



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	21 November 2018
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April – September 2018
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 September 2018</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2018, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £204k, against a revenue budget of £28.492m. This represents a 0.72% variance against the budget.</p>
ACTION	Noting
RECOMMENDATIONS	That the latest projected outturn forecast for the Authority as at 30 September 2018 be noted.
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	No direct impact.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.

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	Background Medium Term Financial Plan 2018/19 to 2021/22, CFA Meeting 14 February 2018: https://bucksfire.gov.uk/files/2815/1723/6486/ITEM_8_Medium_Term_Financial_Plan_2018-19_20-21.pdf
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – September 2018
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	Asif Hussain ahussain@bucksfire.gov.uk 01296 744421

Appendix A

Table 1 - Revenue Forecasts by Service Area

The table below shows the budget and actual expenditure for each directorate as at the end of September 2018. The budget of £28.492m is compared to the forecast outturn to give a forecast year-end underspend of £204k.

Directorate	Area Manager	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	Corporate Management	1,021,590	486,207	1,045,105	23,515
	Legal & Governance	323,750	157,010	348,706	24,956
Corporate Core Total		1,345,340	643,216	1,393,811	48,471
Finance & Assets	Finance & Procurement	951,690	621,253	956,995	5,305
	Resource Management	1,820,410	941,068	1,976,784	156,374
Finance & Assets Total		2,772,100	1,562,321	2,933,779	161,679
People & Organisation Development	Training & Development	2,223,560	1,518,784	1,892,986	-330,574
	Operations & Services	719,570	356,691	820,152	100,582
People & Organisation Development Total		2,943,130	1,875,474	2,713,138	-229,992
Delivery, Corporate Development & Planning	Service Delivery	16,331,300	7,381,872	15,566,023	-765,277
	Service Development	502,810	413,377	519,067	16,257
	IT & Communications	1,700,930	1,049,213	1,653,066	-47,864
Delivery, Corporate Development & Planning Total		18,535,040	8,844,462	17,738,156	-796,884
Statutory Accounting & Contingency	Capital Charges	2,122,000	0	2,122,000	0
	Contingency	494,760	366,000	1,207,601	712,841
	Non Distributed Costs	229,500	113,340	237,700	8,200
	Savings	50,230	0	0	-50,230
Statutory Accounting & Contingency Total		2,896,490	479,340	3,567,301	670,811
Total Expenditure		28,492,100	13,404,814	28,346,185	-145,915
Total Funding		-28,492,100	-14,737,776	-28,550,295	-58,195
Net Position		0	-1,332,962	-204,110	-204,110

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

Finance & Assets £162k over – This overspend is mainly attributable to employee costs relating to temporary fixed term posts and agency payments to cover staffing requirements. In addition to this, the additional cost of the insurance renewal and the under achievement on solar income contribute to the adverse variance.

People & Organisation Development (POD) £230k under – The overall underspend predominantly relates to the limited uptake of the sponsorship of apprentice's scheme. Furthermore, there are underspends which relate to employee costs as a result of several vacancies within the directorate and a number of employees not on top of their payscale.

The favourable variances are partly offset by adverse variances on income relating to seconded officers as a result of the seconded officers returning to the brigade and an interim HR structure which is currently projected to overspend in agency costs to cover staffing requirements.

Delivery, Corporate Development & Planning £797k under – The overall underspend for the directorate is primarily due to on-call firefighter employment being significantly below budgeted establishment levels in addition to several whole-time stations being under established.

The under established whole-time stations have a direct impact on the bank system as the cover provided to the stations is charged to the bank budget. Therefore the underspends in under established stations are offset by overspends shown within the bank system.

Statutory Accounting & Contingency £671k over – The forecast overspend primarily relates to the planned recruitment of additional firefighter apprentices in order to ensure sufficient staff numbers are available to deliver our resourcing model. In September, £366k of the previously reported overall underspend (£614k) was transferred to a new earmarked reserve for use in 2019/20, in order to mitigate the cumulative impact of any pay awards above 1% in accordance with the updated Medium Term Financial Plan.

The above forecasts for each directorate now reflect the 2% pay award for operational and support staff. The additional 1% was not reflected in the Medium Term Financial Plan for 2018/19 has been absorbed within the current year's budget and covered by the underspends reported throughout the Authority.

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 2018.

