles, they are expected to be delivered next financial year. A slippage of £696k relates to four red fleet vehicles (part of 2015/16 capital programme) with all appliances expected to be delivered by December 2016.

CCTV installation is progressing well with all vehicle installations to be completed by the end of the financial year. The budget for the water tanker has slipped from last year but an order has now been placed. Hydraulic equipment and operational equipment orders will be placed throughout the year.

## Support

ICT was allocated a budget of £110k which is for the Wi-Fi upgrade and the replacement of hardware. A balance of £204k has been brought forward from the previous year with majority of the slippage relating to the telephony project and the server upgrade. The server upgrade is now complete with the telephony project likely to commence in quarter two and expected to be completed by the end of the financial year.

## 7. Reserves

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

	<b>Balance at start of year £000</b>	<b>Projected Additions £000</b>	<b>Projected Use of £000</b>	<b>Projected year-end balance £000</b>
General Fund	-2,165	-168		-2,333
Earmarked Reserves (Revenue)	-2,037	-550*		-2,587**
Earmarked Reserves (Capital)	-6,961	-2,983	6,847	-3,097

\* This figure includes the £500k underspend to be transferred to a reserve to help fund the apprenticeship initiative in future years, which is subject to approval from Members

\*\* This figure includes £369k, 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.

<b>Description</b>	<b>2015-16 Actual</b>	<b>2016/17 Target</b>	<b>2016/17 Actual (rolling average)</b>
Budget Monitoring Training	100.0%	100.0%	100%
Managers accessing SAP Cost Centre Report	100%	100.0%	100%
% invoices paid within 30 days`	99.67%	99%	100%
Budget Mon. Report turn-around (working days)	7 days	7 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 100% for quarter 1.

## 9. Debt Management

The table below shows the key debtor performance figures for the quarter 1 2016/17:

<b>DEBTOR KEY PERFORMANCE INDICATORS 2016/17</b>	<b>Q1</b>
Debts over 60 days overdue	£54,098
Total Debt outstanding	£119,382
Debts over 60 days overdue as a % of total debt outstanding	43.42%
Debts over 60 days overdue as a % of total income to date	2.64%
Average days from raising invoices to receipt of income	65 days

The above figures show the quarterly average of debt during 2016/17. For quarter 1, the average total debt outstanding was £119k, of which £54k relates to debt 60 days overdue. Total debt outstanding as at the end of June 2016 was £82k, with the actual value of debts over 60 days overdue being £25k. June 2016 saw a reduction in this area, resulting in a significant decrease in average debt during quarter 1.

The decrease in total debt outstanding is mainly due to the write-off of a Ministry of Defence invoice, as well as collection of annual rental income and SCAS co-responder income.

92% of the debts over 60 days overdue at the end of June 2016 relate to income due for officers seconded to the Home Office, with 8% relating to other income.

The 'average days' taken to raise an invoice and then receipt income for quarter 1 is 65 days. The increase from 22 days in quarter 4 2015/16 is due to the aforementioned write-off of a Ministry of Defence invoice along with several smaller write-offs totaling £286, which took place in June 2016. Quarter 2 will see the average decrease to an appropriate level.

## Appendix B

### Permanent revenue virements requiring authorisation:

Virement	Cost Centre	Subjective	DR/CR	£	£	SMB	Executive
1	Savings	Services	DR	156,360		Y	Y
	Service Delivery (various)	Direct Employees	CR		156,360		
	To transfer two vacant GC post budgets to savings cost centre						

1. This is to recognise in-year savings of two vacant GC posts by taking their budgets to the savings cost centre.