



Buckinghamshire & Milton Keynes Fire Authority

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| MEETING | Executive Committee |
| DATE OF MEETING | 10 July 2019 |
| OFFICER | Mark Hemming, Director of Finance & Assets |
| LEAD MEMBER | Lead Member for Finance, IT & Procurement |
| SUBJECT OF THE REPORT | Budget Monitoring Performance and Debt Management April 2018 – March 2019 (Provisional Outturn) |
| EXECUTIVE SUMMARY | <p>To present the provisional revenue and capital outturn position and debt management performance to 31 March 2019.</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 £520k. This represents a 1.83% variance against the budget. The amount has been transferred to the Revenue Contribution to Capital Reserve in accordance with the approved Reserves Strategy.</p> |
| ACTION | Decision / Noting |
| RECOMMENDATION | <ol style="list-style-type: none"> 1. That the provisional outturn forecast for the Authority as at 31 March 2019 be noted. 2. That the slippage of £6,378k on the capital programme is approved to be carried forward into 2019/20. 3. That the Authority approve £204k to be transferred into the future funding revenue reserve to fund projects which have slipped during 2018/19. 4. That delegated authority be given to the Chief Finance Officer 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. 5. That should any changes to the amounts referred to above be required, then the Chief Finance Officer will report these to Members at |

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| | 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 | Background Medium Term Financial Plan 2018/19 to 2020/21, CFA Meeting 8 February 2018: https://bucksfire.gov.uk/files/3015/1782/9183/ITEM_7c_Medium_Term_Financial_Plan_2018-19_20-21.pdf |
| APPENDICES | Appendix A – Budget Monitoring Performance and Debt Management April – March 2019 |
| TIME REQUIRED | 10 Minutes |
| REPORT ORIGINATOR AND CONTACT | Asif Hussain ahussain@bucksfire.gov.uk 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 2019. The budget of £28.5m is compared to the outturn to give a year-end underspend of £520k.

| Directorate | Area Manager | Total Plan £ | Provisional Out-turn £ | Year End Variance £ |
|---|------------------------|--------------------|------------------------------|---------------------------|
| Corporate Core | Corporate Management | 1,021,590 | 995,459 | -26,131 |
| | Legal & Governance | 323,750 | 368,783 | 45,033 |
| Corporate Core Total | | 1,345,340 | 1,364,243 | 18,903 |
| Finance & Assets | Finance & Procurement | 951,690 | 933,089 | -18,601 |
| | Resource Management | 1,820,410 | 1,968,307 | 147,897 |
| Finance & Assets Total | | 2,772,100 | 2,901,396 | 129,296 |
| People & Organisation Development | Training & Development | 2,223,560 | 1,874,542 | -349,018 |
| | Operations & Services | 719,570 | 814,608 | 95,038 |
| People & Organisation Development Total | | 2,943,130 | 2,689,150 | -253,980 |
| Delivery, Corporate Development & Planning | Service Delivery | 16,331,300 | 15,691,644 | -639,656 |
| | Service Development | 502,810 | 360,083 | -142,727 |
| | IT & Communications | 1,700,930 | 1,714,291 | 13,361 |
| Delivery, Corporate Development & Planning Total | | 18,535,040 | 17,766,018 | -769,022 |
| Statutory Accounting & Contingency | Capital Charges | 2,122,000 | 2,122,000 | 0 |
| | Contingency | 494,760 | 1,169,815 | 675,055 |
| | Non Distributed Costs | 229,500 | 229,514 | 14 |
| | Savings | 50,230 | 0 | -50,230 |
| Statutory Accounting & Contingency Total | | 2,896,490 | 3,521,329 | 624,839 |
| Total Expenditure | | 28,492,100 | 28,242,135 | -249,965 |
| Total Funding | | -28,492,100 | -28,762,091 | -269,991 |
| Net Position | | 0 | -519,956 | -519,956 |

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

Finance & Assets £129k 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 one-off onboarding costs for moving to the Fire and Rescue Indemnity Company (FRIC) and the under achievement on solar income contribute to the adverse variance.

People & Organisation Development (POD) £254k under - The overall underspend predominantly relates to the limited uptake of the sponsorship of apprentices at other organisations scheme which resulted in a £213k underspend. 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 pay scale.

The underspend would have been offset by a projected spend of £55k against one-off projects in relation to equal pay audit and review of senior pay methodology/bandings which have slipped and therefore a request has been made to carry forward the budget into 2019/20.

Delivery, Corporate Development & Planning £769k 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 wholetime stations being under established. The under established wholetime stations have a direct impact on the bank system as the cover provided to the stations is charged to the bank budget. Therefore underspends in under established stations are offset by overspends shown within the bank system.