Staffing	Total Plan £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Wholetime	12,976,190	6,016,017	12,731,970	-244,220
On-Call	1,640,690	673,333	1,089,693	-550,997
Support	4,181,190	2,038,879	4,088,650	-92,540
Technicians	255,700	125,572	254,730	-970
Sessional	105,070	28,656	95,385	-9,685
Agency Staff	12,000	83,444	196,660	184,660
Grand Total	19,170,840	8,965,902	18,457,088	-713,752

Wholetime – The overall whole-time firefighters budget is currently forecast to under-spend due to establishment levels being lower than budgeted.

On Call – On-call firefighter employment is currently significantly under budgeted establishment levels.

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

Agency Staff – Agency staff have been used to cover interim vacancies within support staff roles and this offsets the underspend on support staff.

3. Bank cost analysis

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

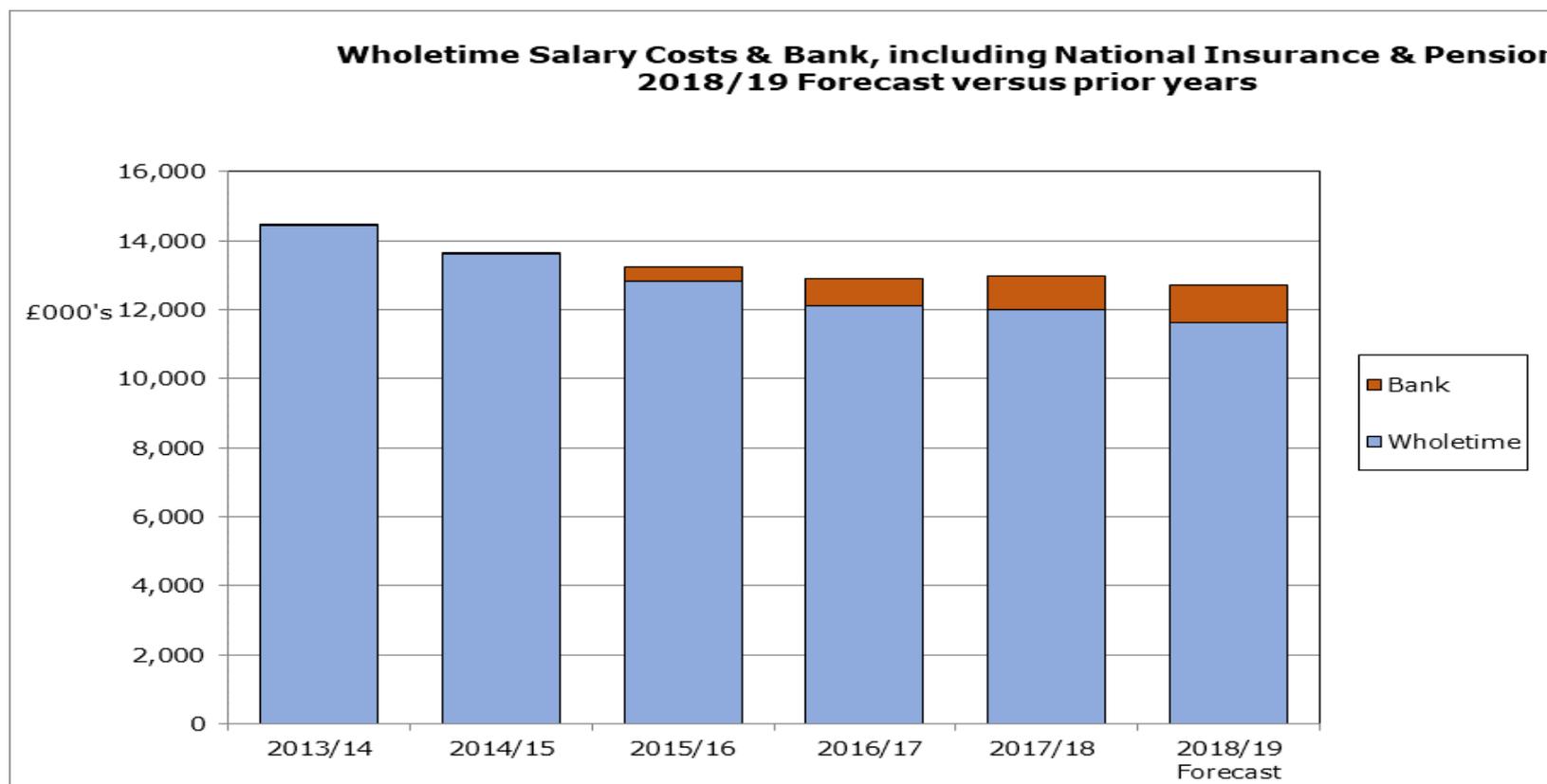


Table 3

WT & Bank	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 Forecast
Wholetime	14,425,095	13,603,248	12,844,792	12,133,692	12,011,914	11,616,970
Bank	4,236	24,592	411,864	766,632	953,506	1,115,000
Total	14,429,331	13,627,840	13,256,657	12,900,324	12,965,420	12,731,970

