



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	7 February 2018
OFFICER	David Sutherland, Director of Finance & Assets
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April – November 2017
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 30 November 2017.</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 30 November 2017, together with the projected outturn position for the financial year.</p> <p>Managers have positively and proactively controlled spend and forecast an underspend of £262k, against a revenue budget of £28.210m. This represents a 0.93% variance against the budget.</p> <p>This is a decrease in the forecast underspend of £401k since Quarter 2. The main reasons for the movement in the forecast are:</p> <ul style="list-style-type: none"> • The £240k underspend relating to joint funding for sprinklers has been transferred to the sprinkler reserve • The £150k planned transfer from the sprinkler reserve will not be transferred this year. <p>Both of the above were approved by the Committee at its meeting on 22 November 2017.</p>
ACTION	Noting.
RECOMMENDATIONS	<ol style="list-style-type: none"> 1. That the latest projected outturn forecast for the Authority as at 30 November 2017 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	<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 – November 2017
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	<p>Taiye Sanwo (Revenue) and Asif Hussain (Capital)</p> <p>tsanwo@bucksfire.gov.uk</p> <p>ahussain@bucksfire.gov.uk</p> <p>01296 744425 and 01296 744421</p>

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 November 2017. The budget of £28.210m is compared to the forecast outturn to give a forecast year-end underspend of £262k.

Directorate	Area Manager	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	Corporate Management	1,035,110	650,912	934,585	-100,525
	Legal & Governance	296,560	184,041	311,513	14,953
Corporate Core Total		1,331,670	834,952	1,246,098	-85,572
Finance & Assets	Finance & Procurement	897,390	697,734	923,570	26,180
	Resource Management	2,015,100	1,511,831	2,052,889	37,789
Finance & Assets Total		2,912,490	2,209,566	2,976,459	63,969
People & Organisation Development	Training & Development	1,917,990	1,647,636	1,741,608	-176,382
	Operations & Services	709,350	551,016	711,242	1,892
People & Organisation Development Total		2,627,340	2,198,652	2,452,850	-174,490
Delivery, Corporate Development & Planning	Service Delivery	14,216,920	8,442,927	13,036,813	-1,180,107
	Service Development	488,110	423,692	475,004	-13,106
	Service Transformation	2,264,540	1,694,177	2,813,839	549,299
	IT & Communications	1,599,010	1,077,910	1,566,934	-32,076
Delivery, Corporate Development & Planning Total		18,568,580	11,638,706	17,892,590	-675,990
Statutory Accounting & Contingency	Capital Charges	1,976,000	0	1,984,000	8,000
	Contingency	595,020	0	843,586	248,566
	Non Distributed Costs	218,940	174,682	342,197	123,257
	Savings	-19,890	-169	0	19,890
Statutory Accounting & Contingency Total		2,770,070	174,512	3,169,783	399,713
Total Expenditure		28,210,150	17,056,388	27,737,780	-472,370
Total Funding		-28,210,150	-20,085,503	-28,000,150	210,000
Net Position		0	-3,029,115	-262,370	-262,370

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

Finance & Assets £64k over – This relates to overspends on employees and supplies and services budgets and under achievement of income. The overspends are offset by underspends on transport and premises related expenditure.

People & Organisation Development £174k under – The overall underspend contains a projected underspend on support apprentices in Prevention & Protection and Community Safety, as recruitment has been delayed due to changes in the apprenticeship frameworks. In addition, POD is forecast to underspend on its employees budget and over-achieve on the income budget due to the extension of seconded officers.

Delivery, Corporate Development & Planning £676k under - The underspend is mainly due to on-call firefighter employment being significantly below budgeted establishment levels. The overall wholetime firefighters budget is forecast to overspend.

The £240k underspend on joint funded sprinklers has now been transferred to the sprinklers reserve as there have been no costs to date and we are only expecting costs for up to two domestic systems over the remainder of the year.

Statutory Accounting & Contingency £400k 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. This area also shows some one-off costs of 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 November 2017.

