

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Executive Committee
DATE OF MEETING	11 July 2018
OFFICER	David Sutherland, Director of Finance & Assets
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April 2017 – March 2018 (Provisional Outturn)
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 31 March 2018.</p> <p>The report at Appendix A is a provisional position pending final audit recommendations and confirmation of any accounting adjustments to go through before a final position is reached.</p> <p>The provisional outturn figure for the year is a net underspend of £95k. This represents a 0.3% variance against the budget. The amount has been transferred to revenue contribution to capital in accordance with the approved Reserves Strategy.</p>
ACTION	Decision / Information
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the provisional outturn forecast for the Authority as at 31 March 2018 be noted. 2. That the slippage of £11,659k on the capital programme is approved to be carried forward into 2018/19. 3. 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 accounting adjustments needing to be made during the year-end closedown process. 4. 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.
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 THE DUTY TO COLLABORATE	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 2017/18 to 2020/21, CFA Meeting 8 February 2017:</p> <p>http://bucksfire.gov.uk/files/3914/8578/3188/ITEM_7_Medium_Term_Financial_Plan_201718_to_201920.pdf</p>
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – March 2018
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	Taiye Sanwo (Revenue) and Asif Hussain (Capital) tsanwo@bucksfire.gov.uk ; ahussain@bucksfire.gov.uk 01296 744425 and 01296 744421

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 2018. The budget of £28.2m is compared to the outturn to give a year-end underspend of £95k.

Directorate	Area Manager	Total Budget £	Provisional Out-turn £	Variance £
Corporate Core	Corporate Management	1,149,430	1,070,003	-79,427
	Legal & Governance	296,560	317,797	21,237
Corporate Core Total		1,445,990	1,387,801	-58,189
Finance & Assets	Finance & Procurement	897,390	917,477	20,087
	Resource Management	1,991,880	2,140,781	148,901
Finance & Assets Total		2,889,270	3,058,258	168,988
People & Organisation Development	Training & Development	1,935,910	1,700,197	-235,713
	Operations & Services	709,770	699,898	-9,872
People & Organisation Development Total		2,645,680	2,400,095	-245,585
Delivery, Corporate Development & Planning	Service Delivery	16,411,730	15,833,732	-577,998
	Service Development	539,380	528,809	-10,571
	IT & Communications	1,599,010	1,655,874	56,864
Delivery, Corporate Development & Planning Total		18,550,120	18,018,416	-531,704
Statutory Accounting & Contingency	Capital Charges	1,976,000	1,972,000	-4,000
	Contingency	504,040	756,887	252,847
	Non Distributed Costs	218,940	378,030	159,090
	Savings	-19,890	0	19,890
Statutory Accounting & Contingency Total		2,679,090	3,106,917	427,827
Total Expenditure		28,210,150	27,971,486	-238,664
Total Funding		-28,210,150	-28,066,751	143,399
Net Position		0	-95,265	-95,265

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

Finance & Assets £169k over – This overspend mainly relates to PPE Stock write-off at the end of the financial year and additional spend on protective clothing. The above overspends in Finance and Assets were partially offset by backdated income for aerial site rentals and one off payments following successful renegotiation of contracts and underspend on transport related expenses.

People & Organisation Development (POD) £246k under – The overall underspend contains underspend in relation to support apprentices in Prevention & Protection and Community Safety, as recruitment was delayed due to changes in the apprenticeship frameworks. In addition, underspends were seen on the employees budget and over-achievement against the income budget due to the extension of seconded officers. Some of the training costs also slipped into 2018-19 due to course availability.

Delivery, Corporate Development & Planning £532k under – The overall underspend for the Directorate is primarily due to on-call firefighter employment being significantly below budgeted establishment levels.

Statutory Accounting & Contingency £428k over – The overspend primarily relates to the planned recruitment of additional firefighter apprentices in order to ensure sufficient staff numbers are available to deliver the resourcing model. There was also some one-off costs for back-dated injury awards, following a review undertaken by our firefighters pension administrators.

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 2018.

Staffing	Total Budget £	Provisional Out-turn £	Variance £
Wholetime	12,742,555	12,965,420	222,865
Support	4,066,345	3,971,171	-95,174
On-Call	1,636,500	1,176,829	-459,671
Technicians	253,320	223,924	-29,396
Sessional	147,450	99,098	-48,352
Agency Staff	12,380	233,556	221,176
Grand Total	18,858,550	18,669,999	-188,551

Wholetime – The overall wholetime firefighters budget is over-spent due to higher bank costs.

