



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	5 February 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April – November 2019
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 November 2019.</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 November 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 £103k, against a revenue budget of £30.332m.</p>
ACTION	Noting
RECOMMENDATION	That the latest projected outturn forecast for the Authority as at 30 November 2019 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	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 2019/20 to 2021/22, CFA Meeting 8 February 2019: https://bucksfire.gov.uk/files/2715/4894/2543/ITEM_8c_Medium_Term_Financial_Plan_2019-20gb.pdf
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – November 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 November 2019. The budget of £30.3m is compared to the forecast outturn to give a forecast year-end underspend of £103k.

Directorate	Area Manager	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	Corporate Management	1,089,200	621,906	1,023,144	-66,056
	Legal & Governance	332,100	212,508	336,671	4,571
Corporate Core Total		1,421,300	834,414	1,359,815	-61,485
Finance & Assets	Finance & Procurement	894,790	776,662	859,808	-34,982
	Resource Management	2,962,300	2,122,539	3,060,609	98,309
Finance & Assets Total		3,857,090	2,899,202	3,920,417	63,327
People & Organisation Development	Training & Development	2,020,400	1,968,212	1,892,519	-127,881
	Operations & Services	694,790	450,874	720,743	25,953
People & Organisation Development Total		2,715,190	2,419,086	2,613,262	-101,928
Delivery, Corporate Development & Planning	Service Delivery	17,538,300	10,103,572	16,373,551	-1,164,749
	Service Development	541,380	432,236	512,433	-28,947
	IT & Communications	1,810,900	1,192,369	1,825,189	14,289
Delivery, Corporate Development & Planning Total		19,890,580	11,728,177	18,711,173	-1,179,407
Statutory Accounting & Contingency	Capital Charges	1,713,000	0	2,273,000	560,000
	Contingency	500,000	0	893,387	393,387
	Non Distributed Costs	229,500	167,010	229,000	-500
	Savings	5,800	0	0	-5,800
Statutory Accounting & Contingency Total		2,448,300	167,010	3,395,387	947,087
Total Expenditure		30,332,460	18,047,889	30,000,054	-332,406
Total Funding		-30,332,460	-20,135,456	-30,102,649	229,811
Net Position		0	-2,087,568	-102,595	-102,595

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

Corporate Management £61k 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 £63k over – This overspend is mainly attributable to employee costs predominantly within workshops as a result of vacant technician post which are currently being filled with agency cover. In addition to this, the Equipment team and Property team have posts which have been job re-evaluated or awarded temporary ARA's which resulted in in-year overspends.

People & Organisational Development (POD) £102k 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 and a vacant position in the operational assurance team which is expected to be vacant until April 2020. Underspends are also being seen within supplies and services relating to operational assurance audit and consultancy fees, which have resulted in actual costs being lower than originally projected.

Delivery, Corporate Development & Planning £1,179k 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 £947k over - The costs for all firefighter apprentices are seen 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 14 completed their training and are now station based, with two leaving the apprenticeship. In total, we currently have 28 firefighter apprentices in post following 12 firefighter apprentices completing their apprenticeships in September and have been offered substantive Wholetime posts which they have transferred into.

The overspend of £560k seen within Capital Charges relates to the additional in-year revenue contribution to capital of which, £490k was approved by the Fire Authority at its meeting on 18 September 2019. The remaining £70k was approved by SMB for additional white fleet purchases within the capital programme.

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 November 2019.

Staffing	Total Plan £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Wholetime	14,793,540	9,198,455	14,356,606	-436,934
On-Call	1,824,350	763,208	939,518	-884,832
Apprentices	0	666,809	893,387	893,387
Support	4,412,090	2,720,273	4,157,190	-254,900
Technicians	285,800	146,908	243,893	-41,907
Sessional	90,790	32,386	59,976	-30,814
Agency Staff	57,000	81,433	202,286	145,286
Grand Total	21,463,570	13,609,472	20,852,856	-610,714