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	Actual Year to Date	Forecast Outturn	Projected Year End Variance
		£	£	£	£
A.	Employee Direct Costs	19,170,840	8,965,902	18,457,088	-713,752
B.	Knowledge & Information Services	1,529,100	979,861	1,492,418	-36,682
C.	Employment Agencies /Consultants (Part of Direct Employees Costs)	12,000	83,444	196,660	184,660

- The variances for A. and C. are as noted in Section 2 above.
- The variances in B predominantly relate to staff within the directorate not being top of their payscale.

5. Funding

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

Funding	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Government Funding	-2,633,000	-1,672,865	-2,633,000	0
Specific Grants	-1,097,330	-689,977	-1,097,330	0
NNDR	-3,625,030	-1,978,181	-3,683,225	-58,195
Top-up / Pooling Receipts	-1,899,790	-770,229	-1,899,790	0
Precept	-19,236,950	-9,626,524	-19,236,950	0
Movement in Reserves	0	0	0	0
Grand Total	-28,492,100	-14,737,776	-28,550,295	-58,195

Current projections show additional NNDR funding as a result of central government revising their funding figures after the budget was set to reflect business rate revaluations.

6. Savings and efficiencies

Of the £311k savings offered up in the 2018/19 Medium Term Financial Plan, £67k is from Corporate Core, £82k from Finance & Assets, £29k from POD, £132k from Delivery, Corporate Development and Planning.

Directorate	Target Saving	Forecast Actual Saving	Under/ (Over) Recovery
	£0	£0	£0
Corporate Core	67	67	-
Finance & Assets	82	82	-
People & Organisation Development	29	29	-
Delivery, Corporate Development and Planning	133	133	-
Statutory Accounting & Contingency	0	0	-
Funding	0	0	-
Total Savings	311	311	0

Corporate Core – The income budget for interest received has been increased and supplies and service budget reduced based on historical analysis of actual spend.

Finance and Assets - The income budget for aerial sites has been increased

POD – Supplies and services budget have been reduced based on historical analysis of actual spend in this area.

Delivery, Corporate Development and Planning – The savings primarily relate to the reduction of the joint funded sprinklers budget and supplies and services budget have been reduced based on historical analysis of actual spend in this area.

7. Capital Forecasts

The capital programme for 2018/19 is £14.6m, which includes £11.7m worth of carry forwards from 2017/18 and additional £1.7m approved in September:

Project Name	Original Budget 2017-18	Agreed 2017-18 Carry Forwards	In Year Approvals	Revised Budget 2018-19	Actual Year to Date	Forecast	Slippage	Year End Variance
Property	500,000	441,694	0	941,694	254,600	941,694	0	0
Property Review	0	10,592,086	1,741,000	12,333,086	2,336,921	6,153,000	6,040,086	-140,000
Property Portfolio	500,000	11,033,780	1,741,000	13,274,780	2,591,522	7,094,694	6,040,086	-140,000
CCTV Cameras	0	40,719	0	40,719	10,525	30,000	0	-10,719
Operational Vehicles Red Fleet	500,000	329,886	0	829,886	92,538	829,886	0	0
Operational Vehicles White Fleet	0	26,094	0	26,094	27,577	27,577	0	1,483
Hydraulic Equipment	56,000	0	0	56,000	51,980	51,980	0	-4,020
Digital Radios	0	90,000	0	90,000	0	90,000	0	0
Operational Equipment	85,000	71,776	0	156,776	113,673	156,776	0	0
Fire Appliances & Equipment	641,000	558,475	0	1,199,475	296,293	1,186,219	0	-13,256
ICT	75,000	66,740	0	141,740	40,574	141,740	0	0
Support	75,000	66,740	0	141,740	40,574	141,740	0	0
Total	1,216,000	11,658,996	1,741,000	14,615,996	2,928,389	8,422,654	6,040,086	-153,256