Staffing	Total Plan £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Wholetime	12,645,445	8,244,069	12,788,319	142,874
Support	4,066,345	2,654,819	3,969,050	-97,295
On-Call	1,631,030	982,375	1,174,594	-456,436
Technicians	253,320	141,637	220,400	-32,920
Sessional	147,450	65,838	139,606	-7,844
Agency Staff	12,380	309,968	204,082	191,702
Grand Total	18,755,970	12,398,705	18,496,051	-259,919

Wholetime – The overall wholetime firefighters budget is forecast to over-spend due to higher bank costs than planned

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

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

Technicians – There is a forecast underspend as the vehicle workshop is under the established budget by one post.

Agency Staff – agency staff have been 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.

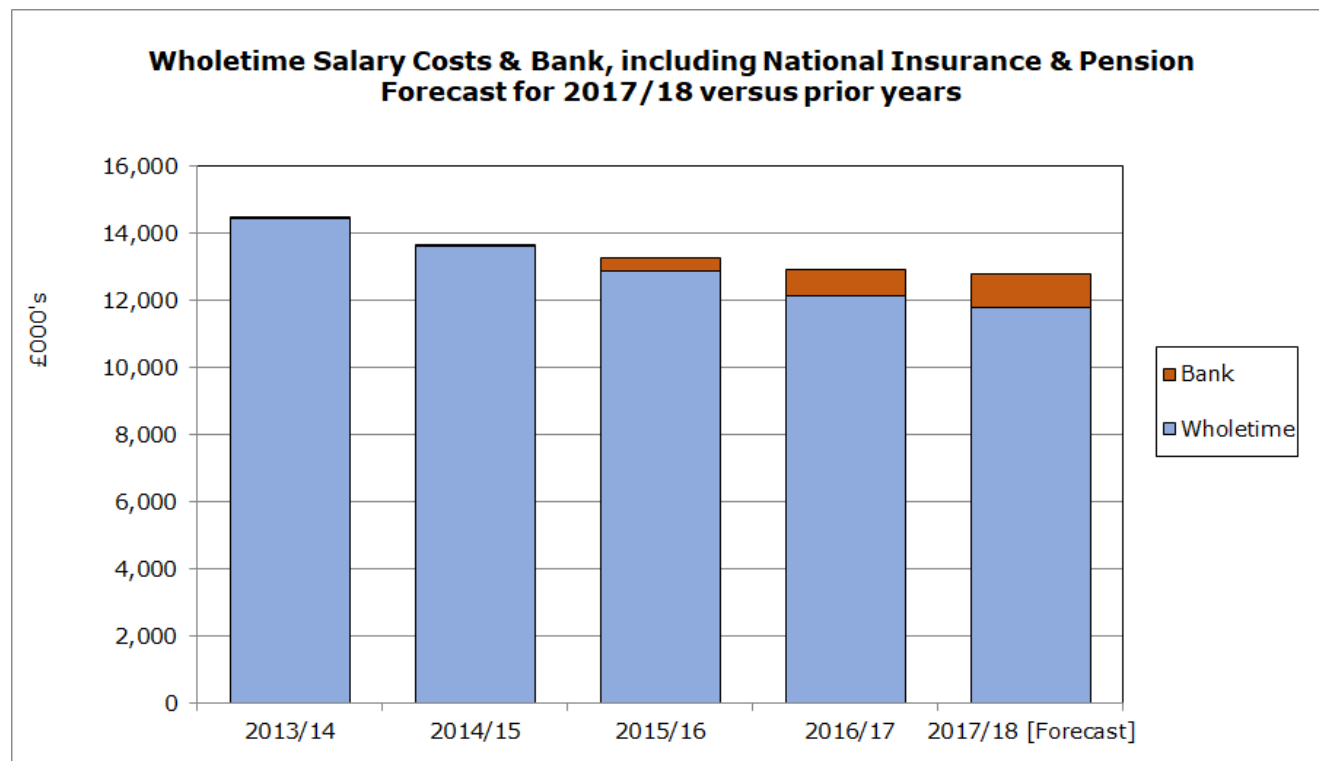


Table 3

Wholetime Salary & Bank Costs	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 (Forecast) £
Wholetime (WT)	14,425,095	13,603,248	12,844,792	12,133,692	11,783,319
Bank	4,236	24,592	411,864	766,632	1,005,000
Total WT and Bank	14,429,331	13,627,840	13,256,656	12,900,324	12,788,319