Wholetime – The underspend relating to the wholetime firefighters 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	13,018,606
Bank	24,592	411,864	953,506	1,228,667	1,338,000
Total	13,627,840	13,256,657	12,965,420	12,792,602	14,356,606

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	21,406,570	13,528,039	20,650,570	-756,000
B.	Knowledge & Information Services	1,635,830	1,097,773	1,649,543	13,713
C.	Employment Agencies /Consultants (Part of Direct Employees Costs)	57,000	81,433	202,286	145,286

- 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	-1,731,799	-3,494,000	-173,000
Specific Grants	-1,097,330	-902,300	-1,106,441	-9,111
NNDR	-3,662,820	-2,630,548	-3,694,933	-32,113
Top-up / Pooling Receipts	-1,892,000	-1,044,143	-1,813,965	78,035
Precept	-19,993,310	-13,826,667	-19,993,310	0
Movement in Reserves	-366,000	0	0	366,000
Grand Total	-30,332,460	-20,135,456	-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.

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 £9.535m, 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 £	Slippage £	Forecast Outturn £	Projected Year End Variance £
Property	500,000	0	0	500,000	115,753	0	500,000	0
Property Review	0	5,874,542	1,866,000	7,740,542	5,129,469	0	7,740,542	0
Total Property Portfolio	500,000	5,874,542	1,866,000	8,240,542	5,245,222	0	8,240,542	0
CCTV Cameras	0	24,485	0	24,485	0	0	0	-24,485
Digital Radios	0	90,000	0	90,000	0	0	90,000	0
Hydraulic Equipment	56,000	4,020	0	60,020	48,385	11,635	48,385	0
Operational Equipment	90,000	32,249	0	122,249	18,991	0	122,249	0
Operational Red Fleet Vehicles	500,000	314,656	0	814,656	205,403	256,300	558,356	0
Operational White Fleet Vehicles*	0	0	70,000	70,000	0	0	70,000	0
Total Fire Appliances & Equipment	646,000	465,410	70,000	1,181,410	272,779	267,935	888,990	-24,485
ICT	75,000	38,385	0	113,385	92,602	0	113,385	0
Total Support	75,000	38,385	0	113,385	92,602	0	113,385	0
Grand Total	1,221,000	6,378,337	1,936,000	9,535,337	5,610,604	267,935	9,242,917	-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	-2,226,000	5,730,827	-575,173
Other Capital Contributions	0	-3,446,000	3,446,000	0
Capital Receipts	0	-66,090	66,090	0
Total Capital Funding	-4,080,000	-5,738,090	9,242,917	-575,173

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, along with minor works at both Aylesbury and Stokenchurch Fire Stations and the purchase of furniture for BHQ 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 £1.866m has been approved in-year for further capital 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 £0.646m 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. A slippage of £0.012m is being projected for hydraulic equipment. 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. This is in line with the fleet strategy aiming to replace the ageing fleet, which have come to the end of their useful life. A slippage of £0.256m is anticipated following the delay in delivery of a further two red fleet appliances, which are currently in the build stage and are expected to be delivered in the next financial year (2020/21). Operational white fleet vehicles are projecting a spend of £0.070m. This relates to the purchase and fit out of four white fleet vehicles, which will be used as emergency response vehicles.

The carry-forward slippage of £0.465m 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 regarding 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 £0.075m for 2019/20, along with a carry-forward slippage of £0.038m, 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	-103	-1,603
Earmarked Reserves (Revenue)	-1,818	216	-1,602
Earmarked Reserves (Capital)	-4,080	3,505	-575
Total Reserves	-7,398	3,618	-3,780

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	August	September	November
Debts over 60 days overdue	£9,468	£9,594	£9,508
Total Debt outstanding	£37,157	£37,900	£50,756
Debts over 60 days overdue as a % of total debt outstanding	27%	15%	18.75%
Average time from raising invoices to receipt of income	9 days	9 days	15 days

The above figures show the average debt during 2019/20 in the respective months being reported. As at the end of November, the total debt outstanding was £51k, with the actual value of debts over 60 days overdue being £10k.

33% of the debts over 60 days overdue at the end of November 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. 64% 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 15 days.