Support Staff – There is a net underspend on support staff budgets across the directorates.

On Call – on-call firefighter employment was significantly under budgeted establishment levels.

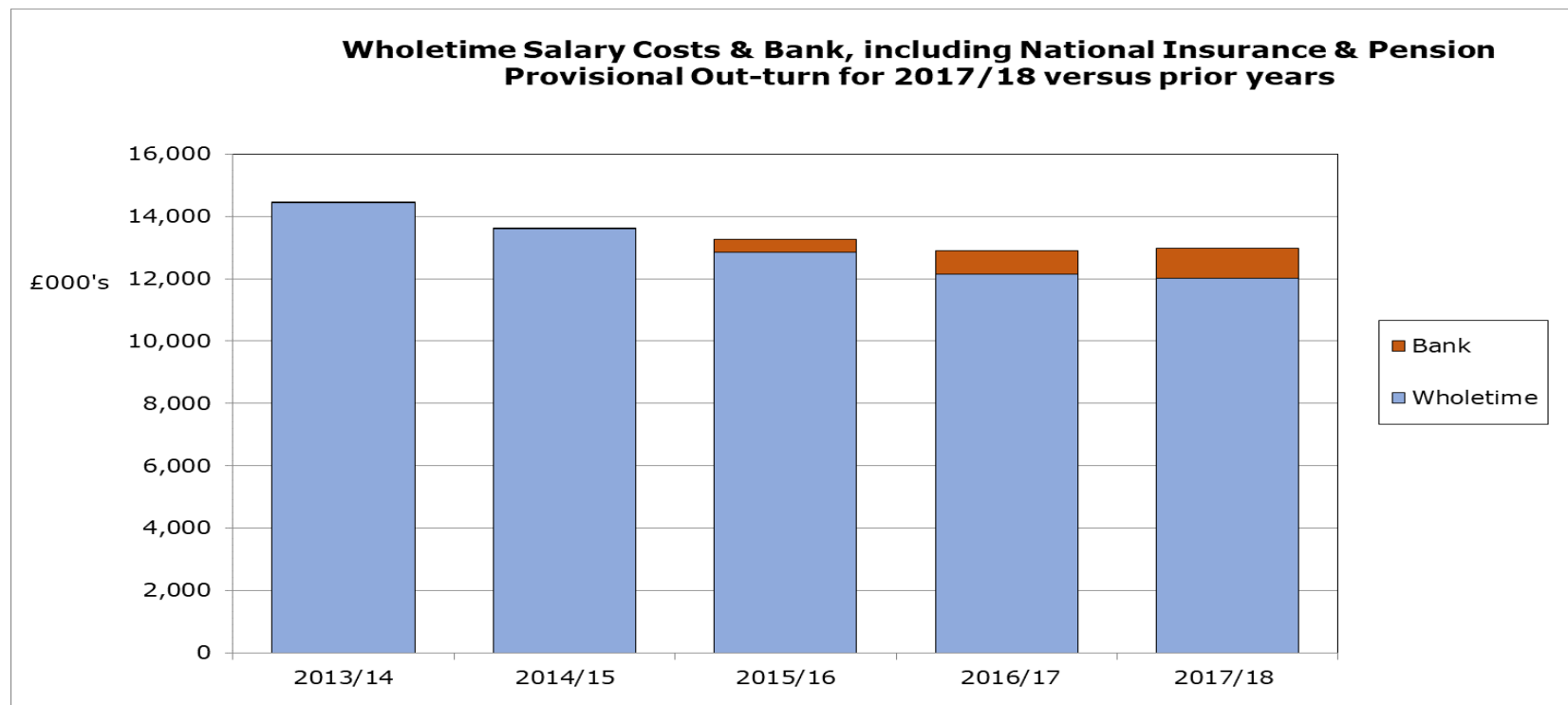
Technicians – There is an underspend as the vehicle workshop budget was under-established by one post for the majority of the year.

Sessional – There is a net underspend as there was a delay in recruiting to the Response Support post.

Agency Staff – agency staff were used to cover interim vacancies and this offsets the underspend on support staff and technicians.

3. Bank cost analysis

The graph and Table 3 below show wholetime operational staff costs from 2013/14 onwards, with Bank payments forming a significant part of these from 2015/16.