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	18,755,970	12,398,705	18,496,051	-259,919
B.	Knowledge & Information Services	1,482,670	1,024,079	1,502,499	19,829
C.	Fuel Charges	285,670	151,797	255,000	-30,670
D.	Energy / Utilities	251,020	95,573	208,508	-42,512
E.	Employment Agencies /Consultants	12,380	309,968	204,082	191,702

- The variances for A. and E. are as noted in Section 2 above.

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 £	Previous month Year End Variance £
Government Funding	-3,356,210	-3,156,528	-3,356,210	0	0
Specific Grants	-1,088,600	-770,221	-1,088,600	0	0
NNDR	-3,372,920	-2,350,551	-3,372,920	0	0
Top-up / Pooling Receipts	-1,914,720	-1,253,113	-1,854,720	60,000	60,000
Precept	-18,327,700	-12,555,090	-18,327,700	0	0
Movement in Reserves	-150,000	0	0	150,000	0
Grand Total	-28,210,150	-20,085,503	-28,000,150	210,000	60,000

Current projections show the majority of funding streams to budget with the exception of NNDR pooling arrangements.

The planned £150k use of reserves for Joint Funded Sprinklers will not be utilised this financial year.

6. Savings and efficiencies

Of the £2,184k savings offered up in the 2017/18 Medium Term Financial Plan, £18k is from Corporate Core, £108k from Finance & Assets, £10k from POD, £1,690k from Delivery, Corporate Development and Planning, £318k from Statutory Accounting & Contingency and £40k from Funding.

Directorate	Target Saving £000	Forecast Actual Saving £000	Under/ (Over) Recovery £000
Corporate Core	18	18	-
Finance & Assets	108	108	-
People & Organisation Development	10	10	-
Delivery, Corporate Development and Planning	1,690	1,690	-
Statutory Accounting & Contingency	318	318	-
Funding	40	40	-
Total Savings	2,184	2,184	-

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 savings primarily relate to the reduction in numbers of wholetime firefighters. The number of wholetime firefighters is currently slightly below the budgeted establishment level.

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	Commitments	Forecast Outturn	Slippage to 2018/19	Year End Variance
Property	500,000	150,000	0	650,000	144,312	8,240	250,000	400,000	0
Property Review	0	11,132,813	1,330,000	12,462,813	184,491	35,649	700,000	11,762,813	0
Sub Total	500,000	11,282,813	1,330,000	13,112,813	328,803	43,889	950,000	12,162,813	0
CCTV Cameras	0	51,250	0	51,250	0	0	51,250	0	0
Operational Vehicles Red Fleet	500,000	2,091,762	-36,500	2,555,262	1,663,936	618,290	2,175,262	300,000	-80,000
Operational Vehicles White Fleet	16,000	31,601	36,500	84,101	29,106	29,101	84,101	0	0
Hydraulic Equipment	56,000	0	0	56,000	51,980	0	51,980	0	-4,020
Digital Radios	90,000	0	0	90,000	0	0	90,000	0	0
Operational Equipment	85,000	54,053	0	139,053	30,220	2,500	139,053	0	0
Sub Total	747,000	2,228,666	0	2,975,666	1,775,242	649,891	2,591,646	300,000	-84,020
ICT	87,000	42,000	0	129,000	61,478	0	117,000	0	-12,000
Sub Total	87,000	42,000	0	129,000	61,478	0	117,000	0	-12,000
Total	1,334,000	13,553,479	1,330,000	16,217,479	2,165,523	693,780	3,658,646	12,462,813	-96,020

