



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	16 October 2019
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor Hopkins
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April – September 2019
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 September 2019.</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 September 2019, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £161k, against a revenue budget of £30.332m.</p>
ACTION	Note
RECOMMENDATION	<ol style="list-style-type: none"> 1. That the latest projected outturn forecast for the Authority as at 30 September 2019 be noted. 2. That the planned transfer of £444k from reserves is not made in 2019-20.
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	None.

DIVERSITY	
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 2019/20 to 2021/22, CFA Meeting 8 February 2019: https://bucksfire.gov.uk/files/2715/4894/2543/ITEM_8c_Medium_Term_Financial_Plan_2019-20qb.pdf
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – September 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 actual expenditure for each directorate as at the end of September 2019. The budget of £30.3m is compared to the forecast outturn to give a forecast year-end underspend of £161k.

Directorate	Area Manager	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	Corporate Management	1,073,900	490,634	1,016,345	-57,555
	Legal & Governance	328,170	162,654	335,078	6,908
Corporate Core Total		1,402,070	653,289	1,351,423	-50,647
Finance & Assets	Finance & Procurement	886,550	374,880	800,705	-85,845
	Resource Management	2,950,150	1,516,199	3,006,686	56,536
Finance & Assets Total		3,836,700	1,891,079	3,807,391	-29,309
People & Organisation Development	Training & Development	1,999,300	1,475,638	1,921,846	-77,454
	Operations & Services	687,440	328,675	752,056	64,616
People & Organisation Development Total		2,686,740	1,804,313	2,673,902	-12,838
Delivery, Corporate Development & Planning	Service Delivery	17,321,950	7,278,984	16,220,520	-1,101,430
	Service Development	517,710	328,207	512,228	-5,482
	IT & Communications	1,820,470	1,070,690	1,768,055	-52,415
Delivery, Corporate Development & Planning Total		19,660,130	8,677,882	18,500,803	-1,159,327
Statutory Accounting & Contingency	Capital Charges	1,713,000	0	2,203,000	490,000
	Contingency	795,090	0	1,176,212	381,122
	Non Distributed Costs	229,500	109,532	229,236	-264
	Savings	9,230	0	0	-9,230
Statutory Accounting & Contingency Total		2,746,820	109,532	3,608,448	861,628
Total Expenditure		30,332,460	13,136,095	29,941,967	-390,493
Total Funding		-30,332,460	-14,909,222	-30,102,649	229,811
Net Position		0	-1,773,127	-160,682	-160,682

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

Corporate Management £51k under – The underspend predominantly relates to a restructure of the Senior Management team whereby the Director of People & Organisational Development post has been removed.

Finance & Assets £29k under – This underspend is mainly attributable to employee costs as a result of vacant posts which are currently being filled with temporary fixed term posts and agency cover. In addition to this, a reduction in the cost of the new arrangement with the Fire and Rescue Indemnity Company (FRIC) compared to the original estimate has also contributed to the favourable variance.

People & Organisational Development (POD) £13k under - The overall underspend predominantly relates to the Human Resources restructure which went live 1 August 2019. As a result of the restructure, underspends are seen within employee costs due to vacant posts or new starters not at the top of their pay scale. In addition to this there was a vacant post within the operational training team for the first quarter, which has now been filled.

Delivery, Corporate Development & Planning £1,159k under - The overall underspend for the directorate is primarily due to on-call firefighter employment being significantly below budgeted establishment levels. Furthermore there are several vacant Wholetime posts throughout the Fire Authority which also contribute towards the favourable variance. 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 partially offset by overspends shown within the bank system.

Statutory Accounting & Contingency £862k over - The costs for all firefighter apprentices are seen within here and therefore the overspend seen within Contingency primarily relates to their employee and training costs. In March 2019, a further 16 apprentice firefighters were recruited of which 13 completed their training and are now station based. From the remaining three, one is still to complete their training and two have left the apprenticeship. In total, we currently have 39 firefighter apprentices in post of which 13 are due to complete their apprenticeship in September 2019 and will be offered substantive Wholetime posts.

The overspend of £490k seen within Capital Charges relates to the additional in-year revenue contribution to capital approved by the Fire Authority at its meeting on 18 September 2019.