WT & Bank	2013/14	2014/15	2015/16	2016/17	2017/18
Wholetime	14,425,095	13,603,248	12,844,792	12,133,692	12,011,914
Bank	4,236	24,592	411,864	766,632	953,506
Total	14,429,331	13,627,840	13,256,657	12,900,324	12,965,420

The Authority has been proactive in developing resilient resourcing models in order to meet known risk and demand levels of the service, while maintaining response standards. Examples of this approach include operating with a smaller regular establishment, which is reinforced by on-call and whole-time firefighters working 'Bank' shifts, as well as a number of firefighters on more flexible local terms and conditions.

With a smaller regular establishment being achieved via falling staff numbers from 2013/14 due to retirements and leavers, the 'Bank system' offers a flexible resource, designed to maintain appliance availability in the event of crewing shortfalls.

The aforementioned figures show how costs have continued to fall over the last few years, driven by the introduction of this more flexible resource.

4. 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 Out-turn £	Variance £
A.	Employee Direct Costs	18,858,550	18,669,999	-188,551
B.	Knowledge & Information Services	1,482,670	1,575,567	92,897
C.	Fuel Charges	285,670	248,236	-37,434
D.	Energy / Utilities	250,200	200,249	-49,951
E.	Employment Agencies /Consultants	12,380	233,556	221,176

- The variances for A. and E. are as noted in Section 2 above.
- The Variance for B was due to additional ICT spend for email scanning and disaster recovery installation and configuration.

5. Funding

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

Funding	Total Budget £	Provisional Out-turn £	Variance £
Government Funding	-3,348,440	-3,348,121	319
Specific Grants	-1,096,370	-1,105,153	-8,783
NNDR	-3,398,850	-3,399,148	-298
Top-up / Pooling Receipts	-1,888,790	-1,878,960	9,830
Precept	-18,327,700	-18,335,369	-7,669
Movement in Reserves	-150,000	0	150,000
Grand Total	-28,210,150	-28,066,751	143,399

An extra £8k of income was seen under grants due to receipt of DCLG Business rate reconciliation grant.

The total net top-up pooling receipts including adjustments for previous year was £10k less than budgeted.

In addition to this, the precept received from Wycombe District council was £8k more than budget.

As reported during the financial year the planned £150k use of reserves for Joint Funded Sprinklers was not utilised.

6. 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	-
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.

7. Capital Forecasts

The capital programme for 2017/18 is £16.217m, which includes £13.553m worth of carry forwards from 2016/17 and additional funding approved at Fire Authority in June in relation to the Blue Light Hub (£1.330m).

Project Name	Original Budget 2017-18	Agreed 16-17 Carry Forwards	In Year Approvals	Revised Budget 2017-18	Actual Year to Date	Slippage to 2018/19	Year End Variance
Property	500,000	150,000	0	650,000	208,306	441,694	0
Property Review	0	11,132,813	1,330,000	12,462,813	1,870,727	10,592,086	0
Property Portfolio	500,000	11,282,813	1,330,000	13,112,813	2,079,033	11,033,780	0
CCTV Cameras	0	51,250	0	51,250	10,531	40,719	0
Operational Vehicles Red Fleet	500,000	2,091,762	-36,500	2,555,262	2,145,376	329,886	-80,000
Operational Vehicles White Fleet	16,000	31,601	36,500	84,101	58,007	26,094	0
Hydraulic Equipment	56,000	0	0	56,000	51,980	0	-4,020
Digital Radios	90,000	0	0	90,000	0	90,000	0
Operational Equipment	85,000	54,053	0	139,053	67,277	71,776	0
Fire Appliances & Equipment	747,000	2,228,666	0	2,975,666	2,333,170	558,475	-84,020
ICT	87,000	42,000	0	129,000	62,260	66,740	0
Support	87,000	42,000	0	129,000	62,260	66,740	0
Total	1,334,000	13,553,479	1,330,000	16,217,479	4,474,463	11,658,995	-84,020

Funding

The capital programme will be funded as follows:

Funding	£
Revenue Contributions to Capital	91,345
Capital Receipts	4,383,118
Total	4,474,463

Property Portfolio

Capital property works have progressed well throughout this financial year in line with the property condition survey. Several stations have had enhancements carried out such as refurbishment of ablution blocks, new bay doors and general refurbishments. In particular, Aylesbury HQ and Aylesbury station have had a complete kitchen refurbishment. High Wycombe and Olney Station had a complete refit of their washroom areas.