Capital Funding

The capital programme will be funded as follows:

Reserves	Balance at 1 April 2018	Estimated Transfers (In)	Estimated Transfers Out	Estimated Balance at 31 March 2019
	£000	£000	£000	£000
Usable Capital Receipts Reserve	(521)	-	521	-
Revenue Contribution to Capital	(5,827)	(2,195)	5,654	(2,368)
Transformation Funding	(2,248)		2,248	-
Sub Total	(8,596)	(2,195)	8,423	(2,368)

Property Portfolio

The Property team have been allocated £500k for 2018/19 to carry out priority repairs as identified in the condition survey carried out in 2017/18. In addition to this, the Property team have a balance of funds (£442k) brought forward from 2017/18, predominantly to replace the air ventilation system at brigade headquarters. The installation of the air ventilation system is now complete at BHQ with minor refurbishments remaining at the rear staircase and the first floor ablution block.

The slippage of £10,592k relates to the Blue Light Hub project, which is due for completion in 2019/20. The contractors have taken control of the site with ground works commencing in April 2018. It is unlikely the full budget will be utilised in the current year as the build plan is over two financial years and therefore we expect a large proportion of the budget to slip into next financial year. Previously the project was projecting a £793k overspend in relation to the delays in the project. As previously reported, a paper was presented to Executive Committee in September detailing a more up to date cost for the construction and the additional budget was approved by the Executive Committee.

Fire Appliances & Equipment

For 2018/19, a budget of £641k was approved for the purchase of two red fleet appliances, hydraulic equipment and operational equipment. Orders placed for the two red fleet appliances, with delivery expected in the last quarter of 2018/19. The order for the hydraulic equipment is complete and received by the Authority. Operational equipment will be purchased throughout the financial year in line with the equipment replacement programme.

A slippage of £558k was brought forward from 2017/18 capital programme, which relates to the purchase of; CCTV, two red fleet appliances, one white fleet vehicle, digital radios and operational equipment. The white fleet vehicle relates to the USAR dog handler van, which was delivered to the Authority in August. The two red fleet appliances delivery is expected in November. Identifying a suitable supplier to source new digital radios is ongoing as the new radios need to be compatible with our current operational equipment. Our R&D lead has liaised with R&D counterparts in Oxfordshire FRS & Royal Berkshire FRS to look at the possibility of sourcing the radios collaboratively.

Support

Including the slippage from 2017/18, ICT have a budget of £142k, which predominantly relates to the purchase of hardware as per the ICT replacement strategy. Spend to date currently relates to the replacement of hardware such as laptops and other ICT equipment.

8. Reserves

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

Reserves	Balance at start of year £000	Projected Movement £000	Balance at Year end £000
General Fund	-1,500	-204	-1,704
Earmarked Reserves (Revenue)	-1,879	74	-1,805
Earmarked Reserves (Capital)	-6,348	3,980	-2,368
Total	-9,727	3,850	-5,877

* Earmarked Reserves (Revenue) includes a projected balance of £476k at the end of the year, which represents this Authority's share of the joint control room renewals fund (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	2017/18 Actual	2018/19 Target	2018/19 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	91%	100.0%	100.0%
Budget Mon. Report turn-around (working days)	7 days	7 days	6 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 percentage of invoices paid on time is 100%. Suppliers have been reminded to send all invoices directly to finance which has resulted in no delays in making payments to suppliers.

10. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2017/18	Q1	Q2
Debts over 60 days overdue	£8,043	£8,267
Total Debt outstanding	£48,350	£33,445
Debts over 60 days overdue as a % of total debt outstanding	17%	33%
Average time from raising invoices to receipt of income	6 days	5 days

The above figures show the quarterly average of debt during 2018/19. As at the end of September, the average total debt outstanding was £33k of which £8k relates to debt 60 days overdue. Total debt outstanding as at the end of September 2018 was £53k, with the actual value of debts over 60 days overdue being £8k.

The majority of the debts (60%) over 60 days overdue at the end of September 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.

A further 20% relates to recovery of employee pension contributions, 4% relates to recovery of BLV Tax payment reclaim, 10% relates to small value invoices which have since been paid and the remaining 6% is for recovery of employee benefits which is being recovered in installments.

The average time from raising invoices to receipt of income is 5 days.