Statutory Accounting & Contingency £625k over - The 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 March 2019, a further 16 apprentice firefighters were recruited and are currently undergoing their training. Included within the £625k overspend is a previously approved transfer of £366k to an earmarked reserve to use in 2019/20 in line with the Medium Term Financial Plan.

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 2019.

| Staffing | Total Plan £ | Provisional Out-turn £ | Year End Variance £ |
|--------------------|-------------------------|---------------------------------------|------------------------------------|
| Wholetime | 12,976,190 | 12,792,602 | -183,588 |
| On-Call | 1,640,690 | 984,881 | -655,809 |
| Apprentices | 0 | 728,175 | 728,175 |
| Support | 4,181,190 | 4,112,653 | -68,537 |
| Technicians | 255,700 | 248,230 | -7,470 |
| Sessional | 105,070 | 67,384 | -37,686 |
| Agency Staff | 12,000 | 201,878 | 189,878 |
| Grand Total | 19,170,840 | 19,135,804 | -35,036 |

Wholetime – The underspend relating to the wholetime firefighter’s budget is due to establishment levels being lower than budgeted.

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

Apprentices – The expenditure for apprentices is seen under contingency. Apprentices assist in ensuring sufficient staff numbers are available to deliver our resourcing model. The overspend in apprentice costs is offset by the underspends seen in wholetime and on-call budgeted establishments.

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 wholetime operational staff costs from 2014/15 onwards, with Bank payments forming a significant part of these from 2015/16.