Capital Funding

The capital programme will be funded as follows:

Funding	Balance at 1 April 2017 £000	Estimated Transfers (In) £000	Estimated Transfers Out £000	Estimated Balance at 31 March 2018 £000
Usable Capital Receipts Reserve	(244)	(262)	12	(494)
Revenue Contribution to Capital	(6,156)	(2,825)	3,647	(5,334)
Transformation Funding	(2,248)	-	-	(2,248)
Total	(8,648)	(3,087)	3,659	(8,076)

Property Portfolio

Capital property works have progressed throughout this financial year in line with the property condition survey. Several stations have had works carried out such as refurbishment of ablution blocks, new bay doors and general refurbishments. Further works are planned to be completed in quarter 4 which relate to the refurbishment of the kitchen area at Aylesbury station and workshops.

Currently a slippage of £400k 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 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. Due to the main building works unlikely to take place until 2018/19, a slippage of £11,763k is currently being reported which will be slipped into next financial year.

Fire Appliances & Equipment

A budget of £747k was approved for the purchase of two red fleet appliances, one white fleet vehicle, operational equipment and digital radios. Orders have been placed for the two red fleet appliances, one white fleet vehicle and operational equipment. These two red fleet appliances are expected to be delivered in April 2018 resulting in a slippage of £300k to cover final stage payments.

A slippage of £2,217k was brought forward from 2016/17 capital programme which predominantly related to the purchase of eight operational and two training red fleet appliances (orders placed in 2016/17). Seven of these appliances have been delivered with the remaining three due to be delivered in quarter 4. Currently a £80k underspend is being projected which is due to the joint tender carried out with neighboring authorities achieving better economies of scales by ordering the appliances collaboratively.

In June, the Fire Authority approved the purchase of the USAR canine vehicle and equipment which will be funded from existing underspends in the red fleet budget. The vehicle is planned to be purchased later this financial year

Support

From the budget of £129k for ICT, £54k relates to the Wi-Fi upgrade and £75k is for the replacement of hardware. The initial Wi-Fi upgrade is complete but the on-going annual Wi-Fi updates are still due to take place. The Wi-Fi updates will need to be charged to revenue as it is an annual maintenance cost which cannot be capitalised. Therefore the revenue contribution to capital will be reduced by £12k and the funds will be transferred to the revenue budget to fund these costs.

The remaining budget of £75k allocated to hardware replacement, of which £39k has been spent on ICT hardware. Furthermore expenditure is planned for the rest of the year and therefore the £75k budget is forecast to be fully spent.

8. Reserves

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

Reserves	Balance at Start of Year £000	Projected Movement £000	Projected Balance at End of Year £000
General Fund	-3,036	773	-2,263
Earmarked Reserves (Revenue)*	-2,203	-137	-2,340
Earmarked Reserves (Capital)	-6,400	572	-5,828
Total	-11,639	1,208	-10,431

* Earmarked Reserves includes £369k, 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%	76%
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 rolling average for the percentage of invoices paid on time is 76%. This is due to the changeover of the new finance system between March and April.

10. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2017/18	Q1	Q2	As of November 2017
Debts over 60 days overdue	£14,864	£11,580	£11,943
Total Debt outstanding	£17,447	£38,912	£42,711
Debts over 60 days overdue as a % of total debt outstanding	88%	31.30%	30.55%
Average time from raising invoices to receipt of income	7 days	11 days	9 days

The above figures show the quarterly average of debt during 2017/18. For quarter 3, the average total debt outstanding was £42k of which £12k relates to debt 60 days overdue. Total debt outstanding as at the end of November 2017 was £30k, with the actual value of debts over 60 days overdue being £12k.

The majority of the debts (87%) over 60 days overdue at the end of November 2017 relate to legal costs made in favour of 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 9 days.