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 2019.

Staffing	Total Plan £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Wholetime	14,582,770	6,750,955	14,331,864	-250,906
On-Call	1,811,310	551,459	969,516	-841,794
Apprentices	0	666,809	898,767	898,767
Support	4,345,200	2,017,523	4,100,832	-244,368
Technicians	281,410	108,005	245,480	-35,930
Sessional	90,790	18,702	51,024	-39,766
Agency Staff	57,000	81,433	197,187	140,187
Grand Total	21,168,480	10,194,885	20,794,670	-373,810

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 2015/16 onwards, with Bank payments forming a significant part of these from 2016/17. The total costs for 2019/20 for wholetime (excluding bank costs) have increased due to increases in employer contributions following Government's decision to decrease the discount rate used to value unfunded public sector pension schemes.

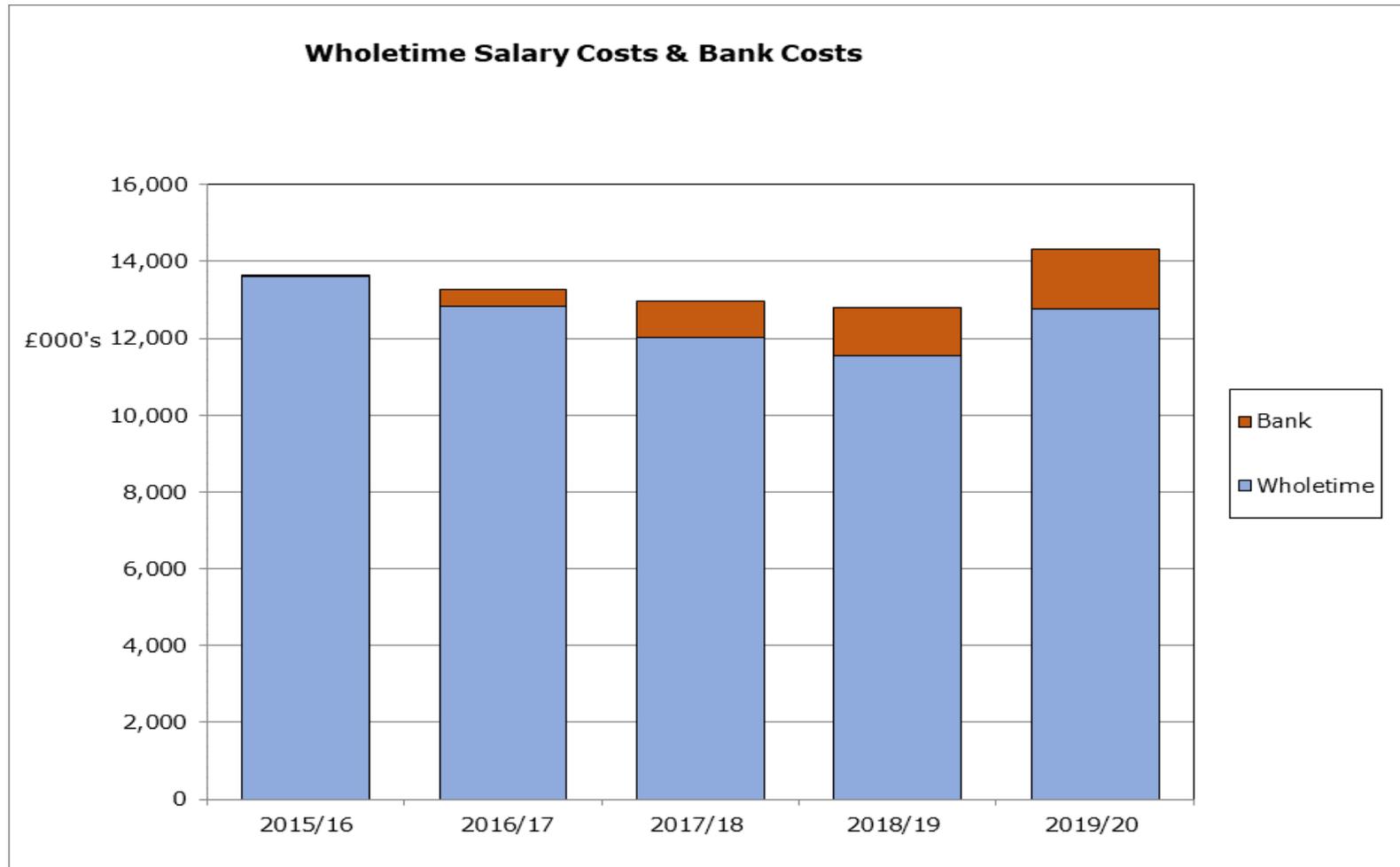


Table 3

WT & Bank - including NI and Pension					
WT & Bank	2015/16	2016/17	2017/18	2018/19	2019/20
Wholetime	13,603,248	12,844,792	12,011,914	11,563,935	12,776,864
Bank	24,592	411,864	953,506	1,228,667	1,555,000
Total	13,627,840	13,256,657	12,965,420	12,792,602	14,331,864

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 wholetime 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.

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	21,111,480	10,113,452	20,597,483	-513,997
B.	Knowledge & Information Services	1,647,210	996,879	1,607,399	-39,811
C.	Employment Agencies /Consultants (Part of Direct Employees Costs)	57,000	81,443	197,187	140,187

- The variances for A. and C. are as noted in Section 2 above.
- The variance for B is closely being monitored due to the disparate software budgets identified in the previous year to ensure the budget reflects forecast expenditure.

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	-3,321,000	-1,454,722	-3,494,000	-173,000
Specific Grants	-1,097,330	-698,159	-1,106,441	-9,111
NNDR	-3,662,820	-1,972,995	-3,694,933	-32,113
Top-up / Pooling Receipts	-1,892,000	-753,909	-1,813,965	78,035
Precept	-19,993,310	-10,029,438	-19,993,310	0
Movement in Reserves	-366,000	0	0	366,000
Grand Total	-30,332,460	-14,909,222	-30,102,649	229,811