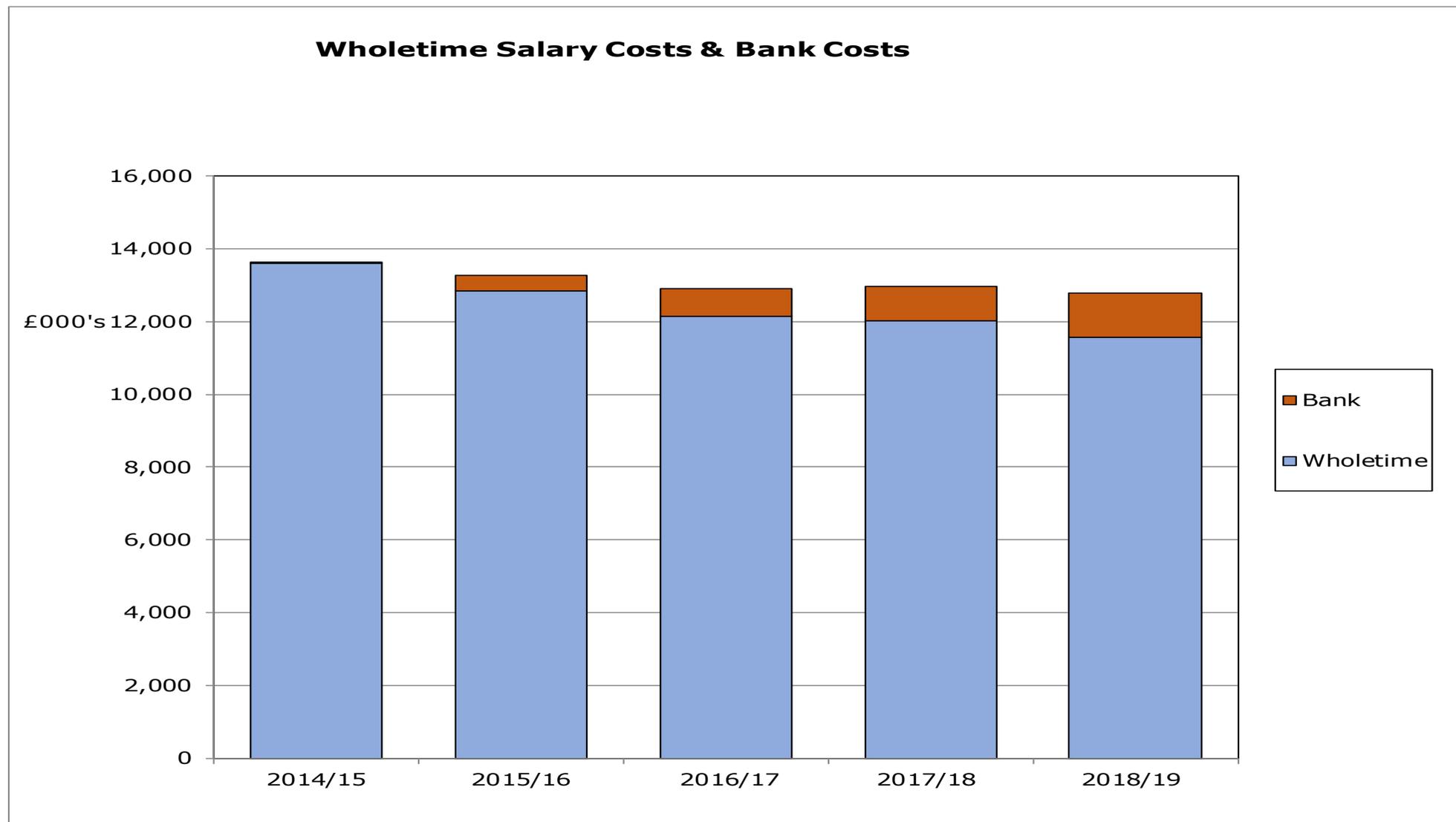


Table 3

| WT & Bank - including NI and Pension | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| WT & Bank | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| Wholetime | 13,603,248 | 12,844,792 | 12,133,692 | 12,011,914 | 11,563,935 |
| Bank | 24,592 | 411,864 | 766,632 | 953,506 | 1,228,667 |
| Total | 13,627,840 | 13,256,657 | 12,900,324 | 12,965,420 | 12,792,602 |

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 Plan £ | Provisional Out-turn £ | Year End Variance £ |
|----|----------------------------------|-------------------------|---------------------------------------|------------------------------------|
| A. | Employee Direct Costs | 19,170,840 | 19,135,804 | -35,036 |
| B. | Knowledge & Information Services | 1,529,100 | 1,551,901 | 22,801 |
| C. | Employment Agencies /Consultants | 12,000 | 201,878 | 189,878 |

- The variances for A. and C. are as noted in Section 2 above.
- The variances in B predominantly relates to centralising the software budget which has resulted in disparate budgets being identified. The adverse variances relate to one-off costs which only impacted this financial year.

5. Funding

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

| Funding | Total Plan £ | Provisional Out-turn £ | Year End Variance £ |
|---------------------------|-------------------------|---------------------------------------|------------------------------------|
| Government Funding | -2,633,000 | -2,635,776 | -2,776 |
| Specific Grants | -1,097,330 | -1,097,792 | -462 |
| NNDR | -3,625,030 | -3,860,442 | -235,412 |
| Top-up / Pooling Receipts | -1,899,790 | -2,008,810 | -109,020 |
| Precept | -19,236,950 | -19,236,948 | 2 |
| Movement in Reserves | 0 | 77,677 | 77,677 |
| Grand Total | -28,492,100 | -28,762,091 | -269,991 |

Central Government revised their NNDR figures early in the year which initially resulted in additional NNDR funding of £58k. In March 2019, Central Government finalised the business rates relief reconciliation for 2017/18 tax loss payments which resulted in further funding of £99k. This additional funding is to ensure the government reimburse authorities for any loss of income incurred under the business rates retention scheme which is a result of tax changes announced at fiscal event. This type of funding is very difficult to project as it is based on data not available to the Fire Authority and we are only made aware of this allocation in the year it is made available.

In addition to the above, we received £78k in levy account surplus which is the additional allocation of funding which we were anticipating in 2019/20 and had accounted for this as part of our 2019/20 budget allocation. As a result of receiving this in 2018/19, we will need to transfer this into the future funding reserve to make use of in 2019/20.

Buckinghamshire Fire and Rescue service is also part of a pooling arrangement with local county and district councils. The gains in the pooling arrangement were higher than anticipated in the region of £109k which we were only informed of in the last quarter of 2018/19.

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, £133k from Delivery, Corporate Development and Planning.

| Directorate | Target Saving | Forecast Actual Saving | Under/ (Over) Recovery |
|--|----------------------|-------------------------------|-------------------------------|
| | £000 | £000 | £000 |
| 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 has 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. Supplies and services budget has 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 December:

| Project Name | Original Budget 2018-19 | Carry Forwards from 2017-18 | In Year Approvals | Revised Budget 2018-19 | Actual Year to Date | Slippage | Year End Variance |
|--|----------------------------|-----------------------------------|----------------------|---------------------------|------------------------|------------------|----------------------|
| Property | 500,000 | 441,694 | 0 | 941,694 | 500,115 | 0 | -441,579 |
| Property Review | 0 | 10,592,086 | 1,741,000 | 12,333,086 | 6,318,544 | 5,874,542 | -140,000 |
| Property Portfolio | 500,000 | 11,033,780 | 1,741,000 | 13,274,780 | 6,818,659 | 5,874,542 | -581,579 |
| CCTV Cameras | 0 | 40,719 | 0 | 40,719 | 16,234 | 24,485 | -0 |
| Operational Vehicles Red Fleet | 500,000 | 329,886 | 0 | 829,886 | 515,230 | 314,656 | 0 |
| Operational Vehicles White Fleet | 0 | 26,094 | 0 | 26,094 | 27,577 | 0 | 1,483 |
| Hydraulic Equipment | 56,000 | 0 | 0 | 56,000 | 51,980 | 4,020 | 0 |
| Digital Radios | 0 | 90,000 | 0 | 90,000 | 0 | 90,000 | 0 |
| Operational Equipment | 85,000 | 71,776 | 0 | 156,776 | 124,527 | 32,249 | 0 |
| Fire Appliances & Equipment | 641,000 | 558,475 | 0 | 1,199,475 | 735,548 | 465,410 | 1,483 |
| ICT | 75,000 | 66,740 | 0 | 141,740 | 103,355 | 38,385 | 38,385 |
| Support | 75,000 | 66,740 | 0 | 141,740 | 103,355 | 38,385 | 38,385 |
| Total | 1,216,000 | 11,658,996 | 1,741,000 | 14,615,996 | 7,657,563 | 6,378,337 | -541,711 |

Funding

The capital programme will be funded as follows:

| Funding | £'000 |
|----------------------------------|--------------|
| Revenue Contributions to Capital | 4,832 |
| Capital Receipts | 585 |
| Transformation Fund | 2,241 |
| Total | 7,658 |

Property Portfolio

One of the major capital projects completed in September this year related to the replacement of the air ventilation system at brigade headquarters. Several stations have had enhancements carried out such as refurbishment of ablution blocks and general refurbishments. Broughton Fire Station had emergency works carried out in the male ablution blocks as a result of flooding which were completed in the last quarter of 2018/19. Property is projecting an underspend of £442k which is a result of the team achieving value for money when procuring contracts and due to the main focus currently on the completion of the Blue Light Hub build.

The build of the Blue Light Hub is progressing well and we are past the halfway mark of the build with the main structure in place now. It is anticipated the project will be completed in Autumn/Winter 2019 and therefore a slippage request of £5,875k has been made for the remaining budget.

The total slippage of £5,875k 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 two more appliances in 2018/19 which are now operational. These appliances will replace our older fleet which have come to the end of their useful life. A slippage request of £315k has been made for a further two appliances which are currently in the build stage and expected to be delivered in the second quarter of 2019/20.

Other areas of spend relate to the purchase of a USAR canine vehicle and the purchase of operational equipment to replace our end of life equipment. The portfolio is also seeing a slippage in CCTV, hydraulic equipment and operational equipment totaling £60k as a result of orders being placed but not being delivered until the new financial year.

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 Research & Development (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. Therefore, the procurement of radios will take place in 2019/20 and will result in a £90k slippage.

The total slippage of £465k is requested for the Fire Appliance and Equipment portfolio.

Support

Including the slippage from 2017/18, ICT had a budget of £142k, which predominantly relates to the purchase of hardware as per the ICT replacement strategy. The in year spend related to the replacement of hardware such as laptops and other ICT equipment. A slippage of £38k is being requested which relates to hardware purchases which will be delivered in 2019/20.

The total slippage of £38k is requested for the Support portfolio.

Slippage into 2018/19

The provisional outturn figure is showing a slippage of £6,378k (subject to any late accounting changes). Members are requested to approve the slippage of this budget into 2019/20.

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 year-end balance £000 |
|-------------------------------|--|------------------------------------|--|
| General Fund | -1,500 | - | -1,500 |
| Earmarked Reserves (Revenue)* | -1,879 | 61 | -1,818 |
| Earmarked Reserves (Capital) | -6,348 | 2,268 | -4,080 |
| Total | -9,727 | 2,329 | -7,397 |

* This figure includes £480k, 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 | 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 2018/19 | Q1 | Q2 | Q3 | Q4 |
|---|---------|---------|---------|---------|
| Debts over 60 days overdue | £8,043 | £8,267 | £11,335 | £5,681 |
| Total Debt outstanding | £48,350 | £33,445 | £37,577 | £37,648 |
| Debts over 60 days overdue as a % of total debt outstanding | 17% | 33% | 32% | 15% |
| Average time from raising invoices to receipt of income | 6 days | 5 days | 9 days | 6 days |

The above figures show the quarterly average of debt during 2018/19. As at the end of March, the average total debt outstanding was £38k of which £6k relates to debt 60 days overdue. Total debt outstanding as at the end of March 2019 was £29k, with the actual value of debts over 60 days overdue being £5k.

A sizeable portion of the debt (62%) over 60 days overdue at the end of March 2019 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 31% relates to recovery of employee pension contributions and 7% relates to recovery of other payments.

The average time from raising invoices to receipt of income is 6 days.