Currently a slippage of £442k is being reported against the property budgets in relation to the replacement of the air handling system and reconfiguration of the main floor at Brigade Headquarters. This is expected to commence in the second quarter of 2018/19 financial year.

The tender for the main contractor for the blue light hub has been awarded and the pre-commencement stage is underway. The land on where the blue light hub will be built was purchased in January 2018. The main building works are not due to commence until April 2018 and therefore resulted in a slippage of £10,592k.

The total slippage of £11,034k is requested for the property portfolio.

Fire Appliances & Equipment

The Authority has introduced several new appliances to the current fleet in line with the fleet strategy. We took delivery of ten appliances in 2017/18, of which eight have been allocated to stations and two to the training team. These appliances will replace our older fleet which have come to the end of their useful life. Overall an underspend of £80k was achieved due to the joint tender carried out with neighboring authorities achieving better economies of scales by ordering the appliances collaboratively.

Two additional appliances were ordered in quarter 4 and are expected to be delivered in August 2018. Part payment has been made towards these appliances and the final payments will be made in 2018/19 which has resulted in a slippage of £330k.

Other areas of spend relate to the purchase of two white fleet vehicles and the purchase of operational equipment to replace our end of life equipment. The purchase of radios has been held back in order to collaborate with our neighboring Authorities who will also be procuring radios in 2018/19 which has resulted in a slippage of £90k. The portfolio is also seeing a slippage in white fleet vehicles, CCTV and operational equipment totaling £203k as a result of orders being placed but not being delivered until the new financial year.

The total slippage of £559k is requested for the Fire Appliance and Equipment portfolio.

Support

From the budget of £129k for ICT, £54k related to the Wi-Fi upgrade and £75k is for the replacement of hardware. The upgrade to the Wi-Fi infrastructure was completed in year. The remaining budget of £75k was allocated to hardware replacement, of which £39k has been spent on ICT hardware. A slippage of £67k is being requested which relates to hardware purchases and telephony upgrades which will take place in 2018/19.

The total slippage of £67k is requested for the Support portfolio.

Slippage into 2017/18

The provisional outturn figure is showing a slippage of £11,659k (subject to any late accounting changes). Members are requested to approve the slippage of this budget into 2018/19.

8. Reserves

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

Reserves	Balance at start of year £000	Projected Movement £000	Projected Use of £000
General Fund	-3,035	1535	-1,500
Earmarked Reserves (Revenue)	-2,203	324	-1,879
Earmarked Reserves (Capital)	-6,401	53	-6,348
Total	-11,639	1,912	-9,727

* This figure includes £424k, which represents this Authority's share of the joint control room renewals fund (which is held by Oxfordshire Fire and Rescue Service)

9. Performance Indicators

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

Description	2016/17 Actual	2017/18 Target	2017/18 Actual (rolling average)
Budget Monitoring Training	100.0%	100.0%	100.0%
Managers accessing Integra Cost Centre Report	100.0%	100.0%	100.0%
% invoices paid within 30 days	99.8%	100.0%	95%
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%.

The % of invoices paid on time is 95% this is due to the changeover of the new finance system between March and April. Suppliers have been reminded to send all invoices directly to finance as the reason for late payment is due to finance not receiving these. In addition the authority has also rejected a number of invoices with no purchase order which suppliers have not dealt with immediately causing delay in payment.

10. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2017/18	Q1	Q2	Q3	Q4
Debts over 60 days overdue	£14,864	£11,580	£12,069	£9,708
Total Debt outstanding	£17,447	£38,912	£47,130	£56,267
Debts over 60 days overdue as a % of total debt outstanding	88%	31.30%	27.70%	24.78%
Average time from raising invoices to receipt of income	7 days	11 days	11 days	15 days

The above figures show the quarterly average of debt during 2017/18. As at the end of March, the average total debt outstanding was £56k of which £10k relates to debt 60 days overdue. Total debt outstanding as at the end of March 2018 was £99k, with the actual value of debts over 60 days overdue being £9k.

The majority of the debts over 60 days overdue at the end of March 2018 relate to legal costs recoverable to Bucks Fire and Rescue Service against defendants after being successfully prosecuted for breaches of the fire safety regulations. Once a court order has been made the Authority has little control over the timing of these payments.

The average time from raising invoices to receipt of income is 15 days.