



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	23 November 2016
OFFICER	David Sutherland, Director of Finance and Assets
LEAD MEMBER	Councillor Adrian Busby
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April – September 2016
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 September 2016.</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2016, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £655k, against a revenue budget of £28.3m.</p>
ACTION	Decision/Information.
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the latest projected outturn forecast for the Authority as at 30 September 2016 be noted. 2. That £200k of the projected underspend for 2016/17 is transferred to a reserve to help fund the sprinklers initiative in future years.
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 2016/17 to 2019/20, CFA Meeting 10 February 2016: http://bucksfire.gov.uk/files/4614/5459/6672/Fire_Authority_Summons_and_Agenda_100216_72dpi.pdf</p> <p>Budget Monitoring Performance and Debt Management April - June 2016: http://bucksfire.gov.uk/files/9314/7333/8024/ITEM_5_Q1_2016-17_Budget_Monitoring_Performance_Debt_Management_-_SMB_Unlinked.pdf</p>
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – September 2016
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Mark Stevens (Revenue) and Asif Hussain (Capital)</p> <p>mstevens@bucksfire.gov.uk ahussain@bucksfire.gov.uk</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 September 2016. The budget of £28.3m is compared to the forecast outturn to give a forecast year-end underspend of £655k.

Directorate	Area Manager	Total Budget	Actual Year to Date	Forecast Outturn	Projected Year End Variance
Corporate Core	Corporate Core	913,260	536,323	867,234	-46,026
	Legal & Governance	84,350	32,085	84,350	0
Corporate Core Total		997,610	568,408	951,584	-46,026
Finance & Assets	Finance & Procurement	972,490	575,003	965,697	-6,793
	Resource Management	2,111,760	1,117,274	2,020,400	-91,360
Finance & Assets Total		3,084,250	1,692,276	2,986,097	-98,153
People & Organisation Development	Training & Development	1,757,610	769,933	1,903,454	145,844
	Operations & Services	760,410	417,330	800,440	40,030
People & Organisation Development Total		2,518,020	1,187,264	2,703,894	185,874
Delivery, Corporate Development & Planning	Service Delivery	15,367,830	6,903,632	14,699,711	-668,119
	Service Development	467,725	362,093	451,874	-15,851
	Service Transformation	1,269,970	484,943	1,790,209	520,239
	IT and Communications	1,423,630	664,112	1,339,118	-84,512
Delivery, Corporate Development & Planning Total		18,529,155	8,414,781	18,280,912	-248,243
Statutory Accounting & Contingency	Capital Charges	873,886	-1,112,199	833,886	-40,000
	Direct Revenue Financing	1,290,114	1,290,114	1,290,114	0
	Contingency	814,495	17,186	403,881	-410,614
	Non Distributed Costs	215,170	99,158	216,966	1,796
Statutory Accounting & Contingency Total		3,193,665	294,259	2,744,847	-448,818
Total Expenditure		28,322,700	12,156,987	27,667,334	-655,366
Total Funding		-28,322,700	-17,565,554	-28,322,700	0
Net Position		0	-5,408,566	-655,366	-655,366

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

Finance & Assets £98k under – This variance relates to the vacant Resource Manager post and unbudgeted income received from aerial sites. Employment agency payments in Workshops and more minor overspends across the directorate then bring the favourable variance down to the headline figure that is being seen here.

People & Organisation Development £186k over – An overspend is being seen in this directorate because the costs of the apprenticeship scheme 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 £248k 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. £500k has been set aside to create a reserve for the apprenticeship scheme, while budgets relating to the sprinkler initiative are currently underspent by £200k due to changes in legislative requirements and the current reluctance of partner organisations to commit to joint funding schemes. It is recommended that this underspend is transferred into a reserve as the Authority will continue to proactively work to find suitable partners for this scheme in future years (see Recommendation 2).

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 £449k 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 September 2016.

Staffing	Total Budget	Actual Year to Date	Forecast Outturn	Variance
Members of the Brigade	12,716,410	6,076,450	12,373,199	-343,211
Retained Duty System	1,686,830	583,977	1,298,641	-388,189
Administrative Staff	3,884,015	1,869,253	3,793,065	-90,950
Control Room Staff	0	25,544	0	0
Casual Employees	61,450	27,643	69,391	7,941
Technicians	244,120	127,207	253,584	9,464
Members Allowances	72,780	30,085	72,780	0
Allowances	747,330	335,046	692,582	-54,748
Agency Staff	99,640	105,832	289,879	190,239
Grand Total	19,512,575	9,181,038	18,843,121	-669,454

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 offset these favourable variances to a degree.

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

Administrative Staff – Underspends in Finance, KIS, the driving school, Fire Protection, Staff Development, 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.