The level of funding (excluding the top-up funding and reserves) is forecast to exceed the original budget by £214k, which is predominantly due to the Treasury (Central Government) making additional funds (£173k) available to cover the increased cost of pensions as a result of the changes in employer pension contributions (notification of this increase was not provided until after the budget had been approved). The remaining increase (£32k) in funding was in relation to additional business rates income due to the rate used to compensate for under-indexation of the top-up grant being greater than estimated at the time the budget was set.

As per recommendation 2, due to the current levels of underspend, the planned transfer from reserves (£444k) will no longer take place in 2019/20. These transfers were planned to offset the funding shortfall originally forecast for 2019/20. Of the £444k variance, £366k is shown within Movements in Reserves and £78k within Top-up Funding (the latter being funding originally forecast to be received in 2019/20 but received at the end of 2018/19).

This results in an overall net adverse variance of £230k in funding.

6. Capital Summary

The capital programme for 2019/20 is £9.465m, which includes £6.378m worth of carry forward capital projects from 2018/19.

Project Name	Original Budget 2019/20 £	Carry Forwards 2018/19 £	In Year Approvals	Revised Budget 2019/20 £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Property	500,000	0	0	500,000	57,277	500,000	0
Property Review	0	5,874,542	1,866,000	7,740,542	3,723,437	7,740,542	0
Total Property Portfolio	500,000	5,874,542	1,866,000	8,240,542	3,780,714	8,240,542	0
CCTV Cameras	0	24,485	0	24,485	0	0	-24,485
Digital Radios	0	90,000	0	90,000	0	90,000	0
Hydraulic Equipment	56,000	4,020	0	60,020	15,887	60,020	0
Operational Equipment	90,000	32,249	0	122,249	18,991	122,249	0
Operational Red Fleet Vehicles	500,000	314,656	0	814,656	205,403	814,656	0
Total Fire Appliances & Equipment	646,000	465,410	0	1,111,410	240,281	1,086,925	-24,485
ICT	75,000	38,385	0	113,385	90,538	113,385	0
Total Support	75,000	38,385	0	113,385	90,538	113,385	0
Grand Total	1,221,000	6,378,337	1,866,000	9,465,337	4,111,533	9,440,852	-24,485

7. Capital Funding

The funding table provides a breakdown of how the capital programme will be funded.

Funding	Balance at 1 April 2019 £	Estimated Transfers (in) £	Estimates Transfers Out £	Estimate Balance at 31 March 2020 £
Revenue Contribution to Capital	-4,080,000	-2,156,000	5,949,013	-286,987
Other Capital Contributions	0	-3,446,000	3,446,000	0
Capital Receipts	0	-45,839	45,839	0
Total Capital Funding	-4,080,000	-5,647,839	9,440,852	-286,987

Property Portfolio

Property has been allocated £500k for 2019/20 in order to carry out essential property repairs. Actual capital expenditure includes the replacement of the air handling system located at Marlow Fire Station with the completion expected during quarter three of the current financial year. Along with minor works at both Aylesbury and Stokenchurch Fire Stations and the purchase of furniture for BHO and Unit 7.

The carry-forward slippage from 2018/19 of £5.875m for Property Review relates to the Blue Light Hub (BLH) project, which is anticipated to be completed by the end of the 2019/20 financial year. An additional £1,866k has been approved for expenditure on the BLH, including the completion of a decked car park and the fit-out of the top floor for leasing to third parties at a commercial rate.

Fire Appliances & Equipment

A capital budget of £646k for 2019/20 has been allocated for the purchase of hydraulic equipment, operational equipment and operational vehicles red fleet. Hydraulic equipment will be purchased in line with delivery of red fleet appliances and to replace ageing hydraulic equipment that is nearing the end of its useful life. Operational Equipment will be purchased throughout 2019/20, in line with the equipment replacement programme with actual capital expenditure year to date being spent on fire hoses and rescue kits. Several new operational red fleet vehicles have been introduced to the fleet in recent years and this is in line with the fleet strategy. A further two red fleet appliances are projected to be delivered during 2019/20 and this is to replace the ageing fleet, which have come to the end of their useful life.

The carry-forward slippage of £465k from 2018/19 relates to the purchase of: CCTV, digital radios, hydraulic equipment, operational equipment and operational red fleet vehicles. During September 2019, it was agreed no further capital expenditure is expected on CCTV and therefore has been offered up as a saving and this has been reflected in the forecasts. Currently discussions are underway with the capital purchase of digital radios, with the Research and Development lead collaborating with other Thames Valley Fire Services to scope the possibility of a joint purchase. Slippage seen on operational equipment and operational red fleet vehicles relate to the delay in delivery of two red fleet appliances (relating to 2018/19), which are now in service.

Support

ICT has been allocated £75k for 2019/20, along with a carry-forward slippage of £38k, which will predominantly be utilised to purchase hardware, as per the ICT replacement strategy. Actual capital expenditure to date include laptops, tablets and cabling works.

8. Reserves

The reserves table provides a breakdown of the general fund and earmarked reserves (revenue and capital).

Reserves	Balance at Start of year £000	Projected Movement £000	Balance at End of Year £000
General Fund	-1,500	-161	-1,661
Earmarked Reserves (Revenue)	-1,818	216	-1,602
Earmarked Reserves (Capital)	-4,080	3,793	-287
Total	-7,397	3,848	-3,549

9. Performance Indicators

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

Description	2018/19 Actual	2019/20 Target	2019/20 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	91.0%	100.0%	100.0%
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 percentage of invoices paid on time is 100%. Suppliers have been reminded to send all invoices directly to finance.

10. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2019/20	Sept
Debts over 60 days overdue	£9,594
Total Debt outstanding	£37,900
Debts over 60 days overdue as a % of total debt outstanding	25%
Average time from raising invoices to receipt of income	9 days

The above figures show the quarterly average of debt during 2019/20. As at the end of September, the total debt outstanding was £26k, with the actual value of debts over 60 days overdue being £10k.

31% of the debts over 60 days overdue at the end of September 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. 66% relates to recovery of employee pension contributions. 2% relates to small value invoices which are being actively chased. The remaining 1% is for recovery of employee benefits which is being recovered in installments.

The average time from raising invoices to receipt of income is 9 days.