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 and short-term resourcing in Workshops.

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	19,512,575	9,181,038	18,843,121	-669,454
B.	Knowledge & Information Services	1,309,360	647,796	1,253,131	-56,229
C.	Fuel Charges	280,760	123,980	218,000	-62,760
D.	Energy/Utilities	277,670	69,096	273,437	-4,233
E.	Employment Agencies/Consultants	99,640	105,832	289,879	190,239

- 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.

	Govt Funding £000	Business Rates £000	NNDR Pooling £000	Specific Grants £000	Council Tax Receipts (incl. 15/16 surplus) £000	Total Funding £000
Budget 2016/17	-4,507	-4,874	-164	-1,099	-17,679	-28,323
Budget Year to Date	-2,811	-3,040	-102	-686	-11,028	-17,668
Actual to Date	-2,811	-3,040	0	-686	-11,028	-17,566
Variance Year to Date	0	0	102	0	0	102
Forecast Outturn	-4,507	-4,874	-164	-1,099	-17,679	-28,323
Projected Year End Variance	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 £0	Forecast Actual Saving £0	Under/ (Over) Recovery £0
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	-
Total Savings	559,000	559,000	-

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	223,515	96,761	694,615	0
Property Review	0	5,161,125	5,161,125	650,521	143,613	5,161,125	0
Sub Total	500,000	5,355,740	5,855,740	874,037	240,374	5,855,740	0
CCTV Cameras	45,000	50,000	95,000	35,000	4,125	95,000	0
Operational Vehicles Red Fleet	2,300,000	696,000	2,996,000	463,920	2,121,590	2,996,000	0
Operational Vehicles White Fleet	132,000	0	132,000	67,979	39,545	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	21,129	51,013	159,263	0
Sub Total	2,626,000	892,263	3,518,263	588,028	2,296,273	3,518,263	0
ICT	110,000	203,503	313,503	89,384	180,535	313,503	0
Sub Total	110,000	203,503	313,503	89,384	180,535	313,503	0
Total	3,236,000	6,451,506	9,687,506	1,551,448	2,717,181	9,687,506	0

Funding

The capital programme will be funded as follows:

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

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 completed to date relate to the installation of the modular building at Beaconsfield and Newport Pagnell station refurbishment. Currently works are being carried out in several stations, in particular Beaconsfield station is replacing doors and windows and installing a new boiler system. Stokenchurch stations heating system is also being replaced and a refurbishment taking place at Haddenham station. Further works are due at several stations which are out for quotation with works planned to take place during the year.

At present, the Milton Keynes (MK) review is projecting a full spend but it is very unlikely this will be the case. We would anticipate majority of the budget to slip into next financial year when actual construction works are expected to commence.

Fire Appliances & Equipment

A budget of £2.3m and £132k was allocated to purchase several red and white fleet vehicles. The orders for the red fleet appliances have been placed with the first set of appliances expected to be delivered in February. The remaining appliances will be delivered from April 2017 onwards. White fleet orders have been placed and are expected to be delivered by the end of the financial year. A slippage of £696k relates to four red fleet vehicles (part of 2015/16 capital programme) which were expected to be delivered by December 2016. However a further delay in the build caused by the supplier may push this date back further. On-going discussions are taking place between the Fleet Manager and the supplier to discuss a way forward.

CCTV installation is progressing well with all vehicle installations expected 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 four. The delay in commencement has been caused by the supplier who is unable to start the telephony project until they have completed a similar installation at a neighboring council.

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	-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.

** 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.

Description	2015-16 Actual	2016/17 Target	2016/17 Actual (rolling average)
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%	99.82%
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 a rolling average of 99.82% for quarter 2.

9. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2016/17	Q1	Q2
Debts over 60 days overdue	£54,098	£29,132
Total Debt outstanding	£119,382	£70,786
Debts over 60 days overdue as a % of total debt outstanding	43.42%	37.72%
Debts over 60 days overdue as a % of total income to date	2.64%	1.33%
Average days from raising invoices to receipt of income	65 days	37 days

The above figures show the quarterly average of debt during 2016/17. For quarter 2, the average total debt outstanding was £71k, of which £29k relates to debt 60 days overdue. Total debt outstanding as at the end of September 2016 was £30k, with the actual

value of debts over 60 days overdue being £8k. September 2016 saw a reduction in this area, resulting in a significant decrease in average debt during quarter 2.

The decrease in total debt outstanding is mainly due to the collection of income relating to officers seconded to the Home Office.

All the debt over 60 days relates to compensation received in favour of Bucks Fire & Rescue Service for breaches to the fire safety regulations. The Authority has no control over the timing of these payments.

The 'average days' taken to raise an invoice and then receipt income for quarter 2 is 37 days.